

North Dakota and Minnesota Farm Business Management



MARCH 12 2015

2014 Red River Valley Report

Summary

Overview

This report includes information from 231 farmers enrolled in the Farm Business Management Programs in the Red River Valley. These programs are located in North Dakota and Minnesota. In 2014, the average farmer was 48 years of age, has farmed for 24 years, and farms about 1575 acres. This average farmer spent \$817,498 for inputs in the local community. In 2014, net farm income for the 231 farmers enrolled in the FBM Programs averaged \$12,723 which was a decrease of \$48,756 from 2013

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

- Lower Prices
- Higher Input costs



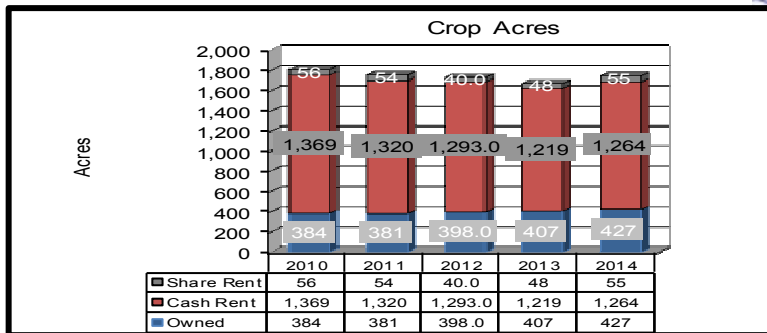
Government Payments

- 2006 \$29,339
- 2007 \$26,431
- 2008 \$36,533
- 2009 \$23,673
- 2010 \$39,737
- 2011 \$36,606
- 2012 \$22,152
- 2013 \$32,384
- 2014 \$17,082
- A net decrease of \$15,302 from 2013



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Where are we headed? Future Directions?

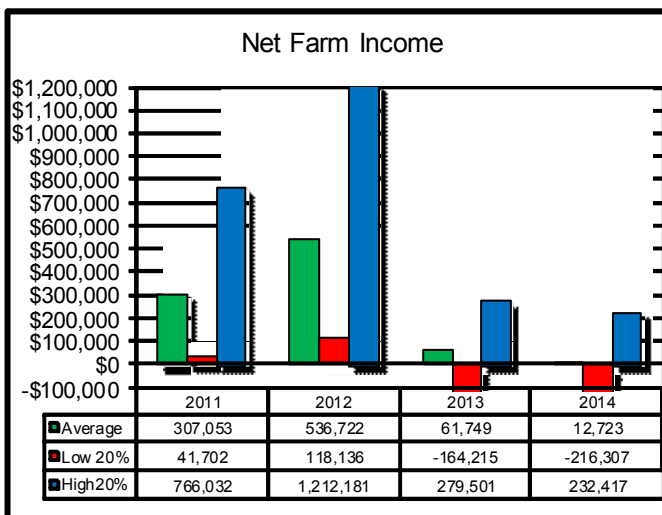
- Precision agriculture
- Biotechnologies (Livestock & Crops)

Internet

Are you working with partners to use capital more efficiently?

Is your business the low cost producer?

Natural, Organic, Niche Markets and Non GMO Markets



Total acres farmed in 2014 was 1746 compared with 1674 in 2013



Non Farm Income

● Average Non Farm Income was \$23,242 which is an increase of \$1,055 from last year



2014 Crop Yields and Returns

Cash Rented Acres



Wheat

In 2014 wheat had an average yield of 66 bushels compared with 68 bushels for 2013.

Net Return for Wheat:

Average	\$28.35
Low 20%	\$140.55
High 20%	\$67.50

The average price for spring wheat was \$5.75 compared to \$6.49 last year. The wheat also had an average of \$8.30 crop insurance income per acre.

Soybeans

Average yield was 37.5 bushels per acre, up 3.5 bushels from last year

Soybeans returned \$6.59 per acre. Compared to \$78.99 last year.

The average price for soybeans was \$9.85 compared with \$12.53 last year. The soybeans also had an average of \$17.38 of crop insurance per acre

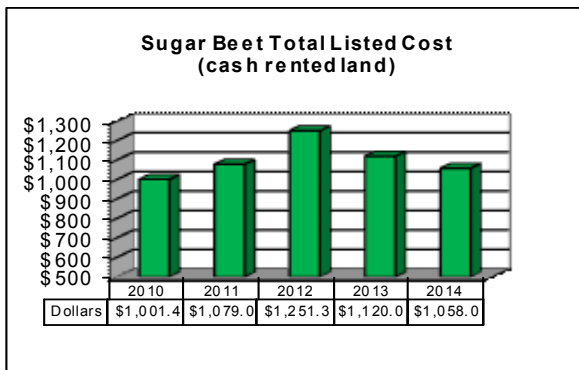
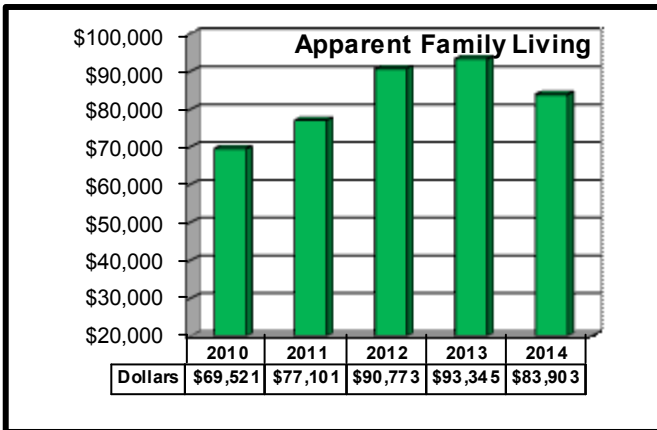
Corn

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
2012	145 bu	\$331.42
2013	131 bu	-\$62.04
2014	132bu	-\$77.19

The average price for corn was \$3.66, compared to \$4.10 last year.. The average farm also collected \$76.59 of crop insurance per acre in 2014

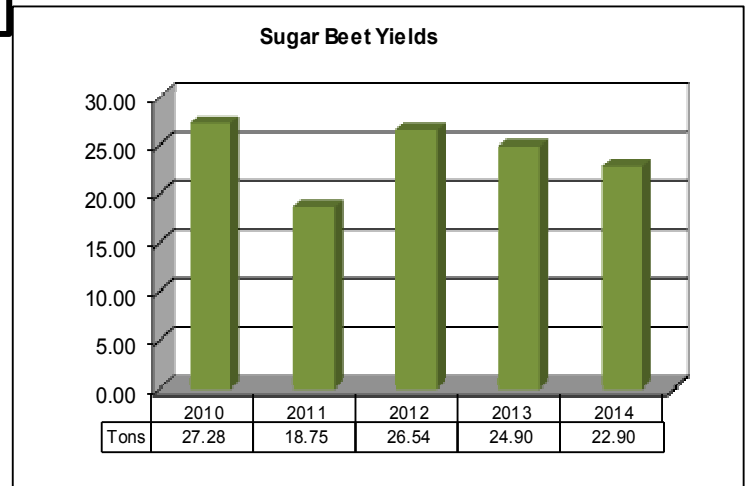


Family Living Without Taxes



2014 Income Tax

Paid
 Average Farm
 \$38,394
 40%-60%
 \$23,228
 High Profit
 \$61,312



Summary of Cash Inflow and Outflow for 2014

Beginning Cash	67,565	Money Borrowed	595,493
Gross Farm Income:	1,014,875	Principal Payments	-552,774
Hedging	3491	Other	-4231
Total Non Farm Income:	25,735	Misc	-1891
Gifts & Inheritances	6,844		
Total Cash Farm Exp	-817,498		
Taxes:	- 38,934		
Family Living	- 83,903		
Investing	- 159,148		



Machinery and Buildings Purchased

Machinery purchased for the year was \$84,558 down \$79,389 from last year. Building purchased for the year was \$15,446 which was down \$17,394 from last year

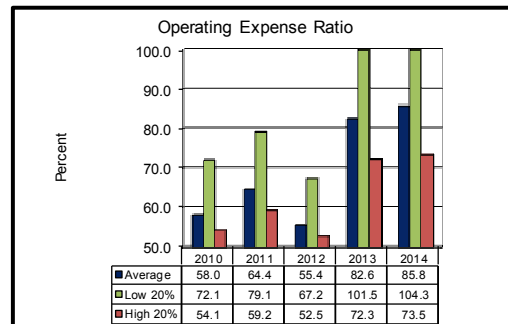
\$63,637 is the ending cash balance . These numbers come from page 16 in the Red River Valley Average Book. Not all of the numbers are listed on the summary.

Efficiency is an area that looks at what it costs to produce a dollar of income. In 2014 the average operating cost was 85.8 cents, compared to 82.6 cents last year. (Operating Expense Ratio)

Ratios

Repayment capacity measures the ability to repay term debt and to replace capital assets. The Term Debt Coverage Ratio for 2014 was .14 with a capital replacement margin of **\$142,961** compared with **\$102,369** 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 37 cents of debt.



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 701-224-8390.

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



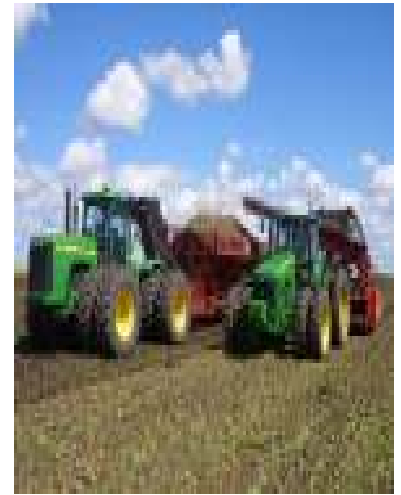
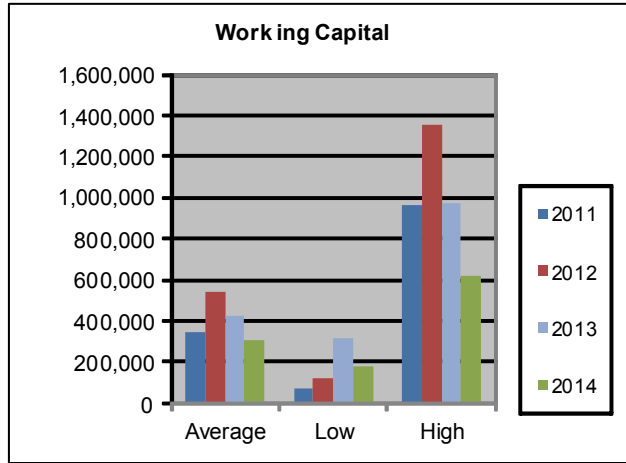
NORTHLAND COMMUNITY & TECHNICAL COLLEGE

For More information on the Minnesota Farm Business Management Programs you may contact Ron Dvergsten, Northland Community and Technical College, Highway 1 East, Thief River Falls Mn 56701 Phone 218-683-8747

**FBM Programs of ND
And Minnesota**

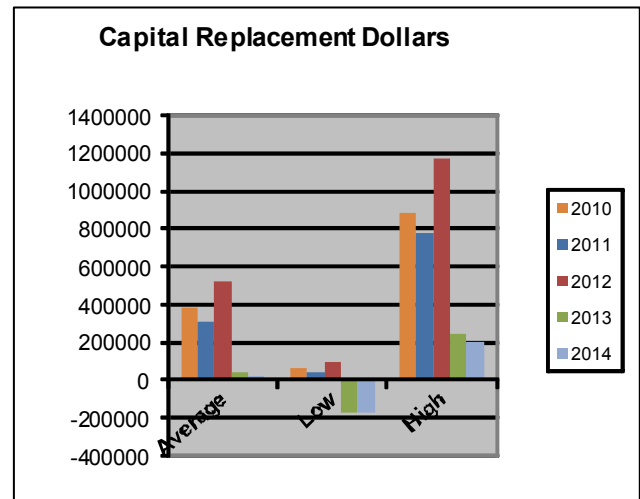
**NORTH DAKOTA AND
MINNESOTA FARM
BUSINESS
MANAGEMENT**

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 do your business stack up?
- Evaluate possible changes if needed.



**NORTHLAND
COMMUNITY & TECHNICAL COLLEGE**

Complete enterprise information can be found in the Valley Average Book. 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.



**ND FARM
MANAGEMENT EDUCATION**