

# Executive Summary Edition

## 2011

## Farm

## Analysis

## Report of

## Moorhead

This is the 36th edition of this report published by the Northland College-Moorhead Mn. Farm Business Management Department. The original numbers for this report came from records kept by each farm family enrolled in the farm management education program provided by Northland Community and Technical College, Thief River Falls, Mn.

In 2011, 77 farms (with an equivalent of 82 full-time operators), located mainly in western Clay and Norman counties, Minnesota, were included in the averages. The average farmer was 44.6 years old with 22.3 years of farming experience. Farms averaged 1770 acres per operator with 345 acres of that owned. Sugarbeets generated the largest gross dollar amount per farm (\$324,721). Corn (\$248,340) moved to 2nd this year, overtaking Soybeans (\$234,229). Wheat followed at (\$167,141). The largest single expense was land rent (\$147,138) per farm, up 9.5% from last year. Seed was a very close 2nd (\$146,426). Fertilizer (\$134,924), Repairs (\$70,048) and Chemical expense (\$62,990) were next.

Net Farm Profit (\$256,197) was right at the five year average. Much of the profit was due to higher sale prices for the 2010 crop on inventory and crop insurance proceeds on the 2011 crop. On average, producers generated (\$147,705) above what their financial commitments (accrual farm expenses, family living draws and scheduled principal payments) were for 2011. Very good, but below the five year average.

Information about our Farm Business Management program and other financial reports can be found at our website: [www.NorthlandFBM-Moorhead.com](http://www.NorthlandFBM-Moorhead.com)

For more information contact:

Rick Morgan & Greg Tullis  
Farm Bus. Mgt. Instructors  
NCTC-Moorhead Minnesota  
(218) 299-5827 or (218) 299-5863  
Rick.Morgan@northlandcollege.edu  
Greg.Tullis@northlandcollege.edu



## Statement of Cash Flows - Total of 77 Farms in Analysis Report

Sugarbeets	\$25,003,517
Corn	\$19,122,180
Soybeans	\$18,035,633
Wheat	\$12,869,857
Other Grains	\$1,682,758
Government Pymts	\$2,179,100
Remaining Farm Income	\$11,621,687 (crop ins = \$7,038,108)

Total Cash Farm Income \$90,514,655

Land Rent	\$11,329,626
Seed	\$11,274,802
Fertilizer	\$10,389,148
Repairs	\$5,393,696
Chemicals	\$4,850,230
Fuel	\$4,597,593
Interest	\$3,058,286
Remaining Farm Expenses	\$16,223,977

Total Farm Expense (\$67,117,358)

Net Cash from Hedging (\$391,237)

Net Nonfarm Income \$1,568,413

Apparent Family Living (\$6,996,066)

Income & SS Tax Paid (\$2,117,808)

**Cash From Operating Activities \$15,460,599**

Sale of Machinery	\$1,344,497
Sale of Farm Land	\$5,313
Sale of Other Farm Assets	\$1,377,068
Sale of Nonfarm Assets	\$210,749

Total Sales of Assets \$2,937,627

Purchase of Machinery (\$10,956,022)

Purchase of Farm Land (\$7,330,631)

Pur of Farm Bldgs/Tiling (\$4,678,828)

Pur of Other Farm Assets (\$184,184)

Pur of Nonfarm Assets (\$2,402,246)

Total Purchase of Assets (\$25,551,911)

**Cash From Investing Activities (\$22,614,284)**

Money Borrowed \$47,175,744

Principal Payments (\$39,272,695)

Gifts & Inheritances \$1,275,582

**Cash From Financing Activities \$9,178,631**

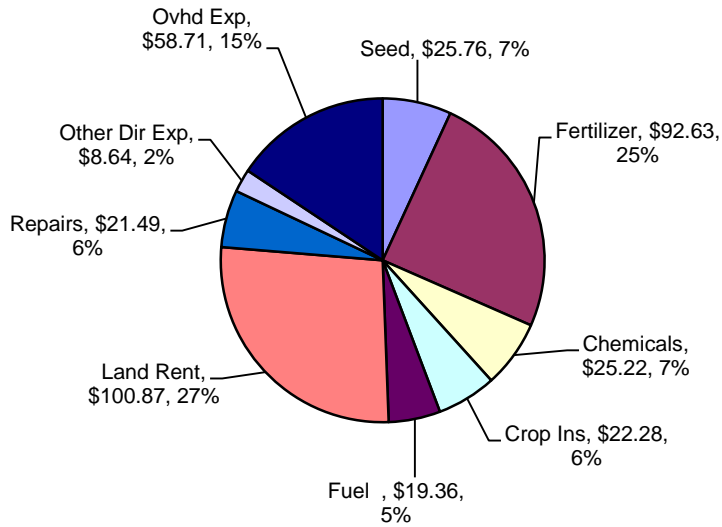
Net change in cash balance: \$2,024,946

**Inventory Change: \$380,149**

## Farm Financial Scorecard

	This Year	5-Year Ave	Strong	Vulnerable
<b>Liquidity</b>				
Current ratio	1.97	1.81	1.7	1.1
Working capital	\$405,566	\$329,410		
Working cap to gross revenue	35.7%	31.6%	25%	10%
<b>Solvency (market)</b>	Note: These solvency ratios include deferred liabilities			
Farm debt/asset ratio	36%	40%	30%	60%
Farm equity/asset ratio	64%	60%	70%	40%
Farm debt/equity ratio	0.56	0.67	0.43	1.50
<b>Profitability (Cost)</b>				
Rate of return on farm assets	9.3%	11.6%	8%	4%
Rate of return on farm equity	12.6%	16.2%	10%	3%
Operating profit margin	18.4%	20.9%	25%	15%
Net farm income	\$256,197	\$257,368		
EBITDA	\$346,703	\$317,999		
<b>Repayment Capacity (Accrual)</b>				
Capital debt repay capacity	\$225,777	\$234,288		
Capital debt repay margin	\$125,502	\$147,705		
Replacement margin	\$104,718	\$123,121		
Term-debt coverage ratio	2.25	2.59	1.50	1.20
Replacement margin ratio	1.87	2.08	1.40	1.10
<b>Financial Efficiency</b>				
Asset-turnover rate (market)	50.6%	53.0%	45%	30%
Operating-expense ratio	69.5%	68.3%	60%	80%
Depreciation-expense ratio	5.3%	4.4%	5%	15%
Interest-expense ratio	3.5%	4.2%	5%	10%
Net farm income ratio	22.5%	23.6%	20%	10%

### Spring Wheat - Cash Rented (Ave of all Farms)



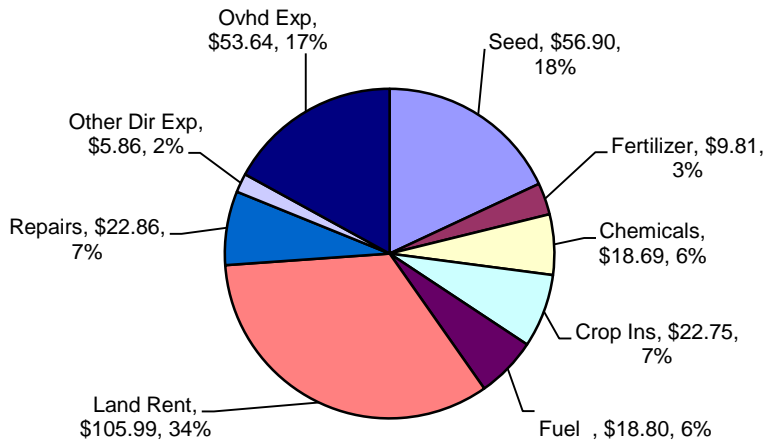
My Farm		
	\$/A.	%
Seed		
Fertilizer		
Chemicals		
Crop Ins		
Fuel		
Repairs		
Land Rent		
Other Dir		
Ovhd Exp		

	2007	2008	2009	2010	2011
Yield	46.19	62.22	67.58	63.33	37.19
**Total Costs/Acre	\$245.52	\$324.93	\$326.99	\$321.08	\$374.94
Total Costs/Bu	\$5.32	\$5.22	\$4.84	\$5.07	\$10.08

My Farm		
Yield		
Costs/A.		
Costs/bu.		

\*\*-does not include principal pymts or personal draw

### Soybeans - Cash Rented (Ave of all Farms)



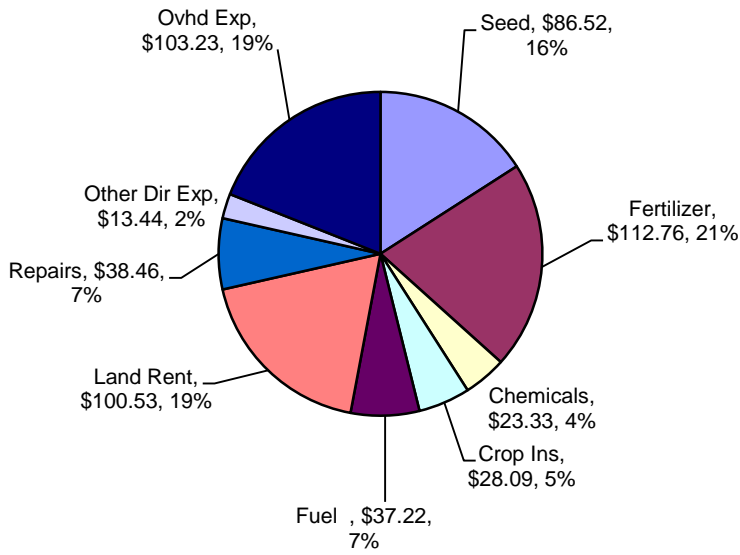
My Farm		
	\$/A.	%
Seed		
Fertilizer		
Chemicals		
Crop Ins		
Fuel		
Repairs		
Land Rent		
Other Dir		
Ovhd Exp		

	2007	2008	2009	2010	2011
Yield	37.10	31.36	31.01	36.81	30.42
**Total Costs/Acre	\$214.53	\$270.27	\$272.80	\$284.33	\$319.36
Total Costs/Bu	\$5.78	\$8.62	\$8.80	\$7.72	\$10.50

My Farm		
Yield		
Costs/A.		
Costs/Bu.		

\*\*-does not include principal pymts or personal draw

### Corn - Cash Rented (Ave of all Farms)



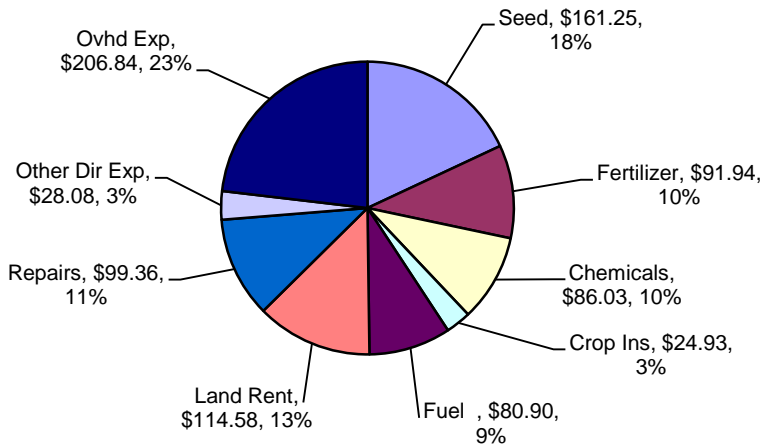
My Farm	
Seed	
Fertilizer	
Chemicals	
Crop Ins	
Fuel	
Repairs	
Land Rent	
Other Dir	
Ovhd Exp	

	2007	2008	2009	2010	2011
Yield	139.23	157.74	133.90	148.09	112.50
**Total Costs/Acre	\$364.12	\$487.72	\$503.82	\$476.95	\$544.17
Total Costs/Bu	\$2.62	\$3.09	\$3.76	\$3.22	\$4.84

My Farm	
Yield	
Costs/A.	
Costs/Bu.	

\*\*-does not include principal pymts or personal draw

### Sugarbeets-Cash Rented excluding Joint Venture (Ave of all Farms)



My Farm	
Seed	
Fertilizer	
Chemicals	
Crop Ins	
Fuel	
Repairs	
Land Rent	
Other Dir	
Ovhd Exp	

	2007	2008	2009	2010	2011
Yield	22.33	21.56	23.53	27.63	16.24
**Total Costs/Acre	\$668.76	\$730.38	\$770.85	\$885.77	\$926.80
Total Costs/Ton	\$29.95	\$33.88	\$32.76	\$32.06	\$57.07

My Farm	
Yield	
Costs/A.	
Costs/T.	

\*\*-does not include principal pymts or personal draw