



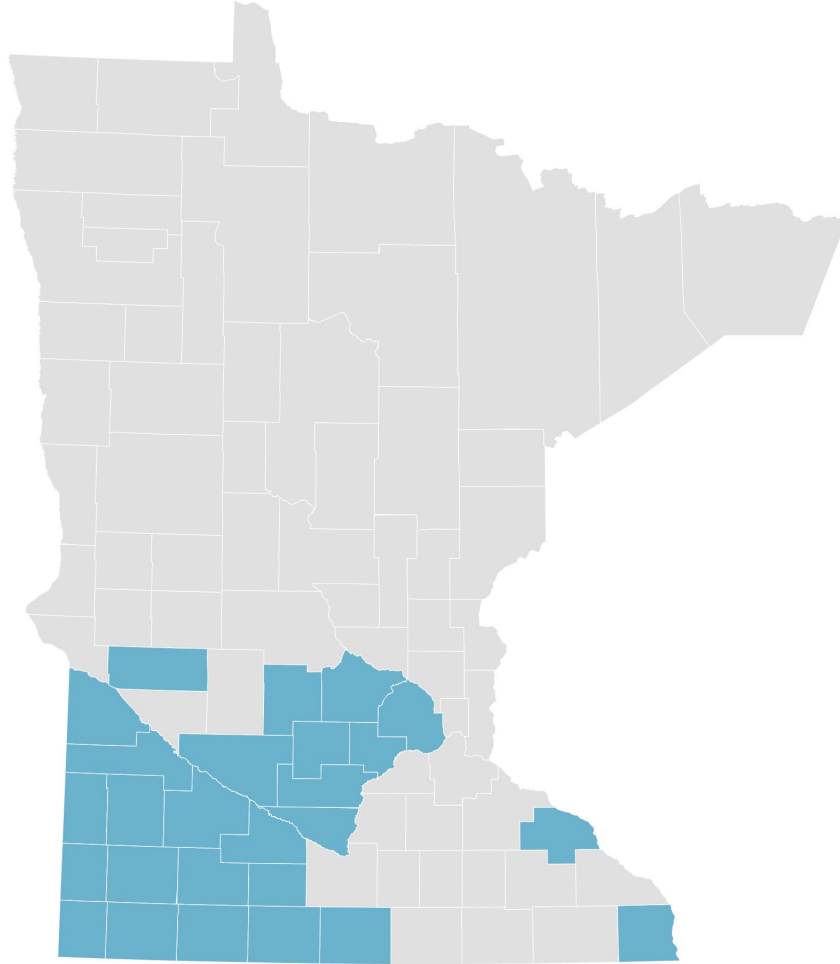
SOUTHWEST MINNESOTA
Farm Business Management Association

2023 ANNUAL REPORT

IN COOPERATION WITH:
Center for Farm Financial Management · Department of Applied Economics
University of Minnesota
Extension College of Food, Agricultural and Natural Resource Sciences
University of Minnesota

STAFF PAPER #P24-02
Department of Applied Economics
University of Minnesota
Saint Paul, MN 55108
April 2024

Location of SWFBMA Member Farms



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Figure 1: Location of SWFBMA Member Farms

Southwest Minnesota Farm Business Management Association (SWFBMA)

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MANAGEMENT ASSOCIATION**
ADD POWER TO YOUR FARM MANAGEMENT DECISIONS

About SWFBMA

The [Southwest Minnesota Farm Business Management Association \(SWFBMA\)](#) is a membership-led farm organization. The focus of which is improving members’ farm financial management skills, knowledge, and success. The association provides members with analysis, confidential peer farm benchmarking, individual consultations, and connections to University research and expertise.

A group of farmers founded the SWFBMA in 1939 to help area farmers implement better farm management practices and keep accurate records. Today, the association is based out of the [Southwest Research & Outreach Center](#) and is affiliated [with University of Minnesota Extension Agricultural Business Management](#) and the [Center for Farm Financial Management \(CFFM\)](#).

2023-2024 Association Officers and Directors

- President: Ryan Larson
- Vice-President: Matt Grussing
- Secretary-Treasurer: Jeffrey Leuthold
- Directors: Russell Gundermann, Matt Lund, Jesse Nantkes, Jason Tibodeau, Alan Vander Lugt, and John Volk

Distribution of Membership

County	# Farm Units	# Analysis Records Submitted
Cottonwood	17	14
Faribault	2	2
Jackson	19	17
Lyon	5	3
Murray	16	16
Nobles	20	18
Pipestone	11	12
Redwood	10	9
Rock	4	5
Wabasha	2	3
Watonwan	7	4
Others	14	14
Total	127	116

Acknowledgements

This report was partially funded by a Farm Business Management and Benchmarking Grant from United States Department of Agriculture (USDA) National Institute of Food and Agriculture (NIFA).

Special thanks to the following for their assistance with this report:

- the producers in the Southwest Minnesota Farm Business Management Association.
- Gretchen Thillen, Support Staff for SWFBMA and Rebecca Groos, Event Coordinator for ABM.
- Rann Lopnow, Software Developer, Lauren Pritchard, Graphic and Web Designer, Megan Engel, Communications Specialist, and Katie Nichols, Event and Administrative Associate at CFFM.

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2023 Annual Report of the Southwest Minnesota Farm Business Management Association

Executive Summary

The 2023 Annual Report of the Southwest Minnesota Farm Business Management Association includes 116 member farms. Highlights of association financial results for 2023 include:

- 2023 marked a drastic reduction in farm income for association farms. This was primarily caused by decreasing prices for corn and soybeans at year end. For many farms, inventory value changes at year end led to reduced accrual adjusted net farm income for the year. Moreover, hog and dairy producers experienced a challenging year overall with persistently high feed prices and reduced commodity prices.
- In 2023, median net farm income was \$52,653 for association farms. This compares to an average net farm income of \$34,756. This further speaks to the challenging profitability of association farms this past year. In 2023, the average net farm income was skewed lower by the lower profits of larger livestock farms.
- Typically, incomes vary widely around the average and 2023 was no exception. The average net farm income for the most profitable 20% of association farms was \$319,446. This compares to the least profitable 20% of farms that had a net farm loss of (\$332,305) for the year. Again, this is a stark change from 2022, when farms of all profitability levels experienced positive earnings.
- Gross cash farm income was down \$133,713 or 10% in 2023. And total cash expenses were down \$127,102 or 12% for the year. The major impact on net farm income was the impact of inventory changes for the year. Total inventory change for the year was (\$194,542) in 2023. This was a decrease of \$335,330 or 238% from 2022.
- Crops accounted for 56% of the revenue of association farms in 2023. Livestock equated to 34%, government payments 1%, and other farm income sources 9%. Government payments were reduced again in 2023 as compared to the major support levels received in 2020 from the impact of COVID and other disaster assistance.
- The average farm had a rate of return on assets of -0.2% and a rate of return on equity of -2.4% with assets valued at adjusted cost or book value. Rates of return retreated back to the historically low levels association farms experienced from 2013 to 2018. Rate of return on assets was down almost 10% from 2022.
- When analyzing the cost value balance sheet, the average farm had a negative earned net worth change of -\$9,291 in 2023. But overall net worth change for association farms was at a positive \$154,187. Therefore, an increase in the market value of assets (like land) propped up balance sheet increases for the year. Members' balance sheets remained strong for the year with an average market value based debt to asset ratio of 36% (including deferred liabilities).
- The average farm's working capital decreased by almost (\$215,000) in 2023. This is not a surprise given the challenging profitability and major impact of inventory change for the year. Liquidity

remained strong for member farms though, with working capital to gross revenue of 56% and a current ratio of 2.64 on average.

- Debt repayment capacity was also very challenged in 2023 for association farms. Debt coverage ratio was 0.65, significantly below the desired 1.25 threshold for this measure. Farms are utilizing working capital reserves to make scheduled debt payments when debt coverage measures are below 1.0.
- Leveraging debt did not pay dividends in 2023. Unfortunately, the low income year multiplied the losses for those farms with higher debt levels. The 72 farms with debt to asset ratios of under 40% experienced a rate of return on equity of -1%, whereas the more highly leveraged farms (those with debt to asset ratios over 60%) had rates of return on equity of -20%.
- The 22 farms whose principal operator was between 41 and 50 years of age saw the highest overall level of net farm income and profitability for the year in 2023. The youngest group of farmers, those under the age of 31, had the strongest repayment capacity. Finally, the most seasoned age group of producers, those over 60 years of age, endured the most challenging finances for the year. This group of producers had the lowest profitability and repayment capacity performance for the year and lost the most dollars of working capital for the year.

2023 SWFBMA Farm Analysis Summary Overview

Metric	Average	Median
Gross Crop Income	\$588,325	\$415,196
Gross Livestock Income	370,500	0
Government Payments	11,541	0
Other Farm Income	152,407	12,913
Gross Farm Income (accrual)	\$1,122,773	\$659,346
Total Operating Expense	1,057,927	572,974
Total Interest Expense	46,196	14,173
Total Expenses	\$1,104,124	\$623,105
Net Farm Income from Operation	\$18,649	\$41,314
Gain/Loss on Capital Sales	\$16,107	\$0
Net farm Income	\$34,756	\$52,685
Total Crop Acres	855 acres	718 acres
Number of Operators	1.1 operators	1 operator
Operator Age	52 years	56 years
Years Farming	27.5 years	33 years

Average = the sum of all values divided by the number of farms in the data set.

Median = the middle value for each metric of the data set.

Figure 2: 2023 SWFBMA Farm Analysis Summary

Net Farm Income

The average net farm income for the farms included in the 2023 Southwest Minnesota Farm Business Management Association (SWFBMA) Annual Report is \$34,756. This represents a 90% decrease from average net farm income received by producers in 2022. The decrease in income primarily stems from decreases in prices for corn, soybeans, and other commodities, as well as challenges faced in the dairy and hog industries. Figure 3 below shows average accrual net farm income for farms participating in the SWFBMA over time in both inflation-adjusted and nominal (not accounting for inflation) dollars.

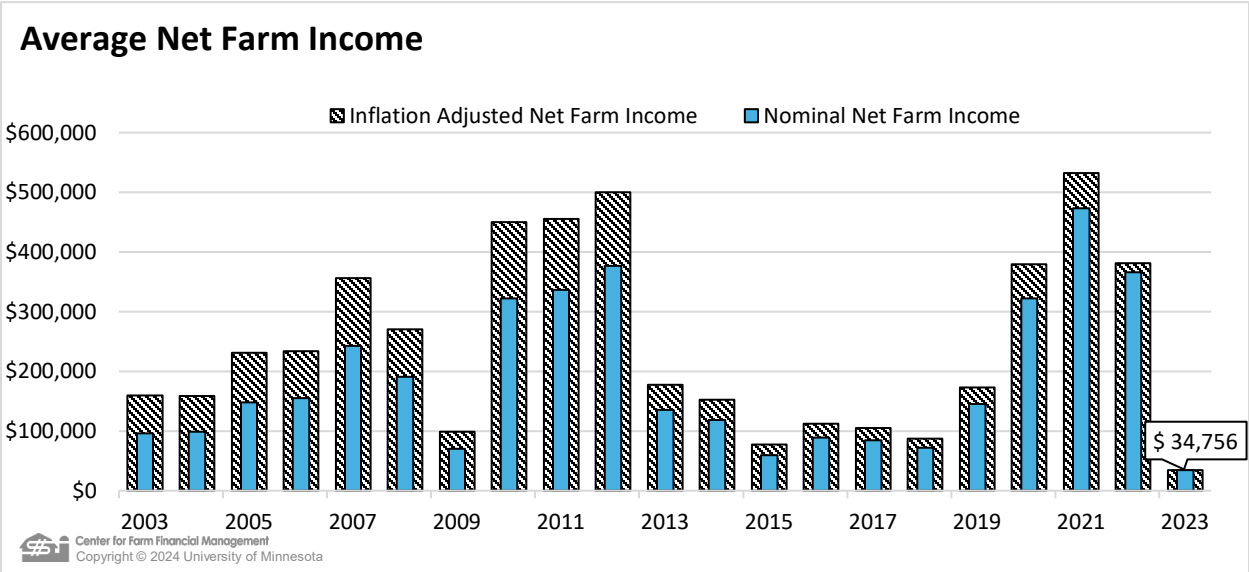


Figure 3: Average Accrual Net Farm Income Over Time

The median net farm income, or the income reported by the middle farm in the association, was a little higher at \$52,653. This indicates the average was skewed downward by large losses reported by farms, particularly large livestock operations.

Accrual Net Farm Income

Accrual net farm income figures are the focus of this report, as opposed to cash net farm income. This is because accrual adjustments to income account for changes in inventories, depreciation, and capital sales. This allows for more accurate measures of the revenue and costs of production for a given year. The calculation of accrual net farm income is shown below.

$$\begin{aligned}
 &\text{Gross Cash Farm Income} \\
 &\underline{- \text{ Total Cash Farm Expense}} \\
 &= \text{Cash Net Farm Income}
 \end{aligned}$$

$$\begin{aligned}
 &\text{Cash Net Farm Income (+/-)} \\
 &\quad) \text{ Changes in Inventory} \\
 &\quad (-) \text{ Depreciation \& Capital Adjustments} \\
 &\quad \underline{(+/-) \text{ Gain or Loss on Capital Sales}} \\
 &= \text{Accrual Net Farm Income}
 \end{aligned}$$

} Accrual Adjustments

Benchmarking 2023 Farm Profitability

One metric used to examine the strength of farm finances is the net farm income ratio. This ratio shows how much of every dollar earned by the business is leftover after farm expenses (excluding unpaid operator labor and management) are accounted for.

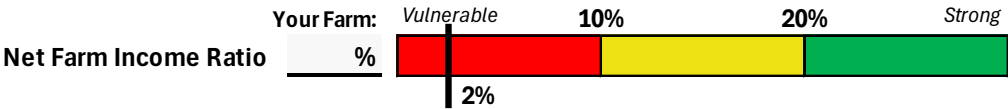


Figure 4: Net Farm Income Ratio Stoplight Chart

The net farm income ratio is 2% for 2023, shown in Figure 4 above. This means that for every dollar of gross income earned by the farm, only \$0.02 was kept by the business after expenses were paid. A net farm income ratio of 2% is considered vulnerable. This is a substantial decrease compared to 2022, when the net farm income ratio for association farms was 23%.

Rates of Return on Assets and Equity

Rate of return on assets (ROA) and rate of return on equity (ROE) are two additional measures used to evaluate farm profitability.

ROA is the return the farm earns on its assets. It can be thought of as the interest rate earned on investments by both the farm *and* creditors into the business. ROE is the return the farm earns on its equity. In other words, it is the interest rate earned on investments by the farm alone.

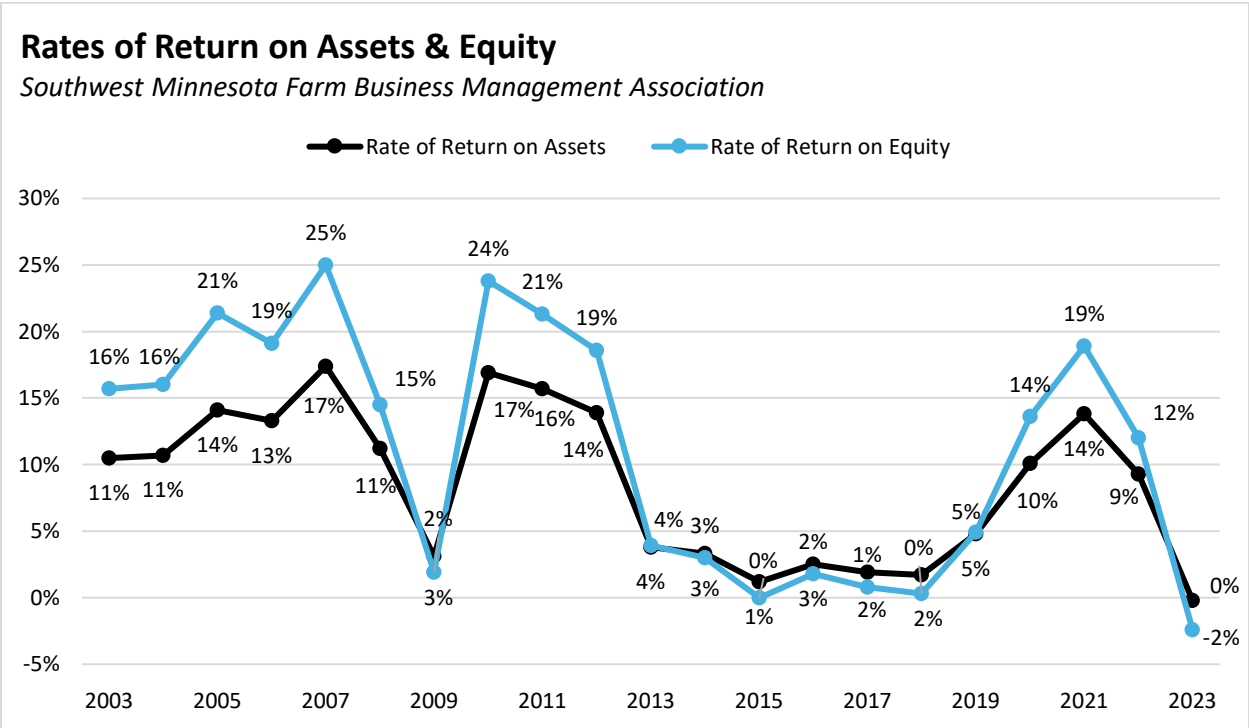


Figure 5: Relationship of Rates of Return on Assets and Equity Over Time

The relationship between ROA and ROE gives insight to what happened to farm finances during the year. If ROA is greater than ROE, the average producer lost money on borrowed capital. When ROE is greater than ROA, borrowed capital earned more than it cost. In other words, ROA was higher than the interest rate paid for borrowed capital. ROA dropped from 9% in 2022 to 0% in 2023. ROE dropped from 12% in 2022 to -2% in 2023. Since ROA is greater than ROE, the average producer lost money on borrowed capital in 2023.

Below is the specific benchmark comparison for ROA for SWFBMA in 2023. In 2023, this profitability measure was also rated as vulnerable for the average Association farm.



Figure 6: Rate of Return on Farm Assets Ratio Stoplight Chart

Profitability Drivers for 2023

Net farm income is driven by farm production, commodity prices, and operating expenses. The table below gives an overview of 2023 compared to the previous 4-year average (2019-2022) in terms of these metrics. Overall, farm production was in line with recent trends, whereas average market prices received by producers last year were more variable. Prices received were up for corn, soybeans, and beef sales. Milk prices were down 5% in 2023 compared to the state average and hog and lamb prices were similar to the last four years. The changing tide in profitability was more so driven by increased cost of production for these commodities last year. This is evident when reviewing the 2023 cost of production as compared to the previous 4-year average. Cost of production was increased for all farm enterprise types in 2023.

	Average Production			Average Price			Average Cost of Production*		
	2023	Prev. 4-Yr. Avg	% Chg-Avg	2023	Prev. 4-Yr. Avg	% Chg-Avg	2023	Prev. 4-Yr. Avg	% Chg-Avg
Corn (bu./acre and \$/bu)**	199.0	192.4	+ 3%	\$6.17	\$4.60	+ 34%	\$4.95	\$3.99	+ 24%
Soybeans (bu./acre and \$/bu)**	53.8	54.3	- 1%	\$13.86	\$10.92	+ 27%	\$13.35	\$10.69	+ 25%
Beef Cow-Calf (weaning weight and \$/cwt)***	517	531	- 3%	\$219.95	\$159.42	+ 38%	\$227.32	\$204.55	+ 11%
Beef Finishing (sales weight and \$/cwt)***	1,425	1,421	0%	\$174.81	\$123.03	+ 42%	\$161.82	\$123.11	+ 31%
Dairy (lbs. milk/cow and \$/cwt. milk)***	25,540	24,779	+ 3%	\$19.26	\$20.35	- 5%	\$19.83	\$18.83	+ 5%
Hogs - Wean to Finish (carcass weight and \$/cwt carcass)***	211	205	+ 3%	\$80.00	\$80.37	0%	\$89.44	\$77.67	+ 15%
Sheep - Mkt. Lamb Production (sales weight and \$/cwt)***	130	126	+ 3%	\$192.29	\$191.63	0%	\$221.55	\$212.24	+ 4%

* cost of production including labor and management charge

** crop cost of production for cash rented acres

*** indicates MN statewide information

Figure 7: Crop and Livestock Production, Price, and Cost of Production Trends

Farm Income and Expenses

The figure below shows gross cash farm income and expenses over time. All income and expense information has been adjusted for inflation.

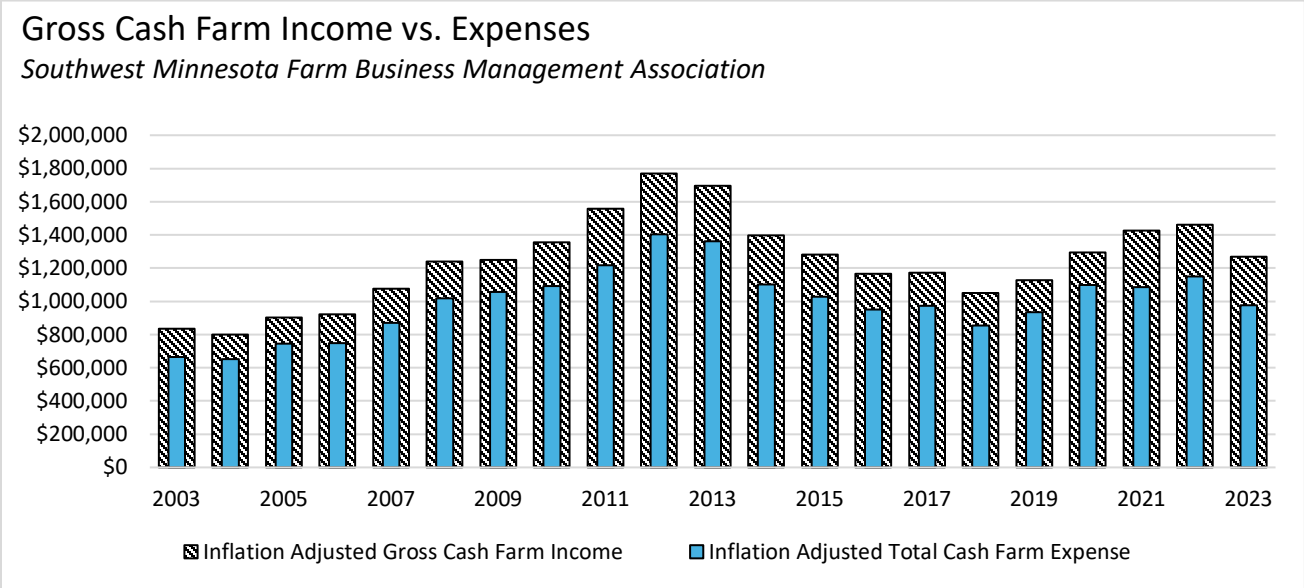


Figure 8: Gross Cash Farm Income and Expenses Over Time

Gross cash farm income was down \$133,713 in 2023 compared to 2022. This equated to a 10% reduction in gross cash farm income year over year. Cash income from government payments, hogs, and dairy saw the largest reductions from the previous year. The only commodity with increased revenue from 2022 was beef.

Total cash farm expenses were 15% lower in 2023 compared to 2022. Cash farm expenses dropped from \$1,148,633 (2022 inflation-adjusted dollars) to \$976,294. The chart below shows the largest cash expenses for the average producer in SWFBMA. The percentage change from the previous year is presented above the chart.

10 Largest Cash Farm Expense Categories

Southwest Minnesota Farm Business Management Association

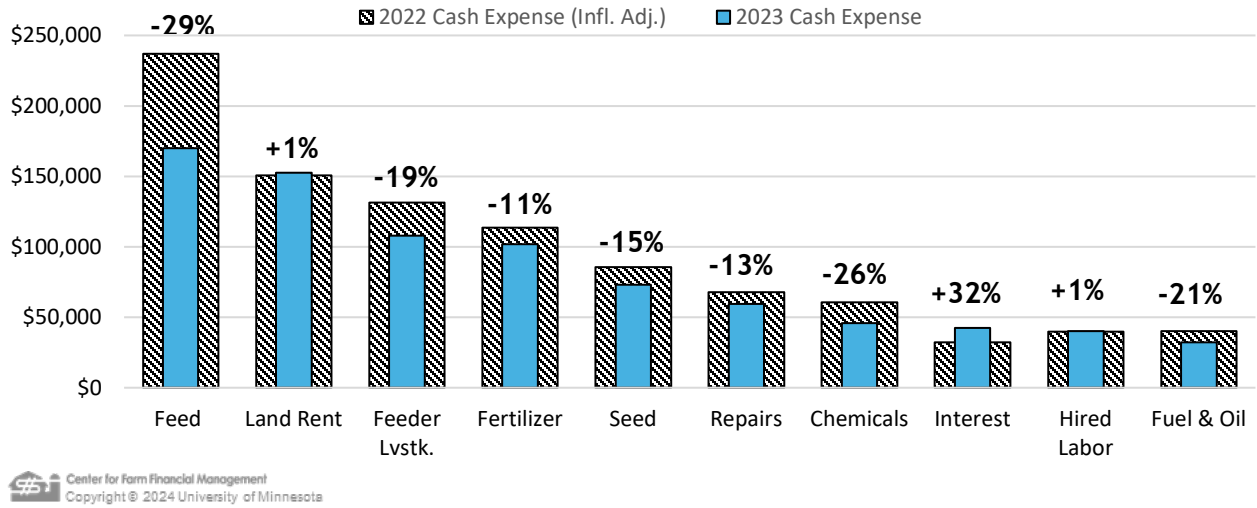


Figure 9: Largest Cash Farm Expense Categories

Many individual cash farm expenses categories decreased for association farms in 2023. Those experiencing significant percent decreases were purchased feed, chemicals, fuel and oil, feeder livestock purchases, seed, repairs, and fertilizer. Not surprising, interest expense was the one category with a significant cost increase as compared to 2022. Both land rent and hired labor expenses had a small (1%) increase year over year.

Benchmarking 2023 Expenses

The chart below shows the operating expense ratio stoplight analysis. This ratio shows the portion of farm income that is used to pay operating expenses (excluding interest and depreciation).

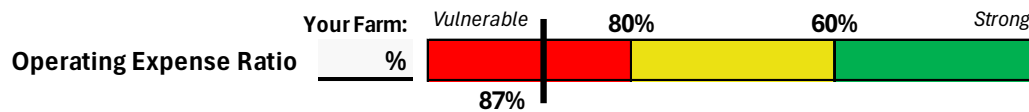


Figure 10: Operating Expense Ratio Stoplight Chart

The stoplight chart above shows that on average, producers had an operating expense ratio of 87%, which falls into the vulnerable range. In other words, for every dollar a producer received, an average of \$0.87 went towards paying operating expenses. In 2022 this metric was 69%. This further explains the impact increased operating expenses had on the change in farm profitability for 2023.

Farm Balance Sheet

The table below shows how the average farm balance sheet for the association has changed over time. This figure is adjusted for inflation and uses market valuation for assets.

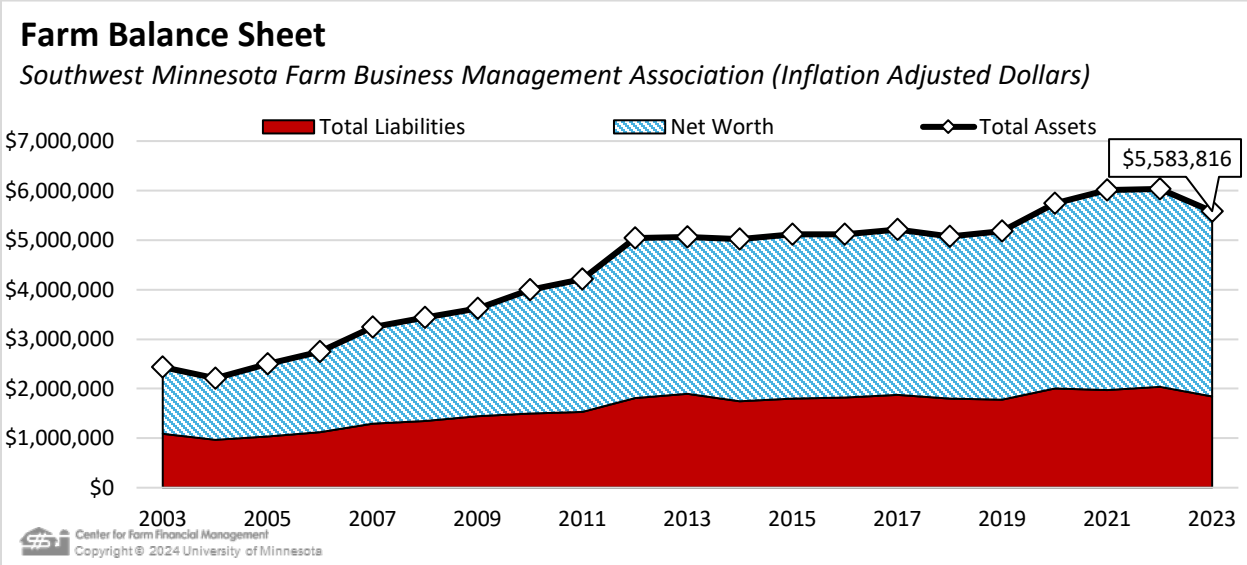


Figure 11: Farm Market Balance Sheet Over Time

In 2023, the average farm had \$5,583,816 in total assets. This represents a 7% decrease in total assets compared to 2022. This decrease in total assets was driven specifically by a decrease in current assets like prepaid expenses, crop inventories, and market livestock held for sale. The amount of current assets on the 2023 ending balance sheets was 22% less than the previous year.

The average farm had total liabilities of \$1,841,924, which is almost 10% less than the value of liabilities reported in 2022. Total farm liabilities decreased for the year in every category. Overall, total liabilities were down \$119,094 at the end of 2023. Net worth for these farms was \$3,741,892 in 2023. This is a 6% decrease in net worth compared to 2022.

Association farms lost (\$9,291) in retained earnings (or earned net worth) as compared to the previous year’s cost value balance sheet. But change in total, market value based, net worth was positive for the year. Total net worth increased by 4% or \$154,187. This increase was driven by changes in the market valuation for assets.

When analyzing the graph above, it appears as though the average SWFBMA farm lost net worth on a market value basis in 2023. The average farm in 2023 did in fact have a net worth increase year over year. Each year, there is a different mix of farms participating in the farm analysis program. In 2023 there were additional farms in SWFBMA, many of which are younger farms with a smaller asset base.

Benchmarking 2023 Farm Solvency

Solvency is the ability of a business to meet all debt obligations if all assets of the business were sold at the current point in time. One way to measure a farm’s solvency position is the debt-to-asset ratio. This ratio compares total farm liabilities to total farm assets. The higher the ratio, the more highly leveraged the farm. A higher ratio indicates greater financial risk and lower borrowing capacity.

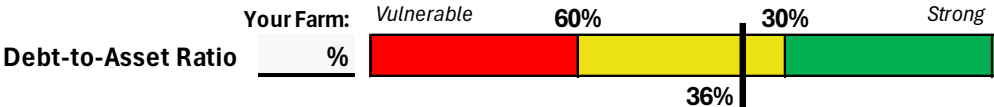


Figure 12: Debt-to-Asset Ratio Stoplight Chart

In 2023, the average farm in the association had a debt-to-asset ratio of 36%, which is considered acceptable according to the stoplight chart above. This value is similar to recent years, the farm debt-to-asset ratio has been 38% in 2020, 36% in 2021, and 37% in 2022.

Benchmarking Other Financial Performance in 2023

Farm Liquidity

Liquidity is the ability of the farm to meet financial obligations in the short-term, such as bills, loans, and family living expenses. One metric to evaluate farm liquidity is the working capital to gross revenue (WCGR) ratio. This ratio shows working capital as a percentage of gross farm revenue. The higher the percentage, the better the ability the farm has to meet short-term needs of the business without additional financing.

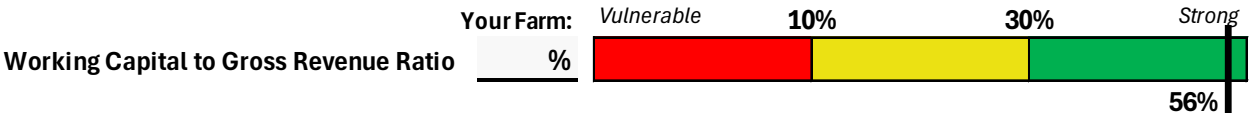


Figure 13: Working Capital to Gross Revenue Ratio Stoplight Chart

In 2023, the average farm in the association had a WCGR revenue ratio of 56%, which is considered strong according to the stoplight chart above. This was down slightly from 2022, when the average WCGR ratio was 60% for Association farms. Overall, Association farms have a strong liquidity position and are poised to withstand a profitability downturn should it occur.

Repayment Capacity

Repayment capacity is the ability of the borrower to repay debts on time. It includes nonfarm income. One way to measure repayment capacity of the farm is to use the debt coverage ratio. This ratio indicates whether the farm generated enough income to cover current interest expenses and all intermediate and long-term debt payments.

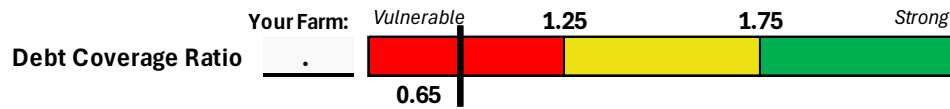


Figure 14: Debt Coverage Ratio Stoplight Chart

In 2023, the debt coverage ratio was 0.65, which is a vulnerable level. A debt coverage ratio of 0.65 indicates the average farm had \$0.65 to pay every \$1.00 of debt payments last year. This is a stark decrease from 2022, which saw a debt coverage ratio of 3.79. 2023 is the first time since 2015 that the ratio fell below 1.0, and this is the first time since 2019 the ratio fell below 1.25.

Financial Efficiency

Financial efficiency provides insight into the overall financial efficiency of the farm business. This group of ratios outline where each dollar of farm income generated is spent in the operation. This includes operating expense ratio, interest expense ratio, depreciation expense ratio, and net farm income ratio. It is desirable to keep the operating expense, depreciation expense, and interest expense ratios low in order to maximize net farm income ratio.

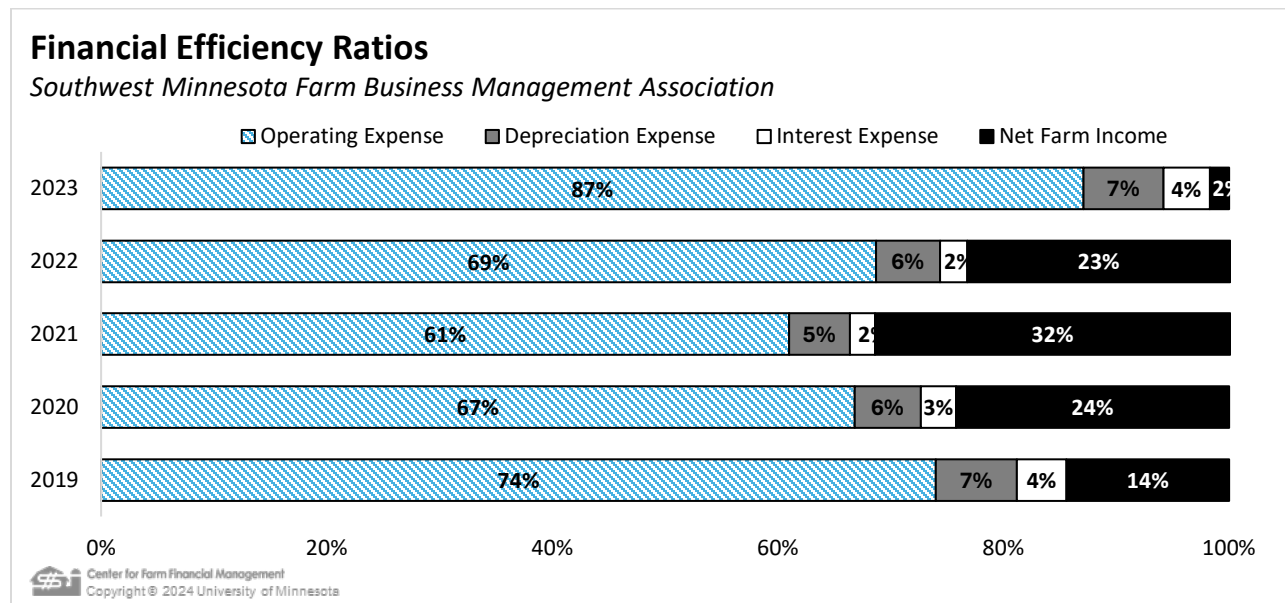


Figure 15: Financial Efficiency Ratio Trends Over Time

The graph above compares the financial efficiency ratios over recent years. This provides a stark overview of how operating expenses increased and net farm income was limited last year. Operating expense ratio was the highest it has ever been for association farms in 2023. Several years in the past saw operating

expense ratios over 80%, including 2009, 2013, and 2015. Producers remember these as challenging financial years as well for their farming operations.

Benchmarking 2023 Financial Efficiency

The chart below provides the recommended benchmarks for the four financial efficiency ratios. When added together, these four ratios will equal 100% and represent how each dollar generated by the farming operation is utilized in the business.

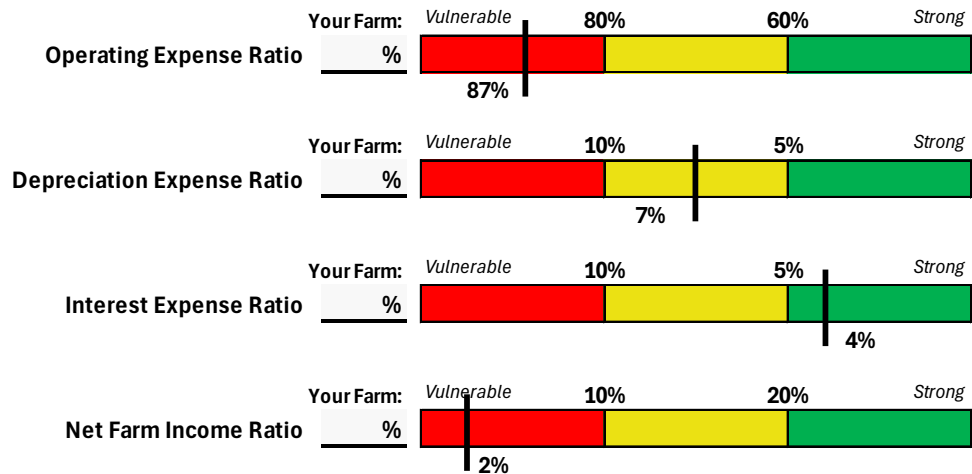


Figure 16: Financial Efficiency Ratios Stoplight Charts

For 2023 the interest expense ratio is the only ratio rated strong for association farms. This ratio indicates the amount of gross farm income used to pay for interest on borrowed capital. The depreciation expense ratio was rated adequate in 2023 and is a measure of capital utilization by the farm. Lastly, both operating expense ratio and net farm income ratio were rated as vulnerable in 2023 for association farms. Monitoring and benchmarking these ratios over time provides insight into the overall management and efficiency of the farm business.

Comparisons Across Farm Types

Evaluating the average farm is a good way to get an overall sense of the status of farm finances for the SWFBMA. But it is also important to recognize there is a lot of variation around the average. The chart below provides an overview of the distribution of Association farms in 2023 across various groupings.

Group Category	Category Groups					
Gross Farm Revenue	< \$250K	\$250-\$500K	\$500K-\$1M	\$1-2M	> \$2M	
# of Farms	16	23	36	30	11	
% of All Farms	14%	20%	31%	26%	9%	
Dollars of Farm Assets	< \$500K	\$500K-\$1M	\$1-2M	\$2-5M	> \$5M	
# of Farms	11	9	16	42	38	
% of All Farms	9%	8%	14%	36%	33%	
Farm Type*	Crop	Livestock	Other**			
# of Farms	85	11	20			
% of All Farms	73%	9%	17%			
Crop Acres	< 100 acres	101-250 ac.	250-500 ac.	500-1,000 ac.	1,000-1,500 ac.	> 1,500 ac.
# of Farms	10	12	20	45	19	10
% of All Farms	9%	10%	17%	39%	16%	9%
Debt to Asset Ratio	< 20%	20%-40%	40%-60%	> 60%		
# of Farms	28	44	34	10		
% of All Farms	24%	38%	29%	9%		
Operator Age	< 31 years	31-40 years	41-50 years	51-60 years	> 60 years	
# of Farms	13	16	22	15	50	
% of All Farms	11%	14%	19%	13%	43%	
Years Farming	10 or less yrs	11-20 years	21-30 years	31-40 years	> 40 years	
# of Farms	26	19	10	14	47	
% of All Farms	22%	16%	9%	12%	41%	

* farm type is determined by an enterprise having 70% or greater of gross farm revenue

** Other farm type is farms that are a mix of enterprises, none of which meet the 70% threshold

Figure 17: Distribution of Farms in the Report Across Various Groupings

Crop producers comprise the most prevalent producer type in the Association. Therefore, reviewing the performance of this specific group based on farm size can provide insight into the impact size had on financial performance in the past year. The graph below shows profitability information for the average association crop farm on the left. This information is then broken down into farm size categories to indicate dollars of net farm income and rate of return on assets for each farm size group based on gross farm income.

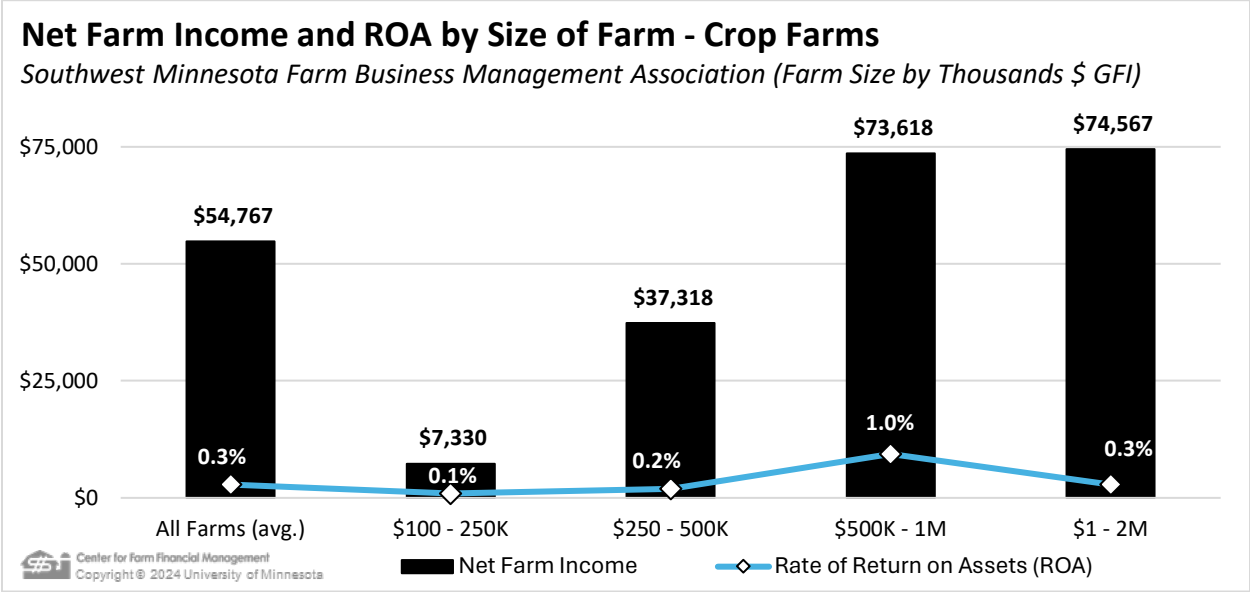


Figure 18: Median Net Farm Income and ROA by Size of Operation for Crop Farms

This chart demonstrates profitability was challenging across all crop farm sizes in 2023. The mid-size crop operation was the most profitable in 2023, having the highest rate of return on assets of any group and nearly the highest dollars of net farm income.

Nonfarm Income and Expenses

The chart below shows the trends in nonfarm income over time. The average nonfarm income received by producers in 2023 was \$66,243. Most of that nonfarm income consisted of personal wages received off-farm. Other nonfarm income includes personal rental income, personal interest income, personal cash dividends, tax refunds, and other nonfarm income.

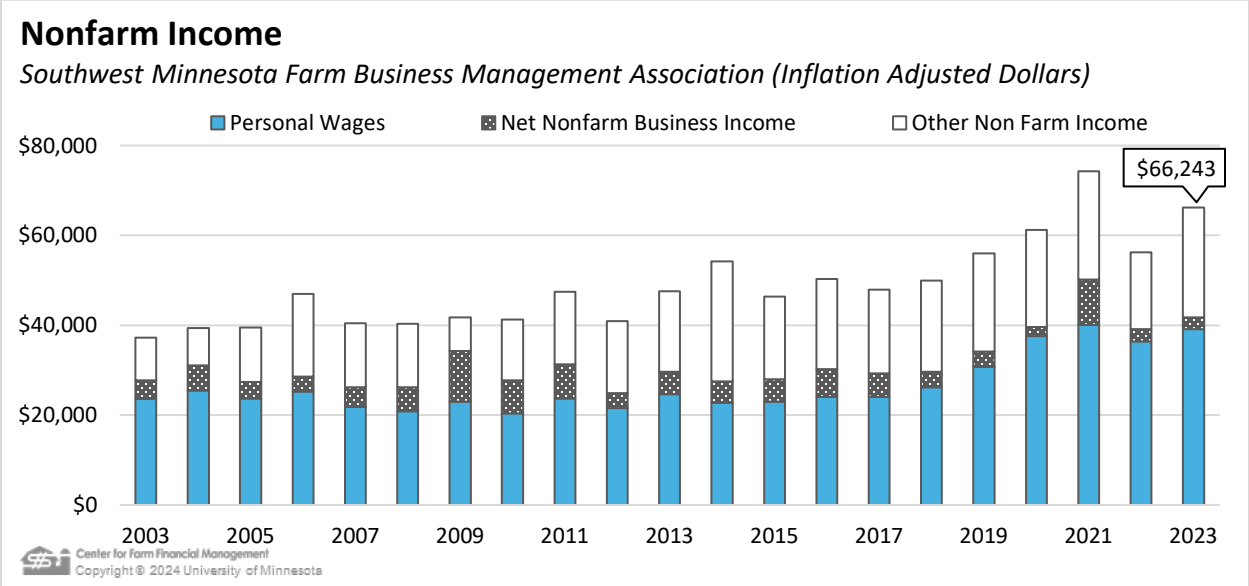


Figure 19: Nonfarm Income Over Time

Total nonfarm expenses were \$146,661 in 2023. This included \$84,830 of family living expenses (like food, medical expenses, and clothing), \$47,331 of income taxes, and \$14,500 of other personal, non-real estate capital expenditures.

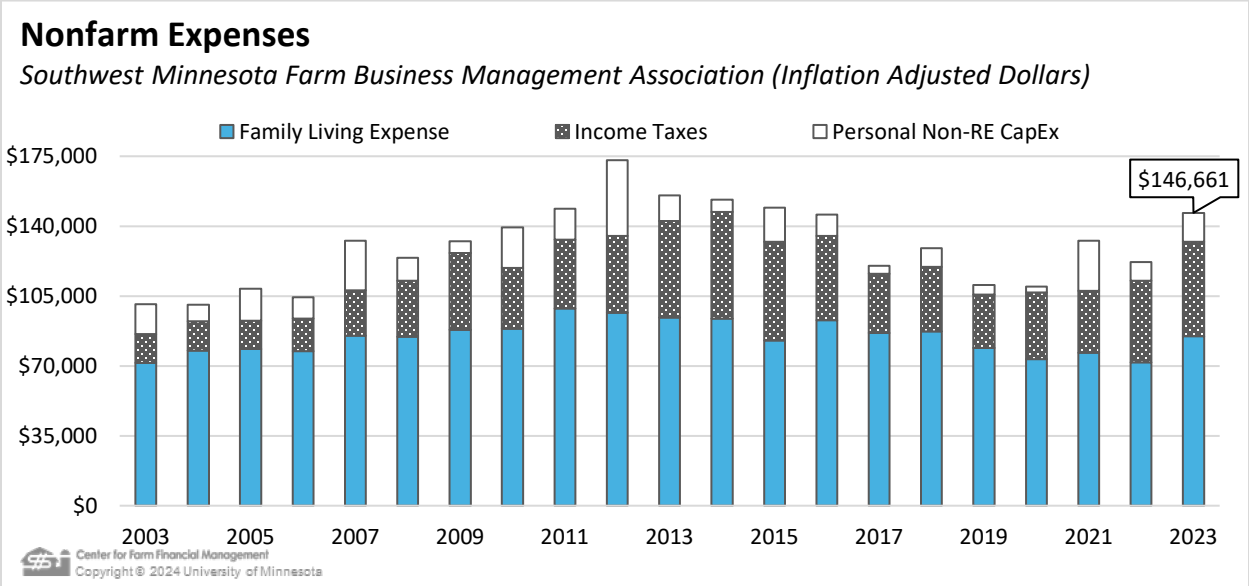


Figure 20: Nonfarm Expenses Over Time

2023 Annual Report of the Southwest Minnesota Farm Business Management Association

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This report summarizes the individual farm records of the members of the Southwest Minnesota Farm Business Management Association for 2023.

Whole-farm information and enterprise costs and returns are reported. The year-end analysis of the individual farms was performed by Association field staff using FINPACK software from the Center for Farm Financial Management. The individual analyses were then summarized by CFFM economists using RankEm Central. In addition to the average of all farms, the averages for the high and low-income groups are also presented. The tables are divided into four major groups: whole-farm information, crop enterprises, livestock enterprises, and summary information. The summary information includes whole farm historical trends and information by farm size, type of farm, debt to asset ratio, and operator age.

Of the 127 farms in the Southwest Association, the data for 116 farms are included in this report. The rest were omitted because the records were incomplete at the time this report was prepared. In addition to this report, members receive an annual farm business analysis; on-farm instructional visits; end-of-year income tax planning and preparation; periodic meetings, tours, and seminars; a monthly newsletter; and other managerial and educational assistance. Each farmer pays an annual fee which covers much of the cost, with the balance defrayed by University of Minnesota Extension along with grants² and research programs of the University of Minnesota.

The livestock enterprise summaries include data from both SWFBMA farms and Minnesota State Farm Business Management (FBM) program farms. This provides a greater number of instances for each enterprise with the goal of providing more accurate benchmark data. MN State FBM programs are distributed across the state and include over 2,400 participating farms. We thank the MN State FBM program and participating producers for making data available to be included in this report.

For those interested in diving deeper into the data from this report or farm finances in general, [FINBIN \(www.finbin.umn.edu\)](http://www.finbin.umn.edu) is a publicly available benchmarking database with a wealth of farm financial and production information. Numerous whole-farm and crop/livestock enterprise, and panel reports are available. The data has multiple integrity and quality checks before being aggregated in FINBIN.

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² This report was partially funded by a Farm Business Management and Benchmarking Grant from the USDA National Institute of Food and Agriculture (NIFA).

Whole Farm Reports

The whole-farm reports summarize the financial performance of member farms in 2023. Each table includes the average of the 116 farms included in the report and the average 20% of the farms with the lowest and highest profits (based on Net Farm Income). Appendix I provides detail on how the whole-farm measures are calculated. Below is a short summary of the whole farm reports.

Financial Summary

The Financial Summary report provides a summary of the key financial measures and ratios included in the other detailed whole farm reports. All profitability and repayment capacity measures are based on accrual adjusted net farm income.

Financial Standards Measures

The Farm Financial Standards Council recommends farms use these twenty-one measures as standard measures of farm financial performance. Many are repeated from the Profitability, Liquidity, and Balance Sheet tables. For a complete description, see the Financial Guidelines for Agricultural Producers on the [Farm Financial Standards Council website](https://ffsc.org/).³

Farm Income Statement

The Income Statement calculates the accrual Net Farm Income generated by the average farm for year 2023. Net Farm Income is reported based on accrual adjustments to the cash income and expenses reported for the year. Net Farm Income is the income earned before any compensation for owner labor and management. If owner compensation was included in farm expenses, it has been excluded here to make all farms uniform. Net Farm Income represents the return to the operator's labor, management, and equity capital (net worth). It is the amount the farm contributed to owner family living, income taxes, and net worth growth. However, it does not include any asset appreciation, debt forgiveness or asset repossessions.

There were many different government programs that provided payments to farm operations in 2023. The detailed income statement report includes several government payment income categories. The government payment income categories on the income statement included the following payments:

- Crop government payments – Agriculture Risk Coverage (ARC); Price Loss Coverage (PLC).
- CRP payments – Conservation Reserve Program (CRP).
- Livestock government payments – Dairy Margin Coverage (DMC); Emergency Assistance for Livestock, Honeybees, & Farm-Raised Fish (ELAP); Livestock Forage Disaster (LFP); Livestock Indemnity (LIP); Pandemic Market Volatility Assistance (PMVAP); Emergency Livestock Relief (ELRP) Phase 2; Organic Dairy Marketing Assistance (ODMAP); and Milk Loss Program (MLP).
- Other government payments – Inflation Reduction Act: Section 22006 & 22007; Emergency Relief Program (ERP) Phase 2; Pandemic Assistance Revenue Program (PARP); Coronavirus Food Asst. Program (CFAP) 2 for Underserved Producers; and Food Safety Certification for Specialty Crops Program (FSCSC).

³ <https://ffsc.org/>

- Conservation government payments – Environmental Quality Incentives Program (EQIP) payments for annual production expenses; Conservation Stewardship Program (CSP); Soil Health & Income Protection Program (SHIPP); and Grassland Reserve Program (GRP).

Profitability Measures

The profitability measures are calculated based on both the cost value of assets and the market value. When calculated based on the market value of assets, the profitability measures can be compared to interest rates and returns available on alternative investments. When based on cost values, the returns more closely estimate the actual returns from the actual investment. (Cost values do not reflect the tax basis of farm assets. Instead, a method of calculating depreciation is used that estimates economic depreciation over the useful life of the assets.)

The *Rate of Return on Assets* (ROA) can be thought of as the interest rate earned by all investment in farm assets. *Rate of Return on Equity* (ROE) is the rate earned on the operator's equity or net worth in the farm business. If ROE is higher than ROA, borrowed funds more than paid for their cost in interest expense. *Operating Profit Margin* measures efficiency in farm operations. The higher the margin, the more of the farm income remained in pockets of the farm operator. *Asset Turnover Rate* measures efficiency in capital use. Again, the higher the better. Farms with high investment in fixed assets will generally have a lower turnover rate than those who lease a major share of their capital.

Liquidity and Repayment Capacity Measures

Liquidity reflects the ability of the farm to meet its financial obligations on time. *Current Ratio* is current farm assets divided by current farm liabilities. *Working Capital* is current farm assets minus current farm liabilities. Businesses with more working capital are generally in a better position to overcome short-term financial downturns or production problems. *Working Capital to Gross Revenue Ratio* measures liquidity relative to business size. *Working Capital to Operating Expense Ratio* measures operating capital available against the amount of the business operating expenses.

Repayment capacity measures the ability of the business to meet debt payments and replace capital assets. *Debt Coverage Ratio* measures the ability of the business to meet current interest expense and all scheduled term debt payments. *Term Debt Coverage Ratio* measures the ability of the business to meet its scheduled debt payments. A debt coverage ratio and term debt coverage ratio greater than 1.0 indicates that the business produced more than enough earnings to meet its scheduled debt payments. *Replacement Coverage Ratio* adds the need for capital replacement. A replacement coverage ratio greater than 1.0 indicates that the business produced more than enough earnings to meet its payments and replace its depreciable assets.

Balance Sheets

Balance sheet reports are included for both the cost and market value of assets. Current assets are identical in both tables, with crop and livestock inventories generally valued at market value. This conforms to the methodology recommended by the Farm Financial Standards Council. On the cost table, intermediate and long-term assets are shown at depreciated value using estimated economic, rather than tax, depreciation. On the market table, assets are valued at estimated market value.

Liabilities are the same on the cost and market tables except for the inclusion of deferred liabilities on the market statements. Deferred liabilities are the estimated taxes that would be paid if assets were liquidated at their market values.

Net Worth Change on the cost value table is the amount of earned net worth growth or loss for the year. Net worth change on the market value table includes both earned growth and changes in the market valuation of capital assets.

Statement of Owner's Equity

The Statement of Owner's Equity displays the total change in net worth for the year. *Change in Retained Earnings* includes net farm income and personal income less family living expenses, owner withdrawals, income taxes paid, and changes to other nonfarm asset accounts. Additionally this includes any cash discrepancy reported in the report. *Change in Contributed Capital* includes capital contributions and distributions, gifts and inheritances received or given, and debt forgiveness and asset repossessions. *Change in Market Valuation* includes the change in market value of capital assets and the change in deferred liabilities.

Statement of Cash Flows

The Statement of Cash Flows displays the sources and uses of cash for the year. *Cash From Operating Activities* includes sources and uses of cash related to normal farm operations. *Cash From Investing Activities* reflects cash used to buy and sell capital assets. *Cash From Financing Activities* includes sources and uses of borrowed funds as well as cash from non-farm activities.

Crop Production and Marketing

This table reports farm size in acres farmed, average crop yields for major commodities, and average crop sales prices for the calendar year. Yields and prices are reported for the average of all farms for more commodities than those included in the High and Low columns because a minimum of five farms are required to report the yield or price for any group.

Household and Personal Expenses

This table reports family living and other non-farm expenditures. Only sole proprietors who keep detailed family living records are included.

Operator and Labor Information

All previous tables report results per farm, regardless of the number of families or operators involved in the operation. This report repeats several measures from previous tables on a *Per Operator* basis. It also summarizes estimated labor hours used and labor performance.

Non-farm Summary

This table summarizes non-farm earnings for the average farm and details non-farm assets and liabilities.

Projected Profitability

Based on the past year's results and the authors' estimates of changes in next year's production, prices and costs, this page projects the financial performance of these farms in the coming year.

Financial Summary
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	116	23	24
Income Statement			
Gross cash farm income	1,269,180	2,749,845	1,718,033
Total cash farm expense	976,294	2,409,202	1,208,190
Net cash farm income	292,886	340,643	509,843
Inventory change	-194,542	-571,863	-116,490
Depreciation	-79,695	-113,907	-119,596
Net farm income from operations	18,649	-345,127	273,756
Gain or loss on capital sales	16,107	12,822	45,689
Average net farm income	34,756	-332,305	319,446
Median net farm income	52,653	-121,580	236,587
Profitability (cost)			
Rate of return on assets	-0.2 %	-8.2 %	5.2 %
Rate of return on equity	-2.4 %	-15.6 %	5.8 %
Operating profit margin	-0.8 %	-33.1 %	16.8 %
Asset turnover rate	26.5 %	24.8 %	30.8 %
Profitability (market)			
Rate of return on assets	3.2 %	-2.1 %	6.9 %
Rate of return on equity	3.4 %	-5.6 %	10.1 %
Operating profit margin	17.3 %	-12.1 %	31.8 %
Asset turnover rate	18.3 %	17.4 %	21.8 %
Liquidity & Repayment (end of year)			
Current assets	1,008,792	1,600,439	1,580,688
Current liabilities	382,131	946,093	523,392
Current ratio	2.64	1.69	3.02
Working capital	626,662	654,346	1,057,296
Change in working capital	-214,596	-612,118	-143,589
Working capital to gross revenue	55.8 %	28.0 %	64.8 %
Working capital to oper expense	64.1 %	26.4 %	91.6 %
Debt coverage ratio	0.65	-1.43	1.62
Term debt coverage ratio	0.60	-2.47	1.68
Replacement coverage ratio	0.45	-1.05	1.25
Term debt to EBITDA	4.49	-4.46	3.16
Solvency (end of year at cost)			
Number of farms	116	23	24
Total assets	3,784,759	4,923,932	5,896,355
Total liabilities	1,133,124	1,711,441	2,105,976
Net worth	2,651,634	3,212,491	3,790,380
Net worth change	-9,291	-313,854	147,179
Farm debt to asset ratio	33 %	38 %	39 %
Total debt to asset ratio	30 %	35 %	36 %
Change in earned net worth %	0 %	-9 %	4 %
Solvency (end of year at market)			
Number of farms	116	23	24
Total assets	5,583,816	7,057,650	8,506,146
Total liabilities	1,841,924	2,576,396	3,313,198
Net worth	3,741,892	4,481,255	5,192,948
Total net worth change	154,187	-39,239	423,533
Farm debt to asset ratio	36 %	39 %	42 %
Total debt to asset ratio	33 %	37 %	39 %
Change in total net worth %	4 %	-1 %	9 %
Nonfarm Information			
Net nonfarm income	66,243	90,379	70,692
Farms reporting living expenses	39	6	9
Total family living expense	85,495	98,544	103,126
Total living, invest, cap. purch	202,819	184,683	306,742
Crop Acres			
Total crop acres	855	1,072	1,468
Total crop acres owned	230	230	401
Total crop acres cash rented	575	834	1,032
Total crop acres share rented	50	8	35
Machinery value per crop acre	944	918	858

Financial Summary -- Trend
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Years)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Number of farms	106	108	110	111	116
Income Statement					
Gross cash farm income	946,154	1,099,964	1,268,240	1,402,893	1,269,180
Total cash farm expense	783,687	931,696	964,451	1,103,396	976,294
Net cash farm income	162,466	168,268	303,789	299,497	292,886
Inventory change	52,089	221,729	230,258	140,788	-194,542
Depreciation	-71,520	-76,433	-78,109	-86,655	-79,695
Net farm income from operations	143,035	313,564	455,938	353,631	18,649
Gain or loss on capital sales	1,969	8,838	17,247	12,215	16,107
Average net farm income	145,004	322,402	473,185	365,846	34,756
Median net farm income	91,895	189,658	310,771	270,911	52,653
Profitability (cost)					
Rate of return on assets	4.8 %	10.1 %	13.8 %	9.3 %	-0.2 %
Rate of return on equity	4.9 %	13.6 %	18.9 %	12.0 %	-2.4 %
Operating profit margin	15.7 %	28.4 %	35.3 %	26.2 %	-0.8 %
Asset turnover rate	30.7 %	35.7 %	39.2 %	35.7 %	26.5 %
Profitability (market)					
Rate of return on assets	4.2 %	6.2 %	11.8 %	8.0 %	3.2 %
Rate of return on equity	4.8 %	8.5 %	17.6 %	11.5 %	3.4 %
Operating profit margin	19.7 %	24.9 %	42.7 %	32.2 %	17.3 %
Asset turnover rate	21.2 %	25.1 %	27.7 %	25.0 %	18.3 %
Liquidity & Repayment (end of year)					
Current assets	808,635	1,023,693	1,188,111	1,298,031	1,008,792
Current liabilities	389,388	422,580	350,644	390,936	382,131
Current ratio	2.08	2.42	3.39	3.32	2.64
Working capital	419,247	601,113	837,467	907,095	626,662
Change in working capital	78,098	190,371	275,797	103,030	-214,596
Working capital to gross revenue	42.3 %	46.3 %	57.8 %	59.7 %	55.8 %
Working capital to oper expense	57.1 %	69.3 %	94.8 %	86.9 %	64.1 %
Debt coverage ratio	2.02	3.77	5.72	3.79	0.65
Term debt coverage ratio	2.23	4.15	6.31	4.19	0.60
Replacement coverage ratio	1.42	2.58	3.68	2.58	0.45
Term debt to EBITDA	1.94	1.33	0.99	1.26	4.49
Solvency (end of year at cost)					
Number of farms	106	108	110	111	116
Total assets	2,995,387	3,433,838	3,688,110	4,037,488	3,784,759
Total liabilities	975,256	1,102,126	1,046,355	1,178,482	1,133,124
Net worth	2,020,132	2,331,712	2,641,756	2,859,006	2,651,634
Net worth change	148,214	305,090	460,009	307,167	-9,291
Farm debt to asset ratio	36 %	35 %	30 %	31 %	33 %
Total debt to asset ratio	33 %	32 %	28 %	29 %	30 %
Change in earned net worth %	8 %	15 %	21 %	12 %	0 %
Solvency (end of year at market)					
Number of farms	106	108	110	111	116
Total assets	4,344,977	4,877,687	5,345,938	5,795,869	5,583,816
Total liabilities	1,488,321	1,703,515	1,756,842	1,961,018	1,841,924
Net worth	2,856,656	3,174,172	3,589,097	3,834,851	3,741,892
Total net worth change	206,481	293,984	603,044	363,383	154,187
Farm debt to asset ratio	38 %	38 %	36 %	37 %	36 %
Total debt to asset ratio	34 %	35 %	33 %	34 %	33 %
Change in total net worth %	8 %	10 %	20 %	10 %	4 %
Nonfarm Information					
Net nonfarm income	47,034	51,952	66,037	53,971	66,243
Farms reporting living expenses	39	35	35	29	39
Total family living expense	66,585	62,504	68,562	69,517	85,495
Total living, invest, cap. purch	99,802	100,287	148,162	163,829	202,819
Crop Acres					
Total crop acres	940	906	883	863	855
Total crop acres owned	233	237	222	226	230
Total crop acres cash rented	659	629	625	595	575
Total crop acres share rented	48	40	36	42	50
Machinery value per crop acre	734	748	806	895	944

Financial Standards Measures
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	116	23	24
Liquidity			
Current ratio	2.64	1.69	3.02
Working capital to gross revenue	55.8 %	28.0 %	64.8 %
Working capital to oper expense	64.1 %	26.4 %	91.6 %
Solvency (market)			
Farm debt to asset ratio	36 %	39 %	42 %
Farm equity to asset ratio	64 %	61 %	58 %
Farm debt to equity ratio	0.57	0.64	0.72
Profitability (cost)			
Rate of return on farm assets	-0.2 %	-8.2 %	5.2 %
Rate of return on farm equity	-2.4 %	-15.6 %	5.8 %
Operating profit margin	-0.8 %	-33.1 %	16.8 %
Asset turnover rate	26.5 %	24.8 %	30.8 %
Repayment Capacity			
Debt coverage ratio	0.65	-1.43	1.62
Term debt coverage ratio	0.60	-2.47	1.68
Replacement coverage ratio	0.45	-1.05	1.25
Efficiency			
Operating expense ratio	87.1 %	106.3 %	70.7 %
Depreciation expense ratio	7.1 %	4.9 %	7.3 %
Interest expense ratio	4.1 %	3.6 %	5.1 %
Net farm income ratio	1.7 %	-14.8 %	16.8 %

Financial Standards Measures -- Trend
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Years)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Number of farms	106	108	110	111	116
Liquidity					
Current ratio	2.08	2.42	3.39	3.32	2.64
Working capital to gross revenue	42.3 %	46.3 %	57.8 %	59.7 %	55.8 %
Working capital to oper expense	57.1 %	69.3 %	94.8 %	86.9 %	64.1 %
Solvency (market)					
Farm debt to asset ratio	38 %	38 %	36 %	37 %	36 %
Farm equity to asset ratio	62 %	62 %	64 %	63 %	64 %
Farm debt to equity ratio	0.61	0.62	0.56	0.59	0.57
Profitability (cost)					
Rate of return on farm assets	4.8 %	10.1 %	13.8 %	9.3 %	-0.2 %
Rate of return on farm equity	4.9 %	13.6 %	18.9 %	12.0 %	-2.4 %
Operating profit margin	15.7 %	28.4 %	35.3 %	26.2 %	-0.8 %
Asset turnover rate	30.7 %	35.7 %	39.2 %	35.7 %	26.5 %
Repayment Capacity					
Debt coverage ratio	2.02	3.77	5.72	3.79	0.65
Term debt coverage ratio	2.23	4.15	6.31	4.19	0.60
Replacement coverage ratio	1.42	2.58	3.68	2.58	0.45
Efficiency					
Operating expense ratio	74.0 %	66.8 %	61.0 %	68.7 %	87.1 %
Depreciation expense ratio	7.2 %	5.9 %	5.4 %	5.7 %	7.1 %
Interest expense ratio	4.4 %	3.1 %	2.2 %	2.4 %	4.1 %
Net farm income ratio	14.4 %	24.2 %	31.5 %	23.3 %	1.7 %

Summary Farm Income Statement
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	116	23	24
Crop sales	706,879	846,521	1,238,153
Crop inventory change	-118,555	-274,227	-101,590
Gross crop income	588,325	572,294	1,136,563
Livestock sales	403,858	1,657,899	248,690
Livestock inventory change	-33,358	-87,237	-72,801
Gross livestock income	370,500	1,570,662	175,889
Government payments	11,541	15,909	21,107
Other cash farm income	146,901	229,516	210,082
Change in accounts receivable	22,066	-6,627	69,007
Gain or loss on hedging accounts	88	-8,726	10,360
Change in other assets	-10,436	-4,133	8,337
Gain or loss on breeding lvst	-6,212	-34,735	-104
Gross farm income	1,122,773	2,334,159	1,631,242
Cash operating expenses	933,978	2,326,625	1,132,291
Change in prepaids and supplies	25,891	69,289	26,005
Change in growing crops	-99	-90	-229
Change in accounts payable	18,462	85,183	-4,029
Depreciation	79,695	113,907	119,596
Total operating expense	1,057,927	2,594,913	1,273,635
Interest paid	42,316	82,578	75,898
Change in accrued interest	3,881	1,795	7,952
Total interest expense	46,196	84,373	83,850
Total expenses	1,104,124	2,679,286	1,357,485
Net farm income from operations	18,649	-345,127	273,756
Gain or loss on capital sales	16,107	12,822	45,689
Net farm income	34,756	-332,305	319,446

Summary Farm Income Statement -- Trend
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Years)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Number of farms	106	108	110	111	116
Crop sales	396,291	377,506	638,903	768,032	706,879
Crop inventory change	-3,243	189,247	170,699	79,071	-118,555
Gross crop income	393,049	566,754	809,602	847,103	588,325
Livestock sales	329,212	432,380	434,594	487,316	403,858
Livestock inventory change	13,554	26,536	17,986	23,787	-33,358
Gross livestock income	342,766	458,916	452,580	511,103	370,500
Market channel income	-	-	-	-	-
Government payments	70,944	178,798	66,229	17,480	11,541
Other cash farm income	149,706	111,281	128,513	130,065	146,901
Change in accounts receivable	13,026	-23,825	-10,262	8,270	22,066
Gain or loss on hedging accounts	7,720	-7,382	1,006	6,658	88
Change in other assets	13,506	10,170	1,521	4,783	-10,436
Gain or loss on breeding lvst	1,029	2,455	-446	-4,877	-6,212
Gross farm income	991,746	1,297,167	1,448,744	1,520,585	1,122,773
Cash operating expenses	740,838	888,553	932,424	1,072,408	933,978
Change in prepaids and supplies	-4,289	-16,123	-37,993	-32,233	25,891
Change in growing crops	491	4	-69	-186	-99
Change in accounts payable	-3,412	-5,631	-11,013	4,041	18,462
Depreciation	71,520	76,433	78,109	86,655	79,695
Total operating expense	805,148	943,235	961,458	1,130,685	1,057,927
Interest paid	42,849	43,143	32,027	30,988	42,316
Change in accrued interest	714	-2,775	-679	5,281	3,881
Total interest expense	43,563	40,368	31,348	36,269	46,196
Total expenses	848,711	983,603	992,805	1,166,954	1,104,124
Net farm income from operations	143,035	313,564	455,938	353,631	18,649
Gain or loss on capital sales	1,969	8,838	17,247	12,215	16,107
Net farm income	145,004	322,402	473,185	365,846	34,756

Farm Income Statement
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	116	23	24
Cash Farm Income			
Corn	409,402	499,622	669,308
Corn Silage	7,620	1,256	30,497
Hay, All types	2,425	92	4,813
Oats	558	734	1,166
Soybeans	280,270	337,599	524,781
Wheat, All types	1,199	4,962	475
Miscellaneous crop income	5,622	2,594	7,111
Beef, Sales from all related enterprises	117,865	330,677	215,829
Dairy, Sales from all related enterprises	115,437	533,360	7,761
Hogs, Sale from all related enterprises	167,164	793,862	25,011
Cull breeding livestock	10,949	47,006	-
Misc. livestock income	5,397	-	9,645
CRP payments	950	1,973	1,619
Livestock govt payments	1,420	6,151	-
Conservation govt payment	2,397	3,301	2,878
Other government payments	6,744	4,484	16,611
Custom work income	46,848	85,866	81,265
Patronage dividends, cash	16,784	18,207	23,419
Crop insurance income	23,888	41,716	38,593
Livestock insurance income	106	-	421
Contract livestock income	15,984	9,939	29,212
Renewable energy income	1,474	567	5,942
Farm rental income	10,315	7,526	1,317
Other farm income	18,362	18,351	20,359
Gross Cash Farm Income	1,269,180	2,749,845	1,718,033

Farm Income Statement (continued)
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	116	23	24
Cash Farm Expense			
Seed and plants	73,166	102,891	112,231
Fertilizer	101,837	104,002	190,036
Crop chemicals	45,690	62,149	62,544
Crop insurance	21,874	30,582	39,139
Drying expense	3,269	4,198	4,348
Storage	495	508	-
Irrigation energy	130	-	-
Crop miscellaneous	3,333	792	1,161
Crop consultants	2,702	1,943	9,191
Feeder livestock purchase	107,891	454,793	71,019
Purchased feed	170,113	781,139	28,079
Breeding fees	2,928	7,541	6,144
Veterinary	6,501	25,161	1,472
Supplies	6,651	22,719	6,846
Contract production exp.	9,489	46,574	-
Livestock consultants	109	-	194
Interest	42,316	82,578	75,899
Fuel & oil	32,265	59,736	47,775
Repairs	59,390	109,508	78,840
Custom hire	20,432	32,605	25,893
Hired labor	39,990	135,169	41,108
Land rent	152,390	217,048	292,671
Machinery leases	15,068	28,059	35,663
Building leases	3,114	2,494	271
Real estate taxes	10,024	8,825	15,820
Farm insurance	14,899	26,444	18,922
Utilities	10,188	21,760	10,302
Hauling and trucking	2,580	10,870	448
Marketing	3,591	7,811	5,656
Dues & professional fees	6,051	11,565	9,281
Purchase of resale items	2,626	-	12,695
Miscellaneous	5,191	9,738	4,542
Total cash expense	976,294	2,409,202	1,208,190
Net cash farm income	292,886	340,643	509,843
Inventory Changes			
Prepays and supplies	-25,891	-69,289	-26,005
Accounts receivable	22,066	-6,627	69,007
Hedging accounts	88	-8,726	10,360
Other current assets	105	90	229
Crops and feed	-118,555	-274,227	-101,590
Market livestock	-33,358	-87,237	-72,801
Breeding livestock	-6,212	-34,735	-104
Other assets	-10,442	-4,133	8,337
Accounts payable	-18,462	-85,183	4,029
Accrued interest	-3,881	-1,795	-7,952
Total inventory change	-194,542	-571,863	-116,490
Net operating profit	98,344	-231,220	393,352
Depreciation			
Machinery and equipment	-55,541	-69,654	-91,419
Titled vehicles	-4,589	-5,473	-7,224
Buildings and improvements	-19,566	-38,780	-20,953
Total depreciation	-79,695	-113,907	-119,596
Net farm income from operations	18,649	-345,127	273,756
Gain or loss on capital sales	16,107	12,822	45,689
Net farm income	34,756	-332,305	319,446

Profitability Measures
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	116	23	24
Profitability (assets valued at cost)			
Net farm income from operations	18,649	-345,127	273,756
Rate of return on assets	-0.2 %	-8.2 %	5.2 %
Rate of return on equity	-2.4 %	-15.6 %	5.8 %
Operating profit margin	-0.8 %	-33.1 %	16.8 %
Asset turnover rate	26.5 %	24.8 %	30.8 %
Farm interest expense	46,196	84,373	83,850
Value of operator lbr and mgmt.	71,542	102,363	102,694
Return on farm assets	-6,696	-363,117	254,913
Average farm assets	3,178,738	4,422,294	4,938,682
Return on farm equity	-52,893	-447,490	171,063
Average farm equity	2,166,568	2,871,903	2,961,659
Value of farm production	842,143	1,098,227	1,519,449
	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	116	23	24
Profitability (assets valued at market)			
Net farm income from operations	171,007	-114,849	501,830
Rate of return on assets	3.2 %	-2.1 %	6.9 %
Rate of return on equity	3.4 %	-5.6 %	10.1 %
Operating profit margin	17.3 %	-12.1 %	31.8 %
Asset turnover rate	18.3 %	17.4 %	21.8 %
Farm interest expense	46,196	84,373	83,850
Value of operator lbr and mgmt.	71,542	102,363	102,694
Return on farm assets	145,662	-132,839	482,986
Average farm assets	4,614,331	6,296,566	6,980,103
Return on farm equity	99,465	-217,211	399,136
Average farm equity	2,942,554	3,863,239	3,970,592
Value of farm production	842,143	1,098,227	1,519,449

Liquidity & Repayment Capacity Measures
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	116	23	24
Liquidity			
Current ratio	2.64	1.69	3.02
Working capital	626,662	654,346	1,057,296
Change in working capital	-214,596	-612,118	-143,589
Working capital to gross revenue	55.8 %	28.0 %	64.8 %
Working capital to oper expense	64.1 %	26.4 %	91.6 %
Current assets	1,008,792	1,600,439	1,580,688
Current liabilities	382,131	946,093	523,392
Gross revenues (accrual)	1,122,773	2,334,159	1,631,242
Total operating expenses	978,232	2,481,006	1,154,039
Repayment capacity			
Net farm income from operations	18,649	-345,127	273,756
Depreciation	79,695	113,907	119,596
Personal income	66,243	90,379	70,692
Family living/owner withdrawals	-98,421	-160,939	-129,481
Cash discrepancy	-293	-355	-308
Income taxes	-39,702	-35,445	-68,272
Interest expense	47,713	84,723	86,168
Debt repayment capacity	73,885	-252,857	352,150
Debt payments	112,852	177,330	217,166
Repayment margin	-38,967	-430,187	134,985
Cash replacement allowance	-52,619	-62,834	-65,303
Replacement margin	-91,586	-493,021	69,682
Debt coverage ratio	0.65	-1.43	1.62
Term debt coverage ratio	0.60	-2.47	1.68
Replacement coverage ratio	0.45	-1.05	1.25

Balance Sheet at Market Values
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	116		23		24	
	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>
Number of farms						
Assets						
Current Farm Assets						
Cash and checking balance	83,536	78,777	112,162	74,024	70,854	100,324
Prepaid expenses & supplies	157,642	131,751	217,978	148,689	262,980	236,975
Growing crops	278	377	0	90	1,041	1,269
Accounts receivable	39,859	61,925	60,430	53,802	70,970	139,978
Hedging accounts	12,170	11,140	32,141	33,479	20,150	15,806
Crops held for sale or feed	737,310	618,755	1,094,315	820,088	1,155,756	1,054,166
Crops under government loan	0	0	0	0	0	0
Market livestock held for sale	139,305	105,947	557,502	470,265	104,838	32,037
Other current assets	115	121	0	0	133	133
Total current farm assets	1,170,214	1,008,792	2,074,528	1,600,439	1,686,722	1,580,688
Intermediate Farm Assets						
Breeding livestock	53,440	54,619	220,691	218,903	1,458	1,333
Machinery and equipment	745,501	823,392	969,483	1,035,788	1,143,551	1,239,904
Titled vehicles	42,682	50,173	56,736	64,485	57,797	76,974
Other intermediate assets	87,277	79,659	7,898	13,987	38,448	58,087
Total intermediate farm assets	928,899	1,007,842	1,254,809	1,333,164	1,241,253	1,376,298
Long Term Farm Assets						
Farm land	1,838,269	2,037,712	1,714,863	2,085,455	3,276,621	3,515,287
Buildings and improvements	546,674	583,550	1,183,444	1,167,566	536,381	643,316
Other long-term assets	51,267	55,442	84,099	94,764	48,717	54,921
Total long-term farm assets	2,436,210	2,676,704	2,982,406	3,347,785	3,861,719	4,213,524
Total Farm Assets	4,535,323	4,693,338	6,311,743	6,281,388	6,789,695	7,170,510
Total Nonfarm Assets	834,968	890,478	746,829	776,262	1,254,237	1,335,636
Total Assets	5,370,290	5,583,816	7,058,572	7,057,650	8,043,932	8,506,146
Liabilities						
Current Farm Liabilities						
Accrued interest	12,480	16,361	23,857	25,652	19,246	27,198
Accounts payable	24,045	42,507	63,717	148,900	39,572	35,543
Current notes	231,049	252,831	631,258	670,584	301,609	331,191
Government crop loans	0	0	0	0	0	0
Principal due on term debt	61,382	70,432	89,232	100,957	125,410	129,460
Total current farm liabilities	328,957	382,131	808,063	946,093	485,837	523,392
Total intermediate farm liabs	128,249	136,985	150,965	169,096	298,872	293,640
Total long term farm liabilities	521,062	526,958	503,823	522,742	1,209,463	1,142,842
Total farm liabilities	978,268	1,046,073	1,462,851	1,637,931	1,994,172	1,959,875
Total nonfarm liabilities	88,493	87,051	99,018	73,510	133,636	146,101
Total liabs excluding deferreds	1,066,761	1,133,124	1,561,869	1,711,441	2,127,807	2,105,976
Total deferred liabilities	715,824	708,800	976,209	864,955	1,146,709	1,207,222
Total liabilities	1,782,585	1,841,924	2,538,078	2,576,396	3,274,516	3,313,198
Retained earnings	2,660,925	2,651,634	3,526,346	3,212,491	3,643,200	3,790,380
Market valuation equity	926,780	1,090,258	994,148	1,268,763	1,126,215	1,402,569
Net worth (farm and nonfarm)	3,587,705	3,741,892	4,520,494	4,481,255	4,769,415	5,192,948
Net worth excluding deferreds	4,303,529	4,450,692	5,496,703	5,346,210	5,916,124	6,400,171
Net worth change		154,187		-39,239		423,533
Percent net worth change		4 %		-1 %		9 %
Ratio Analysis						
Current farm liabilities / assets	28 %	38 %	39 %	59 %	29 %	33 %
Intermediate farm liab. / assets	14 %	14 %	12 %	13 %	24 %	21 %
Long term farm liab. / assets	21 %	20 %	17 %	16 %	31 %	27 %
Total debt to asset ratio	33 %	33 %	36 %	37 %	41 %	39 %
Debt to assets excl deferreds	20 %	20 %	22 %	24 %	26 %	25 %

Balance Sheet at Market Values -- Trend
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Years)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Number of farms	106	108	110	111	116
Assets					
Current Farm Assets					
Cash and checking balance	82,468	90,065	99,897	82,888	78,777
Prepaid expenses & supplies	95,729	111,078	147,245	175,930	131,751
Growing crops	22	49	105	290	377
Accounts receivable	68,995	43,023	33,877	45,421	61,925
Hedging accounts	12,311	11,261	9,425	12,881	11,140
Crops held for sale or feed	430,047	593,902	737,323	798,599	618,755
Crops under government loan	-	-	-	-	-
Market livestock held for sale	119,008	174,275	160,166	181,993	105,947
Other current assets	54	40	73	29	121
Total current farm assets	808,635	1,023,693	1,188,111	1,298,031	1,008,792
Intermediate Farm Assets					
Breeding livestock	52,551	53,120	54,451	54,190	54,619
Machinery and equipment	670,032	688,993	748,264	812,797	823,392
Titled vehicles	34,659	37,188	41,656	46,159	50,173
Other intermediate assets	84,395	84,276	86,041	95,108	79,659
Total intermediate farm assets	841,638	863,578	930,413	1,008,254	1,007,842
Long Term Farm Assets					
Farm land	1,474,365	1,586,316	1,708,272	1,947,165	2,037,712
Buildings and improvements	553,538	596,671	584,876	617,691	583,550
Other long-term assets	52,630	61,087	57,600	55,884	55,442
Total long-term farm assets	2,080,533	2,244,074	2,350,748	2,620,740	2,676,704
Total Farm Assets	3,730,805	4,131,345	4,469,272	4,927,024	4,693,338
Total Nonfarm Assets	614,172	746,342	876,666	868,844	890,478
Total Assets	4,344,977	4,877,687	5,345,938	5,795,869	5,583,816
Liabilities					
Current Farm Liabilities					
Accrued interest	14,598	10,360	9,009	13,973	16,361
Accounts payable	33,814	34,004	22,921	26,244	42,507
Current notes	287,057	309,196	255,467	281,127	252,831
Government crop loans	-	-	-	-	-
Principal due on term debt	53,918	69,020	63,247	69,592	70,432
Total current farm liabilities	389,388	422,580	350,644	390,936	382,131
Total intermediate farm liabs	107,202	130,557	133,349	145,634	136,985
Total long term farm liabilities	423,401	474,922	472,381	551,610	526,958
Total farm liabilities	919,991	1,028,058	956,373	1,088,180	1,046,073
Total nonfarm liabilities	55,265	74,068	89,981	90,303	87,051
Total liabs excluding deferreds	975,256	1,102,126	1,046,355	1,178,482	1,133,124
Total deferred liabilities	513,065	601,389	710,487	782,535	708,800
Total liabilities	1,488,321	1,703,515	1,756,842	1,961,018	1,841,924
Retained earnings	2,020,132	2,331,712	2,641,756	2,859,006	2,651,634
Market valuation equity	836,524	842,460	947,341	975,845	1,090,258
Net worth (farm and nonfarm)	2,856,656	3,174,172	3,589,097	3,834,851	3,741,892
Net worth excluding deferreds	3,369,721	3,775,561	4,299,584	4,617,386	4,450,692
Net worth change	206,481	293,984	603,044	363,383	154,187
Percent net worth change	8 %	10 %	20 %	10 %	4 %
Ratio Analysis					
Current farm liabilities / assets	48 %	41 %	30 %	30 %	38 %
Intermediate farm liab. / assets	13 %	15 %	14 %	14 %	14 %
Long term farm liab. / assets	20 %	21 %	20 %	21 %	20 %
Total debt to asset ratio	34 %	35 %	33 %	34 %	33 %
Debt to assets excl deferreds	22 %	23 %	20 %	20 %	20 %

Balance Sheet at Cost Values
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>
Number of farms	116		23		24	
Assets						
Current Farm Assets						
Cash and checking balance	83,536	78,777	112,162	74,024	70,854	100,324
Prepaid expenses & supplies	157,642	131,751	217,978	148,689	262,980	236,975
Growing crops	278	377	0	90	1,041	1,269
Accounts receivable	39,859	61,925	60,430	53,802	70,970	139,978
Hedging accounts	12,170	11,140	32,141	33,479	20,150	15,806
Crops held for sale or feed	737,310	618,755	1,094,315	820,088	1,155,756	1,054,166
Crops under government loan	0	0	0	0	0	0
Market livestock held for sale	139,305	105,947	557,502	470,265	104,838	32,037
Other current assets	115	121	0	0	133	133
Total current farm assets	1,170,214	1,008,792	2,074,528	1,600,439	1,686,722	1,580,688
Intermediate Farm Assets						
Breeding livestock	47,505	47,661	199,914	195,157	1,271	1,167
Machinery and equipment	473,002	527,234	609,997	633,300	727,829	802,509
Titled vehicles	23,771	27,406	29,265	33,032	31,934	42,016
Other intermediate assets	82,189	70,144	7,209	13,434	31,801	45,335
Total intermediate farm assets	626,467	672,445	846,385	874,923	792,835	891,027
Long Term Farm Assets						
Farmland	976,194	1,079,381	758,100	1,048,970	2,023,048	2,045,403
Buildings and improvements	356,224	385,117	766,709	762,668	333,213	421,315
Other long-term assets	38,335	44,307	45,797	66,069	46,912	56,202
Total long-term farm assets	1,370,753	1,508,806	1,570,605	1,877,708	2,403,173	2,522,920
Total Farm Assets	3,167,434	3,190,043	4,491,518	4,353,070	4,882,730	4,994,635
Total Nonfarm Assets	560,253	594,716	596,697	570,862	888,278	901,721
Total Assets	3,727,687	3,784,759	5,088,215	4,923,932	5,771,007	5,896,355
Liabilities						
Current Farm Liabilities						
Accrued interest	12,480	16,361	23,857	25,652	19,246	27,198
Accounts payable	24,045	42,507	63,717	148,900	39,572	35,543
Current notes	231,049	252,831	631,258	670,584	301,609	331,191
Government crop loans	0	0	0	0	0	0
Principal due on term debt	61,382	70,432	89,232	100,957	125,410	129,460
Total current farm liabilities	328,957	382,131	808,063	946,093	485,837	523,392
Total intermediate farm liabs	128,249	136,985	150,965	169,096	298,872	293,640
Total long term farm liabilities	521,062	526,958	503,823	522,742	1,209,463	1,142,842
Total farm liabilities	978,268	1,046,073	1,462,851	1,637,931	1,994,172	1,959,875
Total nonfarm liabilities	88,493	87,051	99,018	73,510	133,636	146,101
Total liabilities	1,066,761	1,133,124	1,561,869	1,711,441	2,127,807	2,105,976
Net worth (farm and nonfarm)	2,660,925	2,651,634	3,526,346	3,212,491	3,643,200	3,790,380
Net worth change		-9,291		-313,854		147,179
Percent net worth change		0 %		-9 %		4 %
Ratio Analysis						
Current farm liabilities / assets	28 %	38 %	39 %	59 %	29 %	33 %
Intermediate farm liab. / assets	20 %	20 %	18 %	19 %	38 %	33 %
Long term farm liab. / assets	38 %	35 %	32 %	28 %	50 %	45 %
Total debt to asset ratio	29 %	30 %	31 %	35 %	37 %	36 %

Balance Sheet at Cost Values -- Trend
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Years)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Number of farms	106	108	110	111	116
Assets					
Current Farm Assets					
Cash and checking balance	82,468	90,065	99,897	82,888	78,777
Prepaid expenses & supplies	95,729	111,078	147,245	175,930	131,751
Growing crops	22	49	105	290	377
Accounts receivable	68,995	43,023	33,877	45,421	61,925
Hedging accounts	12,311	11,261	9,425	12,881	11,140
Crops held for sale or feed	430,047	593,902	737,323	798,599	618,755
Crops under government loan	-	-	-	-	-
Market livestock held for sale	119,008	174,275	160,166	181,993	105,947
Other current assets	54	40	73	29	121
Total current farm assets	808,635	1,023,693	1,188,111	1,298,031	1,008,792
Intermediate Farm Assets					
Breeding livestock	43,989	46,745	47,723	47,961	47,661
Machinery and equipment	443,605	440,609	479,643	516,626	527,234
Titled vehicles	19,861	20,139	24,043	25,692	27,406
Other intermediate assets	77,459	82,511	83,576	89,602	70,144
Total intermediate farm assets	584,913	590,003	634,986	679,881	672,445
Long Term Farm Assets					
Farm land	766,754	884,117	880,337	1,035,274	1,079,381
Buildings and improvements	369,300	387,010	385,918	400,956	385,117
Other long-term assets	47,480	56,450	47,031	42,369	44,307
Total long-term farm assets	1,183,534	1,327,578	1,313,286	1,478,599	1,508,806
Total Farm Assets	2,577,082	2,941,274	3,136,383	3,456,511	3,190,043
Total Nonfarm Assets	418,306	492,564	551,727	580,977	594,716
Total Assets	2,995,387	3,433,838	3,688,110	4,037,488	3,784,759
Liabilities					
Current Farm Liabilities					
Accrued interest	14,598	10,360	9,009	13,973	16,361
Accounts payable	33,814	34,004	22,921	26,244	42,507
Current notes	287,057	309,196	255,467	281,127	252,831
Government crop loans	-	-	-	-	-
Principal due on term debt	53,918	69,020	63,247	69,592	70,432
Total current farm liabilities	389,388	422,580	350,644	390,936	382,131
Total intermediate farm liabs	107,202	130,557	133,349	145,634	136,985
Total long term farm liabilities	423,401	474,922	472,381	551,610	526,958
Total farm liabilities	919,991	1,028,058	956,373	1,088,180	1,046,073
Total nonfarm liabilities	55,265	74,068	89,981	90,303	87,051
Total liabilities	975,256	1,102,126	1,046,355	1,178,482	1,133,124
Net worth (farm and nonfarm)	2,020,132	2,331,712	2,641,756	2,859,006	2,651,634
Net worth change	148,214	305,090	460,009	307,167	-9,291
Percent net worth change	8 %	15 %	21 %	12 %	0 %
Ratio Analysis					
Current farm liabilities / assets	48 %	41 %	30 %	30 %	38 %
Intermediate farm liab. / assets	18 %	22 %	21 %	21 %	20 %
Long term farm liab. / assets	36 %	36 %	36 %	37 %	35 %
Total debt to asset ratio	33 %	32 %	28 %	29 %	30 %

Statement Of Owner's Equity
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	116	23	24
Beginning net worth	3,587,705	4,520,494	4,769,415
Net farm income	34,756	-332,305	319,446
Personal income	66,243	90,379	70,692
Family living/owner withdrawals	-98,421	-160,939	-129,481
Discrepancy	-257	-354	-120
Dividends paid	-	-	-
Income taxes (accrued)	-39,702	-35,445	-68,272
Change in personal assets	-2,901	-4,795	-48,035
Change in nonfarm accounts payable	242	1,267	-138
Total change in retained earnings	-40,075	-442,193	143,903
Captial contributions	4,194	7,317	-
Gifts and inheritances received	36,077	126,718	4,625
Debts forgiven	45	228	-
Gifts given	-8,572	-904	-1,537
Capital distributions	-996	-5,022	-
Total change in contributed capital	30,749	128,338	3,088
Chg in mkt value of capital assets	156,454	163,361	336,867
Change in deferred liabilities (-)	7,024	111,254	-60,513
Total change in market valuation	163,478	274,615	276,354
Total change in net worth	154,152	-39,240	423,345
Ending net worth	3,741,892	4,481,255	5,192,948

Statement of Owner's Equity -- Trend
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Years)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Number of farms	106	108	110	111	116
Beginning net worth	2,650,175	2,880,188	2,986,052	3,471,468	3,587,705
Net farm income	145,004	322,402	473,185	365,846	34,756
Personal income	47,034	51,952	66,037	53,971	66,243
Family living/owner withdrawals	-74,887	-74,690	-84,384	-95,742	-98,421
Discrepancy	-160	18	9	131	-257
Dividends paid	-19	-	-	-	-
Income taxes (accrued)	-20,948	-25,099	-32,317	-46,980	-39,702
Change in personal assets	18,043	13,624	11,167	9,959	-2,901
Change in nonfarm accounts payable	-224	860	-346	-97	242
Total change in retained earnings	113,842	289,068	433,358	287,092	-40,075
Capital contributions	9,075	3,433	6,084	12,209	4,194
Gifts and inheritances received	29,273	17,123	26,114	13,563	36,077
Debts forgiven	-	-	-	765	45
Gifts given	-3,537	-1,516	-3,033	-4,559	-8,572
Capital distributions	-440	-3,019	-2,508	-1,897	-996
Total change in contributed capital	34,371	16,022	26,657	20,079	30,749
Chg in mkt value of capital assets	80,455	78,156	282,275	132,065	156,454
Change in deferred liabilities (-)	-22,188	-89,262	-139,239	-75,849	7,024
Total change in market valuation	58,267	-11,106	143,036	56,216	163,478
Total change in net worth	206,480	293,983	603,051	363,388	154,152
Ending net worth	2,856,656	3,174,172	3,589,097	3,834,851	3,741,892

Statement Of Cash Flows
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	116	23	24
Beginning cash (farm & nonfarm)	104,098	123,392	78,104
Cash Provided By Operating Activities			
Gross cash farm income	1,269,180	2,749,845	1,718,033
Total cash farm expense	-976,294	-2,409,202	-1,208,190
Net cash from hedging transactions	1,118	-10,065	14,704
Cash provided by operating	294,004	330,578	524,547
Cash Provided By Investing Activities			
Sale of breeding livestock	953	536	-
Sale of machinery & equipment	39,105	43,511	68,887
Sale of titled vehicles	1,770	2,043	1,146
Sale of farm land	8,703	-	8,305
Sale of farm buildings	5,308	-	25,658
Sale of other farm assets	22,636	800	79,991
Sale of nonfarm assets	37,611	93,153	19,648
Purchase of breeding livestock	-7,320	-30,514	-
Purchase of machinery & equip.	-139,436	-124,219	-218,889
Purchase of titled vehicles	-9,370	-10,710	-18,183
Purchase of farm land	-110,643	-290,868	-24,513
Purchase of farm buildings	-48,935	-34,740	-111,355
Purchase of other farm assets	-27,005	-31,431	-94,477
Purchase of nonfarm assets	-71,143	-73,859	-79,999
Cash provided by investing	-297,767	-456,298	-343,782
Cash Provided By Financing Activities			
Money borrowed	580,221	1,008,890	1,165,856
Principal payments	-531,204	-925,660	-1,187,561
Personal income	66,243	90,379	70,692
Family living/owner withdrawals	-98,421	-160,939	-129,481
Income and social security tax	-44,414	-54,588	-72,455
Capital contributions	4,194	7,317	-
Capital distributions	-996	-5,022	-
Dividends paid	-	-	-
Cash gifts and inheritances	36,077	126,718	4,625
Gifts given	-8,572	-904	-1,537
Other cash flows	-	-	-
Cash provided by financing	3,128	86,192	-149,860
Net change in cash balance	-635	-39,528	30,904
Ending cash (farm & nonfarm)	103,170	83,510	108,701
Discrepancy	293	355	308

Statement of Cash Flows -- Trend
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Years)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Number of farms	106	108	110	111	116
Beginning cash (farm & nonfarm)	80,694	92,057	105,356	95,259	104,098
Cash Provided By Operating Activities					
Gross cash farm income	946,154	1,099,964	1,268,240	1,402,893	1,269,180
Total cash farm expense	-783,687	-931,696	-964,451	-1,103,396	-976,294
Net cash from hedging transactions	2,197	-5,592	1,127	2,833	1,118
Cash provided by operating	164,663	162,676	304,916	302,330	294,004
Cash Provided By Investing Activities					
Sale of breeding livestock	3,183	3,420	3,703	1,926	953
Sale of machinery & equipment	17,757	23,833	42,617	30,982	39,105
Sale of titled vehicles	383	440	2,036	1,130	1,770
Sale of farm land	1,891	8,413	8,943	16,478	8,703
Sale of farm buildings	-	5,220	4,961	14,614	5,308
Sale of other farm assets	3,505	2,103	568	2,727	22,636
Sale of nonfarm assets	4,512	13,102	24,205	18,115	37,611
Purchase of breeding livestock	-2,252	-3,058	-6,040	-6,559	-7,320
Purchase of machinery & equip.	-53,750	-90,815	-134,547	-151,282	-139,436
Purchase of titled vehicles	-2,288	-4,758	-11,095	-7,579	-9,370
Purchase of farm land	-68,101	-87,321	-86,522	-182,376	-110,643
Purchase of farm buildings	-19,463	-34,884	-51,942	-54,613	-48,935
Purchase of other farm assets	-6,701	-763	-6,512	-2,356	-27,005
Purchase of nonfarm assets	-16,654	-31,865	-82,656	-47,955	-71,143
Cash provided by investing	-137,977	-196,932	-292,279	-366,748	-297,767
Cash Provided By Financing Activities					
Money borrowed	563,562	655,581	564,844	598,951	580,221
Principal payments	-566,004	-580,495	-552,410	-467,460	-531,204
Personal income	47,034	51,952	66,037	53,971	66,243
Family living/owner withdrawals	-74,887	-74,690	-84,384	-95,742	-98,421
Income and social security tax	-16,436	-21,354	-24,460	-36,760	-44,414
Capital contributions	9,075	3,433	6,084	12,209	4,194
Capital distributions	-440	-3,019	-2,508	-1,897	-996
Dividends paid	-19	-	-	-	-
Cash gifts and inheritances	29,273	17,123	26,114	13,563	36,077
Gifts given	-3,537	-1,516	-3,033	-4,559	-8,572
Other cash flows	-	-	-	-	-
Cash provided by financing	-12,378	47,016	-3,716	72,274	3,128
Net change in cash balance	14,307	12,760	8,921	7,856	-635
Ending cash (farm & nonfarm)	94,840	104,834	114,293	103,251	103,170
Discrepancy	162	-17	-16	-135	293

Crop Production and Marketing Summary
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	116	23	24
Acreage Summary			
Total acres owned	281	291	424
Total crop acres	855	1,072	1,468
Crop acres owned	230	230	401
Crop acres cash rented	575	834	1,032
Crop acres share rented	50	8	35
Total pasture acres	15	55	-
Percent crop acres owned	27 %	21 %	27 %
Mach invest/crop acre cost	594	550	546
Mach invest/crop acre market	944	918	858
Average Price Received (Cash Sales Only)			
Soybeans per bushel	13.86	13.85	13.92
Corn per bushel	6.17	6.38	6.10
Hay, Alfalfa per ton	139.08	-	-
Corn Silage per ton	48.17	-	-
Oats per bushel	4.17	-	-
Average Yield Per Acre			
Corn (bushel)	198.98	189.29	199.59
Soybeans (bushel)	53.84	51.51	54.48
Corn Silage (ton)	23.85	-	24.16
Hay, Alfalfa (ton)	4.82	-	-
Hay, Grass (ton)	2.46	-	-
Rye Silage (ton)	3.88	-	-
Sugar Beets (ton)	33.42	-	-

Crop Production and Marketing Summary -- Trend
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Years)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Number of farms	106	108	110	111	116
Acreage Summary					
Total acres owned	235	226	276	282	281
Total crop acres	940	906	883	863	855
Crop acres owned	233	237	222	226	230
Crop acres cash rented	659	629	625	595	575
Crop acres share rented	48	40	36	42	50
Total pasture acres	11	11	12	15	15
Percent crop acres owned	25 %	26 %	25 %	26 %	27 %
Mach invest/crop acre cost	487	474	508	561	594
Mach invest/crop acre market	734	748	806	895	944
Average Price Received (Cash Sales Only)					
Soybeans per bushel	8.46	9.08	11.59	13.97	13.86
Corn per bushel	3.58	3.37	4.84	6.06	6.17
Hay, Alfalfa per ton	-	-	-	142.11	139.08
Hay per ton	110.01	-	-	-	-
Hay, Grass per ton	-	-	109.64	-	-
Average Yield Per Acre					
Corn (bushel)	164.13	201.42	200.49	197.78	198.98
Soybeans (bushel)	48.60	57.58	57.55	53.14	53.84
Corn Silage (ton)	18.02	21.09	25.68	23.31	23.85
Hay, Alfalfa (ton)	4.98	4.38	5.34	5.83	4.82
Hay, Grass (ton)	2.41	2.63	2.12	2.29	2.46
Oats (bushel)	-	86.56	-	67.22	-

Household and Personal Expenses
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	39	6	9
Average family size	3.2	2.8	3.7
Family Living Expenses			
Food and meals expense	11,609	12,600	15,634
Medical care	7,098	3,940	6,947
Health insurance	3,578	7,657	846
Cash donations	4,839	4,490	2,418
Household supplies	12,314	12,700	22,030
Clothing	2,269	1,737	5,167
Personal care	3,358	4,461	2,807
Child / Dependent care	1,037	3,068	1,218
Alimony and child support	-	-	-
Gifts	6,872	3,931	7,201
Education	1,379	1,156	1,040
Recreation	7,736	10,374	7,454
Utilities (household share)	3,497	5,858	4,057
Personal vehicle operating exp	5,523	5,990	8,724
Household real estate taxes	1,615	2,958	1,354
Dwelling rent	56	-	244
Household repairs	2,871	3,524	3,279
Personal interest	2,529	3,172	4,820
Disability / Long term care ins	145	-	209
Life insurance payments	2,786	2,492	5,176
Personal property insurance	829	2,059	1,117
Miscellaneous	2,891	3,190	1,385
Total cash family living expense	84,830	95,358	103,126
Family living from the farm	665	3,187	-
Total family living	85,495	98,544	103,126
Other Nonfarm Expenditures			
Income taxes	47,331	37,429	85,871
Furnishing & appliance purchases	-31	-	-
Nonfarm vehicle purchases	5,645	3,927	6,670
Nonfarm real estate purchases	19,182	-	70,959
Other nonfarm capital purchases	8,824	-8,408	39,665
Nonfarm savings & investments	37,038	56,377	452
Total other nonfarm expenditures	117,989	89,325	203,616
Total cash family living investment & nonfarm capital purch	202,819	184,683	306,742

Household and Personal Expenses -- Trend
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Years)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Number of farms	39	35	35	29	39
Average family size	2.9	2.5	2.8	2.8	3.2
Family Living Expenses					
Food and meals expense	8,973	9,346	10,728	10,817	11,609
Medical care	4,353	5,801	5,145	5,389	7,098
Health insurance	6,311	5,798	5,035	4,995	3,578
Cash donations	4,692	3,992	3,476	6,301	4,839
Household supplies	6,565	6,217	6,408	9,297	12,314
Clothing	2,675	1,313	1,648	2,851	2,269
Personal care	1,027	2,864	2,578	1,992	3,358
Child / Dependent care	815	678	942	1,021	1,037
Alimony and child support	-	-	114	-	-
Gifts	4,788	3,267	3,727	4,940	6,872
Education	858	286	611	452	1,379
Recreation	5,022	3,500	5,297	5,990	7,736
Utilities (household share)	3,310	3,014	3,590	3,312	3,497
Personal vehicle operating exp	3,832	3,273	3,835	3,796	5,523
Household real estate taxes	465	918	963	860	1,615
Dwelling rent	76	186	379	76	56
Household repairs	1,795	1,694	1,552	1,154	2,871
Personal interest	1,238	1,068	1,458	742	2,529
Disability / Long term care ins	315	453	239	652	145
Life insurance payments	2,840	2,615	2,301	2,154	2,786
Personal property insurance	985	258	598	812	829
Miscellaneous	5,418	5,712	7,622	1,264	2,891
Total cash family living expense	66,354	62,254	68,245	68,865	84,830
Family living from the farm	231	251	316	652	665
Total family living	66,585	62,504	68,562	69,517	85,495
Other Nonfarm Expenditures					
Income taxes	22,367	28,347	27,518	39,474	47,331
Furnishing & appliance purchases	577	-	-87	50	-31
Nonfarm vehicle purchases	2,139	2,325	1,161	3,034	5,645
Nonfarm real estate purchases	-	295	9,661	3,923	19,182
Other nonfarm capital purchases	1,292	249	21,087	5,749	8,824
Nonfarm savings & investments	7,073	6,817	20,578	42,734	37,038
Total other nonfarm expenditures	33,449	38,034	79,916	94,964	117,989
Total cash family living investment & nonfarm capital purch	99,802	100,287	148,162	163,829	202,819

Operator and Labor Information
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	116	23	24
Operator Information			
Average number of operators	1.1	1.2	1.3
Average age of operators	52.0	61.9	54.0
Average number of years farming	27.5	38.8	30.9
Results Per Operator			
Working capital	550,703	557,406	845,837
Total assets (market)	4,906,990	6,012,072	6,804,917
Total liabilities	1,618,661	2,194,707	2,650,558
Net worth (market)	3,288,329	3,817,365	4,154,359
Net worth excl deferred liabs	3,911,214	4,554,179	5,120,137
Gross farm income	986,679	1,988,358	1,304,993
Total farm expense	970,291	2,282,355	1,085,988
Net farm income from operations	16,388	-293,997	219,005
Net nonfarm income	58,213	76,989	56,554
Family living & tax withdrawals	121,638	167,592	158,449
Total acres owned	247.0	247.7	339.2
Total crop acres	751.2	913.5	1,174.3
Crop acres owned	202.3	195.7	321.0
Crop acres cash rented	505.3	710.8	825.3
Crop acres share rented	43.7	7.0	28.1
Total pasture acres	13.1	46.5	-
Labor Analysis			
Number of farms	116	23	24
Total unpaid labor hours	1,946	2,518	2,728
Total hired labor hours	1,145	3,425	1,211
Total labor hours per farm	3,091	5,943	3,939
Unpaid hours per operator	1,710	2,145	2,182
Value of farm production / hour	272.45	184.79	385.79
Net farm income / unpaid hour	9.58	-137.04	100.36
Average hourly hired labor wage	37.06	42.54	31.92

Operator and Labor Information -- Trend
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Years)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Number of farms	106	108	110	111	116
Operator Information					
Average number of operators	1.2	1.2	1.2	1.2	1.1
Average age of operators	53.4	53.4	52.9	52.9	52.0
Average number of years farming	29.3	29.2	28.5	28.6	27.5
Results Per Operator					
Working capital	347,189	503,258	708,626	774,519	550,703
Total assets (market)	3,598,184	4,083,645	4,523,486	4,948,780	4,906,990
Total liabilities	1,232,516	1,426,199	1,486,558	1,674,407	1,618,661
Net worth (market)	2,365,668	2,657,446	3,036,928	3,274,373	3,288,329
Net worth excl deferred liabs	2,790,550	3,160,935	3,638,109	3,942,538	3,911,214
Gross farm income	821,289	1,086,000	1,225,860	1,298,346	986,679
Total farm expense	702,839	823,481	840,066	996,399	970,291
Net farm income from operations	118,451	262,519	385,794	301,946	16,388
Net nonfarm income	38,950	43,495	55,877	46,083	58,213
Family living & tax withdrawals	79,512	83,530	98,733	121,747	121,638
Total acres owned	195.0	189.1	233.6	241.2	247.0
Total crop acres	778.6	758.8	747.4	736.6	751.2
Crop acres owned	193.2	198.5	187.7	193.3	202.3
Crop acres cash rented	545.9	526.7	529.1	507.7	505.3
Crop acres share rented	39.5	33.6	30.7	35.7	43.7
Total pasture acres	9.1	9.6	10.3	12.5	13.1
Labor Analysis					
Number of farms	106	108	110	111	116
Total unpaid labor hours	2,144	2,062	2,008	1,998	1,946
Total hired labor hours	958	997	949	1,288	1,145
Total labor hours per farm	3,103	3,059	2,957	3,286	3,091
Unpaid hours per operator	1,776	1,726	1,699	1,706	1,710
Value of farm production / hour	249.10	323.36	389.30	353.05	272.45
Net farm income / unpaid hour	66.70	152.08	227.01	177.03	9.58
Average hourly hired labor wage	26.43	30.73	31.65	32.56	37.06
Partnerships & LLCs					
Number of farms	13	12	12	11	9
Number of operators	2.3	2.3	2.3	2.3	-
Owner withdrawals per farm	-	-	-	-	-
Withdrawals per operator	-	-	-	-	-
Corporations					
Number of farms	6	3	3	3	3
Number of operators	-	-	-	-	-

Nonfarm Summary
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	116	23	24
Nonfarm Income			
Personal wages & salary	39,089	46,906	37,001
Net nonfarm business income	2,678	8,401	3,525
Personal rental income	3,651	4,843	11,272
Personal interest income	3,449	4,206	2,889
Personal cash dividends	1,283	1,311	1,317
Tax refunds	1,876	3,275	2,819
Other nonfarm income	14,217	21,437	11,869
Total nonfarm income	66,243	90,379	70,692
Gifts and inheritances	36,077	126,718	4,625
Nonfarm Assets (market)			
Checking & savings	24,393	9,485	8,376
Stocks & bonds	60,067	50,645	27,291
Other current assets	16,460	42,632	8,180
Furniture & appliances	10,243	9,349	11,440
Nonfarm vehicles	29,143	34,166	24,413
Cash value of life ins.	18,591	35,964	20,276
Retirement accounts	222,792	338,880	259,204
Other intermediate assets	132,553	5,451	62,207
Nonfarm real estate	257,723	198,603	576,612
Personal bus. investment	61,858	5,217	241,990
Other long term assets	56,653	45,870	95,648
Total nonfarm assets	890,478	776,262	1,335,636
Nonfarm Liabilities			
Accrued interest	508	551	1,404
Accounts payable	28,549	30,936	44,006
Current notes	4,802	697	10,042
Princ due on term debt	3,344	2,846	4,768
Total current liabilities	37,204	35,030	60,220
Intermediate liabilities	5,195	4,518	10,067
Long term liabilities	44,653	33,961	75,814
Total nonfarm liabilities	87,051	73,510	146,101
Nonfarm net worth	803,427	702,752	1,189,535
Nonfarm debt to asset ratio	10 %	9 %	11 %

Nonfarm Summary -- Trend
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Years)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Number of farms	106	108	110	111	116
Nonfarm Income					
Personal wages & salary	25,763	31,964	35,645	35,017	39,089
Net nonfarm business income	2,850	1,717	9,013	2,553	2,678
Personal rental income	4,038	5,045	4,341	3,772	3,651
Personal interest income	1,188	1,416	934	1,423	3,449
Personal cash dividends	81	175	135	249	1,283
Tax refunds	918	1,000	3,490	1,392	1,876
Other nonfarm income	12,195	10,636	12,479	9,565	14,217
Total nonfarm income	47,034	51,952	66,037	53,971	66,243
Gifts and inheritances	29,273	17,123	26,114	13,563	36,077
Nonfarm Assets (market)					
Checking & savings	12,371	14,769	14,396	20,363	24,393
Stocks & bonds	45,970	54,409	56,529	56,693	60,067
Other current assets	3,085	4,751	5,031	14,802	16,460
Furniture & appliances	10,268	10,428	10,070	10,324	10,243
Nonfarm vehicles	20,846	22,288	25,220	26,795	29,143
Cash value of life ins.	20,648	22,047	22,148	20,364	18,591
Retirement accounts	164,031	194,015	234,026	195,718	222,792
Other intermediate assets	101,753	101,566	135,636	143,531	132,553
Nonfarm real estate	121,583	200,291	230,236	237,098	257,723
Personal bus. investment	60,907	66,566	75,555	80,061	61,858
Other long term assets	52,709	55,212	67,819	63,096	56,653
Total nonfarm assets	614,172	746,342	876,666	868,844	890,478
Nonfarm Liabilities					
Accrued interest	104	170	541	508	508
Accounts payable	20,707	22,001	28,621	35,010	28,549
Current notes	75	144	2,877	2,829	4,802
Princ due on term debt	3,231	2,958	3,767	3,692	3,344
Total current liabilities	24,117	25,272	35,806	42,040	37,204
Intermediate liabilities	4,750	5,274	6,667	6,207	5,195
Long term liabilities	26,398	43,521	47,508	42,056	44,653
Total nonfarm liabilities	55,265	74,068	89,981	90,303	87,051
Nonfarm net worth	558,907	672,274	786,685	778,542	803,427
Nonfarm debt to asset ratio	9 %	10 %	10 %	10 %	10 %

Projected Profitability

The Projected Profitability report displays actual results for Minnesota farms in 2023, along with projected financial results for 2024. Projected results are based on the authors' estimates of changes in revenue, operating expenses, interest rates, and asset values. Assumptions are displayed at the bottom of the page. All calculations include SWFBMA farms, as well as farms enrolled in MN State FBM programs.

- **2023 All Farms Actual** – Average financial results for all 2,359 farms in 2023. Balance sheet measures reflect the average position of farms in MN FBM programs at the end of the year.
- **2023 Improved Margin Management** – Potential impacts of small changes in farm performance. If MN program farms had, on average, improved sales by 5% and cut costs by 5%, the net farm income of the average farm would have increased by 130% in 2023.
- **2023 Statewide Crop Farms Actual** – Average financial results for the 1,394 crop farms in MN farm management programs in 2023.
- **2024 Statewide Crop Farms Projected** – Crop prices are expected to continue to fall and these decreased prices coupled with trendline yields lead to a lower income forecast. Operating expenses are expected to fall slightly, and interest rates are expected to increase marginally. Given this outlook MN crop producers are expected to have lower profitability.
- **2023 Statewide Dairy Farms Actual** – Average financial results for the 315 dairy and crop and dairy farms in MN farm management programs in 2023.
- **2024 Statewide Dairy Farms Projected** – Milk prices are expected to improve marginally, but lower DMC payments will lead to lower farm incomes for dairy producers. A reduction in operating expenses is expected to help farms improve profitability levels for the year. Given this outlook, MN dairy producers are expected to have a higher net farm incomes for 2024.
- **2023 Statewide Hog Farms Actual** – Average financial results for the 42 hog and crop and hog farms in MN farm management programs in 2023.
- **2024 Statewide Hog Farms Projected** – Pork prices are expected to improve, and operating expenses are expected to fall in 2024. Given this outlook, the state's hog farms are expected to reach improved profitability levels in 2024.
- **2023 Statewide Beef Farms Actual** – Average financial results for the 197 beef and crop and beef farms in MN farm management programs in 2023.
- **2024 Statewide Beef Farms Projected** – Beef prices are expected to remain relatively strong in the coming year and operating expenses are expected to fall slightly. Given this outlook, the state's beef farms are expected to have adequate financial performance again in 2024.

The assumptions used to project these results are subjective. We offer these projections as the most likely scenario to help members consider management decisions in a period of tightening margins. Predictions are currently more challenging given inflationary pressures on input costs, rising interest rates, and the global market uncertainty at present.

Figure 21: Projected Profitability Results for MN Farms

Results for All Minnesota Farms										
	2023	2023	2023	2024	2023	2024	2023	2024	2023	2024
	Actual Analysis Results	Improv. Margin Mgmt.	Crop Farms Actual	Crop Farms Projected	Dairy Farms Actual	Dairy Farms Projected	Hog Farms Actual	Hog Farms Projected	Beef Farms Actual	Beef Farms Projected
Liquidity										
Current Ratio	2.3	2.4	2.4	2.2	2.2	2.2	2.1	2.0	1.9	1.8
Work. Capital to Gross Rev.	42%	44%	54%	51%	20%	17%	26%	24%	42%	38%
Solvency¹										
Debt to Asset Ratio	32%	32%	31%	32%	35%	36%	34%	34%	41%	42%
Debt to Equity Ratio	0.48	0.47	0.45	0.46	0.55	0.56	0.51	0.52	0.70	0.72
Profitability										
Rate of Ret. on Assets	2%	5%	2%	1%	0%	3%	-2%	3%	5%	4%
Oper. Profit Margin	8%	18%	8%	5%	1%	8%	-10%	12%	21%	19%
Asset Turnover Rate	26%	28%	26%	24%	31%	31%	23%	27%	23%	23%
Net Farm Income	\$79,318	\$184,000	\$94,959	\$36,000	\$17,637	\$73,000	-\$191,923	\$145,000	\$127,988	\$88,000
Repayment Capacity										
Debt Coverage Ratio	1.3	2.1	1.4	0.9	0.8	1.2	-0.2	1.3	1.8	1.5
Replacement Coverage Ratio	1.0	1.7	1.0	0.7	0.7	1.0	-0.2	1.1	1.5	1.3
Efficiency										
Oper. Expense Ratio	83%	75%	79%	82%	90%	85%	100%	91%	80%	81%
Net Worth Growth¹										
Net Worth Change	6%	10%	7%	5%	2%	5%	-4%	3%	11%	9%
Assumptions Used in Forecasts										
		Improv. Margin		Crop Projected		Dairy Projected		Hog Projected		Beef Projected
Gross Income	-	+ 5%	-	- 9%	-	- 3%	-	+ 1%	-	- 2%
Operating Expenses	-	- 5%	-	- 6%	-	- 8%	-	- 8%	-	- 1%
Interest Rates	-	0%	-	+ 2%	-	+ 2%	-	+ 2%	-	+ 2%
Current Assets	-	+ 5%	-	- 9%	-	- 9%	-	- 4%	-	- 5%
Noncurrent Assets	-	0%	-	0%	-	0%	-	0%	-	0%

¹ Assets at estimated market values.

Crop Reports

The Crop Enterprise Analysis tables show average production, gross return, direct costs, overhead costs, and net returns per acre. There are potentially three tables for each crop, depending on land tenures: owned, cash rented, and share rented land. Farms are classified into low 20% or high 20% based on net return per acre. The classification is done separately for each table.

Gross Return per Acre includes the value of the crop produced plus any other income directly associated with production of the crop, including hedging gains or losses, and crop insurance that may have been received. It does not include government payments (see Net Return with Government Payments). The only government payments included as other income in 2023 crop enterprise analysis reports include EQIP or CSP payments received to offset annual production expenses.

The *Value per Unit* 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. Any wages and benefits paid to the operator are removed from labor costs (and added to *Labor and Management Charge*) so that all farms are on equal footing. 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 ARC and PLC 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, remaining after deducting an opportunity cost for unpaid operator labor and management. This is 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 breakeven price needed to cover cash costs and depreciation. *Less Government and Other Income* is the breakeven price if government payments and any miscellaneous income are used to offset some expenses. *With Labor and Management* is the breakeven 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.

Note: These government payments received by producers were not included in the crop analysis.

- Emergency Relief Program (ERP) Phase 2 – These payments covered natural disaster losses from events in 2020-2021, not the current production year. Therefore, they were excluded.
- Other government program payments not directly related to 2023 crop production: Inflation Reduction Act (IRA) Section 22006 debt forgiveness for distressed borrowers; IRA 22007 discrimination financial assistance; Coronavirus Food Assistance Program (CFAP 2) for underserved producers; and Pandemic Assistance Revenue Program (PARP) payments.

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Return)

Corn on Owned Land

	<u>Avg. Of</u> <u>All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	68	13	14
Acres	180.27	134.51	207.41
Yield per acre (bu.)	203.31	200.80	207.74
Operators share of yield %	100.00	100.00	100.00
Value per bu.	4.69	4.68	4.88
Other product return per acre	0.07	0.48	-
Total product return per acre	952.64	939.77	1,014.20
Hedging gains/losses per acre	-3.67	0.26	0.16
Crop insurance per acre	54.51	11.01	82.33
Other crop income per acre	19.30	0.37	81.27
Gross return per acre	1,022.78	951.41	1,177.96
Direct Expenses			
Seed and plants	124.47	132.63	119.66
Fertilizer	211.10	311.61	177.85
Crop chemicals	50.09	64.83	46.42
Crop insurance	28.11	20.64	26.44
Drying expense	9.92	11.81	12.55
Fuel & oil	30.72	29.91	23.88
Repairs	61.58	65.18	50.89
Custom hire	18.55	24.74	22.10
Hired labor	3.92	7.27	6.98
Machinery leases	10.23	22.81	-
Utilities	0.22	0.41	0.70
Hauling and trucking	0.93	-	3.66
Marketing	1.84	1.96	0.22
Operating interest	12.70	10.11	8.75
Miscellaneous	2.91	-	0.91
Total direct expenses per acre	567.28	703.92	501.00
Return over direct exp per acre	455.50	247.49	676.96
Overhead Expenses			
Hired labor	11.00	5.74	7.10
Building leases	0.53	0.14	-
RE & pers. property taxes	33.94	42.93	34.12
Farm insurance	15.69	23.38	13.27
Utilities	7.80	10.52	6.87
Dues & professional fees	6.12	14.02	3.99
Interest	90.40	91.77	50.58
Mach & bldg depreciation	86.38	125.73	94.56
Miscellaneous	5.94	9.58	1.94
Total overhead expenses per acre	257.81	323.81	212.43
Total dir & ovhd expenses per acre	825.09	1,027.72	713.43
Net return per acre	197.69	-76.31	464.53
Government payments	-	-	-
Net return with govt pmts	197.69	-76.31	464.53
Labor & management charge	69.08	84.85	73.05
Net return over lbr & mgt	128.61	-161.17	391.48
Cost of Production			
Total direct expense per bu.	2.79	3.51	2.41
Total dir & ovhd exp per bu.	4.06	5.12	3.43
Less govt & other income	3.71	5.06	2.65
With labor & management	4.05	5.48	3.00
Net value per unit	4.67	4.68	4.88
Machinery cost per acre	197.88	251.27	180.79
Est. labor hours per acre	2.48	2.88	2.49

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Return)

Corn on Cash Rent

	<u>Avg. Of</u> <u>All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	89	17	18
Acres	385.08	694.27	268.80
Yield per acre (bu.)	197.76	193.98	205.45
Operators share of yield %	100.00	100.00	100.00
Value per bu.	4.66	4.56	4.75
Other product return per acre	1.08	-	-
Total product return per acre	922.29	883.69	976.78
Hedging gains/losses per acre	6.60	-	36.61
Crop insurance per acre	45.98	30.22	78.35
Other crop income per acre	5.92	-	26.24
Gross return per acre	980.79	913.91	1,117.97
Direct Expenses			
Seed and plants	119.37	116.14	121.05
Fertilizer	235.63	256.77	179.14
Crop chemicals	46.26	37.69	49.36
Crop insurance	31.26	32.48	27.12
Drying expense	9.22	9.60	6.26
Storage	0.56	-	0.17
Fuel & oil	29.73	35.23	23.46
Repairs	55.47	61.34	43.57
Custom hire	21.68	9.43	39.46
Hired labor	3.86	2.01	3.53
Land rent	265.33	297.21	243.05
Machinery leases	10.12	20.92	3.49
Marketing	2.41	3.27	2.11
Operating interest	13.55	20.92	3.90
Miscellaneous	3.39	4.56	2.36
Total direct expenses per acre	847.85	907.59	748.03
Return over direct exp per acre	132.93	6.32	369.94
Overhead Expenses			
Hired labor	13.69	31.65	2.86
Machinery leases	5.34	13.48	1.87
Building leases	0.75	0.07	-
Farm insurance	12.50	13.65	10.31
Utilities	5.62	5.12	4.07
Dues & professional fees	7.07	7.23	3.64
Interest	6.66	10.63	1.97
Mach & bldg depreciation	66.08	63.34	68.21
Miscellaneous	4.69	4.71	3.02
Total overhead expenses per acre	122.40	149.87	95.95
Total dir & ovhd expenses per acre	970.25	1,057.46	843.98
Net return per acre	10.54	-143.55	273.99
Government payments	-	-	-
Net return with govt pmts	10.54	-143.55	273.99
Labor & management charge	67.88	58.74	75.62
Net return over lbr & mgt	-57.34	-202.29	198.37
Cost of Production			
Total direct expense per bu.	4.29	4.68	3.64
Total dir & ovhd exp per bu.	4.91	5.45	4.11
Less govt & other income	4.60	5.30	3.42
With labor & management	4.95	5.60	3.79
Net value per unit	4.69	4.56	4.93
Machinery cost per acre	185.49	204.94	174.10
Est. labor hours per acre	2.34	2.19	2.19

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Return)

Corn on Share Rent

	<u>Avg. Of All Farms</u>
Number of farms	15
Acres	189.57
Yield per acre (bu.)	191.35
Operators share of yield %	52.38
Value per bu.	4.76
Total product return per acre	476.90
Hedging gains/losses per acre	2.34
Crop insurance per acre	28.68
Other crop income per acre	3.68
Gross return per acre	511.59
Direct Expenses	
Seed and plants	70.43
Fertilizer	121.74
Crop chemicals	30.65
Crop insurance	18.31
Drying expense	3.54
Storage	0.39
Fuel & oil	22.28
Repairs	44.30
Custom hire	14.52
Hired labor	4.95
Machinery leases	6.41
Hauling and trucking	0.17
Marketing	0.87
Operating interest	2.17
Miscellaneous	1.47
Total direct expenses per acre	342.19
Return over direct exp per acre	169.41
Overhead Expenses	
Hired labor	4.67
Machinery leases	7.09
Building leases	0.09
Farm insurance	8.23
Utilities	4.23
Dues & professional fees	3.58
Interest	2.86
Mach & bldg depreciation	67.93
Miscellaneous	10.84
Total overhead expenses per acre	109.52
Total dir & ovhd expenses per acre	451.71
Net return per acre	59.88
Government payments	-
Net return with govt pmts	59.88
Labor & management charge	59.87
Net return over lbr & mgt	0.02
Cost of Production	
Total direct expense per bu.	3.41
Total dir & ovhd exp per bu.	4.51
Less govt & other income	4.16
With labor & management	4.76
Net value per unit	4.78
Machinery cost per acre	157.54
Est. labor hours per acre	2.12

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Years)

Corn on Owned Land -- Trend

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Number of farms	56	65	70	63	68
Acres	164.44	165.25	158.59	170.62	180.27
Yield per acre (bu.)	162.48	202.70	208.30	197.22	203.31
Operators share of yield %	100.00	100.00	100.00	100.00	100.00
Value per bu.	3.82	4.21	5.68	6.69	4.69
Other product return per acre	-	-	-	0.66	0.07
Total product return per acre	620.95	853.58	1,183.22	1,319.58	952.64
Hedging gains/losses per acre	0.17	-4.31	0.82	8.90	-3.67
Crop insurance per acre	67.04	5.70	10.84	21.07	54.51
Other crop income per acre	75.85	49.40	2.83	2.77	19.30
Gross return per acre	764.00	904.38	1,197.72	1,352.31	1,022.78
Direct Expenses					
Seed	114.89	109.91	109.10	113.56	124.47
Fertilizer	109.90	106.82	125.24	164.40	211.10
Crop chemicals	32.44	33.92	37.23	51.37	50.09
Crop insurance	15.05	15.63	26.68	32.42	28.11
Drying expense	20.46	6.59	7.99	19.85	9.92
Storage	0.44	0.56	0.19	0.08	0.04
Fuel & oil	21.43	20.90	23.77	33.94	30.72
Repairs	47.04	58.26	53.90	63.59	61.58
Custom hire	12.88	8.78	9.47	13.26	18.55
Hired labor	4.02	2.63	2.91	2.94	3.92
Machinery leases	1.22	1.71	2.40	0.63	10.23
Utilities	1.65	0.06	-	0.09	0.22
Hauling and trucking	0.25	0.53	0.11	0.58	0.93
Marketing	0.90	2.12	0.85	1.86	1.84
Operating interest	12.92	12.23	6.00	9.73	12.70
Miscellaneous	3.10	3.05	4.54	3.28	2.87
Total direct expenses per acre	398.60	383.71	410.38	511.59	567.28
Return over direct exp per acre	365.40	520.66	787.33	840.72	455.50
Overhead Expenses					
Hired labor	5.45	13.58	11.13	11.72	11.00
Machinery leases	2.88	3.63	8.58	9.89	0.35
Building leases	0.70	0.48	0.54	0.01	0.53
RE & pers. property taxes	29.65	29.21	31.61	30.88	33.94
Farm insurance	10.71	13.48	12.08	14.99	15.69
Utilities	6.45	6.88	7.24	7.25	7.80
Dues & professional fees	4.84	5.43	5.41	4.85	6.12
Interest	73.59	60.97	72.81	64.37	90.40
Mach & bldg depreciation	71.29	71.30	70.23	82.28	86.38
Miscellaneous	4.16	5.82	4.38	7.97	5.59
Total overhead expenses per acre	209.72	210.77	224.01	234.21	257.81
Total dir & ovhd expenses per acre	608.32	594.49	634.39	745.80	825.09
Net return per acre	155.68	309.89	563.33	606.52	197.69
Government payments	6.98	57.25	0.05	-	-
Net return with govt pmts	162.66	367.14	563.38	606.52	197.69
Labor & management charge	56.47	65.63	72.60	77.31	69.08
Net return over lbr & mgt	106.19	301.52	490.78	529.21	128.61
Cost of Production					
Total direct expense per bu.	2.45	1.89	1.97	2.59	2.79
Total dir & ovhd exp per bu.	3.74	2.93	3.05	3.78	4.06
Less govt & other income	2.82	2.40	2.98	3.61	3.71
With labor & management	3.17	2.72	3.32	4.00	4.05
Net value per unit	3.82	4.19	5.68	6.73	4.67
Machinery cost per acre	148.48	151.50	158.34	192.27	197.88
Est. labor hours per acre	2.41	2.47	2.34	2.47	2.48

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Years)

Corn on Rented Land -- Trend

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Number of farms	78	88	89	85	89
Acres	326.62	377.55	393.38	384.29	385.08
Yield per acre (bu.)	165.90	201.03	197.43	197.75	197.76
Operator's share of yield %	100.00	100.00	100.00	100.00	100.00
Value per bu.	3.80	4.25	5.59	6.66	4.66
Other product return per acre	0.09	0.11	0.07	0.22	1.08
Total product return per acre	630.03	854.95	1,103.89	1,317.94	922.29
Hedging gains/losses per acre	0.06	-12.40	-4.05	0.26	6.60
Crop insurance per acre	54.33	7.19	11.53	5.71	45.98
Other crop income per acre	72.18	49.74	2.28	4.41	5.92
Gross return per acre	756.60	899.47	1,113.65	1,328.32	980.79
Direct Expenses					
Seed	110.64	103.61	104.59	112.28	119.37
Fertilizer	110.66	104.28	119.11	164.83	235.63
Crop chemicals	33.97	31.74	35.39	52.05	46.26
Crop insurance	18.25	17.93	25.93	32.96	31.26
Drying expense	23.97	7.40	7.91	10.61	9.22
Storage	0.60	0.87	0.76	0.51	0.56
Fuel & oil	23.69	20.67	24.75	33.35	29.73
Repairs	39.10	43.62	52.42	59.13	55.47
Custom hire	11.75	8.89	14.12	17.11	21.68
Hired labor	6.68	3.28	3.78	4.49	3.86
Land rent	204.67	202.78	223.99	244.57	265.33
Machinery leases	5.37	2.84	8.09	1.35	10.12
Hauling and trucking	0.76	0.59	0.31	0.28	0.17
Marketing	1.39	2.27	1.64	1.56	2.41
Operating interest	16.49	12.98	6.09	8.61	13.55
Miscellaneous	2.91	3.68	4.04	2.81	3.22
Total direct expenses per acre	610.89	567.43	632.94	746.50	847.85
Return over direct exp per acre	145.71	332.04	480.71	581.82	132.93
Overhead Expenses					
Hired labor	3.58	11.58	13.86	13.66	13.69
Machinery leases	7.36	12.12	7.36	15.14	5.34
Building leases	1.76	0.84	0.70	0.61	0.75
Farm insurance	10.51	11.00	11.56	13.74	12.50
Utilities	5.87	5.24	4.88	6.17	5.62
Dues & professional fees	7.84	5.98	6.01	6.01	7.07
Interest	5.80	4.80	4.57	4.78	6.66
Mach & bldg depreciation	61.51	58.05	59.36	61.51	66.08
Miscellaneous	5.17	6.64	4.20	6.18	4.69
Total overhead expenses per acre	109.39	116.24	112.50	127.80	122.40
Total dir & ovhd expenses per acre	720.28	683.67	745.44	874.30	970.25
Net return per acre	36.31	215.80	368.21	454.02	10.54
Government payments	4.63	50.63	0.02	-	-
Net return with govt pmts	40.94	266.43	368.23	454.02	10.54
Labor & management charge	58.76	58.84	68.76	78.11	67.88
Net return over lbr & mgt	-17.82	207.58	299.47	375.91	-57.34
Cost of Production					
Total direct expense per bu.	3.68	2.82	3.21	3.77	4.29
Total dir & ovhd exp per bu.	4.34	3.40	3.78	4.42	4.91
Less govt & other income	3.55	2.93	3.73	4.37	4.60
With labor & management	3.90	3.22	4.07	4.76	4.95
Net value per unit	3.80	4.19	5.57	6.66	4.69
Machinery cost per acre	147.08	141.88	161.86	181.90	185.49
Est. labor hours per acre	2.29	2.04	2.06	2.36	2.34

Corn Price versus Cost of Production

Southwest Minnesota Farm Business Management Association (costs based on cash rented land)

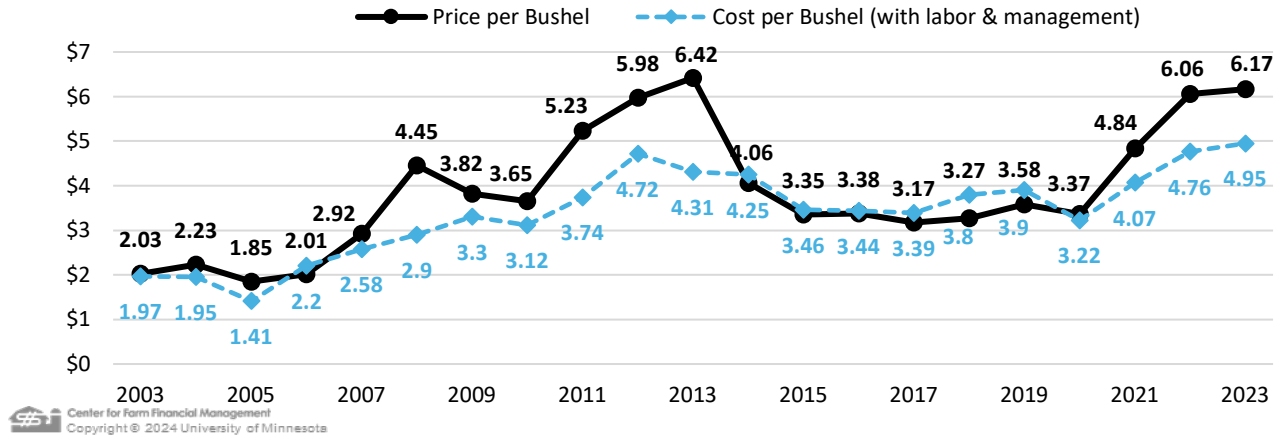


Figure 22: Corn Price versus Cost of Production Trend

Corn Costs per Acre

Southwest Minnesota Farm Business Management Association (corn on rented land in inflation adj. \$)

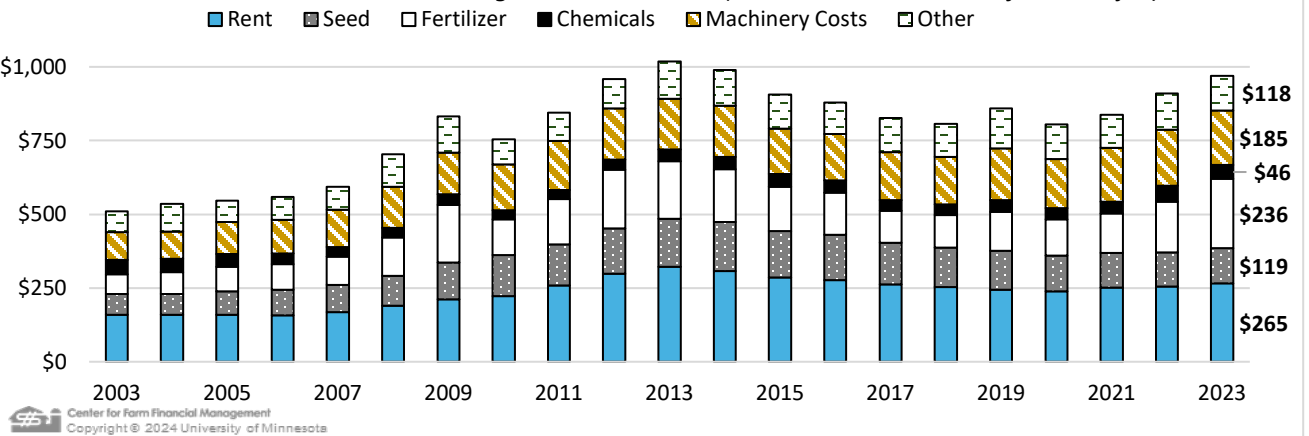


Figure 23: Major Corn Input Costs per Acre Over Time

Corn Costs as a Percent of Total Expenses

Southwest Minnesota Farm Business Management Association (cash rented land in inflation adj. \$)

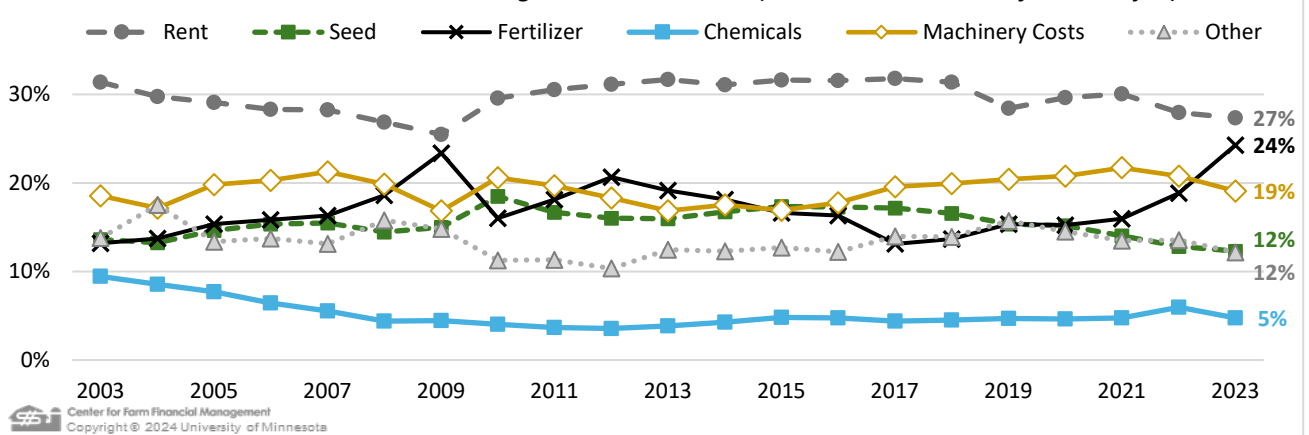


Figure 24: Major Corn Input Costs as a Percent of Total Expenses Over Time

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Return)

Soybeans on Owned Land

	<u>Avg. Of</u> <u>All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	62	12	13
Acres	173.45	74.20	165.63
Yield per acre (bu.)	54.01	44.18	60.51
Operators share of yield %	100.00	100.00	100.00
Value per bu.	12.74	12.52	12.65
Total product return per acre	687.92	553.20	765.69
Hedging gains/losses per acre	3.55	-	-
Crop insurance per acre	24.15	32.64	22.34
Other crop income per acre	3.46	-	-
Gross return per acre	719.07	585.85	788.03
Direct Expenses			
Seed and plants	56.27	56.51	56.62
Fertilizer	65.72	90.24	55.19
Crop chemicals	71.27	82.49	64.70
Crop insurance	20.99	22.19	20.76
Storage	0.11	0.50	-
Fuel & oil	22.48	19.82	17.14
Repairs	54.17	77.68	40.31
Custom hire	13.32	7.04	3.96
Hired labor	3.29	0.71	4.47
Machinery leases	10.90	4.05	3.90
Marketing	1.70	4.63	1.10
Operating interest	9.71	3.52	2.23
Miscellaneous	3.14	0.70	2.48
Total direct expenses per acre	333.05	370.07	272.86
Return over direct exp per acre	386.02	215.78	515.17
Overhead Expenses			
Hired labor	8.98	5.04	7.58
RE & pers. property taxes	33.36	32.32	35.51
Farm insurance	13.03	25.32	9.17
Utilities	5.58	6.38	4.71
Dues & professional fees	6.07	9.78	2.88
Interest	86.04	138.99	31.34
Mach & bldg depreciation	69.95	92.02	77.72
Miscellaneous	4.87	10.55	3.16
Total overhead expenses per acre	227.88	320.41	172.06
Total dir & ovhd expenses per acre	560.93	690.47	444.92
Net return per acre	158.14	-104.63	343.11
Government payments	-	-	-
Net return with govt pmts	158.14	-104.63	343.11
Labor & management charge	54.07	66.42	51.09
Net return over lbr & mgt	104.07	-171.05	292.01
Cost of Production			
Total direct expense per bu.	6.17	8.38	4.51
Total dir & ovhd exp per bu.	10.39	15.63	7.35
Less govt & other income	9.81	14.89	6.98
With labor & management	10.81	16.39	7.83
Net value per unit	12.80	12.52	12.65
Machinery cost per acre	162.23	185.63	134.98
Est. labor hours per acre	1.94	2.66	1.95

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Return)

Soybeans on Cash Rent

	<u>Avg. Of</u> <u>All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	85	17	17
Acres	350.42	201.68	258.61
Yield per acre (bu.)	54.11	45.62	62.14
Operators share of yield %	100.00	100.00	100.00
Value per bu.	12.72	12.65	12.80
Total product return per acre	688.30	577.25	795.32
Hedging gains/losses per acre	3.32	5.32	4.39
Crop insurance per acre	18.28	42.06	12.61
Other crop income per acre	7.91	-	-
Gross return per acre	717.82	624.63	812.31
Direct Expenses			
Seed and plants	55.26	59.91	63.02
Fertilizer	65.47	64.00	59.05
Crop chemicals	70.72	75.10	68.99
Crop insurance	25.95	24.52	22.07
Storage	0.71	-	-
Fuel & oil	24.64	24.82	22.32
Repairs	44.45	62.93	36.72
Custom hire	13.84	17.31	20.38
Hired labor	4.61	13.40	4.76
Land rent	264.09	274.96	220.65
Machinery leases	9.72	15.50	4.10
Marketing	2.46	1.00	1.36
Operating interest	10.14	20.08	5.19
Miscellaneous	3.29	1.57	2.80
Total direct expenses per acre	595.33	655.09	531.43
Return over direct exp per acre	122.48	-30.46	280.88
Overhead Expenses			
Hired labor	11.02	6.86	1.03
Machinery leases	5.36	0.07	1.39
Building leases	0.70	0.01	-
Farm insurance	10.20	12.54	7.70
Utilities	4.80	5.76	4.95
Dues & professional fees	5.08	7.93	3.04
Interest	5.20	5.41	4.84
Mach & bldg depreciation	55.55	74.00	61.51
Miscellaneous	3.60	3.46	2.53
Total overhead expenses per acre	101.51	116.04	87.00
Total dir & ovhd expenses per acre	696.84	771.13	618.43
Net return per acre	20.97	-146.50	193.88
Government payments	-	-	-
Net return with govt pmts	20.97	-146.50	193.88
Labor & management charge	55.20	57.80	68.43
Net return over lbr & mgt	-34.22	-204.30	125.45
Cost of Production			
Total direct expense per bu.	11.00	14.36	8.55
Total dir & ovhd exp per bu.	12.88	16.90	9.95
Less govt & other income	12.33	15.87	9.68
With labor & management	13.35	17.13	10.78
Net value per unit	12.78	12.77	12.87
Machinery cost per acre	150.37	189.11	142.01
Est. labor hours per acre	1.89	1.67	1.92

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Return)

Soybeans on Share Rent

	<u>Avg. Of All Farms</u>
Number of farms	12
Acres	217.43
Yield per acre (bu.)	51.88
Operators share of yield %	53.28
Value per bu.	12.65
Total product return per acre	349.71
Crop insurance per acre	8.80
Gross return per acre	358.51
Direct Expenses	
Seed and plants	31.65
Fertilizer	37.47
Crop chemicals	46.82
Crop insurance	16.34
Fuel & oil	16.02
Repairs	34.29
Custom hire	9.99
Hired labor	5.44
Machinery leases	1.38
Marketing	0.86
Operating interest	1.57
Miscellaneous	1.35
Total direct expenses per acre	203.17
Return over direct exp per acre	155.34
Overhead Expenses	
Hired labor	3.13
Machinery leases	5.70
Farm insurance	5.36
Utilities	3.08
Dues & professional fees	2.58
Interest	1.71
Mach & bldg depreciation	50.83
Miscellaneous	6.30
Total overhead expenses per acre	78.68
Total dir & ovhd expenses per acre	281.85
Net return per acre	76.66
Government payments	-
Net return with govt pmts	76.66
Labor & management charge	43.97
Net return over lbr & mgt	32.69
Cost of Production	
Total direct expense per bu.	7.35
Total dir & ovhd exp per bu.	10.20
Less govt & other income	9.88
With labor & management	11.47
Net value per unit	12.65
Machinery cost per acre	113.78
Est. labor hours per acre	1.69

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Years)

Soybeans on Owned Land -- Trend

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Number of farms	53	66	57	64	62
Acres	163.16	159.11	161.59	164.30	173.45
Yield per acre (bu.)	49.28	58.74	58.62	55.17	54.01
Operators share of yield %	100.00	100.00	100.00	100.00	100.00
Value per bu.	8.87	11.01	12.74	14.46	12.74
Total product return per acre	437.02	646.97	746.66	797.86	687.92
Hedging gains/losses per acre	-	-5.30	1.82	6.27	3.55
Crop insurance per acre	11.73	4.32	1.93	11.89	24.15
Other crop income per acre	74.14	22.82	0.22	1.41	3.46
Gross return per acre	522.90	668.80	750.62	817.43	719.07
Direct Expenses					
Seed	54.97	52.46	51.21	52.42	56.27
Fertilizer	26.85	31.87	41.38	49.46	65.72
Crop chemicals	39.03	46.33	49.99	68.52	71.27
Crop insurance	15.70	14.88	22.54	28.64	20.99
Storage	0.56	0.17	0.16	0.11	0.11
Fuel & oil	18.52	15.85	19.01	28.54	22.48
Repairs	41.17	39.39	47.45	46.43	54.17
Custom hire	8.28	8.23	8.46	14.17	13.32
Hired labor	3.84	3.69	3.71	4.17	3.29
Machinery leases	2.29	2.10	3.57	1.58	10.90
Utilities	0.85	0.06	-	-	0.07
Marketing	0.87	3.01	2.04	1.49	1.70
Operating interest	9.69	9.71	7.06	7.16	9.71
Miscellaneous	3.32	4.07	3.01	3.16	3.08
Total direct expenses per acre	225.94	231.84	259.59	305.86	333.05
Return over direct exp per acre	296.95	436.97	491.04	511.57	386.02
Overhead Expenses					
Hired labor	5.11	9.51	8.56	7.59	8.98
Machinery leases	1.36	3.95	4.13	7.36	0.10
Building leases	0.76	0.16	0.54	0.01	0.36
RE & pers. property taxes	25.57	32.28	30.47	34.17	33.36
Farm insurance	9.53	10.40	9.89	11.05	13.03
Utilities	5.13	6.02	5.25	6.46	5.58
Dues & professional fees	4.09	3.96	5.54	4.00	6.07
Interest	65.51	64.03	62.21	63.65	86.04
Mach & bldg depreciation	53.29	55.60	56.12	66.89	69.95
Miscellaneous	3.72	4.61	3.11	5.78	4.40
Total overhead expenses per acre	174.07	190.51	185.82	206.98	227.88
Total dir & ovhd expenses per acre	400.01	422.35	445.41	512.83	560.93
Net return per acre	122.89	246.46	305.22	304.59	158.14
Government payments	4.24	57.39	0.04	-	-
Net return with govt pmts	127.13	303.84	305.26	304.59	158.14
Labor & management charge	47.40	52.68	57.88	65.03	54.07
Net return over lbr & mgt	79.73	251.17	247.38	239.56	104.07
Cost of Production					
Total direct expense per bu.	4.58	3.95	4.43	5.54	6.17
Total dir & ovhd exp per bu.	8.12	7.19	7.60	9.30	10.39
Less govt & other income	6.29	5.84	7.53	8.94	9.81
With labor & management	7.25	6.74	8.52	10.12	10.81
Net value per unit	8.87	10.92	12.77	14.58	12.80
Machinery cost per acre	117.99	115.36	130.65	155.12	162.23
Est. labor hours per acre	2.20	1.89	1.91	2.01	1.94

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Years)

Soybeans on Rented Land -- Trend

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Number of farms	81	85	82	85	85
Acres	347.65	352.89	379.36	350.58	350.42
Yield per acre (bu.)	48.36	57.12	56.89	52.23	54.11
Operators share of yield %	100.00	100.00	100.00	100.00	100.00
Value per bu.	8.83	11.01	12.93	14.14	12.72
Total product return per acre	427.19	629.21	735.76	738.39	688.30
Hedging gains/losses per acre	0.04	-31.08	-2.17	4.15	3.32
Crop insurance per acre	21.72	5.97	2.09	8.35	18.28
Other crop income per acre	79.57	22.00	2.68	1.85	7.91
Gross return per acre	528.52	626.10	738.35	752.73	717.82
Direct Expenses					
Seed	54.10	48.62	49.41	55.10	55.26
Fertilizer	23.90	30.36	35.47	50.75	65.47
Crop chemicals	43.28	47.41	42.96	68.42	70.72
Crop insurance	17.14	15.24	24.27	28.55	25.95
Storage	0.45	0.29	0.31	0.28	0.71
Fuel & oil	19.92	15.67	19.25	27.46	24.64
Repairs	33.42	33.17	39.58	51.26	44.45
Custom hire	8.15	7.06	10.09	13.47	13.84
Hired labor	8.18	2.96	4.01	3.86	4.61
Land rent	201.69	210.25	224.55	243.24	264.09
Machinery leases	10.94	2.88	8.03	1.39	9.72
Hauling and trucking	0.20	0.51	0.29	0.18	0.11
Marketing	1.70	2.40	1.30	1.63	2.46
Operating interest	13.87	9.01	4.30	6.35	10.14
Miscellaneous	3.35	2.75	4.00	2.99	3.17
Total direct expenses per acre	440.30	428.58	467.82	554.94	595.33
Return over direct exp per acre	88.22	197.52	270.53	197.79	122.48
Overhead Expenses					
Hired labor	2.92	11.44	9.84	13.31	11.02
Machinery leases	4.81	12.47	6.93	14.02	5.36
Building leases	1.24	0.82	0.45	0.49	0.70
Farm insurance	6.97	8.01	8.33	9.64	10.20
Utilities	4.11	3.81	3.88	4.38	4.80
Dues & professional fees	4.40	3.64	4.18	3.75	5.08
Interest	3.30	3.34	3.16	3.50	5.20
Mach & bldg depreciation	41.63	41.96	50.47	48.58	55.55
Miscellaneous	3.42	4.99	2.93	4.74	3.60
Total overhead expenses per acre	72.80	90.47	90.17	102.41	101.51
Total dir & ovhd expenses per acre	513.10	519.05	557.99	657.35	696.84
Net return per acre	15.42	107.05	180.36	95.38	20.97
Government payments	3.24	47.08	0.01	-	-
Net return with govt pmts	18.66	154.13	180.37	95.38	20.97
Labor & management charge	45.22	46.39	55.79	60.80	55.20
Net return over lbr & mgt	-26.56	107.74	124.58	34.58	-34.22
Cost of Production					
Total direct expense per bu.	9.10	7.50	8.22	10.62	11.00
Total dir & ovhd exp per bu.	10.61	9.09	9.81	12.58	12.88
Less govt & other income	8.45	8.32	9.76	12.31	12.33
With labor & management	9.38	9.13	10.74	13.47	13.35
Net value per unit	8.83	10.47	12.90	14.22	12.78
Machinery cost per acre	116.38	109.89	130.47	151.73	150.37
Est. labor hours per acre	1.84	1.64	1.67	1.79	1.89

Soybean Price versus Cost of Production

Southwest Minnesota Farm Business Management Association (costs based on cash rented land)

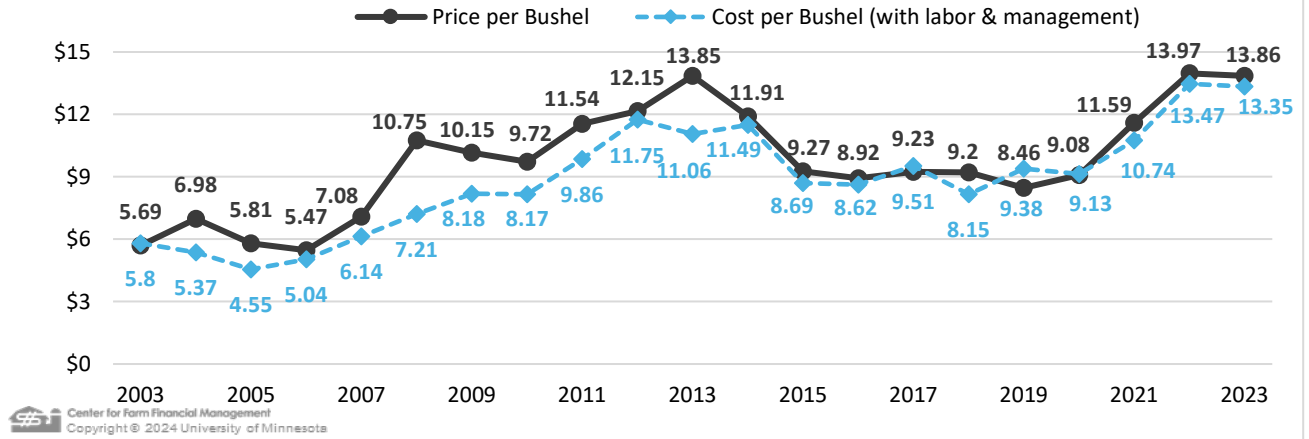


Figure 25: Soybean Prices versus Cost of Production Trend

Soybean Costs per Acre

Southwest Minnesota Farm Business Management Association (cash rented land in inflation adj. \$)

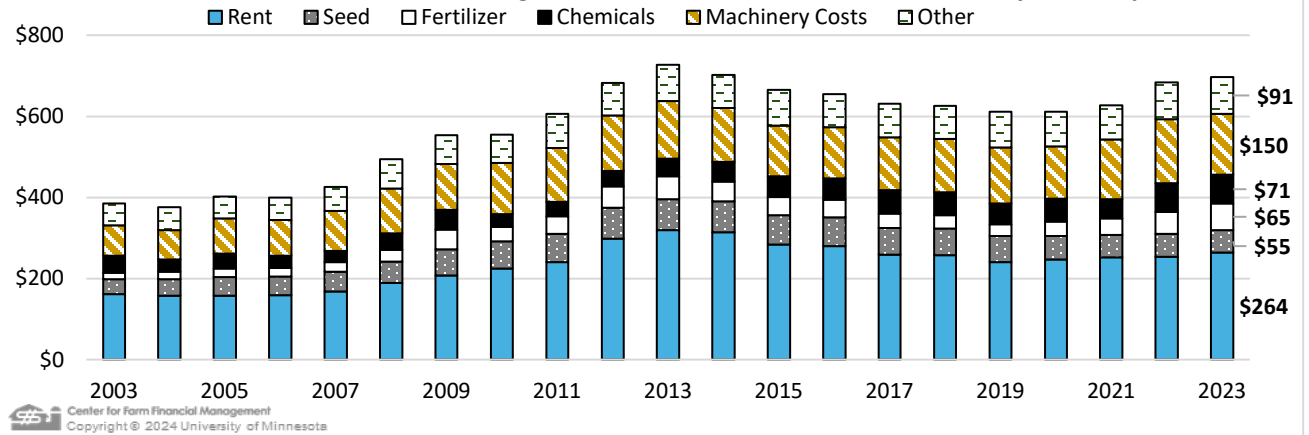


Figure 26: Major Soybean Input Costs Over Time

Soybean Costs as a Percent of Total Expenses

Southwest Minnesota Farm Business Management Association (cash rented land in inflation adj. \$)

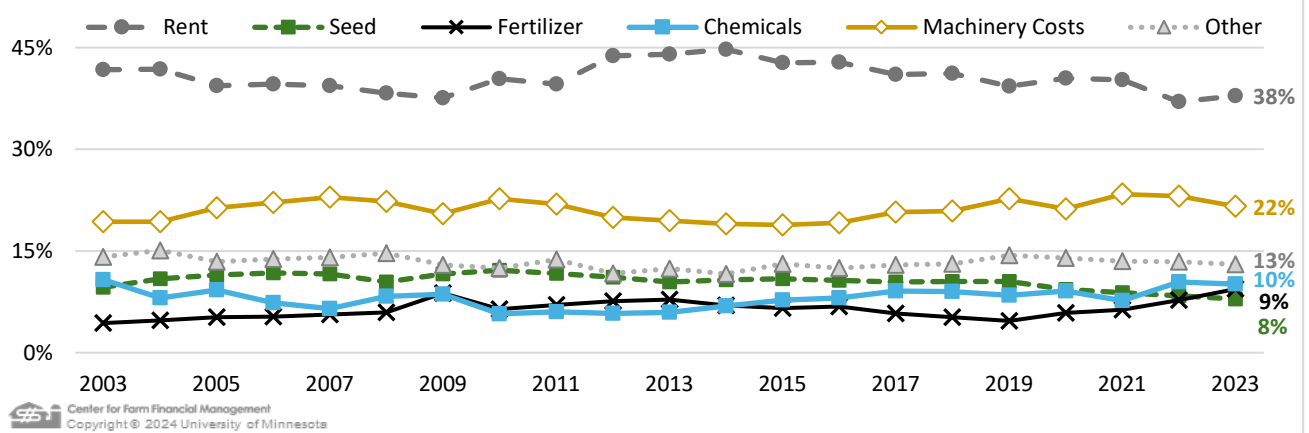


Figure 27: Major Soybean Input Costs as a Percent of Total Expenses Over Time

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Crop Tenure Type)

Corn Silage

	<u>Owned Land</u>	<u>Cash Rent</u>
Number of farms	7	9
Acres	141.44	69.72
Yield per acre (ton)	23.75	24.59
Operators share of yield %	100.00	100.00
Value per ton	41.77	43.56
Total product return per acre	992.28	1,071.39
Hedging gains/losses per acre	-5.53	-0.76
Crop insurance per acre	3.56	4.43
Gross return per acre	990.32	1,075.05
Direct Expenses		
Seed and plants	204.04	173.51
Fertilizer	324.03	276.93
Crop chemicals	62.71	49.72
Crop insurance	30.88	25.12
Fuel & oil	24.56	24.83
Repairs	64.57	42.91
Custom hire	0.87	45.40
Land rent	-	416.21
Machinery leases	3.84	0.38
Marketing	0.72	0.29
Operating interest	30.53	13.06
Miscellaneous	1.55	1.81
Total direct expenses per acre	443.22	694.79
Return over direct exp per acre	547.10	380.26
Overhead Expenses		
Hired labor	6.72	7.78
Building leases	1.01	-
RE & pers. property taxes	68.41	-
Farm insurance	10.04	5.70
Utilities	7.94	6.86
Dues & professional fees	3.98	3.23
Interest	148.83	3.56
Mach & bldg depreciation	232.32	157.13
Miscellaneous	2.90	3.18
Total overhead expenses per acre	276.35	119.57
Total dir & ovhd expenses per acre	719.57	814.36
Net return per acre	270.75	260.69
Government payments	-	-
Net return with govt pmts	270.75	260.69
Labor & management charge	42.36	49.31
Net return over lbr & mgt	228.39	211.38
Cost of Production		
Total direct expense per ton	18.66	28.25
Total dir & ovhd exp per ton	30.29	33.11
Less govt & other income	30.38	32.96
With labor & management	32.16	34.97
Net value per unit	41.54	43.53
Machinery cost per acre	178.37	185.46
Est. labor hours per acre	1.50	1.64

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Years)

Corn Silage on Owned Land -- Trend

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Number of farms	13	11	10	10	7
Acres	135.07	112.34	90.05	93.66	141.44
Yield per acre (ton)	17.54	20.86	24.52	23.24	23.75
Operators share of yield %	100.00	100.00	100.00	100.00	100.00
Value per ton	32.94	35.50	46.92	53.85	41.77
Total product return per acre	577.60	740.59	1,150.26	1,251.23	992.28
Hedging gains/losses per acre	-	-3.41	0.86	-	-5.53
Crop insurance per acre	98.78	-	-	6.49	3.56
Other crop income per acre	71.25	49.31	-	-	-
Gross return per acre	747.63	786.49	1,151.12	1,257.72	990.32
Direct Expenses					
Seed	93.22	97.57	109.20	125.64	114.71
Fertilizer	103.98	77.73	109.45	171.55	177.11
Crop chemicals	25.18	29.25	33.41	37.26	39.88
Cover crop expense	-	5.54	-	-	-
Crop insurance	12.16	12.86	27.61	28.16	19.52
Fuel & oil	18.99	14.97	26.01	27.07	17.29
Repairs	29.22	41.13	51.17	43.29	44.23
Custom hire	21.14	10.01	11.41	6.71	0.87
Hired labor	5.51	4.88	4.92	5.11	-
Machinery leases	4.14	1.50	0.35	2.45	3.84
Operating interest	9.79	9.83	8.61	6.91	24.10
Miscellaneous	2.79	2.89	1.11	1.43	1.68
Total direct expenses per acre	326.13	308.17	383.23	455.58	443.22
Return over direct exp per acre	421.50	478.32	767.89	802.14	547.10
Overhead Expenses					
Hired labor	2.28	3.41	2.38	3.96	5.88
Machinery leases	6.24	6.37	11.83	11.65	0.00
Building leases	0.40	-	1.13	-	1.01
RE & pers. property taxes	31.56	35.55	35.73	38.86	38.04
Farm insurance	4.34	5.79	7.15	5.14	8.11
Utilities	3.81	3.85	4.66	4.64	5.48
Dues & professional fees	3.13	2.74	2.29	2.64	2.55
Interest	51.34	36.13	48.01	73.12	87.73
Mach & bldg depreciation	73.38	75.29	66.17	129.93	125.10
Miscellaneous	1.95	4.21	2.05	3.51	2.46
Total overhead expenses per acre	178.42	173.35	181.40	273.45	276.35
Total dir & ovhd expenses per acre	504.55	481.52	564.64	729.03	719.57
Net return per acre	243.08	304.97	586.48	528.69	270.75
Government payments	1.70	59.06	0.05	-	-
Net return with govt pmts	244.78	364.03	586.54	528.69	270.75
Labor & management charge	53.71	59.75	60.37	67.80	42.36
Net return over lbr & mgt	191.07	304.28	526.16	460.90	228.39
Cost of Production					
Total direct expense per ton	18.60	14.77	15.63	19.61	18.66
Total dir & ovhd exp per ton	28.77	23.08	23.03	31.37	30.29
Less govt & other income	18.98	18.05	22.99	31.10	30.38
With labor & management	22.04	20.91	25.46	34.01	32.16
Net value per unit	32.94	35.33	46.95	53.85	41.54
Machinery cost per acre	150.47	144.00	163.58	198.34	178.37
Est. labor hours per acre	1.76	1.60	1.56	1.60	1.50

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Crop Tenure Type)

Hay, Alfalfa

	<u>Owned Land</u>	<u>Cash Rent</u>
Number of farms	8	6
Acres	89.75	22.29
Yield per acre (ton)	5.04	4.25
Operators share of yield %	100.00	100.00
Value per ton	185.91	169.61
Total product return per acre	936.43	720.94
Crop insurance per acre	-	4.22
Gross return per acre	936.43	725.16
Direct Expenses		
Fertilizer	51.91	140.41
Crop chemicals	0.32	10.05
Crop insurance	0.99	15.25
Fuel & oil	17.19	34.66
Repairs	48.32	61.96
Custom hire	0.55	15.66
Land rent	-	230.99
Machinery leases	2.79	44.86
Operating interest	14.07	13.79
Miscellaneous	1.23	-
Total direct expenses per acre	122.43	478.01
Return over direct exp per acre	814.00	247.15
Overhead Expenses		
Hired labor	6.44	11.23
Building leases	2.11	-
RE & pers. property taxes	53.34	-
Farm insurance	7.49	14.19
Utilities	6.68	10.52
Dues & professional fees	4.28	2.61
Interest	170.81	3.14
Mach & bldg depreciation	166.21	65.32
Miscellaneous	2.32	5.24
Total overhead expenses per acre	290.04	90.36
Total dir & ovhd expenses per acre	412.47	568.37
Net return per acre	523.97	156.79
Government payments	-	-
Net return with govt pmts	523.97	156.79
Labor & management charge	40.77	94.90
Net return over lbr & mgt	483.19	61.89
Cost of Production		
Total direct expense per ton	24.31	112.46
Total dir & ovhd exp per ton	81.89	133.72
Less govt & other income	81.89	132.73
With labor & management	89.98	155.05
Net value per unit	185.91	169.61
Machinery cost per acre	176.86	156.83
Est. labor hours per acre	1.60	4.55

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Years)

Hay, Alfalfa on Owned Land -- Trend

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Number of farms	10	10	11	8	8
Acres	64.63	60.63	60.05	79.88	89.75
Yield per acre (ton)	5.38	4.47	6.30	5.93	5.04
Operators share of yield %	100.00	100.00	100.00	100.00	100.00
Value per ton	140.86	135.42	188.37	194.40	185.91
Total product return per acre	758.09	605.70	1,186.98	1,153.50	936.43
Other crop income per acre	71.32	13.63	-	-	-
Gross return per acre	829.41	619.33	1,186.98	1,153.50	936.43
Direct Expenses					
Seed	4.57	0.26	-	-	-
Fertilizer	63.66	59.25	95.13	122.12	51.31
Crop chemicals	2.96	-	1.93	-	0.32
Crop insurance	1.35	5.90	2.66	1.14	0.99
Fuel & oil	19.83	16.31	21.84	30.10	13.13
Repairs	25.05	36.14	42.40	46.04	45.12
Custom hire	13.38	1.90	2.27	0.91	0.55
Hired labor	2.22	-	-	-	-
Machinery leases	4.69	1.76	2.64	4.19	1.39
Operating interest	7.58	9.82	5.65	5.74	8.38
Miscellaneous	0.82	2.56	1.77	0.67	1.23
Total direct expenses per acre	146.10	133.92	176.30	210.91	122.43
Return over direct exp per acre	683.31	485.41	1,010.68	942.59	814.00
Overhead Expenses					
Hired labor	3.63	4.61	6.47	7.33	5.23
Machinery leases	4.91	7.62	18.52	11.21	0.39
Building leases	1.78	-	2.26	-	2.11
RE & pers. property taxes	32.81	36.54	34.93	38.96	38.28
Farm insurance	6.84	7.92	9.38	7.93	7.01
Utilities	4.73	5.60	6.42	6.09	5.60
Dues & professional fees	3.76	4.06	3.90	3.66	3.46
Interest	44.81	40.47	68.56	69.64	97.33
Mach & bldg depreciation	82.89	88.52	73.13	169.27	129.27
Miscellaneous	1.88	5.49	6.43	2.86	1.37
Total overhead expenses per acre	188.04	200.82	230.00	316.96	290.04
Total dir & ovhd expenses per acre	334.14	334.74	406.30	527.87	412.47
Net return per acre	495.27	284.59	780.68	625.63	523.97
Government payments	1.57	56.99	-	-	-
Net return with govt pmts	496.85	341.58	780.68	625.63	523.97
Labor & management charge	56.92	59.41	54.55	77.45	40.77
Net return over lbr & mgt	439.93	282.17	726.14	548.18	483.19
Cost of Production					
Total direct expense per ton	27.15	29.94	27.98	35.54	24.31
Total dir & ovhd exp per ton	62.09	74.84	64.48	88.96	81.89
Less govt & other income	48.54	59.05	64.48	88.96	81.89
With labor & management	59.12	72.33	73.14	102.01	89.98
Net value per unit	140.86	135.42	188.37	194.40	185.91
Machinery cost per acre	145.15	138.75	150.16	232.53	176.86
Est. labor hours per acre	1.88	1.56	1.69	1.80	1.60

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Crop Tenure Type)

CRP

	Owned Land
Number of farms	10
Acres	33.45
Gross return per acre	155.70
Direct Expenses	
Fuel & oil	4.06
Repairs	8.47
Hired labor	1.10
Land rent	-
Miscellaneous	0.35
Total direct expenses per acre	13.97
Return over direct exp per acre	141.73
Overhead Expenses	
Machinery leases	1.63
Building leases	1.69
RE & pers. property taxes	19.35
Farm insurance	0.93
Utilities	1.11
Dues & professional fees	0.70
Interest	55.61
Mach & bldg depreciation	8.73
Miscellaneous	0.78
Total overhead expenses per acre	90.53
Total dir & ovhd expenses per acre	104.50
Net return per acre	51.20
Government payments	-
Net return with govt pmts	51.20
Labor & management charge	8.82
Net return over lbr & mgt	42.38
Net value per unit	1.00
Machinery cost per acre	21.72
Est. labor hours per acre	0.24

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Crop Tenure Type)

Pasture

	<u>Owned Land</u>	<u>Cash Rent</u>
Number of farms	5	5
Acres	134.80	210.60
Yield per acre (aum)	2.92	2.46
Operators share of yield %	100.00	100.00
Value per aum	17.08	25.36
Total product return per acre	49.78	62.28
Other crop income per acre	-	1.23
Gross return per acre	49.78	63.52
Direct Expenses		
Fertilizer	-	3.33
Crop chemicals	9.66	16.86
Fuel & oil	7.52	6.81
Repairs	8.79	7.41
Land rent	-	119.51
Operating interest	24.01	14.57
Total direct expenses per acre	25.99	105.62
Return over direct exp per acre	23.79	-42.10
Overhead Expenses		
Hired labor	2.67	1.37
RE & pers. property taxes	11.74	-
Farm insurance	5.17	3.31
Utilities	0.91	1.19
Dues & professional fees	0.81	0.48
Interest	72.87	1.06
Mach & bldg depreciation	8.10	7.75
Miscellaneous	2.18	1.21
Total overhead expenses per acre	68.72	11.11
Total dir & ovhd expenses per acre	94.71	116.73
Net return per acre	-44.93	-53.21
Government payments	-	-
Net return with govt pmts	-44.93	-53.21
Labor & management charge	5.38	3.79
Net return over lbr & mgt	-50.31	-57.00
Cost of Production		
Total direct expense per aum	8.92	43.00
Total dir & ovhd exp per aum	32.49	47.53
Less govt & other income	32.49	47.02
With labor & management	34.33	48.57
Net value per unit	17.08	25.36
Machinery cost per acre	13.54	14.30
Est. labor hours per acre	0.26	0.17

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Crop Tenure Type)

Double Crop Cover crop mix

	Cash Rent
Number of farms	6
Acres	226.64
Gross return per acre	35.17
Direct Expenses	
Seed and plants	36.43
Fuel & oil	5.12
Repairs	13.10
Operating interest	5.48
Miscellaneous	-
Total direct expenses per acre	60.13
Return over direct exp per acre	-24.96
Overhead Expenses	
Farm insurance	1.71
Utilities	0.62
Dues & professional fees	1.85
Interest	1.48
Mach & bldg depreciation	11.32
Miscellaneous	0.59
Total overhead expenses per acre	17.56
Total dir & ovhd expenses per acre	77.69
Net return per acre	-42.52
Government payments	-
Net return with govt pmts	-42.52
Labor & management charge	10.71
Net return over lbr & mgt	-53.24
Cost of Production	
Total direct expense per \$	-
Total dir & ovhd exp per \$	-
Less govt & other income	-
With labor & management	-
Net value per unit	-
Machinery cost per acre	29.43
Est. labor hours per acre	0.37

**Cover Crop Analysis
Southern Minnesota Farms**

Corn on Owned Land - Cover Crop Impact

	<i>No Cover Crop</i>	<i>Grown after Cover Crop</i>	<i>Cover Crop Enterprise</i>	<i>Combined with Cover Crop</i>
Number of farms	691	11	11	11
Acres	158.22	74.19	74.19	74.19
Yield per acre (bu.)	203.34	186.32	-	-
Operator's share of yield %	100.00	100.00	-	-
Value per bu.	4.80	4.68	-	-
Other product return per acre	0.31	6.58	-	6.58
Total product return per acre	975.77	878.06	1.94	880.01
Hedging gains/losses per acre	3.59	-	-	-
Crop insurance per acre	64.56	95.14	-	95.14
Other crop income per acre	2.29	-	5.89	5.89
Gross return per acre	1,046.20	973.21	7.83	981.04
Direct Expenses				
Seed	124.21	113.41	19.53	132.94
Fertilizer	247.32	216.02	-	216.02
Crop chemicals	62.86	68.41	-	68.41
Crop insurance	33.02	32.64	-	32.64
Drying expense	17.45	13.85	-	13.85
Storage	1.92	0.99	-	0.99
Fuel & oil	36.31	25.68	4.79	30.48
Repairs	68.36	52.08	7.70	59.79
Custom hire	22.40	6.97	1.26	8.23
Hired labor	5.67	-	-	-
Machinery leases	3.08	3.16	-	3.16
Utilities	1.92	1.41	-	1.41
Hauling and trucking	3.42	0.30	-	0.30
Marketing	1.41	2.56	-	2.56
Operating interest	13.84	15.26	2.49	17.76
Miscellaneous	2.85	1.83	-	1.83
Total direct expenses per acre	646.04	554.58	35.78	590.36
Return over direct exp per acre	400.17	418.62	-27.95	390.68
Overhead Expenses				
Hired labor	13.14	5.60	0.45	6.05
Machinery leases	2.86	-	-	-
Building leases	1.04	0.11	0.03	0.14
RE & pers. property taxes	40.07	32.51	-	32.51
Farm insurance	17.99	15.61	1.46	17.07
Utilities	8.16	4.63	1.02	5.65
Dues & professional fees	6.18	5.33	1.00	6.32
Interest	101.93	93.65	1.36	95.01
Mach & bldg depreciation	80.80	50.43	9.71	60.14
Miscellaneous	9.63	8.35	1.59	9.94
Total overhead expenses per acre	281.81	216.21	16.62	232.84
Total dir & ovhd expenses per acre	927.84	770.80	52.40	823.20
Net return per acre	118.36	202.41	-44.57	157.84
Government payments	-	-	-	-
Net return with govt pmts	118.36	202.41	-44.57	157.84
Labor & management charge	66.91	64.74	11.31	76.05
Net return over lbr & mgt	51.45	137.67	-55.88	81.79
Cost of Production				
Total direct expense per bu.	3.18	2.98	-	3.17
Total dir & ovhd exp per bu.	4.56	4.14	-	4.42
Less govt & other income	4.22	3.59	-	3.84
With labor & management	4.54	3.94	-	4.25
Net value per unit	4.81	4.68	-	4.69
Machinery cost per acre	208.23	134.41	23.33	157.74
Est. labor hours per acre	2.76	2.70	0.43	3.13

**Cover Crop Analysis
Southern Minnesota Farms**

Corn on Cash Rent - Cover Crop Impact

	<i>No Cover Crop</i>	<i>Grown after Cover Crop</i>	<i>Cover Crop Enterprise</i>	<i>Combined with Cover Crop</i>
Number of farms	975	22	22	22
Acres	362.63	237.76	237.76	237.76
Yield per acre (bu.)	200.93	185.52	-	-
Operator's share of yield %	100.00	100.00	-	-
Value per bu.	4.84	5.09	-	-
Other product return per acre	0.34	-	-	-
Total product return per acre	973.34	944.17	0.39	944.56
Hedging gains/losses per acre	4.33	-	-	-
Crop insurance per acre	65.20	120.79	-	120.79
Other crop income per acre	1.67	6.98	3.46	10.44
Gross return per acre	1,044.54	1,071.94	3.85	1,075.78
Direct Expenses				
Seed	122.47	108.41	25.87	134.28
Fertilizer	245.91	217.42	-	217.42
Crop chemicals	60.50	67.34	1.00	68.34
Crop insurance	31.82	36.95	-	36.95
Drying expense	14.58	19.06	-	19.06
Storage	1.87	5.09	-	5.09
Fuel & oil	34.94	29.13	6.06	35.19
Repairs	64.38	54.35	12.59	66.95
Custom hire	18.93	28.59	3.04	31.63
Hired labor	4.61	1.11	-	1.11
Land rent	265.56	268.24	-	268.24
Machinery leases	5.03	20.44	-	20.44
Utilities	1.69	1.18	-	1.18
Hauling and trucking	3.34	0.61	-	0.61
Marketing	1.59	1.59	-	1.59
Operating interest	14.27	12.93	3.37	16.29
Miscellaneous	3.14	2.59	0.08	2.67
Total direct expenses per acre	894.63	875.03	52.00	927.03
Return over direct exp per acre	149.90	196.91	-48.15	148.76
Overhead Expenses				
Hired labor	13.62	17.42	4.63	22.05
Machinery leases	3.41	1.81	0.29	2.10
Building leases	1.91	1.29	0.35	1.64
Farm insurance	13.83	11.90	2.44	14.34
Utilities	5.84	4.74	1.09	5.84
Dues & professional fees	5.65	7.96	1.89	9.85
Interest	7.78	4.73	1.27	6.00
Mach & bldg depreciation	62.76	52.92	11.93	64.85
Miscellaneous	8.13	13.06	3.39	16.45
Total overhead expenses per acre	122.93	115.84	27.27	143.11
Total dir & ovhd expenses per acre	1,017.56	990.86	79.27	1,070.13
Net return per acre	26.97	81.07	-75.42	5.65
Government payments	-	-	-	-
Net return with govt pmts	26.97	81.07	-75.42	5.65
Labor & management charge	60.00	58.58	14.03	72.62
Net return over lbr & mgt	-33.02	22.49	-89.45	-66.97
Cost of Production				
Total direct expense per bu.	4.45	4.72	-	5.00
Total dir & ovhd exp per bu.	5.06	5.34	-	5.77
Less govt & other income	4.71	4.65	-	5.06
With labor & management	5.01	4.97	-	5.45
Net value per unit	4.86	5.09	-	5.09
Machinery cost per acre	188.59	183.72	33.07	216.79
Est. labor hours per acre	2.53	2.32	0.54	2.86

**Cover Crop Analysis
Souther Minnesota Farms**

Soybeans on Owned Land - Cover Crop Impact

	<i>No Cover Crop</i>	<i>Grown after Cover Crop</i>	<i>Cover Crop Enterprise</i>	<i>Combined with Cover Crop</i>
Number of farms	585	18	18	18
Acres	147.11	84.78	84.78	84.78
Yield per acre (bu.)	56.60	51.76	-	-
Operators share of yield %	100.00	100.00	-	-
Value per bu.	12.71	12.68	-	-
Other product return per acre	0.00	-	-	-
Total product return per acre	719.60	656.39	23.02	679.41
Hedging gains/losses per acre	0.62	-	-	-
Crop insurance per acre	29.34	53.74	-	53.74
Other crop income per acre	1.20	8.19	11.71	19.90
Gross return per acre	750.76	718.33	34.73	753.06
Direct Expenses				
Seed	57.78	56.87	24.13	80.99
Fertilizer	54.09	54.08	-	54.08
Crop chemicals	74.31	80.82	-	80.82
Crop insurance	28.21	32.80	-	32.80
Storage	1.19	0.60	-	0.60
Fuel & oil	23.25	17.85	6.28	24.14
Repairs	46.19	42.02	12.47	54.49
Custom hire	15.69	11.39	4.28	15.68
Hired labor	4.77	3.35	1.84	5.18
Machinery leases	3.02	3.69	-	3.69
Utilities	0.89	0.50	-	0.50
Hauling and trucking	1.59	1.70	-	1.70
Marketing	1.74	2.41	0.48	2.90
Operating interest	8.65	6.99	5.01	12.01
Miscellaneous	2.48	3.75	0.15	3.90
Total direct expenses per acre	323.88	318.83	54.65	373.48
Return over direct exp per acre	426.88	399.50	-19.92	379.58
Overhead Expenses				
Hired labor	8.51	4.30	1.54	5.83
Machinery leases	1.41	0.00	0.00	0.00
Building leases	0.79	0.06	0.05	0.11
RE & pers. property taxes	38.03	28.22	1.73	29.95
Farm insurance	12.39	13.18	3.82	17.00
Utilities	5.26	2.54	1.25	3.78
Dues & professional fees	4.32	2.59	0.77	3.37
Interest	95.99	75.93	9.74	85.67
Mach & bldg depreciation	54.34	45.40	16.06	61.46
Miscellaneous	6.60	3.46	1.62	5.08
Total overhead expenses per acre	227.63	175.67	36.57	212.24
Total dir & ovhd expenses per acre	551.51	494.50	91.22	585.72
Net return per acre	199.25	223.83	-56.50	167.34
Government payments	-	-	-	-
Net return with govt pmts	199.25	223.83	-56.50	167.34
Labor & management charge	44.53	47.97	14.54	62.51
Net return over lbr & mgt	154.72	175.86	-71.04	104.83
Cost of Production				
Total direct expense per bu.	5.72	6.16	-	7.12
Total dir & ovhd exp per bu.	9.74	9.55	-	11.17
Less govt & other income	9.19	8.36	-	9.77
With labor & management	9.98	9.28	-	10.96
Net value per unit	12.72	12.68	-	12.96
Machinery cost per acre	139.97	116.36	38.52	154.87
Est. labor hours per acre	1.82	1.96	0.68	2.64

**Cover Crop Analysis
Southern Minnesota Farms**

Soybeans on Cash Rent - Cover Crop Impact

	<u>No Cover Crop</u>	<u>Grown after Cover Crop</u>	<u>Cover Crop Enterprise</u>	<u>Combined with Cover Crop</u>
Number of farms	904	26	26	26
Acres	300.46	159.24	159.24	159.24
Yield per acre (bu.)	56.37	54.71	-	-
Operators share of yield %	100.00	100.00	-	-
Value per bu.	12.78	13.08	-	-
Other product return per acre	0.01	-	-	-
Total product return per acre	720.71	715.72	4.36	720.08
Hedging gains/losses per acre	0.86	-	-	-
Crop insurance per acre	25.59	15.04	-	15.04
Other crop income per acre	1.49	5.98	12.33	18.31
Gross return per acre	748.66	736.74	16.69	753.43
Direct Expenses				
Seed	56.86	50.96	24.08	75.03
Fertilizer	52.25	39.63	-	39.63
Crop chemicals	71.89	74.84	0.46	75.29
Crop insurance	29.14	36.51	-	36.51
Storage	1.15	1.18	-	1.18
Fuel & oil	22.84	19.20	6.15	25.35
Repairs	42.65	35.40	12.49	47.88
Custom hire	14.95	21.41	2.91	24.32
Hired labor	4.29	2.44	-	2.44
Land rent	263.52	251.99	-	251.99
Machinery leases	4.29	2.46	-	2.46
Utilities	0.94	0.62	-	0.62
Hauling and trucking	1.52	0.54	-	0.54
Marketing	1.62	2.67	0.23	2.90
Operating interest	9.16	8.66	3.35	12.01
Miscellaneous	2.93	2.64	-	2.64
Total direct expenses per acre	579.99	551.15	49.66	600.81
Return over direct exp per acre	168.67	185.59	-32.97	152.62
Overhead Expenses				
Hired labor	8.26	13.12	4.93	18.05
Machinery leases	2.62	1.27	0.31	1.59
Building leases	1.21	0.54	0.26	0.80
Farm insurance	9.21	7.29	2.02	9.31
Utilities	3.83	2.73	1.13	3.86
Dues & professional fees	3.79	5.92	1.93	7.85
Interest	5.06	4.22	1.77	5.99
Mach & bldg depreciation	41.41	39.55	13.44	52.99
Miscellaneous	5.28	8.90	2.82	11.71
Total overhead expenses per acre	80.66	83.54	28.62	112.16
Total dir & ovhd expenses per acre	660.65	634.68	78.28	712.96
Net return per acre	88.01	102.06	-61.59	40.47
Government payments	-	-	-	-
Net return with govt pmts	88.01	102.06	-61.59	40.47
Labor & management charge	41.30	40.14	13.81	53.95
Net return over lbr & mgt	46.71	61.91	-75.40	-13.49
Cost of Production				
Total direct expense per bu.	10.29	10.07	-	10.96
Total dir & ovhd exp per bu.	11.72	11.60	-	13.00
Less govt & other income	11.22	11.22	-	12.40
With labor & management	11.96	11.95	-	13.38
Net value per unit	12.80	13.08	-	13.13
Machinery cost per acre	128.27	117.81	34.94	152.75
Est. labor hours per acre	1.67	1.54	0.56	2.10

**Cover Crop Analysis
Southern Minnesota Farms**

Corn Silage on Owned & Rented Land - Cover Crop Impact

	<u>No Cover Crop</u>	<u>Grown after Cover Crop</u>	<u>Cover Crop Enterprise</u>	<u>Combined with Cover Crop</u>
Number of farms	174	10	10	10
Acres	104.46	37.94	37.94	37.94
Yield per acre (ton)	21.76	19.54	-	-
Operator's share of yield %	100.00	100.00	-	-
Value per ton	46.54	47.17	-	-
Total product return per acre	1,012.85	921.91	17.18	939.09
Hedging gains/losses per acre	-0.30	-	-	-
Crop insurance per acre	93.68	10.66	-	10.66
Gross return per acre	1,106.22	932.57	17.18	949.75
Direct Expenses				
Seed	127.02	118.31	23.49	141.81
Fertilizer	178.04	177.94	-	177.94
Crop chemicals	63.49	51.28	-	51.28
Crop insurance	19.76	23.67	-	23.67
Packaging and supplies	7.24	8.68	6.66	15.35
Fuel & oil	39.73	29.00	10.93	39.93
Repairs	70.71	45.68	15.94	61.62
Custom hire	81.86	65.36	13.80	79.17
Hired labor	7.61	-	-	-
Land rent	166.17	114.02	-	114.02
Machinery leases	2.41	1.70	0.08	1.78
Utilities	1.50	1.90	-	1.90
Operating interest	9.87	23.79	7.01	30.80
Miscellaneous	6.44	2.63	0.01	2.64
Total direct expenses per acre	781.85	663.99	77.92	741.91
Return over direct exp per acre	324.37	268.59	-60.75	207.84
Overhead Expenses				
Hired labor	22.26	6.30	2.67	8.97
Machinery leases	2.83	0.01	0.00	0.01
Building leases	3.48	0.90	0.19	1.09
RE & pers. property taxes	7.99	12.98	-	12.98
Farm insurance	11.05	11.88	3.61	15.49
Utilities	5.02	1.98	0.92	2.90
Dues & professional fees	4.09	3.20	0.87	4.07
Interest	26.56	47.39	1.64	49.03
Mach & bldg depreciation	57.50	38.76	14.18	52.95
Miscellaneous	5.69	2.98	0.90	3.88
Total overhead expenses per acre	146.47	126.38	24.98	151.36
Total dir & ovhd expenses per acre	928.32	790.37	102.90	893.27
Net return per acre	177.90	142.20	-85.73	56.48
Government payments	-	-	-	-
Net return with govt pmts	177.90	142.20	-85.73	56.48
Labor & management charge	41.81	42.22	13.70	55.91
Net return over lbr & mgt	136.10	99.99	-99.42	0.56
Cost of Production				
Total direct expense per ton	35.93	33.98	-	37.04
Total dir & ovhd exp per ton	42.66	40.44	-	44.60
Less govt & other income	38.37	39.90	-	44.07
With labor & management	40.29	42.06	-	46.86
Net value per unit	46.53	47.17	-	46.89
Machinery cost per acre	253.47	180.74	54.77	235.51
Est. labor hours per acre	3.29	2.69	0.90	3.59

Livestock Reports

The Livestock Enterprise Analysis tables show the average physical production, gross margin over purchase costs, direct costs, overhead costs, and net returns per unit.

The livestock enterprise summaries include data from both Southwest Minnesota Farm Management Association farms and Minnesota State Farm Business Management program farms. This provides a greater number of farms reporting for each enterprise, providing more accurate benchmark information. Minnesota State FBM programs are distributed across the state and include over 2,400 participating farms. We want to thank the Minnesota State FBM program and participating producers for making this data available to be included in this report.

The “Dairy” table, if included, contains the information for only the milking herd (which includes dry cows). “Dairy Replacement Heifers” are those heifers kept for replacement into the milking herd. The “Dairy and Replacement Heifers” table is for the whole herd and includes those farms in the “Dairy” and “Dairy Replacement Heifers” tables; it does not include “Dairy Steers.”

Gross Margin is the accrual gross value added by the enterprise. It includes income from 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 changes from beginning to end of year. The cost of livestock purchased, and value of animals transferred in are deducted. Lastly, other income sources, like government payments, are added for inclusion in the gross margin calculation. Government program payments included for eligible livestock in the 2023 analysis include Livestock Indemnity Program (LIP); Organic Dairy Marketing Assistance Program (ODMAP); Dairy Margin Coverage (DMC) and MN DAIRI 2.0 payments; and EQIP and/or CSP funds received for annual production expenses. Additionally, livestock insurance income from livestock gross margin (LGM), livestock revenue protection (LRP), and dairy revenue protection (DRP) is included.

Net Return is the amount contributed by the enterprise toward operator labor, management, and equity capital. Any wages and benefits paid to the operator are removed from labor costs (and added to *Labor and Management Charge*) so that all farms are on equal footing.

Net Return Over Labor and Management is the return remaining after deducting an opportunity cost for unpaid labor and management. This is the return to equity capital.

Cost of Production shows the average cost per unit sold in each cost category. *Total Direct and Overhead Expense per Unit* is the breakeven 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 breakeven 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 breakeven price to provide a labor and management return for the operator(s).

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

The rounding of individual items for the report may have caused minor discrepancies with the calculated totals. If fewer than five farms have a certain livestock enterprise, that information is not reported. If there are fewer than 25 farms, the high and low groups are not reported.

Note: The following government payments received by livestock producers were not included in the enterprise analysis.

- Pandemic Market Volatility Assistance Program (PMVAP) – These payments were to dairy producers impacted by lower markets during the pandemic and did not relate to the current year's production.
- Emergency Livestock Relief Program (ELRP) Phase 2 – These payments related to losses in 2021, not the current production year for livestock producers from natural disasters.
- Milk Loss Program (MLP) – These payments were for dairy producers that had to dump milk without payment in 2020 to 2022 because of weather events. Again, these did not relate to 2023 production.
- Other government program payments not directly related to 2023 livestock production: Inflation Reduction Act (IRA) Section 22006 debt forgiveness for distressed borrowers; IRA 22007 discrimination financial assistance; Coronavirus Food Assistance Program (CFAP 2) for underserved producers; and Pandemic Assistance Revenue Program (PARP) payments.

**Livestock Enterprise Analysis
Minnesota Statewide
(Farms Sorted By Net Return)**

Hogs, Finish Feeder Pigs -- Average Per Head

	<u>Avg. Of All Farms</u>	
Number of farms	11	
	Quantity	Value
Finish Hogs sold (lb)	282.8	179.84
Transferred out (lb)	0.1	0.18
Cull sales (lb)	1.4	0.36
Insurance income		1.48
Other income		-0.98
Purchased (lb)	-27.0	-67.31
Transferred in (lb)	-1.2	-1.16
Inventory change (lb)	-8.0	-10.36
Gross margin		102.06
Direct Expenses		
Protein Vit Minerals (lb.)	164.0	37.03
Complete Ration (lb.)	76.8	14.72
Corn (bu.)	7.4	38.14
Other feed stuffs (lb)	7.1	0.92
Veterinary		1.81
Supplies		1.35
Contract production exp.		4.40
Repairs		0.59
Hired labor		0.42
Utilities		0.38
Hauling and trucking		1.97
Miscellaneous		2.64
Total direct expenses		104.35
Return over direct expense		-2.29
Overhead Expenses		
Hired labor		1.25
Building leases		6.92
Interest		0.68
Mach & bldg depreciation		0.86
Miscellaneous		2.35
Total overhead expenses		12.06
Total dir & ovhd expenses		116.41
Net return		-14.35
Labor & management charge		1.50
Net return over lbr & mgt		-15.85
Cost of Production/Cwt. Carcass Sold		
Total direct expense per unit		87.73
Total dir & ovhd expense per unit		93.52
With other revenue adjustments		93.28
With labor and management		94.00
Est. labor hours per unit		0.16
Other Information		
No. purchased or trans in		14,020
Number sold or trans out		12,744
Percentage death loss		6.2
Percent substandard hogs		2
Avg. daily gain (lb.)		1.71
Lb. of feed / lb. of gain		2.68
Feed cost per cwt. of gain		36.61
Feed cost per head		90.81
Hired labor per head		1.67
Average purchase weight		25
Avg wgt / Finish Hogs sold		282
Avg purch price / head		62.06
Avg sales price / cwt.		63.60
Average carcass weight		211
Average price / cwt. carcass		85.88

**Livestock Enterprise Analysis
Minnesota Statewide
(Farms Sorted By Net Return)**

Hogs, Finish Feeder Pigs -- Average Per Cwt. Carcass Sold

	<u>Avg. Of All Farms</u>	
Number of farms	11	
	Quantity	Value
Finish Hogs sold (lb)	135.70	86.30
Transferred out (lb)	0.04	0.09
Cull sales (lb)	0.65	0.17
Insurance income		0.71
Other income		-0.47
Purchased (lb)	-12.97	-32.30
Transferred in (lb)	-0.57	-0.56
Inventory change (lb)	-3.82	-4.97
Gross margin		48.98
Direct Expenses		
Protein Vit Minerals (lb.)	78.72	17.77
Complete Ration (lb.)	36.85	7.07
Corn (bu.)	3.57	18.30
Other feed stuffs (lb)	3.40	0.44
Veterinary		0.87
Supplies		0.65
Contract production exp.		2.11
Repairs		0.28
Hired labor		0.20
Utilities		0.18
Hauling and trucking		0.94
Miscellaneous		1.27
Total direct expenses		50.08
Return over direct expense		-1.10
Overhead Expenses		
Hired labor		0.60
Building leases		3.32
Interest		0.33
Mach & bldg depreciation		0.41
Miscellaneous		1.13
Total overhead expenses		5.79
Total dir & ovhd expenses		55.86
Net return		-6.89
Labor & management charge		0.72
Net return over lbr & mgt		-7.61
Cost of Production/Cwt. Carcass Sold		
Total direct expense per unit		87.73
Total dir & ovhd expense per unit		93.52
With other revenue adjustments		93.28
With labor and management		94.00
Est. labor hours per unit		0.07
Other Information		
No. purchased or trans in		14,020
Number sold or trans out		12,744
Percentage death loss		6.2
Percent substandard hogs		2
Avg. daily gain (lb.)		1.71
Lb. of feed / lb. of gain		2.68
Feed cost per cwt. of gain		36.61
Feed cost per head		90.81
Hired labor per head		1.67
Average purchase weight		25
Avg wgt / Finish Hogs sold		282
Avg purch price / head		62.06
Avg sales price / cwt.		63.60
Average carcass weight		211
Average price / cwt. carcass		85.88

**Livestock Enterprise Analysis
Minnesota Statewide
(Farms Sorted By Net Return)**

Hogs, Weaning to Finish -- Average Per Head

	<u>Avg. Of All Farms</u>	
Number of farms	16	
	Quantity	Value
Wean-Fin Pig sold (lb)	285.5	172.79
Transferred out (lb)	1.2	1.09
Cull sales (lb)	6.1	0.01
Insurance income		1.41
Government payments		0.00
Other income		6.20
Purchased (lb)	-12.8	-42.04
Transferred in (lb)	-2.5	-8.38
Inventory change (lb)	-1.6	-1.60
Gross margin		129.49
Direct Expenses		
Protein Vit Minerals (lb.)	132.1	35.83
Complete Ration (lb.)	118.2	18.53
Corn (bu.)	6.9	38.61
DDGS, dry (lb.)	77.6	8.97
Other feed stuffs (lb)	6.2	0.18
Veterinary		4.21
Contract production exp.		6.53
Fuel & oil		1.62
Custom hire		4.24
Hired labor		2.46
Hauling and trucking		2.86
Operating interest		1.64
Miscellaneous		5.41
Total direct expenses		131.08
Return over direct expense		-1.60
Overhead Expenses		
Hired labor		0.93
Building leases		5.45
Mach & bldg depreciation		2.41
Miscellaneous		2.48
Total overhead expenses		11.27
Total dir & ovhd expenses		142.36
Net return		-12.87
Labor & management charge		2.81
Net return over lbr & mgt		-15.68
Cost of Production/Cwt. Carcass Sold		
Total direct expense per unit		86.06
Total dir & ovhd expense per unit		91.36
With other revenue adjustments		87.80
With labor and management		89.12
Est. labor hours per unit		0.31
Other Information		
No. purchased or trans in		30,264
Number sold or trans out		28,483
Percentage death loss		4.4
Percent substandard hogs		2
Avg. daily gain (lb.)		1.74
Lb. of feed / lb. of gain		2.61
Feed cost per cwt. of gain		37.01
Feed cost per head		102.11
Hired labor per head		3.39
Average purchase weight		14
Avg wgt / Wean-Fin Pig sold		277
Avg purch price / head		46.48
Avg sales price / cwt.		60.53
Average carcass weight		210
Average price / cwt. carcass		80.84

Livestock Enterprise Analysis
Minnesota Statewide
(Farms Sorted By Net Return)

Hogs, Weaning to Finish -- Average Per Cwt. Carcass Sold

	<u>Avg. Of</u> <u>All Farms</u>	
Number of farms	16	
	Quantity	Value
Wean-Fin Pig sold (lb)	134.21	81.24
Transferred out (lb)	0.57	0.51
Cull sales (lb)	2.85	0.00
Insurance income		0.66
Government payments		0.00
Other income		2.92
Purchased (lb)	-6.02	-19.77
Transferred in (lb)	-1.16	-3.94
Inventory change (lb)	-0.75	-0.75
Gross margin		60.88
Direct Expenses		
Protein Vit Minerals (lb.)	62.11	16.85
Complete Ration (lb.)	55.58	8.71
Corn (bu.)	3.24	18.15
DDGS, dry (lb.)	36.50	4.22
Other feed stuffs (lb)	2.91	0.08
Veterinary		1.98
Contract production exp.		3.07
Fuel & oil		0.76
Custom hire		1.99
Hired labor		1.16
Hauling and trucking		1.35
Operating interest		0.77
Miscellaneous		2.54
Total direct expenses		61.63
Return over direct expense		-0.75
Overhead Expenses		
Hired labor		0.44
Building leases		2.56
Mach & bldg depreciation		1.13
Miscellaneous		1.16
Total overhead expenses		5.30
Total dir & ovhd expenses		66.93
Net return		-6.05
Labor & management charge		1.32
Net return over lbr & mgt		-7.37
Cost of Production/Cwt. Carcass Sold		
Total direct expense per unit		86.06
Total dir & ovhd expense per unit		91.36
With other revenue adjustments		87.80
With labor and management		89.12
Est. labor hours per unit		0.14
Other Information		
No. purchased or trans in		30,264
Number sold or trans out		28,483
Percentage death loss		4.4
Percent substandard hogs		2
Avg. daily gain (lb.)		1.74
Lb. of feed / lb. of gain		2.61
Feed cost per cwt. of gain		37.01
Feed cost per head		102.11
Hired labor per head		3.39
Average purchase weight		14
Avg wgt / Wean-Fin Pig sold		277
Avg purch price / head		46.48
Avg sales price / cwt.		60.53
Average carcass weight		210
Average price / cwt. carcass		80.84

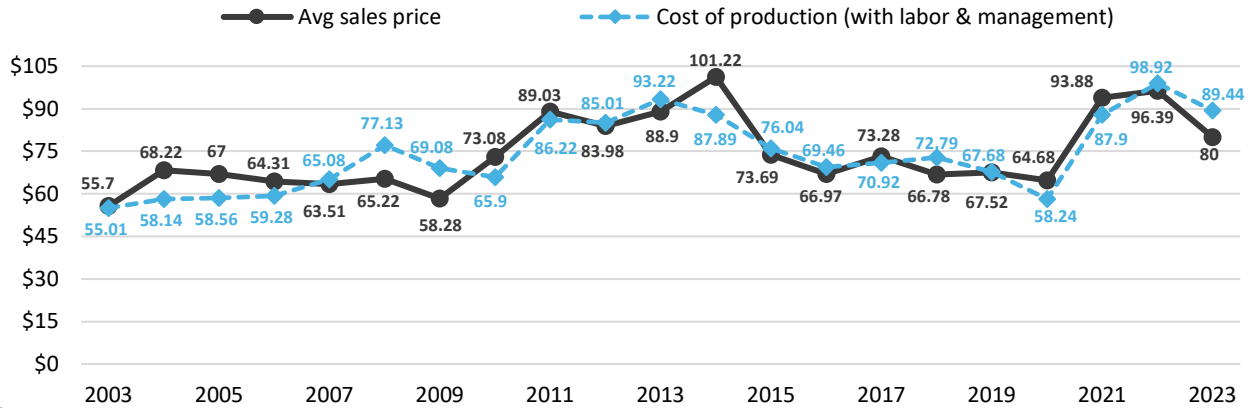
**Livestock Enterprise Analysis
Minnesota Statewide
(Farms Sorted By Years)**

Hogs, Weaning to Finish -- Average Per Head -- Trend

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Number of farms	29	20	23	21	19
Wean-Fin Pig sold	134.36	130.88	197.02	190.36	170.67
Transferred out	0.77	0.00	0.49	-	0.86
Cull sales	0.08	0.16	0.25	0.11	0.01
Insurance income	0.08	0.23	-	0.01	1.12
Government payments	2.83	19.56	0.06	0.02	0.00
Other income	6.50	5.01	-4.19	0.67	4.92
Purchased	-40.38	-40.04	-46.33	-54.94	-42.77
Transferred in	-8.40	-1.22	-5.35	-5.44	-6.64
Inventory change	8.08	4.31	9.81	13.10	-5.57
Gross margin	103.93	118.89	151.76	143.88	122.59
Direct Expenses					
Protein Vit Minerals	26.58	23.93	28.80	28.05	35.72
Complete Ration	9.25	5.59	15.08	30.20	14.67
Corn	23.29	27.88	36.53	41.51	40.44
DDGS	4.51	5.93	9.03	5.57	9.11
Other feed stuffs	0.76	4.89	3.01	2.60	0.14
Veterinary	3.09	3.43	3.95	3.32	3.59
Contract production exp.	9.03	11.86	4.24	5.05	5.38
Fuel & oil	1.06	0.61	1.75	1.53	1.57
Repairs	1.68	1.45	2.88	2.11	2.31
Custom hire	2.27	2.00	2.42	1.66	3.64
Hired labor	2.02	1.46	2.18	0.76	1.95
Hauling and trucking	1.43	1.47	1.86	3.30	2.27
Miscellaneous	3.25	2.89	3.13	3.37	3.98
Total direct expenses	88.22	93.40	114.85	129.03	124.76
Return over direct expense	15.71	25.49	36.90	14.85	-2.16
Overhead Expenses					
Hired labor	1.13	0.95	1.29	3.61	3.61
Building leases	3.46	2.82	9.19	6.93	4.32
Mach & bldg depreciation	2.67	2.45	2.38	2.03	2.54
Miscellaneous	3.44	2.82	4.30	3.29	2.37
Total overhead expenses	10.70	9.04	17.16	15.86	12.85
Total dir & ovhd expenses	98.93	102.43	132.02	144.89	137.60
Net return	5.00	16.45	19.74	-1.01	-15.01
Labor & management charge	3.64	2.77	5.59	2.82	2.84
Net return over lbr & mgt	1.37	13.68	14.16	-3.83	-17.85
Cost of Production/Cwt. Carcass Sold					
Total direct expense per unit	65.17	64.69	74.98	89.70	84.87
Total dir & ovhd expense per unit	70.59	69.18	83.21	97.78	90.94
With other revenue adjustments	65.84	56.86	85.22	97.49	88.10
With labor and management	67.68	58.24	87.90	98.92	89.44
Est. labor hours per unit	0.28	0.21	0.30	0.27	0.31
Other Information					
No. purchased or trans in	20,620	25,402	28,557	23,216	31,290
Number sold or trans out	17,624	23,634	24,192	19,706	30,092
Percentage death loss	5.4	4.4	5.8	5.2	4.9
Percent substandard hogs	2	2	2	2	2
Avg. daily gain (lb.)	1.50	1.55	1.34	1.55	1.74
Lb. of feed / lb. of gain	2.55	2.74	2.76	2.75	2.64
Feed cost per cwt. of gain	24.16	25.53	34.57	40.79	36.81
Feed cost per head	64.39	68.22	92.45	107.93	100.08
Hired labor per head	3.15	2.40	3.47	4.36	5.56
Average purchase weight	13	14	14	14	14
Avg wgt / Wean-Fin Pig sold	271	278	269	276	279
Avg purch price / head	42.49	39.13	41.83	54.29	46.76
Avg sales price / cwt.	50.22	47.90	69.88	71.52	59.64
Average carcass weight	204	209	202	207	211
Average price / cwt. carcass	67.52	64.68	93.88	96.39	80.00

Hog Wean to Finish -- Price versus Cost of Production

Minnesota (per cwt. carcass sold)

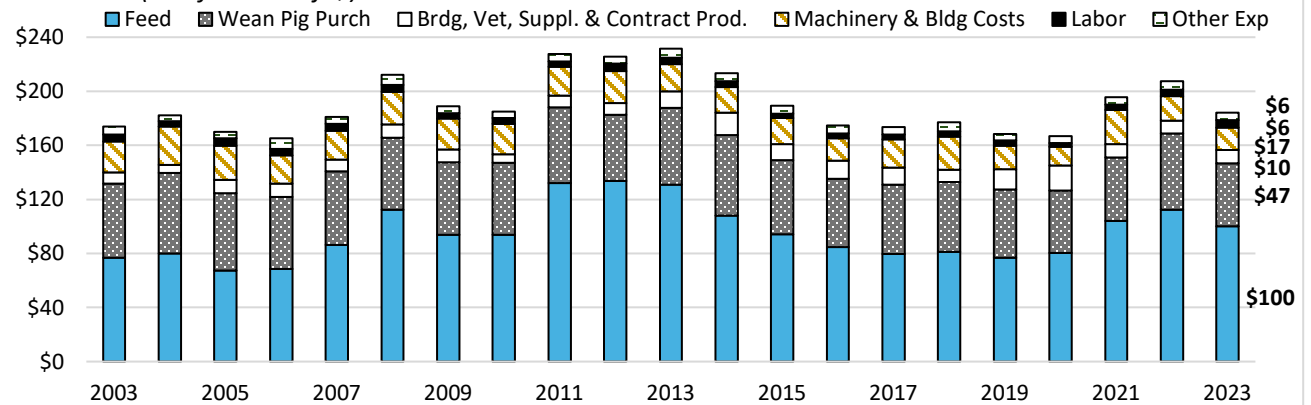


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Figure 28: Hog Wean to Finish Prices versus Cost of Production Trend

Hog Wean to Finish -- Costs per Head

Minnesota (in inflation adj. \$)

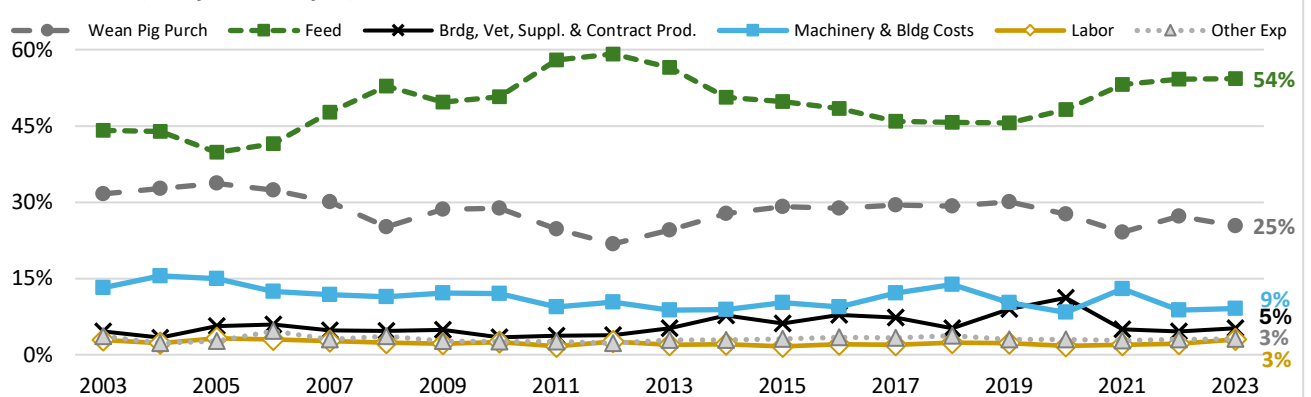


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Figure 29: Major Hog Wean to Finish Input Costs Over Time

Hog Wean to Finish Expenses as a Percent of Total Expenses

Minnesota (in inflation adj. \$)



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Figure 30: Major Hog Wean to Finish Input Costs as a Percent of Total Expenses Over Time

**Livestock Enterprise Analysis
Minnesota Statewide
(Farms Sorted By Net Return)**

Hogs, Farrow to Weaning -- Average Per Litter

	Avg. Of All Farms	
Number of farms	5	
	Quantity	Value
Weaning Pigs sold (hd)	0.1	7.74
Transferred out (hd)	11.5	457.56
Cull sales (hd)	0.2	43.76
Purchased (hd)	0.0	-6.29
Transferred in (hd)	0.2	-44.31
Inventory change (hd)	0.1	-10.76
Gross margin		447.70
Direct Expenses		
Protein Vit Minerals (lb.)	213.3	60.00
Complete Ration (lb.)	314.0	43.22
Corn (bu.)	8.9	48.98
DDGS, dry (lb.)	41.2	4.60
Other feed stuffs (lb)	0.0	0.07
Breeding fees		17.00
Veterinary		37.34
Supplies		16.70
Fuel & oil		3.81
Repairs		9.97
Hired labor		120.13
Utilities		14.29
Operating interest		10.55
Miscellaneous		4.77
Total direct expenses		391.42
Return over direct expense		56.28
Overhead Expenses		
Building leases		11.92
Farm insurance		4.22
Dues & professional fees		0.99
Interest		5.17
Mach & bldg depreciation		18.19
Miscellaneous		2.34
Total overhead expenses		42.84
Total dir & ovhd expenses		434.26
Net return		13.44
Labor & management charge		25.53
Net return over lbr & mgt		-12.09
Cost of Production Per Head Sold/Trans		
Total direct expense per unit		33.68
Total dir & ovhd expense per unit		37.36
With other revenue adjustments		38.83
With labor and management		41.03
Est. labor hours per unit		2.02
Other Information		
Average number of sows		1,006.4
Litters farrowed		2,165
Litters per sow		2.15
Litters per crate		11.85
Pigs born per litter		13.94
Pigs weaned per litter		11.96
Pigs weaned per sow		25.12
Number sold per litter		0.11
Feed cost per litter		156.87
Hired labor per sow		258.47
Avg wgt/Weaning Pigs sold		31
Avg price / head		72.83

Livestock Enterprise Analysis
Minnesota Statewide
(Farms Sorted By Net Return)

Hogs, Farrow to Weaning -- Average Per Head Sold/Trans

	<u>Avg. Of</u>	
	<u>All Farms</u>	
Number of farms	5	
	Quantity	Value
Weaning Pigs sold (hd)	0.01	0.67
Transferred out (hd)	0.99	39.37
Cull sales (hd)	0.02	3.77
Purchased (hd)	0.00	-0.54
Transferred in (hd)	0.02	-3.81
Inventory change (hd)	0.01	-0.93
Gross margin		38.52
Direct Expenses		
Protein Vit Minerals (lb.)	18.35	5.16
Complete Ration (lb.)	27.02	3.72
Corn (bu.)	0.77	4.21
DDGS, dry (lb.)	3.54	0.40
Other feed stuffs (lb)	0.00	0.01
Breeding fees		1.46
Veterinary		3.21
Supplies		1.44
Fuel & oil		0.33
Repairs		0.86
Hired labor		10.34
Utilities		1.23
Operating interest		0.91
Miscellaneous		0.41
Total direct expenses		33.68
Return over direct expense		4.84
Overhead Expenses		
Building leases		1.03
Farm insurance		0.36
Dues & professional fees		0.09
Interest		0.45
Mach & bldg depreciation		1.57
Miscellaneous		0.20
Total overhead expenses		3.69
Total dir & ovhd expenses		37.36
Net return		1.16
Labor & management charge		2.20
Net return over lbr & mgt		-1.04
Cost of Production Per Head Sold/Trans		
Total direct expense per unit		33.68
Total dir & ovhd expense per unit		37.36
With other revenue adjustments		38.83
With labor and management		41.03
Est. labor hours per unit		0.17
Other Information		
Average number of sows		1,006.4
Litters farrowed		2,165
Litters per sow		2.15
Litters per crate		11.85
Pigs born per litter		13.94
Pigs weaned per litter		11.96
Pigs weaned per sow		25.12
Number sold per litter		0.11
Feed cost per litter		156.87
Hired labor per sow		258.47
Avg wgt/Weaning Pigs sold		31
Avg price / head		72.83

Livestock Enterprise Analysis
Minnesota Statewide
(Farms Sorted By Net Return)

Hogs, Finish Feeder Pigs (Contract Grower) -- Average Per Pig Space

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	Quantity	Value	Quantity	Value	Quantity	Value
Number of farms	38		7		8	
Other income		10.91		9.32		28.92
Gross margin		42.53		38.80		48.15
Direct Expenses						
Supplies		1.34		0.48		0.49
Fuel & oil		2.13		2.91		1.12
Repairs		4.22		8.46		2.68
Custom hire		1.25		0.91		0.71
Hired labor		1.54		1.98		0.01
Utilities		0.95		1.07		0.27
Miscellaneous		0.24		0.11		0.01
Total direct expenses		11.66		15.93		5.30
Return over direct expense		30.86		22.87		42.85
Overhead Expenses						
Hired labor		1.97		2.56		1.38
Building leases		2.16		7.63		1.18
RE & pers. property taxes		0.69		0.51		0.43
Farm insurance		2.46		2.62		2.87
Utilities		2.40		1.81		5.24
Dues & professional fees		0.53		0.90		0.59
Interest		4.65		5.74		4.58
Mach & bldg depreciation		9.21		8.48		7.47
Miscellaneous		0.59		1.05		0.42
Total overhead expenses		24.66		31.30		24.17
Total dir & ovhd expenses		36.33		47.22		29.46
Net return		6.20		-8.42		18.69
Labor & management charge		5.64		5.84		4.99
Net return over lbr & mgt		0.57		-14.27		13.70
Cost of Production Per Pig Space						
Total direct expense per unit		11.66		15.93		5.30
Total dir & ovhd expense per unit		36.33		47.22		29.46
Est. labor hours per unit		0.35		0.32		0.35
Other Information						
Number of pigs		7,625		9,009		7,906
Pigs per pig space (per year)		2.21		2.12		2.22
Pigs per 100 sq. ft. (per yr)		27.38		27.34		25.35
Net return per 100 sq. ft.		76.98		-108.77		213.15
Net return per labor hour		17.97		-26.27		53.65
Square feet per pig space		8.06		7.74		8.77

**Livestock Enterprise Analysis
Minnesota Statewide
(Farms Sorted By Net Return)**

Hogs, Weaning to Feeder (Contract Grower) -- Average Per Pig Space

	Avg. Of All Farms	
Number of farms	11	
	Quantity	Value
Other income		1.81
Gross margin		36.40
Direct Expenses		
Supplies		0.36
Fuel & oil		1.58
Repairs		2.21
Custom hire		0.66
Hired labor		1.17
Utilities		1.08
Operating interest		0.07
Miscellaneous		0.03
Total direct expenses		7.14
Return over direct expense		29.26
Overhead Expenses		
Hired labor		1.64
Building leases		0.99
RE & pers. property taxes		0.46
Farm insurance		1.72
Utilities		1.24
Dues & professional fees		0.33
Interest		3.76
Mach & bldg depreciation		6.04
Miscellaneous		1.01
Total overhead expenses		17.21
Total dir & ovhd expenses		24.36
Net return		12.04
Labor & management charge		6.25
Net return over lbr & mgt		5.80
Cost of Production Per Pig Space		
Total direct expense per unit		7.14
Total dir & ovhd expense per unit		24.36
Est. labor hours per unit		0.33
Other Information		
Number of pigs		25,913
Pigs per pig space (per year)		6.10
Pigs per 100 sq. ft. (per yr)		161.82
Net return per 100 sq. ft.		319.33
Net return per labor hour		36.24
Square feet per pig space		3.77

**Livestock Enterprise Analysis
Minnesota Statewide
(Farms Sorted By Net Return)**

Hogs, Weaning to Finish (Contract Grower) -- Average Per Pig Space

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
Number of farms	43		8		9	
	Quantity	Value	Quantity	Value	Quantity	Value
Transferred out (lb)	-	1.64	-	12.37	-	-
Other income		4.74		9.11		7.84
Gross margin		42.06		37.17		51.26
Direct Expenses						
Supplies		1.65		2.51		0.26
Fuel & oil		2.68		5.07		1.94
Repairs		4.38		4.69		3.47
Custom hire		0.68		2.11		0.12
Hired labor		1.03		0.55		1.01
Utilities		0.61		-		0.54
Operating interest		0.26		0.56		0.21
Miscellaneous		0.04		0.05		0.07
Total direct expenses		11.33		15.55		7.62
Return over direct expense		30.73		21.63		43.63
Overhead Expenses						
Hired labor		1.84		4.66		0.62
Building leases		2.11		0.02		-
RE & pers. property taxes		0.87		0.77		0.61
Farm insurance		2.82		3.24		2.80
Utilities		2.51		3.61		2.38
Dues & professional fees		0.60		0.89		0.53
Interest		3.95		5.56		4.16
Mach & bldg depreciation		7.99		10.40		8.44
Miscellaneous		0.63		1.07		0.26
Total overhead expenses		23.32		30.20		19.80
Total dir & ovhd expenses		34.65		45.75		27.43
Net return		7.41		-8.57		23.83
Labor & management charge		6.83		7.95		6.82
Net return over lbr & mgt		0.59		-16.52		17.01
Cost of Production Per Pig Space						
Total direct expense per unit		11.33		15.55		7.62
Total dir & ovhd expense per unit		34.65		45.75		27.43
Est. labor hours per unit		0.36		0.67		0.32
Other Information						
Number of pigs		9,635		7,770		13,444
Pigs per pig space (per year)		2.44		2.76		2.68
Pigs per 100 sq. ft. (per yr)		30.99		35.23		33.93
Net return per 100 sq. ft.		94.05		-109.55		302.05
Net return per labor hour		20.35		-12.86		75.11
Square feet per pig space		7.88		7.83		7.89

**Livestock Enterprise Analysis
Minnesota Statewide
(Farms Sorted By Years)**

Hogs, Weaning to Finish(Contract Grower) -- Average Per Pig Space -- Trend

	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
Number of farms	69	63	55	44	50
Wean-Fin Pig sold	-	6.37	-	-	-
Transferred out	20.38	11.93	25.57	21.84	1.42
Contract Income	-	-	-	-	36.09
Other income	20.06	22.76	17.20	21.79	4.32
Gross margin	40.44	41.06	42.77	43.63	41.83
Direct Expenses					
Other feed stuffs	-	-	-	-	-
Supplies	0.79	1.10	1.36	1.43	1.65
Contract production exp.	1.73	1.38	-	-	-
Fuel & oil	1.94	1.57	2.27	2.77	2.66
Repairs	4.75	4.28	4.41	4.34	4.27
Custom hire	0.73	0.84	0.77	0.73	0.63
Hired labor	2.03	1.85	0.90	0.60	0.89
Livestock leases	0.21	0.11	-	-	-
Utilities	1.65	0.87	1.41	0.66	0.53
Operating interest	0.42	0.44	0.21	0.26	0.29
Miscellaneous	0.07	0.11	0.15	0.05	0.05
Total direct expenses	14.32	12.53	11.46	10.83	10.96
Return over direct expense	26.12	28.53	31.31	32.80	30.87
Overhead Expenses					
Hired labor	0.71	0.85	1.29	1.52	1.79
Building leases	0.88	1.08	1.52	4.30	3.16
RE & pers. property taxes	0.88	0.79	0.82	0.87	0.93
Farm insurance	2.00	2.03	2.41	2.67	2.83
Utilities	1.47	1.93	1.95	3.24	2.64
Dues & professional fees	0.29	0.68	0.75	0.50	0.56
Interest	5.25	5.04	4.36	4.21	3.63
Mach & bldg depreciation	8.83	8.59	9.19	8.52	7.78
Miscellaneous	1.21	0.82	0.91	0.81	0.64
Total overhead expenses	21.52	21.80	23.20	26.63	23.97
Total dir & ovhd expenses	35.84	34.34	34.66	37.46	34.93
Net return	4.60	6.73	8.11	6.17	6.90
Labor & management charge	6.70	6.17	7.28	7.13	6.55
Net return over lbr & mgt	-2.10	0.56	0.83	-0.96	0.35
Cost of Production Per Pig Space					
Total direct expense per unit	14.32	12.53	11.46	10.83	10.96
Total dir& ovhd expense per unit	35.84	34.34	34.66	37.46	34.93
Est. labor hours per unit	0.37	0.35	0.37	0.36	0.37
Other Information					
Number of pigs	8,141	7,817	7,475	7,547	9,446
Pigs per pig space (per year)	2.38	2.28	2.33	2.20	2.40
Pigs per 100 sq. ft. (per yr)	31.91	29.38	29.47	27.60	30.63
Net return per 100 sq. ft.	61.50	86.68	102.66	77.55	88.08
Net return per labor hour	12.41	19.22	21.78	17.36	18.83
Square feet per pig space	7.47	7.76	7.90	7.95	7.83

**Livestock Enterprise Analysis
Minnesota Statewide
(Farms Sorted By Net Return)**

Beef Cow-Calf -- Average Per Cow

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	117		23		24	
	Quantity	Value	Quantity	Value	Quantity	Value
Number of farms						
Beef Calves sold (lb)	208.5	456.22	168.2	374.51	235.3	527.77
Transferred out (lb)	216.5	530.26	191.2	437.27	221.0	550.94
Cull sales (lb)	88.7	173.54	30.1	157.12	122.9	191.70
Insurance income		7.02		-		10.67
Government payments		13.28		4.97		13.53
Other income		11.21		17.46		3.04
Purchased (lb)	-31.1	-75.52	-6.6	-26.21	-67.4	-95.84
Transferred in (lb)	-17.9	-78.68	-14.6	-30.40	-18.7	-19.14
Inventory change (lb)	29.2	182.22	2.7	5.03	39.1	351.92
Gross margin		1,219.55		939.75		1,534.58
Direct Expenses						
Protein Vit Minerals (lb.)	249.6	62.51	330.2	79.68	161.0	54.71
Corn (bu.)	4.2	19.50	9.5	36.86	1.4	6.14
Corn Silage (lb.)	3,968.3	87.98	6,420.9	142.23	3,851.2	76.99
Hay, Alfalfa (lb.)	947.2	70.01	1,791.6	129.22	959.7	68.67
Hay, Grass (lb.)	2,036.9	101.05	2,939.5	169.06	1,877.8	59.37
Pasture (aum)	4.9	85.16	4.4	105.11	6.6	83.30
Hay (lb.)	2,977.1	142.76	3,128.1	184.70	1,906.1	88.99
Other feed stuffs (lb)	2,254.0	50.30	1,000.3	45.16	3,649.5	42.16
Veterinary		44.29		42.20		37.83
Fuel & oil		38.95		64.53		39.49
Repairs		63.53		116.61		53.01
Operating interest		20.61		28.60		5.60
Miscellaneous		71.01		75.67		72.99
Total direct expenses		857.67		1,219.63		689.25
Return over direct expense		361.87		-279.88		845.33
Overhead Expenses						
Farm insurance		18.93		31.35		13.54
Interest		36.40		70.41		24.07
Mach & bldg depreciation		64.37		122.34		33.22
Miscellaneous		63.03		90.79		37.94
Total overhead expenses		182.73		314.88		108.77
Total dir & ovhd expenses		1,040.40		1,534.51		798.02
Net return		179.15		-594.76		736.56
Labor & management charge		128.93		194.84		110.83
Net return over lbr & mgt		50.21		-789.60		625.73
Cost of Production Per Cwt. Produced						
Total direct expense per unit		172.47		326.95		129.19
Total dir & ovhd expense per unit		209.22		411.36		149.57
With other revenue adjustments		191.79		391.14		101.15
With labor and management		217.72		443.37		121.92
Est. labor hours per unit		9.95		12.75		7.43
Other Information						
Number of cows		72.1		54.9		81.6
Pregnancy percentage		93.1		89.7		94.4
Pregnancy loss percentage		1.8		2.6		0.9
Culling percentage		13.8		12.7		15.2
Calving percentage		91.4		87.3		93.5
Weaning percentage		84.6		80.5		86.2
Calves sold per cow		0.76		0.65		0.76
Calf death loss percent		6.6		6.6		4.9
Cow death loss percent		3.4		7.4		2.5
Cows per FTE		281.5		219.6		377.0
Average weaning weight		517		527		523
Lb. weaned/exposed female		437		425		451
Feed cost per cow		619.27		892.01		480.34
Avg wgt/ Beef Calves sold		615		609		618
Avg price / cwt.		218.82		222.66		224.28

**Livestock Enterprise Analysis
Minnesota Statewide
(Farms Sorted By Net Return)**

Beef Cow-Calf -- Average Per Cwt. Produced

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	117		23		24	
	Quantity	Value	Quantity	Value	Quantity	Value
Number of farms						
Beef Calves sold (lb)	41.93	91.74	45.09	100.39	44.10	98.92
Transferred out (lb)	43.53	106.63	51.25	117.22	41.43	103.26
Cull sales (lb)	17.83	34.90	8.06	42.12	23.03	35.93
Insurance income		1.41		-		2.00
Government payments		2.67		1.33		2.54
Other income		2.25		4.68		0.57
Purchased (lb)	-6.25	-15.19	-1.76	-7.03	-12.63	-17.96
Transferred in (lb)	-3.61	-15.82	-3.92	-8.15	-3.51	-3.59
Inventory change (lb)	5.88	36.64	0.73	1.35	7.33	65.96
Gross margin		245.24		251.92		287.62
Direct Expenses						
Protein Vit Minerals (lb.)	50.19	12.57	88.52	21.36	30.17	10.26
Corn (bu.)	0.85	3.92	2.54	9.88	0.27	1.15
Corn Silage (lb.)	798.01	17.69	1,721.26	38.13	721.82	14.43
Hay, Alfalfa (lb.)	190.48	14.08	480.27	34.64	179.87	12.87
Hay, Grass (lb.)	409.61	20.32	788.00	45.32	351.96	11.13
Pasture (aum)	0.99	17.13	1.19	28.18	1.23	15.61
Hay (lb.)	598.68	28.71	838.55	49.51	357.25	16.68
Other feed stuffs (lb)	453.27	10.12	268.15	12.11	684.02	7.90
Veterinary		8.91		11.31		7.09
Fuel & oil		7.83		17.30		7.40
Repairs		12.78		31.26		9.94
Operating interest		4.15		7.67		1.05
Miscellaneous		14.28		20.29		13.68
Total direct expenses		172.47		326.95		129.19
Return over direct expense		72.77		-75.03		158.44
Overhead Expenses						
Farm insurance		3.81		8.40		2.54
Interest		7.32		18.87		4.51
Mach & bldg depreciation		12.94		32.80		6.23
Miscellaneous		12.68		24.34		7.11
Total overhead expenses		36.75		84.41		20.39
Total dir & ovhd expenses		209.22		411.36		149.57
Net return		36.03		-159.44		138.05
Labor & management charge		25.93		52.23		20.77
Net return over lbr & mgt		10.10		-211.67		117.28
Cost of Production Per Cwt. Produced						
Total direct expense per unit		172.47		326.95		129.19
Total dir & ovhd expense per unit		209.22		411.36		149.57
With other revenue adjustments		191.79		391.14		101.15
With labor and management		217.72		443.37		121.92
Est. labor hours per unit		2.00		3.42		1.39
Other Information						
Number of cows		72.1		54.9		81.6
Pregnancy percentage		93.1		89.7		94.4
Pregnancy loss percentage		1.8		2.6		0.9
Culling percentage		13.8		12.7		15.2
Calving percentage		91.4		87.3		93.5
Weaning percentage		84.6		80.5		86.2
Calves sold per cow		0.76		0.65		0.76
Calf death loss percent		6.6		6.6		4.9
Cow death loss percent		3.4		7.4		2.5
Cows per FTE		281.5		219.6		377.0
Average weaning weight		517		527		523
Lb. weaned/exposed female		437		425		451
Feed cost per cow		619.27		892.01		480.34
Avg wgt/ Beef Calves sold		615		609		618
Avg price / cwt.		218.82		222.66		224.28

**Livestock Enterprise Analysis
Minnesota Statewide
(Farms Sorted By Years)**

Beef Cow-Calf -- Average Per Cow -- Trend

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Number of farms	95	98	101	88	80
Beef Calves sold	222.43	202.55	275.23	315.43	308.29
Transferred out	379.95	392.67	419.76	447.78	709.84
Cull sales	105.68	97.41	86.56	139.56	177.16
Insurance income	-	-	-	0.53	6.75
Government payments	-	105.56	17.40	3.69	9.70
Other income	7.13	12.67	14.98	15.75	11.95
Purchased	-66.31	-67.84	-135.93	-87.43	-65.39
Transferred in	-48.62	-56.44	-42.71	-70.61	-115.08
Inventory change	4.93	60.92	123.19	60.36	100.27
Gross margin	605.20	747.50	758.48	825.06	1,143.50
Direct Expenses					
Protein Vit Minerals	44.24	33.76	55.24	47.66	70.54
Corn Silage	79.90	70.29	83.57	109.20	96.79
Hay, Alfalfa	61.63	73.56	78.06	84.16	53.85
Hay, Grass	102.86	71.70	84.58	81.01	87.69
Pasture	51.62	51.49	61.76	76.48	90.31
Hay	82.22	61.16	98.44	149.25	145.97
Other feed stuffs	46.55	69.36	89.34	83.66	65.91
Veterinary	35.17	31.08	34.64	37.44	43.68
Supplies	12.03	11.77	24.56	20.92	16.62
Fuel & oil	26.04	23.36	27.99	43.74	32.68
Repairs	47.08	44.08	56.59	62.15	54.25
Operating interest	24.97	24.88	12.01	14.82	29.70
Miscellaneous	31.69	40.15	44.40	45.41	48.63
Total direct expenses	645.99	606.65	751.18	855.90	836.61
Return over direct expense	-40.79	140.85	7.30	-30.84	306.90
Overhead Expenses					
Hired labor	16.64	11.43	8.97	11.01	22.78
Interest	40.00	34.57	35.63	35.23	32.52
Mach & bldg depreciation	62.69	56.73	73.13	66.57	53.07
Miscellaneous	62.94	59.55	63.15	67.43	66.93
Total overhead expenses	182.27	162.27	180.88	180.23	175.31
Total dir & ovhd expenses	828.25	768.92	932.06	1,036.13	1,011.91
Net return	-223.06	-21.42	-173.58	-211.07	131.59
Labor & management charge	86.67	98.51	110.07	136.09	120.56
Net return over lbr & mgt	-309.73	-119.94	-283.64	-347.16	11.03
Cost of Production Per Cwt. Produced					
Total direct expense per unit	135.02	134.16	148.38	185.65	172.70
Total dir & ovhd expense per unit	173.12	170.05	184.11	224.74	208.88
With other revenue adjustments	187.79	148.53	185.32	214.14	202.43
With labor and management	205.90	170.32	207.07	243.66	227.32
Est. labor hours per unit	8.81	8.84	10.42	10.52	9.30
Other Information					
Number of cows	83.0	79.2	61.4	67.5	73.1
Pregnancy percentage	95.7	92.6	94.9	94.2	94.7
Pregnancy loss percentage	3.1	2.5	3.1	3.2	2.5
Culling percentage	16.2	10.9	9.8	11.3	14.0
Calving percentage	92.8	90.3	92.0	91.1	92.3
Weaning percentage	84.4	84.8	87.0	83.7	86.2
Calves sold per cow	0.75	0.73	0.80	0.80	0.79
Calf death loss percent	9.2	6.1	5.0	7.5	6.7
Cow death loss percent	3.1	3.0	2.8	2.6	2.9
Cows per FTE	317.8	316.9	268.6	266.2	301.1
Average weaning weight	533	529	527	537	517
Lb. weaned/exposed female	450	448	458	449	446
Feed cost per cow	469.02	431.33	550.99	631.41	611.05
Avg wgt/ Beef Calves sold	601	517	572	547	585
Avg price / cwt.	145.96	158.79	154.34	181.08	219.95

Beef Cow-Calf Price versus Cost of Production

Minnesota (per cwt. produced)

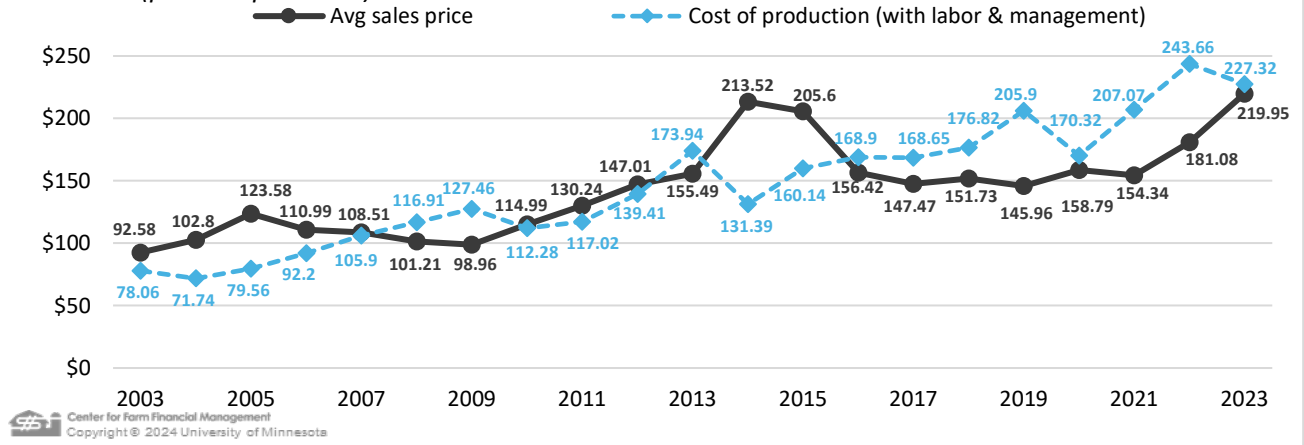


Figure 31: Beef Cow-Calf Prices versus Cost of Production Trend

Beef Cow-Calf Costs per Cow

Minnesota (in inflation adj. \$)

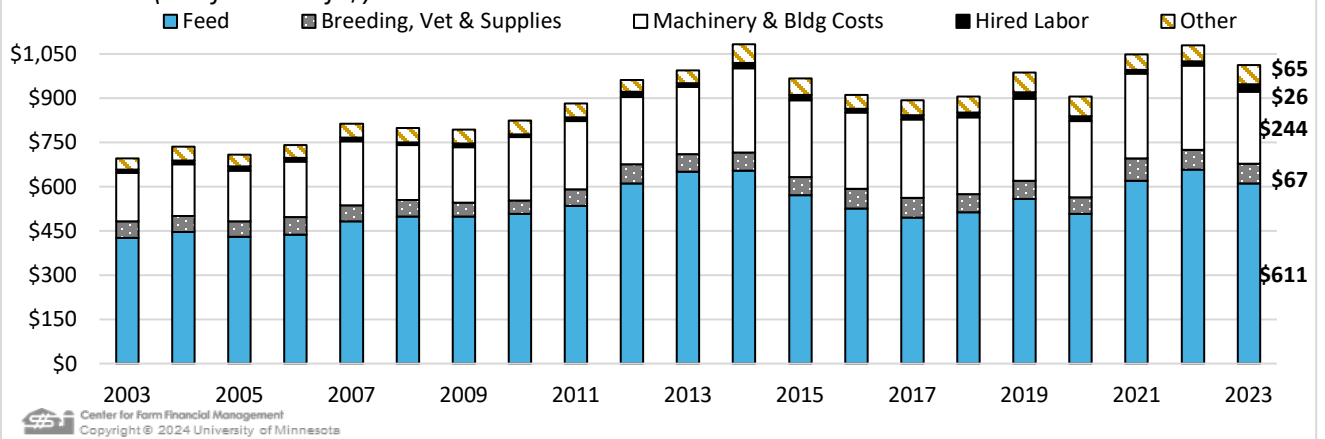


Figure 32: Major Beef Cow-Calf Input Costs Over Time

Beef Cow-Calf Expenses as a Percent of Total Expenses

Minnesota (in inflation adj. \$)

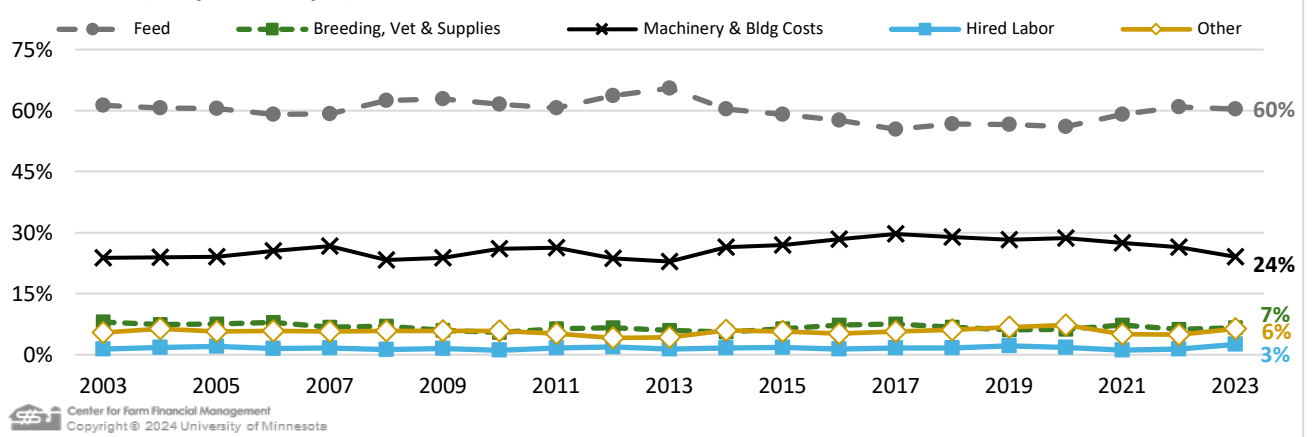


Figure 33: Major Beef Cow-Calf Input Costs as a Percent of Total Expenses Over Time

**Livestock Enterprise Analysis
Minnesota Statewide
(Farms Sorted By Net Return)**

Beef Cow-Calf (without backgrounding) -- Average Per Cwt. Produced

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	75		15		15	
	Quantity	Value	Quantity	Value	Quantity	Value
Number of farms						
Beef Calves sold (lb)	30.89	68.97	60.65	128.40	47.93	110.09
Transferred out (lb)	52.36	131.50	37.37	87.13	38.58	100.16
Cull sales (lb)	20.17	36.18	17.41	43.64	24.57	26.29
Insurance income		1.55		-		2.23
Government payments		2.30		3.41		1.10
Other income		2.83		10.73		0.76
Purchased (lb)	-5.15	-13.04	-3.31	-9.23	-0.51	-2.00
Transferred in (lb)	-5.65	-25.22	-10.02	-20.86	-4.85	-11.65
Inventory change (lb)	6.73	27.29	-2.78	32.95	-6.44	19.69
Gross margin		232.35		276.17		246.67
Direct Expenses						
Protein Vit Minerals (lb.)	58.03	12.74	138.35	31.66	34.97	9.72
Complete Ration (lb.)	20.74	2.40	70.35	15.74	2.24	0.45
Corn Silage (lb.)	792.86	18.53	1,532.32	35.19	545.78	11.72
Hay, Alfalfa (lb.)	159.31	11.73	464.07	31.79	75.73	5.69
Hay, Grass (lb.)	338.74	16.99	798.03	39.64	84.02	4.74
Pasture (aum)	1.14	18.20	1.18	24.23	2.08	15.81
Hay (lb.)	693.45	32.08	834.11	55.48	1,078.96	45.06
Other feed stuffs (lb)	347.32	12.77	467.30	21.38	104.46	3.99
Veterinary		9.67		12.29		7.38
Supplies		3.61		12.20		1.43
Fuel & oil		7.49		18.64		6.34
Repairs		11.88		37.74		8.53
Miscellaneous		14.11		20.95		6.69
Total direct expenses		172.20		356.93		127.55
Return over direct expense		60.15		-80.76		119.13
Overhead Expenses						
Utilities		4.30		11.43		3.26
Interest		7.00		19.46		4.14
Mach & bldg depreciation		11.88		37.27		4.23
Miscellaneous		15.49		35.77		7.95
Total overhead expenses		38.67		103.93		19.59
Total dir & ovhd expenses		210.87		460.86		147.14
Net return		21.48		-184.69		99.53
Labor & management charge		27.15		73.39		17.56
Net return over lbr & mgt		-5.67		-258.08		81.97
Cost of Production Per Cwt. Produced						
Total direct expense per unit		172.20		356.93		127.55
Total dir & ovhd expense per unit		210.87		460.86		147.14
With other revenue adjustments		199.71		403.61		122.10
With labor and management		226.86		477.01		139.66
Est. labor hours per unit		2.12		4.33		1.21
Other Information						
Number of cows		66.7		33.5		60.1
Pregnancy percentage		93.8		89.7		96.1
Pregnancy loss percentage		1.8		2.0		0.6
Culling percentage		14.3		13.1		12.4
Calving percentage		92.1		87.8		95.6
Weaning percentage		86.0		80.1		90.2
Calves sold per cow		0.78		0.66		0.86
Calf death loss percent		6.4		7.2		4.3
Cow death loss percent		3.2		7.0		3.8
Cows per FTE		267.8		176.2		405.3
Average weaning weight		518		532		568
Lb. weaned/exposed female		446		426		512
Feed cost per cow		619.28		935.53		554.84
Avg wgt/ Beef Calves sold		584		553		591
Avg price / cwt.		223.27		211.71		229.71

**Livestock Enterprise Analysis
Minnesota Statewide
(Farms Sorted By Net Return)**

Beef Finishing -- Average Per Head

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	88		17		18	
	Quantity	Value	Quantity	Value	Quantity	Value
Number of farms						
Finish Beef sold (lb)	1,283.3	2,256.47	901.5	1,595.21	1,361.2	2,466.87
Transferred out (lb)	4.8	7.63	2.1	2.57	18.6	31.81
Insurance income		0.42		1.97		-
Government payments		0.13		-		-
Other income		4.09		5.04		58.30
Purchased (lb)	-530.3	-1,191.25	-288.4	-693.69	-549.1	-1,117.74
Transferred in (lb)	-48.4	-111.82	-53.1	-112.66	-118.9	-268.51
Inventory change (lb)	30.4	229.65	47.9	185.86	143.5	603.71
Gross margin		1,195.31		984.30		1,774.43
Direct Expenses						
Protein Vit Minerals (lb.)	513.3	71.72	402.7	51.94	1,747.4	111.97
Complete Ration (lb.)	851.9	98.51	2,038.0	220.54	93.5	34.38
Corn (bu.)	47.3	261.52	26.9	140.72	64.4	340.12
Corn Silage (lb.)	2,429.5	61.25	1,695.5	40.90	3,409.3	80.26
DDGS, wet (lb.)	687.6	33.07	407.1	21.52	208.2	10.64
Corn snaplage (lb.)	244.7	14.50	759.2	42.75	349.7	22.72
Other feed stuffs (lb)	1,872.1	104.89	763.3	43.28	2,968.6	90.48
Contract production exp.		12.66		20.88		33.50
Fuel & oil		20.69		27.84		17.12
Repairs		37.17		63.91		30.55
Marketing		9.90		7.61		52.33
Operating interest		33.30		41.34		35.01
Miscellaneous		65.49		48.38		60.68
Total direct expenses		824.67		771.63		919.77
Return over direct expense		370.64		212.67		854.66
Overhead Expenses						
Building leases		9.69		33.86		1.61
Interest		19.50		27.70		10.25
Mach & bldg depreciation		43.19		83.85		39.44
Miscellaneous		44.79		53.06		34.09
Total overhead expenses		117.17		198.46		85.40
Total dir & ovhd expenses		941.84		970.09		1,005.17
Net return		253.47		14.21		769.27
Labor & management charge		49.46		43.44		42.44
Net return over lbr & mgt		204.01		-29.23		726.83
Cost of Production Per Cwt. Produced						
Total direct expense per unit		146.54		153.51		119.14
Total dir & ovhd expense per unit		155.63		175.47		125.33
With other revenue adjustments		156.09		175.25		125.33
With labor and management		159.93		180.06		128.40
Est. labor hours per unit		3.00		3.50		3.97
Other Information						
No. purchased or trans in		279		229		112
Number sold or trans out		273		231		97
Percentage death loss		0.9		1.1		1.6
Avg. daily gain (lb.)		2.71		2.67		2.51
Lb. of conc / lb. of gain		7.70		8.62		6.86
Lb. of feed / lb. of gain		9.64		9.96		9.51
Feed cost per cwt. of gain		86.52		91.58		77.69
Feed cost per head		645.46		561.65		690.58
Hired labor per head		23.16		17.81		7.20
Average purchase weight		631		469		613
Avg wgt / Finish Beef sold		1,427		1,292		1,438
Avg purch price / cwt.		224.63		240.52		203.56
Avg sales price / cwt.		175.83		176.96		181.22

**Livestock Enterprise Analysis
Minnesota Statewide
(Farms Sorted By Net Return)**

Beef Finishing -- Average Per Cwt. Produced

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	88		17		18	
	Quantity	Value	Quantity	Value	Quantity	Value
Number of farms						
Finish Beef sold (lb)	172.02	302.47	146.99	260.11	153.14	277.52
Transferred out (lb)	0.65	1.02	0.35	0.42	2.10	3.58
Insurance income		0.06		0.32		-
Government payments		0.02		-		-
Other income		0.55		0.82		6.56
Purchased (lb)	-71.09	-159.68	-47.03	-113.11	-61.77	-125.74
Transferred in (lb)	-6.49	-14.99	-8.66	-18.37	-13.37	-30.21
Inventory change (lb)	4.07	30.78	7.81	30.31	16.14	67.92
Gross margin		160.22		160.50		199.62
Direct Expenses						
Protein Vit Minerals (lb.)	68.81	9.61	65.66	8.47	196.57	12.60
Complete Ration (lb.)	114.19	13.20	332.30	35.96	10.51	3.87
Corn (bu.)	6.34	35.06	4.38	22.95	7.25	38.26
Corn Silage (lb.)	325.67	8.21	276.47	6.67	383.53	9.03
DDGS, wet (lb.)	92.17	4.43	66.38	3.51	23.42	1.20
Corn snaplage (lb.)	32.81	1.94	123.80	6.97	39.34	2.56
Other feed stuffs (lb)	250.94	14.06	124.47	7.06	333.96	10.18
Contract production exp.		1.70		3.41		3.77
Fuel & oil		2.77		4.54		1.93
Repairs		4.98		10.42		3.44
Marketing		1.33		1.24		5.89
Operating interest		4.46		6.74		3.94
Miscellaneous		8.78		7.89		6.83
Total direct expenses		110.54		125.82		103.47
Return over direct expense		49.68		34.68		96.15
Overhead Expenses						
Building leases		1.30		5.52		0.18
Interest		2.61		4.52		1.15
Mach & bldg depreciation		5.79		13.67		4.44
Miscellaneous		6.00		8.65		3.84
Total overhead expenses		15.71		32.36		9.61
Total dir & ovhd expenses		126.25		158.18		113.08
Net return		33.98		2.32		86.54
Labor & management charge		6.63		7.08		4.77
Net return over lbr & mgt		27.35		-4.77		81.77
Cost of Production Per Cwt. Produced						
Total direct expense per unit		146.54		153.51		119.14
Total dir & ovhd expense per unit		155.63		175.47		125.33
With other revenue adjustments		156.09		175.25		125.33
With labor and management		159.93		180.06		128.40
Est. labor hours per unit		0.40		0.57		0.45
Other Information						
No. purchased or trans in		279		229		112
Number sold or trans out		273		231		97
Percentage death loss		0.9		1.1		1.6
Avg. daily gain (lb.)		2.71		2.67		2.51
Lb. of conc / lb. of gain		7.70		8.62		6.86
Lb. of feed / lb. of gain		9.64		9.96		9.51
Feed cost per cwt. of gain		86.52		91.58		77.69
Feed cost per head		645.46		561.65		690.58
Hired labor per head		23.16		17.81		7.20
Average purchase weight		631		469		613
Avg wgt / Finish Beef sold		1,427		1,292		1,438
Avg purch price / cwt.		224.63		240.52		203.56
Avg sales price / cwt.		175.83		176.96		181.22

**Livestock Enterprise Analysis
Minnesota Statewide
(Farms Sorted By Years)**

Beef Finishing -- Average Per Head -- Trend

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Number of farms	71	83	90	89	92
Finish Beef sold	1,648.21	1,457.57	1,975.38	1,900.37	2,397.90
Transferred out	11.26	5.89	3.55	11.09	8.54
Insurance income	-	-	-	-	0.37
Government payments	-	111.71	3.39	1.39	0.12
Other income	15.14	43.93	26.72	42.17	2.96
Purchased	-994.20	-908.64	-1,090.73	-1,156.26	-1,237.25
Transferred in	-89.03	-86.25	-63.36	-85.64	-128.75
Inventory change	17.68	13.82	16.84	307.65	135.63
Gross margin	609.06	638.03	871.80	1,020.76	1,179.51
Direct Expenses					
Protein Vit Minerals	54.54	64.40	72.43	80.13	97.47
Complete Ration	12.55	27.21	56.42	85.65	86.82
Corn	170.57	182.34	269.18	313.28	264.04
Corn Silage	33.72	37.89	46.34	65.03	57.71
Corn, Ear	13.94	6.45	26.42	15.89	15.89
Hay, Alfalfa	17.55	16.84	16.05	28.83	14.58
DDGS	25.76	17.67	18.99	26.96	25.21
DDGS, wet	30.68	19.27	41.60	42.56	35.21
Other feed stuffs	32.83	42.10	35.97	60.68	56.09
Veterinary	16.24	18.48	16.28	17.58	19.57
Fuel & oil	12.83	10.25	13.70	22.71	19.98
Repairs	24.88	23.51	27.85	36.77	37.58
Operating interest	22.84	22.42	17.92	21.89	39.65
Miscellaneous	44.62	36.20	61.12	56.21	66.23
Total direct expenses	513.55	525.03	720.26	874.16	836.03
Return over direct expense	95.51	113.00	151.54	146.60	343.48
Overhead Expenses					
Interest	11.48	14.40	11.80	14.55	19.55
Mach & bldg depreciation	34.79	24.62	30.91	35.40	43.73
Miscellaneous	38.87	39.06	42.50	53.75	53.53
Total overhead expenses	85.14	78.09	85.20	103.70	116.82
Total dir & ovhd expenses	598.69	603.12	805.47	977.86	952.84
Net return	10.37	34.91	66.33	42.90	226.66
Labor & management charge	37.55	31.81	40.85	52.27	48.60
Net return over lbr & mgt	-27.18	3.10	25.49	-9.37	178.06
Cost of Production Per Cwt. Produced					
Total direct expense per unit	110.85	110.91	113.83	137.29	149.33
Total dir & ovhd expense per unit	116.88	116.70	119.08	145.21	157.82
With other revenue adjustments	116.75	106.02	117.80	142.64	158.29
With labor and management	119.41	108.38	120.32	146.63	161.82
Est. labor hours per unit	2.34	2.10	2.49	3.16	2.84
Other Information					
No. purchased or trans in	305	270	313	252	311
Number sold or trans out	295	253	321	230	317
Percentage death loss	1.3	1.1	1.2	1.3	1.2
Avg. daily gain (lb.)	2.71	2.66	2.51	2.63	2.66
Lb. of conc / lb. of gain	8.01	7.57	8.40	8.02	7.76
Lb. of feed / lb. of gain	9.96	10.01	10.31	10.37	9.65
Feed cost per cwt. of gain	55.59	58.73	80.83	97.64	87.77
Feed cost per head	392.13	414.17	583.40	719.00	653.02
Hired labor per head	15.24	12.18	19.46	18.78	21.47
Average purchase weight	711	727	720	698	646
Avg wgt / Finish Beef sold	1,384	1,435	1,458	1,392	1,425
Avg purch price / cwt.	149.14	139.98	149.00	175.24	223.30
Avg sales price / cwt.	117.42	108.61	121.82	145.89	174.81

Beef Finishing Price versus Cost of Production

Minnesota (per cwt. produced)

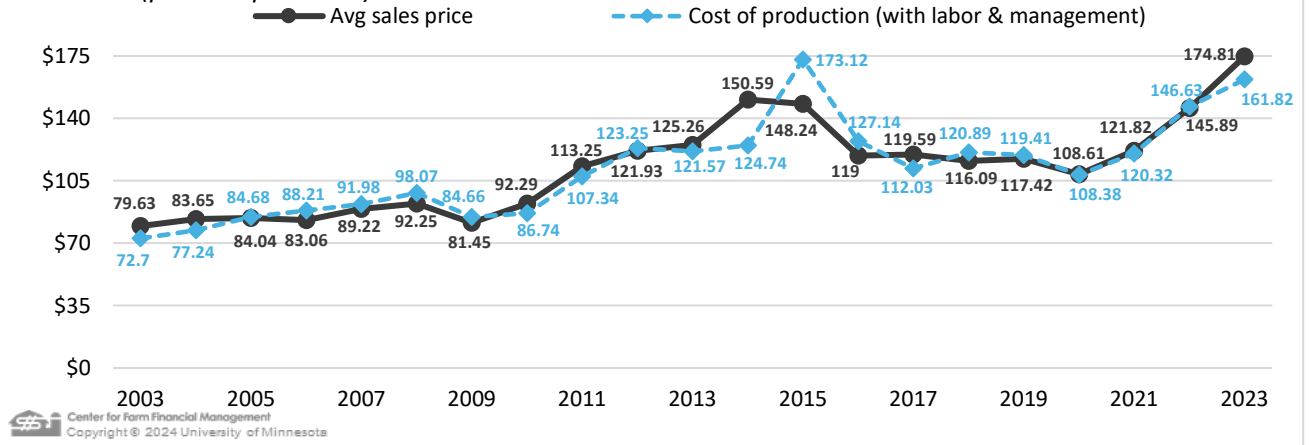


Figure 34: Beef Finishing Prices versus Cost of Production Trend

Beef Finishing Costs per Cow

Minnesota (in inflation adj. \$)

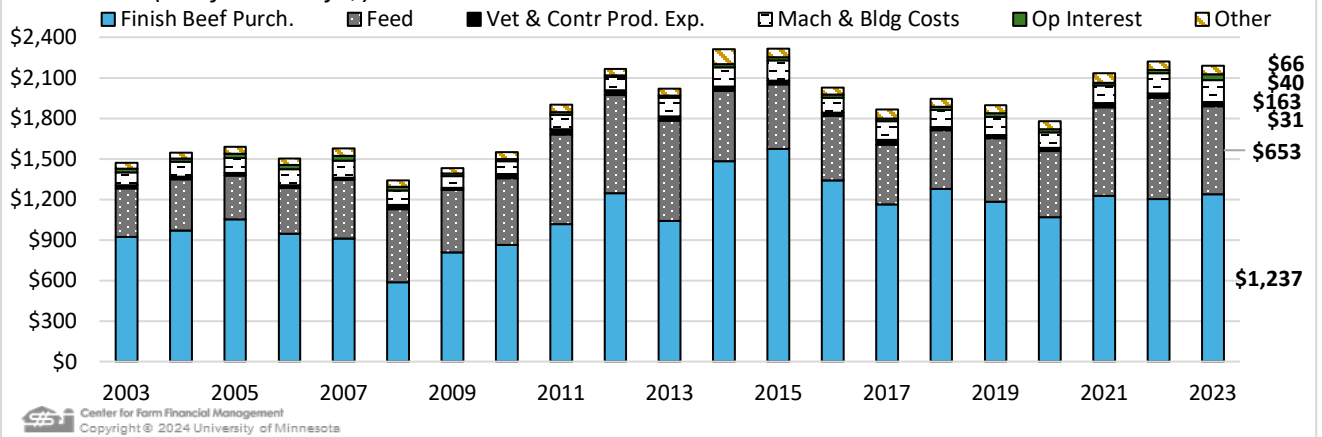


Figure 35: Major Beef Finishing Input Costs Over Time

Beef Finishing Expenses as a Percent of Total Expenses

Minnesota (in inflation adj. \$)

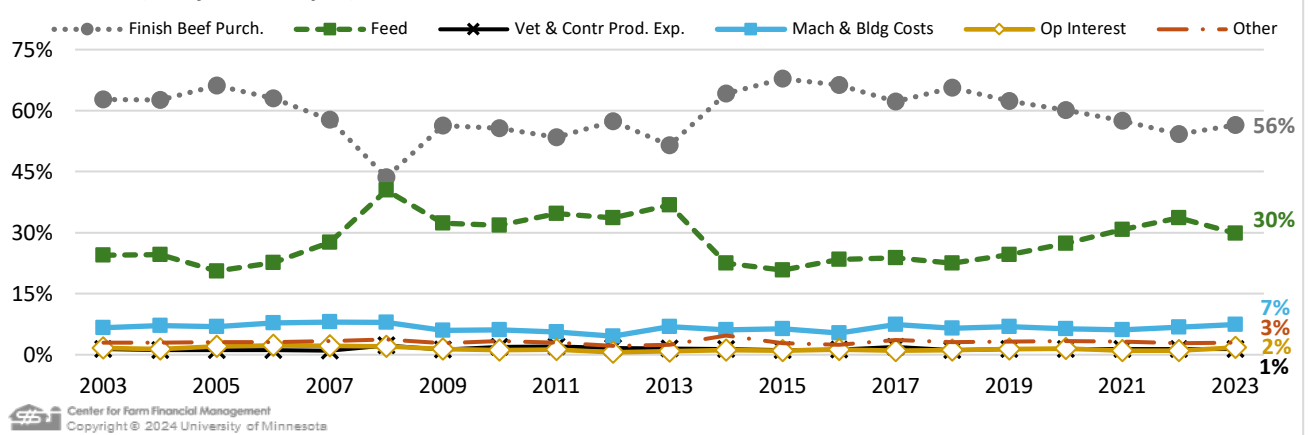


Figure 36: Major Beef Finishing Input Costs as a Percent of Total Expenses Over Time

**Livestock Enterprise Analysis
Minnesota Statewide
(Farms Sorted By Net Return)**

Dairy -- Average Per Cow

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	258		51		52	
	Quantity	Value	Quantity	Value	Quantity	Value
Number of farms						
Milk sold (hd)	25,844.2	4,949.29	24,615.7	4,600.24	26,587.5	5,411.34
Dairy Calves sold (hd)	0.4	109.97	0.3	109.83	0.4	118.01
Transferred out (hd)	0.7	54.49	0.7	50.91	0.6	78.31
Cull sales (hd)	0.3	318.61	0.3	314.74	0.3	348.77
Insurance income		114.00		72.16		81.19
Government payments		264.10		246.53		378.80
Other income		44.50		38.50		45.40
Purchased (hd)	0.0	-47.26	0.0	-32.69	0.0	-29.87
Transferred in (hd)	0.4	-116.67	0.3	-156.42	0.3	-50.49
Inventory change (hd)	0.0	51.42	0.0	14.81	0.0	55.25
Dairy repl cost		-688.66		-776.67		-604.09
Gross margin		5,054.24		4,482.63		5,832.63
Direct Expenses						
Protein Vit Minerals (lb.)	3,671.7	947.41	2,806.5	828.46	3,628.4	884.69
Complete Ration (lb.)	1,004.1	546.65	938.2	663.22	728.1	594.33
Corn (bu.)	73.8	370.25	59.8	324.47	75.1	387.29
Corn Silage (lb.)	20,401.2	481.27	21,037.5	491.66	18,870.9	443.33
Hay, Alfalfa (lb.)	2,534.9	208.47	2,206.4	183.97	2,655.6	223.73
Other feed stuffs (lb)	4,548.2	241.57	6,259.4	317.89	4,104.2	240.09
Breeding fees		53.38		58.78		55.67
Veterinary		102.74		109.76		94.46
Supplies		164.81		167.04		150.62
Fuel & oil		112.22		121.87		109.19
Repairs		214.16		219.78		230.56
Hired labor		360.79		514.79		161.88
Hauling and trucking		120.62		120.50		76.96
Bedding		90.98		113.80		106.55
Miscellaneous		267.93		322.94		242.49
Total direct expenses		4,283.25		4,558.94		4,001.84
Return over direct expense		770.99		-76.30		1,830.79
Overhead Expenses						
Hired labor		165.79		114.75		217.84
Interest		105.11		115.18		94.98
Mach & bldg depreciation		202.67		217.15		222.55
Miscellaneous		253.64		235.21		289.61
Total overhead expenses		727.22		682.28		824.98
Total dir & ovhd expenses		5,010.46		5,241.22		4,826.82
Net return		43.77		-758.58		1,005.81
Labor & management charge		193.52		197.74		293.80
Net return over lbr & mgt		-149.75		-956.32		712.01
Cost of Production Per Cwt. Of Milk						
Total direct expense per unit		16.50		18.45		14.95
Total dir & ovhd expense per unit		19.30		21.21		18.03
With other revenue adjustments		18.95		21.73		16.55
With labor and management		19.70		22.54		17.65
Est. labor hours per unit		37.81		43.01		36.86
Other Information						
Number of cows		285.7		255.6		201.0
Milk produced per cow		25,956		24,707		26,765
Energy corrected milk per cow		28,273		27,108		29,305
Lbs of fat & protein per cow		1,917		1,840		1,985
Culling percentage		29.3		28.3		28.7
Turnover rate		34.7		34.9		33.8
Cows per milking unit		23		22		21
Feed cost per cwt. of milk		10.77		11.37		10.36
Feed cost per cow		2,795.62		2,809.67		2,773.47
Hired labor per cow		526.58		629.53		379.73
Avg. milk price per cwt.		19.15		18.69		20.35
Milk price / feed margin		8.38		7.32		9.99

**Livestock Enterprise Analysis
Minnesota Statewide
(Farms Sorted By Net Return)**

Dairy -- Average Per Cwt. Of Milk

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	258		51		52	
	Quantity	Value	Quantity	Value	Quantity	Value
Number of farms						
Milk sold (hd)	99.57	19.07	99.63	18.62	99.34	20.22
Dairy Calves sold (hd)	0.00	0.42	0.00	0.44	0.00	0.44
Transferred out (hd)	0.00	0.21	0.00	0.21	0.00	0.29
Cull sales (hd)	0.00	1.23	0.00	1.27	0.00	1.30
Insurance income		0.44		0.29		0.30
Government payments		1.02		1.00		1.42
Other income		0.17		0.16		0.17
Purchased (hd)	0.00	-0.18	0.00	-0.13	0.00	-0.11
Transferred in (hd)	0.00	-0.45	0.00	-0.63	0.00	-0.19
Inventory change (hd)	0.00	0.20	0.00	0.06	0.00	0.21
Dairy repl cost		-2.65		-3.14		-2.26
Gross margin		19.47		18.14		21.79
Direct Expenses						
Protein Vit Minerals (lb.)	14.15	3.65	11.36	3.35	13.56	3.31
Complete Ration (lb.)	3.87	2.11	3.80	2.68	2.72	2.22
Corn (bu.)	0.28	1.43	0.24	1.31	0.28	1.45
Corn Silage (lb.)	78.60	1.85	85.15	1.99	70.51	1.66
Hay, Alfalfa (lb.)	9.77	0.80	8.93	0.74	9.92	0.84
Other feed stuffs (lb)	17.52	0.93	25.33	1.29	15.33	0.90
Breeding fees		0.21		0.24		0.21
Veterinary		0.40		0.44		0.35
Supplies		0.63		0.68		0.56
Fuel & oil		0.43		0.49		0.41
Repairs		0.83		0.89		0.86
Hired labor		1.39		2.08		0.60
Hauling and trucking		0.46		0.49		0.29
Bedding		0.35		0.46		0.40
Miscellaneous		1.03		1.31		0.91
Total direct expenses		16.50		18.45		14.95
Return over direct expense		2.97		-0.31		6.84
Overhead Expenses						
Hired labor		0.64		0.46		0.81
Interest		0.40		0.47		0.35
Mach & bldg depreciation		0.78		0.88		0.83
Miscellaneous		0.98		0.95		1.08
Total overhead expenses		2.80		2.76		3.08
Total dir & ovhd expenses		19.30		21.21		18.03
Net return		0.17		-3.07		3.76
Labor & management charge		0.75		0.80		1.10
Net return over lbr & mgt		-0.58		-3.87		2.66
Cost of Production Per Cwt. Of Milk						
Total direct expense per unit		16.50		18.45		14.95
Total dir & ovhd expense per unit		19.30		21.21		18.03
With other revenue adjustments		18.95		21.73		16.55
With labor and management		19.70		22.54		17.65
Est. labor hours per unit		0.15		0.17		0.14
Other Information						
Number of cows		285.7		255.6		201.0
Milk produced per cow		25,956		24,707		26,765
Energy corrected milk per cow		28,273		27,108		29,305
Lbs of fat & protein per cow		1,917		1,840		1,985
Culling percentage		29.3		28.3		28.7
Turnover rate		34.7		34.9		33.8
Cows per milking unit		23		22		21
Feed cost per cwt. of milk		10.77		11.37		10.36
Feed cost per cow		2,795.62		2,809.67		2,773.47
Hired labor per cow		526.58		629.53		379.73
Avg. milk price per cwt.		19.15		18.69		20.35
Milk price / feed margin		8.38		7.32		9.99

Livestock Enterprise Analysis
Minnesota Statewide
(Farms Sorted By Net Return)

Dairy Replacement Heifers -- Average Per Head

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	234		46		47	
	Quantity	Value	Quantity	Value	Quantity	Value
Number of farms						
Replacements sold (hd)	0.1	36.20	0.1	22.52	0.0	35.31
Transferred out (hd)	0.4	602.13	0.5	445.49	0.5	954.54
Cull sales (hd)	0.0	10.60	0.0	17.85	0.0	9.31
Insurance income		0.11		0.38		-
Government payments		0.04		-		-
Other income		0.45		0.42		0.10
Purchased (hd)	0.0	-17.69	0.0	-46.46	0.0	-8.47
Transferred in (hd)	0.6	-135.08	0.7	-177.61	0.6	-96.74
Inventory change (hd)	0.0	12.30	0.0	22.40	0.0	31.68
Gross margin		510.31		285.00		932.60
Direct Expenses						
Protein Vit Minerals (lb.)	281.2	81.31	281.7	94.19	310.2	65.79
Milk Replacer (lb.)	21.8	35.35	38.6	61.75	4.7	13.59
Complete Ration (lb.)	469.4	112.07	659.7	128.94	250.1	62.66
Corn (bu.)	5.0	24.56	3.6	17.43	5.9	29.01
Corn Silage (lb.)	4,547.2	106.43	4,676.8	108.51	3,897.6	93.30
Hay, Alfalfa (lb.)	764.9	56.38	769.3	56.78	1,145.0	78.40
Hay, Grass (lb.)	706.5	41.97	1,156.3	77.82	254.4	11.54
Hay (lb.)	465.5	27.90	368.2	22.47	345.8	21.24
Other feed stuffs (lb)	1,118.4	51.23	626.3	29.79	1,210.9	66.22
Breeding fees		23.02		29.06		25.41
Veterinary		19.87		22.57		24.09
Contract production exp.		145.25		243.54		161.19
Repairs		35.96		37.03		34.19
Hired labor		49.13		77.01		27.97
Miscellaneous		73.82		66.66		81.17
Total direct expenses		884.26		1,073.55		795.77
Return over direct expense		-373.94		-788.56		136.83
Overhead Expenses						
Hired labor		27.35		26.66		40.31
Interest		19.71		29.28		14.14
Mach & bldg depreciation		36.82		33.21		32.11
Miscellaneous		42.41		40.87		41.86
Total overhead expenses		126.29		130.02		128.42
Total dir & ovhd expenses		1,010.55		1,203.58		924.19
Net return		-500.24		-918.58		8.40
Labor & management charge		36.93		22.53		40.70
Net return over lbr & mgt		-537.17		-941.10		-32.29
Cost of Production Per Head Per Day						
Total direct expense per unit		2.78		3.44		2.36
Total dir & ovhd expense per unit		3.12		3.80		2.71
With other revenue adjustments		3.12		3.80		2.71
With labor and management		3.22		3.86		2.82
Est. labor hours per unit		6.37		6.07		5.94
Other Information						
No. purchased or trans in		140		225		126
Number sold or trans out		119		179		111
Average number of head		230		327		209
Percentage death loss		3.6		4.7		2.3
Feed cost per average head		537.20		597.69		441.75
Hired labor per average head		76.48		103.67		68.28
Feed cost/head sold/trans		1,034.17		1,090.82		832.10
Total cost/head sold/trans		2,265.39		2,571.72		1,938.26
Feed cost per head per day		1.47		1.64		1.21
Avg. purch price / head		1,071.20		1,474.05		705.13
Avg. sales price / head		510.81		262.69		1,051.36

**Livestock Enterprise Analysis
Minnesota Statewide
(Farms Sorted By Net Return)**

Dairy and Repl Heifers -- Average Per Cow

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	215		43		43	
	Quantity	Value	Quantity	Value	Quantity	Value
Number of farms						
Milk sold (hd)	25,954.3	4,973.57	24,492.7	4,562.90	26,665.3	5,462.25
Dairy Calves sold (hd)	-	137.16	-	105.21	-	167.22
Transferred out (hd)	-	37.37	-	54.56	-	46.53
Cull sales (hd)	-	325.26	-	319.83	-	352.02
Insurance income		117.84		83.95		87.53
Government payments		258.38		239.31		365.98
Other income		48.71		45.50		46.20
Purchased (hd)	-	-68.02	-	-43.79	-	-33.31
Transferred in (hd)	-	-26.02	-	-92.38	-	-8.80
Inventory change (hd)	-	80.73	-	33.98	-	89.85
Gross margin		5,886.18		5,309.86		6,582.79
Direct Expenses						
Protein Vit Minerals (lb.)	3,944.4	1,003.44	3,123.8	923.13	3,605.5	950.28
Complete Ration (lb.)	1,051.7	642.65	909.8	719.52	857.4	706.49
Corn (bu.)	79.6	403.38	67.2	362.52	78.5	404.28
Corn Silage (lb.)	24,047.2	560.62	24,901.3	575.96	22,011.8	519.50
Hay, Alfalfa (lb.)	2,964.9	243.12	2,517.5	199.84	3,226.8	268.32
Hay (lb.)	1,717.5	111.57	2,441.4	169.88	1,789.3	123.59
Other feed stuffs (lb)	4,290.9	239.94	5,414.3	247.03	4,257.8	249.50
Breeding fees		74.78		77.66		72.68
Supplies		180.01		175.74		163.13
Contract production exp.		149.43		196.00		44.01
Repairs		239.97		241.61		255.57
Hired labor		424.93		561.53		163.86
Bedding		110.29		142.42		118.34
Miscellaneous		636.54		676.96		581.85
Total direct expenses		5,020.68		5,269.81		4,621.41
Return over direct expense		865.50		40.05		1,961.39
Overhead Expenses						
Hired labor		181.03		150.82		249.08
Interest		122.70		137.24		108.28
Mach & bldg depreciation		223.83		260.37		261.04
Miscellaneous		290.68		263.00		325.58
Total overhead expenses		818.23		811.43		943.98
Total dir & ovhd expenses		5,838.91		6,081.24		5,565.39
Net return		47.27		-771.38		1,017.40
Labor & management charge		215.21		203.65		333.04
Net return over lbr & mgt		-167.94		-975.03		684.36
Cost of Production Per Cwt. Of Milk						
Total direct expense per unit		19.27		21.42		17.23
Total dir & ovhd expense per unit		22.41		24.72		20.75
With other revenue adjustments		18.96		21.74		16.65
With labor and management		19.79		22.57		17.92
Est. labor hours per unit		43.50		45.95		42.39
Other Information						
Number of cows		293.5		260.5		214.2
Milk produced per cow		26,054		24,597		26,825
Energy corrected milk per cow		28,506		27,202		29,706
Lbs of fat & protein per cow		1,937		1,856		2,022
Culling percentage		28.9		27.6		27.3
Turnover rate		34.4		34.6		32.7
Cows per milking unit		23		21		23
Feed cost per cwt. of milk		12.30		13.00		12.01
Feed cost per cow		3,204.72		3,197.88		3,221.97
Hired labor per cow		605.96		712.35		412.95
Avg. milk price per cwt.		19.16		18.63		20.48
Milk price / feed margin		6.86		5.63		8.47

**Livestock Enterprise Analysis
Minnesota Statewide
(Farms Sorted By Years)**

Dairy and Repl Heifers -- Average Per Cow -- Trend

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Number of farms	233	245	240	208	212
Milk sold	4,576.10	4,954.71	4,656.37	6,180.24	4,964.04
Dairy Calves sold	52.92	67.33	78.40	97.98	136.78
Transferred out	22.18	40.09	26.35	56.25	37.66
Cull sales	206.29	204.64	232.85	285.62	324.99
Insurance income	10.41	26.68	21.75	10.40	118.48
Government payments	95.93	592.40	243.50	29.01	256.11
Contract Income	-	-	-	-	1.22
Other income	35.00	26.50	44.88	-9.89	49.17
Purchased	-48.63	-70.57	-87.48	-36.38	-68.67
Transferred in	-5.11	-3.16	-5.38	-6.33	-26.27
Inventory change	62.71	105.33	119.37	40.91	80.57
Gross margin	5,007.79	5,943.95	5,330.62	6,647.80	5,874.08
Direct Expenses					
Protein Vit Minerals	779.96	823.17	883.28	1,060.02	1,002.07
Complete Ration	430.86	530.92	533.60	648.19	647.28
Corn	265.09	252.16	321.03	471.00	402.13
Corn Silage	385.77	426.66	496.96	582.56	559.18
Hay, Alfalfa	253.22	263.41	255.81	286.73	234.21
Other feed stuffs	281.89	283.71	316.57	311.95	350.49
Breeding fees	63.44	67.01	70.33	72.14	74.78
Veterinary	123.41	134.45	128.24	117.33	118.29
Supplies	132.90	156.11	138.90	175.86	179.32
Contract production exp.	124.05	144.75	194.56	167.98	150.87
Fuel & oil	92.25	77.55	85.05	140.61	121.86
Repairs	176.21	230.75	195.86	239.10	240.29
Hired labor	381.09	422.15	366.42	413.56	427.57
Hauling and trucking	98.78	88.32	86.96	122.59	121.84
Miscellaneous	312.05	339.84	286.39	361.91	386.10
Total direct expenses	3,900.95	4,240.96	4,359.96	5,171.54	5,016.28
Return over direct expense	1,106.84	1,702.99	970.66	1,476.26	857.79
Overhead Expenses					
Hired labor	115.29	126.79	186.46	150.42	180.78
Interest	114.88	107.00	94.99	107.17	123.76
Mach & bldg depreciation	214.56	216.29	206.50	238.62	224.78
Miscellaneous	235.03	261.05	259.34	261.29	290.21
Total overhead expenses	679.76	711.14	747.29	757.49	819.54
Total dir & ovhd expenses	4,580.71	4,952.10	5,107.25	5,929.03	5,835.82
Net return	427.08	991.85	223.37	718.77	38.25
Labor & management charge	187.54	214.04	189.35	222.35	211.88
Net return over lbr & mgt	239.54	777.81	34.02	496.42	-173.63
Cost of Production Per Cwt. Of Milk					
Total direct expense per unit	15.78	16.77	17.18	20.17	19.28
Total dir & ovhd expense per unit	18.53	19.58	20.12	23.12	22.43
With other revenue adjustments	16.86	15.75	17.52	21.36	18.98
With labor and management	17.61	16.59	18.27	22.23	19.80
Est. labor hours per unit	43.91	43.99	40.39	41.57	43.45
Other Information					
Number of cows	249.0	262.9	295.1	282.4	294.8
Milk produced per cow	24,726	25,286	25,383	25,643	26,015
Energy corrected milk per cow	23,720	27,059	27,651	28,401	29,157
Lbs of protein & fat per cow	1,468	1,766	1,818	1,873	1,935
Culling percentage	30.5	29.2	29.4	29.9	28.9
Turnover rate	37.2	35.5	35.7	36.8	34.4
Cows per milking unit	25	22	23	22	23
Feed cost per cwt. of milk	9.69	10.20	11.06	13.10	12.28
Feed cost per cow	2,396.79	2,580.02	2,807.24	3,360.44	3,195.36
Hired labor per cow	496.38	548.94	552.88	563.99	608.36
Avg. milk price per cwt.	18.63	19.70	18.43	24.24	19.16
Milk price / feed margin	8.93	9.50	7.37	11.13	6.87

**Livestock Enterprise Analysis
Minnesota Statewide
(Farms Sorted By Net Return)**

Dairy Finishing -- Average Per Head

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
Number of farms	92		18		19	
	Quantity	Value	Quantity	Value	Quantity	Value
Dairy Finish sold (lb)	1,326.8	2,045.88	1,356.9	1,951.13	1,190.0	2,055.33
Transferred out (lb)	0.0	0.04	-	-	-	-
Other income		12.31		4.70		14.48
Purchased (lb)	-347.1	-694.63	-452.2	-868.12	-150.1	-463.08
Transferred in (lb)	-64.5	-104.16	-27.9	-34.60	-61.3	-102.33
Inventory change (lb)	97.9	424.99	34.4	201.26	214.8	713.77
Gross margin		1,684.43		1,254.37		2,218.16
Direct Expenses						
Protein Vit Minerals (lb.)	720.0	150.10	419.0	118.61	526.1	139.31
Complete Ration (lb.)	465.8	85.67	864.3	178.56	346.3	18.88
Corn (bu.)	94.7	477.26	99.3	499.51	70.9	365.34
Corn Silage (lb.)	1,220.0	28.63	524.6	11.03	2,028.6	49.25
Screenings, Heavy (lb.)	282.0	21.15	-	-	1,187.2	89.04
DDGS, dry (lb.)	562.1	31.13	137.7	7.62	1,840.5	85.48
Other feed stuffs (lb)	1,788.3	83.03	1,197.3	54.38	842.7	42.56
Veterinary		35.07		28.02		72.02
Fuel & oil		23.01		15.22		24.65
Repairs		44.59		46.11		41.82
Custom hire		19.51		1.62		62.65
Hauling and trucking		25.29		34.27		25.40
Operating interest		32.08		46.60		23.44
Miscellaneous		59.91		49.51		68.20
Total direct expenses		1,116.42		1,091.06		1,108.04
Return over direct expense		568.00		163.31		1,110.11
Overhead Expenses						
Interest		22.45		25.82		18.55
Mach & bldg depreciation		47.54		68.32		27.78
Miscellaneous		66.18		83.70		46.97
Total overhead expenses		136.17		177.85		93.30
Total dir & ovhd expenses		1,252.60		1,268.90		1,201.34
Net return		431.83		-14.54		1,016.81
Labor & management charge		65.98		64.64		62.94
Net return over lbr & mgt		365.85		-79.18		953.88
Cost of Production Per Cwt. Produced						
Total direct expense per unit		111.39		131.76		79.45
Total dir & ovhd expense per unit		121.65		144.87		87.29
With other revenue adjustments		121.65		144.87		87.27
With labor and management		126.62		149.63		92.56
Est. labor hours per unit		4.59		3.98		3.73
Other Information						
No. purchased or trans in		255		350		294
Number sold or trans out		214		313		218
Percentage death loss		3.7		4.9		3.9
Avg. daily gain (lb.)		2.50		2.38		2.51
Lb. of conc / lb. of gain		8.23		8.64		6.70
Lb. of feed / lb. of gain		9.16		8.91		7.77
Feed cost per cwt. of gain		85.87		95.12		65.69
Feed cost per head		876.97		869.70		789.87
Hired labor per head		26.48		21.44		36.99
Average purchase weight		404		466		195
Avg wgt / Dairy Finish sold		1,434		1,388		1,451
Avg purch price / head		808.26		894.08		600.08
Avg sales price / cwt.		154.20		143.80		172.72

**Livestock Enterprise Analysis
Minnesota Statewide
(Farms Sorted By Net Return)**

Dairy Finishing -- Average Per Cwt. Produced

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	92		18		19	
	Quantity	Value	Quantity	Value	Quantity	Value
Number of farms						
Dairy Finish sold (lb)	129.91	200.33	148.41	213.41	98.96	170.92
Transferred out (lb)	0.00	0.00	-	-	-	-
Other income		1.20		0.51		1.20
Purchased (lb)	-33.99	-68.02	-49.46	-94.95	-12.49	-38.51
Transferred in (lb)	-6.32	-10.20	-3.05	-3.78	-5.10	-8.51
Inventory change (lb)	9.59	41.61	3.76	22.01	17.86	59.36
Gross margin		164.93		137.20		184.46
Direct Expenses						
Protein Vit Minerals (lb.)	70.50	14.70	45.83	12.97	43.75	11.59
Complete Ration (lb.)	45.61	8.39	94.53	19.53	28.80	1.57
Corn (bu.)	9.27	46.73	10.87	54.63	5.89	30.38
Corn Silage (lb.)	119.45	2.80	57.38	1.21	168.70	4.10
Screenings, Heavy (lb.)	27.61	2.07	-	-	98.73	7.40
DDGS, dry (lb.)	55.04	3.05	15.07	0.83	153.05	7.11
Other feed stuffs (lb)	175.10	8.13	130.96	5.95	70.08	3.54
Veterinary		3.43		3.07		5.99
Repairs		4.37		5.04		3.48
Custom hire		1.91		0.18		5.21
Hauling and trucking		2.48		3.75		2.11
Operating interest		3.14		5.10		1.95
Miscellaneous		8.12		7.08		7.72
Total direct expenses		109.32		119.34		92.15
Return over direct expense		55.62		17.86		92.32
Overhead Expenses						
Interest		2.20		2.82		1.54
Mach & bldg depreciation		4.66		7.47		2.31
Miscellaneous		6.48		9.16		3.91
Total overhead expenses		13.33		19.45		7.76
Total dir & ovhd expenses		122.65		138.79		99.90
Net return		42.28		-1.59		84.56
Labor & management charge		6.46		7.07		5.23
Net return over lbr & mgt		35.82		-8.66		79.32
Cost of Production Per Cwt. Produced						
Total direct expense per unit		111.39		131.76		79.45
Total dir & ovhd expense per unit		121.65		144.87		87.29
With other revenue adjustments		121.65		144.87		87.27
With labor and management		126.62		149.63		92.56
Est. labor hours per unit		0.45		0.44		0.31
Other Information						
No. purchased or trans in		255		350		294
Number sold or trans out		214		313		218
Percentage death loss		3.7		4.9		3.9
Avg. daily gain (lb.)		2.50		2.38		2.51
Lb. of conc / lb. of gain		8.23		8.64		6.70
Lb. of feed / lb. of gain		9.16		8.91		7.77
Feed cost per cwt. of gain		85.87		95.12		65.69
Feed cost per head		876.97		869.70		789.87
Hired labor per head		26.48		21.44		36.99
Average purchase weight		404		466		195
Avg wgt / Dairy Finish sold		1,434		1,388		1,451
Avg purch price / head		808.26		894.08		600.08
Avg sales price / cwt.		154.20		143.80		172.72

Livestock Enterprise Analysis
Minnesota Statewide
(Farms Sorted By Net Return)

Sheep, Market Lamb Prod -- Average Per Ewe

	Avg. Of All Farms	
Number of farms	9	
	Quantity	Value
Lambs sold (lb)	3.8	0.24
Mkt Lambs sold (lb)	157.8	307.25
Cull sales (lb)	14.6	15.30
Government payments		3.61
Other income		10.12
Purchased (lb)	-5.1	-20.61
Transferred in (lb)	-1.2	-1.16
Inventory change (lb)	5.2	40.80
Gross margin		355.55
Direct Expenses		
Protein Vit Minerals (lb.)	212.0	47.97
Complete Ration (lb.)	143.0	27.19
Corn (bu.)	7.7	41.18
Corn Silage (lb.)	1,180.9	29.46
Hay, Alfalfa (lb.)	550.1	42.34
Hay, Grass (lb.)	150.2	9.75
Other feed stuffs (lb)	276.8	19.40
Repairs		14.69
Hauling and trucking		2.02
Bedding		3.04
Miscellaneous		46.04
Total direct expenses		283.07
Return over direct expense		72.48
Overhead Expenses		
Utilities		11.66
Interest		11.57
Mach & bldg depreciation		19.25
Miscellaneous		19.10
Total overhead expenses		61.58
Total dir & ovhd expenses		344.65
Net return		10.90
Labor & management charge		60.77
Net return over lbr & mgt		-49.87
Cost of Production Per Cwt. Produced		
Total direct expense per unit		160.37
Total dir & ovhd expense per unit		195.26
With other revenue adjustments		184.98
With labor and management		219.41
Est. labor hours per unit		3.52
Other Information		
Number of ewes		257.7
Pregnancy percentage		97.3
Pregnancy loss percentage		1.7
Female turnover rate		15.05
Lambs born / ewe exposed		1.79
Lambs born / ewe lambing		1.87
Lambs weaned/ewe exposed		1.41
Lambs sold per ewe		1.27
Lamb dth loss (died/born)		10.9
Ewe death loss percentage		5.5
Ewes per FTE		794.9
Average weaning weight		53
Lb. weaned/exposed female		75
Feed cost per ewe		217.29
Avg wgt/Mkt Lambs sold		125
Avg price / cwt.		194.71

**Livestock Enterprise Analysis
Minnesota Statewide
(Farms Sorted By Net Return)**

Sheep, Market Lamb Prod -- Average Per Cwt. Produced

	<u>Avg. Of All Farms</u>	
Number of farms	9	
	Quantity	Value
Lambs sold (lb)	2.14	0.14
Mkt Lambs sold (lb)	89.40	174.08
Cull sales (lb)	8.30	8.67
Government payments		2.04
Other income		5.74
Purchased (lb)	-2.87	-11.68
Transferred in (lb)	-0.66	-0.66
Inventory change (lb)	2.95	23.11
Gross margin		201.44
Direct Expenses		
Protein Vit Minerals (lb.)	120.09	27.18
Complete Ration (lb.)	81.00	15.40
Corn (bu.)	4.38	23.33
Corn Silage (lb.)	669.06	16.69
Hay, Alfalfa (lb.)	311.64	23.99
Hay, Grass (lb.)	85.12	5.52
Other feed stuffs (lb)	156.84	10.99
Veterinary		5.35
Repairs		8.32
Hauling and trucking		1.14
Bedding		1.72
Miscellaneous		20.73
Total direct expenses		160.37
Return over direct expense		41.07
Overhead Expenses		
Interest		6.56
Mach & bldg depreciation		10.91
Miscellaneous		17.43
Total overhead expenses		34.89
Total dir & ovhd expenses		195.26
Net return		6.18
Labor & management charge		34.43
Net return over lbr & mgt		-28.25
Cost of Production Per Cwt. Produced		
Total direct expense per unit		160.37
Total dir & ovhd expense per unit		195.26
With other revenue adjustments		184.98
With labor and management		219.41
Est. labor hours per unit		2.00
Other Information		
Number of ewes		257.7
Pregnancy percentage		97.3
Pregnancy loss percentage		1.7
Female turnover rate		15.05
Lambs born / ewe exposed		1.79
Lambs born / ewe lambing		1.87
Lambs weaned/ewe exposed		1.41
Lambs sold per ewe		1.27
Lamb dth loss (died/born)		10.9
Ewe death loss percentage		5.5
Ewes per FTE		794.9
Average weaning weight		53
Lb. weaned/exposed female		75
Feed cost per ewe		217.29
Avg wgt/Mkt Lambs sold		125
Avg price / cwt.		194.71

**Livestock Enterprise Analysis
Minnesota Statewide
(Farms Sorted By Years)**

Sheep, Market Lamb Prod -- Average Per Ewe -- Trend

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Number of farms	5	6	9	12	12
Lambs sold	10.26	1.85	2.50	0.74	0.48
Mkt Lambs sold	305.89	225.54	379.18	347.19	321.32
Transferred out	2.76	0.24	-	-	-
Cull sales	12.99	13.21	35.49	22.26	20.29
Government payments	-	38.68	1.43	1.31	3.92
Other income	-	0.28	0.55	2.13	7.42
Purchased	-21.61	-4.83	-0.27	-21.36	-14.20
Transferred in	-	-	-	-2.31	-0.79
Inventory change	-5.80	-28.76	31.85	-43.09	22.55
Gross margin	304.49	246.21	450.73	306.87	360.97
Direct Expenses					
Protein Vit Minerals	46.92	33.83	58.49	67.86	60.65
Complete Ration	12.45	18.73	20.76	16.98	18.53
Corn	38.56	27.94	40.93	58.87	37.46
Corn Silage	6.64	14.91	6.79	13.26	24.52
Hay, Alfalfa	30.56	18.65	33.34	35.55	45.88
Hay, Grass	24.13	7.34	20.14	22.58	18.15
Haylage, Alfalfa	-	18.35	1.34	-	4.95
Other feed stuffs	8.14	25.88	8.95	23.52	13.56
Supplies	14.77	11.02	13.88	13.14	8.80
Repairs	11.61	22.70	15.16	14.46	16.14
Hired labor	23.08	8.25	2.48	5.87	2.25
Miscellaneous	47.49	30.47	22.25	30.82	38.08
Total direct expenses	264.34	238.08	244.51	302.91	288.97
Return over direct expense	40.15	8.13	206.22	3.96	72.00
Overhead Expenses					
Hired labor	0.46	0.50	19.16	19.28	8.04
Mach & bldg depreciation	18.66	25.16	23.88	29.34	23.13
Miscellaneous	26.97	20.90	39.71	40.92	35.95
Total overhead expenses	46.08	46.56	82.75	89.53	67.13
Total dir & ovhd expenses	310.42	284.64	327.25	392.45	356.10
Net return	-5.93	-38.43	123.48	-85.58	4.87
Labor & management charge	66.90	57.90	68.35	66.56	64.57
Net return over lbr & mgt	-72.83	-96.34	55.12	-152.14	-59.70
Cost of Production Per Cwt. Produced					
Total direct expense per unit	135.79	143.28	137.24	159.43	159.10
Total dir& ovhd expense per unit	159.46	171.30	183.69	206.55	196.06
With other revenue adjustments	166.97	144.67	158.76	212.28	186.00
With labor and management	201.34	179.51	197.13	247.31	221.55
Est. labor hours per unit	5.77	4.02	4.72	5.34	3.54
Other Information					
Number of ewes	295.8	212.0	249.7	201.5	283.5
Pregnancy percentage	97.6	95.8	97.1	96.4	97.6
Pregnancy loss percentage	1.2	0.4	0.4	0.7	1.3
Female turnover rate	18.66	14.70	21.94	14.35	21.07
Lambs born / ewe exposed	1.74	1.62	1.79	1.66	1.81
Lambs born / ewe lambing	1.81	1.70	1.85	1.74	1.88
Lambs weaned/ewe exposed	1.61	1.44	1.67	1.49	1.49
Lambs sold per ewe	1.46	1.20	1.21	1.53	1.28
Lamb dth loss (died/born)	11.8	15.5	10.5	11.6	11.2
Ewe death loss percentage	6.5	10.9	6.9	5.9	6.1
Ewes per FTE	485.3	697.3	593.2	524.5	790.7
Average weaning weight	47	51	53	50	50
Lb. weaned/exposed female	76	74	89	74	74
Feed cost per ewe	167.39	165.63	190.73	238.63	223.69
Avg wgt/Mkt Lambs sold	137	134	127	116	130
Avg price / cwt.	155.63	141.12	246.86	195.51	192.29

Summary Tables

Financial Summary by Years

A better picture of the current financial performance can be seen by comparing this year to previous years in the *Summary by Years* table. All items are taken from the annual report for that year. Monetary values are left in nominal terms unadjusted for inflation. The one exception is the *Net Farm Income (Constant \$)* using the Consumer Price Index (CPI-U) from the U. S. Department of Commerce. This shows the changes in “buying power” for the farmers, compared to the current year. The CPI used is reported below.

Year	CPI-U (1982-84 = 100)	Year	CPI-U (1982-84 = 100)
2000	172.2	2012	229.6
2001	177.1	2013	233.0
2002	179.9	2014	236.7
2003	184.0	2015	237.0
2004	188.9	2016	240.0
2005	195.3	2017	245.1
2006	201.6	2018	251.1
2007	207.3	2019	255.7
2008	215.3	2020	258.8
2009	214.5	2021	271.0
2010	218.1	2022	292.7
2011	224.9	2023	304.7

Figure 37: Consumer Price Index (CPI-U) values used for inflation adjustments.

Financial Summary by Farm Size (Gross Farm Income)

This table summarizes whole-farm financial performance by size of farm. Farms are categorized based on gross farm income.

Financial Summary by Farm Type

This table summarizes whole-farm financial performance by type of farm. Farm type is assigned based on greater than 70 percent of sales from that commodity or combination of commodities.

Financial Summary by Debt to Asset Ratio

This table summarizes whole-farm financial performance by debt level. Farms are categorized based on total farm and non-farm debt to asset ratio.

Financial Summary by Age of Operator

This table summarizes whole-farm financial performance based on age of the primary operator.

SUMMARY OF THE WHOLE FARM ANALYSIS BY YEARS
Southwest Minnesota Farm Business Management Association
(Overall averages for all farms reporting)

Row	Items	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	Number of Farms	125	107	110	107	99	95	97	107	110
Farm Income Statement										
2	Gross Cash Farm Income	496,771	579,201	609,886	731,897	876,375	878,404	970,471	1,150,686	1,332,519
3	Total Cash Farm Expense	404,743	477,476	494,409	592,841	720,364	743,487	781,053	898,752	1,057,018
4	Inventory Change	31,076	74,307	66,397	135,843	70,051	-21,159	178,977	136,582	157,209
5	Depr. & Cap. Adj.	-24,741	-28,170	-27,176	-32,631	-39,437	-43,972	-48,085	-55,244	-66,085
6	Net Farm Income from Operations	98,362	147,862	154,698	242,267	186,625	69,787	320,310	333,272	366,624
7	Gain or Loss on Capital Sales	0	0	0	0	4,276	0	1,855	3,015	10,447
8	Net Farm Income	98,362	147,862	154,698	242,267	190,901	69,787	322,165	336,287	377,071
9	Net Farm Income (Constant \$)	158,660	230,689	233,812	356,096	270,170	99,133	450,086	455,610	500,407
Profitability*										
10	Rate of Return on Assets (%)	11	14	13	17	11	3	17	16	14
11	Rate of Return on Equity (%)	16	21	19	25	15	2	24	21	19
12	Operating Profit Margin (%)	23	28	28	35	26	9	36	35	30
13	Asset Turnover Rate (%)	46	51	48	50	43	37	47	46	46
14	Value of Farm Production	378,450	478,073	512,081	648,768	658,576	608,181	819,691	871,265	1,052,663
15	Farm Interest Paid	21,824	22,210	27,677	30,714	30,232	29,727	34,124	28,447	27,141
Liquidity, Repayment and Efficiency										
16	Current Ratio	1.9	2.1	2.2	2.5	2.6	2.3	2.9	3.3	3.1
17	Working Capital	155,804	218,745	268,567	393,911	446,350	404,104	568,438	659,446	771,719
18	Working Capital to Gross Revenue (%)	30	34	40	46	49	45	50	52	52
19	Working Capital to Operating Expense (%)	42	49	58	72	69	54	78	78	75
20	Debt Coverage Ratio	2.0	2.7	2.7	3.6	2.7	1.1	4.6	5.0	4.3
21	Term Debt Coverage Ratio	2.0	2.9	3.0	4.0	2.9	1.1	5.1	5.4	4.5
22	Operating Expense Ratio (%)	72.1	69.2	68.7	64.1	71.6	83.6	64.8	66.9	69.1
23	Interest Expense Ratio (%)	4.2	3.5	4.3	3.7	3.3	3.3	3.0	2.3	1.8
Solvency (Year-end, Sole Proprietors Only)*										
24	No. of Sole Proprietors	109	91	93	91	85	80	80	87	85
25	Total Assets	1,286,775	1,487,232	1,694,428	2,034,365	2,208,883	2,376,886	2,719,826	2,922,324	3,515,081
26	Total Liabilities	554,962	618,105	698,239	810,184	837,830	892,734	987,753	1,068,183	1,057,882
27	Net Worth	731,813	869,127	996,189	1,224,181	1,371,053	1,484,151	1,732,074	1,854,181	2,288,721
28	Debt to Asset Ratio (%)	43	42	41	40	38	38	36	37	35
Acreage Information										
29	Total Acres Owned	236	241	243	241	249	250	240	232	216
30	Total Crop Acres Farmed	766	792	797	825	822	831	831	791	886
31	Crop Acres Owned	193	199	197	208	222	224	221	202	205
32	Crop Acres Cash Rented	494	532	526	546	536	555	550	532	617
33	Crop Acres Share Rented	79	61	74	71	64	52	61	57	63
Crop Yields										
34	Corn per acre (bu.)	171	192	169	162	172	185	184	173	162
35	Soybeans per acre (bu.)	41	55	51	49	44	49	51	46	47
Crop Prices Received (cash sales)										
36	Corn per Bushel	2.28	1.89	2.04	3.00	4.51	3.83	3.67	5.29	6.27
37	Soybeans per Bushel	7.17	5.88	5.57	7.14	10.83	10.15	9.72	11.58	13.07
Household Information										
38	No. Farms Reporting HseHld Info	73	67	66	60	62	52	46	43	42
39	Average Family Size	3.4	3.4	3.3	3.1	3.0	3.3	3.0	3.0	2.9
40	Family living expense	48,371	50,608	51,569	56,229	59,939	62,182	63,848	73,704	73,904
41	Total Family Use of Cash	68,029	74,513	82,670	98,388	100,933	123,590	108,468	119,913	135,406
42	Net Nonfarm Income	23,733	24,774	31,059	25,164	28,456	29,369	29,543	35,042	30,841

* Beginning in 1993, profitability is analyzed using assets valued at adjusted cost basis while solvency is at estimated fair market value. Prior to 1993, profitability and solvency were analyzed using land valued with a conservative market value and all other assets valued at cost basis.

SUMMARY OF THE WHOLE FARM ANALYSIS BY YEARS (continued)
Southwest Minnesota Farm Business Management Association
(Overall averages for all farms reporting)

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Row
117	109	103	103	104	101	106	108	110	111	116	1
Farm Income Statement											
1,285,081	1,086,085	997,581	918,546	941,931	865,101	946,154	1,099,964	1,268,240	1,402,893	1,269,180	2
1,029,631	856,705	798,226	748,909	783,231	703,195	783,687	931,696	964,451	1,103,396	976,294	3
-53,364	-49,479	-68,430	-8,515	-7,784	-25,846	52,089	221,729	230,258	140,788	-194,542	4
-69,322	-70,801	-73,028	-71,987	-74,624	-68,737	-71,520	-76,433	-78,109	-86,655	-79,695	5
132,764	109,100	57,897	89,135	76,292	67,324	143,035	313,564	455,938	353,631	18,649	6
4,404	9,296	1,944	-418	8,475	4,732	1,969	8,838	17,247	12,215	16,107	7
137,168	118,396	59,841	88,717	84,767	72,056	145,004	322,402	473,185	365,846	34,756	8
179,378	152,409	76,935	112,634	105,379	87,437	172,791	379,582	532,028	380,845	34,756	9
Profitability*											
4	3	1	3	2	2	5	10	14	9	0	10
4	3	0	2	1	0	5	14	19	12	-2	11
11	10	4	8	7	6	16	28	35	26	-1	12
34	34	31	31	30	29	31	36	39	36	27	13
819,449	790,270	729,443	738,186	735,601	716,296	772,867	989,072	1,151,305	1,160,076	842,143	14
27,405	26,239	27,225	30,723	35,049	37,490	43,563	40,368	31,348	36,269	46,196	15
Liquidity, Repayment and Efficiency											
2.7	2.6	2.2	1.9	1.8	1.9	2.1	2.4	3.4	3.3	2.6	16
646,719	562,147	455,840	395,033	367,795	364,975	419,247	601,113	837,467	907,095	626,662	17
53	54	49	42	39	42	42	46	58	60	56	18
65	68	58	53	49	52	57	69	95	87	64	19
1.7	1.4	0.9	1.4	1.2	1.2	2.0	3.8	5.7	3.8	0.7	20
1.7	1.4	0.9	1.4	1.3	1.2	2.2	4.2	6.3	4.2	0.6	21
81.4	80.0	83.0	79.0	80.1	80.1	74.0	66.8	61.0	69.0	87.1	22
2.2	2.6	3.0	3.0	3.8	4.3	4.4	3.1	2.2	2.4	4.1	23
Solvency (Year-end, Sole Proprietors Only)*											
89	84	81	81	83	80	85	90	92	94	101	24
3,667,344	3,670,892	3,953,187	3,994,222	4,126,516	4,140,478	4,275,004	4,396,884	4,953,705	5,317,361	5,170,473	25
1,271,925	1,241,969	1,283,940	1,297,771	1,329,095	1,313,213	1,306,029	1,357,861	1,506,174	1,669,413	1,601,001	26
2,395,419	2,428,924	2,669,246	2,696,451	2,797,420	2,827,265	2,968,975	3,039,023	3,447,531	3,647,948	3,569,472	27
35	34	32	32	32	32	31	31	34	35	31	28
Acreage Information											
211	208	210	210	226	240	235	226	276	282	281	29
845	902	940	939	940	947	940	906	883	863	855	30
203	208	226	236	233	233	233	237	222	226	230	31
592	626	661	651	661	665	659	629	625	595	575	32
50	67	53	53	46	48	48	40	36	42	50	33
Crop Yields											
175	167	204	207	204	175	164	201	200	198	199	34
52	48	58	62	55	53	49	58	58	53	54	35
6.48	4.35	3.63	3.38	3.17	3.27	3.58	3.37	4.84	6.06	6.17	36
13.97	12.73	10.12	8.92	9.23	9.20	8.46	9.08	11.59	13.97	13.86	37
Household Information											
32	41	32	44	45	34	39	35	35	29	39	38
3.0	2.8	3.1	3.0	2.6	2.6	2.9	2.5	2.8	2.8	3.2	39
72,592	73,073	64,621	73,384	69,964	72,096	66,585	62,504	68,562	69,517	85,495	40
159,539	140,853	158,913	125,223	116,348	110,123	99,802	100,287	148,162	163,829	202,819	41
35,723	42,073	36,083	39,590	38,552	41,141	47,034	51,952	66,037	53,971	66,243	42

Financial Summary
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Gross Farm Income)

	<u>Avg. Of All Farms</u>	<u>100,001 - 250,000</u>	<u>250,001 - 500,000</u>	<u>500,001 - 1,000,000</u>	<u>1,000,001 - 2,000,000</u>	<u>Over 2,000,000</u>
Number of farms	116	15	23	36	30	11
Income Statement						
Gross cash farm income	1,269,180	153,045	395,123	737,794	1,371,170	6,193,117
Total cash farm expense	976,294	122,637	265,299	531,687	900,872	5,374,785
Net cash farm income	292,886	30,408	129,824	206,108	470,299	818,332
Inventory change	-194,542	-619	-56,808	-77,635	-249,966	-996,115
Depreciation	-79,695	-11,801	-38,496	-63,019	-110,512	-235,734
Net farm income from operations	18,649	17,988	34,521	65,454	109,821	-413,516
Gain or loss on capital sales	16,107	440	6,080	10,648	42,928	4,623
Average net farm income	34,756	18,428	40,601	76,102	152,748	-408,893
Median net farm income	52,653	11,055	30,341	90,815	132,855	-267,811
Profitability (cost)						
Rate of return on assets	-0.2 %	1.3 %	0.6 %	1.4 %	1.8 %	-3.7 %
Rate of return on equity	-2.4 %	-0.1 %	-0.5 %	0.3 %	0.7 %	-8.8 %
Operating profit margin	-0.8 %	5.6 %	2.7 %	4.5 %	6.7 %	-14.9 %
Asset turnover rate	26.5 %	23.0 %	23.4 %	30.1 %	27.3 %	24.6 %
Profitability (market)						
Rate of return on assets	3.2 %	2.4 %	4.4 %	4.4 %	4.8 %	-0.2 %
Rate of return on equity	3.4 %	2.3 %	5.3 %	5.4 %	6.3 %	-2.8 %
Operating profit margin	17.3 %	16.4 %	33.4 %	23.1 %	25.8 %	-1.0 %
Asset turnover rate	18.3 %	14.6 %	13.3 %	19.0 %	18.8 %	19.3 %
Liquidity & Repayment (end of year)						
Current assets	1,008,792	186,468	410,295	622,363	1,461,614	3,501,942
Current liabilities	382,131	34,383	89,081	201,528	427,973	1,969,219
Current ratio	2.64	5.42	4.61	3.09	3.42	1.78
Working capital	626,662	152,085	321,214	420,834	1,033,641	1,532,723
Change in working capital	-214,596	875	-92,964	-121,193	-271,267	-930,943
Working capital to gross revenue	55.8 %	95.8 %	92.6 %	62.4 %	86.7 %	28.2 %
Working capital to oper expense	64.1 %	127.0 %	124.2 %	80.7 %	113.0 %	28.3 %
Debt coverage ratio	0.65	1.99	1.21	1.58	1.30	-0.65
Term debt coverage ratio	0.60	2.12	1.25	1.66	1.32	-1.09
Replacement coverage ratio	0.45	1.65	0.66	1.02	0.80	-0.53
Term debt to EBITDA	4.49	4.53	2.63	2.42	3.35	76.63
Solvency (end of year at cost)						
Number of farms	116	15	23	36	30	11
Total assets	3,784,759	1,182,671	1,979,704	2,707,741	5,161,314	11,180,463
Total liabilities	1,133,124	393,932	423,918	706,964	1,445,474	4,245,902
Net worth	2,651,634	788,739	1,555,786	2,000,777	3,715,841	6,934,561
Net worth change	-9,291	49,922	111,492	71,193	24,677	-699,872
Farm debt to asset ratio	33 %	44 %	22 %	29 %	31 %	39 %
Total debt to asset ratio	30 %	33 %	21 %	26 %	28 %	38 %
Change in earned net worth %	0 %	7 %	8 %	4 %	1 %	-9 %
Solvency (end of year at market)						
Number of farms	116	15	23	36	30	11
Total assets	5,583,816	1,625,471	3,723,814	4,165,816	7,577,963	14,531,126
Total liabilities	1,841,924	505,875	854,132	1,235,292	2,540,884	5,950,659
Net worth	3,741,892	1,119,596	2,869,682	2,930,525	5,037,078	8,580,466
Total net worth change	154,187	68,490	155,040	215,084	296,684	-305,567
Farm debt to asset ratio	36 %	38 %	27 %	32 %	37 %	42 %
Total debt to asset ratio	33 %	31 %	23 %	30 %	34 %	41 %
Change in total net worth %	4 %	7 %	6 %	8 %	6 %	-3 %
Nonfarm Information						
Net nonfarm income	66,243	75,647	71,494	76,576	61,214	27,703
Farms reporting living expenses	39	7	9	10	11	2
Total family living expense	85,495	76,347	88,290	95,463	83,327	-
Total living, invest, cap. purch	202,819	105,280	164,895	308,496	181,285	-
Crop Acres						
Total crop acres	855	136	416	711	1,105	2,617
Total crop acres owned	230	50	113	185	335	599
Total crop acres cash rented	575	86	207	457	752	1,965
Total crop acres share rented	50	-	95	69	18	52
Machinery value per crop acre	944	451	941	948	1,206	675

Financial Summary
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Farm Type)

	<u>Avg. Of All Farms</u>	<u>Crop</u>	<u>Other</u>
Number of farms	116	85	20
Income Statement			
Gross cash farm income	1,269,180	927,801	938,801
Total cash farm expense	976,294	661,398	688,967
Net cash farm income	292,886	266,403	249,834
Inventory change	-194,542	-157,054	-45,957
Depreciation	-79,695	-66,508	-103,012
Net farm income from operations	18,649	42,841	100,865
Gain or loss on capital sales	16,107	11,926	41,106
Average net farm income	34,756	54,767	141,971
Median net farm income	52,653	52,622	72,062
Profitability (cost)			
Rate of return on assets	-0.2 %	0.3 %	2.4 %
Rate of return on equity	-2.4 %	-1.3 %	1.5 %
Operating profit margin	-0.8 %	1.0 %	12.8 %
Asset turnover rate	26.5 %	31.1 %	18.4 %
Profitability (market)			
Rate of return on assets	3.2 %	4.6 %	2.8 %
Rate of return on equity	3.4 %	5.7 %	2.9 %
Operating profit margin	17.3 %	21.8 %	21.8 %
Asset turnover rate	18.3 %	20.9 %	13.0 %
Liquidity & Repayment (end of year)			
Current assets	1,008,792	926,511	1,034,358
Current liabilities	382,131	252,831	484,671
Current ratio	2.64	3.66	2.13
Working capital	626,662	673,681	549,687
Change in working capital	-214,596	-209,009	-71,947
Working capital to gross revenue	55.8 %	82.8 %	60.7 %
Working capital to oper expense	64.1 %	100.4 %	85.1 %
Debt coverage ratio	0.65	0.97	1.08
Term debt coverage ratio	0.60	0.97	1.09
Replacement coverage ratio	0.45	0.61	0.77
Term debt to EBITDA	4.49	3.35	3.70
Solvency (end of year at cost)			
Number of farms	116	85	20
Total assets	3,784,759	3,197,124	4,964,295
Total liabilities	1,133,124	862,878	1,404,621
Net worth	2,651,634	2,334,245	3,559,674
Net worth change	-9,291	32,710	24,915
Farm debt to asset ratio	33 %	29 %	33 %
Total debt to asset ratio	30 %	27 %	28 %
Change in earned net worth %	0 %	1 %	1 %
Solvency (end of year at market)			
Number of farms	116	85	20
Total assets	5,583,816	4,784,268	7,321,915
Total liabilities	1,841,924	1,537,341	2,181,420
Net worth	3,741,892	3,246,926	5,140,495
Total net worth change	154,187	240,368	-25,241
Farm debt to asset ratio	36 %	34 %	36 %
Total debt to asset ratio	33 %	32 %	30 %
Change in total net worth %	4 %	8 %	0 %
Nonfarm Information			
Net nonfarm income	66,243	75,691	39,644
Farms reporting living expenses	39	31	5
Total family living expense	85,495	81,766	104,262
Total living, invest, cap. purch	202,819	206,422	230,824
Crop Acres			
Total crop acres	855	931	615
Total crop acres owned	230	206	260
Total crop acres cash rented	575	666	319
Total crop acres share rented	50	59	36
Machinery value per crop acre	944	836	1,615

Financial Summary
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Debt to Asset Ratio)

	<u>Avg. Of All Farms</u>	<u>Less than 20%</u>	<u>20% - 40%</u>	<u>40% - 60%</u>	<u>60% - 80%</u>
Number of farms	116	28	44	34	7
Income Statement					
Gross cash farm income	1,269,180	615,528	1,242,980	2,037,584	732,913
Total cash farm expense	976,294	379,807	844,488	1,754,692	686,901
Net cash farm income	292,886	235,720	398,492	282,891	46,012
Inventory change	-194,542	-120,195	-273,661	-223,554	47,619
Depreciation	-79,695	-55,369	-96,999	-84,150	-74,916
Net farm income from operations	18,649	60,157	27,832	-24,813	18,715
Gain or loss on capital sales	16,107	6,736	13,635	9,992	105,737
Average net farm income	34,756	66,893	41,467	-14,821	124,452
Median net farm income	52,653	54,299	58,783	50,071	30,341
Profitability (cost)					
Rate of return on assets	-0.2 %	0.7 %	-0.3 %	-0.7 %	0.9 %
Rate of return on equity	-2.4 %	0.5 %	-1.6 %	-6.1 %	-17.4 %
Operating profit margin	-0.8 %	2.7 %	-1.1 %	-2.2 %	2.0 %
Asset turnover rate	26.5 %	24.3 %	23.3 %	30.4 %	44.6 %
Profitability (market)					
Rate of return on assets	3.2 %	3.1 %	3.1 %	3.4 %	2.4 %
Rate of return on equity	3.4 %	3.7 %	3.5 %	3.2 %	-1.2 %
Operating profit margin	17.3 %	22.5 %	19.0 %	15.0 %	7.5 %
Asset turnover rate	18.3 %	13.8 %	16.2 %	22.8 %	31.9 %
Liquidity & Repayment (end of year)					
Current assets	1,008,792	688,798	1,137,851	1,308,116	394,131
Current liabilities	382,131	43,213	318,469	752,383	440,061
Current ratio	2.64	15.94	3.57	1.74	0.90
Working capital	626,662	645,585	819,382	555,733	-45,931
Change in working capital	-214,596	-134,100	-222,297	-321,730	-33,863
Working capital to gross revenue	55.8 %	122.9 %	77.3 %	30.2 %	-6.1 %
Working capital to oper expense	64.1 %	158.8 %	91.4 %	32.8 %	-7.7 %
Debt coverage ratio	0.65	3.02	0.92	0.24	0.70
Term debt coverage ratio	0.60	2.97	0.91	0.04	0.70
Replacement coverage ratio	0.45	0.77	0.57	0.20	0.59
Term debt to EBITDA	4.49	0.58	4.03	7.19	6.14
Solvency (end of year at cost)					
Number of farms	116	28	44	34	7
Total assets	3,784,759	2,921,418	4,679,402	3,952,972	1,832,040
Total liabilities	1,133,124	131,281	1,106,699	1,928,018	1,434,216
Net worth	2,651,634	2,790,137	3,572,703	2,024,954	397,825
Net worth change	-9,291	121,558	-29,791	-110,968	71,027
Farm debt to asset ratio	33 %	4 %	26 %	50 %	82 %
Total debt to asset ratio	30 %	4 %	24 %	49 %	78 %
Change in earned net worth %	0 %	5 %	-1 %	-5 %	22 %
Solvency (end of year at market)					
Number of farms	116	28	44	34	7
Total assets	5,583,816	5,128,961	6,792,387	5,388,442	2,541,932
Total liabilities	1,841,924	740,445	1,982,853	2,653,144	1,697,010
Net worth	3,741,892	4,388,515	4,809,534	2,735,297	844,922
Total net worth change	154,187	172,289	196,545	104,132	115,571
Farm debt to asset ratio	36 %	17 %	31 %	51 %	69 %
Total debt to asset ratio	33 %	14 %	29 %	49 %	67 %
Change in total net worth %	4 %	4 %	4 %	4 %	16 %
Nonfarm Information					
Net nonfarm income	66,243	59,282	82,446	55,348	43,089
Farms reporting living expenses	39	13	17	9	-
Total family living expense	85,495	81,894	86,426	88,937	-
Total living, invest, cap. purch	202,819	257,446	168,090	189,513	-
Crop Acres					
Total crop acres	855	562	878	1,180	617
Total crop acres owned	230	175	316	217	43
Total crop acres cash rented	575	297	520	924	563
Total crop acres share rented	50	89	42	40	11
Machinery value per crop acre	944	1,088	1,100	718	1,163

Financial Summary
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Age of Operator)

	<u>Avg. Of All Farms</u>	<u>Less Than 31</u>	<u>31 - 40</u>	<u>41 - 50</u>	<u>51 - 60</u>	<u>Over 60</u>
Number of farms	116	13	16	22	15	50
Income Statement						
Gross cash farm income	1,269,180	404,137	1,144,813	866,677	1,138,995	1,750,044
Total cash farm expense	976,294	403,128	919,861	638,548	823,775	1,337,739
Net cash farm income	292,886	1,009	224,952	228,129	315,220	412,305
Inventory change	-194,542	57,063	-61,608	-18,469	-228,304	-369,840
Depreciation	-79,695	-9,475	-80,398	-75,568	-74,675	-101,050
Net farm income from operations	18,649	48,596	82,946	134,091	12,241	-58,585
Gain or loss on capital sales	16,107	45	7,101	16,379	18,241	22,406
Average net farm income	34,756	48,641	90,047	150,470	30,481	-36,179
Median net farm income	52,653	19,787	41,517	84,022	52,622	52,365
Profitability (cost)						
Rate of return on assets	-0.2 %	4.1 %	1.9 %	4.5 %	-0.5 %	-2.1 %
Rate of return on equity	-2.4 %	3.5 %	0.3 %	4.6 %	-3.1 %	-4.5 %
Operating profit margin	-0.8 %	5.8 %	5.1 %	15.6 %	-1.7 %	-10.2 %
Asset turnover rate	26.5 %	71.8 %	37.0 %	28.7 %	30.6 %	21.0 %
Profitability (market)						
Rate of return on assets	3.2 %	2.9 %	5.9 %	5.6 %	3.2 %	2.0 %
Rate of return on equity	3.4 %	0.6 %	8.8 %	7.6 %	3.6 %	1.8 %
Operating profit margin	17.3 %	4.3 %	18.1 %	26.7 %	17.5 %	14.9 %
Asset turnover rate	18.3 %	67.8 %	32.8 %	21.0 %	18.5 %	13.7 %
Liquidity & Repayment (end of year)						
Current assets	1,008,792	255,175	1,038,948	856,889	1,033,081	1,254,634
Current liabilities	382,131	111,702	353,595	356,734	401,428	466,958
Current ratio	2.64	2.28	2.94	2.40	2.57	2.69
Working capital	626,662	143,473	685,353	500,155	631,652	787,675
Change in working capital	-214,596	16,426	-239,059	-66,186	-273,769	-314,381
Working capital to gross revenue	55.8 %	30.9 %	60.9 %	59.0 %	66.6 %	53.7 %
Working capital to oper expense	64.1 %	36.9 %	75.3 %	85.1 %	77.5 %	57.3 %
Debt coverage ratio	0.65	2.98	1.03	1.67	0.02	0.02
Term debt coverage ratio	0.60	3.62	1.03	1.76	-0.11	-0.19
Replacement coverage ratio	0.45	2.64	0.94	1.26	0.01	0.01
Term debt to EBITDA	4.49	3.29	4.86	3.22	3.81	6.34
Solvency (end of year at cost)						
Number of farms	116	13	16	22	15	50
Total assets	3,784,759	852,675	3,363,230	3,531,268	3,634,388	4,838,637
Total liabilities	1,133,124	518,443	1,467,884	1,279,996	1,024,991	1,153,635
Net worth	2,651,634	334,232	1,895,346	2,251,271	2,609,396	3,685,002
Net worth change	-9,291	76,324	26,729	104,476	-37,176	-84,769
Farm debt to asset ratio	33 %	65 %	44 %	42 %	32 %	26 %
Total debt to asset ratio	30 %	61 %	44 %	36 %	28 %	24 %
Change in earned net worth %	0 %	30 %	1 %	5 %	-1 %	-2 %
Solvency (end of year at market)						
Number of farms	116	13	16	22	15	50
Total assets	5,583,816	925,795	3,871,629	4,652,759	5,992,355	7,629,906
Total liabilities	1,841,924	586,422	1,873,213	1,802,289	1,941,473	2,145,918
Net worth	3,741,892	339,373	1,998,416	2,850,470	4,050,882	5,483,988
Total net worth change	154,187	73,357	181,119	209,945	182,025	133,700
Farm debt to asset ratio	36 %	70 %	49 %	44 %	36 %	31 %
Total debt to asset ratio	33 %	63 %	48 %	39 %	32 %	28 %
Change in total net worth %	4 %	28 %	10 %	8 %	5 %	2 %
Nonfarm Information						
Net nonfarm income	66,243	55,137	52,928	64,658	69,212	73,198
Farms reporting living expenses	39	2	6	9	4	18
Total family living expense	85,495	-	79,110	95,004	-	81,703
Total living, invest, cap. purch	202,819	-	228,723	149,461	-	200,195
Crop Acres						
Total crop acres	855	418	1,259	785	910	853
Total crop acres owned	230	33	122	178	199	348
Total crop acres cash rented	575	371	1,026	551	711	453
Total crop acres share rented	50	13	111	55	-	52
Machinery value per crop acre	944	153	556	1,007	1,013	1,180

Financial Summary
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Number of Years Farming)

	<u>Avg. Of All Farms</u>	<u>10 or Less</u>	<u>11 - 20</u>	<u>21 - 30</u>	<u>31 - 40</u>	<u>Over 40</u>
Number of farms	116	26	19	10	14	47
Income Statement						
Gross cash farm income	1,269,180	385,217	1,251,571	1,196,968	1,245,464	1,787,727
Total cash farm expense	976,294	331,826	979,781	892,332	973,892	1,349,978
Net cash farm income	292,886	53,391	271,791	304,636	271,572	437,749
Inventory change	-194,542	14,773	-59,724	-47,878	-206,278	-392,542
Depreciation	-79,695	-19,937	-94,281	-97,402	-80,905	-102,729
Net farm income from operations	18,649	48,227	117,785	159,356	-15,611	-57,522
Gain or loss on capital sales	16,107	434	12,555	14,721	27,675	23,063
Average net farm income	34,756	48,660	130,340	174,078	12,065	-34,460
Median net farm income	52,653	20,051	96,073	69,528	22,520	52,685
Profitability (cost)						
Rate of return on assets	-0.2 %	3.4 %	2.7 %	3.8 %	-0.8 %	-2.1 %
Rate of return on equity	-2.4 %	2.7 %	1.7 %	3.3 %	-4.4 %	-4.3 %
Operating profit margin	-0.8 %	6.5 %	7.7 %	13.4 %	-3.0 %	-10.2 %
Asset turnover rate	26.5 %	51.9 %	35.2 %	28.4 %	27.8 %	20.7 %
Profitability (market)						
Rate of return on assets	3.2 %	4.3 %	6.3 %	5.3 %	2.1 %	2.2 %
Rate of return on equity	3.4 %	5.3 %	9.2 %	7.0 %	1.5 %	2.0 %
Operating profit margin	17.3 %	9.0 %	21.4 %	26.8 %	12.6 %	15.9 %
Asset turnover rate	18.3 %	47.7 %	29.5 %	19.6 %	16.9 %	13.6 %
Liquidity & Repayment (end of year)						
Current assets	1,008,792	280,523	1,204,539	1,243,317	1,068,933	1,264,720
Current liabilities	382,131	85,517	418,361	557,025	522,521	452,538
Current ratio	2.64	3.28	2.88	2.23	2.05	2.79
Working capital	626,662	195,006	786,179	686,291	546,412	812,182
Change in working capital	-214,596	-8,934	-205,085	-172,309	-274,868	-323,255
Working capital to gross revenue	55.8 %	47.9 %	63.8 %	60.2 %	51.2 %	54.6 %
Working capital to oper expense	64.1 %	60.2 %	81.5 %	84.7 %	58.1 %	58.3 %
Debt coverage ratio	0.65	2.80	1.18	1.48	-0.02	-0.01
Term debt coverage ratio	0.60	3.11	1.20	1.53	-0.22	-0.21
Replacement coverage ratio	0.45	2.27	0.97	1.10	-0.02	0.00
Term debt to EBITDA	4.49	3.31	3.79	3.50	4.90	6.45
Solvency (end of year at cost)						
Number of farms	116	26	19	10	14	47
Total assets	3,784,759	1,030,939	3,906,515	4,940,801	3,876,049	4,985,768
Total liabilities	1,133,124	511,136	1,503,855	1,724,831	1,262,461	1,162,913
Net worth	2,651,634	519,803	2,402,660	3,215,971	2,613,589	3,822,855
Net worth change	-9,291	61,015	123,824	-24,981	-45,573	-87,851
Farm debt to asset ratio	33 %	52 %	41 %	41 %	38 %	25 %
Total debt to asset ratio	30 %	50 %	38 %	35 %	33 %	23 %
Change in earned net worth %	0 %	13 %	5 %	-1 %	-2 %	-2 %
Solvency (end of year at market)						
Number of farms	116	26	19	10	14	47
Total assets	5,583,816	1,136,473	4,768,964	6,835,949	6,326,369	7,885,860
Total liabilities	1,841,924	588,941	2,050,441	2,576,311	2,173,875	2,195,639
Net worth	3,741,892	547,532	2,718,523	4,259,638	4,152,494	5,690,221
Total net worth change	154,187	77,970	309,993	139,818	132,800	142,793
Farm debt to asset ratio	36 %	56 %	46 %	43 %	39 %	30 %
Total debt to asset ratio	33 %	52 %	43 %	38 %	34 %	28 %
Change in total net worth %	4 %	17 %	13 %	3 %	3 %	3 %
Nonfarm Information						
Net nonfarm income	66,243	55,115	77,826	39,122	74,476	71,034
Farms reporting living expenses	39	5	9	4	4	17
Total family living expense	85,495	63,698	89,821	-	-	80,958
Total living, invest, cap. purch	202,819	230,588	125,562	-	-	203,923
Crop Acres						
Total crop acres	855	422	1,276	1,024	970	853
Total crop acres owned	230	29	146	306	240	356
Total crop acres cash rented	575	336	1,049	703	702	450
Total crop acres share rented	50	57	81	15	28	47
Machinery value per crop acre	944	327	740	1,044	1,010	1,189

Appendix I: Whole Farm Analysis Procedures and Measures

The whole-farm reports include summary financial statements and measures for all farms included in this report. Rounding of individual items may have caused minor discrepancies between those items and the printed totals which are calculated before rounding.

Financial Summary

This table summarizes key measures reported in several of the following tables.

Income Statement

This section summarizes key totals from the Income Statement table. *Average Net Farm Income* is the mean or average farm earnings of the group calculated on an accrual adjusted basis. *Median Net Farm Income* is the farm earnings of the median or middle farm in the group. If it is lower than the average, the average earnings are skewed because some farms had much higher earnings than the rest of the group. If it is higher than the average, the average earnings are skewed because some farms had much lower earnings than the rest of the group.

Profitability

See the Profitability Measures section below for an explanation of these measures.

Liquidity and Repayment Capacity

See the Financial Standards Measures and Liquidity Measures sections below for an explanation of these measures.

Solvency

This section summarizes key measures from the Balance Sheet reports.

Non-Farm Information

This section summarizes non-farm earnings for all farms and family living withdrawals for those sole proprietors who kept accurate family living records. More detail is included on the Household and Personal Expenses and Non-Farm Summary pages.

Crop Acres

This section summarizes acres used for cropping from the Crop Production and Marketing table.

Financial Standards Measures

This table contains the Farm Financial Standards Council's 13 financial measures for evaluating a farm's financial position and performance. This table also includes four additional ratios FFSC denotes as acceptable alternate measures of farm financial position and performance.

Liquidity

Current Ratio is calculated by dividing the total current farm assets by the total current farm liabilities.

Working Capital is calculated by subtracting current farm liabilities from current farm assets.

Working Capital to Gross Revenue is *Working Capital* divided by *Gross Revenues* (accrual).

Working Capital to Operating Expenses is *Working Capital* divided by *Total Operating Expense* (accrual) minus *Depreciation* and *Amortization*.

Solvency

Farm Debt to Asset Ratio is calculated by dividing the total farm liabilities by the total farm assets. It measures the proportion of farm assets financed by debt capital.

Farm Equity to Asset Ratio is calculated by dividing farm equity or net worth by the total farm assets. It measures the proportion of the farm assets financed by the owner's equity as opposed to debt. This is the opposite of the debt to asset ratio. These two measures always add up to 100 percent because they describe how total farm assets are financed.

Farm Debt to Equity Ratio measures farm debt relative to farm equity. It is calculated by dividing the total farm liabilities by the total farm net worth. The debt to equity ratio measures the amount of borrowed capital being employed for every dollar of equity capital.

Profitability

Rate of Return on Farm Assets can be thought of as the average interest rate being earned on all investments in the farm or ranch business. If assets are valued at market value, the rate of return on assets can be looked at as the "opportunity cost" of farming versus alternate investments. If assets are valued at cost value, the rate of return on assets more closely represents the actual return on the average dollar invested in the farm. The rate of return on farm assets is calculated as follows: $\text{Rate of Return on Assets} = \frac{\text{Return on Farm Assets}}{\text{Average Farm Investment}}$, where: $\text{Return on Farm Assets} = \text{Net Farm Income} + \text{Farm Interest} - \text{Value of Operator's Labor \& Management}$, and $\text{Average Farm Investment} = \frac{(\text{Beginning Total Farm Assets} + \text{Ending Total Farm Assets})}{2}$.

Rate of Return on Farm Equity represents the interest rate being earned on farm net worth. If assets are valued at market value, this return can be compared to returns available if the assets were liquidated and invested in alternate investments. If assets are valued at cost value, this more closely represents the actual return on the funds that have been invested or retained in the business. The rate of return on farm equity is calculated as follows: $\text{Rate of Return on Equity} = \frac{\text{Return on Farm Equity}}{\text{Average Farm Net Worth}}$, where: $\text{Return on Farm Equity} = \text{Net Farm Income} - \text{Value of Operator's Labor \& Management}$, and $\text{Average Farm Net Worth} = \frac{(\text{Beginning Farm Net Worth} + \text{Ending Farm Net Worth})}{2}$.

Operating Profit Margin is a measure of the operating efficiency of the business. It is calculated as follows: $\text{Operating Profit Margin} = \frac{\text{Return to Farm Assets}}{\text{Value of Farm Production}}$. If expenses are held in line relative to the value of output produced, the farm will have a healthy operating profit margin. A low net profit margin may be caused by low prices, high operating expenses, or inefficient production.

Asset Turnover Rate is a measure of efficiency in using capital. It is calculated as follows: $\text{Asset Turnover Rate} = \text{Value of Farm Production} \div \text{Total Farm Assets}$.

Repayment Capacity

Debt Coverage Ratio indicates whether the business generated enough income to cover current interest expense and all scheduled term debt payments. It is calculated by dividing repayment and replacement capacity by total debt repayment. Repayment and replacement capacity are the funds generated by the business for debt repayment (net cash farm income + non-farm income + interest expense - family living expense - income taxes). Total debt repayment includes the total term debt payments (annual scheduled principal and interest payments on intermediate and long term debt) plus interest expense on current debt. A ratio less than 1.0 indicates that the business did not generate sufficient cash to meet scheduled payments in the past year. A ratio greater than 1.0 indicates the business generated enough cash to pay all term debt payments.

Term Debt Coverage Ratio measures whether the business generated enough income to cover term debt payments. It is calculated by dividing the funds generated by the business for debt repayment (net cash farm income + non-farm income + interest expense - family living expense - income taxes) by total term debt payments (annual scheduled principal and interest payments on intermediate and long term debt). A ratio less than 1.0 indicates that the business did not generate sufficient cash to meet scheduled payments in the past year. A ratio greater than 1.0 indicates the business generated enough cash to pay all term debt payments.

Replacement Coverage Ratio measures whether the business generated enough income to cover scheduled term debt payments plus estimated cash capital replacement needs. A ratio less than 1.0 indicates that the business did not generate sufficient income to meet replacement needs. A ratio greater than 1.0 indicates the business generated enough income to pay all term debt payments and cover an allowance for capital replacement.

Financial Efficiency

These four ratios reflect the distribution of gross income to cover operating expenses and generate farm income. The sum of the operating expense ratio, depreciation expense ratio, and interest expense ratio equals the percent of gross income used to pay business expenses. The amount remaining is net farm income. Accrual gross farm income is used to calculate these ratios.

Operating Expense Ratio is calculated as $(\text{Total Farm Operating Expense} - \text{Farm Interest Expense}) \div \text{Gross Farm Income}$. This ratio indicates the percent of the gross farm income that was used to pay operating expenses. Total farm operating expense is the accrual total operating expense.

Depreciation Expense Ratio is calculated as $\text{Depreciation} \div \text{Gross Farm Income}$. This ratio indicates the percentage of the gross farm income that was used to cover depreciation and other capital adjustments.

Interest Expense Ratio is calculated as $\text{Farm Interest Expense} \div \text{Gross Farm Income}$. This ratio indicates the percentage of the gross farm income used for farm interest expenses. This is the same ratio as the accrual interest as a percent of income from the Liquidity table.

Net Farm Income Ratio is calculated as *Net Farm Income* divided by *Gross Farm Income*. This ratio indicates the percentage of the gross farm income that remained after all expenses.

Farm Income Statement

The Farm Income Statement is a summary of income, expenses, and resultant profit or loss from farming operations during the calendar year. The first section lists cash farm income from all sources. The second section lists cash expenses. "Interest" includes only interest actually paid. No opportunity charges on farm equity capital or unpaid labor are included. The difference between *Gross Cash Farm Income* and *Total Cash Expense* is the *Net Cash Farm Income*.

The third and fourth sections deal with noncash changes in the farm business. The *Inventory Changes* and *Depreciation* sections are used to convert the cash income statement (Net Cash Farm Income) derived from the first two sections into an accrual income statement. The resulting "Net Farm Income" represents the return to the operator's and family's unpaid labor, management, and equity capital (net worth). In other words, it represents the return to all of the resources which are owned by the farm family and, hence, not purchased or paid a wage. However, it does not include any asset appreciation, debt forgiveness or asset repossessions.

Profitability Measures

Profitability is measured using assets valued first at cost and then at market. The reports include five measures of profit followed by the values used to calculate the measures.

Net Farm Income is repeated from the Farm Income Statement report. When assets are valued at market, it includes the change in market valuation of capital for the year.

Rate of Return on Assets is the *Return to Farm Assets* divided by *Average Farm Assets*.

Rate of Return on Equity is the *Return to Farm Equity* divided by *Average Farm Equity*.

Operating Profit Margin is the *Return to Farm Assets* divided by *Value of Farm Production*.

Asset Turnover Rate is the *Value of Farm Production* divided by *Average Farm Assets*.

Farm Interest Expense is the accrued interest cost so it will be different from the cash interest paid shown in the Farm Income Statement.

Value of Operator's Labor and Management is its opportunity cost. It is assigned by farm within suggested guidelines.

Return on Farm Assets is calculated by adding *Farm Interest Expense* and *Net Farm Income* and then subtracting the *Value of Operator's Labor and Management*.

Average Farm Assets is the average of beginning and ending total farm assets for all farms, not just those included in the Balance Sheet report.

Return to Farm Equity is calculated by subtracting the *Value of Operator's Labor and Management* from *Net Farm Income*.

Average Farm Equity is the average of beginning and ending farm net worth.

Value of Farm Production is gross farm income minus feeder livestock and feed purchased and adjusted for inventory changes in crops, market livestock and breeding livestock.

Liquidity and Repayment Capacity Measures

Liquidity

Current Ratio is total *Current Assets* divided by total *Current Liabilities*.

Working Capital is total *Current Assets* minus total *Current Liabilities*.

Change in Working Capital is the change in *Working Capital* from beginning of the year to year end.

Working Capital to Gross Revenue is *Working Capital* divided by *Gross Revenues (accrual)*.

Working Capital to Operating Expenses is *Working Capital* divided by *Total Operating Expense (accrual)* minus *Depreciation* and *Amortization*.

Current Assets are taken from the ending balance sheet and include all assets that will be sold or used up in production within one business year.

Current Liabilities are taken from the ending balance sheet and include all loans and other debt due to be repaid within one business year. Principal due within twelve months on intermediate and long-term loans is included.

Gross Revenues (accrual) is gross cash farm income from the income statement adjusted for inventory changes in prepaid expenses, crops and feed, market livestock, accounts receivable, hedging accounts, breeding livestock and other income related inventories.

Total Operating Expenses (accrual) is total cash farm expenses from the income statement adjusted for inventory changes in accounts payable and accrued interest.

Repayment Capacity

Net Farm Income from Operations is from the Income Statement.

Depreciation is the total depreciation from the Income Statement. It is added as a source of repayment because it is a non-cash expense that was subtracted to arrive at *Net Farm Income From Operations*.

Personal Income is the average for all farms, not including *Gifts and Inheritances*.

Family Living/Owner Withdrawals is the amount of owner withdrawals for family living, partnership withdrawals, and corporate dividends.

Cash Discrepancy reports any discrepancy with actual cash disappearance.

Income Taxes Paid are total federal, state, and social security taxes paid during the year on farm and personal earnings.

Interest Expense is the amount of interest paid on current, intermediate and long-term loans during the year. Interest is added as a source of repayment because it was previously subtracted to arrive at *Net Farm Income from Operations*.

Debt Repayment Capacity is *Net Farm Income From Operations* plus *Depreciation, Personal Income, and Interest Expense* minus *Family Living/Owner Withdrawals, and Income Taxes Paid*.

Debt Payments is the scheduled amount of interest due on current debt plus the scheduled principal and interest payments due on intermediate and long-term loans from the beginning balance sheet.

Repayment Margin is *Debt Repayment Capacity* minus *Debt Payments*. This is the amount by which earnings available for debt repayment exceeded payments due.

Cash Replacement Allowance is the estimated amount of cash needed to cover the portion of capital replacement needs that normally come from cash flow. It is estimated for each operator based on their financial structure.

Replacement Margin is *Repayment Margin* minus *Cash Replacement Allowance*. This is the amount by which earnings available for debt repayment and replacement exceed payments due and cash replacement needs.

Debt Coverage Ratio is *Debt Repayment Capacity* divided by *Debt Payments*. This is how many times all debt payments are covered by repayment capacity.

Term Debt Coverage Ratio is *Debt Repayment Capacity* divided by *Scheduled Term Debt Payments*. This is how many times all current interest and scheduled payments are covered by repayment capacity.

Replacement Coverage Ratio is *Debt Repayment Capacity* divided by the total of *Debt Payments* and the *Cash Replacement Allowance*. This represents how many times scheduled payments and cash replacement needs are covered by repayment capacity.

Balance Sheets at Cost and Market Values

These tables include all farm and personal assets and liabilities reported by these farms on their beginning and ending balance sheets. Government crop loans are treated consistently as loans on these tables, meaning that the full asset value is included as an asset and total accrued interest and outstanding principal balances are included as liabilities. Capital assets are valued at original purchase price minus economic depreciation on the Cost Value table. Assets are valued at a conservative market value on the Market Value table. Deferred liabilities are included on the Market Value table. Deferred liabilities are an estimate of the taxes that would be due if the business was liquidated on the date of the balance sheet.

Statement of Owner's Equity

This table reports the total change in net worth for the year. It reports the *Total Change in Retained Earnings, Total Change in Contributed Capital, and Total Change in Market Valuation* for the year.

Statement of Cash Flows

This table reports the sources from which cash was available or obtained and where that cash was used or remains at the end of the year.

Crop Production and Marketing Summary

This table contains three sections. The first section reports average acreage by tenure and general use. The next two sections show average price received from cash sales and average yields for major crops.

Household and Personal Expenses

For those farms that kept records, the household and personal expenses are summarized in this table. Since not all farms keep these records, the number of farms may be different for each group. Averages are determined by the number of farms keeping these records.

Operator and Labor Information

This table has four sections. The first reports the averages for the number of operators per farm, the operator's age, and the number of years farming. The second section reports various measures and results per operator compared to per farm in other reports.

The third section reports the amount of labor used and the returns to that labor. *Total Unpaid Labor Hours* and *Total Hired Labor Hours* are based on farmers' estimates of labor use. No labor records are kept for unpaid labor. *Value of Farm Production/Hour* is the *Value of Farm Production* divided by *Total Labor Hours per Farm*. *Net Farm Income/Unpaid Hour* is *Net Farm Income* divided by *Total Unpaid Labor Hours*.

The fourth section reports the number of partnerships and withdrawals in each grouping.

Non-Farm Summary

This table reports the income from non-farm sources which is included in a farmer's total net income. Not all farms have non-farm income, but the figure reported is the average over all farms, not just those reporting non-farm income. Also reported are the beginning and ending values for non-farm assets for all farms (not just sole proprietors).

Appendix II: Crop Enterprise Analysis Procedures and Measures

The Crop Enterprise Analysis tables show the profitability of each crop enterprise produced by five or more farms.

Gross Return is the *Average Yield* multiplied by the *Value Per Unit* plus any other production or income related to the crop. *Value Per Unit* for cash crops is the average sales price for crops sold before the end of the year and the average ending inventory value for crops remaining unsold. For feed crops, it is the estimated harvest-time value. Other commodity-specific income is added to estimate the total value received for crop production.

Direct Expenses include expenses that are directly related to the production of the specific crop. Most direct expenses are directly assigned to production of the crop and simply divided by acres. Some, such as fuel and oil and repairs, which are difficult to assign directly to specific fields or crops, are determined by allocating the total annual expense across all enterprises using allocation factors entered for each crop.

Overhead Expenses are also determined by allocating the total annual expense across all enterprises using allocation factors entered for each crop.

Net Return per Acre is the *Gross Return per Acre* minus *Total Direct and Overhead Expenses*.

Net Return with Government Payments is *Net Return per Acre* plus *Government Payments*. *Government Payments* include any government payment received by the farm related to the current production year except those EQIP and CSP payments that offset annual production expenses. (Those payments are included in the *Gross Return* calculation.) Because direct government payments have been decoupled from actual production, these payments are generally allocated to all crops excluding vegetables and pasture. This is done for each farm by allocating the direct payments from the whole farm to these crops.

Net Return over Labor and Management is calculated by allocating the farmer's charge for unpaid labor and management across all enterprises and subtracting it from *Net Return with Government Payments*.

Cost of Production is calculated by dividing the total expense for each category by the yield per acre. *Total Expense Less Government and Other Income* is total expense minus government payments, income from secondary products, and other income, divided by yield per acre.

Machinery Cost Per Acre is the sum of fuel and oil, repairs, custom hire expense, machinery lease payments, machinery depreciation, and interest on intermediate debt divided by acres.

Estimated Labor Hours Per Acre is calculated by allocating the farmer's estimate of total operator and hired labor hours for the year across all enterprises.

Rounding of individual items for the report may have caused minor discrepancies with the calculated totals. If fewer than five farms have a certain crop enterprise, that information is not reported. If there are fewer than 25 farms, the high and low groups are not reported.

Appendix III: Livestock Enterprise Analysis Procedures and Measures

The Livestock Enterprise Analysis tables show the profitability of each livestock enterprise produced by five or more farms.

Gross Margin includes product and livestock sales, cull sales, the value of offspring transferred out of the enterprise, the value of inventory change from beginning to end of year, and any other income assigned to the enterprise. Livestock purchases and the value of animals transferred in from other enterprises are subtracted.

Direct Expenses include expenses that are directly related to the specific livestock enterprise. Feed and most other direct expenses are directly assigned based on farm records. Some, such as fuel and oil and repairs, which are difficult to assign directly to enterprises, are determined by allocating the total annual expense across all enterprises using allocation factors entered for each farm.

Overhead Expenses are also determined by allocating the total annual expense across all enterprises using allocation factors entered for each farm.

Net Return is the *Gross Return* minus *Total Direct and Overhead Expenses*.

Net Return over Labor and Management is calculated by allocating the farmer's charge for unpaid labor and management across all enterprises and subtracting it from Net Return.

Estimated Labor Hours is calculated by allocating the farmer's estimate of total operator and hired labor hours for the year across all enterprises.

Cost of Production is calculated by dividing the total expense for each category by total production. For grow/finish enterprises, the Purchases and Transfers In are included in direct expense. Cull sales, other offspring sales, and any other miscellaneous income are subtracted and replacement purchases and transfers in are added to arrive at the cost *with other revenue adjustments*. *With Labor and Management* is the cost with other revenue adjustments plus the producer's charge for operator's labor and management. This is the breakeven price for the primary product to provide a return for operator labor and management.

The last section of each livestock table contains both economic and technical efficiency measures. *Lbs. of feed per lbs. of grain* is the pounds of total feed divided by total production. For grains, these pounds per bushel are used: corn, 56; oats, 32; barley, 48; grain sorghum, 56; wheat, 60; and millet, 48. For these forages, the units are converted to pounds and then adjusted by these factors: alfalfa haylage, 0.5; corn silage, 0.33; oatlage, 0.5; sorghum silage, 0.33; and small grain silage, 0.33.

The calving and weaning percentages are calculated as the number of calves which are calved and weaned, respectively, divided by the number of cows which are supposed to bear young.

Rounding of individual items for the report may have caused minor discrepancies with the calculated totals. If fewer than five farms have a certain livestock enterprise, that information is not reported. If there are fewer than 25 farms, the high and low groups are not reported.

Appendix IV: Prices Used in the Analysis Report

Item	Beg. Inventory Value (1/1/2023)	Average for Year (Feed Fed Value)	End. Inventory Value (1/1/2024)
Corn/bu.	\$6.83	\$5.64	\$4.57
Oats/bu.	\$4.11	\$3.62	\$3.67
Wheat/bu.	\$8.98	\$7.72	\$6.58
Soybeans/bu.	\$14.82	\$13.60	\$12.60
Alfalfa Hay/ton	\$225	\$194	\$178
Alfalfa Haylage/ton	\$97	\$83	\$77
Grass/Mixed Hay/ton	\$180	\$163	\$160
Corn Silage/ton	\$55	\$45	\$37
Oat Straw – bale & ton	\$4/bale - \$150/ton	\$3.75/bale - \$125/ton	\$3.75/bale - \$125/ton
Cornstalks/ton	\$50	\$50	\$50
Oatlage/ton	\$44	\$36	\$29

Valuation Notes

Enterprise production (harvest price) is valued at actual selling price if sold or contracted, inventory price for balance.

All commodities are valued on an as fed moisture basis and corrected to standard test weight.

The values above are adjusted for quality based on the individual member's information.

Other Prices and Valuations Used

- Pasture costs - \$66/acre. Adjusted for quality and carrying capacity if needed.
- Value of milk fed to calves - \$1.50/gallon.

Depreciation is calculated by using a 5 percent rate for buildings, 10 percent for machinery, 20 percent for beef cattle and sheep and 33 percent for breeding hogs and dairy cows. The economic depreciation is calculated by taking the beginning cost (book) value, plus new purchases (book), less book value of sold items multiplied by the appropriate percentage rate.

Value of unpaid operator's labor is calculated by using this formula: For sole proprietors and partnerships, labor and management is valued at \$30,000 per operator plus 5 percent of the value of farm production, with a minimum of \$35,000 for a full-time farm operator. This value is used in calculating ROA, ROE and other whole farm ratios and is also allocated as an opportunity cost to crop and livestock enterprises.



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This material is based upon work supported by USDA/NIFA under Award Number 2023-38504-41022. This is a National Farm Business Management and Benchmarking Grant from the USDA National Institute of Food and Agriculture.



United States Department of Agriculture
National Institute of Food and Agriculture