

North Dakota and Minnesota Farm Business Management

VOLUME 1, ISSUE 1

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2011 Red River Valley Report Summary

Overview

This report includes information from 250 farmers enrolled in the Farm Business Management Programs in the Red River Valley. These programs are located in North Dakota and Minnesota. In 2011, the average farmer was 45 years of age, has farmed for 29 years, and farms about 1755 acres. This average farmer spent \$789,890 for inputs in the local community. In 2011, net farm income for the 250 farms enrolled in the FBM Programs averaged \$307,053 which was a decrease of \$67,589 from 2010.



Government Payments

- 2003 \$48,363
- 2004 \$36,881
- 2005 \$54,301
- 2006 \$29,339
- 2007 \$26,431
- 2008 \$36,533
- 2009 \$23,673
- 2010 \$39,737
- 2011 \$36,606

●A net decrease of \$3,131 from 2010.

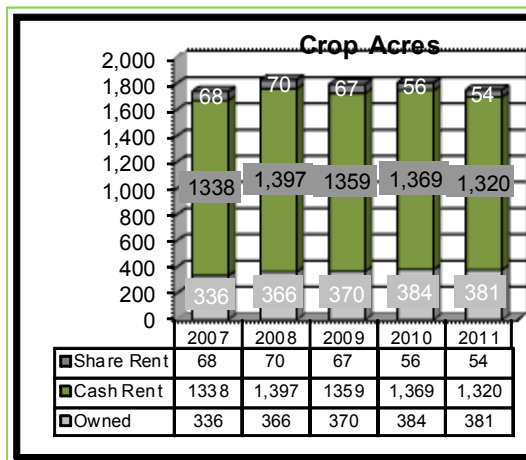
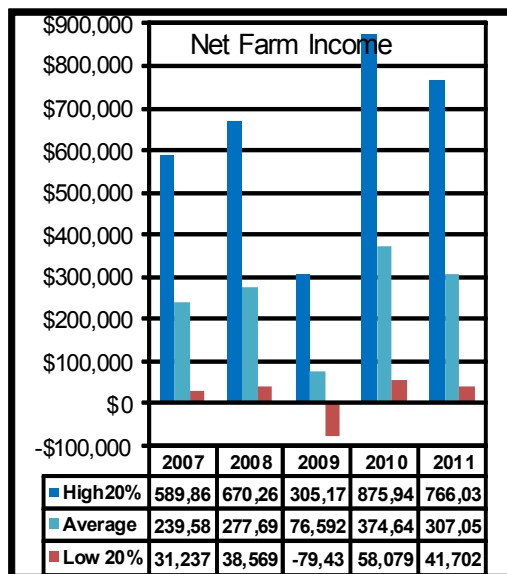


Total acres farmed in 2011 was 1755 compared with 1728 in 2006



Factor's that caused this year's decrease in Net Farm Income

- Poor Yields
- Increase in costs



Non Farm Income

●Average Non Farm Income was \$15,105 which is a decrease of \$4,052 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



2011 Crop Yields and Returns



Wheat

2011 was 45 bushels compared with 65 bushels for 2010.

Net Return for Wheat:

Average	\$19.35
Low 20%	-\$95.05
High 20%	\$113.7

The average price for spring wheat was \$8.02 compared to \$6.39 last year.

Soybeans

Average yield was 31 bushels per acre down 5 bushels from last year
Soybeans returned \$82.52 per acre.

The average price for soybeans was \$11.42 compared with \$10.59 last year.

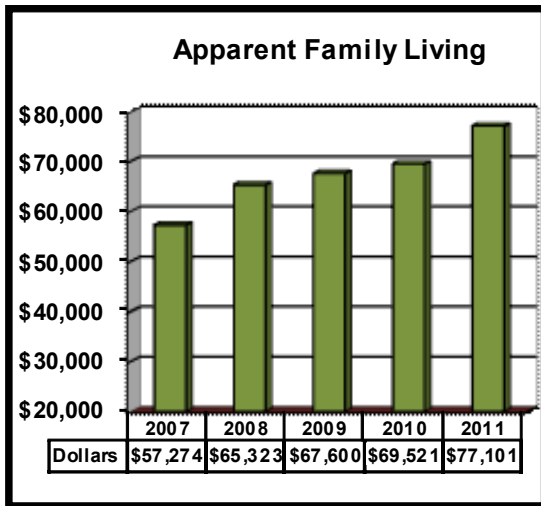
Corn

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
2011	115 bu	\$154.78

The average price for corn was \$5.75 compared to \$4.59 last year..

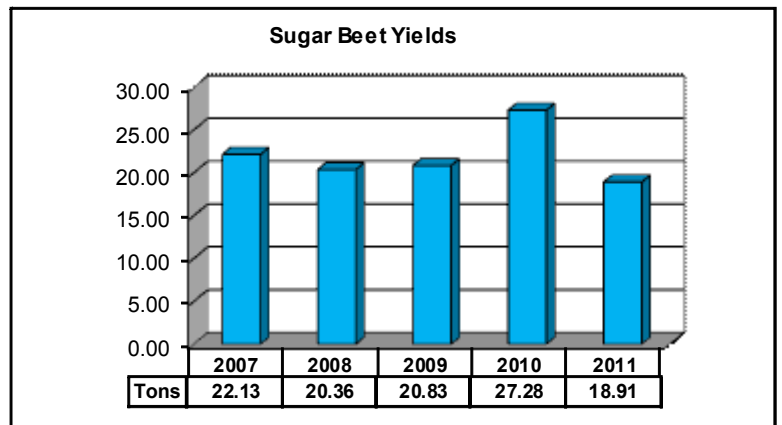
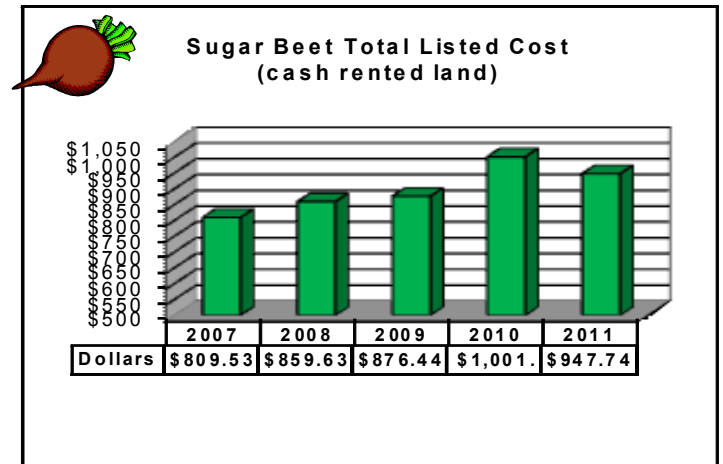


Family Living Without Taxes



2011 Income Tax Paid

Average Farm	\$23,712
40%-60%	\$22,151
High Profit	\$48,475



Summary of Cash Inflow and Outflow for 2011

Gross Farm Income: \$1,104,421
 Non Farm Income: 15,105
 Total Cash Farm Exp -789,890
 Hedging -2,659
 Taxes: - 23,712
 Family Living - 77,101
 Investing - 293,823
 Money Borrowed 510,082
 Principal Payments -437,049

This would leave a positive change of \$5374 in the ending cash balance



Machinery and Buildings Purchased

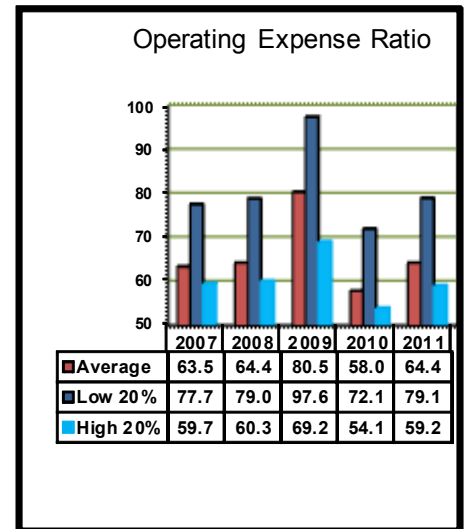
Machinery purchased for the year was \$163,248 up \$32,557 from last year. Building purchased for the year was \$48,196

Ratios

Repayment capacity measures the ability to repay term debt and to replace capital assets. The Term Debt Coverage Ratio for 2011 was 3.29 with a capital replacement margin of \$191,421 compared with \$273,647 last year.

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 38%. This means that for every dollar of Assets the farm had, they owed 38 cents of debt.

Efficiency is an area that looks at what it costs to produce a dollar of income. In 2011, the average operating cost was 64.4 cents, compared to 58 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



NORTHLAND COMMUNITY & TECHNICAL COLLEGE

For More information on the Minnesota Farm Business Management Programs Call Northland College Community and Technical College

1-800-959-6282 ext 8747

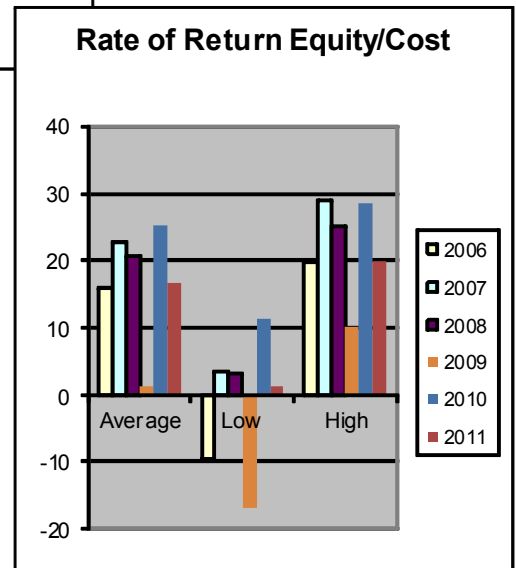
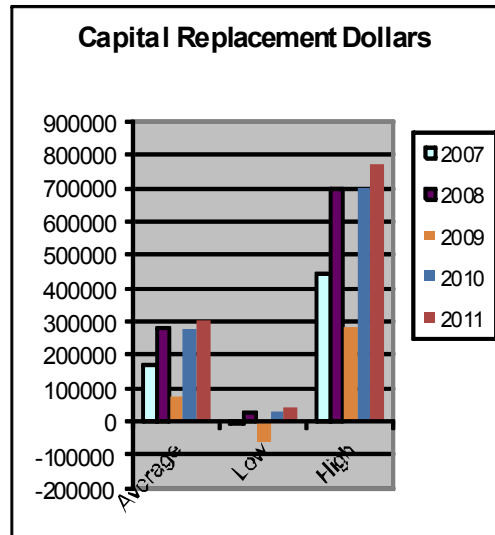
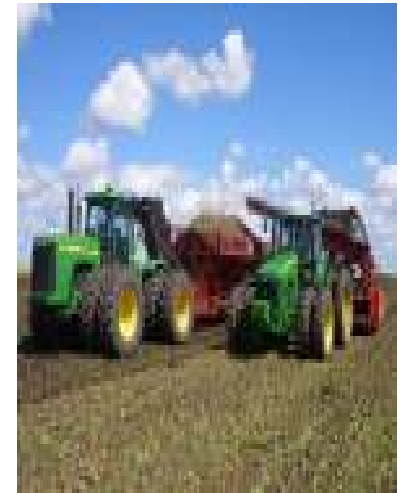
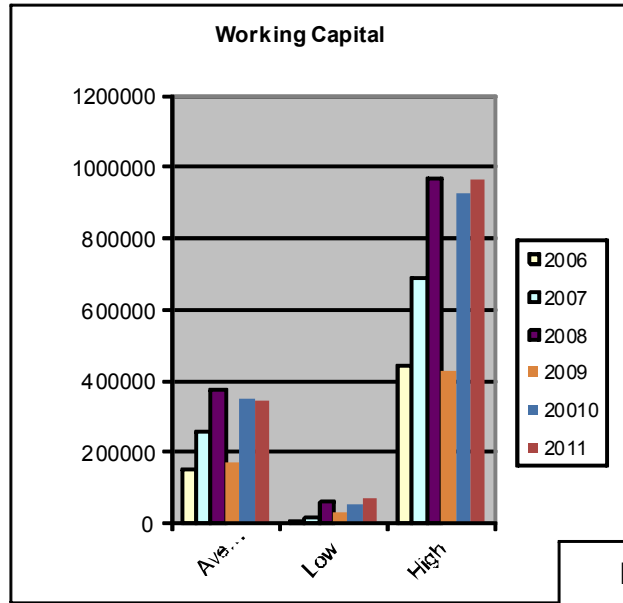
**FBM Programs of ND
And Minnesota**

**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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www.fbm.mnscu.edu



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.



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Complete enterprise information can be found in the Valley Average Book on pages 25-39. 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

