

**Farm Income Statement**  
**2007 Minnesota Farm Business Management State Report**  
**Organic Certified Farms**  
**(Farms Sorted By Net Farm Income)**

|                                | <u>Avg. Of<br/>All Farms</u> | <u>Low20%</u>  | <u>20 - 40%</u> | <u>40 - 60%</u> | <u>60 - 80%</u> | <u>High 20%</u> |
|--------------------------------|------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|
| Number of farms                | 62                           | 12             | 12              | 13              | 12              | 13              |
| <b>Cash Farm Income</b>        |                              |                |                 |                 |                 |                 |
| Beans, Pinto                   | 516                          | -              | -               | 2,462           | -               | -               |
| Beans, Small Red               | 300                          | -              | -               | 1,432           | -               | -               |
| Corn                           | 22,883                       | -              | -               | 15,839          | 23,542          | 71,565          |
| CRP                            | 120                          | 619            | -               | -               | -               | -               |
| Flax                           | 360                          | -              | -               | 1,647           | -               | 69              |
| Grass Seed, Perennial Rye      | 850                          | -              | -               | -               | -               | 4,054           |
| Hay, Alfalfa                   | 3,684                        | -              | 10,704          | 1,182           | 6,244           | 746             |
| Millet                         | 74                           | -              | -               | -               | -               | 351             |
| Oats                           | 966                          | -              | -               | 164             | 4,036           | 719             |
| Rye                            | 49                           | -              | -               | -               | 251             | -               |
| Sorghum, Grain                 | 184                          | -              | -               | -               | -               | 876             |
| Soybeans                       | 27,055                       | 1,042          | 385             | 11,785          | 27,151          | 90,865          |
| Stover                         | 53                           | -              | -               | -               | 271             | -               |
| Straw                          | 394                          | -              | 312             | -               | 854             | 803             |
| Strawberries                   | 53                           | 271            | -               | -               | -               | -               |
| Sugar Beets                    | 6,833                        | -              | -               | -               | 5,925           | 27,121          |
| Sunflowers                     | 1,204                        | -              | -               | -               | -               | 5,744           |
| Sunflowers, Confectionary      | 1,292                        | -              | -               | -               | -               | 6,162           |
| Triticale                      | 320                          | -              | 1,651           | -               | -               | -               |
| Vetch                          | 131                          | -              | -               | -               | -               | 623             |
| Vetch, Hairy                   | 27                           | -              | 138             | -               | -               | -               |
| Wheat, Spring                  | 10,447                       | 62             | -               | 4,007           | 10,187          | 36,357          |
| Soybeans, Organic              | 14,872                       | 3,694          | 0               | 7,647           | 15,260          | 45,786          |
| Barley, Organic                | 3,677                        | 3,500          | 642             | 3,724           | -               | 9,988           |
| Corn, Organic                  | 10,513                       | 1,802          | 924             | -               | 3,948           | 43,978          |
| Hay, Alfalfa, Organic          | 16,318                       | 664            | 861             | 711             | 14,948          | 61,910          |
| Oats, Organic                  | 5,556                        | 4,384          | 386             | 1,619           | 1,581           | 19,019          |
| Peas, Organic                  | 48                           | -              | -               | -               | -               | 230             |
| Rye, Organic                   | 890                          | -              | -               | -               | -               | 4,244           |
| Sunflowers, Organic            | 2,066                        | -              | -               | 2,274           | -               | 7,581           |
| Wheat, Spring, Organic         | 10,000                       | -              | -               | -               | 2,495           | 45,391          |
| Wheat, Winter, Organic         | 279                          | 1,272          | -               | 155             | -               | -               |
| Hay, Grass, Organic            | 356                          | 1,053          | -               | 93              | 685             | -               |
| Other crops                    | 488                          | 140            | 2,380           | -               | -               | -               |
| Miscellaneous crop income      | 1,336                        | 249            | 1,505           | 872             | 17              | 3,864           |
| Beef Cow-Calf, Beef Calves     | 600                          | 1,187          | 650             | -               | -               | 1,166           |
| Beef Replacement Heifers       | 71                           | 369            | -               | -               | -               | -               |
| Beef, Background Beef          | 507                          | -              | -               | -               | 2,251           | 343             |
| Beef, Finish Beef Calves       | 1,191                        | 1,861          | -               | -               | 4,291           | -               |
| Beef, Finish Yrlg Steers       | 578                          | -              | -               | 2,756           | -               | -               |
| Broilers                       | 40                           | -              | 206             | -               | -               | -               |
| Chickens, Egg Product., Eggs   | 43                           | 62             | 160             | -               | -               | -               |
| Dairy, Milk                    | 80,022                       | 59,220         | 66,113          | 73,161          | 128,306         | 74,354          |
| Dairy, Dairy Calves            | 1,030                        | 1,223          | 1,475           | 574             | 1,596           | 375             |
| Dairy Heifers (for sale)       | 125                          | 270            | 123             | 231             | -               | -               |
| Dairy Replacement Heifers      | 1,295                        | -              | -               | -               | 5,675           | 935             |
| Dairy Steer Finishing          | 1,217                        | 1,693          | 546             | 170             | 2,539           | 1,225           |
| Hogs, Farrow-Fin, Raised Hogs  | 986                          | 4,661          | -               | -               | 433             | -               |
| Hogs, Finish Feeder Pigs       | 133                          | 630            | 55              | -               | -               | -               |
| Sheep, Market Lambs, Mkt Lambs | 200                          | -              | -               | -               | 1,034           | -               |
| Cull breeding livestock        | 3,635                        | 6,060          | 2,068           | 2,054           | 4,364           | 3,749           |
| Misc. livestock income         | 1,981                        | 289            | 846             | 784             | 549             | 7,110           |
| Direct & CC govt payments      | 7,530                        | 2,685          | 1,821           | 3,087           | 7,019           | 22,189          |
| CRP payments                   | 1,558                        | 78             | 22              | 98              | 2,002           | 5,391           |
| Livestock govt payments        | 269                          | 100            | 253             | 427             | 306             | 250             |
| Other government payments      | 3,677                        | 1,631          | 2,214           | 6,179           | 5,063           | 3,137           |
| Custom work income             | 12,349                       | 56             | 8,819           | 1,065           | 23,507          | 27,941          |
| Patronage dividends, cash      | 2,270                        | 257            | 530             | 434             | 3,160           | 6,749           |
| Insurance income               | 9,653                        | 4,627          | 5,452           | 3,185           | 16,837          | 18,008          |
| Cash from hedging accts        | 397                          | -              | -               | 46              | 750             | 1,154           |
| Other farm income              | 17,147                       | 12,635         | 17,022          | 7,302           | 4,370           | 43,064          |
| <b>Gross Cash Farm Income</b>  | <b>292,697</b>               | <b>118,346</b> | <b>128,263</b>  | <b>157,165</b>  | <b>331,444</b>  | <b>705,186</b>  |

**Farm Income Statement (Continued)**  
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**(Farms Sorted By Net Farm Income)**

|                                                   | <u>Avg. Of<br/>All Farms</u> | <u>Low20%</u> | <u>20 - 40%</u> | <u>40 - 60%</u> | <u>60 - 80%</u> | <u>High 20%</u> |
|---------------------------------------------------|------------------------------|---------------|-----------------|-----------------|-----------------|-----------------|
| Number of farms                                   | 62                           | 12            | 12              | 13              | 12              | 13              |
| <b>Cash Farm Expense</b>                          |                              |               |                 |                 |                 |                 |
| Seed                                              | 18,353                       | 3,778         | 4,437           | 11,360          | 18,250          | 51,740          |
| Fertilizer                                        | 21,903                       | 1,847         | 2,247           | 7,319           | 18,341          | 76,432          |
| Crop chemicals                                    | 4,951                        | 74            | 31              | 3,660           | 5,134           | 15,114          |
| Non-chemical crop protect                         | 387                          | 1,333         | 108             | 387             | 49              | 83              |
| Crop insurance                                    | 4,926                        | 1,105         | 641             | 1,761           | 4,414           | 16,047          |
| Drying fuel                                       | 435                          | 31            | -               | 271             | 219             | 1,572           |
| Storage                                           | 231                          | -             | 86              | 63              | 396             | 594             |
| Irrigation energy                                 | 251                          | -             | 898             | -               | 189             | 194             |
| CCC buyback                                       | 4,875                        | -             | -               | 3,558           | 8,520           | 11,827          |
| Crop custom hire                                  | 421                          | 1,620         | 443             | 103             | -               | -               |
| Crop land rent                                    | 1,867                        | -             | 9,646           | -               | -               | -               |
| Crop hauling and trucking                         | 1,227                        | 68            | 2,346           | 129             | 48              | 3,450           |
| Crop marketing                                    | 782                          | 56            | 236             | 282             | 1,605           | 1,694           |
| Crop miscellaneous                                | 3,732                        | 213           | 2,366           | 278             | 997             | 14,219          |
| Feeder livestock purchase                         | 419                          | 574           | 173             | 514             | -               | 794             |
| Purchased feed                                    | 28,071                       | 15,353        | 20,829          | 20,582          | 44,277          | 39,026          |
| Breeding fees                                     | 572                          | 299           | 677             | 663             | 1,167           | 85              |
| Veterinary                                        | 1,552                        | 1,078         | 1,242           | 703             | 3,506           | 1,321           |
| Supplies                                          | 2,788                        | 3,282         | 2,341           | 2,018           | 4,018           | 2,377           |
| DHIA                                              | 269                          | 236           | 313             | 338             | 130             | 319             |
| Contract production exp.                          | 835                          | 4,315         | -               | -               | -               | -               |
| Livestock custom hire                             | 190                          | 543           | 115             | 300             | -               | -               |
| Livestock leases                                  | 76                           | 394           | -               | -               | -               | -               |
| Livestock hauling and trucking                    | 714                          | 706           | 1,259           | 307             | 799             | 548             |
| Livestock marketing                               | 1,260                        | 850           | 1,928           | 1,265           | 1,348           | 936             |
| Bedding                                           | 540                          | 753           | 439             | -               | 1,141           | 425             |
| Interest                                          | 19,550                       | 10,443        | 10,750          | 13,263          | 23,181          | 39,014          |
| Fuel & oil                                        | 16,246                       | 6,868         | 6,329           | 10,176          | 16,116          | 40,247          |
| Repairs                                           | 18,422                       | 6,988         | 8,242           | 15,636          | 20,451          | 39,286          |
| Repair, machinery                                 | 1,120                        | 482           | 617             | 914             | 1,654           | 1,886           |
| Repair, livestock equip                           | 379                          | 1,190         | 179             | 544             | -               | -               |
| Repair, buildings                                 | 968                          | 362           | 1,109           | 930             | 2,524           | -               |
| Custom hire                                       | 14,011                       | 7,185         | 11,272          | 3,440           | 11,771          | 35,482          |
| Hired labor                                       | 14,332                       | 13,147        | 6,143           | 3,825           | 16,186          | 31,782          |
| Land rent                                         | 22,245                       | 7,027         | 3,352           | 10,169          | 21,547          | 66,451          |
| Stock/quota lease                                 | 1,708                        | -             | -               | -               | 958             | 7,263           |
| Machinery leases                                  | 2,063                        | 214           | 132             | 1,070           | 1,261           | 7,287           |
| Building leases                                   | 1,181                        | -             | 993             | -               | 4,801           | 285             |
| Real estate taxes                                 | 2,801                        | 1,646         | 1,474           | 1,444           | 3,262           | 6,024           |
| Farm insurance                                    | 4,598                        | 2,382         | 2,556           | 2,833           | 4,121           | 10,735          |
| Utilities                                         | 5,177                        | 3,558         | 3,698           | 4,144           | 5,961           | 8,347           |
| Dues & professional fees                          | 2,859                        | 1,970         | 1,510           | 1,539           | 1,686           | 7,327           |
| Organic certification                             | 957                          | 633           | 526             | 530             | 1,231           | 1,828           |
| Hedging account deposits                          | 1,708                        | -             | -               | -               | 4,567           | 3,931           |
| Miscellaneous                                     | 5,302                        | 1,683         | 5,783           | 2,726           | 4,089           | 11,892          |
| Total cash expense                                | 237,254                      | 104,286       | 117,463         | 129,042         | 259,915         | 557,864         |
| Net cash farm income                              | 55,443                       | 14,060        | 10,801          | 28,123          | 71,529          | 147,321         |
| <b>Inventory Changes</b>                          |                              |               |                 |                 |                 |                 |
| Crops and feed                                    | 51,264                       | -5,664        | 10,724          | 26,258          | 48,573          | 168,727         |
| Market livestock                                  | 2,824                        | 3,817         | 4,942           | 986             | -3,524          | 7,648           |
| Accounts receivable                               | 2,832                        | -10,364       | 8,527           | 4,063           | 3,886           | 7,552           |
| Prepaid expenses and supplies                     | 8,769                        | -341          | -1,441          | 734             | 6,520           | 36,714          |
| Accounts payable                                  | -465                         | 1,271         | 3,000           | 3,946           | -1,820          | -8,426          |
| Total inventory change                            | 65,224                       | -11,282       | 25,752          | 35,986          | 53,634          | 212,215         |
| Net operating profit                              | 120,666                      | 2,778         | 36,553          | 64,110          | 125,163         | 359,536         |
| <b>Depreciation and Other Capital Adjustments</b> |                              |               |                 |                 |                 |                 |
| Breeding livestock                                | 2,113                        | -256          | -564            | 3,102           | 11,206          | -2,611          |
| Machinery and equipment                           | -14,434                      | -7,495        | -6,623          | -6,723          | -17,105         | -33,295         |
| Buildings and improvements                        | -2,567                       | -2,659        | -1,250          | -698            | -3,205          | -4,978          |
| Other farm capital                                | 972                          | -10           | 23              | 554             | 775             | 3,354           |
| Total depr. and other capital adj                 | -13,916                      | -10,421       | -8,415          | -3,765          | -8,328          | -37,530         |
| Net farm income                                   | 106,750                      | -7,642        | 28,138          | 60,345          | 116,835         | 322,006         |

**Inventory Changes**  
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|----------------------------------------------------|------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|
| Number of farms                                    | 62                           | 12             | 12              | 13              | 12              | 13              |
| Net cash farm income                               | 55,443                       | 14,060         | 10,801          | 28,123          | 71,529          | 147,321         |
| <b>Crops and Feed</b>                              |                              |                |                 |                 |                 |                 |
| Ending inventory                                   | 139,814                      | 27,369         | 26,023          | 71,739          | 136,734         | 419,567         |
| Beginning inventory                                | 88,550                       | 33,033         | 15,299          | 45,481          | 88,161          | 250,840         |
| Inventory change                                   | 51,264                       | -5,664         | 10,724          | 26,258          | 48,573          | 168,727         |
| <b>Market Livestock</b>                            |                              |                |                 |                 |                 |                 |
| Ending inventory                                   | 15,599                       | 14,303         | 15,598          | 7,901           | 24,236          | 16,521          |
| Beginning inventory                                | 12,775                       | 10,485         | 10,656          | 6,915           | 27,760          | 8,872           |
| Inventory change                                   | 2,824                        | 3,817          | 4,942           | 986             | -3,524          | 7,648           |
| <b>Accts Receivable &amp; Other Current Assets</b> |                              |                |                 |                 |                 |                 |
| Ending inventory                                   | 25,157                       | 11,096         | 22,585          | 10,255          | 31,943          | 49,147          |
| Beginning inventory                                | 22,325                       | 21,460         | 14,058          | 6,192           | 28,058          | 41,595          |
| Inventory change                                   | 2,832                        | -10,364        | 8,527           | 4,063           | 3,886           | 7,552           |
| <b>Prepaid Expenses and Supplies</b>               |                              |                |                 |                 |                 |                 |
| Ending inventory                                   | 19,945                       | 1,032          | 7,094           | 5,036           | 16,029          | 67,791          |
| Beginning inventory                                | 11,176                       | 1,373          | 8,535           | 4,302           | 9,509           | 31,077          |
| Inventory change                                   | 8,769                        | -341           | -1,441          | 734             | 6,520           | 36,714          |
| <b>Accounts Payable &amp; Accrued Expenses</b>     |                              |                |                 |                 |                 |                 |
| Beginning inventory                                | 17,635                       | 15,435         | 14,025          | 9,108           | 13,784          | 35,081          |
| Ending inventory                                   | 18,100                       | 14,164         | 11,025          | 5,162           | 15,605          | 43,507          |
| Inventory change                                   | -465                         | 1,271          | 3,000           | 3,946           | -1,820          | -8,426          |
| Total inventory change                             | 65,224                       | -11,282        | 25,752          | 35,986          | 53,634          | 212,215         |
| Net operating profit                               | 120,666                      | 2,778          | 36,553          | 64,110          | 125,163         | 359,536         |

**Depreciation and Other Capital Adjustments**  
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|                                   | <u>Avg. Of<br/>All Farms</u> | <u>Low 20%</u> | <u>20 - 40%</u> | <u>40 - 60%</u> | <u>60 - 80%</u> | <u>High 20%</u> |
|-----------------------------------|------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|
| Number of farms                   | 62                           | 12             | 12              | 13              | 12              | 13              |
| Net operating profit              | 120,666                      | 2,778          | 36,553          | 64,110          | 125,163         | 359,536         |
| <b>Breeding Livestock</b>         |                              |                |                 |                 |                 |                 |
| Ending inventory                  | 56,561                       | 84,021         | 66,730          | 55,333          | 38,366          | 39,852          |
| Capital sales                     | 1,495                        | 192            | -               | 28              | 7,504           | -               |
| Beginning inventory               | 53,112                       | 82,062         | 58,902          | 51,025          | 32,859          | 41,828          |
| Capital purchases                 | 2,831                        | 2,407          | 8,392           | 1,235           | 1,805           | 635             |
| Depreciation, capital adjust.     | 2,113                        | -256           | -564            | 3,102           | 11,206          | -2,611          |
| <b>Machinery and Equipment</b>    |                              |                |                 |                 |                 |                 |
| Ending inventory                  | 164,213                      | 74,848         | 80,799          | 80,848          | 218,350         | 357,092         |
| Capital sales                     | 7,904                        | 1,301          | 515             | 1,408           | 4,238           | 30,698          |
| Beginning inventory               | 155,261                      | 74,749         | 70,873          | 74,596          | 199,436         | 347,362         |
| Capital purchases                 | 31,290                       | 8,894          | 17,064          | 14,383          | 40,257          | 73,724          |
| Depreciation, capital adjust.     | -14,434                      | -7,495         | -6,623          | -6,723          | -17,105         | -33,295         |
| <b>Buildings and Improvements</b> |                              |                |                 |                 |                 |                 |
| Ending inventory                  | 83,953                       | 50,745         | 27,718          | 37,682          | 140,661         | 160,441         |
| Capital sales                     | -                            | -              | -               | -               | -               | -               |
| Beginning inventory               | 74,838                       | 50,040         | 22,942          | 22,256          | 125,380         | 151,560         |
| Capital purchases                 | 11,682                       | 3,364          | 6,027           | 16,124          | 18,486          | 13,859          |
| Depreciation, capital adjust.     | -2,567                       | -2,659         | -1,250          | -698            | -3,205          | -4,978          |
| <b>Other Capital Assets</b>       |                              |                |                 |                 |                 |                 |
| Ending inventory                  | 37,462                       | 1,831          | 3,101           | 9,408           | 37,957          | 129,667         |
| Capital sales                     | 1,508                        | -              | 26              | 1               | 7               | 7,159           |
| Beginning inventory               | 26,201                       | 1,712          | 3,001           | 6,469           | 26,972          | 89,242          |
| Capital purchases                 | 11,796                       | 129            | 103             | 2,385           | 10,218          | 44,230          |
| Depreciation, capital adjust.     | 972                          | -10            | 23              | 554             | 775             | 3,354           |
| Total depreciation, capital adj.  | -13,916                      | -10,421        | -8,415          | -3,765          | -8,328          | -37,530         |
| Net farm income                   | 106,750                      | -7,642         | 28,138          | 60,345          | 116,835         | 322,006         |

**Profitability Measures**  
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|                                                | <u>Avg. Of<br/>All Farms</u> | <u>Low 20%</u> | <u>20 - 40%</u> | <u>40 - 60%</u> | <u>60 - 80%</u> | <u>High 20%</u> |
|------------------------------------------------|------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|
| Number of farms                                | 62                           | 12             | 12              | 13              | 12              | 13              |
| <b>Profitability (assets valued at cost)</b>   |                              |                |                 |                 |                 |                 |
| Net farm income                                | 106,750                      | -7,642         | 28,138          | 60,345          | 116,835         | 322,006         |
| Labor and management earnings                  | 83,757                       | -16,884        | 19,832          | 49,092          | 88,596          | 265,860         |
| Rate of return on assets                       | 13.5 %                       | -3.0 %         | 4.4 %           | 12.4 %          | 12.7 %          | 19.7 %          |
| Rate of return on equity                       | 20.6 %                       | -15.5 %        | 4.6 %           | 20.4 %          | 18.1 %          | 29.2 %          |
| Operating profit margin                        | 30.4 %                       | -12.4 %        | 11.5 %          | 30.1 %          | 31.9 %          | 36.8 %          |
| Asset turnover rate                            | 44.5 %                       | 24.5 %         | 38.2 %          | 41.2 %          | 39.7 %          | 53.4 %          |
| Interest on farm net worth                     | 22,994                       | 9,242          | 8,305           | 11,253          | 28,239          | 56,146          |
| Farm interest expense                          | 19,789                       | 12,049         | 9,060           | 12,963          | 25,433          | 38,455          |
| Value of operator lbr and mgmt.                | 28,231                       | 15,597         | 22,108          | 22,051          | 31,532          | 48,677          |
| Return on farm assets                          | 98,309                       | -11,190        | 15,090          | 51,257          | 110,736         | 311,784         |
| Average farm assets                            | 725,943                      | 367,011        | 342,398         | 413,747         | 874,752         | 1,586,139       |
| Return on farm equity                          | 78,520                       | -23,239        | 6,030           | 38,294          | 85,302          | 273,329         |
| Average farm equity                            | 380,818                      | 149,821        | 130,165         | 187,547         | 470,644         | 935,772         |
| Value of farm production                       | 323,239                      | 89,951         | 130,890         | 170,477         | 347,307         | 846,681         |
|                                                | <u>Avg. Of<br/>All Farms</u> | <u>Low 20%</u> | <u>20 - 40%</u> | <u>40 - 60%</u> | <u>60 - 80%</u> | <u>High 20%</u> |
| Number of farms                                | 62                           | 12             | 12              | 13              | 12              | 13              |
| <b>Profitability (assets valued at market)</b> |                              |                |                 |                 |                 |                 |
| Net farm income                                | 115,393                      | 46,252         | 31,250          | 69,284          | 126,052         | 293,155         |
| Labor and management earnings                  | 82,952                       | 18,610         | 16,894          | 52,476          | 87,200          | 229,874         |
| Rate of return on assets                       | 11.1 %                       | 5.5 %          | 3.7 %           | 11.3 %          | 10.7 %          | 15.1 %          |
| Rate of return on equity                       | 16.2 %                       | 6.7 %          | 4.0 %           | 16.9 %          | 14.6 %          | 23.2 %          |
| Operating profit margin                        | 33.1 %                       | 47.5 %         | 13.9 %          | 35.3 %          | 34.5 %          | 33.4 %          |
| Asset turnover rate                            | 33.4 %                       | 11.7 %         | 26.3 %          | 31.9 %          | 31.0 %          | 45.2 %          |
| Interest on farm net worth                     | 32,441                       | 27,642         | 14,356          | 16,808          | 38,852          | 63,281          |
| Farm interest expense                          | 19,789                       | 12,049         | 9,060           | 12,963          | 25,433          | 38,455          |
| Value of operator lbr and mgmt.                | 28,231                       | 15,597         | 22,108          | 22,051          | 31,532          | 48,677          |
| Return on farm assets                          | 106,952                      | 42,704         | 18,203          | 60,196          | 119,953         | 282,933         |
| Average farm assets                            | 966,870                      | 769,465        | 498,378         | 533,906         | 1,121,759       | 1,871,533       |
| Return on farm equity                          | 87,162                       | 30,656         | 9,143           | 47,233          | 94,520          | 244,478         |
| Average farm equity                            | 538,972                      | 460,704        | 231,145         | 279,446         | 647,536         | 1,054,679       |
| Value of farm production                       | 323,239                      | 89,951         | 130,890         | 170,477         | 347,307         | 846,681         |

**Liquidity Measures**  
**2007 Minnesota Farm Business Management State Report**  
**Organic Certified Farms**  
**(Farms Sorted By Net Farm Income)**

|                                 | <u>Avg. Of<br/>All Farms</u> | <u>Low 20%</u> | <u>20 - 40%</u> | <u>40 - 60%</u> | <u>60 - 80%</u> | <u>High 20%</u> |
|---------------------------------|------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|
| Number of farms                 | 62                           | 12             | 12              | 13              | 12              | 13              |
| <b>Liquidity (cash)</b>         |                              |                |                 |                 |                 |                 |
| Net cash farm income            | 55,443                       | 14,060         | 10,801          | 28,123          | 71,529          | 147,321         |
| Net nonfarm income              | 22,564                       | 36,265         | 19,874          | 27,884          | 19,893          | 9,544           |
| Family living and taxes         | 49,299                       | 37,936         | 40,514          | 50,983          | 46,868          | 68,457          |
| Principal due on long term debt | 12,823                       | 9,148          | 11,207          | 8,507           | 15,459          | 19,588          |
| Cash available for interm. debt | 15,885                       | 3,241          | -21,046         | -3,483          | 29,096          | 68,821          |
| Average intermediate debt       | 92,436                       | 95,350         | 63,480          | 48,260          | 94,672          | 158,588         |
| Years to turnover interm. debt  | 5.8                          | 29.4           | **              | **              | 3.3             | 2.3             |
| Expense as a % of income        | 81 %                         | 88 %           | 92 %            | 82 %            | 78 %            | 79 %            |
| Interest as a % of income       | 7 %                          | 9 %            | 8 %             | 8 %             | 7 %             | 6 %             |
| Working capital to gross income | 34 %                         | 13 %           | 1 %             | 27 %            | 33 %            | 45 %            |
| <b>Liquidity (accrual)</b>      |                              |                |                 |                 |                 |                 |
| Total accrual farm income       | 349,617                      | 106,135        | 152,456         | 188,472         | 380,378         | 889,113         |
| Total accrual operating expense | 228,950                      | 103,357        | 115,903         | 124,362         | 255,215         | 529,577         |
| Net accrual operating income    | 120,666                      | 2,778          | 36,553          | 64,110          | 125,163         | 359,536         |
| Net nonfarm income              | 22,564                       | 36,265         | 19,874          | 27,884          | 19,893          | 9,544           |
| Family living and taxes         | 49,299                       | 37,936         | 40,514          | 50,983          | 46,868          | 68,457          |
| Principal due on long term debt | 12,823                       | 9,148          | 11,207          | 8,507           | 15,459          | 19,588          |
| Available for intermediate debt | 81,109                       | -8,041         | 4,706           | 32,503          | 82,730          | 281,036         |
| Average intermediate debt       | 92,436                       | 95,350         | 63,480          | 48,260          | 94,672          | 158,588         |
| Years to turnover interm. debt  | 1.1                          | **             | 13.5            | 1.5             | 1.1             | 0.6             |
| Expense as a % of income        | 65 %                         | 97 %           | 76 %            | 66 %            | 67 %            | 60 %            |
| Interest as a % of income       | 6 %                          | 11 %           | 6 %             | 7 %             | 7 %             | 4 %             |
| Working capital to gross income | 29 %                         | 15 %           | 1 %             | 23 %            | 29 %            | 35 %            |

\*\* Income insufficient to meet debt servicing requirements

**Balance Sheet at Cost Values**  
**2007 Minnesota Farm Business Management State Report**  
**Organic Certified Farms**  
**(Farms Sorted By Net Farm Income)**

|                                    | <u>Avg. Of<br/>All Farms</u> | <u>Low 20%</u> | <u>20 - 40%</u> | <u>40 - 60%</u> | <u>60 - 80%</u> | <u>High 20%</u> |
|------------------------------------|------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|
| Number of farms                    | 62                           | 12             | 12              | 13              | 12              | 13              |
| <b>Assets</b>                      |                              |                |                 |                 |                 |                 |
| Current Farm Assets                |                              |                |                 |                 |                 |                 |
| Cash and checking balance          | 8,329                        | 5,657          | 1,669           | 6,614           | 18,097          | 9,640           |
| Prepaid expenses & supplies        | 19,945                       | 1,032          | 7,094           | 5,036           | 16,029          | 67,791          |
| Growing crops                      | 1,975                        | 1,321          | 1,084           | 428             | 121             | 6,656           |
| Accounts receivable                | 17,413                       | 9,550          | 21,293          | 9,255           | 15,216          | 31,278          |
| Hedging accounts                   | 1,140                        | -              | -               | -               | 3,773           | 1,954           |
| Crops held for sale or feed        | 130,283                      | 27,369         | 26,023          | 56,427          | 124,205         | 400,986         |
| Crops under government loan        | 14,515                       | -              | -               | 22,343          | 15,347          | 32,715          |
| Market livestock held for sale     | 15,599                       | 14,303         | 15,598          | 7,901           | 24,236          | 16,521          |
| Other current assets               | 4,629                        | 225            | 208             | 571             | 12,833          | 9,259           |
| Total current farm assets          | 213,826                      | 59,456         | 72,968          | 108,575         | 229,857         | 576,800         |
| Intermediate Farm Assets           |                              |                |                 |                 |                 |                 |
| Breeding livestock                 | 56,561                       | 84,021         | 66,730          | 55,333          | 38,366          | 39,852          |
| Machinery and equipment            | 151,862                      | 68,349         | 72,583          | 74,540          | 208,107         | 327,534         |
| Titled vehicles                    | 12,351                       | 6,498          | 8,217           | 6,308           | 10,244          | 29,558          |
| Other intermediate assets          | 14,180                       | 1,177          | 2,748           | 6,018           | 12,820          | 46,154          |
| Total intermediate farm assets     | 234,954                      | 160,046        | 150,277         | 142,199         | 269,536         | 443,097         |
| Long Term Farm Assets              |                              |                |                 |                 |                 |                 |
| Farm land                          | 226,447                      | 92,403         | 130,945         | 162,710         | 226,954         | 501,607         |
| Buildings and improvements         | 83,953                       | 50,745         | 27,718          | 37,682          | 140,661         | 160,441         |
| Other long-term assets             | 23,282                       | 654            | 353             | 3,390           | 25,137          | 83,513          |
| Total long-term farm assets        | 333,682                      | 143,802        | 159,016         | 203,781         | 392,752         | 745,561         |
| Total Farm Assets                  | 782,463                      | 363,304        | 382,260         | 454,555         | 892,146         | 1,765,458       |
| Total Nonfarm Assets               | 139,902                      | 115,722        | 148,121         | 150,769         | 118,352         | 163,659         |
| Total Assets                       | 922,364                      | 479,025        | 530,382         | 605,324         | 1,010,498       | 1,929,117       |
| <b>Liabilities</b>                 |                              |                |                 |                 |                 |                 |
| Current Farm Liabilities           |                              |                |                 |                 |                 |                 |
| Accrued interest                   | 6,514                        | 3,950          | 1,259           | 2,003           | 9,159           | 15,802          |
| Accounts payable                   | 11,591                       | 10,214         | 9,766           | 3,169           | 6,426           | 27,736          |
| Current notes                      | 63,610                       | 19,631         | 42,449          | 35,407          | 75,216          | 141,229         |
| Government crop loans              | 5,568                        | -              | -               | 8,014           | 2,779           | 15,975          |
| Principal due on term debt         | 26,894                       | 10,028         | 18,205          | 17,461          | 25,397          | 61,298          |
| Total current farm liabilities     | 114,177                      | 43,823         | 71,678          | 66,056          | 118,976         | 262,039         |
| Total intermediate farm liabs      | 80,487                       | 94,582         | 63,567          | 40,569          | 78,550          | 124,800         |
| Total long term farm liabilities   | 171,365                      | 82,652         | 115,224         | 140,497         | 196,697         | 312,562         |
| Total farm liabilities             | 366,029                      | 221,058        | 250,470         | 247,121         | 394,222         | 699,402         |
| Total nonfarm liabilities          | 45,113                       | 55,874         | 66,003          | 59,844          | 8,889           | 34,603          |
| Total liabilities                  | 411,142                      | 276,932        | 316,473         | 306,965         | 403,112         | 734,005         |
| Net worth (farm and nonfarm)       | 511,222                      | 202,093        | 213,909         | 298,359         | 607,387         | 1,195,112       |
| Net worth change                   | 83,911                       | -4,622         | 18,698          | 39,450          | 73,848          | 279,582         |
| <b>Ratio Analysis</b>              |                              |                |                 |                 |                 |                 |
| Current farm liabilities / assets  | 53 %                         | 74 %           | 98 %            | 61 %            | 52 %            | 45 %            |
| Curr. & interm farm liab. / assets | 43 %                         | 63 %           | 61 %            | 43 %            | 40 %            | 38 %            |
| Long term farm liab. / assets      | 51 %                         | 57 %           | 72 %            | 69 %            | 50 %            | 42 %            |
| Total debt to asset ratio          | 45 %                         | 58 %           | 60 %            | 51 %            | 40 %            | 38 %            |

**Balance Sheet at Market Values**  
**2007 Minnesota Farm Business Management State Report**  
**Organic Certified Farms**  
**(Farms Sorted By Net Farm Income)**

|                                    | <u>Avg. Of<br/>All Farms</u> | <u>Low 20%</u> | <u>20 - 40%</u> | <u>40 - 60%</u> | <u>60 - 80%</u> | <u>High 20%</u> |
|------------------------------------|------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|
| Number of farms                    | 62                           | 12             | 12              | 13              | 12              | 13              |
| <b>Assets</b>                      |                              |                |                 |                 |                 |                 |
| Current Farm Assets                |                              |                |                 |                 |                 |                 |
| Cash and checking balance          | 8,329                        | 5,657          | 1,669           | 6,614           | 18,097          | 9,640           |
| Prepaid expenses & supplies        | 19,945                       | 1,032          | 7,094           | 5,036           | 16,029          | 67,791          |
| Growing crops                      | 1,975                        | 1,321          | 1,084           | 428             | 121             | 6,656           |
| Accounts receivable                | 17,413                       | 9,550          | 21,293          | 9,255           | 15,216          | 31,278          |
| Hedging accounts                   | 1,140                        | -              | -               | -               | 3,773           | 1,954           |
| Crops held for sale or feed        | 130,283                      | 27,369         | 26,023          | 56,427          | 124,205         | 400,986         |
| Crops under government loan        | 14,515                       | -              | -               | 22,343          | 15,347          | 32,715          |
| Market livestock held for sale     | 15,599                       | 14,303         | 15,598          | 7,901           | 24,236          | 16,521          |
| Other current assets               | 4,629                        | 225            | 208             | 571             | 12,833          | 9,259           |
| Total current farm assets          | 213,826                      | 59,456         | 72,968          | 108,575         | 229,857         | 576,800         |
| Intermediate Farm Assets           |                              |                |                 |                 |                 |                 |
| Breeding livestock                 | 61,072                       | 86,635         | 67,155          | 56,717          | 56,338          | 40,588          |
| Machinery and equipment            | 178,598                      | 90,394         | 80,953          | 88,594          | 238,547         | 384,817         |
| Titled vehicles                    | 13,111                       | 7,041          | 7,948           | 6,425           | 8,662           | 34,271          |
| Other intermediate assets          | 13,964                       | 1,190          | 2,851           | 6,087           | 13,616          | 44,212          |
| Total intermediate farm assets     | 266,745                      | 185,260        | 158,906         | 157,824         | 317,162         | 503,888         |
| Long Term Farm Assets              |                              |                |                 |                 |                 |                 |
| Farm land                          | 432,002                      | 496,525        | 278,862         | 262,589         | 408,659         | 704,765         |
| Buildings and improvements         | 97,292                       | 53,440         | 34,544          | 49,494          | 170,299         | 176,101         |
| Other long-term assets             | 26,947                       | 654            | 353             | 3,390           | 25,256          | 100,883         |
| Total long-term farm assets        | 556,241                      | 550,619        | 313,758         | 315,473         | 604,213         | 981,749         |
| Total Farm Assets                  | 1,036,813                    | 795,335        | 545,632         | 581,871         | 1,151,233       | 2,062,437       |
| Total Nonfarm Assets               | 174,475                      | 168,040        | 212,914         | 171,509         | 122,134         | 196,214         |
| Total Assets                       | 1,211,288                    | 963,374        | 758,546         | 753,380         | 1,273,367       | 2,258,651       |
| <b>Liabilities</b>                 |                              |                |                 |                 |                 |                 |
| Current Farm Liabilities           |                              |                |                 |                 |                 |                 |
| Accrued interest                   | 6,514                        | 3,950          | 1,259           | 2,003           | 9,159           | 15,802          |
| Accounts payable                   | 11,591                       | 10,214         | 9,766           | 3,169           | 6,426           | 27,736          |
| Current notes                      | 63,610                       | 19,631         | 42,449          | 35,407          | 75,216          | 141,229         |
| Government crop loans              | 5,568                        | -              | -               | 8,014           | 2,779           | 15,975          |
| Principal due on term debt         | 26,894                       | 10,028         | 18,205          | 17,461          | 25,397          | 61,298          |
| Total current farm liabilities     | 114,177                      | 43,823         | 71,678          | 66,056          | 118,976         | 262,039         |
| Total intermediate farm liabs      | 80,487                       | 94,582         | 63,567          | 40,569          | 78,550          | 124,800         |
| Total long term farm liabilities   | 171,365                      | 82,652         | 115,224         | 140,497         | 196,697         | 312,562         |
| Total farm liabilities             | 366,029                      | 221,058        | 250,470         | 247,121         | 394,222         | 699,402         |
| Total nonfarm liabilities          | 45,113                       | 55,874         | 66,003          | 59,844          | 8,889           | 34,603          |
| Total liabs excluding deferreds    | 411,142                      | 276,932        | 316,473         | 306,965         | 403,112         | 734,005         |
| Total deferred liabilities         | 98,231                       | 102,288        | 74,492          | 35,263          | 78,054          | 197,991         |
| Total liabilities                  | 509,373                      | 379,220        | 390,964         | 342,228         | 481,165         | 931,996         |
| Retained earnings                  | 511,222                      | 202,093        | 213,909         | 298,359         | 607,387         | 1,195,112       |
| Market valuation equity            | 190,693                      | 382,061        | 153,673         | 112,793         | 184,815         | 131,544         |
| Net worth (farm and nonfarm)       | 701,915                      | 584,154        | 367,582         | 411,152         | 792,201         | 1,326,656       |
| Net worth excluding deferreds      | 800,146                      | 686,442        | 442,074         | 446,415         | 870,255         | 1,524,646       |
| Net worth change                   | 100,032                      | 69,224         | 24,566          | 54,386          | 83,054          | 259,447         |
| <b>Ratio Analysis</b>              |                              |                |                 |                 |                 |                 |
| Current farm liabilities / assets  | 53 %                         | 74 %           | 98 %            | 61 %            | 52 %            | 45 %            |
| Curr. & interm farm liab. / assets | 41 %                         | 57 %           | 58 %            | 40 %            | 36 %            | 36 %            |
| Long term farm liab. / assets      | 31 %                         | 15 %           | 37 %            | 45 %            | 33 %            | 32 %            |
| Total debt to asset ratio          | 42 %                         | 39 %           | 52 %            | 45 %            | 38 %            | 41 %            |
| Debt to assets excl deferreds      | 34 %                         | 29 %           | 42 %            | 41 %            | 32 %            | 32 %            |

**Statement Of Cash Flows**  
**2007 Minnesota Farm Business Management State Report**  
**Organic Certified Farms**  
**(Farms Sorted By Net Farm Income)**

|                                       | <u>Avg. Of<br/>All Farms</u> | <u>Low 20%</u> | <u>20 - 40%</u> | <u>40 - 60%</u> | <u>60 - 80%</u> | <u>High 20%</u> |
|---------------------------------------|------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|
| Number of farms                       | 62                           | 12             | 12              | 13              | 12              | 13              |
| Beginning cash (farm & nonfarm)       | 8,572                        | 4,533          | 5,929           | 8,122           | 10,921          | 13,022          |
| <b>Cash From Operating Activities</b> |                              |                |                 |                 |                 |                 |
| Gross cash farm income                | 292,697                      | 118,346        | 128,263         | 157,165         | 331,444         | 705,186         |
| Net nonfarm income                    | 22,564                       | 36,265         | 19,874          | 27,884          | 19,893          | 9,544           |
| Total cash farm expense               | -237,254                     | -104,286       | -117,463        | -129,042        | -259,915        | -557,864        |
| Apparent family living expense        | -45,086                      | -34,587        | -39,636         | -47,766         | -43,499         | -58,594         |
| Income and social security tax        | -4,179                       | -3,350         | -878            | -3,217          | -3,369          | -9,701          |
| Cash from operations                  | 28,742                       | 12,389         | -9,840          | 5,024           | 44,555          | 88,571          |
| <b>Cash From Investing Activities</b> |                              |                |                 |                 |                 |                 |
| Sale of breeding livestock            | 1,495                        | 192            | -               | 28              | 7,504           | -               |
| Sale of machinery & equipment         | 7,871                        | 1,134          | 515             | 1,408           | 4,238           | 30,698          |
| Sale of titled vehicles               | 32                           | 167            | -               | -               | -               | -               |
| Sale of farm land                     | 14,908                       | -              | -               | -               | 77,023          | -               |
| Sale of farm buildings                | -                            | -              | -               | -               | -               | -               |
| Sale of other farm assets             | 1,508                        | -              | 26              | 1               | 7               | 7,159           |
| Sale of nonfarm assets                | 1,083                        | -              | 869             | 298             | -               | 4,064           |
| Purchase of breeding livestock        | -2,831                       | -2,407         | -8,392          | -1,235          | -1,805          | -635            |
| Purchase of machinery & equip.        | -30,020                      | -8,894         | -14,124         | -14,383         | -38,154         | -72,324         |
| Purchase of titled vehicles           | -1,270                       | -              | -2,940          | -               | -2,103          | -1,400          |
| Purchase of farm land                 | -20,596                      | -95            | -37,670         | -6,154          | -6,667          | -51,058         |
| Purchase of farm buildings            | -11,682                      | -3,364         | -6,027          | -16,124         | -18,486         | -13,859         |
| Purchase of other farm assets         | -11,796                      | -129           | -103            | -2,385          | -10,218         | -44,230         |
| Purchase of nonfarm assets            | -6,537                       | -3,259         | -881            | -2,535          | -16,275         | -9,796          |
| Cash from investing activities        | -57,835                      | -16,655        | -68,727         | -41,080         | -4,935          | -151,380        |
| <b>Cash From Financing Activities</b> |                              |                |                 |                 |                 |                 |
| Money borrowed                        | 150,222                      | 79,850         | 113,112         | 124,485         | 151,682         | 273,825         |
| Cash gifts and inheritances           | 998                          | 417            | -               | -               | -               | 4,376           |
| Principal payments                    | -121,187                     | -73,664        | -36,963         | -88,803         | -183,227        | -217,918        |
| Dividends paid                        | -34                          | -              | -               | -               | -               | -162            |
| Gifts given                           | -130                         | -673           | -               | -               | -               | -               |
| Cash from financing activities        | 29,869                       | 5,930          | 76,149          | 35,682          | -31,545         | 60,122          |
| Net change in cash balance            | 775                          | 1,663          | -2,418          | -374            | 8,075           | -2,688          |
| Ending cash (farm & nonfarm)          | 9,347                        | 6,196          | 3,511           | 7,748           | 18,997          | 10,334          |

**Financial Standards Measures**  
**2007 Minnesota Farm Business Management State Report**  
**Organic Certified Farms**  
**(Farms Sorted By Net Farm Income)**

|                               | <b><u>Avg. Of<br/>All Farms</u></b> | <b><u>Low 20%</u></b> | <b><u>20 - 40%</u></b> | <b><u>40 - 60%</u></b> | <b><u>60 - 80%</u></b> | <b><u>High 20%</u></b> |
|-------------------------------|-------------------------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|
| Number of farms               | 62                                  | 12                    | 12                     | 13                     | 12                     | 13                     |
| <b>Liquidity</b>              |                                     |                       |                        |                        |                        |                        |
| Current ratio                 | 1.87                                | 1.36                  | 1.02                   | 1.64                   | 1.93                   | 2.20                   |
| Working capital               | 99,650                              | 15,633                | 1,290                  | 42,519                 | 110,882                | 314,760                |
| <b>Solvency (market)</b>      |                                     |                       |                        |                        |                        |                        |
| Farm debt to asset ratio      | 44 %                                | 40 %                  | 57 %                   | 48 %                   | 41 %                   | 43 %                   |
| Farm equity to asset ratio    | 56 %                                | 60 %                  | 43 %                   | 52 %                   | 59 %                   | 57 %                   |
| Farm debt to equity ratio     | 79 %                                | 66 %                  | 133 %                  | 92 %                   | 69 %                   | 76 %                   |
| <b>Profitability (cost)</b>   |                                     |                       |                        |                        |                        |                        |
| Rate of return on farm assets | 13.5 %                              | -3.0 %                | 4.4 %                  | 12.4 %                 | 12.7 %                 | 19.7 %                 |
| Rate of return on farm equity | 20.6 %                              | -15.5 %               | 4.6 %                  | 20.4 %                 | 18.1 %                 | 29.2 %                 |
| Operating profit margin       | 30.4 %                              | -12.4 %               | 11.5 %                 | 30.1 %                 | 31.9 %                 | 36.8 %                 |
| Net farm income               | 106,750                             | -7,642                | 28,138                 | 60,345                 | 116,835                | 322,006                |
| <b>Repayment Capacity</b>     |                                     |                       |                        |                        |                        |                        |
| Term debt coverage ratio      | 236 %                               | 55 %                  | 88 %                   | 187 %                  | 207 %                  | 383 %                  |
| Capital replacement margin    | 64,028                              | -15,332               | -3,331                 | 24,775                 | 60,319                 | 242,137                |
| <b>Efficiency</b>             |                                     |                       |                        |                        |                        |                        |
| Asset turnover rate (cost)    | 44.5 %                              | 24.5 %                | 38.2 %                 | 41.2 %                 | 39.7 %                 | 53.4 %                 |
| Operating expense ratio       | 59.8 %                              | 86.0 %                | 70.1 %                 | 59.1 %                 | 60.4 %                 | 55.2 %                 |
| Depreciation expense ratio    | 4.0 %                               | 9.8 %                 | 5.5 %                  | 2.0 %                  | 2.2 %                  | 4.2 %                  |
| Interest expense ratio        | 5.7 %                               | 11.4 %                | 5.9 %                  | 6.9 %                  | 6.7 %                  | 4.3 %                  |
| Net farm income ratio         | 30.5 %                              | -7.2 %                | 18.5 %                 | 32.0 %                 | 30.7 %                 | 36.2 %                 |

**Crop Production and Marketing Summary**  
**2007 Minnesota Farm Business Management State Report**  
**Organic Certified Farms**  
**(Farms Sorted By Net Farm Income)**

|                                                 | <b>Avg. Of<br/>All Farms</b> | <b>Low 20%</b> | <b>20 - 40%</b> | <b>40 - 60%</b> | <b>60 - 80%</b> | <b>High 20%</b> |
|-------------------------------------------------|------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|
| Number of farms                                 | 62                           | 12             | 12              | 13              | 12              | 13              |
| <b>Acreage Summary</b>                          |                              |                |                 |                 |                 |                 |
| Total acres owned                               | 278                          | 186            | 106             | 137             | 327             | 616             |
| Total crop acres                                | 558                          | 160            | 233             | 300             | 500             | 1,537           |
| Crop acres owned                                | 194                          | 68             | 20              | 88              | 256             | 518             |
| Crop acres cash rented                          | 346                          | 93             | 212             | 204             | 237             | 945             |
| Crop acres share rented                         | 19                           | -              | -               | 9               | 7               | 74              |
| Total pasture acres                             | 35                           | 60             | 49              | 23              | 35              | 9               |
| <b>Average Price Received (Cash Sales Only)</b> |                              |                |                 |                 |                 |                 |
| Soybeans, Organic per bushel                    | 16.28                        | -              | -               | 14.67           | -               | 17.27           |
| Soybeans per bushel                             | 7.96                         | -              | -               | -               | 8.83            | 7.71            |
| Corn per bushel                                 | 3.76                         | -              | -               | -               | 3.32            | 4.03            |
| Hay, Alfalfa, Organic per ton                   | 131.31                       | -              | -               | -               | 132.27          | -               |
| Oats, Organic per bushel                        | 4.96                         | -              | -               | -               | -               | -               |
| Wheat, Spring per bushel                        | 4.70                         | -              | -               | -               | -               | 4.59            |
| Barley, Organic per bushel                      | 5.59                         | -              | -               | -               | -               | -               |
| Corn, Organic per bushel                        | 6.68                         | -              | -               | -               | -               | 6.67            |
| Hay, Alfalfa per ton                            | 120.17                       | -              | -               | -               | -               | -               |
| Wheat, Spring, Organic per bushel               | 9.87                         | -              | -               | -               | -               | 9.98            |
| <b>Average Yield Per Acre</b>                   |                              |                |                 |                 |                 |                 |
| Hay, Alfalfa, Organic (ton)                     | 3.32                         | -              | 1.51            | 2.63            | 3.81            | 3.94            |
| Corn, Organic (bushel)                          | 75.26                        | -              | -               | 65.32           | 100.53          | 87.86           |
| Soybeans, Organic (bushel)                      | 20.67                        | -              | -               | 20.91           | 17.32           | 24.31           |
| Soybeans (bushel)                               | 34.09                        | -              | -               | -               | 28.52           | 35.92           |
| Corn (bushel)                                   | 134.37                       | -              | -               | -               | 136.27          | 147.53          |
| Barley, Organic (bushel)                        | 30.95                        | -              | -               | 29.98           | -               | -               |
| Corn Silage, Organic (ton)                      | 11.49                        | -              | -               | 12.69           | -               | -               |
| Wheat, Spring (bushel)                          | 53.18                        | -              | -               | -               | -               | 55.11           |
| Oats, Organic (bushel)                          | 77.27                        | -              | -               | -               | -               | 83.26           |
| Wheat, Spring, Organic (bushel)                 | 25.33                        | -              | -               | -               | -               | 28.80           |
| Sunflowers, Organic (cwt)                       | 12.59                        | -              | -               | -               | -               | 15.91           |
| Pasture, Organic (aum)                          | 3.89                         | -              | 5.22            | -               | -               | -               |
| Hay, Grass, Organic (ton)                       | 2.63                         | 2.79           | -               | -               | -               | -               |
| Sugar Beets (ton)                               | 24.88                        | -              | -               | -               | -               | 25.64           |
| CRP (\$)                                        | 67.52                        | -              | -               | -               | -               | -               |

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**Household and Personal Expenses**  
**2007 Minnesota Farm Business Management State Report**  
**Organic Certified Farms**  
**(Farms Sorted By Net Farm Income)**

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|                                                                | <u>Avg. Of<br/>All Farms</u> |
|----------------------------------------------------------------|------------------------------|
| Number of farms                                                | 12                           |
| Average family size                                            | 4.1                          |
| Family Living Expenses                                         |                              |
| Food and meals expense                                         | 6,804                        |
| Medical care                                                   | 3,271                        |
| Health insurance                                               | 3,861                        |
| Cash donations                                                 | 2,294                        |
| Household supplies                                             | 2,997                        |
| Clothing                                                       | 1,332                        |
| Personal care                                                  | 3,774                        |
| Child / Dependent care                                         | 1,063                        |
| Alimony and Child support                                      | 958                          |
| Gifts                                                          | 1,182                        |
| Education                                                      | 707                          |
| Recreation                                                     | 2,144                        |
| Utilities (household share)                                    | 2,009                        |
| Nonfarm vehicle operating expense                              | 3,172                        |
| Household real estate taxes                                    | -                            |
| Dwelling rent                                                  | 239                          |
| Household repairs                                              | 977                          |
| Nonfarm interest                                               | 867                          |
| Disability / Long term care insuran                            | 53                           |
| Life insurance payments                                        | 1,928                        |
| Nonfarm property insurance                                     | 35                           |
| Miscellaneous                                                  | 4,162                        |
| Total cash family living expense                               | 43,830                       |
| Family living from the farm                                    | 1,239                        |
| Total family living                                            | 45,069                       |
| Other Nonfarm Expenditures                                     |                              |
| Income taxes                                                   | 6,892                        |
| Furnishing & appliance purchases                               | 111                          |
| Nonfarm vehicle purchases                                      | 2,307                        |
| Nonfarm real estate purchases                                  | 233                          |
| Other nonfarm capital purchases                                | -                            |
| Nonfarm savings & investments                                  | -530                         |
| Total other nonfarm expenditures                               | 9,011                        |
| Total cash family living<br>investment & nonfarm capital purch | 52,841                       |

**Operator and Labor Information**  
**2007 Minnesota Farm Business Management State Report**  
**Organic Certified Farms**  
**(Farms Sorted By Net Farm Income)**

|                                 | <u>Avg. Of<br/>All Farms</u> | <u>Low 20%</u> | <u>20 - 40%</u> | <u>40 - 60%</u> | <u>60 - 80%</u> | <u>High 20%</u> |
|---------------------------------|------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|
| Number of farms                 | 62                           | 12             | 12              | 13              | 12              | 13              |
| <b>Operator Information</b>     |                              |                |                 |                 |                 |                 |
| Average number of operators     | 1.1                          | 1.1            | 1.0             | 1.1             | 1.3             | 1.2             |
| Average age of operators        | 44.4                         | 43.6           | 41.8            | 41.8            | 45.1            | 49.7            |
| Average number of years farming | 19.9                         | 16.4           | 17.1            | 17.0            | 22.2            | 26.5            |
| <b>Results Per Operator</b>     |                              |                |                 |                 |                 |                 |
| Working capital                 | 88,641                       | 14,771         | 1,290           | 39,482          | 88,705          | 255,743         |
| Total assets (market)           | 1,077,473                    | 910,275        | 758,546         | 699,567         | 1,018,693       | 1,835,154       |
| Total liabilities               | 453,100                      | 358,318        | 390,964         | 317,783         | 384,932         | 757,246         |
| Net worth (market)              | 624,372                      | 551,957        | 367,582         | 381,784         | 633,761         | 1,077,908       |
| Net worth excl deferred liabs   | 711,751                      | 648,607        | 442,074         | 414,528         | 696,204         | 1,238,775       |
| Gross farm income               | 310,993                      | 100,285        | 152,456         | 175,009         | 304,303         | 722,404         |
| Total farm expense              | 216,036                      | 107,506        | 124,318         | 118,975         | 210,835         | 460,774         |
| Net farm income                 | 94,957                       | -7,221         | 28,138          | 56,035          | 93,468          | 261,630         |
| Net nonfarm income              | 20,071                       | 34,266         | 19,874          | 25,892          | 15,915          | 7,755           |
| Family living & tax withdrawals | 43,853                       | 35,845         | 40,514          | 47,341          | 37,494          | 55,621          |
| Total acres owned               | 247.1                        | 176.1          | 106.3           | 126.9           | 261.9           | 500.3           |
| Total crop acres                | 496.6                        | 151.5          | 232.6           | 279.0           | 400.2           | 1,249.1         |
| Crop acres owned                | 172.3                        | 63.8           | 20.4            | 81.3            | 205.1           | 421.1           |
| Crop acres cash rented          | 307.5                        | 87.7           | 212.2           | 189.3           | 189.4           | 767.8           |
| Crop acres share rented         | 16.7                         | -              | -               | 8.4             | 5.7             | 60.2            |
| Total pasture acres             | 30.7                         | 56.7           | 48.8            | 21.1            | 27.8            | 7.5             |
| <b>Labor Analysis</b>           |                              |                |                 |                 |                 |                 |
| Number of farms                 | 62                           | 12             | 12              | 13              | 12              | 13              |
| Total unpaid labor hours        | 1,945                        | 1,052          | 1,806           | 1,962           | 2,083           | 2,754           |
| Total hired labor hours         | 1,265                        | 1,627          | 578             | 481             | 1,491           | 2,140           |
| Total labor hours per farm      | 3,210                        | 2,679          | 2,384           | 2,442           | 3,574           | 4,894           |
| Unpaid hours per operator       | 1,730                        | 994            | 1,806           | 1,821           | 1,667           | 2,238           |
| Value of farm production / hour | 100.70                       | 33.58          | 54.89           | 69.81           | 97.17           | 173.02          |
| Net farm income / unpaid hour   | 54.88                        | -7.27          | 15.58           | 30.76           | 56.08           | 116.93          |
| Average hourly hired labor wage | 13.67                        | 11.67          | 11.59           | 11.66           | 14.86           | 15.27           |

**Nonfarm Summary**  
**2007 Minnesota Farm Business Management State Report**  
**Organic Certified Farms**  
**(Farms Sorted By Net Farm Income)**

|                                | <b>Avg. Of<br/>All Farms</b> | <b>Low 20%</b> | <b>20 - 40%</b> | <b>40 - 60%</b> | <b>60 - 80%</b> | <b>High 20%</b> |
|--------------------------------|------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|
| Number of farms                | 62                           | 12             | 12              | 13              | 12              | 13              |
| <b>Nonfarm Income</b>          |                              |                |                 |                 |                 |                 |
| Nonfarm wages & salary         | 17,173                       | 25,849         | 19,001          | 24,632          | 9,502           | 7,097           |
| Net nonfarm business income    | 4,984                        | 4,319          | -486            | 862             | 20,770          | 200             |
| Nonfarm rental income          | 757                          | 1,981          | -               | 1,121           | 235             | 442             |
| Nonfarm interest income        | 37                           | 3              | 10              | 51              | 109             | 12              |
| Nonfarm cash dividends         | -                            | -              | -               | -               | -               | -               |
| Tax refunds                    | 1,096                        | 1,952          | 1,119           | 1,321           | 217             | 873             |
| Other nonfarm income           | 747                          | 2,162          | 231             | -104            | 580             | 920             |
| Total nonfarm income           | 24,793                       | 36,265         | 19,874          | 27,884          | 31,413          | 9,544           |
| Gifts and inheritances         | 998                          | 417            | -               | -               | -               | 4,376           |
| <b>Nonfarm Assets (market)</b> |                              |                |                 |                 |                 |                 |
| Checking & savings             | 1,018                        | 539            | 1,842           | 1,134           | 900             | 693             |
| Stocks & bonds                 | 7,038                        | 2,211          | 1,698           | 10,627          | 1,651           | 17,809          |
| Other current assets           | 1,584                        | 25             | 1,827           | 38              | 71              | 5,740           |
| Furniture & appliances         | 8,095                        | 5,883          | 4,350           | 14,377          | 7,098           | 8,231           |
| Nonfarm vehicles               | 9,073                        | 9,405          | 8,559           | 10,617          | 5,240           | 11,235          |
| Cash value of life ins.        | 6,094                        | 2,742          | 10,122          | 4,131           | 2,238           | 10,996          |
| Retirement accounts            | 33,011                       | 19,658         | 32,461          | 21,576          | 20,186          | 69,118          |
| Other intermediate assets      | 4,059                        | 511            | 3,600           | 3,231           | 10,732          | 2,428           |
| Nonfarm real estate            | 85,688                       | 112,357        | 127,624         | 104,854         | 39,677          | 45,665          |
| Other long term assets         | 18,815                       | 14,709         | 20,833          | 923             | 34,343          | 24,300          |
| Total nonfarm assets           | 174,475                      | 168,040        | 212,914         | 171,509         | 122,134         | 196,214         |
| <b>Nonfarm Liabilities</b>     |                              |                |                 |                 |                 |                 |
| Accrued interest               | 49                           | 142            | 11              | 42              | 49              | 5               |
| Accounts payable               | 1,865                        | 658            | 4,002           | 615             | 810             | 3,231           |
| Current notes                  | 1,255                        | 2,060          | 1,533           | 1,992           | -               | 678             |
| Princ due on term debt         | 3,975                        | 6,138          | 6,458           | 3,923           | 395             | 3,043           |
| Total current liabilities      | 7,144                        | 8,997          | 12,004          | 6,572           | 1,255           | 6,956           |
| Intermediate liabilities       | 4,131                        | 5,449          | 7,992           | 3,878           | 969             | 2,523           |
| Long term liabilities          | 33,838                       | 41,428         | 46,007          | 49,394          | 6,665           | 25,125          |
| Total nonfarm liabilities      | 45,113                       | 55,874         | 66,003          | 59,844          | 8,889           | 34,603          |
| Nonfarm net worth              | 129,362                      | 112,166        | 146,911         | 111,665         | 113,245         | 161,611         |
| Nonfarm debt to asset ratio    | 26 %                         | 33 %           | 31 %            | 35 %            | 7 %             | 18 %            |

**Financial Summary**  
**2007 Minnesota Farm Business Management State Report**  
**Organic Certified Farms**  
**(Farms Sorted By Net Farm Income)**

|                                  | <u>Avg. Of<br/>All Farms</u> | <u>Low20%</u> | <u>20 - 40%</u> | <u>40 - 60%</u> | <u>60 - 80%</u> | <u>High 20%</u> |
|----------------------------------|------------------------------|---------------|-----------------|-----------------|-----------------|-----------------|
| Number of farms                  | 62                           | 12            | 12              | 13              | 12              | 13              |
| <b>Income Statement</b>          |                              |               |                 |                 |                 |                 |
| Gross cash farm income           | 292,697                      | 118,346       | 128,263         | 157,165         | 331,444         | 705,186         |
| Total cash farm expense          | 237,254                      | 104,286       | 117,463         | 129,042         | 259,915         | 557,864         |
| Net cash farm income             | 55,443                       | 14,060        | 10,801          | 28,123          | 71,529          | 147,321         |
| Inventory change                 | 65,224                       | -11,282       | 25,752          | 35,986          | 53,634          | 212,215         |
| Depreciation and capital adjust  | -13,916                      | -10,421       | -8,415          | -3,765          | -8,328          | -37,530         |
| Average net farm income          | 106,750                      | -7,642        | 28,138          | 60,345          | 116,835         | 322,006         |
| Median net farm income           | 63,198                       | 4,117         | 27,118          | 61,958          | 107,799         | 271,124         |
| <b>Profitability (cost)</b>      |                              |               |                 |                 |                 |                 |
| Labor and management earnings    | 83,757                       | -16,884       | 19,832          | 49,092          | 88,596          | 265,860         |
| Rate of return on assets         | 13.5 %                       | -3.0 %        | 4.4 %           | 12.4 %          | 12.7 %          | 19.7 %          |
| Rate of return on equity         | 20.6 %                       | -15.5 %       | 4.6 %           | 20.4 %          | 18.1 %          | 29.2 %          |
| Operating profit margin          | 30.4 %                       | -12.4 %       | 11.5 %          | 30.1 %          | 31.9 %          | 36.8 %          |
| Asset turnover rate              | 44.5 %                       | 24.5 %        | 38.2 %          | 41.2 %          | 39.7 %          | 53.4 %          |
| <b>Profitability (market)</b>    |                              |               |                 |                 |                 |                 |
| Labor and management earnings    | 82,952                       | 18,610        | 16,894          | 52,476          | 87,200          | 229,874         |
| Rate of return on assets         | 11.1 %                       | 5.5 %         | 3.7 %           | 11.3 %          | 10.7 %          | 15.1 %          |
| Rate of return on equity         | 16.2 %                       | 6.7 %         | 4.0 %           | 16.9 %          | 14.6 %          | 23.2 %          |
| Operating profit margin          | 33.1 %                       | 47.5 %        | 13.9 %          | 35.3 %          | 34.5 %          | 33.4 %          |
| Asset turnover rate              | 33.4 %                       | 11.7 %        | 26.3 %          | 31.9 %          | 31.0 %          | 45.2 %          |
| <b>Liquidity</b>                 |                              |               |                 |                 |                 |                 |
| Ending current ratio             | 1.87                         | 1.36          | 1.02            | 1.64            | 1.93            | 2.20            |
| Ending working capital           | 99,650                       | 15,633        | 1,290           | 42,519          | 110,882         | 314,760         |
| End working capital to gross inc | 34.0 %                       | 13.2 %        | 1.0 %           | 27.1 %          | 33.5 %          | 44.6 %          |
| Term debt coverage ratio         | 236.4 %                      | 55.0 %        | 88.3 %          | 187.1 %         | 206.8 %         | 383.3 %         |
| Expense as a percent of income   | 65.5 %                       | 97.4 %        | 76.0 %          | 66.0 %          | 67.1 %          | 59.6 %          |
| Interest as a percent of income  | 5.7 %                        | 11.4 %        | 5.9 %           | 6.9 %           | 6.7 %           | 4.3 %           |
| <b>Solvency (cost)</b>           |                              |               |                 |                 |                 |                 |
| Number of farms                  | 62                           | 12            | 12              | 13              | 12              | 13              |
| Ending farm assets               | 782,463                      | 363,304       | 382,260         | 454,555         | 892,146         | 1,765,458       |
| Ending farm liabilities          | 366,029                      | 221,058       | 250,470         | 247,121         | 394,222         | 699,402         |
| Ending total assets              | 922,364                      | 479,025       | 530,382         | 605,324         | 1,010,498       | 1,929,117       |
| Ending total liabilities         | 411,142                      | 276,932       | 316,473         | 306,965         | 403,112         | 734,005         |
| Ending net worth                 | 511,222                      | 202,093       | 213,909         | 298,359         | 607,387         | 1,195,112       |
| Net worth change                 | 83,911                       | -4,622        | 18,698          | 39,450          | 73,848          | 279,582         |
| Ending farm debt to asset ratio  | 47 %                         | 61 %          | 66 %            | 54 %            | 44 %            | 40 %            |
| Beg total debt to asset ratio    | 47 %                         | 57 %          | 55 %            | 51 %            | 45 %            | 42 %            |
| End total debt to asset ratio    | 45 %                         | 58 %          | 60 %            | 51 %            | 40 %            | 38 %            |
| <b>Solvency (market)</b>         |                              |               |                 |                 |                 |                 |
| Number of farms                  | 62                           | 12            | 12              | 13              | 12              | 13              |
| Ending farm assets               | 1,036,813                    | 795,335       | 545,632         | 581,871         | 1,151,233       | 2,062,437       |
| Ending farm liabilities          | 457,904                      | 315,258       | 311,305         | 278,068         | 471,808         | 891,899         |
| Ending total assets              | 1,211,288                    | 963,374       | 758,546         | 753,380         | 1,273,367       | 2,258,651       |
| Ending total liabilities         | 509,373                      | 379,220       | 390,964         | 342,228         | 481,165         | 931,996         |
| Ending net worth                 | 701,915                      | 584,154       | 367,582         | 411,152         | 792,201         | 1,326,656       |
| Net worth change                 | 100,032                      | 69,224        | 24,566          | 54,386          | 83,054          | 259,447         |
| Ending farm debt to asset ratio  | 44 %                         | 40 %          | 57 %            | 48 %            | 41 %            | 43 %            |
| Beg total debt to asset ratio    | 43 %                         | 42 %          | 47 %            | 46 %            | 41 %            | 43 %            |
| End total debt to asset ratio    | 42 %                         | 39 %          | 52 %            | 45 %            | 38 %            | 41 %            |
| <b>Nonfarm Information</b>       |                              |               |                 |                 |                 |                 |
| Net nonfarm income               | 22,564                       | 36,265        | 19,874          | 27,884          | 19,893          | 9,544           |
| Farms reporting living expenses  | 16                           | 3             | 1               | 3               | 5               | 4               |
| Total family living expense      | 47,174                       | -             | -               | -               | 43,536          | -               |
| Total living, invest, & capital  | 59,334                       | -             | -               | -               | 53,908          | -               |
| <b>Crop Acres</b>                |                              |               |                 |                 |                 |                 |
| Total acres owned                | 278                          | 186           | 106             | 137             | 327             | 616             |
| Total crop acres                 | 558                          | 160           | 233             | 300             | 500             | 1,537           |
| Total crop acres owned           | 194                          | 68            | 20              | 88              | 256             | 518             |
| Total crop acres cash rented     | 346                          | 93            | 212             | 204             | 237             | 945             |
| Total crop acres share rented    | 19                           | -             | -               | 9               | 7               | 74              |