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# SOUTHWEST MINNESOTA

FARM BUSINESS MANAGEMENT ASSOCIATION

# 2022

## ANNUAL REPORT

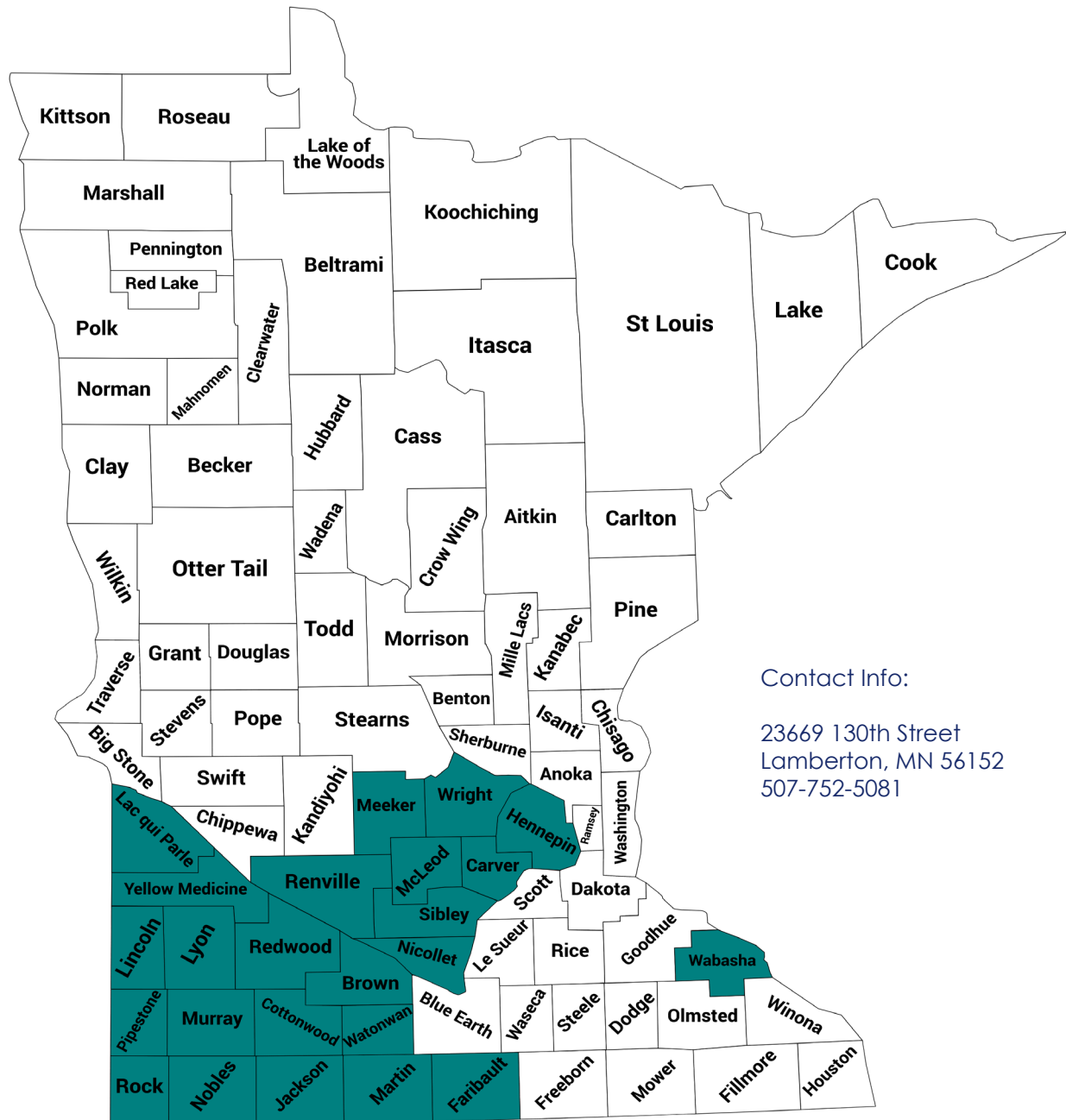


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University of Minnesota  
Saint Paul, MN 55108  
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In Cooperation with:

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



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# **ACKNOWLEDGEMENTS**

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- the producers in the Southwest Minnesota Farm Business Management Association
- the hardworking staff of the Southwest Minnesota Farm Business Management Association (Garen, Tonya, Nick, and Gretchen)
- the board of the Southwest Minnesota Farm Business Management Association
- Rann Loppnow - Software Developer at the Center for Farm Financial Management
- Katie Nichols - Administrative Associate at the Center for Farm Financial Management

This report was partially funded by a Farm Business Management and Benchmarking Grant from the United States Department of Agriculture (USDA) National Institute of Food and Agriculture (NIFA).

## **ABOUT THE SOUTHWEST MINNESOTA FARM BUSINESS MANAGEMENT ASSOCIATION**

The [Southwest Minnesota Farm Business Management Association](#) is a membership-led organization of farms throughout southwestern Minnesota. The focus is entirely on improving members' farm financial management skills, knowledge, and success. The association provides members with analysis, confidential peer farm benchmarking, individual consultations and direct connections to University research and expertise.

### **ASSOCIATION OFFICERS**

John Volk, President  
Ryan Larson, Vice President  
Jeffery Leuthold, Treasurer

### **ASSOCIATION DIRECTORS**

Matthew Grussing, Russell Gundermann, Matt Lund, Jesse Nantkes, Jason Tibodeau, and Alan Vander Lugt

## ABOUT THE DATA

The map below visualizes the number of analysis records from the various counties in the association that are included in this year's report.

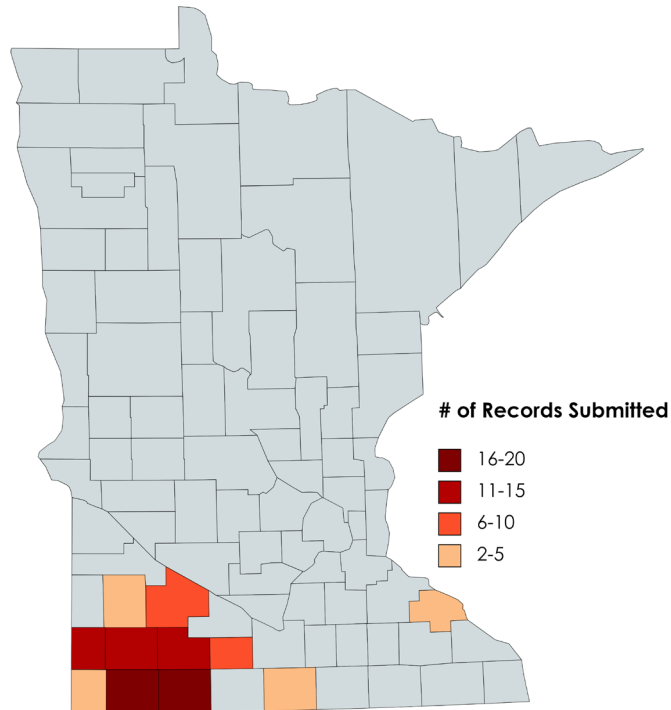


Table I. Distribution of Farms and Analyses by County

County	# of Farm Units	# of Analysis Records Submitted
Cottonwood	13	13
Fairbault	2	2
Jackson	19	16
Lyon	2	2
Murray	16	15
Nobles	23	19
Pipestone	12	12
Redwood	8	8
Rock	3	5
Wabasha	3	3
Watonwan	7	5
Others	10	11

Table II. Summary Statistics of the 2022 Data

<b>Metric</b>	<b>Mean</b>	<b>Median</b>
Gross Accrual Farm Revenue	\$1,520,585	\$898,109
Gross Cash Farm Revenue	\$1,402,893	\$769,708
Gross Crop Revenue	\$847,103	\$634,553
Gross Livestock Revenue	\$511,103	\$0
Accrual Net Farm Income	\$365,846	\$263,512
Ending Debt to Asset Ratio (assets at market values)	36%	32%
Total Crop Acres	863 acres	690 acres
Operator Age	55 years	56 years
Years Farming	31 years	34 years
Reported Family Living Expense	\$86,541	\$75,872
Ending Farm Assets (assets at market values)	\$4,927,024	\$3,879,063

Table III. Distribution of Farms in the Report Across Various Groupings

Group Category	Category Groups					
Gross Farm Revenue	<\$250K	\$250-\$500K	\$500K- \$1M	\$1-2M	>\$2M	
# of Farms	15	19	36	31	10	
% of All Farms	10%	17%	32%	28%	10%	
Dollars of Farm Assets	<\$200K	\$200-\$500K	\$500K- \$1M	\$1-\$2M	\$2-\$5M	>\$5M
# of Farms	5	5	8	17	35	41
% of All Farms	5%	5%	7%	15%	32%	36%
Farm Type*	Crop	Crop & Beef	Other**			
# of Farms	80	5	26			
% of All Farms	72%	5%	23%			
Crop Acres	<100 acres	101-250 acres	251-500 acres	501-1,000 acres	>1,000 acres	
Number of Farms	11	10	19	42	29	
% of All Farms	10%	10%	17%	38%	19%	
Debt-to-Asset Ratio	<20%	20%-40%	40-60%	60-80%	Other*	
# of Farms	27	45	28	8	3	
% of All Farms	24%	41%	25%	7%	3%	

\* farm type is determined by which revenue type comprises 70% or greater of gross farm revenue

\*\*A farm type of 'Other' includes all farm types outside of crop, and crop and beef farms in this case

# **ABOUT THIS REPORT**

**Title:** 2022 Annual Report of the Southwest Minnesota Farm Business Management Association.

**Authors:** Devin L. Brand<sup>1</sup>, Pauline A. Van Nurden<sup>1</sup>, Garen J. Paulson<sup>2</sup>, Tonya L. Knorr<sup>3</sup>, Nick Sandager<sup>3</sup>, and Dale W. Nordquist<sup>1</sup>.

This report summarizes the individual farm records of the members of the Southwest Minnesota Farm Business Management Association for 2022.

Whole-farm information and enterprise costs and returns are reported. The year-end analysis of the individual farms was performed by the Association field staff using the FINPACK software from the [Center for Farm Financial Management](#). The individual analyses were summarized at the University of Minnesota 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 reports 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, farm type, debt-to-asset ratio, and operator age.

Of the 118 farms in the Southwest Association, the data for 111 farms are included in this report. The rest were omitted because the records were incomplete at the time of the preparation of this report. 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 cost, with the balance defrayed by the University of Minnesota Extension and research programs of the University of Minnesota.

The livestock enterprise summaries include data from both Southwest Minnesota Farm Business Management (FBM) Association farms and Minnesota State Farm Business Management program farms. This provides a greater number of instances for each enterprise with the goal of providing more accurate benchmark information. Minnesota State FBM programs are distributed across the state and include over 2,400 participating farms.

For those interested in diving deeper into the data from this report or for farm finances in general, [FINBIN](#)<sup>4</sup> is a publicly available benchmarking database with a wealth of farm financial and production information. Numerous whole-farm and crop/livestock enterprise, and panel reports are available in FINBIN<sup>4</sup>. The data undergoes multiple thorough integrity and quality checks before being aggregated and anonymized into the database.

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1 Brand, Van Nurden, and Nordquist are Extension Economists at the Center for Farm Financial Management (CFFM) at the University of Minnesota, Twin Cities

2 Paulson is an Extension Educator - Ag Business Management and lead field staff for the Association

3 Knorr and Sandager are Financial Analysts for the Association

4 FINBIN is available for free public querying at: <https://finbin.umn.edu>

# SOUTHWEST MINNESOTA FARM BUSINESS MANAGEMENT ASSOCIATION

## 2022 ANNUAL REPORT

# TABLE OF CONTENTS

<b>THE YEAR IN BRIEF .....</b>	<b>2</b>
<b>THE STORY OF FARM FINANCES IN 2022.....</b>	<b>3-18</b>
<b>WHOLE FARM REPORTS .....</b>	<b>19-47</b>
Overview.....	19-21
Financial Summary .....	22-23
Financial Standards Measures.....	24-25
Farm Income Statement.....	26-29
Profitability Measures.....	30
Liquidity and Repayment Capacity Measures .....	31
Balance Sheets .....	32-35
Statement of Owner's Equity.....	36-37
Statement of Cash Flows .....	38-39
Crop Production and Marketing.....	40-41
Nonfarm Reports: Personal Expenses; Operator & Labor Info.; Nonfarm Summary .....	42-47
<b>PROJECTED PROFITABILITY .....</b>	<b>48-49</b>
<b>CROP REPORTS .....</b>	<b>50-74</b>
Overview.....	50-51
Corn.....	52-57
Soybeans .....	58-63
Corn Silage .....	64-65
Hay, Alfalfa .....	66-67
Other Crops: CRP and Pasture.....	68-69
Cover Crop Impact Reports: Corn, Soybeans, Corn Silage .....	70-74
<b>LIVESTOCK REPORTS .....</b>	<b>75-104</b>
Overview.....	75-76
Hogs Enterprises .....	77-87
Beef Enterprises .....	88-93
Dairy Enterprises .....	94-98
Dairy Finishing Enterprises.....	99-100
Sheep Enterprises.....	101-104
<b>SUMMARY REPORTS .....</b>	<b>105-112</b>
Overview.....	105
Financial Summary of the Whole-Farm Analysis by Years.....	106-107
Financial Summary: Sorted by Gross Farm Income, Farm Type, Debt to Asset Ratio, Age of Operator, and Number of Years Farming .....	108-112
<b>APPENDICES.....</b>	<b>113-125</b>
Appendix I – Whole Farm Analysis Procedures and Measures.....	113-120
Appendix II – Crop Enterprise Analysis Procedures and Measures.....	121-122
Appendix III – Livestock Enterprise Analysis Procedures and Measures .....	123-124
Appendix IV – Prices Used in the Analysis Report .....	125



# THE YEAR IN BRIEF

2022 was a year full of uncertainty, volatility and risk. Commodity markets experienced dramatic disruptions due to multiple global events. Subsequently, producers in the United States experienced strong commodity prices. For producers in the Southwest Minnesota Farm Business Management Association (SWMFBMA), compared to 2021, gross crop income increased 5% and gross livestock income increased 13%. Strong commodity prices translated to higher feed costs for livestock producers. Even with higher feed costs, livestock producers were still able to have a profitable year, although their profits were down from the tremendous levels in 2021.

Weather extremes seem to occur more frequently. Across the geographical area of the association, and most of Minnesota, drought plagued the 2022 growing season. Despite the dry conditions, crop yields remained at reasonably strong levels. Corn yields increased 4% compared to the 10-year average. Soybean yields did not fare as well as they were 3% below the 10-year average.

Inflationary pressures continued to impact nearly every aspect of life for both consumers and agricultural producers. Input costs were an example of shocking price increases as products such as fertilizer and crop chemicals saw incredible price jumps during the 2022 growing year. Across the association, cash operating expense increased by 15% year-over-year (YOY). When looking on an accrual-adjusted basis (when accounting for inventory changes), the increase in operating expenses was actually 18% YOY.

Despite all of these macroeconomic threats and challenges, producers in the SWMFBMA managed to have an impressive year in 2022 in terms of profitability. **The average net farm income for the 111 farms included in this report was \$365,846.** This did represent a 23% decrease from the prior year, however 2022 still ranked as the 5th most profitable year over the past two decades for the association (when adjusted for inflation).

Beef producers in Minnesota saw profits increase nearly 30%, buoyed by strong cattle sale prices in 2022. Minnesota dairy producers overcame an increase in their average costs per cow (+\$790) thanks to increased milk prices (+\$5.73/cwt) to increase their profits over 30%. Hog producers in the state had a more challenging year as they saw their profits decrease 62% YOY.

Producers saw drastically lower amounts of government payments in 2022. Compared to 2020, government payments were down more than \$160,000. In 2022, government payments represented just over 1% of gross farm income (compared to 14% in 2020 and 5% in 2021). The payments received in 2022 largely were a final round of drought-related assistance from previous production years. There was also some minimal pandemic-related relief received by some farms.

With uncertainty and risk in the world of agriculture (and the world at large) that is not expected to decrease anytime soon, producers in the association worked hard to enhance their ability to weather a potential financial storm through increasing their working capital (a measure of liquidity), their debt-to-asset ratio and repayment capacity, and their net worth or equity in their farming operations. As we enter the 2023 production year, the worry of 'sticky' high operating expenses and potentially decreasing commodity prices weigh heavily on the minds of producers.

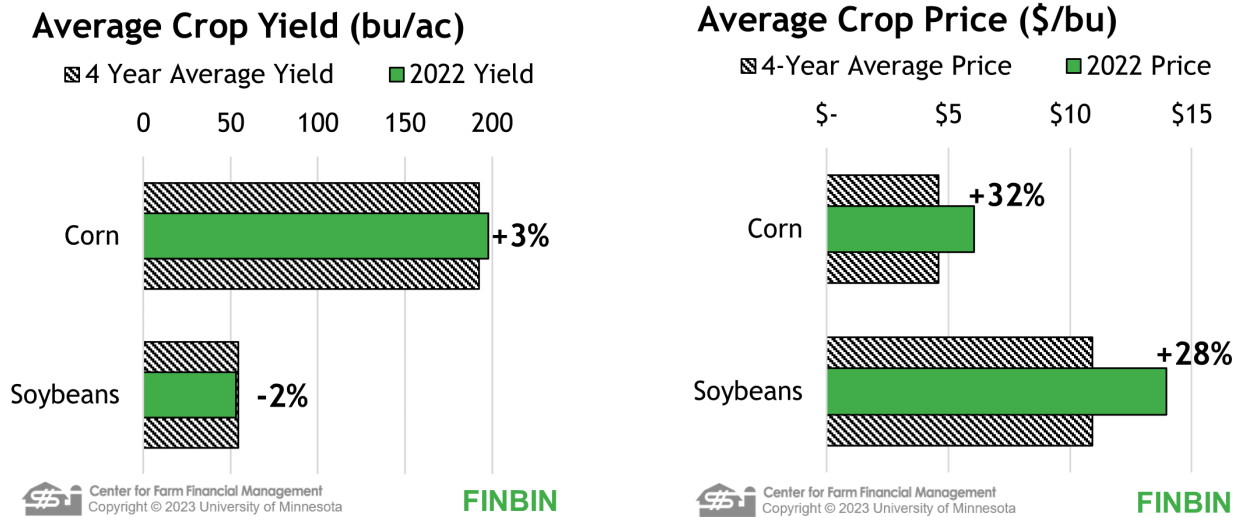
# THE STORY OF FARM FINANCES IN 2022

## FARM REVENUE

In agriculture, revenue, at its most essential level, is comprised of production and price.

### CROP PRODUCTION AND PRICES

The charts below compare average crop yields and prices from for corn and soybeans.



Crop yields were excellent for association members in 2022. Corn yields averaged 198 bushels per acre (bu/acre), down 2 bushels from 2021. Soybeans did not fare as well, falling from 58 bu/acre in 2021 to 53 bushels in 2022. Crop sale prices were strong in 2022. Corn cash sale prices averaged \$6.06 per bushel, compared to \$4.84 in 2021. Soybean prices averaged \$13.97 per bushel, compared to \$11.59 the prior year.

### LIVESTOCK PRODUCTION AND PRICES

Table IV. Livestock Production and Prices in 2022 for Various Enterprises

	Average Production			Average Price		
	2022	4-Yr Avg	% Change	2022	4-Yr Avg	% Change
Beef Cow-Calf (lbs weaned /cow and \$ /cwt*)	445	450	-1%	\$177.59	\$157.58	+13%
Beef Finishing (sales weight and \$/cwt*)	1,407	1,424	-1%	\$145.89	\$122.78	+19%
Dairy (lbs milk /cow and \$/cwt* milk)	25,388	24,977	+2%	\$24.31	\$20.33	+20%
Hogs (sales weight and \$/head)	211	205	+3%	\$69.63	\$60.35	+15%
Sheep (sales weight and \$/cwt*)	116	126	-8%	\$195.91	\$191.63	+2%

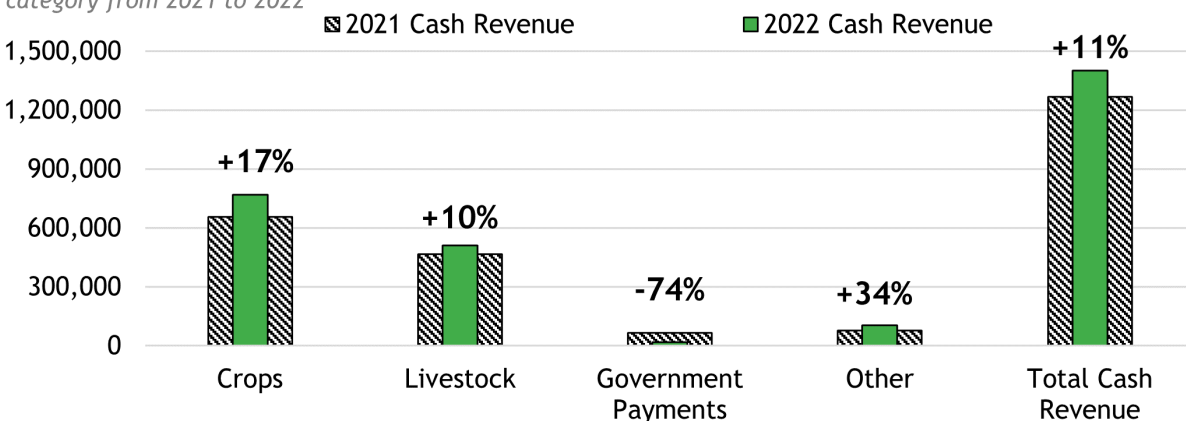
\*cwt = one hundred pounds

The change in average livestock production was mixed across several enterprises from 2021 to 2022. Sheep saw a substantial decline in average sales weight of 8% while hogs and dairy saw slight increases in their average production per unit. All of the livestock enterprises above saw improved prices with the increases ranging from 2% (sheep) to 20% (dairy).

Although typically smaller in quantity, there are regularly other sources of revenue for a farm. The chart below displays cash farm revenue categories in 2022 and 2021, and the percentage change in those categories from 2021 to 2022.

## Primary Cash Farm Revenue Sources (\$)

*This chart shows the total dollars for each category in 2021 and 2022, and the percent change in each category from 2021 to 2022*



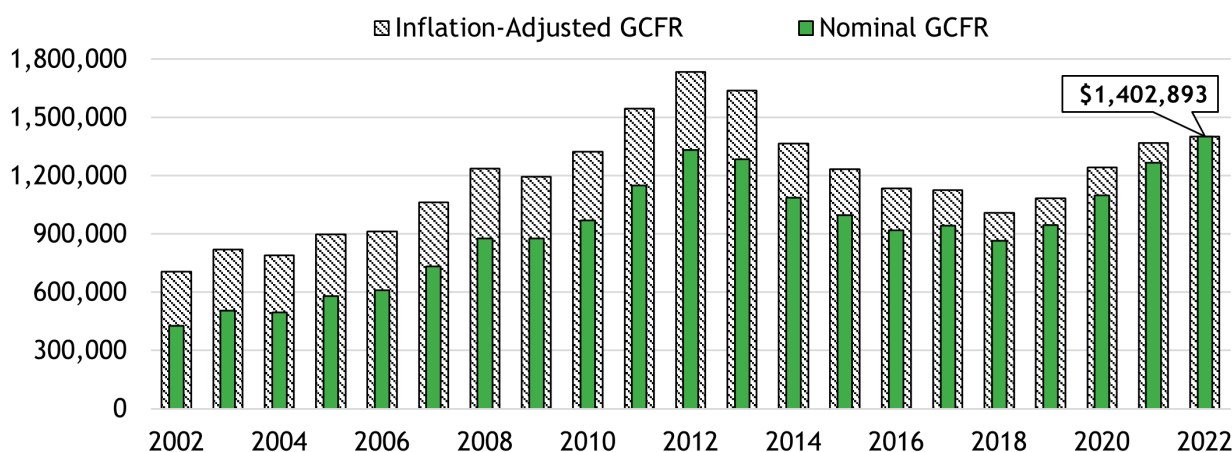
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When it comes to revenue sources, the starkest change from 2021 to 2022 was in the amount of government payments received. In 2022 farms in the association received 74% fewer government payments. Crop income jumped 17% and livestock revenue increased 10% on a cash basis.

The chart below displays the average gross cash farm revenue for association farms from 2002 to 2022.

## Gross Cash Farm Revenue (GCFR) (\$)



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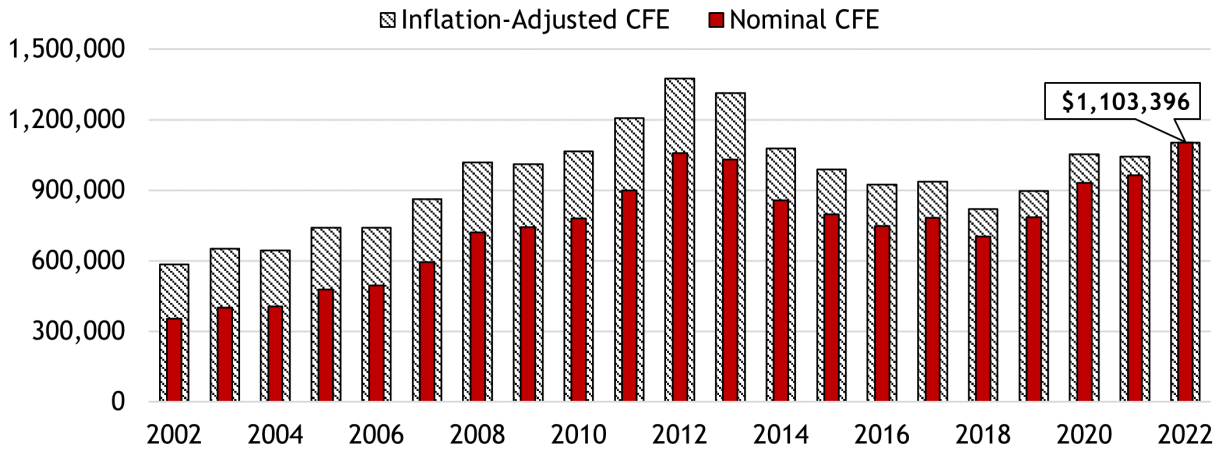
Gross cash farm revenue increased more than 10% in 2022.

## FARM EXPENSE

### INCREASED FARM COSTS

Agricultural producers experienced increased expenses in 2022. The chart below displays the total cash farm expense for farms in the association from 2002 to 2022.

### Total Cash Farm Expense (CFE) (\$)



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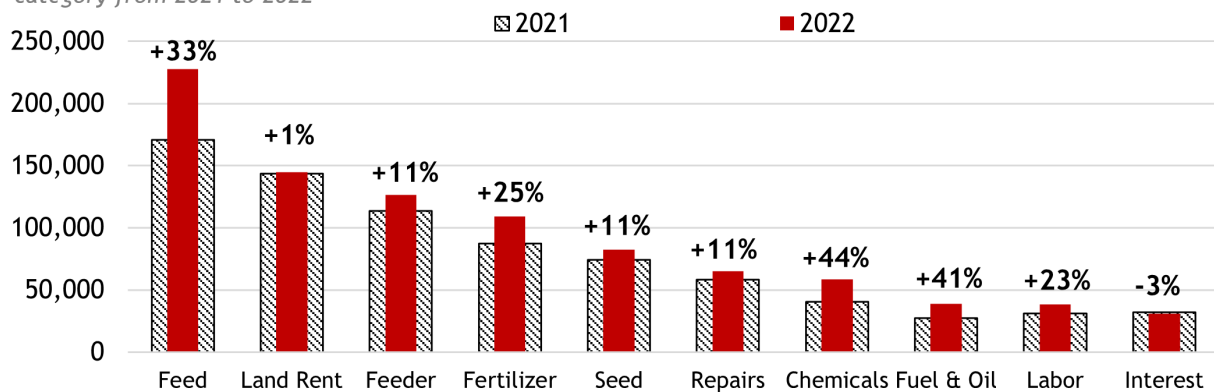
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The average farm saw increased operating expenses last year. Cash operating expenses were up 15% and accrual-adjusted<sup>1</sup> expenses were up 18%. 2022 was the highest total cash farm expenses seen over the past two decades on a nominal basis. However it was not the highest on an inflation-adjusted basis.

The chart below displays the 10 largest cash farm expense categories in 2022 and 2021, and the percentage change in those categories from 2021 to 2022.

### 10 Largest Cash Farm Expense Categories (\$)

*This chart shows the total dollars for each category in 2021 and 2022, and the percent change in each category from 2021 to 2022*



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Feed, land rent, feeder purchases, and fertilizer were the 4 largest expense items in 2022 on average. Chemicals, fuel and oil, feed, and fertilizer experienced the largest percentage changes from 2021 to 2022.

<sup>1</sup> Accrual-adjusted here means changes in inventories for expense items have been accounted for

## BENCHMARKING 2022 EXPENSES

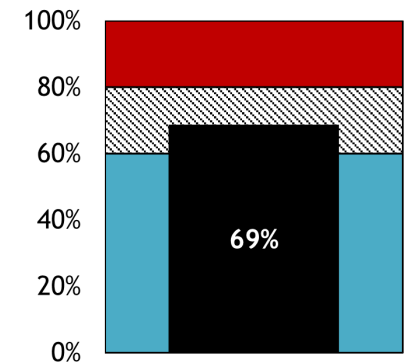
Benchmarking is the comparison of a metric or measure to a standard. This enables the determination whether the said measure falls into a strong range, or perhaps is at a vulnerable level.

The chart at the right displays the operating expense ratio (which shows the farm portion of income that is used to pay operating expenses, excluding interest and depreciation) and benchmarks it to a standard set of strong, acceptable, and vulnerable ranges.

In 2022, the operating expense ratio was 69%, meaning 69% of farm income went towards operating expenses. This ratio level is slightly above the strong benchmark level of 60% or less, but is lower than the vulnerable range of 80% and greater.

## Benchmarking the Operating Expense Ratio

■ Strong ■ Acceptable ■ Vulnerable ■ 2022



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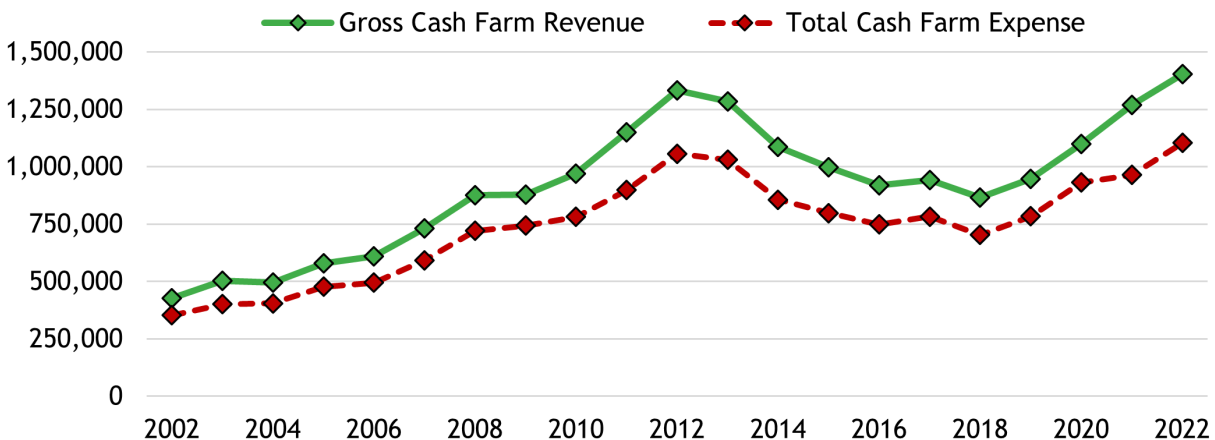
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## COMPARING FARM REVENUE AND FARM EXPENSE

Profit, at the essential level, is equal to revenue minus expenses. Therefore it is important to compare farm revenue and expenses and see how their relationship has changed over time.

The chart below displays the gross cash revenue and total cash farm expense since 2002.

## Gross Cash Revenue and Total Cash Farm Expense (\$)



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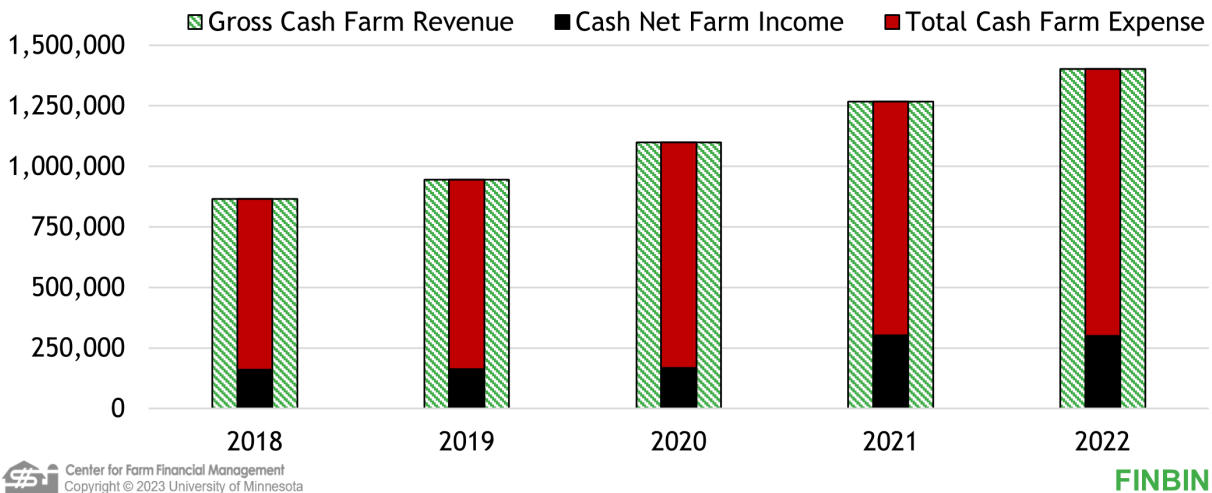
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## NET FARM INCOME

### CASH NET FARM INCOME

Subtracting the total cash farm expense from gross cash revenue, we derive net cash farm income. The chart below displays the average cash net farm income (as well as average gross cash farm revenue and total cash farm expense) over the past five years.

### Average Cash Net Farm Income (\$)



While gross revenue was higher, net cash farm income in 2022 was slightly lower than 2021, dropping around 1%.

### ACCURAL NET FARM INCOME

Oftentimes in farm finance, accrual net farm income figures are discussed and focused on more than cash net farm income. But why? Accrual adjustments (accounting for changes in inventories) allow us to more accurately measure the value of production in an analysis year as well as to see the true cost of generating that production. Below find the calculation of accrual net farm income as well as a breakdown of the components of the accrual net farm income over the past 5 years.

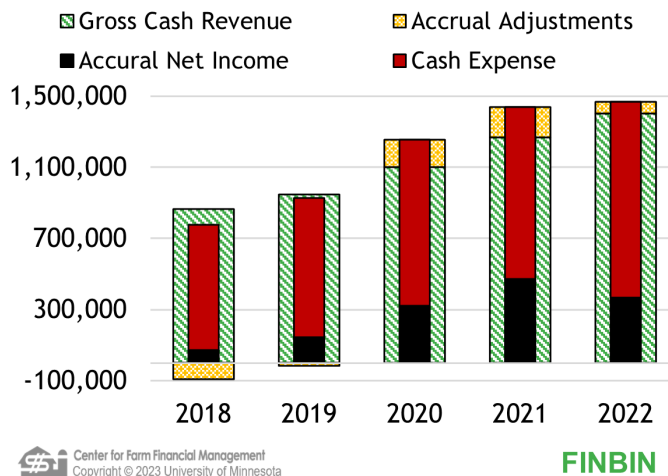
### CALCULATING ACCRUAL NET FARM INCOME

Gross Cash Farm Income/  
Revenue  
(-) Total Cash Farm Expense  
= *Cash Net Farm Income*

Cash Net Farm Income  
(+/-) Changes in Inventory  
(-) Depreciation & Capital Adj.  
(+/-) Gain or Loss on Capital Sales  
= **Accrual Net Farm Income**

Accrual Adjustments

### Accrual Net Income Components (\$)

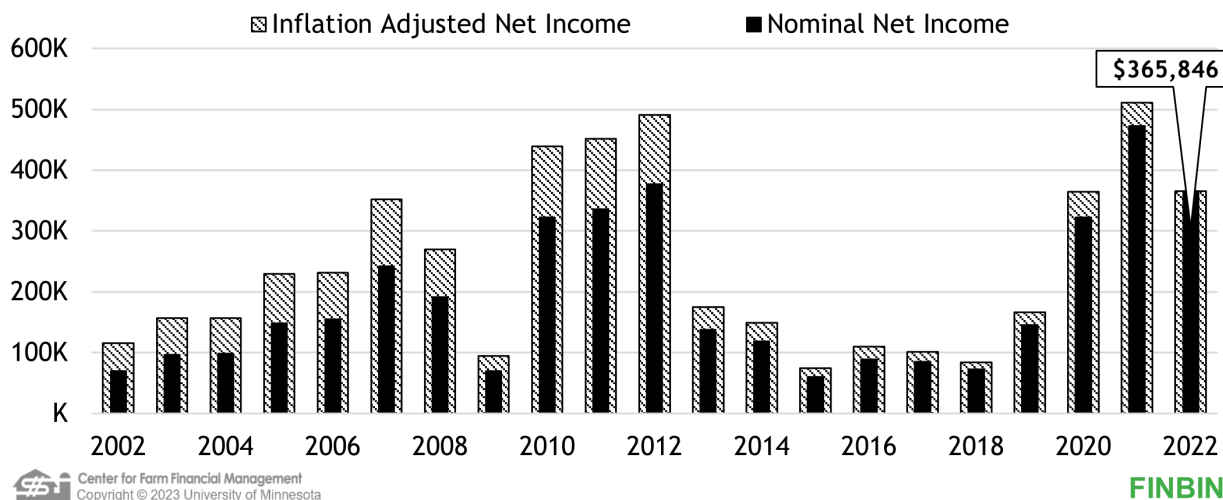




## CHANGES IN ACCRUAL NET FARM INCOME OVER TIME

The chart below displays the average accrual net farm income since 2002 in both nominal and inflation-adjusted dollars.

### Average Accrual Net Farm Income (\$)



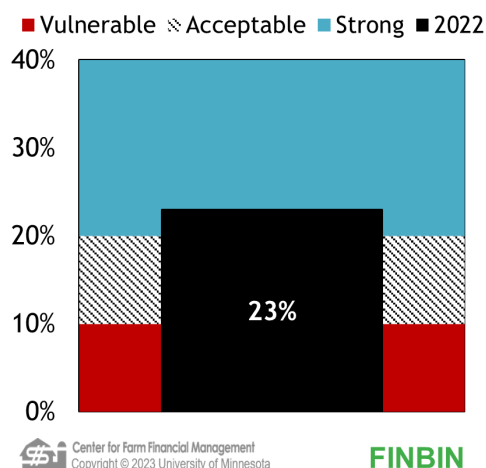
The change in **average** accrual net farm income for farms in the association in 2022 from 2021 was a decrease of 23%. The nominal (non-inflation adjusted) net income for the average farm in 2022 was \$365,846, compared to \$473,185 the previous year. The change in **median<sup>1</sup>** accrual net farm income for farms in the association in 2022 from 2021 was a decrease of 13%. In 2022 the median net farm income was less than the average net farm income, illustrating how averages can be skewed in high income years. It is common in high profit years for the average net farm income to be skewed higher by the substantial profits of larger operations.

## BENCHMARKING 2022 NET FARM INCOME

Despite the large drop, 2022 was still a quite strong year in terms of net income and profitability. 2022 saw the 5th highest average inflation-adjusted net farm income in the past 20 years. The top-5 years in terms of inflation-adjusted net farm income, in order, are 2021, 2012, 2011, 2010, and 2022.

A good metric to utilize when examining farm finances is the net farm income ratio. This ratio compares farm profit to gross farm revenue. It shows how much is left after all farm expenses (except for unpaid operator labor and management) are paid. A net farm income ratio of 20% is considered strong and in 2022 this ratio was 23%. Although down from 2021, this is still a quite strong position.

### Benchmarking the Net Farm Income Ratio



<sup>1</sup> The median accrual net farm income is the income amount that divides the data in two equal groups, with half of farms having net incomes above that amount, and half the farms having an income less than that amount

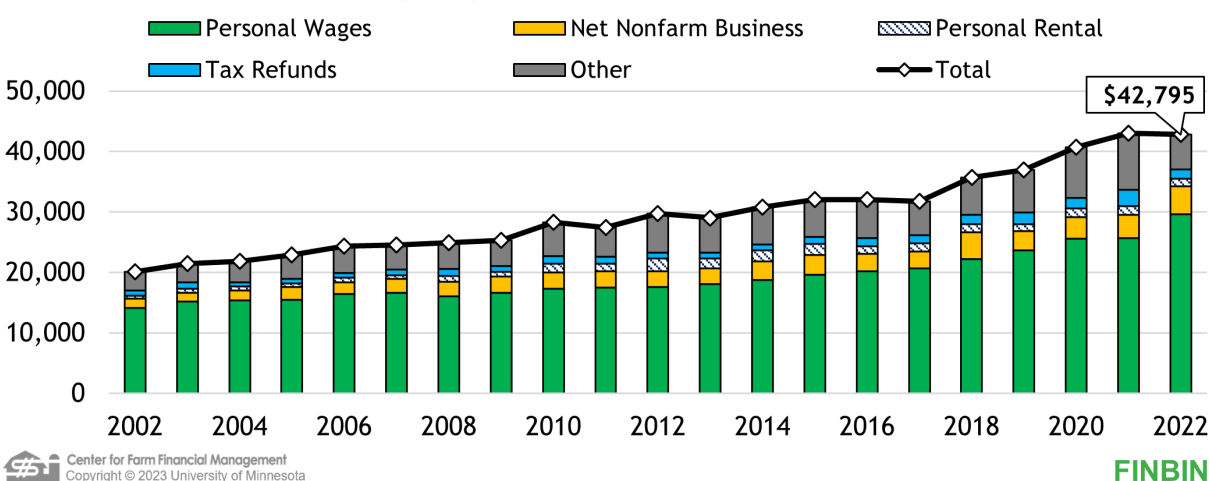
## NonFARM

### Nonfarm Income

The chart below displays the average nonfarm income and the amounts from various categories of nonfarm income. The average nonfarm income in 2022 for farms in the association was \$42,795 with \$29,604 of that being made up of personal wages and salary income.

### Nonfarm Income Trend (\$)

Data from farms with detailed family living records

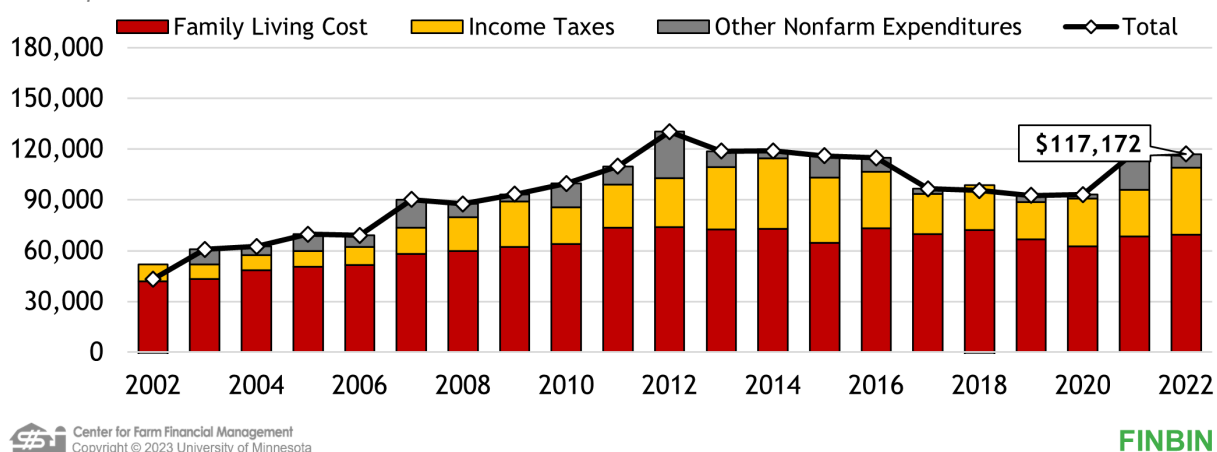


### NONFARM EXPENSE

A significant use of net farm income is covering family living costs as well as income taxes. Therefore, it is important to analyze non-farm expenses for association farms. The chart below illustrates how non-farm expenses have trended over the past twenty years.

### Nonfarm Expense (\$)

Data from farms with detailed family living records, excluding savings and investment, and non farm real estate purchases



The average nonfarm expense (excluding nonfarm savings and investment, as well as nonfarm real estate purchases) was \$117,172 in 2022. This amount was comprised of \$69,517 of family living costs (think food, medical, clothing, etc.), \$39,474 of income taxes, and \$8,181 of other nonfarm expenditures (such as household furnishing, nonfarm vehicle purchases, nonfarm real estate purchases, etc.). Since 2002, the average family living cost has been \$59,188.



## CHANGES IN NONFARM EXPENSES

The chart to the right displays major nonfarm expense categories for 2021 and 2022, and the percent change in those categories.

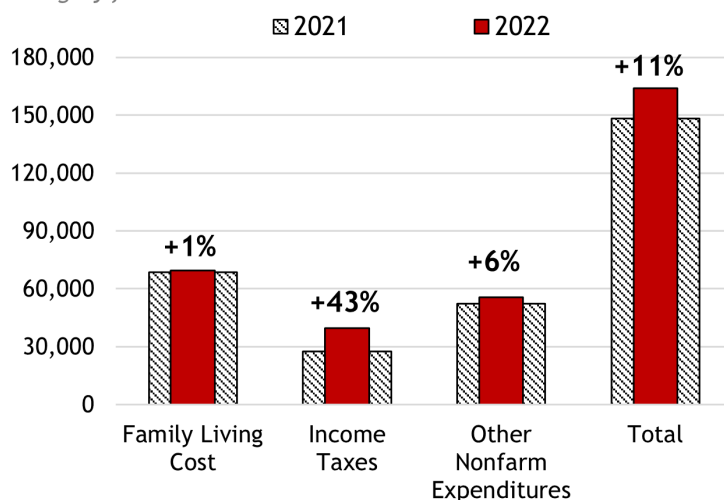
Despite inflationary pressures present in the broader U.S. economy, the average family living cost increased only 1% in 2022 compared to 2021. Again, note this is for farms in the association keeping detailed family living financial records.

As expected in a year with strong profitability, income taxes jumped in 2022, being 43% higher than 2021.

Other nonfarm expenditures increased slightly, coming in 6% higher in 2022 than the previous year.

## Nonfarm Expenses (\$)

Data from farms with detailed family living records, this chart shows the total dollars and percent change in each category from 2021 to 2022



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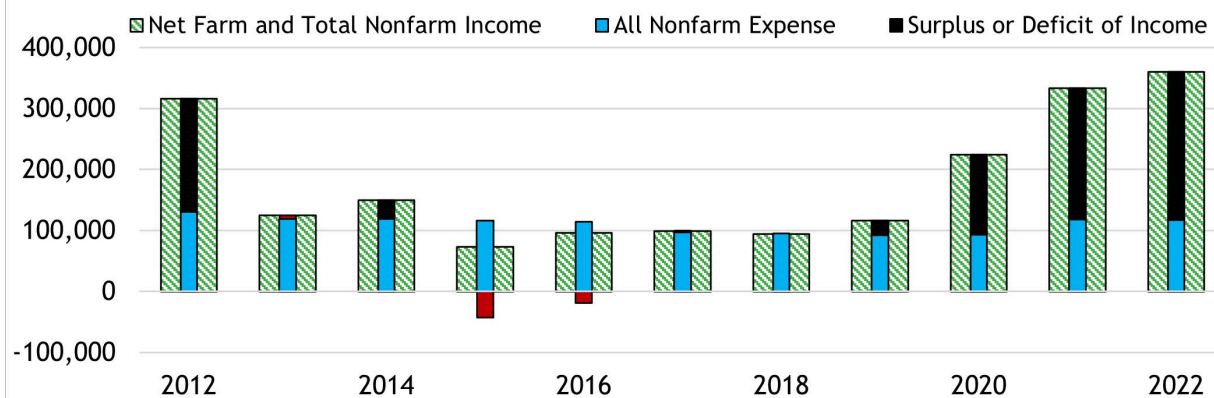
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## COMPARING TOTAL (FARM & NONFARM) INCOME TO TOTAL (FARM & NONFARM) EXPENSE

The chart below illustrates the difference between total income (net farm and total nonfarm) (in green shading), total nonfarm expense (in blue), and the difference illustrated by black or red bars. A red bar indicates in that particular year the total nonfarm expense is greater than the net farm and nonfarm income.

## Comparing Total Income to Total Expense (\$)

Red (negative) bars indicate years when total nonfarm expense exceeded net farm and total nonfarm income



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In 2022, the difference between total income and total expense was \$242,996 which was the highest amount seen in the past decade. Since 2020 this 'surplus' has grown steadily after farms in the association saw 4 out of 6 years between 2013 and 2019 with nonfarm expenses exceeding total income.

## THE FARM BALANCE SHEET

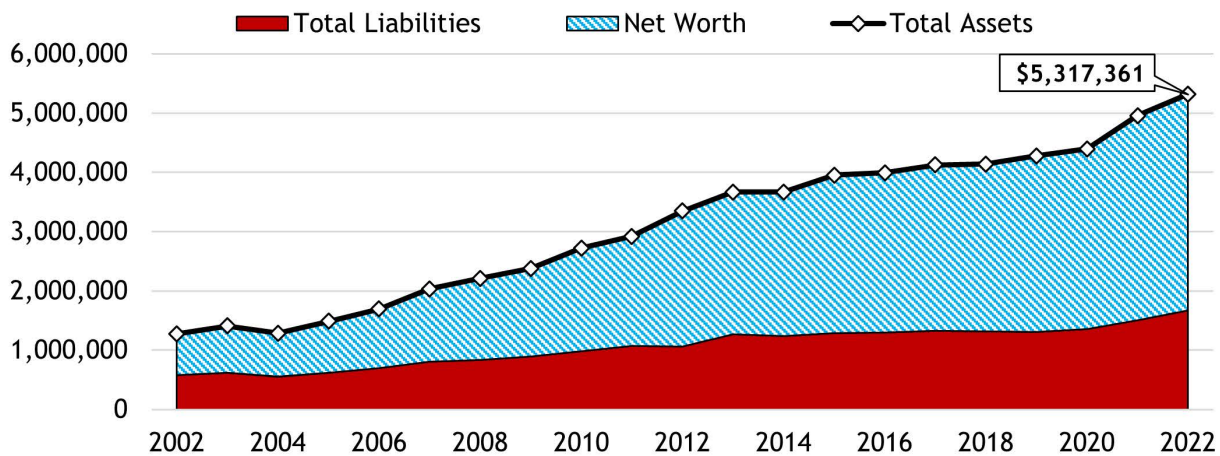
### THE VALUE OF ANALYZING THE BALANCE SHEET

A balance sheet, which is a snapshot of financial position at a particular point in time, can provide a vast amount of valuable information. Insight regarding solvency and liquidity as well as operation size can be gleaned from reviewing the balance sheet. A balance sheet is comprised of assets, liabilities, and equity (or net worth). Assets and liabilities can be broken into current, intermediate, and long-term categories. Total assets is equal to total liabilities plus equity or net worth. Total assets can also be utilized as a proxy for farm size.

### CHANGES IN THE AVERAGE BALANCE SHEET

The chart below shows how the balance sheet of the average farm in the association has changed over time.

#### Farm Balance Sheet (\$) [sole proprietors only]



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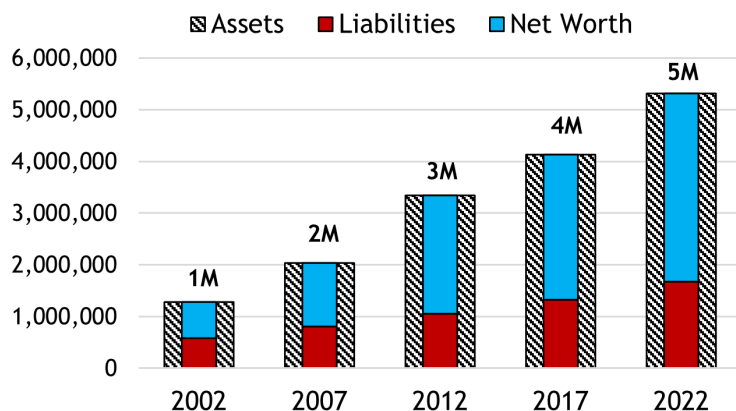
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In 2022, the average farm has a total asset level of \$5,317,361, representing an increase of 7% from 2021. The average farm had total liabilities of \$1,669,413 which was an 11% increase. The average net worth or equity increased 6% or \$200,417. Since 2012, total assets have increased by 59% while total liabilities increased by 58%. The average net worth increased by 60%.

The chart to the right displays the total assets, liabilities, and net worth for the average farm across 5-year increments.

The balance sheet for the average farm in the association has grown dramatically over the past twenty years. Total assets increased 316% from 2002 to 2022 while total liabilities grew 189% over that same time. The average net worth increased by more than 420%.

#### Evolution of the Balance Sheet (\$)



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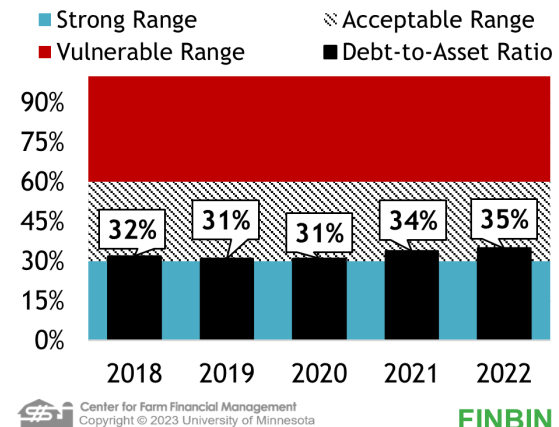
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## LOOKING AT FARM SOLVENCY

Solvency represents the ability of the farm business to meet all of its debt obligations if its assets were sold at the current point in time. A common metric used for measuring solvency is the Debt-to-Asset Ratio. As the chart to the right shows, in 2022, the average debt-to-asset ratio was 35%, a 1% increase from 2021. Since 2002, the average debt-to-asset ratio for association farms has fallen in the acceptable benchmark range.

The debt-to-asset ratio compares total farm assets to total farm debt or liabilities. A higher ratio indicates greater financial risk and lower borrowing capacity.

## Debt-to-Asset Ratio

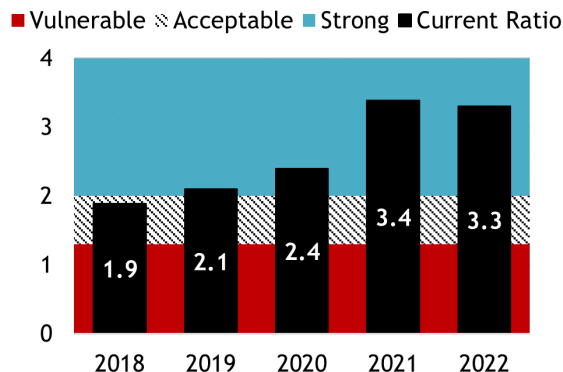


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## LOOKING AT FARM LIQUIDITY

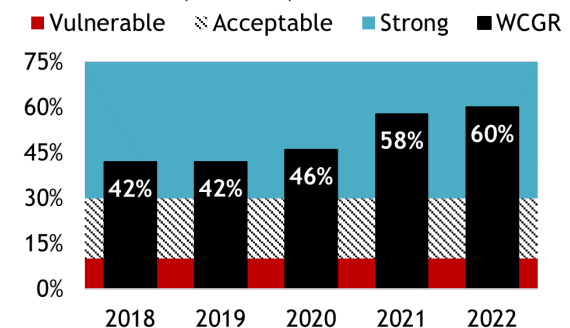
Liquidity is the ability of the farm business to meet financial obligations as they come due or to generate enough cash to pay for family living expenses, taxes, and to make one-time debt payments. Three metrics used to assess liquidity are current ratio<sup>1</sup>, working capital-to-gross revenue<sup>2</sup> and working capital-to-operating expense<sup>3</sup>.

## Current Ratio



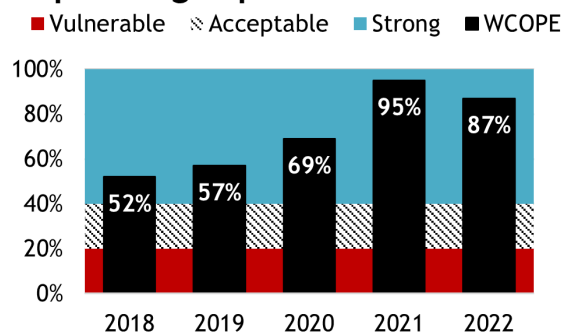
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## Working Capital to Gross Revenue (WCGR)



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## Working Capital to Operating Expense



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1 - Current ratio compares current assets against current liabilities

2 - Working capital-to-gross-revenue shows working capital as a percentage of gross farm revenue. Measures the available operating capital against the size of the business.

3 - Working capital-to-operating expense shows working capital as a percentage of farm operating expense (excluding depreciation and amortization). Measures the operating capital available against the amount of the operating expenses.

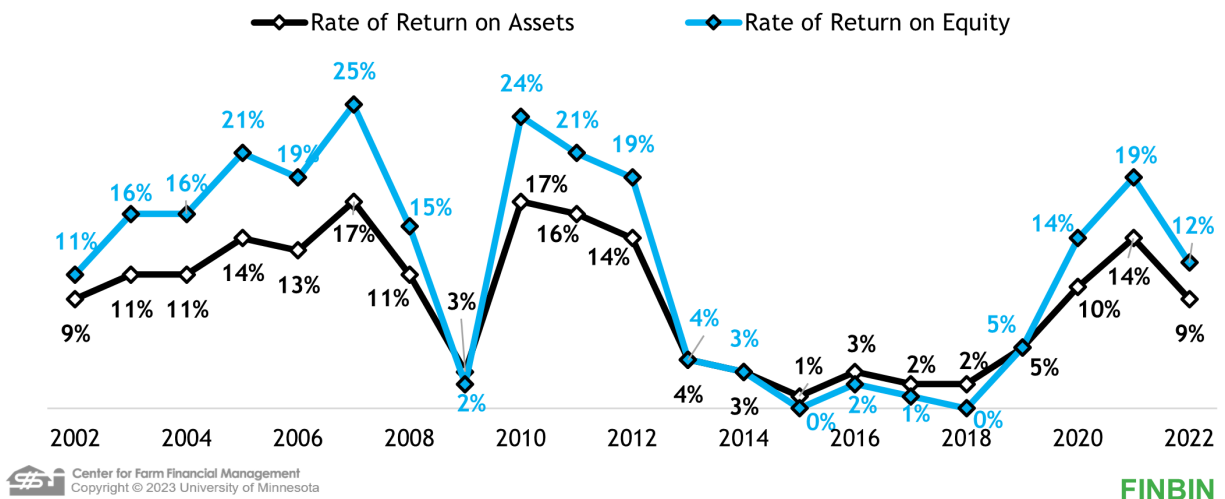
## FARM PROFITABILITY METRICS

### OTHER MEASURES OF FARM PROFITABILITY

Net farm income is not the only measure or metric that can be used to assess farm profitability. Two other frequently used metrics are the rate of return on assets (ROA) and the rate of return on farm equity (ROE).

The ROA can be thought of as the 'interest' rate being earned on all investments in the farm (both the farmers' and the creditors' investments). The ROE represents the 'interest' rate being earned on the farmers' investment in the farm operation. This return can be compared returns available if the equity in the farm had been invested elsewhere such as the stock market or a certificate of deposit. ROE and ROA trends over the past 20 years are shown in the chart below.

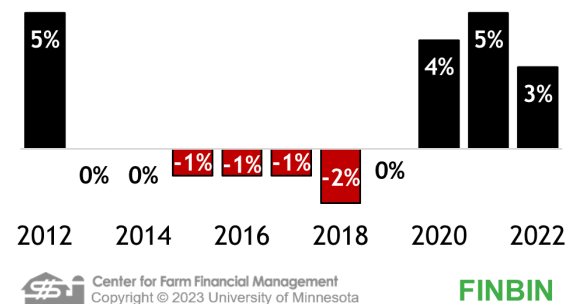
### Rates of Return on Assets (ROA) & Equity (ROE)



Evaluating the relationship between ROA and ROE is valuable. If the ROA is greater than the ROE, then the average producer lost money on borrowed capital. When ROE is greater than ROA, borrowed capital earned more than it cost (the ROA was higher than the interest rate on the borrowed capital).

The chart to the right illustrates the difference between ROE and ROA for association farms since 2002. Red bars indicate years where the ROE was less than the ROA.

### Difference Between ROE and ROA

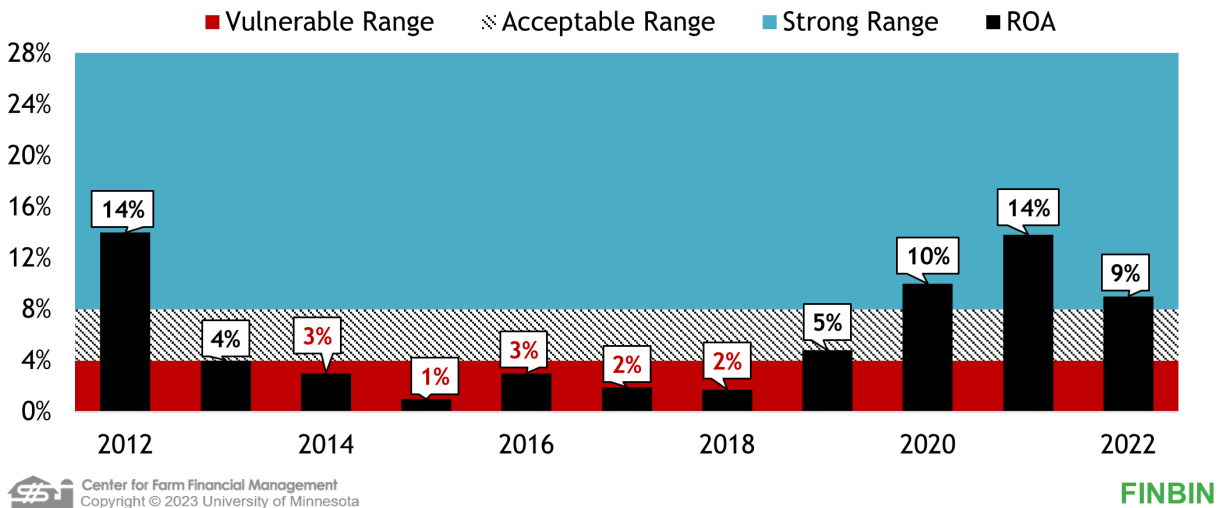


After several challenging years from 2013 through 2019, farms have seen improved profitability when looking at these two metrics.

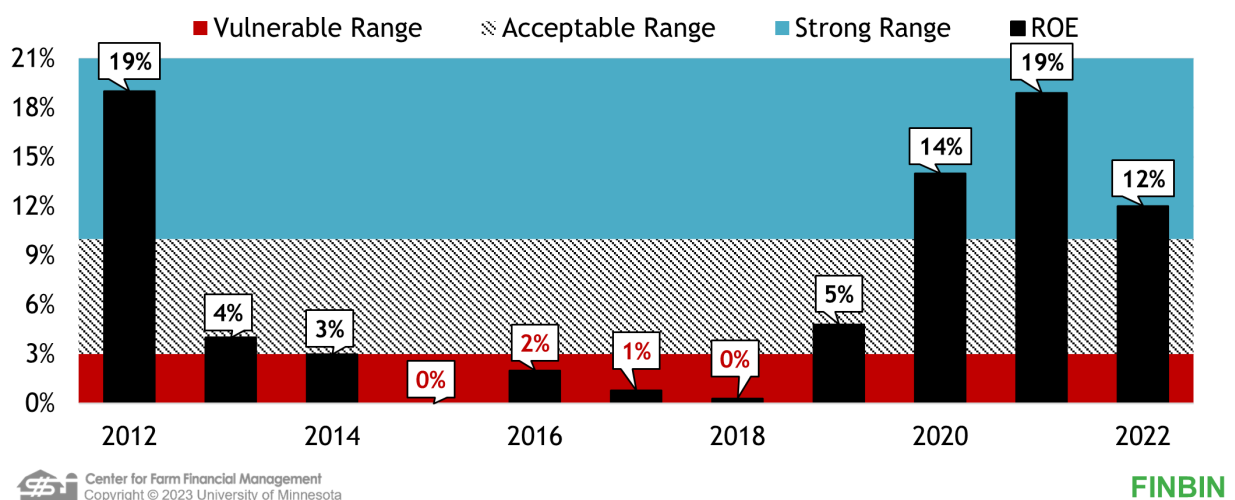
## BENCHMARKING RETURN ON ASSETS AND RETURN ON EQUITY

As with any metric it is valuable to benchmark these profitability measures against some standard ranges. The charts below show how the average ROA and ROE have compared to standard benchmark ranges over the past decade.

### Rate of Return on Assets (ROA)



### Rate of Return on Equity (ROE)



The past three years have been a welcome improvement in terms of profitability after several consecutive challenging years. In 2022, the average ROA and ROE were down slightly from there 2021 levels. However, both metrics still fell comfortably in the strong benchmark ranges.

## REPAYMENT CAPACITY

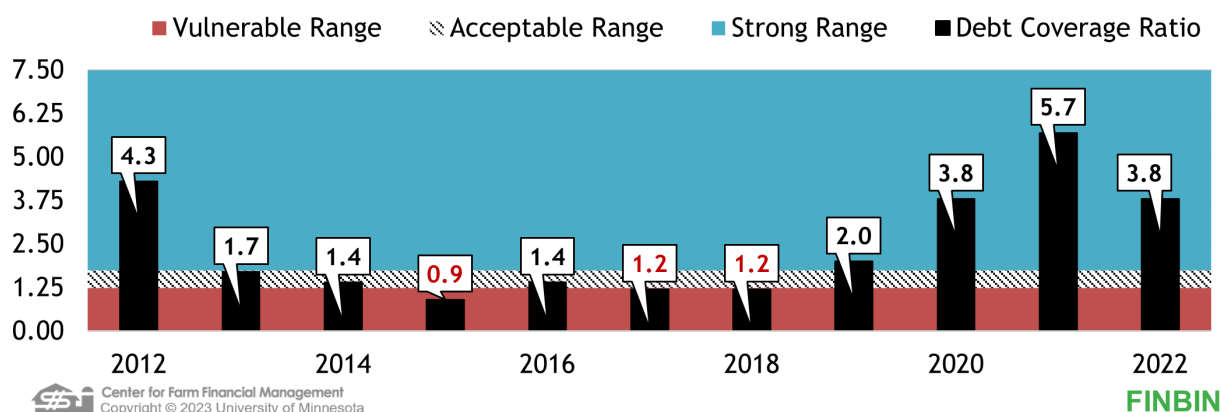
### DEFINING REPAYMENT CAPACITY

Repayment capacity is another aspect of financial position and performance. Repayment capacity is a borrower's (such as a farm's) ability to repay debts on-time. It does include nonfarm income and as such is not a measure of business performance alone. Two common metrics of repayment capacity are the debt coverage and term debt coverage ratio.

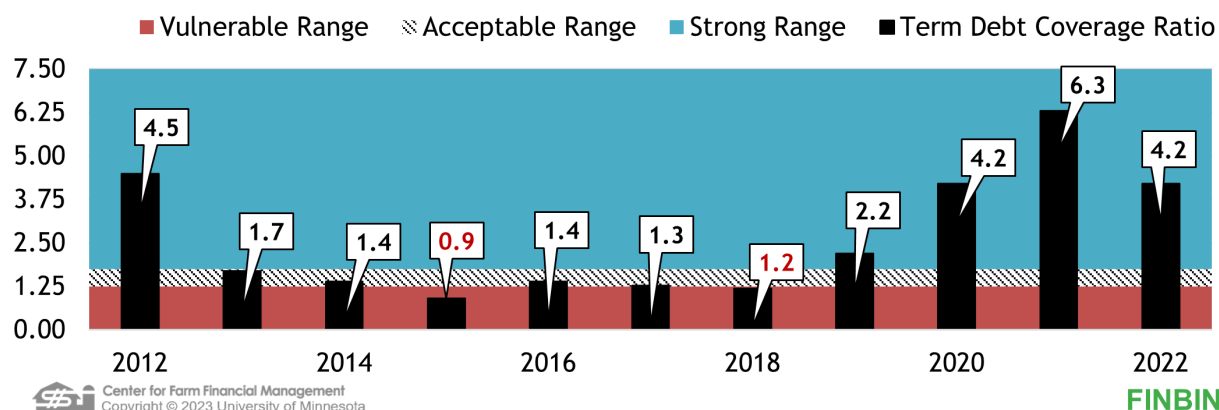
The debt coverage ratio (DCR) indicates whether enough income was generated to cover current interest expense and all intermediate and long-term debt payments. The term debt coverage ratio (TDCR) indicates whether enough income was generated to cover all intermediate and long-term debt payments (does not include current interest).

The charts below illustrates the DCR and the TDCR for association farms over the past decade and compares it to standard benchmark ranges.

### Debt Coverage Ratio



### Term Debt Coverage Ratio



2022 was a year of continued strong debt coverage ratios. Although both the term debt coverage ratio and the debt coverage ratio were lower compared to 2021, they were equal to the levels seen in 2020 and comfortably in the strong benchmark range.



## COMPARISONS ACROSS FARM TYPES

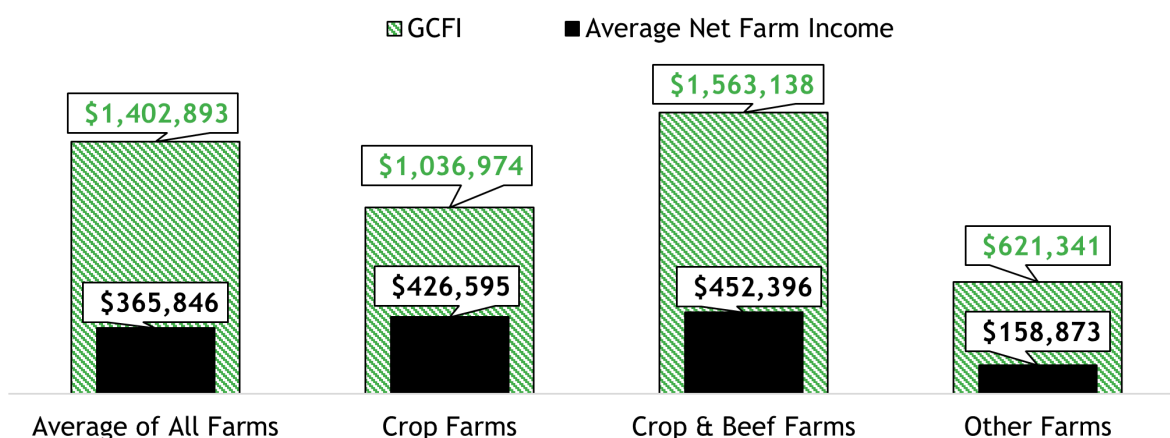
### WHY COMPARE FARM TYPES

As with any metric, the average net farm income for association farms covers a lot of the variation present in farm finances. For example, with high crop prices crop farms can have a very strong year. At the same time, livestock operations could have a challenging year with the high feed prices resulting from increased crop prices. As such, it is always a good practice to compare the various farm types present in the association.

### INCOME ACROSS FARM TYPES<sup>1</sup>

The chart below displays the average gross cash income and net farm income (accrual) for the various farm types. Note that only farm types with sufficient sample size are included below.

### Gross Cash and Net Accrual Income by Farm Type



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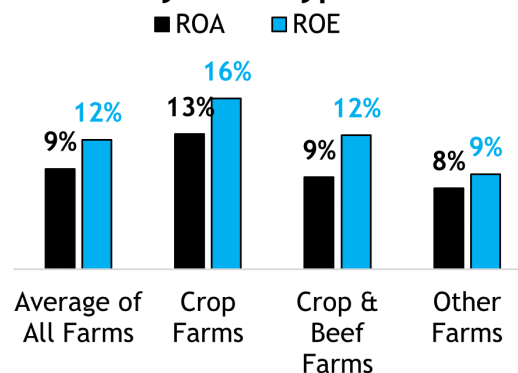
The average net accrual income for the 80 crop farms in the database was \$426,595, down 6% from 2021. For this farm type, gross cash income was up 15% in 2022. Even though gross income was higher, the increase in operating expenses contributed to the slightly lower net income. Crop and beef farms had the highest average net income of any of the farm types with sufficient sample size in 2022.

### RETURNS ACROSS FARM TYPES

The chart to the right displays the return on assets (ROA) and return on equity (ROE) for the various farm types compared to the average for all farms.

All farm types shown experienced ROEs greater than their ROAs indicating borrowed capital earned more than it cost. All farms saw ROAs that fall into the strong benchmarking range. Other farms are the only type that had an ROE slightly outside of the strong benchmarking range.

### Returns by Farm Type



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\* farm type is determined by which revenue type comprises 70% or greater of gross farm revenue

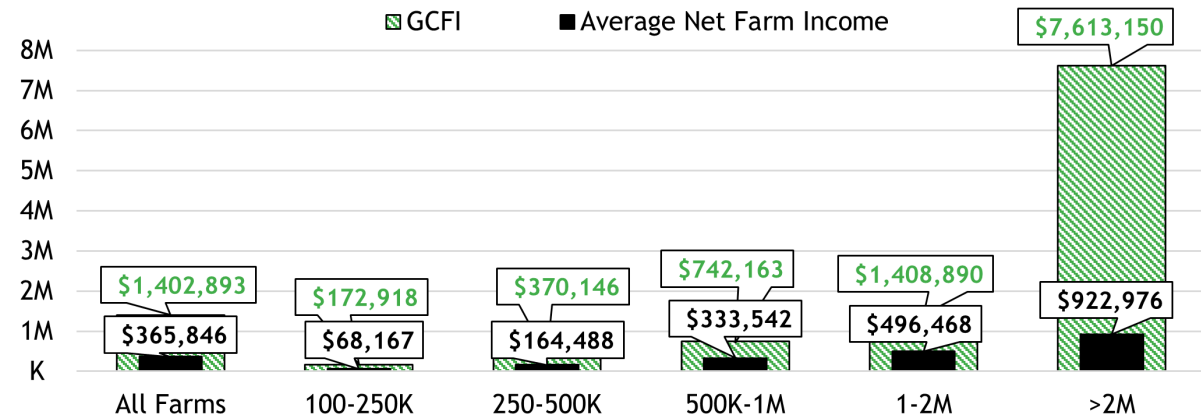
\*\*A farm type of 'Other' includes all farm types outside of crop, and crop and beef farms in this case

## COMPARISONS ACROSS FARM SIZE

### INCOME ACROSS FARM SIZES

The chart below displays the average gross cash income and accrual net income for the farm size groups that had sufficient sample size to include in this report. Note that the farm size groups are based on the dollars of gross revenue.

### Gross Cash and Net Accrual Income by Farm Size (\$)



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Farm Size Group in Thousands of \$ of Gross Income

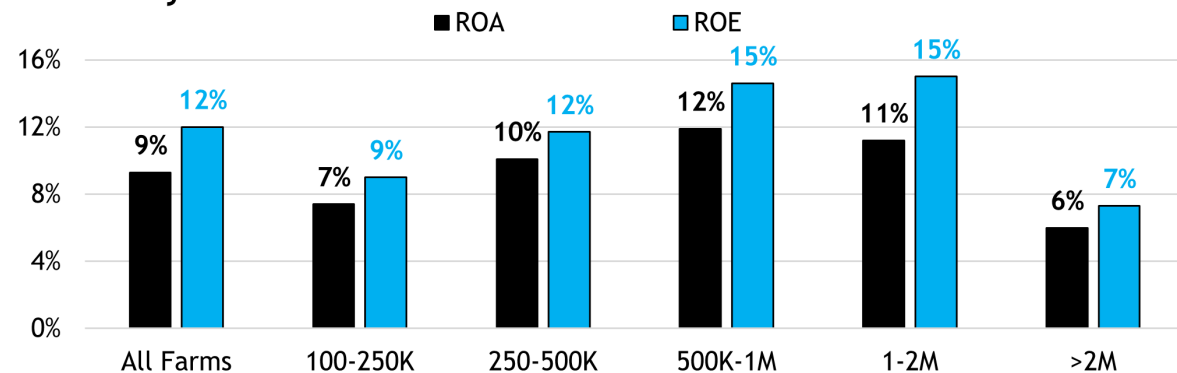
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All farm size groups above experienced strong profitability levels in 2022. The biggest difference among the groups was the percentage of gross cash income that ended up being retained as accrual net income. The largest size group, farms with more than \$2,000,000 of gross revenue, had an average net income of around \$1,000,000 which is around 1/7th of their gross income. The smallest farm size group, farms with \$100,000 - \$250,000 of gross income, kept around 1/3rd of their gross revenue as net income.

### RETURNS ACROSS FARM SIZES

The chart below displays the average ROE and ROA across the various farm sizes. All farms experienced positive differences between ROE and ROA, indicating borrowed capital earned more than it cost. The largest farm size group, which has the highest average net income, had the lowest ROA and ROE levels.

### Returns by Farm Size



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Farm Size Group in Thousands of \$ of Gross Income

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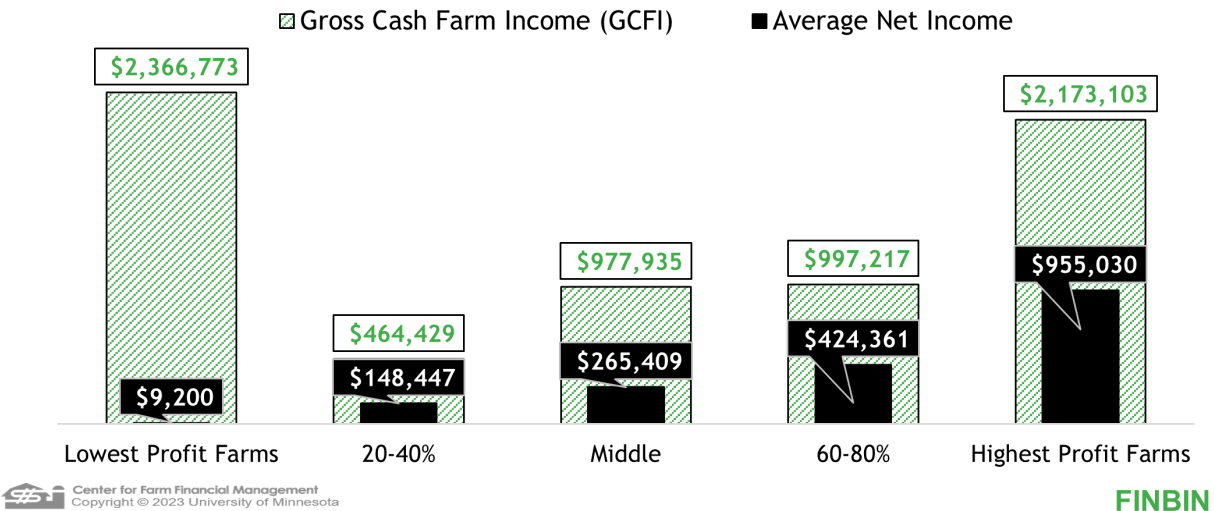


## COMPARISONS ACROSS PROFITABILITY GROUPS

### INCOME ACROSS PROFITABILITY GROUPS

There is consistently a wide variation in the levels of profitability for farms in the association. The chart below displays the average gross cash income and accrual net income for the five profitability groups. The farms in the report are divided into 5 equal groupings based on their net farm income levels. This means the lowest profit farms for example are the 20% of farms that had the lowest level of net income. A quintile means a 1/5th or 20% of the data.

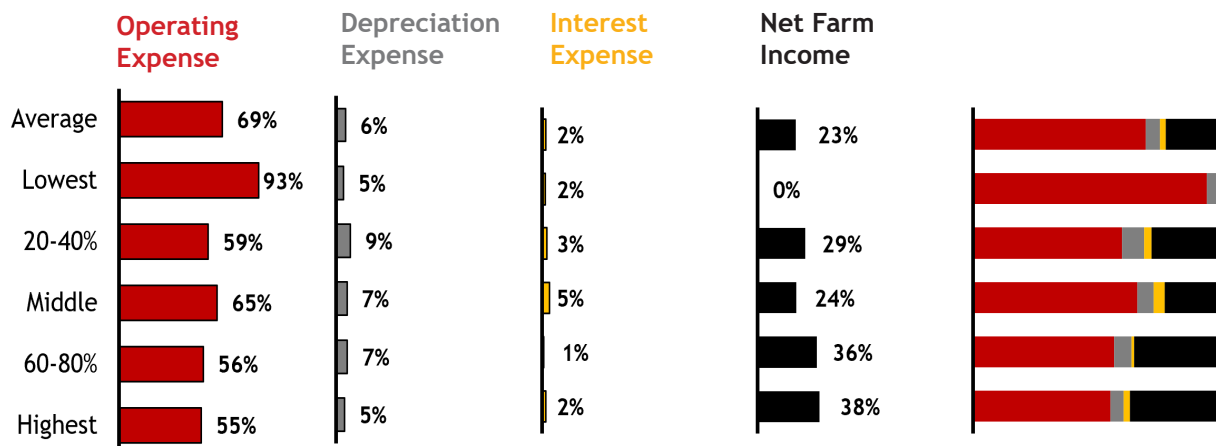
### 2022 Gross Income Compared to Net Income by Profit Group



It is quite typical for incomes, and any metric for that matter, to vary widely around the average. 2022 was no exception for farms in the association. The 20% of the 111 farms that were most profitable averaged a net farm income of \$955,030 in 2022. Meanwhile the least profitable 20% of the farms earned an average profit of just \$9,200. This is a decrease from 2021 and essentially brings this group to a breakeven level of profitability. An interesting note is how the lowest profit farms actually generated the largest amount of gross cash income. This is not a new phenomenon. We tend to see this in times of compressed margins. In 2022, many livestock operations saw low profitability given high feed costs and other inflationary pressures.

The chart below displays the four financial efficiency ratios across the profitability groups.

### Financial Efficiency Ratios by Profitability Groups



# WHOLE FARM REPORTS

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The whole-farm reports summarize the financial performance of member farms in 2022. Each table includes the average of the 111 farms included in the report and the average 20 percent of the farms with the lowest and highest profits (based on Net Farm Income). 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 in the other detailed whole farm reports. All profitability and repayment capacity measures are based on accrual adjusted net farm income.

## FINANCIAL STANDARDS MEASURES

The Farm Financial Standards Council recommends farms use these seventeen ratios as standard measures of farm financial performance. 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/index.php/order-the-guidelines/>.

## FARM INCOME STATEMENT

The Income Statement calculates the accrual Net Farm Income generated by the average farm for the year 2022. Net Farm Income is reported based on accrual adjustments to the cash income and expenses reported for the year. Net Farm Income is the income earned before any compensation for owner labor and management. If owner compensation was included in farm expenses, it has been excluded here to make all farms uniform. Net Farm Income represents the return to the operator's 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 reposessions.

There were several different government programs that provided payments to farm operations in 2022.

- Crop government payments – Agriculture Risk Coverage (ARC); Price Loss Coverage (PLC).
- CRP payments – Conservation Reserve Program (CRP).
- Livestock government payments – Dairy Margin Coverage (DMC); Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP); Livestock Forage Disaster Program (LFP); Pandemic Market Volatility Assistance Program (PMVAP); Emergency Livestock Relief Program (ELRP); Spot Market Hog Pandemic Program (SMHPP); and Agricultural Drought Relief Program (ADRoP) for MN livestock farms.
- Other government payments – loan amounts forgiven for Paycheck Protection Program (PPP); Emergency Relief Program (ERP); Agricultural Drought Relief Program (ADRoP) for MN specialty crop farms; & Pandemic Response & Safety Grants (PRS).

- Conservation government payments – Environmental Quality Incentives Program (EQIP) payments for annual production expenses; Conservation Stewardship Program (CSP); Soil Health & Income Protection Program (SHIPP); Grassland Reserve Program (GRP); and Pandemic Cover Crop Program (PCCP).

## 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. *Working Capital to Operating Expenses* measures liquidity relative to business expenses.

Repayment capacity measures the ability of the business to meet debt payments and replace capital assets. *Debt Coverage Ratio* and *Term Debt Coverage Ratio* measures the ability of the business to meet its scheduled debt payments. A 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. On the cost-based table, intermediate and long-term assets are shown at depreciated value using estimated economic, rather than tax, depreciation. 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* reflects cash used to buy and sell capital assets. *Cash From Financing Activities* includes sources and uses of borrowed funds as well as cash from non-farm 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.

## **NON-FARM SUMMARY**

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

## **PROJECTED PROFITABILITY**

Based on the past year's results and the authors' estimates of changes in next year's production, prices and costs, this page projects the financial performance of these farms in the coming year.

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

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	111	22	23
<b>Income Statement</b>			
Gross cash farm income	1,402,893	2,366,773	2,173,103
Total cash farm expense	1,103,396	2,240,973	1,487,839
Net cash farm income	299,497	125,799	685,264
Inventory change	140,788	-7,374	376,027
Depreciation	-86,655	-110,740	-128,508
Net farm income from operations	353,631	7,685	932,783
Gain or loss on capital sales	12,215	1,516	22,247
Average net farm income	365,846	9,200	955,030
Median net farm income	270,911	45,416	728,363
<b>Profitability (cost)</b>			
Rate of return on assets	9.3 %	-0.8 %	13.8 %
Rate of return on equity	12.0 %	-4.1 %	18.4 %
Operating profit margin	26.2 %	-2.4 %	36.3 %
Asset turnover rate	35.7 %	32.9 %	38.1 %
<b>Profitability (market)</b>			
Rate of return on assets	8.0 %	3.0 %	10.8 %
Rate of return on equity	11.5 %	3.0 %	16.4 %
Operating profit margin	32.2 %	12.0 %	37.6 %
Asset turnover rate	25.0 %	25.2 %	28.8 %
<b>Liquidity &amp; Repayment (end of year)</b>			
Current assets	1,298,031	1,097,021	2,479,141
Current liabilities	390,936	645,627	560,858
Current ratio	3.32	1.70	4.42
Working capital	907,095	451,394	1,918,284
Change in working capital	103,030	-120,436	299,247
Working capital to gross revenue	59.7 %	18.9 %	77.3 %
Working capital to oper expense	86.9 %	20.3 %	141.2 %
Debt coverage ratio	3.79	0.90	6.17
Term debt coverage ratio	4.19	0.87	6.87
Replacement coverage ratio	2.58	0.74	4.11
Term debt to EBITDA	1.26	3.52	0.98
<b>Solvency (end of year at cost)</b>			
Number of farms	111	22	23
Total assets	4,037,488	3,186,814	7,407,548
Total liabilities	1,178,482	1,256,092	2,135,176
Net worth	2,859,006	1,930,722	5,272,372
Net worth change	307,167	44,493	785,952
Farm debt to asset ratio	31 %	42 %	30 %
Total debt to asset ratio	29 %	39 %	29 %
Change in earned net worth %	12 %	2 %	18 %
<b>Solvency (end of year at market)</b>			
Number of farms	111	22	23
Total assets	5,795,869	4,155,541	9,580,086
Total liabilities	1,961,018	1,665,420	3,517,604
Net worth	3,834,851	2,490,121	6,062,482
Total net worth change	363,383	166,779	799,670
Farm debt to asset ratio	37 %	42 %	39 %
Total debt to asset ratio	34 %	40 %	37 %
Change in total net worth %	10 %	7 %	15 %
<b>Nonfarm Information</b>			
Net nonfarm income	53,971	39,322	32,272
Farms reporting living expenses	29	2	6
Total family living expense	69,517	-	45,483
Total living, invest, cap. purch	163,829	-	184,530
<b>Crop Acres</b>			
Total crop acres	863	336	1,814
Total crop acres owned	226	79	451
Total crop acres cash rented	595	252	1,320
Total crop acres share rented	42	5	42
Machinery value per crop acre	895	1,208	713

*Financial Summary*  
(Farms Sorted By Years)

	<u>Avg. Of All Farms</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Number of farms	435	106	108	110	111
<b>Income Statement</b>					
Gross cash farm income	1,182,336	946,154	1,099,964	1,268,240	1,402,893
Total cash farm expense	947,726	783,687	931,696	964,451	1,103,396
Net cash farm income	234,610	162,466	168,268	303,789	299,497
Inventory change	161,894	52,089	221,729	230,258	140,788
Depreciation	-78,268	-71,520	-76,433	-78,109	-86,655
Net farm income from operations	318,236	143,035	313,564	455,938	353,631
Gain or loss on capital sales	10,152	1,969	8,838	17,247	12,215
Average net farm income	328,389	145,004	322,402	473,185	365,846
Median net farm income	198,332	91,895	189,658	310,771	270,911
<b>Profitability (cost)</b>					
Rate of return on assets	9.7 %	4.8 %	10.1 %	13.8 %	9.3 %
Rate of return on equity	12.7 %	4.9 %	13.6 %	18.9 %	12.0 %
Operating profit margin	27.4 %	15.7 %	28.4 %	35.3 %	26.2 %
Asset turnover rate	35.5 %	30.7 %	35.7 %	39.2 %	35.7 %
<b>Profitability (market)</b>					
Rate of return on assets	7.7 %	4.2 %	6.2 %	11.8 %	8.0 %
Rate of return on equity	10.9 %	4.8 %	8.5 %	17.6 %	11.5 %
Operating profit margin	31.1 %	19.7 %	24.9 %	42.7 %	32.2 %
Asset turnover rate	24.9 %	21.2 %	25.1 %	27.7 %	25.0 %
<b>Liquidity &amp; Repayment (end of year)</b>					
Current assets	1,082,868	808,635	1,023,693	1,188,111	1,298,031
Current liabilities	388,226	389,388	422,580	350,644	390,936
Current ratio	2.79	2.08	2.42	3.39	3.32
Working capital	694,642	419,247	601,113	837,467	907,095
Change in working capital	162,327	78,098	190,371	275,797	103,030
Working capital to gross revenue	52.7 %	42.3 %	46.3 %	57.8 %	59.7 %
Working capital to oper expense	78.6 %	57.1 %	69.3 %	94.8 %	86.9 %
Debt coverage ratio	3.77	2.02	3.77	5.72	3.79
Term debt coverage ratio	4.20	2.23	4.15	6.31	4.19
Replacement coverage ratio	2.56	1.42	2.58	3.68	2.58
Term debt to EBITDA	1.29	1.94	1.33	0.99	1.26
<b>Solvency (end of year at cost)</b>					
Number of farms	435	106	108	110	111
Total assets	3,545,331	2,995,387	3,433,838	3,688,110	4,037,488
Total liabilities	1,076,591	975,256	1,102,126	1,046,355	1,178,482
Net worth	2,468,739	2,020,132	2,331,712	2,641,756	2,859,006
Net worth change	306,568	148,214	305,090	460,009	307,167
Farm debt to asset ratio	33 %	36 %	35 %	30 %	31 %
Total debt to asset ratio	30 %	33 %	32 %	28 %	29 %
Change in earned net worth %	14 %	8 %	15 %	21 %	12 %
<b>Solvency (end of year at market)</b>					
Number of farms	435	106	108	110	111
Total assets	5,100,580	4,344,977	4,877,687	5,345,938	5,795,869
Total liabilities	1,730,269	1,488,321	1,703,515	1,756,842	1,961,018
Net worth	3,370,311	2,856,656	3,174,172	3,589,097	3,834,851
Total net worth change	368,523	206,481	293,984	603,044	363,383
Farm debt to asset ratio	37 %	38 %	38 %	36 %	37 %
Total debt to asset ratio	34 %	34 %	35 %	33 %	34 %
Change in total net worth %	12 %	8 %	10 %	20 %	10 %
<b>Nonfarm Information</b>					
Net nonfarm income	54,831	47,034	51,952	66,037	53,971
Farms reporting living expenses	138	39	35	35	29
Total family living expense	66,667	66,585	62,504	68,562	69,517
Total living, invest, cap. purch	125,645	99,802	100,287	148,162	163,829
<b>Crop Acres</b>					
Total crop acres	898	940	906	883	863
Total crop acres owned	230	233	237	222	226
Total crop acres cash rented	627	659	629	625	595
Total crop acres share rented	41	48	40	36	42
Machinery value per crop acre	795	734	748	806	895

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

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	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	111	22	23
<b>Liquidity</b>			
Current ratio	3.32	1.70	4.42
Working capital to gross revenue	59.7 %	18.9 %	77.3 %
Working capital to oper expense	86.9 %	20.3 %	141.2 %
<b>Solvency (market)</b>			
Farm debt to asset ratio	37 %	42 %	39 %
Farm equity to asset ratio	63 %	58 %	61 %
Farm debt to equity ratio	0.59	0.72	0.63
<b>Profitability (cost)</b>			
Rate of return on farm assets	9.3 %	-0.8 %	13.8 %
Rate of return on farm equity	12.0 %	-4.1 %	18.4 %
Operating profit margin	26.2 %	-2.4 %	36.3 %
Asset turnover rate	35.7 %	32.9 %	38.1 %
<b>Repayment Capacity</b>			
Debt coverage ratio	3.79	0.90	6.17
Term debt coverage ratio	4.19	0.87	6.87
Replacement coverage ratio	2.58	0.74	4.11
<b>Efficiency</b>			
Operating expense ratio	68.7 %	93.1 %	54.8 %
Depreciation expense ratio	5.7 %	4.6 %	5.2 %
Interest expense ratio	2.4 %	1.9 %	2.4 %
Net farm income ratio	23.3 %	0.3 %	37.6 %

*Financial Standards Measures  
(Farms Sorted By Years)*

	<u>Avg. Of All Farms</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Number of farms	435	106	108	110	111
Liquidity					
Current ratio	2.79	2.08	2.42	3.39	3.32
Working capital to gross revenue	52.7 %	42.3 %	46.3 %	57.8 %	59.7 %
Working capital to oper expense	78.6 %	57.1 %	69.3 %	94.8 %	86.9 %
Solvency (market)					
Farm debt to asset ratio	37 %	38 %	38 %	36 %	37 %
Farm equity to asset ratio	63 %	62 %	62 %	64 %	63 %
Farm debt to equity ratio	0.59	0.61	0.62	0.56	0.59
Profitability (cost)					
Rate of return on farm assets	9.7 %	4.8 %	10.1 %	13.8 %	9.3 %
Rate of return on farm equity	12.7 %	4.9 %	13.6 %	18.9 %	12.0 %
Operating profit margin	27.4 %	15.7 %	28.4 %	35.3 %	26.2 %
Asset turnover rate	35.5 %	30.7 %	35.7 %	39.2 %	35.7 %
Repayment Capacity					
Debt coverage ratio	3.77	2.02	3.77	5.72	3.79
Term debt coverage ratio	4.20	2.23	4.15	6.31	4.19
Replacement coverage ratio	2.56	1.42	2.58	3.68	2.58
Efficiency					
Operating expense ratio	67.0 %	74.0 %	66.8 %	61.0 %	68.7 %
Depreciation expense ratio	5.9 %	7.2 %	5.9 %	5.4 %	5.7 %
Interest expense ratio	2.9 %	4.4 %	3.1 %	2.2 %	2.4 %
Net farm income ratio	24.1 %	14.4 %	24.2 %	31.5 %	23.3 %



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

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	111	22	23
<b>Cash Farm Income</b>			
Aftermath Grazing	118	-	-
Canola	1,485	-	-
Corn	425,803	72,105	906,798
Corn Silage	24,406	-	109,612
Hay, Alfalfa	3,029	193	10,915
Oats	1,040	406	302
Rye	525	-	-
Rye Silage	260	-	1,062
Soybeans	304,854	69,156	750,617
Sweet Corn, Processing	1,298	-	6,264
Wheat, Winter	111	-	534
Hay	1,578	836	2,053
Wheat, Kernza	80	-	-
Miscellaneous crop income	3,445	-	13,676
Beef Cow-Calf, Beef Calves	2,812	5,194	3,948
Beef Backgrounding	571	-	2,753
Beef Finishing	74,272	192,278	125,561
Dairy, Milk	126,586	592,445	20,703
Dairy, Dairy Calves	9,462	46,206	-
Dairy Replacement Heifers	2,263	-	-
Dairy Finishing	14,979	4,962	-
Goats, Dairy, Goat Milk	108	-	-
Hogs, Finish Feeder Pigs	8,872	2,839	2,797
Sheep, Market Lamb Prod, Mkt Lambs	3,731	444	4,480
Hogs, Weaning to Finish	239,231	1,127,659	36,339
Cull breeding livestock	4,970	19,795	866
Misc. livestock income	4,512	316	22
CRP payments	594	421	848
Livestock govt payments	413	530	-
Conservation govt payment	2,203	2,359	2,450
Other government payments	14,269	10,626	30,737
Custom work income	37,804	79,967	56,989
Patronage dividends, cash	15,230	8,368	24,628
Crop insurance income	11,211	9,239	18,731
Sale of resale items	15,214	76,055	-
Contract livestock income	19,397	15,982	16,031
Renewable energy income	1,524	1,364	1,756
Farm rental income	9,512	2,190	7,735
Other farm income	15,120	24,435	13,899
Gross Cash Farm Income	1,402,893	2,366,773	2,173,103

Summary Farm Income Statement  
(Farms Sorted By Years)

	<u>Avg. Of All Farms</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Number of farms	435	106	108	110	111
Crop sales	547,836	396,291	377,506	638,903	768,032
Crop inventory change	109,537	-3,243	189,247	170,699	79,071
Gross crop income	657,373	393,049	566,754	809,602	847,103
Livestock sales	421,818	329,212	432,380	434,594	487,316
Livestock inventory change	20,509	13,554	26,536	17,986	23,787
Gross livestock income	442,327	342,766	458,916	452,580	511,103
Government payments	82,887	70,944	178,798	66,229	17,480
Other cash farm income	129,795	149,706	111,281	128,513	130,065
Change in accounts receivable	-3,226	13,026	-23,825	-10,262	8,270
Gain or loss on hedging accounts	2,002	7,720	-7,382	1,006	6,658
Change in other assets	7,421	13,506	10,170	1,521	4,783
Gain or loss on breeding lvs	-497	1,029	2,455	-446	-4,877
Gross farm income	1,318,082	991,746	1,297,167	1,448,744	1,520,585
Cash operating expenses	910,567	740,838	888,553	932,424	1,072,408
Change in prepaids and supplies	-22,881	-4,289	-16,123	-37,993	-32,233
Change in growing crops	56	491	4	-69	-186
Change in accounts payable	-3,983	-3,412	-5,631	-11,013	4,041
Depreciation	78,268	71,520	76,433	78,109	86,655
Total operating expense	962,026	805,148	943,235	961,458	1,130,685
Interest paid	37,159	42,849	43,143	32,027	30,988
Change in accrued interest	661	714	-2,775	-679	5,281
Total interest expense	37,820	43,563	40,368	31,348	36,269
Total expenses	999,846	848,711	983,603	992,805	1,166,954
Net farm income from operations	318,236	143,035	313,564	455,938	353,631
Gain or loss on capital sales	10,152	1,969	8,838	17,247	12,215
Net farm income	328,389	145,004	322,402	473,185	365,846

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

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	111	22	23
<b>Cash Farm Income</b>			
Aftermath Grazing	118	-	-
Canola	1,485	-	-
Corn	425,803	72,105	906,798
Corn Silage	24,406	-	109,612
Hay, Alfalfa	3,029	193	10,915
Oats	1,040	406	302
Rye	525	-	-
Rye Silage	260	-	1,062
Soybeans	304,854	69,156	750,617
Sweet Corn, Processing	1,298	-	6,264
Wheat, Winter	111	-	534
Hay	1,578	836	2,053
Wheat, Kernza	80	-	-
Miscellaneous crop income	3,445	-	13,676
Beef Cow-Calf, Beef Calves	2,812	5,194	3,948
Beef Backgrounding	571	-	2,753
Beef Finishing	74,272	192,278	125,561
Dairy, Milk	126,586	592,445	20,703
Dairy, Dairy Calves	9,462	46,206	-
Dairy Replacement Heifers	2,263	-	-
Dairy Finishing	14,979	4,962	-
Goats, Dairy, Goat Milk	108	-	-
Hogs, Finish Feeder Pigs	8,872	2,839	2,797
Sheep, Market Lamb Prod, Mkt Lambs	3,731	444	4,480
Hogs, Weaning to Finish	239,231	1,127,659	36,339
Cull breeding livestock	4,970	19,795	866
Misc. livestock income	4,512	316	22
CRP payments	594	421	848
Livestock govt payments	413	530	-
Conservation govt payment	2,203	2,359	2,450
Other government payments	14,269	10,626	30,737
Custom work income	37,804	79,967	56,989
Patronage dividends, cash	15,230	8,368	24,628
Crop insurance income	11,211	9,239	18,731
Sale of resale items	15,214	76,055	-
Contract livestock income	19,397	15,982	16,031
Renewable energy income	1,524	1,364	1,756
Farm rental income	9,512	2,190	7,735
Other farm income	15,120	24,435	13,899
Gross Cash Farm Income	1,402,893	2,366,773	2,173,103

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

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	111	22	23
<b>Cash Farm Expense</b>			
Seed and plants	82,239	21,849	190,301
Fertilizer	109,043	47,307	222,249
Crop chemicals	58,325	18,542	109,159
Crop insurance	24,411	8,608	46,263
Drying expense	5,600	3,783	7,831
Storage	258	23	105
Irrigation energy	257	-	909
Transaction fees	310	1,566	-
Crop miscellaneous	1,190	2,120	805
Crop consultants	1,056	-	1,915
Feeder livestock purchase	126,378	448,752	101,467
Purchased feed	227,560	996,962	48,606
Breeding fees	1,671	7,250	19
Veterinary	8,775	32,431	4,552
Supplies	7,647	24,643	3,576
Contract production exp.	24,883	125,547	-
Bedding	84	345	35
Livestock consultants	153	127	619
Interest	30,988	36,862	48,291
Fuel & oil	38,646	40,781	62,263
Repairs	64,998	59,057	104,025
Custom hire	22,011	50,485	21,777
Hired labor	38,193	106,913	41,179
Land rent	144,863	64,355	351,162
Machinery leases	15,521	13,464	44,486
Building leases	5,396	18,491	5,674
Real estate taxes	9,729	3,981	19,472
Farm insurance	16,957	30,025	19,640
Utilities	11,403	21,580	11,227
Hauling and trucking	2,029	7,743	1,715
Marketing	3,099	6,025	3,045
Dues & professional fees	5,821	9,918	7,964
Purchase of resale items	6,571	24,085	-
Miscellaneous	7,331	7,352	7,507
Total cash expense	1,103,396	2,240,973	1,487,839
Net cash farm income	299,497	125,799	685,264
<b>Inventory Changes</b>			
Prepays and supplies	32,233	16,665	52,705
Accounts receivable	8,270	-10,466	45,811
Hedging accounts	6,658	-8,306	50,894
Other current assets	143	69	-2
Crops and feed	79,071	-2,259	161,164
Market livestock	23,787	63,537	23,096
Breeding livestock	-4,877	-22,837	-154
Other assets	4,827	630	26,194
Accounts payable	-4,041	-35,270	27,939
Accrued interest	-5,281	-9,137	-11,621
Total inventory change	140,788	-7,374	376,027
Net operating profit	440,285	118,425	1,061,291
<b>Depreciation</b>			
Machinery and equipment	-55,263	-45,189	-90,750
Titled vehicles	-5,124	-7,453	-9,204
Buildings and improvements	-26,267	-58,098	-28,554
Total depreciation	-86,655	-110,740	-128,508
Net farm income from operations	353,631	7,685	932,783
Gain or loss on capital sales	12,215	1,516	22,247
Net farm income	365,846	9,200	955,030

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

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	111	22	23
<b>Profitability (assets valued at cost)</b>			
Net farm income from operations	353,631	7,685	932,783
Rate of return on assets	9.3 %	-0.8 %	13.8 %
Rate of return on equity	12.0 %	-4.1 %	18.4 %
Operating profit margin	26.2 %	-2.4 %	36.3 %
Asset turnover rate	35.7 %	32.9 %	38.1 %
Farm interest expense	36,269	45,998	59,912
Value of operator lbr and mgmt.	86,181	75,508	145,775
Return on farm assets	303,719	-21,825	846,921
Average farm assets	3,250,070	2,786,083	6,115,542
Return on farm equity	267,450	-67,823	787,008
Average farm equity	2,233,404	1,660,386	4,286,594
Value of farm production	1,160,076	917,272	2,330,036
	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	111	22	23
<b>Profitability (assets valued at market)</b>			
Net farm income from operations	423,039	139,842	961,880
Rate of return on assets	8.0 %	3.0 %	10.8 %
Rate of return on equity	11.5 %	3.0 %	16.4 %
Operating profit margin	32.2 %	12.0 %	37.6 %
Asset turnover rate	25.0 %	25.2 %	28.8 %
Farm interest expense	36,269	45,998	59,912
Value of operator lbr and mgmt.	86,181	75,508	145,775
Return on farm assets	373,127	110,332	876,017
Average farm assets	4,645,820	3,644,005	8,079,857
Return on farm equity	336,858	64,334	816,105
Average farm equity	2,936,899	2,130,294	4,969,730
Value of farm production	1,160,076	917,272	2,330,036

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

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	111	22	23
<b>Liquidity</b>			
Current ratio	3.32	1.70	4.42
Working capital	907,095	451,394	1,918,284
Change in working capital	103,030	-120,436	299,247
Working capital to gross revenue	59.7 %	18.9 %	77.3 %
Working capital to oper expense	86.9 %	20.3 %	141.2 %
Current assets	1,298,031	1,097,021	2,479,141
Current liabilities	390,936	645,627	560,858
Gross revenues (accrual)	1,520,585	2,387,071	2,480,109
Total operating expenses	1,044,031	2,222,648	1,358,905
<b>Repayment capacity</b>			
Net farm income from operations	353,631	7,685	932,783
Depreciation	86,655	110,740	128,508
Personal income	53,971	39,322	32,272
Family living/owner withdrawals	-95,742	-77,710	-114,255
Cash discrepancy	135	230	137
Income taxes	-46,980	-22,982	-92,337
Interest expense	36,269	45,998	59,912
Debt repayment capacity	389,714	104,930	948,531
Debt payments	102,891	116,566	153,681
Repayment margin	286,824	-11,636	794,850
Cash replacement allowance	-48,432	-24,937	-76,905
Replacement margin	238,392	-36,573	717,945
Debt coverage ratio	3.79	0.90	6.17
Term debt coverage ratio	4.19	0.87	6.87
Replacement coverage ratio	2.58	0.74	4.11

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

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
Number of farms	111		22		23	
	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>
<b>Assets</b>						
Current Farm Assets						
Cash and checking balance	79,743	82,888	11,549	-13,972	49,961	89,114
Prepaid expenses & supplies	143,697	175,930	85,191	101,856	351,092	403,797
Growing crops	104	290	136	205	71	69
Accounts receivable	37,151	45,421	86,160	75,693	61,832	107,643
Hedging accounts	9,056	12,881	13,774	7,983	18,830	41,081
Crops held for sale or feed	719,528	798,599	308,565	306,306	1,558,968	1,720,132
Crops under government loan	0	0	0	0	0	0
Market livestock held for sale	158,206	181,993	555,413	618,950	94,208	117,304
Other current assets	72	29	0	0	0	0
Total current farm assets	1,147,558	1,298,031	1,060,787	1,097,021	2,134,962	2,479,141
Intermediate Farm Assets						
Breeding livestock	54,563	54,190	205,485	205,852	13,930	8,224
Machinery and equipment	698,819	812,797	459,308	479,017	1,083,626	1,399,094
Titled vehicles	40,926	46,159	53,801	59,147	47,920	57,749
Other intermediate assets	85,495	95,108	52,004	52,912	299,882	332,916
Total intermediate farm assets	879,803	1,008,254	770,598	796,928	1,445,357	1,797,983
Long Term Farm Assets						
Farm land	1,703,987	1,947,165	599,948	681,795	3,098,910	3,726,751
Buildings and improvements	578,144	617,691	997,771	1,147,150	635,895	694,081
Other long-term assets	55,124	55,884	68,113	67,899	74,611	72,023
Total long-term farm assets	2,337,255	2,620,740	1,665,832	1,896,844	3,809,417	4,492,855
Total Farm Assets	4,364,615	4,927,024	3,497,218	3,790,792	7,389,736	8,769,979
Total Nonfarm Assets	841,659	868,844	335,345	364,749	788,778	810,107
Total Assets	5,206,274	5,795,869	3,832,562	4,155,541	8,178,513	9,580,086
<b>Liabilities</b>						
Current Farm Liabilities						
Accrued interest	8,692	13,973	8,190	17,326	12,714	24,335
Accounts payable	22,781	26,244	25,999	58,353	61,687	33,748
Current notes	250,787	281,127	389,304	498,561	353,480	387,035
Government crop loans	0	0	0	0	0	0
Principal due on term debt	61,233	69,592	65,465	71,387	88,044	115,739
Total current farm liabilities	343,493	390,936	488,958	645,627	515,925	560,858
Total intermediate farm liabs	127,029	145,634	190,632	166,926	164,498	257,072
Total long term farm liabilities	474,630	551,610	387,683	371,567	932,123	1,227,421
Total farm liabilities	945,152	1,088,180	1,067,273	1,184,120	1,612,547	2,045,351
Total nonfarm liabilities	82,969	90,303	64,446	71,972	67,773	89,826
Total liabs excluding deferreds	1,028,120	1,178,482	1,131,720	1,256,092	1,680,320	2,135,176
Total deferred liabilities	706,686	782,535	377,501	409,328	1,235,382	1,382,427
Total liabilities	1,734,806	1,961,018	1,509,220	1,665,420	2,915,701	3,517,604
Retained earnings	2,551,839	2,859,006	1,886,229	1,930,722	4,486,420	5,272,372
Market valuation equity	919,629	975,845	437,113	559,399	776,392	790,111
Net worth (farm and nonfarm)	3,471,468	3,834,851	2,323,342	2,490,121	5,262,812	6,062,482
Net worth excluding deferreds	4,178,154	4,617,386	2,700,843	2,899,450	6,498,194	7,444,910
Net worth change		363,383		166,779		799,670
Percent net worth change		10 %		7 %		15 %
<b>Ratio Analysis</b>						
Current farm liabilities / assets	30 %	30 %	46 %	59 %	24 %	23 %
Intermediate farm liab. / assets	14 %	14 %	25 %	21 %	11 %	14 %
Long term farm liab. / assets	20 %	21 %	23 %	20 %	24 %	27 %
Total debt to asset ratio	33 %	34 %	39 %	40 %	36 %	37 %
Debt to assets excl deferreds	20 %	20 %	30 %	30 %	21 %	22 %

*Balance Sheet at Market Values  
(Farms Sorted By Years)*

	<u>Avg. Of All Farms</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Number of farms	435	106	108	110	111
<b>Assets</b>					
Current Farm Assets					
Cash and checking balance	88,869	82,468	90,065	99,897	82,888
Prepaid expenses & supplies	133,032	95,729	111,078	147,245	175,930
Growing crops	118	22	49	105	290
Accounts receivable	47,651	68,995	43,023	33,877	45,421
Hedging accounts	11,466	12,311	11,261	9,425	12,881
Crops held for sale or feed	642,475	430,047	593,902	737,323	798,599
Crops under government loan	-	-	-	-	-
Market livestock held for sale	159,209	119,008	174,275	160,166	181,993
Other current assets	49	54	40	73	29
Total current farm assets	1,082,868	808,635	1,023,693	1,188,111	1,298,031
Intermediate Farm Assets					
Breeding livestock	53,591	52,551	53,120	54,451	54,190
Machinery and equipment	730,952	670,032	688,993	748,264	812,797
Titled vehicles	39,991	34,659	37,188	41,656	46,159
Other intermediate assets	87,516	84,395	84,276	86,041	95,108
Total intermediate farm assets	912,050	841,638	863,578	930,413	1,008,254
Long Term Farm Assets					
Farm land	1,681,954	1,474,365	1,586,316	1,708,272	1,947,165
Buildings and improvements	588,542	553,538	596,671	584,876	617,691
Other long-term assets	56,817	52,630	61,087	57,600	55,884
Total long-term farm assets	2,327,312	2,080,533	2,244,074	2,350,748	2,620,740
Total Farm Assets	4,322,230	3,730,805	4,131,345	4,469,272	4,927,024
Total Nonfarm Assets	778,350	614,172	746,342	876,666	868,844
Total Assets	5,100,580	4,344,977	4,877,687	5,345,938	5,795,869
<b>Liabilities</b>					
Current Farm Liabilities					
Accrued interest	11,973	14,598	10,360	9,009	13,973
Accounts payable	29,175	33,814	34,004	22,921	26,244
Current notes	283,052	287,057	309,196	255,467	281,127
Government crop loans	-	-	-	-	-
Principal due on term debt	64,026	53,918	69,020	63,247	69,592
Total current farm liabilities	388,226	389,388	422,580	350,644	390,936
Total intermediate farm liabs	129,419	107,202	130,557	133,349	145,634
Total long term farm liabilities	481,294	423,401	474,922	472,381	551,610
Total farm liabilities	998,939	919,991	1,028,058	956,373	1,088,180
Total nonfarm liabilities	77,653	55,265	74,068	89,981	90,303
Total liabs excluding deferreds	1,076,591	975,256	1,102,126	1,046,355	1,178,482
Total deferred liabilities	653,678	513,065	601,389	710,487	782,535
Total liabilities	1,730,269	1,488,321	1,703,515	1,756,842	1,961,018
Retained earnings	2,468,739	2,020,132	2,331,712	2,641,756	2,859,006
Market valuation equity	901,571	836,524	842,460	947,341	975,845
Net worth (farm and nonfarm)	3,370,311	2,856,656	3,174,172	3,589,097	3,834,851
Net worth excluding deferreds	4,023,989	3,369,721	3,775,561	4,299,584	4,617,386
Net worth change	368,523	206,481	293,984	603,044	363,383
Percent net worth change	12 %	8 %	10 %	20 %	10 %
<b>Ratio Analysis</b>					
Current farm liabilities / assets	36 %	48 %	41 %	30 %	30 %
Intermediate farm liab. / assets	14 %	13 %	15 %	14 %	14 %
Long term farm liab. / assets	21 %	20 %	21 %	20 %	21 %
Total debt to asset ratio	34 %	34 %	35 %	33 %	34 %
Debt to assets excl deferreds	21 %	22 %	23 %	20 %	20 %



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

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
Number of farms	111		22		23	
	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>
<b>Assets</b>						
Current Farm Assets						
Cash and checking balance	79,743	82,888	11,549	-13,972	49,961	89,114
Prepaid expenses & supplies	143,697	175,930	85,191	101,856	351,092	403,797
Growing crops	104	290	136	205	71	69
Accounts receivable	37,151	45,421	86,160	75,693	61,832	107,643
Hedging accounts	9,056	12,881	13,774	7,983	18,830	41,081
Crops held for sale or feed	719,528	798,599	308,565	306,306	1,558,968	1,720,132
Crops under government loan	0	0	0	0	0	0
Market livestock held for sale	158,206	181,993	555,413	618,950	94,208	117,304
Other current assets	72	29	0	0	0	0
Total current farm assets	1,147,558	1,298,031	1,060,787	1,097,021	2,134,962	2,479,141
Intermediate Farm Assets						
Breeding livestock	47,673	47,961	189,820	186,619	10,215	6,607
Machinery and equipment	443,266	516,626	312,496	306,122	712,758	953,813
Titled vehicles	23,983	25,692	34,996	33,714	29,556	35,182
Other intermediate assets	83,052	89,602	55,552	52,823	294,518	326,250
Total intermediate farm assets	597,974	679,881	592,864	579,278	1,047,047	1,321,852
Long Term Farm Assets						
Farmland	869,418	1,035,274	357,756	404,135	1,819,390	2,367,442
Buildings and improvements	383,925	400,956	672,283	732,246	443,422	478,733
Other long-term assets	44,753	42,369	38,346	37,451	71,301	67,795
Total long-term farm assets	1,298,097	1,478,599	1,068,385	1,173,832	2,334,113	2,913,970
Total Farm Assets	3,043,629	3,456,511	2,722,036	2,850,130	5,516,122	6,714,963
Total Nonfarm Assets	536,331	580,977	295,913	336,684	650,618	692,585
Total Assets	3,579,959	4,037,488	3,017,949	3,186,814	6,166,740	7,407,548
<b>Liabilities</b>						
Current Farm Liabilities						
Accrued interest	8,692	13,973	8,190	17,326	12,714	24,335
Accounts payable	22,781	26,244	25,999	58,353	61,687	33,748
Current notes	250,787	281,127	389,304	498,561	353,480	387,035
Government crop loans	0	0	0	0	0	0
Principal due on term debt	61,233	69,592	65,465	71,387	88,044	115,739
Total current farm liabilities	343,493	390,936	488,958	645,627	515,925	560,858
Total intermediate farm liabs	127,029	145,634	190,632	166,926	164,498	257,072
Total long term farm liabilities	474,630	551,610	387,683	371,567	932,123	1,227,421
Total farm liabilities	945,152	1,088,180	1,067,273	1,184,120	1,612,547	2,045,351
Total nonfarm liabilities	82,969	90,303	64,446	71,972	67,773	89,826
Total liabilities	1,028,120	1,178,482	1,131,720	1,256,092	1,680,320	2,135,176
Net worth (farm and nonfarm)	2,551,839	2,859,006	1,886,229	1,930,722	4,486,420	5,272,372
Net worth change		307,167		44,493		785,952
Percent net worth change		12 %		2 %		18 %
<b>Ratio Analysis</b>						
Current farm liabilities / assets	30 %	30 %	46 %	59 %	24 %	23 %
Intermediate farm liab. / assets	21 %	21 %	32 %	29 %	16 %	19 %
Long term farm liab. / assets	37 %	37 %	36 %	32 %	40 %	42 %
Total debt to asset ratio	29 %	29 %	37 %	39 %	27 %	29 %

*Balance Sheet at Cost Values  
(Farms Sorted By Years)*

	<u>Avg. Of All Farms</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Number of farms	435	106	108	110	111
<b>Assets</b>					
<b>Current Farm Assets</b>					
Cash and checking balance	88,869	82,468	90,065	99,897	82,888
Prepaid expenses & supplies	133,032	95,729	111,078	147,245	175,930
Growing crops	118	22	49	105	290
Accounts receivable	47,651	68,995	43,023	33,877	45,421
Hedging accounts	11,466	12,311	11,261	9,425	12,881
Crops held for sale or feed	642,475	430,047	593,902	737,323	798,599
Crops under government loan	-	-	-	-	-
Market livestock held for sale	159,209	119,008	174,275	160,166	181,993
Other current assets	49	54	40	73	29
Total current farm assets	1,082,868	808,635	1,023,693	1,188,111	1,298,031
<b>Intermediate Farm Assets</b>					
Breeding livestock	46,631	43,989	46,745	47,723	47,961
Machinery and equipment	470,607	443,605	440,609	479,643	516,626
Titled vehicles	22,475	19,861	20,139	24,043	25,692
Other intermediate assets	83,359	77,459	82,511	83,576	89,602
Total intermediate farm assets	623,072	584,913	590,003	634,986	679,881
<b>Long Term Farm Assets</b>					
Farm land	893,133	766,754	884,117	880,337	1,035,274
Buildings and improvements	385,977	369,300	387,010	385,918	400,956
Other long-term assets	48,290	47,480	56,450	47,031	42,369
Total long-term farm assets	1,327,400	1,183,534	1,327,578	1,313,286	1,478,599
Total Farm Assets	3,033,340	2,577,082	2,941,274	3,136,383	3,456,511
Total Nonfarm Assets	511,990	418,306	492,564	551,727	580,977
Total Assets	3,545,331	2,995,387	3,433,838	3,688,110	4,037,488
<b>Liabilities</b>					
<b>Current Farm Liabilities</b>					
Accrued interest	11,973	14,598	10,360	9,009	13,973
Accounts payable	29,175	33,814	34,004	22,921	26,244
Current notes	283,052	287,057	309,196	255,467	281,127
Government crop loans	-	-	-	-	-
Principal due on term debt	64,026	53,918	69,020	63,247	69,592
Total current farm liabilities	388,226	389,388	422,580	350,644	390,936
Total intermediate farm liabs	129,419	107,202	130,557	133,349	145,634
Total long term farm liabilities	481,294	423,401	474,922	472,381	551,610
Total farm liabilities	998,939	919,991	1,028,058	956,373	1,088,180
Total nonfarm liabilities	77,653	55,265	74,068	89,981	90,303
Total liabilities	1,076,591	975,256	1,102,126	1,046,355	1,178,482
Net worth (farm and nonfarm)	2,468,739	2,020,132	2,331,712	2,641,756	2,859,006
Net worth change	306,568	148,214	305,090	460,009	307,167
Percent net worth change	14 %	8 %	15 %	21 %	12 %
<b>Ratio Analysis</b>					
Current farm liabilities / assets	36 %	48 %	41 %	30 %	30 %
Intermediate farm liab. / assets	21 %	18 %	22 %	21 %	21 %
Long term farm liab. / assets	36 %	36 %	36 %	36 %	37 %
Total debt to asset ratio	30 %	33 %	32 %	28 %	29 %

**Statement Of Owner's Equity**  
**Southwest Minnesota Farm Business Management Association**  
**(Farms Sorted By Net Farm Income)**

	<u><b>Avg. Of All Farms</b></u>	<u><b>Low 20%</b></u>	<u><b>High 20%</b></u>
Number of farms	111	22	23
Beginning net worth	3,471,468	2,323,342	5,262,812
Net farm income	365,846	9,200	955,030
Personal income	53,971	39,322	32,272
Family living/owner withdrawals	-95,742	-77,710	-114,255
Discrepancy	131	234	136
Dividends paid	-	-	-
Income taxes (accrued)	-46,980	-22,982	-92,337
Change in personal assets	9,959	9,171	11,137
Change in nonfarm accounts payable	-97	-387	553
Total change in retained earnings	287,092	-43,155	792,539
Capital contributions	12,209	53,575	4,532
Gifts and inheritances received	13,563	39,414	1,436
Debts forgiven	765	2,916	-
Gifts given	-4,559	-278	-12,554
Capital distributions	-1,897	-7,982	-
Total change in contributed capital	20,079	87,645	-6,586
Chg in mkt value of capital assets	132,065	154,114	160,764
Change in deferred liabilities (-)	-75,849	-31,828	-147,046
Total change in market valuation	56,216	122,286	13,719
Total change in net worth	363,388	166,776	799,672
Ending net worth	3,834,851	2,490,121	6,062,482

*Statement Of Owner's Equity  
(Farms Sorted By Years)*

	<u>Avg. Of All Farms</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Number of farms	435	106	108	110	111
Beginning net worth	3,001,787	2,650,175	2,880,188	2,986,052	3,471,468
Net farm income	328,389	145,004	322,402	473,185	365,846
Personal income	54,831	47,034	51,952	66,037	53,971
Family living/owner withdrawals	-82,561	-74,887	-74,690	-84,384	-95,742
Discrepancy	1	-160	18	9	131
Dividends paid	-5	-19	-	-	-
Income taxes (accrued)	-31,496	-20,948	-25,099	-32,317	-46,980
Change in personal assets	13,144	18,043	13,624	11,167	9,959
Change in nonfarm accounts payable	47	-224	860	-346	-97
Total change in retained earnings	282,352	113,842	289,068	433,358	287,092
Capital contributions	7,717	9,075	3,433	6,084	12,209
Gifts and inheritances received	21,449	29,273	17,123	26,114	13,563
Debts forgiven	195	-	-	-	765
Gifts given	-3,169	-3,537	-1,516	-3,033	-4,559
Capital distributions	-1,975	-440	-3,019	-2,508	-1,897
Total change in contributed capital	24,218	34,371	16,022	26,657	20,079
Chg in mkt value of capital assets	144,089	80,455	78,156	282,275	132,065
Change in deferred liabilities (-)	-82,133	-22,188	-89,262	-139,239	-75,849
Total change in market valuation	61,956	58,267	-11,106	143,036	56,216
Total change in net worth	368,526	206,480	293,983	603,051	363,388
Ending net worth	3,370,311	2,856,656	3,174,172	3,589,097	3,834,851

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

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	111	22	23
Beginning cash (farm & nonfarm)	95,259	22,824	70,787
<b>Cash Provided By Operating Activities</b>			
Gross cash farm income	1,402,893	2,366,773	2,173,103
Total cash farm expense	-1,103,396	-2,240,973	-1,487,839
Net cash from hedging transactions	2,833	-2,515	28,643
Cash provided by operating	302,330	123,284	713,907
<b>Cash Provided By Investing Activities</b>			
Sale of breeding livestock	1,926	-	4,703
Sale of machinery & equipment	30,982	2,562	81,515
Sale of titled vehicles	1,130	1,533	2,880
Sale of farm land	16,478	-	15,043
Sale of farm buildings	14,614	-	2,819
Sale of other farm assets	2,727	6,994	569
Sale of nonfarm assets	18,115	15,417	916
Purchase of breeding livestock	-6,559	-19,636	-52
Purchase of machinery & equip.	-151,282	-39,853	-393,770
Purchase of titled vehicles	-7,579	-6,978	-16,686
Purchase of farm land	-182,376	-46,379	-563,104
Purchase of farm buildings	-54,613	-118,061	-66,208
Purchase of other farm assets	-2,356	-3,475	-2,601
Purchase of nonfarm assets	-47,955	-41,999	-20,651
Cash provided by investing	-366,748	-249,875	-954,627
<b>Cash Provided By Financing Activities</b>			
Money borrowed	598,951	451,640	1,515,475
Principal payments	-467,460	-370,491	-1,073,009
Personal income	53,971	39,322	32,272
Family living/owner withdrawals	-95,742	-77,710	-114,255
Income and social security tax	-36,760	-21,633	-63,067
Capital contributions	12,209	53,575	4,532
Capital distributions	-1,897	-7,982	-
Dividends paid	-	-	-
Cash gifts and inheritances	13,563	39,414	1,436
Gifts given	-4,559	-278	-12,554
Other cash flows	-	-	-
Cash provided by financing	72,274	105,857	290,830
Net change in cash balance	7,856	-20,734	50,110
Ending cash (farm & nonfarm)	103,251	2,321	121,035
Discrepancy	-135	-230	-137

Statement Of Cash Flows  
(Farms Sorted By Years)

	<u>Avg. Of All Farms</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Number of farms	435	106	108	110	111
Beginning cash (farm & nonfarm)	93,468	80,694	92,057	105,356	95,259
Cash Provided By Operating Activities					
Gross cash farm income	1,182,336	946,154	1,099,964	1,268,240	1,402,893
Total cash farm expense	-947,726	-783,687	-931,696	-964,451	-1,103,396
Net cash from hedging transactions	155	2,197	-5,592	1,127	2,833
Cash provided by operating	234,765	164,663	162,676	304,916	302,330
Cash Provided By Investing Activities					
Sale of breeding livestock	3,053	3,183	3,420	3,703	1,926
Sale of machinery & equipment	28,927	17,757	23,833	42,617	30,982
Sale of titled vehicles	1,006	383	440	2,036	1,130
Sale of farm land	9,016	1,891	8,413	8,943	16,478
Sale of farm buildings	6,280	-	5,220	4,961	14,614
Sale of other farm assets	2,216	3,505	2,103	568	2,727
Sale of nonfarm assets	15,096	4,512	13,102	24,205	18,115
Purchase of breeding livestock	-4,509	-2,252	-3,058	-6,040	-6,559
Purchase of machinery & equip.	-108,271	-53,750	-90,815	-134,547	-151,282
Purchase of titled vehicles	-6,479	-2,288	-4,758	-11,095	-7,579
Purchase of farm land	-106,691	-68,101	-87,321	-86,522	-182,376
Purchase of farm buildings	-40,474	-19,463	-34,884	-51,942	-54,613
Purchase of other farm assets	-4,070	-6,701	-763	-6,512	-2,356
Purchase of nonfarm assets	-45,108	-16,654	-31,865	-82,656	-47,955
Cash provided by investing	-250,009	-137,977	-196,932	-292,279	-366,748
Cash Provided By Financing Activities					
Money borrowed	595,763	563,562	655,581	564,844	598,951
Principal payments	-541,019	-566,004	-580,495	-552,410	-467,460
Personal income	54,831	47,034	51,952	66,037	53,971
Family living/owner withdrawals	-82,561	-74,887	-74,690	-84,384	-95,742
Income and social security tax	-24,872	-16,436	-21,354	-24,460	-36,760
Capital contributions	7,717	9,075	3,433	6,084	12,209
Capital distributions	-1,975	-440	-3,019	-2,508	-1,897
Dividends paid	-5	-19	-	-	-
Cash gifts and inheritances	21,449	29,273	17,123	26,114	13,563
Gifts given	-3,169	-3,537	-1,516	-3,033	-4,559
Other cash flows	-	-	-	-	-
Cash provided by financing	26,159	-12,378	47,016	-3,716	72,274
Net change in cash balance	10,915	14,307	12,760	8,921	7,856
Ending cash (farm & nonfarm)	104,387	94,840	104,834	114,293	103,251
Discrepancy	-3	162	-17	-16	-135

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

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	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	111	22	23
<b>Acreage Summary</b>			
Total acres owned	282	104	511
Total crop acres	863	336	1,814
Crop acres owned	226	79	451
Crop acres cash rented	595	252	1,320
Crop acres share rented	42	5	42
Total pasture acres	15	43	11
Percent crop acres owned	26 %	23 %	25 %
 Mach invest/crop acre cost	 561	 757	 477
Mach invest/crop acre market	895	1,208	713
 <b>Average Price Received (Cash Sales Only)</b>			
Soybeans per bushel	13.97	13.96	14.42
Corn per bushel	6.06	6.29	6.14
Hay, Alfalfa per ton	142.11	-	-
Corn Silage per ton	54.03	-	-
Hay per ton	89.85	-	-
Hay, Grass per ton	150.73	-	-
Oats per bushel	4.87	-	-
Rye per bushel	6.92	-	-
 <b>Average Yield Per Acre</b>			
Soybeans (bushel)	53.14	53.44	53.11
Corn (bushel)	197.78	177.17	201.65
Corn Silage (ton)	23.31	-	23.97
Hay, Alfalfa (ton)	5.83	-	6.23
Hay, Grass (ton)	2.29	-	2.11
Oats (bushel)	67.22	-	-
Rye Silage (ton)	4.95	-	-
Rye (bushel)	56.26	-	-

*Crop Production and Marketing Summary  
(Farms Sorted By Years)*

	<u>Avg. Of All Farms</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Number of farms	435	106	108	110	111
<b>Acreage Summary</b>					
Total acres owned	255	235	226	276	282
Total crop acres	898	940	906	883	863
Crop acres owned	230	233	237	222	226
Crop acres cash rented	627	659	629	625	595
Crop acres share rented	41	48	40	36	42
Total pasture acres	12	11	11	12	15
Percent crop acres owned	26 %	25 %	26 %	25 %	26 %
Mach invest/crop acre cost	507	487	474	508	561
Mach invest/crop acre market	795	734	748	806	895
<b>Average Price Received (Cash Sales Only)</b>					
Soybeans per bushel	10.92	8.46	9.08	11.59	13.97
Corn per bushel	4.60	3.58	3.37	4.84	6.06
Hay per ton	107.58	110.01	-	-	-
Hay, Alfalfa per ton	122.82	-	-	-	142.11
Corn Silage per ton	45.09	-	-	-	-
Oats per bushel	3.54	-	-	-	-
Hay, Grass per ton	127.56	-	-	109.64	-
Straw per ton	88.44	-	-	-	-
Wheat, Spring per bushel	5.12	-	-	-	-
<b>Average Yield Per Acre</b>					
Corn (bushel)	192.35	164.13	201.42	200.49	197.78
Soybeans (bushel)	54.32	48.60	57.58	57.55	53.14
Corn Silage (ton)	21.52	18.02	21.09	25.68	23.31
Hay, Alfalfa (ton)	5.02	4.98	4.38	5.34	5.83
Hay, Grass (ton)	2.38	2.41	2.63	2.12	2.29
Oats (bushel)	79.16	-	86.56	-	67.22
Rye Silage (ton)	5.46	-	-	-	-
Wheat, Spring (bushel)	60.08	-	-	-	-
Rye (bushel)	48.12	-	-	-	-



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

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	<u>Avg. Of All Farms</u>	<u>High 20%</u>
Number of farms	29	6
Average family size	2.8	3.3
Family Living Expenses		
Food and meals expense	10,817	9,554
Medical care	5,389	1,843
Health insurance	4,995	3,989
Cash donations	6,301	541
Household supplies	9,297	7,238
Clothing	2,851	961
Personal care	1,992	3,975
Child / Dependent care	1,021	1,311
Alimony and child support	-	-
Gifts	4,940	1,577
Education	452	264
Recreation	5,990	3,965
Utilities (household share)	3,312	2,549
Personal vehicle operating exp	3,796	2,599
Household real estate taxes	860	1,572
Dwelling rent	76	-
Household repairs	1,154	584
Personal interest	742	981
Disability / Long term care ins	652	-
Life insurance payments	2,154	1,048
Personal property insurance	812	396
Miscellaneous	1,264	39
Total cash family living expense	68,865	44,983
Family living from the farm	652	500
Total family living	69,517	45,483
Other Nonfarm Expenditures		
Income taxes	39,474	58,902
Furnishing & appliance purchases	50	-
Nonfarm vehicle purchases	3,034	4,504
Nonfarm real estate purchases	3,923	-
Other nonfarm capital purchases	5,749	41,667
Nonfarm savings & investments	42,734	34,475
Total other nonfarm expenditures	94,964	139,547
Total cash family living investment & nonfarm capital purch	163,829	184,530

*Household and Personal Expenses  
(Farms Sorted By Years)*

	<u>Avg. Of All Farms</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Number of farms	138	39	35	35	29
Average family size	2.8	2.9	2.5	2.8	2.8
<b>Family Living Expenses</b>					
Food and meals expense	9,900	8,973	9,346	10,728	10,817
Medical care	5,139	4,353	5,801	5,145	5,389
Health insurance	5,581	6,311	5,798	5,035	4,995
Cash donations	4,544	4,692	3,992	3,476	6,301
Household supplies	7,011	6,565	6,217	6,408	9,297
Clothing	2,106	2,675	1,313	1,648	2,851
Personal care	2,089	1,027	2,864	2,578	1,992
Child / Dependent care	856	815	678	942	1,021
Alimony and child support	29	-	-	114	-
Gifts	4,165	4,788	3,267	3,727	4,940
Education	565	858	286	611	452
Recreation	4,909	5,022	3,500	5,297	5,990
Utilities (household share)	3,306	3,310	3,014	3,590	3,312
Personal vehicle operating exp	3,684	3,832	3,273	3,835	3,796
Household real estate taxes	789	465	918	963	860
Dwelling rent	180	76	186	379	76
Household repairs	1,573	1,795	1,694	1,552	1,154
Personal interest	1,147	1,238	1,068	1,458	742
Disability / Long term care ins	402	315	453	239	652
Life insurance payments	2,502	2,840	2,615	2,301	2,154
Personal property insurance	666	985	258	598	812
Miscellaneous	5,179	5,418	5,712	7,622	1,264
Total cash family living expense	66,321	66,354	62,254	68,245	68,865
Family living from the farm	346	231	251	316	652
Total family living	66,667	66,585	62,504	68,562	69,517
<b>Other Nonfarm Expenditures</b>					
Income taxes	28,785	22,367	28,347	27,518	39,474
Furnishing & appliance purchases	151	577	-	-87	50
Nonfarm vehicle purchases	2,126	2,139	2,325	1,161	3,034
Nonfarm real estate purchases	3,349	-	295	9,661	3,923
Other nonfarm capital purchases	6,985	1,292	249	21,087	5,749
Nonfarm savings & investments	17,927	7,073	6,817	20,578	42,734
Total other nonfarm expenditures	59,324	33,449	38,034	79,916	94,964
Total cash family living investment & nonfarm capital purch	125,645	99,802	100,287	148,162	163,829

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

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	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	111	22	23
<b>Operator Information</b>			
Average number of operators	1.2	1.2	1.2
Average age of operators	52.9	42.2	54.5
Average number of years farming	28.6	17.0	32.6
<b>Results Per Operator</b>			
Working capital	774,519	381,948	1,575,733
Total assets (market)	4,948,780	3,516,227	7,869,356
Total liabilities	1,674,407	1,409,201	2,889,460
Net worth (market)	3,274,373	2,107,026	4,979,896
Net worth excl deferred liabs	3,942,538	2,453,381	6,115,461
Gross farm income	1,298,346	2,019,829	2,037,232
Total farm expense	996,399	2,013,327	1,271,018
Net farm income from operations	301,946	6,502	766,214
Net nonfarm income	46,083	33,272	26,509
Family living & tax withdrawals	121,747	85,006	169,587
Total acres owned	241.2	87.9	419.8
Total crop acres	736.6	284.5	1,490.0
Crop acres owned	193.3	66.7	370.7
Crop acres cash rented	507.7	213.2	1,084.4
Crop acres share rented	35.7	4.6	34.9
Total pasture acres	12.5	36.2	9.1
<b>Labor Analysis</b>			
Number of farms	111	22	23
Total unpaid labor hours	1,998	1,303	2,893
Total hired labor hours	1,288	3,634	1,269
Total labor hours per farm	3,286	4,937	4,163
Unpaid hours per operator	1,706	1,102	2,377
Value of farm production / hour	353.05	185.79	559.71
Net farm income / unpaid hour	177.03	5.90	322.37
Average hourly hired labor wage	32.56	35.45	36.65

*Operator and Labor Information  
(Farms Sorted By Years)*

	<u>Avg. Of All Farms</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Number of farms	435	106	108	110	111
<b>Operator Information</b>					
Average number of operators	1.2	1.2	1.2	1.2	1.2
Average age of operators	53.1	53.4	53.4	52.9	52.9
Average number of years farming	28.9	29.3	29.2	28.5	28.6
<b>Results Per Operator</b>					
Working capital	584,467	347,189	503,258	708,626	774,519
Total assets (market)	4,291,591	3,598,184	4,083,645	4,523,486	4,948,780
Total liabilities	1,455,836	1,232,516	1,426,199	1,486,558	1,674,407
Net worth (market)	2,835,755	2,365,668	2,657,446	3,036,928	3,274,373
Net worth excl deferred liabs	3,385,754	2,790,550	3,160,935	3,638,109	3,942,538
Gross farm income	1,109,025	821,289	1,086,000	1,225,860	1,298,346
Total farm expense	841,263	702,839	823,481	840,066	996,399
Net farm income from operations	267,762	118,451	262,519	385,794	301,946
Net nonfarm income	46,134	38,950	43,495	55,877	46,083
Family living & tax withdrawals	95,968	79,512	83,530	98,733	121,747
Total acres owned	214.8	195.0	189.1	233.6	241.2
Total crop acres	755.3	778.6	758.8	747.4	736.6
Crop acres owned	193.1	193.2	198.5	187.7	193.3
Crop acres cash rented	527.3	545.9	526.7	529.1	507.7
Crop acres share rented	34.8	39.5	33.6	30.7	35.7
Total pasture acres	10.4	9.1	9.6	10.3	12.5
<b>Labor Analysis</b>					
Number of farms	435	106	108	110	111
Total unpaid labor hours	2,052	2,144	2,062	2,008	1,998
Total hired labor hours	1,050	958	997	949	1,288
Total labor hours per farm	3,102	3,103	3,059	2,957	3,286
Unpaid hours per operator	1,727	1,776	1,726	1,699	1,706
Value of farm production / hour	329.18	249.10	323.36	389.30	353.05
Net farm income / unpaid hour	155.08	66.70	152.08	227.01	177.03
Average hourly hired labor wage	30.56	26.43	30.73	31.65	32.56
<b>Partnerships &amp; LLCs</b>					
Number of farms	48	13	12	12	11
Number of operators	2.3	2.3	2.3	2.3	2.3
Owner withdrawals per farm	103,583	-	-	-	-
Withdrawals per operator	45,318	-	-	-	-
<b>Corporations</b>					
Number of farms	15	6	3	3	3
Number of operators	1.5	-	-	-	-

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

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	111	22	23
<b>Nonfarm Income</b>			
Personal wages & salary	35,017	31,991	17,258
Net nonfarm business income	2,553	892	889
Personal rental income	3,772	-	5,724
Personal interest income	1,423	2,598	393
Personal cash dividends	249	470	8
Tax refunds	1,392	1,128	658
Other nonfarm income	9,565	2,242	7,342
Total nonfarm income	53,971	39,322	32,272
Gifts and inheritances	13,563	39,414	1,436
<b>Nonfarm Assets (market)</b>			
Checking & savings	20,363	16,293	31,920
Stocks & bonds	56,693	3,646	17,181
Other current assets	14,802	14,885	7,273
Furniture & appliances	10,324	6,964	8,953
Nonfarm vehicles	26,795	19,913	32,980
Cash value of life ins.	20,364	10,550	15,185
Retirement accounts	195,718	48,609	164,657
Other intermediate assets	143,531	55,322	28,051
Nonfarm real estate	237,098	71,317	117,512
Personal bus. investment	80,061	10,364	330,327
Other long term assets	63,096	106,887	56,066
Total nonfarm assets	868,844	364,749	810,107
<b>Nonfarm Liabilities</b>			
Accrued interest	508	180	92
Accounts payable	468	322	165
Current notes	2,829	13,636	607
Princ due on term debt	3,692	3,054	4,357
Total current liabilities	42,040	25,069	66,051
Intermediate liabilities	6,207	5,807	9,056
Long term liabilities	42,056	41,096	14,719
Total nonfarm liabilities	90,303	71,972	89,826
Nonfarm net worth	778,542	292,777	720,281
Nonfarm debt to asset ratio	10 %	20 %	11 %

*Nonfarm Summary  
(Farms Sorted By Years)*

	<i>Avg. Of All Farms</i>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Number of farms	435	106	108	110	111
Nonfarm Income					
Personal wages & salary	32,163	25,763	31,964	35,645	35,017
Net nonfarm business income	4,051	2,850	1,717	9,013	2,553
Personal rental income	4,297	4,038	5,045	4,341	3,772
Personal interest income	1,240	1,188	1,416	934	1,423
Personal cash dividends	161	81	175	135	249
Tax refunds	1,710	918	1,000	3,490	1,392
Other nonfarm income	11,209	12,195	10,636	12,479	9,565
Total nonfarm income	54,831	47,034	51,952	66,037	53,971
Gifts and inheritances	21,449	29,273	17,123	26,114	13,563
Nonfarm Assets (market)					
Checking & savings	15,518	12,371	14,769	14,396	20,363
Stocks & bonds	53,471	45,970	54,409	56,529	56,693
Other current assets	6,980	3,085	4,751	5,031	14,802
Furniture & appliances	10,272	10,268	10,428	10,070	10,324
Nonfarm vehicles	23,828	20,846	22,288	25,220	26,795
Cash value of life ins.	21,302	20,648	22,047	22,148	20,364
Retirement accounts	197,261	164,031	194,015	234,026	195,718
Other intermediate assets	120,935	101,753	101,566	135,636	143,531
Nonfarm real estate	198,076	121,583	200,291	230,236	237,098
Personal bus. investment	70,904	60,907	66,566	75,555	80,061
Other long term assets	59,802	52,709	55,212	67,819	63,096
Total nonfarm assets	778,350	614,172	746,342	876,666	868,844
Nonfarm Liabilities					
Accrued interest	334	104	170	541	508
Accounts payable	477	891	244	315	468
Current notes	1,503	75	144	2,877	2,829
Princ due on term debt	3,416	3,231	2,958	3,767	3,692
Total current liabilities	31,933	24,117	25,272	35,806	42,040
Intermediate liabilities	5,737	4,750	5,274	6,667	6,207
Long term liabilities	39,983	26,398	43,521	47,508	42,056
Total nonfarm liabilities	77,653	55,265	74,068	89,981	90,303
Nonfarm net worth	700,697	558,907	672,274	786,685	778,542
Nonfarm debt to asset ratio	10 %	9 %	10 %	10 %	10 %

# PROJECTED PROFITABILITY

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The Projected Profitability report displays actual results for Minnesota farms in 2022, along with projected financial results for 2023. Projected results are based on the authors' estimates of changes in revenue, operating expenses, interest rates, and asset values. Assumptions are displayed at the bottom of the page. All calculations include SW association farms, as well as farms enrolled in MN State Farm Business Management programs.

- **2022 All Farms Actual** – Average financial results for all 2,304 farms in 2022. Balance sheet measures reflect the average position of MN farms at the end of the year.
- **2022 Improved Margin Management** – Potential impacts of small changes in farm performance. If MN farms had, on average, improved sales by 5 % and cut costs by 5 %, the net farm income of the average farm would have increased by 36 %.
- **2022 Statewide Crop Farms Actual** – Average financial results for the 1,407 crop farms in the MN database for 2022.
- **2023 Statewide Crop Farms Projected** – Crop prices are expected to fall slightly in 2023. Along with this, operating expenses are projected to increase due to inflationary pressures, along with generally higher input and energy costs. Given this outlook MN crop producers are expected to have adequate profitability in 2023, down from 2022 levels.
- **2022 Statewide Livestock Farms Actual** – Average financial results for the 536 farmers in the statewide database who received a major portion of their income from livestock and milk sales for 2022.
- **2023 Statewide Livestock Farms Projected** – Statewide livestock farm profits are projected to decrease again in 2023, primarily due to higher feed and energy costs coupled with lower prices for much of the livestock sector. Dairy producers, the largest number of producers in this cohort, are expected to see much weaker profitability based on falling milk prices and sticky inputs. Hog producers are also expected to see decreased profitability given current projected pork prices. Beef producers will likely see improved profits for the year given stronger beef prices overall. Given this outlook, MN livestock producers on average are projected to see minimal profits for 2023.

The assumptions used to project these results are subjective. We offer these projections as the most likely scenario to help members consider management decisions in a period of tightening margins. Predictions are currently more challenging given inflationary pressures, global market uncertainty, and the expected later spring planting season upon Minnesota farmers.

**Table 1.1 – Projected Profitability**

Southwest Minnesota Farm Business Management Association

	2022	2022	Minnesota Statewide		2022	2023
	Actual Analysis Results	Improved Margin Mgmt.	Crop Farms Actual	Crop Farms Projected	Livestock Farms Actual	Livestock Farms Projected
<b>Liquidity</b>						
Current ratio	2.7	2.9	2.9	2.8	2.4	2.3
Working capital to gross revenue	47%	48%	58%	57%	29%	28%
<b>Solvency<sup>1</sup></b>						
Farm debt to asset ratio	32%	31%	29%	29%	36%	35%
Farm debt to equity ratio	0.46	0.45	0.42	0.40	0.56	0.54
<b>Profitability</b>						
Rate of return on assets <sup>1</sup>	8%	12%	10%	6%	7%	1%
Operating profit margin	26%	34%	29%	18%	20%	4%
Net farm income	\$307,850	\$417,639	\$363,844	\$207,000	\$244,022	\$31,000
<b>Repayment capacity</b>						
Debt coverage ratio	3.4	4.4	4.1	2.6	2.5	0.9
Replacement coverage ratio	2.6	3.3	3.0	1.9	2.0	0.8
<b>Efficiency</b>						
Asset turnover rate	32%	34%	34%	31%	33%	29%
Operating expense ratio	69%	62%	61%	72%	80%	90%
<b>Net worth growth</b>						
Net worth change <sup>1</sup>	15%	20%	16%	10%	14%	4%
<b>Changes Used in Forecasts</b>						
		Improved Margin		Crop Projected		Livestock Projected
Gross income	-	+5%	-	-5%	-	-6%
Operating expenses	-	-5%	-	+10%	-	+5%
Interest rates	-	0%	-	+2%	-	+2%
Current assets	-	+5%	-	-5%	-	-6%
Noncurrent assets	-	0%	-	+5%	-	+5%

<sup>1</sup> Assets at estimated market values.



# CROP REPORTS

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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 percent or high 20 percent based on net return per acre. The classification is done separately for each table.

*Gross Return per Acre* includes the value of the crop produced plus any other income directly associated with production of the crop, including hedging gains or losses, crop insurance proceeds and any disaster payments that might have been received. It does not include government payments that are decoupled from production such as ARC and PLC payments (see *Net Return with Government Payments*). Government payments included as other income in 2022 crop enterprise analysis reports include EQIP or CSP payments received to offset annual production expenses and PCCP payments for cover crop practices.

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 ARC and PLC 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 deducting an opportunity cost for unpaid operator 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.

Note: The following government payments received by crop producers were not included in the enterprise analysis.

- Emergency Relief Program (ERP) – There were funds producers received for natural disaster related losses during 2020 and 2021. These payments did not related to 2022 production and were not included in the corresponding crop enterprise analysis.
- Other government program payments not directly related to conventional crop production including: amounts of PPP loans forgiven, Agricultural Drought Relief Program (ADRoP) for MN specialty crop producers, and Pandemic Response and Safety (PRS) grants for specialty crop producers.

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

**Corn on Owned Land**

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	63	12	13
Acres	165.25	157.26	118.60
Yield per acre (bu.)	196.46	176.32	226.82
Operators share of yield %	100.00	100.00	100.00
Value per bu.	6.68	6.31	6.80
Other product return per acre	0.68	-	-
Total product return per acre	1,313.24	1,113.19	1,543.46
Hedging gains/losses per acre	9.19	-	-
Crop insurance per acre	21.75	21.40	-
Other crop income per acre	2.86	-	-
Gross return per acre	1,347.04	1,134.58	1,543.46
<b>Direct Expenses</b>			
Seed and plants	113.45	105.38	112.11
Fertilizer	163.34	192.31	128.76
Crop chemicals	51.01	52.23	47.40
Crop insurance	32.31	23.79	32.49
Drying expense	18.70	4.22	16.67
Fuel & oil	34.19	38.05	25.30
Repairs	62.89	85.25	42.20
Custom hire	13.70	6.15	11.26
Hired labor	3.04	2.80	5.17
Machinery leases	0.65	-	0.07
Hauling and trucking	0.60	-	-
Marketing	1.70	2.71	1.17
Operating interest	9.92	15.56	4.07
Miscellaneous	3.51	3.64	4.24
Total direct expenses per acre	509.01	532.09	430.91
Return over direct exp per acre	838.03	602.49	1,112.55
<b>Overhead Expenses</b>			
Hired labor	11.69	17.62	3.08
Machinery leases	10.21	21.99	6.49
RE & pers. property taxes	31.27	32.12	23.39
Farm insurance	14.79	12.18	15.53
Utilities	7.37	6.46	8.05
Dues & professional fees	4.69	3.19	7.76
Interest	65.21	149.36	42.16
Mach & bldg depreciation	83.73	74.68	71.75
Miscellaneous	8.11	10.98	12.39
Total overhead expenses per acre	237.08	328.59	190.60
Total dir & ovhd expenses per acre	746.09	860.68	621.51
Net return per acre	600.95	273.90	921.95
Government payments	-	-	-
Net return with govt pmts	600.95	273.90	921.95
Labor & management charge	77.78	75.30	80.59
Net return over lbr & mgt	523.17	198.60	841.36
<b>Cost of Production</b>			
Total direct expense per bu.	2.59	3.02	1.90
Total dir & ovhd exp per bu.	3.80	4.88	2.74
Less govt & other income	3.62	4.76	2.74
With labor & management	4.02	5.19	3.10
Net value per unit	6.73	6.31	6.80
Machinery cost per acre	194.03	225.47	144.72
Est. labor hours per acre	2.44	2.35	2.48

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

**Corn on Cash Rent**

	<u>Avg. Of</u> <u>All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	82	16	17
Acres	389.37	579.94	423.35
Yield per acre (bu.)	198.00	168.55	219.83
Operator's share of yield %	100.00	100.00	100.00
Value per bu.	6.67	6.45	6.83
Other product return per acre	0.22	-	-
Total product return per acre	1,320.55	1,086.57	1,501.15
Hedging gains/losses per acre	0.27	-	19.02
Crop insurance per acre	5.84	13.45	0.11
Other crop income per acre	3.74	-	8.20
Gross return per acre	1,330.40	1,100.02	1,528.49
<b>Direct Expenses</b>			
Seed and plants	112.43	99.63	112.26
Fertilizer	164.26	179.11	143.46
Crop chemicals	51.77	45.95	45.96
Crop insurance	32.96	23.34	31.89
Drying expense	10.36	4.59	11.42
Storage	0.52	-	0.36
Fuel & oil	33.49	39.08	25.92
Repairs	59.36	84.82	45.68
Custom hire	16.94	10.11	11.52
Hired labor	4.43	0.85	5.41
Land rent	245.01	268.02	239.32
Machinery leases	1.36	-	0.04
Hauling and trucking	0.29	-	0.94
Marketing	1.57	1.48	0.63
Operating interest	8.58	13.76	5.94
Miscellaneous	2.67	3.86	1.76
Total direct expenses per acre	746.00	774.60	682.50
Return over direct exp per acre	584.40	325.43	845.99
<b>Overhead Expenses</b>			
Hired labor	13.79	33.12	5.71
Machinery leases	15.49	25.12	7.72
Building leases	0.63	-	0.08
Farm insurance	13.84	17.31	15.76
Utilities	6.23	5.29	7.60
Dues & professional fees	5.97	9.77	6.36
Interest	4.81	4.53	4.90
Mach & bldg depreciation	61.57	40.61	73.41
Miscellaneous	6.10	7.20	4.31
Total overhead expenses per acre	128.42	142.94	125.84
Total dir & ovhd expenses per acre	874.42	917.53	808.34
Net return per acre	455.98	182.49	720.15
Government payments	-	-	-
Net return with govt pmts	455.98	182.49	720.15
Labor & management charge	78.14	73.30	77.98
Net return over lbr & mgt	377.84	109.19	642.17
<b>Cost of Production</b>			
Total direct expense per bu.	3.77	4.60	3.10
Total dir & ovhd exp per bu.	4.42	5.44	3.68
Less govt & other income	4.37	5.36	3.55
With labor & management	4.76	5.80	3.91
Net value per unit	6.67	6.45	6.92
Machinery cost per acre	182.60	197.78	155.10
Est. labor hours per acre	2.36	2.48	2.03

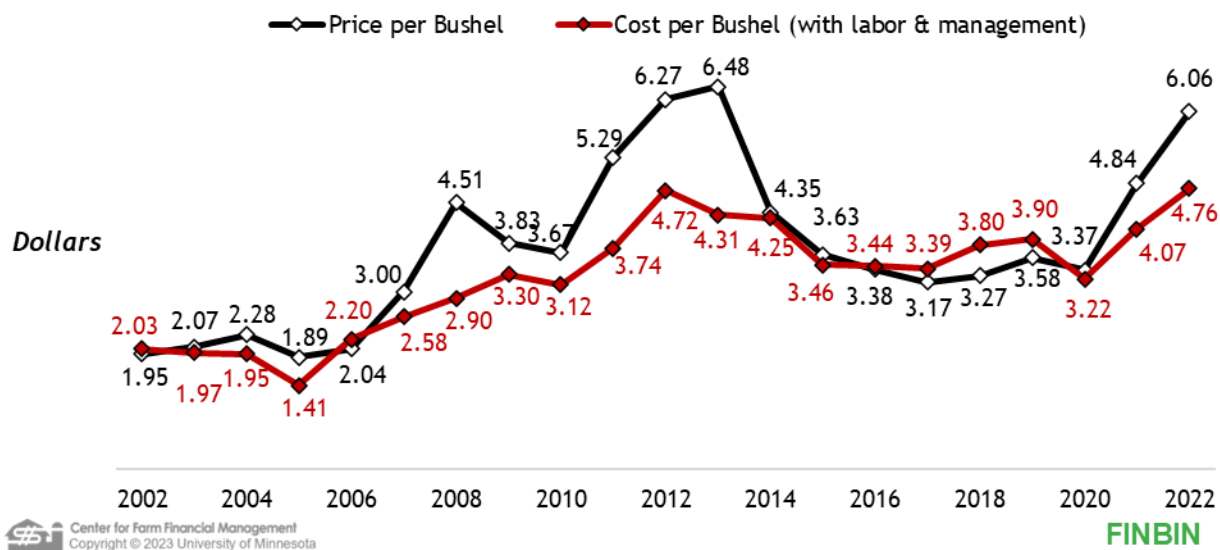
**Crop Enterprise Analysis**  
**Southwest Minnesota Farm Business Management Association**  
**(Farms Sorted By Net Return)**

**Corn on Share Rent**

	<u><b>Avg. Of All Farms</b></u>
Number of farms	12
Acres	156.26
Yield per acre (bu.)	209.05
Operators share of yield %	53.85
Value per bu.	6.73
Total product return per acre	757.95
Crop insurance per acre	0.29
Other crop income per acre	4.23
Gross return per acre	762.48
<b>Direct Expenses</b>	
Seed and plants	71.68
Fertilizer	100.14
Crop chemicals	21.23
Crop insurance	28.87
Drying expense	4.07
Fuel & oil	28.86
Repairs	63.27
Custom hire	3.83
Machinery leases	1.52
Hauling and trucking	0.51
Marketing	1.44
Operating interest	3.31
Miscellaneous	1.75
Total direct expenses per acre	330.48
Return over direct exp per acre	431.99
<b>Overhead Expenses</b>	
Hired labor	4.63
Machinery leases	2.36
Farm insurance	8.72
Utilities	5.93
Dues & professional fees	3.22
Interest	4.31
Mach & bldg depreciation	92.16
Miscellaneous	3.93
Total overhead expenses per acre	125.26
Total dir & ovhd expenses per acre	455.74
Net return per acre	306.74
Government payments	-
Net return with govt pmts	306.74
Labor & management charge	70.68
Net return over lbr & mgt	236.06
<b>Cost of Production</b>	
Total direct expense per bu.	2.94
Total dir & ovhd exp per bu.	4.05
Less govt & other income	4.01
With labor & management	4.64
Net value per unit	6.73
Machinery cost per acre	177.69
Est. labor hours per acre	2.30

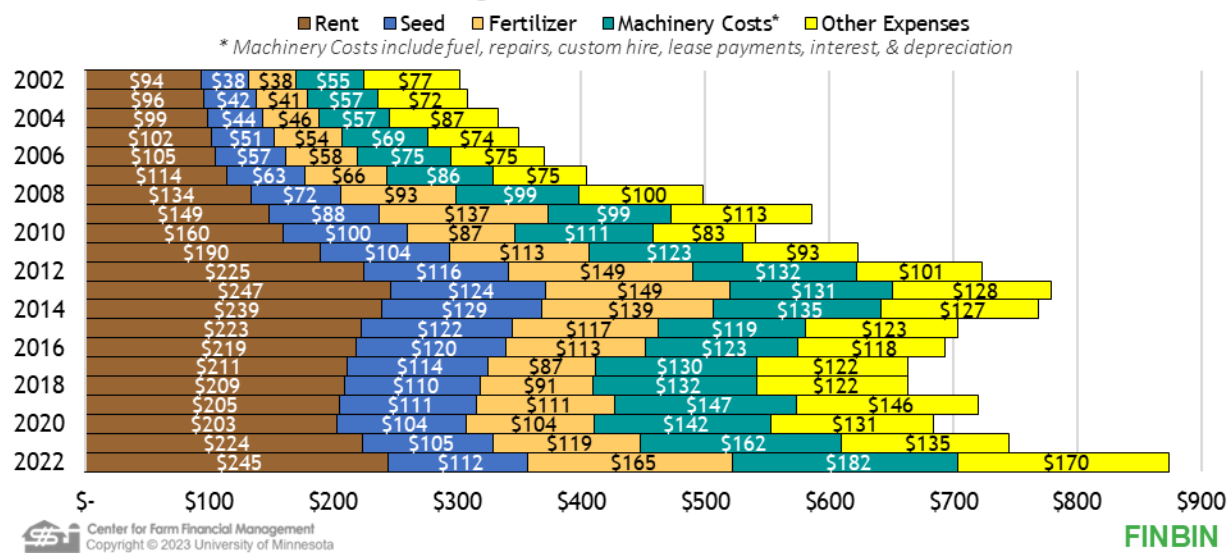
## Corn Price and Cost of Production (\$/bushel)

Southwest Minnesota Farm Business Management Association - Costs based on Cash-Rented Land



## Corn Cost Per Acre

Southwest Minnesota Farm Business Management Association - Corn on Cash-Rented Land



Crop Enterprise Analysis  
(Farms Sorted By Years)

Corn on Owned Land

	<u>Avg. Of</u> <u>All Farms</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Number of farms	254	56	65	70	63
Acres	164.57	164.44	165.25	158.59	170.62
Yield per acre (bu.)	193.92	162.48	202.70	208.30	197.22
Operator's share of yield %	100.00	100.00	100.00	100.00	100.00
Value per bu.	5.21	3.82	4.21	5.68	6.69
Other product return per acre	0.17	-	-	-	0.66
Total product return per acre	1,009.71	620.95	853.58	1,183.22	1,319.58
Hedging gains/losses per acre	1.44	0.17	-4.31	0.82	8.90
Crop insurance per acre	24.53	67.04	5.70	10.84	21.07
Other crop income per acre	30.87	75.85	49.40	2.83	2.77
Gross return per acre	1,066.55	764.00	904.38	1,197.72	1,352.31
<b>Direct Expenses</b>					
Seed	111.73	114.89	109.91	109.10	113.56
Fertilizer	127.20	109.90	106.82	125.24	164.40
Crop chemicals	38.96	32.44	33.92	37.23	51.37
Crop insurance	22.75	15.05	15.63	26.68	32.42
Drying expense	13.43	20.46	6.59	7.99	19.85
Storage	0.31	0.44	0.56	0.19	0.08
Fuel & oil	25.13	21.43	20.90	23.77	33.94
Repairs	56.00	47.04	58.26	53.90	63.59
Custom hire	11.02	12.88	8.78	9.47	13.26
Hired labor	3.09	4.02	2.63	2.91	2.94
Machinery leases	1.51	1.22	1.71	2.40	0.63
Utilities	0.40	1.65	0.06	-	0.09
Hauling and trucking	0.37	0.25	0.53	0.11	0.58
Marketing	1.45	0.90	2.12	0.85	1.86
Operating interest	10.08	12.92	12.23	6.00	9.73
Miscellaneous	3.52	3.10	3.05	4.54	3.28
Total direct expenses per acre	426.96	398.60	383.71	410.38	511.59
Return over direct exp per acre	639.59	365.40	520.66	787.33	840.72
<b>Overhead Expenses</b>					
Hired labor	10.66	5.45	13.58	11.13	11.72
Machinery leases	6.39	2.88	3.63	8.58	9.89
Building leases	0.42	0.70	0.48	0.54	0.01
RE & pers. property taxes	30.37	29.65	29.21	31.61	30.88
Farm insurance	12.89	10.71	13.48	12.08	14.99
Utilities	6.98	6.45	6.88	7.24	7.25
Dues & professional fees	5.14	4.84	5.43	5.41	4.85
Interest	67.77	73.59	60.97	72.81	64.37
Mach & bldg depreciation	73.84	71.29	71.30	70.23	82.28
Miscellaneous	5.62	4.16	5.82	4.38	7.97
Total overhead expenses per acre	220.08	209.72	210.77	224.01	234.21
Total dir & ovhd expenses per acre	647.04	608.32	594.49	634.39	745.80
Net return per acre	419.50	155.68	309.89	563.33	606.52
<b>Government payments</b>					
Government payments	16.26	6.98	57.25	0.05	-
Net return with govt pmts	435.77	162.66	367.14	563.38	606.52
Labor & management charge	68.46	56.47	65.63	72.60	77.31
Net return over lbr & mgt	367.30	106.19	301.52	490.78	529.21
<b>Cost of Production</b>					
Total direct expense per bu.	2.20	2.45	1.89	1.97	2.59
Total dir & ovhd exp per bu.	3.34	3.74	2.93	3.05	3.78
Less govt & other income	2.96	2.82	2.40	2.98	3.61
With labor & management	3.31	3.17	2.72	3.32	4.00
<b>Net value per unit</b>					
Net value per unit	5.21	3.82	4.19	5.68	6.73
Machinery cost per acre	163.14	148.48	151.50	158.34	192.27
Est. labor hours per acre	2.42	2.41	2.47	2.34	2.47

Crop Enterprise Analysis  
(Farms Sorted By Years)

Corn on Cash Rent

	<u>Avg. Of All Farms</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Number of farms	340	78	88	89	85
Acres	371.70	326.62	377.55	393.38	384.29
Yield per acre (bu.)	192.10	165.90	201.03	197.43	197.75
Operators share of yield %	100.00	100.00	100.00	100.00	100.00
Value per bu.	5.20	3.80	4.25	5.59	6.66
Other product return per acre	0.12	0.09	0.11	0.07	0.22
Total product return per acre	998.24	630.03	854.95	1,103.89	1,317.94
Hedging gains/losses per acre	-4.30	0.06	-12.40	-4.05	0.26
Crop insurance per acre	17.51	54.33	7.19	11.53	5.71
Other crop income per acre	29.40	72.18	49.74	2.28	4.41
Gross return per acre	1,040.85	756.60	899.47	1,113.65	1,328.32
<b>Direct Expenses</b>					
Seed	107.54	110.64	103.61	104.59	112.28
Fertilizer	125.32	110.66	104.28	119.11	164.83
Crop chemicals	38.45	33.97	31.74	35.39	52.05
Crop insurance	24.09	18.25	17.93	25.93	32.96
Drying expense	11.71	23.97	7.40	7.91	10.61
Storage	0.69	0.60	0.87	0.76	0.51
Fuel & oil	25.69	23.69	20.67	24.75	33.35
Repairs	49.15	39.10	43.62	52.42	59.13
Custom hire	13.04	11.75	8.89	14.12	17.11
Hired labor	4.42	6.68	3.28	3.78	4.49
Land rent	219.84	204.67	202.78	223.99	244.57
Machinery leases	4.42	5.37	2.84	8.09	1.35
Hauling and trucking	0.47	0.76	0.59	0.31	0.28
Marketing	1.73	1.39	2.27	1.64	1.56
Operating interest	10.65	16.49	12.98	6.09	8.61
Miscellaneous	3.40	2.91	3.68	4.04	2.81
Total direct expenses per acre	640.62	610.89	567.43	632.94	746.50
Return over direct exp per acre	400.23	145.71	332.04	480.71	581.82
<b>Overhead Expenses</b>					
Hired labor	11.14	3.58	11.58	13.86	13.66
Machinery leases	10.62	7.36	12.12	7.36	15.14
Building leases	0.93	1.76	0.84	0.70	0.61
Farm insurance	11.76	10.51	11.00	11.56	13.74
Utilities	5.51	5.87	5.24	4.88	6.17
Dues & professional fees	6.37	7.84	5.98	6.01	6.01
Interest	4.93	5.80	4.80	4.57	4.78
Mach & bldg depreciation	60.00	61.51	58.05	59.36	61.51
Miscellaneous	5.55	5.17	6.64	4.20	6.18
Total overhead expenses per acre	116.81	109.39	116.24	112.50	127.80
Total dir & ovhd expenses per acre	757.44	720.28	683.67	745.44	874.30
Net return per acre	283.41	36.31	215.80	368.21	454.02
<b>Government payments</b>					
Government payments	14.25	4.63	50.63	0.02	-
Net return with govt pmts	297.66	40.94	266.43	368.23	454.02
Labor & management charge	66.55	58.76	58.84	68.76	78.11
Net return over lbr & mgt	231.11	-17.82	207.58	299.47	375.91
<b>Cost of Production</b>					
Total direct expense per bu.	3.33	3.68	2.82	3.21	3.77
Total dir & ovhd exp per bu.	3.94	4.34	3.40	3.78	4.42
Less govt & other income	3.65	3.55	2.93	3.73	4.37
With labor & management	3.99	3.90	3.22	4.07	4.76
<b>Net value per unit</b>					
Net value per unit	5.17	3.80	4.19	5.57	6.66
Machinery cost per acre	158.81	147.08	141.88	161.86	181.90
Est. labor hours per acre	2.18	2.29	2.04	2.06	2.36



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

**Soybeans on Owned Land**

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	63	12	13
Acres	163.62	122.37	177.60
Yield per acre (bu.)	55.35	47.19	65.64
Operators share of yield %	100.00	100.00	100.00
Value per bu.	14.48	14.00	14.62
Total product return per acre	801.25	660.55	959.96
Hedging gains/losses per acre	6.40	-	-
Crop insurance per acre	12.13	14.71	9.99
Other crop income per acre	0.83	-	3.20
Gross return per acre	820.59	675.26	973.14
<b>Direct Expenses</b>			
Seed and plants	52.58	56.04	56.32
Fertilizer	49.70	63.98	41.74
Crop chemicals	68.52	74.50	74.71
Crop insurance	28.34	22.98	32.63
Fuel & oil	28.69	43.65	24.53
Repairs	46.52	78.63	36.88
Custom hire	14.03	5.77	16.04
Hired labor	4.26	0.59	6.22
Machinery leases	1.61	6.22	-
Marketing	1.46	0.68	1.16
Operating interest	7.10	18.24	1.65
Miscellaneous	3.16	1.64	3.07
Total direct expenses per acre	305.96	372.92	294.95
Return over direct exp per acre	514.63	302.34	678.19
<b>Overhead Expenses</b>			
Hired labor	7.67	20.40	7.48
Machinery leases	7.51	21.55	9.96
RE & pers. property taxes	34.31	32.25	34.65
Farm insurance	11.07	9.86	11.74
Utilities	6.56	8.22	6.96
Dues & professional fees	3.95	3.34	5.55
Interest	63.58	141.77	39.22
Mach & bldg depreciation	67.37	56.32	53.80
Miscellaneous	5.84	4.74	3.65
Total overhead expenses per acre	207.87	298.45	173.02
Total dir & ovhd expenses per acre	513.83	671.37	467.97
Net return per acre	306.76	3.89	505.18
Government payments	-	-	-
Net return with govt pmts	306.76	3.89	505.18
Labor & management charge	65.38	54.56	81.56
Net return over lbr & mgt	241.38	-50.68	423.62
<b>Cost of Production</b>			
Total direct expense per bu.	5.53	7.90	4.49
Total dir & ovhd exp per bu.	9.28	14.23	7.13
Less govt & other income	8.93	13.92	6.93
With labor & management	10.11	15.07	8.17
Net value per unit	14.59	14.00	14.62
Machinery cost per acre	155.73	208.81	132.51
Est. labor hours per acre	2.02	1.76	2.50

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

**Soybeans on Cash Rent**

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	83	16	17
Acres	350.54	622.86	241.21
Yield per acre (bu.)	52.19	44.92	64.86
Operators share of yield %	100.00	100.00	100.00
Value per bu.	14.14	13.70	14.41
Total product return per acre	738.09	615.48	934.83
Hedging gains/losses per acre	4.25	-	-1.75
Crop insurance per acre	8.55	5.21	2.47
Other crop income per acre	1.25	0.10	-
Gross return per acre	752.14	620.80	935.55
<b>Direct Expenses</b>			
Seed and plants	55.33	50.54	57.42
Fertilizer	50.67	61.15	51.18
Crop chemicals	68.42	70.75	67.65
Crop insurance	28.26	21.42	26.75
Fuel & oil	27.37	31.47	23.03
Repairs	51.49	67.85	43.08
Custom hire	13.44	7.94	15.81
Hired labor	3.96	1.59	2.84
Land rent	243.54	276.13	214.29
Machinery leases	1.41	1.14	1.93
Hauling and trucking	0.18	-	0.59
Marketing	1.58	1.59	1.93
Operating interest	6.32	10.30	3.80
Miscellaneous	3.23	4.88	1.50
Total direct expenses per acre	555.18	606.76	511.78
Return over direct exp per acre	196.96	14.04	423.77
<b>Overhead Expenses</b>			
Hired labor	13.51	29.65	7.36
Machinery leases	14.36	24.88	0.23
Building leases	0.50	-	-
Farm insurance	9.63	7.74	9.72
Utilities	4.42	3.06	5.56
Dues & professional fees	3.71	3.52	3.33
Interest	3.52	4.69	2.85
Mach & bldg depreciation	48.90	39.67	54.00
Miscellaneous	4.78	3.37	3.89
Total overhead expenses per acre	103.34	116.59	86.93
Total dir & ovhd expenses per acre	658.52	723.34	598.71
Net return per acre	93.62	-102.55	336.84
Government payments	-	-	-
Net return with govt pmts	93.62	-102.55	336.84
Labor & management charge	60.98	54.82	82.27
Net return over lbr & mgt	32.64	-157.37	254.57
<b>Cost of Production</b>			
Total direct expense per bu.	10.64	13.51	7.89
Total dir & ovhd exp per bu.	12.62	16.10	9.23
Less govt & other income	12.35	15.98	9.22
With labor & management	13.52	17.20	10.49
Net value per unit	14.22	13.70	14.39
Machinery cost per acre	152.48	172.70	133.22
Est. labor hours per acre	1.79	1.74	2.02

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

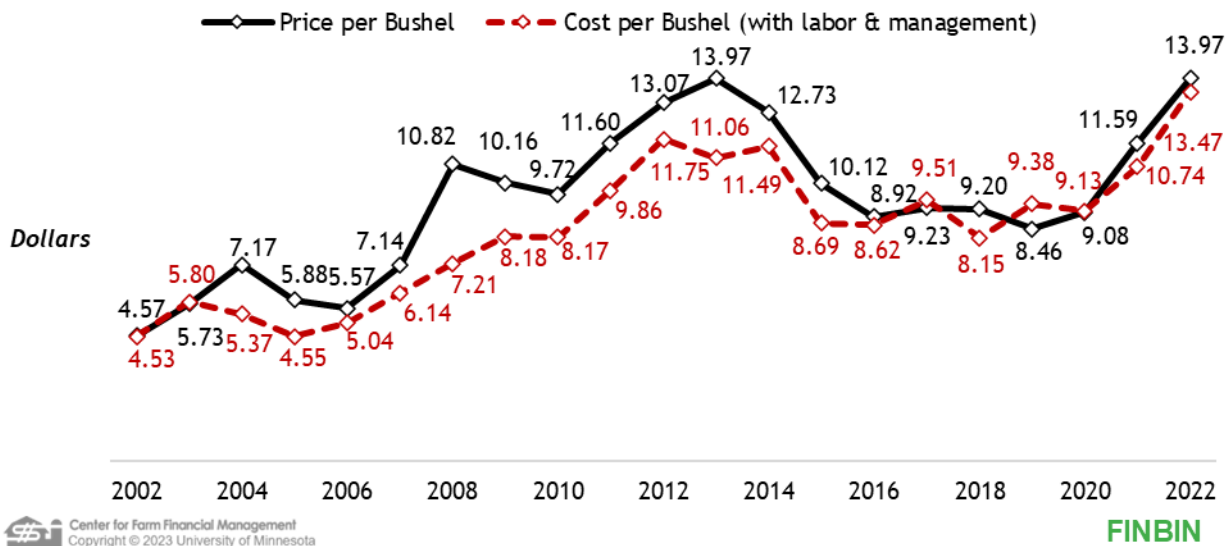
**Soybeans on Share Rent**

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	<u><b>Avg. Of All Farms</b></u>
Number of farms	14
Acres	185.06
Yield per acre (bu.)	55.76
Operators share of yield %	53.17
Value per bu.	14.13
Total product return per acre	418.90
Crop insurance per acre	4.82
Other crop income per acre	3.54
Gross return per acre	427.26
<b>Direct Expenses</b>	
Seed and plants	30.11
Fertilizer	27.53
Crop chemicals	37.10
Crop insurance	18.58
Fuel & oil	21.37
Repairs	49.92
Custom hire	7.13
Operating interest	2.49
Miscellaneous	2.16
Total direct expenses per acre	196.41
Return over direct exp per acre	230.86
<b>Overhead Expenses</b>	
Hired labor	3.75
Machinery leases	2.71
Farm insurance	6.91
Utilities	4.02
Dues & professional fees	4.04
Interest	2.57
Mach & bldg depreciation	61.94
Miscellaneous	9.36
Total overhead expenses per acre	95.32
Total dir & ovhd expenses per acre	291.73
Net return per acre	135.53
Government payments	-
Net return with govt pmts	135.53
Labor & management charge	59.86
Net return over lbr & mgt	75.67
<b>Cost of Production</b>	
Total direct expense per bu.	6.63
Total dir & ovhd exp per bu.	9.84
Less govt & other income	9.56
With labor & management	11.58
Net value per unit	14.13
Machinery cost per acre	135.81
Est. labor hours per acre	1.89

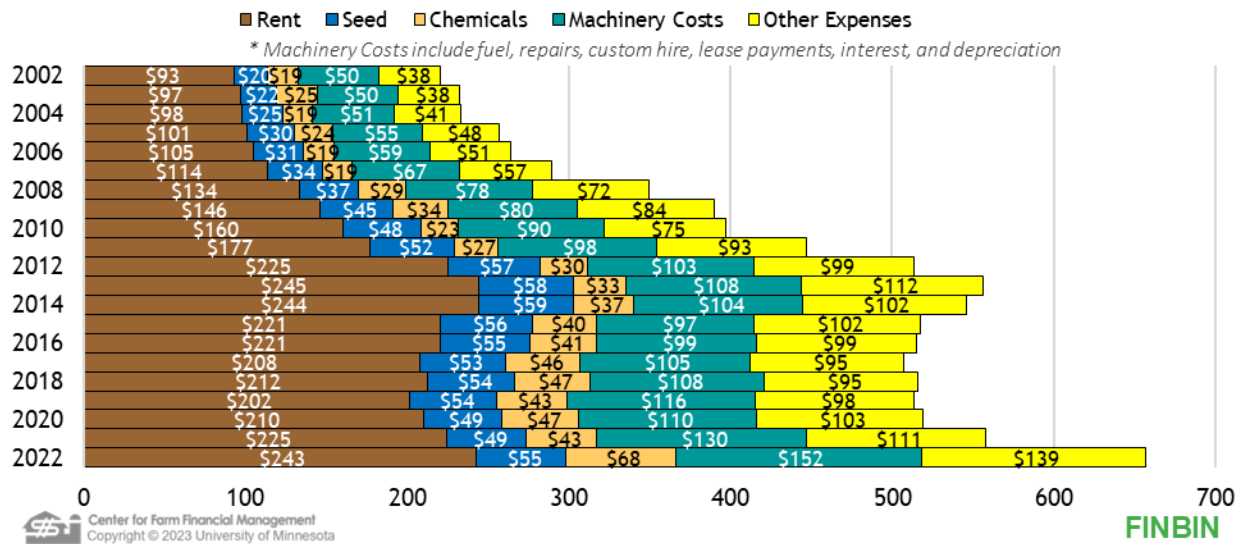
## Soybean Price and Cost of Production (\$/bushel)

Southwest Minnesota Farm Business Management Association - Costs based on Cash-Rented Land



## Soybean Cost per Acre

Southwest Minnesota Farm Business Management Association - Corn on Cash-Rented Land



*Crop Enterprise Analysis  
(Farms Sorted By Years)*

*Soybeans on Owned Land*

	<u>Avg. Of All Farms</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Number of farms	240	53	66	57	64
Acres	161.98	163.16	159.11	161.59	164.30
Yield per acre (bu.)	55.64	49.28	58.74	58.62	55.17
Operators share of yield %	100.00	100.00	100.00	100.00	100.00
Value per bu.	11.95	8.87	11.01	12.74	14.46
Total product return per acre	664.70	437.02	646.97	746.66	797.86
Hedging gains/losses per acre	0.69	-	-5.30	1.82	6.27
Crop insurance per acre	7.45	11.73	4.32	1.93	11.89
Other crop income per acre	23.09	74.14	22.82	0.22	1.41
Gross return per acre	695.93	522.90	668.80	750.62	817.43
<b>Direct Expenses</b>					
Seed	52.71	54.97	52.46	51.21	52.42
Fertilizer	37.76	26.85	31.87	41.38	49.46
Crop chemicals	51.58	39.03	46.33	49.99	68.52
Crop insurance	20.60	15.70	14.88	22.54	28.64
Storage	0.24	0.56	0.17	0.16	0.11
Fuel & oil	20.62	18.52	15.85	19.01	28.54
Repairs	43.60	41.17	39.39	47.45	46.43
Custom hire	9.90	8.28	8.23	8.46	14.17
Hired labor	3.86	3.84	3.69	3.71	4.17
Machinery leases	2.35	2.29	2.10	3.57	1.58
Utilities	0.21	0.85	0.06	-	-
Marketing	1.90	0.87	3.01	2.04	1.49
Operating interest	8.39	9.69	9.71	7.06	7.16
Miscellaneous	3.41	3.32	4.07	3.01	3.16
Total direct expenses per acre	257.12	225.94	231.84	259.59	305.86
Return over direct exp per acre	438.81	296.95	436.97	491.04	511.57
<b>Overhead Expenses</b>					
Hired labor	7.79	5.11	9.51	8.56	7.59
Machinery leases	4.34	1.36	3.95	4.13	7.36
Building leases	0.34	0.76	0.16	0.54	0.01
RE & pers. property taxes	30.87	25.57	32.28	30.47	34.17
Farm insurance	10.26	9.53	10.40	9.89	11.05
Utilities	5.76	5.13	6.02	5.25	6.46
Dues & professional fees	4.38	4.09	3.96	5.54	4.00
Interest	63.83	65.51	64.03	62.21	63.65
Mach & bldg depreciation	58.26	53.29	55.60	56.12	66.89
Miscellaneous	4.37	3.72	4.61	3.11	5.78
Total overhead expenses per acre	190.19	174.07	190.51	185.82	206.98
Total dir & ovhd expenses per acre	447.32	400.01	422.35	445.41	512.83
Net return per acre	248.62	122.89	246.46	305.22	304.59
Government payments	16.46	4.24	57.39	0.04	-
Net return with govt pmts	265.07	127.13	303.84	305.26	304.59
Labor & management charge	56.08	47.40	52.68	57.88	65.03
Net return over lbr & mgt	209.00	79.73	251.17	247.38	239.56
<b>Cost of Production</b>					
Total direct expense per bu.	4.62	4.58	3.95	4.43	5.54
Total dir & ovhd exp per bu.	8.04	8.12	7.19	7.60	9.30
Less govt & other income	7.18	6.29	5.84	7.53	8.94
With labor & management	8.19	7.25	6.74	8.52	10.12
Net value per unit	11.96	8.87	10.92	12.77	14.58
Machinery cost per acre	130.32	117.99	115.36	130.65	155.12
Est. labor hours per acre	2.00	2.20	1.89	1.91	2.01

*Crop Enterprise Analysis  
(Farms Sorted By Years)*

*Soybeans on Cash Rent*

	<u>Avg. Of All Farms</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Number of farms	333	81	85	82	85
Acres	357.54	347.65	352.89	379.36	350.58
Yield per acre (bu.)	53.77	48.36	57.12	56.89	52.23
Operators share of yield %	100.00	100.00	100.00	100.00	100.00
Value per bu.	11.84	8.83	11.01	12.93	14.14
Total product return per acre	636.59	427.19	629.21	735.76	738.39
Hedging gains/losses per acre	-7.35	0.04	-31.08	-2.17	4.15
Crop insurance per acre	9.28	21.72	5.97	2.09	8.35
Other crop income per acre	25.52	79.57	22.00	2.68	1.85
Gross return per acre	664.05	528.52	626.10	738.35	752.73
<b>Direct Expenses</b>					
Seed	51.74	54.10	48.62	49.41	55.10
Fertilizer	35.27	23.90	30.36	35.47	50.75
Crop chemicals	50.53	43.28	47.41	42.96	68.42
Crop insurance	21.38	17.14	15.24	24.27	28.55
Fuel & oil	20.56	19.92	15.67	19.25	27.46
Repairs	39.43	33.42	33.17	39.58	51.26
Custom hire	9.71	8.15	7.06	10.09	13.47
Hired labor	4.69	8.18	2.96	4.01	3.86
Land rent	220.22	201.69	210.25	224.55	243.24
Machinery leases	5.76	10.94	2.88	8.03	1.39
Hauling and trucking	0.30	0.20	0.51	0.29	0.18
Marketing	1.76	1.70	2.40	1.30	1.63
Operating interest	8.27	13.87	9.01	4.30	6.35
Miscellaneous	3.61	3.79	3.04	4.31	3.27
Total direct expenses per acre	473.23	440.30	428.58	467.82	554.94
Return over direct exp per acre	190.81	88.22	197.52	270.53	197.79
<b>Overhead Expenses</b>					
Hired labor	9.47	2.92	11.44	9.84	13.31
Machinery leases	9.60	4.81	12.47	6.93	14.02
Building leases	0.74	1.24	0.82	0.45	0.49
Farm insurance	8.26	6.97	8.01	8.33	9.64
Utilities	4.04	4.11	3.81	3.88	4.38
Dues & professional fees	3.99	4.40	3.64	4.18	3.75
Interest	3.32	3.30	3.34	3.16	3.50
Mach & bldg depreciation	45.76	41.63	41.96	50.47	48.58
Miscellaneous	4.02	3.42	4.99	2.93	4.74
Total overhead expenses per acre	89.20	72.80	90.47	90.17	102.41
Total dir & ovhd expenses per acre	562.43	513.10	519.05	557.99	657.35
Net return per acre	101.61	15.42	107.05	180.36	95.38
Government payments	12.63	3.24	47.08	0.01	-
Net return with govt pmts	114.24	18.66	154.13	180.37	95.38
Labor & management charge	52.18	45.22	46.39	55.79	60.80
Net return over lbr & mgt	62.07	-26.56	107.74	124.58	34.58
<b>Cost of Production</b>					
Total direct expense per bu.	8.80	9.10	7.50	8.22	10.62
Total dir & ovhd exp per bu.	10.46	10.61	9.09	9.81	12.58
Less govt & other income	9.72	8.45	8.32	9.76	12.31
With labor & management	10.69	9.38	9.13	10.74	13.47
Net value per unit	11.70	8.83	10.47	12.90	14.22
Machinery cost per acre	127.27	116.38	109.89	130.47	151.73
Est. labor hours per acre	1.73	1.84	1.64	1.67	1.79

**Crop Enterprise Analysis**  
**Southwest Minnesota Farm Business Management Association**  
**(Farms Sorted By Crop Tenure Type)**

**Corn Silage**

	<u><b>Owned Land</b></u>	<u><b>Cash Rent</b></u>
Number of farms	9	9
Acres	102.96	47.00
Yield per acre (ton)	23.16	23.17
Operators share of yield %	100.00	100.00
Value per ton	53.80	62.15
Total product return per acre	1,245.80	1,440.14
Hedging gains/losses per acre	-	-14.32
Crop insurance per acre	6.56	27.51
Gross return per acre	1,252.37	1,453.34
<b>Direct Expenses</b>		
Seed and plants	125.79	103.29
Fertilizer	171.09	166.11
Crop chemicals	37.15	45.52
Crop insurance	28.08	34.02
Fuel & oil	26.42	36.27
Repairs	43.30	55.06
Custom hire	6.78	74.01
Hired labor	5.16	0.82
Land rent	-	231.00
Machinery leases	2.47	0.49
Operating interest	6.99	10.14
Miscellaneous	1.45	1.03
Total direct expenses per acre	454.68	757.76
Return over direct exp per acre	797.69	695.58
<b>Overhead Expenses</b>		
Hired labor	4.01	2.85
Machinery leases	11.77	15.75
RE & pers. property taxes	39.28	-
Farm insurance	4.98	7.42
Utilities	4.55	6.95
Dues & professional fees	2.62	2.59
Interest	70.66	5.72
Mach & bldg depreciation	129.96	64.46
Miscellaneous	3.54	4.30
Total overhead expenses per acre	271.37	110.05
Total dir & ovhd expenses per acre	726.05	867.81
Net return per acre	526.32	585.52
Government payments	-	-
Net return with govt pmts	526.32	585.52
Labor & management charge	67.83	77.46
Net return over lbr & mgt	458.49	508.07
<b>Cost of Production</b>		
Total direct expense per ton	19.64	32.70
Total dir & ovhd exp per ton	31.36	37.45
Less govt & other income	31.07	36.88
With labor & management	34.00	40.22
Net value per unit	53.80	61.53
Machinery cost per acre	198.31	240.15
Est. labor hours per acre	1.60	2.32

*Crop Enterprise Analysis  
(Farms Sorted By Years)*

*Corn Silage on Owned Land*

	<u>Avg. Of All Farms</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Number of farms	44	13	11	10	10
Acres	109.74	135.07	112.34	90.05	93.66
Yield per acre (ton)	20.79	17.54	20.86	24.52	23.24
Operators share of yield %	100.00	100.00	100.00	100.00	100.00
Value per ton	41.20	32.94	35.50	46.92	53.85
Total product return per acre	856.77	577.60	740.59	1,150.26	1,251.23
Hedging gains/losses per acre	-0.71	-	-3.41	0.86	-
Crop insurance per acre	37.18	98.78	-	-	6.49
Other crop income per acre	38.53	71.25	49.31	-	-
Gross return per acre	931.76	747.63	786.49	1,151.12	1,257.72
<b>Direct Expenses</b>					
Seed	103.60	93.22	97.57	109.20	125.64
Fertilizer	111.39	103.98	77.73	109.45	171.55
Crop chemicals	30.10	25.18	29.25	33.41	37.26
Cover crop expense	1.42	-	5.54	-	-
Crop insurance	18.32	12.16	12.86	27.61	28.16
Fuel & oil	20.84	18.99	14.97	26.01	27.07
Repairs	39.09	29.22	41.13	51.17	43.29
Custom hire	13.68	21.14	10.01	11.41	6.71
Hired labor	5.16	5.51	4.88	4.92	5.11
Machinery leases	2.43	4.14	1.50	0.35	2.45
Operating interest	9.02	9.79	9.83	8.61	6.91
Miscellaneous	2.24	2.79	2.89	1.11	1.43
Total direct expenses per acre	357.29	326.13	308.17	383.23	455.58
Return over direct exp per acre	574.47	421.50	478.32	767.89	802.14
<b>Overhead Expenses</b>					
Hired labor	2.91	2.28	3.41	2.38	3.96
Machinery leases	8.36	6.24	6.37	11.83	11.65
Building leases	0.36	0.40	-	1.13	-
RE & pers. property taxes	34.78	31.56	35.55	35.73	38.86
Farm insurance	5.39	4.34	5.79	7.15	5.14
Utilities	4.14	3.81	3.85	4.66	4.64
Dues & professional fees	2.78	3.13	2.74	2.29	2.64
Interest	51.05	51.34	36.13	48.01	73.12
Mach & bldg depreciation	83.49	73.38	75.29	66.17	129.93
Miscellaneous	2.85	1.95	4.21	2.05	3.51
Total overhead expenses per acre	196.11	178.42	173.35	181.40	273.45
Total dir & ovhd expenses per acre	553.40	504.55	481.52	564.64	729.03
Net return per acre	378.36	243.08	304.97	586.48	528.69
<b>Government payments</b>	15.74	1.70	59.06	0.05	-
Net return with govt pmnts	394.10	244.78	364.03	586.54	528.69
Labor & management charge	59.23	53.71	59.75	60.37	67.80
Net return over lbr & mgt	334.87	191.07	304.28	526.16	460.90
<b>Cost of Production</b>					
Total direct expense per ton	17.18	18.60	14.77	15.63	19.61
Total dir & ovhd exp per ton	26.61	28.77	23.08	23.03	31.37
Less govt & other income	22.25	18.98	18.05	22.99	31.10
With labor & management	25.10	22.04	20.91	25.46	34.01
<b>Net value per unit</b>	41.17	32.94	35.33	46.95	53.85
Machinery cost per acre	160.54	150.47	144.00	163.58	198.34
Est. labor hours per acre	1.65	1.76	1.60	1.56	1.60



**Crop Enterprise Analysis**  
**Southwest Minnesota Farm Business Management Association**  
**(Farms Sorted By Crop Tenure Type)**

**Hay, Alfalfa**

	<u><b>Owned Land</b></u>	<u><b>Cash Rent</b></u>
Number of farms	8	6
Acres	79.88	20.28
Yield per acre (ton)	5.93	5.21
Operators share of yield %	100.00	100.00
Value per ton	194.40	194.29
Total product return per acre	1,153.50	1,011.28
Crop insurance per acre	-	12.74
Gross return per acre	1,153.50	1,024.02
<b>Direct Expenses</b>		
Fertilizer	122.12	15.94
Crop insurance	1.14	13.68
Fuel & oil	30.10	47.97
Repairs	46.04	63.33
Custom hire	0.91	14.27
Hired labor	-	12.82
Land rent	-	206.68
Machinery leases	4.19	-
Operating interest	5.74	4.25
Miscellaneous	0.67	-
Total direct expenses per acre	210.91	378.95
Return over direct exp per acre	942.59	645.07
<b>Overhead Expenses</b>		
Hired labor	7.33	11.41
Machinery leases	11.21	5.09
RE & pers. property taxes	38.96	-
Farm insurance	7.93	16.12
Utilities	6.09	10.97
Dues & professional fees	3.66	3.46
Interest	69.64	2.83
Mach & bldg depreciation	169.27	72.91
Miscellaneous	2.86	2.33
Total overhead expenses per acre	316.96	125.12
Total dir & ovhd expenses per acre	527.87	504.07
Net return per acre	625.63	519.95
Government payments	-	-
Net return with govt pmts	625.63	519.95
Labor & management charge	77.45	92.79
Net return over lbr & mgt	548.18	427.17
<b>Cost of Production</b>		
Total direct expense per ton	35.54	72.80
Total dir & ovhd exp per ton	88.96	96.84
Less govt & other income	88.96	94.39
With labor & management	102.01	112.22
Net value per unit	194.40	194.29
Machinery cost per acre	232.53	192.45
Est. labor hours per acre	1.80	4.37

*Crop Enterprise Analysis  
(Farms Sorted By Years)*

*Hay, Alfalfa on Owned Land*

	<u>Avg. Of All Farms</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Number of farms	39	10	10	11	8
Acres	65.44	64.63	60.63	60.05	79.88
Yield per acre (ton)	5.54	5.38	4.47	6.30	5.93
Operators share of yield %	100.00	100.00	100.00	100.00	100.00
Value per ton	168.15	140.86	135.42	188.37	194.40
Total product return per acre	931.89	758.09	605.70	1,186.98	1,153.50
Other crop income per acre	21.30	71.32	13.63	-	-
Gross return per acre	953.19	829.41	619.33	1,186.98	1,153.50
<b>Direct Expenses</b>					
Seed	1.22	4.57	0.26	-	-
Fertilizer	85.40	63.66	59.25	95.13	122.12
Crop chemicals	1.25	2.96	-	1.93	-
Crop insurance	2.72	1.35	5.90	2.66	1.14
Fuel & oil	22.09	19.83	16.31	21.84	30.10
Repairs	37.43	25.05	36.14	42.40	46.04
Custom hire	4.66	13.38	1.90	2.27	0.91
Hired labor	0.56	2.22	-	-	-
Machinery leases	3.34	4.69	1.76	2.64	4.19
Operating interest	7.15	7.58	9.82	5.65	5.74
Miscellaneous	1.44	0.82	2.56	1.77	0.67
Total direct expenses per acre	167.25	146.10	133.92	176.30	210.91
Return over direct exp per acre	785.94	683.31	485.41	1,010.68	942.59
<b>Overhead Expenses</b>					
Hired labor	5.52	3.63	4.61	6.47	7.33
Machinery leases	10.65	4.91	7.62	18.52	11.21
Building leases	1.03	1.78	-	2.26	-
RE & pers. property taxes	35.79	32.81	36.54	34.93	38.96
Farm insurance	8.03	6.84	7.92	9.38	7.93
Utilities	5.72	4.73	5.60	6.42	6.09
Dues & professional fees	3.84	3.76	4.06	3.90	3.66
Interest	56.14	44.81	40.47	68.56	69.64
Mach & bldg depreciation	103.33	82.89	88.52	73.13	169.27
Miscellaneous	4.16	1.88	5.49	6.43	2.86
Total overhead expenses per acre	234.22	188.04	200.82	230.00	316.96
Total dir & ovhd expenses per acre	401.46	334.14	334.74	406.30	527.87
Net return per acre	551.73	495.27	284.59	780.68	625.63
<b>Government payments</b>					
Government payments	13.94	1.57	56.99	-	-
Net return with govt pmts	565.67	496.85	341.58	780.68	625.63
Labor & management charge	62.04	56.92	59.41	54.55	77.45
Net return over lbr & mgt	503.63	439.93	282.17	726.14	548.18
<b>Cost of Production</b>					
Total direct expense per ton	30.18	27.15	29.94	27.98	35.54
Total dir & ovhd exp per ton	72.44	62.09	74.84	64.48	88.96
Less govt & other income	66.08	48.54	59.05	64.48	88.96
With labor & management	77.28	59.12	72.33	73.14	102.01
<b>Net value per unit</b>					
Net value per unit	168.15	140.86	135.42	188.37	194.40
Machinery cost per acre	166.80	145.15	138.75	150.16	232.53
Est. labor hours per acre	1.74	1.88	1.56	1.69	1.80

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**Crop Enterprise Analysis**  
**Southwest Minnesota Farm Business Management Association**  
**(Farms Sorted By Crop Tenure Type)**

**CRP**

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	<u><b>Owned Land</b></u>
Number of farms	11
Acres	38.48
Gross return per acre	176.66
<b>Direct Expenses</b>	
Fuel & oil	5.60
Repairs	6.29
Land rent	-
Miscellaneous	0.32
Total direct expenses per acre	12.22
Return over direct exp per acre	164.45
<b>Overhead Expenses</b>	
Hired labor	0.72
Machinery leases	3.37
RE & pers. property taxes	28.65
Farm insurance	0.93
Utilities	1.00
Interest	59.70
Mach & bldg depreciation	7.25
Miscellaneous	0.82
Total overhead expenses per acre	102.44
Total dir & ovhd expenses per acre	114.66
Net return per acre	62.01
Government payments	-
Net return with govt pmts	62.01
Labor & management charge	9.37
Net return over lbr & mgt	52.64
Net value per unit	1.00
Machinery cost per acre	21.51
Est. labor hours per acre	0.24

**Crop Enterprise Analysis**  
**Southwest Minnesota Farm Business Management Association**  
**(Farms Sorted By Crop Tenure Type)**

**Pasture**

	<b><u>Cash Rent</u></b>
Number of farms	5
Acres	190.40
Yield per acre (aum)	3.26
Operators share of yield %	100.00
Value per aum	16.13
Other product return per acre	10.21
Total product return per acre	62.77
Gross return per acre	62.77
<b>Direct Expenses</b>	
Crop chemicals	0.57
Fuel & oil	4.77
Repairs	3.41
Land rent	56.96
Operating interest	1.99
Total direct expenses per acre	67.71
Return over direct exp per acre	-4.94
<b>Overhead Expenses</b>	
Hired labor	0.25
Machinery leases	0.48
RE & pers. property taxes	-
Farm insurance	1.07
Utilities	0.63
Interest	0.37
Mach & bldg depreciation	7.05
Miscellaneous	0.65
Total overhead expenses per acre	10.49
Total dir & ovhd expenses per acre	78.20
Net return per acre	-15.43
Government payments	-
Net return with govt pmts	-15.43
Labor & management charge	4.57
Net return over lbr & mgt	-20.00
<b>Cost of Production</b>	
Total direct expense per aum	20.78
Total dir & ovhd exp per aum	24.00
Less govt & other income	20.86
With labor & management	22.27
Net value per unit	16.13
Machinery cost per acre	13.80
Est. labor hours per acre	0.14

**Cover Crop Analysis**  
**Farms in Southern Minnesota**

**Corn on Owned Land - Cover Crop Impact**

	<u>No Cover Crop</u>	<u>Grown after Cover Crop</u>	<u>Cover Crop Enterprise</u>	<u>Combined with Cover Crop</u>
Number of farms	695	10	10	10
Acres	158.61	80.61	80.61	80.61
Yield per acre (bu.)	213.28	202.39	-	-
Operators share of yield %	100.00	100.00	-	-
Value per bu.	6.44	6.47	-	-
Other product return per acre	0.26	-	-	-
Total product return per acre	1,374.73	1,308.79	0.40	1,309.19
Hedging gains/losses per acre	-3.74	-	-	-
Crop insurance per acre	5.66	8.72	-	8.72
Other crop income per acre	2.51	62.56	17.34	79.90
Gross return per acre	1,379.16	1,380.07	17.74	1,397.81
<b>Direct Expenses</b>				
Seed and plants	116.78	118.46	26.95	145.41
Fertilizer	217.05	174.58	-	174.58
Crop chemicals	57.34	56.66	-	56.66
Crop insurance	37.04	36.93	-	36.93
Drying expense	21.68	42.83	-	42.83
Storage	0.90	1.02	-	1.02
Packaging and supplies	0.04	-	3.71	3.71
Fuel & oil	39.07	22.82	4.58	27.40
Repairs	64.31	78.76	14.61	93.37
Repair, machinery	1.19	-	-	-
Custom hire	19.72	26.55	8.18	34.73
Hired labor	4.41	1.83	-	1.83
Machinery leases	1.91	1.72	-	1.72
Utilities	1.82	1.21	-	1.21
Hauling and trucking	3.47	0.59	-	0.59
Marketing	1.61	3.07	-	3.07
Operating interest	9.85	5.48	1.39	6.87
Miscellaneous	3.45	0.99	0.06	1.05
Total direct expenses per acre	601.64	573.51	59.49	632.99
Return over direct exp per acre	777.52	806.56	-41.74	764.82
<b>Overhead Expenses</b>				
Hired labor	14.10	5.71	0.28	5.99
Machinery leases	2.72	-	-	-
Building leases	0.60	0.02	0.01	0.02
RE & pers. property taxes	38.85	27.31	-	27.31
Farm insurance	15.97	19.79	3.22	23.01
Utilities	7.62	7.84	1.75	9.59
Dues & professional fees	5.19	5.89	0.67	6.56
Interest	85.89	67.36	0.83	68.19
Mach & bldg depreciation	78.17	49.78	10.09	59.87
Miscellaneous	10.73	6.71	1.42	8.13
Total overhead expenses per acre	259.84	190.40	18.27	208.66
Total dir & ovhd expenses per acre	861.48	763.90	77.75	841.66
Net return per acre	517.68	616.16	-60.01	556.15
Government payments	0.01	-	-	-
Net return with govt pmts	517.69	616.16	-60.01	556.15
Labor & management charge	75.51	61.70	10.86	72.56
Net return over lbr & mgt	442.18	554.46	-70.87	483.59
<b>Cost of Production</b>				
Total direct expense per bu.	2.82	2.83	-	3.13
Total dir & ovhd exp per bu.	4.04	3.77	-	4.16
Less govt & other income	4.02	3.42	-	3.72
With labor & management	4.37	3.73	-	4.08
Net value per unit	6.43	6.47	-	6.47
Machinery cost per acre	197.90	171.90	36.50	208.40
Est. labor hours per acre	3.21	2.81	0.46	3.27

**Cover Crop Analysis**  
**Farms in Southern Minnesota**

**Corn on Cash Rent - Cover Crop Impact**

	<b><u>No Cover Crop</u></b>	<b><u>Grown after Cover Crop</u></b>	<b><u>Cover Crop Enterprise</u></b>	<b><u>Combined with Cover Crop</u></b>
Number of farms	1007	21	21	21
Acres	364.36	123.73	123.73	123.73
Yield per acre (bu.)	211.45	198.76	-	-
Operators share of yield %	100.00	100.00	-	-
Value per bu.	6.34	6.38	-	-
Other product return per acre	0.34	-	-	-
Total product return per acre	1,341.35	1,268.28	2.52	1,270.80
Hedging gains/losses per acre	-3.50	-	-	-
Crop insurance per acre	4.88	2.30	-	2.30
Other crop income per acre	2.87	17.04	29.09	46.14
Gross return per acre	1,345.61	1,287.62	31.61	1,319.24
<b>Direct Expenses</b>				
Seed and plants	114.27	108.48	21.89	130.37
Fertilizer	220.17	211.78	-	211.78
Crop chemicals	54.97	61.58	2.08	63.67
Crop insurance	35.82	32.91	0.43	33.34
Drying expense	19.55	24.15	-	24.15
Storage	1.95	1.82	-	1.82
Fuel & oil	38.82	22.97	6.07	29.04
Repairs	61.73	62.52	15.35	77.87
Repair, machinery	2.13	-	-	-
Custom hire	18.13	26.68	6.05	32.74
Hired labor	5.61	3.63	-	3.63
Land rent	248.68	224.03	-	224.03
Machinery leases	3.64	0.30	-	0.30
Utilities	1.40	1.38	-	1.38
Hauling and trucking	2.69	2.45	-	2.45
Marketing	1.56	2.82	-	2.82
Operating interest	10.20	6.31	1.59	7.90
Miscellaneous	3.26	4.29	0.80	5.09
Total direct expenses per acre	844.57	798.12	54.28	852.39
Return over direct exp per acre	501.04	489.51	-22.67	466.84
<b>Overhead Expenses</b>				
Hired labor	15.21	5.46	1.48	6.94
Machinery leases	4.27	3.06	0.83	3.89
Building leases	1.68	0.38	0.10	0.49
Farm insurance	12.34	9.99	2.38	12.36
Utilities	6.09	2.97	0.81	3.79
Dues & professional fees	5.10	4.91	1.34	6.25
Interest	5.68	5.33	1.42	6.75
Mach & bldg depreciation	56.66	44.12	11.60	55.72
Miscellaneous	8.00	5.14	1.45	6.59
Total overhead expenses per acre	115.03	81.36	21.42	102.78
Total dir & ovhd expenses per acre	959.59	879.48	75.70	955.18
Net return per acre	386.02	408.15	-44.09	364.06
Government payments	0.06	-	-	-
Net return with govt pmts	386.08	408.15	-44.09	364.06
Labor & management charge	66.40	72.82	19.10	91.92
Net return over lbr & mgt	319.68	335.33	-63.19	272.14
<b>Cost of Production</b>				
Total direct expense per bu.	3.99	4.02	-	4.29
Total dir & ovhd exp per bu.	4.54	4.42	-	4.80
Less govt & other income	4.52	4.33	-	4.56
With labor & management	4.83	4.69	-	5.02
Net value per unit	6.33	6.38	-	6.39
Machinery cost per acre	182.70	157.11	39.25	196.36
Est. labor hours per acre	2.76	2.28	0.60	2.89

**Cover Crop Analysis**  
**Farms in Southern Minnesota**

**Soybeans on Owned Land - Cover Crop Impact**

	<u>No Cover Crop</u>	<u>Grown after Cover Crop</u>	<u>Cover Crop Enterprise</u>	<u>Combined with Cover Crop</u>
Number of farms	601	15	15	15
Acres	139.73	47.44	47.44	47.44
Yield per acre (bu.)	60.07	52.45	-	-
Operators share of yield %	100.00	100.00	-	-
Value per bu.	14.30	13.90	-	-
Other product return per acre	0.02	-	-	-
Total product return per acre	859.06	729.32	31.55	760.87
Hedging gains/losses per acre	-1.18	-	-	-
Crop insurance per acre	5.46	0.67	-	0.67
Other crop income per acre	1.04	12.61	12.91	25.52
Gross return per acre	864.38	742.60	44.46	787.06
<b>Direct Expenses</b>				
Seed and plants	54.74	56.74	19.63	76.37
Fertilizer	35.53	45.86	1.10	46.96
Crop chemicals	71.70	77.11	4.87	81.99
Crop insurance	33.58	31.51	-	31.51
Storage	0.76	1.29	-	1.29
Fuel & oil	26.35	18.10	7.11	25.21
Repairs	43.44	35.11	13.69	48.80
Repair, machinery	0.84	-	-	-
Custom hire	16.00	16.91	11.40	28.32
Hired labor	3.77	0.39	-	0.39
Machinery leases	1.92	0.76	-	0.76
Utilities	0.88	0.16	-	0.16
Hauling and trucking	1.86	4.56	-	4.56
Marketing	1.49	3.31	-	3.31
Operating interest	5.97	4.03	1.52	5.55
Miscellaneous	2.95	4.27	0.65	4.92
Total direct expenses per acre	301.78	300.12	59.98	360.10
Return over direct exp per acre	562.60	442.48	-15.52	426.96
<b>Overhead Expenses</b>				
Hired labor	9.43	4.88	1.97	6.85
Machinery leases	1.86	0.00	0.00	0.00
RE & pers. property taxes	38.85	36.36	0.09	36.45
Farm insurance	10.91	8.72	2.83	11.54
Utilities	5.30	3.08	1.03	4.10
Dues & professional fees	3.73	3.84	1.29	5.13
Interest	82.48	85.02	1.92	86.94
Mach & bldg depreciation	52.66	37.12	14.95	52.08
Miscellaneous	7.93	2.96	1.14	4.10
Total overhead expenses per acre	213.15	181.98	25.21	207.19
Total dir & ovhd expenses per acre	514.93	482.10	85.18	567.29
Net return per acre	349.45	260.50	-40.72	219.77
Government payments	0.01	-	-	-
Net return with govt pmts	349.46	260.50	-40.72	219.77
Labor & management charge	51.42	38.86	15.79	54.65
Net return over lbr & mgt	298.04	221.64	-56.52	165.12
<b>Cost of Production</b>				
Total direct expense per bu.	5.02	5.72	-	6.77
Total dir & ovhd exp per bu.	8.57	9.19	-	10.67
Less govt & other income	8.48	8.94	-	10.18
With labor & management	9.34	9.68	-	11.20
Net value per unit	14.28	13.90	-	14.31
Machinery cost per acre	136.62	103.96	46.23	150.19
Est. labor hours per acre	1.94	1.77	0.73	2.50

**Cover Crop Analysis**  
**Farms in Southern Minnesota**

**Soybeans on Cash Rent - Cover Crop Impact**

	<u>No Cover Crop</u>	<u>Grown after Cover Crop</u>	<u>Cover Crop Enterprise</u>	<u>Combined with Cover Crop</u>
Number of farms	940	30	30	30
Acres	317.06	151.24	151.24	151.24
Yield per acre (bu.)	59.00	53.61	-	-
Operators share of yield %	100.00	100.00	-	-
Value per bu.	14.18	13.96	-	-
Other product return per acre	0.01	-	-	-
Total product return per acre	836.82	748.11	9.18	757.28
Hedging gains/losses per acre	-0.77	-	-	-
Crop insurance per acre	5.88	2.59	-	2.59
Other crop income per acre	0.70	9.12	21.54	30.67
Gross return per acre	842.63	759.82	30.72	790.54
<b>Direct Expenses</b>				
Seed and plants	54.81	56.81	21.90	78.71
Fertilizer	37.28	63.52	0.92	64.44
Crop chemicals	69.16	72.77	2.32	75.09
Crop insurance	33.13	31.26	0.30	31.56
Storage	0.94	0.90	-	0.90
Fuel & oil	24.92	16.81	6.23	23.04
Repairs	40.33	38.00	13.41	51.41
Repair, machinery	1.16	-	-	-
Custom hire	14.19	16.96	7.91	24.87
Hired labor	4.43	1.21	-	1.21
Land rent	246.39	228.17	-	228.17
Machinery leases	3.13	1.17	0.03	1.20
Utilities	0.95	0.80	-	0.80
Hauling and trucking	1.32	2.84	-	2.84
Marketing	1.63	4.31	-	4.31
Operating interest	6.38	6.80	2.36	9.16
Miscellaneous	2.78	3.69	0.59	4.29
Total direct expenses per acre	542.93	546.04	55.96	602.00
Return over direct exp per acre	299.70	213.78	-25.24	188.54
<b>Overhead Expenses</b>				
Hired labor	9.45	5.53	2.50	8.02
Machinery leases	3.23	5.33	2.66	7.99
Building leases	1.07	0.71	0.36	1.07
Farm insurance	8.25	6.54	2.08	8.62
Utilities	3.79	2.48	1.11	3.59
Dues & professional fees	3.50	2.23	0.80	3.04
Interest	3.53	2.88	1.30	4.19
Mach & bldg depreciation	36.92	26.72	9.46	36.18
Miscellaneous	5.52	3.16	1.31	4.47
Total overhead expenses per acre	75.25	55.58	21.59	77.17
Total dir & ovhd expenses per acre	618.18	601.62	77.55	679.17
Net return per acre	224.45	158.21	-46.83	111.38
Government payments	0.06	-	-	-
Net return with govt pmts	224.51	158.21	-46.83	111.38
Labor & management charge	44.13	39.16	14.12	53.28
Net return over lbr & mgt	180.38	119.04	-60.95	58.09
<b>Cost of Production</b>				
Total direct expense per bu.	9.20	10.19	-	11.04
Total dir & ovhd exp per bu.	10.48	11.22	-	12.46
Less govt & other income	10.38	11.00	-	11.85
With labor & management	11.13	11.73	-	12.83
Net value per unit	14.17	13.96	-	13.89
Machinery cost per acre	121.82	105.07	39.97	145.04
Est. labor hours per acre	1.76	1.42	0.51	1.93



**Cover Crop Analysis**  
**Farms in Southern Minnesota**

**Corn Silage on Owned Land - Cover Crop Impact**

	<u>No Cover Crop</u>	<u>Grown after Cover Crop</u>	<u>Cover Crop Enterprise</u>	<u>Combined with Cover Crop</u>
Number of farms	101	6	6	6
Acres	67.93	32.31	32.31	32.31
Yield per acre (ton)	22.13	21.01	-	-
Operators share of yield %	100.00	100.00	-	-
Value per ton	54.68	57.10	-	-
Total product return per acre	1,209.99	1,199.90	58.50	1,258.40
Crop insurance per acre	14.20	-	-	-
Other crop income per acre	0.07	-	5.17	5.17
Gross return per acre	1,224.26	1,199.90	63.66	1,263.56
<b>Direct Expenses</b>				
Seed and plants	114.46	104.84	21.23	126.06
Fertilizer	175.80	134.93	-	134.93
Crop chemicals	52.90	67.39	-	67.39
Crop insurance	31.19	30.75	-	30.75
Packaging and supplies	9.46	6.47	-	6.47
Fuel & oil	40.72	43.11	10.51	53.63
Repairs	66.12	62.00	15.12	77.11
Custom hire	65.27	94.68	10.18	104.86
Hired labor	4.71	0.42	-	0.42
Machinery leases	1.36	1.89	-	1.89
Utilities	0.43	1.27	-	1.27
Hauling and trucking	1.18	-	-	-
Marketing	0.43	0.54	-	0.54
Operating interest	9.87	7.08	1.55	8.63
Miscellaneous	3.40	10.33	-	10.33
Total direct expenses per acre	577.29	565.70	58.59	624.30
Return over direct exp per acre	646.96	634.19	5.07	639.27
<b>Overhead Expenses</b>				
Hired labor	14.55	8.39	2.05	10.44
Machinery leases	6.96	0.00	0.00	0.00
Building leases	0.30	0.47	0.12	0.59
RE & pers. property taxes	29.16	25.29	0.68	25.97
Farm insurance	12.75	17.42	4.04	21.46
Utilities	7.30	4.51	1.01	5.52
Dues & professional fees	6.33	5.64	1.37	7.01
Interest	84.93	92.53	6.77	99.30
Mach & bldg depreciation	69.13	74.98	16.70	91.68
Miscellaneous	8.57	8.42	1.96	10.38
Advertising & promotion	0.60	-	-	-
Total overhead expenses per acre	240.60	237.65	34.71	272.35
Total dir & ovhd expenses per acre	817.90	803.35	93.30	896.65
Net return per acre	406.36	396.55	-29.63	366.91
Government payments	-	-	-	-
Net return with govt pmts	406.36	396.55	-29.63	366.91
Labor & management charge	51.28	50.10	11.86	61.96
Net return over lbr & mgt	355.09	346.45	-41.49	304.96
<b>Cost of Production</b>				
Total direct expense per ton	26.09	26.92	-	27.98
Total dir & ovhd exp per ton	36.96	38.23	-	40.19
Less govt & other income	36.32	38.23	-	39.95
With labor & management	38.63	40.62	-	42.73
Net value per unit	54.68	57.10	-	56.40
Machinery cost per acre	244.36	271.15	51.21	322.36
Est. labor hours per acre	5.12	3.73	0.90	4.63

# LIVESTOCK REPORTS

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

**The livestock enterprise summaries include data from both Southwest Minnesota Farm Management Association farms and Minnesota State Farm Business Management program farms. This provides a greater numbers of farms reporting for each enterprise, providing more accurate benchmark information. Minnesota State FBM programs are distributed across the state and include over 2,300 participating farms. We want to thank the Minnesota State FBM program and participating producers for making this data available to be included in this report.**

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

*Gross Margin* is the accrual gross value added by the enterprise. It includes income from sale of offspring and livestock products, cull income, non-cash transfers to other enterprises, and the value of production used in the home or for feed. It also includes the value of inventory change from beginning to the end of the year. The cost of livestock purchased, and the value of animals transferred in are deducted. Lastly, other income sources, like government payment income, are included in the gross margin calculation. Government program payments included in the 2022 analysis, for eligible livestock, include DMC payments; and EQIP and/or CSP funds received for annual production expenses.

*Net Return* is the amount contributed by 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 deducting an opportunity cost for unpaid labor and management. This is the return to equity capital.

*Cost of Production* 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 five farms have a certain livestock enterprise, that

information is not reported. If there are fewer than 5 farms, the high and low groups are not reported.

Note: The following government payments received by livestock producers in 2022 were not included in the enterprise analysis.

- Emergency Assistance for Livestock, Honeybees & Farm-Raised Fish Program (ELAP) – these payments were received for losses related to transporting water or feed because of drought conditions or other eligible program disaster emergencies for parts of MN in 2021.
- Livestock Forage Disaster Program (LFP) – this is another program related to the drought declaration in 2021.
- Pandemic Market Volatility Assistance Program (PMVAP) – these funds received by dairy producers related to losses experienced in 2020 related to the pandemic.
- Emergency Livestock Relief Program (ELRP) – this program provided funds for the increased cost of supplemental feed for livestock producers because of forage losses experienced in the 2021 drought.
- Agricultural Drought Relief Program (ADRoP) for MN livestock producers – this program provided relief funding for Minnesota livestock producers for the drought-related expenses they incurred in 2021.
- Pandemic Response and Safety (PRS) grant program – this program provided grant funds for coronavirus related needs dating back to 2020.
- Spot Market Hog Pandemic Program (SMHPP) payments – this program provided funding for losses related to spot market sales during the 2020 pandemic.
- Other government program payments not directly related to livestock production included amounts of PPP loans forgiven.

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

**Hogs, Finish Feeder Pigs -- Average Per Head**

	<u>Avg. Of All Farms</u>	
Number of farms	10	
	Quantity	Value
Finish Hogs sold (lb)	315.6	218.06
Insurance income		0.32
Other income		1.85
Purchased (lb)	-38.9	-71.96
Transferred in (lb)	-0.5	-0.80
Inventory change (lb)	-31.0	-20.70
Gross margin		126.77
<b>Direct Expenses</b>		
Protein Vit Minerals (lb.)	116.0	23.92
Complete Ration (lb.)	236.7	37.81
Corn (bu.)	5.5	33.93
Other feed stuffs (lb)	9.0	1.28
Supplies		1.20
Contract production exp.		10.96
Fuel & oil		0.51
Repairs		1.14
Hauling and trucking		1.68
Miscellaneous		4.54
Total direct expenses		116.97
Return over direct expense		9.80
<b>Overhead Expenses</b>		
Hired labor		2.07
Building leases		1.51
Utilities		0.90
Interest		0.55
Mach & bldg depreciation		1.69
Miscellaneous		1.82
Total overhead expenses		8.54
Total dir & ovhd expenses		125.51
Net return		1.26
Labor & management charge		2.38
Net return over lbr & mgt		-1.12
<b>Cost of Production/Cwt. Carcass Sold</b>		
Total direct expense per unit		89.55
Total dir & ovhd expense per unit		93.18
With other revenue adjustments		92.28
With labor and management		93.29
Est. labor hours per unit		0.19
<b>Other Information</b>		
No. purchased or trans in		13,316
Number sold or trans out		13,654
Percentage death loss		5.8
Percent substandard hogs		1
Avg. daily gain (lb.)		1.48
Lb. of feed / lb. of gain		2.73
Feed cost per cwt. of gain		39.53
Feed cost per head		96.95
Hired labor per head		2.58
Average purchase weight		35
Avg wgt / Finish Hogs sold		277
Avg purch price / head		65.44
Avg sales price / cwt.		69.10
Average carcass weight		208
Average price / cwt. carcass		92.52

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

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

	<u>Avg. Of All Farms</u>	
Number of farms	10	
	Quantity	Value
Finish Hogs sold (lb)	134.31	92.81
Insurance income		0.14
Other income		0.79
Purchased (lb)	-16.54	-30.63
Transferred in (lb)	-0.21	-0.34
Inventory change (lb)	-13.19	-8.81
Gross margin		53.96
<b>Direct Expenses</b>		
Protein Vit Minerals (lb.)	49.35	10.18
Complete Ration (lb.)	100.73	16.09
Corn (bu.)	2.34	14.44
DDGS, dry (lb.)	1.22	0.16
Other feed stuffs (lb)	2.62	0.39
Supplies		0.51
Contract production exp.		4.66
Repairs		0.49
Hired labor		0.22
Hauling and trucking		0.71
Miscellaneous		1.93
Total direct expenses		49.78
Return over direct expense		4.17
<b>Overhead Expenses</b>		
Hired labor		0.88
Building leases		0.64
Utilities		0.38
Interest		0.23
Mach & bldg depreciation		0.72
Miscellaneous		0.77
Total overhead expenses		3.64
Total dir & ovhd expenses		53.42
Net return		0.54
Labor & management charge		1.01
Net return over lbr & mgt		-0.47
<b>Cost of Production/Cwt. Carcass Sold</b>		
Total direct expense per unit		89.55
Total dir & ovhd expense per unit		93.18
With other revenue adjustments		92.28
With labor and management		93.29
Est. labor hours per unit		0.08
<b>Other Information</b>		
No. purchased or trans in		13,316
Number sold or trans out		13,654
Percentage death loss		5.8
Percent substandard hogs		1
Avg. daily gain (lb.)		1.48
Lb. of feed / lb. of gain		2.73
Feed cost per cwt. of gain		39.53
Feed cost per head		96.95
Hired labor per head		2.58
Average purchase weight		35
Avg wgt / Finish Hogs sold		277
Avg purch price / head		65.44
Avg sales price / cwt.		69.10
Average carcass weight		208
Average price / cwt. carcass		92.52

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

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

	<u>Avg. Of All Farms</u>		<u>High 20%</u>	
Number of farms	21		5	
	Quantity	Value	Quantity	Value
Wean-Fin Pig sold (lb)	266.2	190.36	277.3	234.21
Cull sales (lb)	0.4	0.11	2.9	0.91
Insurance income		0.01		-
Government payments		0.02		-
Other income		0.67		0.95
Purchased (lb)	-14.6	-54.94	-27.5	-79.21
Transferred in (lb)	-1.8	-5.44	-	-
Inventory change (lb)	14.3	13.10	7.8	27.44
Gross margin		143.88		184.30
<b>Direct Expenses</b>				
Protein Vit Minerals (lb.)	123.8	28.05	176.3	46.51
Complete Ration (lb.)	167.9	30.20	45.3	9.35
Corn (bu.)	6.8	41.51	9.1	47.39
DDGS, dry (lb.)	42.5	5.57	18.3	2.23
Other feed stuffs (lb)	0.1	2.60	0.6	0.79
Veterinary		3.32		2.55
Contract production exp.		5.05		-
Fuel & oil		1.53		2.36
Repairs		2.11		3.07
Custom hire		1.66		3.26
Hauling and trucking		3.30		1.14
Miscellaneous		4.13		3.99
Total direct expenses		129.03		122.65
Return over direct expense		14.85		61.65
<b>Overhead Expenses</b>				
Hired labor		3.61		4.25
Building leases		6.93		14.09
Interest		0.70		2.56
Mach & bldg depreciation		2.03		2.73
Miscellaneous		2.59		3.48
Total overhead expenses		15.86		27.11
Total dir & ovhd expenses		144.89		149.76
Net return		-1.01		34.54
Labor & management charge		2.82		2.60
Net return over lbr & mgt		-3.83		31.94
<b>Cost of Production/Cwt. Carcass Sold</b>				
Total direct expense per unit		89.70		83.74
Total dir & ovhd expense per unit		97.78		96.90
With other revenue adjustments		97.49		96.90
With labor and management		98.92		98.16
Est. labor hours per unit		0.27		0.30
<b>Other Information</b>				
No. purchased or trans in		23,216		15,129
Number sold or trans out		19,706		11,592
Percentage death loss		5.2		7.9
Percent substandard hogs		2		2
Avg. daily gain (lb.)		1.55		1.88
Lb. of feed / lb. of gain		2.75		2.86
Feed cost per cwt. of gain		40.79		40.61
Feed cost per head		107.93		106.28
Hired labor per head		4.36		4.25
Average purchase weight		14		18
Avg wgt / Wean-Fin Pig sold		276		239
Avg purch price / head		54.29		52.29
Avg sales price / cwt.		71.52		84.47
Average carcass weight		207		182
Average price / cwt. carcass		96.39		113.51

*Livestock Enterprise Analysis  
(Farms Sorted By Years)*

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

	<i>Avg. Of All Farms</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Number of farms	81	26	17	20	18
Wean-Fin Pig sold	163.65	132.94	130.60	200.73	183.91
Transferred out	0.42	0.97	0.00	0.65	-
Cull sales	0.00	-	0.00	-	-
Insurance income	0.10	0.11	0.33	-	0.01
Government payments	5.61	2.72	21.73	0.07	0.02
Other income	2.41	7.69	5.09	-3.17	0.74
Purchased	-44.88	-38.72	-40.77	-45.91	-53.47
Transferred in	-5.55	-10.11	-	-7.06	-4.39
Inventory change	9.14	8.46	6.27	9.53	11.96
Gross margin	130.90	104.06	123.23	154.84	138.78
Direct Expenses					
Protein Vit Minerals	25.25	25.38	23.07	27.32	24.85
Complete Ration	18.95	12.77	8.00	19.90	33.69
Corn	31.81	23.67	27.69	35.98	39.06
DDGS	5.00	2.77	4.86	6.74	5.48
Other feed stuffs	3.31	0.86	6.74	3.20	2.80
Veterinary	3.20	3.10	2.76	3.38	3.49
Contract production exp.	7.05	7.68	9.95	5.60	5.42
Fuel & oil	1.53	1.37	0.79	2.20	1.65
Repairs	2.54	2.19	1.94	3.67	2.24
Custom hire	1.36	1.48	0.85	1.83	1.21
Hired labor	1.83	2.47	1.31	2.64	0.81
Hauling and trucking	1.55	0.88	0.60	1.24	3.39
Operating interest	1.36	1.11	1.57	1.14	1.64
Miscellaneous	1.84	2.12	1.54	1.97	1.68
Total direct expenses	106.59	87.85	91.66	116.81	127.41
Return over direct expense	24.31	16.20	31.57	38.03	11.37
Overhead Expenses					
Hired labor	1.85	1.01	1.07	1.25	3.98
Building leases	5.20	3.87	4.04	7.23	5.38
Farm insurance	1.32	1.10	0.89	1.82	1.41
Mach & bldg depreciation	2.72	3.05	2.79	2.87	2.16
Miscellaneous	2.49	2.67	2.39	2.95	1.93
Total overhead expenses	13.57	11.70	11.18	16.12	14.85
Total dir & ovhd expenses	120.17	99.55	102.84	132.93	142.25
Net return	10.74	4.51	20.40	21.91	-3.48
Labor & management charge	4.57	4.71	3.70	6.64	3.03
Net return over lbr & mgt	6.16	-0.21	16.69	15.27	-6.50
Cost of Production/Cwt. Carcass Sold					
Total direct expense per unit	73.92	64.93	64.14	76.21	89.00
Total dir & ovhd expense per unit	80.71	70.86	69.82	83.88	96.63
With other revenue adjustments	76.68	65.55	56.03	85.39	96.30
With labor and management	78.97	67.94	57.91	88.55	97.86
Est. labor hours per unit	0.29	0.32	0.20	0.34	0.27
Other Information					
No. purchased or trans in	21,161	16,976	20,523	25,277	23,236
Number sold or trans out	18,360	14,399	18,974	21,457	20,061
Percentage death loss	5.5	6.2	4.5	6.1	4.8
Percent substandard hogs	2	2	2	1	1
Avg. daily gain (lb.)	1.41	1.42	1.47	1.25	1.54
Lb. of feed / lb. of gain	2.70	2.59	2.73	2.79	2.67
Feed cost per cwt. of gain	31.73	24.68	26.44	34.94	39.96
Feed cost per head	84.32	65.45	70.36	93.14	105.88
Hired labor per head	3.68	3.49	2.38	3.89	4.79
Average purchase weight	13	13	14	14	13
Avg wgt / Wean-Fin Pig sold	274	268	279	266	282
Avg purch price / head	44.36	41.55	39.30	42.33	53.99
Avg sales price / cwt.	60.35	49.72	48.72	70.68	69.63
Average carcass weight	205	201	208	200	211
Average price / cwt. carcass	81.32	66.87	66.00	94.94	93.89

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

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

	<u>Avg. Of All Farms</u>		<u>High 20%</u>	
Number of farms	21		5	
	Quantity	Value	Quantity	Value
Wean-Fin Pig sold (lb)	135.59	96.97	134.56	113.66
Cull sales (lb)	0.18	0.06	1.41	0.44
Insurance income		0.00		-
Government payments		0.01		-
Other income		0.34		0.46
Purchased (lb)	-7.43	-27.99	-13.33	-38.44
Transferred in (lb)	-0.91	-2.77	-	-
Inventory change (lb)	7.29	6.67	3.78	13.32
Gross margin		73.30		89.44
<b>Direct Expenses</b>				
Protein Vit Minerals (lb.)	63.06	14.29	85.54	22.57
Complete Ration (lb.)	85.55	15.38	22.00	4.54
Corn (bu.)	3.47	21.15	4.41	23.00
DDGS, dry (lb.)	21.67	2.84	8.86	1.08
Other feed stuffs (lb)	0.04	1.33	0.29	0.39
Veterinary		1.69		1.24
Contract production exp.		2.57		-
Fuel & oil		0.78		1.14
Repairs		1.07		1.49
Custom hire		0.85		1.58
Hauling and trucking		1.68		0.55
Miscellaneous		2.10		1.94
Total direct expenses		65.73		59.52
Return over direct expense		7.56		29.92
<b>Overhead Expenses</b>				
Hired labor		1.84		2.06
Building leases		3.53		6.84
Interest		0.35		1.24
Mach & bldg depreciation		1.04		1.32
Miscellaneous		1.32		1.69
Total overhead expenses		8.08		13.16
Total dir & ovhd expenses		73.81		72.68
Net return		-0.51		16.76
Labor & management charge		1.44		1.26
Net return over lbr & mgt		-1.95		15.50
<b>Cost of Production/Cwt. Carcass Sold</b>				
Total direct expense per unit		89.70		83.74
Total dir & ovhd expense per unit		97.78		96.90
With other revenue adjustments		97.49		96.90
With labor and management		98.92		98.16
Est. labor hours per unit		0.14		0.15
<b>Other Information</b>				
No. purchased or trans in		23,216		15,129
Number sold or trans out		19,706		11,592
Percentage death loss		5.2		7.9
Percent substandard hogs		2		2
Avg. daily gain (lb.)		1.55		1.88
Lb. of feed / lb. of gain		2.75		2.86
Feed cost per cwt. of gain		40.79		40.61
Feed cost per head		107.93		106.28
Hired labor per head		4.36		4.25
Average purchase weight		14		18
Avg wgt / Wean-Fin Pig sold		276		239
Avg purch price / head		54.29		52.29
Avg sales price / cwt.		71.52		84.47
Average carcass weight		207		182
Average price / cwt. carcass		96.39		113.51



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

**Hogs, Farrow to Weaning -- Average Per Head Sold/Trans**

	<u>Avg. Of All Farms</u>	
Number of farms	6	
	Quantity	Value
Weaning Pigs sold (hd)	0.13	5.70
Transferred out (hd)	0.87	33.72
Cull sales (hd)	0.02	4.99
Government payments		0.02
Purchased (hd)	0.00	-1.39
Transferred in (hd)	0.02	-3.79
Inventory change (hd)	0.02	1.76
Gross margin		41.00
<b>Direct Expenses</b>		
Protein Vit Minerals (lb.)	18.74	4.98
Complete Ration (lb.)	36.18	5.50
Corn (bu.)	0.73	4.49
Other feed stuffs (lb)	2.61	0.26
Breeding fees		1.71
Veterinary		2.58
Supplies		1.22
Repairs		0.53
Custom hire		0.29
Hired labor		9.21
Utilities		1.02
Hauling and trucking		0.25
Miscellaneous		0.49
Total direct expenses		32.52
Return over direct expense		8.48
<b>Overhead Expenses</b>		
Hired labor		-0.30
Building leases		0.81
Farm insurance		0.26
Utilities		0.28
Interest		0.15
Mach & bldg depreciation		0.75
Miscellaneous		0.29
Total overhead expenses		2.25
Total dir & ovhd expenses		34.77
Net return		6.23
Labor & management charge		2.09
Net return over lbr & mgt		4.14
<b>Cost of Production Per Head Sold/Trans</b>		
Total direct expense per unit		32.52
Total dir & ovhd expense per unit		34.77
With other revenue adjustments		34.31
With labor and management		36.40
Est. labor hours per unit		0.16
<b>Other Information</b>		
Average number of sows	1,029.8	
Litters farrowed	2,160	
Litters per sow	2.10	
Litters per crate	11.73	
Pigs born per litter	13.70	
Pigs weaned per litter	11.59	
Pigs weaned per sow	23.95	
Number sold per litter	1.53	
Feed cost per litter	176.50	
Hired labor per sow	216.66	
Avg wgt/Weaning Pigs sold	15	
Avg price / head	43.20	

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

**Hogs, Farrow to Weaning -- Average Per Litter**

	<u>Avg. Of All Farms</u>	
Number of farms	6	
	Quantity	Value
Weaning Pigs sold (hd)	1.5	66.12
Transferred out (hd)	10.1	390.99
Cull sales (hd)	0.2	57.85
Government payments		0.24
Purchased (hd)	0.1	-16.14
Transferred in (hd)	0.2	-43.98
Inventory change (hd)	0.3	20.38
Gross margin		475.45
<b>Direct Expenses</b>		
Protein Vit Minerals (lb.)	217.4	57.70
Complete Ration (lb.)	419.5	63.75
Corn (bu.)	8.5	52.06
Other feed stuffs (lb)	30.3	2.99
Breeding fees		19.84
Veterinary		29.87
Supplies		14.17
Repairs		6.17
Custom hire		3.32
Hired labor		106.81
Utilities		11.85
Hauling and trucking		2.86
Miscellaneous		5.71
Total direct expenses		377.10
Return over direct expense		98.36
<b>Overhead Expenses</b>		
Hired labor		-3.51
Building leases		9.34
Farm insurance		3.02
Utilities		3.30
Interest		1.79
Mach & bldg depreciation		8.75
Miscellaneous		3.38
Total overhead expenses		26.07
Total dir & ovhd expenses		403.17
Net return		72.29
Labor & management charge		24.23
Net return over lbr & mgt		48.05
<b>Cost of Production Per Head Sold/Trans</b>		
Total direct expense per unit		32.52
Total dir & ovhd expense per unit		34.77
With other revenue adjustments		34.31
With labor and management		36.40
Est. labor hours per unit		1.90
<b>Other Information</b>		
Average number of sows		1,029.8
Litters farrowed		2,160
Litters per sow		2.10
Litters per crate		11.73
Pigs born per litter		13.70
Pigs weaned per litter		11.59
Pigs weaned per sow		23.95
Number sold per litter		1.53
Feed cost per litter		176.50
Hired labor per sow		216.66
Avg wgt/Weaning Pigs sold		15
Avg price / head		43.20

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

**Hogs, Finish Feeder Pigs (Contract Grower) -- Average Per Pig Space**

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
Number of farms	42		8		9	
	Quantity	Value	Quantity	Value	Quantity	Value
Transferred out (lb)	-	27.77	-	12.25	-	41.60
Other income		15.21		24.30		17.91
Gross margin		42.98		36.55		59.51
<b>Direct Expenses</b>						
Supplies		1.17		1.74		0.62
Fuel & oil		1.96		1.17		2.84
Repairs		4.54		8.02		4.83
Custom hire		1.60		3.98		1.22
Hired labor		0.76		-		0.34
Utilities		1.55		3.33		-
Operating interest		0.31		0.27		0.38
Miscellaneous		0.03		0.01		0.07
Total direct expenses		11.91		18.53		10.29
Return over direct expense		31.07		18.02		49.22
<b>Overhead Expenses</b>						
Hired labor		2.75		2.95		4.74
Building leases		1.58		4.97		2.71
RE & pers. property taxes		0.60		0.52		0.42
Farm insurance		2.26		2.20		2.08
Utilities		2.26		2.96		2.68
Dues & professional fees		0.25		0.23		0.36
Interest		4.54		4.07		4.61
Mach & bldg depreciation		7.60		6.51		7.40
Miscellaneous		0.70		0.95		0.67
Total overhead expenses		22.53		25.36		25.67
Total dir & ovhd expenses		34.44		43.89		35.96
Net return		8.54		-7.34		23.55
Labor & management charge		7.86		6.15		9.26
Net return over lbr & mgt		0.68		-13.49		14.29
<b>Cost of Production Per Pig Space</b>						
Total direct expense per unit		11.91		18.53		10.29
Total dir & ovhd expense per unit		34.44		43.89		35.96
Est. labor hours per unit		0.42		0.42		0.54
<b>Other Information</b>						
Number of pigs		8,480		8,416		6,179
Pigs per pig space (per year)		2.43		2.24		2.24
Pigs per 100 sq. ft. (per yr)		31.40		25.87		32.68
Net return per 100 sq. ft.		110.30		-84.63		343.65
Net return per labor hour		20.50		-17.57		43.21
Square feet per pig space		7.74		8.67		6.85

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

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

	<u>Avg. Of All Farms</u>
Number of farms	8
	Quantity      Value
Transferred out (hd)	-      24.05
Other income	10.96
Gross margin	35.01
<b>Direct Expenses</b>	
Supplies	2.36
Fuel & oil	1.21
Repairs	1.55
Custom hire	0.54
Hired labor	2.32
Utilities	0.94
Miscellaneous	0.01
Total direct expenses	8.94
Return over direct expense	26.07
<b>Overhead Expenses</b>	
RE & pers. property taxes	0.40
Farm insurance	2.03
Utilities	1.48
Dues & professional fees	0.33
Interest	3.38
Mach & bldg depreciation	7.75
Miscellaneous	0.76
Total overhead expenses	16.13
Total dir & ovhd expenses	25.07
Net return	9.94
Labor & management charge	6.10
Net return over lbr & mgt	3.84
<b>Cost of Production Per Pig Space</b>	
Total direct expense per unit	8.94
Total dir & ovhd expense per unit	25.07
Est. labor hours per unit	0.37
<b>Other Information</b>	
Number of pigs	22,905
Pigs per pig space (per year)	6.09
Pigs per 100 sq. ft. (per yr)	165.98
Net return per 100 sq. ft.	270.90
Net return per labor hour	26.75
Square feet per pig space	3.67

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

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

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
Number of farms	44		8		9	
	Quantity	Value	Quantity	Value	Quantity	Value
Transferred out (lb)	-	21.84	-	19.30	-	36.70
Other income		21.79		23.29		16.50
Gross margin		43.63		42.58		53.20
<b>Direct Expenses</b>						
Other feed stuffs (lb)	0.0	-	-	-	0.1	-
Supplies		1.43		6.64		0.80
Fuel & oil		2.77		4.30		2.71
Repairs		4.34		4.95		3.69
Custom hire		0.73		2.70		0.33
Hired labor		0.60		-		1.16
Utilities		0.66		0.69		0.48
Operating interest		0.26		0.35		0.00
Miscellaneous		0.05		0.17		0.04
Total direct expenses		10.83		19.79		9.20
Return over direct expense		32.80		22.80		44.00
<b>Overhead Expenses</b>						
Hired labor		1.52		4.26		0.55
Building leases		4.30		4.54		0.07
RE & pers. property taxes		0.87		0.51		0.61
Farm insurance		2.67		2.58		2.97
Utilities		3.24		5.61		2.85
Dues & professional fees		0.50		0.27		0.58
Interest		4.21		3.67		4.67
Mach & bldg depreciation		8.52		9.77		9.97
Miscellaneous		0.81		1.08		0.29
Total overhead expenses		26.63		32.30		22.57
Total dir & ovhd expenses		37.46		52.09		31.77
Net return		6.17		-9.51		21.43
Labor & management charge		7.13		10.02		7.08
Net return over lbr & mgt		-0.96		-19.53		14.34
<b>Cost of Production Per Pig Space</b>						
Total direct expense per unit		10.83		19.79		9.20
Total dir & ovhd expense per unit		37.46		52.09		31.77
Est. labor hours per unit		0.36		0.36		0.34
<b>Other Information</b>						
Number of pigs		7,547		4,319		7,400
Pigs per pig space (per year)		2.20		2.28		2.07
Pigs per 100 sq. ft. (per yr)		27.60		29.91		25.55
Net return per 100 sq. ft.		77.55		-124.72		264.68
Net return per labor hour		17.36		-26.66		62.95
Square feet per pig space		7.95		7.62		8.09

*Livestock Enterprise Analysis  
(Farms Sorted By Years)*

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

	<i>Avg. Of All Farms</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Number of farms	231	69	63	55	44
Wean-Fin Pig sold	1.77	-	6.37	-	-
Transferred out	19.50	20.38	11.93	25.57	21.84
Other income	20.49	20.06	22.76	17.20	21.79
Gross margin	41.76	40.44	41.06	42.77	43.63
Direct Expenses					
Other feed stuffs	-	-	-	-	-
Supplies	1.13	0.79	1.10	1.36	1.43
Contract production exp.	0.91	1.73	1.38	-	-
Fuel & oil	2.07	1.94	1.57	2.27	2.77
Repairs	4.46	4.75	4.28	4.41	4.34
Custom hire	0.77	0.73	0.84	0.77	0.73
Hired labor	1.45	2.03	1.85	0.90	0.60
Livestock leases	0.09	0.21	0.11	-	-
Utilities	1.18	1.65	0.87	1.41	0.66
Operating interest	0.35	0.42	0.44	0.21	0.26
Miscellaneous	0.10	0.07	0.11	0.15	0.05
Total direct expenses	12.50	14.32	12.53	11.46	10.83
Return over direct expense	29.26	26.12	28.53	31.31	32.80
Overhead Expenses					
Hired labor	1.04	0.71	0.85	1.29	1.52
Building leases	1.74	0.88	1.08	1.52	4.30
RE & pers. property taxes	0.84	0.88	0.79	0.82	0.87
Farm insurance	2.23	2.00	2.03	2.41	2.67
Utilities	2.05	1.47	1.93	1.95	3.24
Dues & professional fees	0.54	0.29	0.68	0.75	0.50
Interest	4.79	5.25	5.04	4.36	4.21
Mach & bldg depreciation	8.78	8.83	8.59	9.19	8.52
Miscellaneous	0.96	1.21	0.82	0.91	0.81
Total overhead expenses	22.97	21.52	21.80	23.20	26.63
Total dir & ovhd expenses	35.47	35.84	34.34	34.66	37.46
Net return	6.29	4.60	6.73	8.11	6.17
Labor & management charge	6.77	6.70	6.17	7.28	7.13
Net return over lbr & mgt	-0.48	-2.10	0.56	0.83	-0.96
Cost of Production Per Pig Space					
Total direct expense per unit	12.50	14.32	12.53	11.46	10.83
Total dir & ovhd expense per unit	35.47	35.84	34.34	34.66	37.46
Est. labor hours per unit	0.36	0.37	0.35	0.37	0.36
Other Information					
Number of pigs	7,781	8,141	7,817	7,475	7,547
Pigs per pig space (per year)	2.31	2.38	2.28	2.33	2.20
Pigs per 100 sq. ft. (per yr)	29.79	31.91	29.38	29.47	27.60
Net return per 100 sq. ft.	81.21	61.50	86.68	102.66	77.55
Net return per labor hour	17.36	12.41	19.22	21.78	17.36
Square feet per pig space	7.74	7.47	7.76	7.90	7.95

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

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

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
Number of farms	86		17		18	
	Quantity	Value	Quantity	Value	Quantity	Value
Beef Calves sold (lb)	169.1	304.80	158.5	266.47	237.3	420.09
Transferred out (lb)	259.5	453.07	181.0	217.14	250.8	514.78
Cull sales (lb)	79.3	143.47	67.6	90.75	155.7	191.63
Insurance income		0.54		-		-
Government payments		3.80		-		1.98
Other income		16.19		28.14		36.24
Purchased (lb)	-25.6	-82.66	-	-52.78	-28.1	-145.63
Transferred in (lb)	-13.2	-72.59	-1.0	-116.82	-16.0	-34.96
Inventory change (lb)	-9.4	48.28	-60.9	30.57	-11.2	49.11
Gross margin		814.90		463.48		1,033.23
<b>Direct Expenses</b>						
Protein Vit Minerals (lb.)	186.3	49.00	91.4	33.70	173.8	51.87
Corn (bu.)	3.5	19.86	7.5	42.86	3.5	20.06
Corn Silage (lb.)	4,804.8	112.26	3,763.3	104.31	3,405.7	68.15
Hay, Alfalfa (lb.)	1,334.2	86.52	4,166.9	282.41	1,543.8	63.62
Hay, Grass (lb.)	1,674.8	83.28	1,206.0	73.29	1,207.0	58.67
Pasture (aum)	5.0	75.96	3.2	91.06	8.5	55.29
Hay (lb.)	3,051.7	149.10	3,542.0	204.99	1,961.5	99.92
Other feed stuffs (lb)	2,007.8	64.47	863.5	43.46	2,091.2	50.24
Veterinary		38.43		34.38		46.27
Fuel & oil		44.49		92.44		33.67
Repairs		63.00		134.42		54.25
Custom hire		10.95		45.72		0.64
Miscellaneous		69.53		103.58		57.77
Total direct expenses		866.85		1,286.62		660.41
Return over direct expense		-51.95		-823.14		372.82
<b>Overhead Expenses</b>						
Utilities		21.67		43.72		14.35
Interest		36.22		68.20		30.58
Mach & bldg depreciation		67.05		118.91		55.15
Miscellaneous		58.90		67.03		42.20
Total overhead expenses		183.84		297.87		142.28
Total dir & ovhd expenses		1,050.70		1,584.49		802.69
Net return		-235.79		-1,121.00		230.54
Labor & management charge		138.19		272.76		122.87
Net return over lbr & mgt		-373.98		-1,393.77		107.67
<b>Cost of Production Per Cwt. Produced</b>						
Total direct expense per unit		186.99		366.06		110.49
Total dir & ovhd expense per unit		226.64		450.81		134.30
With other revenue adjustments		217.12		440.51		115.34
With labor and management		246.93		518.11		135.90
Est. labor hours per unit		10.66		14.60		8.46
<b>Other Information</b>						
Number of cows		67.2		38.8		60.7
Pregnancy percentage		94.0		90.2		97.0
Pregnancy loss percentage		3.3		10.3		0.9
Culling percentage		11.6		9.0		14.1
Calving percentage		90.9		80.9		96.1
Weaning percentage		83.4		66.0		92.7
Calves sold per cow		0.80		0.67		0.86
Calf death loss percent		7.6		17.9		4.4
Cow death loss percent		2.6		4.1		1.3
Cows per FTE		262.7		191.8		331.0
Average weaning weight		536		556		558
Lb. weaned/exposed female		447		367		518
Feed cost per cow		640.45		876.07		467.81
Avg wgt/ Beef Calves sold		545		454		597
Avg price / cwt.		180.23		168.07		177.02

*Livestock Enterprise Analysis  
(Farms Sorted By Years)*

*Beef Cow-Calf -- Average Per Cow*

	<i>Avg. Of All Farms</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Number of farms	372	93	96	100	83
Beef Calves sold	249.70	228.18	207.94	280.57	301.93
Transferred out	399.05	369.06	387.06	407.68	446.99
Cull sales	105.27	104.52	95.19	84.48	142.55
Insurance income	0.12	-	-	-	0.56
Government payments	35.20	-	108.37	17.68	3.92
Other income	12.65	7.32	13.01	15.21	16.70
Purchased	-87.80	-67.41	-69.63	-140.00	-83.40
Transferred in	-53.07	-45.98	-57.94	-39.64	-70.88
Inventory change	61.69	6.83	64.08	136.19	52.58
Gross margin	722.81	602.52	748.07	762.17	810.94
Direct Expenses					
Protein Vit Minerals	44.82	44.71	34.35	54.10	48.98
Complete Ration	18.61	17.38	11.06	30.59	17.43
Corn Silage	85.45	80.61	71.40	83.12	113.57
Hay, Alfalfa	72.34	61.35	70.12	75.47	86.99
Hay, Grass	85.10	100.66	71.23	84.67	82.94
Pasture	57.27	50.49	50.63	58.59	74.11
Hay	95.92	84.35	62.78	99.99	152.07
Other feed stuffs	52.44	29.52	58.74	59.38	67.84
Veterinary	32.96	33.76	29.54	33.16	36.23
Supplies	16.57	12.34	12.05	25.29	18.99
Fuel & oil	29.70	26.09	23.61	27.79	44.95
Repairs	51.75	47.36	44.11	56.22	63.23
Operating interest	20.06	25.14	25.18	12.13	14.82
Miscellaneous	40.84	32.16	40.81	45.85	47.31
Total direct expenses	703.83	645.94	605.61	746.34	869.45
Return over direct expense	18.97	-43.41	142.46	15.83	-58.51
Overhead Expenses					
Farm insurance	17.97	14.94	17.85	18.73	21.48
Utilities	17.52	16.56	16.05	17.09	21.31
Interest	37.46	40.88	35.37	35.86	37.31
Mach & bldg depreciation	65.26	63.62	57.50	74.15	68.27
Miscellaneous	39.90	48.01	36.75	35.20	38.13
Total overhead expenses	178.11	184.01	163.52	181.03	186.50
Total dir & ovhd expenses	881.94	829.95	769.13	927.37	1,055.96
Net return	-159.14	-227.42	-21.06	-165.21	-245.01
Labor & management charge	107.37	87.54	100.09	110.54	140.96
Net return over lbr & mgt	-266.50	-314.96	-121.15	-275.74	-385.97
Cost of Production Per Cwt. Produced					
Total direct expense per unit	149.16	136.22	135.68	146.66	187.87
Total dir & ovhd expense per unit	186.90	175.03	172.31	182.24	228.17
With other revenue adjustments	183.18	189.70	150.66	182.06	217.67
With labor and management	205.94	208.17	173.08	203.78	248.13
Est. labor hours per unit	9.73	8.94	9.00	10.56	10.89
Other Information					
Number of cows	72.5	82.7	78.7	61.1	67.5
Pregnancy percentage	94.3	95.7	92.5	94.8	94.2
Pregnancy loss percentage	3.1	3.2	2.6	3.1	3.4
Culling percentage	12.2	16.2	10.7	9.6	11.6
Calving percentage	91.4	92.7	90.1	91.9	91.0
Weaning percentage	84.7	84.2	84.7	86.9	83.2
Calves sold per cow	0.76	0.74	0.73	0.80	0.79
Calf death loss percent	7.1	9.3	6.0	4.9	7.7
Cow death loss percent	3.0	3.1	3.1	2.9	2.7
Cows per FTE	287.8	313.1	311.2	265.1	257.1
Average weaning weight	531	533	530	527	534
Lb. weaned/exposed female	450	449	449	458	445
Feed cost per cow	511.95	469.07	430.31	545.90	643.93
Avg wgt/ Beef Calves sold	563	601	517	577	552
Avg price / cwt.	157.58	145.96	158.79	152.02	177.59



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

**Beef Cow-Calf -- Average Per Cwt. Produced**

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
Number of farms	86		17		18	
	Quantity	Value	Quantity	Value	Quantity	Value
Beef Calves sold (lb)	36.48	65.75	45.11	75.81	39.70	70.29
Transferred out (lb)	55.98	97.73	51.49	61.78	41.97	86.13
Cull sales (lb)	17.10	30.95	19.23	25.82	26.04	32.06
Insurance income		0.12		-		-
Government payments		0.82		-		0.33
Other income		3.49		8.01		6.06
Purchased (lb)	-5.51	-17.83	-	-15.02	-4.70	-24.36
Transferred in (lb)	-2.85	-15.66	-0.28	-33.24	-2.68	-5.85
Inventory change (lb)	-2.02	10.41	-17.32	8.70	-1.87	8.22
Gross margin		175.78		131.87		172.87
<b>Direct Expenses</b>						
Protein Vit Minerals (lb.)	40.18	10.57	25.99	9.59	29.07	8.68
Corn (bu.)	0.75	4.28	2.14	12.19	0.59	3.36
Corn Silage (lb.)	1,036.43	24.22	1,070.71	29.68	569.81	11.40
Hay, Alfalfa (lb.)	287.79	18.66	1,185.55	80.35	258.30	10.64
Hay, Grass (lb.)	361.27	17.96	343.12	20.85	201.94	9.82
Pasture (aum)	1.07	16.38	0.92	25.91	1.42	9.25
Hay (lb.)	658.27	32.16	1,007.76	58.32	328.19	16.72
Other feed stuffs (lb)	433.10	13.91	245.68	12.36	349.88	8.41
Veterinary		8.29		9.78		7.74
Fuel & oil		9.60		26.30		5.63
Repairs		13.59		38.24		9.08
Custom hire		2.36		13.01		0.11
Miscellaneous		15.00		29.47		9.67
Total direct expenses		186.99		366.06		110.49
Return over direct expense		-11.21		-234.19		62.38
<b>Overhead Expenses</b>						
Utilities		4.68		12.44		2.40
Interest		7.81		19.41		5.12
Mach & bldg depreciation		14.46		33.83		9.23
Miscellaneous		12.70		19.07		7.06
Total overhead expenses		39.66		84.75		23.80
Total dir & ovhd expenses		226.64		450.81		134.30
Net return		-50.86		-318.94		38.57
Labor & management charge		29.81		77.60		20.56
Net return over lbr & mgt		-80.67		-396.55		18.01
<b>Cost of Production Per Cwt. Produced</b>						
Total direct expense per unit		186.99		366.06		110.49
Total dir & ovhd expense per unit		226.64		450.81		134.30
With other revenue adjustments		217.12		440.51		115.34
With labor and management		246.93		518.11		135.90
Est. labor hours per unit		2.30		4.15		1.42
<b>Other Information</b>						
Number of cows		67.2		38.8		60.7
Pregnancy percentage		94.0		90.2		97.0
Pregnancy loss percentage		3.3		10.3		0.9
Culling percentage		11.6		9.0		14.1
Calving percentage		90.9		80.9		96.1
Weaning percentage		83.4		66.0		92.7
Calves sold per cow		0.80		0.67		0.86
Calf death loss percent		7.6		17.9		4.4
Cow death loss percent		2.6		4.1		1.3
Cows per FTE		262.7		191.8		331.0
Average weaning weight		536		556		558
Lb. weaned/exposed female		447		367		518
Feed cost per cow		640.45		876.07		467.81
Avg wgt/ Beef Calves sold		545		454		597
Avg price / cwt.		180.23		168.07		177.02

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

**Beef Finishing -- Average Per Head**

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
Number of farms	89		17		18	
	Quantity	Value	Quantity	Value	Quantity	Value
Finish Beef sold (lb)	1,302.6	1,900.37	1,374.5	1,879.80	1,225.4	1,891.64
Transferred out (lb)	7.4	11.09	7.6	11.16	-	-
Government payments		1.39		-		-
Other income		42.17		14.26		12.97
Purchased (lb)	-659.8	-1,156.26	-429.8	-721.78	-341.8	-622.72
Transferred in (lb)	-45.9	-85.64	-162.2	-298.70	-113.2	-198.82
Inventory change (lb)	126.0	307.65	-24.9	93.53	79.2	308.78
Gross margin		1,020.76		978.28		1,391.84
<b>Direct Expenses</b>						
Protein Vit Minerals (lb.)	502.5	80.13	1,358.0	205.56	310.7	84.70
Complete Ration (lb.)	756.0	85.65	315.6	67.89	946.8	93.51
Corn (bu.)	51.9	313.28	64.7	397.86	52.4	303.64
Corn Silage (lb.)	2,482.9	65.03	3,073.0	73.56	3,872.0	84.32
Hay, Alfalfa (lb.)	354.1	28.83	445.7	27.81	599.5	48.23
DDGS, wet (lb.)	757.0	42.56	809.9	42.97	-	-
Hay (lb.)	193.0	11.90	445.2	23.32	647.5	37.80
Other feed stuffs (lb)	1,950.6	91.63	1,657.3	45.24	376.4	43.94
Fuel & oil		22.71		35.57		6.98
Repairs		36.77		61.10		31.77
Marketing		6.32		10.71		31.60
Operating interest		21.89		22.60		8.55
Miscellaneous		67.47		80.22		67.71
Total direct expenses		874.16		1,094.39		842.76
Return over direct expense		146.60		-116.11		549.08
<b>Overhead Expenses</b>						
Hired labor		13.70		25.21		0.37
Mach & bldg depreciation		35.40		73.64		25.45
Miscellaneous		54.59		86.58		31.15
Total overhead expenses		103.70		185.42		56.97
Total dir & ovhd expenses		977.86		1,279.82		899.73
Net return		42.90		-301.54		492.11
Labor & management charge		52.27		82.86		52.85
Net return over lbr & mgt		-9.37		-384.40		439.25
<b>Cost of Production Per Cwt. Produced</b>						
Total direct expense per unit		137.29		145.22		109.56
Total dir & ovhd expense per unit		145.21		158.64		114.21
With other revenue adjustments		142.64		158.64		114.21
With labor and management		146.63		164.64		118.52
Est. labor hours per unit		3.16		5.91		3.25
<b>Other Information</b>						
No. purchased or trans in		252		182		47
Number sold or trans out		230		180		43
Percentage death loss		1.3		1.7		1.4
Avg. daily gain (lb.)		2.63		2.33		2.30
Lb. of conc / lb. of gain		8.02		8.98		5.04
Lb. of feed / lb. of gain		10.37		11.86		8.25
Feed cost per cwt. of gain		97.64		113.97		81.00
Feed cost per head		719.00		884.21		696.14
Hired labor per head		18.78		29.28		6.71
Average purchase weight		698		577		586
Avg wgt / Finish Beef sold		1,392		1,382		1,389
Avg purch price / cwt.		175.24		167.92		182.21
Avg sales price / cwt.		145.89		136.76		154.37

*Livestock Enterprise Analysis  
(Farms Sorted By Years)*

*Beef Finishing -- Average Per Head*

	<i>Avg. Of All Farms</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Number of farms	325	69	81	88	87
Finish Beef sold	1,748.93	1,648.16	1,458.37	1,969.69	1,896.62
Transferred out	7.07	9.89	5.94	2.78	10.79
Government payments	29.52	-	111.26	3.53	1.49
Other income	31.35	15.19	44.08	24.16	42.46
Purchased	-1,046.50	-1,001.90	-916.58	-1,083.96	-1,187.61
Transferred in	-77.42	-82.04	-81.52	-62.84	-86.26
Inventory change	90.51	18.57	15.47	15.20	337.87
Gross margin	783.47	607.88	637.01	868.56	1,015.36
Direct Expenses					
Protein Vit Minerals	69.64	54.86	64.41	73.23	85.75
Complete Ration	33.77	8.94	26.86	49.87	46.39
Corn	238.19	171.29	182.78	266.52	331.12
Corn Silage	47.02	34.03	38.11	47.30	69.48
Corn, Ear	16.67	14.08	6.51	27.52	17.04
Hay, Alfalfa	20.14	17.60	16.60	16.63	30.88
DDGS	21.65	25.67	17.44	16.48	28.61
DDGS, wet	34.87	30.99	19.43	43.02	45.66
Other feed stuffs	43.46	32.27	41.50	36.96	64.86
Veterinary	17.03	16.11	18.52	15.92	17.70
Fuel & oil	15.09	12.80	10.24	13.93	24.13
Repairs	28.54	24.89	23.39	27.73	38.83
Hauling and trucking	16.59	15.28	17.65	16.34	17.05
Operating interest	20.74	22.95	22.51	17.22	20.93
Miscellaneous	31.39	29.30	17.85	42.14	35.07
Total direct expenses	654.77	511.06	523.80	710.81	873.50
Return over direct expense	128.70	96.82	113.21	157.75	141.86
Overhead Expenses					
Interest	13.43	11.56	14.50	12.24	15.61
Mach & bldg depreciation	32.14	34.95	24.65	31.92	37.81
Miscellaneous	44.42	38.67	38.83	43.77	57.10
Total overhead expenses	89.99	85.19	77.98	87.93	110.51
Total dir & ovhd expenses	744.76	596.24	601.78	798.74	984.02
Net return	38.71	11.63	35.23	69.81	31.34
Labor & management charge	41.16	37.57	31.79	41.34	54.84
Net return over lbr & mgt	-2.45	-25.94	3.45	28.47	-23.50
Cost of Production Per Cwt. Produced					
Total direct expense per unit	117.31	110.76	110.93	113.36	137.62
Total dir & ovhd expense per unit	123.60	116.80	116.72	118.80	146.07
With other revenue adjustments	120.12	116.67	106.05	117.66	143.52
With labor and management	123.00	119.33	108.41	120.21	147.72
Est. labor hours per unit	2.54	2.34	2.10	2.51	3.28
Other Information					
No. purchased or trans in	281	311	275	304	239
Number sold or trans out	271	300	257	314	216
Percentage death loss	1.2	1.3	1.1	1.2	1.3
Avg. daily gain (lb.)	2.61	2.71	2.66	2.51	2.60
Lb. of conc / lb. of gain	7.96	7.99	7.57	8.34	7.87
Lb. of feed / lb. of gain	10.17	9.94	10.02	10.32	10.36
Feed cost per cwt. of gain	73.44	55.36	58.77	80.63	97.49
Feed cost per head	525.39	389.72	413.65	577.52	719.78
Hired labor per head	17.02	15.29	12.20	20.22	20.09
Average purchase weight	721	711	727	724	721
Avg wgt / Finish Beef sold	1,424	1,384	1,435	1,458	1,407
Avg purch price / cwt.	153.01	149.16	139.98	149.35	175.52
Avg sales price / cwt.	122.78	117.46	108.66	121.90	145.89

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

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

	<b>Avg. Of All Farms</b>		<b>Low 20%</b>		<b>High 20%</b>	
Number of farms	89		17		18	
	Quantity	Value	Quantity	Value	Quantity	Value
Finish Beef sold (lb)	176.89	258.06	177.18	242.31	142.58	220.09
Transferred out (lb)	1.00	1.51	0.97	1.44	-	-
Government payments		0.19		-		-
Other income		5.73		1.84		1.51
Purchased (lb)	-89.60	-157.02	-55.41	-93.04	-39.76	-72.45
Transferred in (lb)	-6.24	-11.63	-20.91	-38.50	-13.17	-23.13
Inventory change (lb)	17.11	41.78	-3.22	12.06	9.21	35.93
Gross margin		138.62		126.10		161.94
<b>Direct Expenses</b>						
Protein Vit Minerals (lb.)	68.23	10.88	175.05	26.50	36.15	9.86
Complete Ration (lb.)	102.67	11.63	40.68	8.75	110.16	10.88
Corn (bu.)	7.05	42.54	8.34	51.28	6.10	35.33
Corn Silage (lb.)	337.17	8.83	396.11	9.48	450.52	9.81
Hay, Alfalfa (lb.)	48.09	3.91	57.45	3.58	69.76	5.61
DDGS, dry (lb.)	33.25	3.66	0.52	0.07	8.88	1.20
DDGS, wet (lb.)	102.79	5.78	104.40	5.54	-	-
Hay (lb.)	26.21	1.62	57.39	3.01	75.34	4.40
Other feed stuffs (lb)	231.64	8.78	213.12	5.76	34.91	3.91
Fuel & oil		3.08		4.58		0.81
Repairs		4.99		7.88		3.70
Marketing		0.86		1.38		3.68
Operating interest		2.97		2.91		1.00
Miscellaneous		9.16		10.34		7.88
Total direct expenses		118.71		141.07		98.06
Return over direct expense		19.91		-14.97		63.89
<b>Overhead Expenses</b>						
Hired labor		1.86		3.25		0.04
Mach & bldg depreciation		4.81		9.49		2.96
Miscellaneous		7.41		11.16		3.62
Total overhead expenses		14.08		23.90		6.63
Total dir & ovhd expenses		132.79		164.97		104.69
Net return		5.83		-38.87		57.26
Labor & management charge		7.10		10.68		6.15
Net return over lbr & mgt		-1.27		-49.55		51.11
<b>Cost of Production Per Cwt. Produced</b>						
Total direct expense per unit		137.29		145.22		109.56
Total dir & ovhd expense per unit		145.21		158.64		114.21
With other revenue adjustments		142.64		158.64		114.21
With labor and management		146.63		164.64		118.52
Est. labor hours per unit		0.43		0.76		0.38
<b>Other Information</b>						
No. purchased or trans in		252		182		47
Number sold or trans out		230		180		43
Percentage death loss		1.3		1.7		1.4
Avg. daily gain (lb.)		2.63		2.33		2.30
Lb. of conc / lb. of gain		8.02		8.98		5.04
Lb. of feed / lb. of gain		10.37		11.86		8.25
Feed cost per cwt. of gain		97.64		113.97		81.00
Feed cost per head		719.00		884.21		696.14
Hired labor per head		18.78		29.28		6.71
Average purchase weight		698		577		586
Avg wgt / Finish Beef sold		1,392		1,382		1,389
Avg purch price / cwt.		175.24		167.92		182.21
Avg sales price / cwt.		145.89		136.76		154.37

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

**Dairy -- Average Per Cow**

	<b>Avg. Of All Farms</b>		<b>Low 20%</b>		<b>High 20%</b>	
Number of farms	264		52		53	
	Quantity	Value	Quantity	Value	Quantity	Value
Milk sold (hd)	25,047.0	6,097.61	21,205.9	4,984.62	26,684.4	6,773.38
Dairy Calves sold (hd)	0.3	49.57	0.2	16.63	0.4	74.27
Transferred out (hd)	0.7	62.04	0.8	33.99	0.7	71.89
Cull sales (hd)	0.3	274.86	0.2	208.40	0.3	294.19
Insurance income		11.71		11.05		14.19
Government payments		32.14		26.90		29.30
Other income		-5.30		-18.29		33.53
Purchased (hd)	0.0	-37.37	0.0	-60.92	0.0	-15.02
Transferred in (hd)	0.4	-78.61	0.3	-33.51	0.4	-81.03
Inventory change (hd)	0.0	40.28	0.0	8.73	0.0	89.76
Dairy repl cost		-742.81		-797.88		-673.80
Gross margin		5,704.13		4,379.71		6,610.65
<b>Direct Expenses</b>						
Protein Vit Minerals (lb.)	3,324.6	952.94	3,576.4	899.04	3,321.4	918.11
Complete Ration (lb.)	1,342.9	547.55	886.2	314.37	3,255.8	672.33
Corn (bu.)	71.8	415.42	71.1	461.45	57.6	345.55
Corn Silage (lb.)	20,005.6	482.65	18,710.3	472.63	20,418.7	511.34
Hay, Alfalfa (lb.)	2,796.1	226.44	4,491.3	403.99	1,754.0	137.34
Other feed stuffs (lb)	4,733.9	262.34	3,207.4	215.43	5,132.9	326.31
Breeding fees		49.45		48.04		45.13
Veterinary		101.28		104.92		84.29
Supplies		158.10		164.80		167.92
Fuel & oil		125.98		102.43		132.38
Repairs		210.99		179.90		226.78
Custom hire		87.42		48.50		103.09
Hired labor		354.55		221.92		277.69
Hauling and trucking		119.03		76.36		137.02
Bedding		83.68		66.81		81.01
Miscellaneous		164.36		132.78		166.09
Total direct expenses		4,342.18		3,913.38		4,332.37
Return over direct expense		1,361.94		466.33		2,278.28
<b>Overhead Expenses</b>						
Hired labor		137.80		178.87		121.84
Interest		93.73		102.21		73.65
Mach & bldg depreciation		212.80		268.02		242.80
Miscellaneous		233.33		207.81		191.83
Total overhead expenses		677.66		756.90		630.12
Total dir & ovhd expenses		5,019.85		4,670.28		4,962.49
Net return		684.28		-290.57		1,648.17
Labor & management charge		202.85		217.94		263.26
Net return over lbr & mgt		481.43		-508.51		1,384.91
<b>Cost of Production Per Cwt. Of Milk</b>						
Total direct expense per unit		17.23		18.30		16.12
Total dir & ovhd expense per unit		19.92		21.84		18.46
With other revenue adjustments		21.55		24.76		19.15
With labor and management		22.36		25.78		20.13
Est. labor hours per unit		36.34		30.86		37.24
<b>Other Information</b>						
Number of cows		259.0		180.7		252.3
Milk produced per cow		25,202		21,389		26,880
Energy corrected milk per cow		27,186		22,842		29,555
Lbs of fat & protein per cow		1,836		1,531		2,005
Culling percentage		29.7		24.7		29.4
Turnover rate		36.4		33.5		34.7
Cows per milking unit		22		16		21
Feed cost per cwt. of milk		11.46		12.94		10.83
Feed cost per cow		2,887.34		2,766.92		2,910.98
Hired labor per cow		492.36		400.79		399.53
Avg. milk price per cwt.		24.34		23.51		25.38
Milk price / feed margin		12.89		10.57		14.55

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

**Dairy -- Average Per Cwt. Of Milk**

	<b>Avg. Of All Farms</b>		<b>Low 20%</b>		<b>High 20%</b>	
Number of farms	264		52		53	
	Quantity	Value	Quantity	Value	Quantity	Value
Milk sold (hd)	99.38	24.19	99.14	23.30	99.27	25.20
Dairy Calves sold (hd)	0.00	0.20	0.00	0.08	0.00	0.28
Transferred out (hd)	0.00	0.25	0.00	0.16	0.00	0.27
Cull sales (hd)	0.00	1.09	0.00	0.97	0.00	1.09
Insurance income		0.05		0.05		0.05
Government payments		0.13		0.13		0.11
Other income		-0.02		-0.09		0.12
Purchased (hd)	0.00	-0.15	0.00	-0.28	0.00	-0.06
Transferred in (hd)	0.00	-0.31	0.00	-0.16	0.00	-0.30
Inventory change (hd)	0.00	0.16	0.00	0.04	0.00	0.33
Dairy repl cost		-2.95		-3.73		-2.51
Gross margin		22.63		20.48		24.59
<b>Direct Expenses</b>						
Protein Vit Minerals (lb.)	13.19	3.78	16.72	4.20	12.36	3.42
Complete Ration (lb.)	5.33	2.17	4.14	1.47	12.11	2.50
Corn (bu.)	0.28	1.65	0.33	2.16	0.21	1.29
Corn Silage (lb.)	79.38	1.92	87.48	2.21	75.96	1.90
Hay, Alfalfa (lb.)	11.09	0.90	21.00	1.89	6.53	0.51
Other feed stuffs (lb)	18.78	1.04	15.00	1.01	19.10	1.21
Breeding fees		0.20		0.22		0.17
Veterinary		0.40		0.49		0.31
Supplies		0.63		0.77		0.62
Fuel & oil		0.50		0.48		0.49
Repairs		0.84		0.84		0.84
Custom hire		0.35		0.23		0.38
Hired labor		1.41		1.04		1.03
Hauling and trucking		0.47		0.36		0.51
Miscellaneous		0.98		0.93		0.92
Total direct expenses		17.23		18.30		16.12
Return over direct expense		5.40		2.18		8.48
<b>Overhead Expenses</b>						
Hired labor		0.55		0.84		0.45
Utilities		0.25		0.35		0.21
Interest		0.37		0.48		0.27
Mach & bldg depreciation		0.84		1.25		0.90
Miscellaneous		0.68		0.62		0.50
Total overhead expenses		2.69		3.54		2.34
Total dir & ovhd expenses		19.92		21.84		18.46
Net return		2.72		-1.36		6.13
Labor & management charge		0.80		1.02		0.98
Net return over lbr & mgt		1.91		-2.38		5.15
<b>Cost of Production Per Cwt. Of Milk</b>						
Total direct expense per unit		17.23		18.30		16.12
Total dir & ovhd expense per unit		19.92		21.84		18.46
With other revenue adjustments		21.55		24.76		19.15
With labor and management		22.36		25.78		20.13
Est. labor hours per unit		0.14		0.14		0.14
<b>Other Information</b>						
Number of cows		259.0		180.7		252.3
Milk produced per cow		25,202		21,389		26,880
Energy corrected milk per cow		27,186		22,842		29,555
Lbs of fat & protein per cow		1,836		1,531		2,005
Culling percentage		29.7		24.7		29.4
Turnover rate		36.4		33.5		34.7
Cows per milking unit		22		16		21
Feed cost per cwt. of milk		11.46		12.94		10.83
Feed cost per cow		2,887.34		2,766.92		2,910.98
Hired labor per cow		492.36		400.79		399.53
Avg. milk price per cwt.		24.34		23.51		25.38
Milk price / feed margin		12.89		10.57		14.55

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

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

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
Number of farms	245		49		49	
	Quantity	Value	Quantity	Value	Quantity	Value
Replacements sold (hd)	0.1	59.42	0.2	133.76	0.1	57.02
Transferred out (hd)	0.4	569.71	0.4	438.54	0.5	865.36
Cull sales (hd)	0.0	6.24	0.0	5.68	0.0	6.45
Other income		0.55		0.20		-
Purchased (hd)	0.0	-6.55	0.0	-2.87	0.0	-14.73
Transferred in (hd)	0.6	-107.13	0.7	-131.39	0.6	-79.66
Inventory change (hd)	0.0	18.72	0.0	-47.62	0.0	32.86
Gross margin		540.95		396.30		867.30
<b>Direct Expenses</b>						
Protein Vit Minerals (lb.)	554.9	88.20	954.0	136.58	400.8	67.99
Milk Replacer (lb.)	19.0	31.77	11.0	19.20	3.7	13.41
Complete Ration (lb.)	476.8	101.07	604.5	121.19	201.3	42.28
Corn (bu.)	6.6	39.07	13.2	86.19	5.7	29.18
Corn Silage (lb.)	4,444.1	106.56	6,036.3	148.40	2,278.6	49.54
Hay, Alfalfa (lb.)	905.4	65.75	1,102.2	80.78	808.8	52.68
Hay, Grass (lb.)	620.3	33.44	740.4	37.49	155.3	13.17
Hay (lb.)	435.2	26.29	151.8	11.00	433.3	25.25
Other feed stuffs (lb)	1,184.7	60.74	1,447.4	78.10	1,151.8	48.85
Breeding fees		23.04		23.07		24.31
Contract production exp.		160.23		226.30		249.98
Fuel & oil		20.89		22.13		20.20
Repairs		33.98		30.16		32.26
Hired labor		49.11		58.01		34.67
Miscellaneous		67.07		80.40		59.94
Total direct expenses		907.20		1,158.98		763.72
Return over direct expense		-366.25		-762.68		103.58
<b>Overhead Expenses</b>						
Hired labor		24.59		29.17		19.95
Mach & bldg depreciation		35.08		35.93		30.37
Miscellaneous		53.94		56.91		47.17
Total overhead expenses		113.61		122.01		97.49
Total dir & ovhd expenses		1,020.81		1,280.99		861.21
Net return		-479.86		-884.69		6.09
Labor & management charge		37.75		46.33		32.92
Net return over lbr & mgt		-517.61		-931.02		-26.83
<b>Cost of Production Per Head Per Day</b>						
Total direct expense per unit		2.73		3.66		2.24
Total dir & ovhd expense per unit		3.04		3.99		2.51
With other revenue adjustments		3.04		3.99		2.51
With labor and management		3.14		4.12		2.60
Est. labor hours per unit		5.74		5.81		5.01
<b>Other Information</b>						
No. purchased or trans in		139		153		129
Number sold or trans out		116		137		109
Average number of head		218		207		196
Percentage death loss		4.7		5.6		3.3
Feed cost per average head		552.89		718.92		342.36
Hired labor per average head		73.70		87.17		54.62
Feed cost/head sold/trans		1,033.51		1,087.81		615.15
Total cost/head sold/trans		2,143.57		2,274.70		1,705.53
Feed cost per head per day		1.51		1.97		0.94
Avg. purch price / head		687.96		1,214.58		559.62
Avg. sales price / head		551.83		568.81		699.05

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

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

	<b>Avg. Of All Farms</b>		<b>Low 20%</b>		<b>High 20%</b>	
	225		45		45	
Number of farms						
	Quantity	Value	Quantity	Value	Quantity	Value
Milk sold (hd)	25,242.7	6,141.83	19,475.0	4,715.17	26,751.6	6,810.64
Dairy Calves sold (hd)	-	97.13	-	36.14	-	116.66
Transferred out (hd)	-	56.58	-	40.61	-	68.48
Cull sales (hd)	-	285.39	-	236.42	-	291.55
Insurance income		10.28		9.85		10.48
Government payments		28.90		26.03		30.11
Other income		-6.70		-6.86		45.67
Purchased (hd)	-	-35.48	-	-74.35	-	-11.04
Transferred in (hd)	-	-6.66	-	-19.24	-	-0.93
Inventory change (hd)	-	41.35	-	28.44	-	99.09
Gross margin		6,612.64		4,992.21		7,460.70
<b>Direct Expenses</b>						
Protein Vit Minerals (lb.)	3,886.1	1,040.33	2,717.4	797.31	3,894.5	1,047.82
Complete Ration (lb.)	16,933.3	633.91	1,345.1	479.72	76,917.8	679.18
Corn (bu.)	78.8	459.88	66.6	407.13	70.2	418.20
Corn Silage (lb.)	23,905.4	570.93	24,417.1	570.05	24,571.1	601.26
Hay, Alfalfa (lb.)	3,580.1	279.61	4,950.6	406.79	2,614.0	188.98
Other feed stuffs (lb)	6,094.3	360.06	7,550.2	462.43	5,955.8	408.59
Breeding fees		71.34		66.74		63.24
Supplies		174.79		172.46		185.97
Contract production exp.		163.81		86.30		81.97
Fuel & oil		141.37		126.93		154.07
Repairs		238.25		218.74		255.58
Hired labor		407.09		269.09		307.51
Hauling and trucking		122.16		84.43		147.29
Miscellaneous		475.93		430.68		469.20
Total direct expenses		5,139.47		4,578.80		5,008.86
Return over direct expense		1,473.17		413.41		2,451.85
<b>Overhead Expenses</b>						
Hired labor		148.03		152.89		170.43
Interest		107.83		145.57		83.87
Mach & bldg depreciation		238.33		247.36		261.63
Miscellaneous		264.18		257.38		247.55
Total overhead expenses		758.36		803.20		763.48
Total dir & ovhd expenses		5,897.83		5,382.00		5,772.33
Net return		714.81		-389.79		1,688.37
Labor & management charge		230.92		297.37		323.54
Net return over lbr & mgt		483.89		-687.16		1,364.83
<b>Cost of Production Per Cwt. Of Milk</b>						
Total direct expense per unit		20.24		23.17		18.58
Total dir & ovhd expense per unit		23.23		27.23		21.41
With other revenue adjustments		21.44		25.99		19.08
With labor and management		22.35		27.50		20.28
Est. labor hours per unit		41.87		43.64		44.35
<b>Other Information</b>						
Number of cows		267.7		131.7		279.2
Milk produced per cow		25,393		19,765		26,956
Energy corrected milk per cow		27,491		21,428		29,750
Lbs of fat & protein per cow		1,858		1,437		2,018
Culling percentage		29.7		26.4		28.7
Turnover rate		36.6		34.4		34.0
Cows per milking unit		22		13		22
Feed cost per cwt. of milk		13.17		15.80		12.41
Feed cost per cow		3,344.73		3,123.42		3,344.03
Hired labor per cow		555.12		421.97		477.94
Avg. milk price per cwt.		24.33		24.21		25.46
Milk price / feed margin		11.16		8.41		13.05



*Livestock Enterprise Analysis  
(Farms Sorted By Years)*

*Dairy and Repl Heifers -- Average Per Cow*

	<i>Avg. Of All Farms</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Number of farms	979	243	259	254	223
Milk sold	5,049.15	4,557.71	4,925.70	4,652.39	6,134.11
Dairy Calves sold	73.51	51.59	67.44	77.44	96.53
Transferred out	36.69	22.83	40.36	27.06	57.59
Cull sales	233.34	207.41	204.15	235.66	287.50
Insurance income	17.40	9.79	25.68	21.74	10.38
Government payments	249.41	95.19	589.78	245.63	28.78
Other income	26.65	35.76	28.36	46.15	-7.42
Purchased	-62.43	-48.64	-70.32	-88.14	-36.11
Transferred in	-5.48	-5.30	-3.36	-6.47	-6.78
Inventory change	85.10	64.96	103.00	117.73	45.58
Gross margin	5,703.35	4,991.28	5,910.81	5,329.20	6,610.15
Direct Expenses					
Protein Vit Minerals	869.92	770.39	805.54	874.67	1,030.50
Complete Ration	530.83	415.00	527.76	531.13	645.18
Corn	316.70	256.49	245.18	312.22	458.43
Corn Silage	462.33	377.48	415.24	483.27	570.34
Hay, Alfalfa	261.43	249.76	260.27	252.92	284.16
Other feed stuffs	345.74	345.72	324.96	356.72	355.36
Breeding fees	66.37	60.09	65.36	68.66	70.76
Veterinary	123.56	120.42	131.25	126.53	114.57
Supplies	150.22	133.88	155.25	139.12	173.75
Contract production exp.	155.37	114.81	142.22	192.06	164.63
Fuel & oil	98.06	92.87	77.21	85.23	141.34
Repairs	211.97	178.58	231.11	197.75	240.18
Hired labor	381.80	368.45	409.52	353.25	398.57
Hauling and trucking	96.96	97.83	87.67	85.95	119.56
Miscellaneous	325.84	315.82	342.48	289.04	361.47
Total direct expenses	4,397.10	3,897.60	4,221.01	4,348.52	5,128.80
Return over direct expense	1,306.25	1,093.68	1,689.80	980.68	1,481.35
Overhead Expenses					
Hired labor	148.33	119.68	126.66	189.05	150.66
Interest	107.69	118.26	108.53	96.79	109.72
Mach & bldg depreciation	218.94	216.23	215.23	206.96	240.01
Miscellaneous	255.91	234.45	260.70	260.54	265.70
Total overhead expenses	730.86	688.61	711.12	753.34	766.09
Total dir & ovhd expenses	5,127.96	4,586.21	4,932.13	5,101.85	5,894.90
Net return	575.39	405.07	978.68	227.34	715.26
Labor & management charge	210.58	193.89	219.30	196.87	233.57
Net return over lbr & mgt	364.80	211.18	759.38	30.48	481.69
Cost of Production Per Cwt. Of Milk					
Total direct expense per unit	17.60	15.99	16.93	17.28	20.20
Total dir & ovhd expense per unit	20.53	18.82	19.79	20.27	23.22
With other revenue adjustments	17.99	17.12	15.92	17.65	21.42
With labor and management	18.83	17.92	16.80	18.43	22.34
Est. labor hours per unit	42.42	44.06	43.81	40.39	41.74
Other Information					
Number of cows	257.5	234.0	250.6	280.2	265.3
Milk produced per cow	24,977	24,373	24,927	25,163	25,388
Energy corrected milk per cow	26,377	23,025	26,653	27,342	28,135
Lbs of protein & fat per cow	1,709	1,414	1,739	1,795	1,856
Lb. of milk sold per FTE	1,639,214	1,538,921	1,583,604	1,735,647	1,692,765
Culling percentage	29.7	30.3	29.0	29.5	29.9
Turnover rate	36.0	36.9	35.2	35.7	36.6
Cow death loss percent	6.0	6.3	5.7	5.9	6.0
Cows per milking unit	22	24	21	22	21
Feed cost per cwt. of milk	11.16	9.91	10.35	11.17	13.17
Feed cost per cow	2,786.96	2,414.85	2,578.95	2,810.93	3,343.97
Hired labor per cow	530.13	488.13	536.18	542.30	549.23
Avg. milk price per cwt.	20.33	18.82	19.88	18.58	24.31
Milk price / feed margin	9.17	8.91	9.53	7.41	11.14

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

**Dairy Finishing -- Average Per Head**

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
Number of farms	78		15		16	
	Quantity	Value	Quantity	Value	Quantity	Value
Dairy Finish sold (lb)	1,474.7	1,877.52	1,698.2	2,119.56	1,309.6	1,698.82
Transferred out (lb)	-	0.89	-	10.23	-	-
Other income		13.53		23.02		33.94
Purchased (lb)	-350.0	-521.28	-333.6	-412.90	-286.0	-412.30
Transferred in (lb)	-42.9	-62.40	-54.1	-86.67	-59.8	-53.93
Inventory change (lb)	-79.4	137.44	-290.1	-201.78	138.3	419.90
Gross margin		1,445.71		1,451.46		1,686.42
<b>Direct Expenses</b>						
Protein Vit Minerals (lb.)	738.3	187.20	886.4	247.12	552.8	154.25
Complete Ration (lb.)	251.2	53.30	581.9	119.58	271.3	49.99
Corn (bu.)	104.0	596.98	112.7	675.84	84.6	504.37
Corn Silage (lb.)	1,566.1	35.57	4,096.4	93.19	572.9	15.76
Hay, Alfalfa (lb.)	111.1	8.08	480.5	34.79	20.2	1.41
DDGS, wet (lb.)	402.3	13.61	588.0	33.10	1,393.3	39.23
Other feed stuffs (lb)	1,453.9	77.96	1,280.5	71.53	3,843.5	120.38
Veterinary		27.84		33.71		29.48
Supplies		11.28		33.94		18.98
Fuel & oil		23.01		45.19		31.26
Repairs		39.52		71.88		19.40
Hired labor		6.33		49.77		0.62
Marketing		22.30		29.28		13.40
Bedding		10.66		30.82		18.64
Miscellaneous		51.04		49.08		66.91
Total direct expenses		1,164.68		1,618.83		1,084.08
Return over direct expense		281.02		-167.37		602.34
<b>Overhead Expenses</b>						
Mach & bldg depreciation		45.20		66.50		27.02
Miscellaneous		80.86		119.16		58.59
Total overhead expenses		126.06		185.66		85.61
Total dir & ovhd expenses		1,290.74		1,804.49		1,169.69
Net return		154.96		-353.03		516.74
Labor & management charge		57.72		96.19		49.20
Net return over lbr & mgt		97.25		-449.22		467.54
<b>Cost of Production Per Cwt. Produced</b>						
Total direct expense per unit		108.41		136.02		83.73
Total dir & ovhd expense per unit		116.96		146.95		90.26
With other revenue adjustments		116.87		146.21		90.26
With labor and management		120.78		151.87		94.02
Est. labor hours per unit		4.29		6.67		3.46
<b>Other Information</b>						
No. purchased or trans in		214		110		186
Number sold or trans out		202		115		145
Percentage death loss		4.6		6.4		5.0
Avg. daily gain (lb.)		2.49		1.73		2.68
Lb. of conc / lb. of gain		8.00		8.24		8.80
Lb. of feed / lb. of gain		8.91		10.97		8.61
Feed cost per cwt. of gain		96.12		124.01		78.25
Feed cost per head		972.70		1,275.16		885.39
Hired labor per head		24.15		62.03		20.28
Average purchase weight		419		383		402
Avg wgt / Dairy Finish sold		1,433		1,416		1,450
Avg purch price / head		623.58		473.71		580.31
Avg sales price / cwt.		127.32		124.81		129.72

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

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

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
Number of farms	78		15		16	
	Quantity	Value	Quantity	Value	Quantity	Value
Dairy Finish sold (lb)	145.72	185.52	165.15	206.13	115.74	150.15
Transferred out (lb)	-	0.09	-	0.99	-	-
Other income		1.34		2.24		3.00
Purchased (lb)	-34.59	-51.51	-32.45	-40.16	-25.27	-36.44
Transferred in (lb)	-4.24	-6.17	-5.26	-8.43	-5.29	-4.77
Inventory change (lb)	-7.84	13.58	-28.22	-19.62	12.22	37.11
Gross margin		142.85		141.16		149.05
<b>Direct Expenses</b>						
Protein Vit Minerals (lb.)	72.96	18.50	86.21	24.03	48.85	13.63
Complete Ration (lb.)	24.82	5.27	56.59	11.63	23.98	4.42
Corn (bu.)	10.27	58.99	10.96	65.73	7.48	44.58
Corn Silage (lb.)	154.75	3.51	398.38	9.06	50.63	1.39
Hay, Alfalfa (lb.)	10.98	0.80	46.73	3.38	1.78	0.12
DDGS, wet (lb.)	39.75	1.34	57.19	3.22	123.14	3.47
Other feed stuffs (lb)	143.66	7.70	124.53	6.96	339.70	10.64
Veterinary		2.75		3.28		2.61
Supplies		1.11		3.30		1.68
Fuel & oil		2.27		4.39		2.76
Repairs		3.91		6.99		1.72
Hired labor		0.63		4.84		0.05
Marketing		2.20		2.85		1.18
Bedding		1.05		3.00		1.65
Miscellaneous		5.04		4.77		5.91
Total direct expenses		115.09		157.43		95.81
Return over direct expense		27.77		-16.28		53.24
<b>Overhead Expenses</b>						
Mach & bldg depreciation		4.47		6.47		2.39
Miscellaneous		7.99		11.59		5.18
Total overhead expenses		12.46		18.06		7.57
Total dir & ovhd expenses		127.54		175.49		103.38
Net return		15.31		-34.33		45.67
Labor & management charge		5.70		9.35		4.35
Net return over lbr & mgt		9.61		-43.69		41.32
<b>Cost of Production Per Cwt. Produced</b>						
Total direct expense per unit		108.41		136.02		83.73
Total dir & ovhd expense per unit		116.96		146.95		90.26
With other revenue adjustments		116.87		146.21		90.26
With labor and management		120.78		151.87		94.02
Est. labor hours per unit		0.42		0.65		0.31
<b>Other Information</b>						
No. purchased or trans in		214		110		186
Number sold or trans out		202		115		145
Percentage death loss		4.6		6.4		5.0
Avg. daily gain (lb.)		2.49		1.73		2.68
Lb. of conc / lb. of gain		8.00		8.24		8.80
Lb. of feed / lb. of gain		8.91		10.97		8.61
Feed cost per cwt. of gain		96.12		124.01		78.25
Feed cost per head		972.70		1,275.16		885.39
Hired labor per head		24.15		62.03		20.28
Average purchase weight		419		383		402
Avg wgt / Dairy Finish sold		1,433		1,416		1,450
Avg purch price / head		623.58		473.71		580.31
Avg sales price / cwt.		127.32		124.81		129.72

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

**Sheep, Market Lamb Prod -- Average Per Ewe**

	<u>Avg. Of All Farms</u>	
Number of farms	12	
	Quantity	Value
Lambs sold (lb)	4.1	0.74
Mkt Lambs sold (lb)	177.6	347.19
Cull sales (lb)	9.1	22.26
Government payments		1.31
Other income		2.13
Purchased (lb)	-5.2	-21.36
Transferred in (lb)	-1.0	-2.31
Inventory change (lb)	9.5	-43.09
Gross margin		306.87
<b>Direct Expenses</b>		
Protein Vit Minerals (lb.)	299.4	67.86
Complete Ration (lb.)	162.2	16.98
Corn (bu.)	8.6	58.87
Corn Silage (lb.)	503.0	13.26
Hay, Alfalfa (lb.)	412.8	35.55
Hay, Grass (lb.)	312.1	22.58
Pasture, Intensive Org (aum)	0.0	1.15
Hay (lb.)	191.9	14.63
Other feed stuffs (lb)	176.3	7.73
Fuel & oil		10.64
Repairs		14.46
Hired labor		5.87
Miscellaneous		33.32
Total direct expenses		302.91
Return over direct expense		3.96
<b>Overhead Expenses</b>		
Hired labor		19.28
Utilities		11.03
Interest		8.51
Mach & bldg depreciation		29.34
Miscellaneous		21.38
Total overhead expenses		89.53
Total dir & ovhd expenses		392.45
Net return		-85.58
Labor & management charge		66.56
Net return over lbr & mgt		-152.14
<b>Cost of Production Per Cwt. Produced</b>		
Total direct expense per unit		159.43
Total dir & ovhd expense per unit		206.55
With other revenue adjustments		212.28
With labor and management		247.31
Est. labor hours per unit		5.34
<b>Other Information</b>		
Number of ewes		201.5
Pregnancy percentage		96.4
Pregnancy loss percentage		0.7
Female turnover rate		14.35
Lambs born / ewe exposed		1.66
Lambs born / ewe lambing		1.74
Lambs weaned/ewe exposed		1.49
Lambs sold per ewe		1.53
Lamb dth loss (died/born)		11.6
Ewe death loss percentage		5.9
Ewes per FTE		524.5
Average weaning weight		50
Lb. weaned/exposed female		74
Feed cost per ewe		238.63
Avg wgt/Mkt Lambs sold		116
Avg price / cwt.		195.51

*Livestock Enterprise Analysis  
(Farms Sorted By Years)*

*Sheep, Market Lamb Prod -- Average Per Ewe*

	<i>Avg. Of All Farms</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Number of farms	32	5	6	9	12
Lambs sold	3.36	10.26	1.85	2.50	0.74
Mkt Lambs sold	327.78	305.89	225.54	379.18	347.19
Transferred out	0.59	2.76	0.24	-	-
Cull sales	22.87	12.99	13.21	35.49	22.26
Government payments	7.49	-	38.68	1.43	1.31
Other income	0.91	-	0.28	0.55	2.13
Purchased	-12.18	-21.61	-4.83	-0.27	-21.36
Transferred in	-0.75	-	-	-	-2.31
Inventory change	-10.49	-5.80	-28.76	31.85	-43.09
Gross margin	339.58	304.49	246.21	450.73	306.87
Direct Expenses					
Protein Vit Minerals	55.00	46.92	33.83	58.49	67.86
Complete Ration	17.52	12.45	18.73	20.76	16.98
Corn	44.08	38.56	27.94	40.93	58.87
Corn Silage	10.26	6.64	14.91	6.79	13.26
Hay, Alfalfa	30.99	30.56	18.65	33.34	35.55
Hay, Grass	19.54	24.13	7.34	20.14	22.58
Haylage, Alfalfa	3.55	-	18.35	1.34	-
Hay	6.99	2.34	3.83	3.60	14.63
Other feed stuffs	9.45	5.79	22.05	5.34	8.89
Supplies	13.33	14.77	11.02	13.88	13.14
Repairs	15.52	11.61	22.70	15.16	14.46
Custom hire	4.78	12.41	4.34	0.81	4.02
Hired labor	8.68	23.08	8.25	2.48	5.87
Miscellaneous	26.71	35.09	26.13	21.43	26.79
Total direct expenses	266.40	264.34	238.08	244.51	302.91
Return over direct expense	73.18	40.15	8.13	206.22	3.96
Overhead Expenses					
Hired labor	12.27	0.46	0.50	19.16	19.28
Mach & bldg depreciation	24.84	18.66	25.16	23.88	29.34
Miscellaneous	34.34	26.97	20.90	39.71	40.92
Total overhead expenses	71.44	46.08	46.56	82.75	89.53
Total dir & ovhd expenses	337.84	310.42	284.64	327.25	392.45
Net return	1.74	-5.93	-38.43	123.48	-85.58
Labor & management charge	65.69	66.90	57.90	68.35	66.56
Net return over lbr & mgt	-63.94	-72.83	-96.34	55.12	-152.14
Cost of Production Per Cwt. Produced					
Total direct expense per unit	145.37	135.79	143.28	137.24	159.43
Total dir & ovhd expense per unit	184.36	159.46	171.30	183.69	206.55
With other revenue adjustments	176.40	166.97	144.67	158.76	212.28
With labor and management	212.24	201.34	179.51	197.13	247.31
Est. labor hours per unit	5.01	5.77	4.02	4.72	5.34
Other Information					
Number of ewes	231.7	295.8	212.0	249.7	201.5
Pregnancy percentage	96.8	97.6	95.8	97.1	96.4
Pregnancy loss percentage	0.7	1.2	0.4	0.4	0.7
Female turnover rate	17.57	18.66	14.70	21.94	14.35
Lambs born / ewe exposed	1.71	1.74	1.62	1.79	1.66
Lambs born / ewe lambing	1.78	1.81	1.70	1.85	1.74
Lambs weaned/ewe exposed	1.56	1.61	1.44	1.67	1.49
Lambs sold per ewe	1.36	1.46	1.20	1.21	1.53
Lamb dth loss (died/born)	11.9	11.8	15.5	10.5	11.6
Ewe death loss percentage	7.2	6.5	10.9	6.9	5.9
Ewes per FTE	558.9	485.3	697.3	593.2	524.5
Average weaning weight	51	47	51	53	50
Lb. weaned/exposed female	79	76	74	89	74
Feed cost per ewe	197.38	167.39	165.63	190.73	238.63
Avg wgt/Mkt Lambs sold	126	137	134	127	116
Avg price / cwt.	191.63	155.63	141.12	246.86	195.51

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

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

	<u>Avg. Of All Farms</u>	
Number of farms	12	
	Quantity	Value
Lambs sold (lb)	2.14	0.39
Mkt Lambs sold (lb)	93.46	182.73
Cull sales (lb)	4.81	11.72
Government payments		0.69
Other income		1.12
Purchased (lb)	-2.74	-11.24
Transferred in (lb)	-0.51	-1.21
Inventory change (lb)	4.97	-22.68
Gross margin		161.51
<b>Direct Expenses</b>		
Protein Vit Minerals (lb.)	157.58	35.71
Complete Ration (lb.)	85.34	8.94
Corn (bu.)	4.52	30.99
Corn Silage (lb.)	264.74	6.98
Hay, Alfalfa (lb.)	217.24	18.71
Hay, Grass (lb.)	164.28	11.89
Pasture, Intensive Org (aum)	0.02	0.61
Hay (lb.)	100.99	7.70
Other feed stuffs (lb)	92.79	4.07
Supplies		6.91
Fuel & oil		5.60
Repairs		7.61
Hired labor		3.09
Miscellaneous		10.62
Total direct expenses		159.43
Return over direct expense		2.08
<b>Overhead Expenses</b>		
Hired labor		10.15
Farm insurance		4.24
Utilities		5.81
Interest		4.48
Mach & bldg depreciation		15.44
Miscellaneous		7.01
Total overhead expenses		47.12
Total dir & ovhd expenses		206.55
Net return		-45.04
Labor & management charge		35.03
Net return over lbr & mgt		-80.07
<b>Cost of Production Per Cwt. Produced</b>		
Total direct expense per unit		159.43
Total dir & ovhd expense per unit		206.55
With other revenue adjustments		212.28

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

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

	<b>Avg. Of All Farms</b>	
Number of farms	12	
	Quantity	Value
With labor and management		247.31
Est. labor hours per unit		2.81
<b>Other Information</b>		
Number of ewes		201.5
Pregnancy percentage		96.4
Pregnancy loss percentage		0.7
Female turnover rate		14.35
Lambs born / ewe exposed		1.66
Lambs born / ewe lambing		1.74
Lambs weaned/ewe exposed		1.49
Lambs sold per ewe		1.53
Lamb dth loss (died/born)		11.6
Ewe death loss percentage		5.9
Ewes per FTE		524.5
Average weaning weight		50
Lb. weaned/exposed female		74
Feed cost per ewe		238.63
Avg wgt/Mkt Lambs sold		116
Avg price / cwt.		195.51

# SUMMARY TABLES

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## FINANCIAL SUMMARY BY YEARS

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

<u>Year</u>	<u>CPI-U</u> <u>1982-84=100</u>	<u>Year</u>	<u>CPI-U</u> <u>1982-84=100</u>
1999	166.6	2011	224.9
2000	172.2	2012	229.6
2001	177.1	2013	233.0
2002	179.9	2014	236.7
2003	184.0	2015	237.0
2004	188.9	2016	240.0
2005	195.3	2017	245.1
2006	201.6	2018	251.1
2007	207.3	2019	255.7
2008	215.3	2020	258.8
2009	214.5	2021	271.0
2010	218.1	2022	292.7

## FINANCIAL SUMMARY BY FARM SIZE (GROSS FARM INCOME)

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

## FINANCIAL SUMMARY BY FARM TYPE

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

## FINANCIAL SUMMARY BY DEBT TO ASSET RATIO

This table summarizes whole-farm financial performance by debt level. Farms are categorized based on total farm and non-farm 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**  
*Southwest Minnesota Farm Business Management Association*  
(Overall averages for all farms reporting)

Row	Items	2003	2004	2005	2006	2007	2008	2009	2010	2011
1	<b>Number of Farms</b>	175	125	107	110	107	99	95	97	107
<b>Farm Income Statement</b>										
2	Gross Cash Farm Income	504,022	496,771	579,201	609,886	731,897	876,375	878,404	970,471	1,150,686
3	Total Cash Farm Expense	400,605	404,743	477,476	494,409	592,841	720,364	743,487	781,053	898,752
4	Inventory Change	18,977	31,076	74,307	66,397	135,843	70,051	-21,159	178,977	136,582
5	Depr. & Cap. Adj.	-25,990	-24,741	-28,170	-27,176	-32,631	-39,437	-43,972	-48,085	-55,244
6	Net Farm Income from Operations	96,404	98,362	147,862	154,698	242,267	186,625	69,787	320,310	333,272
7	Gain or Loss on Capital Sales	0	0	0	0	0	4,276	0	1,855	3,015
8	Net Farm Income	96,404	98,362	147,862	154,698	242,267	190,901	69,787	322,165	336,287
9	<b>Net Farm Income (Constant \$)</b>	156,851	156,470	229,112	231,849	351,744	269,545	94,875	439,616	451,312
<b>Profitability*</b>										
10	Rate of Return on Assets (%)	11	11	14	13	17	11	3	17	16
11	Rate of Return on Equity (%)	16	16	21	19	25	15	2	24	21
12	Operating Profit Margin (%)	24	23	28	28	35	26	9	36	35
13	Asset Turnover Rate (%)	44	46	51	48	50	43	37	47	46
14	Value of Farm Production	379,505	378,450	478,073	512,081	648,768	658,576	608,181	819,691	871,265
15	Farm Interest Paid	25,262	21,824	22,210	27,677	30,714	30,232	29,727	34,124	28,447
<b>Liquidity, Repayment and Efficiency</b>										
16	Current Ratio	1.7	1.9	2.1	2.2	2.5	2.6	2.3	2.9	3.3
17	Working Capital	143,632	155,804	218,745	268,567	393,911	446,350	404,104	568,438	659,446
18	Working Capital to Gross Revenue (%)	28	30	34	40	46	49	45	50	52
19	Working Capital to Operating Expense (%)	39	42	49	58	72	69	54	78	78
20	Debt Coverage Ratio	2.0	2.0	2.7	2.7	3.6	2.7	1.1	4.6	5.0
21	Term Debt Coverage Ratio	2.1	2.0	2.9	3.0	4.0	2.9	1.1	5.1	5.4
22	Operating Expense Ratio (%)	71.5	72.1	69.2	68.7	64.1	71.6	83.6	64.8	66.9
23	Interest Expense Ratio (%)	4.8	4.2	3.5	4.3	3.7	3.3	3.3	3.0	2.3
<b>Solvency (Year-end, Sole Proprietors Only)*</b>										
24	No. of Sole Proprietors	149	109	91	93	91	85	80	80	87
25	Total Assets	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
26	Total Liabilities	619,279	554,962	618,105	698,239	810,184	837,830	892,734	987,753	1,068,183
27	Net Worth	788,640	731,813	869,127	996,189	1,224,181	1,371,053	1,484,151	1,732,074	1,854,181
28	Debt to Asset Ratio (%)	44	43	42	41	40	38	38	36	37
<b>Acreage Information</b>										
29	Total Acres Owned	263	236	241	243	241	249	250	240	232
30	Total Crop Acres Farmed	794	766	792	797	825	822	831	831	791
31	Crop Acres Owned	239	193	199	197	208	222	224	221	202
32	Crop Acres Cash Rented	489	494	532	526	546	536	555	550	532
33	Crop Acres Share Rented	67	79	61	74	71	64	52	61	57
<b>Crop Yields</b>										
34	Corn per acre (bu.)	157	171	192	169	162	172	185	184	173
35	Soybeans per acre (bu.)	39	41	55	51	49	44	49	51	46
<b>Crop Prices Received (cash sales)</b>										
36	Corn per Bushel	2.07	2.28	1.89	2.04	3.00	4.51	3.83	3.67	5.29
37	Soybeans per Bushel	5.73	7.17	5.88	5.57	7.14	10.83	10.15	9.72	11.58
<b>Household Information</b>										
38	No. Farms Reporting HseHld Info	102	73	67	66	60	62	52	46	43
39	Average Family Size	3.4	3.4	3.4	3.3	3.1	3.0	3.3	3.0	3.0
40	Family living expense	43,383	48,371	50,608	51,569	56,229	59,939	62,182	63,848	73,704
41	Total Family Use of Cash	68,470	68,029	74,513	82,670	98,388	100,933	123,590	108,468	119,913
42	<b>Net Nonfarm Income</b>	22,480	23,733	24,774	31,059	25,164	28,456	29,369	29,543	35,042

\* 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)**  
*Southwest Minnesota Farm Business Management Association*  
(Overall averages for all farms reporting)

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Row
110	117	109	103	103	104	101	106	108	110	111	1
<b>Farm Income Statement</b>											
1,332,519	1,285,081	1,086,085	997,581	918,546	941,931	865,101	946,154	1,099,964	1,268,240	1,402,893	2
1,057,018	1,029,631	856,705	798,226	748,909	783,231	703,195	783,687	931,696	964,451	1,103,396	3
157,209	-53,364	-49,479	-68,430	-8,515	-7,784	-25,846	52,089	221,729	230,258	140,788	4
-66,085	-69,322	-70,801	-73,028	-71,987	-74,624	-68,737	-71,520	-76,433	-78,109	-86,655	5
366,624	132,764	109,100	57,897	89,135	76,292	67,324	143,035	313,564	455,938	353,631	6
10,447	4,404	9,296	1,944	-418	8,475	4,732	1,969	8,838	17,247	12,215	7
377,071	137,168	118,396	59,841	88,717	84,767	72,056	145,004	322,402	473,185	365,846	8
490,746	174,865	148,732	73,999	109,567	101,229	83,994	165,986	364,633	511,075	365,846	9
<b>Profitability*</b>											
14	4	3	1	3	2	2	5	10	14	9	10
19	4	3	0	2	1	0	5	14	19	12	11
30	11	10	4	8	7	6	16	28	35	26	12
46	34	34	31	31	30	29	31	36	39	36	13
1,052,663	819,449	790,270	729,443	738,186	735,601	716,296	772,867	989,072	1,151,305	1,160,076	14
27,141	27,405	26,239	27,225	30,723	35,049	37,490	43,563	40,368	31,348	36,269	15
<b>Liquidity, Repayment and Efficiency</b>											
3.1	2.7	2.6	2.2	1.9	1.8	1.9	2.1	2.4	3.4	3.3	16
771,719	646,719	562,147	455,840	395,033	367,795	364,975	419,247	601,113	837,467	907,095	17
52	53	54	49	42	39	42	42	46	58	60	18
75	65	68	58	53	49	52	57	69	95	87	19
4.3	1.7	1.4	0.9	1.4	1.2	1.2	2.0	3.8	5.7	3.8	20
4.5	1.7	1.4	0.9	1.4	1.3	1.2	2.2	4.2	6.3	4.2	21
69.1	81.4	80.0	83.0	79.0	80.1	80.1	74.0	66.8	61.0	69.0	22
1.8	2.2	2.6	3.0	3.0	3.8	4.3	4.4	3.1	2.2	2.4	23
<b>Solvency (Year-end, Sole Proprietors Only)*</b>											
85	89	84	81	81	83	80	85	90	92	94	24
3,515,081	3,667,344	3,670,892	3,953,187	3,994,222	4,126,516	4,140,478	4,275,004	4,396,884	4,953,705	5,317,361	25
1,057,882	1,271,925	1,241,969	1,283,940	1,297,771	1,329,095	1,313,213	1,306,029	1,357,861	1,506,174	1,669,413	26
2,288,721	2,395,419	2,428,924	2,669,246	2,696,451	2,797,420	2,827,265	2,968,975	3,039,023	3,447,531	3,647,948	27
35	35	34	32	32	32	32	31	31	34	35	28
<b>Acreage Information</b>											
216	211	208	210	210	226	240	235	226	276	282	29
886	845	902	940	939	940	947	940	906	883	863	30
205	203	208	226	236	233	233	233	237	222	226	31
617	592	626	661	651	661	665	659	629	625	595	32
63	50	67	53	53	46	48	48	40	36	42	33
<b>Crop Yields</b>											
162	175	167	204	207	204	175	164	201	200	198	34
47	52	48	58	62	55	53	49	58	58	53	35
6.27	6.48	4.35	3.63	3.38	3.17	3.27	3.58	3.37	4.84	6.06	36
13.07	13.97	12.73	10.12	8.92	9.23	9.20	8.46	9.08	11.59	13.97	37
<b>Household Information</b>											
42	32	41	32	44	45	34	39	35	35	29	38
2.9	3.0	2.8	3.1	3.0	2.6	2.6	2.9	2.5	2.8	2.8	39
73,904	72,592	73,073	64,621	73,384	69,964	72,096	66,585	62,504	68,562	69,517	40
135,406	159,539	140,853	158,913	125,223	116,348	110,123	99,802	100,287	148,162	163,829	41
30,841	35,723	42,073	36,083	39,590	38,552	41,141	47,034	51,952	66,037	53,971	42

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

	<u>Avg. Of All Farms</u>	<u>100,001 - 250,000</u>	<u>250,001 - 500,000</u>	<u>500,001 - 1,000,000</u>	<u>1,000,001- 2,000,000</u>	<u>Over 2,000,000</u>
Number of farms	111	11	19	36	31	10
<b>Income Statement</b>						
Gross cash farm income	1,402,893	172,918	370,146	742,163	1,408,890	7,613,150
Total cash farm expense	1,103,396	163,801	233,435	494,124	1,054,329	6,552,890
Net cash farm income	299,497	9,116	136,710	248,039	354,561	1,060,260
Inventory change	140,788	72,429	46,659	149,359	219,400	164,658
Depreciation	-86,655	-14,235	-31,790	-67,962	-91,664	-352,089
Net farm income from operations	353,631	67,310	151,579	329,436	482,296	872,829
Gain or loss on capital sales	12,215	876	12,909	4,106	14,171	50,147
Average net farm income	365,846	68,187	164,488	333,542	496,468	922,976
Median net farm income	270,911	88,862	157,484	308,027	453,508	1,017,300
<b>Profitability (cost)</b>						
Rate of return on assets	9.3 %	7.4 %	10.1 %	11.9 %	11.2 %	6.0 %
Rate of return on equity	12.0 %	9.0 %	11.7 %	14.6 %	15.0 %	7.3 %
Operating profit margin	26.2 %	28.1 %	26.6 %	34.0 %	29.7 %	17.3 %
Asset turnover rate	35.7 %	26.4 %	37.8 %	35.1 %	37.6 %	34.7 %
<b>Profitability (market)</b>						
Rate of return on assets	8.0 %	8.7 %	7.8 %	9.0 %	8.4 %	6.7 %
Rate of return on equity	11.5 %	11.2 %	10.2 %	12.3 %	12.6 %	9.8 %
Operating profit margin	32.2 %	60.5 %	35.1 %	41.3 %	32.5 %	23.7 %
Asset turnover rate	25.0 %	14.4 %	22.1 %	21.9 %	25.9 %	28.4 %
<b>Liquidity &amp; Repayment (end of year)</b>						
Current assets	1,298,031	240,763	458,581	920,780	1,643,452	4,817,148
Current liabilities	390,936	44,820	49,955	159,892	478,291	2,114,323
Current ratio	3.32	5.37	9.18	5.76	3.44	2.28
Working capital	907,095	195,943	408,626	760,888	1,165,162	2,702,825
Change in working capital	103,030	36,139	72,311	143,110	222,075	-237,824
Working capital to gross revenue	59.7 %	86.0 %	95.6 %	89.0 %	74.1 %	34.6 %
Working capital to oper expense	86.9 %	138.9 %	171.1 %	173.7 %	121.9 %	42.1 %
Debt coverage ratio	3.79	3.40	6.36	5.19	4.14	2.46
Term debt coverage ratio	4.19	3.37	6.08	5.46	4.49	2.85
Replacement coverage ratio	2.58	2.58	2.83	3.02	2.66	2.07
Term debt to EBITDA	1.26	1.90	0.70	0.98	1.19	1.73
<b>Solvency (end of year at cost)</b>						
Number of farms	111	11	19	36	31	10
Total assets	4,037,488	1,265,820	1,563,172	3,076,198	4,624,552	14,792,022
Total liabilities	1,178,482	299,783	289,751	619,230	1,438,048	5,374,569
Net worth	2,859,006	966,038	1,273,421	2,456,969	3,186,504	9,417,454
Net worth change	307,167	91,346	122,691	277,932	412,230	778,798
Farm debt to asset ratio	31 %	25 %	18 %	22 %	33 %	38 %
Total debt to asset ratio	29 %	24 %	19 %	20 %	31 %	36 %
Change in earned net worth %	12 %	10 %	11 %	13 %	15 %	9 %
<b>Solvency (end of year at market)</b>						
Number of farms	111	11	19	36	31	10
Total assets	5,795,869	1,994,230	2,503,916	5,093,777	6,748,140	17,848,968
Total liabilities	1,961,018	483,800	637,207	1,299,994	2,507,941	7,422,694
Net worth	3,834,851	1,510,430	1,866,709	3,793,784	4,240,199	10,426,274
Total net worth change	363,383	142,999	145,876	327,455	437,261	1,047,811
Farm debt to asset ratio	37 %	26 %	26 %	30 %	39 %	44 %
Total debt to asset ratio	34 %	24 %	25 %	26 %	37 %	42 %
Change in total net worth %	10 %	10 %	8 %	9 %	11 %	11 %
<b>Nonfarm Information</b>						
Net nonfarm income	53,971	59,205	56,091	69,822	43,320	18,178
Farms reporting living expenses	29	2	6	11	9	-
Total family living expense	69,517	-	74,905	64,629	71,603	-
Total living, invest, cap. purch	163,829	-	124,093	187,280	194,088	-
<b>Crop Acres</b>						
Total crop acres	863	117	423	653	1,112	2,803
Total crop acres owned	226	52	101	181	319	609
Total crop acres cash rented	595	65	254	415	774	2,137
Total crop acres share rented	42	-	68	57	19	58
Machinery value per crop acre	895	689	689	1,082	993	690

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

	<u>Avg. Of All Farms</u>	<u>Crop</u>	<u>Crop and Beef</u>	<u>Other</u>
Number of farms	111	80	5	17
<b>Income Statement</b>				
Gross cash farm income	1,402,893	1,036,974	1,563,138	621,341
Total cash farm expense	1,103,396	724,577	1,106,306	448,971
Net cash farm income	299,497	312,396	456,832	172,369
Inventory change	140,788	172,330	49,380	40,942
Depreciation	-86,655	-68,284	-114,299	-55,089
Net farm income from operations	353,631	416,442	391,913	158,222
Gain or loss on capital sales	12,215	10,153	60,483	651
Average net farm income	365,846	426,595	452,396	158,873
Median net farm income	270,911	308,027	546,733	133,627
<b>Profitability (cost)</b>				
Rate of return on assets	9.3 %	12.5 %	8.5 %	7.5 %
Rate of return on equity	12.0 %	15.8 %	12.4 %	8.8 %
Operating profit margin	26.2 %	31.1 %	35.3 %	25.5 %
Asset turnover rate	35.7 %	40.1 %	24.1 %	29.3 %
<b>Profitability (market)</b>				
Rate of return on assets	8.0 %	9.7 %	7.1 %	7.6 %
Rate of return on equity	11.5 %	14.0 %	11.1 %	9.9 %
Operating profit margin	32.2 %	34.9 %	45.8 %	43.9 %
Asset turnover rate	25.0 %	27.9 %	15.5 %	17.4 %
<b>Liquidity &amp; Repayment (end of year)</b>				
Current assets	1,298,031	1,210,466	1,779,679	557,004
Current liabilities	390,936	239,138	700,519	231,970
Current ratio	3.32	5.06	2.54	2.40
Working capital	907,095	971,328	1,079,160	325,034
Change in working capital	103,030	162,804	14,482	40,786
Working capital to gross revenue	59.7 %	83.3 %	66.2 %	49.3 %
Working capital to oper expense	86.9 %	147.8 %	101.9 %	77.3 %
Debt coverage ratio	3.79	5.38	3.66	2.41
Term debt coverage ratio	4.19	5.69	4.52	2.60
Replacement coverage ratio	2.58	3.32	2.29	1.72
Term debt to EBITDA	1.26	0.95	1.84	1.50
<b>Solvency (end of year at cost)</b>				
Number of farms	111	80	5	17
Total assets	4,037,488	3,614,106	5,183,612	2,330,401
Total liabilities	1,178,482	914,299	2,186,105	613,401
Net worth	2,859,006	2,699,807	2,997,507	1,717,000
Net worth change	307,167	340,899	365,159	159,025
Farm debt to asset ratio	31 %	26 %	44 %	30 %
Total debt to asset ratio	29 %	25 %	42 %	26 %
Change in earned net worth %	12 %	14 %	14 %	10 %
<b>Solvency (end of year at market)</b>				
Number of farms	111	80	5	17
Total assets	5,795,869	5,143,141	7,809,407	4,414,262
Total liabilities	1,961,018	1,686,645	3,373,135	1,031,403
Net worth	3,834,851	3,456,495	4,436,272	3,382,859
Total net worth change	363,383	368,887	459,910	271,708
Farm debt to asset ratio	37 %	35 %	45 %	30 %
Total debt to asset ratio	34 %	33 %	43 %	23 %
Change in total net worth %	10 %	12 %	12 %	9 %
<b>Nonfarm Information</b>				
Net nonfarm income	53,971	61,637	23,606	44,394
Farms reporting living expenses	29	20	1	6
Total family living expense	69,517	66,133	-	84,217
Total living, invest, cap. purch	163,829	181,996	-	159,897
<b>Crop Acres</b>				
Total crop acres	863	985	804	271
Total crop acres owned	226	218	491	94
Total crop acres cash rented	595	715	233	168
Total crop acres share rented	42	51	80	9
Machinery value per crop acre	895	780	1,187	1,695

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

	<u>Avg. Of All Farms</u>	<u>Less than 20%</u>	<u>20% - 40%</u>	<u>40% - 60%</u>	<u>60% - 80%</u>
Number of farms	111	27	45	28	8
<b>Income Statement</b>					
Gross cash farm income	1,402,893	644,032	1,601,033	1,628,735	2,320,240
Total cash farm expense	1,103,396	407,075	1,238,537	1,305,973	2,212,848
Net cash farm income	299,497	236,957	362,496	322,762	107,392
Inventory change	140,788	58,422	218,049	108,660	162,940
Depreciation	-86,655	-56,557	-113,902	-69,915	-102,619
Net farm income from operations	353,631	238,822	466,644	361,507	167,714
Gain or loss on capital sales	12,215	8,735	13,202	17,413	4,790
Average net farm income	365,846	247,557	479,846	378,920	172,504
Median net farm income	270,911	172,614	420,737	234,963	131,627
<b>Profitability (cost)</b>					
Rate of return on assets	9.3 %	9.5 %	10.1 %	9.1 %	4.7 %
Rate of return on equity	12.0 %	9.8 %	12.1 %	14.5 %	6.2 %
Operating profit margin	26.2 %	30.4 %	28.7 %	24.3 %	13.0 %
Asset turnover rate	35.7 %	31.2 %	35.3 %	37.6 %	36.3 %
<b>Profitability (market)</b>					
Rate of return on assets	8.0 %	7.8 %	8.4 %	8.3 %	5.1 %
Rate of return on equity	11.5 %	9.5 %	11.4 %	14.3 %	8.9 %
Operating profit margin	32.2 %	45.7 %	33.1 %	29.4 %	16.6 %
Asset turnover rate	25.0 %	17.1 %	25.3 %	28.1 %	30.9 %
<b>Liquidity &amp; Repayment (end of year)</b>					
Current assets	1,298,031	798,373	1,491,374	1,540,174	1,424,314
Current liabilities	390,936	33,686	334,801	693,887	870,944
Current ratio	3.32	23.70	4.45	2.22	1.64
Working capital	907,095	764,687	1,156,573	846,287	553,370
Change in working capital	103,030	62,586	186,096	79,059	-93,076
Working capital to gross revenue	59.7 %	114.4 %	64.5 %	48.8 %	22.7 %
Working capital to oper expense	86.9 %	206.7 %	97.6 %	68.8 %	26.4 %
Debt coverage ratio	3.79	12.21	5.30	2.47	1.41
Term debt coverage ratio	4.19	12.26	5.68	2.80	1.47
Replacement coverage ratio	2.58	3.38	3.12	2.09	1.33
Term debt to EBITDA	1.26	0.21	0.89	2.05	3.55
<b>Solvency (end of year at cost)</b>					
Number of farms	111	27	45	28	8
Total assets	4,037,488	2,763,381	4,837,306	4,362,153	3,832,966
Total liabilities	1,178,482	126,717	1,029,988	2,121,627	2,275,710
Net worth	2,859,006	2,636,664	3,807,319	2,240,525	1,557,257
Net worth change	307,167	212,070	398,155	323,833	170,487
Farm debt to asset ratio	31 %	4 %	22 %	51 %	60 %
Total debt to asset ratio	29 %	5 %	21 %	49 %	59 %
Change in earned net worth %	12 %	9 %	12 %	17 %	12 %
<b>Solvency (end of year at market)</b>					
Number of farms	111	27	45	28	8
Total assets	5,795,869	5,099,408	6,696,005	5,801,854	4,623,233
Total liabilities	1,961,018	754,577	1,976,034	2,905,580	2,871,106
Net worth	3,834,851	4,344,831	4,719,971	2,896,273	1,752,127
Total net worth change	363,383	295,076	448,633	373,606	203,867
Farm debt to asset ratio	37 %	18 %	31 %	52 %	64 %
Total debt to asset ratio	34 %	15 %	30 %	50 %	62 %
Change in total net worth %	10 %	7 %	11 %	15 %	13 %
<b>Nonfarm Information</b>					
Net nonfarm income	53,971	43,951	63,097	51,416	53,132
Farms reporting living expenses	29	12	14	3	-
Total family living expense	69,517	67,203	69,091	-	-
Total living, invest, cap. purch	163,829	204,855	152,527	-	-
<b>Crop Acres</b>					
Total crop acres	863	488	918	1,237	716
Total crop acres owned	226	164	296	238	87
Total crop acres cash rented	595	292	567	954	629
Total crop acres share rented	42	32	55	46	-
Machinery value per crop acre	895	1,162	1,004	586	1,127

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

	<u>Avg. Of All Farms</u>	<u>Less Than 31</u>	<u>31 - 40</u>	<u>41 - 50</u>	<u>51 - 60</u>	<u>Over 60</u>
Number of farms	111	8	14	25	14	50
<b>Income Statement</b>						
Gross cash farm income	1,402,893	271,537	1,543,850	793,655	2,045,797	1,669,049
Total cash farm expense	1,103,396	232,910	1,077,717	570,354	1,831,355	1,312,557
Net cash farm income	299,497	38,627	466,133	223,301	214,441	356,492
Inventory change	140,788	61,033	54,142	152,679	232,673	146,137
Depreciation	-86,655	-17,806	-65,201	-60,453	-98,099	-113,573
Net farm income from operations	353,631	81,855	455,074	315,526	349,015	389,056
Gain or loss on capital sales	12,215	-	9,221	4,768	17,571	17,231
Average net farm income	365,846	81,855	464,295	320,294	366,586	406,287
Median net farm income	270,911	45,414	270,740	198,332	384,848	314,605
<b>Profitability (cost)</b>						
Rate of return on assets	9.3 %	12.0 %	12.7 %	12.2 %	7.7 %	8.2 %
Rate of return on equity	12.0 %	23.0 %	18.5 %	18.3 %	9.8 %	9.8 %
Operating profit margin	26.2 %	21.3 %	25.9 %	32.9 %	20.6 %	26.0 %
Asset turnover rate	35.7 %	56.4 %	49.1 %	37.0 %	37.1 %	31.6 %
<b>Profitability (market)</b>						
Rate of return on assets	8.0 %	10.6 %	13.1 %	9.8 %	6.8 %	7.1 %
Rate of return on equity	11.5 %	21.7 %	22.9 %	15.7 %	9.8 %	9.4 %
Operating profit margin	32.2 %	20.3 %	29.6 %	36.6 %	27.2 %	33.6 %
Asset turnover rate	25.0 %	52.1 %	44.2 %	26.8 %	24.8 %	21.0 %
<b>Liquidity &amp; Repayment (end of year)</b>						
Current assets	1,298,031	204,340	1,341,419	831,433	1,788,878	1,556,734
Current liabilities	390,936	42,261	227,215	294,958	675,219	460,955
Current ratio	3.32	4.84	5.90	2.82	2.65	3.38
Working capital	907,095	162,080	1,114,204	536,475	1,113,658	1,095,779
Change in working capital	103,030	23,354	98,117	115,560	26,296	132,373
Working capital to gross revenue	59.7 %	52.6 %	71.6 %	58.1 %	49.8 %	60.8 %
Working capital to oper expense	86.9 %	80.5 %	111.8 %	104.7 %	64.1 %	86.7 %
Debt coverage ratio	3.79	4.41	4.62	3.39	2.74	4.06
Term debt coverage ratio	4.19	4.10	4.99	3.68	2.99	4.62
Replacement coverage ratio	2.58	4.04	3.90	2.55	1.94	2.46
Term debt to EBITDA	1.26	1.74	1.39	1.51	1.67	1.01
<b>Solvency (end of year at cost)</b>						
Number of farms	111	8	14	25	14	50
Total assets	4,037,488	757,054	3,733,433	3,211,145	4,776,680	4,853,691
Total liabilities	1,178,482	411,469	1,464,353	1,158,948	1,508,266	1,138,589
Net worth	2,859,006	345,585	2,269,080	2,052,197	3,268,414	3,715,103
Net worth change	307,167	95,650	419,250	283,644	291,037	325,904
Farm debt to asset ratio	31 %	55 %	39 %	42 %	35 %	25 %
Total debt to asset ratio	29 %	54 %	39 %	36 %	32 %	23 %
Change in earned net worth %	12 %	38 %	23 %	16 %	10 %	10 %
<b>Solvency (end of year at market)</b>						
Number of farms	111	8	14	25	14	50
Total assets	5,795,869	808,145	4,166,276	4,231,459	7,187,534	7,442,729
Total liabilities	1,961,018	462,251	1,953,978	1,675,538	2,646,784	2,153,517
Net worth	3,834,851	345,895	2,212,298	2,555,922	4,540,750	5,289,212
Total net worth change	363,383	88,768	474,057	293,836	334,226	419,270
Farm debt to asset ratio	37 %	58 %	48 %	45 %	40 %	32 %
Total debt to asset ratio	34 %	57 %	47 %	40 %	37 %	29 %
Change in total net worth %	10 %	35 %	27 %	13 %	8 %	9 %
<b>Nonfarm Information</b>						
Net nonfarm income	53,971	39,471	48,529	64,428	49,309	53,891
Farms reporting living expenses	29	-	5	3	2	19
Total family living expense	69,517	-	59,487	-	-	71,057
Total living, invest, cap. purch	163,829	-	105,355	-	-	156,921
<b>Crop Acres</b>						
Total crop acres	863	244	1,369	730	1,060	831
Total crop acres owned	226	22	103	161	235	324
Total crop acres cash rented	595	195	1,203	497	825	473
Total crop acres share rented	42	27	62	72	-	35
Machinery value per crop acre	895	350	469	867	938	1,113

**Financial Summary**  
**Southwest Minnesota Farm Business Management Association**  
**(Farms Sorted By Number of Years Farming)**

	<u>Avg. Of All Farms</u>	<u>10 or Less</u>	<u>11 - 20</u>	<u>21 - 30</u>	<u>31 - 40</u>	<u>Over 40</u>
Number of farms	111	22	17	10	16	46
<b>Income Statement</b>						
Gross cash farm income	1,402,893	320,366	1,553,911	1,192,468	2,002,353	1,702,050
Total cash farm expense	1,103,396	232,285	1,117,165	852,415	1,786,336	1,331,943
Net cash farm income	299,497	88,081	436,745	340,054	216,017	370,107
Inventory change	140,788	73,808	96,356	221,057	242,640	136,367
Depreciation	-86,655	-22,469	-77,285	-91,218	-89,629	-118,789
Net farm income from operations	353,631	139,420	455,817	469,893	369,028	387,685
Gain or loss on capital sales	12,215	2,231	7,840	13,090	12,196	18,423
Average net farm income	365,846	141,652	463,657	482,983	381,224	406,108
Median net farm income	270,911	91,038	270,911	404,501	323,343	325,386
<b>Profitability (cost)</b>						
Rate of return on assets	9.3 %	17.4 %	12.0 %	10.8 %	8.4 %	7.9 %
Rate of return on equity	12.0 %	26.5 %	17.9 %	15.3 %	10.7 %	9.5 %
Operating profit margin	26.2 %	30.3 %	25.3 %	34.1 %	22.1 %	25.9 %
Asset turnover rate	35.7 %	57.4 %	47.5 %	31.8 %	38.0 %	30.7 %
<b>Profitability (market)</b>						
Rate of return on assets	8.0 %	16.3 %	11.9 %	8.2 %	7.3 %	6.9 %
Rate of return on equity	11.5 %	27.4 %	20.7 %	12.7 %	10.4 %	9.3 %
Operating profit margin	32.2 %	31.2 %	29.4 %	36.8 %	28.9 %	33.8 %
Asset turnover rate	25.0 %	52.1 %	40.4 %	22.4 %	25.2 %	20.4 %
<b>Liquidity &amp; Repayment (end of year)</b>						
Current assets	1,298,031	290,060	1,348,988	1,456,789	1,789,629	1,555,768
Current liabilities	390,936	49,165	310,099	458,348	716,161	456,489
Current ratio	3.32	5.90	4.35	3.18	2.50	3.41
Working capital	907,095	240,895	1,038,888	998,441	1,073,468	1,099,279
Change in working capital	103,030	53,800	99,607	182,954	35,609	133,915
Working capital to gross revenue	59.7 %	63.2 %	64.9 %	72.2 %	48.8 %	60.1 %
Working capital to oper expense	86.9 %	114.0 %	101.4 %	131.0 %	63.6 %	85.4 %
Debt coverage ratio	3.79	7.10	3.68	3.31	3.07	3.93
Term debt coverage ratio	4.19	7.41	3.91	3.61	3.53	4.39
Replacement coverage ratio	2.58	5.57	2.91	2.47	2.14	2.40
Term debt to EBITDA	1.26	1.08	1.50	1.52	1.34	1.10
<b>Solvency (end of year at cost)</b>						
Number of farms	111	22	17	10	16	46
Total assets	4,037,488	942,548	4,019,659	5,400,796	4,757,306	4,977,524
Total liabilities	1,178,482	369,085	1,566,001	1,832,806	1,456,973	1,183,262
Net worth	2,859,006	573,463	2,453,659	3,567,990	3,300,333	3,794,262
Net worth change	307,167	155,527	397,871	413,932	325,230	316,677
Farm debt to asset ratio	31 %	38 %	40 %	40 %	35 %	25 %
Total debt to asset ratio	29 %	39 %	39 %	34 %	31 %	24 %
Change in earned net worth %	12 %	37 %	19 %	13 %	11 %	9 %
<b>Solvency (end of year at market)</b>						
Number of farms	111	22	17	10	16	46
Total assets	5,795,869	1,034,245	4,749,707	7,229,920	7,135,779	7,681,986
Total liabilities	1,961,018	447,872	2,136,063	2,809,458	2,534,143	2,236,214
Net worth	3,834,851	586,373	2,613,644	4,420,463	4,601,636	5,445,772
Total net worth change	363,383	150,684	449,105	427,424	372,385	416,376
Farm debt to asset ratio	37 %	44 %	47 %	44 %	39 %	32 %
Total debt to asset ratio	34 %	43 %	45 %	39 %	36 %	29 %
Change in total net worth %	10 %	35 %	21 %	11 %	9 %	8 %
<b>Nonfarm Information</b>						
Net nonfarm income	53,971	52,634	75,583	16,301	58,529	53,227
Farms reporting living expenses	29	4	2	2	4	17
Total family living expense	69,517	-	-	-	-	72,221
Total living, invest, cap. purch	163,829	-	-	-	-	151,297
<b>Crop Acres</b>						
Total crop acres	863	330	1,382	1,008	1,115	806
Total crop acres owned	226	27	109	323	260	332
Total crop acres cash rented	595	267	1,173	646	817	449
Total crop acres share rented	42	37	100	40	37	25
Machinery value per crop acre	895	377	614	945	920	1,148

# Appendix I

## WHOLE FARM ANALYSIS PROCEDURES & MEASURES

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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.

#### Non-Farm 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 Non-Farm 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 17 financial measures for evaluating a farm's financial position and performance.

### Liquidity

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

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

*Working Capital to Operating Expenses* is *Working Capital* divided by *Total Operating Expense (accrual)* less *Depreciation and Amortization*.

### 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 percent because they describe how total farm assets are financed.

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

### Profitability

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

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

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

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

## **Repayment Capacity**

*Debt Coverage Ratio* is *Repayment and Replacement Capacity* divided by *Total Debt Repayment*. This is how many times total debt repayment is covered by repayment and replacement capacity. 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.

*Replacement Coverage Ratio* *Repayment and Replacement Capacity* divided by the total of *Total Debt Repayment* and *Unfunded Capital Expenditures*. This represents how many times scheduled payments and cash replacement needs are covered by repayment capacity.

*Term Debt Coverage Ratio* is *Term Debt Repayment and Replacement Capacity* divided by *Total Principal and Interest on Term Debt and Finance Leases*. This is how many times scheduled payments are covered by term debt repayment capacity. 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**

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

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

*Depreciation Expense Ratio* is calculated as *Depreciation* divided by *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* divided by *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* divided by *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 reposessions.

## 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 Ratio* 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)*.

*Working Capital to Operating Expenses* is *Working Capital* divided by *Total Operating Expense (accrual)* less *Depreciation and Amortization*.

*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 twelve months on intermediate and long-term loans is included.

*Gross Revenue (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*.

*Repayment and Replacement Capacity* is *Income from Operations*, plus or minus miscellaneous revenue and expenses plus *Depreciation*, and *Personal Income*, minus *Family Living/Owner Withdrawals*, and *Income Taxes Paid*. This represents total earnings available for debt repayment and cash capital replacement.

*Term Debt Repayment and Replacement Capacity* is *Repayment and Replacement Capacity* minus *Interest Expense on Current Debt*.

*Total Principal and Interest on Term Debt and Finance Leases* is the *Prior Year Current Portion of Long-Term Debt* plus prior year current portion of *Finance Leases* plus *Interest Expense on Term Debt* plus *Interest Expense on Finance Leases*. This is essentially the scheduled amount of principal and interest payments due on intermediate and long-term loans from the beginning balance sheet.

*Total Debt Repayment* is *Total Principal and Interest on Term Debt and Finance Leases* plus *Interest Expense on Current Debt* plus *Payment on Unpaid Operating Debt from Prior Periods (Loss Carryover)* plus *Annual Payment on Personal Liabilities*. This is essentially the scheduled amount of principal and interest payments due on intermediate and long-term loans from the beginning balance sheet plus current liability interest expense.

*Repayment Margin* is *Repayment and Replacement Capacity* minus *Total Debt Repayment*. This is the amount by which earnings available for debt repayment exceeded payments due.

*Unfunded Capital Expenditures* are 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 *Repayment Margin* minus *Unfunded Capital Expenditures*. This is the amount by which earnings available for debt repayment and replacement exceed payments due and cash replacement needs.

*Debt Coverage Ratio* is *Repayment and Replacement Capacity* divided by *Total Debt Repayment*. This is how many times total debt repayment is covered by repayment and replacement capacity.

*Term Debt Coverage Ratio* is *Term Debt Repayment and Replacement Capacity* divided by *Total Principal and Interest on Term Debt and Finance Leases*. This is how many times scheduled payments are covered by term debt repayment capacity.

*Replacement Coverage Ratio* *Repayment and Replacement Capacity* divided by the total of *Total Debt Repayment* and *Unfunded Capital Expenditures*. 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.

## **NON-FARM SUMMARY**

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

## Appendix II

# CROP ENTERPRISE ANALYSIS PROCEDURES & MEASURES

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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. Other commodity-specific income is 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 five farms have a certain crop enterprise, that information is not reported. If there are fewer than 5 farms, the high and low groups are not reported.

# Appendix III

## LIVESTOCK ENTERPRISE ANALYSIS

### PROCEDURES & MEASURES

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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* are 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. of feed per lbs. of grain* 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 five farms have a certain livestock enterprise, that information is not reported. If there are fewer than 5 farms, the high and low groups are not reported.

## Appendix IV

# PRICES USED IN THE ANALYSIS REPORT

Item	(1/1/22) Beginning Inventory	Feed	Ending (1/1/23) Inventory
All Corn/bu.	\$5.95	\$7.10	\$6.83
Oats/bu.	6.76	5.66	4.11
All Wheat/bu.	9.60	9.16	8.98
Soybeans/bu.	13.20	14.78	14.82
Alfalfa hay/t. (avg quality)	\$196	\$196	\$225
Alfalfa haylage/t	84	84	97
Grass/Mixed hay/t	148	169	180
Corn silage/t.	48	57	55
Oats straw/bale/ton	\$3.75/125	\$4/150	\$4/150
Cornstalks/t.	30	30	50
Oatlage/t.	38	45	44

Enterprise production is 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: \$55.00/acre (adjusted for quality and carrying capacity)  
 Value of milk fed calves: \$ 1.50/gallon

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

Value of unpaid operator's labor is calculated by using this formula: For sole proprietors and partnerships, labor and management is valued at \$30,000 per operator plus 5 percent of the value of farm production, with a minimum of \$35,000 for a full-time farm operator. This value is used in calculating ROA, ROE and other whole farm ratios and is also allocated as an opportunity cost to crop and livestock enterprises.



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