

# Executive Summary Edition

## 2014

## Farm

## Analysis

## Report of

## Moorhead

This is the 39th 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 2014, 62 farms (with an equivalent of 70 full-time operators), located mainly in western Clay and Norman counties, Minnesota, were included in the averages. The average farmer was 47.7 years old with 24.9 years of farming experience. Farms averaged 1794 acres per operator with 484 acres of that owned. Soybeans generated the largest gross dollar amount per farm (\$354,644). Sugarbeets (\$204,625) stayed in 2nd edging out Corn (\$198,756). Wheat followed at (\$140,778). The largest single expense was land rent (\$200,671) per farm, up 26.7% from last year. Seed expense moved up to 2nd (\$130,552). Fertilizer (\$111,387), Repairs (\$65,143) and Fuel/Oil (\$56,811) were the next three expenses.*

*Net Farm Profit (\$21,990) was 91.3% lower than the five year average. Much of the profit was due to decrease was sale prices on the 2013 and 2014 crops. On average, producers generated (-\$109,434) below what their financial commitments (accrual farm expenses, family living draws and scheduled principal payments) were for 2014.*

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)**

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## Statement of Cash Flows - Total of 62 Farms in Analysis Report

Soybeans	\$21,987,928
Sugarbeets	\$12,686,750
Corn	\$12,322,872
Wheat	\$8,728,236
Other Grains	\$1,698,676
Government Pymts	\$933,472
Remaining Farm Income	<u>\$7,688,620</u>

Total Cash Farm Income	\$66,046,616
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Fertilizer	\$6,905,994
Land Rent	\$12,441,602
Seed	\$8,094,224
Chemicals	\$3,500,210
Repairs	\$4,038,866
Fuel	\$3,522,282
Crop Insurance	\$2,283,212
Remaining Farm Expenses	<u>\$13,002,702</u>

Total Farm Expense	(\$53,788,968)
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Net Cash from Hedging	\$545,538
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Net Nonfarm Income	\$1,363,380
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Apparent Family Living	(\$5,884,172)
Income & SS Tax Paid	(\$1,983,194)

<b>Cash From Operating Activities</b>	<b>\$12,608,382</b>
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Sale of Machinery	\$109,926
Sale of Farm Land	\$1,731,536
Sale of Other Farm Assets	\$1,056,418
Sale of Nonfarm Assets	<u>\$349,122</u>

Total Sales of Assets	\$3,247,002
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Purchase of Machinery	(\$4,823,228)
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Purchase of Farm Land	(\$2,666,372)
Pur of Farm Bldgs/Tiling	(\$695,392)
Pur of Other Farm Assets	(\$1,970,298)
Pur of Nonfarm Assets	<u>(\$1,625,082)</u>

Total Purchase of Assets	(\$11,780,372)
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<b>Cash From Investing Activities</b>	<b>(\$7,851,494)</b>
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Money Borrowed	\$39,663,942
Principal Payments	(\$39,860,048)
Gifts & Inheritances	<u>\$1,417,878</u>

<b>Cash From Financing Activities</b>	<b>(\$4,818,578)</b>
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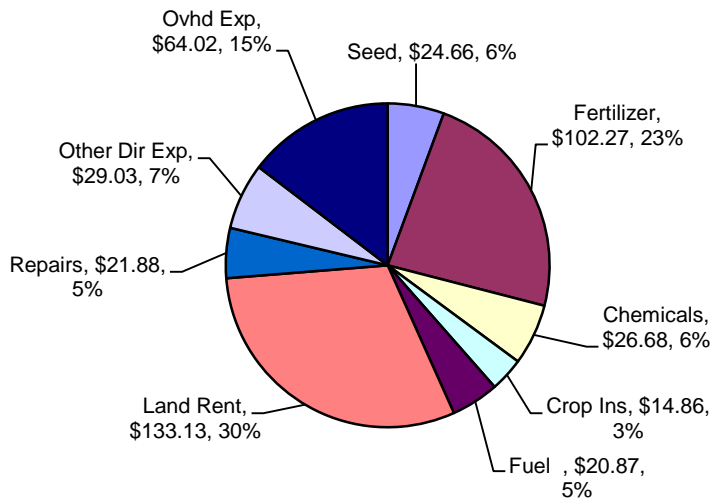
Net change in cash balance:	(\$61,690)
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Inventory Change:	(\$6,057,834)
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## Farm Financial Scorecard

Liquidity	This Year	5-Year Ave	Strong	Vulnerable
			1.7	1.1
Current ratio	1.72	1.97	<div><div></div><div></div><div></div></div>	
Working capital	\$342,136	\$433,860		
Working cap to gross revenue	35.3%	36.9%	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
Note: These solvency ratios include deferred liabilities				
Solvency (market)			30%	60%
			70%	40%
			0.43	1.50
Farm debt/asset ratio	39%	35%	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
Farm equity/asset ratio	61%	65%	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
Farm debt/equity ratio	0.65	0.56	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
Profitability (Cost)				
Rate of return on farm assets	-0.5%	9.0%	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
Rate of return on farm equity	-3.2%	12.5%	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
Operating profit margin	-1.5%	15.9%	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
Net farm income	\$21,990	\$253,553		
EBITDA	\$142,377	\$355,830		
Repayment Capacity (Accrual)				
Capital debt repay capacity	\$14,361	\$230,429		
Capital debt repay margin	-\$109,434	\$121,265		
Replacement margin	-\$151,424	\$92,034		
Term-debt coverage ratio	0.12	2.28	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
Replacement margin ratio	0.09	1.82	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
Financial Efficiency				
Asset-turnover rate (market)	33.6%	47.2%	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
Operating-expense ratio	85.3%	71.3%	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
Depreciation-expense ratio	8.8%	6.2%	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
Interest-expense ratio	4.4%	3.6%	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
Net farm income ratio	2.3%	19.6%	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>

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



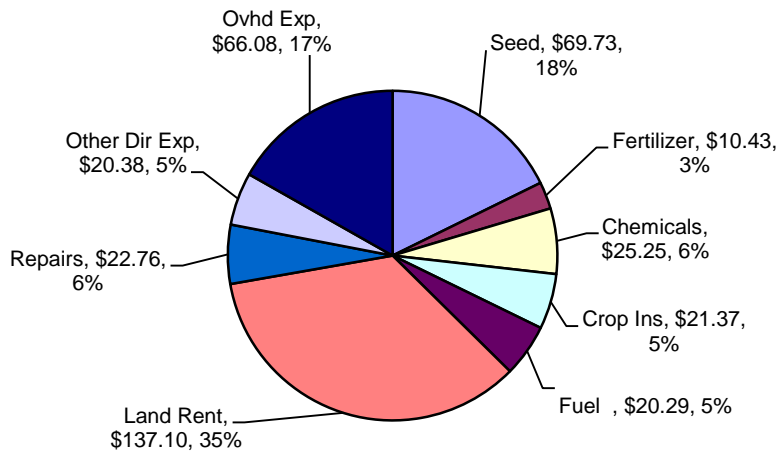
My Farm		
	\$/A.	%
Seed		
Fertilizer		
Chemicals		
Crop Ins		
Fuel		
Repairs		
Land Rent		
Other Dir		
Ovhd Exp		

	2010	2011	2012	2013	2014
Yield	63.33	37.19	63.79	66.31	70.73
**Total Costs/Acre	\$321.08	\$374.94	\$401.81	\$425.55	\$438.94
Total Costs/Bu	\$5.07	\$10.08	\$6.30	\$6.42	\$6.21

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

My Farm		
Yield		
Costs/A.		
Costs/bu.		

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



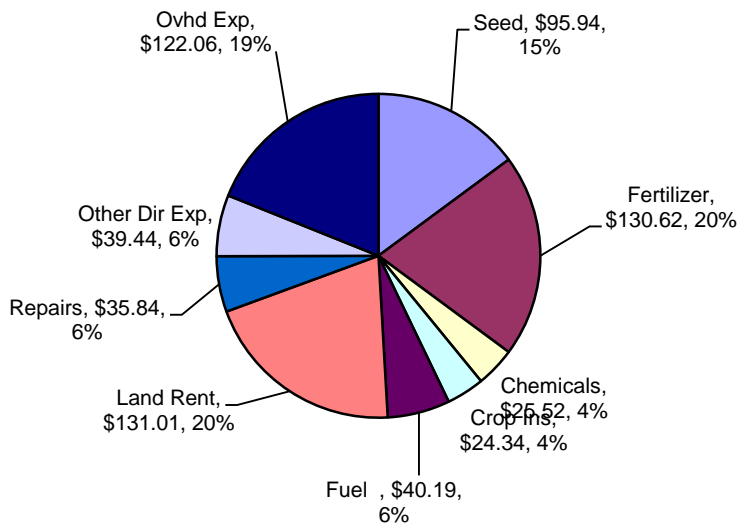
My Farm		
	\$/A.	%
Seed		
Fertilizer		
Chemicals		
Crop Ins		
Fuel		
Repairs		
Land Rent		
Other Dir		
Ovhd Exp		

	2010	2011	2012	2013	2014
Yield	36.81	30.42	39.28	35.34	40.27
**Total Costs/Acre	\$284.33	\$319.36	\$350.68	\$370.90	\$393.39
Total Costs/Bu	\$7.72	\$10.50	\$8.93	\$10.50	\$9.77

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

My Farm		
Yield		
Costs/A.		
Costs/Bu.		

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



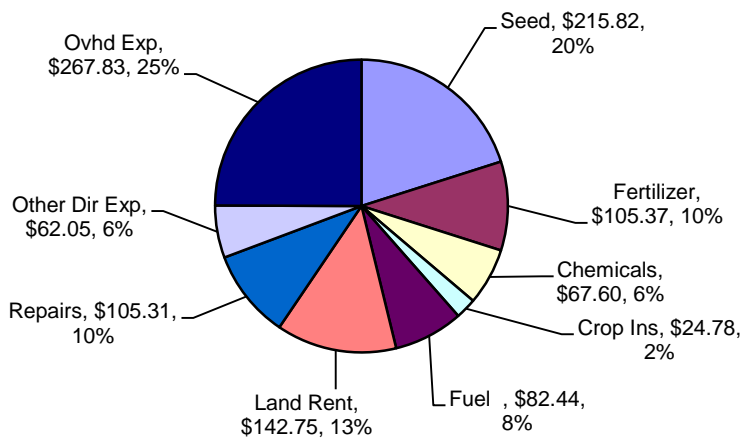
My Farm		
	\$/A.	%
Seed		
Fertilizer		
Chemicals		
Crop Ins		
Fuel		
Repairs		
Land Rent		
Other Dir		
Ovhd Exp		

	2010	2011	2012	2013	2014
Yield	148.09	112.50	134.29	129.13	139.78
**Total Costs/Acre	\$476.95	\$544.17	\$592.46	\$626.80	\$644.96
Total Costs/Bu	\$3.22	\$4.84	\$4.41	\$4.85	\$4.61

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

My Farm		
Yield		
Costs/A.		
Costs/Bu.		

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



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

	2010	2011	2012	2013	2014
Yield	27.63	16.24	26.97	25.45	22.56
**Total Costs/Acre	\$885.77	\$926.80	\$1,063.64	\$1,087.71	\$1,073.95
Total Costs/Ton	\$32.06	\$57.07	\$39.44	\$42.74	\$47.60

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

My Farm		
Yield		
Costs/A.		
Costs/T.		