

Executive Summary Edition

2013

Farm

Analysis

Report of

Moorhead

This is the 38th 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 2013, 58 farms (with an equivalent of 65 full-time operators), located mainly in western Clay and Norman counties, Minnesota, were included in the averages. The average farmer was 46.6 years old with 23.1 years of farming experience. Farms averaged 1740 acres per operator with 469.5 acres of that owned. Again in 2013, Soybeans generated the largest gross dollar amount per farm (\$295,539). Sugarbeets (\$264,324) stayed in 2nd barely edging out Corn (\$250,578). Wheat followed at (\$130,160). The largest single expense for the first time was Land Rent at (\$166,047) per farm, up 4.8% from last year. Seed moved into 2nd at (\$135,254). Fertilizer (\$100,503), Repairs (\$67,594) and Chemicals(\$58,198) were next three expenses.

Net Farm Profit (\$29,242) was 88.8% lower than the five year average. Much of the profit decrease was due to lower sale prices on the 2012 crop inventory along with significantly lower sale prices for the 2013 crop. On average, producers generated (-\$115,659) below what their financial commitments (accrual farm expenses, family living draws and scheduled principal payments) were for 2013. It was almost two times 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

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NORTHLAND
COMMUNITY & TECHNICAL COLLEGE

Statement of Cash Flows - Total of 58 Farms in Analysis Report

| | |
|-----------------------|--------------|
| Soybeans | \$17,141,262 |
| Sugarbeets | \$15,330,792 |
| Corn | \$14,533,524 |
| Wheat | \$7,549,280 |
| Other Grains | \$3,164,596 |
| Government Pymts | \$1,773,524 |
| Crop Insurance | \$1,232,732 |
| Remaining Farm Income | \$3,231,354 |

Total Cash Farm Income \$63,957,006

| | |
|-------------------------|--------------|
| Land Rent | \$9,630,726 |
| Seed | \$7,844,732 |
| Fertilizer | \$5,829,174 |
| Repairs | \$3,920,452 |
| Chemicals | \$3,375,484 |
| Fuel | \$3,133,682 |
| Crop Insurance | \$2,437,160 |
| Remaining Farm Expenses | \$12,147,636 |

Total Farm Expense (\$48,319,046)

| | |
|------------------------|---------------|
| Net Cash from Hedging | \$506,224 |
| Net Nonfarm Income | \$1,710,014 |
| Apparent Family Living | (\$5,822,330) |
| Income & SS Tax Paid | (\$2,535,644) |

\$9,496,224

Cash From Operating Activities

| | |
|---------------------------|-----------|
| Sale of Machinery | \$465,276 |
| Sale of Farm Land | \$359,542 |
| Sale of Other Farm Assets | \$601,866 |
| Sale of Nonfarm Assets | \$29,522 |

Total Sales of Assets \$1,456,206

| | |
|--------------------------|---------------|
| Purchase of Machinery | (\$7,880,170) |
| Purchase of Farm Land | (\$2,258,404) |
| Pur of Farm Bldgs/Tiling | (\$2,034,524) |
| Pur of Other Farm Assets | (\$821,860) |
| Pur of Nonfarm Assets | (\$1,187,666) |

Total Purchase of Assets (\$14,182,624)

(\$12,726,418)

Cash From Investing Activities

| | |
|----------------------|----------------|
| Money Borrowed | \$31,641,146 |
| Principal Payments | (\$27,848,990) |
| Gifts & Inheritances | \$108,228 |

\$3,900,384

Cash From Financing Activities

\$667,986

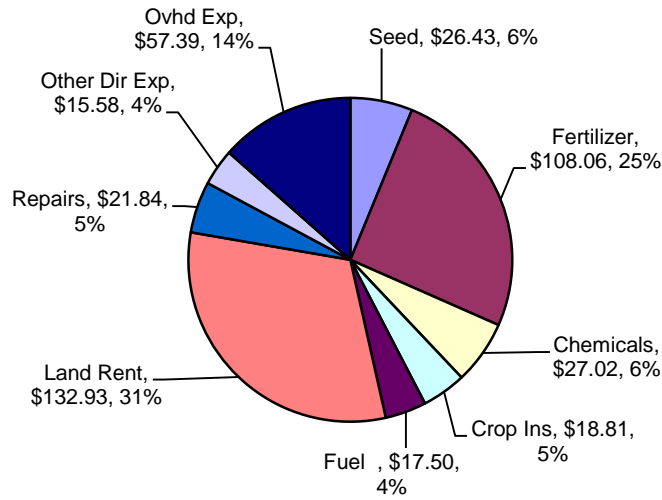
Net change in cash balance:

Inventory Change: (\$9,712,680)

Farm Financial Scorecard

| | This Year | 5-Year Ave | Strong | Vulnerable |
|-------------------------------------|--|------------|--------|------------|
| Liquidity | | | | |
| Current ratio | 1.73 | 1.92 | 1.7 | 1.1 |
| Working capital | \$345,185 | \$403,850 | | |
| Working cap to gross revenue | 35.2% | 34.5% | 25% | 10% |
| Solvency (market) | Note: These solvency ratios include deferred liabilities | | | |
| Farm debt/asset ratio | 27% | 36% | 30% | 60% |
| Farm equity/asset ratio | 73% | 64% | 70% | 40% |
| Farm debt/equity ratio | 0.38 | 0.58 | 0.43 | 1.50 |
| Profitability (Cost) | | | | |
| Rate of return on farm assets | -3.0% | 9.5% | 8% | 4% |
| Rate of return on farm equity | -2.6% | 13.0% | 10% | 3% |
| Operating profit margin | -90.0% | 16.9% | 25% | 15% |
| Net farm income | \$29,242 | \$261,508 | | |
| EBITDA | \$138,376 | \$354,809 | | |
| Repayment Capacity (Accrual) | | | | |
| Capital debt repay capacity | \$4,459 | \$237,223 | | |
| Capital debt repay margin | -\$115,659 | \$135,223 | | |
| Replacement margin | -\$145,064 | \$110,260 | | |
| Term-debt coverage ratio | 0.04 | 2.36 | 1.50 | 1.20 |
| Replacement margin ratio | 0.03 | 1.89 | 1.40 | 1.10 |
| Financial Efficiency | | | | |
| Asset-turnover rate (market) | 35.9% | 49.1% | 45% | 30% |
| Operating-expense ratio | 85.9% | 70.9% | 60% | 80% |
| Depreciation-expense ratio | 7.5% | 5.5% | 5% | 15% |
| Interest-expense ratio | 3.7% | 3.7% | 5% | 10% |
| Net farm income ratio | 3.0% | 20.6% | 20% | 10% |

Spring Wheat - Cash Rented (Ave of all Farms)



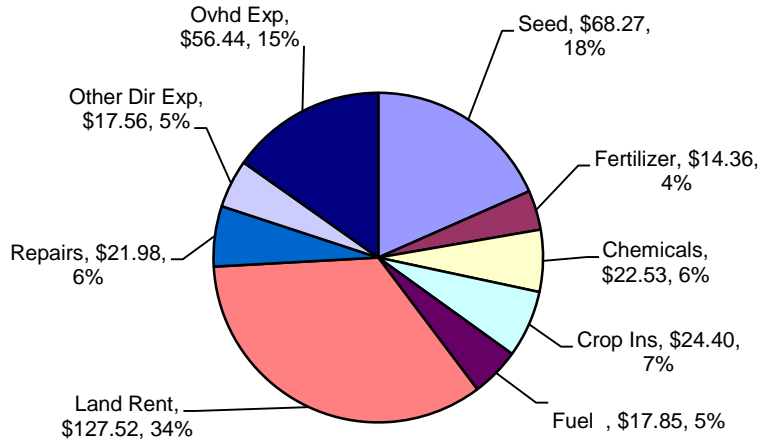
| My Farm | | |
|------------|--------|---------|
| | \$/A. | % |
| Seed | \$0.00 | #DIV/0! |
| Fertilizer | \$0.00 | #DIV/0! |
| Chemicals | \$0.00 | #DIV/0! |
| Crop Ins | \$0.00 | #DIV/0! |
| Fuel | \$0.00 | #DIV/0! |
| Repairs | \$0.00 | #DIV/0! |
| Land Rent | \$0.00 | #DIV/0! |
| Other Dir | \$0.00 | #DIV/0! |
| Ovhd Exp | \$0.00 | #DIV/0! |

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|--------------------|----------|----------|----------|----------|----------|
| Yield | 67.58 | 63.33 | 37.19 | 63.79 | 66.31 |
| **Total Costs/Acre | \$326.99 | \$321.08 | \$374.94 | \$401.81 | \$425.55 |
| Total Costs/Bu | \$4.84 | \$5.07 | \$10.08 | \$6.30 | \$6.42 |

| My Farm | |
|-----------|---------|
| | |
| Yield | 0.00 |
| Costs/A. | \$0.00 |
| Costs/bu. | #DIV/0! |

**-does not include principal pymts or personal draw

Soybeans - Cash Rented (Ave of all Farms)



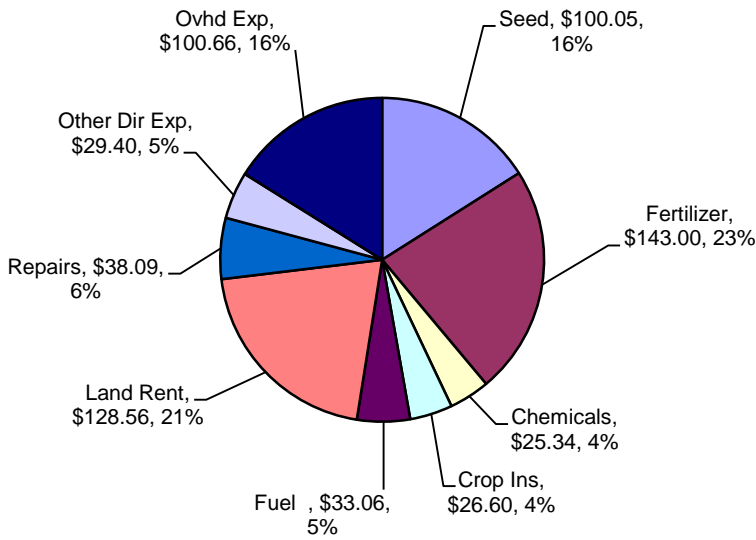
| My Farm | | |
|------------|--------|---------|
| | \$/A. | % |
| Seed | \$0.00 | #DIV/0! |
| Fertilizer | \$0.00 | #DIV/0! |
| Chemicals | \$0.00 | #DIV/0! |
| Crop Ins | \$0.00 | #DIV/0! |
| Fuel | \$0.00 | #DIV/0! |
| Repairs | \$0.00 | #DIV/0! |
| Land Rent | \$0.00 | #DIV/0! |
| Other Dir | \$0.00 | #DIV/0! |
| Ovhd Exp | \$0.00 | #DIV/0! |

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|--------------------|----------|----------|----------|----------|----------|
| Yield | 31.01 | 36.81 | 30.42 | 39.28 | 35.34 |
| **Total Costs/Acre | \$272.80 | \$284.33 | \$319.36 | \$350.68 | \$370.90 |
| Total Costs/Bu | \$8.80 | \$7.72 | \$10.50 | \$8.93 | \$10.50 |

| My Farm | |
|-----------|---------|
| | |
| Yield | 0.00 |
| Costs/A. | \$0.00 |
| Costs/Bu. | #DIV/0! |

**-does not include principal pymts or personal draw

Corn - Cash Rented (Ave of all Farms)



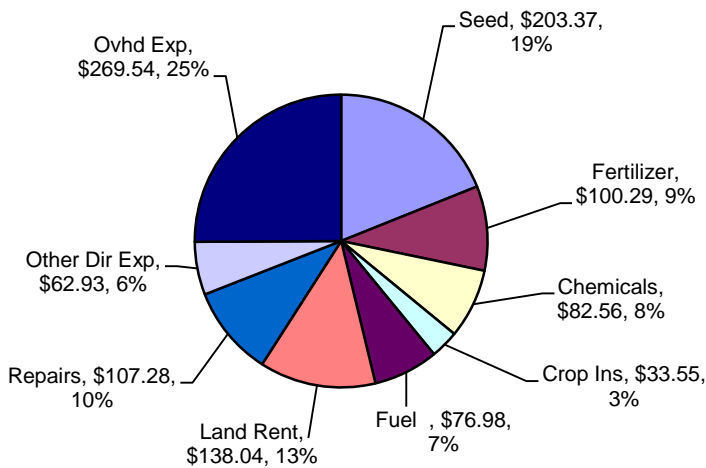
| My Farm | | |
|------------|--------|---------|
| | \$/A. | % |
| Seed | \$0.00 | #DIV/0! |
| Fertilizer | \$0.00 | #DIV/0! |
| Chemicals | \$0.00 | #DIV/0! |
| Crop Ins | \$0.00 | #DIV/0! |
| Fuel | \$0.00 | #DIV/0! |
| Repairs | \$0.00 | #DIV/0! |
| Land Rent | \$0.00 | #DIV/0! |
| Other Dir | \$0.00 | #DIV/0! |
| Ovhd Exp | \$0.00 | #DIV/0! |

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|--------------------|----------|----------|----------|----------|----------|
| Yield | 133.90 | 148.09 | 112.50 | 134.29 | 129.13 |
| **Total Costs/Acre | \$503.82 | \$476.95 | \$544.17 | \$592.46 | \$626.80 |
| Total Costs/Bu | \$3.76 | \$3.22 | \$4.84 | \$4.41 | \$4.85 |

| My Farm | |
|-----------|---------|
| | |
| Yield | 0.00 |
| Costs/A. | \$0.00 |
| Costs/Bu. | #DIV/0! |

**-does not include principal pymts or personal draw

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



| My Farm | | |
|------------|--------|---------|
| | \$/A. | % |
| Seed | \$0.00 | #DIV/0! |
| Fertilizer | \$0.00 | #DIV/0! |
| Chemicals | \$0.00 | #DIV/0! |
| Crop Ins | \$0.00 | #DIV/0! |
| Fuel | \$0.00 | #DIV/0! |
| Repairs | \$0.00 | #DIV/0! |
| Land Rent | \$0.00 | #DIV/0! |
| Other Dir | \$0.00 | #DIV/0! |
| Ovhd Exp | \$0.00 | #DIV/0! |

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|--------------------|----------|----------|----------|------------|------------|
| Yield | 23.53 | 27.63 | 16.24 | 26.97 | 25.45 |
| **Total Costs/Acre | \$770.85 | \$885.77 | \$926.80 | \$1,063.64 | \$1,087.71 |
| Total Costs/Ton | \$32.76 | \$32.06 | \$57.07 | \$39.44 | \$42.74 |

| My Farm | |
|----------|---------|
| | |
| Yield | 0.00 |
| Costs/A. | \$0.00 |
| Costs/T. | #DIV/0! |

**-does not include principal pymts or personal draw