

North Dakota and Minnesota Farm Business Management



MARCH 12 2014

2013 Red River Valley Report

Summary

Overview

This report includes information from 234 farmers enrolled in the Farm Business Management Programs in the Red River Valley. These programs are located in North Dakota and Minnesota. In 2013, the average farmer was 46 years of age, has farmed for 22 years, and farms about 1659 acres. This average farmer spent \$806,992 for inputs in the local community. In 2013, net farm income for the 234 farms enrolled in the FBM Programs averaged \$61,749 which was a decrease of \$474,973 from 2012.



Government Payments

- 2004 \$36,881
 - 2005 \$54,301
 - 2006 \$29,339
 - 2007 \$26,431
 - 2008 \$36,533
 - 2009 \$23,673
 - 2010 \$39,737
 - 2011 \$36,606
 - 2012 \$22,152
 - 2013 \$32,384
- A net increase of \$10,232 from 2012



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

- Lower Yields
- Lower Prices
- Higher Input costs

Total acres farmed in 2012 was 1731 compared with 1728 in 2013

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Where are we headed? Future Directions?

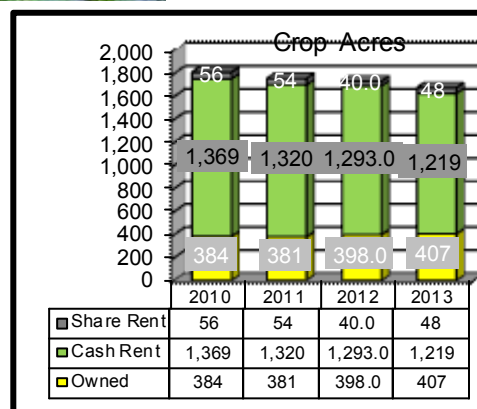
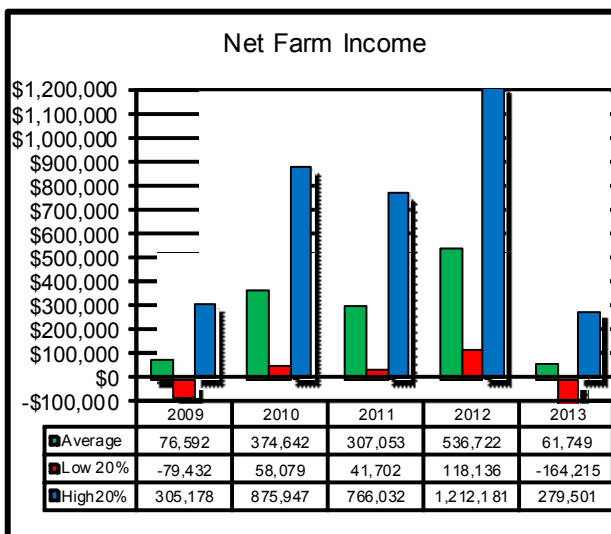
Precision agriculture
Biotechnologies
(Livestock & Crops)

Internet

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



Non Farm Income

● Average Non Farm Income was \$22,187 which is a increase of \$2,082 from last year



2013 Crop Yields and Returns



Wheat

2013 was a good year for wheat with an average yield of 68 bushels compared with 64 bushels for 2012.

Net Return for Wheat:

| | |
|----------|----------------|
| Average | \$29.85 |
| Low 20% | \$97.05 |
| High 20% | \$112.48 |

The average price for spring wheat was \$6.49 compared to \$8.46 last year. The wheat also had an average of \$4.45 crop insurance income per acre.

Soybeans

Average yield was 34 bushels per acre, down 6 bushels from last year. Soybeans returned \$78.99 per acre. Compared to 278.90 last year.

The average price for soybeans was \$12.53 compared with \$13.97 last year. The soybeans also had an average of \$12.95 of crop insurance per acre

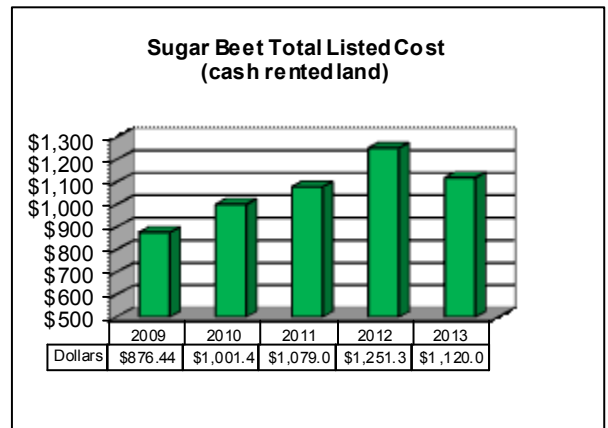
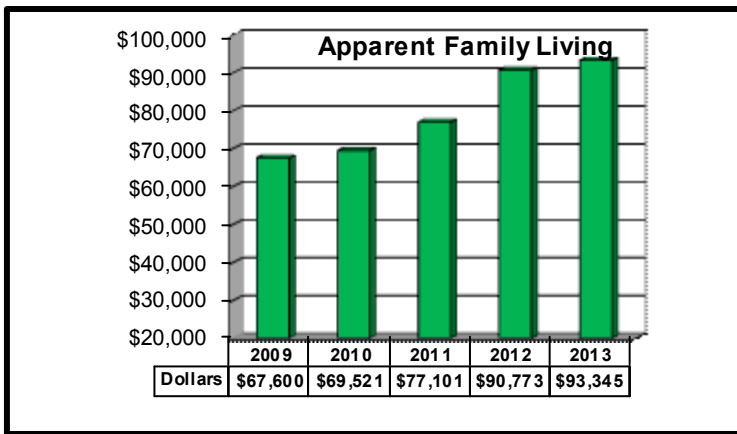
Corn

| | | |
|------|--------|-----------------|
| 2006 | 138 bu | \$51.51 |
| 2007 | 131 bu | \$140.54 |
| 2008 | 155 bu | \$132.49 |
| 2009 | 132 bu | -\$47.95 |
| 2010 | 149 bu | \$223.91 |
| 2011 | 115 bu | \$154.78 |
| 2012 | 145 bu | \$331.42 |
| 2013 | 131 bu | \$62.04 |

The average price for corn was \$4.10, compared to \$6.40 last year.. The average farm also collected \$43.13 of crop insurance per acre in 2013

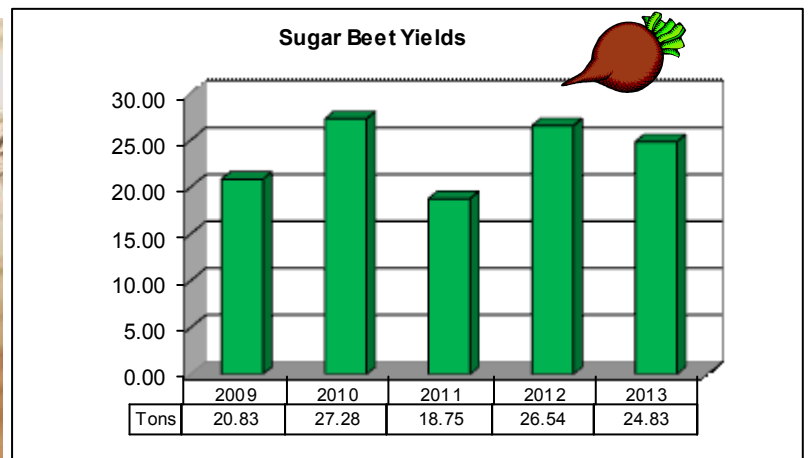


Family Living Without Taxes



2013 Income Tax

Paid
Average Farm
\$40,923
40%-60%
\$27,954
High Profit
\$71,961



Summary of Cash Inflow and Outflow for 2012

| | | | |
|----------------------|-----------|--------------------|-------------------------------------|
| Beginning Cash | 54,090 | Money Borrowed | 562,834 |
| Gross Farm Income: | 1,122,746 | Principal Payments | -475,679 |
| Hedging | 2284 | Other | -4231 |
| Non Farm Income: | 22,187 | | \$66,067 in the ending cash balance |
| Gifts & Inheritances | 746 | | |
| Total Cash Farm Exp | -806,992 | | |
| Taxes: | - 40,923 | | |
| Family Living | - 93,345 | | |
| Investing | - 282,274 | | |



Machinery and Buildings Purchased

Machinery purchased for the year was \$163,947 down \$22,803 from last year. Building purchased for the year was \$32,840 which was down \$11,235 from last year

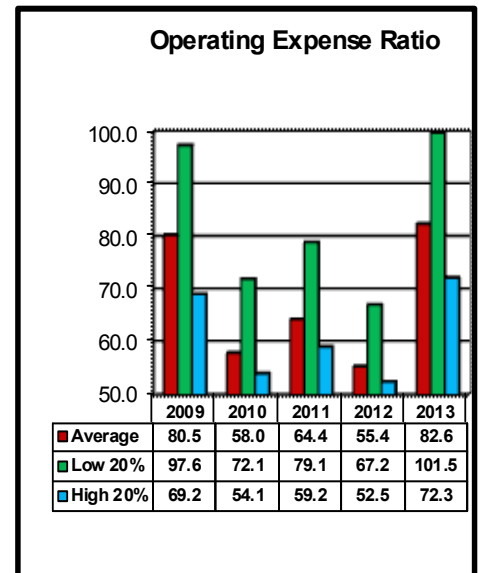


Ratios

Repayment capacity measures the ability to repay term debt and to replace capital assets. The Term Debt Coverage Ratio for 2013 was .38 with a capital replacement margin of **-\$102,369** compared with \$426,494 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 37%. This means that for every dollar of assets the farm had, they owed 37 cents of debt.

Efficiency is an area that looks at what it costs to produce a dollar of income. In 2013 the average operating cost was 82.6 cents, compared to 55.4 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 the North Dakota Agricultural Supervisor at 701-328-3162.

This program is sponsored by the ND Department of Career and Technical Education



NORTHLAND COMMUNITY & TECHNICAL COLLEGE

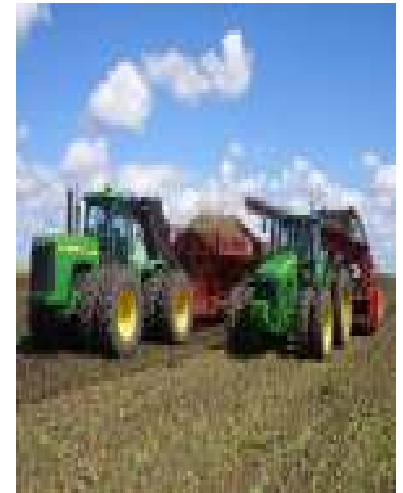
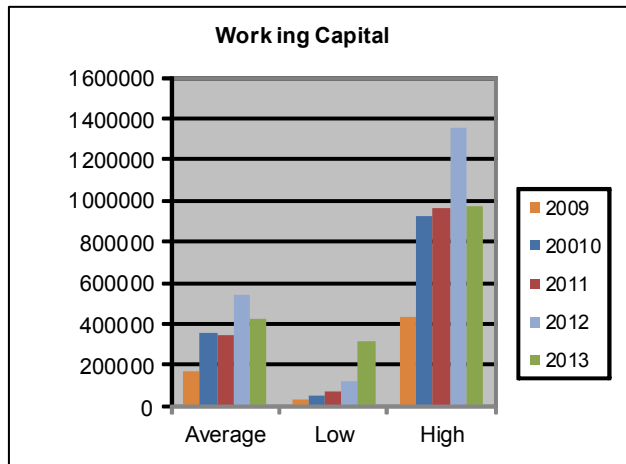
For More information on the Minnesota Farm Business Management Programs Call Northland College Community and Technical College

1-800-959-6282 ext 8747

**FBM Programs of ND
And Minnesota**

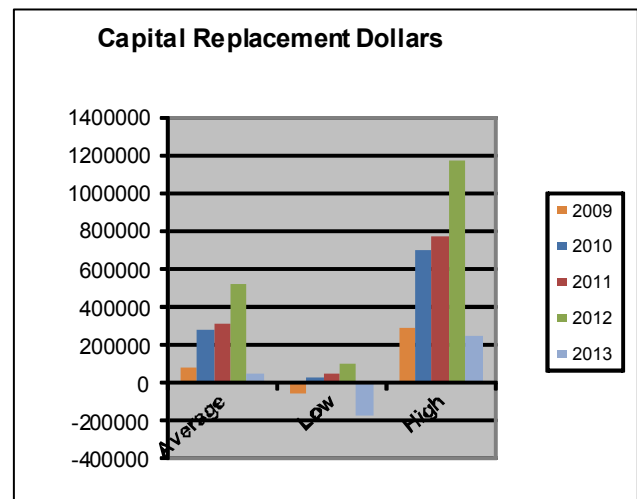
**NORTH DAKOTA AND
MINNESOTA FARM
BUSINESS
MANAGEMENT**

Check out our Website for a listing
of program location and additional
information
www.ndfarmmanagement.com



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www.fbm.mnscu.edu



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 do your business stack up?
- Evaluate possible changes if needed.



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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.



**ND FARM
MANAGEMENT EDUCATION**