

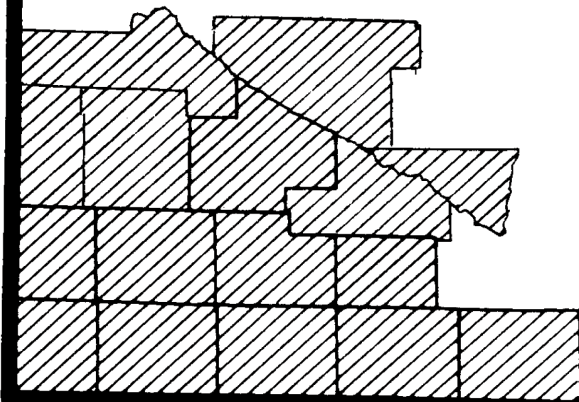
2004 Annual Report

Southwestern Minnesota Farm Business Management Association

IN COOPERATION WITH:

Center For Farm Financial Management
Department of Applied Economics
Minnesota Extension Service
College of Agricultural, Food, and Environmental Sciences
University of Minnesota

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Executive Summary

2004 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 \$98,362 in 2004 for the 125 farms¹ included in this annual report of the Southwestern Minnesota Farm Business Management Association. This is a 2% increase over the average income of \$96,404 in 2003. In constant dollars, 2004 was the third most profitable year for association members in the past 20 (Figure 1). Higher crop prices, outstanding corn yields, and high profits for hog operations were factors that combined to make 2004 a very profitable year for the average association farm.

Figure 1. Average Net Farm Income



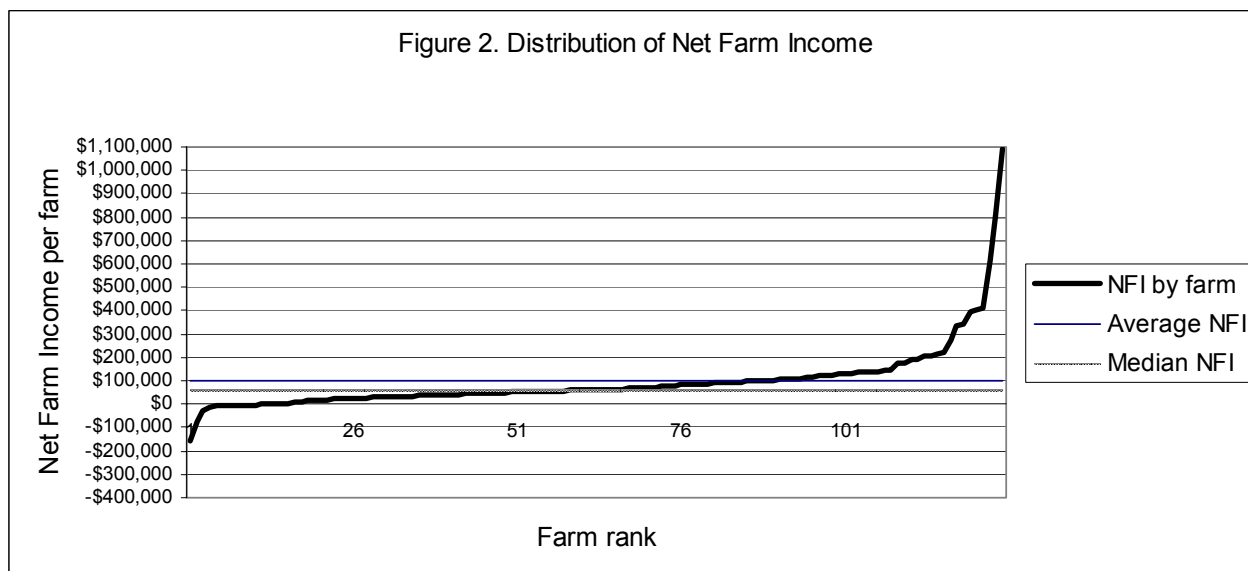
As in previous years, the actual profit levels experienced by individual farms vary greatly from the overall average profit. When the net farm incomes for the 125 farms in the report are ranked from lowest to highest, the resulting graph shows how much the incomes do vary (Figure 2). Ten percent of the farms experienced negative net farm incomes in 2004; 30% had incomes over \$100,000. The median or middle income was \$62,262. The high 20% of the farms had an average net farm income of \$294,683, which is a 17% increase from 2003. The low 20% of the farms had an average loss of \$-2,068 in 2004.

Average gross cash farm income was \$496,771, a 1% decrease from 2003. Three sources of sales dominated: corn, soybeans, and hogs. Beef finishing was less of a contributor than in previous years (Figures 3 and 4). Total crop sales accounted for 39% while livestock sales and contracting income accounted for 46% of total cash receipts.

Entire report is available at: http://www.cffm.umn.edu/Pubs/FBMA/SW_MN_FBMA_2004.pdf

¹The number of association farms included in the 2004 report decreased from 175 in 2003 due to a reduction from three to two fieldstaff. Comparisons to previous years may be influenced by differences in size and enterprise mix of the remaining farms.

Figure 2. Distribution of Net Farm Income



Government payments of all types averaged \$27,798 in 2004, a 7.5% increase from the previous year. The average farm received \$8,966 in LDP payments in 2004 due to low crop prices at harvest. No LDP payments were included in 2003 income. This increase offset a \$5,523 decrease in direct government payments. Government payments for the average farm were \$25,855 in 2003, \$15,927 in 2002, \$48,208 in 2001, and \$50,567 in 2000. As a percentage of total income, government payments were 6% in 2004 compared to 5% in 2003, 4% in 2002, 11% in 2001, and 12% in 2000.

Cash expenses increased 1% to an average of \$404,743 in 2004. As a percentage of total expenses, feeder livestock purchases, feed, seed, fertilizer, and crop chemicals, and land rent continue to be the largest expense items (Figures 5 and 6).

Average rate of return on assets (ROA) was 11% in 2004 with assets valued at cost basis, unchanged from the previous year (Figure 7). Rate of return on equity (ROE) averaged 16%, also unchanged. The fact that ROE exceeded ROA indicates that debt capital earned more than its cost.

Using a market value basis, average total equity (of the 109 sole proprietors) was \$731,813 at the end of 2004. This was an increase of \$74,038 during the year for these farms. Average net worth was slightly lower than 2003, likely due to a change in the size and composition of the farms in this year's summary (Figure 8). The average debt-asset ratio decreased from 44% at the beginning of the year to 43% at the end of 2004.

The average corn yield was 171 bushels per acre, the highest average yield on record for association farms. Soybeans averaged 41 bushels per acre, slightly higher than 2003 yields (Figure 9).

Results by Type of Farm

The 125 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 61 crop farms, 10 hog farms, 13 crop and hog farms, and 8 crop and beef farms. (There were 24 farms which did not have a single source (or pair of sources) of income over 70%.)

Hog farms were most profitable in 2004 (Figure 10). Hog farms were also much larger in terms of gross sales than any other farm type. Crop/hog farms also averaged incomes higher than the Association average. No type of farm experienced a loss, on average, in 2004.

Hog farms also had the highest rate of return on assets (ROA) at 21% (Figure 11). Crop/hog, with a 13% ROA, also earned improved rates of return over the previous year. (Assets are valued at cost-basis for ROA calculations.)

Using assets valued on a market basis, the average crop farm had a debt-to-asset ratio of 42% at the end of 2004 (Figure 12). Only crop/beef farms had an average debt-to-asset ratio higher than 50%.

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 -- 2003 Income

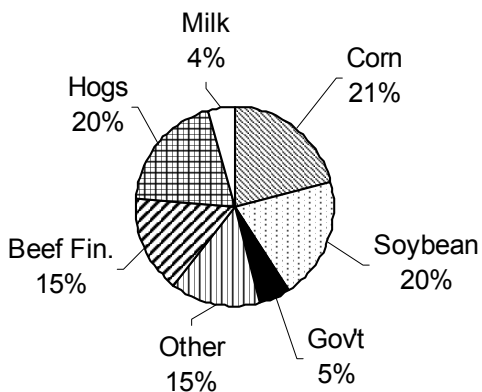


Fig. 4 SW -- 2004 Income

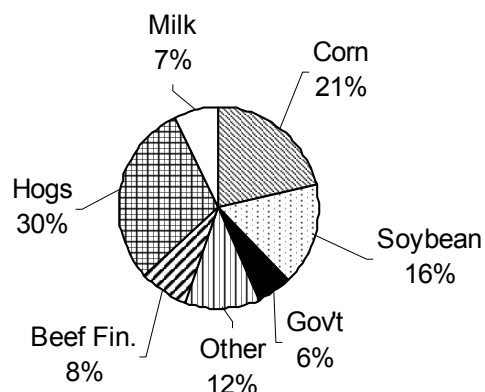


Fig. 5 SW -- 2003 Expenses

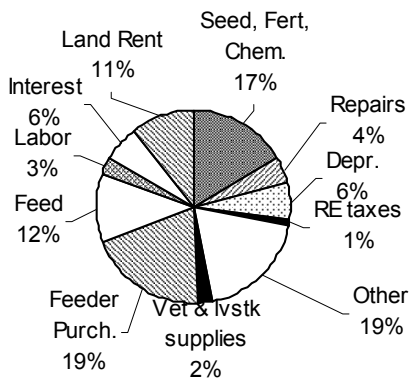


Fig. 6 SW -- 2004 Expenses

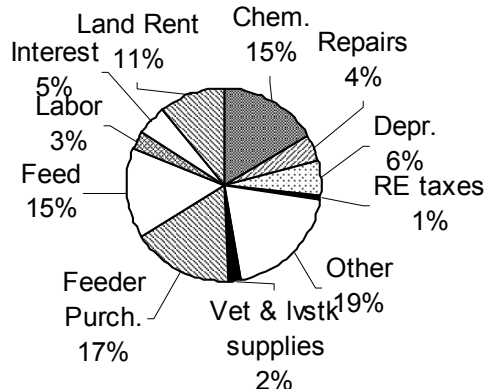


Figure 7. SW Rates of Return on Assets (ROA) and Equity (ROE)

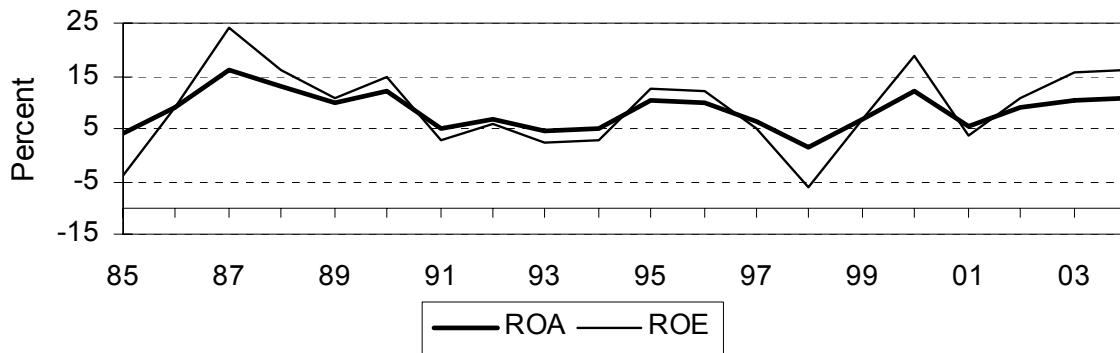


Figure 8. Ending Equity and Ending Debt-Asset Ratio

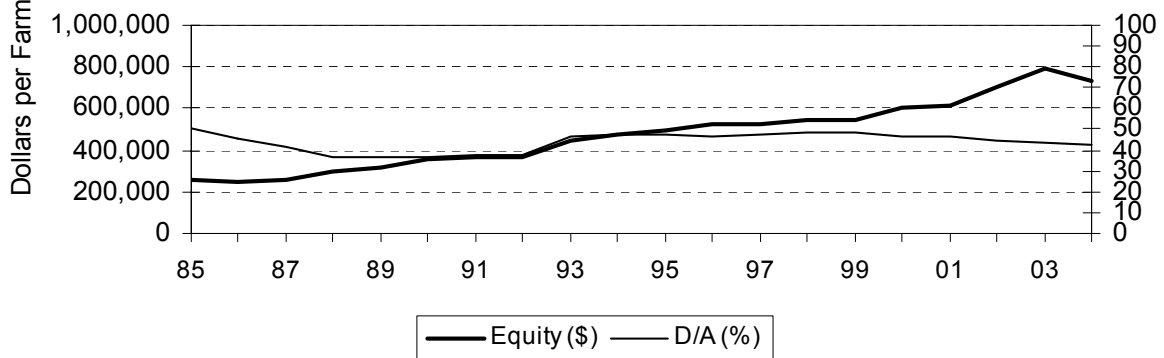


Figure 9. Average Corn & Soybean Yield

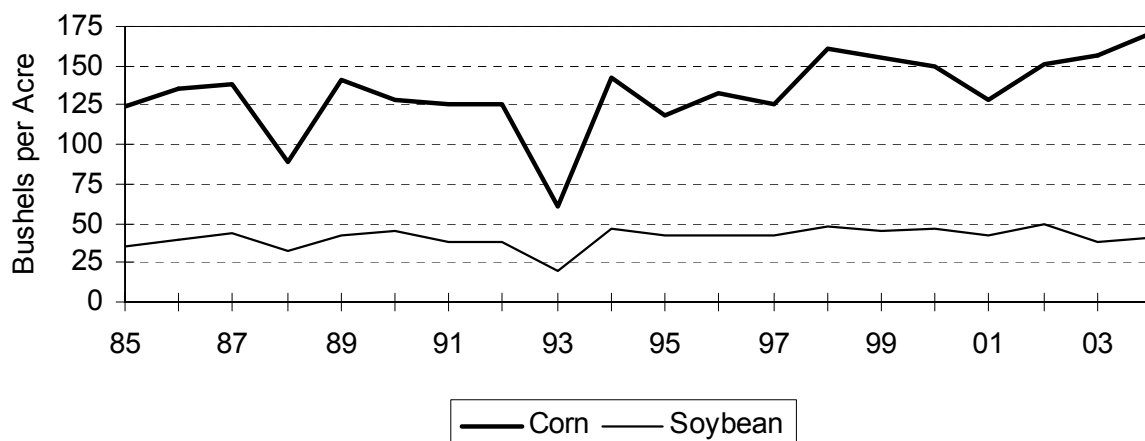


Figure 10. Net Farm Income by Type

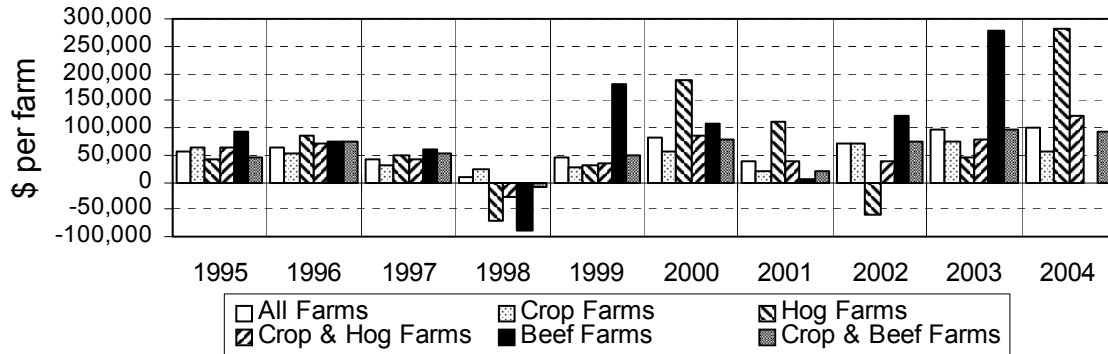


Figure 11. ROA by Type

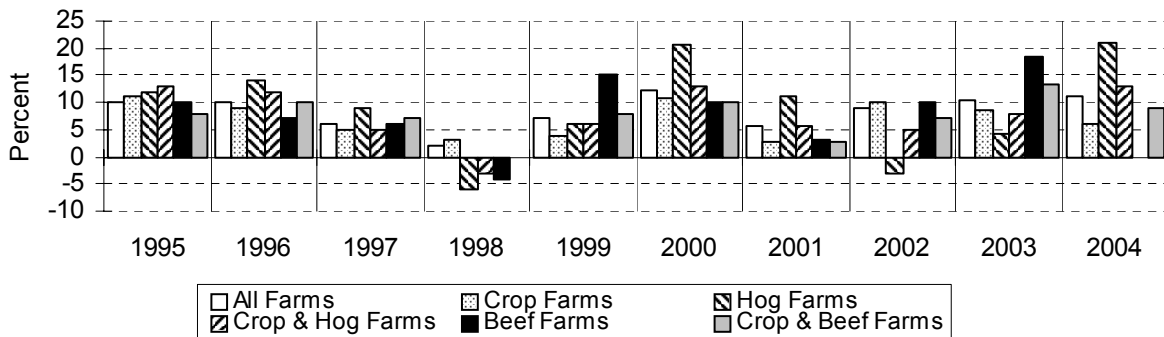
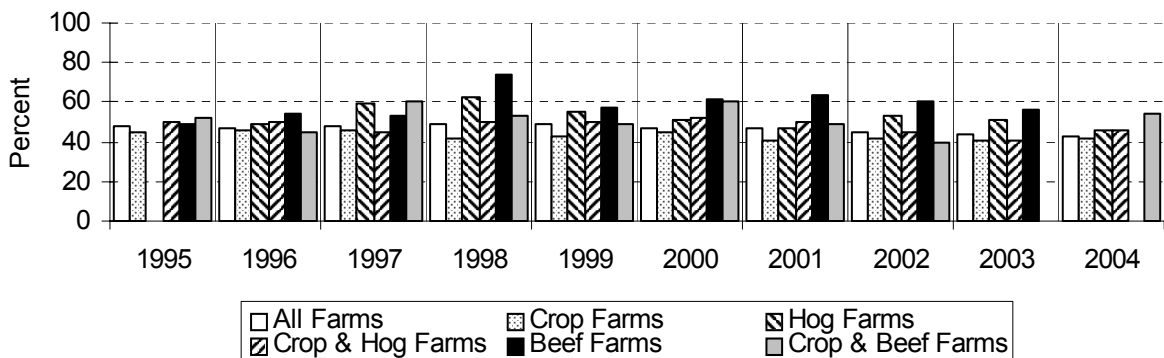


Figure 12. Debt-Asset Ratio by Type



2004 Annual Report

Southwestern Minnesota Farm Business Management Association

by

Dale W. Nordquist, James N. Kurtz, Rob Holcomb, and Garen J. Paulson²

This report summarizes the individual farm records of the members of the Southwestern Minnesota Farm Business Management Association for 2004.

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 149 farms in the Southwestern Association, the data for 125 farms are included in this report. The rest were omitted because the records were incomplete at the time that this report was prepared. The number of association farms included in the 2004 report decreased from 175 in 2003 due to a reduction from three to two fieldstaff. Comparisons to previous years may be influenced by differences in size and enterprise mix of the remaining farms.

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.

²Nordquist 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 -- 2004

County	Number of Farm Units	Number of Records Submitted
Cottonwood	31	22
Jackson	24	22
Martin	8	7
Murray	21	21
Nobles	28	20
Pipestone	11	10
Redwood	11	10
Watonwan	7	7
Others ²	<u>8</u>	<u>6</u>
TOTAL	149	125

Officers and Directors

Dan Riley, President

Harold Wolle, Jr., Vice President

Janet Froslan, Secretary-Treasurer

The directors of the Southwestern Minnesota Farm Business Management Association for 2004/2005 are: Doug Bauman, Michael Landuyt, Charles Luethold, Mark Loewen, Jeff Mayo, Dan Riley, Harlan Spronk, Matt Surprenant, and Harold Wolle, Jr.

²In 2004 the Association had records submitted from members in Brown, Faribault, Lyon, Rock, and Yellow Medicine 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 2004. Each table (except for the balance sheets) includes the average of the 125 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 2004. Net Farm Income represents the return to the operator's and family's unpaid labor, management, and equity capital (net worth). It is the amount the farm contributed to owner family living, income taxes, and net worth growth. However, it does not include any asset appreciation, debt forgiveness or asset repossessions. The *Inventory Changes* and *Depreciation and Other Capital Adjustments* tables provide further detail on the non-cash adjustments made to calculate the accrual Net Farm Income.

Profitability Measures

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

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

Liquidity Measures

Liquidity reflects the ability of the farm family to meet cash obligations including family living withdrawals, income taxes, and debt repayment. Liquidity measures are calculated on both a cash and accrual basis. The cash measures reflect how cash actually flowed through the operations during the year. The accrual measures, which adjust for changes in crop, livestock, and other inventories, more accurately reflect the income generation capacity of the businesses.

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

Balance Sheets

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

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

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

Statement of Cash Flows

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

Financial Standards Measures

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

Crop Production and Marketing

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

Household and Personal Expenses

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

Operator and Labor Information

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

Nonfarm Summary

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

Farm Income Statement
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	125	25	25
Cash Farm Income			
Barley	251	-	-
Beans, Navy	158	-	792
Corn	105,980	86,958	99,538
Corn Silage	54	-	191
Hay, Alfalfa	2,840	9	5,035
Hay, Mixed	29	133	-
Oats	375	148	1,069
Peas	539	488	1,048
Soybeans	81,222	48,656	115,760
Sugar Beets	577	-	2,887
Sweet Corn	629	1,269	1,538
Wheat, Spring	1,001	358	506
Miscellaneous crop income	297	4	439
Beef Bulls	100	-	-
Beef Cow-Calf, Beef Calves	909	1,717	937
Beef, Background Beef	1,263	1,632	-
Beef, Finish Beef Calves	28,476	117	37,417
Beef, Finish Yrlg Steers	9,397	762	42,533
Dairy, Milk	35,604	-	171,047
Dairy, Dairy Calves	422	-	1,121
Dairy Replacement Heifers	2,323	-	2,040
Dairy Steers	1,215	-	1,973
Hogs, Farrow-Fin, Raised Hogs	32,028	2,219	115,836
Hogs, Feeder Pigs, Feeder Pigs	685	-	-
Hogs, Finish Feeder Pigs	42,139	-	206,952
Sheep, Feeder Lambs, Fdr Lambs	116	245	335
Sheep, Feeder Lambs, Wool	31	154	-
Sheep, Market Lambs, Mkt Lambs	2,690	8,285	-
Sheep, Market Lambs, Wool	45	148	1
Hogs, Contractee	642	-	-
Hogs, Weaning to Finish	70,731	5,779	299,182
CCC market loan gain	51	-	188
Cull breeding livestock	4,206	1,720	12,952
Misc. livestock income	4,502	61	83
LDP payments	8,966	4,488	18,846
Direct & CC govt payments	16,740	10,950	24,433
CRP payments	1,242	1,849	2,143
Livestock govt payments	308	126	1,217
Other government payments	491	92	7
Custom work income	13,240	6,757	10,020
Patronage dividends, cash	2,888	1,645	5,767
Insurance income	4,746	1,644	9,136
Cash from hedging accts	3,893	4,246	9,125
Contract livestock income	3,591	1,206	5,377
Other farm income	9,138	5,169	17,957
Gross Cash Farm Income	496,771	199,034	1,225,427

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	125	25	25
Cash Farm Expense			
Seed	27,790	17,735	42,690
Fertilizer	25,251	19,284	35,857
Crop chemicals	17,827	9,794	26,691
Crop insurance	6,561	4,407	8,892
Drying fuel	5,898	4,553	7,553
CCC buyback	11,887	8,355	15,322
Crop hauling and trucking	133	-	265
Crop marketing	676	134	564
Crop miscellaneous	1,535	914	2,676
Feeder livestock purchase	72,116	2,107	255,309
Purchased feed	65,257	7,598	263,121
Breeding fees	674	198	2,582
Veterinary	4,863	464	18,542
Supplies	3,890	975	10,710
DHIA	35	-	123
Livestock leases	464	-	796
Livestock hauling and trucking	367	6	1,000
Livestock marketing	1,281	58	5,525
Interest	21,824	15,677	37,787
Fuel & oil	13,137	7,006	25,791
Repairs	18,948	11,658	32,150
Custom hire	7,448	3,429	22,454
Hired labor	12,622	1,691	44,546
Land rent	46,311	29,931	68,947
Machinery & bldg leases	11,435	2,042	36,869
Real estate taxes	3,167	1,987	6,185
Farm insurance	5,817	3,024	12,696
Utilities	5,410	2,289	10,856
Dues & professional fees	772	368	1,453
Hedging account deposits	5,451	14,844	7,861
Miscellaneous	5,897	3,635	13,016
Total cash expense	404,743	174,163	1,018,828
Net cash farm income	92,028	24,871	206,599
Inventory Changes			
Crops and feed	1,307	-13,861	29,366
Market livestock	16,289	1,338	53,553
Accounts receivable	3,386	-114	13,625
Prepaid expenses and supplies	6,351	8	14,689
Accounts payable	3,743	-1,446	22,290
Total inventory change	31,076	-14,075	133,523
Net operating profit	123,104	10,796	340,122
Depreciation and Other Capital Adjustments			
Breeding livestock	-1,930	-715	-6,275
Machinery and equipment	-15,170	-11,857	-22,283
Buildings and improvements	-8,299	-4,216	-17,013
Other farm capital	658	-76	132
Total depr. and other capital adj	-24,741	-16,864	-45,439
Net farm income	98,362	-6,068	294,683

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	125	25	25
Net cash farm income	92,028	24,871	206,599
Crops and Feed			
Ending inventory	159,816	82,601	254,827
Beginning inventory	158,509	96,462	225,461
Inventory change	1,307	-13,861	29,366
Market Livestock			
Ending inventory	86,646	8,447	294,503
Beginning inventory	70,357	7,109	240,950
Inventory change	16,289	1,338	53,553
Accts Receivable & Other Current Assets			
Ending inventory	13,303	7,573	31,297
Beginning inventory	9,917	7,686	17,672
Inventory change	3,386	-114	13,625
Prepaid Expenses and Supplies			
Ending inventory	30,219	9,738	59,613
Beginning inventory	23,868	9,730	44,924
Inventory change	6,351	8	14,689
Accounts Payable & Accrued Expenses			
Beginning inventory	18,786	7,735	49,870
Ending inventory	15,042	9,182	27,580
Inventory change	3,743	-1,446	22,290
Total inventory change	31,076	-14,075	133,523
Net operating profit	123,104	10,796	340,122

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	125	25	25
Net operating profit	123,104	10,796	340,122
Breeding Livestock			
Ending inventory	5,439	5,054	15,776
Capital sales	1,283	153	4,254
Beginning inventory	6,458	4,697	19,586
Capital purchases	2,193	1,225	6,719
Depreciation, capital adjust.	-1,930	-715	-6,275
Machinery and Equipment			
Ending inventory	129,094	86,159	215,538
Capital sales	1,078	2,443	1,742
Beginning inventory	108,254	73,712	182,745
Capital purchases	37,088	26,747	56,818
Depreciation, capital adjust.	-15,170	-11,857	-22,283
Buildings and Improvements			
Ending inventory	99,369	49,745	207,476
Capital sales	144	-	-
Beginning inventory	96,458	50,861	204,212
Capital purchases	11,354	3,100	20,277
Depreciation, capital adjust.	-8,299	-4,216	-17,013
Other Capital Assets			
Ending inventory	46,248	38,259	112,881
Capital sales	1,864	1,387	7,802
Beginning inventory	44,804	36,352	115,432
Capital purchases	2,651	3,370	5,119
Depreciation, capital adjust.	658	-76	132
Total depreciation, capital adj.	-24,741	-16,864	-45,439
Net farm income	98,362	-6,068	294,683

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	125	25	25
Profitability (assets valued at cost)			
Net farm income	98,362	-6,068	294,683
Labor and management earnings	73,058	-18,251	240,722
Rate of return on assets	10.7 %	-2.4 %	17.4 %
Rate of return on equity	16.0 %	-13.9 %	26.9 %
Operating profit margin	23.2 %	-6.2 %	34.8 %
Asset turnover rate	46.2 %	38.5 %	50.0 %
Interest on farm net worth	25,304	12,182	53,961
Farm interest expense	21,540	15,728	35,918
Value of operator lbr and mgmt.	31,953	20,627	52,828
Return on farm assets	87,949	-10,968	277,773
Average farm assets	819,482	457,379	1,596,122
Return on farm equity	66,409	-26,696	241,855
Average farm equity	414,845	191,451	899,347
Value of farm production	378,450	175,978	797,266

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	125	25	25
Profitability (assets valued at market)			
Net farm income	117,997	27,294	309,804
Labor and management earnings	81,732	6,017	238,190
Rate of return on assets	9.3 %	3.2 %	13.8 %
Rate of return on equity	14.3 %	1.9 %	21.5 %
Operating profit margin	28.4 %	12.7 %	36.7 %
Asset turnover rate	32.8 %	24.8 %	37.5 %
Interest on farm net worth	36,265	21,277	71,614
Farm interest expense	21,540	15,728	35,918
Value of operator lbr and mgmt.	31,953	20,627	52,828
Return on farm assets	107,584	22,394	292,895
Average farm assets	1,153,441	708,869	2,127,286
Return on farm equity	86,044	6,667	256,976
Average farm equity	603,467	351,714	1,193,568
Value of farm production	378,450	175,978	797,266

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	125	25	25
Liquidity (cash)			
Net cash farm income	92,028	24,871	206,599
Net nonfarm income	23,733	35,108	14,266
Family living and taxes	60,700	37,259	104,209
Principal due on long term debt	13,713	8,122	17,879
Cash available for interm. debt	41,349	14,599	98,777
Average intermediate debt	97,990	50,287	234,549
Years to turnover interm. debt	2.4	3.4	2.4
Expense as a % of income	81 %	88 %	83 %
Interest as a % of income	4 %	8 %	3 %
Liquidity (accrual)			
Total accrual farm income	517,753	186,397	1,321,971
Total accrual operating expense	394,649	175,601	981,849
Net accrual operating income	123,104	10,796	340,122
Net nonfarm income	23,733	35,108	14,266
Family living and taxes	60,700	37,259	104,209
Principal due on long term debt	13,713	8,122	17,879
Available for intermediate debt	72,425	524	232,300
Average intermediate debt	97,990	50,287	234,549
Years to turnover interm. debt	1.4	96.0	1.0
Expense as a % of income	76 %	94 %	74 %
Interest as a % of income	4 %	8 %	3 %

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	109		24		16	
	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>
Assets						
Current Farm Assets						
Cash and checking balance	23,029	22,072	16,224	15,023	54,434	59,411
Prepaid expenses & supplies	21,723	28,036	9,729	9,550	40,607	58,109
Growing crops	0	2	0	0	0	0
Accounts receivable	4,959	7,436	4,549	3,954	6,454	15,689
Hedging accounts	1,914	2,172	3,416	3,891	2,107	4,021
Crops held for sale or feed	135,223	129,603	84,976	72,663	203,751	201,943
Crops under government loan	23,099	27,594	18,351	22,383	17,612	23,205
Market livestock held for sale	39,453	54,566	7,006	8,102	110,869	171,117
Other current assets	245	84	42	43	688	63
Total current farm assets	249,644	271,566	144,294	135,608	436,521	533,556
Intermediate Farm Assets						
Breeding livestock	6,489	5,119	4,824	5,203	25,320	17,775
Machinery and equipment	100,064	116,380	74,650	85,073	162,945	188,594
Titled vehicles	1,843	3,873	470	2,877	2,522	7,678
Other intermediate assets	4,514	5,112	5,909	7,401	6,178	6,642
Total intermediate farm assets	112,910	130,484	85,853	100,554	196,964	220,688
Long Term Farm Assets						
Farm land	237,812	251,266	146,242	155,242	394,521	407,130
Buildings and improvements	84,069	87,406	48,789	47,962	180,500	188,128
Other long-term assets	30,239	33,227	31,049	32,197	68,282	75,675
Total long-term farm assets	352,120	371,899	226,080	235,401	643,303	670,934
Total Farm Assets	714,674	773,948	456,227	471,564	1,276,789	1,425,178
Total Nonfarm Assets	136,937	146,210	134,213	148,869	189,282	200,955
Total Assets	851,611	920,159	590,440	620,433	1,466,071	1,626,133
Liabilities						
Current Farm Liabilities						
Accrued interest	5,829	6,054	6,080	6,101	6,451	8,131
Accounts payable	8,483	7,958	1,866	3,348	28,419	21,387
Current notes	87,287	92,667	56,937	55,110	139,149	142,531
Government crop loans	17,943	25,902	14,351	21,748	14,051	22,383
Principal due on term debt	26,604	31,047	16,468	22,115	45,864	51,832
Total current farm liabilities	146,147	163,628	95,702	108,421	233,935	246,265
Total intermediate farm liabs	60,196	56,412	45,947	38,783	137,322	126,049
Total long term farm liabilities	152,907	158,268	124,494	147,984	199,110	196,633
Total farm liabilities	359,249	378,308	266,144	295,189	570,366	568,947
Total nonfarm liabilities	21,020	22,727	13,069	20,388	8,345	10,343
Total liabilities	380,270	401,035	279,213	315,577	578,712	579,290
Net worth (farm and nonfarm)	471,342	519,124	311,227	304,857	887,359	1,046,843
Net worth change		47,782		-6,371		159,484
Ratio Analysis						
Current farm liabilities / assets	59 %	60 %	66 %	80 %	54 %	46 %
Curr. & interm farm liab. / assets	57 %	55 %	62 %	62 %	59 %	49 %
Long term farm liab. / assets	43 %	43 %	55 %	63 %	31 %	29 %
Total debt to asset ratio	45 %	44 %	47 %	51 %	39 %	36 %

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

	Avg. Of All Farms		Low20%		High 20%	
	109		24		16	
	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>
Number of farms						
Assets						
Current Farm Assets						
Cash and checking balance	23,029	22,072	16,224	15,023	54,434	59,411
Prepaid expenses & supplies	21,723	28,036	9,729	9,550	40,607	58,109
Growing crops	0	2	0	0	0	0
Accounts receivable	4,959	7,436	4,549	3,954	6,454	15,689
Hedging accounts	1,914	2,172	3,416	3,891	2,107	4,021
Crops held for sale or feed	135,223	129,603	84,976	72,663	203,751	201,943
Crops under government loan	23,099	27,594	18,351	22,383	17,612	23,205
Market livestock held for sale	39,453	54,566	7,006	8,102	110,869	171,117
Other current assets	245	84	42	43	688	63
Total current farm assets	249,644	271,566	144,294	135,608	436,521	533,556
Intermediate Farm Assets						
Breeding livestock	16,327	16,202	10,443	12,237	61,915	58,717
Machinery and equipment	219,677	236,727	156,789	165,534	317,977	354,614
Titled vehicles	2,336	4,433	490	3,135	2,800	8,529
Other intermediate assets	6,015	6,560	8,518	9,894	9,854	10,017
Total intermediate farm assets	244,354	263,922	176,240	190,800	392,545	431,878
Long Term Farm Assets						
Farm land	350,795	388,463	255,515	290,055	570,493	628,560
Buildings and improvements	138,924	144,394	83,064	85,292	264,098	279,502
Other long-term assets	33,113	36,521	36,910	37,831	67,590	76,880
Total long-term farm assets	522,832	569,378	375,489	413,178	902,181	984,942
Total Farm Assets	1,016,831	1,104,866	696,022	739,586	1,731,247	1,950,376
Total Nonfarm Assets	168,233	181,909	166,949	184,733	219,298	239,747
Total Assets	1,185,064	1,286,775	862,972	924,319	1,950,545	2,190,123
Liabilities						
Current Farm Liabilities						
Accrued interest	5,829	6,054	6,080	6,101	6,451	8,131
Accounts payable	8,483	7,958	1,866	3,348	28,419	21,387
Current notes	87,287	92,667	56,937	55,110	139,149	142,531
Government crop loans	17,943	25,902	14,351	21,748	14,051	22,383
Principal due on term debt	26,604	31,047	16,468	22,115	45,864	51,832
Total current farm liabilities	146,147	163,628	95,702	108,421	233,935	246,265
Total intermediate farm liabs	60,196	56,412	45,947	38,783	137,322	126,049
Total long term farm liabilities	152,907	158,268	124,494	147,984	199,110	196,633
Total farm liabilities	359,249	378,308	266,144	295,189	570,366	568,947
Total nonfarm liabilities	21,020	22,727	13,069	20,388	8,345	10,343
Total liabs excluding deferreds	380,270	401,035	279,213	315,577	578,712	579,290
Total deferred liabilities	147,019	153,927	102,744	98,960	223,828	258,798
Total liabilities	527,289	554,962	381,956	414,537	802,539	838,087
Retained earnings	471,342	519,124	311,227	304,857	887,359	1,046,843
Market valuation equity	186,433	212,689	169,788	204,925	260,646	305,193
Net worth (farm and nonfarm)	657,775	731,813	481,015	509,782	1,148,005	1,352,036
Net worth excluding deferreds	804,794	885,740	583,759	608,742	1,371,833	1,610,834
Net worth change		74,038		28,766		204,031
Ratio Analysis						
Current farm liabilities / assets	59 %	60 %	66 %	80 %	54 %	46 %
Curr. & interm farm liab. / assets	42 %	41 %	44 %	45 %	45 %	39 %
Long term farm liab. / assets	29 %	28 %	33 %	36 %	22 %	20 %
Total debt to asset ratio	44 %	43 %	44 %	45 %	41 %	38 %
Debt to assets excl deferreds	32 %	31 %	32 %	34 %	30 %	26 %

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	125	25	25
Beginning cash (farm & nonfarm)	36,948	25,205	110,112
Cash From Operating Activities			
Gross cash farm income	496,771	199,034	1,225,427
Net nonfarm income	23,733	35,108	14,266
Total cash farm expense	-404,743	-174,163	-1,018,828
Apparent family living expense	-53,945	-33,467	-94,097
Income and social security tax	-6,755	-3,792	-10,112
Cash from operations	55,061	22,721	116,655
Cash From Investing Activities			
Sale of breeding livestock	1,283	153	4,254
Sale of machinery & equipment	1,078	2,443	1,742
Sale of titled vehicles	-	-	-
Sale of farm land	1,140	-	-
Sale of farm buildings	144	-	-
Sale of other farm assets	1,864	1,387	7,802
Sale of nonfarm assets	684	122	160
Purchase of breeding livestock	-2,193	-1,225	-6,719
Purchase of machinery & equip.	-34,607	-24,087	-50,520
Purchase of titled vehicles	-2,482	-2,660	-6,298
Purchase of farm land	-13,943	-8,640	-16,590
Purchase of farm buildings	-11,354	-3,100	-20,277
Purchase of other farm assets	-2,651	-3,370	-5,119
Purchase of nonfarm assets	-10,559	-13,507	-7,084
Cash from investing activities	-71,596	-52,483	-98,647
Cash From Financing Activities			
Money borrowed	254,956	128,257	529,570
Cash gifts and inheritances	2,659	371	2,146
Principal payments	-238,786	-98,713	-540,840
Dividends paid	-	-	-
Gifts given	-482	-1,252	-
Cash from financing activities	18,347	28,663	-9,124
Net change in cash balance	1,812	-1,099	8,884
Ending cash (farm & nonfarm)	38,760	24,106	118,996

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

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	125	25	25
Liquidity			
Current ratio	1.86	1.27	2.71
Working capital	155,804	28,093	481,246
Solvency (market)			
Farm debt to asset ratio	47 %	51 %	42 %
Farm equity to asset ratio	53 %	49 %	58 %
Farm debt to equity ratio	89 %	104 %	72 %
Profitability (cost)			
Rate of return on farm assets	10.7 %	-2.4 %	17.4 %
Rate of return on farm equity	16.0 %	-13.9 %	26.9 %
Operating profit margin	23.2 %	-6.2 %	34.8 %
Net farm income	98,362	-6,068	294,683
Repayment Capacity			
Term debt coverage ratio	210 %	84 %	309 %
Capital replacement margin	52,136	-4,513	177,664
Efficiency			
Asset turnover rate (cost)	46.2 %	38.5 %	50.0 %
Operating expense ratio	72.1 %	85.8 %	71.6 %
Depreciation expense ratio	4.8 %	9.0 %	3.4 %
Interest expense ratio	4.2 %	8.4 %	2.7 %
Net farm income ratio	19.0 %	-3.3 %	22.3 %

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	125	25	25
Acreage Summary			
Total acres owned	236	163	331
Total crop acres	766	500	1,103
Crop acres owned	193	146	263
Crop acres cash rented	494	310	732
Crop acres share rented	79	43	107
Total pasture acres	10	15	9
Average Price Received (Cash Sales Only)			
Corn per bushel	2.28	2.10	2.20
Soybeans per bushel	7.17	6.79	6.88
Oats per bushel	1.83	-	-
Wheat, Spring per bushel	3.81	-	-
Hay, Alfalfa per ton	87.14	-	-
Hay, Grass per ton	39.66	-	-
Sweet Corn per ton	40.85	-	-
Average Yield Per Acre			
Corn (bushel)	170.72	164.39	180.05
Soybeans (bushel)	40.83	38.87	42.37
Hay, Alfalfa (ton)	4.36	-	4.94
Corn Silage (ton)	21.88	-	22.33
Hay, Grass (ton)	1.98	-	-
Oats (bushel)	100.66	-	117.16
Wheat, Spring (bushel)	49.89	-	-
Sweet Corn (ton)	7.29	-	-

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	73	11	12
Average family size	3.4	2.9	3.1
Family Living Expenses			
Food and meals expense	6,271	5,243	6,683
Medical care	3,438	2,457	4,057
Health insurance	3,515	3,644	3,283
Cash donations	3,127	2,012	3,815
Household supplies	4,750	3,546	3,871
Clothing	2,590	2,511	3,479
Personal care	1,890	2,340	1,595
Child / Dependent care	433	1	4
Alimony and Child support	45	-	-
Gifts	2,936	2,554	4,382
Education	2,581	2,578	3,640
Recreation	3,248	2,169	4,535
Utilities (household share)	2,271	2,043	1,837
Nonfarm vehicle operating expense	3,654	4,373	3,687
Household real estate taxes	227	154	170
Dwelling rent	66	436	-
Household repairs	1,089	1,274	625
Nonfarm interest	512	-	120
Disability / Long term care insuran	126	276	-
Life insurance payments	2,136	2,000	2,084
Nonfarm property insurance	136	260	116
Miscellaneous	3,092	1,898	1,843
Total cash family living expense	48,133	41,769	49,826
Family living from the farm	238	138	283
Total family living	48,371	41,907	50,108
Other Nonfarm Expenditures			
Income taxes	9,198	5,850	15,491
Furnishing & appliance purchases	1,030	380	652
Nonfarm vehicle purchases	2,035	2,339	2,694
Nonfarm real estate purchases	2,862	-	417
Other nonfarm capital purchases	2,065	1,234	2,483
Nonfarm savings & investments	2,706	4,755	3,548
Total other nonfarm expenditures	19,896	14,557	25,284
Total cash family living investment & nonfarm capital purch	68,029	56,327	75,109

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	125	25	25
Operator Information			
Average number of operators	1.2	1.0	1.4
Average age of operators	48.5	48.5	50.0
Average number of years farming	25.2	23.2	28.3
Results Per Operator			
Working capital	135,246	27,013	343,747
Total assets (market)	1,189,431	882,156	1,712,512
Total liabilities	519,927	388,104	686,501
Net worth (market)	669,505	494,052	1,026,011
Net worth excl deferred liabs	806,552	587,678	1,212,507
Gross farm income	449,438	179,228	944,265
Total farm expense	364,054	185,063	733,777
Net farm income	85,384	-5,835	210,488
Net nonfarm income	20,602	33,758	10,190
Family living & tax withdrawals	52,691	35,826	74,435
Total acres owned	204.5	156.3	236.4
Total crop acres	665.1	480.3	787.6
Crop acres owned	167.8	140.2	187.8
Crop acres cash rented	428.5	298.4	523.1
Crop acres share rented	68.7	41.7	76.6
Total pasture acres	8.8	14.0	6.3
Labor Analysis			
Number of farms	125	25	25
Total unpaid labor hours	2,319	1,660	2,755
Total hired labor hours	1,094	96	4,371
Total labor hours per farm	3,412	1,756	7,126
Unpaid hours per operator	2,013	1,596	1,968
Value of farm production / hour	110.90	100.22	111.87
Net farm income / unpaid hour	42.42	-3.66	106.96
Average hourly hired labor wage	12.14	2.89	12.50
Partnerships & LLCs			
Number of farms	10	-	5
Number of operators	2.2	-	2.2
Owner withdrawals per farm	100,729	-	-
Withdrawals per operator	44,769	-	-
Corporations			
Number of farms	6	1	4
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	125	25	25
Nonfarm Income			
Nonfarm wages & salary	15,806	23,768	11,221
Net nonfarm business income	3,455	4,356	1,754
Nonfarm rental income	1,239	2,063	1,490
Nonfarm interest income	612	572	757
Nonfarm cash dividends	471	30	22
Tax refunds	458	603	559
Other nonfarm income	2,375	3,717	1,876
Total nonfarm income	24,416	35,108	17,678
Gifts and inheritances	2,659	371	2,146
Nonfarm Assets (market)			
Checking & savings	2,122	9,615	-
Stocks & bonds	19,039	7,255	28,601
Other current assets	886	896	1,147
Furniture & appliances	9,705	9,832	8,408
Nonfarm vehicles	9,878	11,144	7,140
Cash value of life ins.	10,356	12,372	9,116
Retirement accounts	32,944	41,666	40,467
Other intermediate assets	8,924	6,992	12,894
Nonfarm real estate	49,680	46,760	46,381
Other long term assets	16,708	33,451	4,156
Total nonfarm assets	160,241	179,983	158,310
Nonfarm Liabilities			
Accrued interest	71	39	0
Accounts payable	7,746	3,391	14,217
Current notes	277	428	38
Princ due on term debt	1,151	761	535
Total current liabilities	9,244	4,619	14,790
Intermediate liabilities	2,086	844	829
Long term liabilities	10,269	14,020	-
Total nonfarm liabilities	21,600	19,482	15,620
Nonfarm net worth	138,642	160,501	142,691
Nonfarm debt to asset ratio	13 %	11 %	10 %

Crop Reports

The Crop Enterprise Analysis tables show the average physical production, gross return, direct costs, overhead costs, and net returns per acre. There are potentially three tables for each crop depending on the farmer's tenure on the land: owned land, cash rented land, and share rented land. It is possible for an individual farm to have data in all three tables if all three land tenure categories are represented in that farm business. Farms are classified into low 20% or high 20% on the basis of net return per acre. The classification is done separately for each table.

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

The *Value Per Unit* is assigned by the producer. For cash crops, the value is based on the actual price for crops sold or contracted before year-end and the inventory value for crops still in inventory at year-end. It also includes the per unit value of any LDP payments received before the end of the year. The local harvest-time price is used for forages and other feed crops.

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

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

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

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

Crop Enterprise Analysis
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	104	19	19
Number of farms	80	16	16
Acres	97.28	86.77	77.71
Yield per acre (bu.)	170.76	159.97	187.99
Operators share of yield %	100.00	100.00	100.00
Value per bu.	1.91	1.87	1.98
Other product return per acre	0.11	-	-
Total product return per acre	326.50	299.37	372.10
Miscellaneous income per acre	1.10	0.92	1.95
Gross return per acre	327.60	300.28	374.06
Direct Expenses			
Seed	44.23	42.97	44.84
Fertilizer	45.49	46.31	40.54
Crop chemicals	30.39	30.47	26.72
Crop insurance	8.39	12.28	8.37
Drying fuel	20.55	21.27	17.87
Fuel & oil	13.13	13.58	13.00
Repairs	20.71	18.73	19.31
Custom hire	0.83	0.93	1.05
Hired labor	0.28	-	1.36
Machinery & bldg leases	0.24	0.34	1.26
Utilities	0.08	-	0.58
Marketing	0.42	0.58	-
Operating interest	5.29	6.71	4.10
Miscellaneous	1.51	2.10	1.93
Total direct expenses per acre	191.54	196.28	180.92
Return over direct exp per acre	136.06	104.00	193.14
Overhead Expenses			
Custom hire	3.87	3.93	7.18
Hired labor	6.18	5.86	5.55
Machinery & bldg leases	2.13	0.46	1.19
RE & pers. property taxes	11.82	9.81	13.12
Farm insurance	5.57	5.65	4.96
Utilities	3.16	3.36	2.07
Dues & professional fees	0.73	0.44	1.49
Interest	39.34	81.05	16.79
Mach & bldg depreciation	23.20	29.85	19.78
Miscellaneous	4.22	6.62	3.08
Total overhead expenses per acre	100.22	147.03	75.21
Total dir & ovhd expenses per acre	291.75	343.31	256.13
Net return per acre	35.85	-43.02	117.93
Lbr & mgt charge per acre	29.88	29.72	31.72
Net return over lbr & mgt	5.97	-72.74	86.20
Government payments	23.16	22.98	23.15
Net return with govt payments	29.13	-49.76	109.36
Cost of Production			
Total direct expense per bu.	1.12	1.23	0.96
Total dir & ovhd exp per bu.	1.71	2.15	1.36
With labor & management	1.88	2.33	1.53
Total exp less govt & oth income	1.74	2.18	1.40
Est. labor hours per acre	2.76	2.96	2.97

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

Corn on Cash Rent

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of fields	193	40	39
Number of farms	96	19	20
Acres	141.56	107.78	152.29
Yield per acre (bu.)	171.63	160.56	180.61
Operators share of yield %	100.00	100.00	100.00
Value per bu.	1.94	1.91	2.08
Total product return per acre	332.75	306.64	375.02
Miscellaneous income per acre	1.61	3.19	2.45
Gross return per acre	334.37	309.83	377.48
Direct Expenses			
Seed	44.03	42.73	43.88
Fertilizer	45.53	53.79	41.71
Crop chemicals	28.43	34.72	25.59
Crop insurance	9.47	9.49	8.68
Drying fuel	17.98	24.22	15.27
Fuel & oil	13.16	15.24	12.95
Repairs	18.33	19.52	16.51
Custom hire	1.57	2.42	0.19
Land rent	98.72	101.63	93.69
Marketing	0.42	1.47	0.02
Operating interest	6.23	7.21	5.28
Miscellaneous	1.31	0.73	0.46
Total direct expenses per acre	285.17	313.17	264.24
Return over direct exp per acre	49.20	-3.35	113.24
Overhead Expenses			
Custom hire	3.06	7.46	2.40
Hired labor	4.49	6.72	2.94
Machinery & bldg leases	3.62	1.52	1.56
Farm insurance	4.21	4.57	3.32
Utilities	2.66	2.96	3.15
Dues & professional fees	0.63	0.46	0.54
Interest	4.23	4.16	2.59
Mach & bldg depreciation	19.24	26.74	16.98
Miscellaneous	4.50	5.50	5.12
Total overhead expenses per acre	46.62	60.10	38.60
Total dir & ovhd expenses per acre	331.79	373.27	302.84
Net return per acre	2.57	-63.45	74.64
Lbr & mgt charge per acre	27.94	30.18	30.51
Net return over lbr & mgt	-25.36	-93.62	44.13
Government payments	23.72	22.10	23.39
Net return with govt payments	-1.64	-71.52	67.51
Cost of Production			
Total direct expense per bu.	1.66	1.95	1.46
Total dir & ovhd exp per bu.	1.93	2.32	1.68
With labor & management	2.10	2.51	1.85
Total exp less govt & oth income	1.95	2.36	1.70
Est. labor hours per acre	2.54	2.76	2.74

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	36	8
Number of farms	24	5
Acres	89.77	84.54
Yield per acre (bu.)	162.89	168.11
Operators share of yield %	52.20	56.73
Value per bu.	1.88	1.99
Total product return per acre	160.14	189.61
Miscellaneous income per acre	0.01	0.03
Gross return per acre	160.15	189.64
Direct Expenses		
Seed	30.05	31.96
Fertilizer	20.60	22.67
Crop chemicals	15.75	18.85
Crop insurance	4.49	5.43
Drying fuel	8.49	9.11
Fuel & oil	14.05	10.60
Repairs	19.71	14.86
Hired labor	0.86	-
Machinery & bldg leases	0.80	-
Utilities	0.22	-
Operating interest	3.89	4.91
Miscellaneous	0.93	0.49
Total direct expenses per acre	119.84	118.88
Return over direct exp per acre	40.31	70.76
Overhead Expenses		
Custom hire	2.18	2.05
Hired labor	4.51	5.45
Machinery & bldg leases	5.43	1.70
Farm insurance	4.68	3.61
Utilities	2.44	2.25
Dues & professional fees	0.70	0.67
Interest	4.06	4.10
Mach & bldg depreciation	18.37	11.31
Miscellaneous	3.68	2.99
Total overhead expenses per acre	46.05	34.14
Total dir & ovhd expenses per acre	165.89	153.02
Net return per acre	-5.74	36.62
Lbr & mgt charge per acre	22.45	19.85
Net return over lbr & mgt	-28.18	16.78
Government payments	11.62	12.17
Net return with govt payments	-16.57	28.95
Cost of Production		
Total direct expense per bu.	1.41	1.25
Total dir & ovhd exp per bu.	1.95	1.60
With labor & management	2.21	1.81
Total exp less govt & oth income	2.08	1.68
Est. labor hours per acre	2.28	1.99

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	86	15	20
Number of farms	71	14	15
Acres	100.98	96.97	81.22
Yield per acre (bu.)	42.17	42.31	43.53
Operators share of yield %	100.00	100.00	100.00
Value per bu.	5.57	5.43	5.96
Total product return per acre	235.07	229.63	259.56
Miscellaneous income per acre	7.61	5.09	14.00
Gross return per acre	242.69	234.73	273.55
Direct Expenses			
Seed	24.62	21.44	23.02
Fertilizer	12.05	11.89	12.11
Crop chemicals	17.66	19.68	17.62
Crop insurance	9.23	13.86	8.44
Fuel & oil	10.77	14.43	8.65
Repairs	17.05	19.28	13.57
Custom hire	0.63	2.52	0.09
Hauling and trucking	0.30	-	0.51
Marketing	0.22	1.31	-
Operating interest	3.80	4.19	3.51
Miscellaneous	2.90	1.82	0.96
Total direct expenses per acre	99.22	110.42	88.49
Return over direct exp per acre	143.47	124.30	185.06
Overhead Expenses			
Custom hire	2.81	5.17	1.11
Hired labor	4.93	6.33	1.69
Machinery & bldg leases	1.17	1.76	0.58
RE & pers. property taxes	11.84	12.56	10.32
Farm insurance	4.59	5.64	2.96
Utilities	2.66	2.80	2.48
Dues & professional fees	0.70	0.49	0.14
Interest	35.23	68.78	24.73
Mach & bldg depreciation	19.52	28.48	15.91
Miscellaneous	3.67	4.41	6.25
Total overhead expenses per acre	87.13	136.42	66.18
Total dir & ovhd expenses per acre	186.35	246.84	154.67
Net return per acre	56.33	-12.11	118.89
Lbr & mgt charge per acre	25.82	25.71	28.42
Net return over lbr & mgt	30.52	-37.83	90.46
Government payments	22.58	22.35	22.16
Net return with govt payments	53.10	-15.47	112.62
Cost of Production			
Total direct expense per bu.	2.35	2.61	2.03
Total dir & ovhd exp per bu.	4.42	5.83	3.55
With labor & management	5.03	6.44	4.21
Total exp less govt & oth income	4.32	5.79	3.38
Est. labor hours per acre	2.33	2.32	2.19

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	195	32	27
Number of farms	95	19	19
Acres	134.30	137.63	114.28
Yield per acre (bu.)	40.61	37.69	44.39
Operators share of yield %	100.00	100.00	100.00
Value per bu.	5.50	5.45	5.51
Total product return per acre	223.28	205.26	244.50
Miscellaneous income per acre	13.23	11.83	11.28
Gross return per acre	236.52	217.08	255.79
Direct Expenses			
Seed	25.48	23.75	24.77
Fertilizer	11.21	14.38	7.60
Crop chemicals	18.79	19.37	18.22
Crop insurance	10.16	11.68	7.28
Fuel & oil	10.42	11.73	11.12
Repairs	14.37	19.06	13.80
Custom hire	1.05	0.20	0.44
Land rent	97.61	99.72	80.72
Marketing	0.42	2.16	0.02
Operating interest	5.03	5.59	3.23
Miscellaneous	0.84	0.87	1.64
Total direct expenses per acre	195.39	208.50	168.84
Return over direct exp per acre	41.13	8.59	86.95
Overhead Expenses			
Custom hire	2.46	3.60	2.23
Hired labor	3.67	4.40	4.21
Machinery & bldg leases	3.00	2.12	0.23
Farm insurance	3.35	4.28	4.01
Utilities	2.09	2.67	2.19
Interest	3.52	3.37	3.37
Mach & bldg depreciation	15.71	19.35	15.73
Miscellaneous	4.15	2.78	5.13
Total overhead expenses per acre	37.95	42.57	37.10
Total dir & ovhd expenses per acre	233.34	251.06	205.94
Net return per acre	3.17	-33.98	49.85
Lbr & mgt charge per acre	21.92	21.77	21.90
Net return over lbr & mgt	-18.75	-55.75	27.95
Government payments	23.91	22.45	23.32
Net return with govt payments	5.17	-33.29	51.27
Cost of Production			
Total direct expense per bu.	4.81	5.53	3.80
Total dir & ovhd exp per bu.	5.75	6.66	4.64
With labor & management	6.29	7.24	5.13
Total exp less govt & oth income	5.37	6.33	4.35
Est. labor hours per acre	2.03	2.04	1.92

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	36	8
Number of farms	23	5
Acres	89.00	104.99
Yield per acre (bu.)	39.03	41.08
Operators share of yield %	52.03	57.92
Value per bu.	5.41	5.39
Total product return per acre	109.84	128.18
Miscellaneous income per acre	4.61	4.44
Gross return per acre	114.45	132.62
Direct Expenses		
Seed	19.55	22.30
Fertilizer	7.39	8.95
Crop chemicals	9.69	12.74
Crop insurance	5.16	5.59
Fuel & oil	11.42	9.60
Repairs	16.05	13.87
Custom hire	0.18	0.70
Hired labor	0.57	-
Machinery & bldg leases	0.77	-
Operating interest	2.92	1.43
Miscellaneous	0.80	1.06
Total direct expenses per acre	74.50	76.24
Return over direct exp per acre	39.95	56.38
Overhead Expenses		
Custom hire	2.04	3.40
Hired labor	3.89	5.03
Machinery & bldg leases	2.52	-
Farm insurance	3.60	2.57
Utilities	1.87	0.90
Dues & professional fees	0.53	0.28
Interest	3.28	1.63
Mach & bldg depreciation	14.68	13.24
Miscellaneous	3.13	2.54
Total overhead expenses per acre	35.56	29.59
Total dir & ovhd expenses per acre	110.06	105.83
Net return per acre	4.39	26.79
Lbr & mgt charge per acre	17.55	14.76
Net return over lbr & mgt	-13.16	12.03
Government payments	11.47	10.72
Net return with govt payments	-1.69	22.75
Cost of Production		
Total direct expense per bu.	3.67	3.20
Total dir & ovhd exp per bu.	5.42	4.45
With labor & management	6.28	5.07
Total exp less govt & oth income	5.49	4.43
Est. labor hours per acre	1.83	1.54

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

Oats on Owned Land

	Avg. Of All Farms
Number of fields	6
Number of farms	6
Acres	17.92
Yield per acre (bu.)	94.04
Operators share of yield %	100.00
Value per bu.	1.45
Total product return per acre	136.39
Miscellaneous income per acre	82.22
Gross return per acre	218.61
Direct Expenses	
Seed	10.35
Fertilizer	10.12
Crop chemicals	17.05
Crop insurance	1.18
Fuel & oil	11.92
Repairs	13.58
Custom hire	4.62
Operating interest	2.52
Miscellaneous	2.14
Total direct expenses per acre	73.48
Return over direct exp per acre	145.13
Overhead Expenses	
Custom hire	1.97
Hired labor	2.24
RE & pers. property taxes	9.40
Farm insurance	3.59
Utilities	2.76
Interest	23.60
Mach & bldg depreciation	16.75
Miscellaneous	2.83
Total overhead expenses per acre	63.15
Total dir & ovhd expenses per acre	136.64
Net return per acre	81.98
Lbr & mgt charge per acre	17.30
Net return over lbr & mgt	64.68
Government payments	21.61
Net return with govt payments	86.29
Cost of Production	
Total direct expense per bu.	0.78
Total dir & ovhd exp per bu.	1.45
With labor & management	1.64
Total exp less govt & oth income	0.53
Est. labor hours per acre	2.14

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

Oats on Cash Rent

	Avg. Of All Farms
Number of fields	7
Number of farms	7
Acres	18.66
Yield per acre (bu.)	101.52
Operators share of yield %	100.00
Value per bu.	1.29
Total product return per acre	130.52
Miscellaneous income per acre	90.56
Gross return per acre	221.08
Direct Expenses	
Seed	11.37
Fertilizer	8.37
Crop chemicals	2.72
Fuel & oil	7.25
Repairs	7.68
Custom hire	8.35
Land rent	80.76
Operating interest	2.40
Miscellaneous	0.11
Total direct expenses per acre	129.02
Return over direct exp per acre	92.06
Overhead Expenses	
Custom hire	2.25
Hired labor	1.11
Machinery & bldg leases	3.85
Farm insurance	2.39
Utilities	0.79
Dues & professional fees	0.10
Interest	1.08
Mach & bldg depreciation	8.60
Miscellaneous	2.12
Total overhead expenses per acre	22.29
Total dir & ovhd expenses per acre	151.31
Net return per acre	69.77
Lbr & mgt charge per acre	12.67
Net return over lbr & mgt	57.10
Government payments	17.42
Net return with govt payments	74.51
Cost of Production	
Total direct expense per bu.	1.27
Total dir & ovhd exp per bu.	1.49
With labor & management	1.62
Total exp less govt & oth income	0.55
Est. labor hours per acre	1.38

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

Wheat, Spring on Cash Rent

	Avg. Of All Farms
Number of fields	7
Number of farms	5
Acres	82.56
Yield per acre (bu.)	49.73
Operators share of yield %	100.00
Value per bu.	3.53
Total product return per acre	175.40
Miscellaneous income per acre	17.21
Gross return per acre	192.61
Direct Expenses	
Seed	14.78
Fertilizer	42.06
Crop chemicals	2.20
Crop insurance	3.21
Fuel & oil	9.23
Repairs	14.19
Land rent	89.34
Operating interest	3.67
Total direct expenses per acre	178.68
Return over direct exp per acre	13.93
Overhead Expenses	
Custom hire	5.10
Hired labor	0.81
Machinery & bldg leases	0.92
Farm insurance	2.45
Utilities	0.83
Interest	3.37
Mach & bldg depreciation	8.91
Miscellaneous	1.62
Total overhead expenses per acre	24.01
Total dir & ovhd expenses per acre	202.69
Net return per acre	-10.08
Lbr & mgt charge per acre	13.49
Net return over lbr & mgt	-23.58
Government payments	12.95
Net return with govt payments	-10.62
Cost of Production	
Total direct expense per bu.	3.59
Total dir & ovhd exp per bu.	4.08
With labor & management	4.35
Total exp less govt & oth income	3.74
Est. labor hours per acre	1.20

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

Corn Silage on Owned Land

	Avg. Of All Farms
Number of fields	9
Number of farms	7
Acres	40.28
Yield per acre (ton)	21.17
Operators share of yield %	100.00
Value per ton	19.81
Total product return per acre	419.31
Miscellaneous income per acre	-
Gross return per acre	419.31
Direct Expenses	
Seed	44.54
Fertilizer	31.73
Crop chemicals	28.32
Crop insurance	7.26
Fuel & oil	14.53
Repairs	22.85
Custom hire	66.31
Hauling and trucking	3.45
Operating interest	2.92
Miscellaneous	4.70
Total direct expenses per acre	226.62
Return over direct exp per acre	192.69
Overhead Expenses	
Custom hire	2.38
Hired labor	4.52
Machinery & bldg leases	0.18
RE & pers. property taxes	13.62
Farm insurance	2.69
Utilities	1.64
Dues & professional fees	0.38
Interest	25.04
Mach & bldg depreciation	17.67
Miscellaneous	2.59
Total overhead expenses per acre	70.72
Total dir & ovhd expenses per acre	297.34
Net return per acre	121.98
Lbr & mgt charge per acre	11.35
Net return over lbr & mgt	110.63
Government payments	24.14
Net return with govt payments	134.77
Cost of Production	
Total direct expense per ton	10.71
Total dir & ovhd exp per ton	14.05
With labor & management	14.58
Total exp less govt & oth income	13.44
Est. labor hours per acre	2.58

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

Corn Silage on Cash Rent

	Avg. Of All Farms
Number of fields	14
Number of farms	14
Acres	43.51
Yield per acre (ton)	22.65
Operators share of yield %	100.00
Value per ton	17.90
Total product return per acre	405.35
Miscellaneous income per acre	1.98
Gross return per acre	407.32
Direct Expenses	
Seed	42.62
Fertilizer	44.65
Crop chemicals	28.97
Crop insurance	4.92
Fuel & oil	18.42
Repairs	21.37
Custom hire	4.07
Land rent	84.86
Operating interest	4.60
Miscellaneous	3.67
Total direct expenses per acre	258.15
Return over direct exp per acre	149.18
Overhead Expenses	
Custom hire	2.56
Hired labor	12.35
Machinery & bldg leases	2.00
Farm insurance	3.19
Utilities	1.58
Interest	1.90
Mach & bldg depreciation	19.32
Miscellaneous	7.87
Total overhead expenses per acre	50.76
Total dir & ovhd expenses per acre	308.91
Net return per acre	98.41
Lbr & mgt charge per acre	29.40
Net return over lbr & mgt	69.02
Government payments	14.93
Net return with govt payments	83.95
Cost of Production	
Total direct expense per ton	11.40
Total dir & ovhd exp per ton	13.64
With labor & management	14.94
Total exp less govt & oth income	14.19
Est. labor hours per acre	3.00

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

Alfalfa Establishment on Cash Rent

	<u>Avg. Of All Farms</u>
Number of fields	9
Number of farms	5
Acres	106.18
Yield per acre (ton)	3.31
Operators share of yield %	100.00
Value per ton	75.54
Total product return per acre	250.34
Miscellaneous income per acre	-
Gross return per acre	250.34
Direct Expenses	
Seed	25.17
Fertilizer	31.64
Crop chemicals	9.97
Crop insurance	3.30
Fuel & oil	17.04
Repairs	16.97
Custom hire	2.02
Land rent	75.62
Marketing	0.78
Operating interest	8.39
Miscellaneous	0.15
Total direct expenses per acre	191.06
Return over direct exp per acre	59.28
Overhead Expenses	
Custom hire	0.49
Hired labor	1.05
Machinery & bldg leases	32.11
Farm insurance	5.63
Utilities	1.08
Interest	8.80
Mach & bldg depreciation	8.25
Miscellaneous	8.73
Total overhead expenses per acre	66.15
Total dir & ovhd expenses per acre	257.21
Net return per acre	-6.88
Lbr & mgt charge per acre	24.79
Net return over lbr & mgt	-31.67
Government payments	12.03
Net return with govt payments	-19.64
Cost of Production	
Total direct expense per ton	57.65
Total dir & ovhd exp per ton	77.61
With labor & management	85.09
Total exp less govt & oth income	81.46
Est. labor hours per acre	3.04

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

Hay, Alfalfa on Owned Land

	Avg. Of All Farms
Number of fields	13
Number of farms	10
Acres	31.33
Yield per acre (ton)	4.38
Operators share of yield %	100.00
Value per ton	83.63
Total product return per acre	366.40
Miscellaneous income per acre	-
Gross return per acre	366.40
Direct Expenses	
Fertilizer	18.45
Crop chemicals	0.63
Crop insurance	1.86
Fuel & oil	14.69
Repairs	19.29
Custom hire	27.30
Operating interest	2.64
Miscellaneous	0.86
Total direct expenses per acre	85.73
Return over direct exp per acre	280.67
Overhead Expenses	
Custom hire	5.59
Hired labor	6.88
Machinery & bldg leases	0.61
RE & pers. property taxes	15.05
Farm insurance	3.79
Utilities	2.32
Interest	22.09
Mach & bldg depreciation	15.40
Miscellaneous	4.04
Total overhead expenses per acre	75.76
Total dir & ovhd expenses per acre	161.50
Net return per acre	204.91
Lbr & mgt charge per acre	21.77
Net return over lbr & mgt	183.13
Government payments	19.65
Net return with govt payments	202.79
Cost of Production	
Total direct expense per ton	19.57
Total dir & ovhd exp per ton	36.86
With labor & management	41.83
Total exp less govt & oth income	37.35
Est. labor hours per acre	2.62

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

Hay, Alfalfa on Cash Rent

	Avg. Of All Farms
Number of fields	20
Number of farms	13
Acres	39.98
Yield per acre (ton)	4.35
Operators share of yield %	100.00
Value per ton	77.02
Total product return per acre	335.16
Miscellaneous income per acre	-
Gross return per acre	335.16
Direct Expenses	
Fertilizer	23.54
Crop chemicals	7.35
Crop insurance	0.55
Fuel & oil	14.42
Repairs	29.26
Custom hire	22.80
Land rent	78.00
Operating interest	4.58
Total direct expenses per acre	180.50
Return over direct exp per acre	154.66
Overhead Expenses	
Custom hire	1.35
Hired labor	6.62
Machinery & bldg leases	2.55
Farm insurance	3.03
Utilities	1.74
Interest	5.11
Mach & bldg depreciation	13.21
Miscellaneous	13.49
Total overhead expenses per acre	47.10
Total dir & ovhd expenses per acre	227.60
Net return per acre	107.56
Lbr & mgt charge per acre	26.90
Net return over lbr & mgt	80.67
Government payments	20.69
Net return with govt payments	101.36
Cost of Production	
Total direct expense per ton	41.48
Total dir & ovhd exp per ton	52.30
With labor & management	58.48
Total exp less govt & oth income	53.73
Est. labor hours per acre	3.37

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

Pasture on Owned Land

	Avg. Of All Farms
Number of fields	10
Number of farms	9
Acres	32.61
Yield per acre (aum)	2.54
Operators share of yield %	100.00
Value per aum	10.00
Total product return per acre	25.42
Miscellaneous income per acre	-
Gross return per acre	25.42
Direct Expenses	
Fertilizer	2.38
Crop chemicals	1.37
Fuel & oil	1.88
Repairs	2.58
Operating interest	0.44
Total direct expenses per acre	8.65
Return over direct exp per acre	16.77
Overhead Expenses	
Custom hire	0.55
Hired labor	0.78
RE & pers. property taxes	4.94
Farm insurance	0.42
Utilities	0.36
Interest	22.62
Mach & bldg depreciation	1.30
Miscellaneous	0.52
Total overhead expenses per acre	31.48
Total dir & ovhd expenses per acre	40.12
Net return per acre	-14.71
Lbr & mgt charge per acre	2.51
Net return over lbr & mgt	-17.21
Government payments	-
Net return with govt payments	-17.21
Cost of Production	
Total direct expense per aum	3.40
Total dir & ovhd exp per aum	15.79
With labor & management	16.77
Total exp less govt & oth income	16.77
Est. labor hours per acre	0.37

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

Pasture on Cash Rent

	Avg. Of All Farms
Number of fields	10
Number of farms	9
Acres	88.90
Yield per acre (aum)	2.62
Operators share of yield %	100.00
Value per aum	10.00
Total product return per acre	26.19
Miscellaneous income per acre	-
Gross return per acre	26.19
Direct Expenses	
Fertilizer	1.18
Crop chemicals	2.23
Fuel & oil	1.27
Repairs	2.38
Land rent	20.20
Miscellaneous	0.48
Total direct expenses per acre	27.75
Return over direct exp per acre	-1.55
Overhead Expenses	
Custom hire	0.28
Hired labor	0.58
Machinery & bldg leases	0.36
Mach & bldg depreciation	1.03
Miscellaneous	1.02
Total overhead expenses per acre	3.26
Total dir & ovhd expenses per acre	31.01
Net return per acre	-4.81
Lbr & mgt charge per acre	2.18
Net return over lbr & mgt	-6.99
Government payments	-
Net return with govt payments	-6.99
Cost of Production	
Total direct expense per aum	10.59
Total dir & ovhd exp per aum	11.84
With labor & management	12.67
Total exp less govt & oth income	12.67
Est. labor hours per acre	0.28

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

CRP on Owned Land

	<u>Avg. Of All Farms</u>	<u>High 20%</u>
Number of fields	24	5
Number of farms	24	5
Acres	28.19	25.16
Yield per acre (\$)	99.50	128.81
Operators share of yield %	100.00	100.00
Value per \$	1.00	1.00
Total product return per acre	99.50	128.81
Miscellaneous income per acre	-	-
Gross return per acre	99.50	128.81
Direct Expenses		
Seed	4.82	-
Fuel & oil	0.97	0.94
Repairs	1.46	0.89
Operating interest	0.50	0.05
Miscellaneous	0.27	-
Total direct expenses per acre	8.02	1.88
Return over direct exp per acre	91.49	126.93
Overhead Expenses		
Hired labor	1.03	2.56
RE & pers. property taxes	11.31	14.36
Farm insurance	0.41	0.48
Interest	31.96	24.49
Mach & bldg depreciation	7.75	1.51
Miscellaneous	1.13	0.87
Total overhead expenses per acre	53.60	44.28
Total dir & ovhd expenses per acre	61.62	46.16
Net return per acre	37.88	82.65
Lbr & mgt charge per acre	2.16	2.23
Net return over lbr & mgt	35.72	80.42
Government payments	-	-
Net return with govt payments	35.72	80.42
Cost of Production		
Total direct expense per \$	0.08	0.01
Total dir & ovhd exp per \$	0.62	0.36
With labor & management	0.64	0.38
Total exp less govt & oth income	0.64	0.38
Est. labor hours per acre	0.23	0.42

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

Rented Out on Owned Land

	Avg. Of All Farms
Number of fields	8
Number of farms	6
Acres	137.93
Yield per acre (\$)	87.60
Operators share of yield %	100.00
Value per \$	1.00
Total product return per acre	87.60
Miscellaneous income per acre	-
Gross return per acre	87.60
Direct Expenses	
Repairs	3.63
Operating interest	0.58
Miscellaneous	0.03
Total direct expenses per acre	4.24
Return over direct exp per acre	83.36
Overhead Expenses	
RE & pers. property taxes	10.20
Farm insurance	0.74
Utilities	0.57
Interest	24.85
Mach & bldg depreciation	11.75
Miscellaneous	0.91
Total overhead expenses per acre	49.02
Total dir & ovhd expenses per acre	53.26
Net return per acre	34.34
Lbr & mgt charge per acre	5.74
Net return over lbr & mgt	28.60
Government payments	-
Net return with govt payments	28.60
Cost of Production	
Total direct expense per \$	0.05
Total dir & ovhd exp per \$	0.61
With labor & management	0.67
Total exp less govt & oth income	0.67
Est. labor hours per acre	0.29

Livestock Reports

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

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

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

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

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

Cost of Production section shows the average cost per unit sold in each cost category. *Total direct and overhead expense per unit* is the breakeven price needed to cover cash costs and depreciation. *With labor and management* is the breakeven price to provide labor and management return for the operator. *With other revenue adjustments* is the final breakeven price adjusted for cull sales, other offspring sales, the cost of replacement stock, and any other miscellaneous income.

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

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

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

Hogs, Farrow To Finish -- Average Per Litter

	Avg. Of All Farms	
Number of farms	13	
	Quantity	Value
Raised Hogs sold (lb)	2,070.70	1,086.28
Cull sales (lb)	123.46	46.21
Butchered (lb)	2.72	1.33
Less purchased (lb)	-48.99	-53.82
Inventory change (lb)	-73.28	51.24
Total production (lb)	2,074.61	1,131.24
Other income		-
Gross return		1,131.24
Direct Expenses		
Corn (bu.)	92.98	198.38
Oats (bu.)	1.71	2.37
Complete Ration (lb.)	110.17	16.42
Protein Vit Minerals (lb.)	1,726.71	302.73
Corn Distillers Grm (dry) (lb.)	52.38	2.60
Other feed stuffs	38.22	6.66
Breeding fees		11.17
Veterinary		31.34
Supplies		11.58
Fuel & oil		24.67
Repairs		23.90
Custom hire		19.08
Operating interest		12.15
Total direct expenses		663.03
Return over direct expense		468.21
Overhead Expenses		
Custom hire		9.70
Hired labor		56.34
Machinery & bldg leases		8.07
RE & pers. property taxes		6.45
Farm insurance		18.77
Utilities		29.68
Dues & professional fees		4.93
Interest		20.74
Mach & bldg depreciation		39.45
Miscellaneous		13.97
Total overhead expenses		208.11
Total dir & ovhd expenses		871.14
Net return		260.10
Labor & management charge		69.73
Net return over lbr & mgt		190.37
Cost of Production		
Total direct expense per cwt.		31.96
Total dir & ovhd expense per cwt.		41.99
With labor and management		45.35
With other revenue adjustments		44.99
Est. labor hours per unit		9.18
Other Information		
Average number of sows		91.6
Litters farrowed		180
Litters per sow		1.97
Litters per crate		7.04
Pigs born per litter		10.73
Pigs weaned per litter		9.40
Pigs weaned per sow		18.25
Number sold per litter		7.99
Lbs of feed / lb of gain		3.49
Feed cost / cwt. of gain		25.51
Feed cost per litter		529.14
Avg wgt/Raised Hog sold		259
Avg price / cwt		52.46

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

	Avg. Of All Farms	
Number of farms	13	
	Quantity	Value
Raised Hogs sold (lb)	99.81	52.36
Cull sales (lb)	5.95	2.23
Butchered (lb)	0.13	0.06
Less purchased (lb)	-2.36	-2.59
Inventory change (lb)	-3.53	2.47
Total production (lb)	100.00	54.53
Other income		-
Gross return		54.53
Direct Expenses		
Corn (bu.)	4.48	9.56
Complete Ration (lb.)	5.31	0.79
Protein Vit Minerals (lb.)	83.23	14.59
Corn Distillers Grn (dry) (lb.)	2.52	0.13
Other feed stuffs	1.92	0.43
Breeding fees		0.54
Veterinary		1.51
Supplies		0.56
Fuel & oil		1.19
Repairs		1.15
Custom hire		0.92
Operating interest		0.59
Total direct expenses		31.96
Return over direct expense		22.57
Overhead Expenses		
Custom hire		0.47
Hired labor		2.72
Machinery & bldg leases		0.39
RE & pers. property taxes		0.31
Farm insurance		0.90
Utilities		1.43
Dues & professional fees		0.24
Interest		1.00
Mach & bldg depreciation		1.90
Miscellaneous		0.67
Total overhead expenses		10.03
Total dir & ovhd expenses		41.99
Net return		12.54
Labor & management charge		3.36
Net return over lbr & mgt		9.18
Cost of Production		
Total direct expense per cwt.		31.96
Total dir & ovhd expense per cwt.		41.99
With labor and management		45.35
With other revenue adjustments		44.99
Est. labor hours per unit		0.44
Other Information		
Average number of sows		91.6
Litters farrowed		180
Litters per sow		1.97
Litters per crate		7.04
Pigs born per litter		10.73
Pigs weaned per litter		9.40
Pigs weaned per sow		18.25
Number sold per litter		7.99
Lbs of feed / lb of gain		3.49
Feed cost / cwt. of gain		25.51
Feed cost per litter		529.14
Avg wgt/Raised Hog sold		259
Avg price / cwt		52.46

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

Hogs, Finish Feeder Pigs -- Average Per Head

	Avg. Of All Farms	
Number of farms	8	
	Quantity	Value
Finish Hogs sold (lb)	247.05	123.05
Butchered (lb)	0.41	0.20
Less purchased (lb)	-52.97	-52.18
Inventory change (lb)	18.93	15.82
Total production (lb)	213.41	86.88
Other income		-
Gross return		86.88
Direct Expenses		
Corn (bu.)	7.40	16.31
Complete Ration (lb.)	95.40	17.40
Protein Vit Minerals (lb.)	91.51	13.88
Other feed stuffs	0.03	0.05
Veterinary		0.48
Supplies		0.67
Fuel & oil		0.56
Repairs		1.27
Custom hire		0.32
Livestock leases		0.66
Marketing		0.44
Operating interest		1.52
Total direct expenses		53.56
Return over direct expense		33.32
Overhead Expenses		
Custom hire		0.31
Machinery & bldg leases		5.22
RE & pers. property taxes		0.32
Farm insurance		0.57
Utilities		0.70
Interest		1.46
Mach & bldg depreciation		2.06
Miscellaneous		0.52
Total overhead expenses		11.17
Total dir & ovhd expenses		64.73
Net return		22.16
Labor & management charge		5.06
Net return over lbr & mgt		17.10
Cost of Production		
Total direct expense per cwt.		36.32
Total dir & ovhd expense per cwt.		40.84
With labor and management		42.89
With other revenue adjustments		42.89
Est. labor hours per unit		0.35
Other Information		
No. purchased or trans in		1,655
Number sold or trans out		1,502
Percentage death loss		4.5
Avg. daily gain (lbs)		1.29
Lbs of conc / lb of gain		2.77
Lbs of feed / lb of gain		2.77
Feed cost per cwt of gain		22.32
Feed cost per head		47.64
Average purchase weight		51
Average sales weight		261
Avg purch price / head		49.94
Avg sales price / cwt		49.81

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

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

	Avg. Of All Farms	
Number of farms	8	
	Quantity	Value
Finish Hogs sold (lb)	115.76	57.66
Butchered (lb)	0.19	0.10
Less purchased (lb)	-24.82	-24.45
Inventory change (lb)	8.87	7.41
Total production (lb)	100.00	40.71
Other income		-
Gross return		40.71
Direct Expenses		
Corn (bu.)	3.47	7.64
Complete Ration (lb.)	44.70	8.15
Protein Vit Minerals (lb.)	42.88	6.51
Other feed stuffs	0.01	0.02
Veterinary		0.23
Supplies		0.31
Fuel & oil		0.26
Repairs		0.59
Custom hire		0.15
Livestock leases		0.31
Marketing		0.21
Operating interest		0.71
Total direct expenses		25.10
Return over direct expense		15.61
Overhead Expenses		
Custom hire		0.14
Machinery & bldg leases		2.45
RE & pers. property taxes		0.15
Farm insurance		0.27
Utilities		0.33
Interest		0.68
Mach & bldg depreciation		0.97
Miscellaneous		0.24
Total overhead expenses		5.23
Total dir & ovhd expenses		30.33
Net return		10.38
Labor & management charge		2.37
Net return over lbr & mgt		8.01
Cost of Production		
Total direct expense per cwt.		36.32
Total dir & ovhd expense per cwt.		40.84
With labor and management		42.89
With other revenue adjustments		42.89
Est. labor hours per unit		0.16
Other Information		
No. purchased or trans in		1,655
Number sold or trans out		1,502
Percentage death loss		4.5
Avg. daily gain (lbs)		1.29
Lbs of conc / lb of gain		2.77
Lbs of feed / lb of gain		2.77
Feed cost per cwt of gain		22.32
Feed cost per head		47.64
Average purchase weight		51
Average sales weight		261
Avg purch price / head		49.94
Avg sales price / cwt		49.81

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

Hogs, Weaning to Finish -- Average Per Head

	Avg. Of All Farms	
Number of farms	7	
	Quantity	Value
Wean-Fin Pig sold (lb)	255.61	128.06
Butchered (lb)	0.03	0.02
Less purchased (lb)	-16.33	-41.00
Inventory change (lb)	11.22	5.70
Total production (lb)	250.53	92.78
Other income		2.82
Gross return		95.60
Direct Expenses		
Corn (bu.)	8.84	20.02
Complete Ration (lb.)	14.02	4.50
Protein Vit Minerals (lb.)	70.90	14.05
Other feed stuffs	0.04	8.95
Veterinary		2.46
Supplies		1.34
Fuel & oil		1.34
Repairs		1.31
Custom hire		0.89
Operating interest		0.66
Total direct expenses		55.52
Return over direct expense		40.08
Overhead Expenses		
Custom hire		0.65
Hired labor		2.33
Machinery & bldg leases		6.61
Farm insurance		1.15
Utilities		0.90
Interest		1.83
Mach & bldg depreciation		2.28
Miscellaneous		0.77
Total overhead expenses		16.51
Total dir & ovhd expenses		72.03
Net return		23.57
Labor & management charge		3.27
Net return over lbr & mgt		20.30
Cost of Production		
Total direct expense per cwt.		35.53
Total dir & ovhd expense per cwt.		41.98
With labor and management		43.26
With other revenue adjustments		42.16
Est. labor hours per unit		0.33
Other Information		
No. purchased or trans in		15,526
Number sold or trans out		13,848
Percentage death loss		6.5
Avg. daily gain (lbs)		1.46
Lbs of conc / lb of gain		2.31
Lbs of feed / lb of gain		2.67
Feed cost per cwt of gain		18.97
Feed cost per head		47.53
Average purchase weight		14
Average sales weight		249
Avg purch price / head		35.68
Avg sales price / cwt		50.10

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

	Avg. Of All Farms	
Number of farms	7	
	Quantity	Value
Wean-Fin Pig sold (lb)	102.02	51.12
Butchered (lb)	0.01	0.01
Less purchased (lb)	-6.52	-16.37
Inventory change (lb)	4.48	2.28
Total production (lb)	100.00	37.03
Other income		1.12
Gross return		38.16
Direct Expenses		
Corn (bu.)	3.53	7.99
Complete Ration (lb.)	5.60	1.80
Protein Vit Minerals (lb.)	28.30	5.61
Other feed stuffs	0.02	3.57
Veterinary		0.98
Supplies		0.53
Fuel & oil		0.54
Repairs		0.52
Custom hire		0.36
Operating interest		0.26
Total direct expenses		22.16
Return over direct expense		16.00
Overhead Expenses		
Custom hire		0.26
Hired labor		0.93
Machinery & bldg leases		2.64
Farm insurance		0.46
Utilities		0.36
Interest		0.73
Mach & bldg depreciation		0.91
Miscellaneous		0.31
Total overhead expenses		6.59
Total dir & ovhd expenses		28.75
Net return		9.41
Labor & management charge		1.31
Net return over lbr & mgt		8.10
Cost of Production		
Total direct expense per cwt.		35.53
Total dir & ovhd expense per cwt.		41.98
With labor and management		43.26
With other revenue adjustments		42.16
Est. labor hours per unit		0.13
Other Information		
No. purchased or trans in		15,526
Number sold or trans out		13,848
Percentage death loss		6.5
Avg. daily gain (lbs)		1.46
Lbs of conc / lb of gain		2.31
Lbs of feed / lb of gain		2.67
Feed cost per cwt of gain		18.97
Feed cost per head		47.53
Average purchase weight		14
Average sales weight		249
Avg purch price / head		35.68
Avg sales price / cwt		50.10

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

Hogs, Contractee -- Average Per Pig Space

	Avg. Of All Farms	
Number of farms	13	
	Quantity	Value
Total production (hd)	0.00	0.00
Other income		33.70
Gross return		33.70
Direct Expenses		
Supplies		2.45
Fuel & oil		0.70
Repairs		2.32
Custom hire		0.14
Total direct expenses		5.60
Return over direct expense		28.09
Overhead Expenses		
Custom hire		0.73
Hired labor		1.16
Machinery & bldg leases		2.58
RE & pers. property taxes		0.35
Farm insurance		0.92
Utilities		1.86
Dues & professional fees		0.07
Interest		5.19
Mach & bldg depreciation		6.84
Miscellaneous		0.37
Total overhead expenses		20.07
Total dir & ovhd expenses		25.67
Net return		8.02
Labor & management charge		4.04
Net return over lbr & mgt		3.98
Cost of Production		
Total direct expense per head		-
Total dir & ovhd expense per head		-
With labor and management		-
With other revenue adjustments		-
Est. labor hours per unit		0.44
Other Information		
Number of pigs		5,629
Pigs per pig space (per year)		2.32
Pigs per 100 sq. ft. (per yr)		30.99
Net return per 100 sq. ft.		107.02
Net return per labor hour		18.17
Square feet per pig space		7.50

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 All Farms</u>
Number of farms	13
	Quantity Value
Beef Calves sold (lb)	66.51 63.53
Transferred out (lb)	402.38 443.25
Cull sales (lb)	135.31 81.58
Butchered (lb)	- 0.69
Less purchased (lb)	-81.86 -86.06
Less transferred in (lb)	-101.51 -100.05
Inventory change (lb)	42.90 110.63
Total production (lb)	463.73 513.57
Other income	-
Gross return	513.57
Direct Expenses	
Corn (bu.)	3.05 7.05
Corn Silage (lb.)	3,467.03 30.98
Hay, Alfalfa (lb.)	1,487.21 52.76
Hay, Grass & Other (lb.)	2,837.01 88.83
Pasture (aum)	2.84 33.41
Complete Ration (lb.)	28.26 3.12
Protein Vit Minerals (lb.)	47.85 9.16
Other feed stuffs	792.26 9.84
Breeding fees	-
Veterinary	26.41
Supplies	11.42
Fuel & oil	15.73
Repairs	28.71
Livestock leases	57.81
Marketing	3.70
Operating interest	9.20
Total direct expenses	394.79
Return over direct expense	118.78
Overhead Expenses	
Custom hire	2.62
Hired labor	5.45
Machinery & bldg leases	18.53
RE & pers. property taxes	2.71
Farm insurance	4.71
Utilities	9.24
Dues & professional fees	3.61
Interest	12.01
Mach & bldg depreciation	15.71
Miscellaneous	4.78
Total overhead expenses	79.37
Total dir & ovhd expenses	474.16
Net return	39.41
Labor & management charge	59.77
Net return over lbr & mgt	-20.36
Cost of Production	
Total direct expense per cwt.	85.13
Total dir & ovhd expense per cwt.	102.25
With labor and management	115.14
With other revenue adjustments	97.60
Est. labor hours per unit	8.04
Other Information	
Number of cows	57.2
Pregnancy percentage	99.2
Pregnancy loss percentage	1.1
Culling percentage	11.4
Calving percentage	98.1
Weaning percentage	90.4
Calves sold per cow	0.87
Calf death loss percent	7.0
Average weaning weight	528
Lbs weaned/exposed female	477
Feed cost per cow	235.16
Avg wgt/Beef Calf sold	625
Avg price / cwt	95.52

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

Beef, Finish Beef Calves -- Average Per Head

	Avg. Of All Farms	
Number of farms	18	
	Quantity	Value
Finish Beef sold (lb)	1,298.52	1,099.57
Transferred out (lb)	20.41	20.25
Butchered (lb)	6.98	5.75
Less purchased (lb)	-647.43	-723.56
Less transferred in (lb)	-60.93	-58.91
Inventory change (lb)	8.37	114.02
Total production (lb)	625.90	457.11
Other income		-
Gross return		457.11
Direct Expenses		
Corn (bu.)	56.86	123.12
Corn Silage (lb.)	2,197.56	19.10
Hay, Alfalfa (lb.)	234.61	8.63
Hay, Grass & Other (lb.)	179.46	5.74
Complete Ration (lb.)	18.97	3.23
Protein Vit Minerals (lb.)	265.34	37.84
Corn Distillers Grn (dry) (lb.)	187.22	10.10
Corn Gluten (lb.)	635.06	26.08
Other feed stuffs	183.37	2.29
Veterinary		8.42
Supplies		8.53
Fuel & oil		5.82
Repairs		13.96
Marketing		2.13
Operating interest		13.44
Total direct expenses		288.42
Return over direct expense		168.69
Overhead Expenses		
Custom hire		3.11
Hired labor		3.29
Machinery & bldg leases		3.34
RE & pers. property taxes		2.07
Farm insurance		2.60
Utilities		4.38
Dues & professional fees		0.64
Interest		8.29
Mach & bldg depreciation		14.78
Miscellaneous		4.31
Total overhead expenses		46.82
Total dir & ovhd expenses		335.25
Net return		121.87
Labor & management charge		32.37
Net return over lbr & mgt		89.50
Cost of Production		
Total direct expense per cwt.		72.11
Total dir & ovhd expense per cwt.		75.66
With labor and management		78.12
With other revenue adjustments		78.12
Est. labor hours per unit		3.56
Other Information		
No. purchased or trans in		265
Number sold or trans out		250
Percentage death loss		0.7
Avg. daily gain (lbs)		2.28
Lbs of conc / lb of gain		6.84
Lbs of feed / lb of gain		8.82
Feed cost per cwt of gain		37.72
Feed cost per head		236.12
Average purchase weight		664
Average sales weight		1,297
Avg purch price / cwt		111.76
Avg sales price / cwt		84.68

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

	Avg. Of All Farms	
Number of farms	18	
	Quantity	Value
Finish Beef sold (lb)	207.46	175.68
Transferred out (lb)	3.26	3.24
Butchered (lb)	1.11	0.92
Less purchased (lb)	-103.44	-115.60
Less transferred in (lb)	-9.73	-9.41
Inventory change (lb)	1.34	18.22
Total production (lb)	100.00	73.03
Other income		-
Gross return		73.03
Direct Expenses		
Corn (bu.)	9.08	19.67
Corn Silage (lb.)	351.10	3.05
Hay, Alfalfa (lb.)	37.48	1.38
Hay, Grass & Other (lb.)	28.67	0.92
Complete Ration (lb.)	3.03	0.52
Protein Vit Minerals (lb.)	42.39	6.05
Corn Distillers Grn (dry) (lb.)	29.91	1.61
Corn Gluten (lb.)	101.46	4.17
Other feed stuffs	29.30	0.37
Veterinary		1.35
Supplies		1.36
Fuel & oil		0.93
Repairs		2.23
Marketing		0.34
Operating interest		2.15
Total direct expenses		46.08
Return over direct expense		26.95
Overhead Expenses		
Custom hire		0.50
Hired labor		0.53
Machinery & bldg leases		0.53
RE & pers. property taxes		0.33
Farm insurance		0.42
Utilities		0.70
Dues & professional fees		0.10
Interest		1.32
Mach & bldg depreciation		2.36
Miscellaneous		0.69
Total overhead expenses		7.48
Total dir & ovhd expenses		53.56
Net return		19.47
Labor & management charge		5.17
Net return over lbr & mgt		14.30
Cost of Production		
Total direct expense per cwt.		72.11
Total dir & ovhd expense per cwt.		75.66
With labor and management		78.12
With other revenue adjustments		78.12
Est. labor hours per unit		0.57
Other Information		
No. purchased or trans in		265
Number sold or trans out		250
Percentage death loss		0.7
Avg. daily gain (lbs)		2.28
Lbs of conc / lb of gain		6.84
Lbs of feed / lb of gain		8.82
Feed cost per cwt of gain		37.72
Feed cost per head		236.12
Average purchase weight		664
Average sales weight		1,297
Avg purch price / cwt		111.76
Avg sales price / cwt		84.68

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>		<u>Low20%</u>		<u>High 20%</u>	
	26		5		6	
	Quantity	Value	Quantity	Value	Quantity	Value
Number of farms		26		5		6
Milk sold (lb)	21,971.63	3,565.42	17,722.06	2,844.15	22,449.74	3,806.55
Milk used in home (lb)	8.04	1.12	-	-	5.21	0.61
Milk fed to animals (lb)	26.33	2.03	-	-	40.11	4.01
Dairy Calves sold (hd)	0.42	71.00	0.07	5.65	0.20	52.59
Transferred out (hd)	0.48	77.07	0.37	61.30	0.97	157.28
Cull sales (hd)	0.30	175.11	0.54	332.66	0.36	229.14
Butchered (hd)	0.00	0.71	0.01	2.26	-	-
Less purchased (hd)	-0.07	-103.50	-	-	-	-
Less transferred in (hd)	-0.32	-436.77	-0.21	-288.14	-0.41	-544.40
Inventory change (hd)	0.00	-58.07	-0.45	-430.51	0.01	-21.83
Total production		3,294.12		2,527.37		3,683.94
Other income		39.30		71.76		28.49
Gross return		3,333.43		2,599.13		3,712.43
Direct Expenses						
Corn (bu.)	88.53	177.56	89.69	211.41	121.91	277.57
Corn Silage (lb.)	13,010.97	127.73	14,564.97	133.28	9,772.39	92.84
Hay, Alfalfa (lb.)	2,499.22	114.83	2,077.97	92.00	2,690.30	127.04
Hay, Grass & Other (lb.)	172.28	5.13	1,276.84	38.31	-	-
Haylage, Alfalfa (lb.)	6,508.44	156.31	9,802.26	220.55	9,358.21	210.56
Complete Ration (lb.)	631.63	93.79	-	-	-	-
Protein Vit Minerals (lb.)	3,998.39	485.10	3,346.10	532.98	2,760.07	433.95
Other feed stuffs	466.46	18.41	3.67	5.51	0.56	0.84
Breeding fees		35.47		63.16		43.94
Veterinary		112.81		165.52		78.74
BST		20.87		-		-
Supplies		195.83		242.03		170.33
DHIA		8.17		20.07		8.48
Fuel & oil		32.87		37.15		26.90
Repairs		114.82		190.63		187.92
Custom hire		34.76		62.27		11.31
Marketing		36.27		37.85		21.22
Total direct expenses		1,770.73		2,052.70		1,691.64
Return over direct expense		1,562.70		546.43		2,020.79
Overhead Expenses						
Custom hire		23.38		20.11		17.78
Hired labor		370.59		166.32		246.42
RE & pers. property taxes		8.09		18.25		15.89
Farm insurance		28.13		51.99		42.14
Utilities		50.75		131.07		56.20
Interest		61.76		80.66		7.18
Mach & bldg depreciation		123.02		39.87		130.53
Miscellaneous		37.83		46.04		13.47
Total overhead expenses		703.54		554.30		529.60
Total dir & ovhd expenses		2,474.27		2,607.00		2,221.24
Net return		859.16		-7.87		1,491.19
Labor & management charge		219.51		472.28		315.38
Net return over lbr & mgt		639.65		-480.15		1,175.81
Cost of Production						
Total direct expense per cwt.		8.05		11.58		7.52
Total dir & ovhd expense per cwt.		11.24		14.71		9.87
With labor and management		12.24		17.38		11.28
With other revenue adjustments		13.31		18.76		11.72
Est. labor hours per unit		44.99		68.11		50.20
Other Information						
Avg. number of Cows		152.2		35.4		89.3
Milk produced per Cow		22,006		17,722		22,495
Culling percentage		30.0		53.7		36.2
Turnover rate		37.8		67.2		39.2
Percent of barn capacity		109.0		71.4		106.3
Lbs. milk/lb grain & conc.		2.3		2.1		2.9
Feed cost per cwt of milk		5.36		6.96		5.08
Feed cost per Cow		1,178.86		1,234.03		1,142.80
Avg. milk price per cwt.		16.23		16.05		16.96

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>		<u>Low20%</u>		<u>High 20%</u>	
	25		5		5	
	Quantity	Value	Quantity	Value	Quantity	Value
Number of farms						
Replacements sold (hd)	0.21	227.18	0.08	63.45	0.25	289.05
Transferred out (hd)	0.79	1,014.29	0.92	1,146.70	0.75	1,225.93
Butchered (hd)	0.00	1.64	0.00	2.20	0.00	1.49
Less purchased (hd)	-0.05	-59.21	-0.01	-16.28	-	-
Less transferred in (hd)	-1.08	-167.35	-1.03	-202.69	-1.08	-138.34
Inventory change (hd)	-0.06	15.97	-0.26	-58.19	0.02	62.79
Total production (hd)	0.00	1,032.52	0.00	935.19	0.00	1,440.92
Other income		-		-		-
Gross return		1,032.52		935.19		1,440.92
Direct Expenses						
Corn (bu.)	28.02	64.90	41.41	94.81	25.62	59.24
Corn Silage (lb.)	9,452.46	91.80	12,039.12	121.84	10,006.95	98.91
Hay, Alfalfa (lb.)	2,706.13	112.04	2,982.89	147.27	4,447.64	153.92
Hay, Grass & Other (lb.)	357.71	11.93	97.80	2.93	-	-
Haylage, Alfalfa (lb.)	3,812.17	86.35	7,499.76	181.47	675.93	15.21
Pasture (aum)	0.69	9.41	0.10	0.98	1.37	13.70
Protein Vit Minerals (lb.)	2,983.59	171.55	1,603.80	325.81	716.77	153.55
Other feed stuffs	825.74	22.32	125.92	6.81	720.37	15.42
Breeding fees		18.01		26.04		12.06
Veterinary		27.13		55.09		10.85
Supplies		22.18		54.67		9.56
Contract production exp.		84.26		-		-
Fuel & oil		10.70		17.05		6.41
Repairs		38.35		55.17		13.86
Custom hire		51.72		127.74		90.71
Total direct expenses		822.65		1,217.69		653.40
Return over direct expense		209.87		-282.51		787.52
Overhead Expenses						
Custom hire		5.14		10.33		0.55
Hired labor		82.32		124.03		106.83
Machinery & bldg leases		5.16		8.34		0.65
Farm insurance		9.54		10.28		10.37
Utilities		14.45		22.34		8.55
Interest		13.36		42.01		1.07
Mach & bldg depreciation		40.58		72.24		18.98
Miscellaneous		12.40		9.38		16.68
Total overhead expenses		182.94		298.94		163.69
Total dir & ovhd expenses		1,005.59		1,516.63		817.09
Net return		26.93		-581.45		623.83
Labor & management charge		81.44		61.80		76.73
Net return over lbr & mgt		-54.51		-643.25		547.10
Cost of Production						
Total direct expense per head		1,031.59		1,492.65		727.46
Total dir & ovhd expense per head		1,214.53		1,791.60		891.15
With labor and management		1,295.97		1,853.40		967.88
With other revenue adjustments		1,295.97		1,853.40		967.88
Est. labor hours per unit		15.58		13.97		14.79
Other Information						
No. purchased or trans in		79		85		87
Number sold or trans out		70		82		81
Average number of head		135		187		146
Percentage death loss		6.1		5.6		1.8
Feed cost per average head		296.32		386.19		281.91
Feed cost/head sold+trans		570.30		881.92		509.95
Avg. purchase weight		-		-		-
Avg. sales weight		-		-		-
Avg. purch price / head		1,218.99		2,220.00		-
Avg. sales price / head		1,107.40		786.39		1,176.64

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</u>	<u>All Farms</u>
Number of farms		19
	Quantity	Value
Milk sold (lb)	21,828.99	3,542.30
Milk used in home (lb)	6.96	0.89
Milk fed to animals (lb)	34.33	2.50
Dairy Calves sold (hd)	0.44	168.70
Transferred out (hd)	0.99	590.27
Cull sales (hd)	0.29	175.74
Butchered (hd)	0.00	1.20
Less purchased (hd)	-0.06	-78.47
Less transferred in (hd)	-0.95	-570.51
Inventory change (hd)	-0.04	-32.00
Total production		3,800.63
Other income		46.65
Gross return		3,847.27
Direct Expenses		
Corn (bu.)	102.51	195.95
Corn Silage (lb.)	16,212.18	157.21
Hay, Alfalfa (lb.)	3,139.99	149.05
Haylage, Alfalfa (lb.)	10,317.25	247.67
Complete Ration (lb.)	975.92	147.73
Protein Vit Minerals (lb.)	6,154.27	579.71
Other feed stuffs	1,372.28	35.82
Breeding fees		44.27
Veterinary		149.46
BST		30.38
Supplies		209.32
Contract production exp.		57.18
Fuel & oil		36.21
Repairs		140.87
Custom hire		32.82
Marketing		36.62
Operating interest		8.21
Total direct expenses		2,258.47
Return over direct expense		1,588.80
Overhead Expenses		
Custom hire		27.90
Hired labor		407.49
Farm insurance		29.96
Utilities		63.43
Interest		67.59
Mach & bldg depreciation		163.36
Miscellaneous		47.10
Total overhead expenses		806.82
Total dir & ovhd expenses		3,065.30
Net return		781.98
Labor & management charge		248.35
Net return over lbr & mgt		533.63
Cost of Production		
Total direct expense per cwt.		10.33
Total dir & ovhd expense per cwt.		14.02
With labor and management		15.15
With other revenue adjustments		13.77
Est. labor hours per unit		51.00
Other Information		
Avg. number of Cows		135.7
Milk produced per Cow		21,870
Culling percentage		29.1
Turnover rate		37.5
Percent of barn capacity		109.0
Lbs. milk/lb grain & conc.		1.7
Feed cost per cwt of milk		6.92
Feed cost per Cow		1,513.13
Avg. milk price per cwt.		16.23

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

Dairy Steers -- Average Per Head

	Avg. Of All Farms	
Number of farms	11	
	Quantity	Value
Dairy Steers sold (lb)	1,109.53	867.68
Transferred out (lb)	1.49	2.15
Butchered (lb)	2.24	1.12
Less purchased (lb)	-188.68	-233.64
Less transferred in (lb)	-167.07	-145.77
Inventory change (lb)	43.70	120.20
Total production (lb)	801.22	611.73
Other income		-
Gross return		611.73
Direct Expenses		
Corn (bu.)	73.05	161.11
Corn Silage (lb.)	1,857.37	16.58
Hay, Alfalfa (lb.)	505.35	18.70
Hay, Grass & Other (lb.)	179.20	5.08
Haylage, Alfalfa (lb.)	751.35	16.90
Oats (bu.)	2.06	2.90
Pasture (aum)	-	5.60
Complete Ration (lb.)	134.25	6.71
Protein Vit Minerals (lb.)	506.67	97.22
Other feed stuffs	0.65	0.98
Veterinary		18.38
Supplies		11.86
Fuel & oil		5.83
Repairs		17.07
Marketing		3.32
Operating interest		8.10
Total direct expenses		396.34
Return over direct expense		215.39
Overhead Expenses		
Custom hire		3.51
Hired labor		12.70
Machinery & bldg leases		1.52
RE & pers. property taxes		5.53
Farm insurance		7.11
Utilities		7.64
Mach & bldg depreciation		20.42
Miscellaneous		4.83
Total overhead expenses		63.26
Total dir & ovhd expenses		459.60
Net return		152.13
Labor & management charge		50.04
Net return over lbr & mgt		102.09
Cost of Production		
Total direct expense per cwt.		58.90
Total dir & ovhd expense per cwt.		64.60
With labor and management		69.10
With other revenue adjustments		69.10
Est. labor hours per unit		5.99
Other Information		
No. purchased or trans in		53
Number sold or trans out		43
Percentage death loss		2.2
Avg. daily gain (lbs)		2.02
Lbs of conc / lb of gain		5.88
Lbs of feed / lb of gain		7.97
Feed cost per cwt of gain		41.41
Feed cost per head		331.78
Average purchase weight		261
Average sales weight		1,249
Avg purch price / head		323.42
Avg sales price / cwt		78.20

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

Dairy Steers -- Average Per Cwt. Produced

	<u>Avg. Of All Farms</u>
Number of farms	11
	Quantity Value
Dairy Steers sold (lb)	138.48 108.29
Transferred out (lb)	0.19 0.27
Butchered (lb)	0.28 0.14
Less purchased (lb)	-23.55 -29.16
Less transferred in (lb)	-20.85 -18.19
Inventory change (lb)	5.45 15.00
Total production (lb)	100.00 76.35
Other income	-
Gross return	76.35
Direct Expenses	
Corn (bu.)	9.12 20.11
Corn Silage (lb.)	231.82 2.07
Hay, Alfalfa (lb.)	63.07 2.33
Hay, Grass & Other (lb.)	22.37 0.63
Haylage, Alfalfa (lb.)	93.78 2.11
Oats (bu.)	0.26 0.36
Pasture (aum)	-
Complete Ration (lb.)	16.76 0.84
Protein Vit Minerals (lb.)	63.24 12.13
Other feed stuffs	0.08 0.12
Veterinary	2.29
Supplies	1.48
Fuel & oil	0.73
Repairs	2.13
Marketing	0.41
Operating interest	1.01
Total direct expenses	49.47
Return over direct expense	26.88
Overhead Expenses	
Custom hire	0.44
Hired labor	1.59
Machinery & bldg leases	0.19
RE & pers. property taxes	0.69
Farm insurance	0.89
Utilities	0.95
Mach & bldg depreciation	2.55
Miscellaneous	0.60
Total overhead expenses	7.90
Total dir & ovhd expenses	57.36
Net return	18.99
Labor & management charge	6.25
Net return over lbr & mgt	12.74
Cost of Production	
Total direct expense per cwt.	58.90
Total dir & ovhd expense per cwt.	64.60
With labor and management	69.10
With other revenue adjustments	69.10
Est. labor hours per unit	0.75
Other Information	
No. purchased or trans in	53
Number sold or trans out	43
Percentage death loss	2.2
Avg. daily gain (lbs)	2.02
Lbs of conc / lb of gain	5.88
Lbs of feed / lb of gain	7.97
Feed cost per cwt of gain	41.41
Feed cost per head	331.78
Average purchase weight	261
Average sales weight	1,249
Avg purch price / head	323.42
Avg sales price / cwt	78.20

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

Sheep, Market Lamb Prod -- Average Per Ewe

	<u>Avg. Of All Farms</u>
Number of farms	5
	Quantity Value
Lambs sold (lb)	6.89 3.67
Mkt Lambs sold (lb)	159.41 160.47
Cull sales (lb)	37.47 11.24
Butchered (lb)	0.13 0.13
Less purchased (lb)	-0.27 -1.17
Inventory change (lb)	-4.55 4.45
Total production (lb)	192.19 178.80
Other income	0.90
Gross return	179.70
Direct Expenses	
Corn (bu.)	10.76 24.34
Hay, Alfalfa (lb.)	571.32 23.11
Hay, Grass & Other (lb.)	429.47 10.83
Complete Ration (lb.)	15.08 2.48
Protein Vit Minerals (lb.)	68.61 11.73
Other feed stuffs	7.14 2.02
Veterinary	6.26
Supplies	4.66
Fuel & oil	5.22
Repairs	12.82
Marketing	0.85
Bedding	1.29
Operating interest	1.03
Total direct expenses	106.64
Return over direct expense	73.06
Overhead Expenses	
Custom hire	3.17
Hired labor	4.81
Machinery & bldg leases	0.65
RE & pers. property taxes	1.31
Farm insurance	3.20
Utilities	3.30
Interest	4.45
Mach & bldg depreciation	11.79
Miscellaneous	3.05
Total overhead expenses	35.73
Total dir & ovhd expenses	142.36
Net return	37.33
Labor & management charge	27.12
Net return over lbr & mgt	10.21
Cost of Production	
Total direct expense per cwt.	55.49
Total dir & ovhd expense per cwt.	74.08
With labor and management	88.19
With other revenue adjustments	80.16
Est. labor hours per unit	2.21
Other Information	
Number of ewes	306.8
Pregnancy percentage	94.4
Pregnancy loss percentage	1.0
Female turnover rate	17.54
Lambs born / ewe exposed	1.61
Lambs born / ewe lambing	1.73
Lambs weaned/ewe exposed	1.48
Lambs sold per ewe	1.30
Lamb dth loss (died/born)	10.5
Average weaning weight	48
Lbs weaned/exposed female	70
Feed cost per ewe	74.51
Avg wgt/Mkt Lamb sold	123
Avg price / cwt	100.67

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

Sheep, Market Lamb Prod -- Average Per Cwt. Produced

	<u>Avg. Of All Farms</u>
Number of farms	5
	Quantity Value
Lambs sold (lb)	3.59 1.91
Mkt Lambs sold (lb)	82.94 83.50
Cull sales (lb)	19.50 5.85
Butchered (lb)	0.07 0.07
Less purchased (lb)	-0.14 -0.61
Inventory change (lb)	-2.37 2.32
Total production (lb)	100.00 93.03
Other income	0.47
Gross return	93.50
Direct Expenses	
Corn (bu.)	5.60 12.67
Hay, Alfalfa (lb.)	297.27 12.02
Hay, Grass & Other (lb.)	223.46 5.63
Complete Ration (lb.)	7.85 1.29
Protein Vit Minerals (lb.)	35.70 6.10
Other feed stuffs	3.71 1.05
Veterinary	3.26
Supplies	2.43
Fuel & oil	2.72
Repairs	6.67
Marketing	0.44
Bedding	0.67
Operating interest	0.54
Total direct expenses	55.49
Return over direct expense	38.02
Overhead Expenses	
Custom hire	1.65
Hired labor	2.50
Machinery & bldg leases	0.34
RE & pers. property taxes	0.68
Farm insurance	1.67
Utilities	1.72
Interest	2.32
Mach & bldg depreciation	6.14
Miscellaneous	1.59
Total overhead expenses	18.59
Total dir & ovhd expenses	74.08
Net return	19.42
Labor & management charge	14.11
Net return over lbr & mgt	5.31
Cost of Production	
Total direct expense per cwt.	55.49
Total dir & ovhd expense per cwt.	74.08
With labor and management	88.19
With other revenue adjustments	80.16
Est. labor hours per unit	1.15
Other Information	
Number of ewes	306.8
Pregnancy percentage	94.4
Pregnancy loss percentage	1.0
Female turnover rate	17.54
Lambs born / ewe exposed	1.61
Lambs born / ewe lambing	1.73
Lambs weaned/ewe exposed	1.48
Lambs sold per ewe	1.30
Lamb dth loss (died/born)	10.5
Average weaning weight	48
Lbs weaned/exposed female	70
Feed cost per ewe	74.51
Avg wgt/Mkt Lamb sold	123
Avg price / cwt	100.67

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>
1985	107.6	1995	152.4
1986	109.6	1996	156.9
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

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	1985	1986	1987	1988	1989	1990	1991	1992	1993
1	Number of Farms	180	182	178	202	203	200	207	201	202
Farm Income Statement										
2	Gross Cash Farm Income	237,875	246,048	254,004	262,229	265,019	291,839	288,031	301,907	296,705
3	Total Cash Farm Expense	185,864	189,097	196,046	206,433	204,939	222,201	221,385	236,768	242,616
4	Inventory Change	-15,056	1,798	31,353	20,577	11,788	22,242	-10,822	-429	4,474
5	Depr. & Cap. Adj.	-31,469	-26,656	-25,906	-21,370	-21,709	-26,876	-26,122	-27,051	-26,997
6	Net Farm Income	5,487	32,093	63,404	55,004	50,159	65,004	29,702	37,659	31,567
7	Net Farm Income (Constant \$)	9,633	55,314	105,431	87,830	76,412	93,950	41,195	50,704	41,266
Profitability and Liquidity Analysis										
8	Labor and Management Earnings	-5,860	21,241	51,592	39,866	33,078	47,215	11,281	19,467	16,681
Rate of return on:										
9	Average Assets (%)	4	9	16	13	10	12	5	7	5
10	Average Equity (%)	-4	9	24	16	11	15	3	6	2
11	Operating Profit Margin (%)	10	18	26	22	19	23	12	14	12
12	Asset Turnover Rate (%)	40	52	63	58	49	53	43	46	40
13	Value of Farm Production	185,740	211,530	246,235	246,893	233,867	264,282	225,829	244,243	191,194
14	Farm Interest Paid	26,700	21,446	15,993	14,546	15,489	17,126	17,061	17,943	15,667
15	Cash Expense as a % of Income	78	77	77	79	77	76	77	78	82
Interest Paid as a % of:										
16	Gross Cash Income	11	9	6	6	6	6	6	6	5
17	Total Cash Expenses	14	11	8	7	8	8	8	8	6
18	Yrs. to T/O Non R.E. Debt	1.7	1.5	1.9	1.4	2.2	1.9	3.3	2.6	1.8
Comparative Financial Statement (Market Basis)										
19	No. of Sole Proprietors	160	161	164	182	179	180	187	180	178
20	Total Ending Assets	508,552	462,043	439,918	468,616	506,988	557,912	579,629	596,525	844,030
21	Total Ending Liabilities	255,031	211,411	180,785	172,714	186,956	202,626	216,189	227,131	396,899
22	Ending Net Worth	253,521	250,632	259,133	295,902	320,032	355,286	363,440	369,394	447,132
23	Ending Farm C+I Debt to Asset %	51	43	37	35	35	36	41	44	38
24	Ending Total Debt to Asset %	50	46	41	37	37	36	37	38	47
Acreage Information										
25	Total Acres Owned	249	231	222	222	237	237	241	251	252
26	Total Crop Acres Farmed	552	540	520	525	568	561	570	586	600
27	Crop Acres Owned	212	191	180	186	199	191	200	203	204
28	Crop Acres Cash Rented	237	236	231	238	269	275	274	286	299
29	Crop Acres Share Rented	103	113	108	101	100	95	96	96	97
Crop Yields										
30	Corn per acre	124	136	138	89	141	128	125	126	61
31	Soybean per acre	35	39	44	32	43	45	38	38	20
Crop Prices Received (cash sales)										
32	Corn per Bushel	2.35	2.03	1.53	2.08	2.20	2.30	2.26	2.20	2.11
33	Soybeans per Bushel	5.38	5.01	4.89	6.80	6.57	5.69	5.41	5.39	5.84
Household Information										
34	No. Farms Reporting HseHld Info	96	101	102	120	129	126	145	136	131
35	Average Family Size	3.9	3.6	3.7	3.8	3.9	3.9	4.0	4.1	3.9
36	Total Family Use of Cash	28,701	28,027	30,729	37,556	44,214	46,587	48,911	45,638	45,897
37	Average Net Nonfarm Income	8,445	8,580	7,787	6,890	11,973	12,135	10,803	12,329	12,354

* 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)

1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Row
----	----	----	----	----	----	----	----	----	----	----	----
202	216	203	208	210	216	212	207	188	175	125	1
306,175	346,838	382,502	359,710	369,573	388,731	422,897	433,698	428,084	504,022	496,771	2
256,246	277,214	299,610	303,241	305,344	324,802	348,711	358,506	352,995	400,605	404,743	3
9,254	16,939	12,231	19,769	-21,057	15,633	25,296	-17,297	19,571	18,977	31,076	4
-27,268	-29,288	-32,424	-35,640	-34,557	-35,800	-17,731	-21,280	-24,654	-25,990	-24,741	5
31,915	57,276	62,699	40,598	8,616	43,762	81,750	36,614	70,007	96,404	98,362	6
40,680	70,994	75,487	47,782	9,985	49,620	89,678	39,076	73,509	98,971	98,362	7
**	**	**	**	**	**	**	**	**	**	**	
16,949	41,326	45,206	23,364	-8,757	26,896	62,532	16,094	47,628	71,108	73,058	8
5	10	10	6	2	7	12	6	9	11	11	9
3	13	12	5	-6	7	19	4	11	16	16	10
12	22	21	14	4	16	27	14	20	24	23	11
41	46	48	44	39	43	45	39	44	44	46	12
207,729	247,690	277,026	262,396	250,717	274,411	313,232	282,583	345,743	379,505	378,450	13
17,837	22,084	22,337	22,282	25,358	27,488	27,002	27,203	26,739	25,262	21,824	14
84	80	78	84	83	84	82	83	82	79	81	15
6	6	6	6	7	7	6	6	6	5	4	16
7	8	7	7	8	8	8	8	8	6	5	17
2.6	1.3	1.2	3.3	2.5	2.5	2.1	2.4	3.4	1.7	2.4	18
**	**	**	**	**	**	**	**	**	**	**	
179	184	173	180	183	185	181	178	161	149	109	19
901,807	944,208	982,750	1,016,308	1,066,565	1,061,579	1,150,838	1,158,071	1,277,823	1,407,919	1,286,775	20
431,390	452,253	462,505	490,140	522,994	517,040	545,689	539,918	578,253	619,279	554,962	21
470,418	491,955	520,245	526,168	543,571	544,539	605,149	618,197	699,570	788,640	731,813	22
39	38	37	44	45	43	42	45	43	41	41	23
48	48	47	48	49	49	47	47	45	44	43	24
267	256	249	233	250	241	250	252	265	263	236	25
612	625	658	648	697	709	730	759	784	794	766	26
204	211	204	200	219	204	214	214	226	239	193	27
323	340	384	381	402	430	445	468	490	489	494	28
86	74	70	67	76	75	70	77	68	67	79	29
143	119	133	126	161	156	150	128	151	157	171	30
46	43	42	42	49	45	46	42	49	39	41	31
2.24	2.30	3.04	2.39	1.97	1.66	1.68	1.72	1.95	2.07	2.28	32
5.94	5.56	6.84	7.13	5.72	4.59	4.57	4.32	4.57	5.73	7.17	33
134	151	131	123	122	125	120	124	108	102	73	34
3.8	3.7	3.7	3.7	3.6	3.6	3.5	3.5	3.6	3.4	3.4	35
42,179	43,315	47,584	58,051	48,197	50,326	62,349	63,980	51,826	68,470	68,029	36
13,515	16,014	16,954	18,982	17,475	20,275	24,692	23,043	23,083	27,742	27,075	37

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

	Avg. Of All Farms	Brown Faribault Martin Watowan	Cottonwood	Jackson	Lyon Murray	Nobles	Pipestone Rock Yellow Med	Redwood
Number of farms	125	17	22	22	22	20	12	10
Income Statement								
Gross cash farm income	496,771	537,084	321,572	460,577	486,249	513,680	875,659	427,963
Total cash farm expense	404,743	419,871	260,550	406,478	366,941	396,283	742,763	386,897
Net cash farm income	92,028	117,213	61,022	54,100	119,308	117,397	132,896	41,066
Inventory change	31,076	21,218	16,381	55,781	1,625	20,807	86,408	44,745
Depreciation and capital adjust	-24,741	-34,332	-18,810	-21,460	-21,182	-32,649	-30,232	-14,132
Net farm income	98,362	104,099	58,593	88,422	99,751	105,555	189,072	71,679
Profitability (cost)								
Labor and management earnings	73,058	79,883	35,387	58,716	71,649	83,674	158,236	55,539
Rate of return on assets	10.7 %	10.7 %	6.8 %	9.6 %	10.1 %	11.8 %	19.0 %	9.5 %
Rate of return on equity	16.0 %	18.7 %	8.1 %	12.2 %	14.2 %	19.8 %	29.3 %	15.9 %
Operating profit margin	23.2 %	21.9 %	18.2 %	23.4 %	20.7 %	22.5 %	35.8 %	22.0 %
Asset turnover rate	46.2 %	48.9 %	37.5 %	41.3 %	48.5 %	52.3 %	52.9 %	43.2 %
Liquidity								
Ending current ratio	1.66	1.83	1.53	2.07	1.54	1.64	1.62	1.49
Ending working capital	94,121	108,199	90,264	110,237	89,750	88,845	81,510	78,527
End working capital to gross inc	18.9 %	20.1 %	28.1 %	23.9 %	18.5 %	17.3 %	9.3 %	18.3 %
Term debt coverage ratio	209.7 %	187.8 %	173.6 %	225.6 %	222.1 %	162.7 %	352.8 %	217.8 %
Expense as a percent of income	76.2 %	75.0 %	76.6 %	77.9 %	75.0 %	73.8 %	76.7 %	81.3 %
Interest as a percent of income	4.2 %	4.4 %	6.4 %	3.8 %	3.3 %	5.1 %	2.3 %	5.3 %
Solvency (market)								
Number of sole proprietors	109	14	21	21	19	17	9	8
Ending farm assets	1,104,866	1,343,601	1,037,094	1,000,812	982,878	1,299,569	1,076,574	1,045,927
Ending farm liabilities	522,504	604,265	525,036	382,619	498,682	644,711	472,996	592,558
Ending total assets	1,286,775	1,563,831	1,149,471	1,182,763	1,137,450	1,519,853	1,417,675	1,147,470
Ending total liabilities	554,962	628,287	553,515	422,388	529,482	676,472	534,788	603,444
Ending net worth	731,813	935,544	595,955	760,375	607,967	843,381	882,887	544,026
Net worth change	74,038	80,109	62,184	49,641	53,223	106,453	81,995	130,173
Ending farm debt to asset ratio	47 %	45 %	51 %	38 %	51 %	50 %	44 %	57 %
Beg total debt to asset ratio	44 %	41 %	49 %	37 %	48 %	48 %	37 %	55 %
End total debt to asset ratio	43 %	40 %	48 %	36 %	47 %	45 %	38 %	53 %
Nonfarm Information								
Net nonfarm income	23,733	23,081	18,026	26,248	24,686	29,502	13,328	30,719
Farms reporting living expenses	84	13	16	13	15	13	9	5
Total family living expense	46,810	54,969	37,932	48,044	42,562	54,104	49,582	39,582
Total living, invest, & capital	66,573	79,340	56,034	60,634	69,921	65,057	74,414	62,330
Crop Acres								
Total acres owned	236	265	232	236	297	204	198	164
Total crop acres	766	845	801	628	903	818	629	619
Total crop acres owned	193	242	204	161	204	186	129	184
Total crop acres cash rented	494	591	433	412	570	569	420	413
Total crop acres share rented	79	12	144	56	129	63	80	22

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	125	8	34	48	24	9
Income Statement						
Gross cash farm income	496,771	72,570	176,974	348,472	723,624	2,369,702
Total cash farm expense	404,743	60,877	137,997	251,498	615,005	2,058,376
Net cash farm income	92,028	11,693	38,976	96,974	108,618	311,326
Inventory change	31,076	6,667	12,521	-3,714	49,362	261,839
Depreciation and capital adjust	-24,741	-11,928	-13,568	-20,824	-28,853	-93,147
Net farm income	98,362	6,431	37,930	72,437	129,128	480,018
Profitability (cost)						
Labor and management earnings	73,058	-9,759	23,161	48,214	100,167	405,818
Rate of return on assets	10.7 %	0.9 %	6.0 %	8.1 %	11.8 %	18.6 %
Rate of return on equity	16.0 %	-2.9 %	6.7 %	10.8 %	18.9 %	32.2 %
Operating profit margin	23.2 %	5.6 %	16.1 %	19.0 %	23.0 %	32.9 %
Asset turnover rate	46.2 %	16.6 %	37.3 %	42.6 %	51.5 %	56.6 %
Liquidity						
Ending current ratio	1.66	1.43	1.94	1.63	1.59	1.58
Ending working capital	94,121	13,994	81,855	91,083	148,711	94,552
End working capital to gross inc	18.9 %	19.3 %	46.3 %	26.1 %	20.6 %	4.0 %
Term debt coverage ratio	209.7 %	191.9 %	167.8 %	177.8 %	188.2 %	297.8 %
Expense as a percent of income	76.2 %	75.9 %	72.6 %	72.6 %	79.1 %	77.6 %
Interest as a percent of income	4.2 %	15.6 %	6.5 %	5.4 %	4.0 %	2.5 %
Solvency (market)						
Number of sole proprietors	109	7	34	45	18	3
Ending farm assets	1,104,866	653,997	731,885	1,089,892	1,742,775	-
Ending farm liabilities	522,504	249,910	338,604	494,842	860,961	-
Ending total assets	1,286,775	887,177	919,940	1,259,088	1,941,141	-
Ending total liabilities	554,962	302,791	371,565	526,863	893,559	-
Ending net worth	731,813	584,386	548,375	732,225	1,047,582	-
Net worth change	74,038	36,864	38,380	71,448	115,600	-
Ending farm debt to asset ratio	47 %	38 %	46 %	45 %	49 %	- %
Beg total debt to asset ratio	44 %	36 %	40 %	44 %	47 %	- %
End total debt to asset ratio	43 %	34 %	40 %	42 %	46 %	- %
Nonfarm Information						
Net nonfarm income	23,733	57,051	26,826	24,755	14,863	3,186
Farms reporting living expenses	84	3	27	38	13	2
Total family living expense	46,810	-	40,528	52,293	48,783	-
Total living, invest, & capital	66,573	-	57,466	73,231	70,478	-
Crop Acres						
Total acres owned	236	188	187	240	294	334
Total crop acres	766	147	471	818	1,065	1,462
Total crop acres owned	193	85	154	210	265	203
Total crop acres cash rented	494	62	285	503	702	1,130
Total crop acres share rented	79	-	31	106	98	128

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	125	61	10	13	8	24
Income Statement						
Gross cash farm income	496,771	301,319	1,479,476	585,013	658,167	307,545
Total cash farm expense	404,743	234,731	1,384,244	472,066	583,410	220,226
Net cash farm income	92,028	66,588	95,232	112,947	74,756	87,319
Inventory change	31,076	2,707	227,083	41,998	39,891	7,769
Depreciation and capital adjust	-24,741	-16,296	-39,013	-33,786	-22,847	-26,103
Net farm income	98,362	52,998	283,303	121,160	91,801	68,985
Profitability (cost)						
Labor and management earnings	73,058	30,682	248,323	98,466	69,311	51,717
Rate of return on assets	10.7 %	6.3 %	21.3 %	13.0 %	9.2 %	9.6 %
Rate of return on equity	16.0 %	7.1 %	40.8 %	22.9 %	14.6 %	15.1 %
Operating profit margin	23.2 %	14.2 %	39.7 %	24.4 %	18.1 %	24.1 %
Asset turnover rate	46.2 %	44.0 %	53.7 %	53.2 %	50.6 %	40.0 %
Liquidity						
Ending current ratio	1.66	1.82	1.37	1.42	1.50	1.32
Ending working capital	94,121	106,987	54,741	75,714	129,969	37,759
End working capital to gross inc	18.9 %	35.5 %	3.7 %	12.9 %	19.7 %	12.3 %
Term debt coverage ratio	209.7 %	162.6 %	298.0 %	275.8 %	178.9 %	134.2 %
Expense as a percent of income	76.2 %	77.0 %	80.3 %	75.2 %	83.1 %	69.2 %
Interest as a percent of income	4.2 %	5.3 %	2.4 %	4.1 %	3.7 %	7.9 %
Solvency (market)						
Number of sole proprietors	109	56	6	11	6	23
Ending farm assets	1,104,866	1,016,662	1,317,097	1,122,035	1,219,632	1,050,768
Ending farm liabilities	522,504	455,460	699,203	578,757	669,951	521,232
Ending total assets	1,286,775	1,176,856	1,548,568	1,292,417	1,276,051	1,270,661
Ending total liabilities	554,962	488,657	707,830	599,029	692,461	569,508
Ending net worth	731,813	688,200	840,738	693,388	583,590	701,153
Net worth change	74,038	57,660	90,553	126,860	45,738	67,294
Ending farm debt to asset ratio	47 %	45 %	53 %	52 %	55 %	50 %
Beg total debt to asset ratio	44 %	42 %	48 %	48 %	55 %	47 %
End total debt to asset ratio	43 %	42 %	46 %	46 %	54 %	45 %
Nonfarm Information						
Net nonfarm income	23,733	27,025	7,679	27,356	8,764	26,495
Farms reporting living expenses	84	43	4	10	5	18
Total family living expense	46,810	44,961	-	51,565	35,444	54,078
Total living, invest, & capital	66,573	63,986	-	70,051	59,752	78,192
Crop Acres						
Total acres owned	236	239	198	209	203	214
Total crop acres	766	836	555	832	1,006	495
Total crop acres owned	193	216	167	192	186	139
Total crop acres cash rented	494	533	358	602	727	314
Total crop acres share rented	79	88	29	37	93	43

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>	<u>Over 80%</u>
Number of farms	125	14	32	43	31	5
Income Statement						
Gross cash farm income	496,771	419,760	504,132	414,388	661,554	352,121
Total cash farm expense	404,743	231,333	394,736	338,475	599,854	314,553
Net cash farm income	92,028	188,427	109,395	75,914	61,700	37,567
Inventory change	31,076	-7,660	27,027	25,104	63,538	15,545
Depreciation and capital adjust	-24,741	-26,694	-17,802	-26,667	-30,155	-13,563
Net farm income	98,362	154,073	118,621	74,351	95,083	39,550
Profitability (cost)						
Labor and management earnings	73,058	84,923	83,048	57,497	84,696	37,569
Rate of return on assets	10.7 %	9.9 %	11.8 %	9.7 %	11.5 %	9.9 %
Rate of return on equity	16.0 %	10.1 %	14.6 %	16.3 %	35.7 %	-25.3 %
Operating profit margin	23.2 %	31.4 %	29.5 %	20.5 %	19.0 %	19.2 %
Asset turnover rate	46.2 %	31.5 %	40.0 %	47.4 %	60.5 %	51.8 %
Liquidity						
Ending current ratio	1.66	13.79	2.45	1.38	1.08	0.96
Ending working capital	94,121	294,199	134,106	66,972	16,352	-6,339
End working capital to gross inc	18.9 %	70.1 %	26.6 %	16.2 %	2.5 %	-1.8 %
Term debt coverage ratio	209.7 %	3,455.6 %	289.3 %	186.5 %	145.6 %	120.0 %
Expense as a percent of income	76.2 %	55.7 %	73.6 %	76.7 %	82.4 %	85.5 %
Interest as a percent of income	4.2 %	0.3 %	2.4 %	5.8 %	4.9 %	6.9 %
Solvency (market)						
Number of sole proprietors	109	12	29	41	23	4
Ending farm assets	1,104,866	1,556,474	1,118,953	1,061,054	996,019	-
Ending farm liabilities	522,504	246,378	372,272	589,562	702,718	-
Ending total assets	1,286,775	2,079,052	1,308,333	1,185,606	1,105,396	-
Ending total liabilities	554,962	298,043	403,429	610,421	749,255	-
Ending net worth	731,813	1,781,009	904,905	575,184	356,141	-
Net worth change	74,038	122,358	74,886	68,476	67,659	-
Ending farm debt to asset ratio	47 %	16 %	33 %	56 %	71 %	- %
Beg total debt to asset ratio	44 %	15 %	32 %	54 %	70 %	- %
End total debt to asset ratio	43 %	14 %	31 %	51 %	68 %	- %
Nonfarm Information						
Net nonfarm income	23,733	34,510	22,801	27,816	14,678	20,557
Farms reporting living expenses	84	11	24	30	16	3
Total family living expense	46,810	44,942	46,407	45,102	52,996	-
Total living, invest, & capital	66,573	74,570	65,865	65,454	66,616	-
Crop Acres						
Total acres owned	236	473	255	198	183	89
Total crop acres	766	681	647	737	1,005	541
Total crop acres owned	193	308	204	201	139	78
Total crop acres cash rented	494	297	393	463	750	368
Total crop acres share rented	79	75	50	73	116	95

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	125	8	23	34	46	14
Income Statement						
Gross cash farm income	496,771	236,090	302,754	627,043	531,665	533,445
Total cash farm expense	404,743	224,436	246,791	532,066	413,333	429,831
Net cash farm income	92,028	11,654	55,963	94,977	118,331	103,613
Inventory change	31,076	45,144	26,522	40,483	25,054	27,462
Depreciation and capital adjust	-24,741	-8,067	-16,067	-26,197	-31,034	-24,311
Net farm income	98,362	48,731	66,418	109,263	112,352	106,765
Profitability (cost)						
Labor and management earnings	73,058	39,825	54,785	88,896	73,588	81,862
Rate of return on assets	10.7 %	11.4 %	11.6 %	12.4 %	9.3 %	11.9 %
Rate of return on equity	16.0 %	18.8 %	21.7 %	23.0 %	12.0 %	18.2 %
Operating profit margin	23.2 %	21.0 %	22.9 %	23.5 %	23.8 %	21.7 %
Asset turnover rate	46.2 %	54.3 %	50.6 %	52.9 %	39.1 %	54.8 %
Liquidity						
Ending current ratio	1.66	1.93	1.77	1.24	1.82	2.54
Ending working capital	94,121	90,499	82,077	40,660	143,030	85,116
End working capital to gross inc	18.9 %	38.3 %	27.1 %	6.5 %	26.9 %	16.0 %
Term debt coverage ratio	209.7 %	360.8 %	204.5 %	170.3 %	229.6 %	258.2 %
Expense as a percent of income	76.2 %	80.4 %	74.4 %	79.3 %	73.6 %	76.4 %
Interest as a percent of income	4.2 %	3.7 %	5.3 %	4.1 %	4.2 %	3.2 %
Solvency (market)						
Number of sole proprietors	109	8	21	28	42	10
Ending farm assets	1,104,866	435,890	690,583	956,847	1,538,177	1,104,588
Ending farm liabilities	522,504	272,311	396,460	557,662	648,969	357,755
Ending total assets	1,286,775	473,290	817,424	1,079,696	1,773,776	1,457,614
Ending total liabilities	554,962	277,964	429,515	595,229	679,305	405,007
Ending net worth	731,813	195,326	387,909	484,467	1,094,471	1,052,608
Net worth change	74,038	51,381	55,967	46,156	117,862	24,123
Ending farm debt to asset ratio	47 %	62 %	57 %	58 %	42 %	32 %
Beg total debt to asset ratio	44 %	59 %	54 %	56 %	40 %	28 %
End total debt to asset ratio	43 %	59 %	53 %	55 %	38 %	28 %
Nonfarm Information						
Net nonfarm income	23,733	8,646	21,627	21,347	30,470	19,475
Farms reporting living expenses	84	4	17	22	32	9
Total family living expense	46,810	-	39,337	58,249	50,668	31,834
Total living, invest, & capital	66,573	-	53,533	77,600	72,421	57,968
Crop Acres						
Total acres owned	236	53	104	181	357	288
Total crop acres	766	401	593	840	796	980
Total crop acres owned	193	54	115	144	294	191
Total crop acres cash rented	494	319	449	596	415	677
Total crop acres share rented	79	27	30	99	88	112

Appendix I

Whole Farm Analysis Procedures and Measures

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

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

Farm Income Statement

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

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

Inventory Changes

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

Depreciation and Other Capital Adjustments

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

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

Profitability Measures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Liquidity Measures

Net Cash Farm Income is from the Farm Income Statement.

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

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

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

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

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

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

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

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

Balance Sheets at Cost and Market Values

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

Statement of Cash Flows

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

Financial Standards Measures

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

Liquidity

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

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

Solvency

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

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

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

Profitability

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

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

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

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

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

Repayment Capacity

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

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

Efficiency

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

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

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

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

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

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

Crop Production and Marketing Summary

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

Household and Personal Expenses

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

Operator and Labor Information

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

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

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

Nonfarm Summary

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

Appendix II

Crop Enterprise Analysis Procedures and Measures

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

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

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

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

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

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

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

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

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

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

Appendix III

Livestock Enterprise Analysis Procedures and Measures

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

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

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

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

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

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

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

Cost of Production is calculated by dividing the total expense for each category by Total Production. For grow/finish enterprises, the Purchases and Transfers In are included in direct expense. *With other revenue adjustments* includes the labor and management charge and the cost of replacement stock. Cull sales, other offspring sales, and any other miscellaneous income are subtracted from total expense to arrive at the portion of costs that must be covered by production of the primary product to break-even.

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

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

Rounding of individual items for the report may have caused minor discrepancies with the calculated totals. If fewer than 5 farms have a certain 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.	2.25	2.26	Actual	2.25
Oats/bu.	1.25	1.25	Actual	1.25
All Wheat/bu.	3.65	3.60	Actual	3.65
Soybeans/bu.	7.04	7.48	Actual	7.40
Alfalfa hay/t.	90.00	90.00	90.00	90.00
Alfalfa haylage/t	45.00	45.00	45.00	45.00
Grass/Mixed hay/r	60.00	60.00	60.00	60.00
Corn silage/t.	21.00	18.00	18.00	21.00
Oatlage/t.	12.00	12.00	12.00	12.00
Oats straw/bale	2.15	2.15	2.15	2.15
Green chop/t.		8.00	8.00	8.00
Cornstalks/t.		30.00		
CCC Corn Loan Equity	0.45 (cash basis only)			.00
CCC Soybean Loan Equity	0.55 (cash basis only)			.55

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 an 8% rate for buildings, 12% 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 \$15,000 per operator plus 5% of the value of farm production, with a minimum of \$30,000 for a full-time farm operator.

Suggested land market value by county: \$/acre

Cottonwood	1800	Nobles	1800
Jackson	1900	Pipestone	1400
Faribault	2200	Redwood	1800
Martin	2200	Watonwan	2000
Murray	1600	Yellow Medicine	1600

Land prices may be modified according to each farm situation. Building and dwelling valuations are based on fair market value.