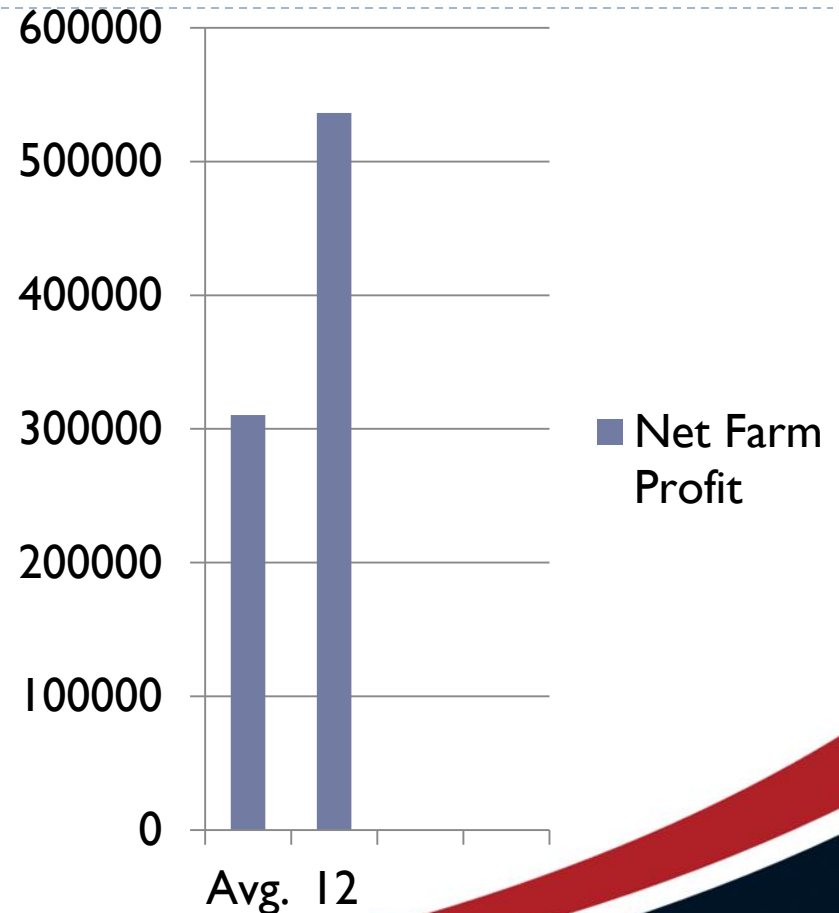

2012 Moorhead Averages and Comparisons

Presented by: Josh Tjosaas and Rick Morgan, Northland College FBM-Moorhead

One for the record books!

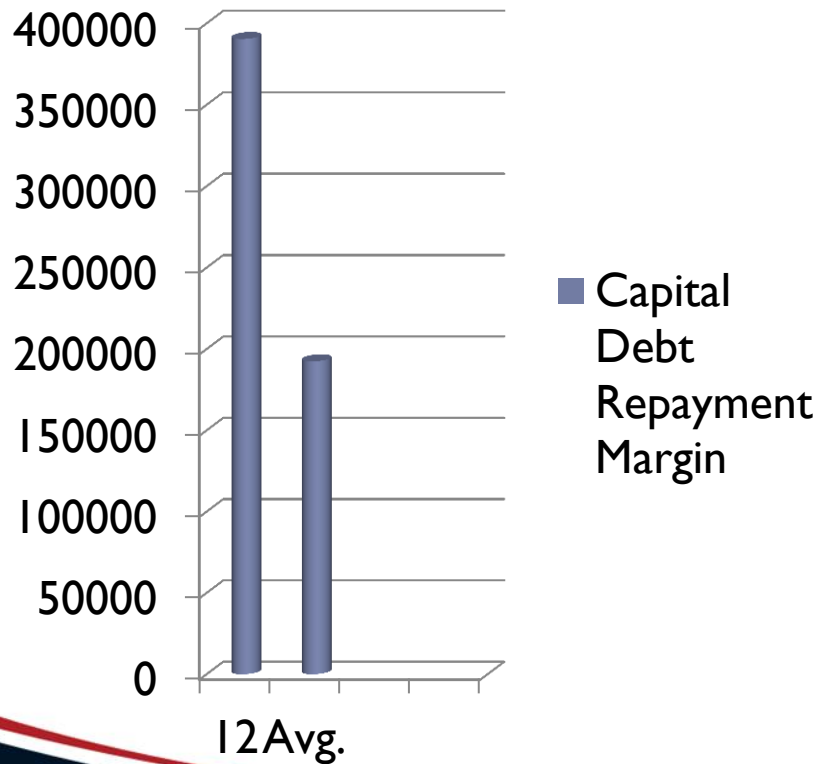
- ▶ Net Farm Income or Profit (Net Cash Income + Inventory Changes - Depreciation) per farm was **\$536,416** up **73%** from 5 year average of **\$310,321**.
- ▶ Reasons-Higher Sale prices of 2011 inventory, slightly higher yields and significantly higher sale prices for 2012 crop.

Net Farm Profit



One for the record books!

Capital Debt Repayment Margin

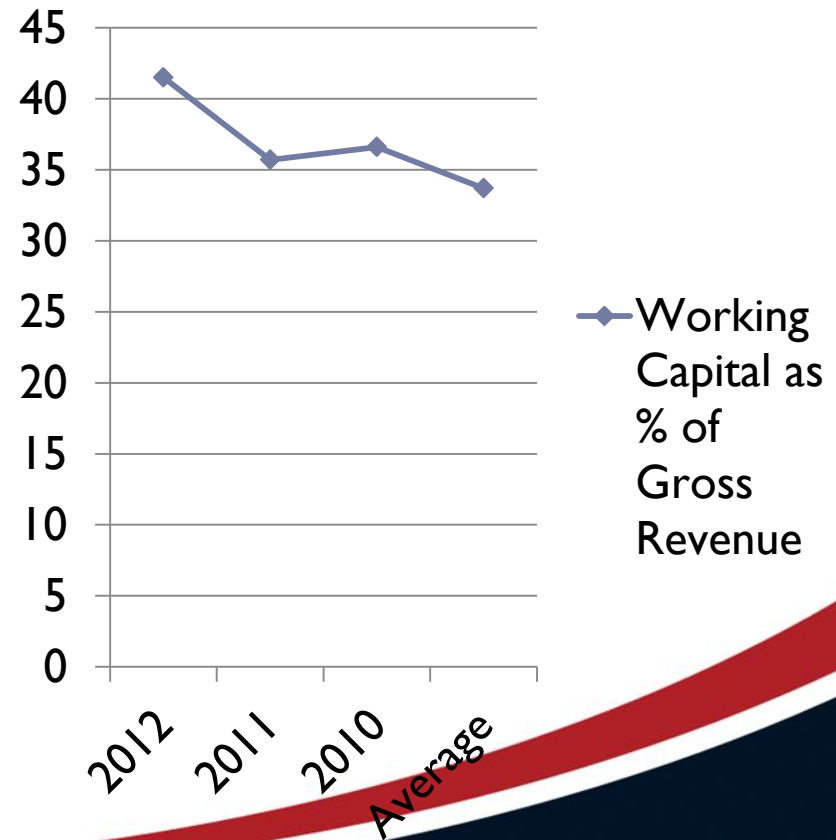


- ▶ Capital Debt Repayment Margin-Money left after paying all expenses to reinvest in the business was **\$390,403 per farm.**
- ▶ This was over double the 5 year average of **\$192,477.**

One for the record books!

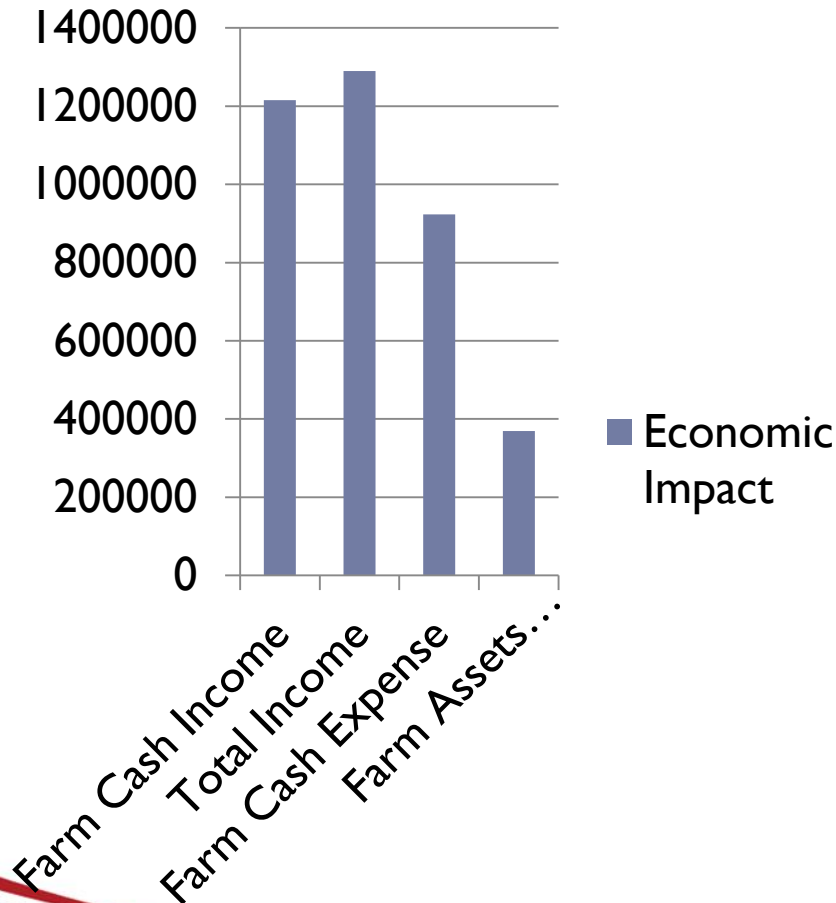
- ▶ Working capital as a percentage of gross revenue was **41.5%**, gives good financial support for unknown future prices/production.
- ▶ Rates of return on assets (18.4%) and rate of return on equity (27.5%) are both **50%** higher than 5 year average.

Working Capital as % of Gross Revenue



Economic Impact of Moorhead FBM Farms

Economic Impact

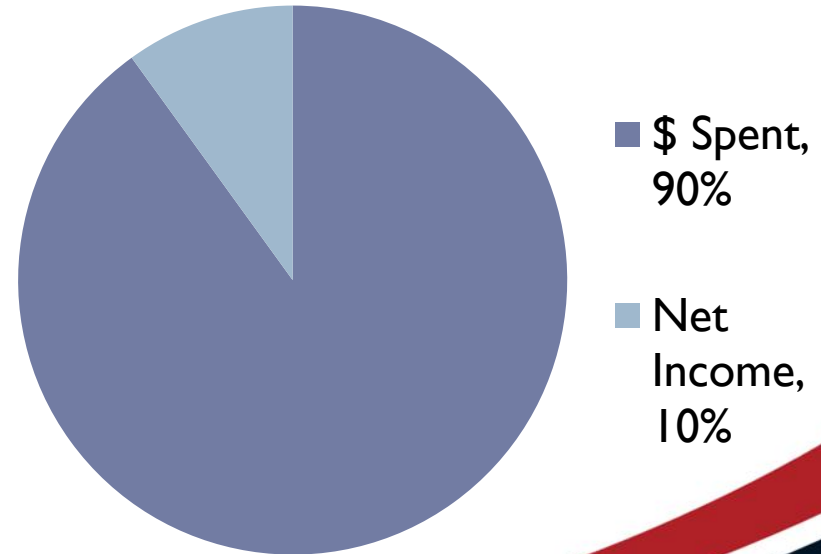


- ▶ Out of the 69 Farms analyzed, number are average per farm:
- ▶ Farm Cash Income :
\$1,215,402
- ▶ Total Income: **\$1,289,908**
- ▶ Farm Cash Expense:
\$923,351
- ▶ Farm Assets Purchased:
\$368,952

Economic Impact of Moorhead FBM Farms

- ▶ Family Living and Income Taxes Paid: \$133,588
- ▶ Dollars spent in area on all expenses: \$1,430,557
(Total \$98,708,433)
- ▶ Inventory Carry into 2013 value: \$299,130/farm
(Total \$20,639,970)

Total Income



Economic Impact of Moorhead FBM Farms



- ▶ Money borrowed:
\$694,709
- ▶ Principal Payments:
\$552,278

Economic Impact of Moorhead FBM Farms

Farm Financial Scorecard

	This Year	5-Year Ave	Strong	Vulnerable
Liquidity				
Current ratio	2.32	1.93	1.7	1.1
Working capital	\$621,256	\$399,853		
Working cap to gross revenue	41.5%	33.7%	25%	10%
Solvency (market)	Note: These solvency ratios include deferred liabilities			
Farm debt/asset ratio	38%	39%	30%	60%
Farm equity/asset ratio	62%	61%	70%	40%
Farm debt/equity ratio	0.62	0.63	0.43	1.50
Profitability (Cost)				
Rate of return on farm assets	18.4%	12.2%	8%	4%
Rate of return on farm equity	27.5%	17.3%	10%	3%
Operating profit margin	32.2%	21.9%	25%	15%
Net farm income	\$536,416	\$310,321		
EBITDA	\$635,965	\$381,502		

Economic Impact of Moorhead Farms

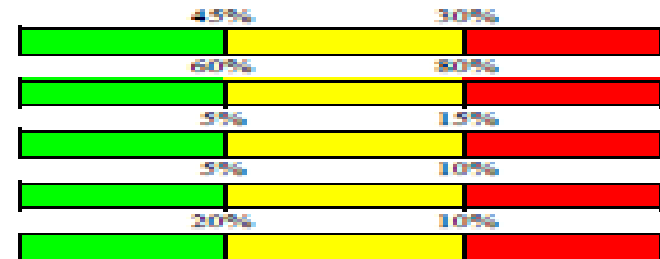
Repayment Capacity (Accrual)

Capital debt repay capacity	\$498,178	\$287,066
Capital debt repay margin	\$390,403	\$192,477
Replacement margin	\$360,026	\$170,502
Term-debt coverage ratio	4.62	2.95
Replacement margin ratio	3.61	2.38



Financial Efficiency

Asset-turnover rate (market)	57.0%	53.1%
Operating-expense ratio	57.5%	66.9%
Depreciation-expense ratio	4.8%	4.8%
Interest-expense ratio	3.0%	3.7%
Net farm income ratio	35.9%	25.2%

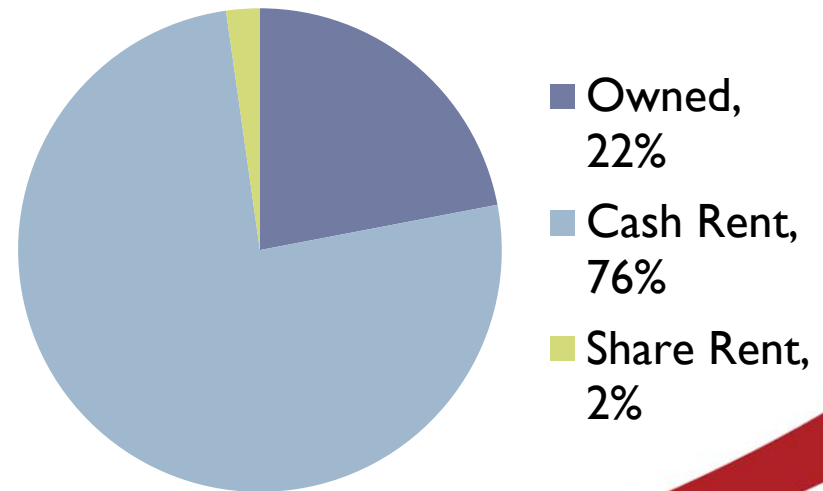


Developed by: University of Vermont Extension and Center for Farm Financial Mgt., University of Minnesota
 Updated by: Greg Tulla, Farm Business Mgt Program, Northland College

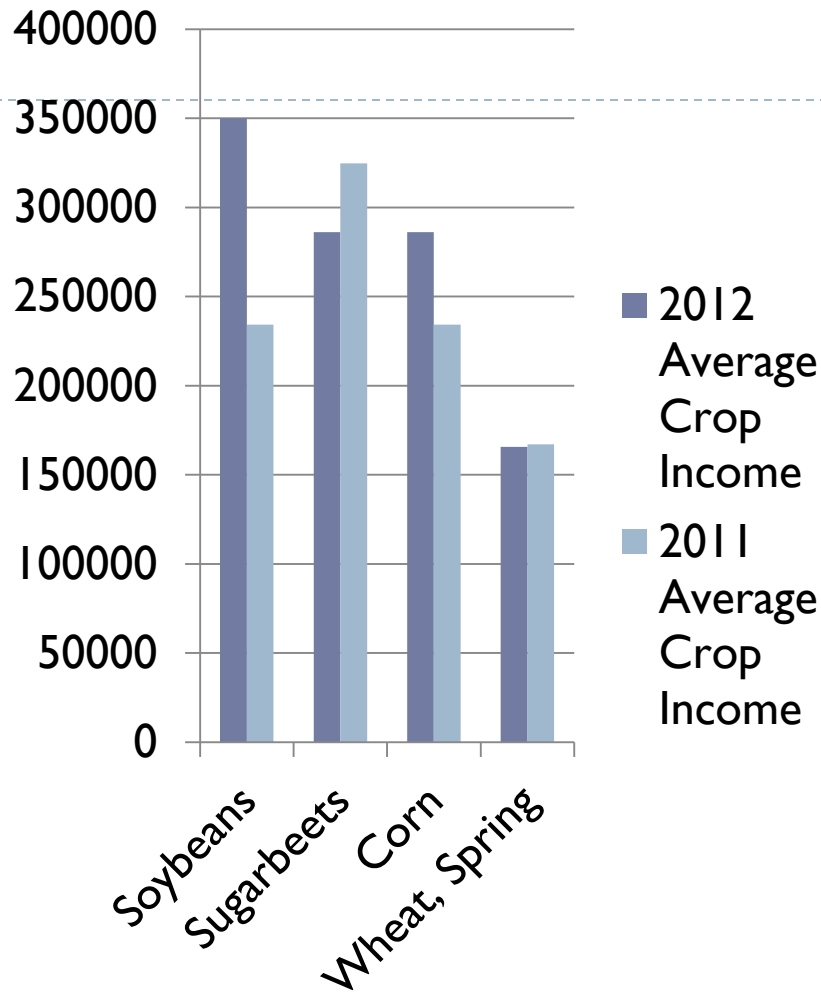
Whole Farm Data

- ▶ **69** Farms completed the FINAN, mostly in Clay and Norman counties
- ▶ Average farmer age was **45.3** with **22.5** years of farming
- ▶ Average acres was **1,782** with **392** owned, **1,350** cash rented and **40** share rented.

Crop Acres



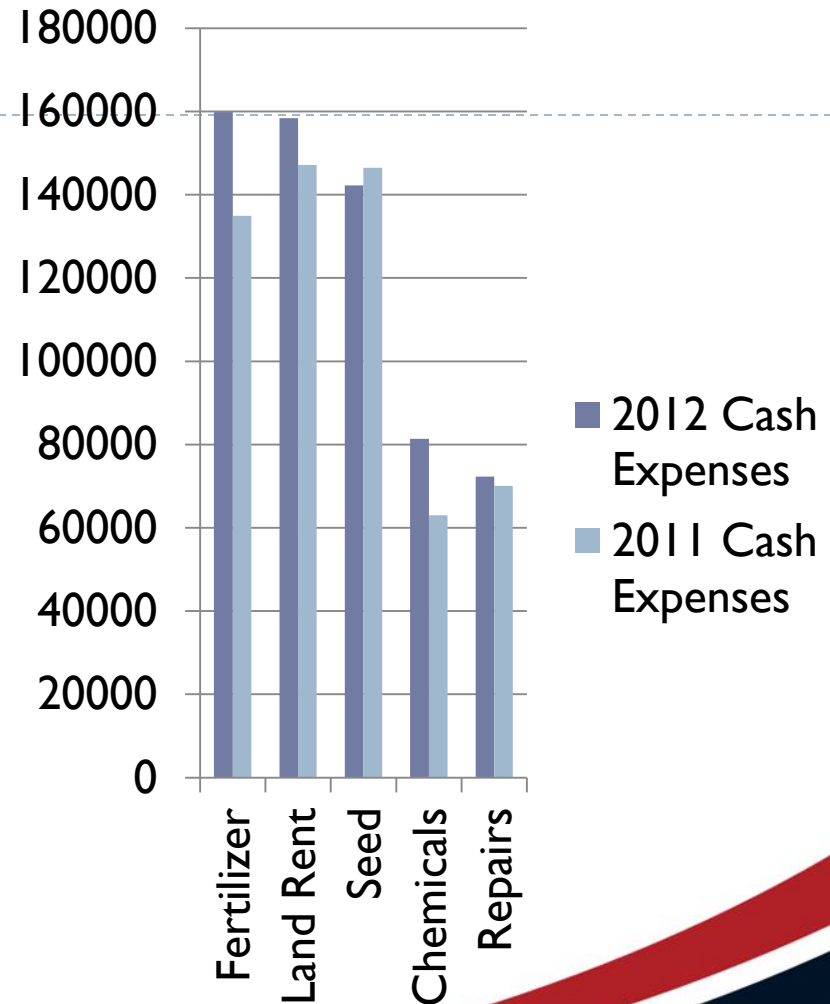
Whole Farm Data



- ▶ **Average Crop Income:**
Doesn't include inventory value of crops
- ▶ **Soybeans- \$349,979** up **49%** from 2011 (**\$234,229**).
- ▶ **Sugarbeets-\$286,137** down **12%** from (**\$324,721**) in 2011.
- ▶ **Corn- \$286,044** up **15%** from 2011 (**\$248,340**).

Whole Farm Data

- ▶ Wheat- **\$165,569** down 1% from 2011 (**\$167,141**).
- ▶ Average Crop Expenses-Includes prepaids for 2013!
- ▶ Fertilizer- **\$159,825** up 18.5% from 2011 (**\$134,924**).
- ▶ Land Rent-**\$158,381** up 7.6% from 2011 (**\$147,138**)



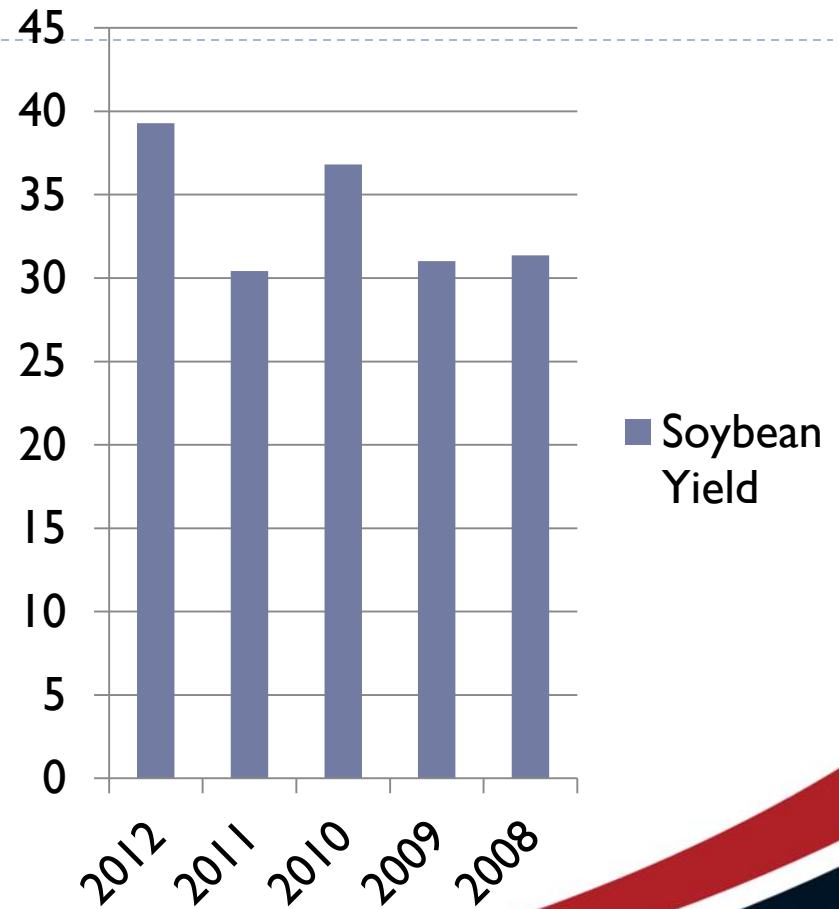
Whole Farm Data

- ▶ Seed-\$142,233 down 3% from 2011 (\$146,426)
- ▶ Chemicals-\$81,372 up 29% from 2011 (\$62,990)
- ▶ Repairs-\$72,258 up 3% from 2011 (\$70,048).

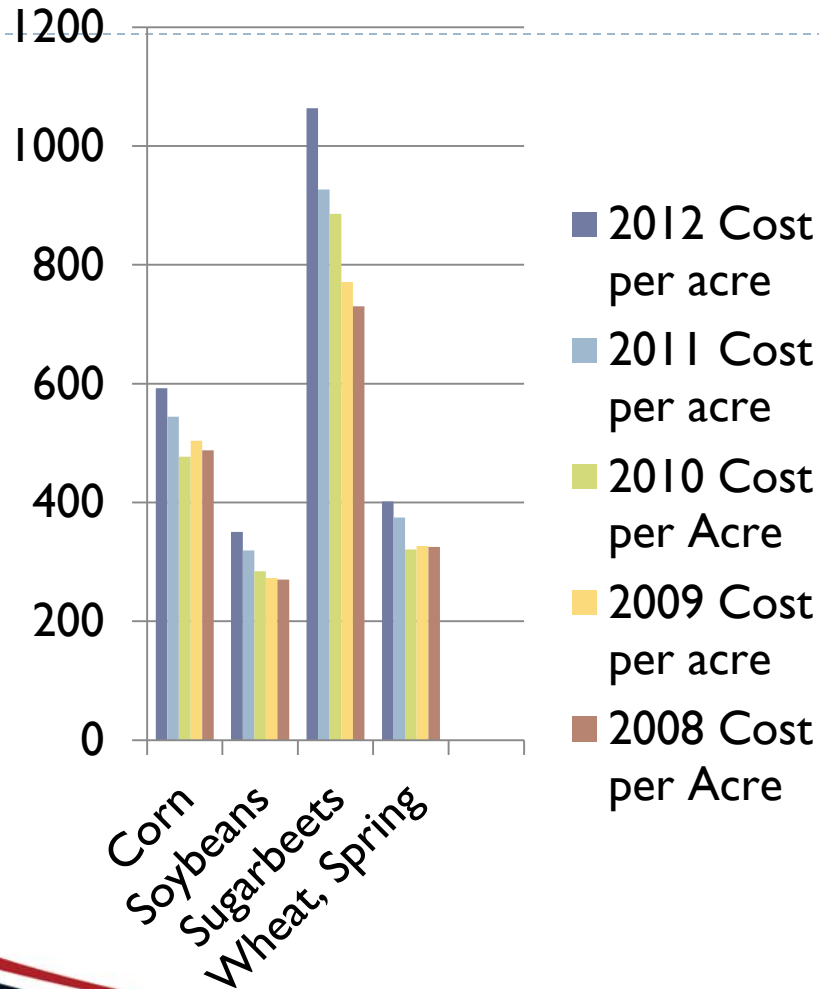
Production Data

- ▶ Average Crop Yields in 2012
- ▶ Corn- **134.29** bu/acre
- ▶ Soybeans- **39.28** bu/acre
5 year high!
- ▶ Sugarbeets- **26.97** ton/acre
- ▶ Wheat, Spring- **63.79** bu/acre

Soybean Yield

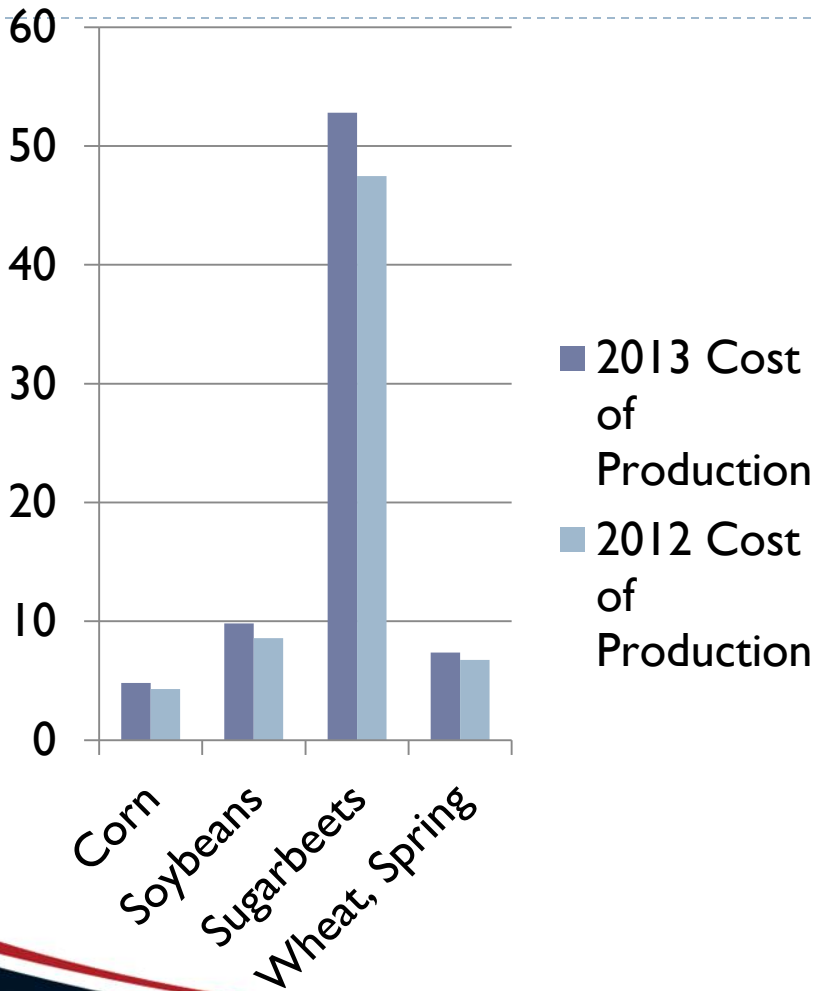


Production Data



- ▶ Total costs per acre and per bushel-does not include principal payments or personal draw-**All per acre are 5 year highs.**
- ▶ Corn- **\$592.46** and **\$4.41**
- ▶ Soybeans- **\$350.68** and **\$8.93**
- ▶ Sugarbeets-**\$1,063.64** and **\$39.44**
- ▶ Wheat, Spring-**\$401.81** and **\$6.30**

Production Data



- ▶ 2013 Cost of Production Projections-include Family Living, Principal Payments, Operating Interest.
- ▶ **Corn- \$4.81 (\$3.71-\$7.05)**
- ▶ **Soybeans- \$9.81 (\$6.14-\$14.40)**
- ▶ **Sugarbeets- \$52.81 (\$37.57-\$72.44)**
- ▶ **Wheat, Spring- \$7.37 (\$5.37-\$11.29)**