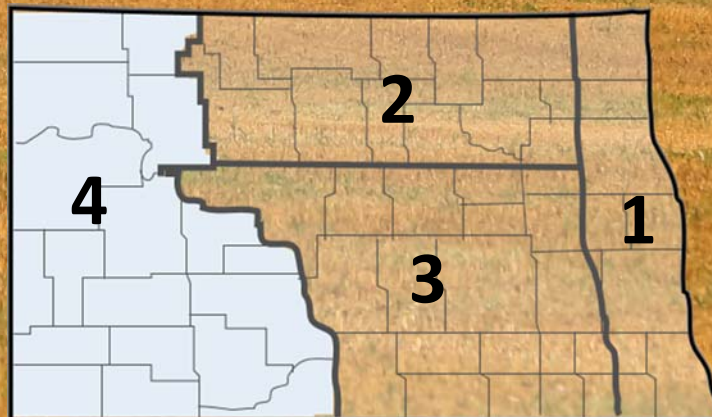


2022 ANNUAL REPORT

Western North Dakota

North Dakota Farm Management Education



www.ndfarmmanagement.com



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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 2022.

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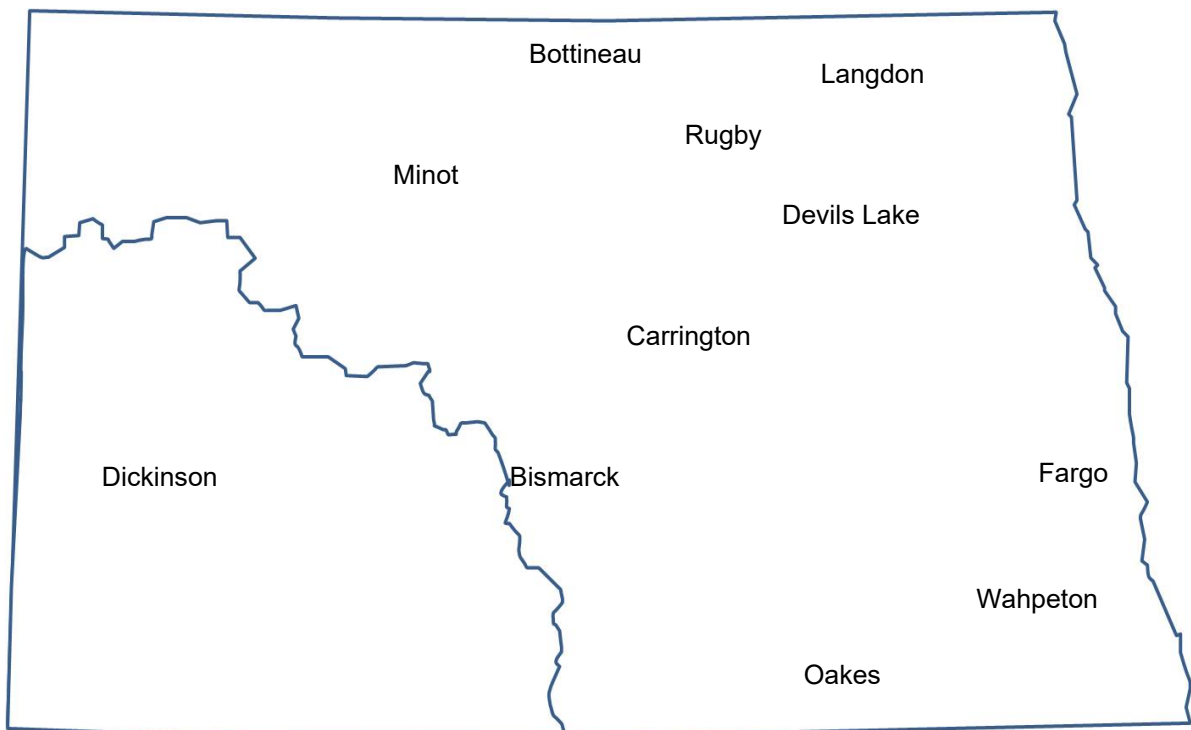
NORTH DAKOTA FARM BUSINESS MANAGEMENT EDUCATION

REGION 4 – WESTERN NORTH DAKOTA 2022 ANNUAL REPORT

The Western North Dakota (Region 4) farm business analyses were submitted by the following instructors represented by their cooperating schools.

<u>School</u>	<u>Instructor</u>
Bismarck State College.....	Kyle Olson
Dakota College at Bottineau – Minot.....	Lynsey Aberle
Dickinson.....	Harlee Kilber

This report was made possible by the farm families who cooperated with their farm management instructors in getting the records for 2022 closed out on a timely basis. The farm management instructors cited above generated the Finpack year-end farm analyses. Bryon Parman, NDSU Extension Service, databased the Finpack analyses of farms and generated the comparative tables for this report.



2022 Western North Dakota Report
North Dakota Farm Business Management Education

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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 2022 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 34th 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 – North Central, 3 – South Central and 4 - Western identified on the North Dakota map. Farms in Region 1 – Red River Valley 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.

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 income statement is a table which lists cash farm income. There are several sources of cash farm income. Cash sales of crops are listed first followed by cash sales of livestock.

Government payments are categorized. "Crop government payments" are Agricultural Risk Coverage (ARC) and Price Loss Coverage (PLC) payments. "LDP payments" are loan deficiency payments that may be received on production when local prices are below the county loan rate for the crop. "Livestock government payments" include dairy MPP payments and other livestock related payments. "CRP payments" are funds received for land enrolled in the Conservation Reserve Program. "Other government payments" refers to all other government payments such as disaster payments, EQIP, CSP, and Market Facilitation Payments (MFP).

Lastly, cash income is categorized by sources such as custom work, cash patronage dividends, crop and property insurance indemnities, sale of resale items, and other.

The second section of the income statement lists cash expenses. "Hired labor" includes only labor which was hired and paid. "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 operators 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 \$30,000 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.

Working Capital to Operating Expenses: Measures the operating capital available against the amount of the business's operating expenses.

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.

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.

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.

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.

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.

Debt Coverage Ratio: Indicates whether your business generated enough income to cover current interest expense and all intermediate and long-term debt payments.

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.

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 Program
Region 4 - Western North Dakota
(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	33	6	6	7
Cash Farm Income				
Barley	4,150	-	-	19,563
Canola	30,023	66,809	16,317	27,989
Corn	92,765	56,156	57,367	248,938
Flax	2,735	-	-	-
Peas, Field	8,273	-	-	39,001
Soybeans	108,091	52,319	9,312	393,047
Sunflowers	109,560	75,854	66,789	299,709
Wheat, Durum	32,183	28,869	-	27,613
Wheat, Spring	225,470	70,474	200,873	621,628
Wheat, Winter	5,577	-	-	26,290
Hay	6,816	3,692	21,916	5,034
Miscellaneous crop income	2,511	4,183	-	5,894
Beef Bulls	7,122	9,908	16,050	-
Beef Cow-Calf, Beef Calves	60,670	30,163	144,937	24,585
Beef Replacement Heifers	2,328	8,417	-	-
Beef Backgrounding	31,960	62,730	37,552	-
Beef Finishing	21,975	-	4,244	-
Cull breeding livestock	31,571	33,478	35,279	-
Misc. livestock income	1,092	-	6,002	-
Crop government payments	6,287	219	131	12,902
Livestock govt payments	2,146	3,189	5,931	-
Conservation govt payment	1,970	962	8,548	1,138
Other government payments	85,822	38,778	68,347	205,879
Custom work income	11,913	24,077	6,267	8,212
Patronage dividends, cash	7,356	1,540	1,999	24,815
Crop insurance income	62,656	50,837	73,936	112,730
Farm rental income	2,238	-	-	7,335
Other farm income	17,153	6,203	14,357	48,819
Gross Cash Farm Income	979,411	628,855	796,150	2,161,119

Farm Income Statement (continued)
North Dakota Farm Business Management Education Program
Region 4 - Western North Dakota
(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	33	6	6	7
Cash Farm Expense				
Seed and plants	77,519	69,375	26,048	207,063
Fertilizer	173,853	76,423	84,826	539,519
Crop chemicals	68,736	63,837	29,732	153,154
Crop insurance	37,384	35,331	8,615	94,305
Storage	470	-	2,584	-
Irrigation energy	1,980	-	-	7,454
Crop miscellaneous	596	1,191	1,163	365
Consultants	1,883	-	249	8,519
Feeder livestock purchase	25,554	1,150	-	-
Purchased feed	28,943	22,586	24,236	2,111
Breeding fees	687	2,219	614	-
Veterinary	7,040	7,469	12,554	737
Supplies	2,608	2,505	3,614	544
Livestock leases	350	1,734	-	-
Interest	26,182	46,253	26,550	30,181
Fuel & oil	39,649	43,141	29,331	71,203
Repairs	61,783	94,546	39,069	90,734
Custom hire	37,361	11,641	15,681	105,240
Hired labor	25,705	24,189	12,895	78,502
Land rent	111,410	66,056	187,729	204,127
Machinery leases	2,629	2,692	1,703	7,317
Building leases	262	417	-	450
Real estate taxes	3,271	1,245	4,589	3,054
Farm insurance	13,167	11,347	10,866	27,035
Utilities	9,168	10,723	6,097	15,946
Hauling and trucking	478	-	-	-
Marketing	1,762	2,559	2,762	901
Dues & professional fees	4,889	9,684	6,218	4,535
Miscellaneous	21,029	15,914	17,557	51,459
Total cash expense	786,346	624,224	555,282	1,704,456
Net cash farm income	193,065	4,631	240,868	456,663
Inventory Changes				
Prepays and supplies	43,686	2,651	-11,754	226,842
Accounts receivable	1,551	9,657	-27,996	-9,485
Hedging accounts	8,831	-3,250	-	44,009
Other current assets	365	-1,517	2,940	1,157
Crops and feed	180,152	60,441	5,006	667,721
Market livestock	18,185	-8,482	-21,615	4,241
Breeding livestock	-16,101	-25,384	6,866	12,605
Other assets	1,757	717	527	3,030
Accounts payable	-4,300	-4,029	-12,889	5,265
Accrued interest	-6,532	-2,180	-4,290	-9,485
Total inventory change	227,593	28,624	-63,206	945,902
Net operating profit	420,658	33,255	177,662	1,402,564
Depreciation				
Machinery and equipment	-52,242	-50,722	-35,150	-118,533
Titled vehicles	-11,609	-15,644	-8,847	-18,829
Buildings and improvements	-8,069	-6,207	-4,478	-22,567
Total depreciation	-71,920	-72,572	-48,476	-159,929
Net farm income from operations	348,738	-39,317	129,187	1,242,635
Gain or loss on capital sales	6,062	-3,603	1,389	29,766
Net farm income	354,799	-42,920	130,576	1,272,401

Inventory Changes
North Dakota Farm Business Management Education Program
Region 4 - Western North Dakota
(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	33	6	6	7
Net cash farm income	193,065	4,631	240,868	456,663
Crops and Feed				
Ending inventory	554,717	228,973	263,948	1,532,606
Beginning inventory	374,565	168,532	258,942	864,885
Inventory change	180,152	60,441	5,006	667,721
Market Livestock				
Ending inventory	104,616	77,123	120,017	22,722
Beginning inventory	86,431	85,605	141,633	18,481
Inventory change	18,185	-8,482	-21,615	4,241
Accts Receivable				
Ending inventory	36,135	20,516	49,405	47,564
Beginning inventory	34,583	10,859	77,402	57,049
Inventory change	1,551	9,657	-27,996	-9,485
Prepaid Expenses and Supplies				
Ending inventory	125,507	12,502	72,981	431,649
Beginning inventory	81,820	9,851	84,735	204,807
Inventory change	43,686	2,651	-11,754	226,842
Hedging Activities				
Ending inventory	3,659	-	12,256	2,754
Withdrawals	21,456	2,500	-	92,016
Beginning inventory	8,951	-	12,256	30,547
Deposits	7,333	5,750	-	20,214
Gain or loss	8,831	-3,250	-	44,009
Other Current Assets				
Ending inventory	1,160	-	2,940	2,057
Beginning inventory	796	1,517	-	900
Inventory change	365	-1,517	2,940	1,157
Breeding Livestock				
Ending inventory	188,949	156,620	368,547	76,586
Capital sales	-	-	-	-
Beginning inventory	177,451	172,388	348,297	49,788
Capital purchases	27,599	9,617	13,383	14,193
Depreciation, capital adjust	-16,101	-25,384	6,866	12,605
Other Capital Assets				
Ending inventory	62,542	81,522	22,748	81,714
Capital sales	20	-	-	92
Beginning inventory	59,656	80,055	22,137	78,776
Capital purchases	1,148	750	83	-
Depreciation, capital adjust	1,757	717	527	3,030
Accounts Payable				
Beginning inventory	9,208	20,701	3,921	6,141
Ending inventory	13,508	24,730	16,810	876
Inventory change	-4,300	-4,029	-12,889	5,265
Accrued Interest				
Beginning inventory	13,145	8,766	8,657	33,187
Ending inventory	19,678	10,946	12,947	42,671
Inventory change	-6,532	-2,180	-4,290	-9,485
Total inventory change	227,593	28,624	-63,206	945,902
Net operating profit	420,658	33,255	177,662	1,402,564

Depreciation
North Dakota Farm Business Management Education Program
Region 4 - Western North Dakota
(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	33	6	6	7
Net operating profit	420,658	33,255	177,662	1,402,564
Machinery and Equipment				
Ending inventory	657,887	662,027	358,873	1,586,715
Capital sales	45,203	15,978	9,749	177,652
Beginning inventory	538,701	689,042	309,569	1,139,350
Capital purchases	216,632	39,684	94,204	743,549
Depreciation, capital adjust.	-52,242	-50,722	-35,150	-118,533
Titled Vehicles				
Ending inventory	109,356	165,088	55,986	199,403
Capital sales	1,968	-	612	8,753
Beginning inventory	99,745	167,462	64,945	156,078
Capital purchases	23,187	13,270	500	70,907
Depreciation, capital adjust.	-11,609	-15,644	-8,847	-18,829
Buildings and Improvements				
Ending inventory	175,343	129,238	100,087	454,561
Capital sales	-	-	-	-
Beginning inventory	174,722	133,645	94,549	460,004
Capital purchases	8,691	1,799	10,016	17,125
Depreciation, capital adjust.	-8,069	-6,207	-4,478	-22,567
Total depreciation, capital adj.	-71,920	-72,572	-48,476	-159,929
Net farm income from operations	348,738	-39,317	129,187	1,242,635
Gain or loss on capital sales	6,062	-3,603	1,389	29,766
Net farm income	354,799	-42,920	130,576	1,272,401

Profitability Measures
North Dakota Farm Business Management Education Program
Region 4 - Western North Dakota
(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	33	6	6	7
Profitability (assets valued at cost)				
Net farm income from operations	348,738	-39,317	129,187	1,242,635
Rate of return on assets	12.1 %	-2.6 %	4.7 %	22.8 %
Rate of return on equity	18.8 %	-13.1 %	4.7 %	36.7 %
Operating profit margin	26.3 %	-7.5 %	12.7 %	38.5 %
Asset turnover rate	46.1 %	33.9 %	37.0 %	59.2 %
Farm interest expense	32,714	48,433	30,840	39,666
Value of operator lbr and mgmt.	86,828	57,343	66,735	174,010
Return on farm assets	294,624	-48,227	93,291	1,108,291
Average farm assets	2,430,130	1,883,156	1,985,940	4,866,759
Return on farm equity	261,910	-96,660	62,452	1,068,625
Average farm equity	1,391,580	739,691	1,335,319	2,909,631
Value of farm production	1,119,097	638,818	734,701	2,880,230

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>40 - 60%</u>	<u>High 20%</u>
Number of farms	33	6	6	7
Profitability (assets valued at market)				
Net farm income from operations	458,255	33,143	287,302	1,372,156
Rate of return on assets	13.4 %	1.2 %	10.1 %	20.0 %
Rate of return on equity	19.0 %	-2.7 %	12.0 %	28.9 %
Operating profit margin	36.1 %	3.8 %	34.2 %	43.0 %
Asset turnover rate	37.1 %	31.1 %	29.5 %	46.5 %
Farm interest expense	32,714	48,433	30,840	39,666
Value of operator lbr and mgmt.	86,828	57,343	66,735	174,010
Return on farm assets	404,141	24,233	251,407	1,237,812
Average farm assets	3,013,797	2,052,813	2,492,639	6,197,504
Return on farm equity	371,427	-24,200	220,567	1,198,146
Average farm equity	1,954,879	909,348	1,842,019	4,144,356
Value of farm production	1,119,097	638,818	734,701	2,880,230

Liquidity & Repayment Capacity Measures
North Dakota Farm Business Management Education Program
Region 4 - Western North Dakota
(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	33	6	6	7
Liquidity				
Current ratio	2.15	0.59	5.24	2.55
Working capital	469,642	-234,957	528,007	1,281,948
Change in working capital	136,591	-86,208	-2,306	618,393
Working capital to gross revenue	40.0 %	-35.5 %	69.6 %	44.5 %
Working capital to oper expense	65.2 %	-40.4 %	95.9 %	89.0 %
Current assets	879,712	340,550	652,593	2,109,278
Current liabilities	410,070	575,507	124,586	827,331
Gross revenues (accrual)	1,173,595	662,554	758,938	2,882,341
Total operating expenses	720,223	580,866	550,436	1,440,110
Repayment capacity				
Net farm income from operations	348,738	-39,317	129,187	1,242,635
Depreciation	71,920	72,572	48,476	159,929
Personal income	44,103	40,767	47,665	5,263
Family living/owner withdrawals	-68,048	-80,270	-57,907	-74,641
Cash discrepancy	-191	973	-618	-272
Income taxes	-17,860	-2,669	-7,691	-29,445
Interest expense	32,714	48,433	30,840	39,666
Debt repayment capacity	414,814	52,401	193,066	1,344,832
Debt payments	113,213	143,985	67,171	188,117
Repayment margin	301,601	-91,584	125,895	1,156,715
Cash replacement allowance	-34,223	-41,927	-28,454	-69,988
Replacement margin	267,378	-133,511	97,441	1,086,727
Debt coverage ratio	3.66	0.36	2.87	7.15
Term debt coverage ratio	3.99	0.20	3.59	7.08
Replacement coverage ratio	2.81	0.28	2.02	5.21

Balance Sheet at Cost Values
North Dakota Farm Business Management Education Program
Region 4 - Western North Dakota
(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	33	6	6	7
Assets				
Current Farm Assets				
Cash and checking balance	53,919	1,436	131,045	69,926
Prepaid expenses & supplies	125,507	12,502	72,981	431,649
Growing crops	1,160	-	2,940	2,057
Accounts receivable	36,135	20,516	49,405	47,564
Hedging accounts	3,659	-	12,256	2,754
Crops held for sale or feed	554,717	228,973	263,948	1,532,606
Crops under government loan	-	-	-	-
Market livestock held for sale	104,616	77,123	120,017	22,722
Other current assets	-	-	-	-
Total current farm assets	879,712	340,550	652,593	2,109,278
Intermediate Farm Assets				
Breeding livestock	188,949	156,620	368,547	76,586
Machinery and equipment	657,887	662,027	358,873	1,586,715
Titled vehicles	109,356	165,088	55,986	199,403
Other intermediate assets	6,579	6,522	2,750	15,632
Total intermediate farm assets	962,771	990,257	786,156	1,878,336
Long Term Farm Assets				
Farm land	658,230	367,070	582,515	1,341,106
Buildings and improvements	175,343	129,238	100,087	454,561
Other long-term assets	55,963	75,000	19,998	66,081
Total long-term farm assets	889,536	571,307	702,599	1,861,749
Total Farm Assets	2,732,020	1,902,114	2,141,348	5,849,363
Total Nonfarm Assets	360,596	194,056	387,499	629,179
Total Assets	3,092,616	2,096,170	2,528,847	6,478,542
Liabilities				
Current Farm Liabilities				
Accrued interest	19,678	10,946	12,947	42,671
Accounts payable	13,508	24,730	16,810	876
Current notes	290,997	439,392	55,688	608,697
Government crop loans	-	-	-	-
Principal due on term debt	85,888	100,439	39,141	175,087
Total current farm liabilities	410,070	575,507	124,586	827,331
Total intermediate farm liabs	281,520	288,274	119,402	560,946
Total long term farm liabilities	497,604	363,408	517,799	944,358
Total farm liabilities	1,189,195	1,227,189	761,787	2,332,635
Total nonfarm liabilities	59,123	113,466	53,649	85,045
Total liabilities	1,248,317	1,340,654	815,435	2,417,680
Net worth (farm and nonfarm)	1,844,299	755,516	1,713,412	4,060,862
Net worth change	304,381	-93,200	108,365	1,151,264
Percent net worth change	20 %	-11 %	7 %	40 %
Ratio Analysis				
Current farm liabilities / assets	47 %	169 %	19 %	39 %
Intermediate farm liab. / assets	29 %	29 %	15 %	30 %
Long term farm liab. / assets	56 %	64 %	74 %	51 %
Total debt to asset ratio	40 %	64 %	32 %	37 %

Statement Of Cash Flows
North Dakota Farm Business Management Education Program
Region 4 - Western North Dakota
(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	33	6	6	7
Beginning cash (farm & nonfarm)	110,486	47,796	149,528	230,214
Cash Provided By Operating Activities				
Gross cash farm income	979,411	628,855	796,150	2,161,119
Total cash farm expense	-786,346	-624,224	-555,282	-1,704,456
Net cash from hedging transactions	14,122	-3,250	-	71,802
Cash provided by operating	207,187	1,381	240,868	528,465
Cash Provided By Investing Activities				
Sale of breeding livestock	-	-	-	-
Sale of machinery & equipment	50,091	12,375	10,417	202,498
Sale of titled vehicles	3,142	-	1,333	13,671
Sale of farm land	-	-	-	-
Sale of farm buildings	-	-	-	-
Sale of other farm assets	20	-	-	92
Sale of nonfarm assets	1,214	-	-	2,857
Purchase of breeding livestock	-27,599	-9,617	-13,383	-14,193
Purchase of machinery & equip.	-216,632	-39,684	-94,204	-743,549
Purchase of titled vehicles	-23,187	-13,270	-500	-70,907
Purchase of farm land	-236,182	-54,525	-275,800	-636,300
Purchase of farm buildings	-8,691	-1,799	-10,016	-17,125
Purchase of other farm assets	-1,148	-750	-83	-
Purchase of nonfarm assets	-7,341	-833	-	-19,464
Cash provided by investing	-466,315	-108,104	-382,236	-1,282,419
Cash Provided By Financing Activities				
Money borrowed	802,795	672,905	567,258	1,786,792
Principal payments	-518,593	-522,664	-369,526	-1,041,197
Personal income	44,103	40,767	47,665	5,263
Family living/owner withdrawals	-68,048	-80,270	-57,907	-74,641
Income and social security tax	-18,951	-2,669	-13,691	-29,445
Capital contributions	2,349	11,771	-	-
Capital distributions	-8,988	-49,116	-	-
Dividends paid	-	-	-	-
Cash gifts and inheritances	2	-	-	-
Gifts given	-	-	-	-
Other cash flows	-	-	-	-
Cash provided by financing	234,669	70,724	173,799	646,772
Net change in cash balance	-24,458	-35,999	32,431	-107,183
Ending cash (farm & nonfarm)	85,837	12,769	181,341	122,759
Discrepancy	191	-973	618	272

Financial Standards Measures
North Dakota Farm Business Management Education Program
Region 4 - Western North Dakota
(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	33	6	6	7
Liquidity				
Current ratio	2.15	0.59	5.24	2.55
Working capital to gross revenue	40.0 %	-35.5 %	69.6 %	44.5 %
Working capital to oper expense	65.2 %	-40.4 %	95.9 %	89.0 %
Solvency (market)				
Farm debt to asset ratio	36 %	58 %	28 %	34 %
Farm equity to asset ratio	64 %	42 %	72 %	66 %
Farm debt to equity ratio	0.56	1.39	0.39	0.51
Profitability (cost)				
Rate of return on farm assets	12.1 %	-2.6 %	4.7 %	22.8 %
Rate of return on farm equity	18.8 %	-13.1 %	4.7 %	36.7 %
Operating profit margin	26.3 %	-7.5 %	12.7 %	38.5 %
Asset turnover rate	46.1 %	33.9 %	37.0 %	59.2 %
Repayment Capacity				
Debt coverage ratio	3.66	0.36	2.87	7.15
Term debt coverage ratio	3.99	0.20	3.59	7.08
Replacement coverage ratio	2.81	0.28	2.02	5.21
Efficiency				
Operating expense ratio	61.4 %	87.7 %	72.5 %	50.0 %
Depreciation expense ratio	6.1 %	11.0 %	6.4 %	5.5 %
Interest expense ratio	2.8 %	7.3 %	4.1 %	1.4 %
Net farm income ratio	29.7 %	-5.9 %	17.0 %	43.1 %

Crop Production and Marketing Summary
North Dakota Farm Business Management Education Program
Region 4 - Western North Dakota
(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	33	6	6	7
Acreage Summary				
Total acres owned	824	349	810	1,341
Total crop acres	2,001	1,467	1,771	4,004
Crop acres owned	405	243	256	614
Crop acres cash rented	1,559	1,201	1,416	3,390
Crop acres share rented	37	23	99	-
Total pasture acres	1,316	1,228	2,251	-
Percent crop acres owned	20 %	17 %	14 %	15 %
Mach invest/crop acre cost	339	574	223	364
Mach invest/crop acre market	439	659	291	482
Average Price Received (Cash Sales Only)				
Wheat, Spring per bushel	10.24	-	-	11.18
Corn per bushel	6.18	-	-	6.19
Soybeans per bushel	13.62	-	-	-
Sunflowers per cwt	29.95	-	-	-
Average Yield Per Acre				
Wheat, Spring (bushel)	55.26	-	51.39	61.46
Corn (bushel)	95.09	-	-	115.53
Soybeans (bushel)	30.52	-	-	35.61
Hay, Mixed Alfalfa/Grass (ton)	1.36	-	-	-
Wheat, Durum (bushel)	50.16	-	-	-
Sunflowers (cwt)	50.10	-	-	-
Hay, Small Grain (ton)	2.22	-	-	-
Corn Silage (ton)	11.65	-	-	-
Canola (cwt)	15.14	-	-	-
Peas, Dry Edible (bushel)	42.64	-	-	-
Hay, Grass (ton)	1.79	-	-	-

Operator and Labor Information
North Dakota Farm Business Management Education Program
Region 4 - Western North Dakota
(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	33	6	6	7
Operator Information				
Average number of operators	1.0	1.0	1.0	1.0
Average age of operators	46.2	39.2	49.3	52.4
Average number of years farming	18.7	9.3	18.7	25.4
Results Per Operator				
Working capital	455,829	-234,957	528,007	1,281,948
Total assets (market)	3,661,426	2,290,744	3,217,920	7,942,633
Total liabilities	1,233,224	1,340,654	815,435	2,522,700
Net worth (market)	2,428,203	950,089	2,402,485	5,419,933
Net worth excl deferred liabs	2,449,824	950,089	2,402,485	5,524,953
Gross farm income	1,139,077	662,554	758,938	2,882,341
Total farm expense	800,597	701,871	629,751	1,639,706
Net farm income from operations	338,481	-39,317	129,187	1,242,635
Net nonfarm income	42,806	40,767	47,665	5,263
Family living & tax withdrawals	83,567	81,967	66,217	104,358
Total acres owned	799.9	349.0	810.0	1,341.0
Total crop acres	1,942.4	1,467.3	1,771.2	4,003.5
Crop acres owned	393.1	242.7	256.3	613.7
Crop acres cash rented	1,513.1	1,201.2	1,416.1	3,389.8
Crop acres share rented	36.2	23.3	98.9	-
Total pasture acres	1,277.7	1,228.0	2,250.8	-
Labor Analysis				
Number of farms	33	6	6	7
Total unpaid labor hours	2,265	1,957	2,400	2,800
Total hired labor hours	877	1,213	83	2,669
Total labor hours per farm	3,142	3,169	2,483	5,469
Unpaid hours per operator	2,198	1,957	2,400	2,800
Value of farm production / hour	356.21	201.57	295.85	526.69
Net farm income / unpaid hour	153.98	-20.09	53.83	443.80
Average hourly hired labor wage	24.92	16.47	22.08	27.35

Nonfarm Summary
North Dakota Farm Business Management Education Program
Region 4 - Western North Dakota
(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	33	6	6	7
Nonfarm Income				
Personal wages & salary	19,858	32,458	12,476	9,037
Net nonfarm business income	1,672	594	14,898	-8,163
Personal rental income	-289	236	-	-
Personal interest income	60	12	10	145
Personal cash dividends	2	9	-	-
Tax refunds	1,398	4,298	1,744	-
Other nonfarm income	21,404	3,159	18,537	4,243
Total nonfarm income	44,103	40,767	47,665	5,263
Gifts and inheritances	2	-	-	-
Nonfarm Assets (market)				
Checking & savings	31,918	11,334	50,296	52,833
Stocks & bonds	7,800	6,154	79	31,429
Other current assets	887	-	4,881	-
Furniture & appliances	4,734	5,833	6,667	5,714
Nonfarm vehicles	25,839	37,215	8,042	40,797
Cash value of life ins.	6,379	1,033	-	29,188
Retirement accounts	157,891	46,153	280,457	202,875
Other intermediate assets	11,717	-	1,395	10,000
Nonfarm real estate	113,538	74,520	131,333	146,214
Personal bus. investment	3,170	500	6,833	-
Other long term assets	35,879	-	833	168,429
Total nonfarm assets	399,752	182,743	490,815	687,479
Nonfarm Liabilities				
Accrued interest	253	1,177	164	45
Accounts payable	346	422	-	-
Current notes	3,940	21,672	-	-
Princ due on term debt	4,995	7,905	3,247	6,122
Total current liabilities	15,777	31,175	4,411	34,739
Intermediate liabilities	12,511	22,891	8,179	8,309
Long term liabilities	30,834	59,399	41,059	41,997
Total nonfarm liabilities	59,123	113,466	53,649	85,045
Nonfarm net worth	340,630	69,277	437,166	602,434
Nonfarm debt to asset ratio	15 %	62 %	11 %	12 %

Financial Summary
North Dakota Farm Business Management Education Program
Region 4 - Western North Dakota
(Farms Sorted By Gross Farm Income)

	<u>Avg. Of All Farms</u>	<u>250,001 - 500,000</u>	<u>500,001 - 1,000,000</u>	<u>Over 2,000,000</u>
Number of farms	33	11	7	7
Income Statement				
Gross cash farm income	979,411	385,892	734,899	2,571,564
Total cash farm expense	786,346	310,816	560,642	2,066,782
Net cash farm income	193,065	75,076	174,257	504,782
Inventory change	227,593	60,703	99,133	783,114
Depreciation	-71,920	-27,929	-66,338	-185,050
Net farm income from operations	348,738	107,851	207,052	1,102,847
Gain or loss on capital sales	6,062	-112	798	26,499
Average net farm income	354,799	107,739	207,850	1,129,346
Median net farm income	149,017	100,801	203,097	881,414
Profitability (cost)				
Rate of return on assets	12.1 %	5.1 %	8.1 %	18.2 %
Rate of return on equity	18.8 %	6.0 %	12.2 %	32.2 %
Operating profit margin	26.3 %	15.6 %	20.7 %	32.0 %
Asset turnover rate	46.1 %	32.9 %	39.3 %	56.7 %
Profitability (market)				
Rate of return on assets	13.4 %	5.8 %	11.7 %	19.3 %
Rate of return on equity	19.0 %	6.6 %	16.5 %	30.4 %
Operating profit margin	36.1 %	22.2 %	41.9 %	40.6 %
Asset turnover rate	37.1 %	26.0 %	27.9 %	47.7 %
Liquidity & Repayment (end of year)				
Current assets	879,712	452,814	495,775	2,215,413
Current liabilities	410,070	133,689	137,277	1,242,291
Current ratio	2.15	3.39	3.61	1.78
Working capital	469,642	319,125	358,498	973,122
Change in working capital	136,591	51,869	76,867	478,747
Working capital to gross revenue	40.0 %	67.5 %	43.9 %	30.9 %
Working capital to oper expense	65.2 %	98.6 %	69.0 %	54.9 %
Debt coverage ratio	3.66	2.54	3.59	4.52
Term debt coverage ratio	3.99	2.77	3.63	5.06
Replacement coverage ratio	2.81	1.84	2.57	3.49
Term debt to EBITDA	1.25	1.78	2.27	0.84
Solvency (end of year at cost)				
Number of farms	33	11	7	7
Total assets	3,092,616	1,788,559	2,422,731	7,189,248
Total liabilities	1,248,317	510,402	982,164	3,319,993
Net worth	1,844,299	1,278,156	1,440,567	3,869,256
Net worth change	304,381	97,940	191,496	949,426
Farm debt to asset ratio	44 %	34 %	42 %	49 %
Total debt to asset ratio	40 %	29 %	41 %	46 %
Change in earned net worth %	20 %	8 %	15 %	33 %
Solvency (end of year at market)				
Number of farms	33	11	7	7
Total assets	3,772,379	2,205,278	3,324,266	8,440,448
Total liabilities	1,270,594	510,402	1,087,184	3,319,993
Net worth	2,501,784	1,694,876	2,237,082	5,120,455
Total net worth change	401,978	97,745	355,891	1,222,992
Farm debt to asset ratio	36 %	27 %	33 %	41 %
Total debt to asset ratio	34 %	23 %	33 %	39 %
Change in total net worth %	19 %	6 %	19 %	31 %
Nonfarm Information				
Net nonfarm income	44,103	41,439	51,619	6,445
Crop Acres				
Total crop acres	2,001	996	1,122	5,160
Total crop acres owned	405	281	433	589
Total crop acres cash rented	1,559	624	689	4,571
Total crop acres share rented	37	92	-	-
Machinery value per crop acre	439	319	434	488

Financial Summary
North Dakota Farm Business Management Education Program
Region 4 - Western North Dakota
(Farms Sorted By Age of Operator)

	<u>Avg. Of All Farms</u>	<u>31 - 40</u>	<u>41 - 50</u>	<u>51 - 60</u>	<u>Over 60</u>
Number of farms	33	9	8	8	5
Income Statement					
Gross cash farm income	979,411	719,983	1,462,322	1,282,427	751,422
Total cash farm expense	786,346	621,599	1,273,083	939,478	500,507
Net cash farm income	193,065	98,384	189,239	342,949	250,915
Inventory change	227,593	5,909	633,383	206,721	109,957
Depreciation	-71,920	-58,998	-67,332	-123,512	-61,311
Net farm income from operations	348,738	45,295	755,291	426,157	299,560
Gain or loss on capital sales	6,062	-1,962	7,119	18,518	2,520
Average net farm income	354,799	43,333	762,410	444,675	302,080
Median net farm income	149,017	52,000	288,248	194,497	323,584
Profitability (cost)					
Rate of return on assets	12.1 %	1.8 %	21.6 %	10.8 %	10.1 %
Rate of return on equity	18.8 %	-2.6 %	47.7 %	13.0 %	12.3 %
Operating profit margin	26.3 %	4.9 %	38.7 %	23.3 %	24.8 %
Asset turnover rate	46.1 %	36.4 %	55.9 %	46.3 %	40.5 %
Profitability (market)					
Rate of return on assets	13.4 %	7.9 %	22.3 %	11.1 %	7.5 %
Rate of return on equity	19.0 %	12.4 %	39.5 %	12.8 %	8.8 %
Operating profit margin	36.1 %	23.9 %	49.5 %	29.7 %	27.9 %
Asset turnover rate	37.1 %	33.1 %	45.1 %	37.4 %	27.1 %
Liquidity & Repayment (end of year)					
Current assets	879,712	500,484	1,354,369	1,160,113	817,616
Current liabilities	410,070	515,576	728,256	241,565	200,812
Current ratio	2.15	0.97	1.86	4.80	4.07
Working capital	469,642	-15,092	626,113	918,548	616,805
Change in working capital	136,591	-33,704	373,790	129,938	130,345
Working capital to gross revenue	40.0 %	-2.0 %	32.4 %	62.8 %	69.6 %
Working capital to oper expense	65.2 %	-2.5 %	58.7 %	102.6 %	120.9 %
Debt coverage ratio	3.66	0.90	5.67	4.63	4.98
Term debt coverage ratio	3.99	0.87	6.02	4.59	4.91
Replacement coverage ratio	2.81	0.77	5.08	2.80	2.96
Term debt to EBITDA	1.25	3.84	1.09	0.70	0.86
Solvency (end of year at cost)					
Number of farms	33	9	8	8	5
Total assets	3,092,616	2,373,901	4,249,867	3,991,532	2,611,024
Total liabilities	1,248,317	1,475,239	2,281,009	752,223	500,456
Net worth	1,844,299	898,662	1,968,858	3,239,309	2,110,568
Net worth change	304,381	-14,795	742,733	357,388	235,745
Farm debt to asset ratio	44 %	66 %	56 %	20 %	22 %
Total debt to asset ratio	40 %	62 %	54 %	19 %	19 %
Change in earned net worth %	20 %	-2 %	61 %	12 %	13 %
Solvency (end of year at market)					
Number of farms	33	9	8	8	5
Total assets	3,772,379	2,640,180	5,119,352	4,932,410	3,707,913
Total liabilities	1,270,594	1,475,239	2,281,009	752,223	647,485
Net worth	2,501,784	1,164,941	2,838,343	4,180,187	3,060,428
Total net worth change	401,978	121,025	916,366	419,649	262,341
Farm debt to asset ratio	36 %	59 %	46 %	16 %	19 %
Total debt to asset ratio	34 %	56 %	45 %	15 %	17 %
Change in total net worth %	19 %	12 %	48 %	11 %	9 %
Nonfarm Information					
Net nonfarm income	44,103	33,854	35,716	74,958	31,715
Crop Acres					
Total crop acres	2,001	1,599	2,491	2,610	2,010
Total crop acres owned	405	197	398	414	924
Total crop acres cash rented	1,559	1,386	2,093	2,151	950
Total crop acres share rented	37	16	-	44	137
Machinery value per crop acre	439	454	348	549	392

Financial Summary
North Dakota Farm Business Management Education Program
Region 4 - Western North Dakota
(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	33	16	8	5
Income Statement				
Gross cash farm income	979,411	1,424,287	822,949	358,527
Total cash farm expense	786,346	1,090,583	779,501	275,103
Net cash farm income	193,065	333,704	43,448	83,424
Inventory change	227,593	387,283	78,457	96,416
Depreciation	-71,920	-94,082	-70,725	-40,349
Net farm income from operations	348,738	626,904	51,181	139,491
Gain or loss on capital sales	6,062	13,682	-1,706	-1,044
Average net farm income	354,799	640,586	49,474	138,447
Median net farm income	149,017	281,781	66,756	57,993
Profitability (cost)				
Rate of return on assets	12.1 %	18.1 %	1.9 %	6.3 %
Rate of return on equity	18.8 %	27.2 %	-1.2 %	10.5 %
Operating profit margin	26.3 %	31.1 %	6.0 %	26.9 %
Asset turnover rate	46.1 %	58.3 %	31.3 %	23.3 %
Profitability (market)				
Rate of return on assets	13.4 %	17.7 %	4.1 %	13.4 %
Rate of return on equity	19.0 %	24.4 %	4.1 %	20.6 %
Operating profit margin	36.1 %	38.0 %	14.9 %	75.7 %
Asset turnover rate	37.1 %	46.6 %	27.6 %	17.7 %
Liquidity & Repayment (end of year)				
Current assets	879,712	1,261,842	685,170	446,497
Current liabilities	410,070	438,269	620,895	244,163
Current ratio	2.15	2.88	1.10	1.83
Working capital	469,642	823,572	64,275	202,335
Change in working capital	136,591	263,023	-42,328	103,439
Working capital to gross revenue	40.0 %	47.5 %	7.2 %	40.7 %
Working capital to oper expense	65.2 %	84.0 %	8.9 %	68.6 %
Debt coverage ratio	3.66	5.70	1.01	2.06
Term debt coverage ratio	3.99	6.06	1.01	2.17
Replacement coverage ratio	2.81	4.16	0.79	2.00
Term debt to EBITDA	1.25	0.71	4.33	3.35
Solvency (end of year at cost)				
Number of farms	33	16	8	5
Total assets	3,092,616	4,000,167	2,734,175	2,152,199
Total liabilities	1,248,317	1,382,199	1,555,192	1,119,815
Net worth	1,844,299	2,617,969	1,178,983	1,032,384
Net worth change	304,381	567,268	-4,738	136,700
Farm debt to asset ratio	44 %	38 %	60 %	54 %
Total debt to asset ratio	40 %	35 %	57 %	52 %
Change in earned net worth %	20 %	28 %	0 %	15 %
Solvency (end of year at market)				
Number of farms	33	16	8	5
Total assets	3,772,379	4,845,183	3,159,899	2,854,917
Total liabilities	1,270,594	1,428,145	1,555,192	1,119,815
Net worth	2,501,784	3,417,038	1,604,707	1,735,103
Total net worth change	401,978	682,532	22,480	345,826
Farm debt to asset ratio	36 %	32 %	52 %	40 %
Total debt to asset ratio	34 %	29 %	49 %	39 %
Change in total net worth %	19 %	25 %	1 %	25 %
Nonfarm Information				
Net nonfarm income	44,103	50,484	52,558	28,447
Crop Acres				
Total crop acres	2,001	3,005	1,654	307
Total crop acres owned	405	511	364	216
Total crop acres cash rented	1,559	2,458	1,284	63
Total crop acres share rented	37	36	6	28
Machinery value per crop acre	439	410	582	294

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 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. 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.

Coronavirus Food Assistance Program 3, a 2020 USDA FSA program that provides producers with financial assistance that gives them the ability to absorb some of the increased marketing costs associated with the COVID-19 pandemic, are included under "Other crop income per acre." "Government payments" are ARC and PLC payments as well as Coronavirus Food Assistance Program 1.

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, "Machinery leases" as direct expense refers to machinery leased and used only in that crop enterprise; 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.

Crop Enterprise Analysis
North Dakota Farm Business Management Education Program
Region 4 - Western North Dakota
(Farms Sorted By Net Return)

Corn on Owned Land

	<u>Avg. Of All Farms</u>
Number of farms	5
Acres	122.16
Yield per acre (bu.)	83.93
Operators share of yield %	100.00
Value per bu.	6.23
Other product return per acre	1.42
Total product return per acre	524.49
Crop insurance per acre	65.03
Other crop income per acre	0.07
Gross return per acre	589.59
Direct Expenses	
Seed and plants	68.93
Fertilizer	94.02
Crop chemicals	42.89
Crop insurance	31.33
Fuel & oil	22.31
Repairs	47.87
Custom hire	1.59
Operating interest	9.99
Miscellaneous	0.16
Total direct expenses per acre	319.08
Return over direct exp per acre	270.51
Overhead Expenses	
Custom hire	2.25
Hired labor	7.14
RE & pers. property taxes	4.63
Farm insurance	8.09
Utilities	5.37
Dues & professional fees	1.96
Interest	17.58
Mach & bldg depreciation	57.99
Miscellaneous	11.51
Total overhead expenses per acre	116.52
Total dir & ovhd expenses per acre	435.60
Net return per acre	153.99
Government payments	6.70
Net return with govt pmts	160.69
Labor & management charge	50.66
Net return over lbr & mgt	110.03
Cost of Production	
Total direct expense per bu.	3.80
Total dir & ovhd exp per bu.	5.19
Less govt & other income	4.32
With labor & management	4.92
Net value per unit	6.23
Machinery cost per acre	129.95
Est. labor hours per acre	1.70

Crop Enterprise Analysis
North Dakota Farm Business Management Education Program
Region 4 - Western North Dakota
(Farms Sorted By Net Return)

Corn on Cash Rent

	<u>Avg. Of All Farms</u>
Number of farms	9
Acres	416.18
Yield per acre (bu.)	85.85
Operators share of yield %	100.00
Value per bu.	6.17
Other product return per acre	0.74
Total product return per acre	530.08
Hedging gains/losses per acre	51.82
Crop insurance per acre	48.23
Other crop income per acre	0.13
Gross return per acre	630.27
Direct Expenses	
Seed and plants	69.51
Fertilizer	122.05
Crop chemicals	49.27
Crop insurance	26.85
Fuel & oil	22.60
Repairs	50.41
Custom hire	2.87
Hired labor	2.14
Land rent	53.68
Machinery leases	0.71
Operating interest	6.53
Miscellaneous	0.01
Total direct expenses per acre	406.64
Return over direct exp per acre	223.63
Overhead Expenses	
Custom hire	12.65
Hired labor	18.38
Machinery leases	0.12
Building leases	0.61
Farm insurance	5.32
Utilities	3.94
Dues & professional fees	1.70
Interest	4.14
Mach & bldg depreciation	58.98
Miscellaneous	8.03
Total overhead expenses per acre	113.87
Total dir & ovhd expenses per acre	520.51
Net return per acre	109.76
Government payments	3.54
Net return with govt pmts	113.30
Labor & management charge	47.48
Net return over lbr & mgt	65.82
Cost of Production	
Total direct expense per bu.	4.74
Total dir & ovhd exp per bu.	6.06
Less govt & other income	4.85
With labor & management	5.40
Net value per unit	6.77
Machinery cost per acre	146.47
Est. labor hours per acre	1.79

Crop Enterprise Analysis
North Dakota Farm Business Management Education Program
Region 4 - Western North Dakota
(Farms Sorted By Net Return)

Soybeans on Cash Rent

	<u>Avg. Of All Farms</u>
Number of farms	10
Acres	564.86
Yield per acre (bu.)	27.36
Operators share of yield %	100.00
Value per bu.	13.62
Total product return per acre	372.77
Crop insurance per acre	23.51
Other crop income per acre	0.21
Gross return per acre	396.48
Direct Expenses	
Seed and plants	63.93
Fertilizer	20.65
Crop chemicals	37.84
Crop insurance	16.55
Fuel & oil	12.06
Repairs	21.86
Custom hire	4.52
Hired labor	0.35
Land rent	66.61
Machinery leases	2.15
Operating interest	3.58
Miscellaneous	0.50
Total direct expenses per acre	250.59
Return over direct exp per acre	145.89
Overhead Expenses	
Custom hire	5.63
Hired labor	16.84
Building leases	0.11
Farm insurance	5.43
Utilities	2.86
Dues & professional fees	1.97
Interest	5.17
Mach & bldg depreciation	43.52
Miscellaneous	7.34
Total overhead expenses per acre	88.86
Total dir & ovhd expenses per acre	339.46
Net return per acre	57.03
Government payments	3.18
Net return with govt pmts	60.21
Labor & management charge	32.69
Net return over lbr & mgt	27.52
Cost of Production	
Total direct expense per bu.	9.16
Total dir & ovhd exp per bu.	12.41
Less govt & other income	11.42
With labor & management	12.62
Net value per unit	13.62
Machinery cost per acre	91.08
Est. labor hours per acre	1.18

Crop Enterprise Analysis
North Dakota Farm Business Management Education Program
Region 4 - Western North Dakota
(Farms Sorted By Net Return)

Sunflowers on Cash Rent

	<u>Avg. Of All Farms</u>
Number of farms	5
Acres	616.00
Yield per acre (cwt.)	18.58
Operators share of yield %	100.00
Value per cwt.	27.40
Total product return per acre	509.14
Crop insurance per acre	12.55
Gross return per acre	521.68
Direct Expenses	
Seed and plants	39.07
Fertilizer	64.17
Crop chemicals	59.80
Crop insurance	22.19
Fuel & oil	18.23
Repairs	37.17
Custom hire	6.30
Hired labor	2.19
Land rent	46.94
Machinery leases	0.79
Operating interest	2.62
Miscellaneous	0.09
Total direct expenses per acre	299.58
Return over direct exp per acre	222.10
Overhead Expenses	
Custom hire	11.79
Hired labor	10.24
Building leases	1.48
Farm insurance	4.78
Utilities	3.92
Dues & professional fees	0.42
Interest	2.29
Mach & bldg depreciation	38.62
Miscellaneous	8.22
Total overhead expenses per acre	81.75
Total dir & ovhd expenses per acre	381.33
Net return per acre	140.35
Government payments	2.70
Net return with govt pmts	143.05
Labor & management charge	39.98
Net return over lbr & mgt	103.08
Cost of Production	
Total direct expense per cwt.	16.12
Total dir & ovhd exp per cwt.	20.52
Less govt & other income	19.70
With labor & management	21.85
Net value per unit	27.40
Machinery cost per acre	110.83
Est. labor hours per acre	1.42

Crop Enterprise Analysis
North Dakota Farm Business Management Education Program
Region 4 - Western North Dakota
(Farms Sorted By Net Return)

Wheat, Spring on Owned Land

	<u>Avg. Of All Farms</u>
Number of farms	7
Acres	339.37
Yield per acre (bu.)	57.95
Operators share of yield %	100.00
Value per bu.	8.53
Total product return per acre	494.61
Hedging gains/losses per acre	1.05
Other crop income per acre	0.37
Gross return per acre	496.03
Direct Expenses	
Seed and plants	31.44
Fertilizer	99.14
Crop chemicals	47.30
Crop insurance	21.91
Fuel & oil	11.77
Repairs	22.43
Custom hire	15.39
Operating interest	2.12
Miscellaneous	0.17
Total direct expenses per acre	251.67
Return over direct exp per acre	244.36
Overhead Expenses	
Custom hire	4.11
Hired labor	7.10
RE & pers. property taxes	4.18
Farm insurance	8.82
Utilities	4.39
Dues & professional fees	1.59
Interest	10.27
Mach & bldg depreciation	41.25
Miscellaneous	11.34
Total overhead expenses per acre	93.05
Total dir & ovhd expenses per acre	344.72
Net return per acre	151.31
Government payments	8.46
Net return with govt pmts	159.77
Labor & management charge	39.27
Net return over lbr & mgt	120.49
Cost of Production	
Total direct expense per bu.	4.34
Total dir & ovhd exp per bu.	5.95
Less govt & other income	5.78
With labor & management	6.46
Net value per unit	8.55
Machinery cost per acre	91.68
Est. labor hours per acre	1.25

Crop Enterprise Analysis
North Dakota Farm Business Management Education Program
Region 4 - Western North Dakota
(Farms Sorted By Net Return)

Wheat, Spring on Cash Rent

	<u>Avg. Of All Farms</u>
Number of farms	11
Acres	532.54
Yield per acre (bu.)	54.59
Operators share of yield %	100.00
Value per bu.	8.61
Total product return per acre	470.29
Hedging gains/losses per acre	0.80
Crop insurance per acre	2.01
Other crop income per acre	0.07
Gross return per acre	473.17
Direct Expenses	
Seed and plants	27.45
Fertilizer	95.76
Crop chemicals	53.97
Crop insurance	19.84
Fuel & oil	13.16
Repairs	22.09
Custom hire	13.08
Land rent	51.56
Machinery leases	1.12
Operating interest	3.67
Miscellaneous	0.08
Total direct expenses per acre	301.78
Return over direct exp per acre	171.39
Overhead Expenses	
Custom hire	5.53
Hired labor	10.34
Farm insurance	4.87
Utilities	3.20
Dues & professional fees	1.10
Interest	4.18
Mach & bldg depreciation	34.24
Miscellaneous	6.19
Total overhead expenses per acre	69.66
Total dir & ovhd expenses per acre	371.44
Net return per acre	101.73
Government payments	3.42
Net return with govt pmts	105.15
Labor & management charge	31.74
Net return over lbr & mgt	73.41
Cost of Production	
Total direct expense per bu.	5.53
Total dir & ovhd exp per bu.	6.80
Less govt & other income	6.69
With labor & management	7.27
Net value per unit	8.63
Machinery cost per acre	90.65
Est. labor hours per acre	1.09

Figure 1. Net Farm Income (Accrual) Per Farm

N.D. Farm Business Management Education Program – West Region

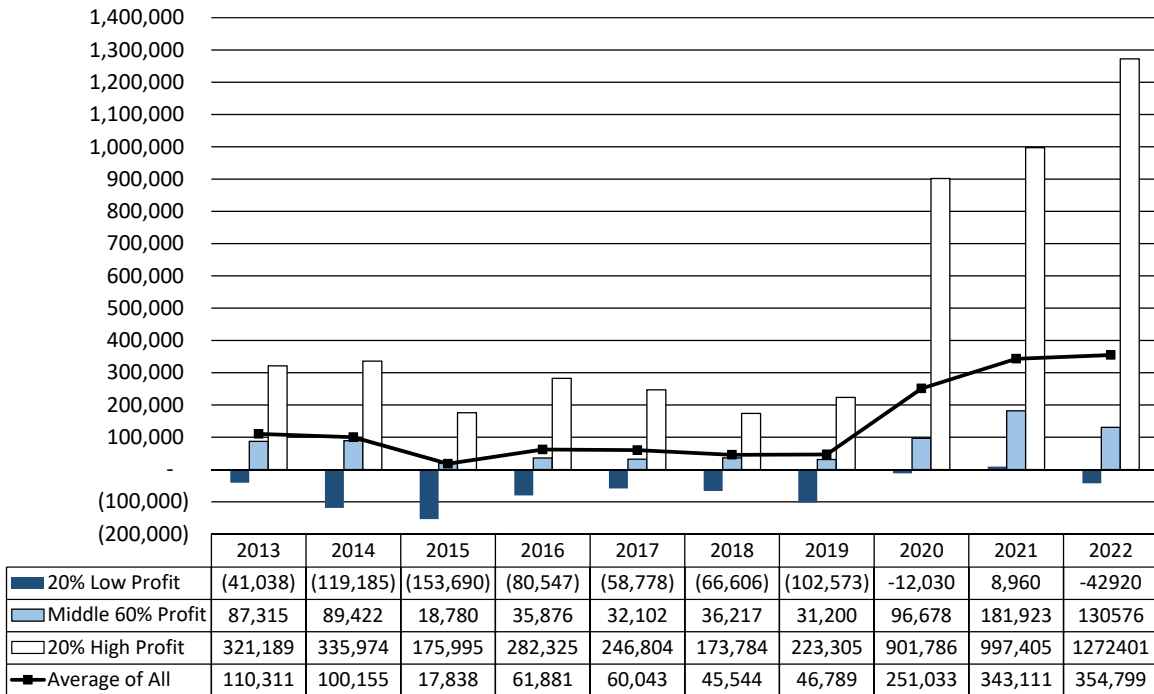


Figure 2. Financial Efficiency Measures (As Percent of Gross Revenue)

N.D. Farm Business Management Education Program – West Region

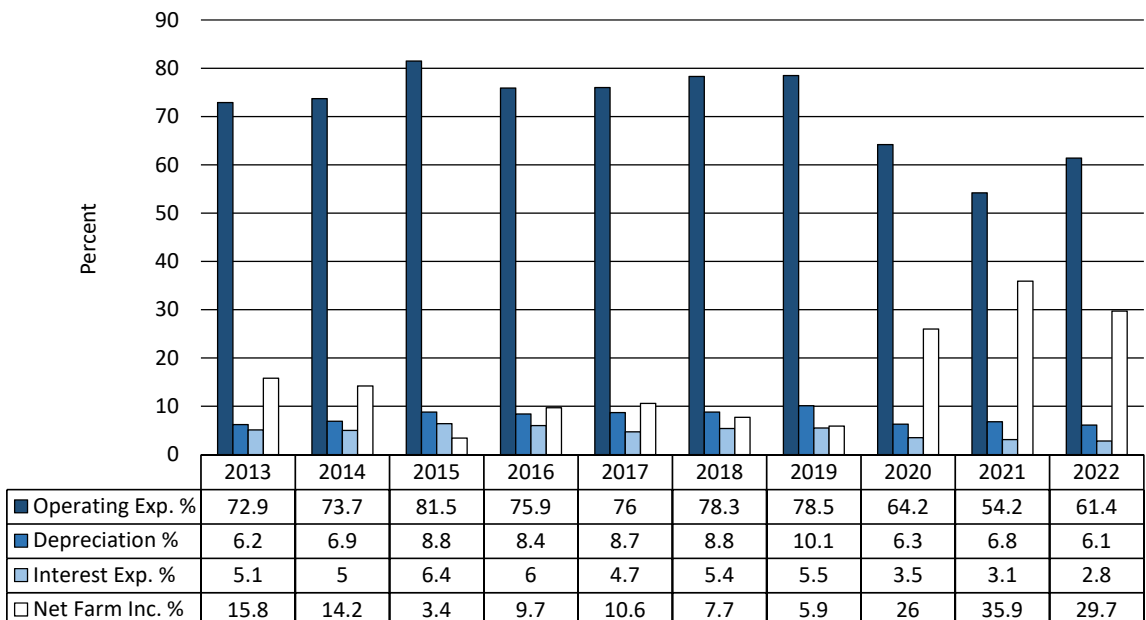
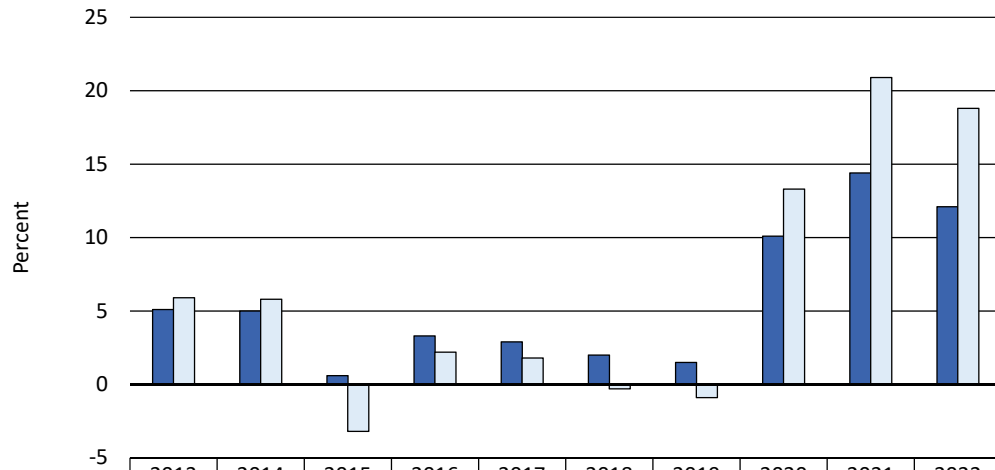


Figure 3. Profitability Measures Per Farm

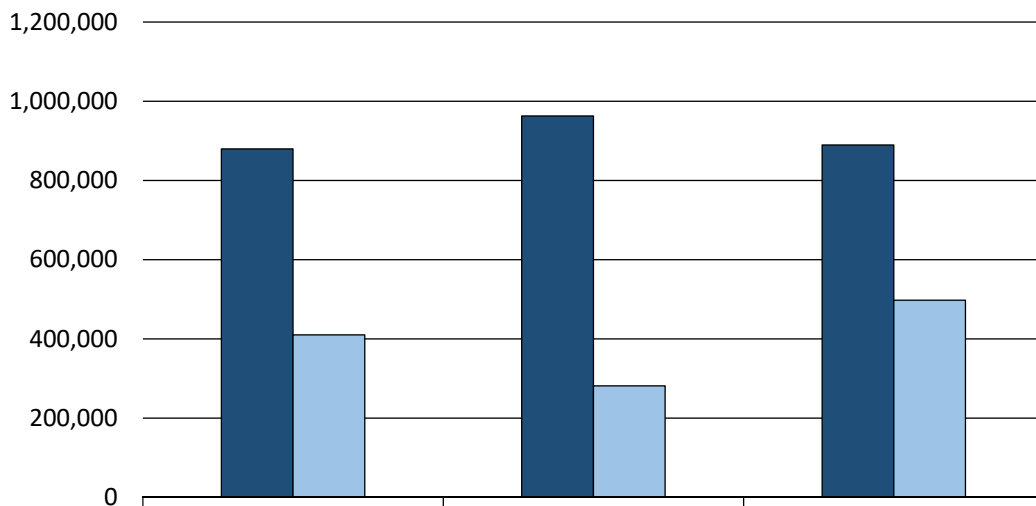
N.D. Farm Business Management Education Program – West Region



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Rate of Return on Assets	5.1	5.0	0.6	3.3	2.9	2.0	1.5	10.1	14.4	12.1
Rate of Return on Equity	5.9	5.8	-3.2	2.2	1.8	-0.3	-0.9	13.3	20.9	18.8

Figure 4. Assets and Liabilities Per Farm, 2022

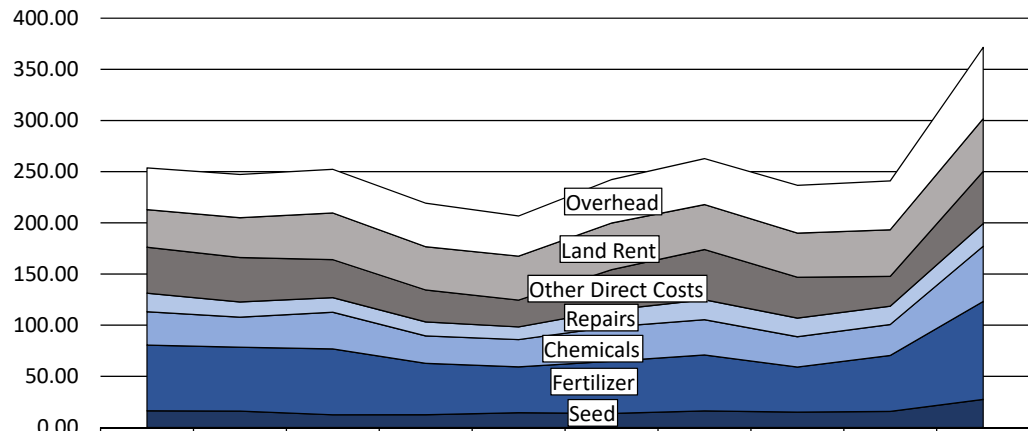
N.D. Farm Business Management Education Program – West Region



	Current	Intermediate	Longterm
Farm Assets	879,712	962,771	889,536
Farm Liabilities	410,070	281,520	497,604

Figure 5. Spring Wheat Costs Per Acre

N.D. Farm Business Management Education Program – West Region



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Overhead	40.80	42.26	42.63	42.56	39.22	42.45	44.96	46.71	47.78	69.66
Land Rent	36.72	38.91	45.59	42.20	42.94	45.57	43.89	43.13	45.42	51.56
Other Direct Costs	44.88	43.40	37.16	31.22	26.19	39.39	49.00	39.82	29.24	50.95
Repairs	18.13	14.93	14.21	13.68	12.42	16.53	19.53	18.29	17.85	22.09
Chemicals	32.58	29.27	35.90	26.85	26.63	33.53	34.51	29.56	30.23	53.97
Fertilizer	64.24	62.44	64.33	50.14	44.85	51.01	54.67	44.05	54.69	95.76
Seed	16.31	16.07	12.44	12.53	14.44	13.79	16.19	15.07	15.74	27.45

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