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# 2006

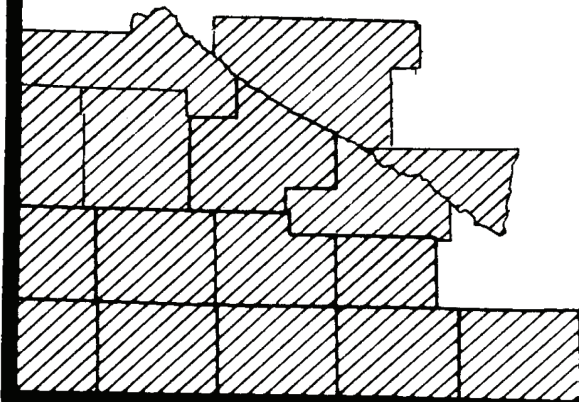
## Annual Report

### Southwestern Minnesota Farm Business Management Association

**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

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Department of Applied Economics  
University of Minnesota  
St. Paul, MN 55108  
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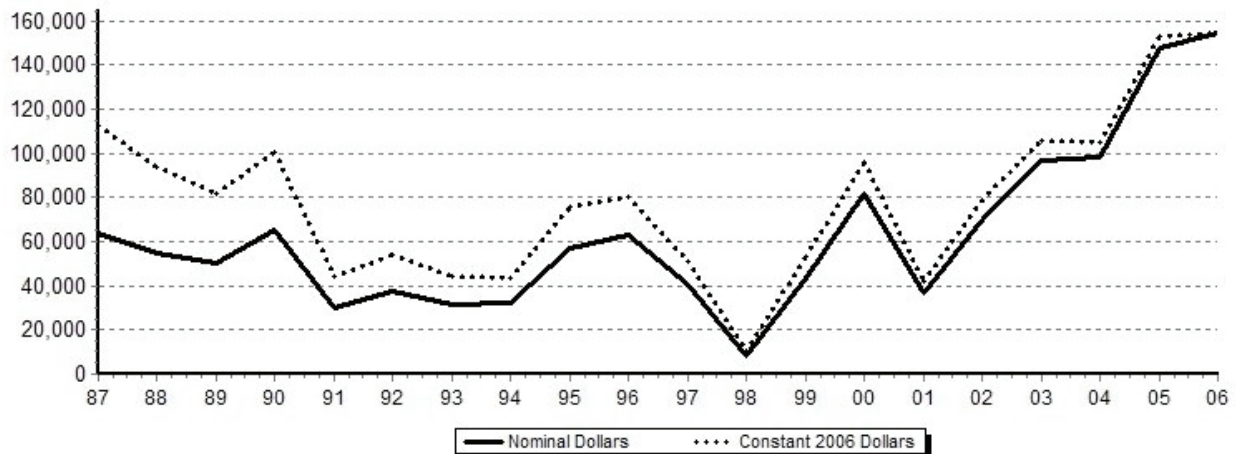
## Executive Summary

# 2006 Annual Report of the Southwestern Minnesota Farm Business Management Association

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

Average net farm income was \$154,698 in 2006 for the 110 farms included in this annual report of the Southwestern Minnesota Farm Business Management Association. This is a 5% increase over the average income of \$147,862 in 2005. In constant dollars, 2006 was slightly more profitable than the previous year and was again one of the most profitable years in the last 20 for association members (Figure 1). Outstanding crop prices coupled with above average crop yields more than compensated for reduced profitability of hog and beef enterprises.

**Figure 1. Average Net Farm Income**

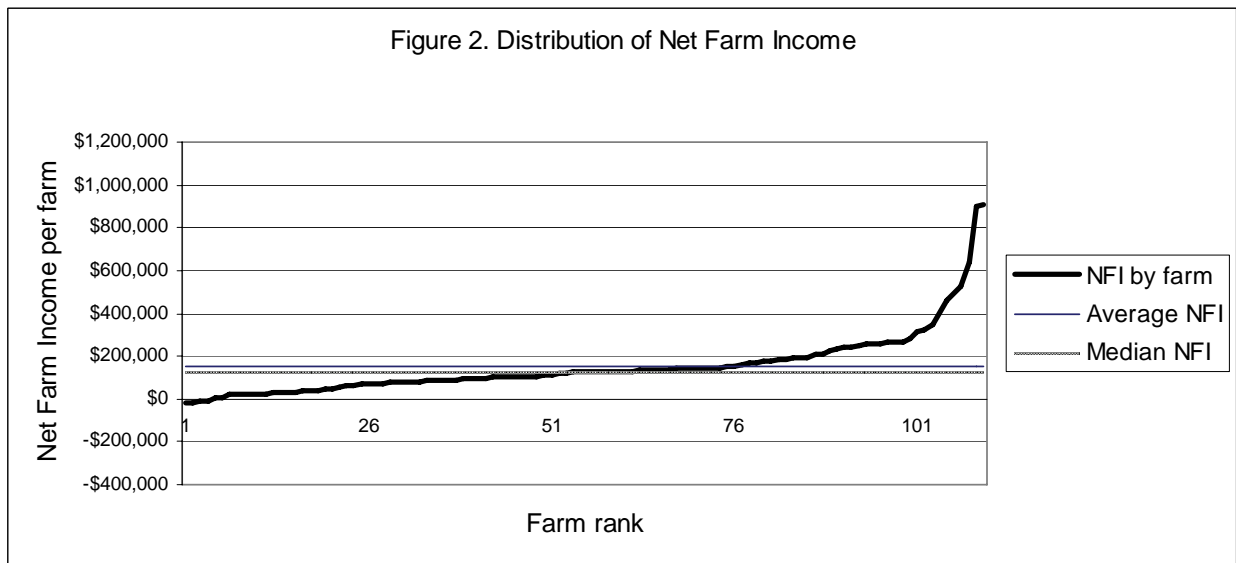


As in previous years, the actual profit levels experienced by individual farms vary greatly from the overall average profit. When the net farm incomes for the 110 farms in the report are ranked from lowest to highest, the resulting graph (Figure 2) shows how much the incomes vary. Four percent of the farms experienced negative net farm incomes in 2006; 61% had incomes over \$100,000. The median or middle income was \$127,109. The high 20% of the farms had an average net farm income of \$380,314, just slightly higher than in 2005. The low 20% of the farms had an average net farm income of \$21,658 in 2006, a 29% decrease from 2005.

Average gross cash farm income was \$609,886, a 5% increase from 2005. Three sources of sales dominated: hogs, corn, and soybeans (Figures 3 and 4). Total crop sales accounted for 39% while livestock sales and contracting income accounted for 46% of total cash receipts.

Government payments of all types averaged \$32,446 in 2006, a 43% decrease from the previous year. LDP payments dropped dramatically from \$26,519 in 2005 down to \$3,145 in 2006 as crop prices recovered from 2005 harvest lows and rallied into 2006 harvest. Total government payments averaged \$56,461 in 2005, \$27,798 in 2004, \$25,855 in 2003, and \$15,927 in 2002. As a percentage of total

Entire report is available at: [http://www.cffm.umn.edu/Publications/Pubs/FBMA/SW\\_MN\\_FBMA\\_2006.pdf](http://www.cffm.umn.edu/Publications/Pubs/FBMA/SW_MN_FBMA_2006.pdf)



income, government payments were 5% in 2006 compared to 10% in 2005, 6% in 2004, 5% in 2003, and 4% in 2002.

Cash expenses increased 3% to an average of \$494,409 in 2006. As a percentage of total expenses, feeder livestock purchases, seed, fertilizer, and crop chemicals, feed, and land rent continue to be the largest expense items (Figures 5 and 6). Fuel and oil expense accounted for 4% of total expenses, unchanged from 2005.

Average rate of return on assets (ROA) was 13% in 2006 with assets valued at adjusted cost basis, down slightly from 14% the previous year (Figure 7). Rate of return on equity (ROE) averaged 19%, down from 21 percent. The fact that ROE exceeded ROA indicates that debt capital earned more than its cost.

Using the market value of assets, average total equity (of the 93 sole proprietors) was \$996,189 at the end of 2006 (Figure 8). This was an increase of \$157,247 during the year for these farms. The average debt-to-asset ratio improved slightly to 41%.

The average corn yield was 169 bushels per acre, down from the record association yield of 191 bushels in 2005. Soybeans averaged 51 bushels per acre, down from 55 bushels in 2005 (Figure 9).

### Results by Type of Farm

The 110 farms in the report were classified as a certain type of farm (e.g., hog) on the basis of having 70 percent or more of their gross sales from that category. Using this criteria, there were 58 crop farms, 6 hog farms, 11 crop and hog farms, and 8 crop and beef farms. (There were 22 farms which did not have a single source (or pair of sources) of income over 70%.)

Based on Net Farm Income, all farm types except “crop and hog” farms were more profitable than in 2005. Specialized hog farms were again the most profitable (Figure 10). The hog farms were also much larger in terms of gross sales than any other farm type. Crop/beef farms also averaged incomes higher than the Association average.

Hog farms also had the highest rate of return on assets (ROA) at 17% (Figure 11). While all farm types were profitable based on ROA levels, only crop/beef farms had higher average ROAs than the previous year. (Assets are valued at adjusted cost basis for ROA calculations.)

Using assets valued on a market basis, the average farm had a debt-to-asset ratio of 41% at the end of 2006. Crop and beef farms, at 54%, carried much more debt as a percentage of assets than any other farm type (Figure 12).

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

Fig. 3 SW – 2005 Income

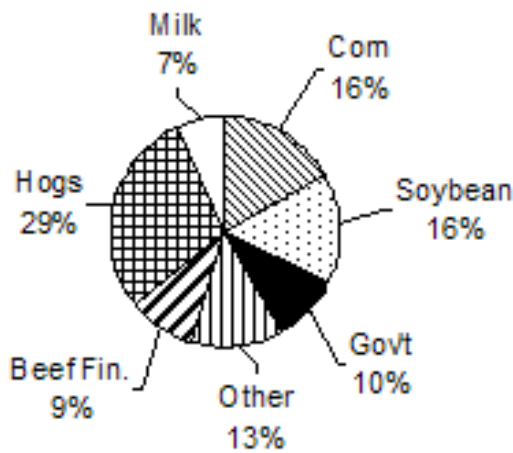


Fig. 4 SW – 2006 Income

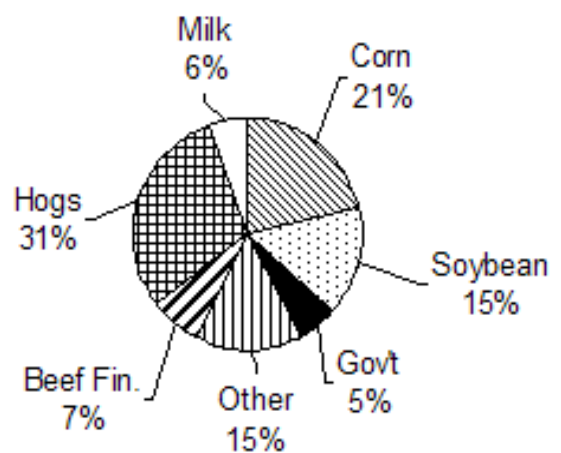


Fig. 5 SW – 2005 Expenses

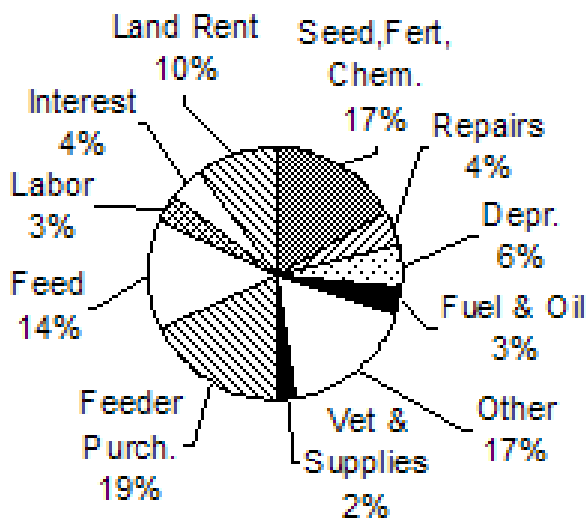


Fig. 6 SW – 2006 Expenses

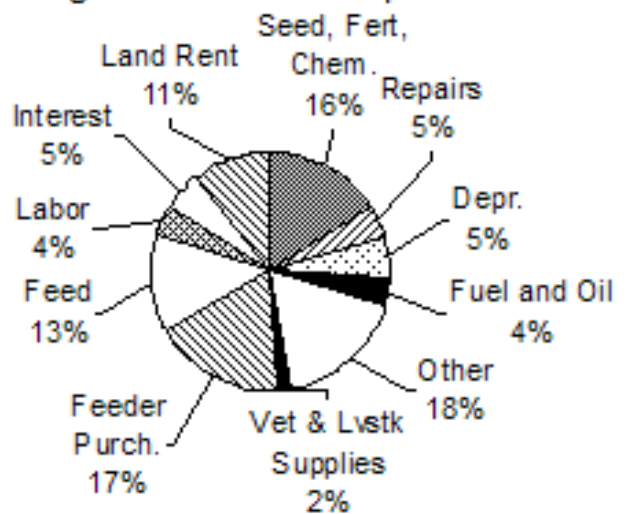


Figure 7. SW Rates of Return on Assets (ROA) and Equity (ROE)

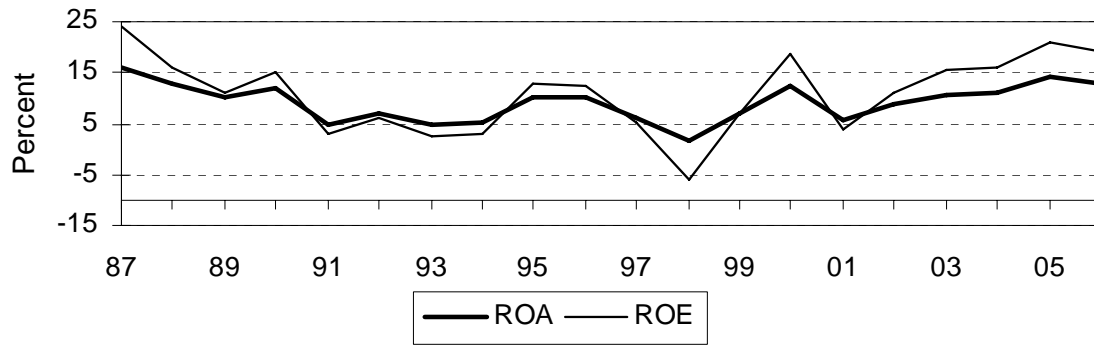


Figure 8. Ending Equity and Ending Debt-Asset Ratio

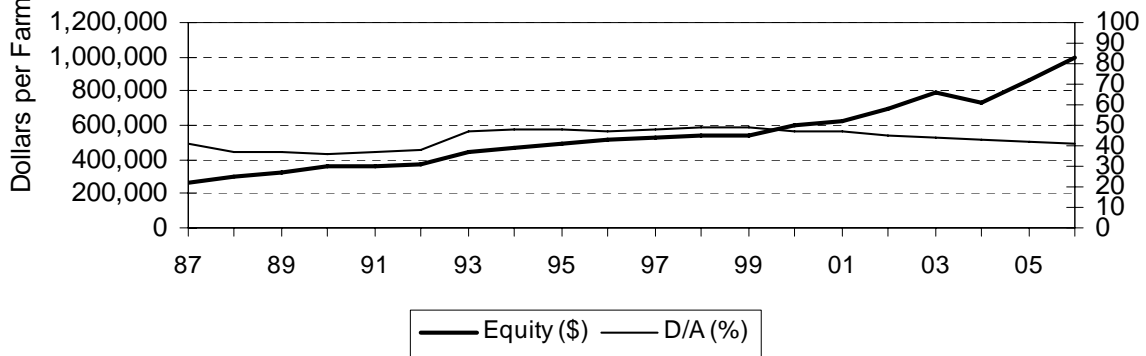


Figure 9. Average Corn & Soybean Yield

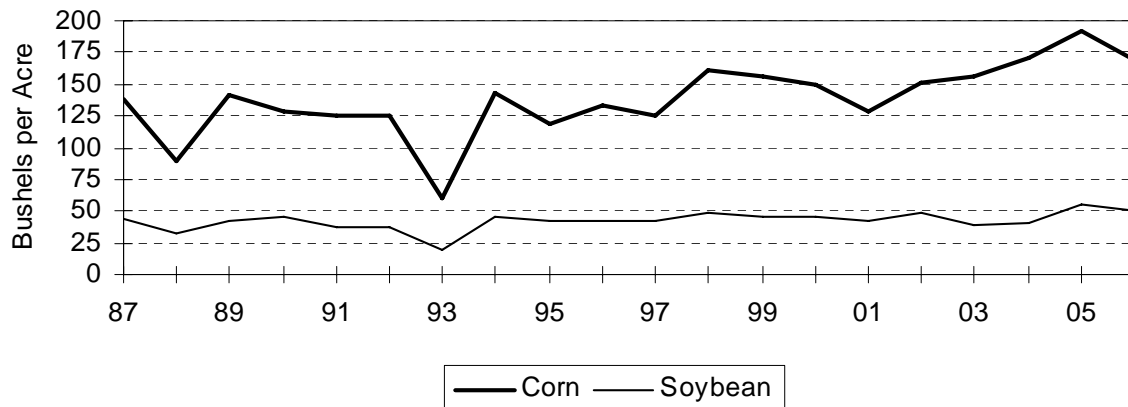


Figure 10. Net Farm Income by Type

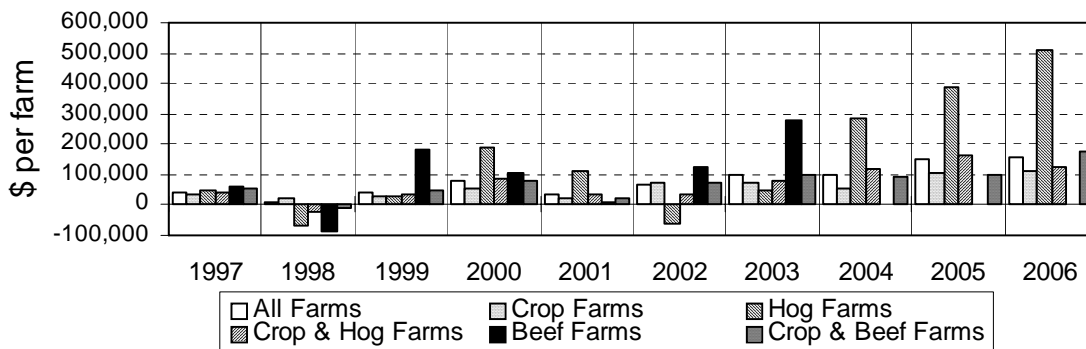


Figure 11. ROA by Type

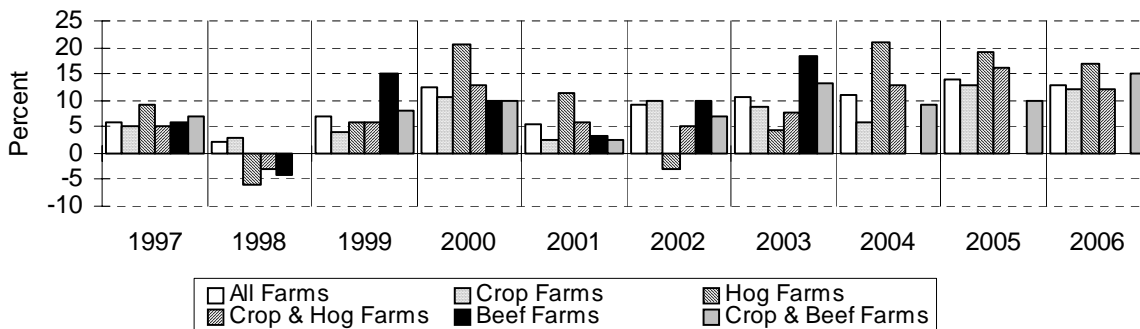
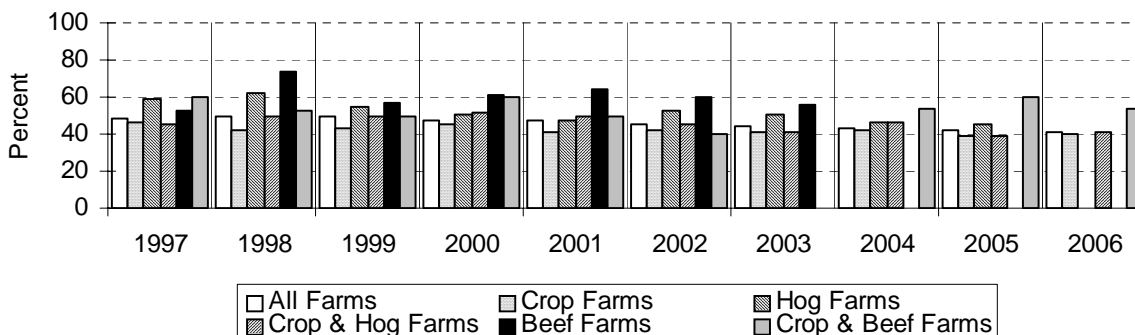


Figure 12. Debt-Asset Ratio by Type







# **2006 Annual Report**

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

by

Dale W. Nordquist, James N. Kurtz, Rob Holcomb, and Garen J. Paulson<sup>1</sup>

This report summarizes the individual farm records of the members of the Southwestern Minnesota Farm Business Management Association for 2006.

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 119 farms in the Southwestern Association, the data for 110 farms are included in this report. The rest were omitted because the records were incomplete at the time that this report was prepared. Consistent with statewide trends, fewer and fewer Association farms have livestock. In order to provide more complete information, the livestock enterprise reports include farms from both the Southwestern and Southeastern Associations.

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

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

**Southwestern Minnesota Farm Business Management Association**

**Distribution of Membership -- 2006**

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County	Number of Farm Units	Number of Records Submitted
Cottonwood	19	15
Jackson	18	17
Martin	2	2
Murray	21	21
Nobles	22	19
Pipestone	12	12
Redwood	10	10
Watonwan	7	6
Others <sup>2</sup>	<u>8</u>	<u>8</u>
TOTAL	119	110

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**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 2006/2007 are: Doug Bauman, Ed Freking, Don Hagen, Charles Luethold, Dan Riley, Harlan Spronk, and Harold Wolle.

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<sup>2</sup>In 2006 the Association had records submitted from members in Faribault, Lyon, Lac Qui Parle, and Rock counties, in addition to the counties listed individually.

# Southwestern Minnesota Farm Business Management Association

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# Whole-Farm Reports

The whole-farm reports summarize the financial performance of member farms in 2006. Each table (except for the balance sheets) includes the average of the 110 farms included in the report and the average 20 percent of the farms with the lowest and highest profits (base on Net Farm Income). The Balance Sheets include only sole proprietors; partnerships and corporations are excluded because some debt is held outside of the business, causing potential misinterpretations of the average financial condition. Appendix I provides detail on how the whole-farm measures are calculated. Below is a short summary of the whole farm reports.

## **Farm Income Statement**

The Income Statement calculates the accrual Net Farm Income generated by the average farm for year 2006. Net Farm Income represents the return to the operator's and family's unpaid labor, management, and equity capital (net worth). It is the amount the farm contributed to owner family living, income taxes, and net worth growth. However, it does not include any asset appreciation, debt forgiveness or asset repossessions. The *Inventory Changes* and *Depreciation and Other Capital Adjustments* tables provide further detail on the non-cash adjustments made to calculate the accrual Net Farm Income.

## **Profitability Measures**

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

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

## **Liquidity Measures**

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

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

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

## **Balance Sheets**

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

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

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

## **Statement of Cash Flows**

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

## **Financial Standards Measures**

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

### **Crop Production and Marketing**

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

### **Household and Personal Expenses**

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

### **Operator and Labor Information**

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

### **Nonfarm Summary**

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



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

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	110	22	22
<b>Cash Farm Income</b>			
Barley	172	333	-
Beans, Navy	531	-	-
Corn	129,919	93,889	132,031
Corn Silage	187	-	-
Flax	91	455	-
Hay, Alfalfa	7,842	895	12,192
Hay, Grass	83	43	246
Oats	323	375	431
Peas	403	421	1,189
Soybeans	94,314	44,187	123,119
Sugar Beets	695	-	-
Sweet Corn	893	1,025	1,897
Wheat, Spring	635	1,047	76
Miscellaneous crop income	233	219	41
Beef Bulls	121	-	-
Beef Cow-Calf, Beef Calves	1,521	3,410	-
Beef Replacement Heifers	107	-	-
Beef, Background Beef	863	-	607
Beef, Finish Beef Calves	34,971	16,372	43,445
Beef, Finish Yrlg Steers	9,442	-	-
Dairy, Milk	33,843	-	164,791
Dairy, Dairy Calves	1,098	-	5,077
Dairy Heifers (for sale)	2,015	-	-
Dairy Steer Finishing	123	-	617
Hogs, Farrow-Fin, Raised Hogs	17,273	2,444	62,501
Hogs, Feeder Pigs, Feeder Pigs	527	-	-
Hogs, Finish Feeder Pigs	24,874	22,134	11,370
Sheep, Feeder Lambs, Fdr Lambs	116	-	403
Sheep, Market Lambs, Mkt Lambs	1,859	-	4,090
Sheep, Market Lambs, Wool	56	-	183
Hogs, Weaning to Finish	138,167	-	690,834
Dairy Steer Feeders	8,689	-	617
Dairy Steer Backgrounding	2,061	10,307	-
CCC market loan gain	1,517	324	3,920
Cull breeding livestock	3,407	1,072	11,514
Misc. livestock income	2,136	60	-
LDP payments	3,145	737	5,134
Direct & CC govt payments	24,074	14,310	33,947
CRP payments	946	1,287	1,623
Livestock govt payments	1,286	-	5,948
Other government payments	1,478	761	738
Custom work income	18,084	12,879	30,222
Patronage dividends, cash	6,563	576	10,737
Insurance income	1,424	325	3,019
Cash from hedging accts	1,221	382	2,503
Contract livestock income	5,252	84	5,128
Other farm income	25,305	7,742	79,998
Gross Cash Farm Income	609,886	238,094	1,450,183

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

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	110	22	22
<b>Cash Farm Expense</b>			
Seed	34,514	18,027	50,093
Fertilizer	30,780	24,794	42,293
Crop chemicals	17,420	9,782	21,983
Crop insurance	6,536	3,144	7,993
Drying fuel	3,329	2,728	3,825
CCC buyback	10,830	1,386	18,696
Crop hauling and trucking	226	201	44
Crop marketing	1,228	523	1,907
Crop miscellaneous	4,605	1,237	3,310
Feeder livestock purchase	90,964	17,440	254,174
Purchased feed	69,800	8,438	276,082
Breeding fees	860	14	3,453
Veterinary	5,782	1,272	21,920
Supplies	4,951	775	14,027
DHIA	30	-	132
Contract production exp.	4,438	26	22,161
Livestock hauling and trucking	591	-	914
Livestock marketing	1,498	151	6,942
Interest	27,677	18,529	46,120
Fuel & oil	20,214	9,398	32,936
Repairs	24,235	14,504	41,671
Custom hire	8,876	3,409	23,905
Hired labor	20,474	3,292	70,705
Land rent	56,178	26,849	86,922
Machinery leases	10,937	2,397	33,387
Building leases	10,638	45	46,005
Real estate taxes	3,600	2,406	6,879
Farm insurance	7,156	3,244	15,666
Utilities	6,050	3,259	14,635
Dues & professional fees	1,720	1,143	3,345
Hedging account deposits	3,184	2,441	7,223
Miscellaneous	5,089	2,054	8,324
Total cash expense	494,409	182,908	1,187,672
Net cash farm income	115,477	55,186	262,511
<b>Inventory Changes</b>			
Crops and feed	64,301	4,768	142,137
Market livestock	371	-16,223	25,533
Accounts receivable	-127	-4,222	-4,039
Prepaid expenses and supplies	3,859	778	11,257
Accounts payable	-2,007	-2,711	-1,239
Total inventory change	66,397	-17,610	173,649
Net operating profit	181,874	37,576	436,160
<b>Depreciation and Other Capital Adjustments</b>			
Breeding livestock	-1,587	-1,336	-3,494
Machinery and equipment	-18,790	-10,096	-36,812
Buildings and improvements	-8,027	-3,411	-21,213
Other farm capital	1,228	-1,075	5,673
Total depr. and other capital adj	-27,176	-15,918	-55,846
Net farm income	154,698	21,658	380,314

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

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	110	22	22
Net cash farm income	115,477	55,186	262,511
<b>Crops and Feed</b>			
Ending inventory	273,894	123,335	463,853
Beginning inventory	209,593	118,567	321,717
Inventory change	64,301	4,768	142,137
<b>Market Livestock</b>			
Ending inventory	116,474	15,453	367,041
Beginning inventory	116,103	31,676	341,508
Inventory change	371	-16,223	25,533
<b>Accts Receivable &amp; Other Current Assets</b>			
Ending inventory	17,644	6,085	43,513
Beginning inventory	17,771	10,307	47,552
Inventory change	-127	-4,222	-4,039
<b>Prepaid Expenses and Supplies</b>			
Ending inventory	42,943	16,990	88,835
Beginning inventory	39,084	16,213	77,578
Inventory change	3,859	778	11,257
<b>Accounts Payable &amp; Accrued Expenses</b>			
Beginning inventory	18,310	8,884	27,554
Ending inventory	20,317	11,594	28,792
Inventory change	-2,007	-2,711	-1,239
Total inventory change	66,397	-17,610	173,649
Net operating profit	181,874	37,576	436,160

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

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	110	22	22
Net operating profit	181,874	37,576	436,160
<b>Breeding Livestock</b>			
Ending inventory	7,404	5,776	17,230
Capital sales	-	-	-
Beginning inventory	6,817	4,355	16,638
Capital purchases	2,174	2,757	4,085
Depreciation, capital adjust.	-1,587	-1,336	-3,494
<b>Machinery and Equipment</b>			
Ending inventory	182,614	105,144	340,494
Capital sales	3,793	1,855	2,850
Beginning inventory	156,659	91,221	281,083
Capital purchases	48,538	25,874	99,072
Depreciation, capital adjust.	-18,790	-10,096	-36,812
<b>Buildings and Improvements</b>			
Ending inventory	154,018	63,242	400,726
Capital sales	356	-	759
Beginning inventory	127,048	55,796	334,031
Capital purchases	35,353	10,857	88,666
Depreciation, capital adjust.	-8,027	-3,411	-21,213
<b>Other Capital Assets</b>			
Ending inventory	54,769	11,462	149,854
Capital sales	2,748	71	3,696
Beginning inventory	49,519	11,357	123,170
Capital purchases	6,771	1,250	24,708
Depreciation, capital adjust.	1,228	-1,075	5,673
Total depreciation, capital adj.	-27,176	-15,918	-55,846
Net farm income	154,698	21,658	380,314

**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	110	22	22
<b>Profitability (assets valued at cost)</b>			
Net farm income	154,698	21,658	380,314
Labor and management earnings	118,404	2,822	294,308
Rate of return on assets	13.3 %	2.9 %	16.5 %
Rate of return on equity	19.1 %	-0.6 %	22.2 %
Operating profit margin	28.0 %	9.1 %	33.8 %
Asset turnover rate	47.5 %	32.2 %	48.8 %
Interest on farm net worth	36,294	18,836	86,006
Farm interest expense	29,193	19,738	46,993
Value of operator lbr and mgmt.	40,266	23,581	61,749
Return on farm assets	143,626	17,815	365,558
Average farm assets	1,077,819	606,296	2,213,647
Return on farm equity	114,432	-1,923	318,565
Average farm equity	600,389	310,618	1,433,435
Value of farm production	512,081	195,201	1,080,064

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	110	22	22
<b>Profitability (assets valued at market)</b>			
Net farm income	183,679	78,613	395,600
Labor and management earnings	133,429	47,893	287,511
Rate of return on assets	11.5 %	8.2 %	13.1 %
Rate of return on equity	17.1 %	10.7 %	18.5 %
Operating profit margin	33.7 %	38.3 %	35.3 %
Asset turnover rate	34.1 %	21.3 %	37.2 %
Interest on farm net worth	50,250	30,720	108,089
Farm interest expense	29,193	19,738	46,993
Value of operator lbr and mgmt.	40,266	23,581	61,749
Return on farm assets	172,606	74,769	380,844
Average farm assets	1,502,665	917,297	2,903,737
Return on farm equity	143,413	55,032	333,851
Average farm equity	837,380	511,997	1,801,483
Value of farm production	512,081	195,201	1,080,064

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

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	110	22	22
<b>Liquidity (cash)</b>			
Net cash farm income	115,477	55,186	262,511
Net nonfarm income	31,059	63,099	17,042
Family living and taxes	62,022	46,821	89,222
Principal due on long term debt	16,370	10,662	30,806
Cash available for interm. debt	68,143	60,802	159,524
Average intermediate debt	108,306	44,665	229,895
Years to turnover interm. debt	1.6	0.7	1.4
Expense as a % of income	81 %	77 %	82 %
Interest as a % of income	5 %	8 %	3 %
Working capital to gross income	44 %	36 %	51 %
<b>Liquidity (accrual)</b>			
Total accrual farm income	674,431	222,416	1,613,814
Total accrual operating expense	492,557	184,841	1,177,654
Net accrual operating income	181,874	37,576	436,160
Net nonfarm income	31,059	63,099	17,042
Family living and taxes	62,022	46,821	89,222
Principal due on long term debt	16,370	10,662	30,806
Available for intermediate debt	134,540	43,192	333,173
Average intermediate debt	108,306	44,665	229,895
Years to turnover interm. debt	0.8	1.0	0.7
Expense as a % of income	73 %	83 %	73 %
Interest as a % of income	4 %	9 %	3 %
Working capital to gross income	40 %	39 %	46 %

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

	<u>Avg. Of All Farms</u>		<u>Low20%</u>		<u>High 20%</u>	
Number of farms	93		19		15	
	<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	14,487	18,948	24,610	46,290	33,856	18,116
Prepaid expenses & supplies	35,709	38,484	13,407	13,276	76,909	86,194
Growing crops	3	0	0	0	0	0
Accounts receivable	9,354	11,270	8,098	4,764	10,802	11,964
Hedging accounts	1,229	1,231	2,576	1,595	1,521	2,454
Crops held for sale or feed	172,853	225,596	110,999	102,589	281,590	430,288
Crops under government loan	27,644	35,747	12,880	43,958	28,077	12,413
Market livestock held for sale	70,939	70,843	35,792	16,900	162,098	161,110
Other current assets	221	152	116	674	0	0
Total current farm assets	332,439	402,271	208,480	230,045	594,852	722,538
Intermediate Farm Assets						
Breeding livestock	6,665	6,825	5,024	5,950	16,469	16,193
Machinery and equipment	140,061	161,003	87,948	101,825	232,631	277,758
Titled vehicles	5,744	6,333	5,967	7,785	7,851	8,858
Other intermediate assets	4,273	4,265	1,123	1,179	0	0
Total intermediate farm assets	156,743	178,426	100,062	116,739	256,951	302,809
Long Term Farm Assets						
Farmland	255,497	274,584	221,456	261,308	430,067	475,103
Buildings and improvements	112,218	133,234	57,981	66,787	277,601	318,402
Other long-term assets	37,315	40,245	11,181	11,412	89,548	107,925
Total long-term farm assets	405,030	448,062	290,617	339,506	797,216	901,430
Total Farm Assets	894,211	1,028,758	599,160	686,290	1,649,019	1,926,777
Total Nonfarm Assets	158,308	180,490	97,928	135,429	189,173	207,625
Total Assets	1,052,520	1,209,249	697,088	821,720	1,838,192	2,134,403
<b>Liabilities</b>						
Current Farm Liabilities						
Accrued interest	6,197	7,853	7,086	8,519	7,137	7,727
Accounts payable	10,131	8,841	2,834	3,286	11,229	7,114
Current notes	120,034	132,882	65,459	71,522	142,231	154,067
Government crop loans	25,588	24,122	11,600	31,128	26,392	9,128
Principal due on term debt	32,016	34,154	18,102	17,129	59,514	67,146
Total current farm liabilities	193,965	207,852	105,081	131,584	246,501	245,182
Total intermediate farm liabs	63,320	64,384	36,586	37,134	109,589	112,340
Total long term farm liabilities	170,439	180,401	148,671	151,926	260,721	280,502
Total farm liabilities	427,725	452,637	290,338	320,644	616,812	638,023
Total nonfarm liabilities	24,164	29,614	14,026	21,465	9,300	17,382
Total liabilities	451,889	482,251	304,364	342,110	626,112	655,405
Net worth (farm and nonfarm)	600,631	726,998	392,724	479,610	1,212,080	1,478,998
Net worth change		126,367		86,886		266,918
<b>Ratio Analysis</b>						
Current farm liabilities / assets	58 %	52 %	50 %	57 %	41 %	34 %
Curr. & interm farm liab. / assets	53 %	47 %	46 %	49 %	42 %	35 %
Long term farm liab. / assets	42 %	40 %	51 %	45 %	33 %	31 %
Total debt to asset ratio	43 %	40 %	44 %	42 %	34 %	31 %

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

	<u>Avg. Of All Farms</u>		<u>Low20%</u>		<u>High 20%</u>	
	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>
Number of farms	93		19		15	
<b>Assets</b>						
Current Farm Assets						
Cash and checking balance	14,487	18,948	24,610	46,290	33,856	18,116
Prepaid expenses & supplies	35,709	38,484	13,407	13,276	76,909	86,194
Growing crops	3	0	0	0	0	0
Accounts receivable	9,354	11,270	8,098	4,764	10,802	11,964
Hedging accounts	1,229	1,231	2,576	1,595	1,521	2,454
Crops held for sale or feed	172,853	225,596	110,999	102,589	281,590	430,288
Crops under government loan	27,644	35,747	12,880	43,958	28,077	12,413
Market livestock held for sale	70,939	70,843	35,792	16,900	162,098	161,110
Other current assets	221	152	116	674	0	0
Total current farm assets	332,439	402,271	208,480	230,045	594,852	722,538
Intermediate Farm Assets						
Breeding livestock	18,645	18,925	13,509	14,007	55,450	56,932
Machinery and equipment	260,690	280,732	173,574	192,700	403,361	445,902
Titled vehicles	6,630	7,225	6,359	8,024	9,922	9,092
Other intermediate assets	5,933	5,429	3,663	1,194	4,600	5,267
Total intermediate farm assets	291,900	312,311	197,105	215,925	473,333	517,193
Long Term Farm Assets						
Farm land	428,715	501,015	373,776	479,202	720,923	803,010
Buildings and improvements	168,881	194,197	83,384	96,442	364,717	427,956
Other long-term assets	48,114	52,061	11,332	11,964	132,209	158,514
Total long-term farm assets	645,711	747,274	468,492	587,609	1,217,849	1,389,480
Total Farm Assets	1,270,049	1,461,855	874,077	1,033,579	2,286,034	2,629,211
Total Nonfarm Assets	202,468	232,573	148,864	190,875	227,411	266,982
Total Assets	1,472,517	1,694,428	1,022,942	1,224,455	2,513,445	2,896,194
<b>Liabilities</b>						
Current Farm Liabilities						
Accrued interest	6,197	7,853	7,086	8,519	7,137	7,727
Accounts payable	10,131	8,841	2,834	3,286	11,229	7,114
Current notes	120,034	132,882	65,459	71,522	142,231	154,067
Government crop loans	25,588	24,122	11,600	31,128	26,392	9,128
Principal due on term debt	32,016	34,154	18,102	17,129	59,514	67,146
Total current farm liabilities	193,965	207,852	105,081	131,584	246,501	245,182
Total intermediate farm liabs	63,320	64,384	36,586	37,134	109,589	112,340
Total long term farm liabilities	170,439	180,401	148,671	151,926	260,721	280,502
Total farm liabilities	427,725	452,637	290,338	320,644	616,812	638,023
Total nonfarm liabilities	24,164	29,614	14,026	21,465	9,300	17,382
Total liabs excluding deferreds	451,889	482,251	304,364	342,110	626,112	655,405
Total deferred liabilities	181,687	215,989	116,639	127,213	320,886	387,174
Total liabilities	633,575	698,239	421,003	469,322	946,998	1,042,579
Retained earnings	600,631	726,998	392,724	479,610	1,212,080	1,478,998
Market valuation equity	238,311	269,191	209,215	275,522	354,367	374,617
Net worth (farm and nonfarm)	838,942	996,189	601,939	755,132	1,566,447	1,853,615
Net worth excluding deferreds	1,020,629	1,212,177	718,578	882,345	1,887,333	2,240,789
Net worth change		157,247		153,193		287,168
<b>Ratio Analysis</b>						
Current farm liabilities / assets	58 %	52 %	50 %	57 %	41 %	34 %
Curr. & interm farm liab. / assets	41 %	38 %	35 %	38 %	33 %	29 %
Long term farm liab. / assets	26 %	24 %	32 %	26 %	21 %	20 %
Total debt to asset ratio	43 %	41 %	41 %	38 %	38 %	36 %
Debt to assets excl deferreds	31 %	28 %	30 %	28 %	25 %	23 %



**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	110	22	22
Beginning cash (farm & nonfarm)	33,962	28,204	114,885
<b>Cash From Operating Activities</b>			
Gross cash farm income	609,886	238,094	1,450,183
Net nonfarm income	31,059	63,099	17,042
Total cash farm expense	-494,409	-182,908	-1,187,672
Apparent family living expense	-53,597	-41,121	-77,963
Income and social security tax	-8,425	-5,700	-11,259
Cash from operations	84,513	71,464	190,330
<b>Cash From Investing Activities</b>			
Sale of breeding livestock	-	-	-
Sale of machinery & equipment	3,775	1,855	2,850
Sale of titled vehicles	18	-	-
Sale of farm land	2,150	-	-
Sale of farm buildings	356	-	759
Sale of other farm assets	2,748	71	3,696
Sale of nonfarm assets	4,951	354	3,409
Purchase of breeding livestock	-2,174	-2,757	-4,085
Purchase of machinery & equip.	-46,869	-23,606	-95,449
Purchase of titled vehicles	-1,669	-2,269	-3,623
Purchase of farm land	-17,499	-40,221	-30,940
Purchase of farm buildings	-35,353	-10,857	-88,666
Purchase of other farm assets	-6,771	-1,250	-24,708
Purchase of nonfarm assets	-18,103	-23,417	-18,486
Cash from investing activities	-114,438	-102,097	-255,243
<b>Cash From Financing Activities</b>			
Money borrowed	356,728	208,539	491,644
Cash gifts and inheritances	10,556	27,796	3,120
Principal payments	-325,126	-180,842	-414,625
Dividends paid	-	-	-
Gifts given	-564	-59	-
Cash from financing activities	41,593	55,434	80,140
Net change in cash balance	11,668	24,801	15,227
Ending cash (farm & nonfarm)	45,630	53,006	130,113

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**Financial Standards Measures**  
**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	110	22	22
<b>Liquidity</b>			
Current ratio	2.16	1.64	3.08
Working capital	268,567	85,810	741,349
<b>Solvency (market)</b>			
Farm debt to asset ratio	44 %	44 %	37 %
Farm equity to asset ratio	56 %	56 %	63 %
Farm debt to equity ratio	77 %	79 %	60 %
<b>Profitability (cost)</b>			
Rate of return on farm assets	13.3 %	2.9 %	16.5 %
Rate of return on farm equity	19.1 %	-0.6 %	22.2 %
Operating profit margin	28.0 %	9.1 %	33.8 %
Net farm income	154,698	21,658	380,314
<b>Repayment Capacity</b>			
Term debt coverage ratio	310 %	217 %	377 %
Capital replacement margin	114,170	35,227	291,253
<b>Efficiency</b>			
Asset turnover rate (cost)	47.5 %	32.2 %	48.8 %
Operating expense ratio	68.7 %	74.2 %	70.1 %
Depreciation expense ratio	4.0 %	7.2 %	3.5 %
Interest expense ratio	4.3 %	8.9 %	2.9 %
Net farm income ratio	22.9 %	9.7 %	23.6 %

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

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	110	22	22
<b>Acreage Summary</b>			
Total acres owned	243	239	348
Total crop acres	797	470	1,130
Crop acres owned	197	168	308
Crop acres cash rented	526	258	752
Crop acres share rented	74	43	70
Total pasture acres	10	22	5
<b>Average Price Received (Cash Sales Only)</b>			
Soybeans per bushel	5.57	5.54	5.71
Corn per bushel	2.04	2.03	2.06
Hay, Alfalfa per ton	96.61	-	-
Oats per bushel	2.08	-	-
Hay, Grass per ton	39.46	-	-
Wheat, Spring per bushel	4.56	-	-
Sweet Corn per ton	48.58	-	-
<b>Average Yield Per Acre</b>			
Corn (bushel)	168.75	159.13	172.63
Soybeans (bushel)	51.35	50.92	52.07
Hay, Alfalfa (ton)	4.51	4.14	5.11
Corn Silage (ton)	21.58	-	21.77
Oats (bushel)	94.09	-	-
Hay, Grass (ton)	1.72	-	-
Sweet Corn (ton)	6.99	-	-
Wheat, Spring (bushel)	44.40	-	-
Barley (bushel)	79.27	-	-

**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	66	10	10
Average family size	3.3	3.3	3.4
<b>Family Living Expenses</b>			
Food and meals expense	6,920	6,817	7,627
Medical care	3,721	2,795	2,556
Health insurance	4,033	4,313	3,770
Cash donations	3,684	3,135	3,533
Household supplies	4,456	4,919	4,739
Clothing	2,101	966	1,735
Personal care	2,427	969	3,300
Child / Dependent care	513	218	615
Alimony and Child support	-	-	-
Gifts	2,798	1,621	3,364
Education	2,717	400	3,268
Recreation	3,637	2,246	4,064
Utilities (household share)	2,367	1,623	1,912
Nonfarm vehicle operating expense	4,646	4,100	4,024
Household real estate taxes	233	97	151
Dwelling rent	176	480	-
Household repairs	1,372	1,348	796
Nonfarm interest	830	1,465	603
Disability / Long term care insuran	266	373	435
Life insurance payments	2,114	1,386	1,143
Nonfarm property insurance	185	90	235
Miscellaneous	2,049	2,444	2,219
Total cash family living expense	51,244	41,804	50,089
Family living from the farm	325	664	776
Total family living	51,569	42,468	50,865
<b>Other Nonfarm Expenditures</b>			
Income taxes	10,762	5,961	15,445
Furnishing & appliance purchases	863	1,493	662
Nonfarm vehicle purchases	3,171	4,512	1,392
Nonfarm real estate purchases	7,261	9,956	10,961
Other nonfarm capital purchases	3,104	2,000	758
Nonfarm savings & investments	6,264	10,878	20,961
Total other nonfarm expenditures	31,426	34,801	50,178
Total cash family living investment & nonfarm capital purch	82,670	76,605	100,268

**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	110	22	22
<b>Operator Information</b>			
Average number of operators	1.2	1.1	1.3
Average age of operators	49.9	47.4	51.6
Average number of years farming	26.5	21.6	28.5
<b>Results Per Operator</b>			
Working capital	229,011	75,513	562,402
Total assets (market)	1,551,965	1,036,680	2,520,293
Total liabilities	635,013	416,923	911,253
Net worth (market)	916,952	619,757	1,609,040
Net worth excl deferred liabs	1,100,823	731,084	1,880,519
Gross farm income	575,096	195,726	1,224,272
Total farm expense	443,183	176,667	935,758
Net farm income	131,913	19,059	288,514
Net nonfarm income	26,484	55,527	12,928
Family living & tax withdrawals	52,887	41,203	67,686
Total acres owned	207.4	210.5	264.3
Total crop acres	679.4	413.6	857.4
Crop acres owned	168.1	148.3	233.5
Crop acres cash rented	448.3	227.1	570.6
Crop acres share rented	63.0	38.3	53.2
Total pasture acres	8.6	19.0	3.4
<b>Labor Analysis</b>			
Number of farms	110	22	22
Total unpaid labor hours	2,170	1,525	2,402
Total hired labor hours	1,540	320	5,714
Total labor hours per farm	3,710	1,845	8,115
Unpaid hours per operator	1,850	1,342	1,822
Value of farm production / hour	138.03	105.80	133.09
Net farm income / unpaid hour	71.29	14.20	158.35
Average hourly hired labor wage	13.82	5.46	14.12
<b>Partnerships &amp; LLCs</b>			
Number of farms	11	1	4
Number of operators	2.1	-	-
Owner withdrawals per farm	-	-	-
Withdrawals per operator	-	-	-
<b>Corporations</b>			
Number of farms	6	2	3
Number of operators	1.8	-	-

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

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	110	22	22
<b>Nonfarm Income</b>			
Nonfarm wages & salary	16,743	25,780	8,941
Net nonfarm business income	2,161	8,515	-9
Nonfarm rental income	724	236	414
Nonfarm interest income	1,330	1,681	1,929
Nonfarm cash dividends	177	54	512
Tax refunds	316	232	323
Other nonfarm income	9,608	26,601	4,932
Total nonfarm income	31,059	63,099	17,042
Gifts and inheritances	10,556	27,796	3,120
<b>Nonfarm Assets (market)</b>			
Checking & savings	5,846	14,499	-
Stocks & bonds	19,585	22,456	47,678
Other current assets	1,511	1,600	1,852
Furniture & appliances	9,848	7,877	6,773
Nonfarm vehicles	11,728	11,903	8,280
Cash value of life ins.	11,272	8,668	13,768
Retirement accounts	48,442	50,968	47,093
Other intermediate assets	16,224	3,861	21,552
Nonfarm real estate	56,607	25,053	45,174
Other long term assets	18,959	22,334	1,091
Total nonfarm assets	200,022	169,219	193,260
<b>Nonfarm Liabilities</b>			
Accrued interest	65	54	2
Accounts payable	8,646	4,217	15,460
Current notes	1,133	259	43
Princ due on term debt	1,500	1,294	155
Total current liabilities	11,345	5,824	15,660
Intermediate liabilities	3,373	2,898	440
Long term liabilities	12,379	9,889	5,978
Total nonfarm liabilities	27,097	18,611	22,079
Nonfarm net worth	172,925	150,608	171,181
Nonfarm debt to asset ratio	14 %	11 %	11 %



## Crop Reports

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

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

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

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

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

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

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

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



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

**Corn on Owned Land**

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of fields	97	20	17
Number of farms	71	14	15
Acres	95.39	74.86	104.50
Yield per acre (bu.)	170.05	156.80	180.60
Operators share of yield %	100.00	100.00	100.00
Value per bu.	2.97	2.55	3.21
Other product return per acre	0.12	-	-
Total product return per acre	504.90	399.17	579.73
Miscellaneous income per acre	0.84	0.39	2.22
Gross return per acre	505.75	399.56	581.95
<b>Direct Expenses</b>			
Seed	55.05	55.78	52.97
Fertilizer	60.51	49.92	54.52
Crop chemicals	27.44	29.32	31.90
Crop insurance	7.28	8.10	6.97
Drying fuel	9.65	7.47	9.70
Fuel & oil	20.36	25.86	22.25
Repairs	24.65	34.37	25.28
Custom hire	0.94	0.49	0.94
Operating interest	7.17	9.33	4.15
Miscellaneous	0.95	0.70	1.22
Total direct expenses per acre	214.00	221.35	209.89
Return over direct exp per acre	291.75	178.21	372.06
<b>Overhead Expenses</b>			
Custom hire	4.03	4.54	1.97
Hired labor	6.06	6.49	7.79
Machinery leases	2.01	5.47	1.15
Building leases	0.34	0.88	-
RE & pers. property taxes	13.47	9.63	15.51
Farm insurance	5.86	5.92	5.94
Utilities	3.58	3.79	4.33
Dues & professional fees	1.26	1.42	1.13
Interest	44.25	77.09	14.35
Mach & bldg depreciation	25.53	23.58	28.23
Miscellaneous	2.64	2.59	2.16
Total overhead expenses per acre	109.05	141.40	82.58
Total dir & ovhd expenses per acre	323.04	362.74	292.47
Net return per acre	182.70	36.81	289.48
Government payments	29.94	31.38	32.79
Net return with govt pmts	212.64	68.19	322.27
Labor & management charge	38.45	36.61	44.49
Net return over lbr & mgt	174.19	31.59	277.78
<b>Cost of Production</b>			
Total direct expense per bu.	1.26	1.41	1.16
Total dir & ovhd exp per bu.	1.90	2.31	1.62
Less govt & other income	1.72	2.11	1.43
With labor & management	1.94	2.34	1.67
Machinery cost per acre	77.33	93.49	77.83
Est. labor hours per acre	2.71	2.70	3.74

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

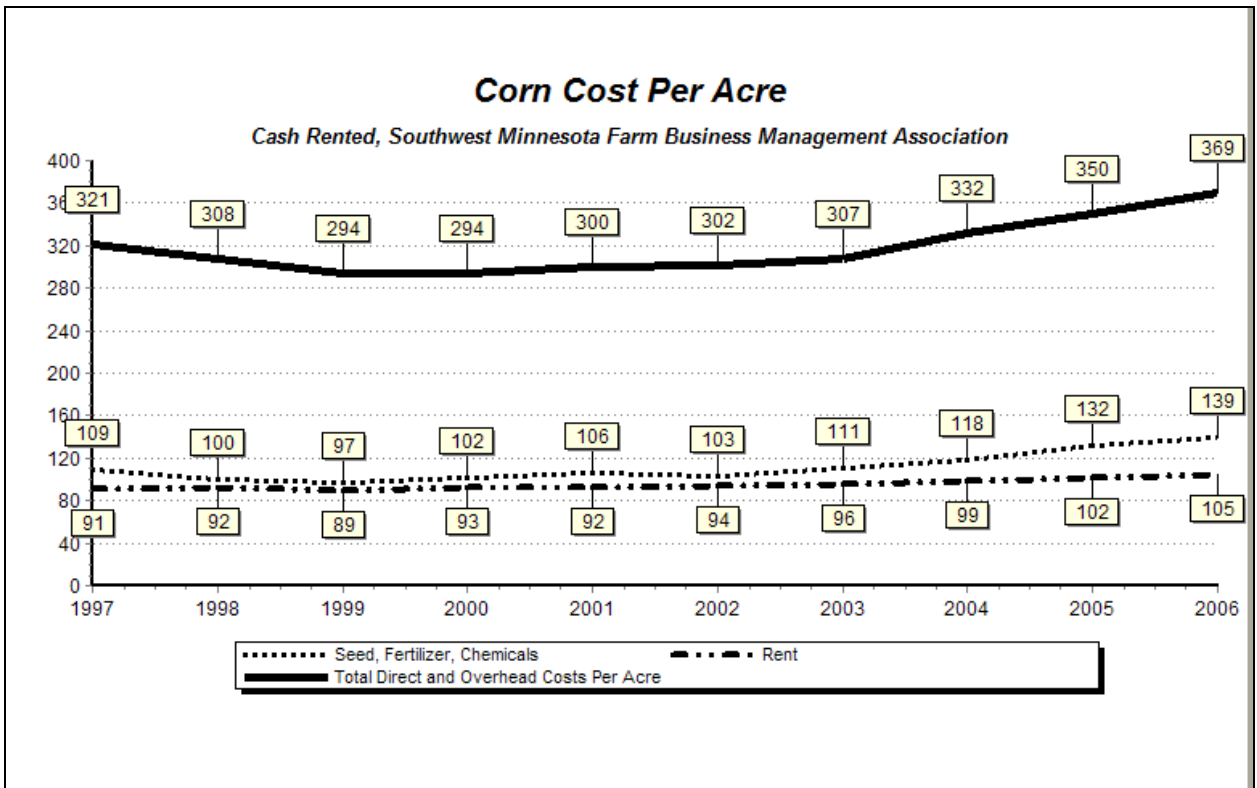
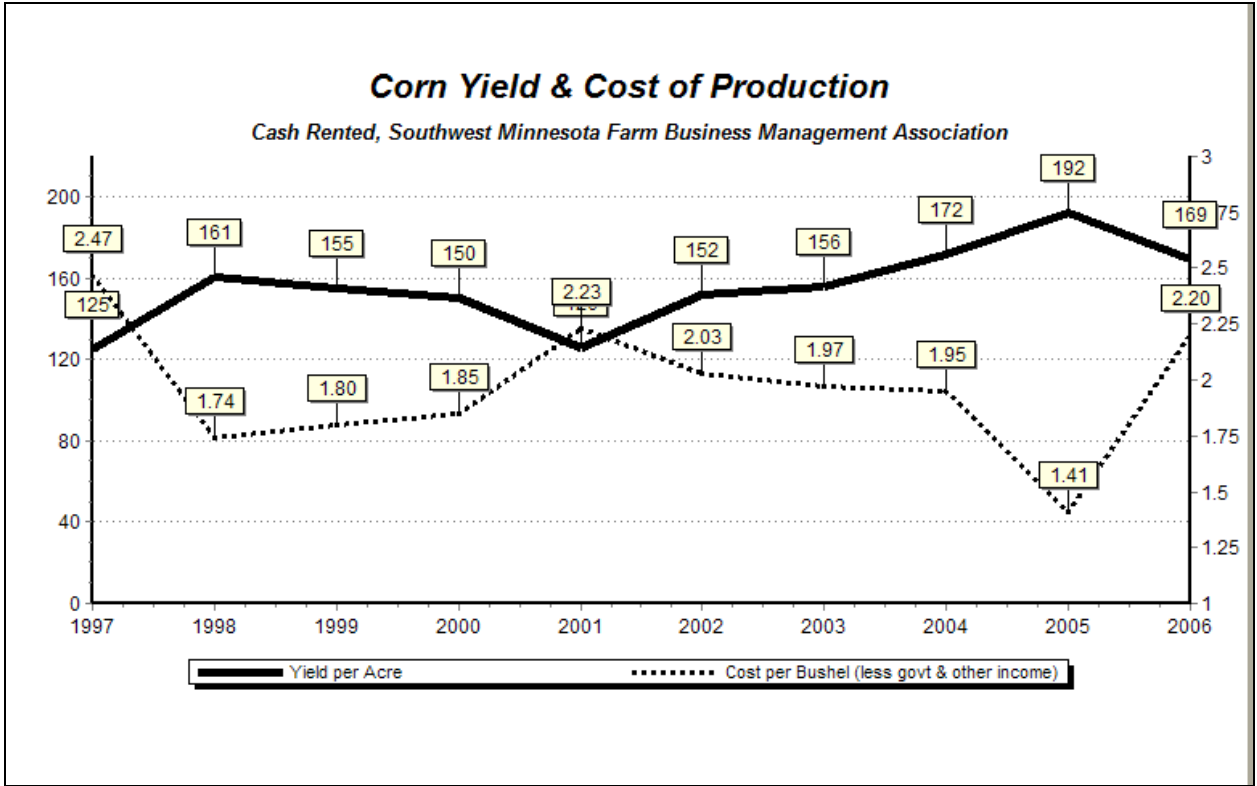
**Corn on Cash Rent**

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of fields	210	50	38
Number of farms	86	17	18
Acres	124.15	119.62	163.53
Yield per acre (bu.)	169.69	164.81	174.69
Operators share of yield %	100.00	100.00	100.00
Value per bu.	2.94	2.46	3.16
Total product return per acre	499.38	405.72	552.08
Miscellaneous income per acre	1.68	1.46	3.50
Gross return per acre	501.06	407.18	555.58
<b>Direct Expenses</b>			
Seed	56.64	57.79	54.08
Fertilizer	58.37	57.42	46.68
Crop chemicals	23.89	23.59	23.52
Crop insurance	8.46	8.93	6.98
Drying fuel	8.38	8.47	5.17
Fuel & oil	19.86	20.24	19.86
Repairs	22.58	25.06	17.22
Custom hire	1.36	2.73	-
Land rent	104.55	113.04	98.68
Marketing	1.12	0.44	-
Operating interest	8.73	7.98	5.70
Miscellaneous	1.39	0.71	1.30
Total direct expenses per acre	315.34	326.41	279.18
Return over direct exp per acre	185.72	80.78	276.40
<b>Overhead Expenses</b>			
Custom hire	3.35	5.88	0.23
Hired labor	6.32	10.24	4.10
Machinery leases	5.47	6.58	5.33
Building leases	0.92	1.11	0.98
Farm insurance	5.68	6.36	6.03
Utilities	2.90	2.80	2.84
Dues & professional fees	1.61	3.49	0.80
Interest	4.68	6.78	2.31
Mach & bldg depreciation	20.31	17.95	20.19
Miscellaneous	2.66	2.33	2.64
Total overhead expenses per acre	53.89	63.52	45.45
Total dir & ovhd expenses per acre	369.22	389.93	324.63
Net return per acre	131.83	17.26	230.95
Government payments	29.65	30.17	28.28
Net return with govt pmts	161.49	47.43	259.24
Labor & management charge	35.99	29.65	37.64
Net return over lbr & mgt	125.50	17.77	221.59
<b>Cost of Production</b>			
Total direct expense per bu.	1.86	1.98	1.60
Total dir & ovhd exp per bu.	2.18	2.37	1.86
Less govt & other income	1.99	2.17	1.68
With labor & management	2.20	2.35	1.89
Machinery cost per acre	75.00	83.12	62.58
Est. labor hours per acre	2.46	2.16	2.38

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

**Corn on Share Rent**

	<u>Avg. Of All Farms</u>	<u>High 20%</u>
Number of fields	35	6
Number of farms	23	5
Acres	101.42	159.83
Yield per acre (bu.)	158.53	164.61
Operators share of yield %	55.33	56.39
Value per bu.	2.90	3.25
Total product return per acre	254.42	301.99
Miscellaneous income per acre	2.18	3.81
Gross return per acre	256.60	305.81
<b>Direct Expenses</b>		
Seed	38.48	38.91
Fertilizer	35.25	31.12
Crop chemicals	20.53	23.63
Crop insurance	4.65	5.26
Drying fuel	4.35	2.67
Fuel & oil	17.47	14.06
Repairs	24.96	20.12
Custom hire	1.52	-
Hauling and trucking	0.78	-
Marketing	0.52	-
Operating interest	7.68	3.63
Miscellaneous	1.47	0.47
Total direct expenses per acre	157.66	139.88
Return over direct exp per acre	98.94	165.93
<b>Overhead Expenses</b>		
Custom hire	1.61	1.16
Hired labor	5.40	3.60
Machinery leases	3.90	1.05
Building leases	0.81	1.15
Farm insurance	4.15	4.94
Utilities	2.54	1.74
Dues & professional fees	1.02	0.89
Interest	2.83	3.09
Mach & bldg depreciation	17.56	16.91
Miscellaneous	3.19	2.37
Total overhead expenses per acre	43.02	36.89
Total dir & ovhd expenses per acre	200.68	176.77
Net return per acre	55.92	129.04
Government payments	17.89	19.19
Net return with govt pmts	73.81	148.23
Labor & management charge	32.60	34.21
Net return over lbr & mgt	41.21	114.02
<b>Cost of Production</b>		
Total direct expense per bu.	1.80	1.51
Total dir & ovhd exp per bu.	2.29	1.90
Less govt & other income	2.06	1.66
With labor & management	2.43	2.03
Machinery cost per acre	67.31	54.94
Est. labor hours per acre	2.56	2.87



**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	88	14	21
Number of farms	68	13	14
Acres	94.73	68.95	97.72
Yield per acre (bu.)	51.62	47.06	56.11
Operators share of yield %	100.00	100.00	100.00
Value per bu.	6.08	6.01	6.10
Total product return per acre	313.88	282.99	342.37
Miscellaneous income per acre	2.32	2.58	2.52
Gross return per acre	316.20	285.57	344.89
<b>Direct Expenses</b>			
Seed	30.93	29.12	31.30
Fertilizer	14.62	12.00	17.65
Crop chemicals	20.51	20.15	17.24
Crop insurance	8.72	11.08	5.19
Fuel & oil	16.19	18.31	16.28
Repairs	20.60	27.14	14.41
Custom hire	0.69	1.19	-
Machinery leases	0.08	0.66	-
Operating interest	6.74	5.59	4.41
Miscellaneous	0.72	0.72	0.42
Total direct expenses per acre	119.80	125.95	106.90
Return over direct exp per acre	196.40	159.62	237.99
<b>Overhead Expenses</b>			
Custom hire	3.77	4.53	3.42
Hired labor	4.77	2.87	6.68
Machinery leases	1.54	2.09	0.02
RE & pers. property taxes	12.89	13.94	13.37
Farm insurance	4.94	5.48	4.94
Utilities	3.18	3.71	2.82
Dues & professional fees	1.14	1.19	1.26
Interest	41.73	102.28	13.71
Mach & bldg depreciation	20.53	17.55	24.83
Miscellaneous	2.62	3.35	1.24
Total overhead expenses per acre	97.11	156.99	72.28
Total dir & ovhd expenses per acre	216.91	282.94	179.18
Net return per acre	99.29	2.63	165.71
Government payments	29.87	34.83	27.70
Net return with govt pmts	129.16	37.45	193.41
Labor & management charge	32.44	29.62	27.70
Net return over lbr & mgt	96.72	7.83	165.71
<b>Cost of Production</b>			
Total direct expense per bu.	2.32	2.68	1.91
Total dir & ovhd exp per bu.	4.20	6.01	3.19
Less govt & other income	3.58	5.22	2.65
With labor & management	4.21	5.85	3.15
Machinery cost per acre	63.00	69.43	58.63
Est. labor hours per acre	2.38	3.04	1.80

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

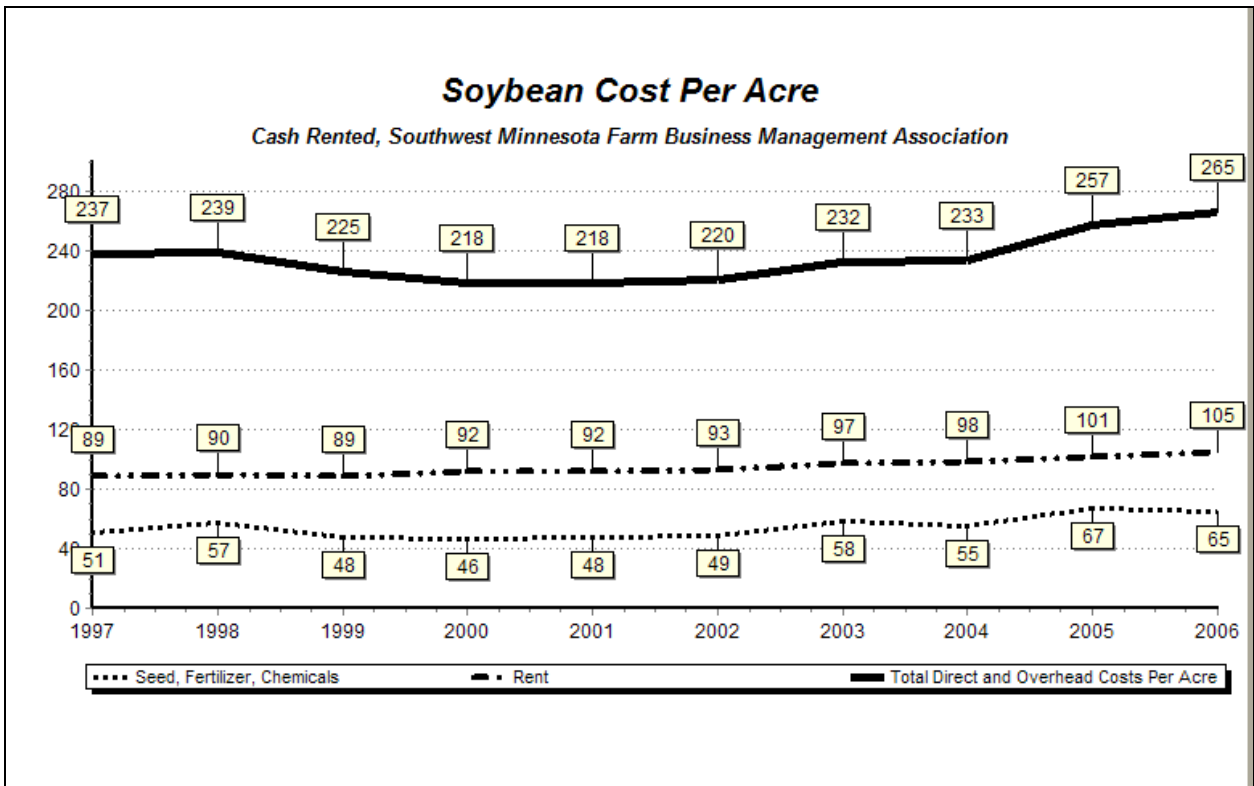
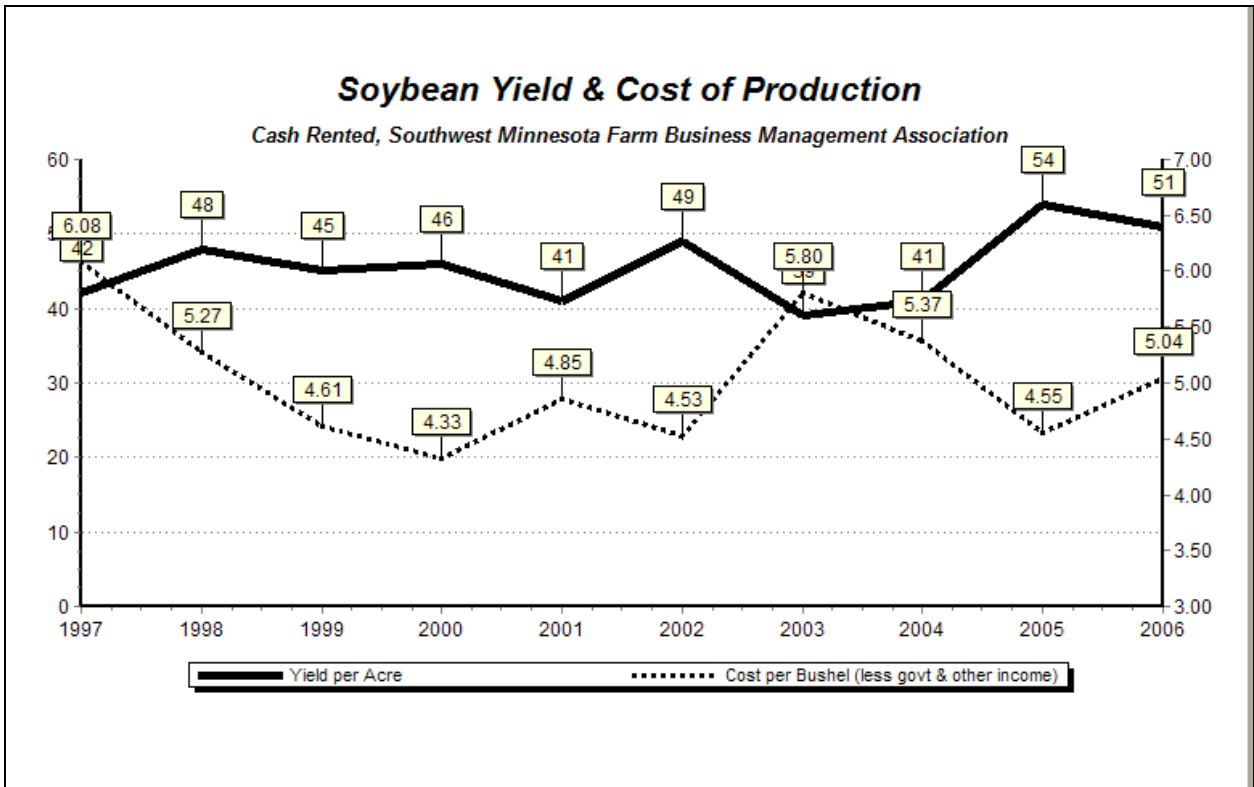
**Soybeans on Cash Rent**

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of fields	197	40	40
Number of farms	85	17	17
Acres	124.93	132.90	141.02
Yield per acre (bu.)	51.41	50.22	54.67
Operators share of yield %	100.00	100.00	100.00
Value per bu.	6.07	6.03	6.14
Total product return per acre	311.88	302.67	335.67
Miscellaneous income per acre	3.76	1.77	8.85
Gross return per acre	315.64	304.43	344.51
<b>Direct Expenses</b>			
Seed	31.09	33.29	30.00
Fertilizer	14.05	17.17	9.37
Crop chemicals	19.47	18.85	19.51
Crop insurance	9.98	10.71	7.74
Fuel & oil	15.60	17.16	14.81
Repairs	17.48	21.54	10.58
Custom hire	1.45	2.18	0.78
Land rent	104.74	117.55	98.87
Marketing	0.99	1.13	0.07
Operating interest	6.63	7.95	5.10
Miscellaneous	1.20	2.05	1.77
Total direct expenses per acre	222.69	249.58	198.60
Return over direct exp per acre	92.96	54.85	145.91
<b>Overhead Expenses</b>			
Custom hire	2.60	4.09	2.00
Hired labor	4.95	10.67	3.95
Machinery leases	3.71	7.56	5.25
Building leases	0.74	0.18	0.62
Farm insurance	4.28	4.04	4.32
Utilities	2.24	2.74	1.74
Dues & professional fees	1.26	3.33	0.44
Interest	3.60	6.19	2.17
Mach & bldg depreciation	16.26	16.17	15.02
Miscellaneous	2.16	1.67	2.27
Total overhead expenses per acre	41.82	56.64	37.78
Total dir & ovhd expenses per acre	264.50	306.22	236.38
Net return per acre	51.14	-1.79	108.13
Government payments	29.48	30.44	29.55
Net return with govt pmts	80.62	28.65	137.68
Labor & management charge	28.03	26.83	22.99
Net return over lbr & mgt	52.59	1.82	114.69
<b>Cost of Production</b>			
Total direct expense per bu.	4.33	4.97	3.63
Total dir & ovhd exp per bu.	5.14	6.10	4.32
Less govt & other income	4.50	5.46	3.62
With labor & management	5.04	5.99	4.04
Machinery cost per acre	58.66	73.51	49.32
Est. labor hours per acre	1.95	2.10	1.94

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

**Soybeans on Share Rent**

	<u>Avg. Of All Farms</u>	<u>High 20%</u>
Number of fields	35	9
Number of farms	22	5
Acres	93.67	56.65
Yield per acre (bu.)	50.16	56.34
Operators share of yield %	53.37	51.49
Value per bu.	6.10	6.13
Total product return per acre	163.30	177.74
Miscellaneous income per acre	2.39	12.48
Gross return per acre	165.69	190.23
<b>Direct Expenses</b>		
Seed	22.09	21.53
Fertilizer	7.37	5.55
Crop chemicals	14.30	13.80
Crop insurance	5.64	4.70
Fuel & oil	13.83	14.68
Repairs	19.96	8.12
Custom hire	1.08	0.02
Operating interest	5.58	3.93
Miscellaneous	1.16	1.00
Total direct expenses per acre	91.01	73.34
Return over direct exp per acre	74.68	116.89
<b>Overhead Expenses</b>		
Custom hire	1.38	3.07
Hired labor	4.55	6.16
Machinery leases	1.73	3.13
Building leases	0.78	3.22
Farm insurance	3.45	2.79
Utilities	2.03	1.60
Dues & professional fees	0.69	0.49
Interest	2.53	4.09
Mach & bldg depreciation	15.08	13.40
Miscellaneous	2.32	2.03
Total overhead expenses per acre	34.54	39.97
Total dir & ovhd expenses per acre	125.55	113.31
Net return per acre	40.14	76.92
Government payments	16.78	19.90
Net return with govt pmts	56.92	96.82
Labor & management charge	25.31	20.11
Net return over lbr & mgt	31.61	76.71
<b>Cost of Production</b>		
Total direct expense per bu.	3.40	2.53
Total dir & ovhd exp per bu.	4.69	3.91
Less govt & other income	3.97	2.79
With labor & management	4.92	3.48
Machinery cost per acre	53.56	45.74
Est. labor hours per acre	1.99	1.18





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

**Oats on Owned Land**

	<b>Avg. Of All Farms</b>
Number of fields	5
Number of farms	5
Acres	13.90
Yield per acre (bu.)	104.71
Operators share of yield %	100.00
Value per bu.	2.13
Total product return per acre	223.25
Miscellaneous income per acre	48.96
Gross return per acre	272.22
<b>Direct Expenses</b>	
Seed	17.02
Fertilizer	28.01
Crop chemicals	3.75
Crop insurance	1.54
Fuel & oil	17.96
Repairs	18.03
Operating interest	5.75
Miscellaneous	1.09
Total direct expenses per acre	93.15
Return over direct exp per acre	179.07
<b>Overhead Expenses</b>	
Custom hire	6.85
Hired labor	6.11
RE & pers. property taxes	10.35
Farm insurance	4.74
Utilities	3.52
Interest	25.48
Mach & bldg depreciation	25.72
Miscellaneous	1.63
Total overhead expenses per acre	84.40
Total dir & ovhd expenses per acre	177.55
Net return per acre	94.66
Government payments	21.21
Net return with govt pmts	115.87
Labor & management charge	20.96
Net return over lbr & mgt	94.91
<b>Cost of Production</b>	
Total direct expense per bu.	0.89
Total dir & ovhd exp per bu.	1.70
Less govt & other income	1.03
With labor & management	1.23
Machinery cost per acre	62.67
Est. labor hours per acre	1.76

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

**Oats on Cash Rent**

	<b>Avg. Of All Farms</b>
Number of fields	7
Number of farms	7
Acres	24.03
Yield per acre (bu.)	89.71
Operators share of yield %	100.00
Value per bu.	2.08
Total product return per acre	186.44
Miscellaneous income per acre	56.04
Gross return per acre	242.47
<b>Direct Expenses</b>	
Seed	11.17
Fertilizer	21.16
Crop chemicals	3.86
Fuel & oil	12.64
Repairs	11.87
Custom hire	2.27
Land rent	107.51
Operating interest	7.30
Total direct expenses per acre	177.78
Return over direct exp per acre	64.69
<b>Overhead Expenses</b>	
Custom hire	3.99
Hired labor	5.61
Machinery leases	0.20
Farm insurance	2.68
Utilities	1.61
Interest	0.33
Mach & bldg depreciation	10.18
Miscellaneous	2.02
Total overhead expenses per acre	26.62
Total dir & ovhd expenses per acre	204.41
Net return per acre	38.07
Government payments	26.87
Net return with govt pmts	64.94
Labor & management charge	16.13
Net return over lbr & mgt	48.81
<b>Cost of Production</b>	
Total direct expense per bu.	1.98
Total dir & ovhd exp per bu.	2.28
Less govt & other income	1.35
With labor & management	1.53
Machinery cost per acre	40.78
Est. labor hours per acre	1.39

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

**Corn Silage on Owned Land**

	<b>Avg. Of All Farms</b>
Number of fields	11
Number of farms	9
Acres	46.10
Yield per acre (ton)	21.55
Operators share of yield %	100.00
Value per ton	19.44
Total product return per acre	418.91
Miscellaneous income per acre	-
Gross return per acre	418.91
<b>Direct Expenses</b>	
Seed	44.49
Fertilizer	40.97
Crop chemicals	27.77
Crop insurance	7.51
Fuel & oil	16.41
Repairs	23.03
Custom hire	44.61
Marketing	0.91
Operating interest	7.38
Miscellaneous	0.05
Total direct expenses per acre	213.13
Return over direct exp per acre	205.78
<b>Overhead Expenses</b>	
Custom hire	5.82
Hired labor	3.89
Building leases	1.12
RE & pers. property taxes	11.53
Farm insurance	2.48
Utilities	2.08
Dues & professional fees	0.77
Interest	47.56
Mach & bldg depreciation	20.37
Miscellaneous	2.11
Total overhead expenses per acre	97.73
Total dir & ovhd expenses per acre	310.86
Net return per acre	108.05
Government payments	30.47
Net return with govt pmts	138.52
Labor & management charge	17.04
Net return over lbr & mgt	121.48
<b>Cost of Production</b>	
Total direct expense per ton	9.89
Total dir & ovhd exp per ton	14.43
Less govt & other income	13.01
With labor & management	13.80
Machinery cost per acre	111.06
Est. labor hours per acre	2.63

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

**Corn Silage on Cash Rent**

	<b>Avg. Of All Farms</b>
Number of fields	13
Number of farms	13
Acres	40.62
Yield per acre (ton)	21.61
Operators share of yield %	100.00
Value per ton	19.26
Total product return per acre	416.17
Miscellaneous income per acre	22.23
Gross return per acre	438.39
<b>Direct Expenses</b>	
Seed	51.70
Fertilizer	49.48
Crop chemicals	26.37
Crop insurance	4.68
Fuel & oil	26.10
Repairs	20.83
Custom hire	7.92
Land rent	87.67
Operating interest	6.51
Miscellaneous	3.06
Total direct expenses per acre	284.32
Return over direct exp per acre	154.07
<b>Overhead Expenses</b>	
Custom hire	2.81
Hired labor	16.11
Machinery leases	0.41
Building leases	7.71
Farm insurance	3.51
Utilities	1.81
Interest	1.82
Mach & bldg depreciation	19.66
Miscellaneous	3.03
Total overhead expenses per acre	56.88
Total dir & ovhd expenses per acre	341.20
Net return per acre	97.20
Government payments	34.79
Net return with govt pmts	131.98
Labor & management charge	29.92
Net return over lbr & mgt	102.06
<b>Cost of Production</b>	
Total direct expense per ton	13.15
Total dir & ovhd exp per ton	15.79
Less govt & other income	13.15
With labor & management	14.53
Machinery cost per acre	78.02
Est. labor hours per acre	3.02

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

**Hay, Alfalfa on Owned Land**

	<b>Avg. Of All Farms</b>
Number of fields	11
Number of farms	9
Acres	32.82
Yield per acre (ton)	4.21
Operators share of yield %	100.00
Value per ton	84.79
Total product return per acre	357.26
Miscellaneous income per acre	11.97
Gross return per acre	369.23
<b>Direct Expenses</b>	
Seed	5.78
Fertilizer	25.18
Crop chemicals	0.40
Crop insurance	2.93
Fuel & oil	22.48
Repairs	20.59
Custom hire	26.13
Marketing	0.66
Operating interest	4.66
Miscellaneous	2.86
Total direct expenses per acre	111.67
Return over direct exp per acre	257.57
<b>Overhead Expenses</b>	
Custom hire	2.96
Hired labor	10.06
Machinery leases	0.48
Building leases	1.04
RE & pers. property taxes	15.08
Farm insurance	4.40
Utilities	3.24
Dues & professional fees	0.24
Interest	40.97
Mach & bldg depreciation	31.82
Miscellaneous	4.95
Total overhead expenses per acre	115.24
Total dir & ovhd expenses per acre	226.91
Net return per acre	142.33
Government payments	24.53
Net return with govt pmts	166.86
Labor & management charge	26.84
Net return over lbr & mgt	140.02
<b>Cost of Production</b>	
Total direct expense per ton	26.50
Total dir & ovhd exp per ton	53.85
Less govt & other income	45.19
With labor & management	51.56
Machinery cost per acre	103.01
Est. labor hours per acre	3.74

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

**Hay, Alfalfa on Cash Rent**

	<b>Avg. Of All Farms</b>
Number of fields	27
Number of farms	16
Acres	53.76
Yield per acre (ton)	4.91
Operators share of yield %	100.00
Value per ton	84.45
Total product return per acre	415.06
Miscellaneous income per acre	-
Gross return per acre	415.06
<b>Direct Expenses</b>	
Seed	5.12
Fertilizer	44.62
Crop chemicals	3.08
Crop insurance	1.06
Fuel & oil	31.41
Repairs	26.63
Custom hire	15.73
Land rent	84.34
Operating interest	8.29
Miscellaneous	12.44
Total direct expenses per acre	232.70
Return over direct exp per acre	182.36
<b>Overhead Expenses</b>	
Custom hire	0.98
Hired labor	13.32
Machinery leases	2.37
Building leases	4.81
Farm insurance	4.24
Utilities	2.24
Dues & professional fees	0.42
Interest	4.23
Mach & bldg depreciation	26.14
Miscellaneous	6.06
Total overhead expenses per acre	64.80
Total dir & ovhd expenses per acre	297.50
Net return per acre	117.56
Government payments	16.57
Net return with govt pmts	134.13
Labor & management charge	32.63
Net return over lbr & mgt	101.50
<b>Cost of Production</b>	
Total direct expense per ton	47.35
Total dir & ovhd exp per ton	60.53
Less govt & other income	57.16
With labor & management	63.80
Machinery cost per acre	105.27
Est. labor hours per acre	3.68

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

**Hay, Grass on Owned Land**

	<b>Avg. Of All Farms</b>
Number of fields	7
Number of farms	7
Acres	16.57
Yield per acre (ton)	1.94
Operators share of yield %	100.00
Value per ton	62.36
Total product return per acre	121.01
Miscellaneous income per acre	-
Gross return per acre	121.01
<b>Direct Expenses</b>	
Fertilizer	5.04
Fuel & oil	8.91
Repairs	10.74
Custom hire	11.77
Operating interest	4.75
Miscellaneous	0.12
Total direct expenses per acre	41.33
Return over direct exp per acre	79.68
<b>Overhead Expenses</b>	
Custom hire	1.65
Hired labor	2.79
RE & pers. property taxes	12.44
Farm insurance	2.80
Utilities	2.65
Interest	43.45
Mach & bldg depreciation	9.65
Miscellaneous	1.94
Total overhead expenses per acre	77.38
Total dir & ovhd expenses per acre	118.71
Net return per acre	2.30
Government payments	1.25
Net return with govt pmts	3.55
Labor & management charge	17.73
Net return over lbr & mgt	-14.18
<b>Cost of Production</b>	
Total direct expense per ton	21.30
Total dir & ovhd exp per ton	61.18
Less govt & other income	60.53
With labor & management	69.67
Machinery cost per acre	42.63
Est. labor hours per acre	1.31

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

**Pasture on Owned Land**

	<b>Avg. Of All Farms</b>
Number of fields	9
Number of farms	8
Acres	34.03
Yield per acre (aum)	3.48
Operators share of yield %	100.00
Value per aum	10.81
Total product return per acre	37.61
Miscellaneous income per acre	-
Gross return per acre	37.61
<b>Direct Expenses</b>	
Seed	0.99
Fertilizer	3.62
Crop chemicals	4.90
Fuel & oil	2.93
Repairs	4.25
Operating interest	0.61
Total direct expenses per acre	17.29
Return over direct exp per acre	20.31
<b>Overhead Expenses</b>	
Custom hire	0.78
Hired labor	1.28
RE & pers. property taxes	6.63
Farm insurance	0.61
Utilities	0.48
Interest	22.54
Mach & bldg depreciation	1.74
Miscellaneous	0.48
Total overhead expenses per acre	34.55
Total dir & ovhd expenses per acre	51.84
Net return per acre	-14.23
Government payments	1.33
Net return with govt pmts	-12.91
Labor & management charge	3.09
Net return over lbr & mgt	-15.99
<b>Cost of Production</b>	
Total direct expense per aum	4.97
Total dir & ovhd exp per aum	14.90
Less govt & other income	14.52
With labor & management	15.41
Machinery cost per acre	9.53
Est. labor hours per acre	0.34



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

**Pasture on Cash Rent**

	<b>Avg. Of All Farms</b>
Number of fields	8
Number of farms	8
Acres	95.50
Yield per acre (aum)	2.52
Operators share of yield %	100.00
Value per aum	11.24
Total product return per acre	28.36
Miscellaneous income per acre	-
Gross return per acre	28.36
<b>Direct Expenses</b>	
Fertilizer	0.85
Crop chemicals	3.92
Fuel & oil	2.07
Repairs	3.11
Land rent	22.83
Operating interest	0.77
Total direct expenses per acre	33.55
Return over direct exp per acre	-5.19
<b>Overhead Expenses</b>	
Custom hire	0.54
Hired labor	0.72
Building leases	0.51
Interest	0.23
Mach & bldg depreciation	1.20
Miscellaneous	0.72
Total overhead expenses per acre	3.92
Total dir & ovhd expenses per acre	37.47
Net return per acre	-9.11
Government payments	-
Net return with govt pmts	-9.11
Labor & management charge	2.35
Net return over lbr & mgt	-11.46
<b>Cost of Production</b>	
Total direct expense per aum	13.30
Total dir & ovhd exp per aum	14.85
Less govt & other income	14.85
With labor & management	15.78
Machinery cost per acre	6.99
Est. labor hours per acre	0.21

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

**CRP on Owned Land**

	<b>Avg. Of All Farms</b>
Number of fields	20
Number of farms	20
Acres	28.58
Yield per acre (\$)	99.22
Operators share of yield %	100.00
Value per \$	1.00
Total product return per acre	99.22
Miscellaneous income per acre	-
Gross return per acre	99.22
<b>Direct Expenses</b>	
Crop chemicals	1.50
Fuel & oil	1.29
Repairs	2.43
Miscellaneous	0.33
Total direct expenses per acre	5.55
Return over direct exp per acre	93.67
<b>Overhead Expenses</b>	
Hired labor	0.47
RE & pers. property taxes	11.88
Farm insurance	0.44
Interest	56.94
Mach & bldg depreciation	1.74
Miscellaneous	0.86
Total overhead expenses per acre	72.32
Total dir & ovhd expenses per acre	77.88
Net return per acre	21.35
Government payments	-
Net return with govt pmts	21.35
Labor & management charge	3.25
Net return over lbr & mgt	18.10
<b>Cost of Production</b>	
Total direct expense per \$	0.06
Total dir & ovhd exp per \$	0.78
Less govt & other income	0.78
With labor & management	0.82
Machinery cost per acre	5.52
Est. labor hours per acre	0.23



## Livestock Reports

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

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

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

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

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

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

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

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

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

**Hogs, Farrow To Finish -- Average Per Litter**

	<u>Avg. Of All Farms</u>
Number of farms	9
	Quantity                      Value
Raised Hogs sold (lb)	2,301.65                      1,077.49
Cull sales (lb)	110.09                      33.11
Butchered (lb)	1.95                      3.83
Less purchased (lb)	-65.06                      -66.90
Inventory change (lb)	-119.76                      -83.97
Total production (lb)	2,228.87                      963.56
Other income	-
Gross return	963.56
<b>Direct Expenses</b>	
Barley (bu.)	3.14                      6.58
Corn (bu.)	109.47                      233.96
Protein Vit Minerals (lb.)	1,929.57                      292.85
Other feed stuffs	67.77                      7.73
Breeding fees	14.36
Veterinary	45.53
Supplies	35.38
Fuel & oil	22.54
Repairs	27.17
Custom hire	56.03
Operating interest	17.96
Total direct expenses	760.10
Return over direct expense	203.45
<b>Overhead Expenses</b>	
Custom hire	4.18
Hired labor	73.93
Building leases	9.91
RE & pers. property taxes	4.85
Farm insurance	23.28
Utilities	31.90
Dues & professional fees	15.30
Interest	36.11
Mach & bldg depreciation	39.41
Miscellaneous	14.09
Total overhead expenses	252.95
Total dir & ovhd expenses	1,013.06
Net return	-49.50
Labor & management charge	92.23
Net return over lbr & mgt	-141.72
<b>Cost of Production</b>	
Total direct expense per cwt.	34.10
Total dir & ovhd expense per cwt.	45.45
With other revenue adjustments	47.42
With labor and management	51.56
Est. labor hours per unit	9.91
<b>Other Information</b>	
Average number of sows	118.4
Litters farrowed	202
Litters per sow	1.70
Litters per crate	6.99
Pigs born per litter	10.27
Pigs weaned per litter	8.90
Pigs weaned per sow	14.75
Number sold per litter	8.65
Lbs of feed / lb of gain	3.73
Feed cost / cwt. of gain	24.28
Feed cost per litter	541.13
Avg wgt/Raised Hog sold	266
Avg price / cwt	46.81

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

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

	<b>Avg. Of All Farms</b>	
Number of farms	9	
	Quantity	Value
Raised Hogs sold (lb)	103.27	48.34
Cull sales (lb)	4.94	1.49
Butchered (lb)	0.09	0.17
Less purchased (lb)	-2.92	-3.00
Inventory change (lb)	-5.37	-3.77
Total production (lb)	100.00	43.23
Other income		-
Gross return		43.23
<b>Direct Expenses</b>		
Barley (bu.)	0.14	0.30
Corn (bu.)	4.91	10.50
Protein Vit Minerals (lb.)	86.57	13.14
Other feed stuffs	3.04	0.35
Breeding fees		0.64
Veterinary		2.04
Supplies		1.59
Fuel & oil		1.01
Repairs		1.22
Custom hire		2.51
Operating interest		0.81
Total direct expenses		34.10
Return over direct expense		9.13
<b>Overhead Expenses</b>		
Custom hire		0.19
Hired labor		3.32
Building leases		0.44
RE & pers. property taxes		0.22
Farm insurance		1.04
Utilities		1.43
Dues & professional fees		0.69
Interest		1.62
Mach & bldg depreciation		1.77
Miscellaneous		0.63
Total overhead expenses		11.35
Total dir & ovhd expenses		45.45
Net return		-2.22
Labor & management charge		4.14
Net return over lbr & mgt		-6.36
<b>Cost of Production</b>		
Total direct expense per cwt.		34.10
Total dir & ovhd expense per cwt.		45.45
With other revenue adjustments		47.42
With labor and management		51.56
Est. labor hours per unit		0.44
<b>Other Information</b>		
Average number of sows		118.4
Litters farrowed		202
Litters per sow		1.70
Litters per crate		6.99
Pigs born per litter		10.27
Pigs weaned per litter		8.90
Pigs weaned per sow		14.75
Number sold per litter		8.65
Lbs of feed / lb of gain		3.73
Feed cost / cwt. of gain		24.28
Feed cost per litter		541.13
Avg wgt/Raised Hog sold		266
Avg price / cwt		46.81

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

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

	<b>Avg. Of All Farms</b>	
Number of farms	8	
	Quantity	Value
Wean-Fin Pig sold (lb)	241.37	112.68
Transferred out (lb)	0.11	0.09
Butchered (lb)	0.02	0.01
Less purchased (lb)	-14.97	-40.60
Inventory change (lb)	21.74	10.86
Total production (lb)	248.27	83.04
Other income		0.01
Gross return		83.05
<b>Direct Expenses</b>		
Barley (bu.)	0.00	0.00
Corn (bu.)	8.26	17.36
Complete Ration (lb.)	23.33	5.45
Protein Vit Minerals (lb.)	62.90	12.22
Other feed stuffs	4.60	7.55
Veterinary		1.88
Supplies		0.62
Contract production exp.		3.64
Fuel & oil		1.30
Repairs		1.44
Hired labor		0.16
Utilities		0.16
Marketing		0.01
Operating interest		0.57
Total direct expenses		52.37
Return over direct expense		30.68
<b>Overhead Expenses</b>		
Custom hire		1.09
Hired labor		4.30
Machinery leases		0.24
Building leases		6.27
Farm insurance		0.95
Utilities		0.87
Interest		1.52
Mach & bldg depreciation		2.28
Miscellaneous		0.71
Total overhead expenses		18.22
Total dir & ovhd expenses		70.59
Net return		12.45
Labor & management charge		2.26
Net return over lbr & mgt		10.19
<b>Cost of Production</b>		
Total direct expense per cwt.		34.00
Total dir & ovhd expense per cwt.		41.54
With other revenue adjustments		41.54
With labor and management		42.48
Est. labor hours per unit		0.37
<b>Other Information</b>		
No. purchased or trans in		19,744
Number sold or trans out		15,449
Percentage death loss		8.3
Avg. daily gain (lbs)		1.38
Lbs of conc / lb of gain		2.23
Lbs of feed / lb of gain		2.58
Feed cost per cwt of gain		17.15
Feed cost per head		42.58
Average purchase weight		13
Average sales weight		262
Avg purch price / head		34.42
Avg sales price / cwt		46.68

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

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

	<u>Avg. Of All Farms</u>
Number of farms	8
	Quantity                      Value
Wean-Fin Pig sold (lb)	97.22                      45.39
Transferred out (lb)	0.05                      0.04
Butchered (lb)	0.01                      0.00
Less purchased (lb)	-6.03                      -16.35
Inventory change (lb)	8.76                      4.37
Total production (lb)	100.00                      33.45
Other income	0.00
Gross return	33.45
<b>Direct Expenses</b>	
Barley (bu.)	0.00                      0.00
Corn (bu.)	3.33                      6.99
Complete Ration (lb.)	9.40                      2.19
Protein Vit Minerals (lb.)	25.33                      4.92
Other feed stuffs	1.85                      3.04
Veterinary	0.76
Supplies	0.25
Contract production exp.	1.47
Fuel & oil	0.52
Repairs	0.58
Hired labor	0.07
Utilities	0.06
Marketing	0.01
Operating interest	0.23
Total direct expenses	21.09
Return over direct expense	12.36
<b>Overhead Expenses</b>	
Custom hire	0.44
Hired labor	1.73
Machinery leases	0.10
Building leases	2.52
Farm insurance	0.38
Utilities	0.35
Interest	0.61
Mach & bldg depreciation	0.92
Miscellaneous	0.29
Total overhead expenses	7.34
Total dir & ovhd expenses	28.43
Net return	5.02
Labor & management charge	0.91
Net return over lbr & mgt	4.11
<b>Cost of Production</b>	
Total direct expense per cwt.	34.00
Total dir & ovhd expense per cwt.	41.54
With other revenue adjustments	41.54
With labor and management	42.48
Est. labor hours per unit	0.15
<b>Other Information</b>	
No. purchased or trans in	19,744
Number sold or trans out	15,449
Percentage death loss	8.3
Avg. daily gain (lbs)	1.38
Lbs of conc / lb of gain	2.23
Lbs of feed / lb of gain	2.58
Feed cost per cwt of gain	17.15
Feed cost per head	42.58
Average purchase weight	13
Average sales weight	262
Avg purch price / head	34.42
Avg sales price / cwt	46.68



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

**Hogs, Contractee -- Average Per Pig Space**

	<u>Avg. Of All Farms</u>	
Number of farms	14	
	Quantity	Value
Total production (hd)	0.00	0.00
Other income		36.79
Gross return		36.79
<b>Direct Expenses</b>		
Supplies		3.69
Fuel & oil		1.77
Repairs		2.15
Operating interest		0.32
Total direct expenses		7.93
Return over direct expense		28.86
<b>Overhead Expenses</b>		
Custom hire		1.41
Hired labor		1.66
Machinery leases		0.14
Building leases		1.24
RE & pers. property taxes		0.28
Farm insurance		1.15
Utilities		2.11
Dues & professional fees		0.34
Interest		5.06
Mach & bldg depreciation		7.55
Miscellaneous		0.26
Total overhead expenses		21.20
Total dir & ovhd expenses		29.13
Net return		7.66
Labor & management charge		4.72
Net return over lbr & mgt		2.94
<b>Cost of Production</b>		
Total direct expense per head		-
Total dir & ovhd expense per head		-
With other revenue adjustments		-
With labor and management		-
Est. labor hours per unit		0.45
<b>Other Information</b>		
Number of pigs		4,886
Pigs per pig space (per year)		2.33
Pigs per 100 sq. ft. (per yr)		28.48
Net return per 100 sq. ft.		93.70
Net return per labor hour		17.08
Square feet per pig space		8.17

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

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

	<u>Avg. Of</u>	
	<u>All Farms</u>	
Number of farms	14	
	Quantity	Value
Beef Calves sold (lb)	141.95	164.52
Transferred out (lb)	341.87	383.38
Cull sales (lb)	92.44	70.75
Butchered (lb)	2.27	1.14
Less purchased (lb)	-39.55	-73.91
Less transferred in (lb)	-38.59	-41.88
Inventory change (lb)	26.66	36.97
Total production (lb)	527.05	540.95
Other income		-
Gross return		540.95
<b>Direct Expenses</b>		
Corn (bu.)	2.37	5.33
Corn Silage (lb.)	4,328.04	36.94
Hay, Alfalfa (lb.)	2,329.85	77.79
Hay, Grass & Other (lb.)	2,388.99	71.07
Oatlage (lb.)	1,464.25	10.98
Pasture (aum)	3.13	40.36
Complete Ration (lb.)	29.48	4.46
Protein Vit Minerals (lb.)	51.91	13.02
Corn Gluten (lb.)	435.19	8.70
Other feed stuffs	233.88	3.82
Breeding fees		13.48
Veterinary		34.91
Supplies		11.67
Fuel & oil		19.33
Repairs		21.04
Custom hire		0.54
Bedding		3.87
Operating interest		9.06
Total direct expenses		386.41
Return over direct expense		154.54
<b>Overhead Expenses</b>		
Custom hire		8.27
Hired labor		14.37
Machinery leases		3.50
RE & pers. property taxes		2.14
Farm insurance		6.58
Utilities		9.47
Dues & professional fees		3.21
Interest		10.29
Mach & bldg depreciation		13.85
Miscellaneous		5.63
Total overhead expenses		77.30
Total dir & ovhd expenses		463.72
Net return		77.24
Labor & management charge		84.17
Net return over lbr & mgt		-6.94
<b>Cost of Production</b>		
Total direct expense per cwt.		73.32
Total dir & ovhd expense per cwt.		87.98
With other revenue adjustments		81.75
With labor and management		97.72
Est. labor hours per unit		8.34
<b>Other Information</b>		
Number of cows		62.9
Pregnancy percentage		98.0
Pregnancy loss percentage		1.2
Culling percentage		7.8
Calving percentage		96.8
Weaning percentage		92.1
Calves sold per cow		0.91
Calf death loss percent		6.1
Average weaning weight		519
Lbs weaned/exposed female		478
Feed cost per cow		272.50
Avg wgt/Beef Calf sold		549
Avg price / cwt		115.90

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

**Beef, Finish Beef Calves -- Average Per Head**

	<u>Avg. Of All Farms</u>
Number of farms	16
	Quantity                      Value
Finish Beef sold (lb)	1,331.91                      1,111.83
Transferred out (lb)	9.94                              10.30
Butchered (lb)	4.40                              3.67
Less purchased (lb)	-525.79                      -644.36
Less transferred in (lb)	-48.21                              -55.48
Inventory change (lb)	-118.89                      -191.79
Total production (lb)	653.36                              234.16
Other income	0.43
Gross return	234.60
<b>Direct Expenses</b>	
Corn (bu.)	64.29                              127.07
Corn Silage (lb.)	2,296.26                      20.52
Hay, Alfalfa (lb.)	323.28                              11.66
Hay, Grass & Other (lb.)	240.33                              6.71
Haylage, Alfalfa (lb.)	212.14                              5.47
Sorghum Silage (lb.)	130.52                              0.98
Stover (lb.)	32.58                              0.41
Complete Ration (lb.)	13.63                              2.58
Creep / Starter (lb.)	7.06                                0.89
Protein Vit Minerals (lb.)	477.68                              39.60
Corn Distillers Grn (dry) (lb.)	190.29                              6.87
Corn Gluten (lb.)	496.84                              5.89
Other feed stuffs	17.39                              0.19
Veterinary	8.20
Supplies	5.82
Fuel & oil	9.86
Repairs	11.29
Hauling and trucking	7.22
Marketing	1.65
Operating interest	27.23
Total direct expenses	300.12
Return over direct expense	-65.52
<b>Overhead Expenses</b>	
Custom hire	1.68
Hired labor	6.51
Machinery leases	3.73
RE & pers. property taxes	2.06
Farm insurance	2.87
Utilities	3.78
Interest	11.28
Mach & bldg depreciation	11.61
Miscellaneous	3.61
Total overhead expenses	47.13
Total dir & ovhd expenses	347.25
Net return	-112.65
Labor & management charge	32.91
Net return over lbr & mgt	-145.57
<b>Cost of Production</b>	
Total direct expense per cwt.	88.54
Total dir & ovhd expense per cwt.	92.05
With other revenue adjustments	92.02
With labor and management	94.47
Est. labor hours per unit	3.20
<b>Other Information</b>	
No. purchased or trans in	267
Number sold or trans out	300
Percentage death loss	0.6
Avg. daily gain (lbs)	2.45
Lbs of conc / lb of gain	7.30
Lbs of feed / lb of gain	9.61
Feed cost per cwt of gain	35.03
Feed cost per head	228.84
Average purchase weight	626
Average sales weight	1,294
Avg purch price / cwt	122.55
Avg sales price / cwt	83.48

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

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

	<b>Avg. Of All Farms</b>	
Number of farms	16	
	Quantity	Value
Finish Beef sold (lb)	203.86	170.17
Transferred out (lb)	1.52	1.58
Butchered (lb)	0.67	0.56
Less purchased (lb)	-80.48	-98.62
Less transferred in (lb)	-7.38	-8.49
Inventory change (lb)	-18.20	-29.35
Total production (lb)	100.00	35.84
Other income		0.07
Gross return		35.91
<b>Direct Expenses</b>		
Corn (bu.)	9.84	19.45
Corn Silage (lb.)	351.46	3.14
Hay, Alfalfa (lb.)	49.48	1.78
Hay, Grass & Other (lb.)	36.78	1.03
Haylage, Alfalfa (lb.)	32.47	0.84
Sorghum Silage (lb.)	19.98	0.15
Stover (lb.)	4.99	0.06
Complete Ration (lb.)	2.09	0.39
Creep / Starter (lb.)	1.08	0.14
Protein Vit Minerals (lb.)	73.11	6.06
Corn Distillers Grn (dry) (lb.)	29.12	1.05
Corn Gluten (lb.)	76.04	0.90
Other feed stuffs	2.66	0.03
Veterinary		1.26
Supplies		0.89
Fuel & oil		1.51
Repairs		1.73
Hauling and trucking		1.11
Marketing		0.25
Operating interest		4.17
Total direct expenses		45.94
Return over direct expense		-10.03
<b>Overhead Expenses</b>		
Custom hire		0.26
Hired labor		1.00
Machinery leases		0.57
RE & pers. property taxes		0.32
Farm insurance		0.44
Utilities		0.58
Interest		1.73
Mach & bldg depreciation		1.78
Miscellaneous		0.55
Total overhead expenses		7.21
Total dir & ovhd expenses		53.15
Net return		-17.24
Labor & management charge		5.04
Net return over lbr & mgt		-22.28
<b>Cost of Production</b>		
Total direct expense per cwt.		88.54
Total dir & ovhd expense per cwt.		92.05
With other revenue adjustments		92.02
With labor and management		94.47
Est. labor hours per unit		0.49
<b>Other Information</b>		
No. purchased or trans in		267
Number sold or trans out		300
Percentage death loss		0.6
Avg. daily gain (lbs)		2.45
Lbs of conc / lb of gain		7.30
Lbs of feed / lb of gain		9.61
Feed cost per cwt of gain		35.03
Feed cost per head		228.84
Average purchase weight		626
Average sales weight		1,294
Avg purch price / cwt		122.55
Avg sales price / cwt		83.48

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

**Dairy -- Average Per Cow**

	<u>Avg. Of All Farms</u>
Number of farms	19
	Quantity                      Value
Milk sold (lb)	23,249.64                      3,051.34
Milk used in home (lb)	5.06                              0.78
Milk fed to animals (lb)	30.39                             1.33
Dairy Calves sold (hd)	0.45                              101.23
Transferred out (hd)	0.43                              119.86
Cull sales (hd)	0.25                              130.14
Butchered (hd)	0.00                              0.30
Less purchased (hd)	-0.03                             -50.44
Less transferred in (hd)	-0.33                             -515.67
Inventory change (hd)	0.03                              36.46
Total production	2,875.32
Other income	70.68
Gross return	2,946.00
<b>Direct Expenses</b>	
Corn (bu.)	79.56                             175.49
Corn Silage (lb.)	15,169.87                        161.95
Hay, Alfalfa (lb.)	2,720.61                        125.49
Haylage, Alfalfa (lb.)	6,807.31                        162.81
Protein Vit Minerals (lb.)	3,165.44                        493.72
Other feed stuffs	1,124.37                        52.96
Breeding fees	41.86
Veterinary	108.72
BST	23.79
Supplies	213.21
DHA	8.89
Fuel & oil	51.87
Repairs	107.42
Custom hire	39.33
Hired labor	100.33
Livestock leases	4.99
Marketing	23.92
Operating interest	12.11
Total direct expenses	1,908.88
Return over direct expense	1,037.11
<b>Overhead Expenses</b>	
Custom hire	37.59
Hired labor	329.43
Machinery leases	13.04
Farm insurance	27.54
Utilities	46.01
Interest	57.50
Mach & bldg depreciation	105.10
Miscellaneous	27.51
Total overhead expenses	643.72
Total dir & ovhd expenses	2,552.61
Net return	393.39
Labor & management charge	204.93
Net return over lbr & mgt	188.47
<b>Cost of Production</b>	
Total direct expense per cwt.	8.20
Total dir & ovhd expense per cwt.	10.96
With other revenue adjustments	11.42
With labor and management	12.30
Est. labor hours per unit	43.66
<b>Other Information</b>	
Avg. number of Cows	200.2
Milk produced per Cow	23,285
Culling percentage	25.0
Turnover rate	32.8
Percent of barn capacity	119.5
Lbs. milk/lb grain & conc.	2.8
Feed cost per cwt of milk	5.04
Feed cost per Cow	1,172.44
Avg. milk price per cwt.	13.12

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

**Dairy Replacement Heifers -- Average Per Head Sold/Trans**

	<u>Avg. Of All Farms</u>
Number of farms	16
	Quantity                      Value
Replacements sold (hd)	0.01                      27.72
Transferred out (hd)	0.99                      1,492.72
Butchered (hd)	0.00                      1.07
Less purchased (hd)	-0.14                      -185.26
Less transferred in (hd)	-1.15                      -322.26
Inventory change (hd)	0.20                      218.12
Total production (hd)	0.00                      1,232.11
Other income	-
Gross return	1,232.11
<b>Direct Expenses</b>	
Corn (bu.)	19.80                      47.64
Corn Silage (lb.)	7,924.75                      81.75
Hay, Alfalfa (lb.)	3,943.26                      159.62
Hay, Grass & Other (lb.)	569.00                      17.04
Haylage, Alfalfa (lb.)	4,213.82                      93.73
Oats (bu.)	1.83                      3.42
Pasture (aum)	0.93                      10.29
Sorghum Silage (lb.)	1,288.98                      10.91
Complete Ration (lb.)	24,596.52                      7.70
Milk (lb.)	27.31                      2.73
Milk Replacer (lb.)	6.54                      5.83
Protein Vit Minerals (lb.)	516.21                      166.02
Other feed stuffs	231.66                      3.46
Breeding fees	-
Veterinary	24.11                      44.26
Supplies	-
Contract production exp.	41.99                      203.81
Fuel & oil	-
Repairs	18.49                      36.12
Custom hire	-
Hired labor	70.12                      14.50
Livestock leases	-
Total direct expenses	7.51                      1,071.06
Return over direct expense	-
	161.05
<b>Overhead Expenses</b>	
Custom hire	38.42
Hired labor	102.87
Machinery leases	5.69
Building leases	19.08
Farm insurance	10.39
Utilities	13.68
Interest	17.59
Mach & bldg depreciation	47.17
Miscellaneous	10.01
Total overhead expenses	264.89
Total dir & ovhd expenses	1,335.95
Net return	-103.84
Labor & management charge	74.66
Net return over lbr & mgt	-178.50
<b>Cost of Production</b>	
Total direct expense per head	1,359.39
Total dir & ovhd expense per head	1,624.29
With other revenue adjustments	1,624.29
With labor and management	1,698.94
Est. labor hours per unit	17.00
<b>Other Information</b>	
No. purchased or trans in	98
Number sold or trans out	76
Average number of head	183
Percentage death loss	2.7
Feed cost per average head	253.83
Feed cost/head sold+trans	610.15
Avg. purchase weight	46
Avg. sales weight	-
Avg. purch price / head	1,325.16
Avg. sales price / head	1,872.83

**Livestock Enterprise Analysis**  
**Southwest & Southeast 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	14
	Quantity                      Value
Milk sold (lb)	23,569.42                      3,101.23
Milk used in home (lb)	5.61                              0.86
Milk fed to animals (lb)	33.68                            1.47
Dairy Calves sold (hd)	0.45                              100.04
Transferred out (hd)	0.77                              645.42
Cull sales (hd)	0.24                              124.13
Butchered (hd)	0.00                              0.71
Less purchased (hd)	-0.06                            -85.62
Less transferred in (hd)	-0.74                            -632.83
Inventory change (hd)	0.10                              107.37
Total production	3,362.78
Other income	71.54
Gross return	3,434.31
<b>Direct Expenses</b>	
Corn (bu.)	86.85                            192.58
Corn Silage (lb.)	17,541.71                      187.42
Hay, Alfalfa (lb.)	4,219.75                      187.39
Hay, Grass & Other (lb.)	254.33                            7.97
Haylage, Alfalfa (lb.)	8,374.89                      198.74
Complete Ration (lb.)	8,753.00                      8.58
Protein Vit Minerals (lb.)	3,370.42                      554.99
Cottonseed (lb.)	125.84                            11.56
Other feed stuffs	1,353.86                      49.92
Breeding fees	50.88
Veterinary	122.01
BST	25.05
Supplies	225.24
DHA	8.23
Contract production exp.	72.19
Fuel & oil	57.60
Repairs	114.47
Custom hire	66.89
Hired labor	116.31
Livestock leases	8.19
Marketing	21.84
Operating interest	11.86
Total direct expenses	2,299.90
Return over direct expense	1,134.41
<b>Overhead Expenses</b>	
Custom hire	53.46
Hired labor	391.41
Machinery leases	16.45
Building leases	6.76
Farm insurance	32.63
Utilities	48.89
Interest	66.06
Mach & bldg depreciation	119.75
Miscellaneous	29.61
Total overhead expenses	765.01
Total dir & ovhd expenses	3,064.91
Net return	369.41
Labor & management charge	215.73
Net return over lbr & mgt	153.67
<b>Cost of Production</b>	
Total direct expense per cwt.	9.74
Total dir & ovhd expense per cwt.	12.98
With other revenue adjustments	11.58
With labor and management	12.49
Est. labor hours per unit	49.80
<b>Other Information</b>	
Avg. number of Cows	245.2
Milk produced per Cow	23,609
Culling percentage	24.1
Turnover rate	32.2
Percent of barn capacity	122.0
Lbs. milk/lb grain & conc.	1.3
Feed cost per cwt of milk	5.93
Feed cost per Cow	1,399.14
Avg. milk price per cwt.	13.16

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

**Dairy Steer Finishing -- Average Per Head**

	<u>Avg. Of All Farms</u>
Number of farms	6
	Quantity                      Value
D Steer Fin sold (lb)	1,108.53                      844.22
Transferred out (lb)	10.03                              7.02
Butchered (lb)	27.42                              20.07
Less purchased (lb)	-238.65                      -299.28
Less transferred in (lb)	-222.55                      -192.76
Inventory change (lb)	296.34                              143.03
Total production (lb)	981.12                              522.30
Other income	-
Gross return	522.30
<b>Direct Expenses</b>	
Corn (bu.)	110.01                      236.75
Corn Silage (lb.)	555.12                              5.32
Hay, Alfalfa (lb.)	591.91                              22.00
Hay, Grass & Other (lb.)	297.63                              8.54
Haylage, Alfalfa (lb.)	2,193.74                      52.45
Protein Vit Minerals (lb.)	363.04                              82.31
Veterinary	19.23
Supplies	12.66
Contract production exp.	24.20
Fuel & oil	13.00
Repairs	24.47
Custom hire	4.34
Marketing	4.85
Operating interest	10.12
Total direct expenses	520.26
Return over direct expense	2.04
<b>Overhead Expenses</b>	
Custom hire	9.84
Hired labor	19.11
RE & pers. property taxes	5.66
Farm insurance	10.21
Utilities	10.81
Mach & bldg depreciation	26.04
Miscellaneous	7.55
Total overhead expenses	89.22
Total dir & ovhd expenses	609.48
Net return	-87.17
Labor & management charge	81.22
Net return over lbr & mgt	-168.40
<b>Cost of Production</b>	
Total direct expense per cwt.	75.92
Total dir & ovhd expense per cwt.	83.89
With other revenue adjustments	83.89
With labor and management	91.16
Est. labor hours per unit	8.26
<b>Other Information</b>	
No. purchased or trans in	55
Number sold or trans out	40
Percentage death loss	2.8
Avg. daily gain (lbs)	1.99
Lbs of conc / lb of gain	6.57
Lbs of feed / lb of gain	8.78
Feed cost per cwt of gain	41.52
Feed cost per head	407.38
Average purchase weight	355
Average sales weight	1,417
Avg purch price / head	445.25
Avg sales price / cwt	76.16



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

**Dairy Steer Finishing -- Average Per Cwt. Produced**

	<u>Avg. Of All Farms</u>
Number of farms	6
	Quantity                      Value
D Steer Fin sold (lb)	112.99                      86.05
Transferred out (lb)	1.02                          0.72
Butchered (lb)	2.79                          2.05
Less purchased (lb)	-24.32                      -30.50
Less transferred in (lb)	-22.68                      -19.65
Inventory change (lb)	30.20                        14.58
Total production (lb)	100.00                     53.24
Other income	-
Gross return	53.24
<b>Direct Expenses</b>	
Corn (bu.)	11.21                      24.13
Corn Silage (lb.)	56.58                      0.54
Hay, Alfalfa (lb.)	60.33                      2.24
Hay, Grass & Other (lb.)	30.34                      0.87
Haylage, Alfalfa (lb.)	223.59                     5.35
Protein Vit Minerals (lb.)	37.00                      8.39
Veterinary	1.96
Supplies	1.29
Contract production exp.	2.47
Fuel & oil	1.33
Repairs	2.49
Custom hire	0.44
Marketing	0.49
Operating interest	1.03
Total direct expenses	53.03
Return over direct expense	0.21
<b>Overhead Expenses</b>	
Custom hire	1.00
Hired labor	1.95
RE & pers. property taxes	0.58
Farm insurance	1.04
Utilities	1.10
Mach & bldg depreciation	2.65
Miscellaneous	0.77
Total overhead expenses	9.09
Total dir & ovhd expenses	62.12
Net return	-8.89
Labor & management charge	8.28
Net return over lbr & mgt	-17.16
<b>Cost of Production</b>	
Total direct expense per cwt.	75.92
Total dir & ovhd expense per cwt.	83.89
With other revenue adjustments	83.89
With labor and management	91.16
Est. labor hours per unit	0.84
<b>Other Information</b>	
No. purchased or trans in	55
Number sold or trans out	40
Percentage death loss	2.8
Avg. daily gain (lbs)	1.99
Lbs of conc / lb of gain	6.57
Lbs of feed / lb of gain	8.78
Feed cost per cwt of gain	41.52
Feed cost per head	407.38
Average purchase weight	355
Average sales weight	1,417
Avg purch price / head	445.25
Avg sales price / cwt	76.16

## Summary Tables

### Financial Summary by Years

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

<u>Year</u>	<u>CPI-U</u> <u>1982-84=100</u>	<u>Year</u>	<u>CPI-U</u> <u>1982-84=100</u>
1987	113.6	1997	160.5
1988	118.3	1998	163.0
1989	124.0	1999	166.6
1990	130.7	2000	172.2
1991	136.2	2001	177.0
1992	140.3	2002	179.9
1993	144.5	2003	184.0
1994	148.2	2004	188.9
1995	152.4	2005	195.3
1996	156.9	2006	201.6

### Financial Summary by County

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

### Financial Summary by Farm Size (Gross Farm Income)

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

### Financial Summary by Farm Type

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

### Financial Summary by Debt To Asset Ratio

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

### Financial Summary by Age of Operator

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

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

Row	Items	1987	1988	1989	1990	1991	1992	1993	1994	1995
		----	----	----	----	----	----	----	----	----
1	Number of Farms	178	202	203	200	207	201	202	202	216
Farm Income Statement										
2	Gross Cash Farm Income	254,004	262,229	265,019	291,839	288,031	301,907	296,705	306,175	346,838
3	Total Cash Farm Expense	196,046	206,433	204,939	222,201	221,385	236,768	242,616	256,246	277,214
4	Inventory Change	31,353	20,577	11,788	22,242	-10,822	-429	4,474	9,254	16,939
5	Depr. & Cap. Adj.	-25,906	-21,370	-21,709	-26,876	-26,122	-27,051	-26,997	-27,268	-29,288
6	Net Farm Income	63,404	55,004	50,159	65,004	29,702	37,659	31,567	31,915	57,276
7	Net Farm Income (Constant \$)	112,520	93,735	81,549	100,266	43,964	54,113	44,041	43,415	75,767
Profitability and Liquidity Analysis										
8	Labor and Management Earnings	51,592	39,866	33,078	47,215	11,281	19,467	16,681	16,949	41,326
Rate of return on:										
9	Average Assets (%)	16	13	10	12	5	7	5	5	10
10	Average Equity (%)	24	16	11	15	3	6	2	3	13
11	Operating Profit Margin (%)	26	22	19	23	12	14	12	12	22
12	Asset Turnover Rate (%)	63	58	49	53	43	46	40	41	46
13	Value of Farm Production	246,235	246,893	233,867	264,282	225,829	244,243	191,194	207,729	247,690
14	Farm Interest Paid	15,993	14,546	15,489	17,126	17,061	17,943	15,667	17,837	22,084
15	Cash Expense as a % of Income	77	79	77	76	77	78	82	84	80
Interest Paid as a % of:										
16	Gross Cash Income	6	6	6	6	6	6	5	6	6
17	Total Cash Expenses	8	7	8	8	8	8	6	7	8
18	Yrs. to T/O Non R.E. Debt	1.9	1.4	2.2	1.9	3.3	2.6	1.8	2.6	1.3
Comparative Financial Statement (Market Basis)										
19	No. of Sole Proprietors	164	182	179	180	187	180	178	179	184
20	Total Ending Assets	439,918	468,616	506,988	557,912	579,629	596,525	844,030	901,807	944,208
21	Total Ending Liabilities	180,785	172,714	186,956	202,626	216,189	227,131	396,899	431,390	452,253
22	Ending Net Worth	259,133	295,902	320,032	355,286	363,440	369,394	447,132	470,418	491,955
23	Ending Farm C+I Debt to Asset %	37	35	35	36	41	44	38	39	38
24	Ending Total Debt to Asset %	41	37	37	36	37	38	47	48	48
Acreage Information										
25	Total Acres Owned	222	222	237	237	241	251	252	267	256
26	Total Crop Acres Farmed	520	525	568	561	570	586	600	612	625
27	Crop Acres Owned	180	186	199	191	200	203	204	204	211
28	Crop Acres Cash Rented	231	238	269	275	274	286	299	323	340
29	Crop Acres Share Rented	108	101	100	95	96	96	97	86	74
Crop Yields										
30	Corn per acre	138	89	141	128	125	126	61	143	119
31	Soybean per acre	44	32	43	45	38	38	20	46	43
Crop Prices Received (cash sales)										
32	Corn per Bushel	1.53	2.08	2.20	2.30	2.26	2.20	2.11	2.24	2.30
33	Soybeans per Bushel	4.89	6.80	6.57	5.69	5.41	5.39	5.84	5.94	5.56
Household Information										
34	No. Farms Reporting HseHld Info	102	120	129	126	145	136	131	134	151
35	Average Family Size	3.7	3.8	3.9	3.9	4.0	4.1	3.9	3.8	3.7
36	Total Family Use of Cash	30,729	37,556	44,214	46,587	48,911	45,638	45,897	42,179	43,315
37	Average Net Nonfarm Income	7,787	6,890	11,973	12,135	10,803	12,329	12,354	13,515	16,014

\* Not available.

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

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

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Row
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203	208	210	216	212	207	188	175	125	107	110	1
382,502	359,710	369,573	388,731	422,897	433,698	428,084	504,022	496,771	579,201	609,886	2
299,610	303,241	305,344	324,802	348,711	358,506	352,995	400,605	404,743	477,476	494,409	3
12,231	19,769	-21,057	15,633	25,296	-17,297	19,571	18,977	31,076	74,307	66,397	4
-32,424	-35,640	-34,557	-35,800	-17,731	-21,280	-24,654	-25,990	-24,741	-28,170	-27,176	5
62,699	40,598	8,616	43,762	81,750	36,614	70,007	96,404	98,362	147,862	154,698	6
80,562	50,994	10,656	52,956	95,707	41,703	78,451	105,625	104,975	152,632	154,698	7
**	**	**	**	**	**	**	**	**	**	**	**
45,206	23,364	-8,757	26,896	62,532	16,094	47,628	71,108	73,058	116,809	118,404	8
10	6	2	7	12	6	9	11	11	14	13	9
12	5	-6	7	19	4	11	16	16	21	19	10
21	14	4	16	27	14	20	24	23	28	28	11
48	44	39	43	45	39	44	44	46	51	48	12
277,026	262,396	250,717	274,411	313,232	282,583	345,743	379,505	378,450	478,073	512,081	13
22,337	22,282	25,358	27,488	27,002	27,203	26,739	25,262	21,824	22,210	27,677	14
78	84	83	84	82	83	82	79	81	82	81	15
6	6	7	7	6	6	6	5	4	4	5	16
7	7	8	8	8	8	8	6	5	5	6	17
1.2	3.3	2.5	2.5	2.1	2.4	3.4	1.7	2.4	2.2	1.6	18
**	**	**	**	**	**	**	**	**	**	**	**
173	180	183	185	181	178	161	149	109	91	93	19
982,750	1,016,308	1,066,565	1,061,579	1,150,838	1,158,071	1,277,823	1,407,919	1,286,775	1,487,232	1,694,428	20
462,505	490,140	522,994	517,040	545,689	539,918	578,253	619,279	554,962	618,105	698,239	21
520,245	526,168	543,571	544,539	605,149	618,197	699,570	788,640	731,813	869,127	996,189	22
37	44	45	43	42	45	43	41	41	40	38	23
47	48	49	49	47	47	45	44	43	42	41	24
249	233	250	241	250	252	265	263	236	241	243	25
658	648	697	709	730	759	784	794	766	792	797	26
204	200	219	204	214	214	226	239	193	199	197	27
384	381	402	430	445	468	490	489	494	532	526	28
70	67	76	75	70	77	68	67	79	61	74	29
133	126	161	156	150	128	151	157	171	192	169	30
42	42	49	45	46	42	49	39	41	55	51	31
3.04	2.39	1.97	1.66	1.68	1.72	1.95	2.07	2.28	1.89	2.04	32
6.84	7.13	5.72	4.59	4.57	4.32	4.57	5.73	7.17	5.88	5.57	33
131	123	122	125	120	124	108	102	73	67	66	34
3.7	3.7	3.6	3.6	3.5	3.5	3.6	3.4	3.4	3.4	3.3	35
47,584	58,051	48,197	50,326	62,349	63,980	51,826	68,470	68,029	74,513	82,670	36
16,954	18,982	17,475	20,275	24,692	23,043	23,083	27,742	27,075	30,266	41,615	37

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

	<b>Avg. Of All Farms</b>	<b>Brown Faribault Martin Watonwan</b>	<b>Cottonwood</b>	<b>Jackson</b>	<b>Lyon Murray</b>	<b>Nobles</b>	<b>Pipestone Rock Yellow Med</b>	<b>Redwood</b>
Number of farms	110	11	15	17	22	19	14	10
<b>Income Statement</b>								
Gross cash farm income	609,886	671,641	451,000	692,645	514,645	530,774	954,237	548,922
Total cash farm expense	494,409	492,069	361,379	604,248	391,943	435,075	775,264	475,472
Net cash farm income	115,477	179,571	89,620	88,397	122,701	95,699	178,973	73,449
Inventory change	66,397	12,412	69,122	96,403	54,041	78,995	75,454	63,393
Depreciation and capital adjust	-27,176	-24,292	-18,971	-29,985	-21,672	-31,145	-40,286	-23,832
Net farm income	154,698	167,692	139,771	154,815	155,070	143,549	214,141	113,011
<b>Profitability (cost)</b>								
Labor and management earnings	118,404	129,482	107,467	110,447	118,177	111,181	169,469	89,520
Rate of return on assets	13.3 %	14.0 %	12.1 %	11.5 %	13.4 %	13.1 %	17.0 %	12.6 %
Rate of return on equity	19.1 %	20.7 %	17.9 %	15.2 %	18.6 %	19.2 %	24.0 %	20.6 %
Operating profit margin	28.0 %	27.6 %	27.2 %	25.9 %	28.2 %	25.3 %	35.6 %	29.2 %
Asset turnover rate	47.5 %	50.5 %	44.7 %	44.6 %	47.4 %	52.0 %	47.6 %	43.0 %
<b>Liquidity</b>								
Ending current ratio	1.94	2.88	1.83	1.91	1.83	2.11	1.81	1.68
Ending working capital	164,372	202,044	207,497	191,662	159,668	166,874	81,793	143,385
End working capital to gross inc	27.0 %	30.1 %	46.0 %	27.7 %	31.0 %	31.4 %	8.6 %	26.1 %
Term debt coverage ratio	310.3 %	326.2 %	293.7 %	329.8 %	378.4 %	216.3 %	429.6 %	259.7 %
Expense as a percent of income	73.0 %	71.4 %	69.4 %	76.5 %	69.0 %	71.2 %	75.4 %	77.5 %
Interest as a percent of income	4.3 %	4.8 %	6.2 %	3.6 %	4.0 %	4.8 %	2.8 %	5.9 %
<b>Solvency (market)</b>								
Number of sole proprietors	93	9	14	16	19	15	10	8
Ending farm assets	1,461,855	1,541,291	1,614,599	1,482,514	1,236,642	1,705,104	1,435,076	1,294,147
Ending farm liabilities	655,564	623,210	805,074	572,546	594,041	723,268	595,139	732,757
Ending total assets	1,694,428	1,774,038	1,728,866	1,745,871	1,443,266	2,008,572	1,810,448	1,433,432
Ending total liabilities	698,239	662,101	846,406	626,396	633,073	766,495	648,877	758,197
Ending net worth	996,189	1,111,936	882,460	1,119,475	810,192	1,242,077	1,161,571	675,236
Net worth change	157,247	122,643	158,550	175,240	126,052	187,293	228,813	104,164
Ending farm debt to asset ratio	45 %	40 %	50 %	39 %	48 %	42 %	41 %	57 %
Beg total debt to asset ratio	43 %	36 %	50 %	37 %	46 %	41 %	38 %	55 %
End total debt to asset ratio	41 %	37 %	49 %	36 %	44 %	38 %	36 %	53 %
<b>Nonfarm Information</b>								
Net nonfarm income	31,059	28,840	20,022	58,684	23,018	26,312	28,116	31,651
Farms reporting living expenses	71	9	14	13	14	10	6	4
Total family living expense	50,425	51,987	57,919	48,122	44,386	48,093	54,120	-
Total living, invest, & capital	79,182	95,777	78,314	63,062	73,394	87,456	92,937	-
<b>Crop Acres</b>								
Total acres owned	243	291	279	281	290	207	142	195
Total crop acres	797	1,021	932	759	877	834	540	496
Total crop acres owned	197	266	252	191	212	188	113	163
Total crop acres cash rented	526	747	523	531	559	586	368	310
Total crop acres share rented	74	9	157	38	106	60	59	23

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

	<u>Avg. Of All Farms</u>	<u>50,001 - 100,000</u>	<u>100,001 - 250,000</u>	<u>250,001 - 500,000</u>	<u>500,001 - 1,000,000</u>	<u>Over 1,000,000</u>
Number of farms	110	5	29	37	25	14
<b>Income Statement</b>						
Gross cash farm income	609,886	75,307	187,826	344,788	685,390	2,240,858
Total cash farm expense	494,409	60,871	127,044	258,039	543,821	1,946,670
Net cash farm income	115,477	14,436	60,783	86,749	141,569	294,188
Inventory change	66,397	7,530	28,677	66,685	78,667	142,882
Depreciation and capital adjust	-27,176	-11,378	-16,169	-22,855	-32,283	-57,915
Net farm income	154,698	10,589	73,291	130,579	187,953	379,155
<b>Profitability (cost)</b>						
Labor and management earnings	118,404	754	48,498	101,332	152,849	288,834
Rate of return on assets	13.3 %	3.9 %	9.2 %	13.6 %	15.0 %	14.2 %
Rate of return on equity	19.1 %	0.2 %	11.1 %	19.5 %	23.9 %	20.6 %
Operating profit margin	28.0 %	13.9 %	26.8 %	29.0 %	27.6 %	28.4 %
Asset turnover rate	47.5 %	28.2 %	34.3 %	46.7 %	54.3 %	49.9 %
<b>Liquidity</b>						
Ending current ratio	1.94	3.18	2.42	2.24	2.03	1.34
Ending working capital	164,372	108,708	111,757	169,767	239,474	144,870
End working capital to gross inc	27.0 %	144.4 %	59.5 %	49.2 %	34.9 %	6.5 %
Term debt coverage ratio	310.3 %	759.4 %	264.2 %	299.7 %	323.5 %	307.8 %
Expense as a percent of income	73.0 %	76.0 %	59.1 %	62.2 %	70.9 %	81.7 %
Interest as a percent of income	4.3 %	12.3 %	5.4 %	5.4 %	4.9 %	3.2 %
<b>Solvency (market)</b>						
Number of sole proprietors	93	5	26	33	21	8
Ending farm assets	1,461,855	438,670	1,093,090	1,293,629	1,805,813	3,090,876
Ending farm liabilities	655,564	178,120	376,512	549,143	879,323	1,712,506
Ending total assets	1,694,428	779,381	1,315,359	1,548,180	2,000,414	3,298,368
Ending total liabilities	698,239	236,266	409,863	611,692	907,087	1,732,979
Ending net worth	996,189	543,115	905,496	936,488	1,093,327	1,565,389
Net worth change	157,247	181,332	115,587	143,189	160,887	326,024
Ending farm debt to asset ratio	45 %	41 %	34 %	42 %	49 %	55 %
Beg total debt to asset ratio	43 %	38 %	33 %	42 %	46 %	55 %
End total debt to asset ratio	41 %	30 %	31 %	40 %	45 %	53 %
<b>Nonfarm Information</b>						
Net nonfarm income	31,059	161,472	26,436	27,961	21,807	18,768
Farms reporting living expenses	71	1	23	26	16	5
Total family living expense	50,425	-	42,363	53,832	52,796	61,950
Total living, invest, & capital	79,182	-	73,473	85,477	82,791	61,472
<b>Crop Acres</b>						
Total acres owned	243	75	239	236	252	316
Total crop acres	797	210	411	796	1,119	1,232
Total crop acres owned	197	59	188	199	231	200
Total crop acres cash rented	526	103	183	515	781	959
Total crop acres share rented	74	47	40	82	108	73

**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	110	58	6	11	8	22
<b>Income Statement</b>						
Gross cash farm income	609,886	344,747	2,745,583	710,433	747,633	502,405
Total cash farm expense	494,409	271,658	2,531,100	606,824	617,528	340,524
Net cash farm income	115,477	73,088	214,483	103,609	130,105	161,881
Inventory change	66,397	60,762	369,608	53,059	72,074	10,680
Depreciation and capital adjust	-27,176	-19,365	-71,597	-29,049	-23,953	-30,148
Net farm income	154,698	114,486	512,494	127,619	178,227	142,412
<b>Profitability (cost)</b>						
Labor and management earnings	118,404	85,230	405,683	94,846	150,214	107,892
Rate of return on assets	13.3 %	11.8 %	16.9 %	12.3 %	14.9 %	13.4 %
Rate of return on equity	19.1 %	16.0 %	24.8 %	16.7 %	27.9 %	18.6 %
Operating profit margin	28.0 %	24.5 %	35.3 %	25.0 %	28.8 %	29.8 %
Asset turnover rate	47.5 %	48.1 %	47.8 %	49.2 %	51.8 %	44.9 %
<b>Liquidity</b>						
Ending current ratio	1.94	2.20	1.82	1.53	1.76	1.50
Ending working capital	164,372	183,472	243,103	113,538	212,851	57,824
End working capital to gross inc	27.0 %	53.2 %	8.9 %	16.0 %	28.5 %	11.5 %
Term debt coverage ratio	310.3 %	335.3 %	423.1 %	241.5 %	351.4 %	246.9 %
Expense as a percent of income	73.0 %	66.8 %	81.2 %	79.4 %	75.0 %	66.6 %
Interest as a percent of income	4.3 %	5.2 %	2.1 %	5.2 %	4.8 %	5.4 %
<b>Solvency (market)</b>						
Number of sole proprietors	93	53	3	9	6	18
Ending farm assets	1,461,855	1,335,286	-	1,327,604	1,600,112	1,281,919
Ending farm liabilities	655,564	566,044	-	632,899	907,951	580,893
Ending total assets	1,694,428	1,549,211	-	1,624,423	1,716,653	1,528,637
Ending total liabilities	698,239	616,792	-	667,934	930,111	618,193
Ending net worth	996,189	932,419	-	956,490	786,542	910,444
Net worth change	157,247	150,436	-	118,591	111,386	161,093
Ending farm debt to asset ratio	45 %	42 %	- %	48 %	57 %	45 %
Beg total debt to asset ratio	43 %	41 %	- %	43 %	57 %	45 %
End total debt to asset ratio	41 %	40 %	- %	41 %	54 %	40 %
<b>Nonfarm Information</b>						
Net nonfarm income	31,059	39,554	24,311	43,259	4,787	16,982
Farms reporting living expenses	71	40	2	8	6	13
Total family living expense	50,425	50,367	-	52,583	50,218	48,681
Total living, invest, & capital	79,182	79,831	-	92,907	64,222	78,108
<b>Crop Acres</b>						
Total acres owned	243	255	230	233	167	225
Total crop acres	797	850	947	688	976	487
Total crop acres owned	197	222	230	173	178	116
Total crop acres cash rented	526	552	668	506	712	317
Total crop acres share rented	74	76	49	9	86	54

**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	110	15	28	49	16
<b>Income Statement</b>					
Gross cash farm income	609,886	456,384	619,938	561,910	862,913
Total cash farm expense	494,409	283,920	520,169	441,187	783,882
Net cash farm income	115,477	172,464	99,769	120,723	79,030
Inventory change	66,397	43,594	93,881	56,586	70,361
Depreciation and capital adjust	-27,176	-28,759	-25,214	-26,900	-31,461
Net farm income	154,698	187,299	168,435	150,409	117,931
<b>Profitability (cost)</b>					
Labor and management earnings	118,404	106,417	128,504	121,960	101,967
Rate of return on assets	13.3 %	10.8 %	15.2 %	13.8 %	11.8 %
Rate of return on equity	19.1 %	11.1 %	19.7 %	23.0 %	29.8 %
Operating profit margin	28.0 %	32.1 %	31.8 %	26.7 %	23.1 %
Asset turnover rate	47.5 %	33.6 %	47.8 %	51.5 %	51.1 %
<b>Liquidity</b>					
Ending current ratio	1.94	13.36	3.07	1.68	1.10
Ending working capital	164,372	313,888	191,252	148,213	32,325
End working capital to gross inc	27.0 %	68.8 %	30.9 %	26.4 %	3.7 %
Term debt coverage ratio	310.3 %	3,144.6 %	416.9 %	247.7 %	154.1 %
Expense as a percent of income	73.0 %	57.2 %	72.8 %	71.1 %	84.0 %
Interest as a percent of income	4.3 %	0.6 %	2.5 %	5.7 %	5.5 %
<b>Solvency (market)</b>					
Number of sole proprietors	93	13	24	42	12
Ending farm assets	1,461,855	1,881,451	1,245,322	1,526,485	1,274,683
Ending farm liabilities	655,564	320,789	441,520	788,249	926,047
Ending total assets	1,694,428	2,453,694	1,487,887	1,684,562	1,402,914
Ending total liabilities	698,239	381,058	483,026	827,024	968,501
Ending net worth	996,189	2,072,636	1,004,861	857,539	434,412
Net worth change	157,247	272,239	139,269	159,040	79,092
Ending farm debt to asset ratio	45 %	17 %	35 %	52 %	73 %
Beg total debt to asset ratio	43 %	17 %	35 %	51 %	71 %
End total debt to asset ratio	41 %	16 %	32 %	49 %	69 %
<b>Nonfarm Information</b>					
Net nonfarm income	31,059	69,048	28,685	26,925	12,975
Farms reporting living expenses	71	11	19	34	6
Total family living expense	50,425	43,364	46,030	52,247	59,603
Total living, invest, & capital	79,182	95,225	69,682	80,003	71,114
<b>Crop Acres</b>					
Total acres owned	243	509	191	227	164
Total crop acres	797	634	605	961	807
Total crop acres owned	197	302	193	202	110
Total crop acres cash rented	526	307	380	666	552
Total crop acres share rented	74	25	32	93	144



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

	<u>Avg. Of All Farms</u>	<u>Less than 31</u>	<u>31 - 40</u>	<u>41 - 50</u>	<u>51 - 60</u>	<u>Over 60</u>
Number of farms	110	6	18	24	48	14
<b>Income Statement</b>						
Gross cash farm income	609,886	313,264	455,505	813,733	626,558	528,884
Total cash farm expense	494,409	236,425	382,002	712,625	492,735	381,150
Net cash farm income	115,477	76,839	73,503	101,107	133,823	147,734
Inventory change	66,397	-6,451	63,851	91,473	83,211	256
Depreciation and capital adjust	-27,176	-17,744	-15,440	-33,155	-32,422	-18,068
Net farm income	154,698	52,645	121,914	159,426	184,612	129,922
<b>Profitability (cost)</b>						
Labor and management earnings	118,404	41,778	99,798	126,538	136,482	99,238
Rate of return on assets	13.3 %	8.2 %	14.2 %	13.7 %	13.3 %	13.2 %
Rate of return on equity	19.1 %	12.8 %	22.4 %	22.1 %	17.8 %	18.3 %
Operating profit margin	28.0 %	17.4 %	26.0 %	27.2 %	30.3 %	26.2 %
Asset turnover rate	47.5 %	47.3 %	54.6 %	50.2 %	44.0 %	50.6 %
<b>Liquidity</b>						
Ending current ratio	1.94	1.00	2.40	1.48	2.04	3.03
Ending working capital	164,372	-987	198,992	75,321	231,092	114,633
End working capital to gross inc	27.0 %	-0.3 %	43.7 %	9.3 %	36.9 %	21.7 %
Term debt coverage ratio	310.3 %	127.4 %	337.1 %	227.1 %	396.8 %	265.5 %
Expense as a percent of income	73.0 %	77.1 %	73.3 %	78.6 %	69.4 %	72.1 %
Interest as a percent of income	4.3 %	9.9 %	4.9 %	4.3 %	3.7 %	5.1 %
<b>Solvency (market)</b>						
Number of sole proprietors	93	6	16	18	43	10
Ending farm assets	1,461,855	1,070,950	937,090	1,362,786	1,734,038	1,543,963
Ending farm liabilities	655,564	651,900	505,458	675,146	745,315	476,754
Ending total assets	1,694,428	1,146,911	1,032,307	1,577,524	2,012,820	1,923,679
Ending total liabilities	698,239	659,621	535,525	741,948	785,198	529,160
Ending net worth	996,189	487,289	496,782	835,577	1,227,622	1,394,519
Net worth change	157,247	197,046	94,621	141,649	176,724	177,892
Ending farm debt to asset ratio	45 %	61 %	54 %	50 %	43 %	31 %
Beg total debt to asset ratio	43 %	65 %	56 %	49 %	40 %	31 %
End total debt to asset ratio	41 %	58 %	52 %	47 %	39 %	28 %
<b>Nonfarm Information</b>						
Net nonfarm income	31,059	12,578	21,042	23,026	45,799	15,094
Farms reporting living expenses	71	4	13	12	32	10
Total family living expense	50,425	-	41,731	55,803	56,685	41,076
Total living, invest, & capital	79,182	-	61,579	93,065	90,555	59,567
<b>Crop Acres</b>						
Total acres owned	243	164	106	215	309	274
Total crop acres	797	605	763	841	804	821
Total crop acres owned	197	91	95	187	245	225
Total crop acres cash rented	526	477	622	536	481	557
Total crop acres share rented	74	37	46	118	77	38

## **Corn Production Practices**

The following pages summarize the costs and returns from for corn produced using various production practices. Association members identify crop production practices when consistent practices are used on the entire enterprise. For certain practices, they are asked to identify when the practice was not used to provide accurate comparison to conventional practices.

These tables include cash rented corn enterprises produced by Southwest Association members from 2004-2006. Combining multiple years provides more instances for comparison and provides results under a greater variety of growing conditions. Only enterprises produced on cash rented land are included to provide more complete land cost for economic analysis.

The production practices included are Tillage System, Row Width in inches, Roundup Ready technology, and Bt technology. The final table compares corn enterprises for the past two years based on total acres of corn grown on the entire farm.

**Crop Enterprise Analysis**  
**Southwest Minnesota Farm Business Management Association**  
**3 Year Average 2004 - 2006**  
**(Farms Sorted By Tillage System)**

**Corn on Cash Rent**

	<u>Avg. Of All Farms</u>	<u>Chisel/ Reduced</u>	<u>No till</u>	<u>Ridge till</u>	<u>Strip till</u>
Number of fields	538	475	19	34	10
Number of farms	258	223	8	22	7
Acres	135.18	131.90	134.68	172.82	164.13
Yield per acre (bu.)	177.91	178.28	169.38	177.34	179.11
Operators share of yield %	100.00	100.00	100.00	100.00	100.00
Value per bu.	2.19	2.19	2.20	2.22	2.33
Total product return per acre	390.27	389.97	373.43	393.29	417.28
Miscellaneous income per acre	25.47	26.30	11.89	25.59	14.52
Gross return per acre	415.74	416.26	385.32	418.88	431.81
<b>Direct Expenses</b>					
Seed	50.63	50.69	49.40	50.19	52.00
Fertilizer	51.84	50.93	49.47	59.63	62.32
Crop chemicals	26.54	26.52	29.87	26.79	21.33
Crop insurance	8.76	8.37	13.87	10.49	9.53
Drying fuel	12.00	12.23	7.94	12.77	6.93
Fuel & oil	16.83	17.27	12.98	14.97	12.67
Repairs	20.36	20.05	27.16	22.15	14.94
Custom hire	1.65	1.81	2.23	0.18	-
Land rent	101.16	101.99	97.65	95.17	96.23
Hauling and trucking	0.18	0.09	-	0.07	4.62
Marketing	0.60	0.57	2.87	0.16	-
Operating interest	7.14	6.71	8.27	9.98	11.91
Miscellaneous	1.40	1.46	3.15	0.44	0.11
Total direct expenses per acre	299.10	298.67	304.85	302.98	292.59
Return over direct exp per acre	116.64	117.60	80.47	115.89	139.22
<b>Overhead Expenses</b>					
Custom hire	3.20	3.42	1.61	1.90	1.83
Hired labor	5.63	5.18	4.31	10.57	7.14
Machinery leases	4.91	4.93	0.29	8.10	0.23
Building leases	0.59	0.68	-	-	0.20
Farm insurance	4.66	4.65	4.09	4.58	6.41
Utilities	2.77	2.76	1.56	2.91	4.61
Dues & professional fees	1.16	1.09	1.32	1.46	2.38
Interest	4.78	4.97	3.64	3.69	3.33
Mach & bldg depreciation	20.46	20.51	11.36	22.80	23.98
Miscellaneous	3.53	3.70	3.52	2.01	2.41
Total overhead expenses per acre	51.69	51.89	31.70	58.04	52.52
Total dir & ovhd expenses per acre	350.79	350.56	336.55	361.02	345.11
Net return per acre	64.95	65.70	48.77	57.86	86.69
Government payments	29.83	29.94	28.18	28.31	33.86
Net return with govt pmts	94.78	95.64	76.94	86.16	120.55
Labor & management charge	32.28	31.37	40.73	34.16	47.16
Net return over lbr & mgt	62.50	64.27	36.22	52.01	73.39
<b>Cost of Production</b>					
Total direct expense per bu.	1.68	1.68	1.80	1.71	1.63
Total dir & ovhd exp per bu.	1.97	1.97	1.99	2.04	1.93
Less govt & other income	1.66	1.65	1.75	1.73	1.66
With labor & management	1.84	1.83	1.99	1.92	1.92
Machinery cost per acre	48.18	49.19	35.15	45.20	40.71
Est. labor hours per acre	2.45	2.43	2.60	2.53	2.91

**Crop Enterprise Analysis**  
**Southwest Minnesota Farm Business Management Association**  
**3 Year Average 2004 - 2006**  
**(Farms Sorted By Row Width)**

**Corn on Cash Rent**

	<b>Avg. Of All Farms</b>	<b>19 - 25</b>	<b>26 - 32</b>	<b>&gt; 32</b>
Number of fields	538	56	454	17
Number of farms	258	26	216	12
Acres	135.18	129.96	139.14	65.39
Yield per acre (bu.)	177.91	179.96	178.29	163.20
Operators share of yield %	100.00	100.00	100.00	100.00
Value per bu.	2.19	2.29	2.19	2.14
Total product return per acre	390.27	411.61	389.84	348.86
Miscellaneous income per acre	25.47	26.53	25.54	32.50
Gross return per acre	415.74	438.14	415.39	381.35
<b>Direct Expenses</b>				
Seed	50.63	55.52	50.15	42.30
Fertilizer	51.84	41.83	53.25	41.38
Crop chemicals	26.54	21.49	27.06	30.23
Crop insurance	8.76	7.93	8.89	7.10
Drying fuel	12.00	9.05	12.30	18.81
Fuel & oil	16.83	17.25	16.77	19.73
Repairs	20.36	20.66	20.44	21.65
Custom hire	1.65	1.07	1.76	0.01
Land rent	101.16	95.31	102.38	77.79
Machinery leases	0.27	0.51	0.26	-
Marketing	0.60	-	0.69	0.06
Operating interest	7.14	6.34	7.22	5.61
Miscellaneous	1.32	2.43	1.22	0.74
Total direct expenses per acre	299.10	279.38	302.39	265.39
Return over direct exp per acre	116.64	158.75	112.99	115.96
<b>Overhead Expenses</b>				
Custom hire	3.20	1.89	3.37	2.18
Hired labor	5.63	3.15	5.89	9.62
Machinery leases	4.91	2.35	5.24	-
Building leases	0.59	-	0.68	-
Farm insurance	4.66	5.38	4.57	5.14
Utilities	2.77	2.70	2.79	3.27
Dues & professional fees	1.16	0.84	1.21	0.45
Interest	4.78	2.84	4.98	6.26
Mach & bldg depreciation	20.46	26.51	19.83	16.28
Miscellaneous	3.53	3.57	3.55	4.43
Total overhead expenses per acre	51.69	49.24	52.10	47.62
Total dir & ovhd expenses per acre	350.79	328.62	354.49	313.01
Net return per acre	64.95	109.52	60.90	68.34
Government payments	29.83	30.94	29.67	30.66
Net return with govt pmts	94.78	140.46	90.56	99.00
Labor & management charge	32.28	31.09	32.52	39.53
Net return over lbr & mgt	62.50	109.37	58.04	59.48
<b>Cost of Production</b>				
Total direct expense per bu.	1.68	1.55	1.70	1.63
Total dir & ovhd exp per bu.	1.97	1.83	1.99	1.92
Less govt & other income	1.66	1.51	1.68	1.53
With labor & management	1.84	1.68	1.86	1.77
Machinery cost per acre	48.18	49.73	48.25	51.84
Est. labor hours per acre	2.45	2.43	2.45	3.73

**Crop Enterprise Analysis**  
**Southwest Minnesota Farm Business Management Association**  
**3 Year Average 2004 - 2006**  
**(Farms Sorted By RoundUp Ready)**

**Corn on Cash Rent**

	<u>Avg. Of All Farms</u>	<u>100% RR</u>	<u>No RR</u>
Number of fields	504	261	243
Number of farms	226	131	124
Acres	118.29	130.73	104.93
Yield per acre (bu.)	176.33	177.27	175.07
Operators share of yield %	100.00	100.00	100.00
Value per bu.	2.22	2.31	2.10
Total product return per acre	391.35	408.71	368.12
Miscellaneous income per acre	27.30	28.90	25.16
Gross return per acre	418.65	437.62	393.28
<b>Direct Expenses</b>			
Seed	50.73	53.52	46.99
Fertilizer	51.01	51.56	50.26
Crop chemicals	26.43	21.84	32.58
Crop insurance	8.62	8.66	8.56
Drying fuel	12.08	10.32	14.44
Fuel & oil	17.10	17.36	16.74
Repairs	20.82	21.02	20.55
Custom hire	1.26	1.34	1.16
Land rent	98.88	100.35	96.91
Marketing	0.62	0.60	0.65
Operating interest	7.45	7.76	7.03
Miscellaneous	1.75	1.97	1.46
Total direct expenses per acre	296.75	296.32	297.34
Return over direct exp per acre	121.90	141.30	95.94
<b>Overhead Expenses</b>			
Custom hire	3.30	3.04	3.65
Hired labor	4.24	4.12	4.39
Machinery leases	4.64	6.78	1.76
Building leases	0.76	1.12	0.27
Farm insurance	4.92	4.92	4.92
Utilities	2.69	2.70	2.66
Dues & professional fees	0.83	0.91	0.73
Interest	4.51	4.61	4.37
Mach & bldg depreciation	20.62	19.89	21.59
Miscellaneous	3.55	2.92	4.40
Total overhead expenses per acre	50.04	51.01	48.75
Total dir & ovhd expenses per acre	346.80	347.33	346.08
Net return per acre	71.86	90.29	47.20
Government payments	30.18	30.60	29.63
Net return with govt pmts	102.04	120.89	76.82
Labor & management charge	33.40	34.05	32.53
Net return over lbr & mgt	68.64	86.84	44.29
<b>Cost of Production</b>			
Total direct expense per bu.	1.68	1.67	1.70
Total dir & ovhd exp per bu.	1.97	1.96	1.98
Less govt & other income	1.64	1.62	1.66
With labor & management	1.83	1.82	1.85
Machinery cost per acre	49.44	57.05	39.26
Est. labor hours per acre	2.48	2.36	2.65

**Crop Enterprise Analysis**  
**Southwest Minnesota Farm Business Management Association**  
**3 Year Average 2004 - 2006**  
**(Farms Sorted By Bt Technology)**

**Corn on Cash Rent**

	<u>Avg. Of All Farms</u>	<u>100% Bt w/ Refuge</u>	<u>No Bt</u>
Number of fields	512	468	44
Number of farms	237	230	26
Acres	125.35	130.37	71.91
Yield per acre (bu.)	177.11	177.69	165.92
Operators share of yield %	100.00	100.00	100.00
Value per bu.	2.22	2.23	2.03
Total product return per acre	392.78	395.67	336.94
Miscellaneous income per acre	27.33	27.22	29.44
Gross return per acre	420.11	422.90	366.38
<b>Direct Expenses</b>			
Seed	51.04	51.53	41.75
Fertilizer	52.47	52.77	46.81
Crop chemicals	26.29	26.01	31.80
Crop insurance	8.49	8.48	8.62
Drying fuel	11.60	11.39	15.52
Fuel & oil	17.04	16.96	18.66
Repairs	20.58	20.36	24.81
Custom hire	1.27	1.23	2.02
Land rent	99.22	99.26	98.52
Marketing	0.59	0.56	1.23
Operating interest	7.29	7.26	7.92
Miscellaneous	1.69	1.69	1.73
Total direct expenses per acre	297.59	297.49	299.39
Return over direct exp per acre	122.52	125.40	66.99
<b>Overhead Expenses</b>			
Custom hire	3.14	3.10	3.97
Hired labor	4.54	4.53	4.76
Machinery leases	5.02	5.24	0.87
Building leases	0.70	0.72	0.38
Farm insurance	5.03	4.98	5.99
Utilities	2.62	2.65	1.98
Dues & professional fees	0.83	0.86	0.24
Interest	4.35	4.35	4.29
Mach & bldg depreciation	20.74	20.78	19.94
Miscellaneous	3.45	3.33	5.76
Total overhead expenses per acre	50.41	50.53	48.17
Total dir & ovhd expenses per acre	348.00	348.02	347.56
Net return per acre	72.11	74.87	18.82
Government payments	30.07	30.09	29.71
Net return with govt pmts	102.18	104.96	48.53
Labor & management charge	33.24	33.42	29.81
Net return over lbr & mgt	68.94	71.55	18.71
<b>Cost of Production</b>			
Total direct expense per bu.	1.68	1.67	1.80
Total dir & ovhd exp per bu.	1.96	1.96	2.09
Less govt & other income	1.64	1.64	1.74
With labor & management	1.83	1.82	1.92
Machinery cost per acre	49.73	50.38	37.12
Est. labor hours per acre	2.43	2.42	2.63

**Crop Enterprise Analysis**  
**Southwest Minnesota Farm Business Management Association**  
**2 Year Average 2005 - 2006**  
**(Farms Sorted By Enterprise Size)**

**Corn on Cash Rent**

	<b>Avg. Of All Farms</b>	<b>Less than 50</b>	<b>51 - 100</b>	<b>101 - 250</b>	<b>251 - 500</b>	<b>501 - 1,000</b>
Number of fields	412	7	25	155	108	105
Number of farms	175	6	21	68	50	25
Acres	128.20	23.53	64.01	75.60	167.62	142.69
Yield per acre (bu.)	180.77	155.20	176.68	179.86	182.92	177.52
Operators share of yield %	100.00	100.00	100.00	100.00	100.00	100.00
Value per bu.	2.32	2.61	2.20	2.34	2.31	2.45
Total product return per acre	419.09	404.69	388.51	420.21	423.05	435.65
Miscellaneous income per acre	39.55	25.14	60.77	38.41	36.81	36.79
Gross return per acre	458.64	429.84	449.28	458.62	459.86	472.45
<b>Direct Expenses</b>						
Seed	53.92	62.84	51.87	50.68	54.30	56.23
Fertilizer	56.05	26.69	46.05	54.89	56.63	57.44
Crop chemicals	25.51	29.63	30.78	27.48	25.44	24.19
Crop insurance	8.39	7.52	7.50	6.81	9.32	8.56
Drying fuel	8.32	11.60	12.83	9.91	7.88	7.79
Fuel & oil	18.84	20.79	19.64	19.37	18.81	18.99
Repairs	21.41	27.28	25.90	24.26	21.78	19.86
Custom hire	1.47	1.32	2.21	2.27	0.96	0.94
Land rent	103.13	93.56	89.05	96.69	99.14	107.39
Machinery leases	0.29	-	-	0.06	0.29	0.63
Utilities	0.02	0.55	-	-	0.05	-
Marketing	0.67	-	0.35	0.63	0.30	1.27
Operating interest	7.64	5.95	8.22	6.98	9.04	7.37
Miscellaneous	1.23	0.39	0.72	1.44	1.85	0.91
Total direct expenses per acre	306.89	288.12	295.12	301.47	305.79	311.57
Return over direct exp per acre	151.76	141.72	154.16	157.15	154.06	160.87
<b>Overhead Expenses</b>						
Custom hire	2.91	6.38	2.65	3.09	2.51	3.65
Hired labor	6.09	2.09	4.47	5.13	5.79	3.86
Machinery leases	5.18	4.65	1.14	0.80	5.33	8.80
Building leases	0.91	-	0.11	0.98	0.74	1.54
Farm insurance	5.13	4.15	5.74	4.90	5.60	4.72
Utilities	2.86	2.51	3.33	3.70	2.84	2.35
Dues & professional fees	1.35	2.04	1.05	1.20	1.23	0.63
Interest	4.59	6.34	4.03	4.22	5.63	3.17
Mach & bldg depreciation	20.66	29.81	21.98	24.81	22.99	16.62
Miscellaneous	2.95	4.54	5.14	3.99	2.71	2.64
Total overhead expenses per acre	52.64	62.51	49.63	52.81	55.37	47.99
Total dir & ovhd expenses per acre	359.52	350.63	344.76	354.28	361.16	359.56
Net return per acre	99.12	79.21	104.53	104.34	98.69	112.89
Government payments	32.79	32.68	35.95	32.54	33.70	33.38
Net return with govt pmts	131.91	111.89	140.48	136.88	132.40	146.26
Labor & management charge	34.17	35.79	46.18	39.21	36.15	30.96
Net return over lbr & mgt	97.74	76.10	94.30	97.67	96.24	115.31
<b>Cost of Production</b>						
Total direct expense per bu.	1.70	1.86	1.67	1.68	1.67	1.76
Total dir & ovhd exp per bu.	1.99	2.26	1.95	1.97	1.97	2.03
Less govt & other income	1.59	1.89	1.40	1.58	1.59	1.63
With labor & management	1.78	2.12	1.67	1.79	1.79	1.80
Machinery cost per acre	72.16	86.06	73.94	74.58	75.33	69.29
Est. labor hours per acre	2.45	2.70	3.63	2.97	2.54	1.90

## **Soybean Production Practices**

The following pages summarize the costs and returns for soybeans produced using various production practices. Association members identify crop production practices when consistent practices are used on the entire enterprise. For certain practices, they are asked to identify when the practice was not used to provide accurate comparison to conventional practices.

These tables include cash rented soybean enterprises produced by Southwest Association members from 2004-2006. Combining multiple years provides more instances for comparison and provides results under a greater variety of growing conditions. Only enterprises produced on cash rented land are included to provide more complete land cost for economic analysis.

The production practices included are Tillage System, Row Width in inches, and Roundup Ready technology. The final table compares soybean enterprises for the past two years based on total acres of soybeans grown on the entire farm.



**Crop Enterprise Analysis**  
**Southwest Minnesota Farm Business Management Association**  
**3 Year Average 2004 - 2006**  
**(Farms Sorted By Tillage System)**

**Soybeans on Cash Rent**

	<u>Avg. Of All Farms</u>	<u>Moldboard</u>	<u>Chisel/ Reduced</u>	<u>No till</u>	<u>Ridge till</u>
Number of fields	505	6	419	53	26
Number of farms	250	5	206	30	17
Acres	134.38	73.92	132.42	145.86	157.99
Yield per acre (bu.)	48.39	47.67	48.21	49.39	48.63
Operators share of yield %	100.00	100.00	100.00	100.00	100.00
Value per bu.	5.75	5.40	5.75	5.77	5.69
Total product return per acre	278.06	257.35	277.25	284.81	276.59
Miscellaneous income per acre	7.31	-	8.13	4.29	2.97
Gross return per acre	285.38	257.35	285.37	289.10	279.57
<b>Direct Expenses</b>					
Seed	28.46	31.01	28.29	33.23	21.52
Fertilizer	12.94	10.93	12.83	14.60	10.95
Crop chemicals	20.38	20.96	20.02	20.99	23.97
Crop insurance	9.77	18.39	9.21	11.57	13.05
Fuel & oil	13.39	11.44	13.65	11.89	12.78
Repairs	15.92	28.82	15.53	16.93	17.71
Custom hire	1.43	1.42	1.56	1.17	0.12
Land rent	101.00	105.20	101.44	100.26	95.60
Marketing	0.72	1.31	0.70	0.45	1.46
Operating interest	5.46	7.51	5.27	5.43	7.55
Miscellaneous	1.11	3.55	1.14	1.01	0.45
Total direct expenses per acre	210.58	240.55	209.65	217.54	205.16
Return over direct exp per acre	74.79	16.80	75.73	71.56	74.40
<b>Overhead Expenses</b>					
Custom hire	2.69	2.12	2.83	2.37	1.50
Hired labor	4.51	0.17	4.36	3.26	9.21
Machinery leases	3.53	0.32	3.75	0.42	6.88
Building leases	0.56	-	0.66	0.19	-
Farm insurance	3.67	4.72	3.65	3.51	3.95
Utilities	2.15	1.93	2.18	1.98	2.09
Dues & professional fees	0.91	0.96	0.86	1.14	1.06
Interest	3.74	5.62	3.84	3.32	3.13
Mach & bldg depreciation	16.29	16.83	16.27	15.59	18.08
Miscellaneous	2.92	5.35	3.06	2.52	1.49
Total overhead expenses per acre	40.97	38.03	41.45	34.31	47.40
Total dir & ovhd expenses per acre	251.55	278.58	251.10	251.84	252.56
Net return per acre	33.82	-21.23	34.28	37.26	27.00
Government payments	28.77	29.12	28.83	27.84	29.55
Net return with govt pmnts	62.60	7.89	63.11	65.09	56.55
Labor & management charge	25.40	38.95	24.24	31.95	26.61
Net return over lbr & mgt	37.20	-31.07	38.87	33.14	29.95
<b>Cost of Production</b>					
Total direct expense per bu.	4.35	5.05	4.35	4.40	4.22
Total dir & ovhd exp per bu.	5.20	5.84	5.21	5.10	5.19
Less govt & other income	4.45	5.23	4.44	4.45	4.53
With labor & management	4.98	6.05	4.94	5.10	5.07
Machinery cost per acre	37.70	17.01	37.45	40.88	37.10
Est. labor hours per acre	1.96	2.52	1.94	1.96	2.16

**Crop Enterprise Analysis**  
**Southwest Minnesota Farm Business Management Association**  
**3 Year Average 2004 - 2006**  
**(Farms Sorted By Row Width)**

**Soybeans on Cash Rent**

	<u>Avg. Of All Farms</u>	<u>&lt; 10</u>	<u>10 - 18</u>	<u>19 - 25</u>	<u>26 - 32</u>
Number of fields	504	47	133	60	264
Number of farms	249	28	66	28	133
Acres	134.23	151.87	146.14	132.59	125.46
Yield per acre (bu.)	48.38	45.67	46.42	50.67	49.57
Operators share of yield %	100.00	100.00	100.00	100.00	100.00
Value per bu.	5.75	5.73	5.76	5.80	5.73
Total product return per acre	278.12	261.87	267.48	294.00	284.05
Miscellaneous income per acre	7.54	11.04	9.85	3.16	6.48
Gross return per acre	285.66	272.92	277.33	297.16	290.53
<b>Direct Expenses</b>					
Seed	28.53	36.07	29.09	26.90	26.97
Fertilizer	12.99	12.61	13.61	10.91	13.20
Crop chemicals	20.32	20.66	20.65	18.05	20.60
Crop insurance	9.82	10.88	9.85	9.85	9.57
Fuel & oil	13.35	11.18	13.75	14.78	13.24
Repairs	15.96	15.00	14.79	15.62	16.93
Custom hire	1.43	1.34	1.69	0.63	1.48
Land rent	101.12	102.41	97.56	101.82	102.76
Marketing	0.72	0.49	0.90	-	0.84
Operating interest	5.49	4.22	4.94	5.12	6.17
Miscellaneous	1.09	1.18	0.39	1.65	1.35
Total direct expenses per acre	210.82	216.03	207.22	205.34	213.12
Return over direct exp per acre	74.84	56.89	70.10	91.82	77.41
<b>Overhead Expenses</b>					
Custom hire	2.67	3.19	2.73	3.88	2.24
Hired labor	4.42	2.36	2.62	3.32	6.18
Machinery leases	3.54	3.02	1.93	1.80	5.02
Building leases	0.56	0.31	0.87	0.02	0.56
Farm insurance	3.69	3.18	3.19	4.45	3.91
Utilities	2.16	1.87	1.91	2.31	2.33
Dues & professional fees	0.91	0.97	0.38	0.73	1.26
Interest	3.76	2.64	4.16	2.85	3.99
Mach & bldg depreciation	16.35	12.57	15.11	19.23	17.21
Miscellaneous	2.94	2.26	3.03	3.22	2.97
Total overhead expenses per acre	41.01	32.37	35.92	41.80	45.68
Total dir & ovhd expenses per acre	251.83	248.40	243.14	247.13	258.80
Net return per acre	33.83	24.52	34.18	50.03	31.73
Government payments	28.92	25.03	27.72	31.55	29.82
Net return with govt pmnts	62.74	49.54	61.91	81.58	61.55
Labor & management charge	25.44	31.44	22.79	25.43	25.71
Net return over lbr & mgt	37.30	18.11	39.11	56.15	35.84
<b>Cost of Production</b>					
Total direct expense per bu.	4.36	4.73	4.46	4.05	4.30
Total dir & ovhd exp per bu.	5.20	5.44	5.24	4.88	5.22
Less govt & other income	4.45	4.65	4.43	4.19	4.49
With labor & management	4.98	5.34	4.92	4.69	5.01
Machinery cost per acre	37.90	33.07	32.55	44.71	40.44
Est. labor hours per acre	1.96	2.04	1.78	1.93	2.05

**Crop Enterprise Analysis**  
**Southwest Minnesota Farm Business Management Association**  
**3 Year Average 2004 - 2006**  
**(Farms Sorted By RoundUp Ready)**

**Soybeans on Cash Rent**

	<u>Avg. Of All Farms</u>	<u>100% RR</u>	<u>No RR</u>
Number of fields	496	467	29
Number of farms	243	236	21
Acres	132.94	134.58	106.44
Yield per acre (bu.)	48.38	48.42	47.55
Operators share of yield %	100.00	100.00	100.00
Value per bu.	5.75	5.75	5.61
Total product return per acre	278.07	278.63	266.73
Miscellaneous income per acre	7.67	7.37	13.78
Gross return per acre	285.74	285.99	280.51
<b>Direct Expenses</b>			
Seed	28.93	29.54	16.51
Fertilizer	12.99	13.20	8.61
Crop chemicals	20.20	19.68	30.74
Crop insurance	9.80	9.76	10.69
Fuel & oil	13.36	13.26	15.40
Repairs	15.98	16.08	13.95
Custom hire	1.46	1.41	2.59
Land rent	100.80	101.02	96.36
Hauling and trucking	0.10	0.06	0.87
Marketing	0.72	0.75	0.05
Operating interest	5.67	5.70	5.04
Miscellaneous	0.98	0.96	1.54
Total direct expenses per acre	210.99	211.42	202.35
Return over direct exp per acre	74.74	74.57	78.16
<b>Overhead Expenses</b>			
Custom hire	2.71	2.69	3.03
Hired labor	4.11	4.04	5.54
Machinery leases	3.25	3.37	0.75
Building leases	0.57	0.32	5.69
Farm insurance	3.65	3.65	3.59
Utilities	2.15	2.19	1.30
Dues & professional fees	0.90	0.94	0.28
Interest	3.78	3.88	1.68
Mach & bldg depreciation	16.10	16.22	13.57
Miscellaneous	2.91	2.84	4.45
Total overhead expenses per acre	40.14	40.15	39.88
Total dir & ovhd expenses per acre	251.13	251.57	242.23
Net return per acre	34.61	34.42	38.28
Government payments	28.94	28.82	31.38
Net return with govt pmts	63.54	63.24	69.66
Labor & management charge	25.13	25.09	26.03
Net return over lbr & mgt	38.41	38.16	43.63
<b>Cost of Production</b>			
Total direct expense per bu.	4.36	4.37	4.26
Total dir & ovhd exp per bu.	5.19	5.20	5.09
Less govt & other income	4.43	4.45	4.14
With labor & management	4.95	4.97	4.69
Machinery cost per acre	37.67	38.12	28.54
Est. labor hours per acre	1.94	1.91	2.48

**Crop Enterprise Analysis**  
**Southwest Minnesota Farm Business Management Association**  
**2 Year Average 2005 - 2006**  
**(Farms Sorted By Enterprise Size)**

**Soybeans on Cash Rent**

	<b>Avg. Of All Farms</b>	<b>Less than 50</b>	<b>51 - 100</b>	<b>101 - 250</b>	<b>251 - 500</b>	<b>501 - 1,000</b>
Number of fields	385	6	25	150	139	63
Number of farms	173	5	22	68	60	16
Acres	127.68	30.28	69.34	77.50	155.57	172.58
Yield per acre (bu.)	52.85	51.28	53.90	53.64	53.02	50.90
Operators share of yield %	100.00	100.00	100.00	100.00	100.00	100.00
Value per bu.	5.85	5.81	5.82	5.82	5.84	5.91
Total product return per acre	308.96	297.97	313.47	312.00	309.77	300.96
Miscellaneous income per acre	3.60	1.08	6.80	2.45	1.16	8.07
Gross return per acre	312.56	299.05	320.27	314.45	310.93	309.03
<b>Direct Expenses</b>						
Seed	30.32	35.26	30.85	29.26	29.80	31.77
Fertilizer	13.72	4.67	13.49	13.25	14.06	12.34
Crop chemicals	21.59	20.66	24.58	21.67	22.51	19.75
Crop insurance	9.67	6.44	10.07	8.94	9.28	12.02
Fuel & oil	15.00	13.27	18.89	16.19	14.84	14.40
Repairs	16.66	22.94	22.68	20.26	15.65	14.09
Custom hire	1.60	0.07	1.67	2.04	1.27	1.60
Land rent	103.02	92.17	86.40	96.77	102.09	105.51
Marketing	0.85	-	-	0.54	0.98	0.27
Operating interest	5.98	5.29	5.71	6.81	6.21	4.91
Miscellaneous	1.16	0.32	0.97	1.68	1.34	0.61
Total direct expenses per acre	219.57	201.10	215.29	217.43	218.03	217.28
Return over direct exp per acre	92.99	97.95	104.97	97.03	92.90	91.76
<b>Overhead Expenses</b>						
Custom hire	2.49	6.77	0.96	2.88	1.92	3.23
Hired labor	4.93	1.88	3.34	3.78	4.83	2.25
Machinery leases	3.53	2.14	1.38	3.05	2.69	4.92
Building leases	0.85	-	0.09	0.53	0.92	1.43
Farm insurance	3.99	3.42	4.31	4.15	4.19	4.10
Utilities	2.25	1.77	3.11	3.00	2.25	1.32
Dues & professional fees	1.08	1.59	1.07	0.96	0.80	0.44
Interest	3.51	4.08	3.37	4.03	3.42	1.71
Mach & bldg depreciation	16.36	24.07	16.73	19.19	18.30	10.22
Miscellaneous	2.41	2.80	2.87	3.25	2.36	1.75
Total overhead expenses per acre	41.40	48.54	37.23	44.82	41.68	31.37
Total dir & ovhd expenses per acre	260.97	249.64	252.53	262.25	259.72	248.65
Net return per acre	51.59	49.41	67.74	52.20	51.22	60.39
Government payments	31.25	29.17	32.54	32.61	32.74	27.47
Net return with govt pmts	82.83	78.58	100.28	84.81	83.95	87.85
Labor & management charge	27.13	26.48	36.02	31.12	28.84	23.17
Net return over lbr & mgt	55.70	52.11	64.26	53.69	55.11	64.68
<b>Cost of Production</b>						
Total direct expense per bu.	4.15	3.92	3.99	4.05	4.11	4.27
Total dir & ovhd exp per bu.	4.94	4.87	4.68	4.89	4.90	4.89
Less govt & other income	4.28	4.28	3.96	4.24	4.26	4.19
With labor & management	4.79	4.79	4.62	4.82	4.80	4.64
Machinery cost per acre	56.81	64.59	62.70	64.79	55.54	48.65
Est. labor hours per acre	1.97	2.19	2.77	2.47	1.79	1.77



## **Appendix I**

### **Whole Farm Analysis Procedures and Measures**

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

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

#### **Farm Income Statement**

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

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

#### **Inventory Changes**

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

#### **Depreciation and Other Capital Adjustments**

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

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

## Profitability Measures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## ***Liquidity Measures***

*Net Cash Farm Income* is from the Farm Income Statement.

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

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

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

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

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

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

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

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

## **Balance Sheets at Cost and Market Values**

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

## **Statement of Cash Flows**

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



## Financial Standards Measures

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

### *Liquidity*

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

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

### *Solvency*

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

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

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

### *Profitability*

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

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

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

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

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

### ***Repayment Capacity***

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

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

### ***Efficiency***

*Asset Turnover Rate* is a measure of efficiency in using capital. It is calculated as follows:  
 $\text{Asset Turnover Rate} = \text{Value of Farm Production} \div \text{Total Farm Assets}$ .

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

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

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

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

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

## **Crop Production and Marketing Summary**

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

## **Household and Personal Expenses**

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

## **Operator and Labor Information**

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

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

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

## **Nonfarm Summary**

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

## Appendix II

# Crop Enterprise Analysis Procedures and Measures

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

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

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

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

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

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

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

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

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

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

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

## **Appendix III**

# **Livestock Enterprise Analysis Procedures and Measures**

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

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

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

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

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

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

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

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

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

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

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

## Appendix IV Prices Used In the Analysis Report

Item	Beginning Inventory	Feed	Crop Enterprise Production	Ending Inventory
All Corn/bu.	1.80	2.14	Actual	3.30
Oats/bu.	1.12	1.50	Actual	2.44
All Wheat/bu.	3.20	3.60	Actual	4.05
Soybeans/bu.	5.60	5.43	Actual	6.03
Alfalfa hay/t. (avg quality)	70.00	80.00	80.00	90.00
Alfalfa hay/t. (dairy quality)	90.00	100.00	100.00	125.00
Alfalfa haylage/t	45.00	50.00	50.00	62.00
Grass/Mixed hay/r	70.00	80.00	80.00	90.00
Corn silage/t.	15.00	15.00	17.00	18.00
Oatlage/t.	10.00	10.00	12.00	12.00
Oats straw/bale	1.70/75	1.70/75	1.70/75	1.70/75
Cornstalks/t.	20.00	20.00	20.00	20.00

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

### Other Prices Used:

Pasture Costs \$/Head/Mo.

Cows	7.00	Sheep	1.00
Calves	3.50	Lambs	.60

Board for hired labor \$ 6.00/day or \$1.50/meal

Value of milk used in home \$ .40/qt or \$1.60/gallon

Value of milk fed calves \$ 1.50/gallon

Starting in 2000, depreciation is calculated by using a 5% rate for buildings, 10% for machinery, 20% for beef cattle and sheep and 33% for breeding hogs and dairy cows. The economic depreciation is calculated by taking the beginning 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.