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Organic Farm Performance in Minnesota



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This project has also been endorsed by the Independent Community Bankers Association of Minnesota, USDA Farm Service Agency - Minnesota, and the National Association of State Organic Programs.

Available in PDF format at www.mda.state.mn.us. For print copies, call 651-201-6012.

2010
ORGANIC FARM
PERFORMANCE
IN MINNESOTA

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ABOUT THIS REPORT

While there is lots of anecdotal information about farm performance and profitability, real world information about production, financial performance, and profitability on organic farms is scarce. This report provides detailed data about many aspects of the 2010 performance of actual Minnesota organic farms. It also offers summary data previous years for trend comparison purposes. More detailed information about previous years performance is available in reports at www.mda.state.mn.us/fbm, www.fbm.mnscu.edu, or in a searchable database at www.finbin.umn.edu.

HOW DOES THE ORGANIC FBM PROJECT WORK?

The Minnesota Department of Agriculture (MDA) administered this project from 2006 to 2010, with critical support from the partners listed inside the front cover. Participating farmers received scholarships to defray the cost of tuition in local Farm Business Management (FBM) education programs offered throughout Minnesota by eight colleges within the Minnesota State Colleges and Universities system and one Farm Business Management Association. Each farmer worked one-on-one with a local FBM instructor, learning to keep and use farm records in their business decisions. Their farm data was then stripped of all its identifying characteristics (so the producers remain absolutely anonymous) and incorporated into FINBIN, a database managed by the University of Minnesota Center for Farm Financial Management www.finbin.umn.edu.

Participating farmers said they liked the enterprise-specific analyses they received, the assistance with recordkeeping/financial statements/taxes, and the outside perspective their instructors could offer. These farmers said the FBM program made it easier for them to provide information to lenders and to the USDA Farm Service Agency, and that information they gained from the project (particularly cash flow, cost of production, and profitability information) informed their own annual plans and investment decisions.

FBM instructors work with all kinds of producers – organic and conventional, crop, specialty crop, and livestock. To learn more about FBM opportunities in your area, contact the MnSCU campus in your region. A list of programs is available at www.fbm.mnscu.edu, or call Dick Joerger at 651-297-1484. Southwest Minnesota also has a Farm Business Management Association: please contact Jim Kurtz at 507-372-3904.

NEW PROGRAM FOR TRANSITIONING/RECENTLY CERTIFIED ORGANIC FARMERS

The MDA is now working with the University of Minnesota and several other partners on a **new program** for Minnesota dairy and crop farmers who are transitioning land to organic or farming any land certified for fewer than three years. Participating farmers will receive FBM scholarships and the chance to take part in workshops, discussion groups and other opportunities. To learn more, please call 651-201-6616.



EXPLANATION OF DATA PROCESSING AND REPORT FORMAT

The tables in this report were created using *FINPACK* and *RankEm Central*, software programs copyrighted by the Center for Farm Financial Management (CFFM) at the University of Minnesota. The data are provided to CFFM by farm business management instructors in the Minnesota State Colleges and Universities system, and by Minnesota Farm Management Association field staff.

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2010 ORGANIC FARM PERFORMANCE IN MINNESOTA

By Dale Nordquist and Meg Moynihan¹

This report summarizes individual farm financial results for participants in the Minnesota Organic Farm Business Management Project for 2010 and provides comparisons to previous years. The report includes whole-farm information as well as costs and returns for individual enterprises. The year-end analysis of the individual farms was completed by Minnesota Farm Business Management (FBM) instructors or by Minnesota Farm Management Associations. A total of 79 farmers reported data for 2010. Of those, 54 were “completely organic,” meaning that all of the agricultural products produced on the farm were produced under organic certification. The *Whole Farm Results* section of this report summarizes only these completely organic farms, whereas the crop and dairy tables include data provided by both completely and partially organic farms.

WHOLE FARM RESULTS

Financial Performance

Table 1 summarizes the financial performance of completely organic participating farms over the five years of this project. 2010 was a comeback year for many of these organic producers. After a very financially challenging 2009, the median organic producer earned a net farm income of \$62,463 in 2010. This was a six-fold increase over 2009, and was very consistent with the returns earned in 2007 and 2008 by participating producers. Net farm income is the farm’s contribution to covering family living expenditures, income taxes, retirement savings, and reinvestment in the business.

The average farm earned a rate of return on assets (ROA) of 7.0% (with assets valued at adjusted cost basis) and a rate of return on equity (ROE) of 9.3%. The relationship between ROA and ROE is a good barometer of profitability. Years when the ROE is higher than ROA are profitable years. When this is the case, it means that borrowed capital earned more than it cost (ROA was higher than the average interest rate paid on borrowed capital). This goal was met, just barely, in 2010, and has been accomplished in three of the five years of this project for the average organic producer participating in FBM.

With profitability up, liquidity also improved. Participating farms began the year with working capital (current assets minus current liabilities) equal to 29% of a year’s income. By the end of 2010, these farms had 32% of a year’s income at their disposal. A working capital to gross ratio higher than 25% is generally considered adequate. The average current ratio improved

from 1.78:1 to exactly 2.00:1. A 2:1 current ratio (\$2 of current assets to cover each \$1 of current debt) is a commonly referred-to goal figure for any type of business, so on average, these producers were in a very comfortable liquidity position at year’s end.

The debt repayment capacity of these producers also rebounded in 2010. In 2009, the average farm reporting had a term debt coverage ratio (TDCR) of 0.62:1, meaning that they generated only 62 cents to cover each dollar of scheduled debt payments. In 2010, they generated an average TDCR of 1.68:1, or \$1.68 for every dollar of scheduled payments. Lenders use TDCR as a primary measure of loan soundness. In general, a TDCR over 1.50 is considered acceptable, so these producers were back on solid ground in terms of repayment capacity in 2010.

The average organic farm reported a net worth change of \$56,258 in 2010, a 9% rate of growth. Their debt-to-asset ratio was virtually unchanged at 41%.

In summary, 2010 was a good year but not a stellar year for these farms. Profits improved but were not outstanding. They did regain much of the repayment capacity that they lost in 2009, and their balance sheets are, on average, in a very sound financial position as they head into 2011.

¹Nordquist is Associate Director, Center for Farm Financial Management, University of Minnesota. Moynihan is Organic and Diversification Specialist, Minnesota Department of Agriculture.

COMPARISON TO CONVENTIONAL FARMS

Table 2 shows these same financial measures for the over 2,300 Minnesota conventional farms that participated in farm management education programs. Conventional farms also reported sharply higher profits in 2010.

The median of these farms earned a net farm income of \$125,021 in 2010 compared to \$62,463 for the organic group. Their profits were driven by high year-end prices for conventional crops, lower costs for crop production, and the return to profitability of the livestock sector. Conventional crop and hog operations were very profitable, while dairy and beef operations made moderate returns.

The average conventional farm in 2010 was somewhat larger than the average organic farm, with total assets of \$2.2 million compared to \$1.2 million for the organic farms. The conventional farms were also larger based on total sales, with gross income more than twice that of the organic group.

Comparing businesses of different size based on net income can be deceiving. Rate of return on assets (ROA) does a better job of adjusting for different levels of resources employed in the business. The average organic farm earned a rate of return on assets (ROA) of 7.0% compared to an average ROA of 12.6% for conventional farms (with assets valued at adjusted cost basis). Over the five years of this project, the conventional farms have consistently earned somewhat higher returns than the organic group based on ROA.

As in 2009, profit margins in 2010 were higher for conventional farms than for the organic operations. With their smaller volume of sales, organic producers need high margins to generate comparable profits. This was not the case in 2010. Organic producers' operating profit margins improved to 18%, but fell short of margins for conventional producers. Profit margins need to be close to or over 20% for conventional farms to be profitable, a goal the conventional producers in these programs met in 2010. With lower sales volumes, organic producers should be shooting for 25 to 30%.

Organic and conventional farms used comparable amounts of debt capital, with average debt-to-asset ratios of 43% for conventional farms compared to 41% for the organic farms. Liquidity levels were very strong for both groups. Both had working capital (current assets *minus* current liabilities) equal to over 30% of a year's gross income at the end of the year, a very comfortable level of

liquidity. Conventional farms, however, had better debt repayment capacity, generating a term debt coverage ratio of 3.04:1 (\$3.04 of income after family living expenses and taxes to cover each \$1 of scheduled debt payments) compared to 1.68:1 for organic farms.

When it is all put together, the conventional farms, on average, outperformed these organic farms in 2010. This does not mean that these organic farms performed poorly. Rather, the conventional farms had an exceptionally profitable 2010.

PROFITABILITY COMPARISONS

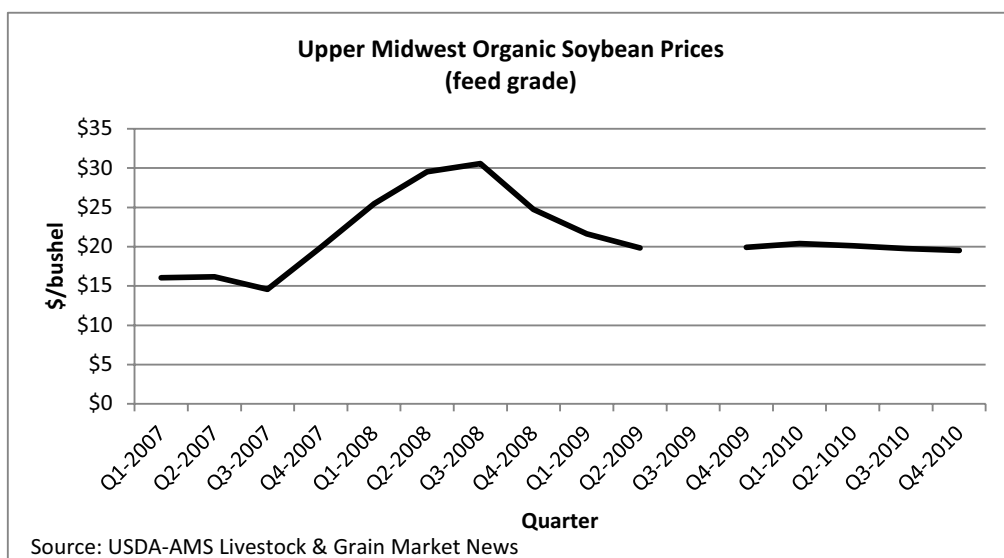
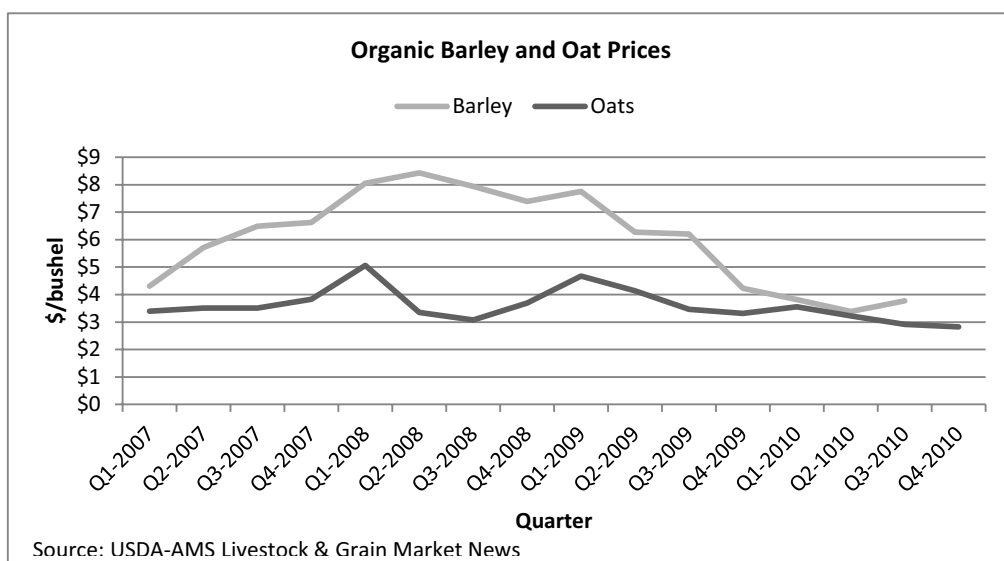
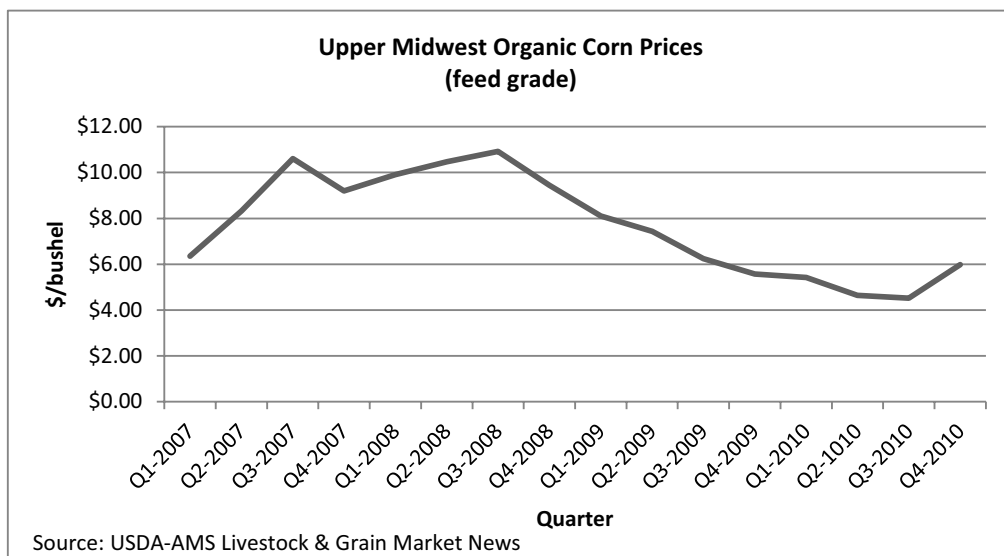
As is always the case, the "averages" mask the variability of returns across the wide range of producers. Table 3 sorts the 2010 organic farms into thirds based on net farm income. The highest profit group had median net earnings of \$106,839 compared to the low profit group, which experienced median losses of \$-11,741. The high group's earnings were very consistent with those of the median conventional farm. On average, the high-profit farms were larger (in terms of gross sales and total assets), than the lower-profit farms. This is a reversal of 2009, when the larger organic farms landed in the low-profit group.

The low-profit group generated a term debt coverage ratio of -0.24:1, meaning that they fell far short of earning enough to cover payments. The high-profit farms, on the other hand, generated 2.75 times their scheduled debt payments. The high-profit group's net worth increased, on average, by more than \$137,000, while the low-profit group saw their net worth decrease by \$14,000.

Economists are always trying to discover why some farms are profitable and others are not in a given year. There is a different story behind every situation that contributes to these results. Debt level may be a contributing factor. Consistent with 2009, the high-profit farms had the lowest debt-to-asset ratio. Enterprise is also a factor (see *Type of Farm* section below). Beyond these factors, thousands of individual farm decisions, many of them non-financial in nature, contribute to these results.

TYPE OF FARM

Of the 54 completely organic farms in the 2010 group, 14 were crop farms and 30 were dairy farms. (The other ten farms were either organic hog or beef farms, for which there were not enough farms to summarize, or were diversified farms that fell into the “Other” category). Table 4 shows the five-year history for the organic crop farms. These operations have been on a financial roller-coaster during this period, as crop and input prices have fluctuated. While 2007 and 2008 were very profitable years, in 2009 they hit hard times. They bounced back somewhat in 2010 but not all the way – margins were still very tight for many of these producers. The median net farm income for organic crop farms was only \$10,043, but the average was \$48,168, indicating that there was a lot of variability and that some very profitable producers pulled up the average. The average crop producer earned a 4.6% rate of return on assets with assets valued on an adjusted cost basis, a big improvement over their -1.1% return in 2009. Crop farms still had very strong liquidity (51% working capital to gross revenue). Their debt repayment capacity rebounded from a very weak 0.51:1 term debt coverage in 2009 to 1.91:1 in 2010. Partially because they earn more non-farm income, the average crop producer’s net worth grew more than that of the organic dairy farms in 2010.



²Farms were categorized on the basis of having 70 percent or more of gross income from that category of income.

Table 5 shows the history for the organic dairy farms. Returns have been much more stable for this sector. Other than 2009, a difficult year for dairies whether organic or conventional, returns have been good but not outstanding. In 2010, the organic dairy farms were more profitable than the crop farms with a median net farm income of \$62,463. Their ROA rebounded to 7.5%, and their liquidity position improved as well. The price received for milk was up slightly, from \$25.77 per hundred pounds in 2009 to \$26.19 in 2010, and their net return per cow was \$756, compared to \$189 on conventional dairies. While more profitable than the organic crop farms, the organic dairy operations also employed more debt. Their debt-to-asset ratio at year-end was 49% compared to 39% for the crop farms. This added debt resulted in the dairy group having a slightly less debt repayment capacity compared to the crop group. At 1.77:1, however, their term debt coverage was well within acceptable norms.

ECONOMIC SIZE OF FARM

Table 6 groups these completely organic farms into size groups based on gross farm income. Since this project began tracking organic farm data in 2006, larger organic operations have generally been more profitable than smaller farms. The 2010 results were not quite so clear-cut. Based on median net farm income, returns did increase with size. But based on rate of return on assets, results were mixed. The three larger farm groups, those that generated over \$100,000 in sales, all earned acceptable financial returns. Larger farms generally had better asset turnover rates but suffered from low profit margins. Smaller farms had better profit margins but lower asset turnover. In other words, it appears that as these farms grow larger, some struggle with production efficiency. The smaller farms have better efficiencies, but some may lack the sales volume to benefit from those efficiencies.

The smallest farms are very vulnerable from a financial standpoint. These farms are likely part-time operations with supporting non-farm income. But with only a 5% working-capital-to-gross-income ratio and a debt-to-asset ratio greater than 50%, they have limited resources to respond to a financial or production setback.

SUMMARY

One of the goals of this project is to document the financial performance of participating organic producers so that they and their peers have more accurate benchmarks on which to evaluate organic options. Another goal is to un-mask the financial performance of a group of organic producers to provide agricultural lenders better information on which to base credit decisions, and to give policy makers, researchers, and others real-world insight into organic farm performance.

As with groups of conventional farms, there is tremendous variability in the production and financial performance of this group of organic producers. 2010 was a comeback year for many of these producers after a very difficult 2009. The organic dairies, on average, generated solid profits. The organic crop farms were less profitable. A picture emerges of a group of dairy operations that, given organic premiums, have been able to make very acceptable progress over the life of this project. Crop farms have had a bit more of a struggle as they have had to deal with production problems, cost increases, and price variability.

The tables and figures that follow summarize the whole-farm financial performance of this group of 54 organic producers. The first set of tables (Tables 1-7) includes whole-farm summary data on which the previous discussion is based. A set of graphs follows. The next set of tables (Tables 8-23) provides information about organic crop and forage enterprises. Tables 24-26 provide information about organic dairy enterprise performance. Finally, Table 27 shows the Farm Financial Standards Council's recommended ratios and measures. We recommend that you use the financial "scorecard" on the back cover to benchmark your own individual results.

If you would like to further dissect the results of these and the other farms that participated in the Minnesota farm management educational program, you can run your own data reports using FINBIN at www.finbin.umn.edu. The privacy and anonymity all participants' data is strictly protected.

**Table 1. Financial Summary
Completely Organic Farms - 2010**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Number of farms	54	47	47	44	45
Income Statement					
Gross cash farm income	274,304	239,105	260,620	248,581	197,144
Total cash farm expense	217,649	190,602	205,815	196,689	161,676
Net cash farm income	56,655	48,504	54,805	51,891	35,469
Inventory change	25,055	(12,582)	32,537	60,017	21,437
Depreciation	(18,358)	(17,196)	(18,730)	(17,060)	(14,053)
Net farm income from operations	63,352	18,726	68,612	94,848	42,852
Gain or loss on capital sales	32	96	148	-	-
Average net farm income	63,384	18,821	68,759	94,848	42,852
Median net farm income	62,463	8,595	61,731	60,422	32,135
Profitability (cost)					
Rate of return on assets	7.0%	0.9%	9.0%	13.3%	6.5%
Rate of return on equity	9.3%	-2.9%	11.5%	20.0%	6.5%
Operating profit margin	18.4%	2.8%	22.6%	31.7%	18.0%
Asset turnover rate	37.9%	30.2%	39.7%	41.9%	36.1%
Liquidity & Repayment (end of year)					
Current assets	188,924	147,753	167,204	175,510	122,405
Current liabilities	94,242	83,206	100,720	88,650	77,254
Current ratio	2	1.78	1.66	1.98	1.58
Working capital	94,683	64,547	66,484	86,860	45,150
Working capital to gross income	31.5%	28.6%	22.4%	29.1%	20.7%
Term debt coverage ratio	1.68	0.62	1.84	2.50	1.48
Replacement coverage ratio	1.42	0.54	1.62	2.50	1.48
Solvency (end of year at market)					
Number of farms	54	47	47	44	45
Total farm assets	1,042,284	901,063	1,017,948	973,055	841,868
Total farm liabilities	458,645	384,418	424,606	389,920	334,683
Total assets	1,193,410	1,059,290	1,174,079	1,137,972	991,915
Total liabilities	488,788	423,704	465,383	438,422	380,630
Net worth	704,622	635,586	708,696	699,550	611,285
Net worth change	56,258	8,584	45,582	97,523	36,742
Farm debt to asset ratio	44%	43%	42%	40%	40%
Total debt to asset ratio	41%	40%	40%	39%	38%
Nonfarm Information					
Net nonfarm income	16,287	19,493	21,354	20,936	18,318
Farms reporting living expenses	11	7	9	7	6
Total family living expense	48,204	49,976	48,620	43,632	38,833
Total living, investment, capital purch.	61,186	45,122	49,895	53,647	44,853
Crop Acres					
Total acres owned	209	219	230	234	220
Total crop acres	361	354	384	406	357
Total crop acres owned	119	144	156	149	142
Total crop acres cash rented	239	193	212	242	210
Total crop acres share rented	3	17	16	14	5

**Table 2. Financial Summary
Non-organic (Conventional) Farms - 2010**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Number of farms	2332	2317	2359	2503	2384
Income Statement					
Gross cash farm income	680,229	632,861	681,083	595,661	497,421
Total cash farm expense	553,634	526,980	560,104	497,414	421,056
Net cash farm income	126,594	105,881	120,979	98,247	76,365
Inventory change	110,863	(16,361)	56,380	90,801	48,870
Depreciation	(40,754)	(36,123)	(34,619)	(29,882)	(26,998)
Net farm income from operations	196,703	53,396	142,741	159,166	98,237
Gain or loss on capital sales	1,127	728	1,077	-	-
Average net farm income	197,830	54,124	143,818	159,166	98,237
Median net farm income	125,021	34,074	93,114	108,072	62,083
Profitability (cost)					
Rate of return on assets	12.6%	3.1%	10.6%	14.1%	9.4%
Rate of return on equity	19.2%	1.3%	14.7%	21.1%	12.4%
Operating profit margin	27.2%	7.9%	21.9%	27.5%	20.5%
Asset turnover rate	46.4%	39.7%	48.2%	51.3%	46.0%
Liquidity & Repayment (end of year)					
Current assets	551,791	440,606	463,737	404,789	328,582
Current liabilities	260,198	256,630	239,574	212,488	201,307
Current ratio	2.12	1.72	1.94	1.90	1.63
Working capital	291,593	183,976	224,162	192,301	127,276
Working capital to gross income	37.7%	29.1%	31.3%	28.5%	23.2%
Term debt coverage ratio	3.04	1.03	2.41	2.8	1.92
Replacement coverage ratio	2.50	0.86	2.06	2.80	1.92
Solvency (end of year at market)					
Number of farms	2,332	2,317	2,359	2,503	2,384
Total farm assets	2,022,572	1,802,419	1,744,324	1,552,424	1,400,257
Total farm liabilities	906,206	837,574	813,611	722,493	661,693
Total assets	2,232,105	2,000,109	1,922,629	1,728,775	1,573,433
Total liabilities	959,879	886,472	858,456	766,047	702,339
Net worth	1,272,226	1,113,637	1,064,173	962,728	871,094
Net worth change	178,423	60,067	108,556	146,519	95,389
Farm debt to asset ratio	45%	46%	47%	47%	47%
Total debt to asset ratio	43%	44%	45%	44%	45%
Nonfarm Information					
Net nonfarm income	28,282	26,667	25,227	24,182	24,356
Farms reporting living expenses	642	651	770	745	721
Total family living expense	54,688	52,743	50,866	48,342	45,455
Total living, investment, capital purch.	81,383	84,165	77,744	72,406	68,721
Crop Acres					
Total acres owned	263	268	266	269	275
Total crop acres	826	810	804	795	800
Total crop acres owned	229	226	222	213	222
Total crop acres cash rented	575	561	558	557	552
Total crop acres share rented	22	22	25	25	26

**Table 3. Financial Summary
Completely Organic Farms - 2010
(Grouped by Net Farm Income)**

	<u>Avg. of All Farms</u>	<u>Low 33%</u>	<u>33 - 66%</u>	<u>High 34%</u>
Number of farms	54	17	18	19
Income Statement				
Gross cash farm income	274,304	199,685	217,408	394,969
Total cash farm expense	217,649	195,326	165,076	287,429
Net cash farm income	56,655	4,359	52,332	107,540
Inventory change	25,055	(10,793)	21,256	60,730
Depreciation	(18,358)	(13,611)	(12,036)	(28,594)
Net farm income from operations	63,352	(20,045)	61,552	139,676
Gain or loss on capital sales	32	-	-	91
Average net farm income	63,384	(20,045)	61,552	139,767
Median net farm income	62,463	(11,741)	60,778	106,839
Profitability (cost)				
Rate of return on assets	7.0%	-4.40%	8.0%	13.3%
Rate of return on equity	9.3%	-17.40%	11.2%	19.2%
Operating profit margin	18.4%	-16.00%	22.8%	29.0%
Asset turnover rate	37.9%	27.50%	35.3%	45.9%
Liquidity & Repayment (end of year)				
Current assets	188,924	140,383	130,039	288,143
Current liabilities	94,242	99,801	51,447	129,810
Current ratio	2.00	1.41	2.53	2.22
Working capital	94,683	40,582	78,592	158,333
Working capital to gross income	31.5%	21.7%	33.4%	34.1%
Term debt coverage ratio	1.68	(0.24)	1.59	2.75
Replacement coverage ratio	1.42	(0.19)	1.39	2.33
Solvency (end of year at market)				
Total farm assets	1,042,284	911,544	849,984	1,341,442
Total farm liabilities	458,645	470,945	376,568	525,396
Total assets	1,193,410	1,123,328	936,236	1,499,754
Total liabilities	488,788	511,993	389,260	562,316
Net worth	704,622	611,335	546,976	937,439
Net worth change	56,258	-14,127	36,735	137,730
Farm debt to asset ratio	44%	52%	44%	39%
Total debt to asset ratio	41%	46%	42%	37%
Nonfarm Information				
Net nonfarm income	16,287	24,103	9,627	15,603
Farms reporting living expenses	11	2	1	8
Total family living expense	48,204	-	-	49,087
Total living, investment, capital purch.	61,186	-	-	66,635
Crop Acres				
Total acres owned	209	215	197	216
Total crop acres	361	396	219	465
Total crop acres owned	119	141	72	145
Total crop acres cash rented	239	251	147	315
Total crop acres share rented	3	4	-	4

**Table 4. Financial Summary
Completely Organic Crop Farms - 2010**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Number of farms	14	12	13	15	10
Income Statement					
Gross cash farm income	238,556	250,717	339,406	339,017	160,243
Total cash farm expense	174,569	184,400	256,489	267,256	120,783
Net cash farm income	63,987	66,317	82,917	71,761	39,460
Inventory change	1,867	(36,747)	74,939	125,776	(22,122)
Depreciation	(17,686)	(26,691)	(28,473)	(24,853)	(8,737)
Net farm income from operations	48,168	2,879	129,383	172,684	8,601
Gain or loss on capital sales	-	375	-	-	-
Average net farm income	48,168	3,254	129,383	172,684	8,601
Median net farm income	10,043	2,585	106,963	87,922	8,676
Profitability (cost)					
Rate of return on assets	4.6%	-1.1%	13.3%	20.2%	0.4%
Rate of return on equity	5.1%	-5.0%	18.0%	30.5%	-3.0%
Operating profit margin	14.8%	-4.4%	28.9%	37.6%	1.6%
Asset turnover rate	30.9%	24.5%	46.1%	53.7%	27.1%
Liquidity & Repayment (end of year)					
Current assets	282,911	255,948	345,997	303,160	135,617
Current liabilities	160,657	125,704	138,169	129,571	77,745
Current ratio	1.76	2.04	2.50	2.34	1.74
Working capital	122,255	130,244	207,828	173,589	57,873
Working capital to gross income	50.9%	61.5%	49.3%	39.4%	43.4%
Term debt coverage ratio	1.91	0.51	2.79	4.10	0.74
Replacement coverage ratio	1.62	0.39	2.43	4.10	0.74
Solvency (end of year at market)					
Number of farms	14	12	13	15	10
Total farm assets	883,891	1,024,461	1,107,638	1,127,887	605,511
Total farm liabilities	442,459	444,597	465,885	454,059	240,230
Total assets	1,047,317	1,229,514	1,293,997	1,334,882	741,673
Total liabilities	472,063	487,642	500,870	517,070	260,230
Net worth	575,254	741,872	793,127	817,813	481,444
Net worth change	51,416	(1,243)	80,603	149,616	14,194
Farm debt to asset ratio	50%	43%	42%	40%	40%
Total debt to asset ratio	45%	40%	39%	39%	35%
Nonfarm Information					
Net nonfarm income	28,155	39,378	34,423	32,173	22,870
Farms reporting living expenses	2	2	3	3	2
Total family living expense	-	-	-	-	-
Total living, investment, capital purch.	-	-	-	-	-
Crop Acres					
Total acres owned	223	265	276	313	289
Total crop acres	664	707	786	859	665
Total crop acres owned	216	288	273	261	270
Total crop acres cash rented	449	379	456	564	374
Total crop acres share rented	-	40	56	34	21

**Table 5. Financial Summary
Completely Organic Dairy Farms - 2010**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Number of farms	30	27	26	18	23
Income Statement					
Gross cash farm income	298,494	250,766	220,981	214,324	209,462
Total cash farm expense	249,036	197,979	175,017	168,124	157,580
Net cash farm income	49,458	52,787	45,964	46,200	51,882
Inventory change	37,269	(5,781)	14,912	21,356	24,483
Depreciation	(18,492)	(13,330)	(13,656)	(12,676)	(11,438)
Net farm income from operations	68,235	33,676	47,219	54,879	64,928
Gain or loss on capital sales	58	-	(96)	-	-
Average net farm income	68,293	33,676	47,124	54,879	64,928
Median net farm income	62,463	21,725	46,376	53,783	63,173
Profitability (cost)					
Rate of return on assets	7.5%	3.0%	6.5%	6.7%	11.6%
Rate of return on equity	10.6%	0.8%	7.0%	8.3%	15.3%
Operating profit margin	17.8%	7.9%	19.3%	20.7%	25.4%
Asset turnover rate	42.1%	37.2%	33.8%	32.4%	45.5%
Liquidity & Repayment (end of year)					
Current assets	141,675	83,994	85,255	87,140	77,975
Current liabilities	62,869	57,116	68,699	55,410	36,328
Current ratio	2.25	1.47	1.24	1.57	2.15
Working capital	78,806	26,878	16,556	31,729	41,647
Working capital to gross income	23.2%	11.0%	6.9%	13.5%	17.8%
Term debt coverage ratio	1.77	0.75	1.30	1.32	2.20
Replacement coverage ratio	1.44	0.68	1.20	1.32	2.20
Solvency (end of year at market)					
Number of farms	30	27	26	18	23
Total farm assets	1,068,808	854,361	1,003,995	1,019,461	852,887
Total farm liabilities	468,620	350,301	395,180	377,061	276,696
Total assets	1,222,554	1,015,199	1,169,722	1,199,528	1,008,846
Total liabilities	504,151	397,270	445,433	436,840	324,280
Net worth	718,403	617,929	724,288	762,688	684,566
Net worth change	40,495	17,868	36,809	51,689	60,875
Farm debt to asset ratio	44%	41%	39%	37%	32%
Total debt to asset ratio	41%	39%	38%	36%	32%
Nonfarm Information					
Net nonfarm income	10,075	10,354	17,799	15,902	12,877
Farms reporting living expenses	7	4	4	2	3
Total family living expense	53,681	-	-	-	-
Total living, investment, capital purch.	65,252	-	-	-	-
Crop Acres					
Total acres owned	184	187	217	187	150
Total crop acres	235	198	209	134	134
Total crop acres owned	75	71	108	66	57
Total crop acres cash rented	158	128	100	68	77
Total crop acres share rented	3	-	1	-	-

Table 6. Financial Summary
Completely Organic Crop and Dairy Farms - 2010
Grouped by Size (Gross Farm Income)

	Avg. Of All Farms	\$50,001- 100,000	\$100,001- 250,000	\$250,001- 500,000	\$500,001- 1,000,000
Number of farms	54	8	20	14	8
Income Statement					
Gross cash farm income	274,304	74,664	178,100	348,358	705,367
Total cash farm expense	217,649	67,919	125,756	287,035	560,112
Net cash farm income	56,655	6,745	52,344	61,323	145,255
Inventory change	25,055	17,029	22,555	23,378	49,151
Depreciation	(18,358)	(4,764)	(11,345)	(23,940)	(45,978)
Net farm income from operations	63,352	19,010	63,554	60,761	148,429
Gain or loss on capital sales	32	-	-	-	216
Average net farm income	63,384	19,010	63,554	60,761	148,645
Median net farm income	62,463	14,757	65,855	71,356	188,033
Profitability (cost)					
Rate of return on assets	7.0%	4.8%	8.9%	5.9%	7.9%
Rate of return on equity	9.3%	5.1%	13.0%	7.2%	10.1%
Operating profit margin	18.4%	22.9%	25.5%	13.6%	19.0%
Asset turnover rate	37.9%	20.8%	34.8%	43.1%	41.3%
Liquidity & Repayment (end of year)					
Current assets	188,924	47,212	126,246	167,640	600,723
Current liabilities	94,242	42,778	47,516	85,602	316,086
Current ratio	2.00	1.10	2.66	1.96	1.90
Working capital	94,683	4,434	78,730	82,039	284,636
Working capital to gross income	31.5%	5.0%	38.7%	22.5%	36.9%
Term debt coverage ratio	1.68	0.92	1.97	1.40	2.01
Replacement coverage ratio	1.42	0.81	1.67	1.16	1.71
Solvency (end of year at market)					
Number of farms	54	8	20	14	8
Total farm assets	1,042,284	477,910	871,998	1,204,353	2,109,316
Total farm liabilities	458,645	286,581	355,424	524,564	930,148
Total assets	1,193,410	608,840	1,019,496	1,379,157	2,249,666
Total liabilities	488,788	319,577	383,001	574,850	933,576
Net worth	704,622	289,263	636,495	804,307	1,316,091
Net worth change	56,258	17,760	85,443	25,005	94,478
Farm debt to asset ratio	44%	60%	41%	44%	44%
Total debt to asset ratio	41%	52%	38%	42%	41%
Nonfarm Information					
Net nonfarm income	16,287	20,068	15,900	11,160	11,455
Farms reporting living expenses	11	-	7	3	1
Total family living expense	48,204	-	42,320	-	-
Total living, investment, capital purch.	61,186	-	51,168	-	-
Crop Acres					
Total acres owned	209	174	172	249	343
Total crop acres	361	143	215	339	1,101
Total crop acres owned	119	113	81	98	296
Total crop acres cash rented	239	29	127	241	805
Total crop acres share rented	3	-	7	-	-

**Table 7. Crop Production and Marketing Summary
Grouped by Year**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Number of farms	79	78	78	69	71
Acreage Summary					
Total acres owned	231	236	237	279	260
Total crop acres	417	410	429	526	508
Crop acres owned	144	158	165	187	171
Crop acres cash rented	270	241	253	323	312
Crop acres share rented	3	11	11	17	24
Total pasture acres	44	46	46	31	26
Percent crop acres owned	35%	38%	38%	35%	34%
Average Price Received (Cash Sales Only)					
Barley, Organic per bu	7.05	7.88	-	5.54	-
Corn per bu	3.92	4.21	5.06	3.66	2.11
Corn, Organic per bu	6.11	7.74	8.71	6.85	5.19
Hay, Alfalfa per ton	80.73	-	-	118.31	78.85
Hay, Alfalfa, Organic per ton	131.55	109.00	120.37	125.17	132.22
Oats, Organic per bu	3.64	4.58	4.46	4.93	-
Soybeans per bu	9.95	10.89	11.58	7.85	6.32
Soybeans, Organic per bu	15.00	21.08	22.50	16.17	14.17
Wheat, Spring per bu	4.94	-	6.80	4.70	4.11
Wheat, Spring, Organic per bu	5.41	-	-	-	-
Average Yield Per Acre					
Barley, Organic (bu)	59.9	55.5	51.6	31.9	31.8
Corn (bu)	158.0	155.9	156.3	134.2	151.1
Corn Silage, Organic (ton)	16.8	14.9	13.1	11.6	14.7
Corn, Organic (bu)	127.3	110.9	110.0	80.6	90.0
Hay, Alfalfa, Organic (ton)	3.8	2.7	3.3	3.4	3.8
Hay, Grass, Organic (ton)	3.8	3.2	3.1	2.6	3.0
Hay, Mixed, Organic (ton)	2.6	2.1	2.5	-	-
Oats, Organic (bu)	51.7	58.4	56.7	77.3	40.1
Pasture, Organic (aum)	5.3	4.0	5.7	3.9	7.5
Soybeans (bu)	37.8	33.3	31.1	34.0	31.5
Soybeans, Organic (bu)	28.0	23.1	18.6	20.8	15.1
Wheat, Spring (bu)	53.1	57.5	60.6	53.2	42.4
Wheat, Spring, Organic (bu)	39.6	52.9	43.4	25.3	28.2

Figure A. Selected Factors of Completely Organic Farms - Grouped by Year

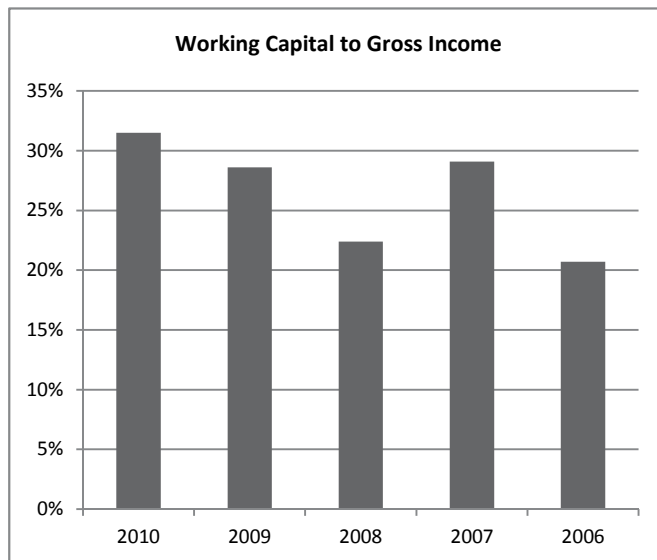
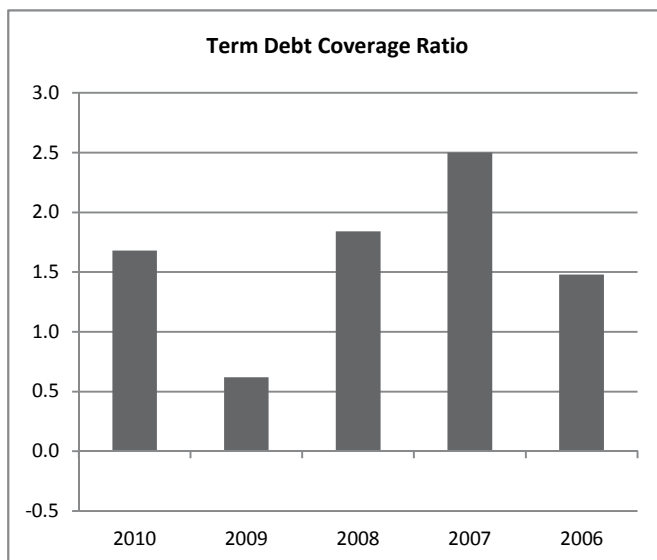
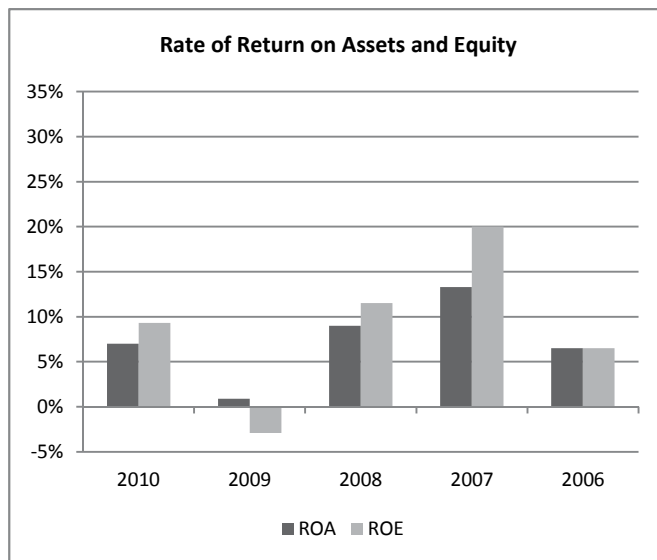
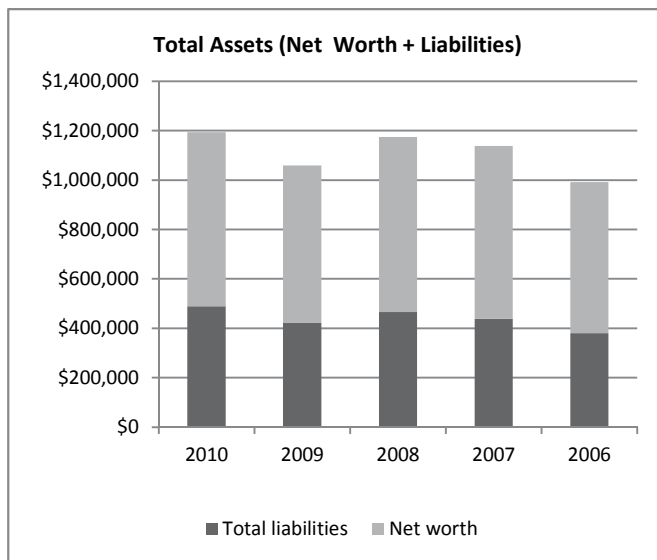
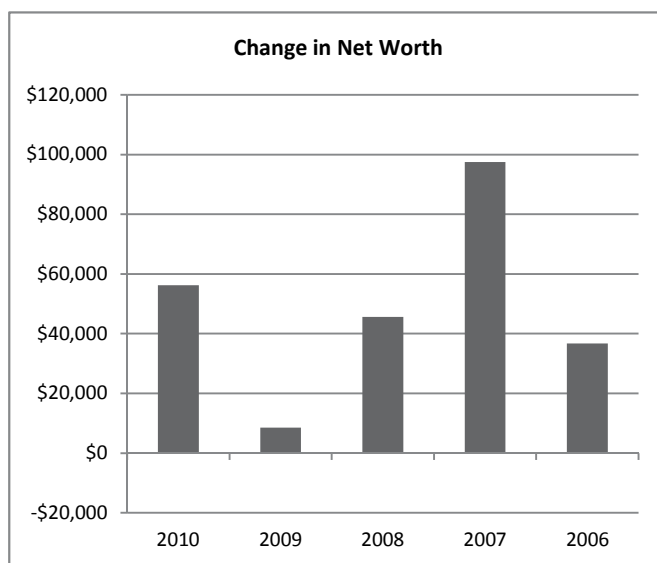
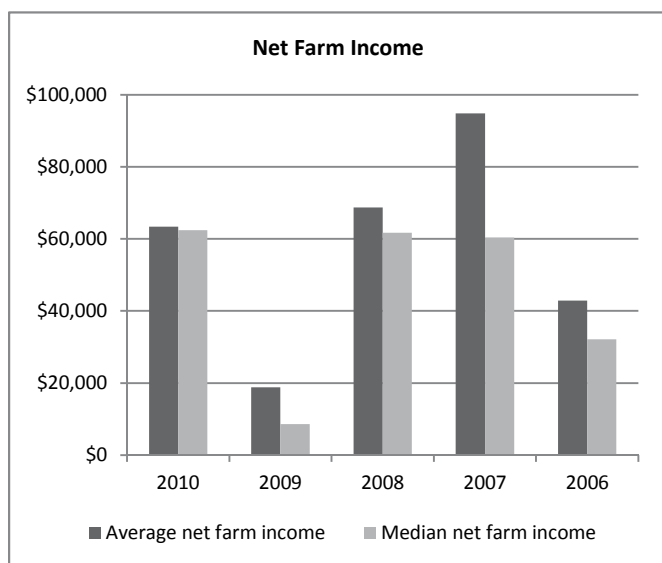


Figure B. Selected Factors of Completely Organic Farms - Grouped by Net Farm Income

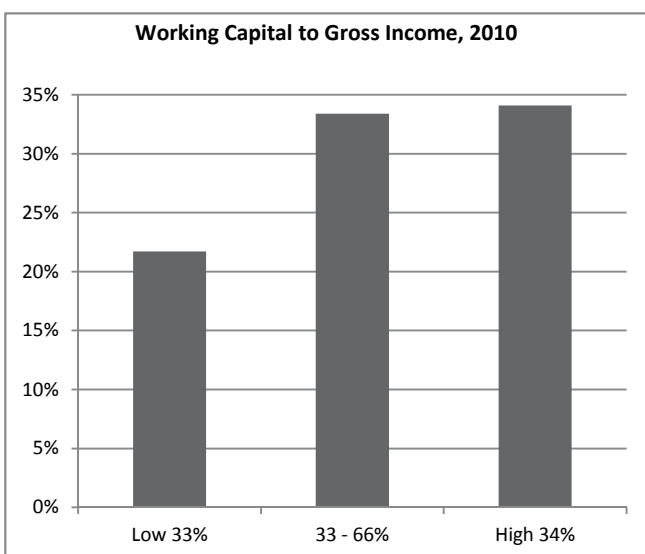
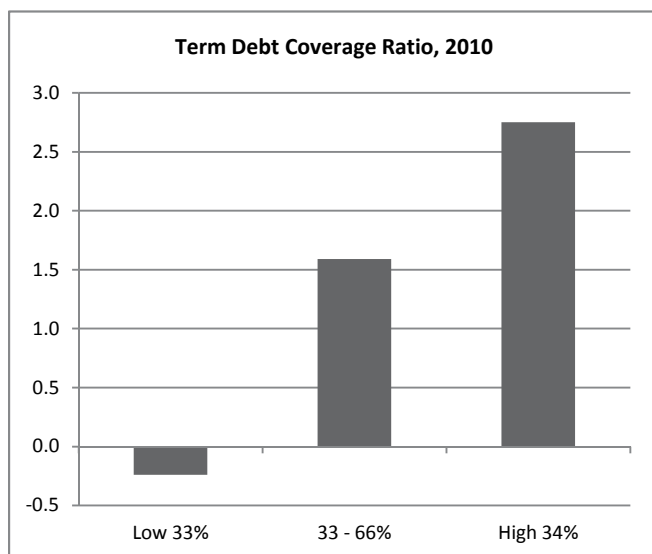
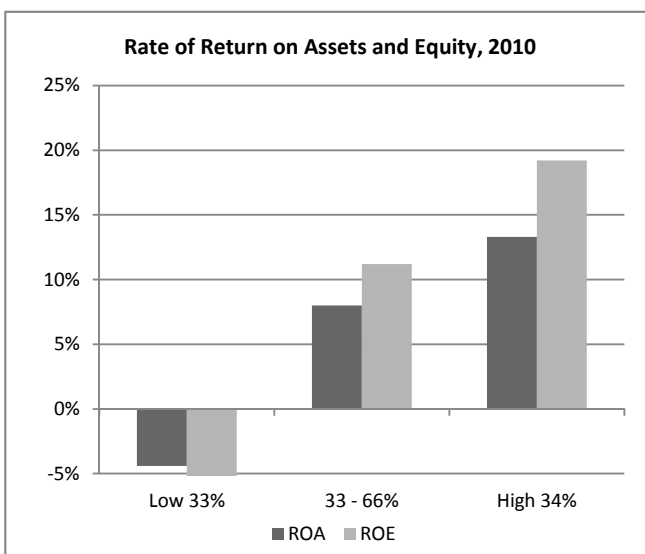
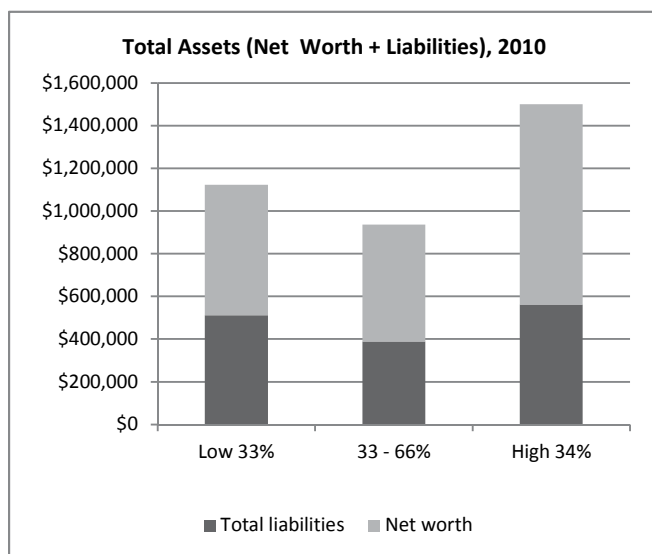
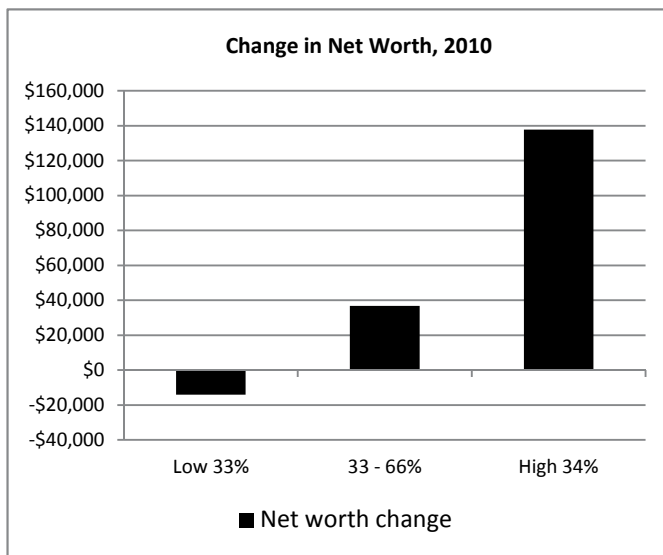
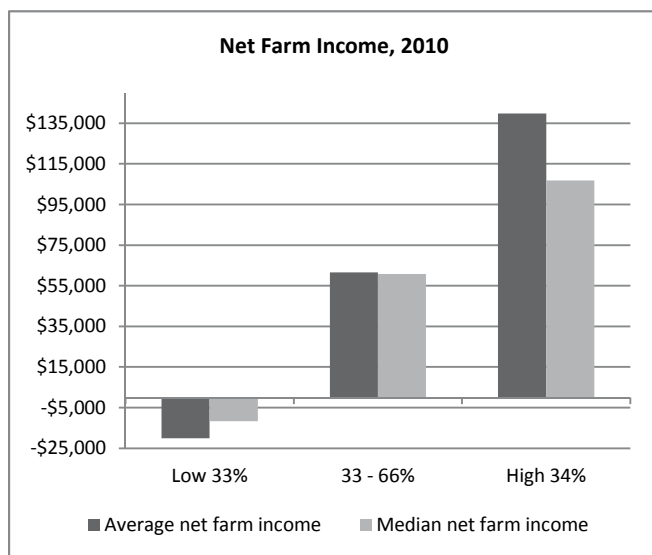


Figure C. Selected Factors of Completely Organic Farms - Grouped by Farm Type

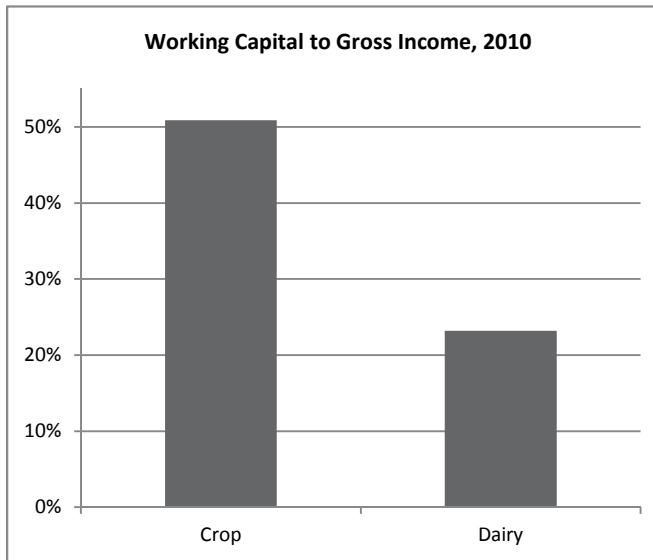
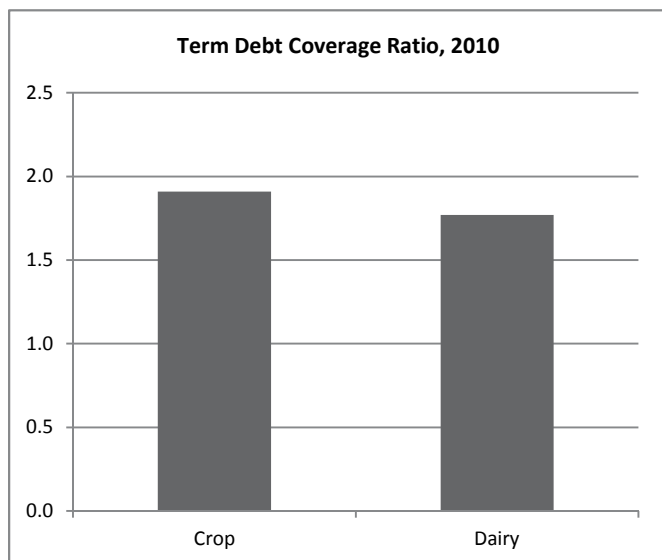
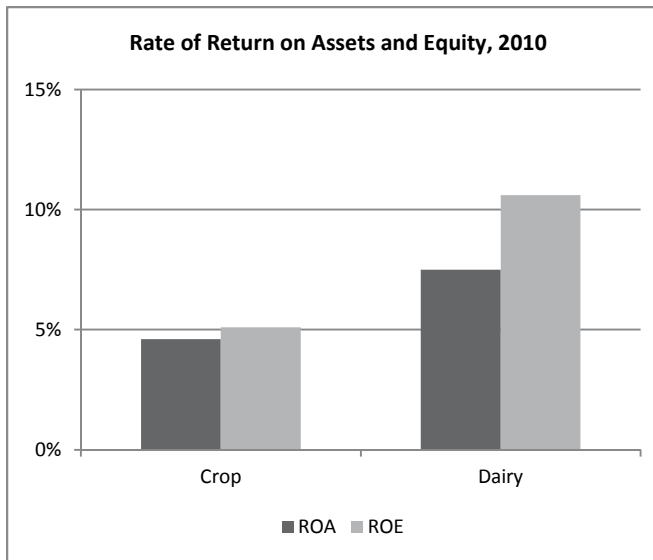
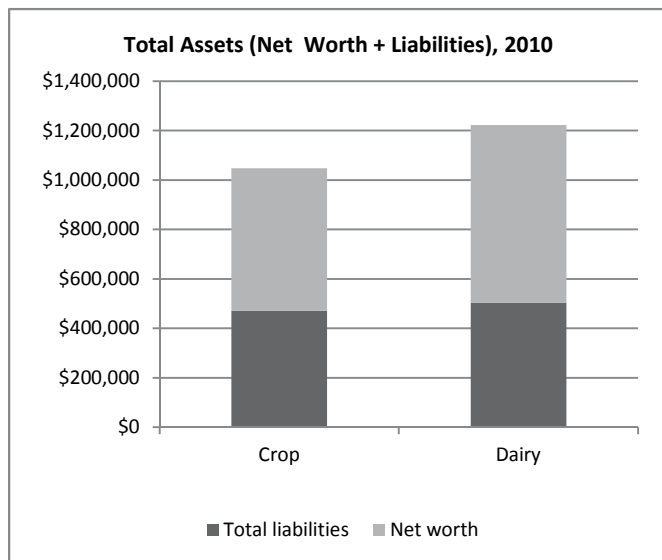
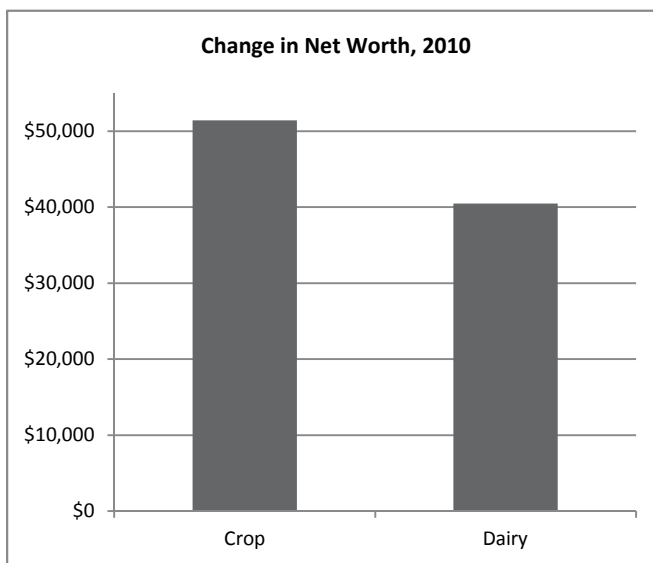
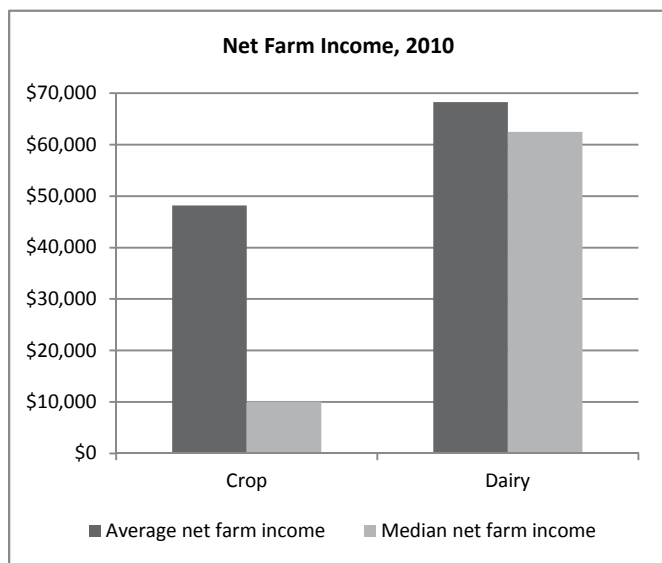


Figure D. Selected Factors of Completely Organic Farms - Grouped by Farm Size (Gross Farm Income)

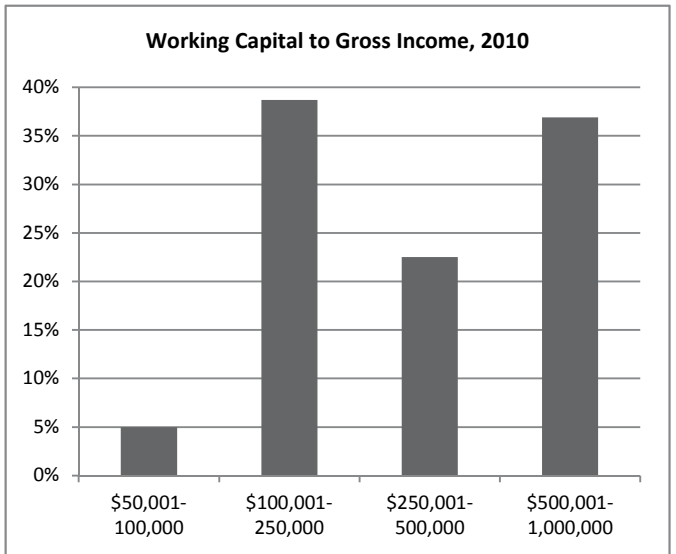
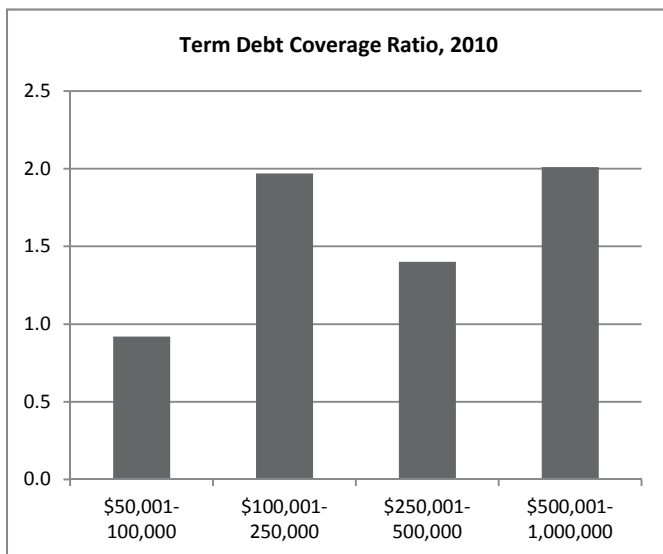
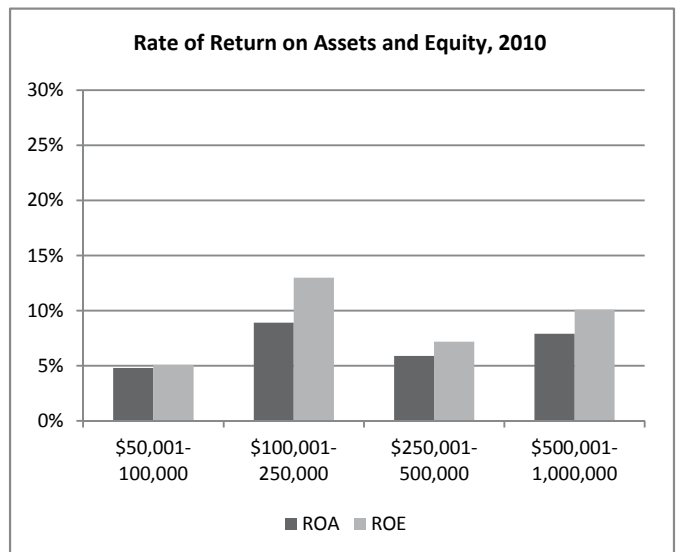
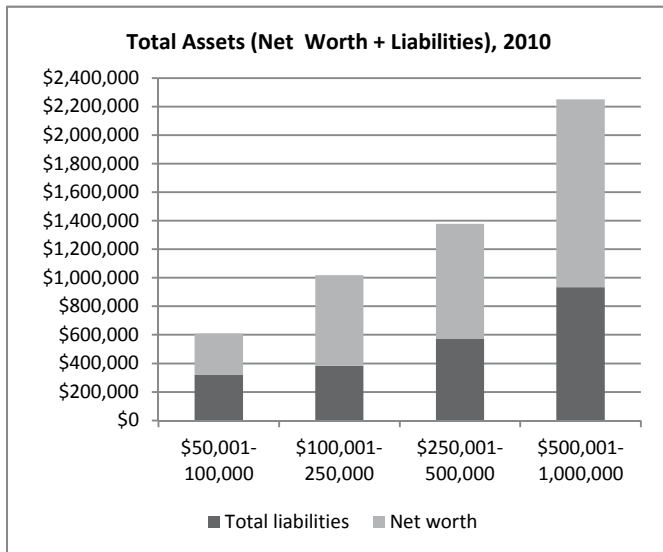
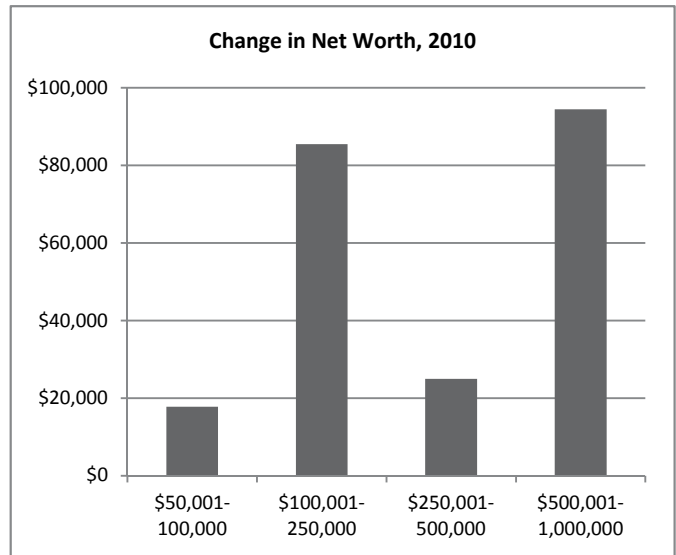
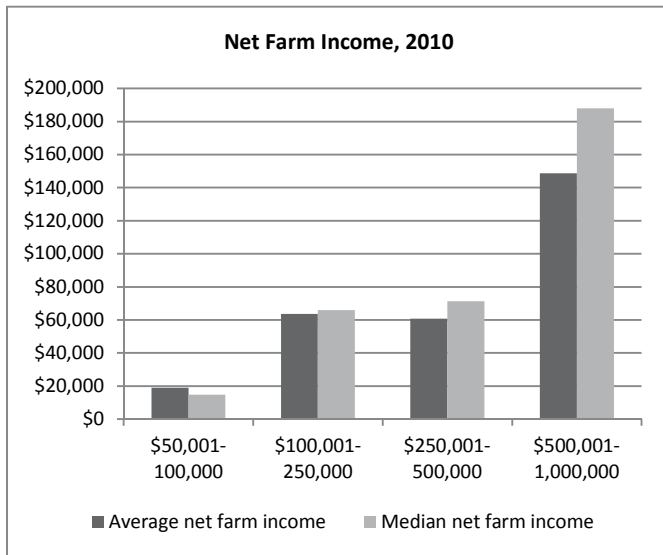
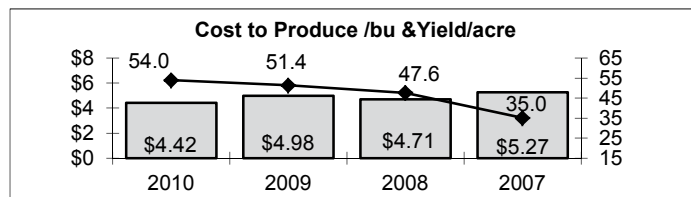


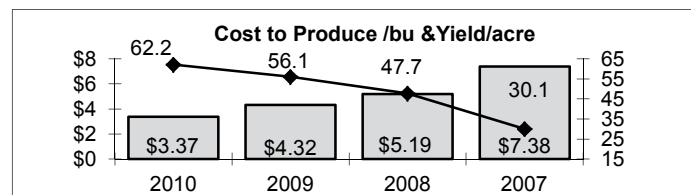
Figure E. Organic Crop, Forage, and Livestock Trends^{1, 2}

Graphs show **Yield per Acre** (line) and
Total Cost per Bu (bar)

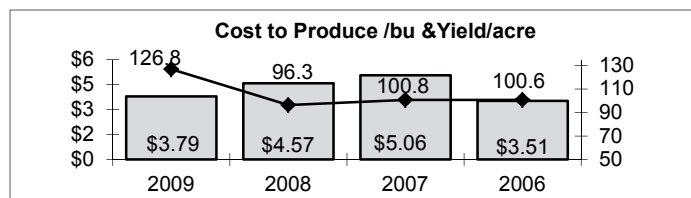
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Barley - Owned Land				
Yield per acre (bu)	54.0	51.4	47.6	35.0
Value per bu	5.08	6.25	6.63	6.14
Direct Exp per acre	136.86	153.99	139.85	88.01
Total Exp per acre	238.74	256.33	224.55	184.84
Net Return per acre	55.32	77.68	97.89	68.76
Total Exp per bu	4.42	4.98	4.71	5.27



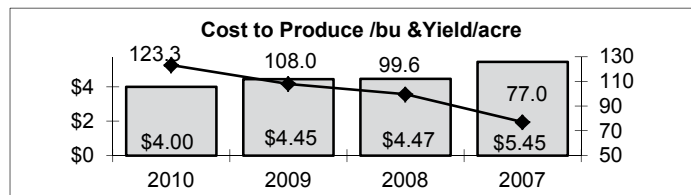
Barley - Rented Land				
Yield per acre (bu)	62.2	56.1	47.7	30.1
Value per bu	5.41	5.37	8.36	6.81
Direct Exp per acre	165.25	181.39	176.20	175.48
Total Exp per acre	209.40	242.46	247.67	222.04
Net Return per acre	128.37	61.90	170.80	0.05
Total Exp per bu	3.37	4.32	5.19	7.38



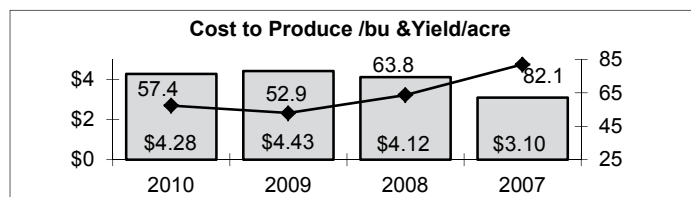
Corn - Owned Land				
Yield per acre (bu)	126.8	96.3	100.8	100.6
Value per bu	7.08	6.04	8.89	8.91
Direct Exp per acre	281.95	256.25	300.87	195.88
Total Exp per acre	480.03	440.15	509.53	353.18
Net Return per acre	429.23	160.53	464.65	600.71
Total Exp per bu	3.79	4.57	5.06	3.51



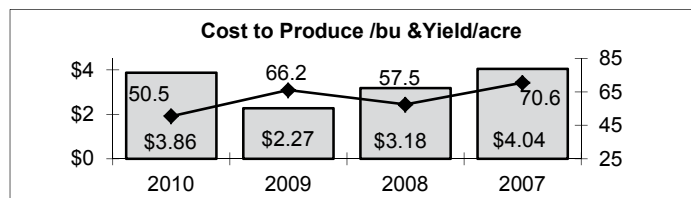
Corn - Rented Land				
Yield per acre (bu)	123.3	108.0	99.6	77.0
Value per bu	7.33	6.62	9.56	8.09
Direct Exp per acre	409.78	383.66	351.36	319.46
Total Exp per acre	493.30	480.36	445.69	419.54
Net Return per acre	431.49	240.69	599.93	270.71
Total Exp per bu	4.00	4.45	4.47	5.45



Oats - Owned Land				
Yield per acre (bu)	57.4	52.9	63.8	82.1
Value per bu	4.90	5.20	5.14	4.17
Direct Exp per acre	129.41	122.24	116.46	109.42
Total Exp per acre	246.09	234.40	262.55	254.71
Net Return per acre	84.80	53.69	108.37	125.15
Total Exp per bu	4.28	4.43	4.12	3.10



Oats - Rented Land				
Yield per acre (bu)	50.5	66.2	57.5	70.6
Value per bu	3.94	3.67	4.59	5.16
Direct Exp per acre	141.54	111.48	127.50	196.95
Total Exp per acre	195.20	150.20	183.19	284.87
Net Return per acre	12.83	123.20	111.29	94.11
Total Exp per bu	3.86	2.27	3.18	4.04

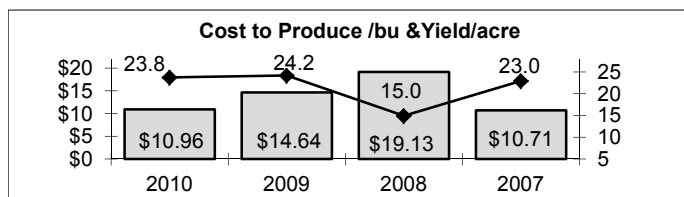


¹Total expenses include direct and overhead costs

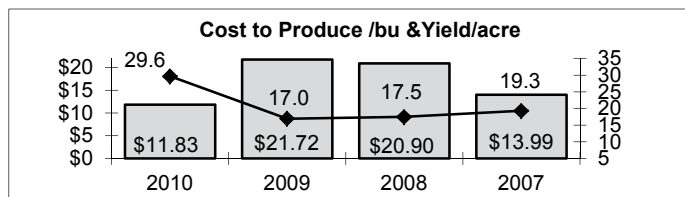
²Net return does not include labor or management

Soybeans - Owned Land

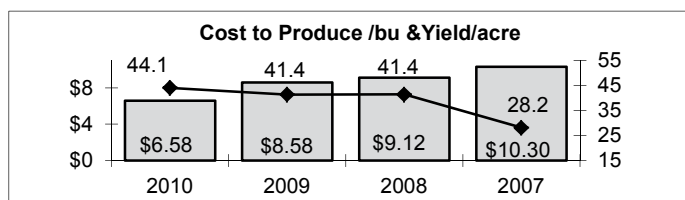
Yield per acre (bu)	23.8	24.2	15.0	23.0
Value per bu	19.90	17.65	19.39	19.63
Direct Exp per acre	145.07	187.11	147.86	111.79
Total Exp per acre	260.92	354.63	286.49	246.32
Net Return per acre	215.05	92.62	78.12	227.03
Total Exp per bu	10.96	14.64	19.13	10.71

**Soybeans - Rented Land**

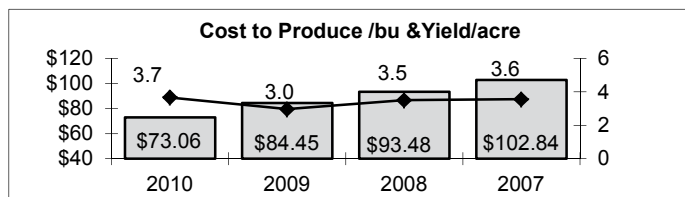
Yield per acre (bu)	29.6	17.0	17.5	19.3
Value per bu	18.77	20.08	22.86	19.06
Direct Exp per acre	286.49	285.23	303.42	208.27
Total Exp per acre	350.70	368.38	365.01	269.81
Net Return per acre	212.00	10.37	170.26	118.73
Total Exp per bu	11.83	21.72	20.90	13.99

**Spring Wheat - Rented Land**

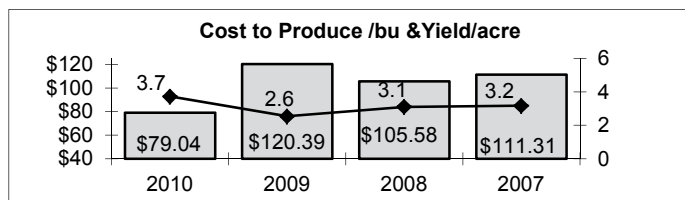
Yield per acre (bu)	44.1	41.4	41.4	28.2
Value per bu	8.58	7.88	14.97	13.99
Direct Exp per acre	232.65	283.49	309.24	218.87
Total Exp per acre	289.79	355.02	377.61	290.00
Net Return per acre	110.69	-3.63	275.66	111.35
Total Exp per bu	6.58	8.58	9.12	10.30

**Alfalfa Hay - Owned Land**

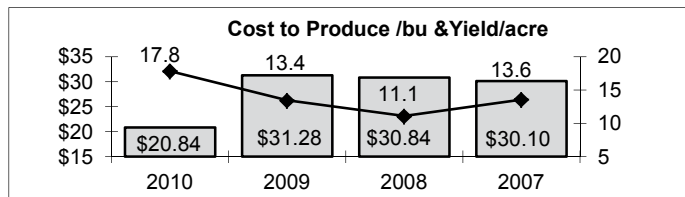
Yield per acre (ton)	3.67	2.97	3.50	3.56
Value per ton	116.12	126.87	135.91	149.00
Direct Exp per acre	150.06	133.75	179.57	199.74
Total Exp per acre	268.17	250.83	326.75	365.94
Net Return per acre	161.77	130.49	149.44	164.23
Total Exp per ton	73.06	84.45	93.48	102.84

**Alfalfa Hay - Rented Land**

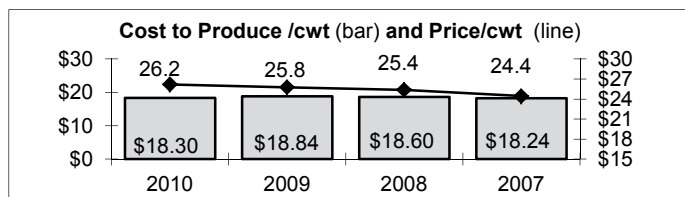
Yield per acre (ton)	3.7	2.6	3.1	3.2
Value per ton	117.95	127.21	142.21	139.23
Direct Exp per acre	214.35	215.57	245.82	231.72
Total Exp per acre	295.80	307.26	328.73	353.80
Net Return per acre	149.96	17.41	115.57	89.92
Total Exp per ton	79.04	120.39	105.58	111.31

**Corn Silage - Rented Land**

Yield per acre (ton)	17.8	13.4	11.1	13.6
Value per ton	36.33	42.00	44.04	32.29
Direct Exp per acre	282.24	335.20	261.44	296.94
Total Exp per acre	371.58	420.61	342.00	408.44
Net Return per acre	276.25	144.77	163.37	39.31
Total Exp per ton	20.84	31.28	30.84	30.10

**Dairy**

Production lb/cow	12,819	12,129	12,629	13,372
Avg. Price rec'd/cwt	26.19	25.77	25.39	24.44
Total feed cost/cwt	9.44	10.33	10.31	10.47
Total exp/cwt	18.30	18.84	18.60	18.24
Net return/cwt	5.90	5.37	5.34	6.09
Net return/cow	756.2	651.63	674.65	814.91



CROP REPORTS

The Crop Enterprise Analysis tables that follow show the average physical production, gross return, direct expenses, overhead expenses, and net returns per acre for various organic cropping enterprises. Separate tables are included for owned and cash rented land. The reports include historical comparisons of enterprise returns for years 2006 through 2010, and only crops with sufficient instances to summarize are included. The data reported are from organic production only. However, some of these farms also produce conventional crops.

Gross Return per acre includes the value of the crop produced plus any other income directly associated with production of the crop, including loan deficiency payments (LDPs), crop insurance proceeds and any disaster payments that might have been received. It does not include direct and counter-cyclical government payments.

The Value per unit (ton or bushel) is assigned by the producer. For cash crops, the value is based on the actual sales price for production sold or contracted before year-end and the inventory value for crops still in inventory at year-end. The local harvest-time price is used for forages and other feed crops.

Net return per acre is the amount contributed toward operator labor, management, and equity capital. Land costs include land rent on the rented land pages but only actual interest paid and real estate taxes on owned land. **For this reason, net returns from owned and rented land should not be compared.**

Net return with government payments is the net return per acre after decoupled government payments such as direct and counter-cyclical government payments have been added. These payments are generally allocated evenly per acre across all crops except vegetables and pasture.

Net return over labor and management is the return, including government payments, after compensating the operator for unpaid labor and management. This is also known as the per-acre return to equity capital.

Cost of production shows the average cost per unit produced in each cost category.

Total direct and overhead expense per unit is the break-even price needed to cover cash costs and depreciation.

Less government and other income is the break-even price when government payments and any miscellaneous income are used to offset some expenses.

With labor and management is the break-even price to provide a labor and management return for the operator(s).

Machinery cost per acre includes fuel and oil, repairs, custom hire, machinery lease payments, machinery depreciation, and interest on intermediate debt.

**Table 8. Crop Enterprise Analysis
Barley, Organic on owned land - 2010**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Number of fields	8	14	10	8	8
Number of farms	8	10	8	7	8
Acres	24.61	18.99	71.79	49.21	55.73
Yield per acre (bu)	54	51.44	47.64	35.04	39.71
Operators share of yield %	100	100	100	100	100
Value per bu	5.08	6.25	6.63	6.14	4.84
Other product return per acre	3.66	2.79	-	-	-
Total product return per acre	278.15	324.42	315.72	215.25	192.38
Crop insurance per acre	9.63	-	1.69	-	-
Other crop income per acre	6.29	9.59	5.04	38.36	10.8
Gross return per acre	294.07	334.01	322.45	253.6	203.18
Direct Expenses					
Seed	33.12	29.78	26.31	22.38	11.03
Fertilizer	28.67	28.03	24.81	13.21	3.75
Crop insurance	4.14	7.91	7.1	5.54	4.14
Drying expense	-	14.41	-	-	-
Fuel & oil	22.54	15.73	31.82	14.13	20.19
Repairs	23.06	33.84	30.6	20.63	20.71
Custom hire	6.06	10.99	1.11	1.47	1.07
Hired labor	0.56	8.37	-	-	-
Machinery leases	4.64	-	-	-	-
Hauling and trucking	-	-	1.52	0.73	-
Marketing	-	1.8	-	-	-
Organic certification	0.66	0.47	4.57	2.77	1.55
Operating interest	13.07	1.58	3.88	6.88	11.4
Miscellaneous	0.34	1.09	8.13	0.28	-
Total direct expenses per acre	136.86	153.99	139.85	88.01	73.85
Return over direct exp per acre	157.21	180.02	182.6	165.59	129.33
Overhead Expenses					
Custom hire	0.27	-	0.43	8.57	2.17
Hired labor	7.02	5.53	9.74	7.39	8.42
Machinery leases	2.87	2.6	0.02	0.19	0.21
Real estate & pers. property taxes	13.97	12.48	8.15	7.25	10.12
Farm insurance	4.54	5.2	5.43	4.05	5.02
Utilities	4.29	5.88	3.59	3.82	4.96
Dues & professional fees	4.1	2.93	2.94	3.06	2.77
Interest	40.32	39.66	24.09	22.75	26.44
Mach & bldg depreciation	18.03	23.73	29.79	36.59	20.29
Miscellaneous	6.48	4.33	0.53	3.15	11.18
Total overhead expenses per acre	101.89	102.35	84.71	96.83	91.59
Total dir & ovhd expenses per acre	238.74	256.33	224.55	184.84	165.44
Net return per acre	55.32	77.68	97.89	68.76	37.74
Government payments	11.8	8.55	14.6	12.36	18.19
Net return with govt pmts	67.13	86.23	112.49	81.12	55.94
Labor & management charge	29.08	36.77	42.35	39.25	31.06
Net return over lbr & mgt	38.04	49.46	70.14	41.87	24.87
Cost of Production					
Total direct expense per bu	2.53	2.99	2.94	2.51	1.86
Total dir & ovhd exp per bu	4.42	4.98	4.71	5.27	4.17
Less govt & other income	3.84	4.58	4.27	3.83	3.44
With labor & management	4.38	5.29	5.16	4.95	4.22
Net value per unit	5.08	6.25	6.63	6.14	4.84
Machinery cost per acre	80.69	92.15	94.52	82.57	67.26
Est. labor hours per acre	2.95	3.95	2.86	3.74	3.93

**Table 9. Crop Enterprise Analysis
Barley, Organic on Cash Rent - 2010**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Number of fields	9	11	11	9
Number of farms	8	10	11	8
Acres	58.54	66.83	56.06	78.93
Yield per acre (bu)	62.15	56.09	47.72	30.08
Operators share of yield %	100	100	100	100
Value per bu	5.41	5.37	8.36	6.81
Total product return per acre	336.34	301.44	399.09	204.88
Crop insurance per acre	-	1.11	16.22	-
LDP income per acre	-	-	0.89	-
Other crop income per acre	1.42	1.81	2.27	17.22
Gross return per acre	337.77	304.36	418.47	222.1
Direct Expenses				
Seed	16.97	19.45	20.14	20.18
Fertilizer	23.67	21.31	24.22	24.08
Crop insurance	6	5.03	5.6	6.62
Drying expense	-	9.69	-	-
Fuel & oil	17.98	13.99	16.23	20.8
Repairs	17.88	33.4	31.91	27.35
Custom hire	4.63	7.34	8.6	3.04
Hired labor	0.34	-	1.11	-
Land rent	68.48	62.71	49.94	60.66
Machinery leases	1.14	-	-	-
Utilities	-	-	1.45	-
Hauling and trucking	-	-	1.81	4.63
Marketing	-	1.21	1.08	-
Organic certification	0.67	0.76	2.23	1.55
Operating interest	7.21	5.99	5.73	5.52
Miscellaneous	0.27	0.51	6.16	1.06
Total direct expenses per acre	165.25	181.39	176.2	175.48
Return over direct exp per acre	172.52	122.97	242.27	46.62
Overhead Expenses				
Custom hire	2.19	0.83	1.48	3.35
Hired labor	12.56	12.67	7.05	7.31
Machinery leases	0.06	0.42	0.11	0.89
Building leases	0.02	0.01	-	-
Farm insurance	5.16	6.3	3.46	3.58
Utilities	6.38	6.1	2.96	3.57
Dues & professional fees	2.57	2.14	1.27	3.82
Interest	1.64	5.19	6.31	3.35
Mach & bldg depreciation	9.57	24.14	44.13	17.32
Miscellaneous	4.01	3.26	4.7	3.36
Total overhead expenses per acre	44.14	61.07	71.47	46.56
Total dir & ovhd expenses per acre	209.4	242.46	247.67	222.04
Net return per acre	128.37	61.9	170.8	0.05
Government payments	14.35	12.58	8.76	12.04
Net return with govt pmts	142.72	74.48	179.56	12.1
Labor & management charge	32.9	32.1	32.38	33.18
Net return over lbr & mgt	109.82	42.39	147.18	-21.08
Cost of Production				
Total direct expense per bu	2.66	3.23	3.69	5.83
Total dir & ovhd exp per bu	3.37	4.32	5.19	7.38
Less govt & other income	3.12	4.05	4.6	6.41
With labor & management	3.65	4.62	5.28	7.51
Net value per unit	5.41	5.37	8.38	6.81
Machinery cost per acre	54.1	81.93	104.98	74.93
Est. labor hours per acre	2.68	2.99	2.7	2.99

**Table 10. Crop Enterprise Analysis
Corn, Organic on Owned Land - 2010**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Number of fields	29	24	36	23	17
Number of farms	23	20	23	19	15
Acres	36.99	30.76	29.39	39.50	41.82
Yield per acre (bu)	126.81	96.28	100.76	100.58	93.68
Operators share of yield %	100	100	100	100	100
Value per bu	7.08	6.04	8.89	8.91	5.51
Other product return per acre	6.06	3.01	-	5.61	7.11
Total product return per acre	903.87	584.22	895.61	901.39	523.48
Crop insurance per acre	1.86	4.92	76.16	-	-
Other crop income per acre	3.53	11.54	2.40	52.50	33.76
Gross return per acre	909.25	600.68	974.18	953.89	557.23
Direct Expenses					
Seed	65.88	62.30	55.11	39.49	39.69
Fertilizer	65.08	56.19	84.21	47.39	24.07
Crop chemicals	-	-	0.55	0.41	-
Non-chemical crop protection	0.74	0.82	3.47	1.11	14.44
Crop insurance	15.52	13.98	26.60	16.26	5.80
Drying expense	5.07	7.52	13.91	3.44	2.73
Irrigation energy	0.53	4.08	0.79	3.77	-
Fuel & oil	38.43	28.61	42.55	34.92	41.24
Repairs	43.48	57.85	50.39	34.80	45.15
Custom hire	16.40	10.27	8.36	4.34	0.04
Hired labor	0.14	1.05	0.26	-	6.61
Machinery leases	5.51	2.56	-	0.44	2.63
Hauling and trucking	3.99	2.76	0.57	0.81	1.35
Organic certification	0.45	1.87	0.87	2.31	1.51
Operating interest	7.84	6.05	12.02	5.24	12.77
Miscellaneous	12.89	0.35	1.21	1.14	0.57
Total direct expenses per acre	281.95	256.25	300.87	195.88	198.59
Return over direct exp per acre	627.31	344.42	673.31	758.01	358.64
Overhead Expenses					
Custom hire	-	0.00	0.61	9.34	7.46
Hired labor	19.08	31.63	40.89	16.35	12.67
Machinery leases	1.35	3.12	1.11	4.28	1.39
Building leases	-	0.00	4.74	-	0.73
Real estate & pers. property taxes	16.61	11.00	13.13	12.87	11.58
Farm insurance	8.37	5.12	5.64	8.82	8.31
Utilities	8.84	8.00	7.55	5.16	6.10
Dues & professional fees	4.56	4.60	6.14	6.62	3.65
Interest	77.50	69.22	80.13	58.10	55.73
Mach & bldg depreciation	51.25	42.38	40.82	29.96	42.51
Miscellaneous	10.51	8.81	7.90	5.80	5.80
Total overhead expenses per acre	198.08	183.90	208.67	157.30	155.94
Total dir & ovhd expenses per acre	480.03	440.15	509.53	353.18	354.53
Net return per acre	429.23	160.53	464.65	600.71	202.70
Government payments	20.20	11.48	17.48	20.67	29.12
Net return with govt pmts	449.42	172.01	482.12	621.38	231.82
Labor & management charge	53.20	47.36	50.25	41.58	52.72
Net return over lbr & mgt	396.22	124.65	431.87	579.79	179.10
Cost of Production					
Total direct expense per bu	2.22	2.66	2.99	1.95	2.12
Total dir & ovhd exp per bu	3.79	4.57	5.06	3.51	3.78
Less govt & other income	3.54	4.25	4.10	2.73	3.04
With labor & management	3.96	4.74	4.60	3.14	3.60
Net value per unit	7.08	6.04	8.89	8.91	5.51
Machinery cost per acre	151.79	148.89	151.60	122.98	144.02
Est. labor hours per acre	5.49	6.85	7.42	5.33	4.82

**Table 11. Crop Enterprise Analysis
Corn, Organic on Cash Rent - 2010**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Number of fields	32	22	24	25	18
Number of farms	25	18	23	20	15
Acres	43.31	57.47	48.73	73.35	43.93
Yield per acre (bu)	123.26	107.98	99.61	77.04	85.94
Operators share of yield %	100	100	100	100	100
Value per bu	7.33	6.62	9.56	8.09	5.29
Other product return per acre	9.44	2.67	-	3.83	1.14
Total product return per acre	913.22	717.58	952.72	627.00	455.72
Crop insurance per acre	3.78	3.47	80.95	-	-
Other crop income per acre	7.79	-	11.96	63.25	17.89
Gross return per acre	924.80	721.05	1045.63	690.25	473.61
Direct Expenses					
Seed	70.42	74.83	50.86	48.34	38.46
Fertilizer	80.52	57.42	57.51	48.52	42.73
Crop chemicals	1.30	-	5.62	-	-
Non-chemical crop protection	5.76	4.21	6.15	4.30	2.14
Crop insurance	12.99	13.58	19.22	14.94	7.84
Drying expense	7.62	24.36	8.03	1.37	1.97
Storage	1.22	-	-	0.48	-
Fuel & oil	38.82	24.02	35.77	27.45	25.86
Repairs	43.29	39.35	39.77	33.38	41.74
Custom hire	16.17	14.22	19.99	25.08	3.48
Hired labor	1.60	1.61	8.94	-	-
Land rent	116.34	113.30	84.78	96.31	64.43
Machinery leases	0.07	0.12	-	0.09	0.59
Utilities	0.02	0.53	1.61	-	-
Hauling and trucking	0.28	2.56	-	3.17	-
Marketing	0.04	0.16	0.91	0.02	0.24
Organic certification	1.09	1.12	1.03	2.94	2.33
Operating interest	7.86	7.56	9.76	12.16	8.03
Miscellaneous	4.38	4.72	1.42	0.91	0.24
Total direct expenses per acre	409.78	383.66	351.36	319.46	240.06
Return over direct exp per acre	515.02	337.39	694.27	370.79	233.54
Overhead Expenses					
Custom hire	0.00	0.20	0.40	12.70	2.52
Hired labor	13.87	14.16	24.00	12.06	24.95
Machinery leases	2.90	2.44	1.41	6.02	1.12
Building leases	0.00	0.45	0.15	-	2.88
Farm insurance	7.50	5.95	5.48	7.34	5.98
Utilities	7.52	7.92	9.09	5.28	3.74
Dues & professional fees	4.70	3.20	3.54	5.15	2.67
Interest	6.36	10.24	9.43	8.71	6.98
Mach & bldg depreciation	30.17	39.41	30.34	29.28	29.64
Miscellaneous	10.50	12.75	10.48	13.53	4.70
Total overhead expenses per acre	83.52	96.71	94.33	100.08	85.17
Total dir & ovhd expenses per acre	493.30	480.36	445.69	419.54	325.24
Net return per acre	431.49	240.69	599.93	270.71	148.37
Government payments	21.13	19.02	14.71	18.40	26.27
Net return with govt pmts	452.63	259.71	614.64	289.10	174.64
Labor & management charge	49.15	42.98	46.24	40.30	34.40
Net return over lbr & mgt	403.48	216.73	568.40	248.80	140.24
Cost of Production					
Total direct expense per bu	3.32	3.55	3.53	4.15	2.79
Total dir & ovhd exp per bu	4.00	4.45	4.47	5.45	3.78
Less govt & other income	3.66	4.22	3.39	4.34	3.26
With labor & management	4.06	4.61	3.86	4.86	3.66
Net value per unit	7.33	6.62	9.56	8.09	5.29
Machinery cost per acre	132.41	125.86	133.65	140.53	108.84
Est. labor hours per acre	4.68	4.74	5.4	4.06	4.99

**Table 12. Crop Enterprise Analysis
Corn Silage, Organic on Owned Land - 2010**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Number of fields	15	12	16	15	9
Number of farms	14	11	13	13	8
Acres	25.26	24.91	20.85	26.15	28.72
Yield per acre (ton)	16.05	15.97	15.19	12.89	14.09
Operators share of yield %	100	100	100	100	100
Value per ton	36.43	40.43	45.17	34.58	30.87
Other product return per acre	-	-	-	-	12.07
Total product return per acre	584.56	645.57	686.21	445.59	447.13
Crop insurance per acre	-	-	12.74	-	-
Other crop income per acre	-	5.69	0.27	45.18	-
Gross return per acre	584.56	651.26	699.22	490.76	447.13
Direct Expenses					
Seed	57.40	59.16	54.12	46.33	41.28
Fertilizer	30.81	29.70	59.56	33.96	23.64
Non-chemical crop protect	0.08	-	0.22	0.10	2.22
Crop insurance	10.08	9.33	11.04	8.44	3.23
Storage	4.22	8.18	5.46	2.17	-
Irrigation energy	9.36	0.28	2.01	1.83	-
Fuel & oil	43.52	36.64	44.66	33.59	33.17
Repairs	45.14	69.23	57.59	73.69	50.30
Custom hire	8.95	13.85	23.97	20.83	23.41
Hired labor	5.12	9.18	0.73	-	-
Machinery leases	2.64	0.06	-	-	1.94
Marketing	-	-	-	-	2.51
Organic certification	1.58	0.22	2.30	0.92	0.71
Operating interest	12.54	3.66	5.72	2.58	4.95
Miscellaneous	1.91	0.63	4.29	3.04	-
Total direct expenses per acre	233.34	240.13	271.68	227.48	187.37
Return over direct exp per acre	351.22	411.13	427.54	263.29	259.77
Overhead Expenses					
Custom hire	0.35	3.87	0.00	13.70	0.11
Hired labor	16.93	29.68	22.55	34.64	29.28
Machinery leases	3.10	4.37	0.85	4.51	4.48
Building leases	-	-	14.82	-	2.38
Real estate & pers. property taxes	10.10	8.96	9.18	8.77	8.69
Farm insurance	6.65	6.89	4.77	8.00	7.78
Utilities	6.68	6.40	3.93	4.80	4.00
Dues & professional fees	4.07	4.50	2.73	2.96	1.68
Interest	30.82	29.31	31.77	41.06	23.21
Mach & bldg depreciation	45.71	42.30	43.09	37.35	31.96
Miscellaneous	7.75	11.35	9.76	6.05	5.59
Total overhead expenses per acre	132.17	147.63	143.43	161.85	119.14
Total dir & ovhd expenses per acre	365.52	387.76	415.11	389.33	306.51
Net return per acre	219.04	263.50	284.11	101.43	140.63
Government payments	15.06	8.69	59.05	13.68	29.21
Net return with govt pmts	234.11	272.19	343.16	115.11	169.84
Labor & management charge	43.18	55.36	40.93	44.15	29.20
Net return over lbr & mgt	190.92	216.83	302.23	70.96	140.64
Cost of Production					
Total direct expense per ton	14.54	15.04	17.88	17.65	13.29
Total dir & ovhd exp per ton	22.78	24.29	27.32	30.21	21.75
Less govt & other income	21.84	23.38	22.58	25.64	18.82
With labor & management	24.53	26.85	25.27	29.07	20.89
Net value per unit	36.43	40.43	45.17	34.58	30.87
Machinery cost per acre	159.84	173.78	179.06	192.06	150.43
Est. labor hours per acre	4.65	7.32	5.68	5.91	5.36

Table 13. Crop Enterprise Analysis
Corn Silage, Organic on Cash Rent - 2010

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Number of fields	14	18	13	5	10
Number of farms	13	14	12	5	9
Acres	21.66	21.06	36.95	15.40	16.70
Yield per acre (ton)	17.83	13.44	11.09	13.57	15.64
Operators share of yield %	100	100	100	100	100
Value per ton	36.33	42.00	44.04	32.29	27.21
Other product return per acre	-	0.67	-	-	14.01
Total product return per acre	647.83	565.38	488.40	438.20	439.48
Crop insurance per acre	-	-	13.44	-	-
LDP income per acre	-	-	3.53	-	-
Other crop income per acre	-	-	-	9.55	-
Gross return per acre	647.83	565.38	505.37	447.74	439.48
Direct Expenses					
Seed	48.51	57.26	44.42	37.43	42.87
Fertilizer	28.18	25.43	28.50	26.93	29.44
Crop chemicals	-	-	1.48	4.81	-
Non-chemical crop protect	1.85	8.91	7.42	0.92	4.73
Crop insurance	5.96	5.19	6.63	4.74	2.46
Storage	4.29	0.90	2.34	-	-
Fuel & oil	39.39	24.01	36.33	38.77	31.20
Repairs	39.41	57.04	43.66	69.78	45.07
Custom hire	19.98	70.63	25.25	9.07	55.87
Hired labor	0.96	0.97	-	-	-
Land rent	82.80	75.76	56.56	95.36	81.09
Machinery leases	5.36	0.02	-	-	1.94
Organic certification	1.64	1.20	0.57	1.44	1.61
Operating interest	3.00	4.64	4.60	2.23	6.32
Miscellaneous	0.90	3.26	3.67	5.47	-
Total direct expenses per acre	282.24	335.20	261.44	296.94	302.61
Return over direct exp per acre	365.59	230.17	243.93	150.80	136.87
Overhead Expenses					
Custom hire	0.02	0.02	3.27	6.82	1.28
Hired labor	21.97	17.47	17.71	24.95	30.30
Machinery leases	6.64	1.69	0.54	-	2.16
Building leases	0.06	5.49	-	3.97	-
Farm insurance	3.03	2.68	2.85	5.61	6.39
Utilities	3.62	2.83	3.27	4.47	4.11
Dues & professional fees	4.14	1.64	3.19	5.56	3.40
Interest	9.05	6.56	9.16	15.41	11.27
Mach & bldg depreciation	28.41	39.06	32.56	40.20	29.95
Miscellaneous	12.40	7.97	7.99	4.52	7.69
Total overhead expenses per acre	89.34	85.40	80.55	111.49	96.56
Total dir & ovhd expenses per acre	371.58	420.61	342.00	408.44	399.17
Net return per acre	276.25	144.77	163.37	39.31	40.32
Government payments	10.84	10.80	5.94	5.48	28.67
Net return with govt pmts	287.09	155.57	169.31	44.79	68.98
Labor & management charge	41.95	30.83	34.85	62.25	33.08
Net return over lbr & mgt	245.14	124.75	134.46	(17.46)	35.90
Cost of Production					
Total direct expense per ton	15.83	24.93	23.58	21.88	19.35
Total dir & ovhd exp per ton	20.84	31.28	30.84	30.10	25.53
Less govt & other income	20.23	30.43	28.77	28.99	22.80
With labor & management	22.59	32.72	31.92	33.58	24.91
Net value per unit	36.33	42.00	44.36	32.29	27.21
Machinery cost per acre	141.77	193.68	148.01	175.78	173.63
Est. labor hours per acre	6.04	4.77	5.25	10.69	6.36

**Table 14. Crop Enterprise Analysis
Oats, Organic on Owned Land - 2010**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Number of fields	7	14	11	9	7
Number of farms	7	12	11	7	7
Acres	39.39	32.76	26.70	42.62	51.29
Yield per acre (bu)	57.43	52.93	63.80	82.11	46.04
Operators share of yield %	100	100	100	100	100
Value per bu	4.90	5.20	5.14	4.17	3.23
Other product return per acre	14.36	4.45	2.45	5.63	-
Total product return per acre	295.66	279.41	330.10	348.17	148.59
Crop insurance per acre	4.59	3.81	-	-	-
LDP income per acre	-	-	2.66	-	-
Other crop income per acre	30.65	4.87	38.16	31.68	15.06
Gross return per acre	330.89	288.09	370.92	379.85	163.64
Direct Expenses					
Seed	23.72	11.91	19.51	13.29	9.74
Fertilizer	5.82	28.14	7.37	13.09	18.47
Non-chemical crop protect	0.62	-	-	-	-
Crop insurance	2.73	9.10	3.92	7.10	11.14
Irrigation energy	0.41	1.63	0.59	-	-
Fuel & oil	30.24	22.52	22.92	22.90	20.72
Repairs	31.73	38.71	41.80	21.87	22.00
Custom hire	10.59	2.46	15.04	22.11	-
Hired labor	-	3.18	-	-	12.20
Machinery leases	3.77	-	-	-	3.64
Hauling and trucking	6.88	-	0.97	2.27	2.49
Organic certification	0.66	2.37	1.07	2.55	2.38
Operating interest	10.89	2.12	3.17	3.73	10.47
Miscellaneous	1.36	0.10	0.11	0.52	0.82
Total direct expenses per acre	129.41	122.24	116.46	109.42	114.07
Return over direct exp per acre	201.48	165.85	254.45	270.44	49.57
Overhead Expenses					
Custom hire	0.00	0.28	0.98	4.95	6.05
Hired labor	5.49	12.37	12.85	13.50	0.40
Machinery leases	2.39	3.89	4.20	7.25	0.05
Real estate & pers. property taxes	12.93	10.03	14.53	13.99	5.39
Farm insurance	6.45	4.22	6.42	6.09	3.83
Utilities	6.19	5.52	7.44	4.82	4.04
Dues & professional fees	5.89	3.20	3.40	5.10	2.10
Interest	35.70	43.81	55.39	51.64	30.41
Mach & bldg depreciation	35.27	23.18	36.68	30.67	21.85
Miscellaneous	6.38	5.66	4.18	7.27	3.41
Total overhead expenses per acre	116.68	112.16	146.08	145.29	77.53
Total dir & ovhd expenses per acre	246.09	234.40	262.55	254.71	191.60
Net return per acre	84.80	53.69	108.37	125.15	-27.95
Government payments	26.67	11.10	10.40	16.67	18.88
Net return with govt pmts	111.47	64.79	118.77	141.82	-9.08
Labor & management charge	25.59	26.95	23.07	38.74	23.31
Net return over lbr & mgt	85.88	37.84	95.70	103.08	-32.38
Cost of Production					
Total direct expense per bu	2.25	2.31	1.83	1.33	2.48
Total dir & ovhd exp per bu	4.28	4.43	4.12	3.10	4.16
Less govt & other income	2.96	3.97	3.27	2.44	3.42
With labor & management	3.40	4.48	3.64	2.92	3.93
Net value per unit	4.90	5.20	5.18	4.17	3.23
Machinery cost per acre	116.83	95.32	116.88	113.61	74.54
Est. labor hours per acre	3.53	3.60	3.09	3.52	2.10

**Table 15. Crop Enterprise Analysis
Oats, Organic on Cash Rent - 2010**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Number of fields	13	10	12	8	13
Number of farms	11	10	12	6	12
Acres	42.26	40.36	39.51	76.10	87.78
Yield per acre (bu)	50.53	66.23	57.54	70.59	38.26
Operators share of yield %	100	100	100	100	100
Value per bu	3.94	3.67	4.59	5.16	3.03
Other product return per acre	1.92	-	-	10.80	-
Total product return per acre	200.90	242.85	264.07	375.28	116.10
Crop insurance per acre	-	-	2.68	-	-
Other crop income per acre	7.13	30.56	27.73	3.70	7.55
Gross return per acre	208.03	273.40	294.48	378.98	123.65
Direct Expenses					
Seed	15.47	12.96	17.55	16.95	11.76
Fertilizer	24.73	2.15	-	41.90	23.05
Non-chemical crop protect	1.37	-	-	-	2.78
Crop insurance	4.62	4.25	1.29	5.92	6.45
Drying expense	0.64	-	-	-	-
Fuel & oil	15.04	12.20	19.91	18.77	18.64
Repairs	18.31	23.23	24.02	20.37	20.71
Custom hire	1.80	4.00	10.31	19.88	1.36
Hired labor	-	0.37	0.29	-	10.73
Land rent	52.01	46.52	45.10	60.59	47.01
Machinery leases	-	1.07	-	-	3.20
Utilities	-	1.15	0.38	-	-
Hauling and trucking	2.40	-	0.16	-	2.19
Organic certification	0.75	0.43	0.85	2.71	1.86
Operating interest	4.30	0.81	4.90	9.28	11.53
Miscellaneous	0.10	2.32	2.74	0.57	0.61
Total direct expenses per acre	141.54	111.48	127.50	196.95	161.87
Return over direct exp per acre	66.49	161.92	166.98	182.03	(38.22)
Overhead Expenses					
Custom hire	1.86	0.08	2.09	22.49	6.91
Hired labor	14.56	8.23	10.74	13.70	4.02
Machinery leases	0.30	0.09	0.87	0.15	0.33
Farm insurance	4.64	2.07	3.32	6.31	3.67
Utilities	6.05	2.48	2.89	2.37	2.87
Dues & professional fees	1.66	1.04	1.67	2.62	3.66
Interest	5.22	6.42	5.26	5.36	4.91
Mach & bldg depreciation	17.91	16.78	26.41	27.62	20.73
Miscellaneous	1.46	1.51	2.44	7.30	3.56
Total overhead expenses per acre	53.66	38.72	55.69	87.92	50.65
Total dir & ovhd expenses per acre	195.20	150.20	183.19	284.87	212.52
Net return per acre	12.83	123.20	111.29	94.11	(88.88)
Government payments	13.84	10.29	11.56	16.65	20.10
Net return with govt pmts	26.67	133.49	122.85	110.76	(68.77)
Labor & management charge	24.55	13.19	17.47	13.47	27.33
Net return over lbr & mgt	2.12	120.30	105.38	97.29	(96.10)
Cost of Production					
Total direct expense per bu	2.80	1.68	2.22	2.79	4.23
Total dir & ovhd exp per bu	3.86	2.27	3.18	4.04	5.56
Less govt & other income	3.41	1.65	2.45	3.59	4.83
With labor & management	3.90	1.85	2.76	3.79	5.55
Net value per unit	3.94	3.67	4.59	5.16	3.03
Machinery cost per acre	59.00	62.73	84.84	113.03	73.54
Est. labor hours per acre	2.53	1.54	1.90	1.99	2.16

**Table 16. Crop Enterprise Analysis
Soybeans, Organic on Owned Land - 2010**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Number of fields	16	24	14	17	15
Number of farms	14	18	11	16	15
Acres	50.78	45.36	54.46	76.58	75.25
Yield per acre (bu)	23.81	24.23	14.98	23.01	14.16
Operators share of yield %	100	100	100	100	100
Value per bu	19.90	17.65	19.39	19.63	14.32
Other product return per acre	-	0.55	-	1.63	6.17
Total product return per acre	473.88	428.13	290.40	453.26	208.95
Crop insurance per acre	1.75	18.61	74.21	-	-
Other crop income per acre	0.33	0.51	-	20.08	36.91
Gross return per acre	475.96	447.25	364.61	473.34	245.86
Direct Expenses					
Seed	33.09	45.36	30.54	35.19	28.35
Fertilizer	6.06	28.27	15.08	4.48	9.94
Non-chemical crop protect	1.34	4.12	2.83	2.99	10.39
Crop insurance	7.93	15.30	17.09	10.98	10.22
Irrigation energy	-	-	0.09	-	1.39
Fuel & oil	23.35	21.78	27.21	21.11	20.89
Repairs	26.92	33.47	34.18	22.12	27.06
Custom hire	4.93	8.00	3.05	2.74	2.87
Hired labor	14.93	21.89	0.52	1.16	6.94
Machinery leases	6.38	0.46	6.10	3.33	1.22
Hauling and trucking	1.00	-	0.51	1.86	0.68
Marketing	0.54	0.05	0.31	-	-
Organic certification	0.85	3.20	2.56	1.84	1.41
Operating interest	16.41	4.33	7.70	3.63	8.56
Miscellaneous	1.33	0.87	0.10	0.36	0.28
Total direct expenses per acre	145.07	187.11	147.86	111.79	130.21
Return over direct exp per acre	330.90	260.15	216.74	361.56	115.64
Overhead Expenses					
Custom hire	0.25	2.76	1.38	4.21	2.84
Hired labor	6.64	18.16	14.17	10.71	10.75
Machinery leases	3.23	0.85	0.46	1.36	1.03
Real estate & pers. property taxes	12.29	14.25	10.37	11.47	8.92
Farm insurance	4.57	6.16	4.61	4.34	3.58
Utilities	5.24	8.44	3.67	4.40	3.45
Dues & professional fees	6.03	3.70	4.02	3.90	1.85
Interest	44.85	60.20	63.69	57.42	28.79
Mach & bldg depreciation	27.13	46.72	29.89	30.25	23.80
Miscellaneous	5.62	6.27	6.37	6.46	5.10
Total overhead expenses per acre	115.85	167.52	138.63	134.53	90.13
Total dir & ovhd expenses per acre	260.92	354.63	286.49	246.32	220.34
Net return per acre	215.05	92.62	78.12	227.03	25.51
Government payments	19.61	13.61	17.57	19.45	20.37
Net return with govt pmts	234.65	106.24	95.69	246.47	45.89
Labor & management charge	45.79	34.97	41.50	35.82	30.32
Net return over lbr & mgt	188.87	71.26	54.19	210.65	15.56
Cost of Production					
Total direct expense per bu	6.09	7.72	9.87	4.86	9.19
Total dir & ovhd exp per bu	10.96	14.64	19.13	10.71	15.56
Less govt & other income	10.05	13.26	13.00	8.92	11.08
With labor & management	11.97	14.71	15.77	10.47	13.22
Net value per unit	19.90	17.65	19.39	19.63	14.32
Machinery cost per acre	94.47	113.16	103.65	87.88	80.79
Est. labor hours per acre	4.01	4.25	4.47	3.34	2.84

**Table 17. Crop Enterprise Analysis
Soybeans, Organic on Cash Rent - 2010**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Number of fields	22	18	29	23	35
Number of farms	16	15	18	19	18
Acres	66.59	53.21	71.46	68.50	105.89
Yield per acre (bu)	29.64	16.96	17.47	19.29	14.13
Operators share of yield %	100	100	100	100	100
Value per bu	18.77	20.08	22.86	19.06	14.63
Other product return per acre	-	-	14.72	0.52	-
Total product return per acre	556.31	340.54	413.98	368.14	206.76
Crop insurance per acre	1.18	37.63	43.19	-	-
Other crop income per acre	5.21	0.58	78.09	20.41	55.68
Gross return per acre	562.70	378.75	535.27	388.54	262.43
Direct Expenses					
Seed	49.11	52.44	35.47	31.07	32.67
Fertilizer	0.73	9.92	32.10	4.49	15.85
Non-chemical crop protect	2.92	3.47	4.96	1.96	5.54
Crop insurance	14.57	17.67	15.43	12.70	15.99
Irrigation energy	2.84	4.64	4.22	0.94	-
Fuel & oil	23.19	15.15	24.18	19.25	21.45
Repairs	22.73	24.69	27.47	23.60	23.34
Custom hire	18.69	16.11	27.70	9.48	4.22
Hired labor	30.14	13.45	16.13	6.41	20.16
Land rent	112.55	104.36	100.23	85.96	60.15
Machinery leases	-	1.21	-	-	3.40
Utilities	-	0.60	0.22	-	-
Hauling and trucking	2.46	-	0.56	2.67	2.33
Organic certification	1.60	2.25	2.82	2.26	1.32
Operating interest	3.38	17.60	9.18	6.14	11.03
Miscellaneous	1.58	1.66	2.75	1.33	0.74
Total direct expenses per acre	286.49	285.23	303.42	208.27	218.19
Return over direct exp per acre	276.21	93.53	231.85	180.27	44.24
Overhead Expenses					
Custom hire	1.00	0.08	0.33	4.26	8.30
Hired labor	9.48	18.57	10.69	6.16	5.77
Machinery leases	0.33	-	1.28	3.63	0.27
Farm insurance	3.36	4.89	4.93	4.45	3.41
Utilities	6.30	8.92	4.89	3.41	3.06
Dues & professional fees	2.93	2.71	2.98	4.24	5.28
Interest	8.36	11.52	9.67	5.42	4.06
Mach & bldg depreciation	25.14	26.73	19.57	21.78	21.33
Miscellaneous	7.31	9.72	7.24	8.19	3.75
Total overhead expenses per acre	64.21	83.15	61.59	61.54	55.23
Total dir & ovhd expenses per acre	350.70	368.38	365.01	269.81	273.42
Net return per acre	212.00	10.37	170.26	118.73	-10.99
Government payments	18.27	13.00	11.59	11.77	20.06
Net return with govt pmts	230.28	23.38	181.85	130.50	9.07
Labor & management charge	45.90	51.75	34.59	35.75	28.90
Net return over lbr & mgt	184.38	-28.38	147.25	94.75	-19.83
Cost of Production					
Total direct expense per bu	9.67	16.82	17.37	10.80	15.44
Total dir & ovhd exp per bu	11.83	21.72	20.90	13.99	19.35
Less govt & other income	11.00	18.70	12.45	12.29	13.99
With labor & management	12.55	21.75	14.43	14.15	16.04
Net value per unit	18.77	20.08	22.86	19.06	14.63
Machinery cost per acre	96.89	92.39	106.59	85.59	82.51
Est. labor hours per acre	3.08	3.13	2.73	2.91	2.27

**Table 18. Crop Enterprise Analysis
Spring Wheat, Organic on Owned Land - 2010**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2006</u>
Number of fields	7	8	10	7
Number of farms	5	8	7	7
Acres	29.98	68.50	54.48	81.30
Yield per acre (bu)	31.53	40.96	37.17	28.46
Table 18. Operators share of yield %	100	100	100	100
Value per bu	10.13	6.56	13.88	6.70
Other product return per acre	-	9.36	-	-
Total product return per acre	319.53	277.92	516.08	190.79
Crop insurance per acre	-	26.55	-	-
Other crop income per acre	-	0.01	-	18.99
Gross return per acre	319.53	304.48	516.08	209.78
Direct Expenses				
Seed	32.63	33.12	41.08	16.69
Fertilizer	43.44	57.53	46.64	24.94
Crop insurance	9.42	15.88	21.99	3.35
Drying expense	-	-	-	0.16
Fuel & oil	27.93	18.56	32.12	24.86
Repairs	27.62	27.35	26.64	25.00
Custom hire	0.96	13.03	0.61	6.32
Hired labor	-	-	2.14	-
Machinery leases	6.33	0.12	-	-
Hauling and trucking	-	-	-	4.74
Marketing	0.90	-	0.12	-
Organic certification	0.17	2.47	2.07	0.72
Operating interest	18.50	2.95	6.49	4.59
Miscellaneous	0.09	0.00	1.68	-
Total direct expenses per acre	167.99	171.02	181.59	111.38
Return over direct exp per acre	151.54	133.46	334.49	98.40
Overhead Expenses				
Custom hire	-	4.12	0.41	2.59
Hired labor	10.02	27.15	17.82	11.05
Machinery leases	4.58	0.48	0.10	0.85
Real estate & pers. property taxes	18.23	13.58	11.41	10.35
Farm insurance	7.05	7.09	5.81	4.61
Utilities	6.20	6.30	3.93	3.76
Dues & professional fees	8.67	2.62	3.24	3.60
Interest	68.65	30.13	36.23	25.90
Mach & bldg depreciation	27.55	29.86	23.37	17.48
Miscellaneous	8.16	6.68	4.73	3.39
Total overhead expenses per acre	159.12	128.00	107.03	83.58
Total dir & ovhd expenses per acre	327.12	299.02	288.63	194.96
Net return per acre	-7.58	5.46	227.45	14.82
Government payments	14.45	8.76	12.91	12.10
Net return with govt pmts	6.87	14.22	240.36	26.92
Labor & management charge	34.20	28.57	35.97	30.03
Net return over lbr & mgt	-27.33	-14.35	204.39	-3.11
Cost of Production				
Total direct expense per bu	5.33	4.18	4.89	3.91
Total dir & ovhd exp per bu	10.37	7.30	7.76	6.85
Less govt & other income	9.92	6.21	7.42	5.76
With labor & management	11.00	6.91	8.39	6.81
Net value per unit	10.13	6.56	13.88	6.70
Machinery cost per acre	96.44	93.38	88.37	79.63
Est. labor hours per acre	4.52	3.69	3.57	3.30

NOTE: 2007 data unavailable due to insufficient number of operations reporting

Table 19. Crop Enterprise Analysis
Spring Wheat , Organic on Cash Rent - 2010

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Number of fields	5	10	10	9
Number of farms	5	8	8	6
Acres	76.68	69.73	82.29	123.37
Yield per acre (bu)	44.06	41.37	41.42	28.16
Operators share of yield %	100	100	100	100
Value per bu	8.58	7.88	14.97	13.99
Other product return per acre	10.15	7.40	8.93	-
Total product return per acre	388.07	333.40	628.91	394.07
Crop insurance per acre	-	17.92	4.97	-
Other crop income per acre	12.41	0.08	19.40	7.28
Gross return per acre	400.48	351.39	653.28	401.36
Direct Expenses				
Seed	37.05	24.33	50.41	27.27
Fertilizer	34.62	75.53	49.67	34.52
Crop chemicals	-	-	1.84	-
Non-chemical crop protect	-	2.03	-	-
Crop insurance	10.73	7.93	20.02	13.40
Drying expense	-	-	1.87	1.11
Irrigation energy	0.16	2.11	2.21	-
Fuel & oil	25.30	19.12	23.41	19.41
Repairs	27.27	32.02	41.79	25.48
Custom hire	-	5.90	17.45	8.87
Hired labor	6.01	0.45	2.61	-
Land rent	81.53	98.37	84.83	64.34
Hauling and trucking	-	-	1.46	12.58
Marketing	-	-	0.52	-
Organic certification	1.23	2.57	1.55	2.28
Operating interest	7.70	12.99	7.66	9.60
Miscellaneous	1.04	0.14	1.92	-
Total direct expenses per acre	232.65	283.49	309.24	218.87
Return over direct exp per acre	167.83	67.91	344.03	182.48
Overhead Expenses				
Custom hire	1.45	1.55	0.53	12.95
Hired labor	10.47	24.12	22.12	15.76
Machinery leases	1.02	0.00	1.51	0.07
Farm insurance	4.22	4.70	5.07	5.05
Utilities	8.06	5.97	5.93	4.32
Dues & professional fees	1.84	0.94	1.87	2.66
Interest	1.99	5.74	4.07	3.04
Mach & bldg depreciation	18.27	22.18	24.51	21.65
Miscellaneous	9.82	6.35	2.78	5.62
Total overhead expenses per acre	57.14	71.53	68.37	71.13
Total dir & ovhd expenses per acre	289.79	355.02	377.61	290.00
Net return per acre	110.69	-3.63	275.66	111.35
Government payments	17.90	11.14	21.37	16.08
Net return with govt pmts	128.59	7.51	297.04	127.44
Labor & management charge	31.13	30.40	29.54	23.88
Net return over lbr & mgt	97.45	-22.89	267.50	103.55
Cost of Production				
Total direct expense per bu	5.28	6.85	7.47	7.77
Total dir & ovhd exp per bu	6.58	8.58	9.12	10.30
Less govt & other income	5.66	7.70	7.80	9.47
With labor & management	6.37	8.43	8.51	10.32
Net value per unit	8.58	7.88	14.97	13.99
Machinery cost per acre	73.81	83.80	109.31	91.07
Est. labor hours per acre	3.24	2.72	3.34	2.34

NOTE: 2006 data unavailable due to insufficient number of operations reporting

**Table 20. Crop Enterprise Analysis
Alfalfa Hay, Organic on Owned Land - 2010**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Number of fields	28	33	31	29	28
Number of farms	17	24	22	21	19
Acres	59.30	57.55	63.55	60.37	49.03
Yield per acre (ton)	3.67	2.97	3.50	3.56	3.54
Operators share of yield %	100	100	100	100	100
Value per ton	116.12	126.87	135.91	149.00	122.17
Total product return per acre	426.23	376.82	475.05	530.17	432.77
Crop insurance per acre	-	3.28	-	-	-
Other crop income per acre	3.70	1.23	1.14	-	14.97
Gross return per acre	429.93	381.33	476.19	530.17	447.75
Direct Expenses					
Seed	-	0.05	4.29	6.46	1.30
Fertilizer	36.41	32.13	30.50	30.71	34.14
Non-chemical crop protect	-	0.11	0.59	-	-
Crop insurance	0.98	1.12	1.38	1.62	0.65
Storage	0.20	0.83	0.98	-	-
Irrigation energy	0.58	0.95	0.12	0.65	-
Packaging and supplies	0.70	-	-	-	-
Fuel & oil	25.86	25.70	38.32	36.01	26.01
Repairs	33.70	40.28	48.78	44.98	33.76
Custom hire	34.31	23.15	38.50	60.68	92.94
Hired labor	0.21	2.39	0.33	-	4.52
Machinery leases	1.12	-	-	-	1.61
Hauling and trucking	6.05	-	0.07	7.80	13.17
Marketing	-	0.15	0.13	-	1.22
Organic certification	0.96	1.53	2.11	2.54	1.37
Operating interest	7.05	3.79	8.00	7.64	6.56
Miscellaneous	1.92	1.60	5.45	0.65	1.83
Total direct expenses per acre	150.06	133.75	179.57	199.74	219.08
Return over direct exp per acre	279.88	247.57	296.63	330.43	228.66
Overhead Expenses					
Custom hire	1.18	2.32	0.37	19.76	3.88
Hired labor	27.51	21.47	21.77	14.31	11.81
Machinery leases	1.93	3.67	2.20	6.53	1.42
Building leases	-	-	5.27	-	1.06
Real estate & pers. property taxes	11.19	10.21	11.78	10.87	10.02
Farm insurance	5.11	6.47	6.61	8.22	5.99
Utilities	4.19	6.41	8.01	5.60	3.41
Dues & professional fees	4.24	2.76	3.81	9.31	4.17
Interest	23.83	22.86	37.32	48.14	37.01
Mach & bldg depreciation	30.58	35.28	43.26	37.15	24.50
Miscellaneous	8.35	5.63	6.77	6.31	6.45
Total overhead expenses per acre	118.11	117.08	147.19	166.20	109.73
Total dir & ovhd expenses per acre	268.17	250.83	326.75	365.94	328.81
Net return per acre	161.77	130.49	149.44	164.23	118.94
Government payments	10.80	9.92	15.99	14.39	14.29
Net return with govt pmts	172.57	140.42	165.43	178.62	133.23
Labor & management charge	34.27	44.51	46.69	46.74	31.08
Net return over lbr & mgt	138.30	95.91	118.74	131.88	102.14
Cost of Production					
Total direct expense per ton	40.88	45.03	51.37	56.14	61.85
Total dir & ovhd exp per ton	73.06	84.45	93.48	102.84	92.83
Less govt & other income	69.11	79.59	88.58	98.80	84.56
With labor & management	78.44	94.58	101.94	111.93	93.34
Net value per unit	116.12	126.87	135.91	149.00	122.17
Machinery cost per acre	131.84	132.65	174.06	215.37	189.96
Est. labor hours per acre	5.33	4.90	5.56	4.62	4.31

Table 21. Crop Enterprise Analysis
Alfalfa Hay, Organic on Cash Rent - 2010

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Number of fields	20	28	35	25	18
Number of farms	18	24	20	17	17
Acres	116.48	87.39	59.59	77.96	67.83
Yield per acre (ton)	3.74	2.55	3.11	3.18	4.05
Operators share of yield %	100	100	100	100	100
Value per ton	117.95	127.21	142.21	139.23	115.69
Total product return per acre	441.42	324.67	442.77	442.55	468.99
Crop insurance per acre	-	-	1.53	-	-
Other crop income per acre	4.34	-	-	1.18	7.01
Gross return per acre	445.76	324.67	444.30	443.73	476.00
Direct Expenses					
Seed	-	0.12	2.18	6.97	2.37
Fertilizer	22.48	15.98	13.21	30.50	21.97
Non-chemical crop protect	-	-	-	1.27	3.63
Crop insurance	0.23	0.64	0.49	0.47	0.60
Storage	0.56	0.03	1.20	-	-
Irrigation energy	-	2.01	0.10	0.92	-
Packaging and supplies	2.07	-	-	-	-
Fuel & oil	25.36	22.87	29.25	28.08	22.35
Repairs	28.34	44.23	37.04	34.18	30.66
Custom hire	42.26	32.96	53.72	39.33	112.30
Hired labor	3.59	1.18	0.15	-	8.06
Land rent	77.10	83.46	81.29	67.72	71.78
Machinery leases	0.44	0.88	-	-	2.40
Hauling and trucking	5.54	-	13.85	7.02	-
Marketing	-	1.11	0.12	-	1.12
Organic certification	1.15	1.32	1.77	2.25	1.68
Operating interest	3.67	7.28	10.25	11.83	4.87
Miscellaneous	1.55	1.48	1.21	1.15	0.82
Total direct expenses per acre	214.35	215.57	245.82	231.72	284.60
Return over direct exp per acre	231.41	109.10	198.48	212.01	191.40
Overhead Expenses					
Custom hire	1.28	2.75	0.26	25.24	4.31
Hired labor	22.03	30.03	26.28	21.88	16.51
Machinery leases	4.29	2.52	0.47	1.75	1.85
Building leases	-	1.83	2.07	-	0.43
Farm insurance	2.53	3.78	3.82	9.51	4.85
Utilities	3.28	3.49	3.60	4.69	2.75
Dues & professional fees	3.40	2.01	1.06	2.72	1.35
Interest	11.82	7.88	8.89	5.43	5.04
Mach & bldg depreciation	27.93	32.44	27.48	32.20	22.51
Miscellaneous	4.89	4.97	8.98	18.67	6.17
Total overhead expenses per acre	81.45	91.69	82.91	122.08	65.76
Total dir & ovhd expenses per acre	295.80	307.26	328.73	353.80	350.36
Net return per acre	149.96	17.41	115.57	89.92	125.64
Government payments	11.05	9.01	13.36	15.34	11.77
Net return with govt pmts	161.01	26.43	128.93	105.26	137.41
Labor & management charge	28.99	36.96	42.78	33.45	25.95
Net return over lbr & mgt	132.02	-10.53	86.15	71.81	111.46
Cost of Production					
Total direct expense per ton	57.28	84.46	78.95	72.90	70.21
Total dir & ovhd exp per ton	79.04	120.39	105.58	111.31	86.43
Less govt & other income	74.93	116.86	100.80	106.11	81.80
With labor & management	82.67	131.34	114.54	116.64	88.20
Net value per unit	117.95	127.21	142.21	139.23	115.69
Machinery cost per acre	137.20	141.64	154.29	164.68	198.97
Est. labor hours per acre	3.56	5.03	4.33	3.22	5.19

**Table 22. Crop Enterprise Analysis
Pasture, Organic on Owned Land - 2010**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Number of fields	26	31	26	13	13
Number of farms	20	20	15	9	11
Acres	56.30	47.48	51.10	68.53	67.80
Yield per acre (aum)	5.44	4.64	2.86	4.16	7.07
Operators share of yield %	100	100	100	100	100
Value per aum	33.63	38.71	42.23	32.79	14.84
Other product return per acre	-	1.63	-	-	-
Total product return per acre	182.83	181.04	120.99	136.50	104.99
Other crop income per acre	10.61	2.68	7.28	-	0.98
Gross return per acre	193.44	183.72	128.27	136.50	105.97
Direct Expenses					
Seed	1.04	4.81	9.02	2.04	1.10
Fertilizer	10.06	13.70	16.05	2.62	6.55
Irrigation energy	0.04	3.47	0.66	-	-
Fuel & oil	5.14	4.39	5.32	2.46	2.74
Repairs	10.10	10.09	6.13	3.49	4.46
Custom hire	1.56	0.08	0.14	-	-
Hired labor	0.51	2.72	1.92	-	-
Organic certification	0.53	0.37	0.81	0.89	0.31
Operating interest	0.36	0.38	1.04	0.06	1.04
Miscellaneous	0.90	0.88	1.27	-	-
Total direct expenses per acre	30.23	40.89	42.35	11.56	16.20
Return over direct exp per acre	163.21	142.84	85.92	124.94	89.77
Overhead Expenses					
Hired labor	1.55	3.64	1.62	1.01	1.48
Real estate & pers. property taxes	13.44	12.31	10.51	7.96	9.15
Farm insurance	1.19	0.67	0.69	0.62	0.73
Dues & professional fees	0.64	0.25	0.33	0.36	0.45
Interest	30.65	27.58	24.11	15.47	20.28
Mach & bldg depreciation	7.18	7.61	4.99	3.77	4.90
Miscellaneous	2.76	1.54	1.45	1.17	1.26
Total overhead expenses per acre	57.41	53.60	43.70	30.36	38.23
Total dir & ovhd expenses per acre	87.64	94.49	86.05	41.92	54.43
Net return per acre	105.80	89.23	42.22	94.58	51.54
Government payments	10.31	5.20	1.49	5.90	8.37
Net return with govt pmts	116.11	94.43	43.71	100.48	59.91
Labor & management charge	4.60	7.34	6.47	3.69	5.01
Net return over lbr & mgt	111.51	87.09	37.24	96.78	54.90
Cost of Production					
Total direct expense per aum	5.56	8.82	14.78	2.78	2.29
Total dir & ovhd exp per aum	16.12	20.39	30.04	10.07	7.69
Less govt & other income	12.27	18.34	26.98	8.65	6.37
With labor & management	13.12	19.92	29.23	9.54	7.08
Net value per unit	33.63	38.71	42.23	32.79	14.84
Machinery cost per acre	24.67	22.83	18.13	10.77	12.79
Est. labor hours per acre	0.71	0.94	0.89	0.48	0.69

**Table 23. Crop Enterprise Analysis
Pasture, Organic on Cash Rent - 2010**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Number of fields	9	15	11	6
Number of farms	7	13	9	5
Acres	46.37	68.17	52.05	85.63
Yield per acre (aum)	4.75	3.15	3.63	7.76
Operators share of yield %	100	100	100	100
Value per aum	54.22	46.76	59.38	30.15
Other product return per acre	2.56	-	-	-
Total product return per acre	260.24	147.49	215.65	233.98
Other crop income per acre	-	1.19	7.56	-
Gross return per acre	260.24	148.67	223.21	233.98
Direct Expenses				
Seed	2.27	4.84	2.70	1.92
Fertilizer	4.99	1.59	6.99	10.71
Fuel & oil	4.14	2.19	3.79	2.46
Repairs	4.49	3.90	3.98	1.65
Hired labor	0.59	0.47	-	-
Land rent	78.87	48.13	50.53	100.44
Utilities	0.15	0.07	0.67	-
Organic certification	0.57	0.69	0.51	0.90
Operating interest	0.47	0.40	0.73	0.03
Miscellaneous	0.32	0.94	0.39	-
Total direct expenses per acre	96.86	63.21	70.30	118.11
Return over direct exp per acre	163.38	85.46	152.91	115.88
Overhead Expenses				
Hired labor	2.46	2.03	1.79	1.27
Farm insurance	1.20	0.66	0.77	1.27
Utilities	0.25	0.25	0.27	1.32
Dues & professional fees	1.47	0.65	0.48	0.19
Interest	1.26	1.56	1.05	0.87
Mach & bldg depreciation	5.17	3.59	3.78	2.24
Miscellaneous	3.24	2.27	2.72	0.10
Total overhead expenses per acre	15.04	11.01	10.85	7.26
Total dir & ovhd expenses per acre	111.9	74.22	81.16	125.37
Net return per acre	148.34	74.45	142.06	108.62
Government payments	3.17	3.90	3.13	7.49
Net return with govt pmts	151.51	78.35	145.18	116.11
Labor & management charge	2.60	2.42	2.11	7.62
Net return over lbr & mgt	148.91	75.93	143.07	108.49
Cost of Production				
Total direct expense per aum	20.38	20.04	19.36	15.22
Total dir & ovhd exp per aum	23.55	23.53	22.35	16.15
Less govt & other income	22.34	21.92	19.4	15.19
With labor & management	22.89	22.69	19.99	16.17
Net value per unit	54.22	46.76	59.38	30.15
Machinery cost per acre	14.57	11.23	12.18	6.85
Est. labor hours per acre	0.6	0.38	0.38	0.83

DAIRY REPORTS

Organic dairies continued to generate very consistent profits on a per cow basis in 2010. Net returns averaged \$756 per cow for organic dairies compared to \$189 per cow for conventional dairies (a conventional dairy summary is not included here but is available at www.finbin.umn.edu). Profits were up about \$100 per cow for the organic farms compared to 2009. The average price received was up slightly, to \$26.19 per hundred pounds of milk (cwt), which was more than \$10 per cwt higher than the average price received by conventional dairies in 2010. Compared to 2009, production per cow was also up by 700 pounds, to 12,819 pounds. Feed costs were down slightly, contributing to increased profits. On average, it cost organic producers \$22.28 to produce one hundred pounds of milk, compared to \$16.04 for conventional dairies.

The Dairy Enterprise Analysis tables that follow show the average production, gross returns, direct expenses, overhead expenses, and net returns per cow and per hundredweight for organic milking cows, as well as similar measures per animal for dairy replacement heifers.

As in other years of this project, dairy was the only type of organic livestock production with sufficient numbers to summarize here. Two formats are included for the dairy reports: 1) historical reports comparing enterprise returns for years 2006 through 2010, and 2) 2010 dairy results sorted into thirds by enterprise net return. For similar reports that describe the performance of conventional dairies in 2010, visit www.finbin.umn.edu.

Gross margin is the accrual gross value produced by the enterprise net of the cost of purchased animals. It includes income from the sale of offspring and livestock products, cull income, non-cash transfers to other enterprises, and the value of production used in the home or for feed. It also includes the value of inventory change from beginning to the end of the year. The cost of livestock purchased and the value of animals transferred in are deducted.

Net return is the amount contributed per cow of the enterprise toward operator labor, management, and equity capital.

Net return over labor and management is the return remaining after compensating the operator for unpaid labor and management. This is the per-unit return to equity capital.

Cost of Production section shows the average cost per unit sold in each cost category. Total direct and overhead expense per unit is the break-even price needed to cover cash costs and depreciation. For grow/finish enterprises, this includes the purchase cost or transfer-in value of the animal.

With other revenue adjustments is the break-even price adjusted for cull sales, other offspring sales, the cost of replacement stock, and any other miscellaneous income. This assumes that some costs can be covered by these other income sources.

With labor and management is the final break-even price to provide a labor and management return for the operator(s).

Other Information contains both economic and technical efficiency measures for each enterprise.

Table 24. Livestock Enterprise Analysis
Organic Dairy, Average per Cow - 2010

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Number of farms	38	31	30	23	22
Milk sold (hd)	3257.04	3038.65	3105.09	3171.95	2681.93
Dairy Calves sold (hd)	17.40	17.27	20.30	22.99	46.64
Transferred out (hd)	61.99	44.85	76.40	150.91	148.88
Cull sales (hd)	144.60	113.76	99.97	105.28	80.53
Other income	115.46	250.77	117.90	114.52	109.15
Purchased (hd)	(37.67)	(36.51)	(88.40)	(75.74)	(16.44)
Transferred in (hd)	(123.94)	(121.92)	(133.42)	(342.67)	(352.11)
Inventory change (hd)	57.52	(8.76)	158.74	107.05	103.43
Dairy repl net cost	(390.29)	(361.84)	(332.87)	-	-
Gross margin	3102.12	2936.26	3023.72	3254.28	2802.01
Direct Expenses					
Protein Vit Minerals (lb)	188.87	188.67	169.83	182.76	145.97
Complete Ration (lb)	51.44	16.63	95.16	87.07	24.45
Corn (bu)	177.49	219.85	215.02	304.55	153.46
Corn Silage (lb)	114.36	125.12	121.21	97.40	64.5
Hay, Alfalfa (lb)	292.77	245.54	240.79	193.89	213.13
Hay, Grass (lb)	52.28	88.41	116.05	172.23	71.74
Haylage, Alfalfa (lb)	64.22	62.08	78.72	86.78	53.7
Oats (bu)	32.75	32.86	26.81	44.52	29.72
Pasture (aum)	171.35	174.25	126.06	142.29	125.84
Other feed stuffs (lb)	64.03	99.68	112.62	88.72	59.33
Veterinary	32.78	27.05	29.23	31.22	30.49
Supplies	209.02	164.02	188.12	164.58	160.91
Fuel & oil	70.21	55.88	73.75	57.35	55.21
Repairs	138.79	116.93	100.38	139.06	128.38
Custom hire	16.67	14.51	12.72	13.72	30.83
Hired labor	37.40	54.80	47.06	1.93	-
Hauling and trucking	28.27	25.97	23.88	25.67	17.63
Marketing	37.88	57.43	27.53	33.86	29.08
Total direct expenses	1,780.58	1,769.67	1,804.94	1,867.59	1,394.37
Return over direct expense	1,321.54	1,166.60	1,218.79	1,386.69	1,407.65
Overhead Expenses					
Hired labor	184.01	169.51	175.23	195.06	236.31
Farm insurance	33.36	29.59	25.97	35.18	36.24
Utilities	60.03	66.48	68.06	68.56	59.27
Interest	72.71	77.64	98.43	100.02	88.05
Mach & bldg depreciation	108.19	93.91	106.59	94.3	93.38
Miscellaneous	107.05	77.82	69.86	78.65	72.86
Total overhead expenses	565.34	514.97	544.14	571.78	586.11
Total dir & ovhd expenses	2,345.92	2,284.63	2,349.07	2,439.37	1,980.48
Net return	756.20	651.63	674.65	814.91	821.54
Labor & management charge	268.51	285.16	262.96	273.42	253.25
Net return over lbr & mgt	487.68	366.47	411.7	541.49	568.28
Cost of Production Per Cwt.					
Total direct expense per cwt	13.89	14.59	14.29	13.97	11.32
Total dir & ovhd expense per cwt	18.30	18.84	18.60	18.24	16.07
With other revenue adjustments	20.19	20.29	20.05	18.31	15.42
With labor and management	22.28	22.64	22.13	20.35	17.47
Other Information					
Number of cows	78.8	77.8	76.9	64.7	72.3
Milk produced per cow	12,819	12,129	12,629	13,372	12,323
Total milk sold	979,760	917,025	940,233	838,957	875,756
Lb of milk sold per FTE	886,296	836,365	868,396	803,966	701,129
Est. labor hours per unit	39.29	39.48	39.43	45.19	48.36
Culling percentage	23.6	21.7	19	16.1	16.2
Turnover rate	29.8	27.3	25.3	25.4	21.9
Cow death loss percent	5.4	3.9	5.4	8.4	4.8
Percent of barn capacity	97.6	103.9	102.1	98.5	105
Feed cost per day	3.31	3.43	3.57	3.84	2.58
Feed cost per cwt. of milk	9.44	10.33	10.31	10.47	7.64
Feed cost per cow	1,209.56	1,253.08	1,302.27	1,400.20	941.84
Avg. milk price per cwt.	26.19	25.77	25.39	24.44	22.15

**Table 25. Livestock Enterprise Analysis -
Organic Dairy, Average per Cow - 2010
(Grouped by Net Return per Cow)**

	<u>Low 33%</u>		<u>33-66%</u>		<u>High 34 %</u>	
Number of farms	12		13		13	
	<i>Quantity</i>	<i>Value (\$)</i>	<i>Quantity</i>	<i>Value (\$)</i>	<i>Quantity</i>	<i>Value (\$)</i>
Milk sold (hd)	9653.50	2528.94	12473.00	3229.97	14989.50	3956.66
Dairy Calves sold (hd)	0.30	15.77	0.10	10.54	0.10	24.97
Transferred out (hd)	0.60	34.77	0.80	78.84	0.90	72.40
Cull sales (hd)	0.20	102.77	0.20	132.00	0.30	194.52
Other income		94.20		93.06		154.95
Purchased (hd)	0.00	(51.35)	0.00	(65.98)	-	-
Transferred in (hd)	0.30	(37.63)	0.30	(137.60)	0.40	(191.98)
Inventory change (hd)	0.00	32.94	0.00	48.74	0.10	88.09
Dairy repl net cost		(470.64)		(343.88)		(356.66)
Gross margin		2249.77		3045.70		3942.95
Direct Expenses						
Protein Vit Minerals (lb)	137.20	106.81	648.90	174.18	741.20	277.98
Complete Ration (lb)	428.90	33.99	343.70	26.14	471.60	89.94
Barley (bu)	1.10	4.45	10.40	63.45	9.80	51.05
Corn (bu)	24.40	117.21	42.70	252.73	29.60	167.06
Corn Silage (lb)	3686.60	69.17	6323.40	99.04	10096.30	169.80
Hay, Alfalfa (lb)	6255.30	347.37	6617.40	349.24	3683.70	192.27
Hay, Grass (lb)	2002.90	78.48	1277.00	38.32	778.40	40.29
Haylage, Alfalfa (lb)	-	-	1777.20	45.76	4371.90	140.11
Pasture (aum)	4.90	261.71	4.10	134.16	4.30	120.30
Other feed stuffs (lb)	448.00	45.72	559.80	49.36	1559.80	74.86
Veterinary		17.65		32.36		47.19
Supplies		178.09		173.25		274.26
Fuel & oil		60.86		75.41		74.29
Repairs		103.33		119.79		188.45
Hired labor		-		-		105.11
Utilities		6.93		1.02		46.64
Marketing		33.41		34.76		44.80
Bedding		7.59		18.27		44.19
Total direct expenses		1472.78		1687.23		2148.60
Return over direct expense		776.99		1358.46		1794.35
Overhead Expenses						
Hired labor		361.26		165.77		35.60
Building leases		8.13		38.40		3.16
Utilities		62.72		85.40		35.16
Interest		101.67		63.32		54.11
Mach & bldg depreciation		151.36		66.78		104.65
Miscellaneous		121.02		139.74		114.40
Total overhead expenses		806.16		559.39		347.08
Total dir & ovhd expenses		2278.94		2246.63		2495.68
Net return		(29.17)		799.07		1447.27
Labor & management charge		191.05		259.11		348.70
Net return over lbr & mgt.		(220.22)		539.96		1098.57
Cost of Production Per Cwt						
Total direct expense per cwt		14.86		13.21		13.81
Total dir & ovhd expense per cwt		22.99		17.59		16.04
With other revenue adjustments		26.49		19.43		17.01
With labor and management		28.42		21.46		19.25
Other Information						
Number of cows		82.40		72.30		81.90
Milk produced per cow		9,914.00		12,769.00		15,559.00
Total milk sold		795,288		901,587		1,228,217
Lb of milk sold per FTE		702,985		875,961		1,060,822
Est. labor hours per unit		38.45		39.87		39.56
Culling percentage		19.30		22.80		28.20
Turnover rate		26.20		29.50		33.30
Cow death loss percent		6.40		5.30		4.60
Percent of barn capacity		81.40		117.80		100.90
Feed cost per day		2.92		3.38		3.63
Feed cost per cwt. of milk		10.74		9.65		8.51
Feed cost per cow		1,064.91		1,232.37		1,323.68
Avg. milk price per cwt.		26.20		25.90		26.40

Table 26. Livestock Enterprise Analysis
Organic Replacement Heifers, Avg per Head - 2010

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Number of farms	24	22	22	20	20
Replacements sold (hd)	36.56	46.61	41.83	110.04	65.13
Transferred out (hd)	588.61	367.07	529.10	447.18	423.28
Cull sales (hd)	0.99	0.65	-	10.20	0.79
Other income	-	3.37	13.24	6.70	1.84
Purchased (hd)	(6.55)	(26.85)	(4.60)	(5.92)	(20.91)
Transferred in (hd)	(144.64)	(143.70)	(169.80)	(150.43)	(160.66)
Inventory change (hd)	4.89	7.80	94.42	118.00	135.37
Gross margin	479.86	254.96	504.19	535.77	444.83
Direct Expenses					
Protein Vit Minerals (lb)	43.66	42.55	22.20	35.99	42.67
Milk (lb)	61.50	48.50	42.85	67.16	38.20
Complete Ration (lb)	2.97	4.44	23.32	34.14	10.70
Corn (bu)	22.63	25.53	17.24	24.30	19.52
Corn Silage (lb)	25.68	37.76	38.89	29.73	19.96
Hay, Alfalfa (lb)	72.63	59.07	73.52	83.09	85.23
Hay, Grass (lb)	31.99	63.79	41.40	53.66	28.97
Haylage, Alfalfa (lb)	7.64	23.38	20.19	8.22	9.83
Oatlage (lb)	8.20	34.89	15.21	0.59	1.05
Oats (bu)	13.61	18.24	7.37	14.54	11.35
Pasture (aum)	61.09	53.97	69.62	40.51	60.09
Other feed stuffs (lb)	19.98	26.20	20.60	36.85	19.47
Veterinary	9.36	5.92	3.90	6.92	6.37
Supplies	46.17	17.79	22.22	15.71	21.36
Contract production exp.	47.94	10.92	32.58	28.56	33.42
Fuel & oil	27.31	9.24	14.76	7.49	9.92
Repairs	39.37	23.95	21.98	19.24	25.58
Hired labor	4.73	11.00	11.50	0.18	-
Bedding	6.47	14.31	10.91	5.29	2.80
Total direct expenses	552.95	531.46	510.27	512.18	446.50
Return over direct expense	(73.09)	(276.50)	(6.08)	23.59	(1.67)
Overhead Expenses					
Hired labor	59.44	32.65	32.07	27.47	46.54
Farm insurance	13.04	6.35	4.84	5.61	6.16
Utilities	17.84	14.01	11.54	10.48	10.75
Interest	32.24	16.12	21.99	15.34	14.38
Mach & bldg depreciation	23.70	16.06	19.76	12.59	18.13
Miscellaneous	21.02	13.38	10.80	13.33	13.12
Total overhead expenses	167.28	98.57	101.00	84.81	109.08
Total dir & ovhd expenses	720.23	630.03	611.27	596.99	555.58
Net return	(240.37)	(375.07)	(107.08)	(61.22)	(110.75)
Labor & management charge	58.45	54.70	51.89	42.35	44.34
Net return over lbr & mgt	(298.82)	(429.77)	(158.97)	(103.57)	(155.09)
Cost of Production Per Head Per Day					
Total direct expense per head	1.91	1.89	1.62	1.46	1.34
Total dir & ovhd expense per head	2.37	2.16	1.90	1.69	1.64
With other revenue adjustments	2.37	2.16	1.87	1.69	1.64
With labor and management	2.53	2.31	2.01	1.81	1.76
Est. labor hours per unit	11.44	8.07	8.42	6.44	9.35
Other Information					
No. purchased or trans in	55.00	46.00	49.00	49.00	47.00
Number sold or trans out	48.00	39.00	36.00	33.00	35.00
Average number of head	71.00	60.00	64.00	65.00	65.00
Percentage death loss	8.00	9.50	9.60	12.60	11.30
Feed cost per average head	371.59	438.32	392.42	428.80	347.04
Feed cost/head sold/trans	555.02	672.88	703.37	836.87	643.72
Total cost/head sold/trans	1,380.08	1,294.81	1,308.26	1,289.63	1,193.63
Feed cost per head per day	1.02	1.20	1.08	1.17	0.95
Avg. purch price / head	1,241.56	1,135.48	1,083.33	1,275.00	1,800.00
Avg. sales price / head	164.97	170.22	252.78	528.50	373.73

MAKING SENSE OF FARM FINANCIAL RATIOS AND GUIDELINES²

Use with Table 27 and the Farm Finance Scorecard inside and outside the back cover.

Liquidity is the ability of your farm business to meet financial obligations as they come due – to generate enough cash to pay your family living expenses and taxes, and make debt payments on time.

1. Current ratio – measures the extent to which current farm assets, if sold tomorrow, would pay off current farm liabilities.

2. Working capital – tells us the operating capital available in the short-term from within the business.

3. Working capital to gross revenues – measures operating capital available against the size of the business.

Solvency is the ability of your business to pay all its debts if it were sold tomorrow. Solvency is important in evaluating the financial risk and borrowing capacity of the business.

4. Farm debt-to-asset ratio – is the bank's share of the business. It compares total farm debt to total farm assets. A higher ratio is an indicator of greater financial risk and lower borrowing capacity.

5. Farm equity-to-asset ratio – is your share of the business. It compares farm equity to total farm assets. If you add the debt-to-asset ratio and the equity-to-asset ratio, you must get 100%.

6. Farm debt-to-equity ratio – compares the bank's ownership to your ownership. It also indicates how much an owner has leveraged (i.e., multiplied) his/her equity in the business.

Profitability is the difference between the value of goods produced and the cost of the resources used in their production.

7. Net farm income – represents return to three things: 1) your labor, 2) your management, and 3) the equity that you have invested in the business. It is the reward for investing your unpaid family labor, management, and money in the business instead of

elsewhere. Anything left in the business, i.e., not taken out for family living and taxes, will increase your farm's net worth.

8. Rate of return on farm assets – can be thought of as the average interest rate being earned on all (yours and creditors') investments in the farm. Unpaid labor and management are assigned a return before return on farm assets is calculated.

9. Rate of return on farm equity – represents the interest rate being earned by your investment in the farm. This return can be compared to returns available if your equity were invested somewhere else, such as a certificate of deposit.

10. Operating profit margin – shows the operating efficiency of the business. If expenses are low relative to the value of farm production, the business will have a healthy operating profit margin. A low profit margin can be caused by low product prices, high operating expenses, or inefficient production.

11. EBITDA – stands for Earnings Before Interest Taxes Depreciation and Amortization. Measures earnings available for debt repayment.

Repayment Capacity shows the borrower's (i.e., your) ability to repay term debts on time. It includes non-farm income and so is not a measure of business performance alone.

12. Capital debt repayment capacity – measures the amount generated from farm and non-farm sources, to cover debt repayment and capital replacement.

13. Capital debt repayment margin – is the amount of money remaining after all operating expenses, taxes, family living costs, and scheduled debt payments have been made. It's really the money left, after paying all bills, that is available for purchasing or financing new machinery, equipment, land, or livestock.

14. Replacement margin – the amount of income remaining after paying principal and interest on term loans and unfunded (cash) capital purchases.

²Adapted from K. Becker, D. Kaupila, G. Rogers, R. Parsons, D. Nordquist, R. Craven at University of Vermont Extension and Center for Farm Financial Management, University of Minnesota.

15. Term-debt coverage ratio – tells whether your business produced enough income to cover all intermediate and long-term debt payments. A ratio of less than 1.0 indicates that the business had to liquidate inventories, run up open accounts, borrow money, or sell assets to make scheduled payments.

16. Replacement margin coverage ratio – A ratio under 1.0 indicates that you did not generate enough income to cover term debt payments and unfunded capital purchases.

Financial Efficiency shows how effectively your business uses assets to generate income. Past performance of the business could well indicate potential future accomplishments. It also answers these questions: Are you using every available asset to its fullest potential? What are the effects of production, purchasing, pricing, financing, and marketing decisions on gross income?

17. Asset-turnover rate – measures efficiency in using capital. You could think of it as capital productivity. Generating a high level of production with a low level of capital investment will give a high asset-turnover rate. If, on the other hand, the turnover

is low you will want to explore methods to use the capital invested much more efficiently or sell some low-return investments. (It could mean getting rid of that swamp on the back 40 and getting something that produces income.)

The last four ratios show how Gross Farm Income is used. The sum of the four equals 100% (of Gross Farm Income):

18. Operating-expense ratio – shows the proportion of farm income that is used to pay operating expenses, not including principal or interest.

19. Depreciation-expense ratio – indicates how fast the business wears out capital. It tells what proportion of farm income is needed to maintain the capital used by the business.

20. Interest-expense ratio – shows how much of gross farm income is used to pay for interest on borrowed capital.

21. Net farm income ratio – compares profit to gross farm income. It shows how much is left after all farm expenses, except for unpaid labor and management, are paid.

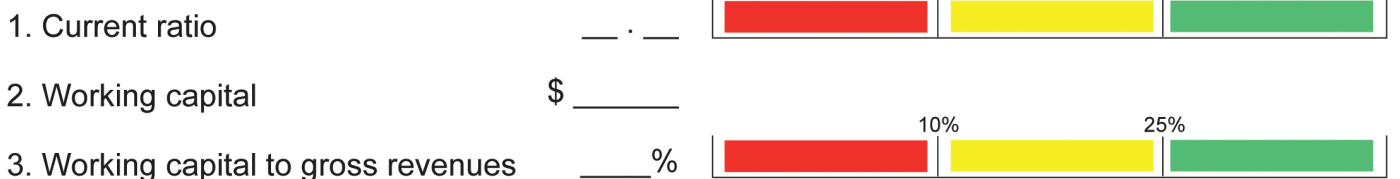
**Table 27. Financial Standards Measures
Completely Organic Farms - 2010
(Grouped by Net Farm Income)**

	<u>Avg of All Farms</u>	<u>Low 33%</u>	<u>33 - 66%</u>	<u>High 34%</u>
Number of farms	54	17	18	19
Liquidity				
Current ratio	2	1.41	2.53	2.22
Working capital	94,683	40,582	78,592	158,333
Working capital to gross inc	31.50%	21.70%	33.40%	34.10%
Solvency (market)				
Farm debt-to-asset ratio	44%	52%	44%	39%
Farm equity-to-asset ratio	56%	48%	56%	61%
Farm debt-to-equity ratio	0.79	1.07	0.80	0.64
Profitability (cost)				
Rate of return on farm assets	7.0%	-4.4%	8.0%	13.3%
Rate of return on farm equity	9.3%	-17.4%	11.2%	19.2%
Operating profit margin	18.4%	-16.0%	22.8%	29.0%
Net farm income	63,384	(20,045)	61,552	139,767
EBIDTA	97,266	9,346	87,061	185,600
Repayment Capacity				
Capital debt repayment capacity	64,034	(6852.00)	56,406	134,684
Capital debt repayment margin	25,914	(35535.00)	20,837	85,704
Replacement margin	18,956	(42534.00)	15,806	76,957
Term debt coverage ratio	1.68	(0.24)	1.59	2.75
Replacement coverage ratio	1.42	(0.19)	1.39	2.33
Efficiency				
Asset turnover rate (cost)	37.90%	27.50%	35.30%	45.90%
Operating expense ratio	67.60%	95.00%	63.00%	60.00%
Depreciation expense ratio	6.10%	7.30%	5.10%	6.20%
Interest expense ratio	5.70%	9.70%	6.50%	3.90%
Net farm income ratio	21.10%	(10.70%)	26.10%	30.10%

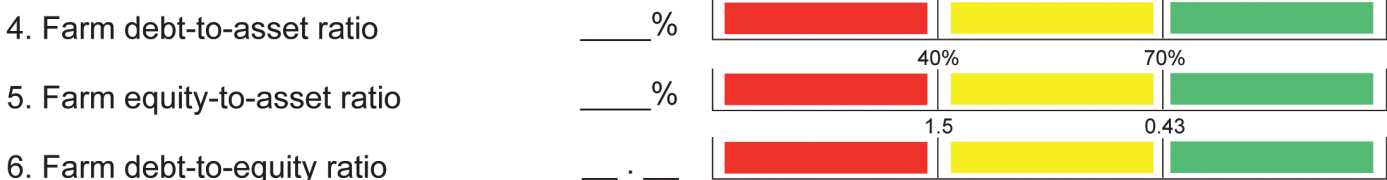
Farm Finance Scorecard

Year _____

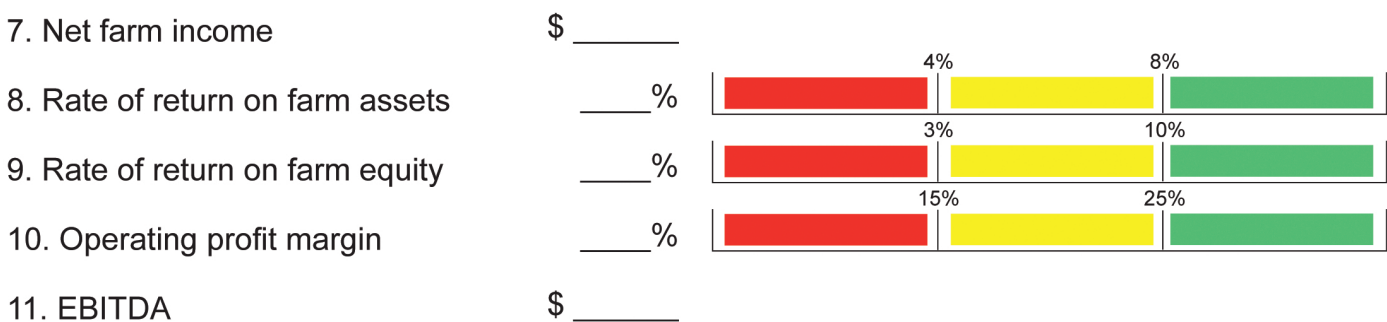
Liquidity



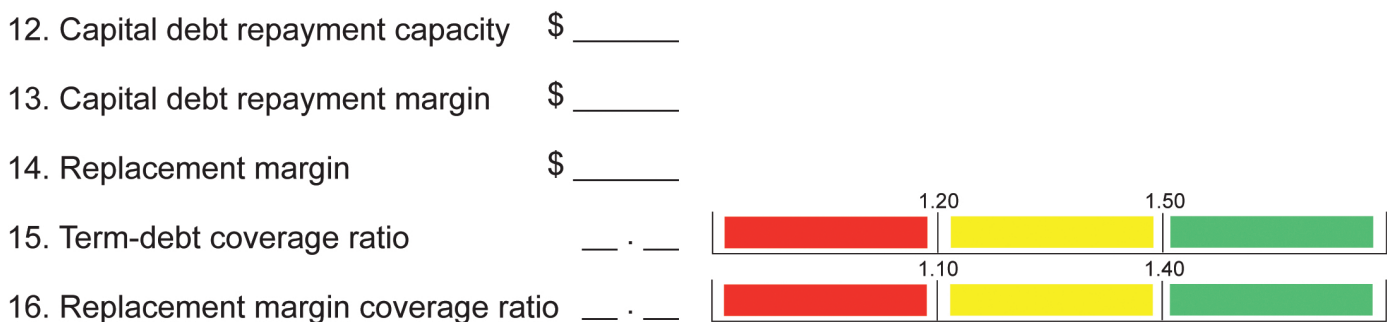
Solvency



Profitability



Repayment capacity



Financial efficiency

