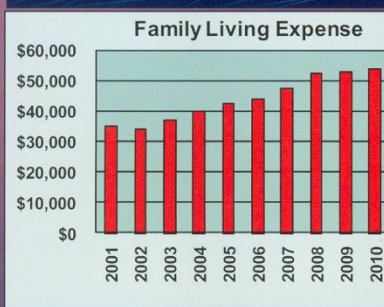


# North Dakota Farm & Ranch Business Management Education Programs

## Highlights from the 2010 North Dakota Averages



### Nonfarm Income

The average nonfarm income for 2010 for the farms enrolled in the North Dakota Farm and Ranch Business Management Programs was \$36,345 compared to \$25,897 in 2009.



### Overview of North Dakota Averages

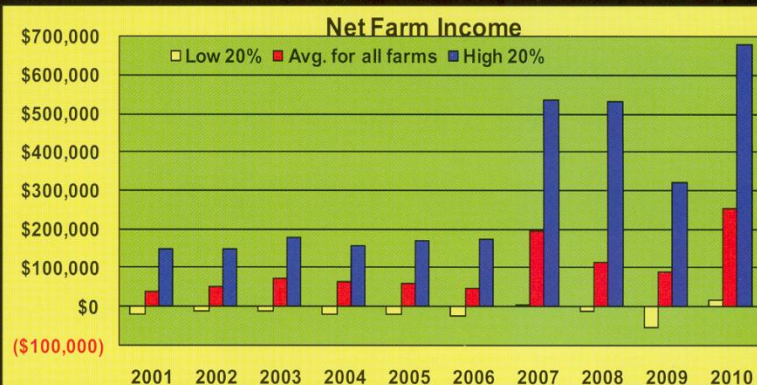
Average farm profit for the 541 farms that were included in the 2010 North Dakota Farm and Ranch Business Management Report nearly tripled to \$252,635 compared to \$86,665 in 2009. Median net farm income, probably a better measure of the typical farm, was \$174,010 compared to \$47,768 in 2009 and \$114,520 in 2008.

An unusually fortunate combination of events occurred in 2010 for North Dakota producers. Yields were very strong, with records for corn and sugar beets while barley, canola and spring wheat had the second highest yields in history. Grain prices turned around during small grain harvest and continued to go up the rest of the year. This provided additional profit opportunities for those who had crop inventories from 2009 to sell. Also, costs were flat to down in 2010 and federal disaster payments for the 2008 crop year were finally determined and paid in 2010.

Prices for livestock also increased leading to the largest year-to-year increase in beef profit in two decades. In 2010, although still less than crop farms, beef farm average profit increased to \$85,291 from \$8,440 in 2009.

Given the fortunate events of 2010, farm financial measures were very strong. Current assets averaged over twice that of current liabilities and, on average, there was four times the capacity needed to make scheduled term principal and interest payments. The rate of return on equity of 23.5 percent was greater than the rate of return on assets of 15.6 percent. This indicates that, on average, debt capital was profitably employed in 2010.

The average farm was 2,580 acres in size, of which 738 acres were pasture. The average age of the farmers was 44.7 years.



Net farm income is the amount of income available for family living, term debt principal payments, and new investments.



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This report includes information from 249 farmers enrolled in the Farm Business Management Programs in the Red River Valley. These programs are located in North Dakota and Minnesota.

In 2010 the average farmer was 45 years of age, had farmed for 22 years, and farmed 1809 acres. This average farmer spent \$701,977 for inputs in the local community.

In 2010 net farm income for the 249 farms averaged \$374,642 which was an increase of \$298,050 from 2009.

Factors that caused this year's higher net farm income included:

- Higher prices
- Good overall crops
- Stable input costs and
- 2008 disaster payments.

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The average yield for 2010 was 64.60 bushels per acre compared to 63.89 bushels in 2009.

Net Return per acre:

Average	\$103.20
Low 20%	<b>-\$30.66</b>
High 20%	\$209.93

The average price for HRSW was \$6.39 per bushel.

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	Bu/acre	Net Return
2004	105 bu	<b>-\$11.63</b>
2005	145 bu	\$37.54
2006	138 bu	\$51.51
2007	131 bu	\$140.54
2008	153 bu	\$165.87
2009	132 bu	<b>-\$47.95</b>
2010	149 bu	\$223.91

The average price for corn was \$4.59 compared to \$3.40 in 2009.

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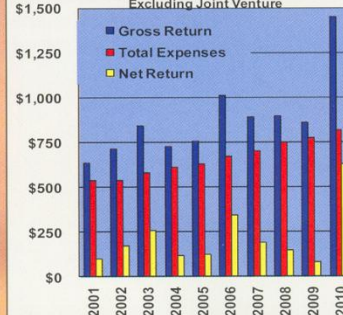
The average yield for soybeans in 2010 was 36.22 bushels per acre compared to 31 bushels in the previous year.

Net Return per acre:

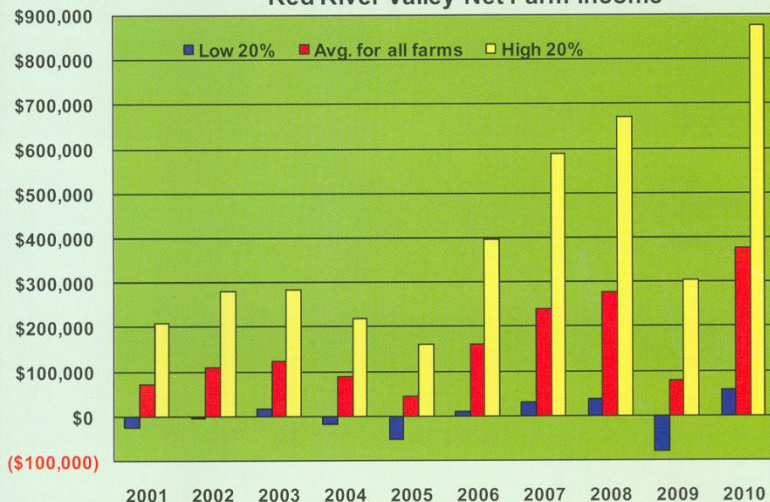
Average	\$115.63
Low 20%	\$33.18
High 20%	\$208.49

The average price for soybeans in 2010 was \$10.59 per bushel compared to \$9.37 in 2009.

Sugar Beet Costs & Returns on Cash Rented Land Excluding Joint Venture



Red River Valley Net Farm Income



Net farm income is the amount of income available for family living, term debt principal payments, and new investments.

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Gross Farm Income	\$931,278
Non Farm Income	\$19,151
Total Cash Farm Exp.	\$701,977
Income Taxes	\$19,674
Family Living	\$69,521
Investing	\$189,621
Money Borrowed	\$558,685
Principal Payments	\$512,215



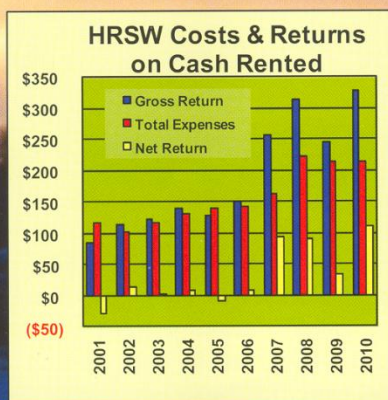
## Highlights from the 2010 North Dakota Region 2 Averages

### Overview for Region 2

The North Central region of North Dakota enjoyed a profitable year. The average farm profit for the 169 farms enrolled in the area Farm and Ranch Business Management Education Programs was \$233,968 showing a 213% increase over 2009. Good Yields, better quality and increased prices later in the year as reflected in ending inventory values led the way to producers seeing the best net farm income in the last four years.

The average farm consisted of 2052 acres of cropland and 460 acres of pasture remaining near the levels seen in 2009. The average age was 44.3 years with the number of years farming at 20.4 years. These numbers decreased from 2009 and may indicate a start in the transitioning of producers to the next generation.

The average farm in 2010 continued to show a decrease in debt to asset ratio (37%), a stronger current ration (2.27), working capital at \$283,663, a lower operating expense ratio (56.7%) and a strong net farm income ratio (35.9%). All these factors indicate strong farm financial ratios for the region.



### 2010 Crop Yields and Returns on Cash Rented Land

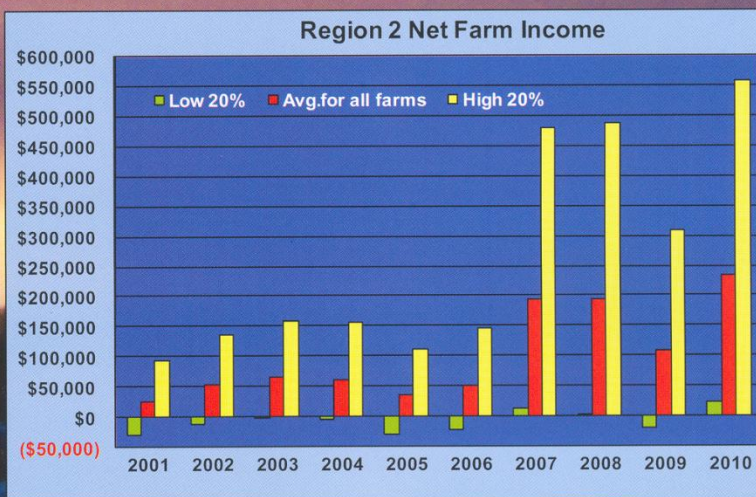
Crop production showed good returns for most of the major crops grown within the region. Most traditional crops showed slightly lower average yields compared to 2009, however, because of better average prices at harvest and improved quality showed improved returns. Crops such as corn and soybeans led the way in being the highest net return crops for the region in 2010.

	HRS Wheat	Canola	Soybeans	Barley
2010 yield/acre	47.66 bu	17.94 cwt	32.31 bu	64.89 bu
2009 yield/acre	51.97 bu	20.50 cwt	29.30 bu	75.43 bu
2010 net return/acre				
all farms	\$112.05	\$102.51	\$127.44	\$45.93
low 20%	\$6.34	-\$20.50	\$7.98	-\$22.90
high 20%	\$211.19	\$205.92	\$235.48	\$111.32
2010 Price/unit	\$6.76	\$19.19	\$10.35	\$3.82
2009 Price/unit	\$4.68	\$15.82	\$8.99	\$3.71

### Beef Summary

Cow-calf herds saw an improvement from the last two years with a net return per cow of \$125.51. This was an increase of \$143.49 per cow compared to 2009. Contributing factors to the improved profitability were the higher beef prices received along with only slightly higher costs of production.

Background beef also showed a positive return in 2010 averaging \$48.54 net return per hundred weight of production. This was slightly lower than 2009 due to an increase in feed costs.



Net farm income is the amount of income available for family living, term debt principal payments, and new investments.



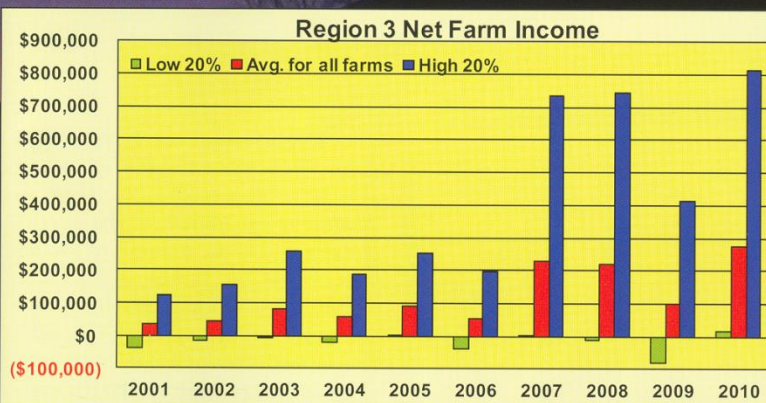
## Highlights from the 2010 North Dakota Region 3 Averages

### Overview for Region 3

The south central region of North Dakota enjoyed a profitable year. The average profit for the 147 farms enrolled in the area Farm and Ranch Business Management Programs was \$273,012 and was almost three times greater than the average profit of \$99,091 generated in 2009. The average farm consisted of 1797 crop acres and 600 acres of pasture or rangeland. The average farm operator was 44.6 years of age and had been farming for 20.7 years.

The farm profits were the result of a combination of carry over inventories, increasing crop marketing prices and excellent crop yields for many producers. Leading the list of profitable crops were corn, durum, hard red spring wheat, soybeans and canola.

The net income per cow in the region was \$102.87. An increase of \$114.22 per cow over 2009's net return of **-\$11.35**. The average net income per backgrounded calf increased from \$6.02 per cwt of production in 2009 to \$53.74 per cwt produced in 2010.



Net farm income is the amount of income available for family living, term debt principal payments, and new investments.

### 2010 Crop Yields and Returns on Cash Rented Land

#### Hard Red Spring Wheat

The average yield for hard red spring wheat was 55.74 bushels per acre compared to 62.15 bushels in 2009.

#### Net Return per Acre:

Average	\$136.96
Low 20%	\$3.40
High 20%	\$228.52

The average price for hard red spring wheat was \$6.77 per bu.

#### Corn

The average yield for corn grain was 134.20 bushels per acre which was much higher than the 107.11 bushels in '09.

#### Net Return per Acre:

Average	\$234.21
Low 20%	\$29.83
High 20%	\$411.94

The average price for corn was \$4.57 per bushel.

#### Soybeans

The average yield for soybeans in 2010 was 35.30 bushels per acre compared to 32.38 bushels in 2009.

#### Net Return per Acre:

Average	\$132.95
Low 20%	\$2.10
High 20%	\$249.07

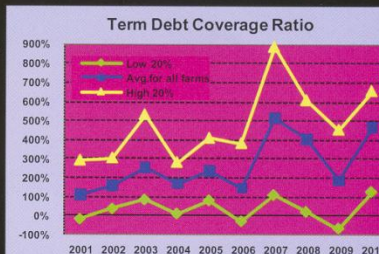
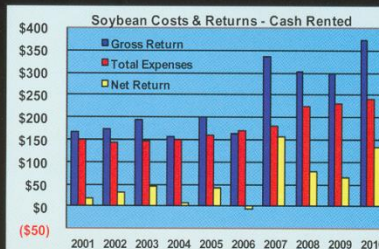
The average price for soybeans in 2010 was \$10.55 per bushel.

#### Barley

The average yield for barley in 2010 was 79.96 bushels per acre compared to 82.31 bushels last year. This marked the third year of yields around 80 bushels per acre.

Net Return per Acre for the average farm was \$109.32.

The average price for barley in 2010 was \$4.26 per bushel.





# Highlights from the 2010 North Dakota Region 4 Averages

## Overview for Region 4

Western North Dakota enjoyed another good crop production year with prices gradually increasing shortly after harvest for most crops.

The beef cow enterprise had an average increase in profits of \$109.29 per cow compared to the previous year.

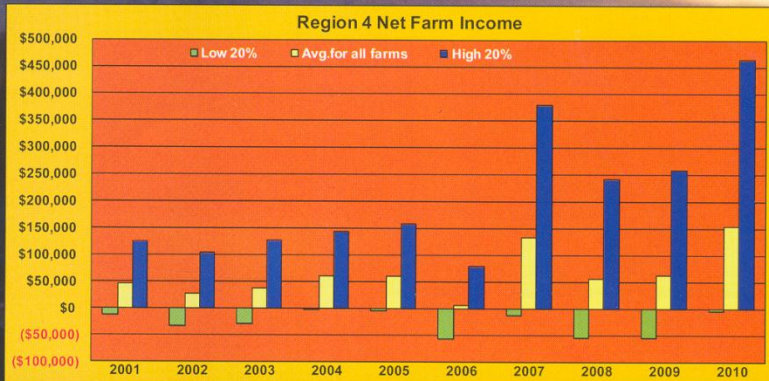
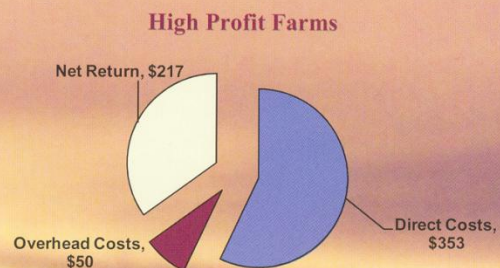
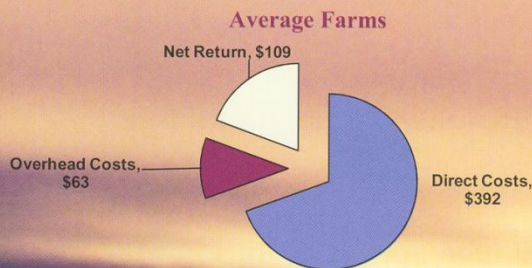
As usual an approximately \$300 profit per cow difference was observed between the 20% high profit and the 20% low profit groups. Total cost per cow was within several dollars of the 2009 costs. Increased profits were due to calf prices at weaning time.

Costs to generate \$1.00 of income is an important efficiency measure to monitor over time. In region 4 the previous 5 year average was 83 cents. In 2010 it was 74 cents, leaving 26 cents of every dollar produced available for family living and for boosting net worth. Average gross income was \$589,000

## 2010 Crop Yields and Returns on Cash Rented Land

	Spring Wheat	Sunflowers	Corn Grain	Durum Wheat	Alfalfa Hay	Alfalfa/ Grass Hay
Yield per acre	36.14 bu	13.50 cwt	70.88 bu	39.23 bu	2.39 ton	1.59 ton
Income per acre	\$262.48	\$264.64	\$344.24	\$339.11	\$122.13	\$70.36
Direct Expense per acre	\$160.40	\$198.02	\$187.51	\$162.76	\$43.08	\$38.56
Total Expense per acre	\$187.16	\$227.99	\$231.46	\$187.02	\$60.35	\$55.09
Net Return per acre	\$75.33	\$36.65	\$112.98	\$152.09	\$61.78	\$15.27
Cost per Unit Produced	\$5.18	\$16.89	\$3.26	\$4.77	\$25.27	\$34.59

## Costs & Returns per Beef Cow



The average net farm income for 2010 was \$154,809 compared to \$61,570 in 2009. Net farm income is calculated on the accrual basis and is the amount of income available for family living, term debt principal payments, and new investments. Non-farm income is also available to accomplish these goals and in 2010 non-farm earnings averaged \$41,530.

For more details check out the website at [finbin.umn.edu](http://finbin.umn.edu).



# More Highlights from the 2010 North Dakota Farm and Ranch Business Management Averages

## Beef Production in North Dakota for 2010

### Cow-Calf Herds

The average weaning weight for 2010 was 555 pounds which was 14 pounds lower than the 569 pounds recorded in 2009.

#### Net Return per Cow:

Average	\$113.29
Low 20%	<b>-\$63.35</b>
High 20%	\$220.59

The average price received for calves sold directly off the cows was \$117.54 in 2010 compared to \$95.10 in 2009.

Feed Cost went down from \$302.86 in 2009 to \$290.06 in 2010.

### Beef Backgrounding

The average beef backgrounding program added 145.0 pounds per head in 2010 compared to 151.4 pounds in 2009.

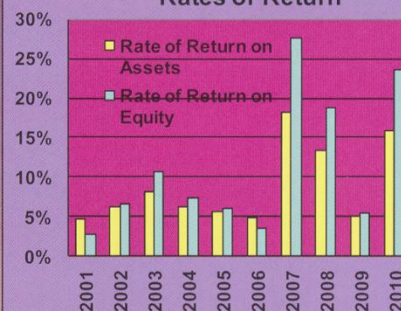
#### Net Return per cwt produced:

Average	\$47.09
Low 20%	<b>-\$15.63</b>
High 20%	\$79.91

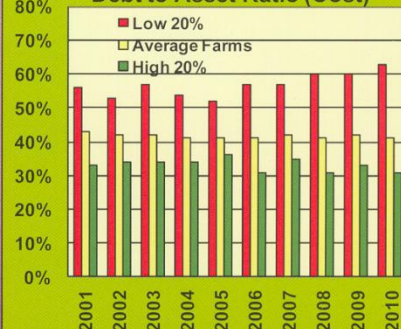
The average sales price in 2010 was \$104.49 compared to \$92.72 in the previous year.

The average farm fed 14.39 lbs of feed per lb of gain, with 3.72 lbs of that being concentrates. This resulted in an average daily gain of 1.59 lbs.

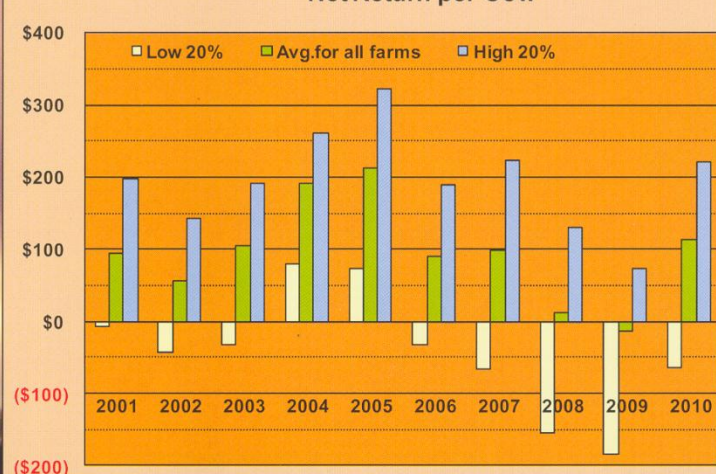
## Rates of Return



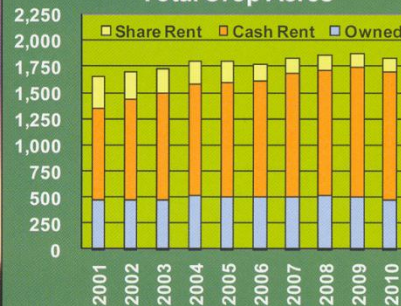
## Debt to Asset Ratio (Cost)



## Net Return per Cow



## Total Crop Acres



## 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) 328-3162. You can also find more detailed information by checking out our website at [www.ndfarmmanagement.com](http://www.ndfarmmanagement.com) or the Finbin website at [www.finbin.umn.edu](http://www.finbin.umn.edu).

## Our Mission

To provide lifelong learning opportunities in economic and financial management for adults involved in the farming and ranching business.