

2019 RED RIVER VALLEY REPORT SUMMARY

OVERVIEW

This report includes information from 220 farms enrolled in the Farm Business Management Programs in the Red River Valley. These programs are located in North Dakota and Minnesota. In 2019, the average farmer was 47 years of age, has farmed for 24 years, and farms about 1,735 acres.

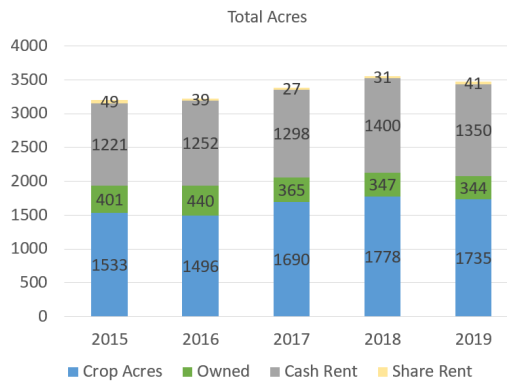
This average farmer spent \$888,682 for inputs in the local community. In 2019, net farm income for the 220 farms enrolled in the FBM Programs averaged \$53,472 which was a decrease of \$119,803 from 2018.

Factor's that caused this year's decrease in Net Farm Income were:

- Extremely saturated conditions
- Poor yields due to wet conditions
- Sugar beets left in the field
- China Trade War

Total Acres

Total acres farmed in 2019 was 1,735 compared with 1,778 in 2018.

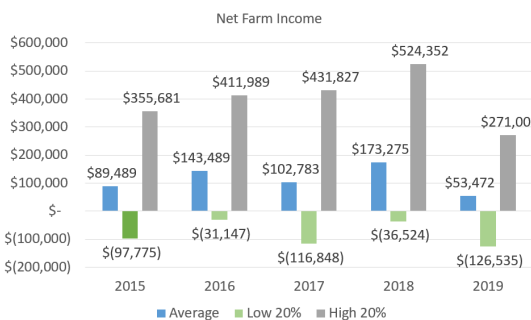


Non Farm Income

Average Nonfarm Income was \$26,390 which is a decrease of \$2,509 from last year.

Government Payments

2019 represented a net increase of \$31,959 from 2018. This is due largely in part by an additional round of Market Facilitation Program Payments.



2012 \$22,152

2013 \$32,384

2014 \$17,082

2015 \$33,835

2016 \$35,575

2017 \$22,590

2018 \$56,808

2019 \$88,767

Where are we headed? Future directions?

- Precision Agriculture
- Drones
- Biotechnologies (Livestock and Crops)
- Are you working with partners to use capital more efficiently?
- Is your business the low cost producer?
- Natural, Organic, Niche Markets and Non GMO Markets
- Internet

IN THIS ISSUE

Crop Yields and Returns.....	2
Family Living Costs.....	2
Summary of Cash.....	3
Ratios.....	3
Ratios.....	4

2019 CROP YIELDS AND RETURNS – CASH RENTED ACRES

WHEAT

In 2019 wheat had an average yield of 61 bushels compared with 65 bushels for 2018.

Net Return for Wheat

Average	-\$0.82
Low 20%	-\$101.25
High 20%	\$92.18

The average price for spring wheat was \$4.92 compared to \$5.62 last year. The wheat also had an average of \$52.24 of crop insurance, \$0.26 of hedging income, and \$53.54 of other income per acre, a majority generated from the MFP payment.

SOYBEANS

The average yield was 39 bushels per acre, down 6 bushels from last year.

Net Return for Soybeans

Average	\$23.25
Low 20%	-\$62.09
High 20%	\$106.69

The average price for soybeans was \$8.30 compared to \$8.40 last year. Soybeans continue to suffer in price due to the trade war with China. Other crop income per acre averaged \$54.12 per acre, a majority generated from the MFP payment.

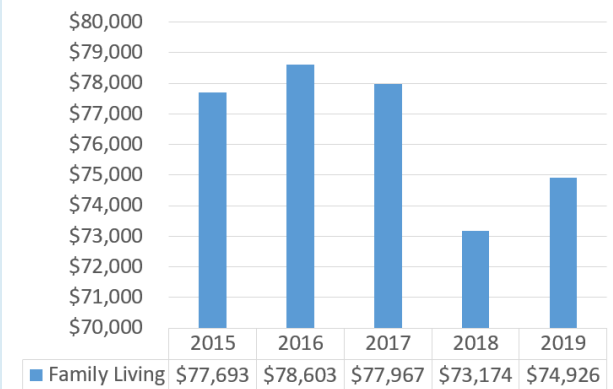
CORN

Year	Yield	Return
2012	145 bu.	\$333.42
2013	131 bu.	-\$62.04
2014	132 bu.	-\$77.19
2015	167 bu.	-\$23.10
2016	190 bu.	\$27.58
2017	177 bu.	-\$26.90
2018	189 bu.	\$44.15
2019	165 bu.	\$28.21

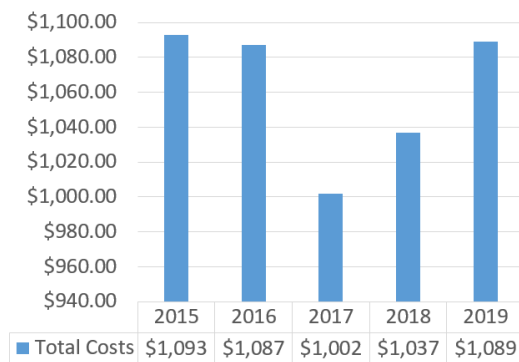
The average price for corn was \$3.43 compared to \$3.36 last year. Other crop income per acre averaged \$55.70 per acre.

FAMILY LIVING WITHOUT INCOME TAX & SUGAR BEET DATA

Family Living without Income Tax



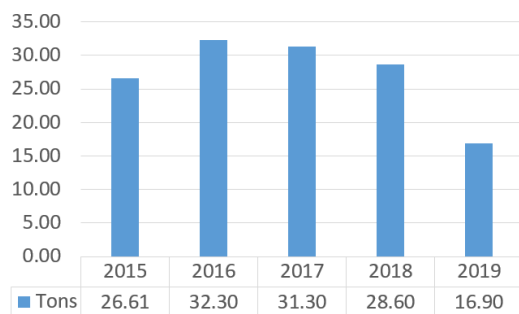
Sugar Beet Total Costs
(Cash Rented Land, Excluding Joint Venture)



2019 INCOME TAX PAID

Average Farm	\$16,850
40%-60%	\$13,275
High Profit	\$22,164

Sugar Beet Yields



SUMMARY OF CASH INFLOW AND OUTFLOW FOR 2019

Beginning Cash	\$93,128
Gross Farm Income	\$1,026,955
Hedging	\$216
Total Non-Farm Income	\$26,390
Gifts and Inheritances	\$16,078
Total Cash Farm Expense	-\$888,682
Taxes	-\$16,850
Family Living	-\$74,926
Investing	-\$170,018
Money Borrowed	\$550,254
Principal Payments	-\$470,991
Ending Cash	\$86,647

These numbers come from page 16 in the Red River Valley Average Book. Not all of the numbers are listed on this summary.

FARM MACHINERY AND BUILDINGS PURCHASED IN 2019

Farm Machinery purchased for the year was \$87,098, down \$7,686 from last year. Buildings purchased for the year was \$22,745, which was up \$2,823 from last year. Farmers also sold \$14,284 of Farm Machinery.

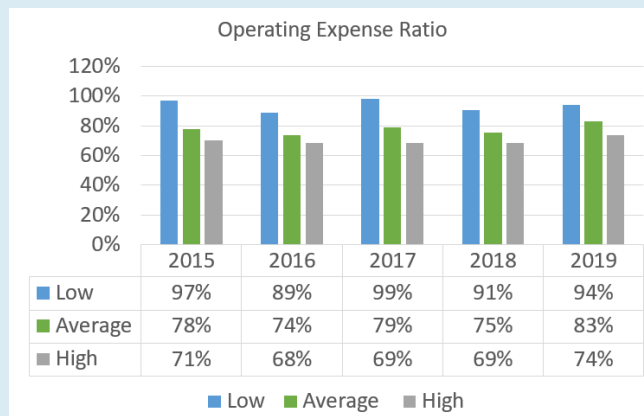
RATIOS

REPAYMENT CAPACITY measures the ability to repay term debt and to replace capital assets. The Term Debt Coverage Ratio for 2019 was 0.79 with a capital replacement margin of a negative -\$21,941 compared to \$100,677 last year.

SOLVENCY is important in evaluating the risk position of the farm and family. The average farm in the Farm Business Management Program in the Red River Valley

had Debt to Asset Ratio of 46%. This means that for every dollar of assets the farm had, they owed 46 cents of debt compared to 39 cents last year.

EFFICIENCY is an area that looks at what it costs to produce a dollar of income. In 2019 the average operating cost was 83 cents, compared to 75.4 cents last year.



COMPLETE RED RIVER VALLEY AVERAGE BOOKS

North Dakota Farm Business Management Programs

If you would like a complete book, please get in touch with the local FBM program in your area. You can also call Aaron Anderson, North Dakota Ag Education Supervisor at (701) 328-3179. North Dakota FBM programs are sponsored by the ND Department of Career and Technical Education.

For More information on the Minnesota Farm Business Management Programs contact:

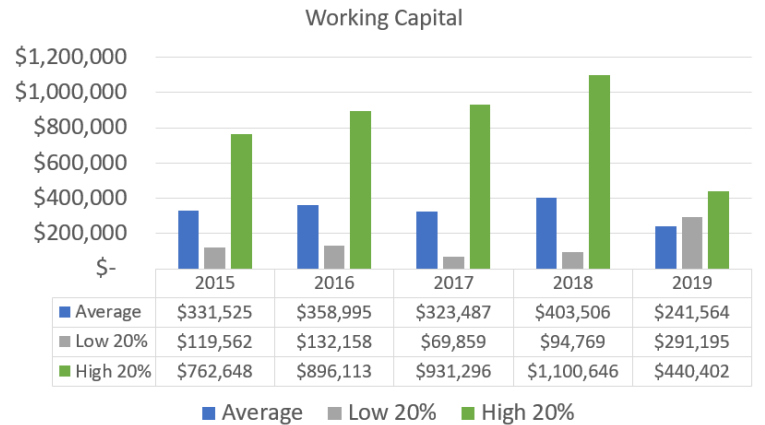
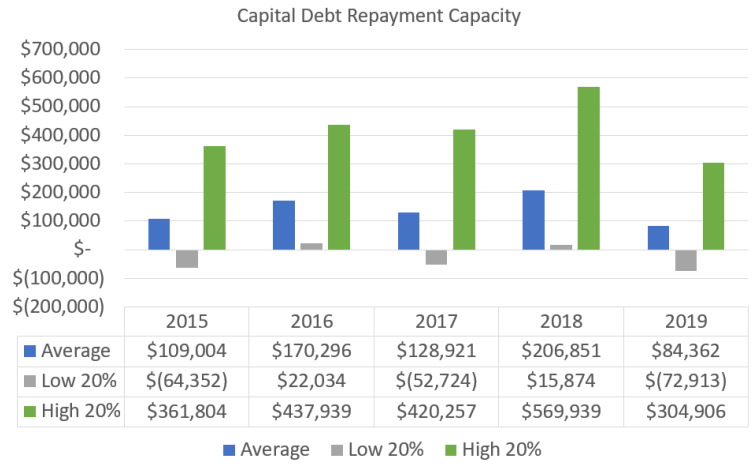
Ron Dvergsten
Northland Community and Technical College
Highway 1 East
Thief River Falls, MN 56701
Phone 218-683-8747

NORTHLAND
COMMUNITY & TECHNICAL COLLEGE

CONCLUSION ABOUT THE RATIOS

- 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.

Complete enterprise information can be found in the Valley Average Book. These crop enterprise tables show the average physical production, gross return, direct costs, and net returns per acre. The Net Return per Acre is the gross return per acre minus the direct and overhead costs. There are three possible tables for each crop depending on the farmer's tenure on the land. Value per unit is the market price received. Crop insurance is now a separate line item and no longer under miscellaneous income.



FBM Programs of North Dakota and Minnesota

Check out our websites for a listing of program
locations and additional information:

www.ndfarmmanagement.com

www.fbm.mnscu.edu

