NORTHLAND
COMMUNITY & TECHNICAL COLLEGE

North Dakota
cte
Career and Technical Education

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Farms in the Annual Red River Valley Annual Report

- FINAN, the analysis software, allows us to take a closer look at the farms in a region or state.
- We can create summaries of:
  - Farm Size (based on Gross Income)
  - Type of Farm (based on 70% of gross income)
  - Age of Operator
  - Other special sorts based on location, production practices, enterprise selection and size, etc.

Farm Management Education Is Concerned With:

1. Creating an awareness of the need for accurate financial & enterprise records.
2. Stimulating individuals and families to establish goals and set priorities.
3. Developing the farm operator's understanding of the function of management.

Farm Management Education Is Concerned With:

4. Developing fundamentals of resource management (Financial & Human).
5. Developing student skills in analyzing and interpreting farm business records.
6. Developing skills in analyzing data to improve the organization and efficiency of the farm business.

Ask Yourself these Questions

- How do I compare?
  - With my previous farm history?
  - With local or county information?
  - With area and statewide information?
- Is my farm getting the financial returns that I want or need?
- How do I go about making my farm business more efficient or profitable?

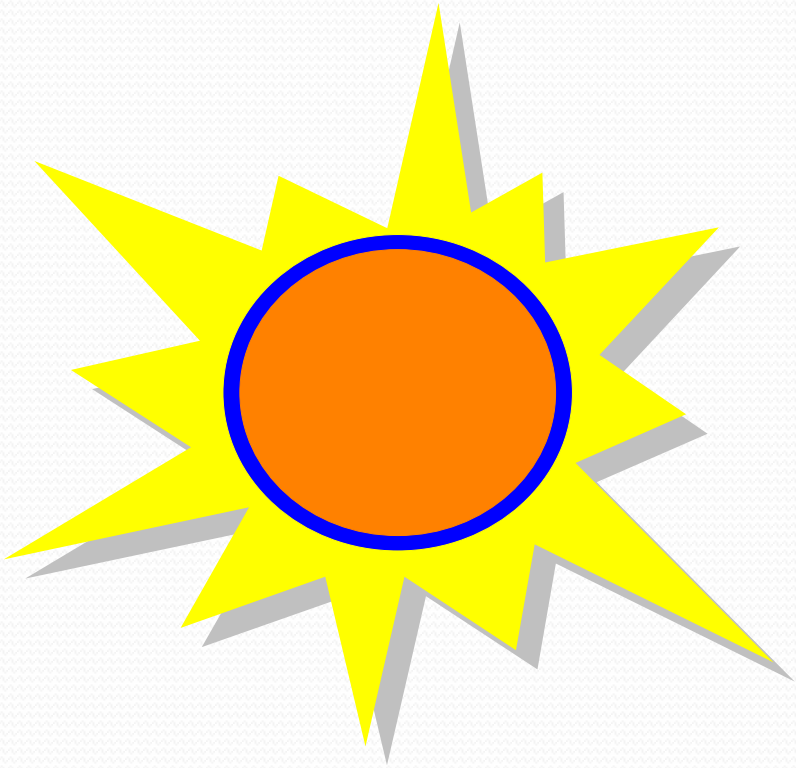
How Should I Use the Data

- Compare your financial and crop numbers to your pier group

Total Farm Assets

- Total farm assets increased $375,530 over last year. (Cost)

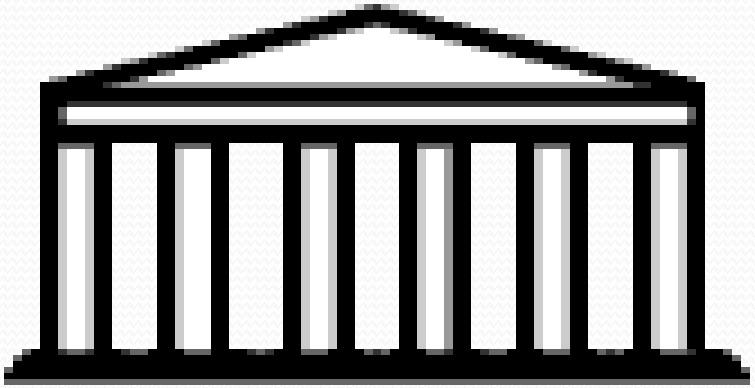
  - 2005 $1,072,106
  - 2006 $1,162,753
  - 2007 $1,319,822
  - 2008 $1,594,701
  - 2009 $1,545,551
  - 2010 $1,843,439
  - 2011 $1,956,332
  - 2012 $2,331,862



Total Farm Liabilities

- Total farm liabilities increased $82,792 from last year

2005	$516,592
2006	$543,610
2007	$576,908
2008	$681,055
2009	$683,852
2010	$735,208
2011	$755,356
2012	$838,328

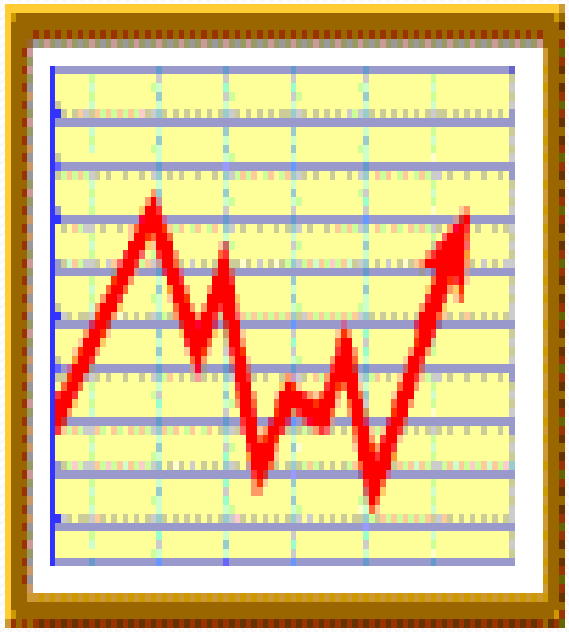


Net Worth Change

- This year we had a positive Net Worth change of $392,774.
  - 2006 $96,816
  - 2007 $161,030
  - 2008 $165,651
  - 2009 $6,849
  - 2010 $269,511
  - 2011 $198,267
  - 2012 $392,774

Farm Receipts

- Gross Farm receipts increased by $59,427 due mainly to higher commodity prices and above average yields
  - 2004 $599,921
  - 2005 $546,515
  - 2006 $604,651
  - 2007 $729,735
  - 2008 $897,727
  - 2009 $843,024
  - 2010 $931,278
  - 2011 $1,104,412
  - 2012 $1,163,839



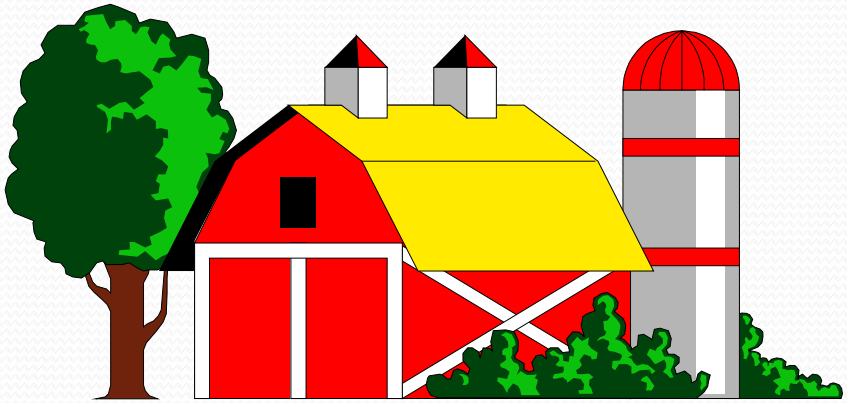
Government Payments

This includes direct, crp, and disaster payments.

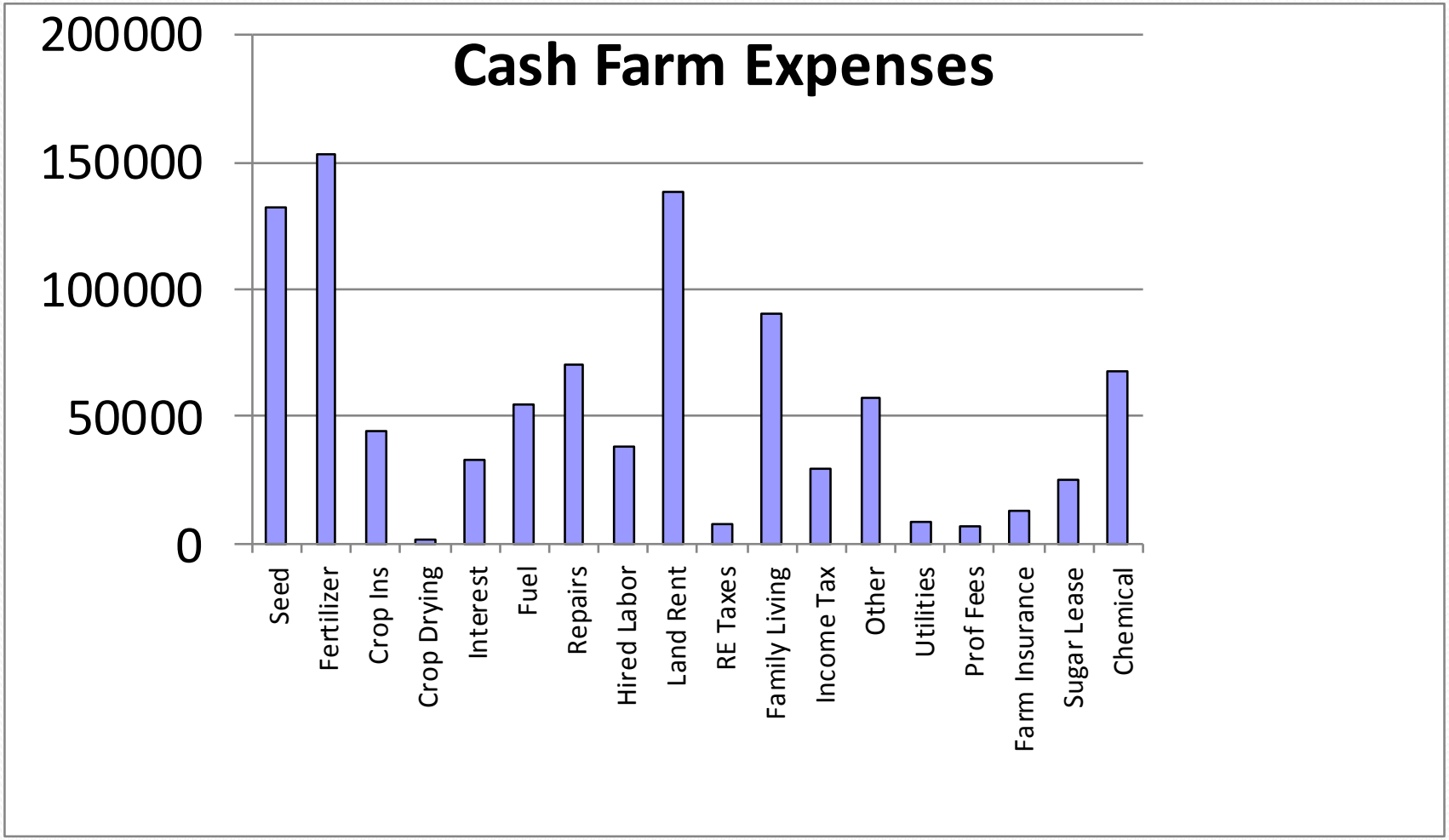
- 2004 $36,881
- 2005 $54,301
- 2006 $29,339
- 2007 $26,431
- 2008 $36,533
- 2009 $23,746
- 2010 $39,737
- 2011 $36,606
- 2012 $29,163

Farm Expenses

- Cash farm expenses were up $60,840
  - 2003 $433,152
  - 2004 $427,807
  - 2005 $454,623
  - 2006 $508,716
  - 2007 $602,429
  - 2008 $718,042
  - 2009 $651,196
  - 2010 $701,797
  - 2011 $789,890
  - 2012 $850,730



How the $971,020 was spent including family living and income taxes. The three largest expense are seed, fertilizer and rent.



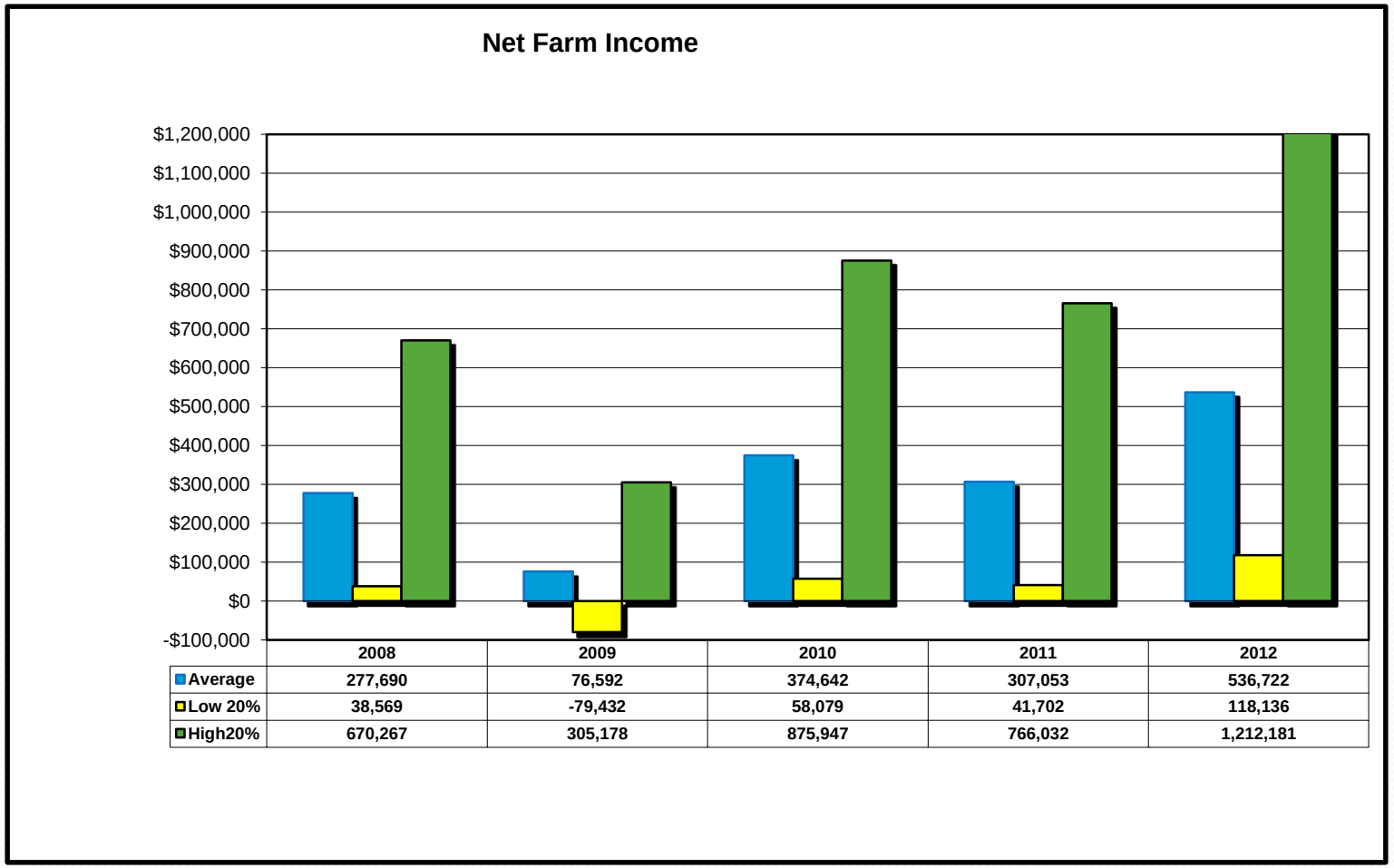
Net Farm Income

- This is the net cash farm income after being adjusted first for inventory change and than for depreciation
- This is the calculated profit for the year
- If more money than indicated on net farm income is spent on family living, personal taxes, and new investments, it must be taken from inventory sales, the capital replacement dollars, new borrowings, or from off farm income. It is also calculated under the cost balance sheet.

Net Farm Income For Valley

- Net farm income for farms in the Valley averaged $536,722 which was an increase of $229,669 from 2011.
- Net farm income for the low 20% of the farms averaged a positive $118,136
- Net farm income for the high 20% of the farms averaged $1,212,181
- Net farm income for the people in the 40%-60% averaged $426,103
- The large increase in Net Farm income was due to above normal yields and above normal prices

Net Farm Income (Profit) By Year



	2008	2009	2010	2011	2012
Average	277,690	76,592	374,642	307,053	536,722
Low 20%	38,569	-79,432	58,079	41,702	118,136
High20%	670,267	305,178	875,947	766,032	1,212,181

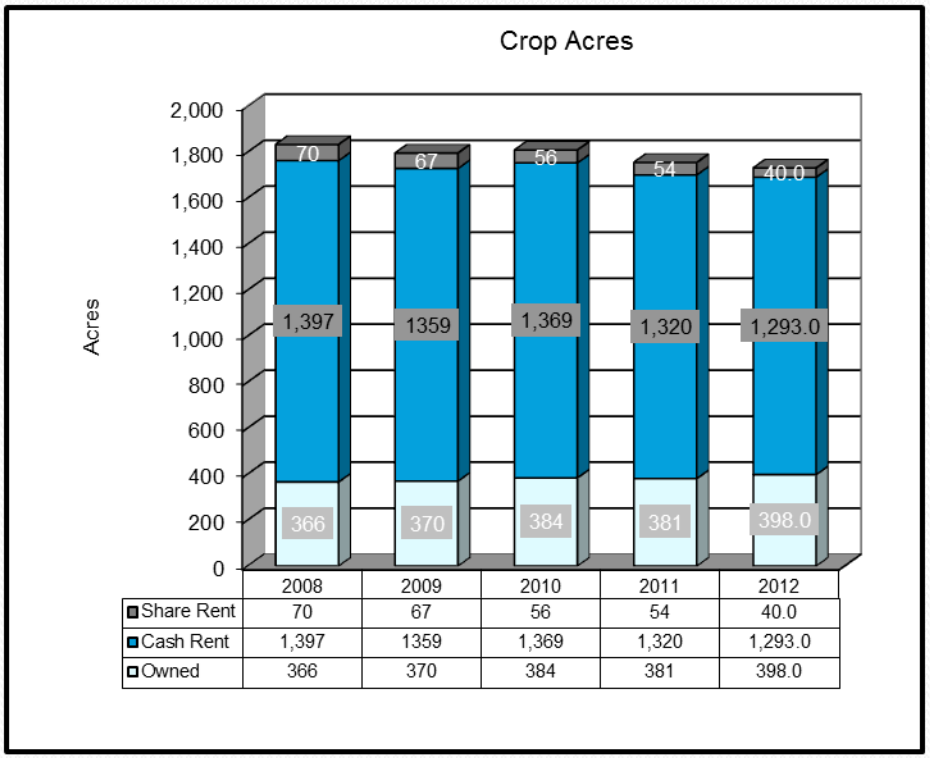
Crops and Feed Inventory Change

- This year we had a positive inventory change of $291,127 compared to $51,949 last year

$ Expense/$ Income

- In 2012 it cost a Valley farmer about 55.4 cents (accrual) compared to 64.4 cents (accrual) in 2011 to make a dollar's worth of income. This number is the operating expense ratio and does not include interest or depreciation expense.

Acres Farmed Stayed Steady



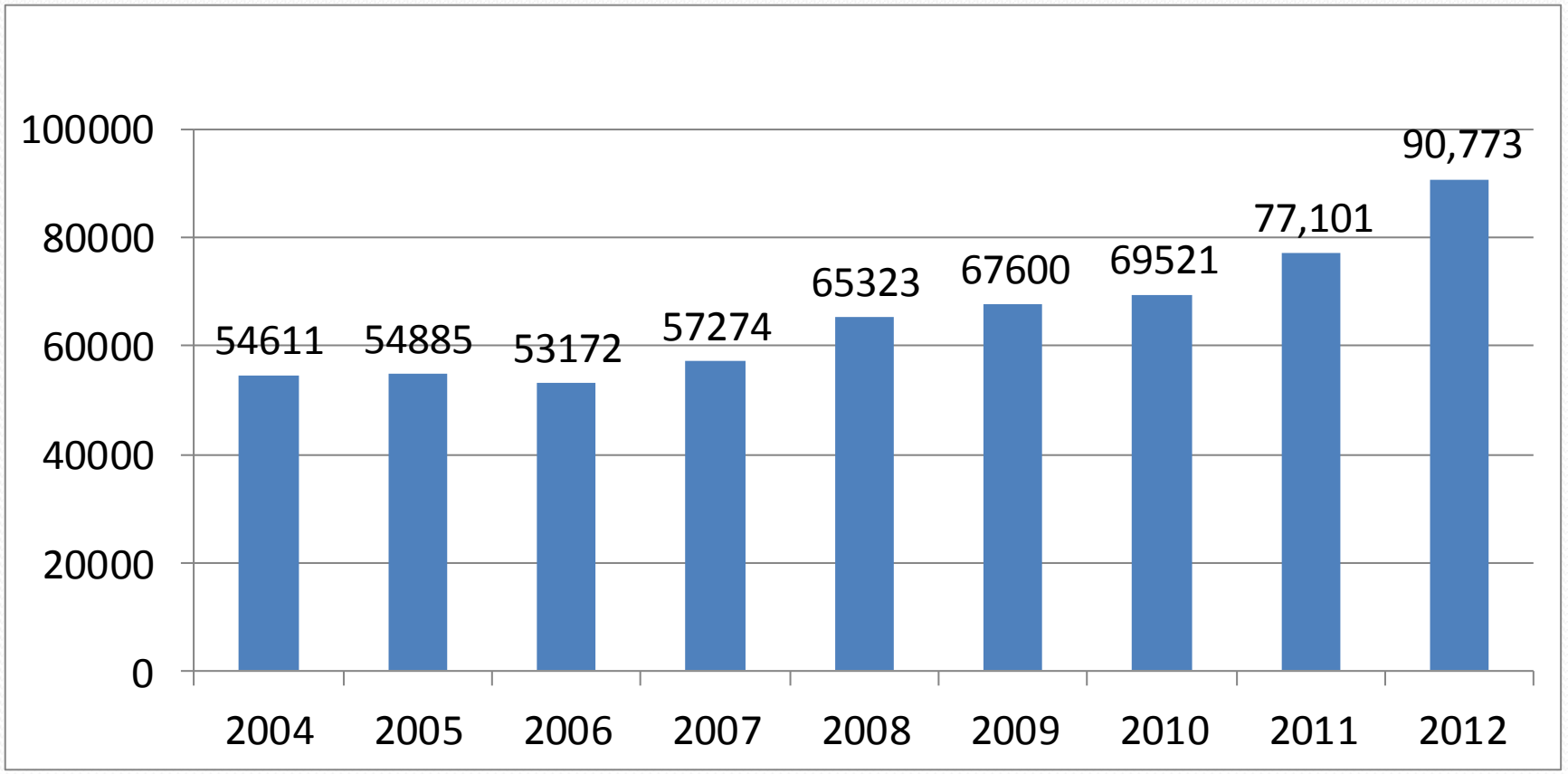
	2008	2009	2010	2011	2012
Share Rent	70	67	56	54	40.0
Cash Rent	1,397	1359	1,369	1,320	1,293.0
Owned	366	370	384	381	398.0

Machinery and Buildings Purchased

- Machinery purchased for the year was $186,750 up $23,322 from last year.
- Buildings purchased during the year averaged $44,075 per farm.

Non-Farm Income and Family Living Information

Apparent Family Living



Non Farm Income

- Average Personal Income was $20,105

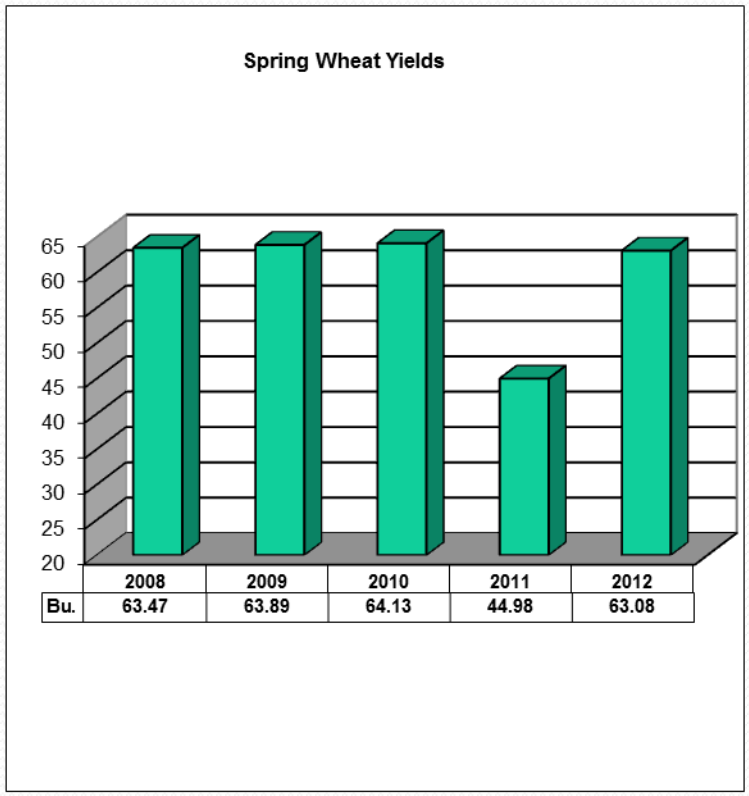
Crop Yields, Costs and Returns

Net Return for Crops

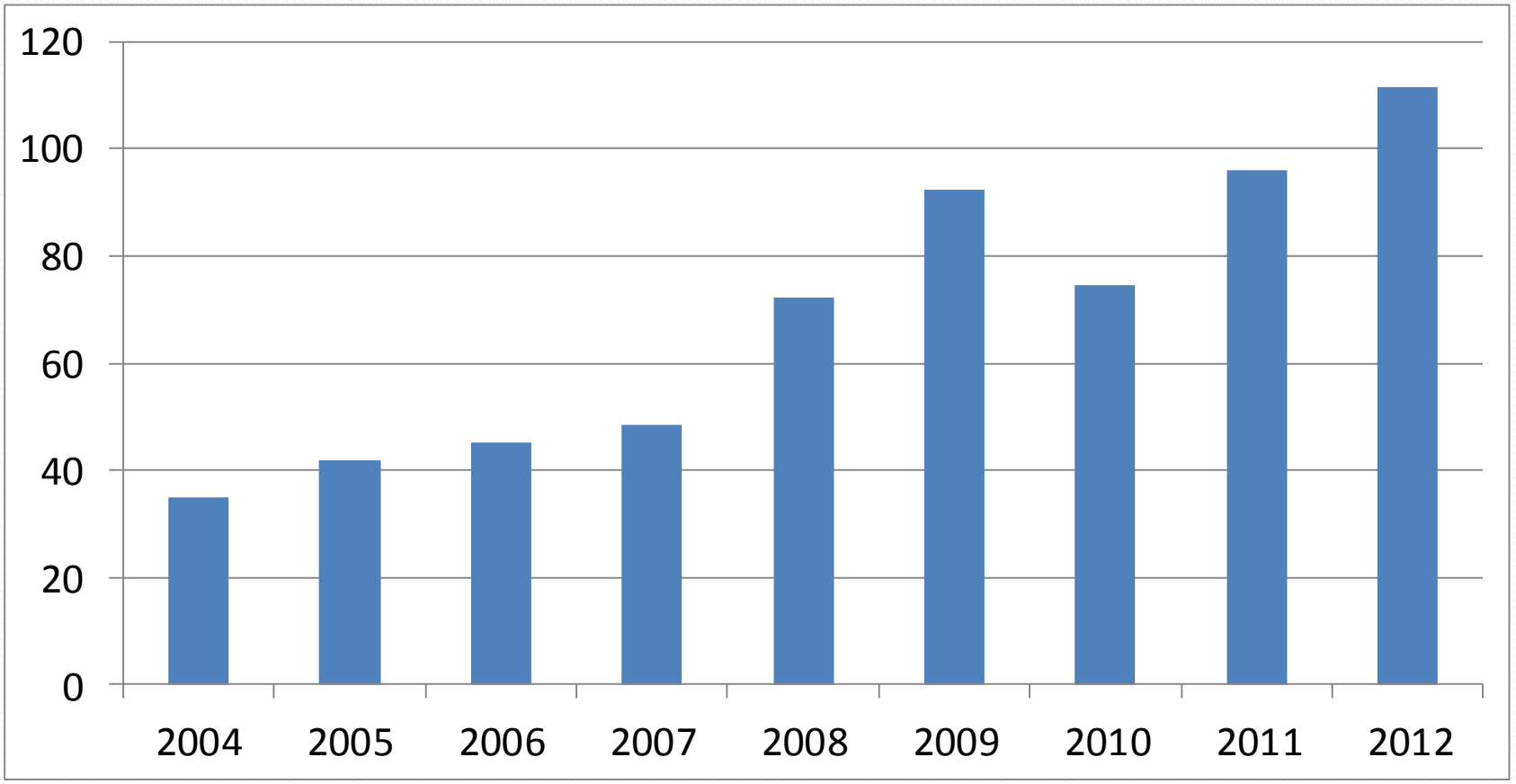
- Does not include Government Transition Payments, Acre Payments, or Disaster Payments
- Does include Crop Insurance and RA and CRC insurance

Spring Wheat Yield

Wheat yield increased 18.1 bushels per acre from 2011



Spring Wheat Fertilizer Costs Per Acre

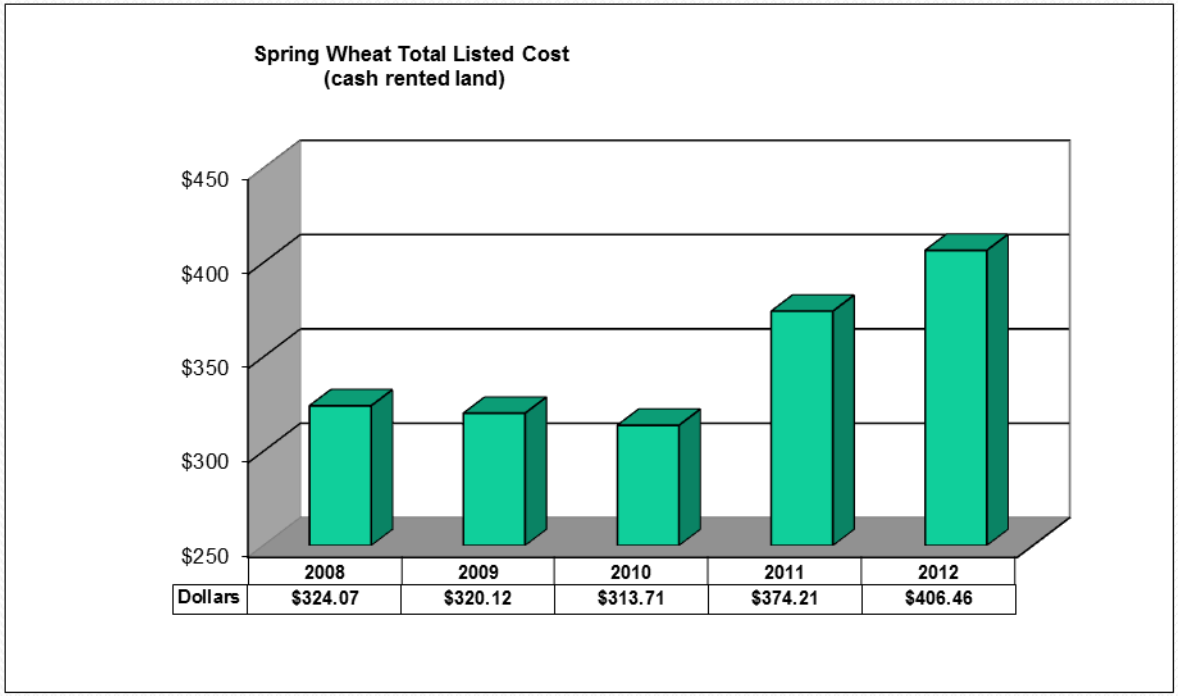


Spring Wheat Net Return/Acre

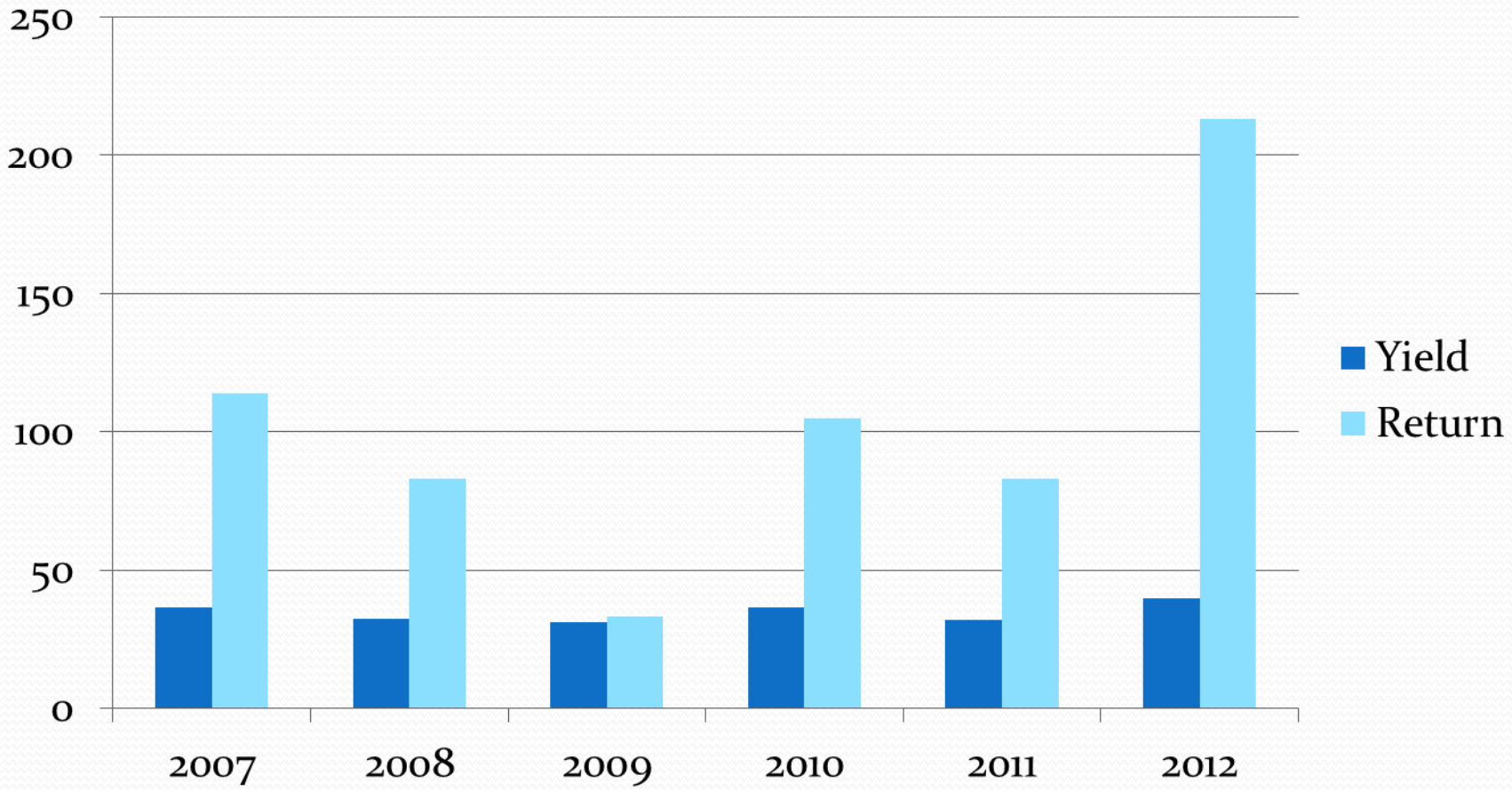
- The net return per acre of wheat on cash rented land was positive this year
  - 2012

Average	$135.04
Low 20%	$21.14
High 20%	$278.

Spring Wheat Total List Costs



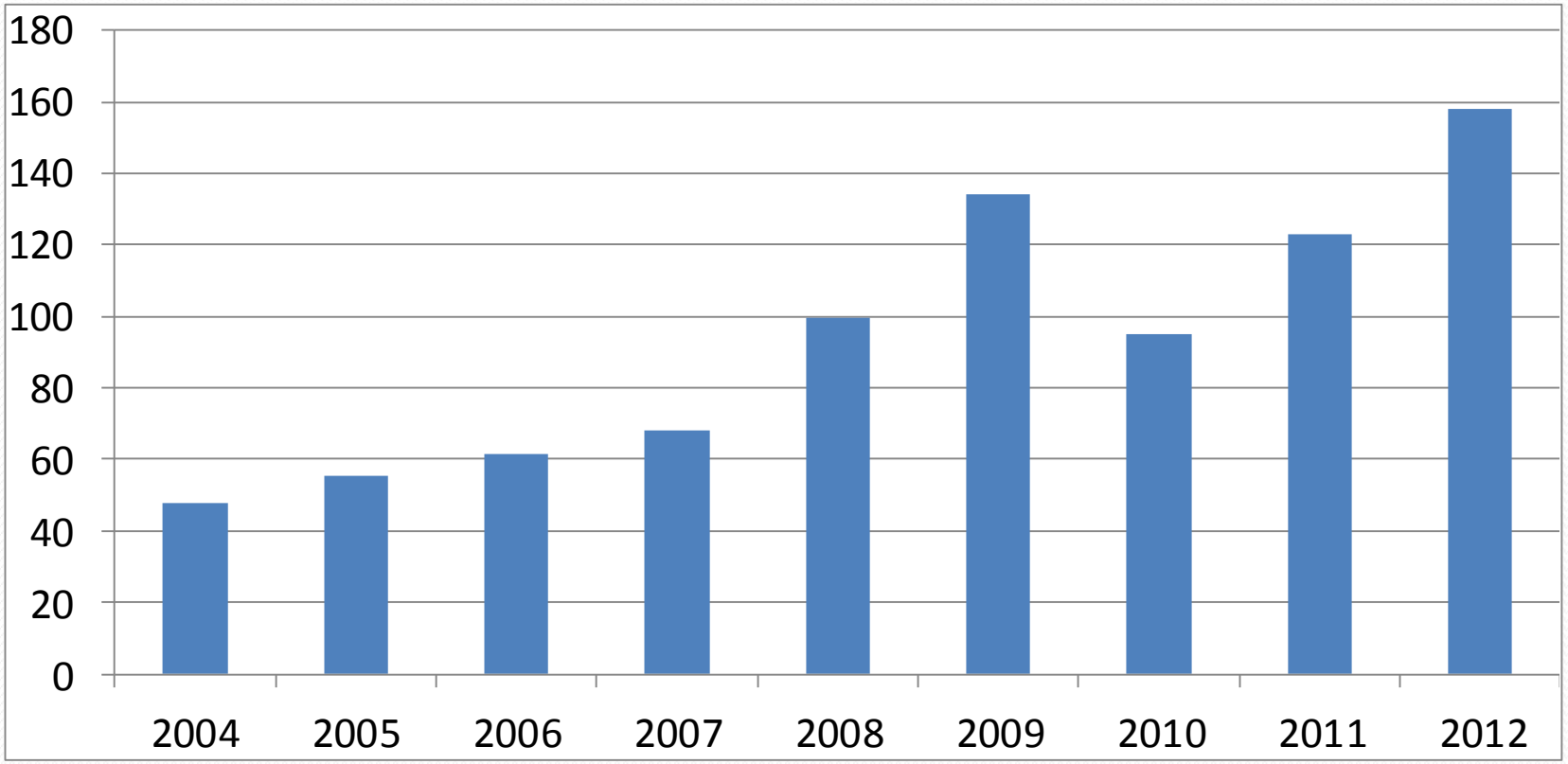
Soybeans Yield for 2012 was 39.63 bu per acre up 7.83 bushels from 2011



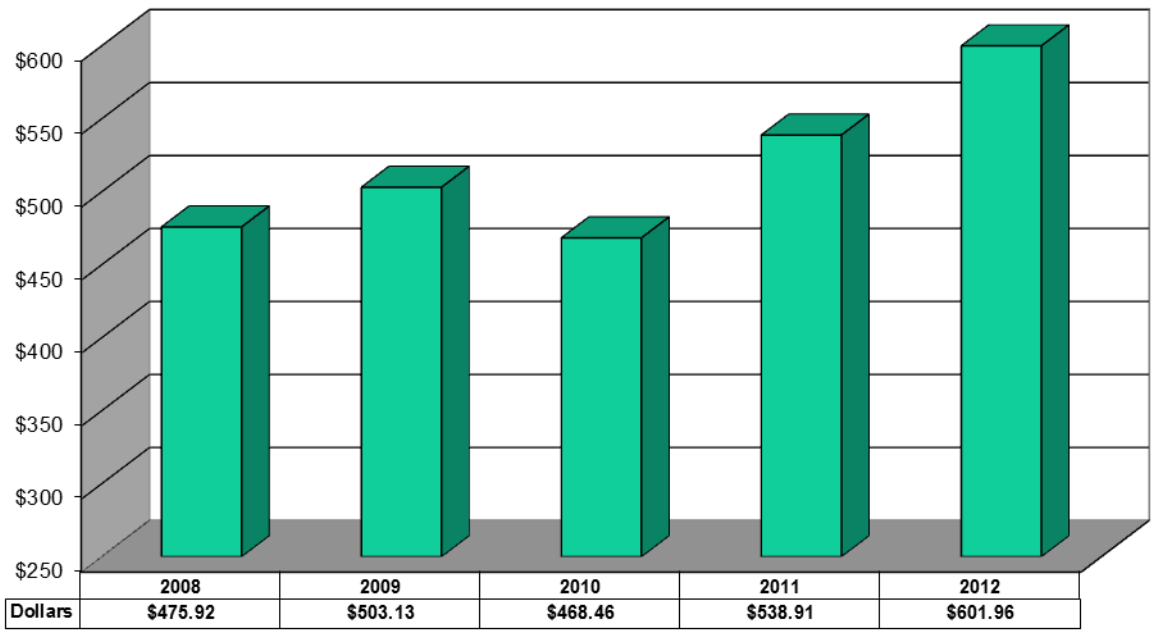
Corn Yields & Net Return per Acre

	Yield	Net Return
• 2007	131 bu	$140.54
• 2008	155 bu	$132.49
• 2009	132 bu	-$47.95
• 2010	149 bu	$196.89
• 2011	114.6	$154.78
• 2012	144.93	$331.42

Corn Fertilizer Costs Per Acre

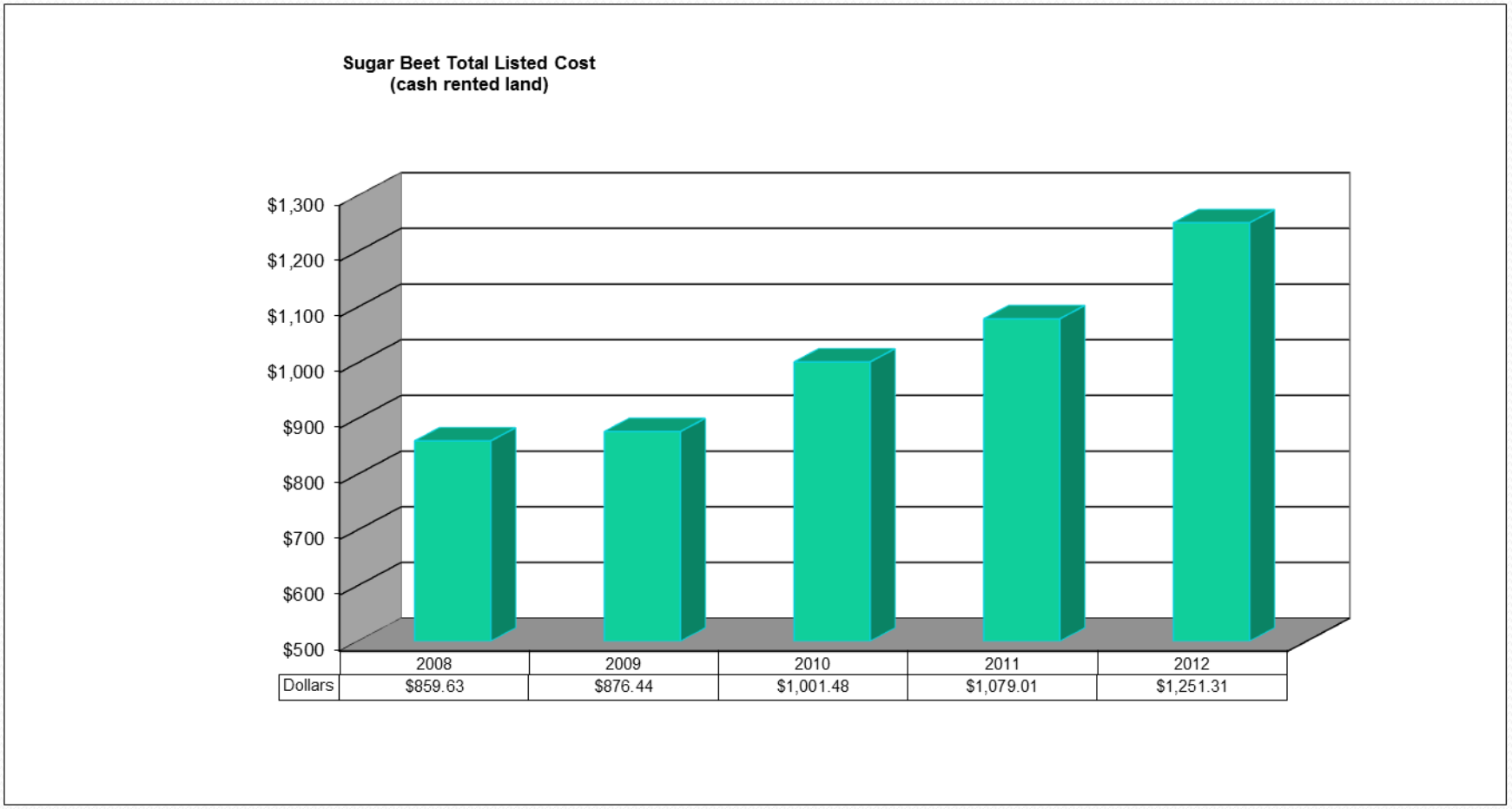


Corn total costs on cash rented land

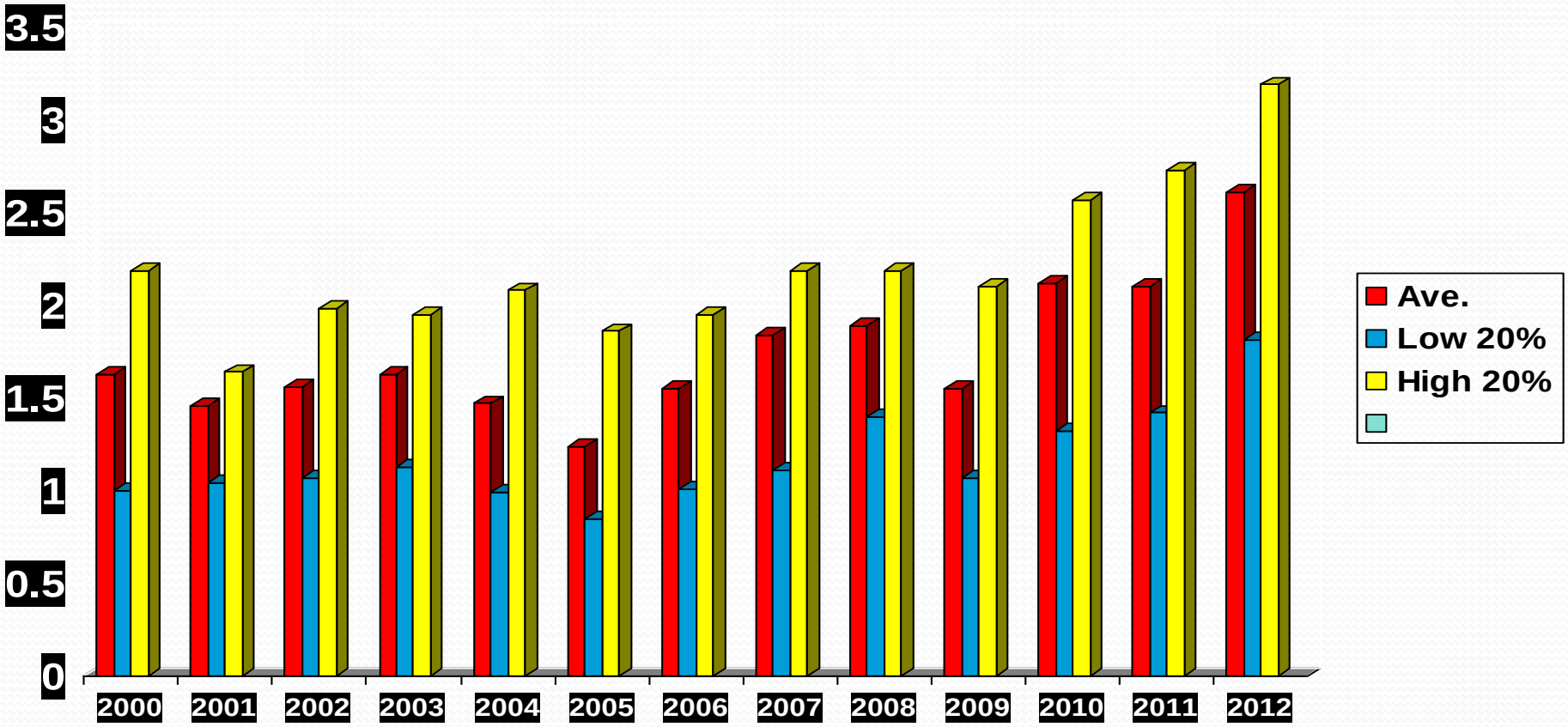


Sugar Beet Yield

Cost Per Acre for Sugar Beets on Cash Rented Land



Current Ratio



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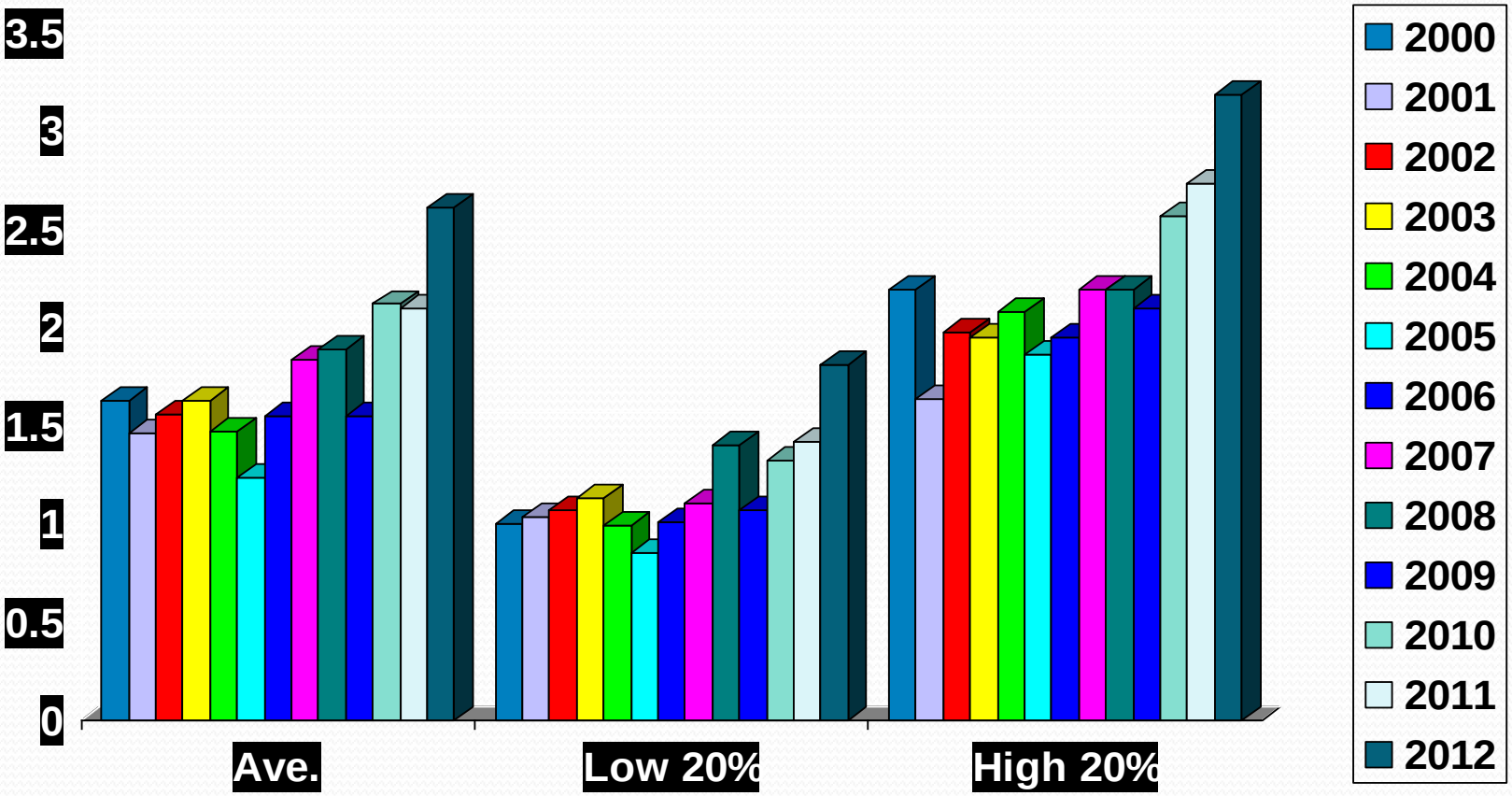
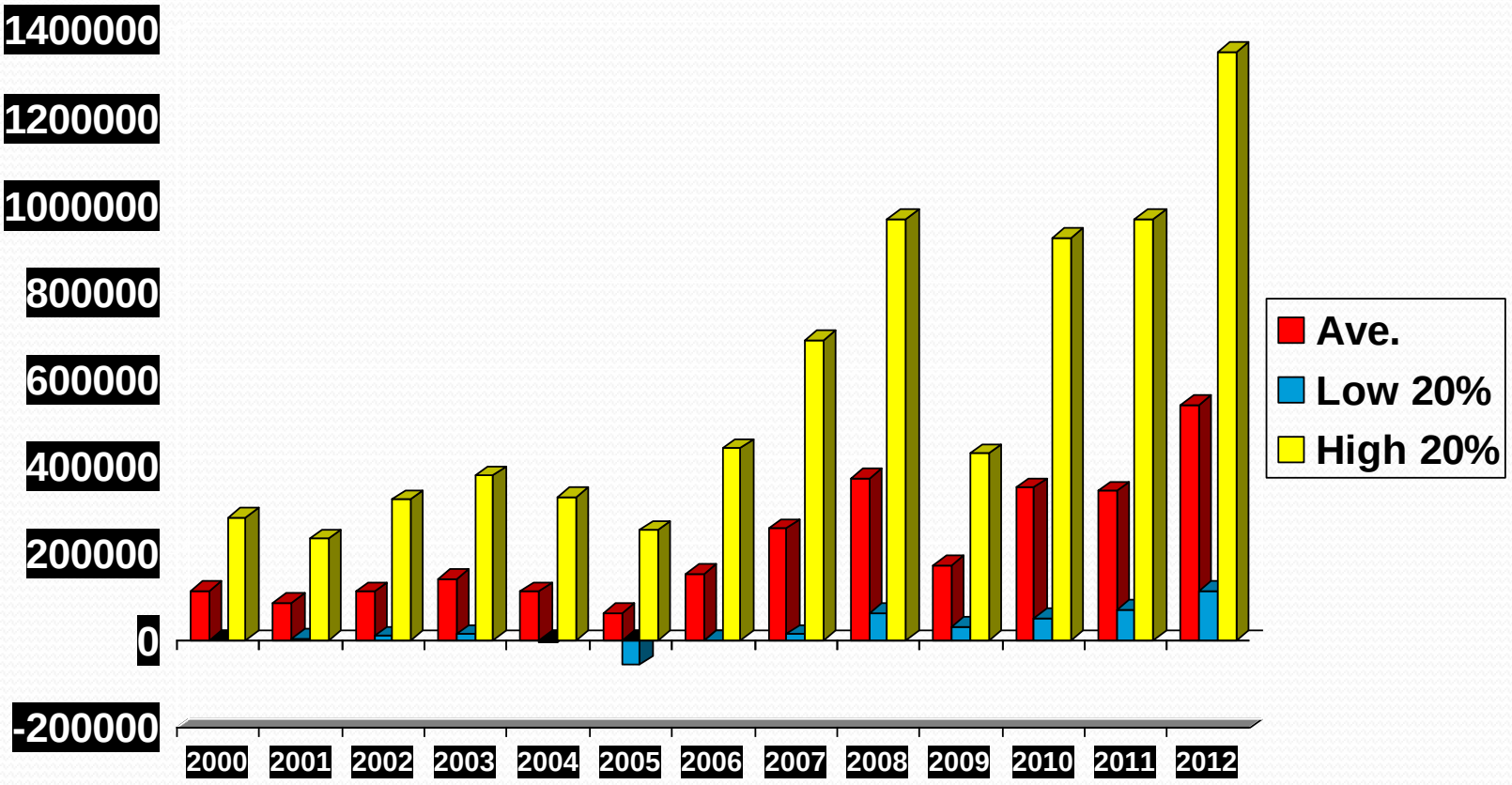
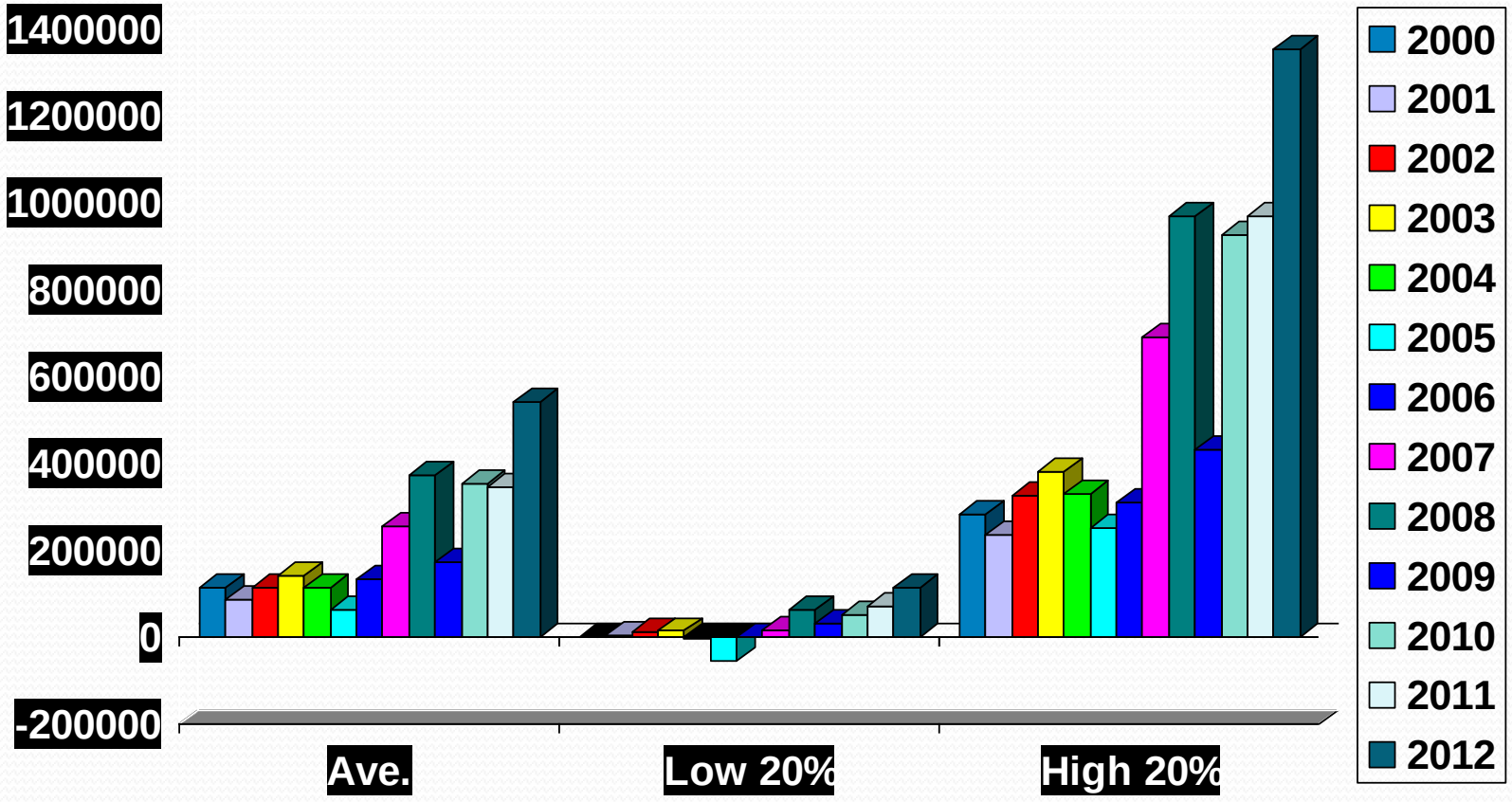


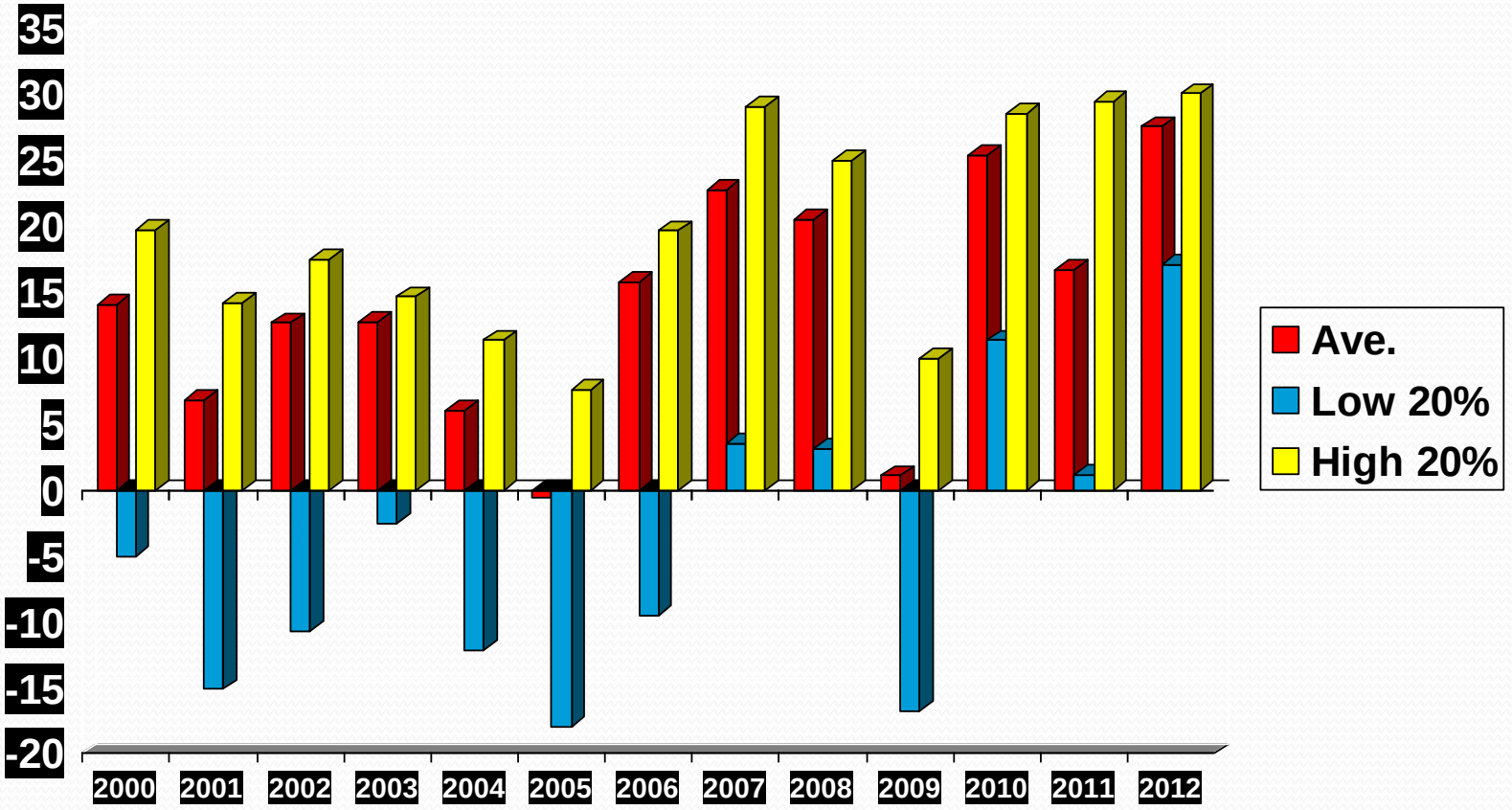
Average Working Capital Increased by $198,195



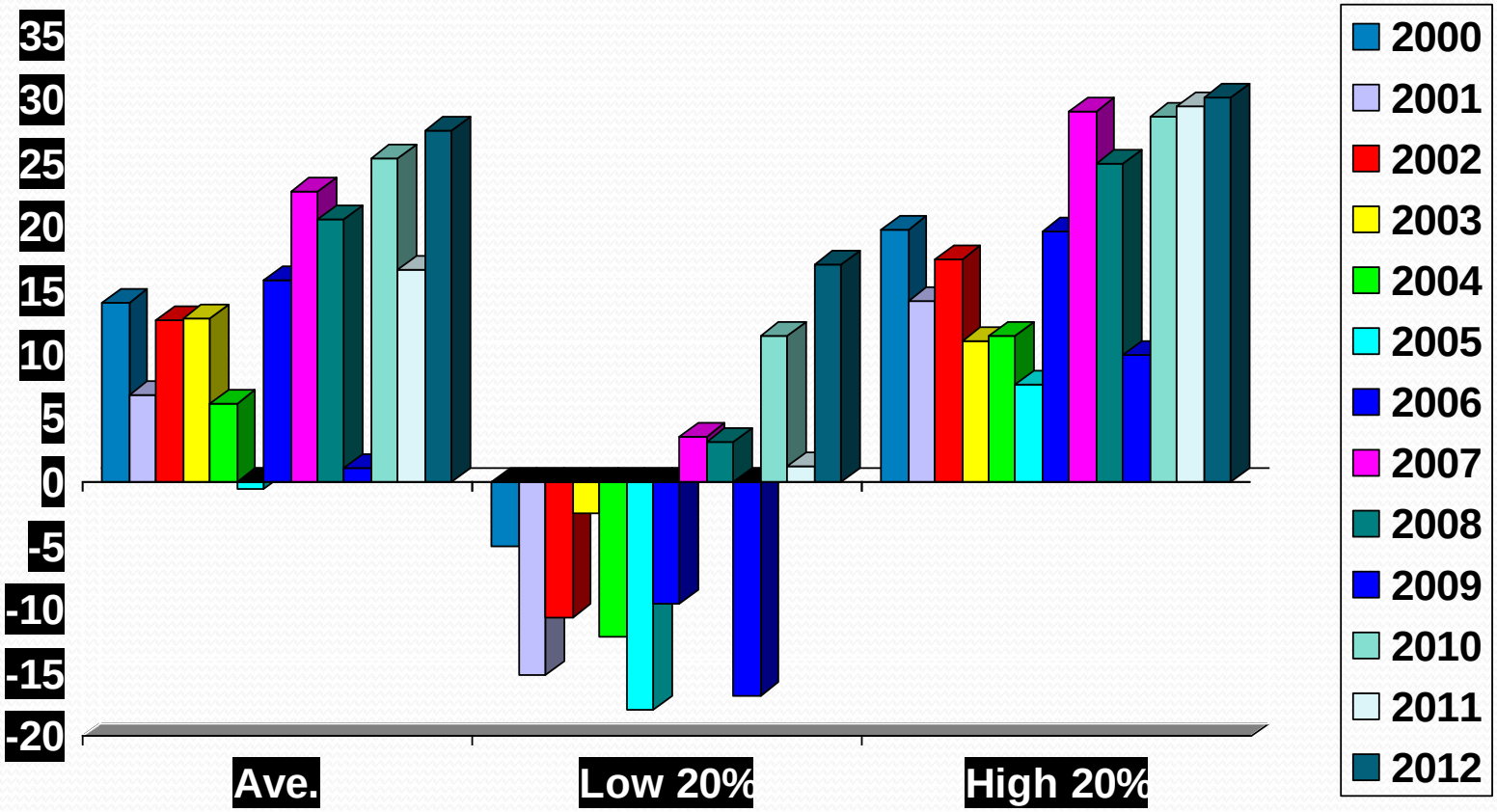
Working Capital/Group



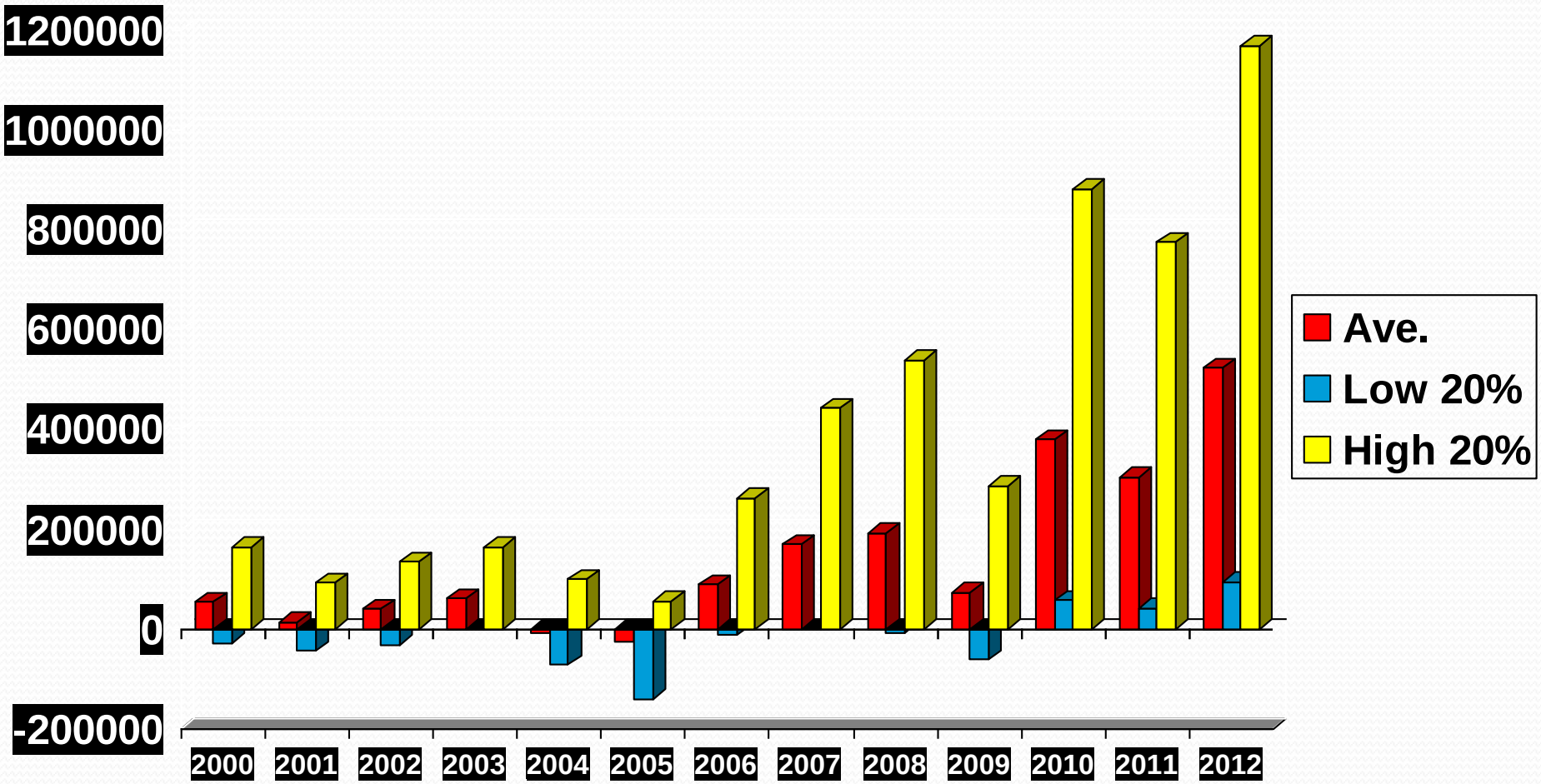
Rate of Return on Equity/Year (Cost)



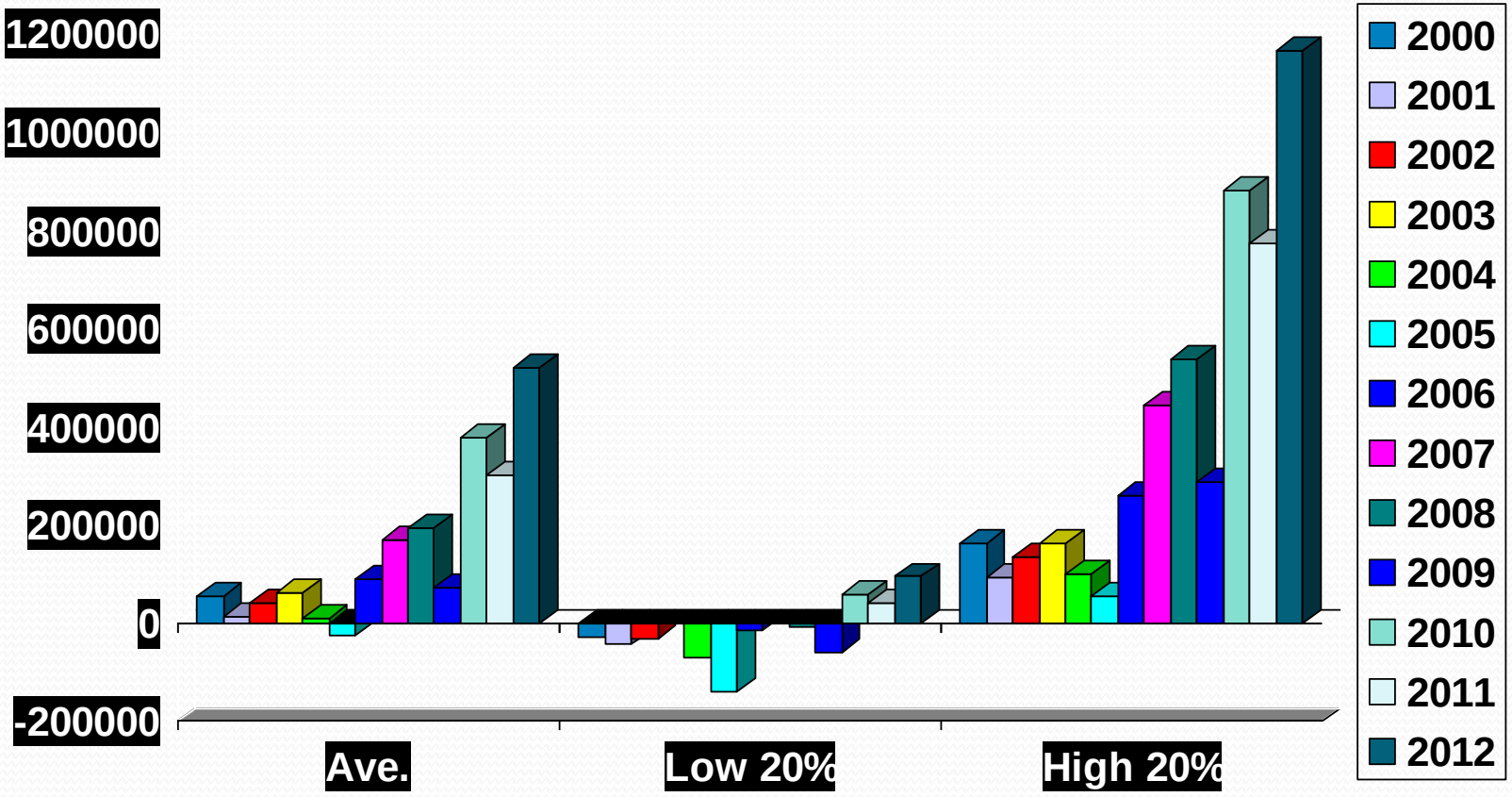
Rate of Return on Equity/Group



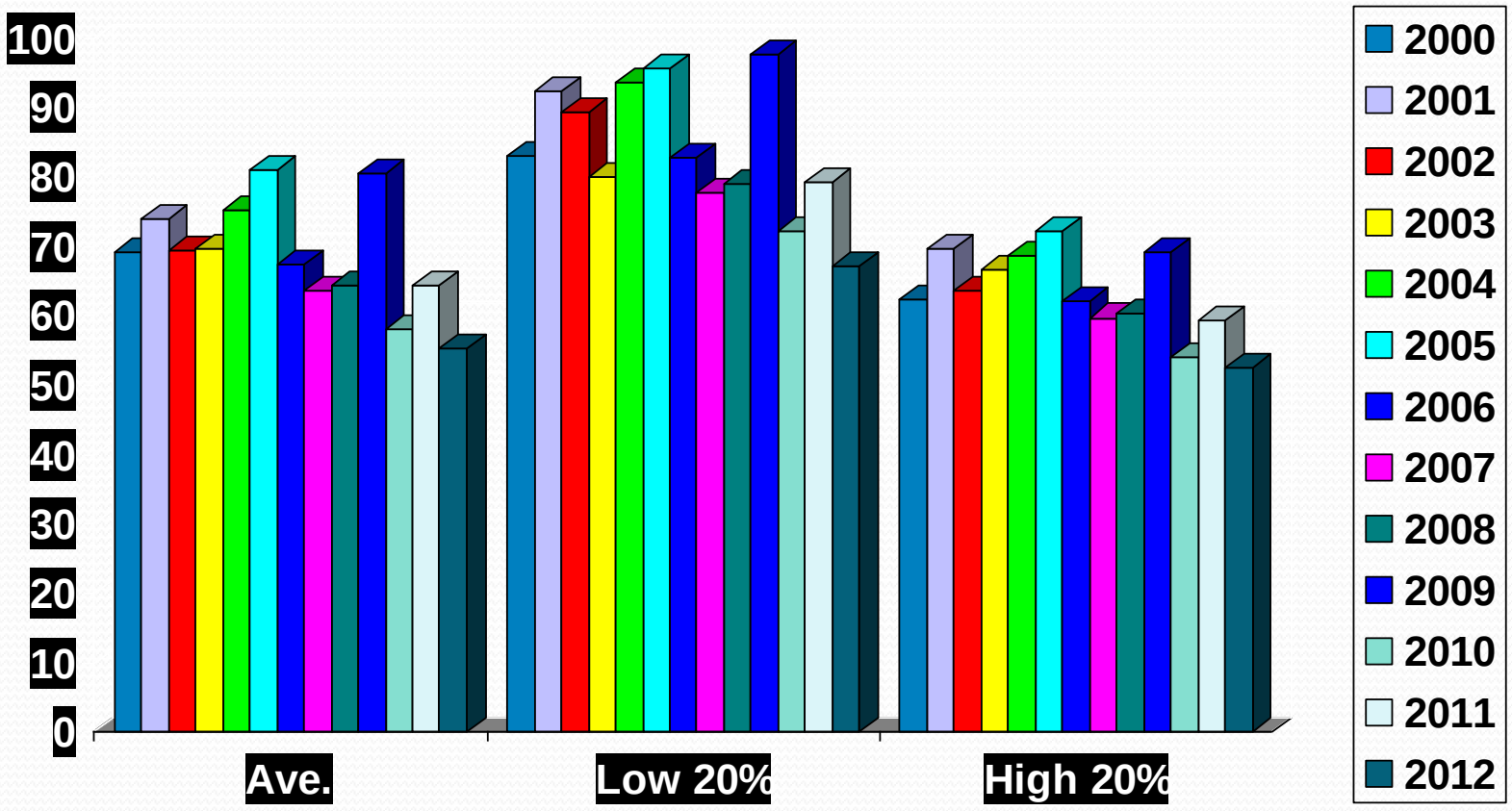
Capital Replacement Dollars/Year increased for each group



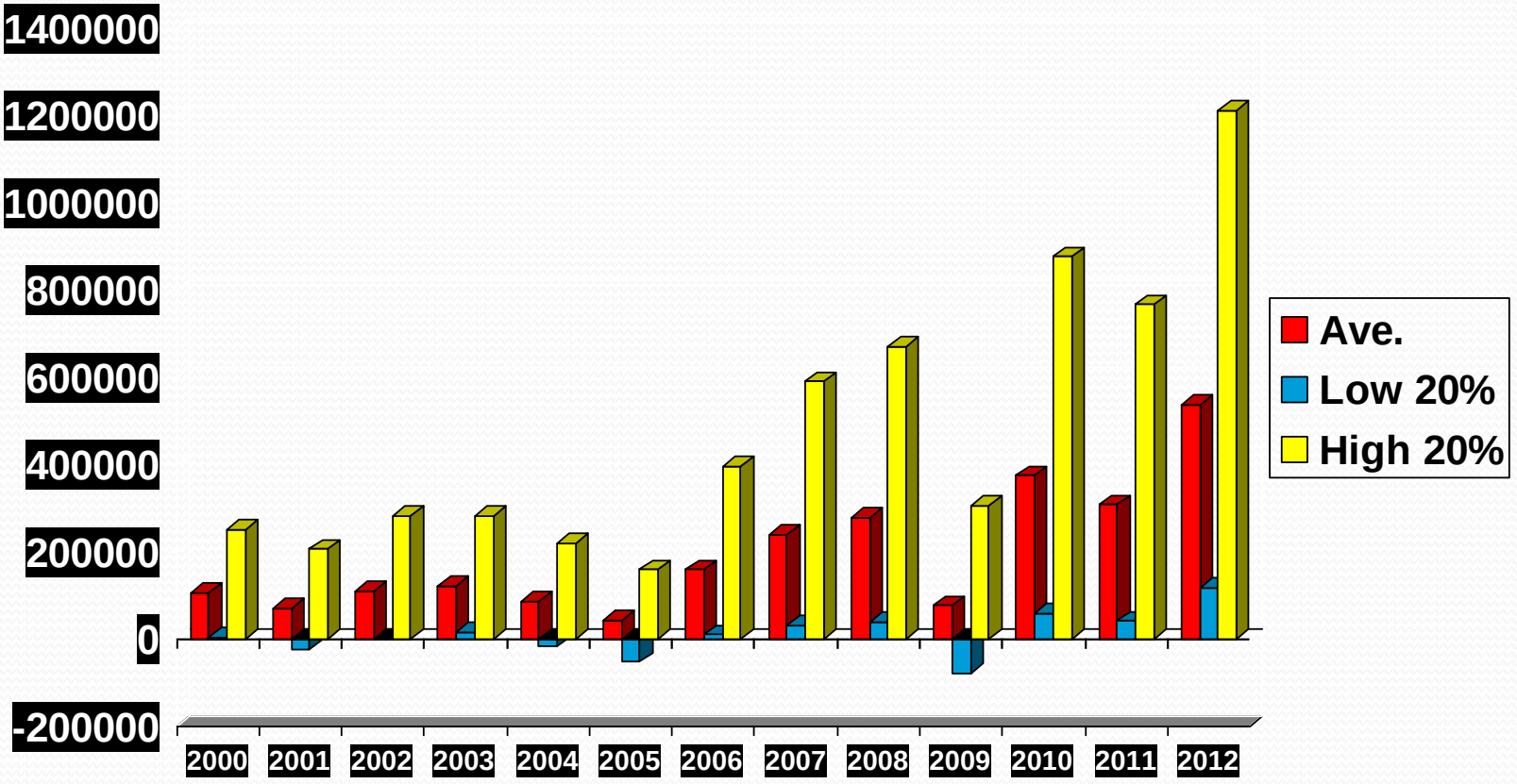
Capital Replacement Dollars/Group



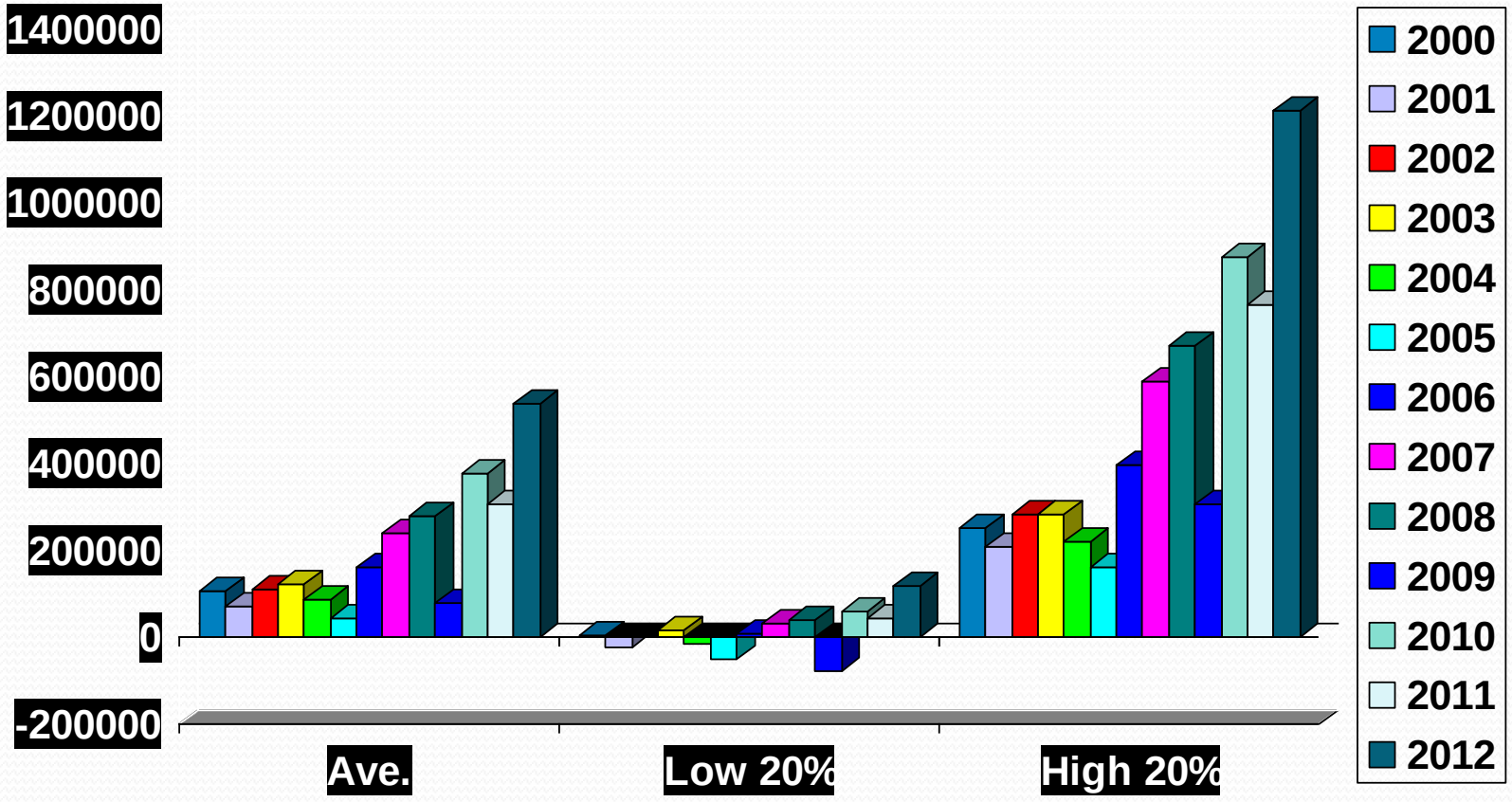
Operating Expense Ratio decreased About 9% for each group from last year



Net Farm Income/Year



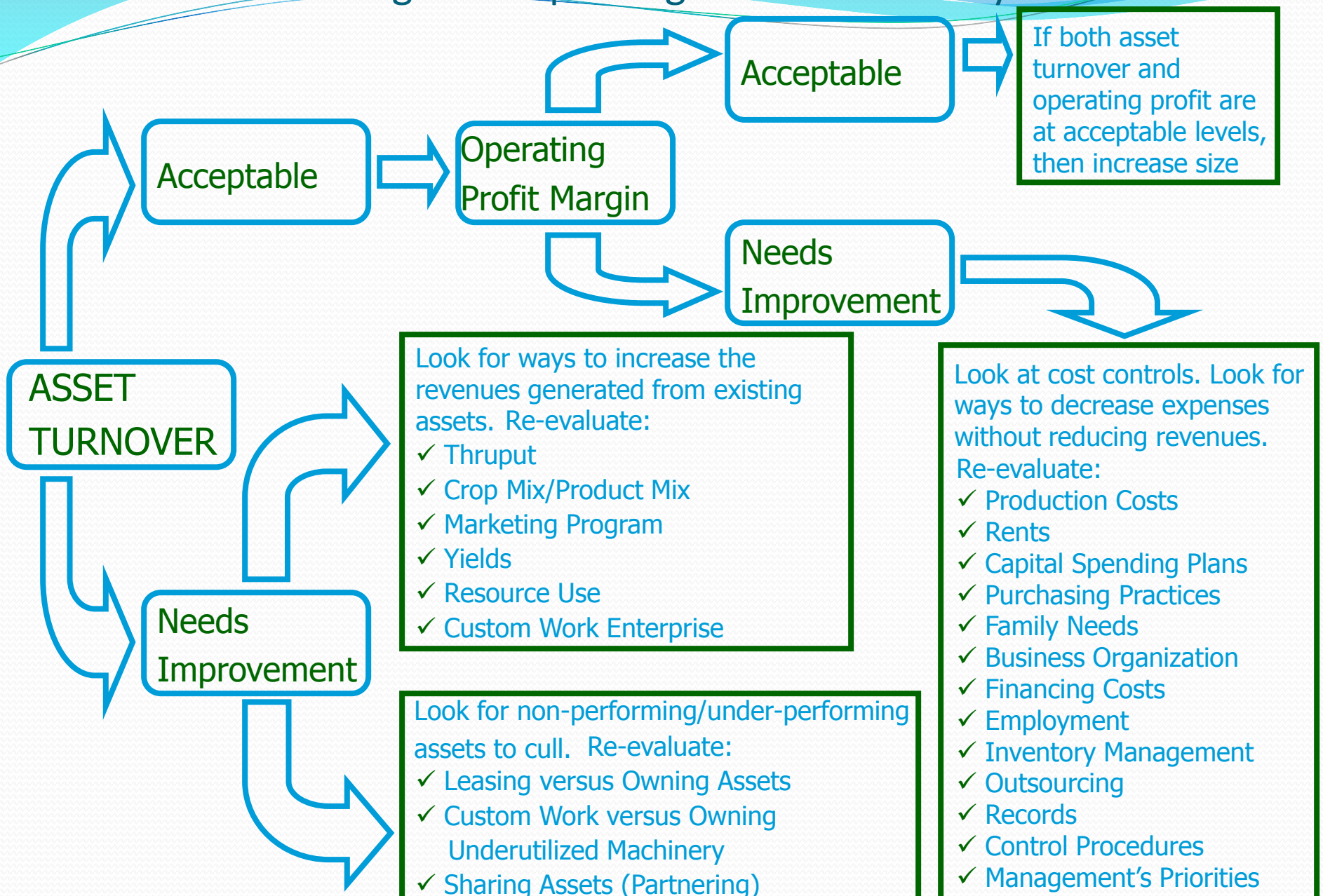
Net Farm Income/Group



Conclusions 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.
- Consider the following flow chart in making future business decisions

Flowchart for Assessing and Improving Farm Profitability



Source: Purdue University

Where are we headed?

- Major increase in the use technology.
  - Precision agriculture
  - Biotechnologies (Livestock & Crops)
  - Internet
    - Find new Suppliers, products, markets
    - Evaluating new technologies or products
    - E-Commerce
  - Are you working with partners to use capital more efficiently?
  - Is your business a low cost producer?
  - How about value added industries???

For More Information

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Thank You