

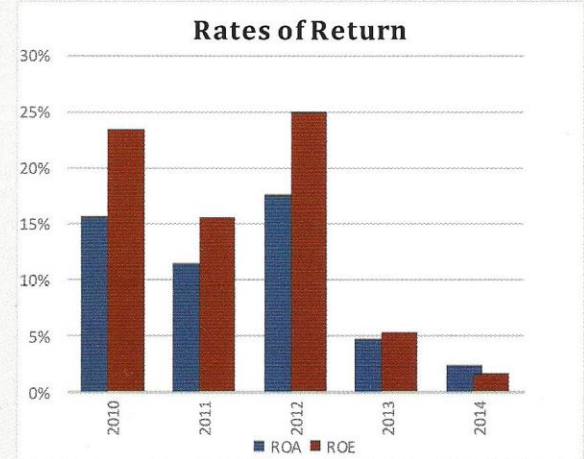
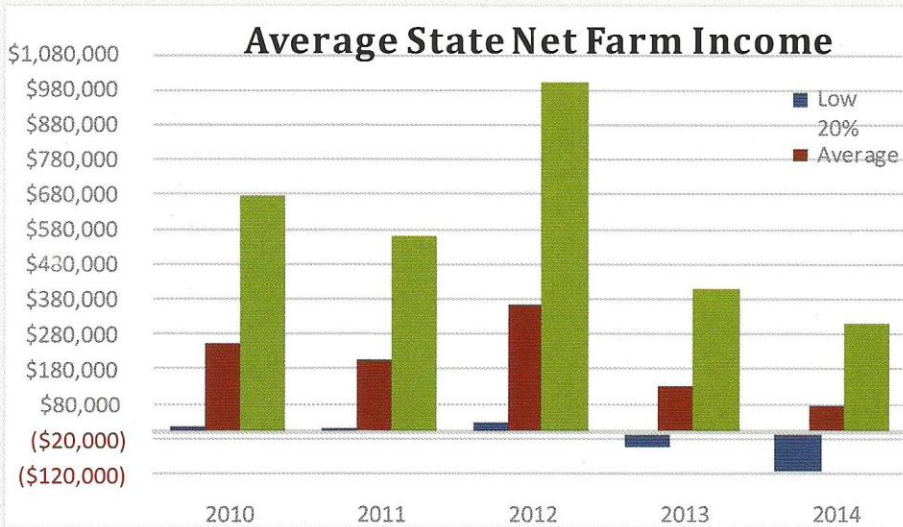
ND FARM MANAGEMENT EDUCATION

Highlights from the 2014 North Dakota Averages

“Our Mission is to provide lifelong learning opportunities in economic and financial management for adults involved in the farming and ranching business.”

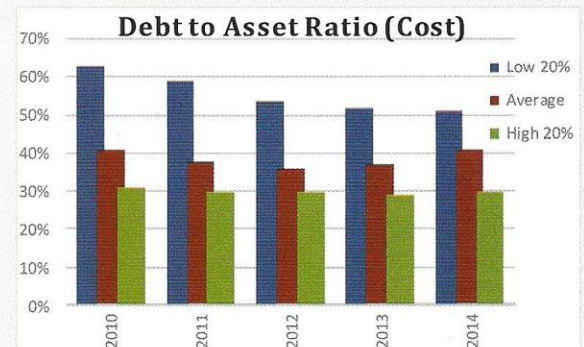
Average net farm income for the 518 farms that were included in the 2014 North Dakota Farm and Ranch Business Management Report was \$76,404 compared to \$133,466 in 2013. Median net farm income, probably a better measure of the typical farm, was \$53,788, compared to \$91,650 in 2013 and \$239,455 in 2012. Yields were quite good across the state but with high productions costs and low prices crop profitability was sharply lower. Record high prices for beef propelled the beef cow-calf enterprise to a record profit \$659 per cow. Beef cow prices were the bright spot in 2014 numbers.

Rate of return on assets was 2.5% and rate of return on equity averaged 1.7%. This is the first time in many years that rate of return on equity was lower than the rate of return on assets. This means borrowed money is no longer making the producer money and is an early warning sign not to take on any more debt. Term debt coverage ratio dropped 1.50 in 2013 to 1.04 in 2014. This means that the average farmer had \$1.04 to cover every \$1.00 of term debt payments. Working capital for the group averaged \$220,281 compared to \$299,741 in 2013. This is \$79,460 less and represents a 27% drop in working capital. Working capital as compared to gross farm revenues dropped from 43% in 2013 to 33% in 2014 moving much closer to the minimum acceptable level of 25% that many financial institutions have.



The average farm size was 2478 acres, of which 587 were pasture. The average farmer was 45.7 years of age and has farmed for 21.7 years.

The average nonfarm income for 2014 for the farms enrolled in the North Dakota Farm and Ranch Business Management Programs was \$34,673 compared to \$33,183 in 2013.



* Highlights from the 2014 Red River Valley Averages

Overview for Red River Valley

This report includes information from 231 farmers enrolled in the Farm Business Management Programs in the Red River Valley. These programs are located in North Dakota and Minnesota.

In 2014 the average farmer was 47.6 years of age, had farmed for 24 years, and farmed 1576 acres. This average farmer spent \$817,498 for inputs in the local community.

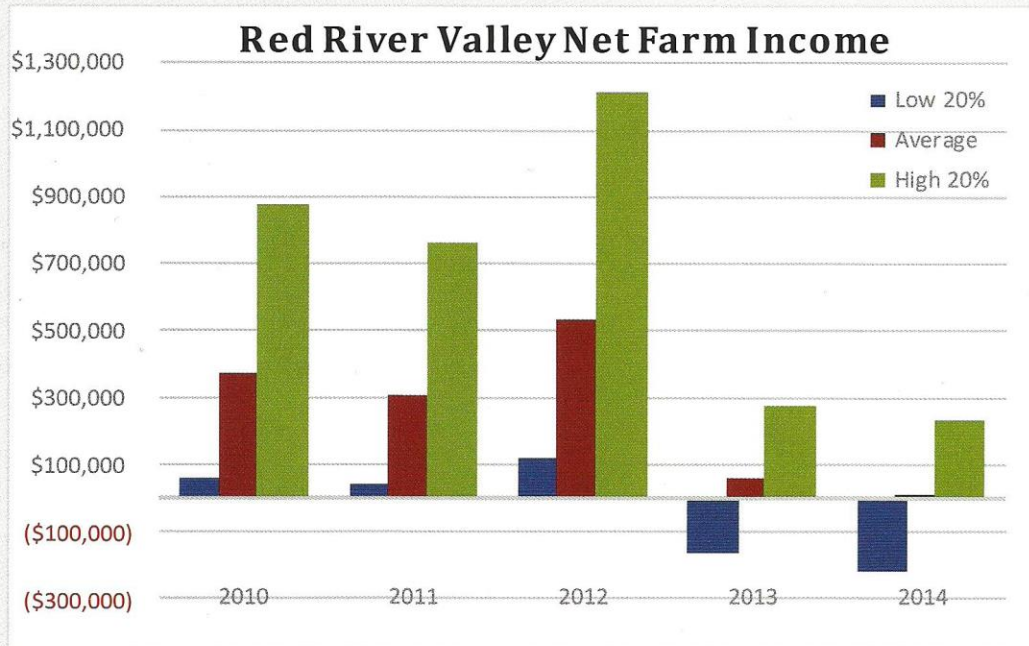
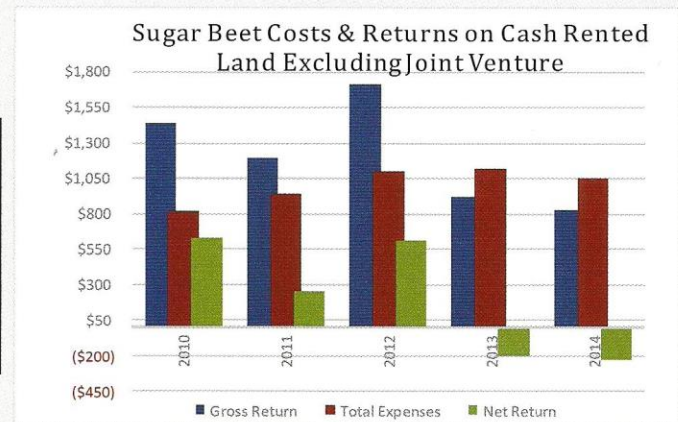
In 2014 net farm income average was \$12,723 which was a decrease of \$49,026 from 2013. The decrease in net farm income was caused by lower yields and prices along with higher input costs.

The average operating expense ratio was 85.8% in 2014 compared to 82.6% in 2013.

The term debt coverage ratio for was .14 with a capital replacement margin of -\$142,961 compared with -\$102,639 in 2013. The average debt-to-asset ratio was 38%.

2014 Crop Yields and Returns on Cash Rented Land

	Soybeans	HRSW	Corn
Yield/acre	37.50	66.36	131.56
Total Expense/a	\$385.285	\$423.16	\$646.98
Net Return/a	\$6.59	<\$28.35>	<\$77.19>
Cost/unit produced	\$10.27	\$6.38	\$4.92



Summary of Cash Flows

Gross Farm Income	\$1,014,875
Non Farm Income	\$25,735
Total Cash Farm Exp.	\$817,498
Income Taxes	\$38,394
Family Living	\$83,903
Money Borrowed	\$595,493
Principal Payments	\$552,774

The average net farm income for 2014 was \$12,723 compared to \$61,749 in 2013. In addition, Non-farm income averaged \$25,735.

Highlights from the 2014 North Dakota Region 2 Averages

Overview for Region 2

The North Central region of North Dakota saw a continued decrease in the net farm income this past year. The average net farm income for 151 farms enrolled in the area Farm and Ranch Business Management Education Program was \$89,569, a 47% decrease from 2013 and a 70% decrease from the highs in 2012. Gross farm income for the average farm saw a decrease of \$92,576 from 2013. Much of this can be attributed to lower commodity prices received for crops, lower government payments due to the new farm bill, and continued increases in operating expenses. The average farm again saw a decrease in working capital to \$248,198 a decrease of 17% from the previous year. The average farm consisted of 1968.4 crop acres and 334.7 of pasture. This is on par with the previous year. The average farm operator was 44.8 years of age and had been in farming for 21.3 years. Both age of operator and years in farming increased slightly.

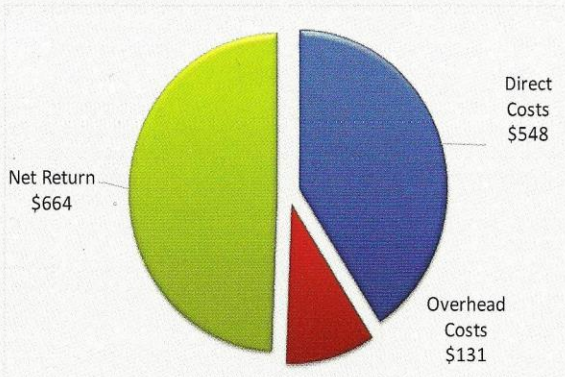
Leading the list of profitable crops for 2014 were Barley, Flax, Soybeans, Spring Wheat, and Sunflower.

2014 Crop Yields and Returns on Cash Rented Land

	Barley	Flax	Soybeans	HRSW	Oil SF
Yield/acre	75.43	24.95	30.16	57.91	16.78
Total Expense/a	\$304.57	\$252.33	\$292.36	\$297.96	\$349.47
Net Return/a	\$96.68	\$69.28	\$16.97	\$16.88	\$11.84
Cost/unit produced	\$4.04	\$10.12	\$9.69	\$5.15	\$20.83

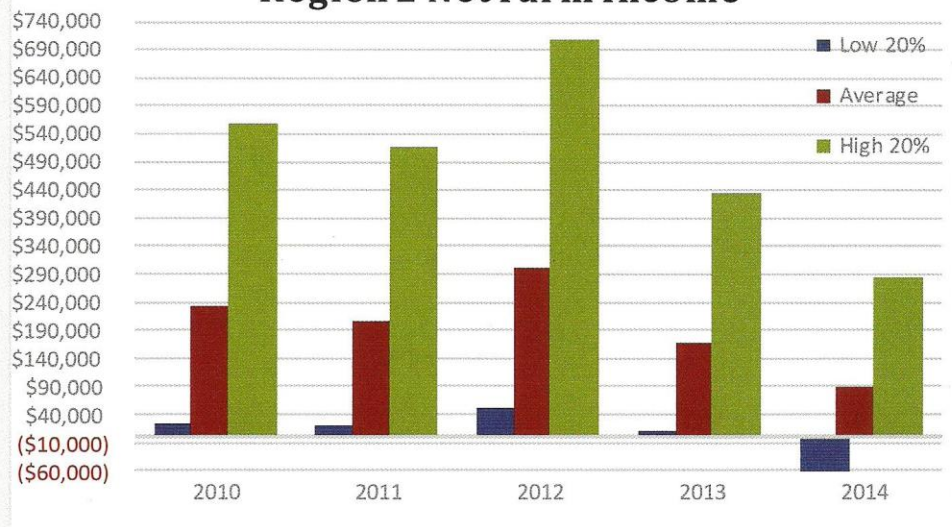
Cow/Calf producers enjoyed a good year in 2014. The average saw a Gross margin of \$1343.62 per cow with a net return per cow at \$664.38 per cow. Comparing this to 2013 where the average producer saw a gross margin of \$814.27 with a net return of \$258.86 per cow. This was the highest gross margins and returns seen by cow/calf producers in history. Overall cost per cow on the average did see an increase of 22% to an overall cost per cow at \$679.24 per cow compared with a cost of \$555.40 per cow as seen in 2013. Much of the increase was noticed in the feed fed per cow.

Average Beef Cow



Background enterprises also showed an increase in 2014 with an average return per hundred weight produced at \$78.36 in comparison to an average return per hundred weight produced of \$52.91.

Region 2 Net Farm Income



The average net farm income for 2014 was \$89,569 compared to \$169,771 in 2013. In addition, Non-farm income averaged \$34,487.

Highlights from the 2014 North Dakota Region 3 Averages

Overview for Region 3

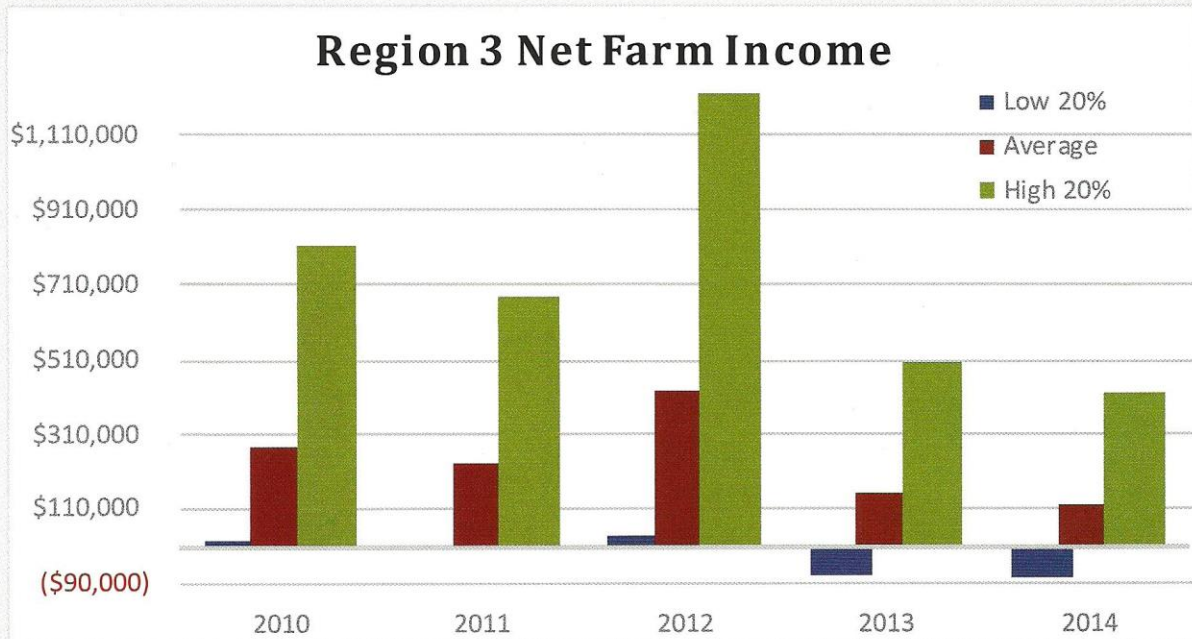
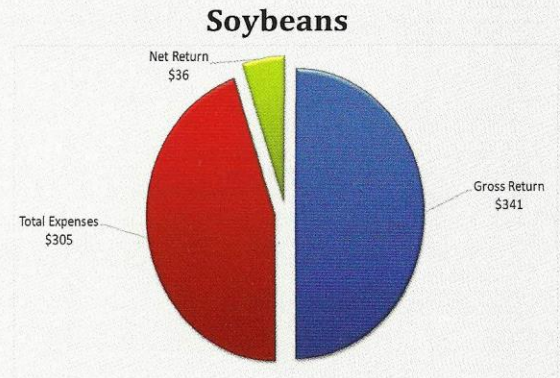
The south central region of North Dakota had a less profitable year than 2013. The average profit for the 136 farms enrolled in the area Farm and Ranch Business Management Programs was \$112,920 and was 21% less than the average profit of \$143,105 generated in 2013. The average farm consisted of 1964 crop acres and 558 acres of pasture or rangeland. The average farm operator was 46.4 years of age and had been farming for 22.5 years.

The farm profits were affected by lower crop prices and average to above average crop yields for many producers. Leading the list of profitable cash crops were barley and pinto beans.

The net income per cow in the region was \$628.84, an increase of \$399.38 per cow over 2013's net return of \$229.46. The average net income per backgrounded calf decreased from \$68.19 per head in 2013 to a negative \$60.39 per head in 2014.

2014 Crop Yields and Returns on Cash Rented Land

	Barley	Corn	Soybeans	Pinto Beans
Yield/acre	84.42	127.8	34	14.46
Total Cost/acre	\$283.84	\$492.04	\$304.91	\$378.66
Net Return/a	\$100.93	<\$45.99>	\$35.71	\$46.21
Cost/unit produced	\$3.24	\$3.82	\$8.91	\$26.54



The average net farm income for 2014 was \$112,920 compared to \$143,105 in 2013. In addition, Non-farm income averaged \$35,070.

Highlights from the 2014 North Dakota Region 4 Averages

Overview for Region 4

Western North Dakota farms and ranches had a reasonably good year in 2014. While the farm profit was not as good as the previous 4 years, it was still quite respectable. Record breaking beef prices along with good rainfall and high yields for most crops were the primary reasons. With very weak grain prices, crop producers need exceptional yields to make money on most crops.

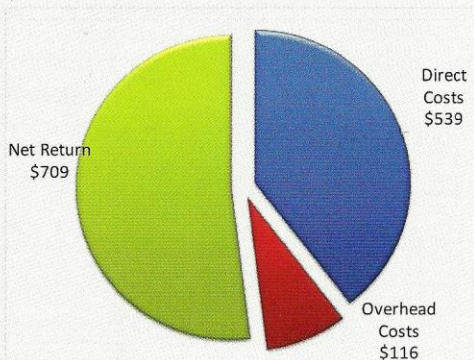
2014 Crop Yields and Returns on Cash Rented Land

	S Wheat	W Wheat	Corn Grain	Soybeans	Oil SF	Alf/grass hay
Yield/acre	48.2	45.39	90.58	32.82	12.77	2.0
Gross Income/a	\$258.19	\$260.83	\$302.33	\$284.99	\$278.42	\$110.81
Direct Expense/a	\$205.03	\$200.52	\$273.50	\$214.01	\$240.54	\$48.31
Total Expense/a	\$247.29	\$241.64	\$336.72	\$256.32	\$283.21	\$74.03
Net Return/a	\$10.90	\$19.19	<\$34.40>	\$28.67	<\$4.79>	\$36.77
Cost/unit produced	\$5.13	\$5.32	\$3.72	\$7.81	\$22.17	\$37.10

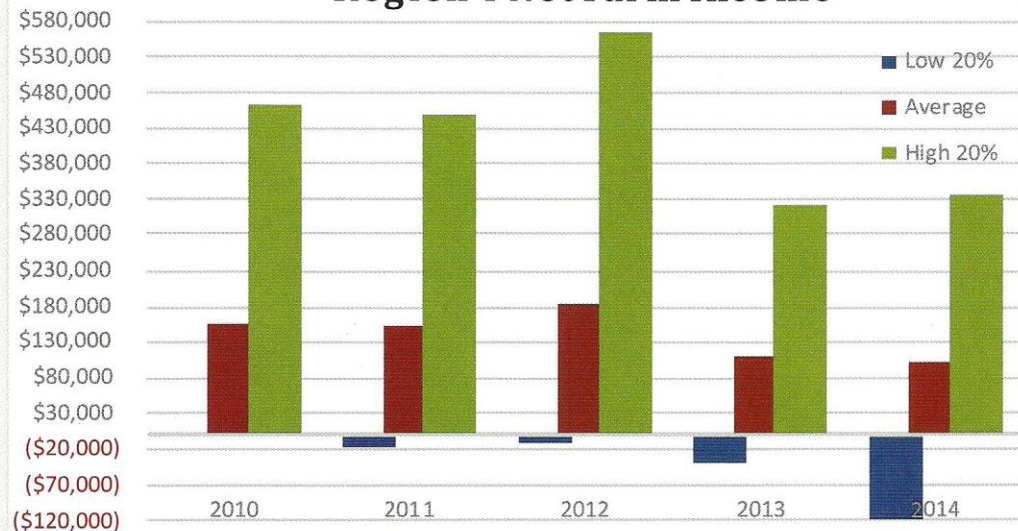
Costs & Returns per Beef Cow for Region 4

Beef cattle prices were the bright spot in western North Dakota agriculture for 2014. The average net return per cow in 2014 was \$708/head which is over twice the profit for 2013. The costs per cow continue to increase. The average expense per cow increased by \$100/head as compared to 2013.

Average Beef Cow

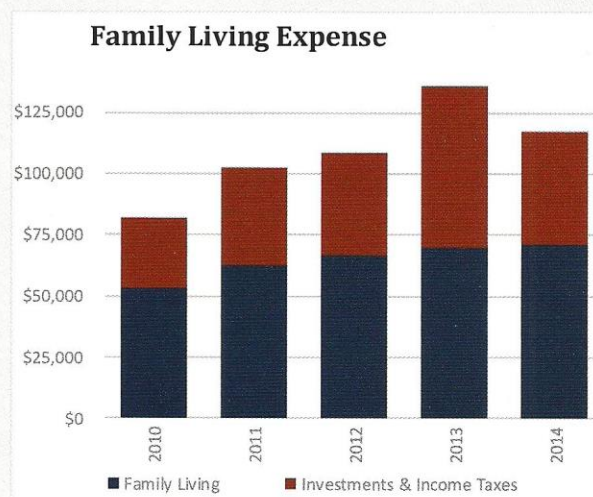
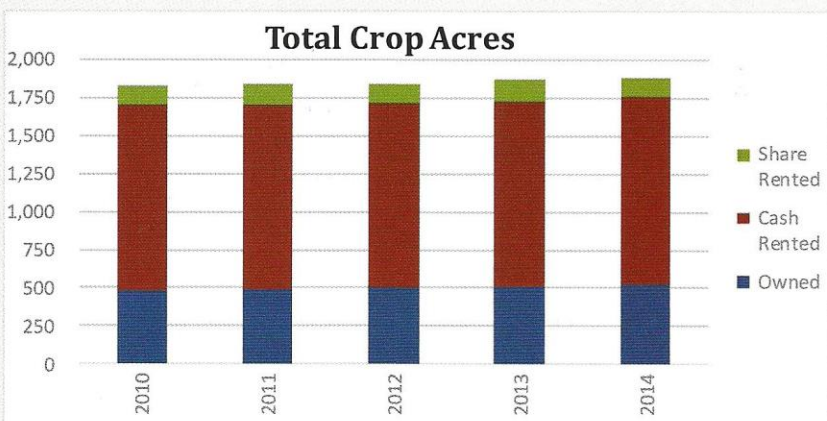


Region 4 Net Farm Income

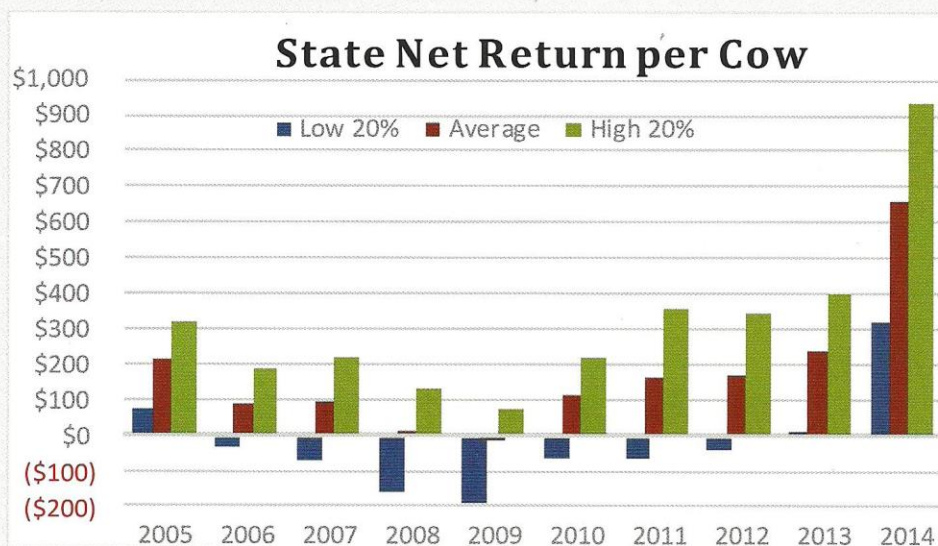


The average net farm income for 2014 was \$100,155 compared to \$110,311 in 2013. In addition, Non-farm income averaged \$49,095.

More Highlights from the 2014 North Dakota Farm and Ranch Business Management Averages



Beef Production in North Dakota for 2014



Cow-Calf Herds

	2014	2013	Difference
Average Weaning Weight	547#	541#	6#
Average Price of Calves sold directly off cow	\$264.53	\$175.13	\$89.4
Feed cost per Cow	\$382.55	\$322.83	\$59.72
Net return per cow	\$659.23	\$241.87	\$417.36

Beef Backgrounding

	2014	2013	Difference
Average lbs gained/head	99#	126#	<27#>
Net return/cwt produced	\$2.48	\$52.20	<\$49.72>
Average sale price	\$212.64	\$162.65	\$49.99
lbs of feed fed/lb of gain	14.3#	11.7#	2.6#
Average daily gain	1.61#	1.44#	0.17#

For More Information

If you would like a complete averages book or additional information please contact your local Farm and Ranch Business Management Education Program or the North Dakota Agricultural Education Supervisor at (701) 328-3179. You can also find more detailed information by checking out our website www.ndfarmmanagement.com or the Finbin website at www.finbin.umn.edu.

