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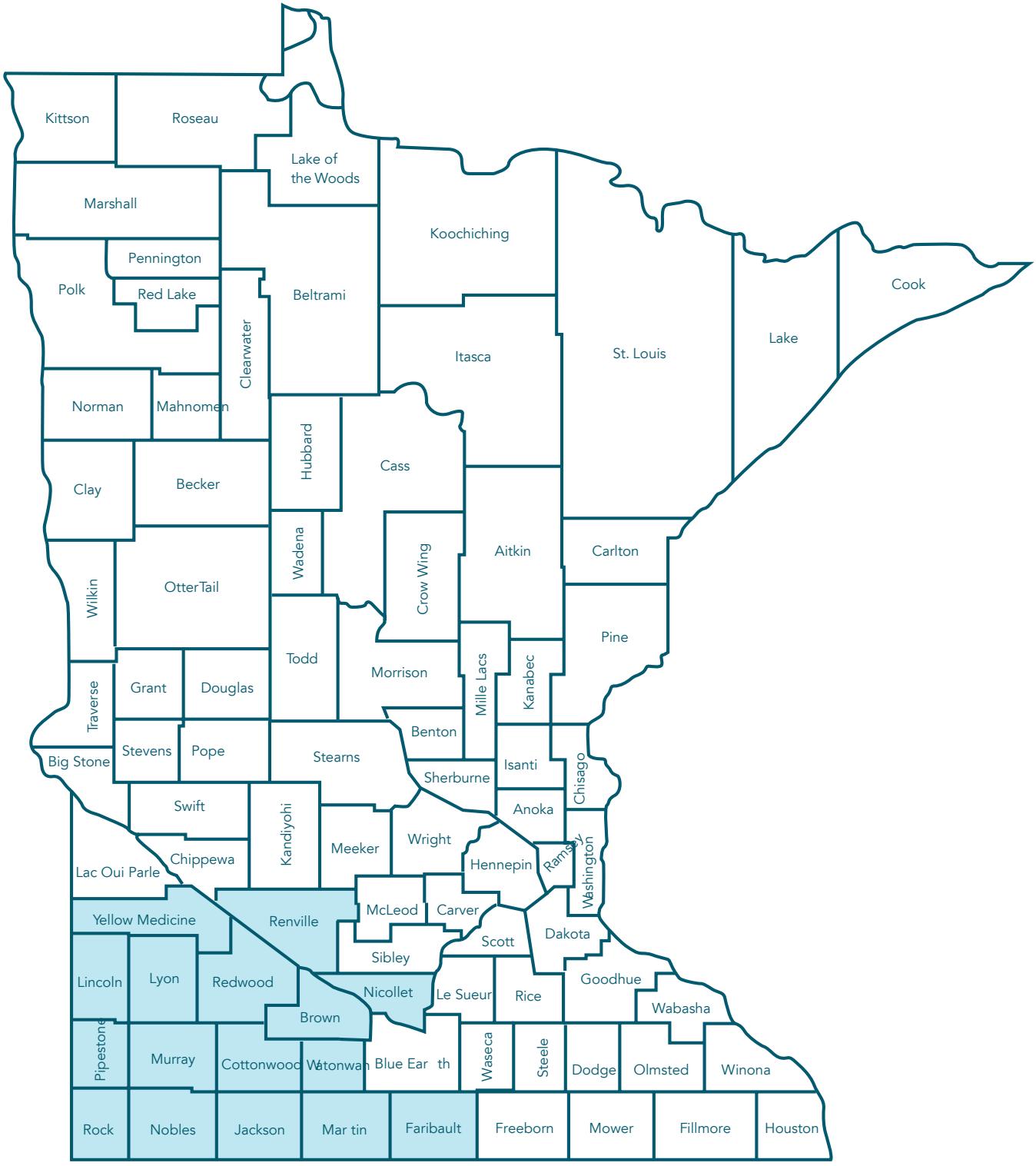
SOUTHWESTERN MINNESOTA
FARM BUSINESS MANAGEMENT ASSOCIATION

2012
ANNUAL REPORT

Staff Paper P13-2
Department of Applied Economics
University of Minnesota
Saint Paul, MN 55108
March 2013

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

SOUTHWEST MINNESOTA FARM BUSINESS MANAGEMENT ASSOCIATION

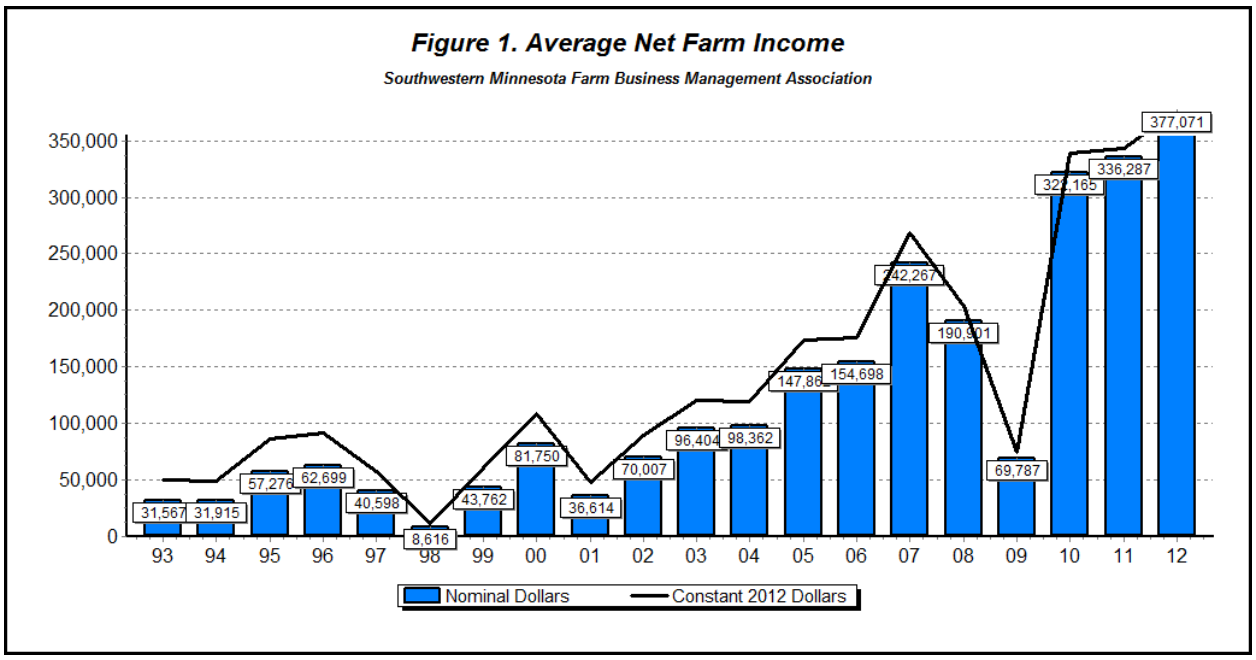


Executive Summary

2012 Annual Report of the Southwestern Minnesota Farm Business Management Association

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

Average net farm income was $377,071 for the 110 farms included in this 2012 annual report of the Southwestern Minnesota Farm Business Management Association. Inflation adjusted profits were up 10% from earnings reported in 2011. Very strong prices for corn and soybeans offset lower corn yields that resulted from dry growing conditions in many counties of Southwest Minnesota.



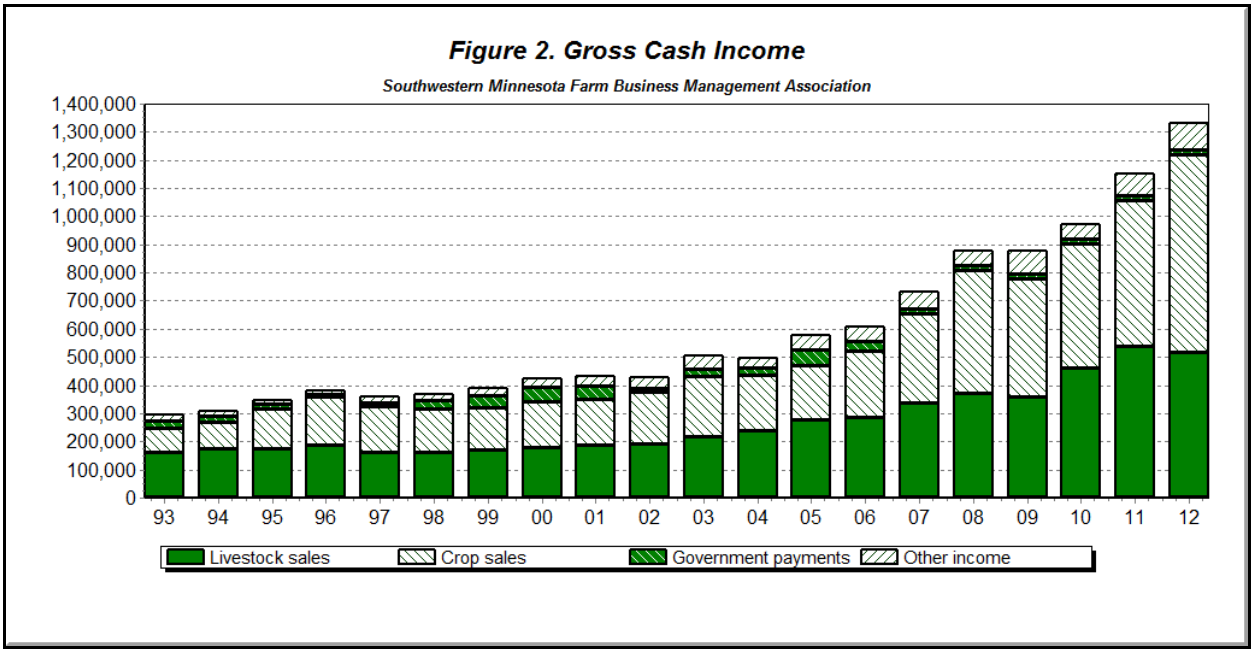
Highlights of association financial results for 2012:

- Median net farm income, or the income earned by the middle farm, was $294,840, substantially lower than the average. This indicates that the average is skewed by high profits of the most profitable farms. This is consistent with most recent years with the exception of 2009, when losses suffered by large livestock farms reversed this relationship.

- As is the case every year, incomes varied widely across the entire group. The average net farm income for the most profitable 20% of the farms was $895,799 while the least profitable 20% earned $99,444.

- Average gross cash income was up 16% from 2011 while cash expenses increased by 18%. Much of the increased net farm income resulted from the increased value of crop inventories held at the end of the year.

Entire report is available at: http://www.cffm.umn.edu/Publications/Pubs/FBMA/SW_MN_FBMA_2012.pdf



- Crop sales accounted for 53% of gross income while livestock sales were 38% (Figure 2). Crop sales accounted for a much greater portion of sales than in previous years due primarily to high crop prices.

- Government payments accounted for 2% if gross cash income and 6% of net farm income. Government payments increased slightly due to an increase in the average acres farmed. The average operation farmed 886 crop acres compared to 791 in 2011.

- Rates of return were again very strong, though slightly lower than earned in 2011. Average rate of return on assets (ROA) was 14% (assets valued at adjusted cost or book value), down from 16% in 2011 (Figure 3). Rate of return on equity (ROE) averaged 19%, down from 21% in 2011.

- The average farm reported net worth growth of $471,988. Net worth growth from earnings (farm and non-farm) averaged $282,564. The remainder resulted from changes in asset values.

- The debt-to-asset ratio of the average sole proprietor farm improved from 37% to 35% (Figure 4).

Crops

- Corn yields averaged 162 bushels per acre, down 10 bushels from the average of the last 10 years. Soybeans yields averaged 47 bushels, right on the association ten year average (Figure 5). Drought conditions gradually developed across the area as the 2012 growing season progressed. The June 5 Drought Monitor showed virtually no abnormally dry areas in Southwest Minnesota. By September most of the area was in moderate to severe drought. Yet the area escaped the severe yield reductions that impacted much of the Midwest.

- The Midwest drought coupled with already tight supply conditions sent corn and soybean prices to record levels. The average price received for corn was $6.27 per bushel compared to $5.29 in 2011. Soybeans averaged $13.07 per bushel, up from $11.58.

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

Southwest Minnesota Farm Business Management Association

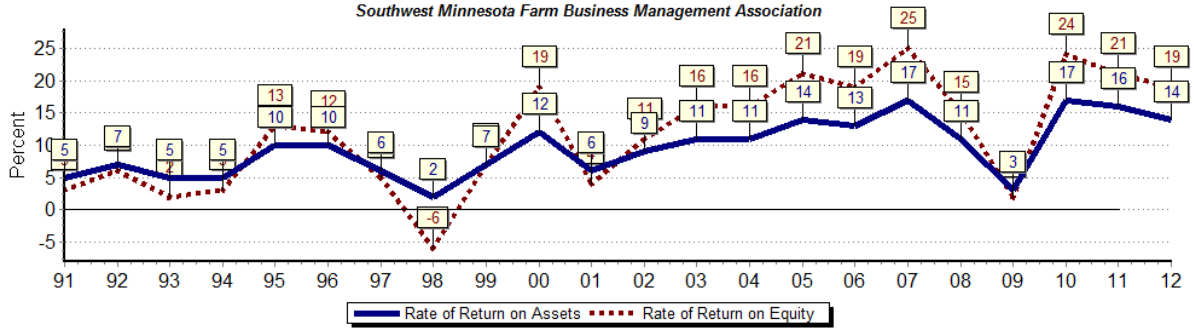


Figure 4: Ending Equity and Ending Debt to Asset Ratio

Southwest Minnesota Farm Business Management Association, Sole Proprietors Only

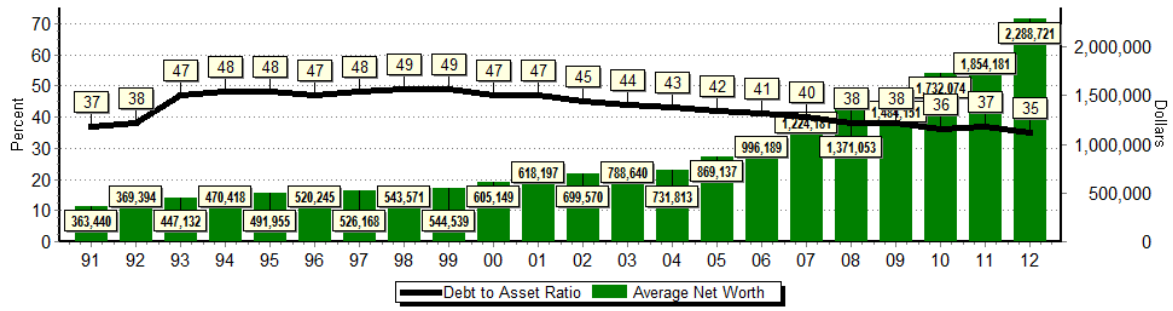
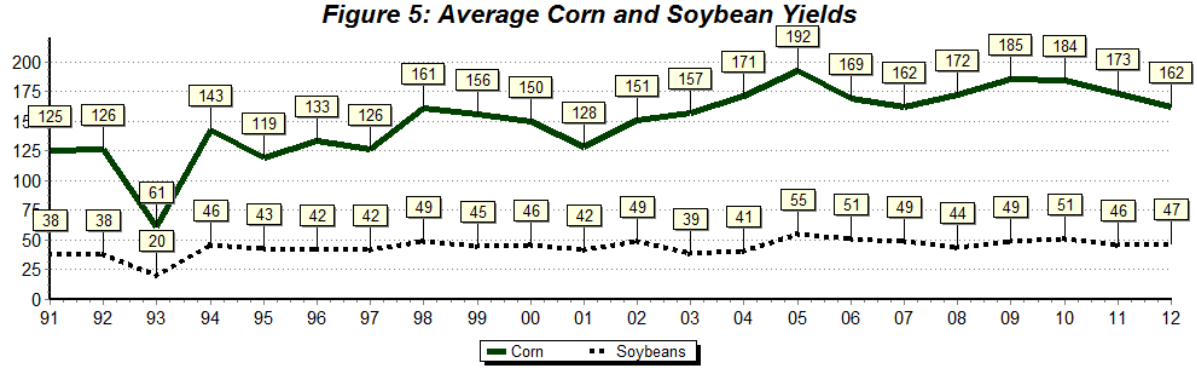


Figure 5: Average Corn and Soybean Yields



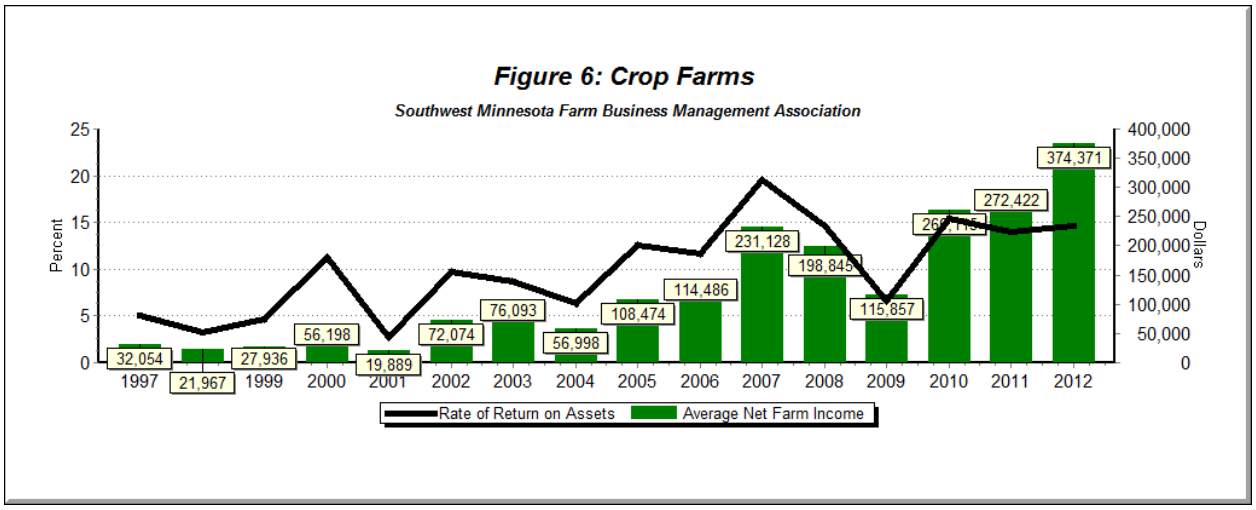


Figure 6: Crop Farms
Southwest Minnesota Farm Business Management Association
Percent
Dollars
25
20
15
10
5
0
400,000
350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
32,054
21,967
27,936
56,198
19,889
72,074
76,093
56,998
108,474
114,486
231,128
198,845
115,857
272,422
374,371
1997
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
Rate of Return on Assets
Average Net Farm Income

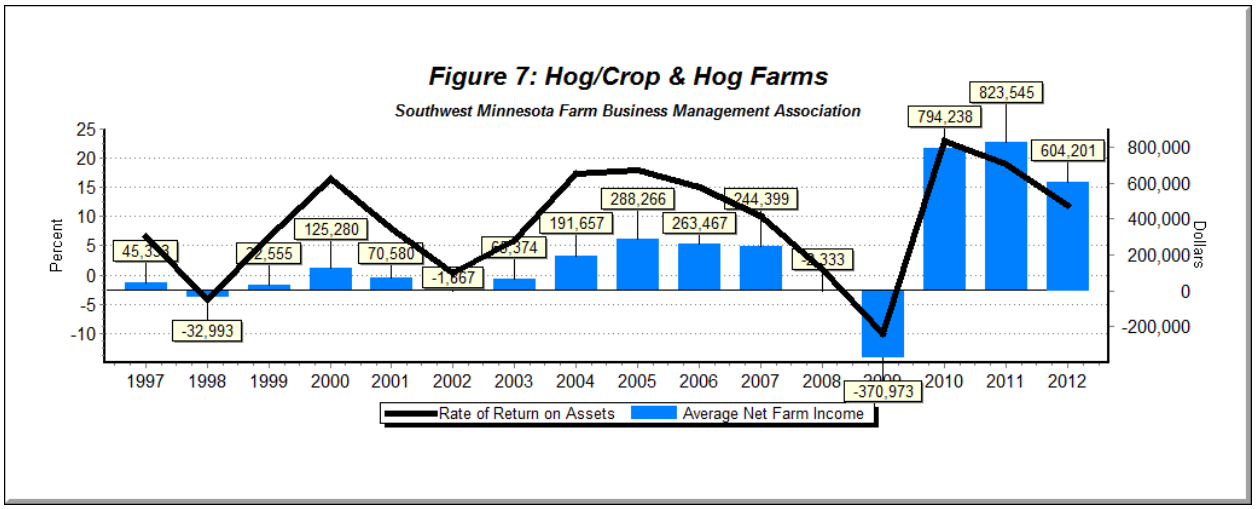


Figure 7: Hog/Crop & Hog Farms
Southwest Minnesota Farm Business Management Association
Percent
Dollars
25
20
15
10
5
0
-5
-10
800,000
600,000
400,000
200,000
0
-200,000
45,333
-32,993
32,555
125,280
70,580
-1,667
63,374
191,657
288,266
263,467
244,399
-370,973
794,238
823,545
604,201
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2010
2011
2012
Rate of Return on Assets
Average Net Farm Income

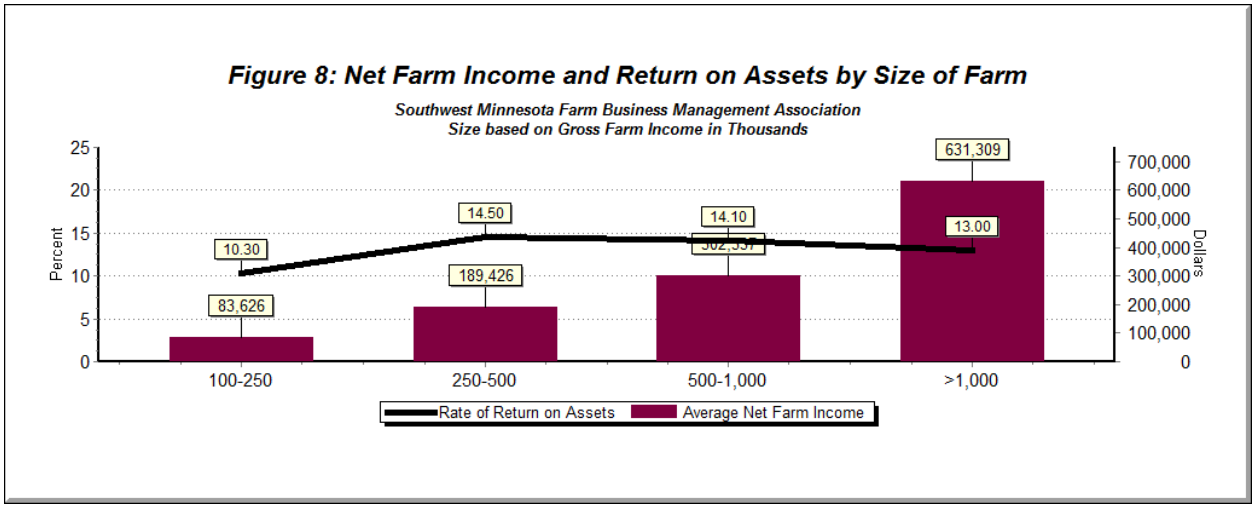


Figure 8: Net Farm Income and Return on Assets by Size of Farm
Southwest Minnesota Farm Business Management Association
Size based on Gross Farm Income in Thousands
Percent
Dollars
25
20
15
10
5
0
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
10.30
14.50
14.10
13.00
83,626
189,426
631,309
100-250
250-500
500-1,000
>1,000
Rate of Return on Assets
Average Net Farm Income

- The cost to raise an acre of corn (with land rent) increased by 16% while soybean costs increased by 15%. The cost to produce a bushel of corn increased by almost a dollar per bushel, from $3.74 in 2011 to $4.72 in 2012. Soybean costs per bushel increased by almost two dollars, from $9.86 to $11.75 per bushel. These costs include a charge for unpaid labor and management, but do not include a charge for equity capital. Cash rental rates increased by 22% on corn and soybean ground.

Type of Farm

- Crop farms were very profitable, with an average net farm income of $374,371 and an average ROA of 15.0 % (Figure 6). Record prices for corn and soybeans more than offset decreased corn yields and substantial increases in costs of production.

- Even with very high feed prices, hog farms were profitable in 2012, though not as profitable as in the two previous years. Specialized hog farms and hog/crop farms (those farms with over 70% of gross income from sale of hogs or a combination of hogs and crops) earned an average net farm income of $604,201 and an ROA of 12% (Figure 7).

- There were not enough beef or dairy farms in the group to summarize these farms by type.

Size of Farm

- Net incomes generally increased with farm size when measured based on gross farm income (Figure 8). Yet, except for the smallest farms, rates of return on assets were not correlated with farm size. Mid-sized farms, those that grossed between $250,000 and $500,000, were most profitable with and ROA of 14.5%, but there was likely no statistical difference between these and the returns of larger farms.

- The smaller farms, those that grossed between $100,000 and $250,000, were profitable but not as profitable, with an ROA of 10.3%.

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

2012 Annual Report
Southwestern Minnesota Farm Business Management Association

by

by Dale W. Nordquist, Donald L. Nitchie, James N. Kurtz, Garen J. Paulson,
Janet M. Froslan, John L. Woodford, Tonya L. Knorr and Ian V. Sandager [1]

This report summarizes the individual farm records of the members of the Southwestern Minnesota Farm Business Management Association for 2012.

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 farm size, type of farm, debt to asset ratio, and operator age.

Of the 122 farms in the Southwestern Association, the data for 110 farms are included in this report. The rest were omitted because the records were incomplete at the time that this report was prepared. In addition to this report, members receive an annual farm business analysis; on-farm instructional visits; end-of-year income tax planning and preparation; periodic meetings, tours, and seminars; a monthly newsletter; and other managerial and educational assistance. Each farmer pays an annual fee which covers the majority of the cost, with the balance defrayed by University of Minnesota Extension and research programs of the University of Minnesota.

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[1]Nordquist is Extension Economist–Center for Farm Financial Management (CFFM), University of Minnesota, Twin Cities; Nitchie is Regional Extension Educator--Farm Management and Fieldmen for the Association; Kurtz, Paulson, Froslan, Woodford, Knorr and Sandager are financial analysts for the Association.

Special thanks to Rann Loppnow, Software Development, CFFM; Eliza Herman, Program Associate, CFFM; and Barb Lenning, Southwest Research and Outreach Center.

Southwestern Minnesota Farm Business Management Association

Distribution of Membership -- 2012

County	Number of Farm Units	Number of Records Submitted
Cottonwood	14	12
Jackson	18	15
Lyon	4	2
Martin	3	2
Murray	19	18
Nobles	21	17
Pipestone	10	10
Redwood	7	7
Rock	6	6
Watonwan	9	7
Others[2]	11	14
TOTAL	122	110

Officers and Directors

Brian Ling, President
Mike Metz, Vice President
Kerry Tutt, Secretary-Treasurer

The directors of the Southwestern Minnesota Farm Business Management Association for 2012/2013 are: Mark Christensen, Chad Diemer, Bob Hartman, Brent Pohlman, Mike Sandager, and Matt Wolle.

[2]Records were also submitted from members in Faribault, Lac Qui Parle, McLeod, Mower, Wabasha and Yellow Medicine counties.

Southwestern Minnesota Farm Business Management Association

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Whole-Farm Reports

The whole-farm reports summarize the financial performance of member farms in 2012. Each table (except for the balance sheets) includes the average of the 110 farms included in the report and the average 20 percent of the farms with the lowest and highest profits (base on Net Farm Income). In a change from previous years, the balance sheet reports include all farms, including partnerships and corporations. Appendix I provides detail on how the whole-farm measures are calculated. Below is a short summary of the whole farm reports.

Financial Summary

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

Financial Standards Measures

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

Farm Income Statement

The Income Statement calculates the accrual Net Farm Income generated by the average farm for year 2012. Net Farm Income represents the return to the operator's and family's unpaid labor, management, and equity capital (net worth). It is the amount the farm contributed to owner family living, income taxes, and net worth growth. However, it does not include any asset appreciation, debt forgiveness or asset repossessions.

Profitability Measures

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

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

Liquidity and Repayment Capacity Measures

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

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

Balance Sheets

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

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

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

Statement of Cash Flows

The Statement of Cash Flows displays the sources and uses of cash for the year. *Cash From Operating Activities* includes sources and uses of cash related to normal farm operations. *Cash From Investing Activities* reflect cash used to buy and sell capital assets. *Cash From Financing Activities* includes sources and uses of borrowed funds as well as cash from nonfarm activities.

Crop Production and Marketing

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

Household and Personal Expenses

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

Operator and Labor Information

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

Nonfarm Summary

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

	Avg. Of All Farms	*Low 20%*	*High 20%*
Number of farms	110	22	22
Income Statement			
Gross cash farm income	1,332,519	397,646	3,365,702
Total cash farm expense	1,057,018	269,293	2,935,605
Net cash farm income	275,501	128,352	430,097
Inventory change	157,209	5,050	546,920
Depreciation	-66,085	-34,382	-115,017
Net farm income from operations	366,624	99,020	862,000
Gain or loss on capital sales	10,447	424	33,798
Average net farm income	377,071	99,444	895,799
Median net farm income	294,840	106,129	636,837
Profitability (cost)			
Rate of return on assets	13.9 %	8.5 %	16.3 %
Rate of return on equity	18.6 %	10.9 %	22.2 %
Operating profit margin	30.2 %	19.7 %	31.9 %
Asset turnover rate	46.0 %	43.3 %	51.2 %
Liquidity & Repayment (end of year)			
Current assets	1,136,463	338,649	2,739,613
Current liabilities	364,744	133,510	901,662
Current ratio	3.12	2.54	3.04
Working capital	771,719	205,138	1,837,950
Working capital to gross inc	52.0 %	51.6 %	47.2 %
Term debt coverage ratio	4.63	3.04	6.30
Replacement coverage ratio	3.38	2.12	4.76
Solvency (end of year at market)			
Number of farms	110	22	22
Total farm assets	3,491,321	1,224,170	6,533,202
Total farm liabilities	1,284,483	488,859	2,503,262
Total assets	3,799,785	1,421,440	6,803,770
Total liabilities	1,361,818	558,050	2,611,433
Net worth	2,437,968	863,390	4,192,338
Net worth change	471,988	98,056	894,366
Farm debt to asset ratio	37 %	40 %	38 %
Total debt to asset ratio	36 %	39 %	38 %
Nonfarm Information			
Net nonfarm income	30,841	39,142	17,123
Farms reporting living expenses	42	9	6
Total family living expense	73,904	67,444	62,025
Total living, invest, cap. purch	135,406	100,879	161,902
Crop Acres			
Total acres owned	216	82	301
Total crop acres	886	411	1,868
Total crop acres owned	205	70	286
Total crop acres cash rented	617	292	1,480
Total crop acres share rented	63	49	102

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

	Avg. Of All Farms	*Low 20%*	*High 20%*
Number of farms	110	22	22
Liquidity			
Current ratio	3.12	2.54	3.04
Working capital	771,719	205,138	1,837,950
Working capital to gross inc	52.0 %	51.6 %	47.2 %
Solvency (market)			
Farm debt to asset ratio	37 %	40 %	38 %
Farm equity to asset ratio	63 %	60 %	62 %
Farm debt to equity ratio	0.58	0.66	0.62
Profitability (cost)			
Rate of return on farm assets	13.9 %	8.5 %	16.3 %
Rate of return on farm equity	18.6 %	10.9 %	22.2 %
Operating profit margin	30.2 %	19.7 %	31.9 %
Net farm income	377,071	99,444	895,799
EBIDTA	459,177	146,683	1,025,309
Repayment Capacity			
Capital debt repayment capacity	370,921	110,496	833,907
Capital debt repayment margin	290,734	74,134	701,593
Replacement margin	261,156	58,277	658,727
Term debt coverage ratio	4.63	3.04	6.30
Replacement coverage ratio	3.38	2.12	4.76
Efficiency			
Asset turnover rate (cost)	46.0 %	43.3 %	51.2 %
Operating expense ratio	69.1 %	63.1 %	73.7 %
Depreciation expense ratio	4.5 %	8.7 %	3.0 %
Interest expense ratio	1.8 %	3.3 %	1.2 %
Net farm income ratio	25.4 %	25.0 %	23.0 %

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	Avg. Of All Farms	*Low 20%*	*High 20%*
Number of farms	110	22	22
Cash Farm Income			
Beans, Navy	187	-	-
Corn	436,510	177,458	1,012,484
Corn Silage	5,616	2,722	20,254
Hay, Alfalfa	49,164	2,277	236,131
Hay, Mixed	377	1,424	-
Oats	180	282	-
Peas, Processing	517	-	2,585
Soybeans	207,306	99,968	360,494
Soybeans Seed	398	-	-
Stover	162	-	53
Sugar Beets	1,832	-	-
Sweet Corn, Processing	1,192	-	2,520
Wheat, Spring	511	370	1,005
Wheat, Winter	103	-	517
Miscellaneous crop income	18,117	684	87,652
Beef Cow-Calf, Beef Calves	2,032	3,178	3,489
Beef Backgrounding	600	-	3,000
Beef Finishing	28,563	588	22,855
Dairy, Milk	70,052	11,792	100,718
Dairy, Dairy Calves	793	752	-
Dairy Replacement Heifers	5,162	-	11,800
Dairy Finishing	9,295	24,795	-
Hogs, Farrow To Finish, Raised Ho	17,669	5,157	70,435
Hogs, Feeder Pig Prod, Feeder Pig	98	489	-
Hogs, Finish Feeder Pigs	8,385	811	-
Sheep, Market Lamb Prod, Mkt Lamb	1,890	-	6,157
Sheep, Market Lamb Prod, Wool	87	-	247
Hogs, Weaning to Finish	346,948	-	1,210,176
Cull breeding livestock	4,428	1,336	6,074
Misc. livestock income	182	77	503
Direct, CCP & ACRE pymts	14,961	6,939	27,742
CRP payments	783	163	416
Livestock govt payments	796	771	1,051
Other government payments	4,370	3,441	5,357
Custom work income	47,118	18,909	120,819
Patronage dividends, cash	5,664	1,417	12,702
Crop insurance income	10,978	10,330	9,223
Property insurance income	1,592	254	5,631
Contract livestock income	16,792	18,133	5,762
Other farm income	11,111	3,128	17,849
Gross Cash Farm Income	1,332,519	397,646	3,365,702

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

	Avg. Of All Farms	*Low 20%*	*High 20%*
Number of farms	110	22	22
Cash Farm Expense			
Seed	81,740	35,334	172,482
Fertilizer	86,605	39,065	169,474
Crop chemicals	26,383	12,921	49,424
Crop insurance	14,904	7,407	27,255
Drying expense	1,434	683	2,761
Storage	243	161	333
Irrigation energy	192	-	-
Packaging and supplies	619	104	2,992
Crop miscellaneous	1,326	260	4,834
Consultants	1,145	47	2,869
Feeder livestock purchase	102,788	4,712	283,093
Purchased feed	329,518	17,621	1,204,243
Breeding fees	1,314	392	2,463
Veterinary	11,509	1,617	35,768
Supplies	5,455	2,384	9,856
DHIA	503	144	204
Contract production exp.	8,286	-	1,162
Livestock leases	4,016	-	20,081
Interest	27,141	13,272	50,998
CCC buyback	15,513	1,301	69,245
Fuel & oil	36,128	14,408	74,306
Repairs	42,441	20,226	64,580
Custom hire	14,987	5,762	46,339
Hired labor	34,851	8,917	96,602
Land rent	138,278	59,423	353,395
Machinery leases	8,137	943	27,631
Building leases	21,214	2,059	95,142
Real estate taxes	5,911	1,744	8,636
Farm insurance	9,973	4,615	18,909
Utilities	9,843	6,287	12,914
Hauling and trucking	1,661	1,308	1,175
Marketing	3,763	810	6,278
Dues & professional fees	3,288	2,226	4,831
Miscellaneous	5,908	3,141	15,330
Total cash expense	1,057,018	269,293	2,935,605
Net cash farm income	275,501	128,352	430,097
Inventory Changes			
Prepaids and supplies	12,564	4,607	40,147
Accounts receivable	2,642	-1,014	-3,310
Hedging accounts	19,588	-3,806	109,418
Other current assets	-75	-349	-27
Crops and feed	113,980	3,363	364,260
Market livestock	7,415	3,139	34,929
Breeding livestock	-609	-1,321	-1,857
Other assets	8,545	-363	25,947
Accounts payable	-7,514	804	-25,291
Accrued interest	673	-9	2,706
Total inventory change	157,209	5,050	546,920
Net operating profit	432,709	133,402	977,017
Depreciation			
Machinery and equipment	-45,730	-22,827	-87,571
Titled vehicles	-3,639	-2,844	-8,077
Buildings and improvements	-16,716	-8,711	-19,369
Total depreciation	-66,085	-34,382	-115,017
Net farm income from operations	366,624	99,020	862,000
Gain or loss on capital sales	10,447	424	33,798
Net farm income	377,071	99,444	895,799

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

	Avg. Of All Farms	*Low 20%*	*High 20%*
Number of farms	110	22	22
Profitability (assets valued at cost)			
Net farm income from operations	366,624	99,020	862,000
Rate of return on assets	13.9 %	8.5 %	16.3 %
Rate of return on equity	18.6 %	10.9 %	22.2 %
Operating profit margin	30.2 %	19.7 %	31.9 %
Asset turnover rate	46.0 %	43.3 %	51.2 %
Farm interest expense	26,468	13,281	48,292
Value of operator lbr and mgmt.	75,374	38,602	143,029
Return on farm assets	317,718	73,700	767,263
Average farm assets	2,286,837	866,265	4,703,883
Return on farm equity	291,250	60,419	718,971
Average farm equity	1,565,946	554,006	3,231,362
Value of farm production	1,052,663	374,862	2,407,752

	Avg. Of All Farms	*Low 20%*	*High 20%*
Number of farms	110	22	22
Profitability (assets valued at market)			
Net farm income from operations	548,428	130,222	1,032,863
Rate of return on assets	15.8 %	9.1 %	16.2 %
Rate of return on equity	23.9 %	13.3 %	24.7 %
Operating profit margin	47.5 %	28.0 %	39.0 %
Asset turnover rate	33.3 %	32.7 %	41.5 %
Farm interest expense	26,468	13,281	48,292
Value of operator lbr and mgmt.	75,374	38,602	143,029
Return on farm assets	499,522	104,902	938,126
Average farm assets	3,158,408	1,147,005	5,806,038
Return on farm equity	473,054	91,621	889,834
Average farm equity	1,983,130	688,835	3,608,797
Value of farm production	1,052,663	374,862	2,407,752

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

	Avg. Of All Farms	*Low 20%*	*High 20%*
Number of farms	110	22	22
Liquidity			
Current ratio	3.12	2.54	3.04
Working capital	771,719	205,138	1,837,950
Working capital to gross inc	52.0 %	51.6 %	47.2 %
Current assets	1,136,463	338,649	2,739,613
Current liabilities	364,744	133,510	901,662
Gross revenues (accrual)	1,483,990	397,195	3,895,088
Repayment capacity			
Net farm income from operations	366,624	99,020	862,000
Depreciation	66,085	34,382	115,017
Personal income	30,841	39,142	17,123
Family living/owner withdrawals	-89,387	-54,572	-172,167
Payments on personal debt	-2,570	-4,379	-177
Income taxes paid	-21,791	-11,693	-29,798
Interest on term debt	21,118	8,595	41,910
Capital debt repayment capacity	370,921	110,496	833,907
Scheduled term debt payments	-80,187	-36,362	-132,314
Capital debt repayment margin	290,734	74,134	701,593
Cash replacement allowance	-29,578	-15,857	-42,866
Replacement margin	261,156	58,277	658,727
Term debt coverage ratio	4.63	3.04	6.30
Replacement coverage ratio	3.38	2.12	4.76

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

	Avg. Of All Farms		*Low 20%*		*High 20%*	
Number of farms	110		22		22	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
Assets						
Current Farm Assets						
Cash and checking balance	74,594	75,204	41,254	49,690	238,195	192,425
Prepaid expenses & supplies	119,558	132,122	54,338	58,945	211,054	251,201
Growing crops	5	20	0	98	27	0
Accounts receivable	31,516	34,159	2,649	1,635	100,707	97,396
Hedging accounts	15,799	14,378	1,196	1,072	71,701	58,038
Crops held for sale or feed	567,212	660,271	187,235	185,140	1,174,411	1,423,338
Crops under government loan	42,606	64,857	6,338	10,502	148,205	268,038
Market livestock held for sale	148,038	155,453	28,428	31,567	414,247	449,175
Other current assets	90	0	448	0	0	0
Total current farm assets	999,418	1,136,463	321,885	338,649	2,358,547	2,739,613
Intermediate Farm Assets						
Breeding livestock	6,221	9,671	3,991	9,135	6,886	17,080
Machinery and equipment	361,360	422,959	188,886	208,368	610,940	774,919
Titled vehicles	18,058	21,629	11,863	15,769	32,705	35,839
Other intermediate assets	58,148	67,650	3,539	3,969	223,096	255,638
Total intermediate farm assets	443,787	521,909	208,280	237,241	873,626	1,083,476
Long Term Farm Assets						
Farm land	388,950	472,270	114,857	150,243	596,632	902,141
Buildings and improvements	245,598	293,543	156,027	183,901	340,512	389,206
Other long-term assets	49,701	51,579	11,757	10,985	131,566	135,437
Total long-term farm assets	684,249	817,392	282,641	345,129	1,068,711	1,426,783
Total Farm Assets	2,127,454	2,475,765	812,805	921,019	4,300,884	5,249,872
Total Nonfarm Assets	219,210	246,820	154,344	167,300	142,901	205,710
Total Assets	2,346,665	2,722,585	967,149	1,088,319	4,443,785	5,455,581
Liabilities						
Current Farm Liabilities						
Accrued interest	7,452	6,794	3,966	3,974	13,428	10,793
Accounts payable	18,280	25,794	8,652	7,848	54,424	79,716
Current notes	224,043	255,552	87,405	85,817	496,376	633,292
Government crop loans	19,584	19,323	2,132	3,054	78,243	81,774
Principal due on term debt	59,069	57,281	27,766	32,818	90,405	96,088
Total current farm liabilities	328,428	364,744	129,921	133,510	732,877	901,662
Total intermediate farm liabs	99,536	101,639	53,483	55,054	206,447	180,539
Total long term farm liabilities	266,350	310,630	106,270	147,573	465,909	600,598
Total farm liabilities	694,315	777,013	289,674	336,138	1,405,233	1,682,799
Total nonfarm liabilities	54,847	65,505	58,375	65,169	67,862	94,061
Total liabilities	749,161	842,517	348,049	401,307	1,473,095	1,776,860
Net worth (farm and nonfarm)	1,597,503	1,880,068	619,100	687,012	2,970,690	3,678,721
Net worth change		282,564		67,912		708,031
Percent net worth change		18 %		11 %		24 %
Ratio Analysis						
Current farm liabilities / assets	33 %	32 %	40 %	39 %	31 %	33 %
Intermediate farm liab. / assets	22 %	19 %	26 %	23 %	24 %	17 %
Long term farm liab. / assets	39 %	38 %	38 %	43 %	44 %	42 %
Total debt to asset ratio	32 %	31 %	36 %	37 %	33 %	33 %

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

	Avg. Of All Farms		*Low 20%*		*High 20%*	
Number of farms	110		22		22	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
Assets						
Current Farm Assets						
Cash and checking balance	74,594	75,204	41,254	49,690	238,195	192,425
Prepaid expenses & supplies	119,558	132,122	54,338	58,945	211,054	251,201
Growing crops	5	20	0	98	27	0
Accounts receivable	31,516	34,159	2,649	1,635	100,707	97,396
Hedging accounts	15,799	14,378	1,196	1,072	71,701	58,038
Crops held for sale or feed	567,212	660,271	187,235	185,140	1,174,411	1,423,338
Crops under government loan	42,606	64,857	6,338	10,502	148,205	268,038
Market livestock held for sale	148,038	155,453	28,428	31,567	414,247	449,175
Other current assets	90	0	448	0	0	0
Total current farm assets	999,418	1,136,463	321,885	338,649	2,358,547	2,739,613
Intermediate Farm Assets						
Breeding livestock	36,753	37,334	13,787	18,653	46,098	35,122
Machinery and equipment	530,572	621,995	285,789	320,000	852,548	1,073,392
Titled vehicles	28,124	32,665	15,457	20,298	44,470	50,572
Other intermediate assets	60,623	69,125	3,743	4,173	229,019	257,155
Total intermediate farm assets	656,073	761,119	318,776	363,124	1,172,135	1,416,241
Long Term Farm Assets						
Farmland	786,433	1,109,881	224,215	280,608	1,040,041	1,613,223
Buildings and improvements	354,112	413,834	194,580	230,886	486,577	548,369
Other long-term assets	59,005	70,024	11,677	10,904	164,564	215,756
Total long-term farm assets	1,199,550	1,593,740	430,472	522,398	1,691,183	2,377,348
Total Farm Assets	2,855,041	3,491,321	1,071,133	1,224,170	5,221,865	6,533,202
Total Nonfarm Assets	271,008	308,464	185,817	197,270	186,438	270,569
Total Assets	3,126,049	3,799,785	1,256,950	1,421,440	5,408,304	6,803,770
Liabilities						
Current Farm Liabilities						
Accrued interest	7,452	6,794	3,966	3,974	13,428	10,793
Accounts payable	18,280	25,794	8,652	7,848	54,424	79,716
Current notes	224,043	255,552	87,405	85,817	496,376	633,292
Government crop loans	19,584	19,323	2,132	3,054	78,243	81,774
Principal due on term debt	59,069	57,281	27,766	32,818	90,405	96,088
Total current farm liabilities	328,428	364,744	129,921	133,510	732,877	901,662
Total intermediate farm liabs	99,536	101,639	53,483	55,054	206,447	180,539
Total long term farm liabilities	266,350	310,630	106,270	147,573	465,909	600,598
Total farm liabilities	694,315	777,013	289,674	336,138	1,405,233	1,682,799
Total nonfarm liabilities	54,847	65,505	58,375	65,169	67,862	94,061
Total liabs excluding deferreds	749,161	842,517	348,049	401,307	1,473,095	1,776,860
Total deferred liabilities	410,908	519,300	143,567	156,743	637,237	834,572
Total liabilities	1,160,069	1,361,818	491,616	558,050	2,110,332	2,611,433
Retained earnings	1,597,503	1,880,068	619,100	687,012	2,970,690	3,678,721
Market valuation equity	368,476	557,900	146,234	176,378	327,282	513,617
Net worth (farm and nonfarm)	1,965,979	2,437,968	765,334	863,390	3,297,971	4,192,338
Net worth excluding deferreds	2,376,887	2,957,268	908,901	1,020,133	3,935,208	5,026,910
Net worth change		471,988		98,056		894,366
Percent net worth change		24 %		13 %		27 %
Ratio Analysis						
Current farm liabilities / assets	33 %	32 %	40 %	39 %	31 %	33 %
Intermediate farm liab. / assets	15 %	13 %	17 %	15 %	18 %	13 %
Long term farm liab. / assets	22 %	19 %	25 %	28 %	28 %	25 %
Total debt to asset ratio	37 %	36 %	39 %	39 %	39 %	38 %
Debt to assets excl deferreds	24 %	22 %	28 %	28 %	27 %	26 %

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

	Avg. Of All Farms	*Low 20%*	*High 20%*
Number of farms	110	22	22
Beginning cash (farm & nonfarm)	86,575	45,913	238,800
Cash Provided By Operating Activities			
Gross cash farm income	1,332,519	397,646	3,365,702
Total cash farm expense	-1,057,018	-269,293	-2,935,605
Net cash from hedging transactions	21,009	-3,682	123,081
Cash provided by operating	296,510	124,670	553,178
Cash Provided By Investing Activities			
Sale of breeding livestock	7,040	1,045	32,355
Sale of machinery & equipment	9,808	7,127	16,166
Sale of titled vehicles	602	1,554	-
Sale of farm land	4,074	23	111
Sale of farm buildings	-	-	-
Sale of other farm assets	2,547	-	2,495
Sale of nonfarm assets	3,358	1,598	-
Purchase of breeding livestock	-4,759	-7,394	-12,820
Purchase of machinery & equip.	-114,603	-49,066	-265,505
Purchase of titled vehicles	-7,800	-8,366	-11,211
Purchase of farm land	-93,160	-35,409	-304,477
Purchase of farm buildings	-64,661	-36,586	-68,062
Purchase of other farm assets	-5,382	-21	-12,962
Purchase of nonfarm assets	-29,430	-14,861	-59,440
Cash provided by investing	-292,366	-140,355	-683,349
Cash Provided By Financing Activities			
Money borrowed	647,151	222,190	1,784,914
Principal payments	-571,624	-173,396	-1,524,724
Personal income	30,841	39,142	17,123
Family living/owner withdrawals	-89,351	-54,572	-172,167
Income and social security tax	-21,791	-11,693	-29,798
Capital contributions	1,005	-	5,023
Capital distributions	-7,245	-	-
Dividends paid	-36	-	-
Cash gifts and inheritances	2,541	2,928	4,103
Gifts given	-528	-729	-366
Other cash flows	-	-	-
Cash provided by financing	-9,038	23,870	84,107
Net change in cash balance	-4,894	8,185	-46,064
Ending cash (farm & nonfarm)	81,681	54,098	192,736

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	Avg. Of All Farms	*Low 20%*	*High 20%*
Number of farms	110	22	22
Acreage Summary			
Total acres owned	216	82	301
Total crop acres	886	411	1,868
Crop acres owned	205	70	286
Crop acres cash rented	617	292	1,480
Crop acres share rented	63	49	102
Total pasture acres	7	8	16
Percent crop acres owned	23 %	17 %	15 %
Mach invest/crop acre cost	441	478	359
Mach invest/crop acre market	648	719	501
Average Price Received (Cash Sales Only)			
Soybeans per bushel	13.07	13.17	13.37
Corn per bushel	6.27	5.99	6.54
Hay, Alfalfa per ton	106.13	-	-
Hay, Grass per ton	77.14	-	-
Corn Silage per ton	41.31	-	-
Wheat, Spring per bushel	8.98	-	-
Average Yield Per Acre			
Corn (bushel)	162.05	161.02	162.87
Soybeans (bushel)	47.13	44.64	46.31
Hay, Alfalfa (ton)	3.15	-	2.98
Corn Silage (ton)	21.01	-	21.10
Hay, Grass (ton)	1.60	2.10	-
Wheat, Spring (bushel)	43.98	-	-
Sweet Corn, Processing (ton)	6.77	-	-

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	Avg. Of All Farms	*Low 20%*	*High 20%*
Number of farms	42	9	6
Average family size	2.9	2.9	2.3
Family Living Expenses			
Food and meals expense	9,077	7,699	9,280
Medical care	7,580	12,736	5,308
Health insurance	5,884	7,214	2,791
Cash donations	4,877	2,959	2,976
Household supplies	9,018	7,078	12,670
Clothing	3,706	2,602	4,602
Personal care	2,065	847	510
Child / Dependent care	146	-	-
Alimony and child support	-	-	-
Gifts	2,927	1,156	2,320
Education	1,916	3,531	1,334
Recreation	5,453	2,474	5,062
Utilities (household share)	3,260	3,812	2,760
Personal vehicle operating exp	5,123	5,757	3,179
Household real estate taxes	532	688	582
Dwelling rent	-	-	-
Household repairs	2,785	1,647	2,629
Personal interest	1,809	2,970	1,165
Disability / Long term care ins	564	-	954
Life insurance payments	2,815	1,816	2,529
Personal property insurance	475	372	397
Miscellaneous	2,907	1,600	979
Total cash family living expense	72,918	66,958	62,025
Family living from the farm	986	486	-
Total family living	73,904	67,444	62,025
Other Nonfarm Expenditures			
Income taxes	28,949	14,277	34,476
Furnishing & appliance purchases	1,033	249	1,646
Nonfarm vehicle purchases	7,487	8,237	2,794
Nonfarm real estate purchases	5,691	7,633	-
Other nonfarm capital purchases	19,983	1,056	49,677
Nonfarm savings & investments	-656	2,469	11,285
Total other nonfarm expenditures	62,487	33,921	99,877
Total cash family living investment & nonfarm capital purch	135,406	100,879	161,902

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

	Avg. Of All Farms	*Low 20%*	*High 20%*
Number of farms	110	22	22
Operator Information			
Average number of operators	1.2	1.0	1.4
Average age of operators	50.8	45.6	51.2
Average number of years farming	26.0	17.5	27.1
Results Per Operator			
Working capital	652,993	196,219	1,304,352
Total assets (market)	3,215,203	1,359,638	4,828,482
Total liabilities	1,152,307	533,787	1,853,275
Net worth (market)	2,062,896	825,852	2,975,207
Net worth excl deferred liabs	2,502,304	975,780	3,567,485
Gross farm income	1,255,684	379,926	2,764,256
Total farm expense	945,464	285,211	2,152,514
Net farm income from operations	310,220	94,715	611,742
Net nonfarm income	26,096	37,440	12,152
Family living & tax withdrawals	94,073	63,384	143,330
Total acres owned	183.0	78.5	213.3
Total crop acres	750.0	392.9	1,325.5
Crop acres owned	173.9	67.1	202.8
Crop acres cash rented	522.5	279.1	1,050.0
Crop acres share rented	53.6	46.7	72.7
Total pasture acres	5.8	8.1	11.1
Labor Analysis			
Number of farms	109	22	22
Total unpaid labor hours	2,109	1,473	2,750
Total hired labor hours	2,409	466	7,182
Total labor hours per farm	4,517	1,939	9,932
Unpaid hours per operator	1,782	1,409	1,952
Value of farm production / hour	233.75	193.30	242.42
Net farm income / unpaid hour	173.99	67.22	313.47
Average hourly hired labor wage	18.42	30.65	17.49
Partnerships & LLCs			
Number of farms	12	-	6
Number of operators	2.0	-	2.0
Owner withdrawals per farm	-	-	-
Withdrawals per operator	-	-	-
Corporations			
Number of farms	10	3	3
Number of operators	1.4	-	-

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

	Avg. Of All Farms	*Low 20%*	*High 20%*
Number of farms	110	22	22
Nonfarm Income			
Personal wages & salary	16,265	23,018	8,637
Net nonfarm business income	2,510	3,604	333
Personal rental income	4,008	195	2,144
Personal interest income	600	140	1,198
Personal cash dividends	489	121	665
Tax refunds	910	2,094	1,153
Other nonfarm income	6,058	9,971	2,993
Total nonfarm income	30,841	39,142	17,123
Gifts and inheritances	2,541	2,928	4,103
Nonfarm Assets (market)			
Checking & savings	6,477	4,408	311
Stocks & bonds	39,588	5,127	22,959
Other current assets	2,152	904	1,387
Furniture & appliances	10,869	11,544	8,457
Nonfarm vehicles	19,976	18,369	15,031
Cash value of life ins.	13,003	6,153	9,612
Retirement accounts	70,842	41,807	101,143
Other intermediate assets	18,490	3,703	2,608
Nonfarm real estate	84,089	66,000	52,095
Personal bus. investment	6,473	-	18,182
Other long term assets	36,504	39,254	38,786
Total nonfarm assets	308,464	197,270	270,569
Nonfarm Liabilities			
Accrued interest	194	295	1
Accounts payable	38,462	17,333	81,614
Current notes	198	-	940
Princ due on term debt	1,439	2,150	718
Total current liabilities	40,293	19,778	83,273
Intermediate liabilities	4,870	8,647	9,619
Long term liabilities	20,342	36,743	1,170
Total nonfarm liabilities	65,505	65,169	94,061
Nonfarm net worth	242,959	132,101	176,507
Nonfarm debt to asset ratio	21 %	33 %	35 %

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Crop Reports

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

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

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

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

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

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

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

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

Corn on Owned Land

	Avg. Of All Farms	*Low 20%*	*High 20%*
Number of fields	108	20	24
Number of farms	67	13	14
Acres	98.55	73.48	84.44
Yield per acre (bu.)	165.84	147.96	183.32
Operators share of yield %	100.00	100.00	100.00
Value per bu.	6.72	6.57	6.88
Total product return per acre	1,114.38	972.35	1,261.55
Hedging gains/losses per acre	-0.59	-	0.30
Crop insurance per acre	17.82	4.02	0.19
Other crop income per acre	8.68	3.47	3.33
Gross return per acre	1,140.28	979.84	1,265.37
Direct Expenses			
Seed	111.89	111.42	110.74
Fertilizer	157.28	174.68	133.68
Crop chemicals	27.92	42.08	24.33
Crop insurance	17.53	21.96	13.73
Drying expense	4.29	5.75	1.21
Fuel & oil	30.85	32.44	32.08
Repairs	39.86	38.83	33.64
Custom hire	10.16	4.39	9.00
Hired labor	0.79	-	0.15
Machinery leases	1.88	-	-
Utilities	0.61	-	-
Hauling and trucking	0.75	0.10	0.69
Marketing	0.54	0.32	0.12
Operating interest	4.84	6.22	4.65
Miscellaneous	2.30	0.45	0.51
Total direct expenses per acre	411.50	438.64	364.53
Return over direct exp per acre	728.78	541.20	900.84
Overhead Expenses			
Hired labor	10.85	8.20	7.52
Machinery leases	5.07	14.71	7.12
Building leases	0.52	0.31	0.07
RE & pers. property taxes	22.37	28.93	20.76
Farm insurance	7.86	12.67	6.77
Utilities	5.00	6.67	3.82
Dues & professional fees	3.35	3.25	2.21
Interest	45.05	74.68	26.07
Mach & bldg depreciation	63.63	69.61	61.14
Miscellaneous	6.23	4.26	2.91
Total overhead expenses per acre	169.93	223.29	138.39
Total dir & ovhd expenses per acre	581.43	661.93	502.92
Net return per acre	558.85	317.91	762.45
Government payments	18.91	21.78	20.70
Net return with govt pmts	577.76	339.70	783.15
Labor & management charge	65.25	60.53	68.63
Net return over lbr & mgt	512.51	279.17	714.53
Cost of Production			
Total direct expense per bu.	2.48	2.96	1.99
Total dir & ovhd exp per bu.	3.51	4.47	2.74
Less govt & other income	3.24	4.28	2.61
With labor & management	3.63	4.68	2.98
Net value per unit	6.72	6.57	6.88
Machinery cost per acre	145.55	155.75	138.61
Est. labor hours per acre	3.10	2.94	2.64

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

Corn on Cash Rent

	Avg. Of All Farms	*Low 20%*	*High 20%*
Number of fields	232	57	48
Number of farms	89	17	18
Acres	140.95	185.22	97.06
Yield per acre (bu.)	160.77	142.63	185.22
Operators share of yield %	100.00	100.00	100.00
Value per bu.	6.78	6.67	6.93
Other product return per acre	0.37	-	2.61
Total product return per acre	1,089.83	950.66	1,286.72
Hedging gains/losses per acre	-6.61	-17.47	-
Crop insurance per acre	12.74	9.41	-
Other crop income per acre	6.78	2.61	6.61
Gross return per acre	1,102.74	945.21	1,293.34
Direct Expenses			
Seed	115.90	112.60	113.40
Fertilizer	149.41	125.65	137.11
Crop chemicals	25.76	23.91	22.98
Crop insurance	18.03	13.03	13.60
Drying expense	3.00	1.18	1.27
Storage	0.29	-	0.89
Fuel & oil	29.69	30.64	30.72
Repairs	36.16	35.01	32.10
Custom hire	6.53	4.89	10.15
Hired labor	0.74	0.68	-
Land rent	224.87	259.85	199.44
Machinery leases	2.69	0.83	0.12
Hauling and trucking	1.10	1.00	3.86
Marketing	2.28	2.99	3.14
Operating interest	6.25	9.85	3.75
Miscellaneous	3.17	3.79	1.81
Total direct expenses per acre	625.86	625.89	574.35
Return over direct exp per acre	476.87	319.32	718.98
Overhead Expenses			
Hired labor	12.47	10.75	17.40
Machinery leases	5.41	13.41	1.62
Building leases	1.61	4.17	1.47
Farm insurance	7.36	6.14	7.12
Utilities	3.87	3.59	4.63
Dues & professional fees	3.10	3.07	2.66
Interest	4.92	5.56	3.56
Mach & bldg depreciation	53.99	51.83	56.16
Miscellaneous	4.15	4.55	4.26
Total overhead expenses per acre	96.87	103.07	98.88
Total dir & ovhd expenses per acre	722.73	728.96	673.23
Net return per acre	380.00	216.25	620.11
Government payments	17.08	14.33	19.32
Net return with govt pmts	397.08	230.57	639.43
Labor & management charge	67.16	65.57	76.09
Net return over lbr & mgt	329.92	165.00	563.34
Cost of Production			
Total direct expense per bu.	3.89	4.39	3.10
Total dir & ovhd exp per bu.	4.50	5.11	3.63
Less govt & other income	4.31	5.05	3.48
With labor & management	4.72	5.51	3.89
Net value per unit	6.74	6.54	6.93
Machinery cost per acre	132.12	133.19	127.86
Est. labor hours per acre	2.46	2.21	2.70

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Corn on Share Rent

	Avg. Of All Farms
Number of fields	31
Number of farms	18
Acres	82.86
Yield per acre (bu.)	160.58
Operators share of yield %	51.72
Value per bu.	6.74
Total product return per acre	559.72
Crop insurance per acre	3.28
Other crop income per acre	3.06
Gross return per acre	566.06
Direct Expenses	
Seed	78.16
Fertilizer	93.17
Crop chemicals	18.93
Crop insurance	10.03
Drying expense	1.82
Fuel & oil	29.20
Repairs	32.47
Custom hire	8.77
Hauling and trucking	1.79
Marketing	1.42
Operating interest	4.88
Miscellaneous	1.51
Total direct expenses per acre	282.16
Return over direct exp per acre	283.91
Overhead Expenses	
Hired labor	8.48
Machinery leases	5.09
Building leases	0.79
Farm insurance	5.27
Utilities	3.39
Dues & professional fees	2.51
Interest	3.69
Mach & bldg depreciation	46.72
Miscellaneous	2.50
Total overhead expenses per acre	78.43
Total dir & ovhd expenses per acre	360.59
Net return per acre	205.47
Government payments	12.10
Net return with govt pmts	217.57
Labor & management charge	64.33
Net return over lbr & mgt	153.24
Cost of Production	
Total direct expense per bu.	3.40
Total dir & ovhd exp per bu.	4.34
Less govt & other income	4.12
With labor & management	4.89
Net value per unit	6.74
Machinery cost per acre	119.56
Est. labor hours per acre	2.50

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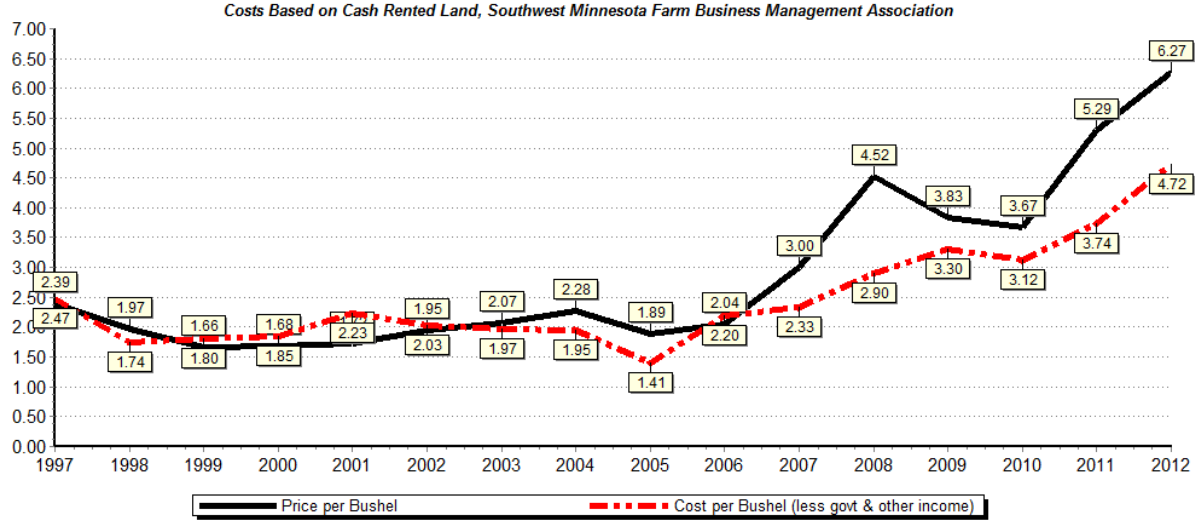
Figure 9: Corn Price and Cost of Production

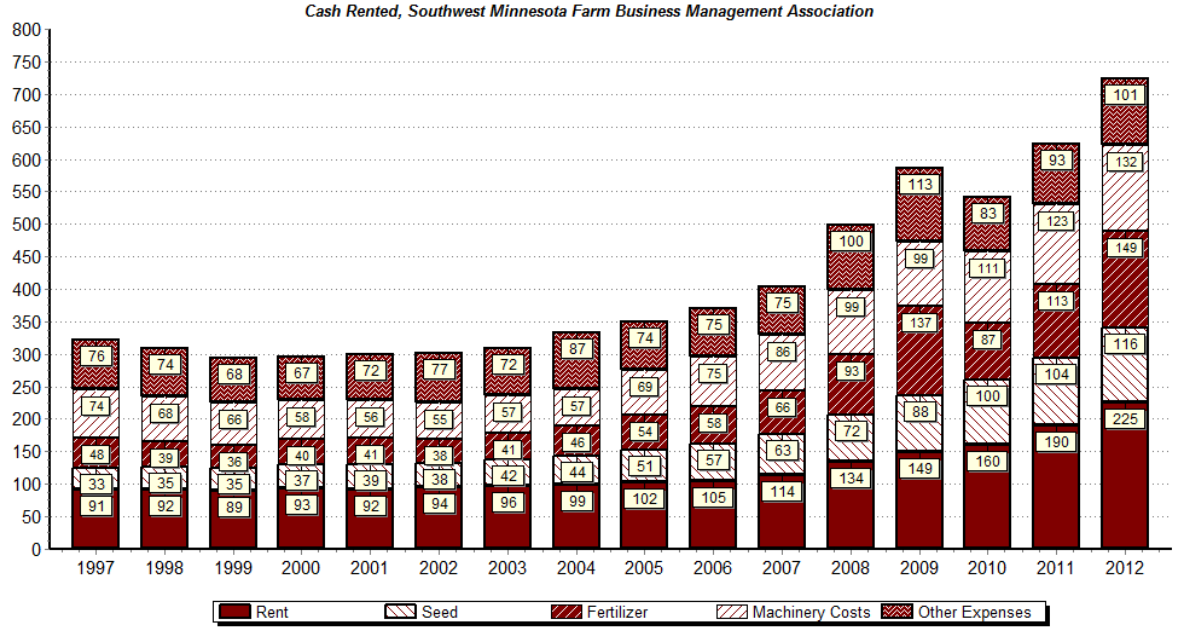
Costs Based on Cash Rented Land, Southwest Minnesota Farm Business Management Association



Price does not include LDP payments and other government support

Figure 10: Corn Cost Per Acre

Cash Rented, Southwest Minnesota Farm Business Management Association



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

Soybeans on Owned Land

	Avg. Of All Farms	*Low 20%*	*High 20%*
Number of fields	97	16	26
Number of farms	67	13	14
Acres	89.69	108.28	68.10
Yield per acre (bu.)	48.80	41.81	55.41
Operators share of yield %	100.00	100.00	100.00
Value per bu.	13.79	13.84	14.17
Total product return per acre	673.25	578.83	785.02
Hedging gains/losses per acre	-0.63	-	0.55
Crop insurance per acre	3.56	9.06	0.95
Other crop income per acre	7.69	5.28	3.91
Gross return per acre	683.87	593.16	790.44
Direct Expenses			
Seed	58.28	59.87	52.26
Fertilizer	40.44	58.64	21.82
Crop chemicals	33.23	37.70	32.54
Crop insurance	17.87	16.11	21.04
Irrigation energy	0.14	0.69	-
Fuel & oil	24.91	27.47	27.18
Repairs	32.81	42.28	28.55
Custom hire	7.04	9.48	3.51
Hauling and trucking	0.24	0.52	0.57
Marketing	1.18	-	0.78
Operating interest	4.12	5.35	2.21
Miscellaneous	3.96	0.25	2.49
Total direct expenses per acre	224.22	258.36	192.94
Return over direct exp per acre	459.65	334.79	597.49
Overhead Expenses			
Hired labor	9.34	13.58	8.10
Machinery leases	3.37	0.18	4.01
Building leases	0.65	0.59	0.03
RE & pers. property taxes	21.59	23.91	23.83
Farm insurance	6.41	6.97	5.71
Utilities	4.23	4.91	3.64
Dues & professional fees	3.03	1.97	2.96
Interest	46.83	57.31	14.11
Mach & bldg depreciation	51.40	63.87	54.45
Miscellaneous	3.90	3.58	6.32
Total overhead expenses per acre	150.73	176.89	123.14
Total dir & ovhd expenses per acre	374.96	435.25	316.09
Net return per acre	308.92	157.91	474.35
Government payments	17.22	17.12	19.35
Net return with govt pmts	326.14	175.02	493.70
Labor & management charge	56.11	42.65	54.46
Net return over lbr & mgt	270.02	132.37	439.25
Cost of Production			
Total direct expense per bu.	4.59	6.18	3.48
Total dir & ovhd exp per bu.	7.68	10.41	5.70
Less govt & other income	7.11	9.66	5.26
With labor & management	8.26	10.68	6.24
Net value per unit	13.78	13.84	14.18
Machinery cost per acre	115.05	130.11	114.30
Est. labor hours per acre	2.45	2.19	2.50

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Soybeans on Cash Rent

	Avg. Of All Farms	*Low 20%*	*High 20%*
Number of fields	224	48	61
Number of farms	86	17	18
Acres	138.97	218.92	86.04
Yield per acre (bu.)	46.80	41.46	53.27
Operators share of yield %	100.00	100.00	100.00
Value per bu.	13.86	13.79	13.95
Total product return per acre	648.87	571.64	743.28
Hedging gains/losses per acre	-5.44	-10.57	0.41
Crop insurance per acre	2.84	0.65	1.40
Other crop income per acre	5.09	2.18	15.66
Gross return per acre	651.36	563.90	760.75
Direct Expenses			
Seed	57.21	49.62	60.39
Fertilizer	39.18	36.62	28.89
Crop chemicals	29.58	23.25	30.23
Crop insurance	17.28	12.14	13.95
Fuel & oil	23.44	25.68	23.89
Repairs	26.81	26.09	23.10
Custom hire	4.03	5.35	3.85
Hired labor	0.59	0.50	-
Land rent	225.10	268.72	178.26
Machinery leases	1.62	0.92	0.04
Hauling and trucking	0.65	0.46	2.36
Marketing	2.13	3.75	1.94
Operating interest	4.64	7.11	2.15
Miscellaneous	2.51	3.68	1.61
Total direct expenses per acre	434.77	463.89	370.66
Return over direct exp per acre	216.59	100.01	390.09
Overhead Expenses			
Hired labor	10.72	7.68	15.96
Machinery leases	6.55	14.96	3.50
Building leases	1.56	3.22	1.86
Farm insurance	5.59	3.92	6.70
Utilities	2.90	2.21	3.58
Dues & professional fees	2.44	2.33	1.71
Interest	3.60	3.99	3.60
Mach & bldg depreciation	42.49	36.73	49.09
Miscellaneous	3.07	2.23	4.27
Total overhead expenses per acre	78.93	77.27	90.27
Total dir & ovhd expenses per acre	513.70	541.16	460.93
Net return per acre	137.66	22.74	299.82
Government payments	15.42	12.31	18.21
Net return with govt pmts	153.09	35.05	318.03
Labor & management charge	54.08	53.82	59.42
Net return over lbr & mgt	99.01	-18.77	258.60
Cost of Production			
Total direct expense per bu.	9.29	11.19	6.96
Total dir & ovhd exp per bu.	10.98	13.05	8.65
Less govt & other income	10.59	12.94	7.98
With labor & management	11.75	14.24	9.10
Net value per unit	13.75	13.53	13.96
Machinery cost per acre	102.59	110.17	99.05
Est. labor hours per acre	1.93	1.69	2.09

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Soybeans on Share Rent

	Avg. Of All Farms	*High 20%*
Number of fields	35	7
Number of farms	21	5
Acres	85.30	81.43
Yield per acre (bu.)	45.82	50.50
Operators share of yield %	51.77	58.47
Value per bu.	13.76	14.29
Total product return per acre	326.51	421.87
Hedging gains/losses per acre	-1.37	-
Crop insurance per acre	1.66	-
Other crop income per acre	2.90	4.00
Gross return per acre	329.70	425.87
Direct Expenses		
Seed	42.45	42.11
Fertilizer	24.06	17.78
Crop chemicals	16.87	18.49
Crop insurance	10.28	8.51
Storage	0.23	1.21
Irrigation energy	0.08	-
Fuel & oil	23.13	25.18
Repairs	29.21	14.30
Custom hire	5.74	0.70
Hauling and trucking	0.58	-
Operating interest	4.90	1.49
Miscellaneous	1.90	-
Total direct expenses per acre	159.43	129.76
Return over direct exp per acre	170.27	296.11
Overhead Expenses		
Hired labor	6.54	13.89
Machinery leases	1.88	6.66
Building leases	0.60	-
Farm insurance	4.94	2.85
Utilities	3.22	1.33
Dues & professional fees	1.47	1.45
Interest	3.27	1.54
Mach & bldg depreciation	40.03	28.36
Miscellaneous	1.82	0.74
Total overhead expenses per acre	63.79	56.82
Total dir & ovhd expenses per acre	223.21	186.58
Net return per acre	106.49	239.29
Government payments	10.76	12.78
Net return with govt pmts	117.24	252.07
Labor & management charge	47.38	37.24
Net return over lbr & mgt	69.86	214.83
Cost of Production		
Total direct expense per bu.	6.72	4.39
Total dir & ovhd exp per bu.	9.41	6.32
Less govt & other income	8.82	5.75
With labor & management	10.82	7.01
Net value per unit	13.71	14.29
Machinery cost per acre	98.18	75.15
Est. labor hours per acre	1.91	1.99

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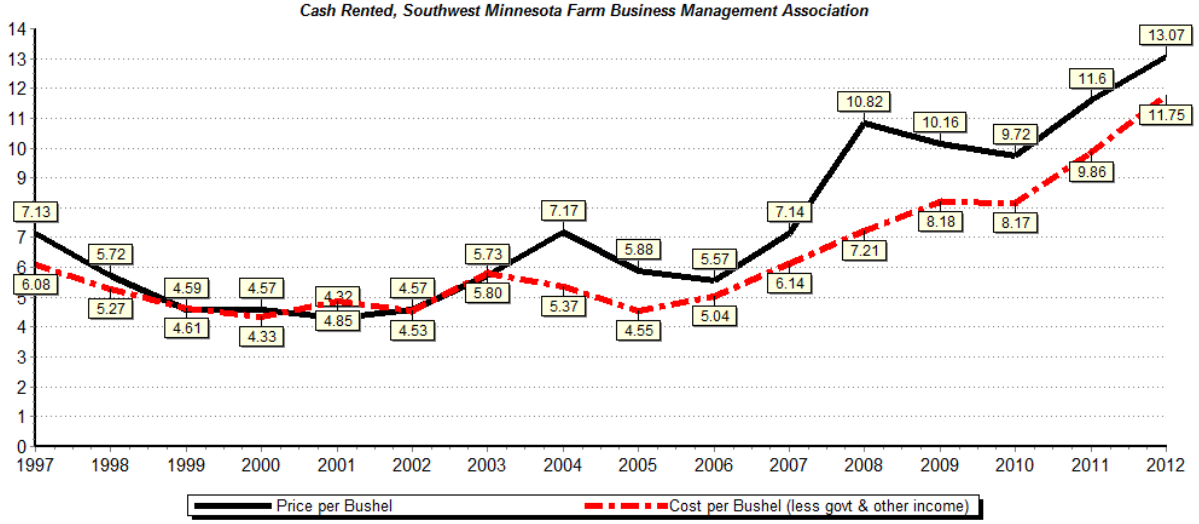
Figure 11: Soybean Price and Cost of Production

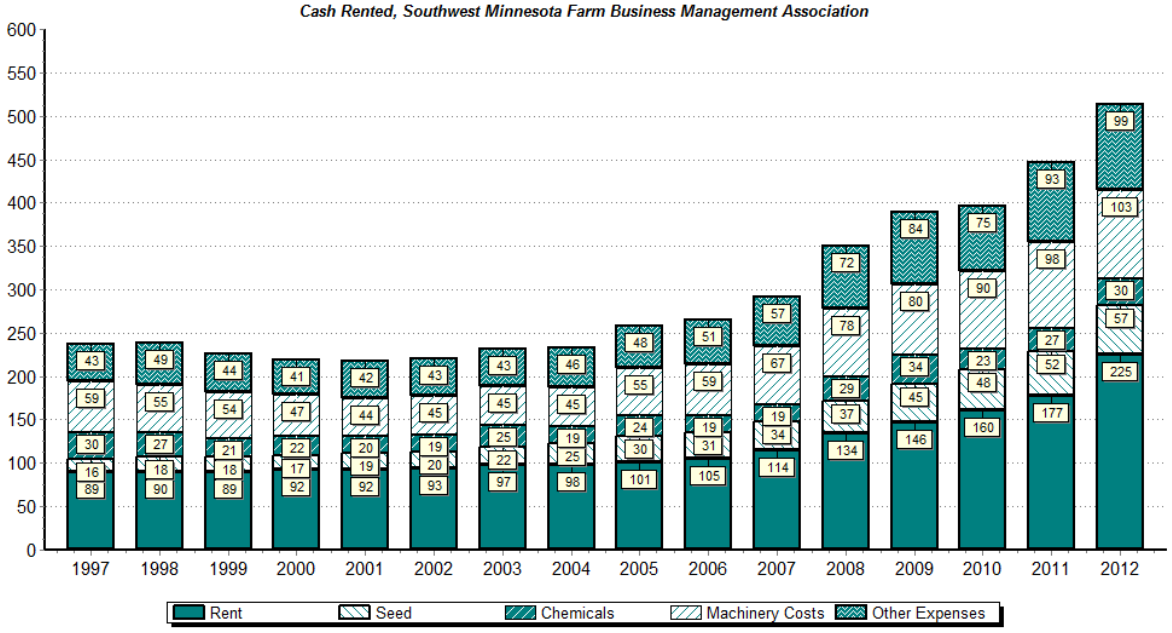
Cash Rented, Southwest Minnesota Farm Business Management Association



Does not include LDP payments and other governement support

Figure 12: Soybean Cost Per Acre

Cash Rented, Southwest Minnesota Farm Business Management Association



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

Corn Silage on Owned Land

	Avg. Of All Farms
Number of fields	16
Number of farms	11
Acres	73.49
Yield per acre (ton)	20.34
Operators share of yield %	100.00
Value per ton	53.98
Total product return per acre	1,097.79
Crop insurance per acre	41.96
Other crop income per acre	0.13
Gross return per acre	1,139.89
Direct Expenses	
Seed	117.64
Fertilizer	110.28
Crop chemicals	22.52
Crop insurance	12.36
Irrigation energy	0.38
Fuel & oil	46.48
Repairs	34.35
Custom hire	14.75
Operating interest	3.64
Miscellaneous	1.96
Total direct expenses per acre	364.36
Return over direct exp per acre	775.53
Overhead Expenses	
Hired labor	6.80
Machinery leases	28.31
RE & pers. property taxes	24.60
Farm insurance	3.89
Utilities	3.24
Dues & professional fees	2.98
Interest	41.38
Mach & bldg depreciation	75.74
Miscellaneous	3.07
Total overhead expenses per acre	190.02
Total dir & ovhd expenses per acre	554.37
Net return per acre	585.51
Government payments	17.33
Net return with govt pmts	602.84
Labor & management charge	60.49
Net return over lbr & mgt	542.35
Cost of Production	
Total direct expense per ton	17.92
Total dir & ovhd exp per ton	27.26
Less govt & other income	24.34
With labor & management	27.31
Net value per unit	53.98
Machinery cost per acre	196.60
Est. labor hours per acre	1.97

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Corn Silage on Cash Rent

	Avg. Of All Farms
Number of fields	11
Number of farms	8
Acres	49.30
Yield per acre (ton)	13.24
Operators share of yield %	100.00
Value per ton	55.29
Total product return per acre	731.94
Crop insurance per acre	205.85
Other crop income per acre	2.81
Gross return per acre	940.59
Direct Expenses	
Seed	104.49
Fertilizer	149.95
Crop chemicals	33.45
Crop insurance	18.75
Fuel & oil	28.88
Repairs	46.42
Custom hire	16.85
Land rent	157.29
Marketing	3.19
Operating interest	14.54
Miscellaneous	0.80
Total direct expenses per acre	574.60
Return over direct exp per acre	366.00
Overhead Expenses	
Hired labor	13.83
Machinery leases	1.55
Farm insurance	5.79
Utilities	5.53
Dues & professional fees	2.04
Interest	6.04
Mach & bldg depreciation	49.61
Miscellaneous	1.65
Total overhead expenses per acre	86.05
Total dir & ovhd expenses per acre	660.64
Net return per acre	279.95
Government payments	16.98
Net return with govt pmts	296.93
Labor & management charge	67.50
Net return over lbr & mgt	229.43
Cost of Production	
Total direct expense per ton	43.40
Total dir & ovhd exp per ton	49.90
Less govt & other income	32.86
With labor & management	37.96
Net value per unit	55.29
Machinery cost per acre	141.76
Est. labor hours per acre	2.93

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Hay, Alfalfa on Owned Land

	Avg. Of All Farms
Number of fields	13
Number of farms	10
Acres	32.34
Yield per acre (ton)	4.08
Operators share of yield %	100.00
Value per ton	211.18
Total product return per acre	861.49
Other crop income per acre	1.37
Gross return per acre	862.86
Direct Expenses	
Seed	22.96
Fertilizer	44.44
Crop chemicals	1.32
Crop insurance	1.58
Fuel & oil	41.04
Repairs	25.63
Custom hire	31.50
Machinery leases	0.24
Operating interest	1.68
Miscellaneous	6.59
Total direct expenses per acre	177.01
Return over direct exp per acre	685.85
Overhead Expenses	
Hired labor	10.15
Machinery leases	19.23
RE & pers. property taxes	25.42
Farm insurance	5.74
Utilities	3.61
Dues & professional fees	3.53
Interest	24.62
Mach & bldg depreciation	80.57
Miscellaneous	4.81
Total overhead expenses per acre	177.70
Total dir & ovhd expenses per acre	354.70
Net return per acre	508.16
Government payments	14.09
Net return with govt pmts	522.24
Labor & management charge	63.95
Net return over lbr & mgt	458.29
Cost of Production	
Total direct expense per ton	43.39
Total dir & ovhd exp per ton	86.95
Less govt & other income	83.16
With labor & management	98.84
Net value per unit	211.18
Machinery cost per acre	194.14
Est. labor hours per acre	2.77

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Hay, Alfalfa on Cash Rent

	Avg. Of All Farms
Number of fields	24
Number of farms	12
Acres	61.34
Yield per acre (ton)	3.05
Operators share of yield %	100.00
Value per ton	223.69
Total product return per acre	683.07
Other crop income per acre	3.57
Gross return per acre	686.63
Direct Expenses	
Seed	8.86
Fertilizer	82.29
Crop chemicals	10.07
Crop insurance	0.83
Packaging and supplies	0.19
Fuel & oil	41.99
Repairs	20.16
Custom hire	1.07
Land rent	153.17
Hauling and trucking	11.22
Marketing	1.36
Operating interest	3.24
Miscellaneous	3.07
Total direct expenses per acre	337.51
Return over direct exp per acre	349.13
Overhead Expenses	
Hired labor	19.65
Machinery leases	10.57
Building leases	2.60
Farm insurance	3.69
Utilities	1.86
Dues & professional fees	0.95
Interest	3.41
Mach & bldg depreciation	53.07
Miscellaneous	2.64
Total overhead expenses per acre	98.45
Total dir & ovhd expenses per acre	435.95
Net return per acre	250.68
Government payments	11.21
Net return with govt pmts	261.89
Labor & management charge	34.38
Net return over lbr & mgt	227.52
Cost of Production	
Total direct expense per ton	110.52
Total dir & ovhd exp per ton	142.76
Less govt & other income	137.92
With labor & management	149.18
Net value per unit	223.69
Machinery cost per acre	126.38
Est. labor hours per acre	2.22

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Pasture on Owned Land

	Avg. Of All Farms
Number of fields	7
Number of farms	6
Acres	41.47
Yield per acre (aum)	1.97
Operators share of yield %	100.00
Value per aum	18.66
Total product return per acre	36.71
Other crop income per acre	3.95
Gross return per acre	40.65
Direct Expenses	
Fertilizer	7.34
Crop chemicals	7.18
Fuel & oil	2.83
Repairs	3.65
Total direct expenses per acre	21.10
Return over direct exp per acre	19.55
Overhead Expenses	
Hired labor	1.37
RE & pers. property taxes	10.63
Farm insurance	0.82
Utilities	0.66
Interest	14.26
Mach & bldg depreciation	3.88
Miscellaneous	1.13
Total overhead expenses per acre	32.74
Total dir & ovhd expenses per acre	53.84
Net return per acre	-13.19
Government payments	2.42
Net return with govt pmts	-10.77
Labor & management charge	4.25
Net return over lbr & mgt	-15.02
Cost of Production	
Total direct expense per aum	10.73
Total dir & ovhd exp per aum	27.37
Less govt & other income	24.13
With labor & management	26.30
Net value per unit	18.66
Machinery cost per acre	9.81
Est. labor hours per acre	0.27

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Pasture on Cash Rent

	Avg. Of All Farms
Number of fields	5
Number of farms	5
Acres	88.80
Yield per acre (aum)	1.90
Operators share of yield %	100.00
Value per aum	24.59
Other product return per acre	8.02
Total product return per acre	54.83
Gross return per acre	54.83
Direct Expenses	
Fertilizer	4.79
Crop chemicals	1.66
Fuel & oil	2.54
Repairs	2.86
Land rent	42.21
Total direct expenses per acre	54.50
Return over direct exp per acre	0.33
Overhead Expenses	
Hired labor	1.72
Machinery leases	0.81
Farm insurance	0.42
Mach & bldg depreciation	5.05
Miscellaneous	0.92
Total overhead expenses per acre	8.92
Total dir & ovhd expenses per acre	63.42
Net return per acre	-8.59
Government payments	-
Net return with govt pmts	-8.59
Labor & management charge	4.50
Net return over lbr & mgt	-13.09
Cost of Production	
Total direct expense per aum	28.63
Total dir & ovhd exp per aum	33.31
Less govt & other income	29.10
With labor & management	31.47
Net value per unit	24.59
Machinery cost per acre	10.04
Est. labor hours per acre	0.16

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CRP on Owned Land

	Avg. Of All Farms
Number of fields	19
Number of farms	19
Acres	33.78
Yield per acre ($)	94.70
Operators share of yield %	100.00
Value per $	1.00
Total product return per acre	94.70
Other crop income per acre	4.94
Gross return per acre	99.64
Direct Expenses	
Crop chemicals	0.89
Fuel & oil	2.89
Repairs	3.85
Custom hire	2.18
Operating interest	0.21
Total direct expenses per acre	10.51
Return over direct exp per acre	89.13
Overhead Expenses	
Hired labor	2.13
RE & pers. property taxes	18.39
Farm insurance	0.89
Utilities	0.69
Dues & professional fees	0.30
Interest	51.01
Mach & bldg depreciation	5.07
Miscellaneous	0.71
Total overhead expenses per acre	79.20
Total dir & ovhd expenses per acre	89.71
Net return per acre	9.94
Government payments	-
Net return with govt pmts	9.94
Labor & management charge	5.53
Net return over lbr & mgt	4.40
Cost of Production	
Total direct expense per $	0.11
Total dir & ovhd exp per $	0.95
Less govt & other income	0.90
With labor & management	0.95
Net value per unit	1.00
Machinery cost per acre	12.91
Est. labor hours per acre	0.33

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

CRP on Cash Rent

	Avg. Of All Farms
Number of fields	7
Number of farms	5
Acres	15.61
Yield per acre ($)	175.56
Operators share of yield %	100.00
Value per $	1.00
Total product return per acre	175.56
Gross return per acre	175.56
Direct Expenses	
Fuel & oil	1.52
Repairs	2.08
Land rent	160.00
Operating interest	0.29
Total direct expenses per acre	163.89
Return over direct exp per acre	11.67
Overhead Expenses	
Farm insurance	0.44
Utilities	0.29
Interest	0.60
Mach & bldg depreciation	1.42
Miscellaneous	0.44
Total overhead expenses per acre	3.19
Total dir & ovhd expenses per acre	167.08
Net return per acre	8.48
Government payments	-
Net return with govt pmts	8.48
Labor & management charge	4.14
Net return over lbr & mgt	4.35
Cost of Production	
Total direct expense per $	0.93
Total dir & ovhd exp per $	0.95
Less govt & other income	0.95
With labor & management	0.98
Net value per unit	1.00
Machinery cost per acre	4.97
Est. labor hours per acre	0.11

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Livestock Reports

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

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

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

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

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

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

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

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

Hogs, Farrow To Finish -- Average Per Litter

	Avg. Of All Farms	
Number of farms		5
	Quantity	Value
Raised Hogs sold (lb)	2,000.7	1,209.90
Cull sales (lb)	170.6	67.37
Other income		7.81
Purchased (lb)	-	-1.58
Inventory change (lb)	-72.0	-43.59
Gross margin		1,239.90
Direct Expenses		
Protein Vit Minerals (lb.)	2,050.8	492.60
Barley (bu.)	0.0	0.31
Corn (bu.)	77.6	500.83
Other feed stuffs (lb)	20.3	4.18
Breeding fees		24.46
Veterinary		55.05
Supplies		44.93
Fuel & oil		10.93
Repairs		7.58
Livestock leases		44.93
Total direct expenses		1,185.79
Return over direct expense		54.12
Overhead Expenses		
Hired labor		92.08
Machinery leases		7.49
RE & pers. property taxes		2.03
Farm insurance		18.14
Utilities		33.77
Interest		15.71
Mach & bldg depreciation		60.89
Miscellaneous		21.57
Total overhead expenses		251.69
Total dir & ovhd expenses		1,437.48
Net return		-197.57
Labor & management charge		32.66
Net return over lbr & mgt		-230.23
Cost of Production/Cwt. Carcass Sold		
Total direct expense per unit		80.36
Total dir& ovhd expense per unit		97.42
With other revenue adjustments		91.48
With labor and management		93.70
Est. labor hours per unit		6.29
Other Information		
Average number of sows		147.1
Litters farrowed		321
Litters per sow		2.19
Litters per crate		10.17
Pigs born per litter		9.81
Pigs weaned per litter		9.27
Pigs weaned per sow		18.51
Pigs sold per litter		7.39
Percent substandard hogs		5
Lb. of feed / lb. of gain		3.07
Feed cost / cwt. of gain		47.53
Feed cost per litter		997.92
Avg wgt/Raised Hogs sold		271
Avg price / cwt.		60.47
Average carcass weight		210
Average price / cwt. carcass		80.05

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

	Avg. Of All Farms	
Number of farms	5	
	Quantity	Value
Raised Hogs sold (lb)	135.59	82.00
Cull sales (lb)	11.56	4.57
Other income		0.53
Purchased (lb)	-	-0.11
Inventory change (lb)	-4.88	-2.95
Gross margin		84.03
Direct Expenses		
Protein Vit Minerals (lb.)	138.98	33.38
Barley (bu.)	0.00	0.02
Corn (bu.)	5.26	33.94
Other feed stuffs (lb)	1.38	0.28
Breeding fees		1.66
Veterinary		3.73
Supplies		3.04
Fuel & oil		0.74
Repairs		0.51
Livestock leases		3.04
Total direct expenses		80.36
Return over direct expense		3.67
Overhead Expenses		
Hired labor		6.24
Machinery leases		0.51
RE & pers. property taxes		0.14
Farm insurance		1.23
Utilities		2.29
Dues & professional fees		0.35
Interest		1.06
Mach & bldg depreciation		4.13
Miscellaneous		1.11
Total overhead expenses		17.06
Total dir & ovhd expenses		97.42
Net return		-13.39
Labor & management charge		2.21
Net return over lbr & mgt		-15.60
Cost of Production/Cwt. Carcass Sold		
Total direct expense per unit		80.36
Total dir& ovhd expense per unit		97.42
With other revenue adjustments		91.48
With labor and management		93.70
Est. labor hours per unit		0.43
Other Information		
Average number of sows		147.1
Litters farrowed		321
Litters per sow		2.19
Litters per crate		10.17
Pigs born per litter		9.81
Pigs weaned per litter		9.27
Pigs weaned per sow		18.51
Pigs sold per litter		7.39
Percent substandard hogs		5
Lb. of feed / lb. of gain		3.07
Feed cost / cwt. of gain		47.53
Feed cost per litter		997.92
Avg wgt/Raised Hogs sold		271
Avg price / cwt.		60.47
Average carcass weight		210
Average price / cwt. carcass		80.05

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Livestock Enterprise Analysis
Southwest 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	6	
	Quantity	Value
Wean-Fin Pig sold (lb)	273.9	171.77
Other income		11.03
Purchased (lb)	-14.9	-41.91
Inventory change (lb)	-0.2	2.31
Gross margin		143.20
Direct Expenses		
Protein Vit Minerals (lb.)	42.4	10.31
Complete Ration (lb.)	77.1	18.84
Corn (bu.)	6.5	39.92
DDGS, dry (lb.)	152.4	17.63
Other feed stuffs (lb)	0.0	12.16
Veterinary		3.85
Supplies		0.78
Contract production exp.		2.85
Fuel & oil		0.73
Repairs		1.67
Custom hire		1.83
Hired labor		5.37
Livestock leases		1.68
Marketing		0.59
Operating interest		0.79
Total direct expenses		118.99
Return over direct expense		24.21
Overhead Expenses		
Hired labor		-0.67
Building leases		9.26
Farm insurance		0.60
Mach & bldg depreciation		2.82
Miscellaneous		1.43
Total overhead expenses		13.45
Total dir & ovhd expenses		132.44
Net return		10.76
Labor & management charge		3.49
Net return over lbr & mgt		7.27
Cost of Production/Cwt. Carcass Sold		
Total direct expense per unit		79.04
Total dir& ovhd expense per unit		85.74
With other revenue adjustments		80.25
With labor and management		81.99
Est. labor hours per unit		0.43
Other Information		
No. purchased or trans in		43,820
Number sold or trans out		37,651
Percentage death loss		5.3
Percent substandard hogs		2
Avg. daily gain (lb.)		1.45
Lb. of feed / lb. of gain		2.73
Feed cost per cwt. of gain		38.19
Feed cost per head		98.87
Average purchase weight		12
Avg wgt / Wean-Fin Pig sold		267
Avg purch price / head		35.13
Avg sales price / cwt.		62.71
Average carcass weight		201
Average price / cwt. carcass		84.56

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

	Avg. Of All Farms	
Number of farms	6	
	Quantity	Value
Wean-Fin Pig sold (lb)	136.52	85.62
Other income		5.50
Purchased (lb)	-7.40	-20.89
Inventory change (lb)	-0.10	1.15
Gross margin		71.37
Direct Expenses		
Protein Vit Minerals (lb.)	21.16	5.14
Complete Ration (lb.)	38.43	9.39
Corn (bu.)	3.26	19.90
DDGS, dry (lb.)	75.97	8.79
Other feed stuffs (lb)	0.02	6.06
Veterinary		1.92
Supplies		0.39
Contract production exp.		1.42
Fuel & oil		0.36
Repairs		0.83
Custom hire		0.91
Hired labor		2.68
Livestock leases		0.84
Marketing		0.29
Operating interest		0.39
Total direct expenses		59.31
Return over direct expense		12.07
Overhead Expenses		
Hired labor		-0.33
Building leases		4.62
Farm insurance		0.30
Mach & bldg depreciation		1.41
Miscellaneous		0.71
Total overhead expenses		6.70
Total dir & ovhd expenses		66.01
Net return		5.36
Labor & management charge		1.74
Net return over lbr & mgt		3.62
Cost of Production/Cwt. Carcass Sold		
Total direct expense per unit		79.04
Total dir& ovhd expense per unit		85.74
With other revenue adjustments		80.25
With labor and management		81.99
Est. labor hours per unit		0.21
Other Information		
No. purchased or trans in		43,820
Number sold or trans out		37,651
Percentage death loss		5.3
Percent substandard hogs		2
Avg. daily gain (lb.)		1.45
Lb. of feed / lb. of gain		2.73
Feed cost per cwt. of gain		38.19
Feed cost per head		98.87
Average purchase weight		12
Avg wgt / Wean-Fin Pig sold		267
Avg purch price / head		35.13
Avg sales price / cwt.		62.71
Average carcass weight		201
Average price / cwt. carcass		84.56

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

	Avg. Of All Farms	
Number of farms	13	
	Quantity	Value
Other income		35.80
Gross margin		35.80
Direct Expenses		
Supplies		1.31
Contract production exp.		0.92
Fuel & oil		1.99
Repairs		3.59
Custom hire		1.87
Hired labor		0.57
Utilities		1.73
Operating interest		0.09
Total direct expenses		12.05
Return over direct expense		23.75
Overhead Expenses		
Hired labor		1.20
Building leases		3.66
RE & pers. property taxes		0.54
Farm insurance		1.34
Utilities		1.08
Dues & professional fees		0.15
Interest		3.39
Mach & bldg depreciation		8.09
Miscellaneous		0.24
Total overhead expenses		19.69
Total dir & ovhd expenses		31.74
Net return		4.06
Labor & management charge		5.64
Net return over lbr & mgt		-1.58
Cost of Production Per Pig Space		
Total direct expense per unit		-
Total dir& ovhd expense per unit		-
With other revenue adjustments		-
With labor and management		-
Est. labor hours per unit		0.31
Other Information		
Number of pigs		5,825
Pigs per pig space (per year)		2.37
Net return per 100 sq. ft.		54.83
Net return per labor hour		12.99
Square feet per pig space		7.41

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

Beef Cow-Calf -- Average Per Cow

	Avg. Of All Farms	
Number of farms	7	
	Quantity	Value
Beef Calves sold (lb)	-	18.84
Transferred out (lb)	370.5	659.60
Cull sales (lb)	96.2	157.61
Other income		3.25
Purchased (lb)	-68.8	-254.99
Transferred in (lb)	-14.4	-139.84
Inventory change (lb)	52.2	329.68
Gross margin		774.14
Direct Expenses		
Protein Vit Minerals (lb.)	41.8	12.45
Complete Ration (lb.)	156.9	32.97
Corn (bu.)	1.7	11.49
Corn Silage (lb.)	5,772.0	128.60
Hay, Alfalfa (lb.)	2,011.4	189.35
Hay, Grass (lb.)	1,989.7	101.42
Pasture (aum)	2.4	79.51
DDGS, dry (lb.)	77.5	9.94
DDGS, wet (lb.)	176.5	28.48
Other feed stuffs (lb)	850.4	18.30
Breeding fees		19.77
Veterinary		32.38
Supplies		14.38
Fuel & oil		18.99
Repairs		11.74
Custom hire		10.45
Bedding		4.12
Operating interest		3.76
Total direct expenses		728.10
Return over direct expense		46.04
Overhead Expenses		
Hired labor		5.16
Farm insurance		5.41
Mach & bldg depreciation		21.06
Miscellaneous		21.42
Total overhead expenses		53.05
Total dir & ovhd expenses		781.15
Net return		-7.01
Labor & management charge		94.46
Net return over lbr & mgt		-101.46
Cost of Production Per Cwt. Produced		
Total direct expense per unit		167.12
Total dir& ovhd expense per unit		179.29
With other revenue adjustments		179.80
With labor and management		201.48
Est. labor hours per unit		4.26
Other Information		
Number of cows		72.9
Pregnancy percentage		93.8
Pregnancy loss percentage		3.9
Culling percentage		15.5
Calving percentage		90.1
Weaning percentage		84.7
Calves sold per cow		0.74
Calf death loss percent		5.7
Cow death loss percent		2.0
Cows per FTE		657.2
Average weaning weight		505
Lb. weaned/exposed female		427
Feed cost per cow		612.52

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Beef Finishing -- Average Per Head

	Avg. Of All Farms	
Number of farms	9	
	Quantity	Value
Finish Beef sold (lb)	1,309.8	1,618.19
Transferred out (lb)	25.8	38.26
Other income		3.51
Purchased (lb)	-585.4	-916.92
Transferred in (lb)	-74.5	-136.56
Inventory change (lb)	51.4	97.42
Gross margin		703.90
Direct Expenses		
Corn Distillers Grn (dry) (lb.)	315.0	35.21
Beet Pulp (dry) (lb.)	386.2	11.94
Protein Vit Minerals (lb.)	197.1	71.72
Complete Ration (lb.)	277.3	35.18
Corn (bu.)	39.8	273.32
Corn Silage (lb.)	4,434.8	110.74
Hay, Alfalfa (lb.)	258.8	15.89
Hay, Grass (lb.)	140.9	12.80
DDGS, dry (lb.)	412.4	39.13
DDGS, wet (lb.)	163.6	9.12
Other feed stuffs (lb)	83.2	1.48
Veterinary		16.52
Supplies		6.47
Fuel & oil		12.47
Repairs		17.88
Custom hire		5.58
Hauling and trucking		21.97
Operating interest		12.35
Total direct expenses		709.78
Return over direct expense		-5.89
Overhead Expenses		
Farm insurance		4.31
Utilities		4.07
Interest		8.44
Mach & bldg depreciation		31.20
Miscellaneous		7.18
Total overhead expenses		55.19
Total dir & ovhd expenses		764.98
Net return		-61.08
Labor & management charge		58.48
Net return over lbr & mgt		-119.56
Cost of Production Per Cwt. Produced		
Total direct expense per unit		124.46
Total dir& ovhd expense per unit		128.60
With other revenue adjustments		128.60
With labor and management		132.98
Est. labor hours per unit		2.45
Other Information		
No. purchased or trans in		227
Number sold or trans out		203
Percentage death loss		0.5
Avg. daily gain (lb.)		2.36
Lb. of conc / lb. of gain		5.45
Lb. of feed / lb. of gain		8.11
Feed cost per cwt. of gain		84.48
Feed cost per head		616.54
Average purchase weight		611
Avg wgt / Finish Beef sold		1,382
Avg purch price / cwt.		156.62
Avg sales price / cwt.		123.55

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Beef Finishing -- Average Per Cwt. Produced

	Avg. Of All Farms	
Number of farms	9	
	Quantity	Value
Finish Beef sold (lb)	179.46	221.72
Transferred out (lb)	3.54	5.24
Other income		0.48
Purchased (lb)	-80.21	-125.63
Transferred in (lb)	-10.21	-18.71
Inventory change (lb)	7.04	13.35
Gross margin		96.45
Direct Expenses		
Corn Distillers Grn (dry) (lb.)	43.16	4.82
Beet Pulp (dry) (lb.)	52.92	1.64
Protein Vit Minerals (lb.)	27.01	9.83
Complete Ration (lb.)	38.00	4.82
Corn (bu.)	5.45	37.45
Corn Silage (lb.)	607.64	15.17
Hay, Alfalfa (lb.)	35.46	2.18
Hay, Grass (lb.)	19.30	1.75
DDGS, dry (lb.)	56.51	5.36
DDGS, wet (lb.)	22.42	1.25
Other feed stuffs (lb)	11.40	0.20
Veterinary		2.26
Supplies		0.89
Fuel & oil		1.71
Repairs		2.45
Custom hire		0.76
Hauling and trucking		3.01
Operating interest		1.69
Total direct expenses		97.25
Return over direct expense		-0.81
Overhead Expenses		
Farm insurance		0.59
Utilities		0.56
Interest		1.16
Mach & bldg depreciation		4.28
Miscellaneous		0.98
Total overhead expenses		7.56
Total dir & ovhd expenses		104.81
Net return		-8.37
Labor & management charge		8.01
Net return over lbr & mgt		-16.38
Cost of Production Per Cwt. Produced		
Total direct expense per unit		124.46
Total dir& ovhd expense per unit		128.60
With other revenue adjustments		128.60
With labor and management		132.98
Est. labor hours per unit		0.34
Other Information		
No. purchased or trans in		227
Number sold or trans out		203
Percentage death loss		0.5
Avg. daily gain (lb.)		2.36
Lb. of conc / lb. of gain		5.45
Lb. of feed / lb. of gain		8.11
Feed cost per cwt. of gain		84.48
Feed cost per head		616.54
Average purchase weight		611
Avg wgt / Finish Beef sold		1,382
Avg purch price / cwt.		156.62
Avg sales price / cwt.		123.55

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Summary Tables

Financial Summary by Years

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

Year	CPI-U 1982-84=100	Year	CPI-U 1982-84=100
1993	144.5	2003	184.0
1994	148.2	2004	188.9
1995	152.4	2005	195.3
1996	156.9	2006	201.6
1997	160.5	2007	207.3
1998	163.0	2008	215.2
1999	166.6	2009	214.5
2000	172.2	2010	218.1
2001	177.0	2011	224.9
2002	179.9	2012	229.6

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	1993	1994	1995	1996	1997	1998	1999	2000	2001
1	Number of Farms	202	202	216	203	208	210	216	212	207
	Farm Income Statement									
2	Gross Cash Farm Income	296,705	306,175	346,838	382,502	359,710	369,573	388,731	422,897	433,698
3	Total Cash Farm Expense	242,616	256,246	277,214	299,610	303,241	305,344	324,802	348,711	358,506
4	Inventory Change	4,474	9,254	16,939	12,231	19,769	-21,057	15,633	25,296	-17,297
5	Depr. & Cap. Adj.	-26,997	-27,268	-29,288	-32,424	-35,640	-34,557	-35,800	-17,731	-21,280
6	Net Farm Income from Operations	31,567	31,915	57,276	62,699	40,598	8,616	43,762	81,750	36,614
7	Gain of Loss on Capital Sales	0	0	0	0	0	0	0	0	0
8	Net Farm Income	31,567	31,915	57,276	62,699	40,598	8,616	43,762	81,750	36,614
9	Net Farm Income (Constant $)	50,158	49,445	86,290	91,751	58,077	12,136	60,311	109,000	47,495
	Profitability*									
10	Rate of Return on Assets (%)	5	5	10	10	6	2	7	12	6
11	Rate of Return on Equity (%)	2	3	13	12	5	-6	7	19	4
12	Operating Profit Margin (%)	12	12	22	21	14	4	16	27	14
13	Asset Turnover Rate (%)	40	41	46	48	44	39	43	45	39
14	Value of Farm Production	191,194	207,729	247,690	277,026	262,396	250,717	274,411	313,232	282,583
15	Farm Interest Paid	15,667	17,837	22,084	22,337	22,282	25,358	27,488	27,002	27,203
	Liquidity, Repayment and Efficiency									
16	Current Ratio	1.9	1.8	1.9	2.0	1.6	1.5	1.6	1.7	1.5
17	Working Capital	99,295	91,719	106,941	118,955	91,023	76,325	95,737	112,896	83,500
18	Working Capital to Gross Revenue (%)	33	28	29	30	25	21	24	25	20
19	Term Debt Coverage Ratio	n/a	n/a	n/a	n/a	2.2	1.6	1.9	2.3	1.0
20	Operating Expense Ratio (%)	75.1	75.9	70.0	69.6	73.3	80.5	73.1	71.4	79.5
21	Interest Expense Ratio (%)	5.4	5.7	6.1	5.8	6.2	7.5	6.7	6.2	6.6
	Solvency (Year-end, Sole Proprietors Only)*									
22	No. of Sole Proprietors	178	179	184	173	180	183	185	181	178
23	Total Assets	844,030	901,807	944,208	982,750	1,016,308	1,066,565	1,061,579	1,150,838	1,158,071
24	Total Liabilities	396,899	431,390	452,253	462,505	490,140	522,994	517,040	545,689	539,918
25	Net Worth	447,132	470,418	491,955	520,245	526,168	543,571	544,539	605,149	618,197
26	Debt to Asset Ratio (%)	47	48	48	47	48	49	49	47	47
	Acreage Information									
27	Total Acres Owned	252	267	256	249	233	250	241	250	252
28	Total Crop Acres Farmed	600	612	625	658	648	697	709	730	759
29	Crop Acres Owned	204	204	211	204	200	219	204	214	214
30	Crop Acres Cash Rented	299	323	340	384	381	402	430	445	468
31	Crop Acres Share Rented	97	86	74	70	67	76	75	70	77
	Crop Yields									
32	Corn per acre (bu.)	61	143	119	133	126	161	156	150	128
33	Soybeans per acre (bu.)	20	46	43	42	42	49	45	46	42
	Crop Prices Received (cash sales)									
34	Corn per Bushel	2.11	2.24	2.30	3.04	2.39	1.97	1.66	1.68	1.72
35	Soybeans per Bushel	5.84	5.94	5.56	6.84	7.13	5.72	4.59	4.57	4.32
	Household Information									
36	No. Farms Reporting HseHld Info	131	134	151	131	123	122	125	120	124
37	Average Family Size	3.9	3.8	3.7	3.7	3.7	3.6	3.6	3.5	3.5
38	Family living expense	28,999	29,438	30,439	32,509	34,284	34,097	35,186	38,932	39,793
39	Total Family Use of Cash	45,897	42,179	43,315	47,584	58,051	48,197	50,326	62,349	63,980
40	Net Nonfarm Income	12,387	12,381	14,279	13,506	13,596	15,580	18,430	21,436	20,082

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

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

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Row
188	175	125	107	110	107	99	95	97	107	110	1
428,084	504,022	496,771	579,201	609,886	731,897	876,375	878,404	970,471	1,150,686	1,332,519	2
352,995	400,605	404,743	477,476	494,409	592,841	720,364	743,487	781,053	898,752	1,057,018	3
19,571	18,977	31,076	74,307	66,397	135,843	70,051	-21,159	178,977	136,582	157,209	4
-24,654	-25,990	-24,741	-28,170	-27,176	-32,631	-39,437	-43,972	-48,085	-55,244	-66,085	5
70,007	96,404	98,362	147,862	154,698	242,267	186,625	69,787	320,310	333,272	366,624	6
0	0	0	0	0	0	4,276	0	1,855	3,015	10,447	7
70,007	96,404	98,362	147,862	154,698	242,267	190,901	69,787	322,165	336,287	377,071	8
89,347	120,295	119,555	173,831	176,184	268,329	203,580	74,700	339,152	343,315	377,071	9
9	11	11	14	13	17	11	3	17	16	14	10
11	16	16	21	19	25	15	2	24	21	19	11
20	24	23	28	28	35	26	9	36	35	30	12
44	44	46	51	48	50	43	37	47	46	46	13
345,743	379,505	378,450	478,073	512,081	648,768	658,576	608,181	819,691	871,265	1,052,663	14
26,739	25,262	21,824	22,210	27,677	30,714	30,232	29,727	34,124	28,447	27,141	15
1.6	1.7	1.9	2.1	2.2	2.5	2.6	2.3	2.9	3.3	3.1	16
117,135	143,632	155,804	218,745	268,567	393,911	446,350	404,104	568,438	659,446	771,719	17
25	28	30	34	40	46	49	45	50	52	52	18
1.6	2.2	2.1	3.0	3.1	4.1	2.9	1.1	5.2	5.6	4.6	19
73.6	71.5	72.1	69.2	68.7	64.1	71.6	83.6	64.8	66.9	69.1	20
5.8	4.8	4.2	3.5	4.3	3.7	3.3	3.3	3.0	2.3	1,8	21
161	149	109	91	93	91	85	80	80	87	85	22
1,277,823	1,407,919	1,286,775	1,487,232	1,694,428	2,034,365	2,208,883	2,376,886	2,719,826	2,922,324	3,515,081	23
578,253	619,279	554,962	618,105	698,239	810,184	837,830	892,734	987,753	1,068,183	1,057,882	24
699,570	788,640	731,813	869,127	996,189	1,224,181	1,371,053	1,484,151	1,732,074	1,854,181	2,288,721	25
45	44	43	42	41	40	38	38	36	37	35	26
265	263	236	241	243	241	249	250	240	232	216	27
784	794	766	792	797	825	822	831	831	791	886	28
226	239	193	199	197	208	222	224	221	202	205	29
490	489	494	532	526	546	536	555	550	532	617	30
68	67	79	61	74	71	64	52	61	57	63	31
151	157	171	192	169	162	172	185	184	173	162	32
49	39	41	55	51	49	44	49	51	46	47	33
1.95	2.07	2.28	1.89	2.04	3.00	4.51	3.83	3.67	5.29	6.27	34
4.57	5.73	7.17	5.88	5.57	7.14	10.83	10.15	9.72	11.58	13.07	35
108	102	73	67	66	60	62	52	46	43	42	36
3.6	3.4	3.4	3.4	3.3	3.1	3.0	3.3	3.0	3.0	2.9	37
41,882	43,383	48,371	50,608	51,569	56,229	59,939	62,182	63,848	73,704	73,904	38
51,826	68,470	68,029	74,513	82,670	98,388	100,933	123,590	108,468	119,913	135,406	39
20,846	22,480	23,733	24,774	31,059	25,164	28,456	29,369	29,543	35,042	30,841	40

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

	Avg. Of All Farms	*100,001 - 250,000*	*250,001 - 500,000*	*500,001 - 1,000,000*	*Over 1,000,000*
Number of farms	110	6	22	40	39
Income Statement					
Gross cash farm income	1,332,519	193,204	393,485	682,166	2,801,852
Total cash farm expense	1,057,018	131,886	258,137	421,022	2,380,139
Net cash farm income	275,501	61,317	135,348	261,144	421,713
Inventory change	157,209	48,224	77,785	93,144	294,801
Depreciation	-66,085	-26,346	-32,333	-53,475	-108,209
Net farm income from operations	366,624	83,195	180,799	300,813	608,305
Gain or loss on capital sales	10,447	431	8,626	1,525	23,004
Average net farm income	377,071	83,626	189,426	302,337	631,309
Median net farm income	294,840	81,957	182,210	293,020	503,494
Profitability (cost)					
Rate of return on assets	13.9 %	10.3 %	14.5 %	14.1 %	13.8 %
Rate of return on equity	18.6 %	11.5 %	19.8 %	19.4 %	18.3 %
Operating profit margin	30.2 %	25.8 %	33.0 %	34.9 %	27.9 %
Asset turnover rate	46.0 %	39.9 %	43.9 %	40.4 %	49.5 %
Liquidity & Repayment (end of year)					
Current assets	1,136,463	226,955	469,231	760,143	2,121,123
Current liabilities	364,744	35,914	145,817	230,882	700,443
Current ratio	3.12	6.32	3.22	3.29	3.03
Working capital	771,719	191,041	323,414	529,261	1,420,680
Working capital to gross inc	52.0 %	79.3 %	69.0 %	68.1 %	46.1 %
Term debt coverage ratio	4.63	3.66	3.81	3.66	5.66
Replacement coverage ratio	3.38	2.06	2.94	2.79	3.98
Solvency (end of year at market)					
Number of farms	110	6	22	40	39
Total farm assets	3,491,321	797,094	1,908,605	3,087,450	5,444,380
Total farm liabilities	1,284,483	173,153	685,015	1,149,598	2,002,980
Total assets	3,799,785	998,288	2,177,175	3,506,513	5,689,969
Total liabilities	1,361,818	191,960	737,640	1,240,725	2,085,970
Net worth	2,437,968	806,328	1,439,535	2,265,788	3,603,999
Net worth change	471,988	61,159	262,773	479,784	677,856
Farm debt to asset ratio	37 %	22 %	36 %	37 %	37 %
Total debt to asset ratio	36 %	19 %	34 %	35 %	37 %
Nonfarm Information					
Net nonfarm income	30,841	24,078	37,354	31,306	25,644
Farms reporting living expenses	42	-	10	21	10
Total family living expense	73,904	-	73,416	77,475	72,124
Total living, invest, cap. purch	135,406	-	100,148	144,583	162,706
Crop Acres					
Total acres owned	216	92	172	225	268
Total crop acres	886	287	463	689	1,487
Total crop acres owned	205	80	147	225	254
Total crop acres cash rented	617	125	212	440	1,150
Total crop acres share rented	63	82	103	25	83

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

	Avg. Of All Farms	*Crop*	*Hog*	*Crop and Hog*	*Other*
Number of farms	110	75	5	5	16
Income Statement					
Gross cash farm income	1,332,519	931,025	9,264,922	1,481,926	549,344
Total cash farm expense	1,057,018	630,317	9,149,462	1,131,620	380,361
Net cash farm income	275,501	300,707	115,460	350,306	168,983
Inventory change	157,209	130,475	951,585	28,763	38,661
Depreciation	-66,085	-62,311	-171,497	-73,890	-38,781
Net farm income from operations	366,624	368,871	895,548	305,179	168,863
Gain or loss on capital sales	10,447	5,500	2,913	4,763	243
Average net farm income	377,071	374,371	898,461	309,942	169,105
Median net farm income	294,840	296,309	503,494	292,029	138,663
Profitability (cost)					
Rate of return on assets	13.9 %	14.7 %	12.2 %	11.1 %	13.8 %
Rate of return on equity	18.6 %	19.4 %	18.1 %	14.6 %	23.0 %
Operating profit margin	30.2 %	31.4 %	25.5 %	23.9 %	30.5 %
Asset turnover rate	46.0 %	46.7 %	47.8 %	46.2 %	45.3 %
Liquidity & Repayment (end of year)					
Current assets	1,136,463	1,057,462	4,043,324	1,024,682	367,271
Current liabilities	364,744	299,503	2,061,955	256,745	214,354
Current ratio	3.12	3.53	1.96	3.99	1.71
Working capital	771,719	757,959	1,981,369	767,937	152,918
Working capital to gross inc	52.0 %	71.7 %	19.4 %	51.1 %	27.0 %
Term debt coverage ratio	4.63	5.83	4.57	2.57	1.53
Replacement coverage ratio	3.38	4.07	3.54	2.03	1.38
Solvency (end of year at market)					
Number of farms	110	75	5	5	16
Total farm assets	3,491,321	3,319,148	8,746,604	3,647,181	1,695,402
Total farm liabilities	1,284,483	1,227,355	3,664,840	1,354,771	688,086
Total assets	3,799,785	3,643,930	9,056,109	3,850,244	1,919,327
Total liabilities	1,361,818	1,311,952	3,695,470	1,390,792	749,581
Net worth	2,437,968	2,331,978	5,360,639	2,459,452	1,169,746
Net worth change	471,988	448,121	1,183,844	547,685	222,980
Farm debt to asset ratio	37 %	37 %	42 %	37 %	41 %
Total debt to asset ratio	36 %	36 %	41 %	36 %	39 %
Nonfarm Information					
Net nonfarm income	30,841	34,173	1,046	39,761	26,131
Farms reporting living expenses	42	30	1	2	4
Total family living expense	73,904	77,356	-	-	-
Total living, invest, cap. purch	135,406	142,936	-	-	-
Crop Acres					
Total acres owned	216	230	215	257	71
Total crop acres	886	1,001	943	1,076	316
Total crop acres owned	205	217	265	297	69
Total crop acres cash rented	617	714	646	779	208
Total crop acres share rented	63	70	32	-	40

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

	Avg. Of All Farms	*Less than 20%*	*20% - 40%*	*40% - 60%*	*60% - 80%*
Number of farms	110	19	44	33	13
Income Statement					
Gross cash farm income	1,332,519	893,484	950,077	2,001,937	1,647,333
Total cash farm expense	1,057,018	496,486	657,501	1,781,606	1,442,620
Net cash farm income	275,501	396,998	292,576	220,331	204,713
Inventory change	157,209	10,898	133,596	224,099	277,193
Depreciation	-66,085	-61,102	-63,856	-75,422	-61,234
Net farm income from operations	366,624	346,794	362,317	369,007	420,671
Gain or loss on capital sales	10,447	43,652	4,530	2,801	2,155
Average net farm income	377,071	390,446	366,847	371,808	422,827
Median net farm income	294,840	301,804	298,801	292,029	241,023
Profitability (cost)					
Rate of return on assets	13.9 %	14.7 %	14.3 %	12.6 %	15.2 %
Rate of return on equity	18.6 %	15.1 %	17.5 %	19.0 %	33.1 %
Operating profit margin	30.2 %	33.4 %	32.5 %	29.7 %	23.7 %
Asset turnover rate	46.0 %	43.9 %	44.0 %	42.4 %	64.1 %
Liquidity & Repayment (end of year)					
Current assets	1,136,463	1,122,254	985,112	1,232,954	1,490,622
Current liabilities	364,744	27,992	194,593	591,016	870,213
Current ratio	3.12	40.09	5.06	2.09	1.71
Working capital	771,719	1,094,261	790,518	641,938	620,409
Working capital to gross inc	52.0 %	122.4 %	73.1 %	28.9 %	32.5 %
Term debt coverage ratio	4.63	17.79	5.96	3.14	3.43
Replacement coverage ratio	3.38	4.48	3.87	2.69	3.19
Solvency (end of year at market)					
Number of farms	110	19	44	33	13
Total farm assets	3,491,321	3,305,154	3,439,668	3,687,241	3,639,936
Total farm liabilities	1,284,483	532,824	1,066,983	1,608,798	2,338,135
Total assets	3,799,785	3,680,621	3,786,409	3,972,757	3,799,724
Total liabilities	1,361,818	625,163	1,138,169	1,691,108	2,404,888
Net worth	2,437,968	3,055,458	2,648,240	2,281,650	1,394,836
Net worth change	471,988	480,066	479,409	476,689	452,861
Farm debt to asset ratio	37 %	16 %	31 %	44 %	64 %
Total debt to asset ratio	36 %	17 %	30 %	43 %	63 %
Nonfarm Information					
Net nonfarm income	30,841	33,774	32,624	25,712	34,295
Farms reporting living expenses	42	5	17	15	5
Total family living expense	73,904	66,868	70,914	66,797	112,425
Total living, invest, cap. purch	135,406	229,101	116,501	121,797	146,813
Crop Acres					
Total acres owned	216	267	223	219	121
Total crop acres	886	787	858	788	1,418
Total crop acres owned	205	200	219	219	140
Total crop acres cash rented	617	525	570	513	1,209
Total crop acres share rented	63	62	69	57	70

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

	Avg. Of All Farms	*Less Than 31*	*31 - 40*	*41 - 50*	*51 - 60*	*Over 60*
Number of farms	110	7	19	13	46	25
Income Statement						
Gross cash farm income	1,332,519	1,640,681	906,842	835,273	1,684,607	1,180,475
Total cash farm expense	1,057,018	1,466,494	644,529	540,714	1,415,348	865,008
Net cash farm income	275,501	174,187	262,312	294,559	269,259	315,467
Inventory change	157,209	447,208	58,322	65,438	194,411	130,431
Depreciation	-66,085	-66,147	-55,836	-56,345	-75,811	-61,026
Net farm income from operations	366,624	555,249	264,798	303,652	387,858	384,871
Gain or loss on capital sales	10,447	704	899	1,449	4,487	36,075
Average net farm income	377,071	555,953	265,698	305,100	392,346	420,946
Median net farm income	294,840	188,467	230,797	275,787	303,530	343,514
Profitability (cost)						
Rate of return on assets	13.9 %	17.5 %	14.2 %	14.6 %	13.0 %	14.2 %
Rate of return on equity	18.6 %	30.1 %	20.8 %	18.3 %	17.7 %	17.0 %
Operating profit margin	30.2 %	22.8 %	29.8 %	31.5 %	31.0 %	32.5 %
Asset turnover rate	46.0 %	76.7 %	47.6 %	46.4 %	41.8 %	43.8 %
Liquidity & Repayment (end of year)						
Current assets	1,136,463	1,917,419	707,894	897,177	1,216,411	1,220,833
Current liabilities	364,744	860,137	250,837	217,095	444,094	243,376
Current ratio	3.12	2.23	2.82	4.13	2.74	5.02
Working capital	771,719	1,057,282	457,057	680,082	772,317	977,457
Working capital to gross inc	52.0 %	50.5 %	47.5 %	76.6 %	41.0 %	76.3 %
Term debt coverage ratio	4.63	7.65	4.48	4.72	3.82	6.28
Replacement coverage ratio	3.38	6.90	3.66	3.09	2.89	3.73
Solvency (end of year at market)						
Number of farms	110	7	19	13	46	25
Total farm assets	3,491,321	3,712,975	2,066,019	2,993,735	4,028,894	3,782,099
Total farm liabilities	1,284,483	2,308,396	892,593	998,570	1,478,736	1,086,874
Total assets	3,799,785	3,849,370	2,195,326	3,438,317	4,328,435	4,220,538
Total liabilities	1,361,818	2,352,860	960,212	1,107,629	1,557,443	1,161,772
Net worth	2,437,968	1,496,511	1,235,114	2,330,688	2,770,991	3,058,766
Net worth change	471,988	454,304	205,925	618,842	521,312	512,028
Farm debt to asset ratio	37 %	62 %	43 %	33 %	37 %	29 %
Total debt to asset ratio	36 %	61 %	44 %	32 %	36 %	28 %
Nonfarm Information						
Net nonfarm income	30,841	37,361	30,210	28,837	33,129	26,325
Farms reporting living expenses	42	1	8	6	18	9
Total family living expense	73,904	-	59,132	105,841	77,479	61,753
Total living, invest, cap. purch	135,406	-	81,622	145,632	147,306	158,964
Crop Acres						
Total acres owned	216	82	81	141	260	315
Total crop acres	886	1,993	703	788	845	844
Total crop acres owned	205	71	103	147	249	272
Total crop acres cash rented	617	1,922	487	618	519	533
Total crop acres share rented	63	-	112	23	77	39

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Appendix I
Whole Farm Analysis Procedures and Measures

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

Financial Summary

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

Income Statement

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

Profitability

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

Liquidity and Repayment

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

Solvency

This section summarizes key measures from the Balance Sheet reports.

Nonfarm Information

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

Crop Acres

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

Financial Standards Measures

This table contains the Farm Financial Standards Council's 21 financial measures for evaluating a farm's financial position and performance.

Liquidity

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

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

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

Solvency

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

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

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

Profitability

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

Rate of Return on Farm Equity represents the interest rate being earned on farm net worth. If assets are valued at market value, this return can be compared to returns available if the assets were liquidated and invested in alternate investments. If assets are valued at cost value, this more closely represents the actual return on the funds that have been invested or retained in the business. The rate of return on farm equity is calculated as follows: Rate of Return on Equity = Return on Farm Equity ÷ Average Farm Net Worth, where: Return on Farm Equity = 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: Operating Profit Margin = Return to Farm Assets ÷ Value of Farm Production. If expenses are held in line relative to the value of output produced, the farm will have a healthy operating profit margin. A low net profit margin may be caused by low prices, high operating expenses, or inefficient production.

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

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

Repayment Capacity

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

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

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

Term Debt Coverage Ratio measures whether the business generated enough income to cover term debt payments. It is calculated by dividing the funds generated by the business for debt repayment (net cash farm income + nonfarm income + interest expense - family living expense - income taxes) by total term debt payments (annual scheduled principal and interest payments on intermediate and long term debt). A ratio less than 1.0 indicates that the business did not generate sufficient cash to meet scheduled payments in the past year. A ratio greater than 1.0 indicates the business generated enough cash to pay all term debt payments.

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

Efficiency

Asset Turnover Rate is a measure of efficiency in using capital. It is calculated as follows: Asset Turnover Rate = Value of Farm Production ÷ Total Farm Assets.

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

Operating Expense Ratio is calculated as (Total Farm Operating Expense - Farm Interest Expense) ÷ Gross Farm Income. This ratio indicates the percent of the gross farm income that

was used to pay operating expenses. Total farm operating expense is the accrual total operating expense.

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

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

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

Farm Income Statement

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

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

Profitability Measures

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

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

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

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

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

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

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

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

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

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

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

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

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

Liquidity and Repayment Capacity Measures

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

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

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

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

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

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

Net Farm Income from Operations is from the Income Statement.

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

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

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

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

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

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

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

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

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

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

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

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

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

Balance Sheets at Cost and Market Values

These tables include all farm and personal assets and liabilities reported by these farms on their beginning and ending balance sheets. Government crop loans are treated consistently as loans

on these tables, meaning that the full asset value is included as an asset and total accrued interest and outstanding principal balances are included as liabilities. Capital assets are valued at original purchase price minus economic depreciation on the Cost Value table. Assets are valued at a conservative market value on the Market Value table. Deferred liabilities are included on the Market Value table. Deferred liabilities are an estimate of the taxes that would be due if the business was liquidated on the date of the balance sheet.

Statement of Cash Flows

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

Crop Production and Marketing Summary

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

Household and Personal Expenses

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

Operator and Labor Information

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

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

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

Nonfarm Summary

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

Appendix II
Crop Enterprise Analysis Procedures and Measures

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

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

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

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

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

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

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

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

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

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

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

Appendix III
Livestock Enterprise Analysis Procedures and Measures

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

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

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

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

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

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

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

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

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

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

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

Appendix IV
Prices Used In the Analysis Report

Item	Beginning Inventory	Feed	Ending Inventory
All Corn/bu.	6.25	6.83	6.88
Oats/bu.	3.40	3.60	3.70
All Wheat/bu.	8.90	8.03	8.37
Soybeans/bu.	11.46	14.22	13.82
Alfalfa hay/t. (avg quality)	110.00	205.00	240.00
Alfalfa hay/t. (dairy qual)	120.00	205.00	240.00
Alfalfa haylage/t	55.00	93.00	105.00
Grass/Mixed hay/r	100.00	141.00	178.00
Corn silage/t.	35.00	54.00	55.00
Oats straw/bale/ton	3.75/125	3.75/125	3.75/125
Cornstalks/t.	30.00	30.00	30.00
Oatlage/t.	16.00	17.50	17.50

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

Other Prices Used:

Pasture:	$50.00/acre
Value of milk fed calves	$ 1.50/gallon

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

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

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