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# 2013 Moorhead Averages and Comparisons

Presented by: Josh Tjosaas and Ron Dvergsten, Northland College FBM-Moorhead

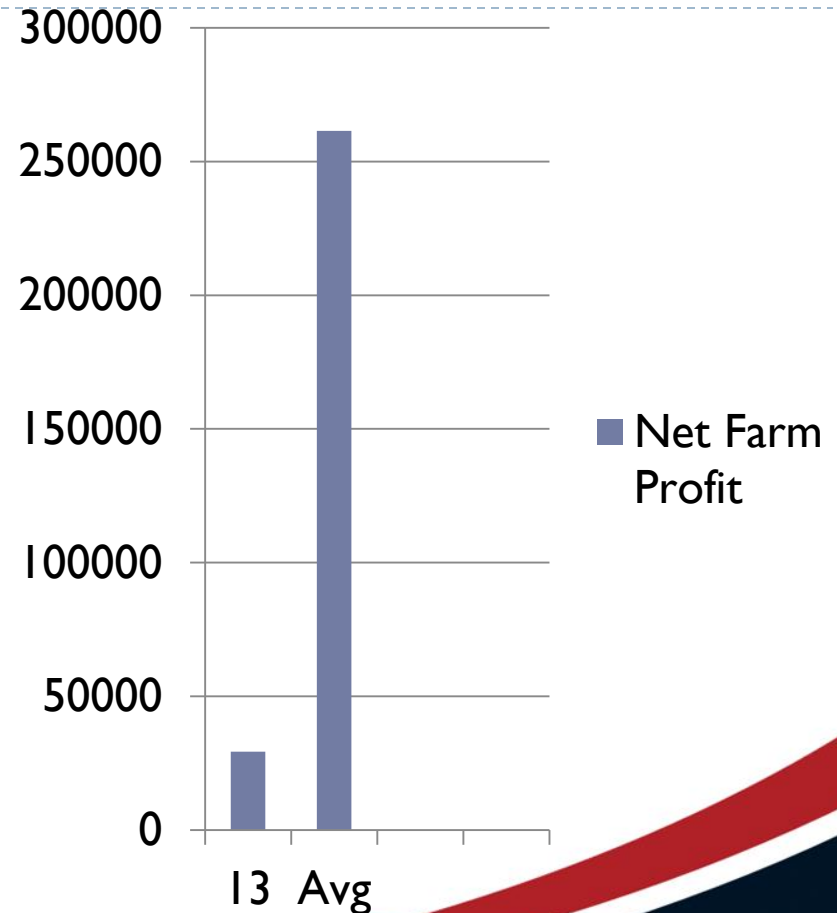
# What a difference a year makes!

## ▶ Net Farm Income or Profit

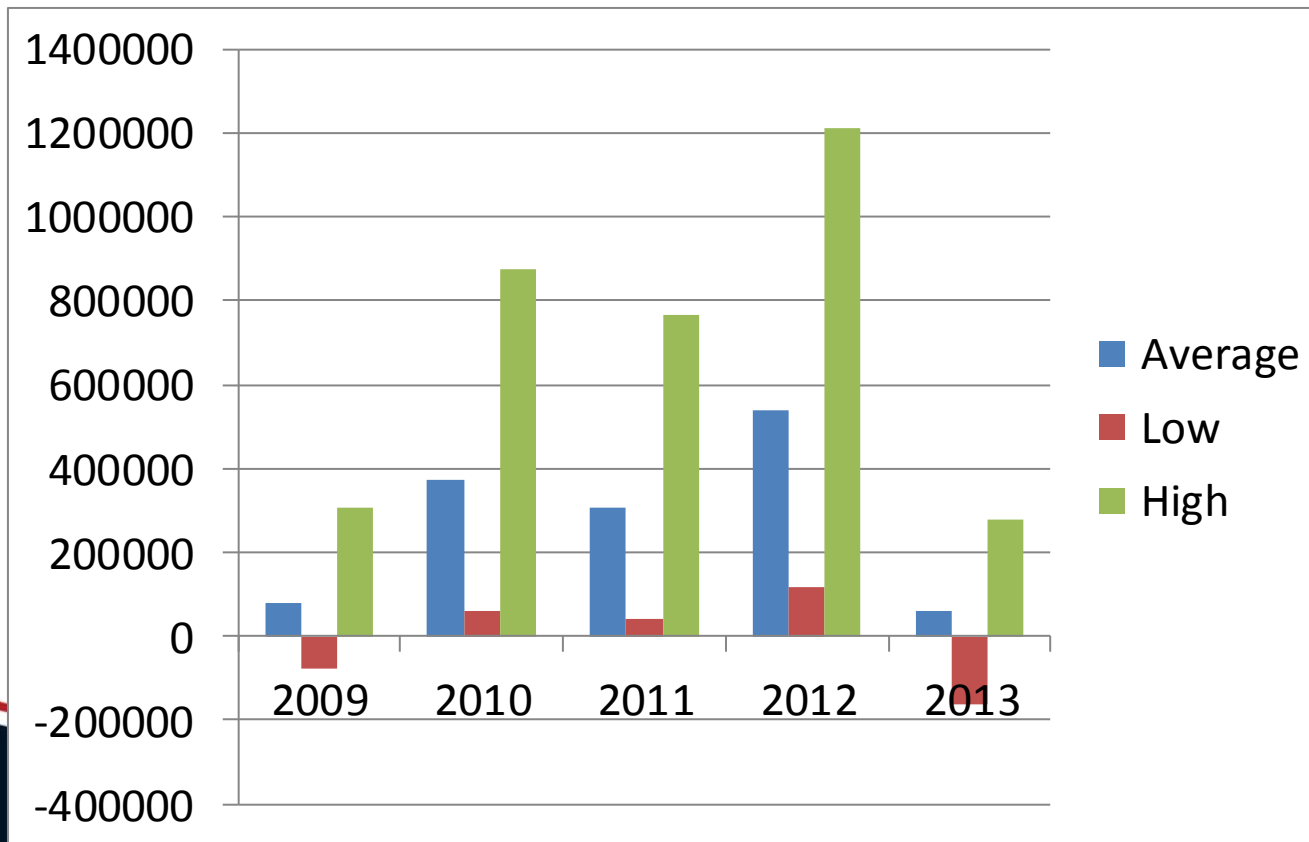
(Net Cash Income  
+Inventory  
Changes-Depreciation) per  
farm was **\$29,242**  
**(61,749-Vly)** down **89%**  
from 5 year average of  
**\$261,508.**

▶ Reasons-Lower Sale prices  
of 2012 inventory, highest  
historical direct/overhead  
expenses and significantly  
lower sale prices for 2013  
crop.

### Net Farm Profit

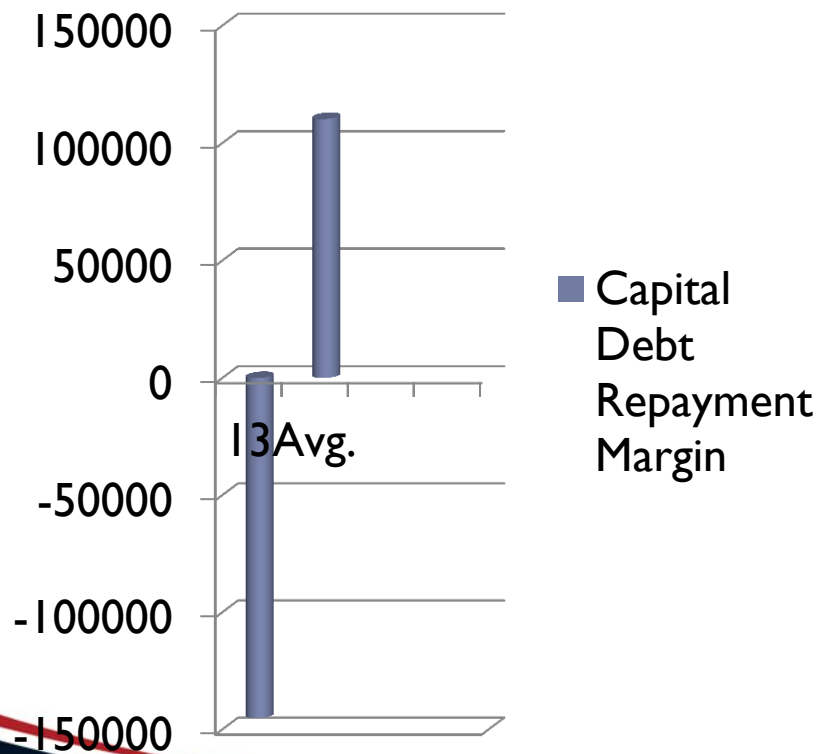


# Net Farm Income (Profit) By Year (Before Living and Taxes)



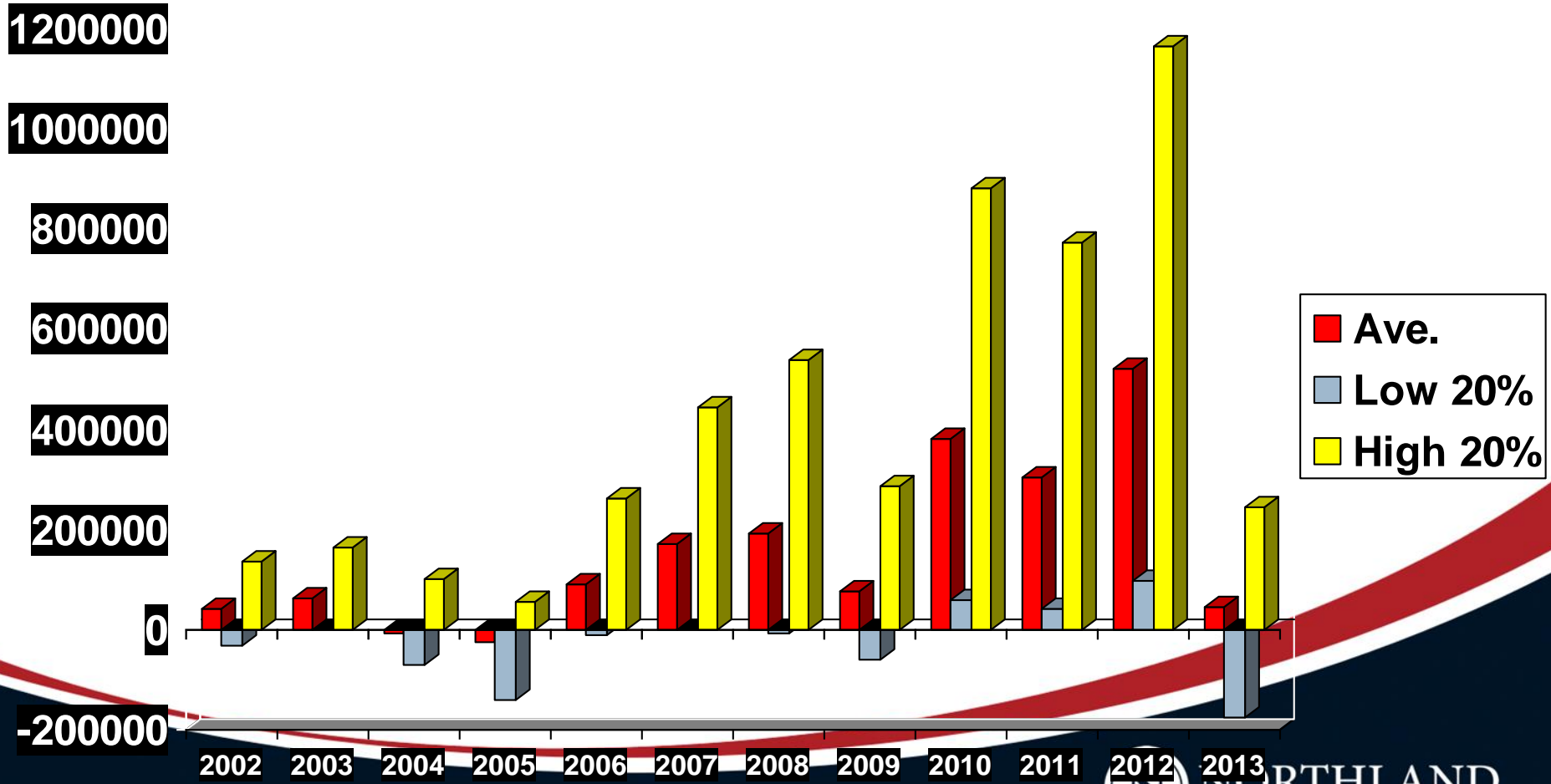
# What a difference a year makes!

## Capital Debt Repayment Margin

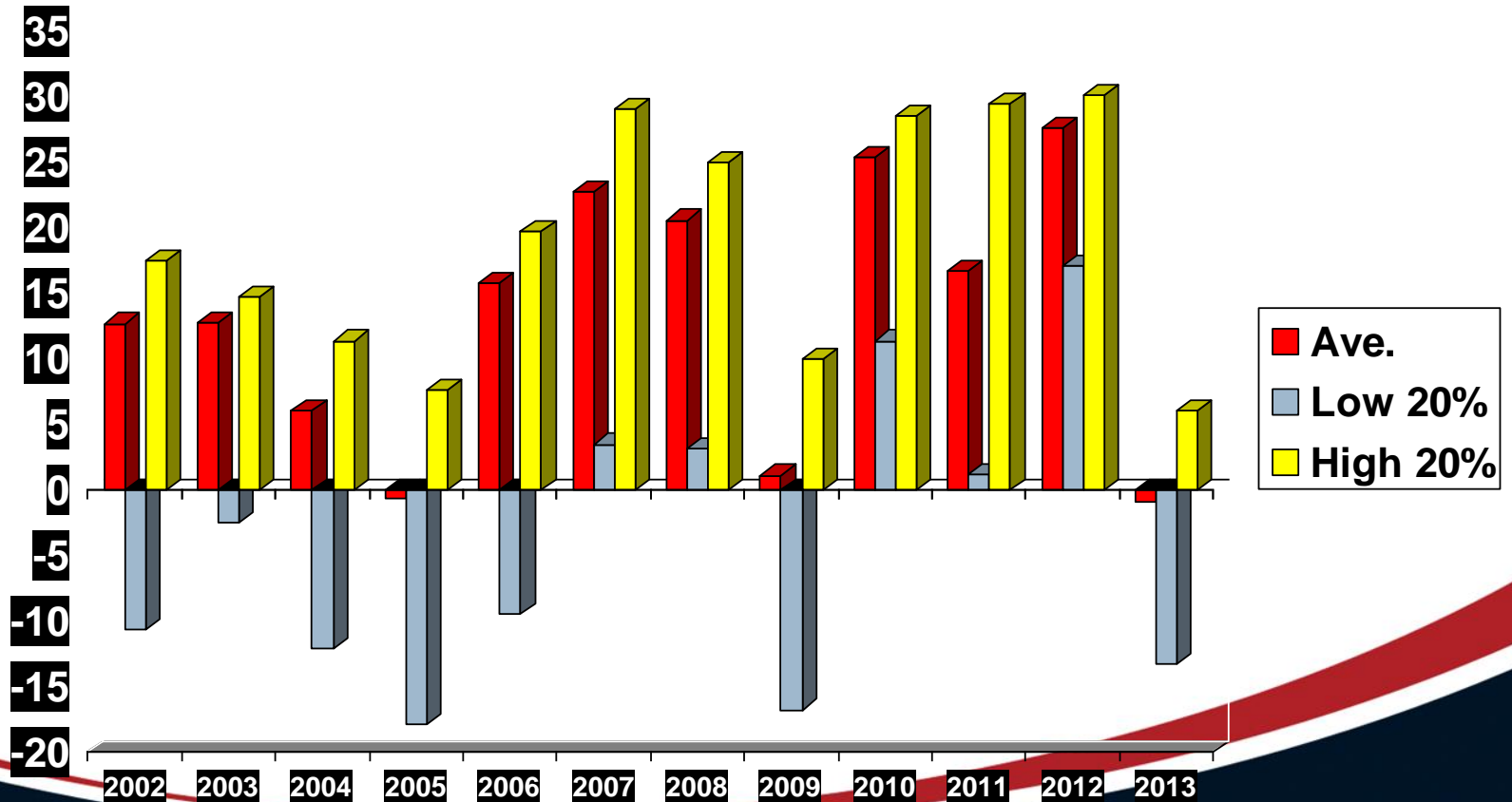


- ▶ Capital Debt Repayment Margin-Money left after paying all expenses to reinvest in the business was **\$-145,064** (-73,455 Valley)
- ▶ This was first negative CDRM since 2009 the 5 year average is now **\$110,260**.

# Capital Replacement Dollars/Year decreased for each group



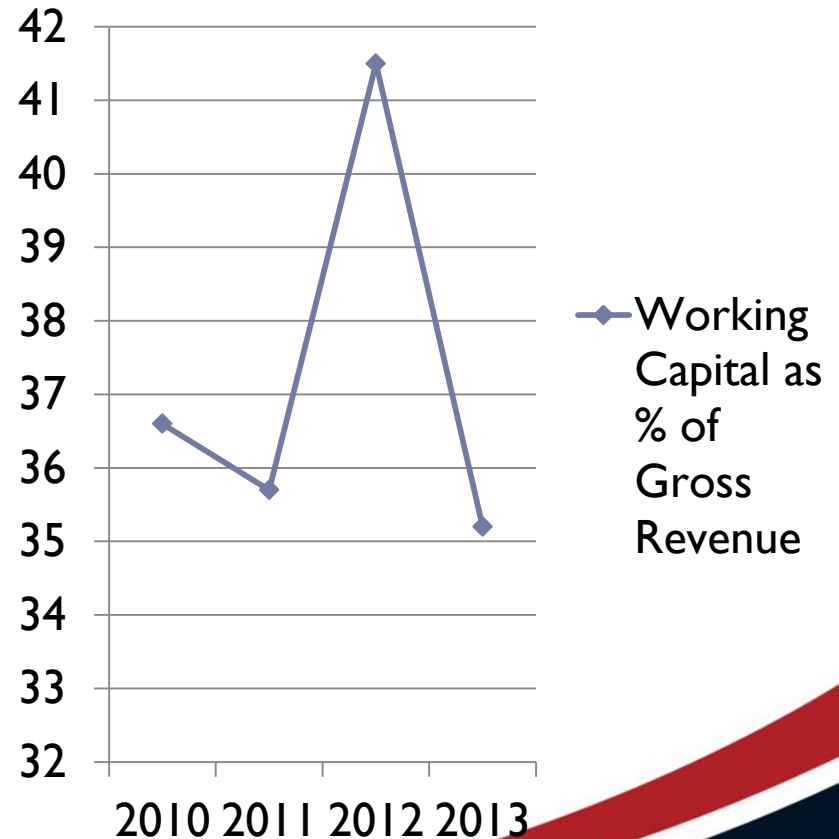
# Rate of Return on Equity/Year (Cost)



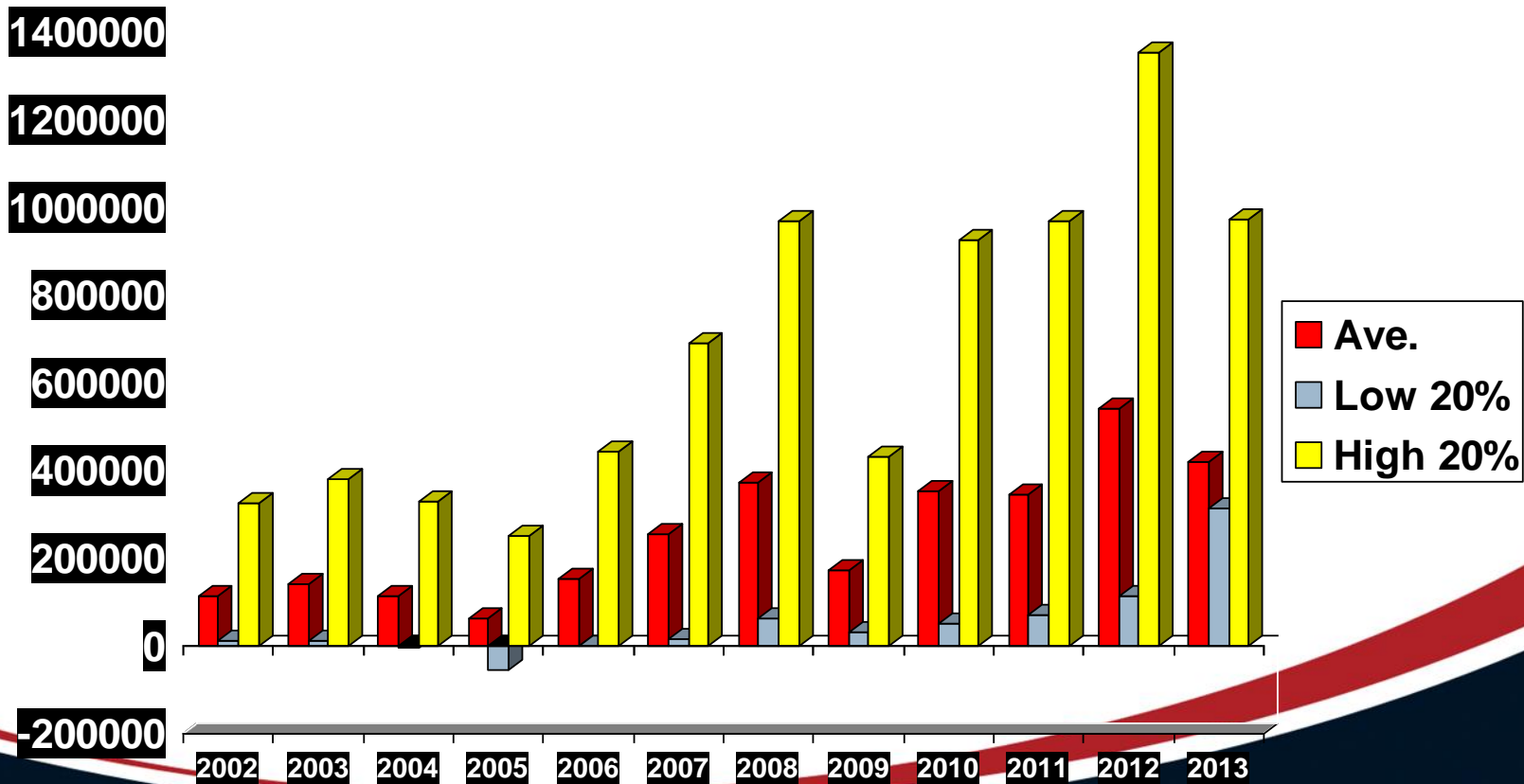
# What a difference a year makes!

- ▶ Working capital as a percentage of gross revenue was **35.2% (43.3% Vly)** which still gives good financial support for unknown future prices/production, still **0.7%** higher than 5 year average.
- ▶ Rates of return on assets (-0.3%), (0.7% Valley) and rate of return on equity (-2.6%) (-0.9% Valley) are both over **100%** lower than 5 year average.

**Working Capital as % of Gross Revenue**



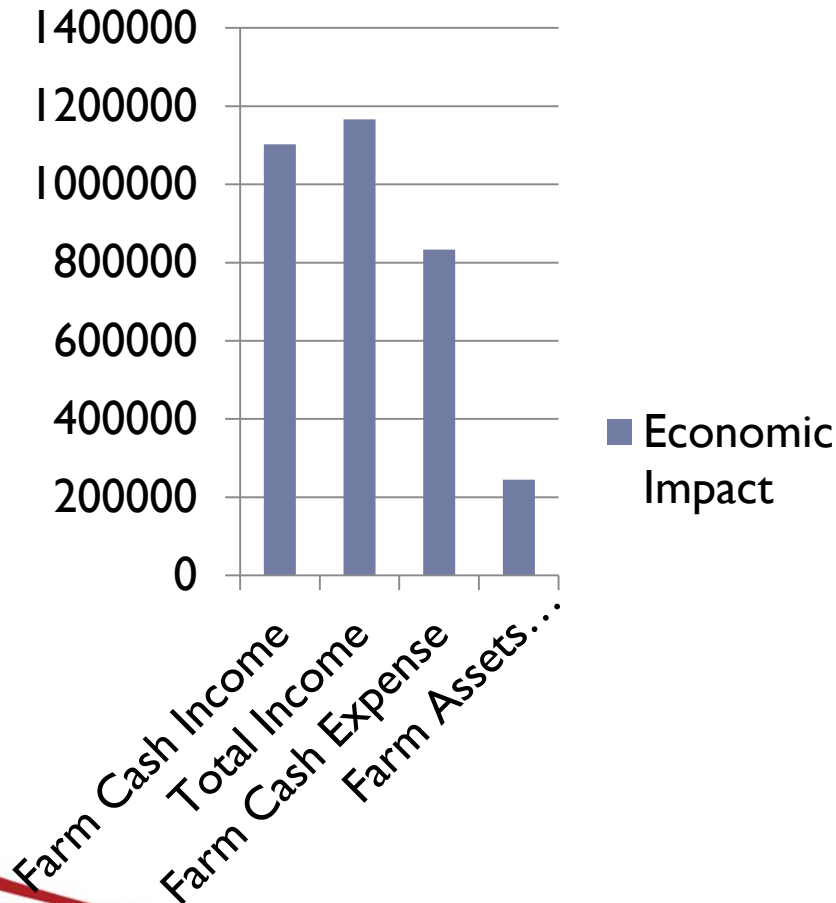
Average Working Capital decreased by \$121,394 and the low 20% increased due some high profit farms slipping into the low 20% this year





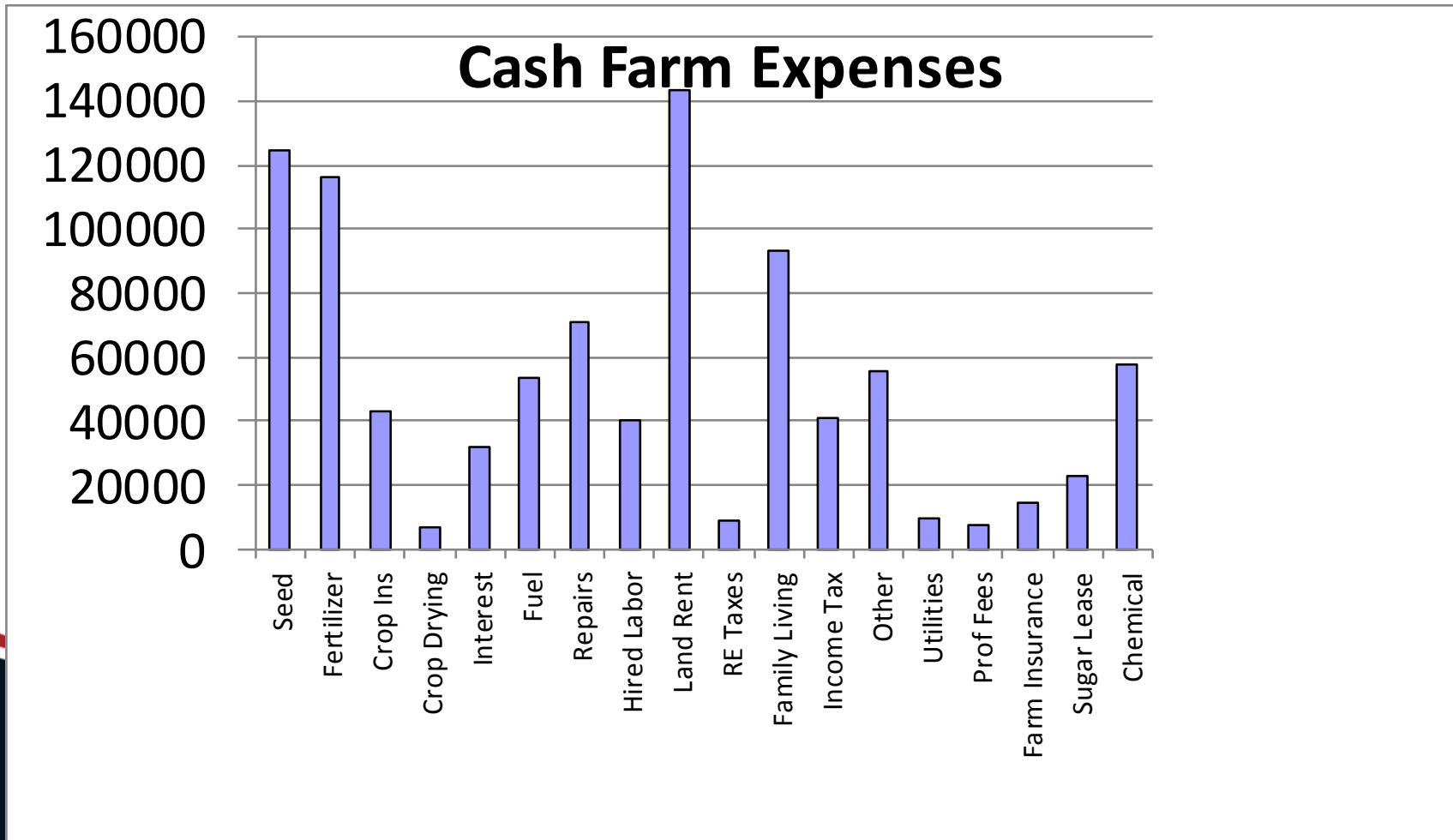
# Economic Impact of Moorhead FBM Farms

## Economic Impact



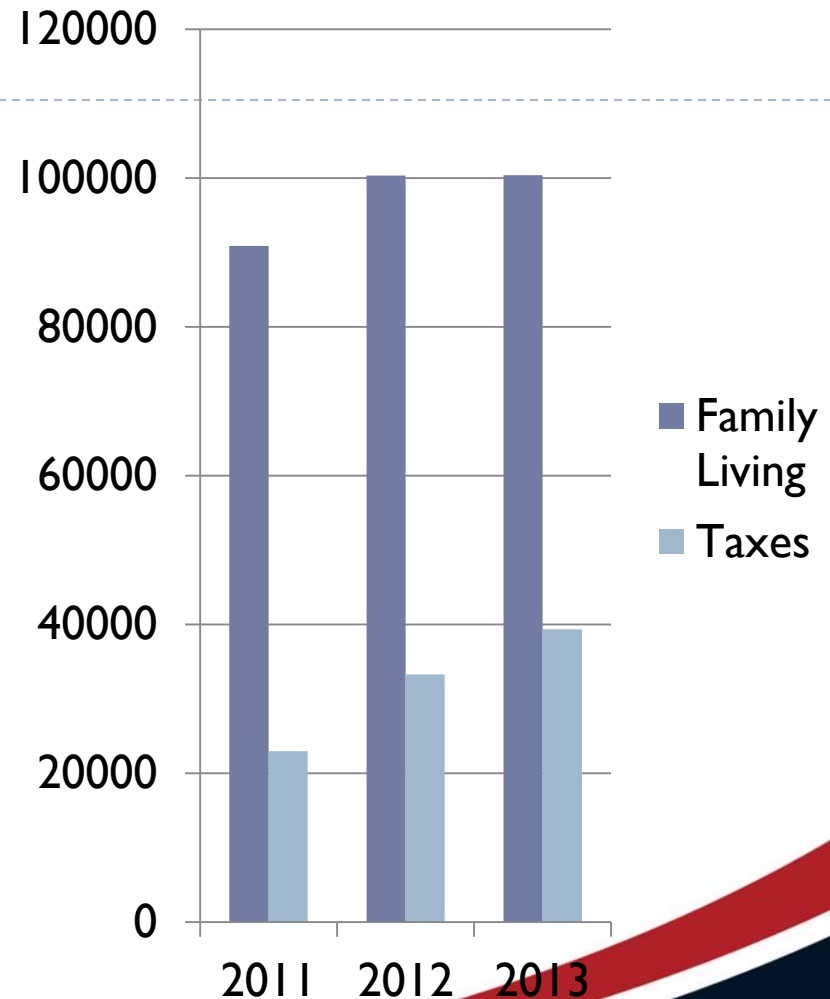
- ▶ Out of the 58 Farms analyzed, number are average per farm:
- ▶ Farm Cash Income : **\$1,102,707**
- ▶ Total Income: **\$1,165,918**
- ▶ Farm Cash Expense: **\$833,087**
- ▶ Farm Assets Purchased: **\$244,528**

How the \$941,260 was spent including family living and income taxes. The three largest expense are seed, fertilizer and rent.

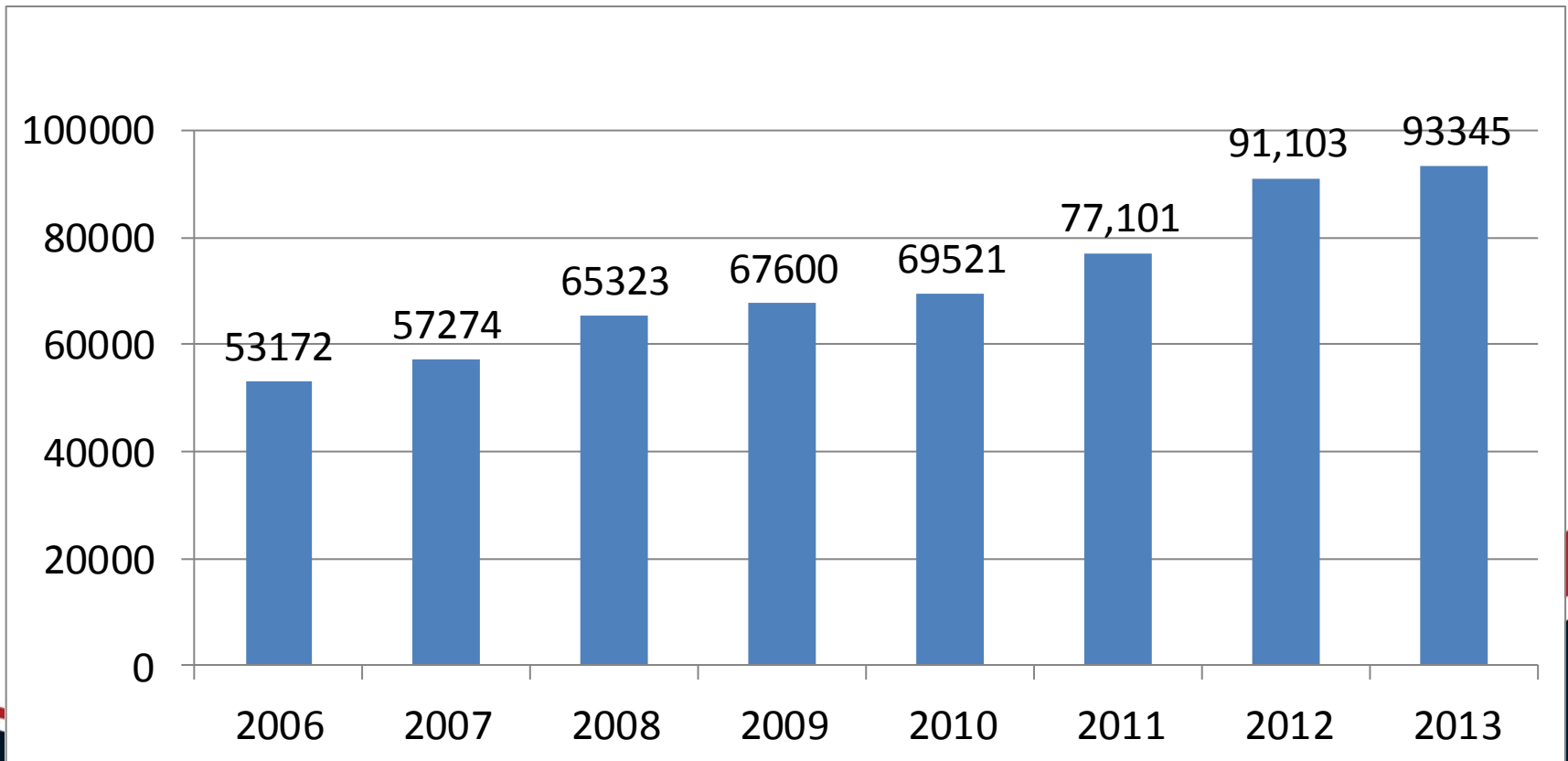


# Economic Impact of Moorhead FBM Farms

- ▶ Family Living and Income Taxes Paid: \$144,103, higher due to taxes paid in 2013, FL Same.
- ▶ Dollars spent in area on all expenses: \$1,221,718 (Total \$70,859,644)
- ▶ Inventory Change:
- ▶ **-\$167,460**
- ▶ (Total Impact- \$9,712,680)



# Apparent Family Living



# Economic Impact of Moorhead FBM Farms



- ▶ Money borrowed:  
**\$545,537**
- ▶ Principal Payments:  
**\$478,222**

# Economic Impact of Moorhead FBM Farms

Farm Financial Scorecard

Liquidity	This Year	5-Year Ave	Scorecard		
			Strong	Weak	Vulnerable
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%	
<b>Solvency (market)</b>	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	
<b>Profitability (Cost)</b>					
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			



# Conclusions about the ratios

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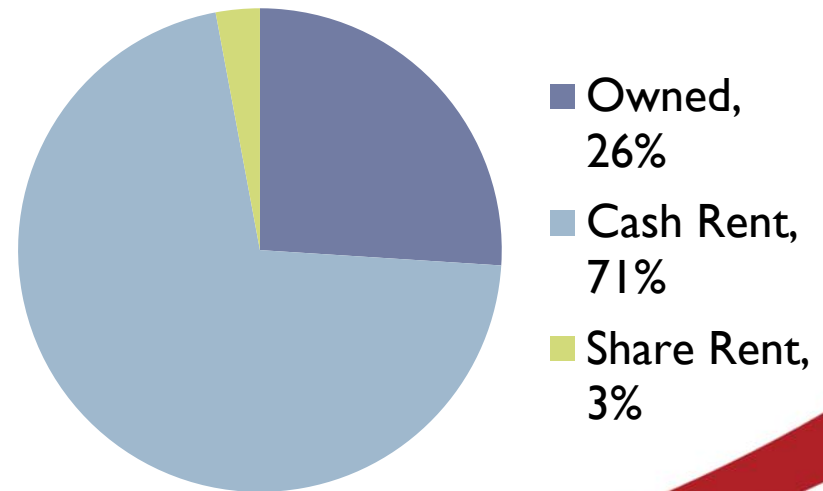
- ▶ Start to compare your information to the last 3 to 5 years of data.
- ▶ Determine your own trend lines.
- ▶ Compare your data to the area averages.
- ▶ How does your business stack up?
- ▶ Evaluate possible changes if needed.
- ▶ Consider the following flow chart in making future business decisions



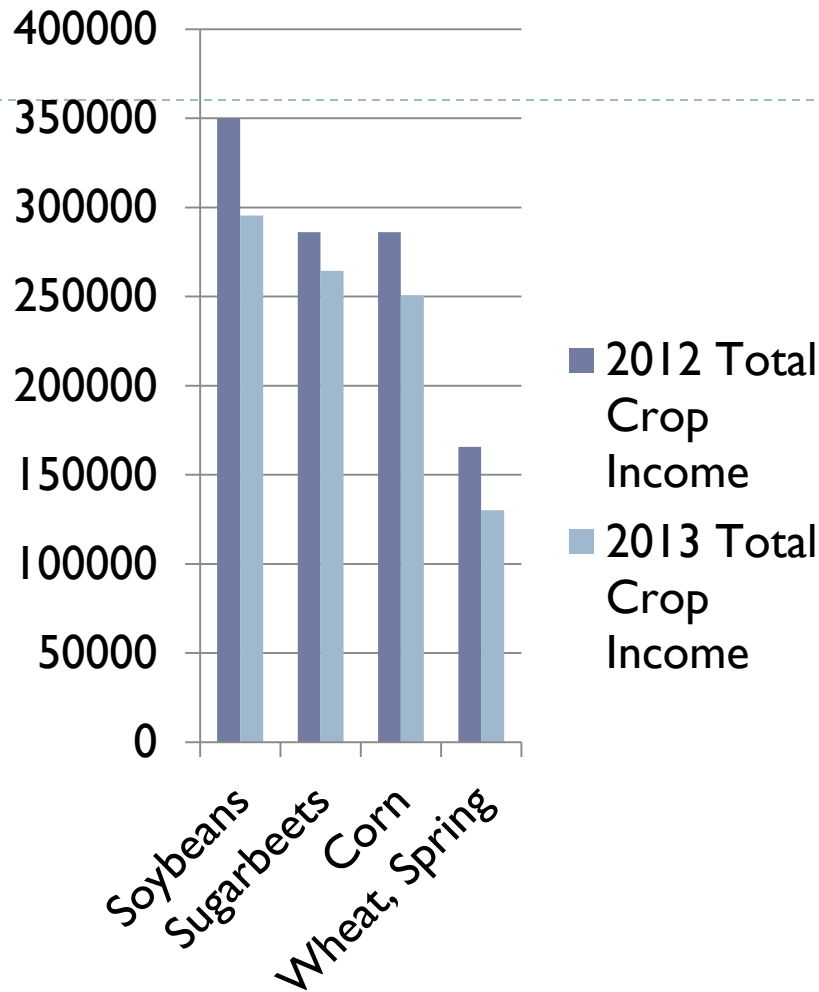
# Whole Farm Data

- ▶ **58** Farms completed the FINAN, mostly in Clay and Norman counties, (Valley had 234 Farms)
- ▶ Average farmer age was **46.6** with **23.1** years of farming. (Valley was 45.9 and 21.9 years)
- ▶ Average acres was **1,739** with **469** owned, **1,281** cash rented and **53** share rented.
- ▶ Valley #'s (1,513 Total, 358 own, 1111 Rent, 44 share)

## Crop Acres



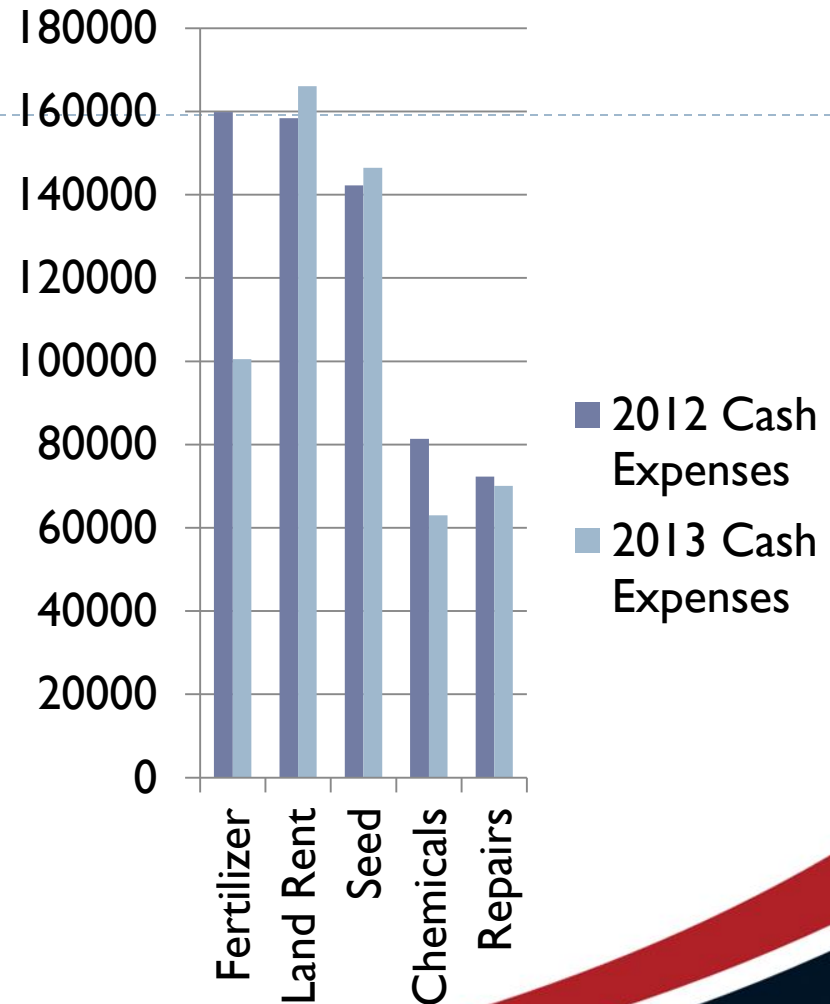
# Whole Farm Data



- ▶ **Average Crop Income:**  
Doesn't include inventory value of crops
- ▶ **Soybeans- \$295,539**  
down **15.5%** from 2012 (**\$349,979**).
- ▶ **Sugarbeets-\$264,324**  
down **7.6%** from (**\$286,137**) in 2012.
- ▶ **Corn- \$250,578** down **12.4%** from 2012 (**\$286,044**).

# Whole Farm Data

- ▶ Wheat- **\$130,160** down **21.4%** from 2012 (**\$165,569**).
- ▶ Average Crop Expenses-Includes prepaids for 2014!
- ▶ Land Rent-**\$166,047** up **4.8%** from 2012 (**\$158,381**)
- ▶ Seed-**\$135,254** down **4.9%** from 2012 (**\$142,233**)



# Whole Farm Data

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- ▶ Fertilizer- **\$100,503** down **37.1%** from 2012 (**\$159,825**)
- ▶ Repairs-**\$67,594** down **6.5%** from 2012 (**\$72,258**)
- ▶ Chemicals-**\$58,198** down **28.5%** from 2012 (**\$81,372**).

# Comparison to Valley

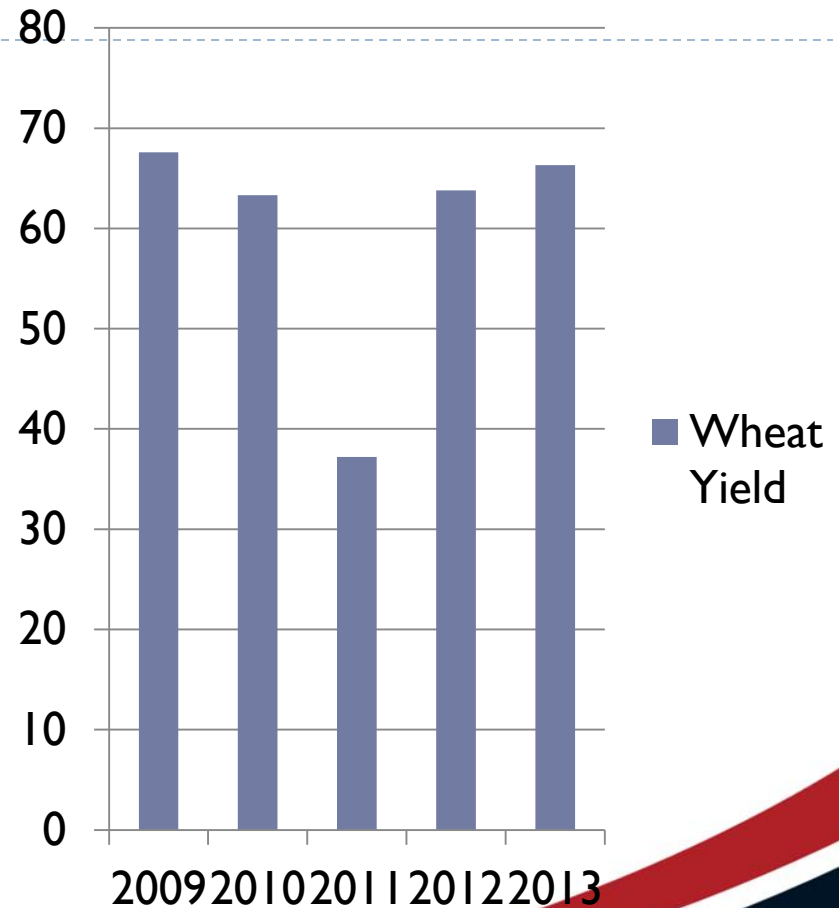
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- ▶ **Income:** Corn is #1 in crop income (\$332,029), followed by Soybeans (\$320,827), Sugarbeets (\$206,544) then Spring Wheat (\$103,163).
- ▶ **Expenses:** Land Rent is #1 at \$143,352, followed by Seed (\$124,293), Fertilizer (\$116,534), Repairs(\$70,983) and Chemicals(\$57,850).

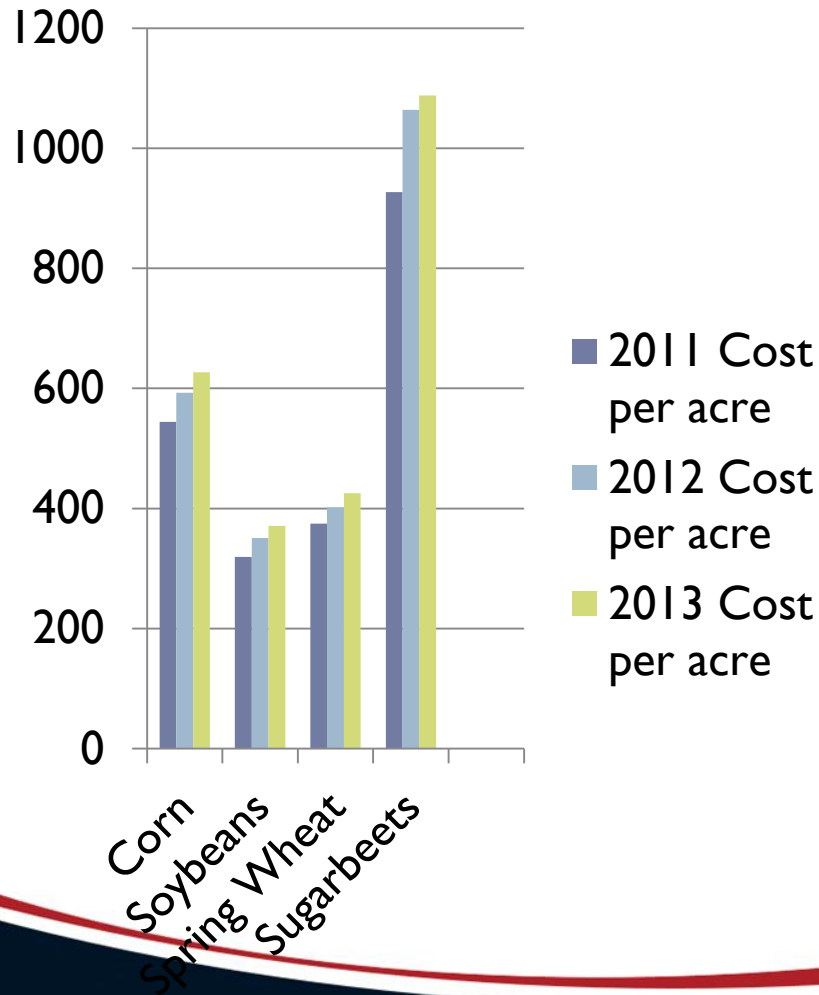
# Production Data

- ▶ Average Crop Yields in 2013  
(Valley #)
- ▶ Corn- **129.13** bu/acre  
(131.45)
- ▶ Soybeans- **35.34** bu/acre  
(34.3)
- ▶ Sugarbeets- **25.45** ton/acre  
(25.1)
- ▶ Wheat, Spring- **66.31**  
bu/acre, highest since 2009  
(68.27)

## Wheat Yield

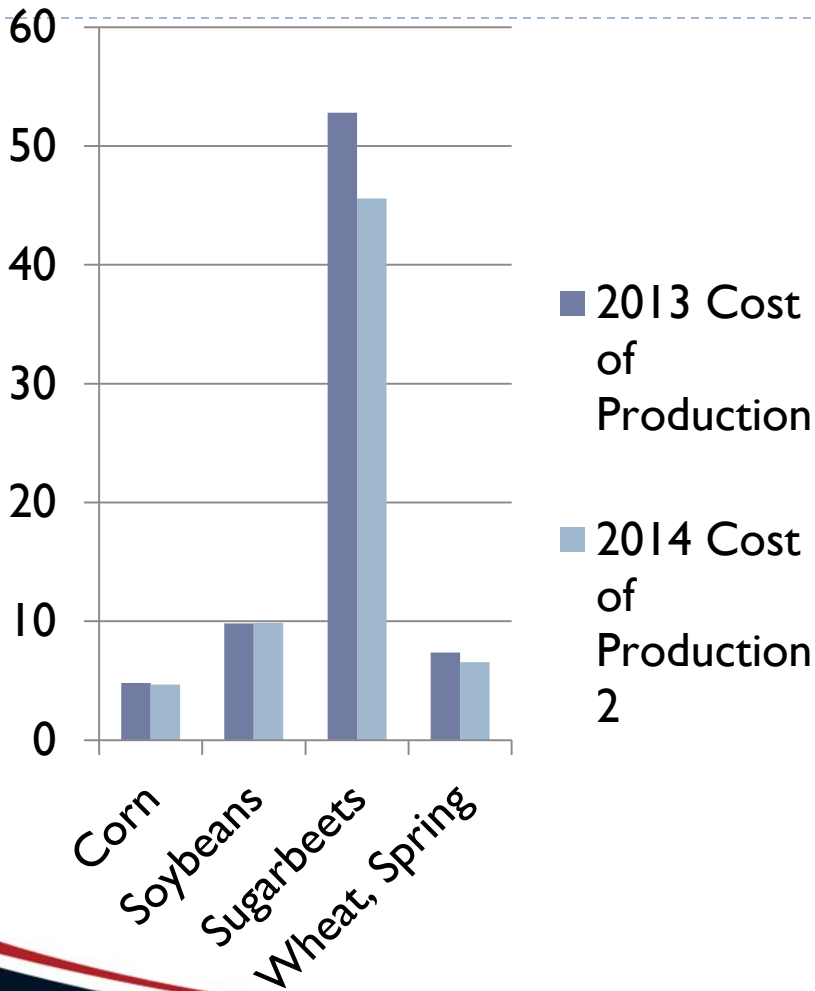


# Production Data



- ▶ Total costs per acre and per bushel-does not include principal payments or personal draw-**All per acre are 5 year highs.**
- ▶ Corn- **\$626.80** and **\$4.85**
- ▶ Soybeans- **\$370.90** and **\$10.50**
- ▶ Sugarbeets-**\$1,087.71** and **\$42.74**
- ▶ Wheat, Spring-**\$425.55** and **\$6.42**

# Production Data

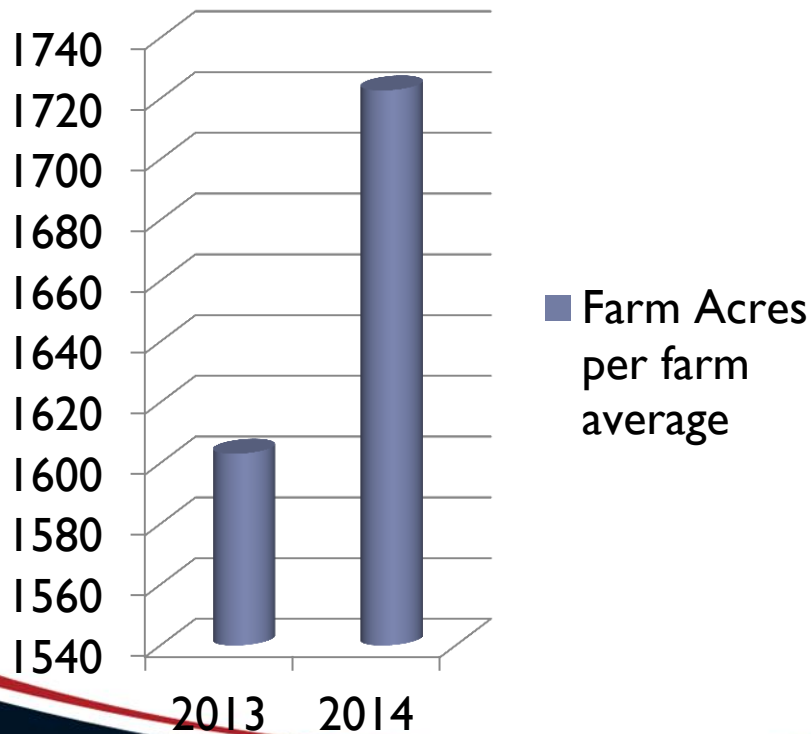


- ▶ 2014 Cost of Production Projections-include Family Living, Principal Payments, Operating Interest.
- ▶ **Corn- \$4.68 (\$3.36-\$5.79)**
- ▶ **Soybeans- \$9.88 (\$4.81-\$12.59)**
- ▶ **Sugarbeets- \$45.58 (\$32.15-\$58.41)**
- ▶ **Wheat, Spring- \$6.57 (\$4.64-\$8.34)**



# Production Data

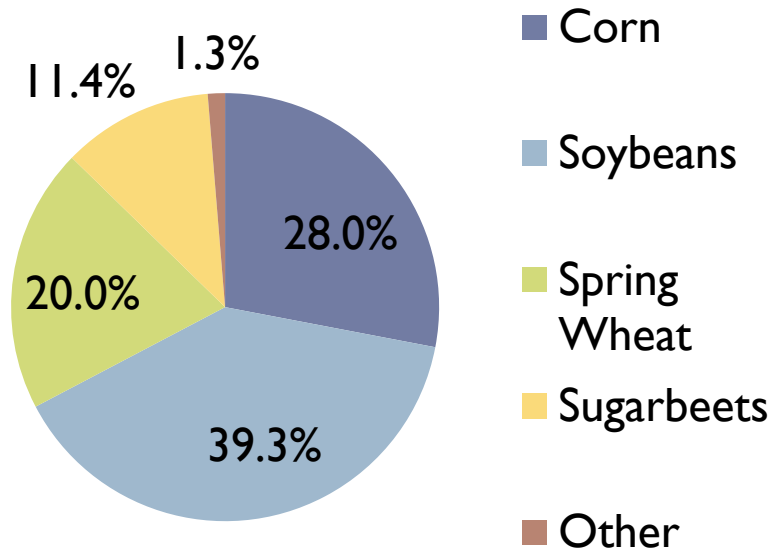
## Farm Acres per farm average



- ▶ 2014 Planned Acreage Comparison to 2013, Planned farms 52 in 2013 versus 47 in 2014, just Josh's data as 2013 from Rick is unavailable.
- ▶ Total acres in 2013- 83,362.7/aces (1,603.13/farm)
- ▶ Total acres in 2014- 80,967.9/aces (1,722.71/farm) **6.9% increase**

# Production Data

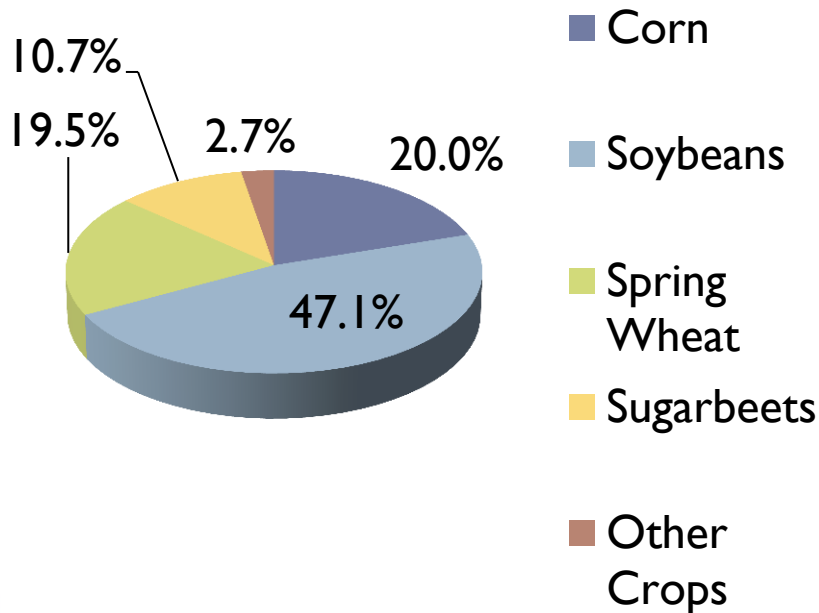
## Planned Crops by Type 2013



- ▶ 2014 Planned Acreage Comparison to 2013
- ▶ **2013-2014 Acres per Farmer by crop**
- ▶ Corn-448.6 in 2013, 344.4 in 2014, decrease by 23%
- ▶ Soybeans-630.8 in 2013, 811.1 in 2014, increase by 29%

# Production Data

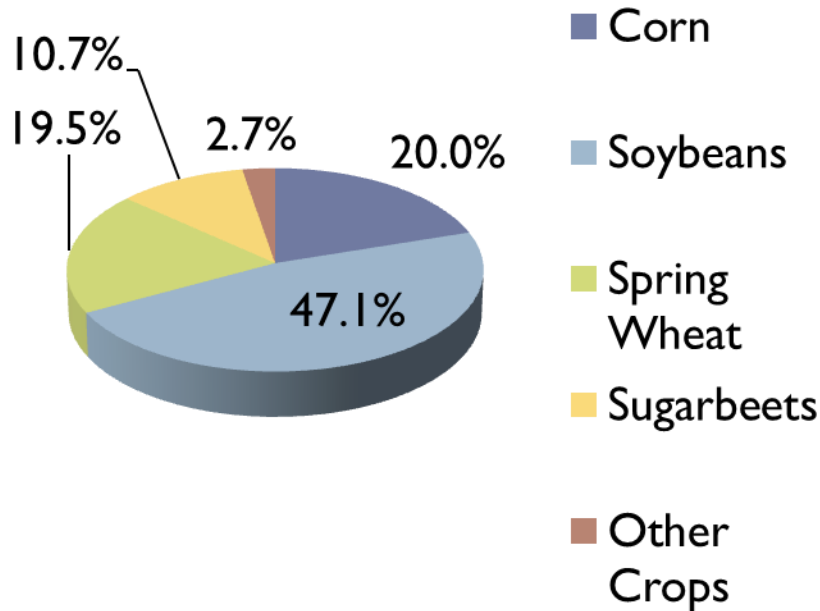
## Planned acres for farm 2014



- ▶ 2014 Planned Acreage Comparison to 2013
- ▶ **2013-2014 Acres per Farmer by crop**
- ▶ Spring Wheat-321.2 in 2013, 336.5 in 2014, increase of 5%
- ▶ Sugarbeets-182 in 2013, 184 in 2014, increase by 1%

# Production Data

## Planned acres for farm 2014

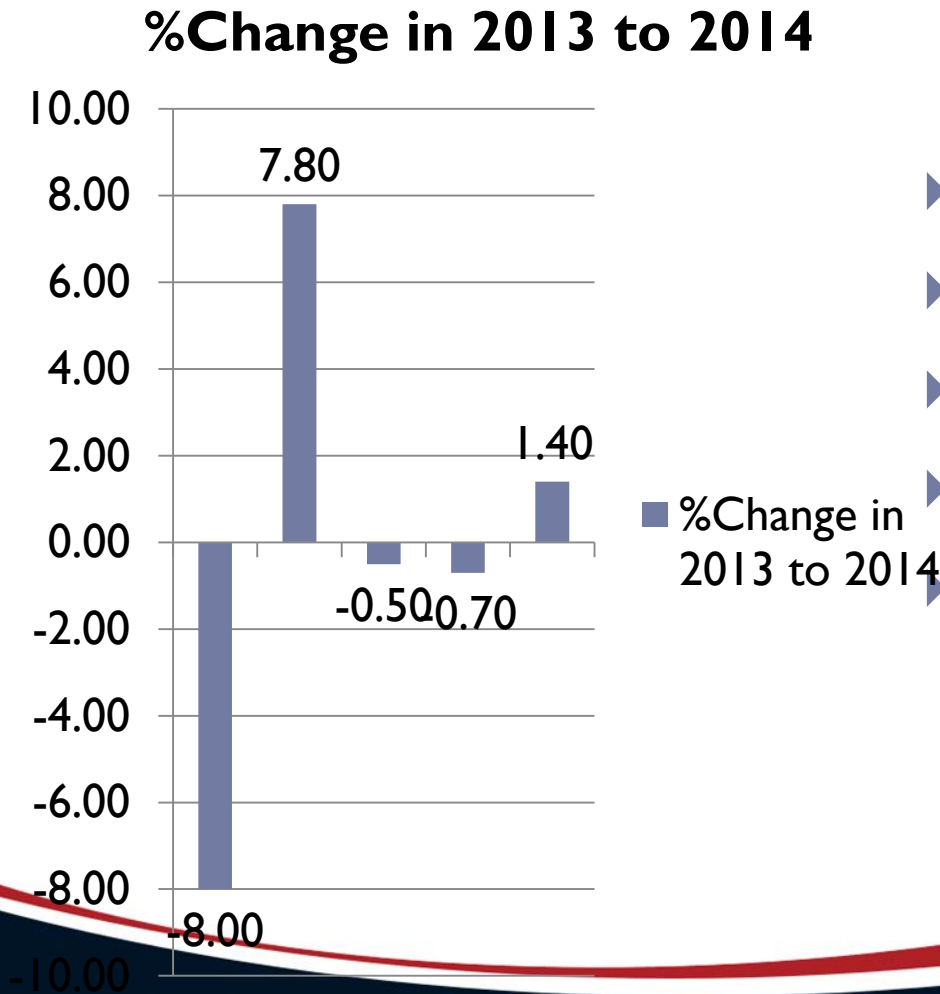


- ▶ 2014 Planned Acreage Comparison to 2013
- ▶ **2014-2013 Acres per Farmer by crop**
- ▶ Other Crops (Sunflowers, Winter Wheat, Barley, Hay, Other)-20 in 2013, 46.4 in 2014, increase of 132%

# Production Data

## ▶ Percentage change from 2013 to 2014 as part of whole operation

- ▶ Corn (-8.0%)
- ▶ Soybeans (7.8%)
- ▶ Spring Wheat (-0.5%)
- ▶ Sugarbeets (-0.7%)
- ▶ Other Crops (1.4%)



# Ron Statewide Sugarbeet Data

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# Grain Prices Recommendations

Informa from Money Farm

Wisner Corn

Wisner Soybeans



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