

# Executive Summary Edition

## 2018

### Farm

### Analysis

### Report of

### Moorhead

This is the 43rd edition of this report published by the Northland College-Moorhead MN. Farm Business Management Department. The numbers for this report came from records kept by each farm family enrolled in the farm management education program provided by Northland Community and Technical College, Thief River Falls, MN.

*In 2018, 76 farms (with an equivalent of 84 full-time operators), located mainly in western Clay and Norman counties, Minnesota, were included in the averages. The average farmer was 46.7 years old with 23.7 years of farming experience. Farms averaged 1909.2 acres per farm with 450.9 acres of that owned. Sugarbeets generated the largest gross dollar amount per farm (\$289,701). Soybeans (\$241,612) moved in 2nd ahead of Corn(\$220,359). Wheat followed in fourth at (\$172,454). The largest single expense was land rent (\$204,180) per farm, up 4.5% from last year. Seed expense stayed in 2nd at (\$136,480). Fertilizer (\$133,240), Chemicals (\$88,874) and Repairs(\$77,162) were the next three expenses.*

*Net Farm Income (\$144,499) was 33.9% higher than the five year average, and 33.1% higher than 2016. Much of the profit was due to better corn and soybean yields and Market Facilitation Program payments on all three commodity crops, especially soybeans. On average, producers generated (\$58,650) above what their financial commitments (accrual farm expenses, family living draws and scheduled principal payments) were for 2018.*

Information about our Farm Business Management program and other financial reports can be found at our website: **[www.NorthlandFBM-Moorhead.com](http://www.NorthlandFBM-Moorhead.com)**

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**NORTHLAND**  
COMMUNITY & TECHNICAL COLLEGE

## Statement of Cash Flows - Total of 76 Farms in Analysis Report

Soybeans	\$18,362,512
Sugarbeets	\$22,017,276
Corn	\$16,747,284
Wheat	\$13,106,504
Other Crops	\$3,565,236
Government Pymts	\$4,744,604
Remaining Farm Income	\$9,442,924

Total Cash Farm Income \$87,986,340

Fertilizer	\$10,126,240
Land Rent	\$15,517,680
Seed	\$10,372,480
Chemicals	\$6,754,424
Repairs	\$5,864,312
Fuel	\$3,812,616
Crop Insurance	\$2,618,504
Remaining Farm Expenses	\$20,548,044

Total Farm Expense (\$75,614,300)

Net Cash from Hedging \$592,040

Net Nonfarm Income \$2,539,388

Apparent Family Living (\$6,692,028)  
Income & SS Tax Paid (\$1,579,508)

**Cash From Operating Activities \$7,231,932**

Sale of Machinery	\$1,728,696
Sale of Farm Land	\$168,264
Sale of Other Farm Assets	\$206,492
Sale of Nonfarm Assets	\$489,060

Total Sales of Assets \$2,592,512

Purchase of Machinery	(\$8,217,424)
Purchase of Farm Land	(\$2,292,996)
Pur of Farm Bldgs/Tiling	(\$1,207,184)
Pur of Other Farm Assets	(\$2,361,244)
Pur of Nonfarm Assets	(\$3,054,972)

Total Purchase of Assets (\$17,133,820)

**Cash From Investing Activities (\$14,541,308)**

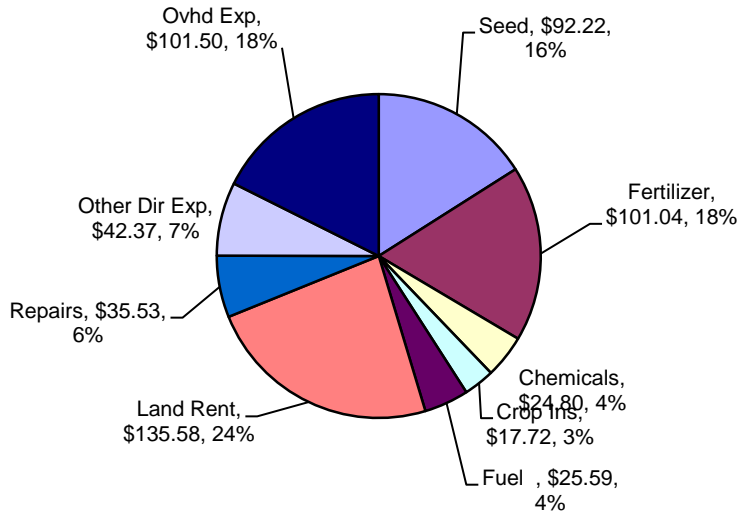
Money Borrowed	\$49,132,556
Principal Payments	(\$39,781,060)
Gifts & Inheritances	\$92,188

**Cash From Financing Activities \$9,443,684**

Net change in cash balance: \$2,134,308

**Inventory Change: \$4,323,792**

### Corn - Cash Rented (Ave of all Farms)



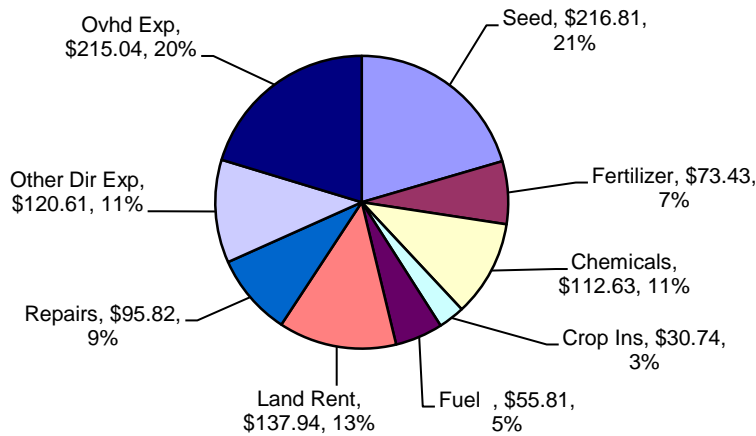
My Farm		
	\$/A.	%
Seed		
Fertilizer		
Chemicals		
Crop Ins		
Fuel		
Repairs		
Land Rent		
Other Dir		
Ovhd Exp		

	2014	2015	2016	2017	2018
Yield	139.78	158.54	182.04	168.11	184.43
**Total Costs/Acre	\$644.96	\$596.65	\$558.31	\$560.04	\$576.32
Total Costs/Bu	\$4.61	\$3.76	\$3.07	\$3.33	\$3.12

My Farm		
Yield		
Costs/A.		
Costs/Bu.		

\*\*-does not include principal pymts or personal draw

### Sugarbeets-Cash Rented excluding Joint Venture (Ave of all Farms)



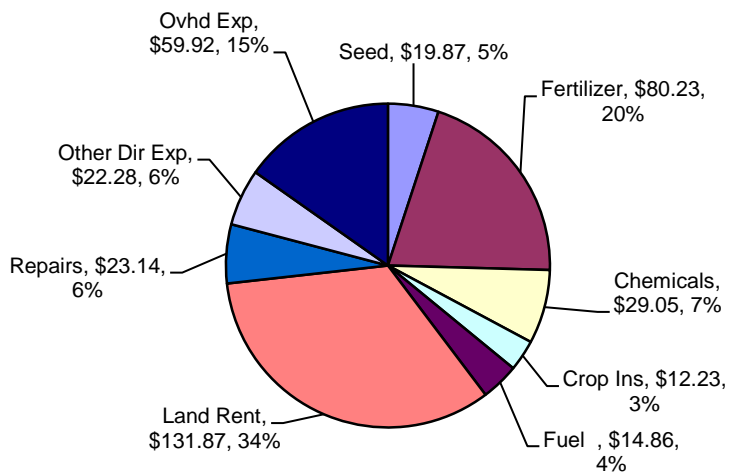
My Farm		
	\$/A.	%
Seed		
Fertilizer		
Chemicals		
Crop Ins		
Fuel		
Repairs		
Land Rent		
Other Dir		
Ovhd Exp		

	2014	2015	2016	2017	2018
Yield	22.56	28.69	33.10	31.47	29.66
**Total Costs/Acre	\$1,073.95	\$1,066.98	\$1,086.40	\$1,038.63	\$1,058.83
Total Costs/Ton	\$47.60	\$37.19	\$32.82	\$33.00	\$35.70

My Farm		
Yield		
Costs/A.		
Costs/T.		

\*\*-does not include principal pymts or personal draw

### Spring Wheat - Cash Rented (Ave of all Farms)



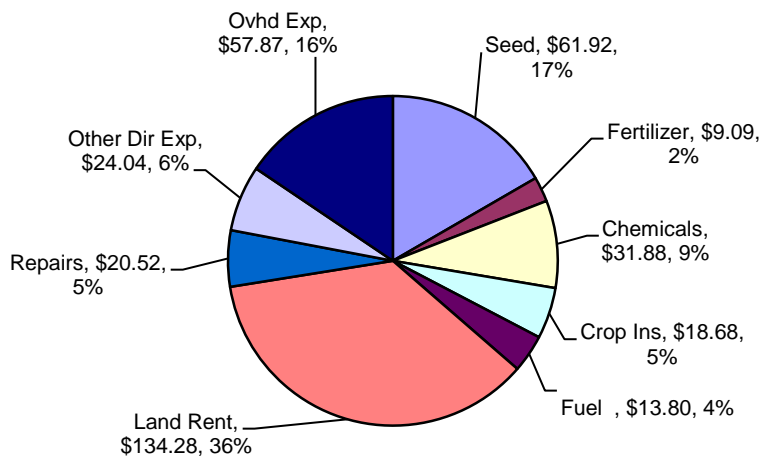
My Farm		
	\$/A.	%
Seed		
Fertilizer		
Chemicals		
Crop Ins		
Fuel		
Repairs		
Land Rent		
Other Dir		
Ovhd Exp		

	2014	2015	2016	2017	2018
Yield	70.73	75.50	69.20	73.41	63.11
**Total Costs/Acre	\$438.94	\$409.59	\$388.92	\$388.20	\$393.45
Total Costs/Bu	\$6.21	\$5.43	\$5.62	\$5.29	\$6.23

My Farm		
Yield		
Costs/A.		
Costs/bu.		

\*\*-does not include principal pymts or personal draw

### Soybeans - Cash Rented (Ave of all Farms)



My Farm		
	\$/A.	%
Seed		
Fertilizer		
Chemicals		
Crop Ins		
Fuel		
Repairs		
Land Rent		
Other Dir		
Ovhd Exp		

	2014	2015	2016	2017	2018
Yield	40.27	44.61	46.00	36.59	45.36
**Total Costs/Acre	\$393.39	\$368.74	\$365.12	\$378.22	\$372.10
Total Costs/Bu	\$9.77	\$8.27	\$7.94	\$10.34	\$8.20

My Farm		
Yield		
Costs/A.		
Costs/Bu.		

\*\*-does not include principal pymts or personal draw

## Farm Financial Scorecard

	This Year	5-Year Ave	Strong	Vulnerable
			2.0	1.3
<b>Liquidity</b>				
Current ratio	1.47	1.67		
Working capital	\$288,430	\$332,905		
Working cap to gross revenue	24.0%	31.0%		
<b>Solvency (market)</b>	Note: These solvency ratios include deferred liabilities			
Farm debt/asset ratio	45%	42%		
Farm equity/asset ratio	55%	58%		
Farm debt/equity ratio	0.80	0.71		
<b>Profitability (Cost)</b>				
Rate of return on farm assets	3.6%	2.6%		
Rate of return on farm equity	3.1%	1.6%		
Operating profit margin	9.0%	6.5%		
Net farm income	\$144,499	\$107,862		
EBITDA	\$275,977	\$234,624		
<b>Repayment Capacity (Accrual)</b>				
Capital debt repay capacity	\$168,638	\$125,933		
Capital debt repay margin	\$58,650	\$14,608		
Replacement margin	\$5,112	\$36,616		
Term-debt coverage ratio	1.53	1.17		
Replacement margin ratio	1.03	0.78		
<b>Financial Efficiency</b>				
Asset-turnover rate (market)	40.4%	38.4%		
Operating-expense ratio	77.7%	78.7%		
Depreciation-expense ratio	6.3%	7.4%		
Interest-expense ratio	4.7%	4.5%		
Net farm income ratio	12.0%	9.7%		