

North Dakota and Minnesota Farm Business Management

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2010 Red River Valley Report Summary

Overview

This report includes information from 249 farmers enrolled in the Farm Business Management Programs in the Red River Valley. These programs are located in North Dakota and Minnesota. In 2010, the average farmer was 45 years of age, has farmed for 22 years, and farms about 1809 acres. This average farmer spent \$701,977 for inputs in the local community. In 2010, net farm income for the 249 farms enrolled in the FBM Programs averaged \$374,642 which was an increase of \$298,050 from 2009.

Factor's that caused this year's higher Net Farm Income

- Higher Prices
- Good Overall Crop
- Stable input costs
- 2008 disaster payments

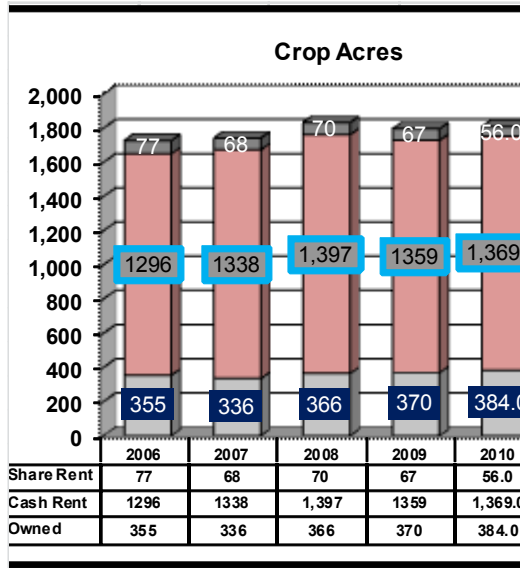
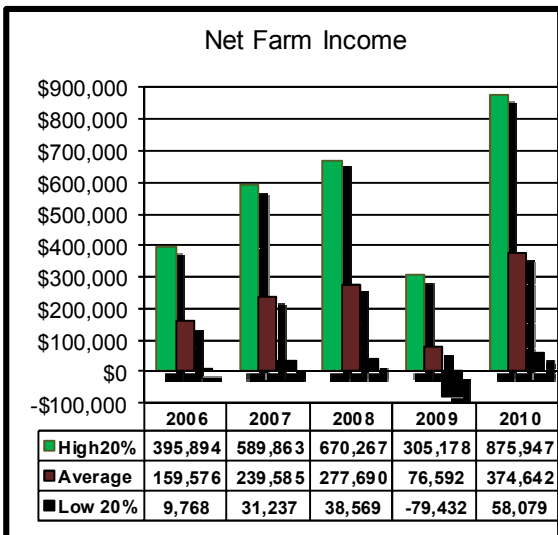
Government Payments

- 2002 \$21,952
- 2003 \$48,363
- 2004 \$36,881
- 2005 \$54,301
- 2006 \$29,339
- 2007 \$26,431
- 2008 \$36,533
- 2009 \$23,673
- 2010 \$39,737

● A net increase of \$16,064 from 2009. The increase is due to the disaster payments for 2008 that were paid in 2010.



Total acres farmed in 2010 was 1809 compared with 1728 in 2006



Non Farm Income

● Average Non Farm Income was \$19,157 which is up \$34 from last year

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Where are we headed? Future Directions?

- Precision agriculture
- Biotechnologies (Livestock & Crops)
- Internet
- Are you working with partners to use capital more efficiently?
- Is your business the low cost producer?
- Natural, Organic, Niche Markets
- Alternative Energy





2010 Crop Yields and Returns

Wheat

2010 was 65 bushels compared with 64 bushels for 2009.

Net Return for Wheat:

Average	\$103.20
Low 20%	-\$30.66
High 20%	\$209.93

The average price for spring wheat was \$6.39 compared to \$4.59 last year.

Soybeans

Average yield was 36 bushels per acre up 5 bushels from last year

Soybeans returned \$115.63 per acre.

The average price for soybeans was \$10.59 compared with \$9.37 last year.

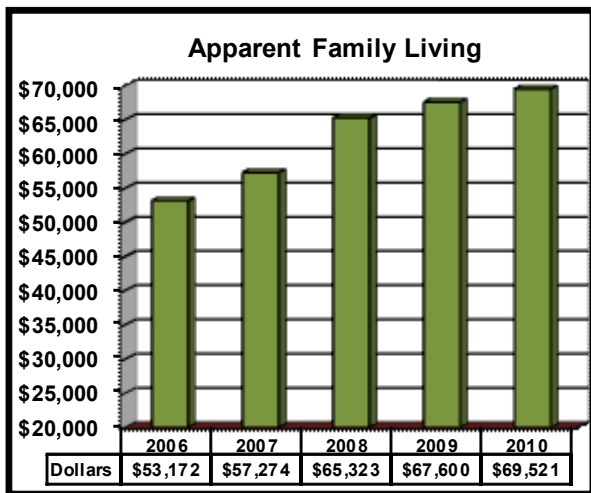


Corn

2004	105 bu	-\$11.63
2005	145 bu	\$37.54
2006	138 bu	\$51.51
2007	131 bu	\$140.54
2008	155 bu	\$132.49
2009	132 bu	-\$47.95
2010	149 bu	\$223.91

The average price for corn was \$4.59 compared to \$3.40 last year..

Family Living Without Taxes



2010 Income Tax Paid

Average Farm

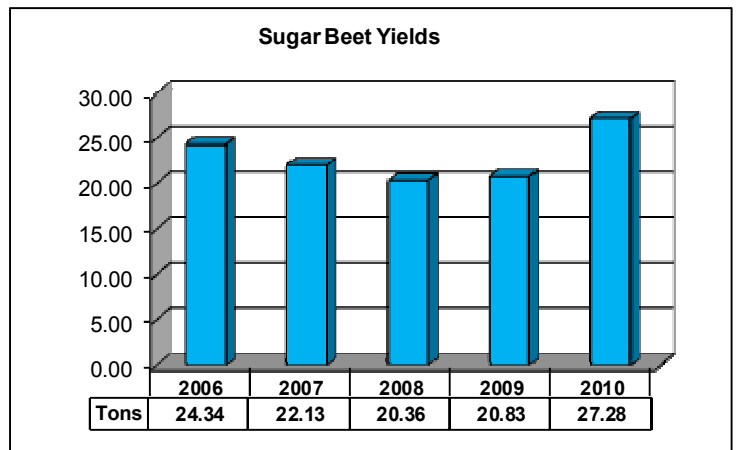
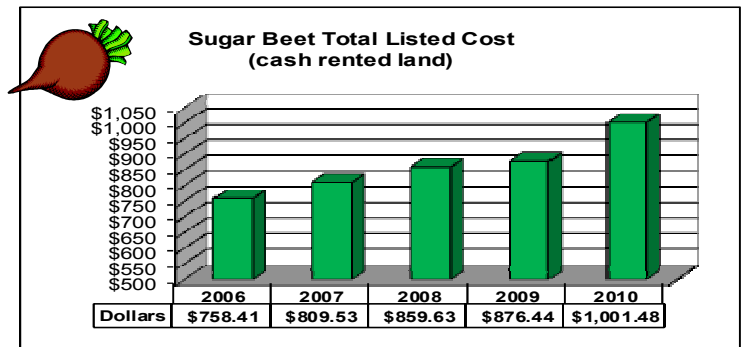
\$19,674

40%-60%

\$17,719

High Profit

\$38,134



Summary of Cash Inflow and Outflow for 2010

Gross Farm Income: \$931,278
 Non Farm Income: 19,151
 Total Cash Farm Exp -701,977
 Hedging -14,066
 Taxes: - 19,674
 Family Living - 69,521
 Investing - 189,621
 Money Borrowed 558,685
 Principal Payments -512,215

This would leave a positive change of \$2040 in the ending cash balance



Machinery Purchased

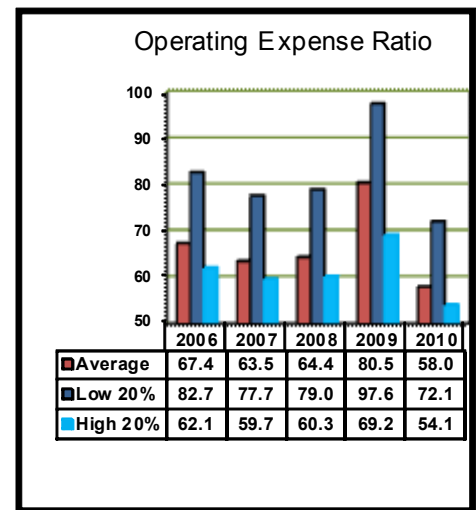
Machinery purchased for the year was \$130,691 up \$5670 from last year

Ratios

Repayment capacity measures the ability to repay term debt and to replace capital assets. The Term Debt Coverage Ratio for 2010 was 4.42 with a capital replacement margin of \$273,647

Solvency is important in evaluating the risk position of the farm and family. The average farm in the Farm Business Management Program in the Red River Valley had Debt to Asset Ratio of 41%. This means that for every dollar of Assets the farm had, they owed 41 cents of debt.

Efficiency is an area that looks at what it costs to produce a dollar of income. In 2010, the average operating cost was 58 cents, compared to 80.5 cents last year..



Complete Red River Valley Average Books

North Dakota Farm Business Management Programs

If you would like a complete book, please get in touch with the local FBM program in your area. You can also call the North Dakota Agricultural Supervisor at 701-328-3162.

This program is sponsored by the ND Department of Career and Technical Education



For More information on the Minnesota Farm Business Management Programs Call Northland College.

1-800-959-6282 ext 8747



**FBM Programs of ND
And Minnesota**

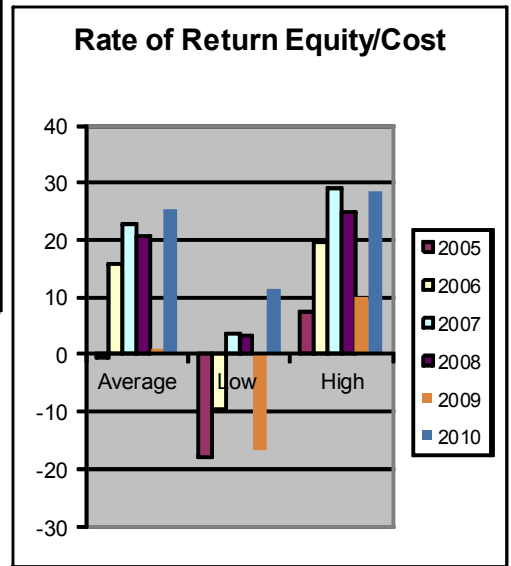
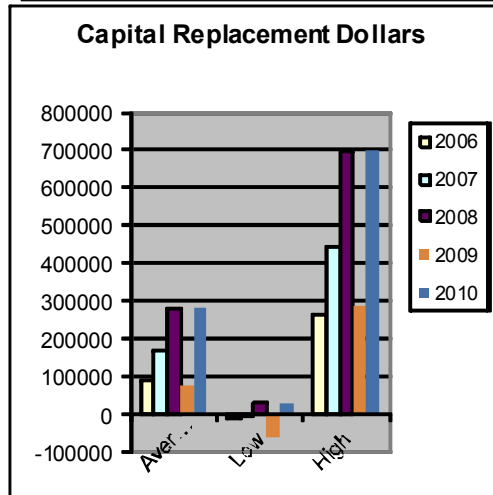
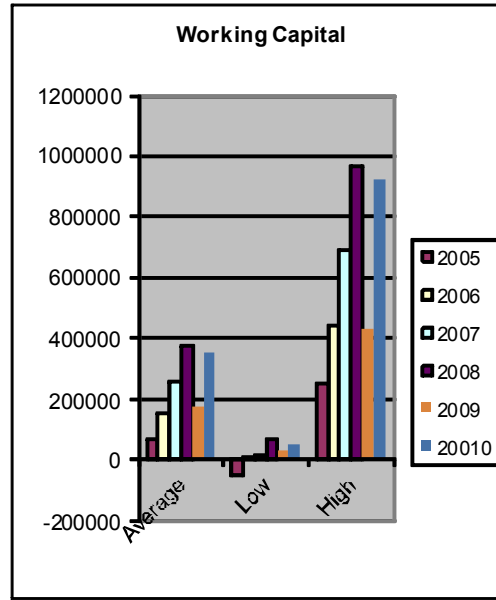
**NORTH DAKOTA AND
MINNESOTA FARM**

**BUSINESS
MANAGEMENT**

Check out our Website for a listing of
program location and additional
information
www.ndfarmmanagement.com

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listing of program location
and additional information

Minnesota Farm Business
Management Website
<http://www.mgt.org>



Conclusion about the Ratios:

- Start to compare your information to the last 3 to 5 years of data.
- Determine your own trend lines.
- Compare your data to the area averages.
- How does your business stack up?
- Evaluate possible changes if needed.

Complete enterprise information can be found in the Valley Average Book on pages 25-45. These crop enterprise tables show the average physical production, gross return, direct costs, and net returns per acre. The Net Return per Acre is the gross return per acre minus the direct and overhead costs. There are three possible tables for each crop depending on the farmer's tenure on the land. Value per unit is the market price received. Crop insurance is now a separate line item and no longer under miscellaneous income..

