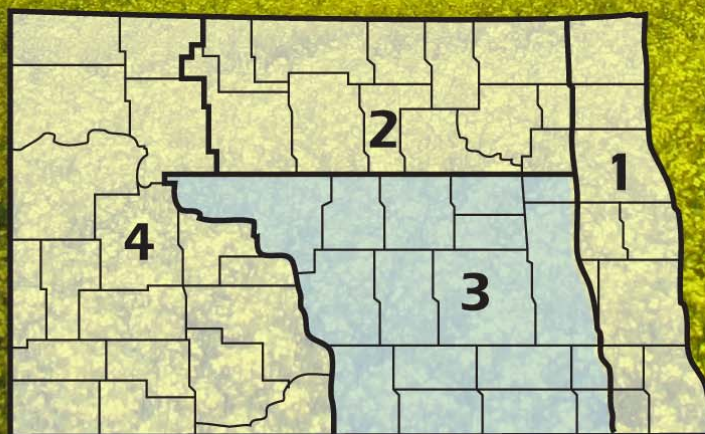


# 2010 ANNUAL REPORT

## Region 3

North Dakota Farm and Ranch  
Business Management Education

Regional Reporting Areas



[www.ndfarmmanagement.com](http://www.ndfarmmanagement.com)



North Dakota Department of Career  
and Technical Education

Mr. Wayne Kutzer, State Director

### Board Members

Mr. Darrel Remington, Chairperson  
Mr. Jeffrey Lind, Vice Chairperson  
Ms. Maren Daley  
Mr. Brian Duchscherer  
Mr. Tim Mairs  
Mr. William Goetz  
Dr. Wayne Sanstead  
Ms. Val Moritz  
Ms. Beth Wilhelmi

Belfield  
Rugby  
Bismarck  
Carrington  
Lisbon  
Bismarck  
Bismarck  
Valley City  
Stanley

---

The N.D. Farm Management Education Association recognizes the listed organizations for their contribution toward the production and distribution of the N.D. Farm and Ranch Business Management Regional and State Averages for 2010

**Basin Electric Power Cooperative**

**CHS Foundation**

*3 Star in Star Partner Program*

**North Dakota Farm Bureau**

**North Dakota Farmers Union**

**Monsanto**

*1 Star in Star Partner Program*

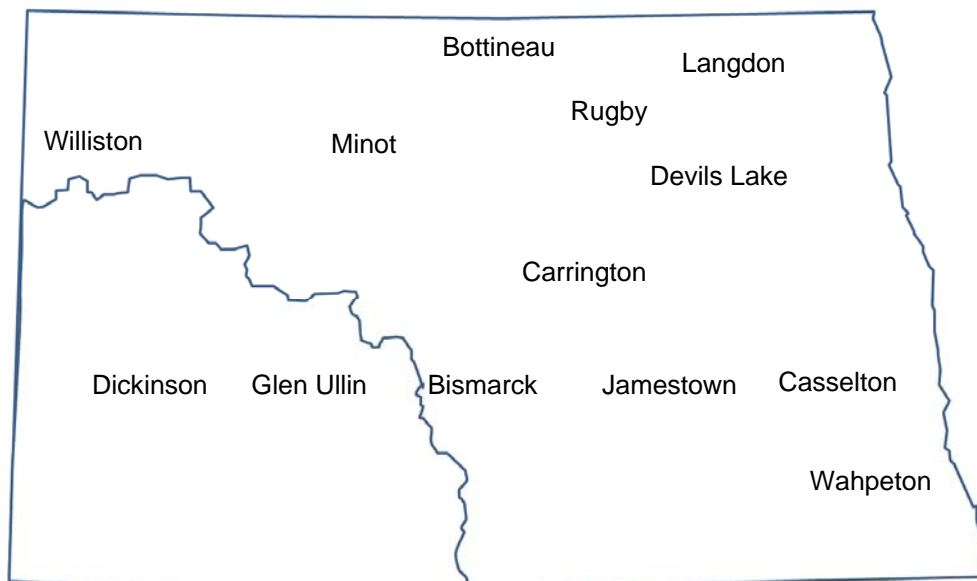
# NORTH DAKOTA FARM BUSINESS MANAGEMENT EDUCATION

## REGION 3 - SOUTH CENTRAL 2010 ANNUAL REPORT

The South Central (Region 3) farm business analyses were submitted by the following instructors represented by their cooperating schools.

<u>School</u>	<u>Instructor</u>
Bismarck State College .....	Mark Holkup
Carrington High School .....	Steve Metzger
	Jory Hansen
Jamestown (JVATC) .....	Virgil Dagman
Central Cass School, Casselton .....	Ron Smithberg
ND State College of Science Wahpeton .....	Keith Torgerson

This report was made possible by the farm families who cooperated with their farm management instructors in getting the records for 2010 closed out on a timely basis. The farm management instructors cited above generated the Finpack year-end farm analyses. Andrew Swenson, NDSU Extension Service, databased the Finpack analyses of farms and generated the comparative tables for this report. Location of all Farm Business Management Education Programs in North Dakota



## 2010 South Central Report North Dakota Farm Business Management Education

Introduction .....	1
Explanatory Notes for the Farm Operators' Reports .....	2
Farm Income Statement .....	7
Inventory Changes .....	9
Depreciation .....	10
Profitability Measures .....	11
Liquidity and Repayment Capacity Measures.....	12
Balance Sheet at Cost Values .....	13
Statement of Cash Flows .....	14
Financial Standards Measures .....	15
Crop Production and Marketing Summary .....	16
Household and Personal Expenses .....	17
Operator and Labor Information .....	18
Nonfarm Summary.....	19
Financial Summary (sorted by gross farm income) .....	20
Financial Summary (sorted by age of operator).....	21
Financial Summary (sorted by farm type) .....	22
Explanatory Notes for Crop Tables.....	23
Barley on Owned Land .....	24
Barley on Cash Rent.....	25
Beans, Pinto on Cash Rent.....	26
Canola on Owned Land .....	27
Canola on Cash Rent .....	28
Corn on Owned Land.....	29
Corn on Cash Rent .....	30
Corn Silage on Owned Land .....	31
Corn Silage on Cash Rent .....	32
CRP on Owned Land .....	33
Hay, Alfalfa on Owned Land .....	34
Hay, Alfalfa on Cash Rent.....	35
Hay, Grass on Owned Land.....	36
Hay, Grass on Cash Rent .....	37
Hay, Mixed Alfalfa/Grass on Owned Land .....	38
Hay, Mixed Alfalfa/Grass on Cash Rent .....	39
Pasture on Owned Land .....	40
Pasture on Cash Rent .....	41
Peas, Field on Cash Rent .....	42
Prevented Planting on Owned Land .....	43
Prevented Planting on Cash Rent.....	44
Soybeans on Owned Land .....	45
Soybeans on Cash Rent .....	46
Soybeans on Share Rent .....	47
Sunflowers on Owned Land.....	48
Sunflowers on Cash Rent .....	49

Wheat, Durum on Cash Rent.....	50
Wheat, Spring on Owned Land .....	51
Wheat, Spring on Cash Rent .....	52
Wheat, Spring on Share Rent .....	53
Wheat, Winter on Owned Land.....	54
Wheat, Winter on Cash Rent .....	55
Explanatory Notes for Livestock Tables .....	56
Beef Cow-Calf – Average Per Cwt. Produced .....	57
Beef Cow-Calf – Average Per Cow .....	58
Beef Replacement Heifers – Average Per Head Sold / Trans .....	59
Beef, Background Beef – Average Per Cwt Produced .....	60
Beef, Background Beef – Average Per Head .....	61
Figure 1. Gross Cash Income per Farm .....	62
Figure 2. Net Farm Income (Accrual) per Farm .....	62
Figure 3. Financial Efficiency Measures .....	63
Figure 4. Profitability Measures per Farm .....	63
Figure 5. Assets and Liabilities per Farm, 2005 .....	64
Figure 6. Total Farm Assets and Liabilities .....	64
Figure 7. Household and Personal Expenses .....	65
Figure 8. Crop Acreage per Farm .....	65
Figure 9. Spring Wheat Costs per Acre .....	66
Figure 10. Average Net Return per Beef Cow .....	66

## INTRODUCTION

This report summarizes the individual farm records of the specific region or the whole state as identified on the acknowledgement page. The current financial status of farm operators and net returns from each crop and livestock enterprise is reported. In addition to the average of all farms, the averages for the high, middle, and low-income groups are also presented. All participating farm/ranch families are provided a copy of the regional averages report. They can compare their own Finan business analysis to the regional and/or state averages report and study the areas that may need management improvement. A review of the comparative information may reveal how certain aspects of the business or enterprises excel and help answer why they are profitable.

The regional and state averages reports are divided into three major sections; farm operators' reports, crop reports and livestock reports. Explanatory notes precede each section. The first section contains 15 tables with whole farm financial and operator information. The last three tables of this section are financial summaries in which farms are categorized by gross revenue, age of operator and farm type, respectively. The second section provides performance information on crop enterprises. The third section provides performance results on livestock enterprises. Lastly, figures 1 through 10 provide trend information for various measures of finance and/or production.

The 2010 summary reports are based upon data generated by the Finan individual farm analysis completed by farm/ranch families enrolled in the statewide Adult Farm and Ranch Business Management Education program in North Dakota. Instructors pooled the individual business analysis and submitted the combined school data to the FINPACK Center located at North Dakota State University. The FINPACK Center did provide schools with local averages in order to assist instructors with obtaining relevant local management trends.

Farm/ranch families enrolled in the statewide program are encouraged to request assistance from their instructors to determine short-term cash flow and long-term projections. Each instructor has access to FINPACK computer programs, which can be used to generate annual or multi-year (cash flow) farm plans and/or long term alternative projections.

This is the 22nd year that the regional averages have been generated in North Dakota based upon the four regions shown in the state map on the cover of this publication. A regional report has been generated and published for Regions 2, 3 and 4 identified on the North Dakota map. Most farms in Region 1 are located within the Red River Valley. Those farms are contained in a combined Minnesota-North Dakota Red River Valley report. The state averages report includes all farms participating in the North Dakota Farm Business Management Education Program that were represented in the regional averages and also those farms which were processed and submitted after the March deadline date. All of these reports may be ordered from Farm Business Management, P.O. Box 6022, Bismarck, ND, 58506-6022 for \$5 per copy. The reports are available online at [www.ndfarmmanagement.com](http://www.ndfarmmanagement.com).

## EXPLANATORY NOTES FOR THE FARM OPERATORS' REPORTS

The tables include the same number of farms, which were all of the farms whose records were judged to be of sufficient quality to be included in the overall report. However, the balance sheets include only sole proprietors. Partnerships and corporations are excluded because some debt is held outside of the business causing potential misinterpretations of the financial statement. The number of farms included in each of the crop tables varies because all farms do not have the same enterprises. Also, some farmers' records were complete enough to be included in the whole-farm tables, but at times, these same farmers' crop records were not complete enough to include in the respective crop and livestock tables.

Rounding of individual items for the report may have caused minor discrepancies with the printed totals which are calculated before rounding.

### Farm Income Statement

This statement is a summary of income, expenses, or resultant profit or loss from farming operations during the calendar year.

The first section of the table lists cash farm income from all sources. There are three possible sources of cash income from crops. The first is income from cash sales. The second is income from crops stored under government loan programs when the loan is treated as income for the year in which the crop was stored. If the crop value has not been entered as income when it was stored, then it would be treated as cash income in the year it was sold. The third is Net Government Sales, which refers to the difference between income credited in the year a crop was stored and the actual cash income received at the time it was sold. There are two categories of cash income from livestock sales. "Raised" steer, hogs, and lambs refer to animals raised from birth to market weight on the farm. "Finished" animals refers to those purchased as feeders and fed to market weight. The "Direct & CC govt payments" are decoupled from crop production but the counter-cyclical payment is coupled to national average prices. "LDP payments" are loan deficiency payments that may be received on production when local prices are below the county loan rate for the crop. "Other government payments" refers to all other government payments such as disaster payments but not including CRP payments.

The second section of the income statement lists cash expenses. "Labor" includes only labor hired. "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 last two sections of the income statement deal with the non-cash 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 final adjustment is for "Gain or loss on capital sales." The bottom line, labeled "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 that are owned by the farm family and hence, not purchased or paid a wage. However, it does not include any debt forgiveness or asset repossessions.

### Inventory Changes

This is the detailed statement of inventory changes that is summarized in the income statement. It includes beginning and ending inventories and the calculated changes.

## Depreciation

This is the detailed statement of depreciation and other capital adjustments that is summarized in the income statement. It includes beginning and ending inventories, and capital sales and purchases.

## Profitability Measures

This table shows profitability when capital assets are valued at cost. Various measures of performance are calculated. In the previous tables no opportunity costs are used. In this table, opportunity costs for labor, capital, and management are used. The measures and their components are described below.

"**Rate of return on assets**" is the "Return on farm assets" divided by "Average farm assets."

"**Rate of return on equity**" is the "Return of farm equity" divided by "Average farm equity."

"**Operating profit margin**" is the "Return on 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 accrual interest cost; usually it will be different from the cash interest expense.

"**Value of operator's labor and management**" is an opportunity cost for unpaid operator's labor and management that is used in the calculation of several financial performance measures. A value of \$20,000 per full time operator plus 5% of value of farm production is used.

"**Return of farm assets**" is calculated by adding "Farm interest expense" to "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.

"**Return on 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 cash farm income minus purchased feed and feeder livestock and adjusted for inventory changes in crops, market livestock, accounts receivable and breeding livestock.

## Liquidity & Repayment Capacity Measures

The table shows several measures of liquidity and repayment capacity. Calculation of repayment capacity starts with net farm income from operations and adds back the non-cash expense of depreciation. Personal income is also added. Family living expenses, personal debt payments and income taxes paid are subtracted to determine the capital debt repayment capacity.

## Balance Sheets

The ending balance sheet statements and solvency measures are presented for sole proprietors only. Current assets are valued at market price at the time of the inventory which is December 31. In balance sheet at cost values, intermediate and long-term assets that are depreciable are valued at cost remaining (amount remaining to be depreciated, plus salvage value). Raised breeding livestock is valued at conservative market replacement costs. Land is valued at cost or conservative market value. In balance sheet at market values, the intermediate and long term assets are listed at market value, and deferred income tax liabilities are estimated.

## Statement of Cash Flows

This statement organizes cash inflows and outflows by the following three categories: Operating activities, investing activities, and financing activities.



## Financial Standards Measures

The Farm Financial Standards Task Force recommended the use of these financial measures to evaluate a farm's financial position and financial performance. These measures are grouped by: Liquidity, Solvency, Profitability, Repayment Capacity, and Efficiency.

### Liquidity

Liquidity is the ability of the farm business to meet financial obligations in a timely manner, without disrupting normal business operations.

**Current Ratio:** The current ratio shows the value of current assets relative to current liabilities. It measures the extent current farm assets, if liquidated, would cover liabilities that are due during the next 12 months. The higher the ratio, the safer the short term position.

**Working Capital:** Working capital shows the dollar amount that current assets can or cannot cover current liabilities. It approximates the amount of capital available to purchase crop and livestock inputs and equipment necessary to produce farm products. The amount of working capital considered adequate must be related to the size of the farm business.

**Working Capital to Gross Revenues:** Measures operating capital available against the size of the business.

### Solvency

Solvency is important in evaluating the risk position of the farm and family and in considering future borrowing capacity. Solvency measures the ability of the business to pay off all debts if liquidated.

**Farm Debt To Asset Ratio:** The farm debt to asset ratio measures the financial position or solvency of the farm or ranch by comparing the total liabilities to the total assets. It measures the portion of the farm assets that have debt against them. A higher ratio is considered an indicator of greater financial risk.

**Farm Equity To Asset Ratio:** The farm equity to asset ratio measures the farm equity relative to the value of the farm assets. It measures the proportion of the farm assets financed by the owner's equity whereas the debt to asset ratio measured the proportion of farm assets financed by debt.

**Farm Debt To Equity Ratio:** The farm debt to equity ratio measures the amount of farm debt relative to the amount of farm equity. It measures the amount of debt the farm has for every dollar of equity.

### Profitability

Profitability is the measure of the value of goods produced by the business in relation to the cost of resources used in the production. Profitability calculated on a cost basis does not consider changes in market valuation of capital assets such as machinery and breeding livestock.

**Rate of Return on Assets:** Rate of return on assets is, in effect, the interest rate your farm earned in the past year on all money invested in the business. If assets are valued at market value, the rate of return on investment can be looked at as the "opportunity cost" of investing money in the farm instead of alternative investments. If assets are valued at cost (cost less depreciation), the rate of return represents the actual return on the average dollar invested in the business.

**Rate of Return on Equity:** Rate of return on equity is, in effect, the interest rate your investment in the business earned in the past year. If assets are valued at market value, this return can be compared with returns available if the assets were liquidated and invested in alternative investments. If assets are valued at cost, this represents the actual return to the amount of equity capital you have invested in the farm business.

If your return on assets is higher than your average interest rate, your return on equity will be still higher, reflecting the fact that there are residual returns to equity capital after paying all interest expense. This is positive use of financial leverage. If your return on assets is lower than your average interest rate, your return on equity will be still lower, reflecting the fact that borrowed capital did not earn enough to pay its interest cost. This is negative financial leverage. Profitability becomes a key concern when substantial debt capital is used in the business.

**Net Farm Income:** Net farm income represents the returns to labor, management, and equity capital invested in the business. Without income from other sources, or appreciation of capital asset values, net farm income must cover family living expenses and taxes, or net worth will decrease.

**Operating Profit Margin:** The operating profit margin is a measure of the profit margin from the employment of assets. It measures how effectively you are employing assets relative to the value of output produced. Low prices, high operating expenses, or production problems are all possible causes of a low operating profit margin.

**EBITDA:** This factor stands for: Earnings Before Interest, Taxes, Depreciation and Amortization. This represents a measure of earnings available for debt repayment.

#### **Repayment Capacity**

Repayment capacity shows the borrower's ability to repay term debts (longer than one year) on time. This includes non-farm income, and is therefore not a measure of business performance alone.

**Capital Debt Repayment Capacity:** Measures the amount generated from farm and non-farm sources, to cover debt repayment and capital replacement.

**Capital Debt Repayment Margin:** The amount of money remaining after all operating expenses, taxes, family living costs, and scheduled debt payments have been made. It is the money left, after paying all expenses, which is available for purchasing/financing new machinery, equipment, land or livestock.

**Replacement Margin:** The replacement margin is the amount of income remaining after paying principal and interest on term loans and unfunded (cash) capital purchases.

**Term Debt Coverage Ratio:** The term debt coverage ratio measures the ability of the business to cover all term debt payments. A number less than 100 percent indicates that the business, plus non-farm income, is not generating sufficient cash to meet all of the debt payments, after family living expenses and taxes have been paid. A number greater than 100 indicates the business is generating sufficient cash to pay all term debt obligations with some surplus margin remaining.

**Replacement Margin Coverage Ratio:** This represents the ability to term debt and unfunded capital purchases. A ratio under 1.0 indicated that you did not generate enough income to cover term debt payments and unfunded capital purchases.

#### **Efficiency**

These measures reflect the relationships between expense and income items to revenue and the efficiency of the farm business with regard to the use of cash and capital assets.

**Asset Turnover:** Asset turnover is a measure of how efficiently assets are used in the business. A farm with good operating profit margin and asset turnover will show a strong rate of return on farm assets. If operating profit margin is low, the asset turnover rate must be strong, or vice versa, to maintain the rate of return on assets.

**Operating Expense Ratio:** This ratio indicates the percent of the gross farm income, which is used to pay the operating expenses. Operating expenses do not include interest or depreciation expense.

**Depreciation Expense Ratio:** This ratio indicates the percent of the gross farm income, which is used to cover the depreciation expense.

**Interest Expense Ratio:** This ratio indicates the percent of the gross farm income, which is used to pay farm interest expenses.

**Net Farm Income Ratio:** The ratio indicates the percent of the gross farm income, which remains after all expenses.

## **Crop Production and Marketing Summary**

This table contains three sections. The first section reports averages for total acres owned, crop land by tenure and total pasture acres. The next two sections show average price received and average yields for major crops. These tables are sorted on the basis of "Net farm income."

## **Household and Personal Expenses**

For those farms that keep records, the household and personal expenses are summarized. The farms are grouped in the same ranking as in the Income Statement. Since not all farms keep these records, the number of farms in the low profit and high profit groups may be different. Averages are determined by the number of farms keeping these records. The Statement of Cash Flows presents calculated family living and includes all farms. Income tax paid is also shown in the Statement of Cash Flows and includes all farms.

## **Operator and Labor Information**

This table reports the average for the number of operators per farm, the operator's age, and the number of years farming.

## **Nonfarm Summary**

This table also reports nonfarm income. The figure reported is the average over all farms not just those reporting nonfarm income.

**Farm Income Statement**  
**North Dakota Farm Business Management Education**  
**Region 3 - South Central North Dakota, 2010**  
**(Farms Sorted By Net Farm Income)**

	<u>Avg. Of</u> <u>All Farms</u>	<u>Low 20%</u>	<u>40 - 60%</u>	<u>High 20%</u>
Number of farms	147	29	30	30
<b>Cash Farm Income</b>				
Barley	24,645	1,845	17,851	64,853
Beans, Black Turtle	4,039	-	-	19,792
Beans, Navy	1,148	-	-	-
Beans, Pinto	6,805	-	1,168	26,810
Canola	12,801	438	998	42,002
Corn	65,800	13,059	72,426	141,278
Flax	4,178	164	-	14,622
Hay, Alfalfa	122	-	-	160
Hay, Grass	193	788	-	126
Hay, Mixed	119	128	167	294
Hay, Mixed Alfalfa/Grass	196	17	283	-
Hay, Small Grain	40	202	-	-
Lentils	526	-	-	1,970
Oats	209	-	-	-
Peas, Field	2,046	-	-	3,097
Potatoes	4,123	-	-	-
Rye	177	-	-	164
Soybeans	154,618	45,489	130,553	401,335
Sunflowers	20,114	754	5,069	67,021
Sunflowers, Confectionary	4,369	-	-	21,408
Wheat, Durum	3,901	-	372	6,629
Wheat, Spring	108,473	3,295	55,511	328,516
Wheat, Winter	6,068	131	6,813	9,988
Rented Out	1,602	1,838	208	5,697
Soybeans, Food	5,958	-	-	4,803
Miscellaneous crop income	84	-	-	-
Beef Bulls	926	677	190	-
Beef Cow-Calf, Beef Calves	19,037	21,993	22,952	14,294
Beef Replacement Heifers	1,510	2,508	161	2,016
Beef Backgrounding	26,187	29,704	9,658	33,799
Beef Finishing	15,599	73	7,463	22,710
Beef Yearlings	8,957	438	-	43,445
Beef Grazing	1,632	-	1,220	5,231
Dairy, Milk	24,005	-	-	107,306
Dairy, Dairy Calves	235	-	-	1,122
Hogs, Farrow To Finish, Raised Ho	2,362	-	-	-
Hogs, Feeder Pig Prod, Feeder Pig	182	-	-	-
Hogs, Finish Feeder Pigs	576	-	-	-
Sheep, Feeder Lamb Prod, Fdr Lamb	399	2,021	-	-
Sheep, Feeder Lamb Prod, Wool	40	200	-	-
Sheep, Lamb Finishing	558	757	2,000	-
Sheep, Market Lamb Prod, Mkt Lamb	78	-	293	-
Beef Finish Cull Cows	858	-	2,580	-
Dairy Feeder	239	-	-	-
Dairy Backgrounding	190	-	-	355
Cull breeding livestock	9,124	9,419	6,870	12,634
Misc. livestock income	2,302	196	279	3,770
LDP payments	2,505	69	308	5,065
Direct & CC govt payments	17,629	4,691	13,895	41,843
CRP payments	1,976	1,467	1,942	2,225
Other government payments	27,166	12,877	19,393	54,897
Custom work income	13,499	4,346	44,101	9,970
Patronage dividends, cash	3,671	271	1,140	12,706
Insurance income	30,033	8,019	22,844	66,117
Sale of resale items	724	-	3,550	-
Other farm income	5,832	3,709	2,310	9,996
<b>Gross Cash Farm Income</b>	<b>650,382</b>	<b>171,582</b>	<b>454,565</b>	<b>1,610,065</b>

**Farm Income Statement (Continued)**  
**North Dakota Farm Business Management Education**  
**Region 3 - South Central North Dakota, 2010**  
**(Farms Sorted By Net Farm Income)**

	<u>Avg. Of All Farms</u>	<u>Low20%</u>	<u>40 - 60%</u>	<u>High 20%</u>
Number of farms	147	29	30	30
<b>Cash Farm Expense</b>				
Seed	60,458	14,448	46,131	154,344
Fertilizer	68,370	9,372	45,741	176,185
Crop chemicals	37,597	4,498	23,135	99,283
Crop insurance	22,038	4,528	16,258	55,355
Drying expense	1,315	77	1,161	2,369
Storage	801	-	841	2,493
Irrigation energy	201	-	-	535
Crop marketing	393	0	534	447
Crop miscellaneous	1,543	108	2,037	3,951
Feeder livestock purchase	24,847	3,785	8,357	63,100
Purchased feed	21,413	8,110	18,531	50,904
Breeding fees	358	120	29	1,458
Veterinary	3,491	1,779	2,734	7,204
Supplies	3,207	891	3,915	7,665
Livestock custom hire	65	-	8	208
Livestock machinery leases	23	-	113	-
Livestock leases	43	159	59	-
Livestock marketing	1,660	580	651	4,649
Interest	25,022	12,152	20,777	47,775
CCC buyback	1,673	-	662	5,469
Fuel & oil	31,263	9,788	28,321	66,394
Repairs	39,709	12,746	33,633	82,333
Custom hire	14,002	6,961	11,956	24,500
Hired labor	18,070	3,166	11,476	57,082
Land rent	60,854	19,912	45,235	146,462
Machinery leases	5,789	1,848	5,249	12,695
Building leases	374	-	317	671
Real estate taxes	3,533	1,775	2,669	6,418
Farm insurance	7,374	3,771	5,491	16,829
Utilities	6,444	2,809	5,827	13,372
Dues & professional fees	1,774	826	1,730	4,363
Miscellaneous	11,315	5,761	8,254	23,936
Total cash expense	475,020	129,971	351,830	1,138,448
Net cash farm income	175,362	41,610	102,736	471,617
<b>Inventory Changes</b>				
Prepays and supplies	17,654	-2,510	14,120	40,593
Accounts receivable	6,601	-4,649	13,341	14,040
Hedging accounts	-7,444	-6,330	-985	-19,025
Other current assets	777	-840	776	1,469
Crops and feed	92,168	12,523	17,136	344,547
Market livestock	12,939	1,191	10,862	22,570
Breeding livestock	-3,445	-11,065	-685	-7,241
Other assets	866	-52	2,634	-2,079
Accounts payable	6,099	2,225	4,560	11,179
Accrued interest	-396	-3,543	-720	2,638
Total inventory change	125,819	-13,049	61,038	408,691
Net operating profit	301,181	28,561	163,773	880,308
<b>Depreciation</b>				
Machinery and equipment	-33,287	-8,468	-16,526	-94,953
Titled vehicles	-2,170	-1,726	-1,986	-4,172
Buildings and improvements	-3,387	-747	-1,464	-11,376
Total depreciation	-38,844	-10,942	-19,976	-110,500
Net farm income from operations	262,337	17,619	143,798	769,809
Gain or loss on capital sales	10,674	1,348	8,222	42,246
Net farm income	273,012	18,966	152,019	812,055

**Inventory Changes**  
**North Dakota Farm Business Management Education**  
**Region 3 - South Central North Dakota, 2010**  
**(Farms Sorted By Net Farm Income)**

	<u>Avg. Of All Farms</u>	<u>Low20%</u>	<u>40 - 60%</u>	<u>High 20%</u>
Number of farms	147	29	30	30
Net cash farm income	175,362	41,610	102,736	471,617
<b>Crops and Feed</b>				
Ending inventory	413,291	51,441	165,479	1,376,011
Beginning inventory	321,123	38,918	148,342	1,031,464
Inventory change	92,168	12,523	17,136	344,547
<b>Market Livestock</b>				
Ending inventory	54,494	36,647	45,573	67,654
Beginning inventory	41,554	35,457	34,711	45,084
Inventory change	12,939	1,191	10,862	22,570
<b>Accts Receivable</b>				
Ending inventory	18,652	6,777	30,744	32,192
Beginning inventory	12,050	11,426	17,403	18,151
Inventory change	6,601	-4,649	13,341	14,040
<b>Prepaid Expenses and Supplies</b>				
Ending inventory	67,900	4,738	39,351	198,788
Beginning inventory	50,246	7,247	25,231	158,195
Inventory change	17,654	-2,510	14,120	40,593
<b>Hedging Activities</b>				
Ending inventory	5,149	687	820	21,832
Withdrawals	1,240	-	344	2,826
Beginning inventory	2,858	-	566	11,467
Deposits	10,975	7,017	1,583	32,215
Gain or loss	-7,444	-6,330	-985	-19,025
<b>Other Current Assets</b>				
Ending inventory	2,461	115	1,774	4,189
Beginning inventory	1,685	955	998	2,720
Inventory change	777	-840	776	1,469
<b>Breeding Livestock</b>				
Ending inventory	92,972	91,234	78,588	125,234
Capital sales	2,713	4,639	83	3,703
Beginning inventory	82,898	76,587	71,459	121,336
Capital purchases	16,233	30,351	7,897	14,841
Depreciation, capital adjust	-3,445	-11,065	-685	-7,241
<b>Other Capital Assets</b>				
Ending inventory	27,580	2,473	22,009	81,769
Capital sales	4,736	61	24	19,962
Beginning inventory	21,537	2,586	7,525	69,331
Capital purchases	9,912	-	11,875	34,479
Depreciation, capital adjust	866	-52	2,634	-2,079
<b>Accounts Payable</b>				
Beginning inventory	22,631	21,038	16,123	44,108
Ending inventory	16,532	18,814	11,563	32,929
Inventory change	6,099	2,225	4,560	11,179
<b>Accrued Interest</b>				
Beginning inventory	11,131	6,431	7,285	23,528
Ending inventory	11,525	9,973	8,004	20,878
Inventory change	-396	-3,543	-720	2,638
Total inventory change	125,819	-13,049	61,038	408,691
Net operating profit	301,181	28,561	163,773	880,308

**Depreciation**  
**North Dakota Farm Business Management Education**  
**Region 3 - South Central North Dakota, 2010**  
**(Farms Sorted By Net Farm Income)**

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>40 - 60%</u>	<u>High 20%</u>
Number of farms	147	29	30	30
Net operating profit	301,181	28,561	163,773	880,308
<b>Machinery and Equipment</b>				
Ending inventory	374,024	118,070	213,915	954,714
Capital sales	6,312	8,135	860	10,481
Beginning inventory	323,380	106,350	192,688	811,499
Capital purchases	90,243	28,323	38,613	248,648
Depreciation, capital adjust.	-33,287	-8,468	-16,526	-94,953
<b>Titled Vehicles</b>				
Ending inventory	22,226	10,211	23,686	37,103
Capital sales	132	28	371	104
Beginning inventory	19,371	10,249	18,833	33,754
Capital purchases	5,156	1,716	7,210	7,625
Depreciation, capital adjust.	-2,170	-1,726	-1,986	-4,172
<b>Buildings and Improvements</b>				
Ending inventory	100,141	31,443	43,736	266,774
Capital sales	22	-	-	110
Beginning inventory	85,285	31,346	36,186	218,294
Capital purchases	18,266	844	9,014	59,965
Depreciation, capital adjust.	-3,387	-747	-1,464	-11,376
Total depreciation, capital adj.	-38,844	-10,942	-19,976	-110,500
Net farm income from operations	262,337	17,619	143,798	769,809
Gain or loss on capital sales	10,674	1,348	8,222	42,246
Net farm income	273,012	18,966	152,019	812,055

---

**Profitability Measures**  
**North Dakota Farm Business Management Education**  
**Region 3 - South Central North Dakota, 2010**  
**(Farms Sorted By Net Farm Income)**

---

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>40 - 60%</u>	<u>High 20%</u>
Number of farms	147	29	30	30
<b>Profitability (assets valued at cost)</b>				
Net farm income from operations	262,337	17,619	143,798	769,809
Rate of return on assets	16.5 %	3.0 %	14.8 %	20.0 %
Rate of return on equity	24.2 %	0.4 %	23.2 %	26.8 %
Operating profit margin	34.0 %	11.1 %	27.4 %	38.4 %
Asset turnover rate	48.7 %	26.9 %	54.2 %	52.0 %
Farm interest expense	25,418	15,695	21,497	45,137
Value of operator lbr and mgmt.	47,955	16,683	36,206	105,092
Return on farm assets	239,800	16,631	129,088	709,853
Average farm assets	1,451,039	559,824	869,629	3,556,637
Return on farm equity	214,382	936	107,591	664,716
Average farm equity	885,454	218,325	464,334	2,484,495
Value of farm production	706,047	150,402	470,933	1,848,674

---



**Liquidity & Repayment Capacity Measures**  
**North Dakota Farm Business Management Education**  
**Region 3 - South Central North Dakota, 2010**  
**(Farms Sorted By Net Farm Income)**

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>40 - 60%</u>	<u>High 20%</u>
Number of farms	147	29	30	30
<b>Liquidity</b>				
Current ratio	2.05	0.94	1.76	2.65
Working capital	234,284	-7,616	124,613	787,361
Working capital to gross inc	37.0 %	-4.7 %	26.5 %	50.3 %
Current assets	456,880	116,154	289,374	1,265,726
Current liabilities	222,596	123,770	164,761	478,364
Gross revenues (accrual)	633,688	162,297	470,572	1,566,265
<b>Repayment capacity</b>				
Net farm income from operations	262,337	17,619	143,798	769,809
Depreciation	38,844	10,942	19,976	110,500
Personal income	39,525	43,166	28,767	70,442
Family living/owner withdrawals	-56,499	-33,419	-44,097	-107,272
Payments on personal debt	-3,823	-3,950	-3,746	-2,257
Income taxes paid	-10,375	-5,922	-7,742	-24,601
Interest on term debt	16,927	11,188	13,671	28,956
Capital debt repayment capacity	286,936	39,626	150,627	845,576
Scheduled term debt payments	-61,313	-31,319	-45,454	-128,526
Capital debt repayment margin	225,623	8,307	105,173	717,049
Cash replacement allowance	-19,655	-5,744	-12,793	-56,069
Replacement margin	205,968	2,562	92,380	660,980
Term debt coverage ratio	4.68	1.27	3.31	6.58
Replacement coverage ratio	3.54	1.07	2.59	4.58

**Balance Sheet at Cost Values**  
**North Dakota Farm Business Management Education**  
**Region 3 - South Central North Dakota, 2010**  
**(Farms Sorted By Net Farm Income)**

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>40 - 60%</u>	<u>High 20%</u>
Number of farms	138	29	28	25
<b>Assets</b>				
<b>Current Farm Assets</b>				
Cash and checking balance	21,967	15,749	9,158	50,955
Prepaid expenses & supplies	54,333	4,738	41,034	155,593
Growing crops	1,340	63	680	2,390
Accounts receivable	16,531	6,777	30,779	23,402
Hedging accounts	1,668	687	878	5,128
Crops held for sale or feed	293,066	51,441	166,932	882,718
Crops under government loan	16,476	-	-	90,946
Market livestock held for sale	50,584	36,647	38,692	53,973
Other current assets	916	52	1,220	620
Total current farm assets	456,880	116,154	289,374	1,265,726
<b>Intermediate Farm Assets</b>				
Breeding livestock	75,440	91,234	61,547	48,602
Machinery and equipment	321,950	118,070	197,099	828,825
Titled vehicles	19,838	10,211	24,619	24,193
Other intermediate assets	4,295	579	8,436	852
Total intermediate farm assets	421,523	220,094	291,701	902,472
<b>Long Term Farm Assets</b>				
Farm land	382,388	227,399	267,229	715,173
Buildings and improvements	83,059	31,443	45,931	190,824
Other long-term assets	11,532	1,894	15,145	22,467
Total long-term farm assets	476,979	260,735	328,305	928,464
Total Farm Assets	1,355,383	596,983	909,381	3,096,662
Total Nonfarm Assets	171,451	83,529	196,733	254,098
Total Assets	1,526,833	680,512	1,106,114	3,350,760
<b>Liabilities</b>				
<b>Current Farm Liabilities</b>				
Accrued interest	11,647	9,973	8,181	22,569
Accounts payable	14,610	18,814	11,431	25,094
Current notes	138,496	69,452	102,483	284,753
Government crop loans	8,639	-	-	47,690
Principal due on term debt	49,204	25,531	42,666	98,258
Total current farm liabilities	222,596	123,770	164,761	478,364
Total intermediate farm liabs	136,502	121,504	99,137	214,065
Total long term farm liabilities	213,982	123,568	147,002	373,385
Total farm liabilities	573,080	368,842	410,901	1,065,814
Total nonfarm liabilities	38,129	25,011	43,196	46,671
Total liabilities	611,209	393,854	454,096	1,112,484
Net worth (farm and nonfarm)	915,624	286,658	652,017	2,238,275
Net worth change	199,176	24,419	129,027	569,374
Percent net worth change	28 %	9 %	25 %	34 %
<b>Ratio Analysis</b>				
Current farm liabilities / assets	49 %	107 %	57 %	38 %
Intermediate farm liab. / assets	32 %	55 %	34 %	24 %
Long term farm liab. / assets	45 %	47 %	45 %	40 %
Total debt to asset ratio	40 %	58 %	41 %	33 %

**Statement Of Cash Flows**  
**North Dakota Farm Business Management Education**  
**Region 3 - South Central North Dakota, 2010**  
**(Farms Sorted By Net Farm Income)**

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>40 - 60%</u>	<u>High 20%</u>
Number of farms	147	29	30	30
Beginning cash (farm & nonfarm)	26,748	7,798	18,339	32,658
<b>Cash Provided By Operating Activities</b>				
Gross cash farm income	650,382	171,582	454,565	1,610,065
Total cash farm expense	-475,020	-129,971	-351,830	-1,138,448
Net cash from hedging transactions	-9,736	-7,017	-1,238	-29,389
Cash provided by operating	165,627	34,593	101,498	442,228
<b>Cash Provided By Investing Activities</b>				
Sale of breeding livestock	2,818	5,507	83	3,694
Sale of machinery & equipment	6,681	8,418	879	11,200
Sale of titled vehicles	169	100	371	167
Sale of farm land	6,655	2,069	10,556	20,053
Sale of farm buildings	22	-	-	110
Sale of other farm assets	10,765	186	24	49,382
Sale of nonfarm assets	5,168	9,448	283	2,646
Purchase of breeding livestock	-16,233	-30,351	-7,897	-14,841
Purchase of machinery & equip.	-90,243	-28,323	-38,613	-248,648
Purchase of titled vehicles	-5,156	-1,716	-7,210	-7,625
Purchase of farm land	-53,486	-34,833	-15,769	-84,990
Purchase of farm buildings	-18,266	-844	-9,014	-59,965
Purchase of other farm assets	-9,912	-	-11,875	-34,479
Purchase of nonfarm assets	-18,499	-13,377	-6,205	-36,688
Cash provided by investing	-179,517	-83,716	-84,387	-399,983
<b>Cash Provided By Financing Activities</b>				
Money borrowed	500,656	176,852	362,408	1,123,750
Principal payments	-454,295	-122,942	-360,245	-1,076,320
Personal income	39,525	43,166	28,767	70,442
Family living/owner withdrawals	-56,499	-33,419	-44,097	-107,272
Income and social security tax	-10,375	-5,922	-7,742	-24,601
Capital contributions	571	-	-	-
Capital distributions	-903	-	-3,589	-
Dividends paid	-	-	-	-
Cash gifts and inheritances	4,056	517	2,341	5,567
Gifts given	-992	-212	-	-4,468
Other cash flows	221	-	-	156
Cash provided by financing	21,966	58,042	-22,158	-12,747
Net change in cash balance	8,075	8,919	-5,047	29,498
Ending cash (farm & nonfarm)	34,823	16,717	13,292	62,157

**Financial Standards Measures**  
**North Dakota Farm Business Management Education**  
**Region 3 - South Central North Dakota, 2010**  
**(Farms Sorted By Net Farm Income)**

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>40 - 60%</u>	<u>High 20%</u>
Number of farms	147	29	30	30
<b>Liquidity</b>				
Current ratio	2.05	0.94	1.76	2.65
Working capital	234,284	-7,616	124,613	787,361
Working capital to gross inc	37.0 %	-4.7 %	26.5 %	50.3 %
<b>Solvency (cost)</b>				
Farm debt to asset ratio	42 %	62 %	45 %	34 %
Farm equity to asset ratio	58 %	38 %	55 %	66 %
Farm debt to equity ratio	0.73	1.62	0.82	0.52
<b>Profitability (cost)</b>				
Rate of return on farm assets	16.5 %	3.0 %	14.8 %	20.0 %
Rate of return on farm equity	24.2 %	0.4 %	23.2 %	26.8 %
Operating profit margin	34.0 %	11.1 %	27.4 %	38.4 %
Net farm income	273,012	18,966	152,019	812,055
EBIDTA	326,599	44,256	185,270	925,446
<b>Repayment Capacity</b>				
Capital debt repayment capacity	286,936	39,626	150,627	845,576
Capital debt repayment margin	225,623	8,307	105,173	717,049
Replacement margin	205,968	2,562	92,380	660,980
Term debt coverage ratio	4.68	1.27	3.31	6.58
Replacement coverage ratio	3.54	1.07	2.59	4.58
<b>Efficiency</b>				
Asset turnover rate (cost)	48.7 %	26.9 %	54.2 %	52.0 %
Operating expense ratio	56.6 %	72.7 %	62.8 %	52.8 %
Depreciation expense ratio	5.2 %	6.7 %	4.0 %	5.6 %
Interest expense ratio	3.3 %	7.5 %	4.2 %	2.4 %
Net farm income ratio	36.3 %	11.7 %	30.5 %	41.4 %

**Crop Production and Marketing Summary**  
**North Dakota Farm Business Management Education**  
**Region 3 - South Central North Dakota, 2010**  
**(Farms Sorted By Net Farm Income)**

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>40 - 60%</u>	<u>High 20%</u>
Number of farms	147	29	30	30
<b>Acreage Summary</b>				
Total acres owned	852	581	586	1,468
Total crop acres	1,797	581	1,328	4,261
Crop acres owned	500	202	356	1,038
Crop acres cash rented	1,201	362	931	3,015
Crop acres share rented	96	18	41	208
Total pasture acres	600	631	625	483
Percent crop acres owned	28 %	35 %	27 %	24 %
<b>Average Price Received (Cash Sales Only)</b>				
Soybeans per bushel	9.64	9.80	9.63	9.70
Wheat, Spring per bushel	5.45	-	5.64	5.56
Corn per bushel	3.46	2.91	3.45	3.54
Barley per bushel	4.05	-	4.43	4.05
Sunflowers per cwt	17.32	-	16.94	17.65
Canola per cwt	17.71	-	-	17.32
Wheat, Winter per bushel	3.95	-	4.60	-
Beans, Pinto per cwt	23.09	-	-	23.23
Wheat, Durum per bushel	5.16	-	-	-
<b>Average Yield Per Acre</b>				
Soybeans (bushel)	34.90	29.60	34.62	35.96
Wheat, Spring (bushel)	54.06	-	42.19	59.53
Pasture (aum)	0.968	0.891	1.04	0.976
Corn (bushel)	130.46	116.84	126.57	134.29
Hay, Mixed Alfalfa/Grass (ton)	1.82	1.73	1.86	2.08
Sunflowers (cwt)	17.15	-	-	18.05
Canola (cwt)	17.82	-	-	17.86
Hay, Grass (ton)	1.38	1.26	1.42	1.47
Barley (bushel)	77.54	-	-	80.09
Hay, Alfalfa (ton)	2.35	-	1.71	-
Beans, Pinto (cwt)	17.60	-	-	17.35
Corn Silage (ton)	14.93	-	-	-
Wheat, Winter (bushel)	56.08	-	-	60.16
Peas, Field (bushel)	47.04	-	-	-
Wheat, Durum (bushel)	50.06	-	-	-

**Household and Personal Expenses**  
**North Dakota Farm Business Management Education**  
**Region 3 - South Central North Dakota, 2010**  
**(Farms Sorted By Net Farm Income)**

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>40 - 60%</u>	<u>High 20%</u>
Number of farms	81	15	18	15
Average family size	2.6	1.8	2.4	3.1
<b>Family Living Expenses</b>				
Food and meals expense	7,222	5,922	6,294	7,603
Medical care	3,647	1,407	3,166	7,052
Health insurance	4,297	2,049	3,899	5,856
Cash donations	1,506	1,004	742	2,346
Household supplies	5,021	4,095	3,819	6,732
Clothing	1,577	790	1,523	2,453
Personal care	6,063	2,260	3,048	10,510
Child / Dependent care	437	424	650	547
Alimony and child support	-	-	-	-
Gifts	1,476	487	1,273	1,932
Education	1,368	333	911	1,199
Recreation	2,723	1,153	2,329	4,569
Utilities (household share)	2,332	1,698	1,643	3,379
Personal vehicle operating exp	3,034	2,240	2,649	3,176
Household real estate taxes	83	-	77	112
Dwelling rent	269	177	185	220
Household repairs	1,779	2,784	1,384	1,879
Personal interest	576	299	70	456
Disability / Long term care ins	222	5	255	284
Life insurance payments	1,703	708	730	3,949
Personal property insurance	79	76	58	-
Miscellaneous	1,656	1,043	1,647	2,412
Total cash family living expense	47,070	28,951	36,353	66,667
Family living from the farm	76	67	-	-
Total family living	47,146	29,017	36,353	66,667
<b>Other Nonfarm Expenditures</b>				
Income taxes	11,418	6,737	6,038	32,116
Furnishing & appliance purchases	559	-	56	627
Nonfarm vehicle purchases	2,635	873	1,503	8,934
Nonfarm real estate purchases	7,101	-4,133	311	21,726
Other nonfarm capital purchases	3,497	13,494	-	2,126
Nonfarm savings & investments	5,106	2,954	787	19,312
Total other nonfarm expenditures	30,317	19,925	8,694	84,841
Total cash family living investment & nonfarm capital purch	77,387	48,876	45,048	151,508

---

**Operator and Labor Information**  
**North Dakota Farm Business Management Education**  
**Region 3 - South Central North Dakota, 2010**  
**(Farms Sorted By Net Farm Income)**

---

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>40 - 60%</u>	<u>High 20%</u>
Number of farms	147	29	30	30
<b>Operator Information</b>				
Average number of operators	1.0	1.0	1.1	1.1
Average age of operators	44.6	37.0	46.0	49.5
Average number of years farming	20.7	13.2	22.3	26.2
<b>Results Per Operator</b>				
Working capital	349,874	-7,616	118,476	1,182,869
Total assets (cost)	1,692,022	680,512	1,049,218	3,815,665
Total liabilities	605,431	393,854	426,509	1,055,006
Net worth (cost)	1,086,590	286,658	622,709	2,760,659
Gross farm income	722,805	162,297	466,707	1,784,252
Total farm expense	470,755	144,678	331,897	1,084,426
Net farm income from operations	252,050	17,619	134,810	699,826
Net nonfarm income	37,975	43,166	26,969	64,038
Family living & tax withdrawals	64,251	39,340	48,599	119,885
Total acres owned	819.0	580.7	549.5	1,334.7
Total crop acres	1,726.3	581.4	1,245.1	3,873.7
Crop acres owned	480.3	201.6	333.6	943.7
Crop acres cash rented	1,153.8	362.0	873.2	2,741.1
Crop acres share rented	92.2	17.8	38.2	188.9
Total pasture acres	576.5	630.7	586.2	438.7
<b>Labor Analysis</b>				
Number of farms	147	29	30	30
Total unpaid labor hours	2,021	1,091	1,993	2,877
Total hired labor hours	1,129	231	701	3,795
Total labor hours per farm	3,151	1,322	2,694	6,672
Unpaid hours per operator	1,942	1,091	1,869	2,615

---

---

**Nonfarm Summary**  
**North Dakota Farm Business Management Education**  
**Region 3 - South Central North Dakota, 2010**  
**(Farms Sorted By Net Farm Income)**

---

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>40 - 60%</u>	<u>High 20%</u>
Number of farms	147	29	30	30
<b>Nonfarm Income</b>				
Personal wages & salary	17,935	27,299	15,304	10,191
Net nonfarm business income	2,844	158	10,583	1,798
Personal rental income	3,029	10,609	-	-
Personal interest income	297	16	25	633
Personal cash dividends	117	-	-	133
Tax refunds	741	1,951	376	98
Nontaxable personal inc.	221	-	-	156
Other nonfarm income	14,561	3,133	2,480	57,588
Total nonfarm income	39,745	43,166	28,767	70,597
Gifts and inheritances	4,056	517	2,341	5,567

---



**Financial Summary**  
**North Dakota Farm Business Management Education**  
**Region 3 - South Central North Dakota, 2010**  
**(Farms Sorted By Gross Farm Income)**

	<u>Avg. Of</u> <u>All Farms</u>	<u>Less than</u> <u>50,000</u>	<u>50,001 -</u> <u>100,000</u>	<u>100,001 -</u> <u>250,000</u>	<u>250,001 -</u> <u>500,000</u>	<u>500,001 -</u> <u>1,000,000</u>	<u>Over</u> <u>1,000,000</u>
Number of farms	147	8	11	23	42	38	25
<b>Income Statement</b>							
Gross cash farm income	650,382	32,952	64,765	164,824	391,722	707,468	1,900,123
Total cash farm expense	475,020	40,438	51,057	119,772	288,897	503,945	1,396,180
Net cash farm income	175,362	-7,485	13,708	45,052	102,826	203,524	503,943
Inventory change	125,819	19,337	18,153	20,877	56,169	125,734	420,953
Depreciation	-38,844	-3,674	-4,057	-8,053	-20,894	-36,701	-127,145
Net farm income from operations	262,337	8,178	27,803	57,877	138,101	292,557	797,751
Gain or loss on capital sales	10,674	-	22,371	680	8,841	6,150	28,095
Average net farm income	273,012	8,178	50,174	58,557	146,942	298,707	825,846
Median net farm income	151,501	6,051	28,220	60,103	127,770	290,167	751,160
<b>Profitability (cost)</b>							
Rate of return on assets	16.5 %	0.5 %	6.7 %	11.0 %	12.3 %	17.2 %	19.2 %
Rate of return on equity	24.2 %	-1.0 %	11.4 %	19.6 %	18.6 %	26.6 %	26.0 %
Operating profit margin	34.0 %	2.1 %	29.2 %	28.4 %	29.9 %	34.7 %	35.7 %
Asset turnover rate	48.7 %	21.9 %	22.8 %	38.9 %	41.1 %	49.7 %	53.9 %
<b>Liquidity &amp; Repayment (end of year)</b>							
Current assets	456,880	68,615	62,282	135,562	308,841	537,567	1,452,499
Current liabilities	222,596	34,871	32,532	82,292	167,267	283,692	601,894
Current ratio	2.05	1.97	1.91	1.65	1.85	1.89	2.41
Working capital	234,284	33,744	29,750	53,269	141,574	253,875	850,605
Working capital to gross inc	37.0 %	59.8 %	38.6 %	28.4 %	32.2 %	31.5 %	45.0 %
Term debt coverage ratio	4.68	3.17	1.09	2.78	3.17	4.66	6.22
Replacement coverage ratio	3.54	2.39	0.99	2.36	2.65	3.51	4.35
<b>Solvency (end of year at cost)</b>							
Number of sole proprietors	138	8	11	23	41	37	18
Total farm assets	1,355,383	279,478	322,097	521,132	1,095,858	1,730,639	3,350,782
Total farm liabilities	573,080	132,133	158,961	299,965	466,397	714,344	1,323,735
Total assets	1,526,833	318,879	374,472	616,944	1,305,429	1,925,356	3,615,683
Total liabilities	611,209	154,985	186,818	327,616	505,809	751,748	1,386,888
Net worth	915,624	163,894	187,654	289,328	799,621	1,173,609	2,228,795
Net worth change	199,176	26,650	45,611	54,348	135,882	251,881	590,587
Farm debt to asset ratio	42 %	47 %	49 %	58 %	43 %	41 %	40 %
Total debt to asset ratio	40 %	49 %	50 %	53 %	39 %	39 %	38 %
<b>Nonfarm Information</b>							
Net nonfarm income	39,525	42,690	28,414	30,903	37,635	32,984	64,448
Farms reporting living expenses	81	4	6	13	27	24	7
Total family living expense	47,146	-	26,807	24,332	44,657	63,140	72,264
<b>Crop Acres</b>							
Total acres owned	852	115	309	504	1,000	994	1,186
Total crop acres	1,797	181	276	589	1,181	2,039	4,760
Total crop acres owned	500	82	66	242	492	604	916
Total crop acres cash rented	1,201	99	124	295	641	1,251	3,725
Total crop acres share rented	96	-	85	51	48	184	119

**Financial Summary**  
**North Dakota Farm Business Management Education**  
**Region 3 - South Central North Dakota, 2010**  
**(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	147	36	21	29	47	14
<b>Income Statement</b>						
Gross cash farm income	650,382	346,980	819,524	837,529	734,021	508,399
Total cash farm expense	475,020	260,884	703,946	567,587	523,024	329,362
Net cash farm income	175,362	86,096	115,578	269,942	210,997	179,037
Inventory change	125,819	48,596	167,710	114,830	169,873	136,420
Depreciation	-38,844	-14,905	-42,621	-53,496	-48,391	-32,331
Net farm income from operations	262,337	119,787	240,666	331,275	332,479	283,126
Gain or loss on capital sales	10,674	-58	103	4,845	17,253	44,116
Average net farm income	273,012	119,729	240,770	336,121	349,733	327,241
Median net farm income	151,501	66,385	117,670	259,748	214,960	128,595
<b>Profitability (cost)</b>						
Rate of return on assets	16.5 %	20.7 %	15.0 %	18.8 %	15.5 %	15.0 %
Rate of return on equity	24.2 %	47.5 %	26.0 %	30.7 %	20.6 %	17.5 %
Operating profit margin	34.0 %	28.4 %	28.7 %	34.5 %	36.0 %	42.0 %
Asset turnover rate	48.7 %	72.9 %	52.3 %	54.4 %	43.0 %	35.7 %
<b>Liquidity &amp; Repayment (end of year)</b>						
Current assets	456,880	186,251	403,598	735,070	556,278	365,885
Current liabilities	222,596	96,229	299,458	379,985	232,881	104,413
Current ratio	2.05	1.94	1.35	1.93	2.39	3.50
Working capital	234,284	90,022	104,140	355,085	323,397	261,472
Working capital to gross inc	37.0 %	23.4 %	16.9 %	36.7 %	45.4 %	67.5 %
Term debt coverage ratio	4.68	4.68	2.43	4.92	5.57	8.23
Replacement coverage ratio	3.54	4.13	2.29	3.76	3.80	4.20
<b>Solvency (end of year at cost)</b>						
Number of sole proprietors	138	36	18	27	44	13
Total farm assets	1,355,383	604,270	1,322,035	1,888,538	1,717,242	1,149,479
Total farm liabilities	573,080	362,181	676,830	845,483	621,769	282,903
Total assets	1,526,833	658,637	1,429,197	2,103,860	1,922,571	1,528,397
Total liabilities	611,209	395,259	703,260	881,795	654,445	373,446
Net worth	915,624	263,378	725,937	1,222,066	1,268,126	1,154,951
Net worth change	199,176	105,669	162,766	290,548	234,798	198,192
Farm debt to asset ratio	42 %	60 %	51 %	45 %	36 %	25 %
Total debt to asset ratio	40 %	60 %	49 %	42 %	34 %	24 %
<b>Nonfarm Information</b>						
Net nonfarm income	39,525	19,356	21,839	23,654	61,671	76,444
Farms reporting living expenses	81	20	11	12	29	9
Total family living expense	47,146	25,083	41,710	66,778	55,483	49,773
<b>Crop Acres</b>						
Total acres owned	852	154	420	974	1,328	1,448
Total crop acres	1,797	998	1,620	2,417	2,208	1,449
Total crop acres owned	500	88	269	699	740	688
Total crop acres cash rented	1,201	879	1,340	1,522	1,340	686
Total crop acres share rented	96	31	12	196	128	76

**Financial Summary**  
**North Dakota Farm Business Management Education**  
**Region 3 - South Central North Dakota, 2010**  
**(Farms Sorted By Farm Type)**

	<u>Avg. Of All Farms</u>	<u>Crop</u>	<u>Beef</u>	<u>Crop and Beef</u>	<u>Other</u>
Number of farms	147	87	15	27	16
<b>Income Statement</b>					
Gross cash farm income	650,382	751,647	332,952	488,072	404,452
Total cash farm expense	475,020	521,242	305,648	371,210	289,532
Net cash farm income	175,362	230,405	27,303	116,862	114,921
Inventory change	125,819	164,009	71,328	71,701	18,320
Depreciation	-38,844	-46,956	-14,039	-25,298	-23,524
Net farm income from operations	262,337	347,458	84,593	163,265	109,717
Gain or loss on capital sales	10,674	16,088	1,043	5,483	363
Average net farm income	273,012	363,545	85,635	168,748	110,080
Median net farm income	151,501	214,960	27,828	107,265	61,395
<b>Profitability (cost)</b>					
Rate of return on assets	16.5 %	18.4 %	12.5 %	13.1 %	10.4 %
Rate of return on equity	24.2 %	25.2 %	24.1 %	22.7 %	16.3 %
Operating profit margin	34.0 %	36.0 %	32.9 %	31.5 %	25.8 %
Asset turnover rate	48.7 %	51.0 %	38.0 %	41.6 %	40.2 %
<b>Liquidity &amp; Repayment (end of year)</b>					
Current assets	456,880	553,535	220,048	415,443	243,543
Current liabilities	222,596	231,562	152,238	240,923	206,457
Current ratio	2.05	2.39	1.45	1.72	1.18
Working capital	234,284	321,973	67,810	174,520	37,085
Working capital to gross inc	37.0 %	42.5 %	17.8 %	31.7 %	10.5 %
Term debt coverage ratio	4.68	6.57	3.36	2.80	2.69
Replacement coverage ratio	3.54	4.39	2.80	2.55	2.20
<b>Solvency (end of year at cost)</b>					
Number of sole proprietors	138	82	14	26	15
Total farm assets	1,355,383	1,599,547	641,084	1,278,493	861,237
Total farm liabilities	573,080	593,540	399,365	648,861	490,215
Total assets	1,526,833	1,807,171	711,697	1,435,537	958,098
Total liabilities	611,209	641,380	428,268	666,329	519,716
Net worth	915,624	1,165,791	283,429	769,208	438,381
Net worth change	199,176	265,118	72,973	148,715	55,827
Farm debt to asset ratio	42 %	37 %	62 %	51 %	57 %
Total debt to asset ratio	40 %	35 %	60 %	46 %	54 %
<b>Nonfarm Information</b>					
Net nonfarm income	39,525	49,967	30,076	22,818	24,148
Farms reporting living expenses	81	54	8	13	5
Total family living expense	47,146	52,472	26,982	45,561	23,982
<b>Crop Acres</b>					
Total acres owned	852	913	242	904	1,058
Total crop acres	1,797	2,198	488	1,517	1,052
Total crop acres owned	500	574	100	602	336
Total crop acres cash rented	1,201	1,546	375	656	705
Total crop acres share rented	96	78	12	259	12

## EXPLANATORY NOTES FOR CROPS TABLES

The "Crop Enterprise Analysis" tables show the average physical production, gross return, direct costs, overhead costs, and net returns per acre. The "Net Return per Acre" is the "Gross Return per Acre" minus the direct and overhead costs. "Net Return" represents the return to the operator's and family's unpaid labor, management, and equity. It represents the return to all of the resources which are owned by the farm family and hence, not purchased or paid a wage. Net returns are also calculated after a charge for unpaid operator labor and management and after an allocation of direct government payments. The last section of each crop table contains breakeven yield measures which provide useful standards or goals for the individual managers.

There are potentially three tables for each crop depending on the farmer's tenure on the land. The crop tables may be for (1) owned land, (2) cash rented land, and (3) share rented land. Individual farms may have data in all three tables if all three land tenure categories are represented in that farm business. When there are less than five farms with a particular crop and tenure, that table is not included in the report. Farms may be classified into the low 20%, the mid 20%, or the high 20% on the basis of net return per acre. The classification is done separately for each table, i.e., an individual farm may be in the low 20% for one crop, the high 20% for a second, and the middle 20% for a third crop. When there are less than 25 total farms with any particular crop and farmer's tenure, only overall averages are presented.

Several cost items, such as "utilities," "hired labor," and "interest paid," are listed under both "direct" and "overhead" costs because some of these costs are specific to that crop whereas others are general overhead costs of the farm. For example, "Direct Lease Payments" refers to non-land inputs or resources leased and used only in that crop enterprise and not listed elsewhere under direct costs; the most common example is the lease of equipment that is crop specific. However, cost of leasing machinery that is used for the entire farm operation is listed as an overhead cost. Interest payments are likewise divided into those incurred directly for a specific crop and those that are not. "Land Rent" is listed as a direct cost for each crop enterprise on cash rented land. In the case of double cropping, one-half of the rent is charged to each crop.

"Total direct expense per unit" and "Total dir & ovhd exp per unit" are calculated by dividing "Total direct expense per acre" and "Total dir & ovhd expenses per acre," respectively, by "Yield per acre." "With labor & management" is the breakeven yield after direct, overhead and a labor and management charge are considered. "Total exp less govt & oth income" is the breakeven yield after all costs (including a labor and management charge) are reduced by government payments and miscellaneous income.

In the last section of the crop table, "machinery cost per acre" is the sum of fuel, repairs, all custom hire and machinery leases, machinery depreciation and interest on intermediate debt.

Rounding of individual items for the report may have caused minor discrepancies with the calculated totals.









































































## EXPLANATORY NOTES FOR LIVESTOCK TABLES

The "Livestock Enterprise Analysis" table shows the average physical production, gross returns, direct costs, overhead costs, and net return per unit. All costs are actual costs; no opportunity costs are included. The "Net Return" to the enterprise is the "Gross Margin" minus the direct and overhead costs. "Net Return" represents the return to the operators and family's unpaid labor, management, and equity. It represents the return to all of the resources, which are owned by the farm family and hence, not purchased or paid a wage. The last section of each livestock table contains both economic and technical efficiency measures, which are particularly useful to individual managers in assessing their performance as compared to their peers.

When there are less than five farms with a particular livestock enterprise, that enterprise is not included in the report. When there is a sufficient number (i.e., more than 24), farms are divided into low 20%, middle 20% and high 20% on the basis of returns to overhead costs. The classification is done separately for each livestock enterprise.

The "Dairy" enterprise contains the information for only the milking herd (which includes dry cows). "Dairy Replacement Heifers" are those heifers kept for replacement into the milking herd. "Dairy Heifers (for sale)" are heifers intended for feeding and sale. "Dairy Steers" includes only steers for feeding. The "Dairy and Replacement Heifers" table includes both "Dairy" and "Dairy Replacement Heifers."

"Lbs. feed per lb. of gain" is the lbs. of total feed divided by total gain. The total feed is calculated by adding total pounds of feed. For grains, these pounds per unit are used: corn, 56; oats, 32; barley, 48; grain sorghum, 56; wheat, 60; and millet, 48. For these roughages, the pounds are calculated by these factors: alfalfa haylage, 0.5; corn silage, 0.33; oatlage, 0.5; and 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 has caused minor discrepancies with the calculated totals.















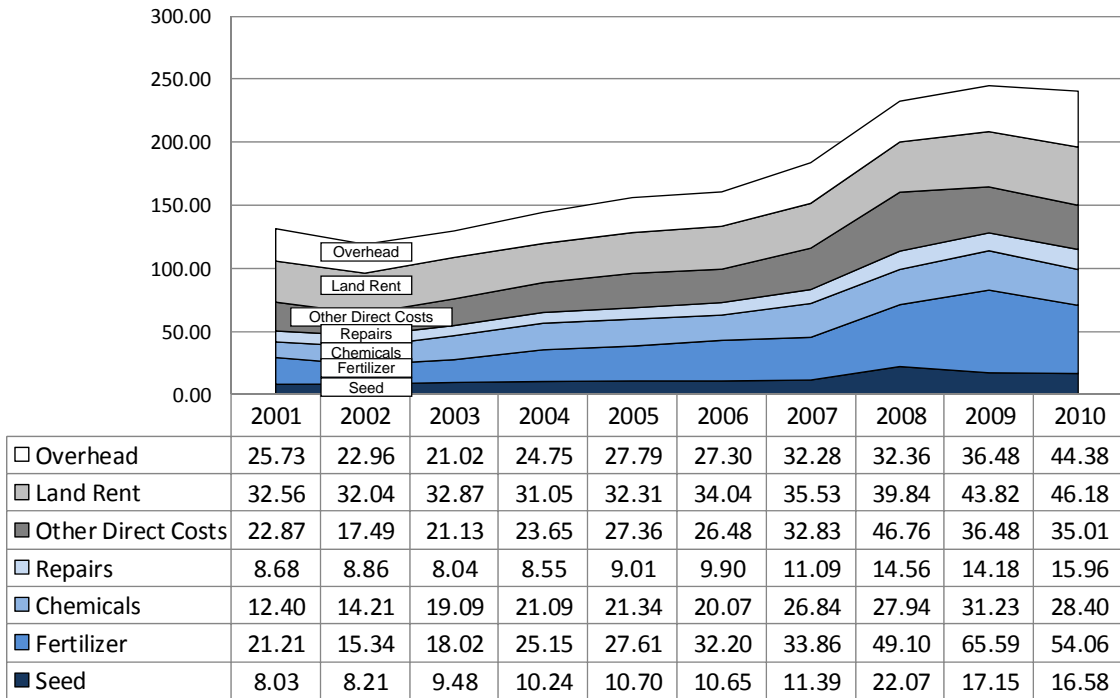






## Figure 9. Spring Wheat Costs Per Acre

N.D. Farm Business Management Education Program – South Central Region



## Figure 10. Average Net Return Per Beef Cow

N.D. Farm Business Management Education Program – South Central Region

