

# ORGANIC FARM BUSINESS MANAGEMENT

ANNUAL REPORT

*Minnesota*



2006

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## WHY THIS REPORT?

Although organic farming and food sales continue to grow at a great clip, no one really knows how profitable organic farming is. While there is lots of anecdotal information about farm performance and profitability, until now there has been no systematically-collected information about production, financial performance, or profitability of organic farms. The Organic Farm Business Management (FBM) Project, led by the Minnesota Department of Agriculture (MDA) and funded by the USDA Risk Management Agency (RMA) has changed all that. This report summarizes actual 2006 farm data from 71 **certified organic** operations in Minnesota.

## HOW DOES THE ORGANIC FBM PROJECT WORK?

Producers who participate in the program receive a rebate on their Farm Business Management Program (FBM) tuition costs. They work one-on-one with a local FBM instructor to keep and use quality records in their farm business decisions. They use FINPACK, financial management software from the University of Minnesota Center for Farm Financial Management (CFFM), which has been updated to accommodate some of the unique features of organic farms. The farm data is then stripped of all its identifying characteristics (so the producers remain absolutely anonymous) and incorporated into FINBIN, a CFFM database at [www.finbin.umn.edu](http://www.finbin.umn.edu).

### The project offers important benefits:

1. **Organic producers** can track their own finances and enterprise performance better and benchmark with other organic producers
2. **Conventional producers** can use these data as they evaluate organic's potential for their own operations
3. **Lenders** can use data to assess organic borrowers' potential and risk
4. **Policymakers and public agencies** can use data to design policies and programs that address organic growers' needs

This report contains data from the first year of the project. During this period, the number of organic farmers participating in Farm Business Management grew by more than 200% – from 23 to 71!



For further information and to learn more about how to participate in this or other Farm Business Management Program opportunities contact the MNSCU Campus in your region. A list of programs is available at [www.mgt.org](http://www.mgt.org), or you may call Del Lecy at (800) 247-6836. Southwest Minnesota also has a Farm Business Management Association; please contact Jim Kurtz at (507) 372-3904.

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In accordance with the Americans with Disabilities Act, an alternative form of communication is available upon request. TTY: (800) 627-3529. Support for this project was provided by the United States Department of Agriculture Risk Management Agency through Partnership Agreement Number 05IE08310209 with the Minnesota Department of Agriculture. Opinions, findings, conclusions, or recommendations expressed in this publication do not necessarily reflect the view of the U.S. Department of Agriculture.

*The following instructors worked with the organic farmers whose data is contained in this report:*

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Southwest Minnesota Farm Business Management Association	Rob Holcombe
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## **EXPLANATION OF DATA PROCESSING AND REPORT FORMAT**

The tables in this report were created using FINPACK and RankEm Central, copyrighted software of the Center for Farm Financial Management, University of Minnesota. Actual processing of the report was done by the Center for Farm Financial Management and Northland College.

The financial portion of the report uses a standard format for each of the tables. Data from the analysis system are printed in a four column format that includes: Average, Low, Middle, & High. The High, Middle, & Low ranges are calculated based on a 20% slice of the farms in the total group.

# ORGANIC FARM BUSINESS MANAGEMENT 2006 ANNUAL REPORT

## Minnesota

*By Dale Nordquist, Ron Dvergsten, and Meg Moynihan<sup>1</sup>*

This report summarizes the individual farm financial results for participants in the Minnesota Organic Farm Business Management Project for 2006. Whole farm information and enterprise costs and returns are reported. The year-end analysis of the individual farms was completed by Minnesota Farm Business Management Education Programs and Minnesota Farm Management Associations. There were 71 participants in the program for 2006. Of those, 46 were categorized as “Totally Organic,” meaning that all the agricultural products produced on the farm were produced under organic certification. All but one of the Whole Farm tables included in this report are for these Totally Organic producers. The first table summarizes the financial performance of all 71 farms. The financial summary reports provides you with a wealth of information dealing with income levels, profitability, balance sheet measures, crop acreages, and nonfarm information.

### WHOLE FARM RESULTS

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#### **All Farms**

This group of 71 farms included farms that ranged from totally certified organic producers to those who produce both conventional commodities and one or two certified organic enterprises. The average net farm income for these farms was \$50,824. There was a wide range of profits for the organic farms. When farms were sorted by profitability, the low 20% averaged a loss of \$-19,150, while the high 20% earned profits of \$135,115. Net farm income represents the returns to labor, management, and equity capital invested in the business. Without income from other sources, or appreciation of capital asset values, net farm income must cover family living expenses and taxes, or net worth will decrease.

The average organic farm earned a rate of return on assets (ROA) of 6.5% with assets valued at adjusted cost basis<sup>2</sup>. ROA for the 2,409 non-organic (conventional) farms in the 2006 Minnesota FINBIN database was 9.3%. The organic group as a whole had relatively high levels of liquidity, with 22% of gross farm income held as working capital at year end. This is comparable to the non-organic group, whose liquidity was 25.4%. Repayment capacity for the average farm was adequate, with a 140% term debt coverage ratio. The average organic farm's net worth increased by \$44,923 during 2006, compared to a \$96,806 increase in net worth for the conventional farms.

#### **Totally Organic Farms**

These 46 farms produced and sold only certified organic products during 2006. Their average net farm income was \$46,973 on sales of \$193,284. Again, there was a wide range of profitability. When farms were sorted by profitability, the low 20% averaged a loss of \$-19,530, while the high 20% earned profits of \$108,180. The average farm earned a rate of return on assets (ROA) of 6.5% (with assets valued at adjusted cost basis) and a rate of return on equity (ROE) of an identical 6.5%. The fact that the ROE and ROA were the same indicates that debt capital for the average organic farm earned almost exactly what it cost to borrow the funds.

This group also had relatively high levels of liquidity, with a current ratio of 1.58:1 and working capital equal to 22% of gross income year end. Their term debt coverage ratio was marginal at 127%. Again, these results were highly variable, with the high profit group generating debt coverage of 216%, meaning that they generated more than twice the funds they needed to meet debt obligations, while the low profit group fell far short of generating funds needed for repayment.

On average, these farms improved their net worth by \$35,982 during the year (assets valued at estimated market value). Again, there was a wide range in equity change, ranging from a loss of equity of \$-36,239 for the low profit group to an increase of \$87,032 for the high profit 20%.

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<sup>2</sup>For profitability analysis, capital assets were valued at adjusted cost basis, their original purchase price less economic depreciation based on the useful life of the asset. For balance sheet and other solvency measures, assets were valued at their estimated market value.

## ***Type of Farm***

Of the 46 totally organic farms, 11 were crop farms and 23 were dairy farms. Seven did not fall into any specialized farm type. (Organic hog and beef farms were excluded from this categorization because there were not enough farms to reliably report). The dairy farms were very profitable as a group, with average net farm income of \$64,928 and earning a rate of return on assets of over 11%. Dairy farms had high liquidity (2.15:1 current ratio) and high debt coverage (180 % term debt coverage). The liquidity and term debt coverage measures at the before mentioned rates indicates a very success year for those farms. The average organic dairy farm's net worth increased by \$60,875 during the year.

The 11 organic crop farms were not as profitable. They earned an average net farm income of only \$8,037 and a rate of return on assets of 0.5%. They did, however, have high liquidity levels. At the end of the year, these crop farms held working capital equal to 36% of a year's gross income—significantly higher than levels for most conventional farms. Their net worth increased, on average, by \$13,068. Their net worth increase resulted partly from non-farm earnings, which were higher for these crop farms than the dairy farms.

## ***Size of Farm***

Much like the results we have seen for conventional farms, the financial performance of these organic farms generally increased with farm size, when size is based on gross farm income. Net farm income is not a good measure by which to evaluate farms of different size, because larger farms will generally produce higher absolute incomes just based on volume of sales. Rate of return on assets is a more accurate measure of relative profitability. For these organic farms, ROA generally increased with business size, ranging from -1.2% for farms with sales of under \$50,000 to 11.1% for farms grossing \$250,000 to \$500,000. Most of the farms grossed between \$100,000 and \$250,000. On average, farms that grossed under \$100,000 struggled with profitability but those that grossed over \$100,000 were profitable.

## ***Use of Debt Capital***

The debt levels of these farms varied from 11 farms with debt to asset ratios under 20% to 7 farms that were 60 to 80% in debt. Solvency level did make a difference for these farms. Those with debt to asset ratios under 40% earned average net farm incomes over \$50,000 while groups with debt levels of over 40% averaged just over \$30,000. Rates of return on assets were consistent, with those under 40% in debt averaging over 8% while those with debt to asset levels over 40% averaging under 5%. And as expected, those with higher debt levels also had much less liquidity and lower debt coverage capacity.

So was their debt level the problem for the high-debt farms, or were there other problems that caused them to incur more debt? The answer is probably a little bit of both. One measure that consistently increased with debt level was total expense as a percent of income. Even without interest expense, farms with higher debt levels used more of their income to pay farm expenses.

## ***Age of Operator***

The age of these operators varied from 5 producers who were between 31 and 40 years old to 5 who were over 60. Most producers were between 40 and 60 years old. Those between 40 and 60 years old, on average, were profitable. Those under 40 were also profitable based on rate of return on assets and other efficiency measures, but their farms were smaller and did not produce enough volume to generate high net incomes. Those over 60 had the largest farms based on total farm assets, but made the least farm income, actually losing \$-4,662. They did, however, supplement their farm earnings with the highest levels of non-farm earnings.

## ***Summary***

One of the goals of this project is to document the financial performance of organic producers so that they and other organic producers have more accurate benchmarks on which to evaluate organic options. Another goal is to un-mask the financial performance of a group of organic producers to provide agricultural lenders better information on which to base credit decisions.

As with groups of conventional farms, there is tremendous variability in the production and financial performance of this group of organic producers. Some producers were very profitable, had high rates of return on assets, and ended the year in very strong financial positions. Others struggled to generate returns from their farms. Some differences may be explained by the weather, as those producers in parts of northern Minnesota suffered from lack of adequate rainfall in 2006. Other differences might be explained by the relative profitability of specific commodities in 2006. Again, this is not unlike conventional farm production.

The tables that begin on the next page summarize the whole farm financial performance of this group of organic producers. The first several tables include the sorts on which the previous discussion is based. Those tables are followed by detailed income statements, balance sheets, financial standards measures, and crop production and price information.

Those who want to further dissect the results of these and the other farms that participated in Minnesota farm management educational programs can query the data in FINBIN at [www.finbin.umn.edu](http://www.finbin.umn.edu).

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The back cover of this report provides a set of general benchmarks you can use to evaluate the data contained in this report or to assess how your own operation is performing.

**Financial Summary**  
**Table 1.**  
**Total and Partial Organic Farms**  
**(Sorted By Net Farm Income)**

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>40 - 60%</u>	<u>High 20%</u>
Number of farms	71	14	14	15
<b>Income Statement</b>				
Gross cash farm income	240,628	167,478	173,994	416,086
Total cash farm expense	194,921	183,068	138,509	305,881
Net cash farm income	45,707	-15,590	35,485	110,205
Inventory change	14,851	15,985	16,043	31,961
Depreciation and capital adjust	-9,735	-19,545	-9,399	-7,052
Net farm income	50,824	-19,150	42,129	135,115
<b>Profitability (cost)</b>				
Labor and management earnings	29,757	-36,648	33,924	101,893
Rate of return on assets	6.5 %	-3.5 %	9.1 %	12.7 %
Rate of return on equity	6.8 %	-15.2 %	14.8 %	17.5 %
Operating profit margin	17.4 %	-12.6 %	18.6 %	28.2 %
Asset turnover rate	37.7 %	27.7 %	48.6 %	45.0 %
<b>Liquidity</b>				
Ending current ratio	1.57	1.04	1.80	1.72
Ending working capital	53,228	5,745	44,037	94,070
End working capital to gross inc	22.1 %	3.4 %	25.3 %	22.6 %
Term debt coverage ratio	139.6 %	20.3 %	157.8 %	202.0 %
Expense as a percent of income	76.0 %	99.8 %	72.8 %	67.7 %
Interest as a percent of income	6.7 %	12.3 %	5.3 %	5.2 %
<b>Solvency (market)</b>				
Number of farms	71	14	14	15
Ending farm assets	869,704	723,906	641,569	1,257,646
Ending farm liabilities	360,225	401,148	279,308	494,318
Ending total assets	1,010,610	858,210	750,293	1,386,356
Ending total liabilities	401,147	465,228	319,351	524,171
Ending net worth	609,463	392,982	430,942	862,185
Net worth change	44,923	-25,017	34,631	87,091
Ending farm debt to asset ratio	41 %	55 %	44 %	39 %
Beg total debt to asset ratio	39 %	48 %	43 %	39 %
End total debt to asset ratio	40 %	54 %	43 %	38 %
<b>Nonfarm Information</b>				
Net nonfarm income	20,387	35,749	15,002	11,054
Farms reporting living expenses	15	3	3	5
Total family living expense	41,945	-	-	67,418
Total living, invest, & capital	49,598	-	-	75,653
<b>Crop Acres</b>				
Total acres owned	260	197	74	361
Total crop acres	508	559	241	762
Total crop acres owned	171	152	28	260
Total crop acres cash rented	312	403	174	437
Total crop acres share rented	24	4	39	65

**Financial Summary**  
**Table 2.**  
**Totally Organic Farms**  
**(Sorted By Net Farm Income)**

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>40 - 60%</u>	<u>High 20%</u>
Number of farms	46	9	9	10
<b>Income Statement</b>				
Gross cash farm income	193,284	208,282	151,682	304,248
Total cash farm expense	158,521	227,272	114,055	226,679
Net cash farm income	34,763	-18,990	37,627	77,570
Inventory change	13,661	24,318	-1,893	28,791
Depreciation and capital adjust	-6,451	-24,858	-4,388	1,820
Net farm income	41,973	-19,530	31,345	108,180
<b>Profitability (cost)</b>				
Labor and management earnings	23,945	-43,852	22,546	78,121
Rate of return on assets	6.5 %	-2.3 %	6.9 %	11.9 %
Rate of return on equity	6.5 %	-12.2 %	9.4 %	15.7 %
Operating profit margin	18.0 %	-8.1 %	18.0 %	29.9 %
Asset turnover rate	36.1 %	28.9 %	38.3 %	39.8 %
<b>Liquidity</b>				
Ending current ratio	1.58	1.08	1.46	2.28
Ending working capital	44,104	15,056	22,636	112,302
End working capital to gross inc	22.8 %	7.2 %	14.9 %	36.9 %
Term debt coverage ratio	126.5 %	9.0 %	109.1 %	216.0 %
Expense as a percent of income	76.6 %	97.7 %	76.5 %	67.8 %
Interest as a percent of income	7.6 %	13.1 %	8.9 %	5.5 %
<b>Solvency (market)</b>				
Number of farms	46	9	9	10
Ending farm assets	824,095	924,421	970,322	1,204,466
Ending farm liabilities	327,774	490,768	381,491	414,526
Ending total assets	970,911	1,102,392	1,143,500	1,370,284
Ending total liabilities	372,722	574,036	439,270	429,467
Ending net worth	598,189	528,356	704,230	940,817
Net worth change	35,982	-36,239	29,478	87,032
Ending farm debt to asset ratio	40 %	53 %	39 %	34 %
Beg total debt to asset ratio	37 %	47 %	38 %	31 %
End total debt to asset ratio	38 %	52 %	38 %	31 %
<b>Nonfarm Information</b>				
Net nonfarm income	18,344	29,348	23,450	6,308
Farms reporting living expenses	9	1	1	3
Total family living expense	39,527	-	-	-
Total living, invest, & capital	47,234	-	-	-
<b>Crop Acres</b>				
Total acres owned	215	292	138	324
Total crop acres	351	836	177	395
Total crop acres owned	139	229	53	202
Total crop acres cash rented	207	601	107	193
Total crop acres share rented	5	6	17	-



**Financial Summary**  
**Table 3.**  
**All Participating Non-Organic Farms**  
**(Sorted By Net Farm Income)**

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>40 - 60%</u>	<u>High 20%</u>
Number of farms	2409	481	482	482
<b>Income Statement</b>				
Gross cash farm income	502,298	301,787	353,685	1,115,090
Total cash farm expense	427,222	288,116	295,723	934,240
Net cash farm income	75,075	13,671	57,962	180,850
Inventory change	48,888	-9,564	23,667	171,933
Depreciation and capital adjust	-26,654	-23,100	-20,047	-47,684
Net farm income	97,309	-18,993	61,582	305,099
<b>Profitability (cost)</b>				
Labor and management earnings	66,813	-33,053	41,426	232,795
Rate of return on assets	9.3 %	-2.6 %	7.7 %	14.4 %
Rate of return on equity	12.3 %	-19.9 %	9.3 %	20.3 %
Operating profit margin	20.3 %	-7.4 %	17.4 %	28.3 %
Asset turnover rate	46.1 %	35.2 %	44.2 %	50.8 %
<b>Liquidity</b>				
Ending current ratio	1.62	1.00	1.39	2.07
Ending working capital	127,460	528	60,588	421,004
End working capital to gross inc	25.4 %	0.2 %	17.1 %	37.8 %
Term debt coverage ratio	185.8 %	41.5 %	142.5 %	287.4 %
Expense as a percent of income	77.6 %	98.6 %	78.6 %	72.5 %
Interest as a percent of income	5.7 %	9.1 %	6.8 %	4.1 %
<b>Solvency (market)</b>				
Number of farms	2,409	481	482	482
Ending farm assets	1,418,806	904,253	1,089,891	2,850,223
Ending farm liabilities	674,292	531,874	544,803	1,220,263
Ending total assets	1,593,159	1,036,168	1,249,502	3,102,148
Ending total liabilities	714,939	568,713	580,561	1,280,711
Ending net worth	878,220	467,454	668,941	1,821,437
Net worth change	96,806	17,997	59,261	257,492
Ending farm debt to asset ratio	48 %	59 %	50 %	43 %
Beg total debt to asset ratio	45 %	53 %	47 %	42 %
End total debt to asset ratio	45 %	55 %	46 %	41 %
<b>Nonfarm Information</b>				
Net nonfarm income	24,720	34,996	21,181	19,087
Farms reporting living expenses	958	154	202	168
Total family living expense	42,167	35,725	40,715	53,189
Total living, invest, & capital	67,407	53,520	57,540	117,326
<b>Crop Acres</b>				
Total acres owned	275	225	230	448
Total crop acres	791	464	610	1,586
Total crop acres owned	221	147	186	402
Total crop acres cash rented	545	301	396	1,146
Total crop acres share rented	25	17	28	37

**Financial Summary**  
**Table 4.**  
**Totally Organic Farms**  
**(Sorted By Farm Type)**

	<u>Avg. Of All Farms</u>	<u>Crop</u>	<u>Dairy</u>	<u>Other</u>
Number of farms	46	11	23	7
<b>Income Statement</b>				
Gross cash farm income	193,284	147,456	209,462	224,463
Total cash farm expense	158,521	111,311	157,580	245,012
Net cash farm income	34,763	36,145	51,882	-20,549
Inventory change	13,661	-19,595	12,754	65,239
Depreciation and capital adjust	-6,451	-8,514	291	-27,639
Net farm income	41,973	8,037	64,928	17,051
<b>Profitability (cost)</b>				
Labor and management earnings	23,945	-8,686	49,134	-4,757
Rate of return on assets	6.5 %	0.5 %	11.6 %	2.7 %
Rate of return on equity	6.5 %	-2.9 %	15.3 %	-3.8 %
Operating profit margin	18.0 %	1.8 %	25.4 %	8.1 %
Asset turnover rate	36.1 %	27.4 %	45.5 %	33.7 %
<b>Liquidity</b>				
Ending current ratio	1.58	1.74	2.15	1.28
Ending working capital	44,104	52,341	41,647	52,040
End working capital to gross inc	22.8 %	35.5 %	19.9 %	23.2 %
Term debt coverage ratio	126.5 %	70.8 %	180.3 %	59.6 %
Expense as a percent of income	76.6 %	86.6 %	70.8 %	84.8 %
Interest as a percent of income	7.6 %	8.1 %	4.9 %	12.2 %
<b>Solvency (market)</b>				
Number of farms	46	11	23	7
Ending farm assets	824,095	552,671	852,887	963,086
Ending farm liabilities	327,774	219,925	276,696	588,006
Ending total assets	970,911	676,588	1,008,846	1,061,624
Ending total liabilities	372,722	238,106	324,280	652,584
Ending net worth	598,189	438,482	684,566	409,040
Net worth change	35,982	13,068	60,875	-30,210
Ending farm debt to asset ratio	40 %	40 %	32 %	61 %
Beg total debt to asset ratio	37 %	36 %	32 %	55 %
End total debt to asset ratio	38 %	35 %	32 %	61 %
<b>Nonfarm Information</b>				
Net nonfarm income	18,344	22,567	12,877	12,270
Farms reporting living expenses	9	2	4	-
Total family living expense	39,527	-	-	-
Total living, invest, & capital	47,234	-	-	-
<b>Crop Acres</b>				
Total acres owned	215	262	150	238
Total crop acres	351	610	134	651
Total crop acres owned	139	245	57	205
Total crop acres cash rented	207	346	77	447
Total crop acres share rented	5	19	-	-

**Financial Summary**  
**Table 5.**  
**Totally Organic Farms**  
**(Sorted By Gross Farm Income)**

	<u>Avg. Of All Farms</u>	<u>Less than 50,000</u>	<u>50,001 - 100,000</u>	<u>100,001 - 250,000</u>	<u>250,001 - 500,000</u>
Number of farms	46	9	8	18	8
<b>Income Statement</b>					
Gross cash farm income	193,284	31,207	70,359	180,591	344,191
Total cash farm expense	158,521	37,614	47,291	138,845	265,729
Net cash farm income	34,763	-6,407	23,069	41,746	78,462
Inventory change	13,661	10,368	-2,705	14,443	24,822
Depreciation and capital adjust	-6,451	-3,134	-2,928	-4,803	-1,422
Net farm income	41,973	828	17,436	51,387	101,862
<b>Profitability (cost)</b>					
Labor and management earnings	23,945	-7,790	10,676	36,205	71,533
Rate of return on assets	6.5 %	-1.2 %	4.3 %	9.3 %	11.1 %
Rate of return on equity	6.5 %	-5.3 %	4.1 %	11.1 %	14.1 %
Operating profit margin	18.0 %	-6.4 %	18.4 %	23.8 %	26.1 %
Asset turnover rate	36.1 %	18.9 %	23.2 %	38.9 %	42.5 %
<b>Liquidity</b>					
Ending current ratio	1.58	1.68	0.80	1.93	2.99
Ending working capital	44,104	13,789	-5,092	47,128	130,907
End working capital to gross inc	22.8 %	44.2 %	-7.2 %	26.1 %	38.0 %
Term debt coverage ratio	126.5 %	96.0 %	97.5 %	165.4 %	195.9 %
Expense as a percent of income	76.6 %	90.3 %	71.1 %	71.0 %	71.6 %
Interest as a percent of income	7.6 %	11.4 %	11.4 %	7.5 %	4.6 %
<b>Solvency (market)</b>					
Number of farms	46	9	8	18	8
Ending farm assets	824,095	245,228	570,690	698,688	1,500,205
Ending farm liabilities	327,774	87,820	245,405	269,437	474,837
Ending total assets	970,911	302,233	753,304	838,368	1,778,122
Ending total liabilities	372,722	106,767	301,630	323,355	534,004
Ending net worth	598,189	195,467	451,674	515,013	1,244,118
Net worth change	35,982	13,357	41,534	55,616	74,772
Ending farm debt to asset ratio	40 %	36 %	43 %	39 %	32 %
Beg total debt to asset ratio	37 %	35 %	42 %	38 %	30 %
End total debt to asset ratio	38 %	35 %	40 %	39 %	30 %
<b>Nonfarm Information</b>					
Net nonfarm income	18,344	22,676	37,103	13,442	11,464
Farms reporting living expenses	9	1	1	4	2
Total family living expense	39,527	-	-	-	-
Total living, invest, & capital	47,234	-	-	-	-
<b>Crop Acres</b>					
Total acres owned	215	93	180	174	292
Total crop acres	351	170	96	234	365
Total crop acres owned	139	62	87	86	186
Total crop acres cash rented	207	107	10	140	179
Total crop acres share rented	5	-	-	8	-

**Financial Summary**  
**Table 6.**  
**Totally Organic 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	46	11	15	10	7
<b>Income Statement</b>					
Gross cash farm income	193,284	166,134	194,149	205,140	263,932
Total cash farm expense	158,521	125,883	142,648	168,816	249,423
Net cash farm income	34,763	40,250	51,501	36,324	14,509
Inventory change	13,661	12,769	1,003	10,355	31,365
Depreciation and capital adjust	-6,451	-2,154	2,690	-13,408	-13,273
Net farm income	41,973	50,866	55,194	33,271	32,601
<b>Profitability (cost)</b>					
Labor and management earnings	23,945	28,475	35,886	14,905	16,924
Rate of return on assets	6.5 %	8.1 %	8.7 %	4.9 %	4.6 %
Rate of return on equity	6.5 %	8.5 %	10.2 %	3.7 %	0.2 %
Operating profit margin	18.0 %	21.9 %	24.8 %	15.9 %	10.3 %
Asset turnover rate	36.1 %	37.1 %	35.2 %	31.1 %	45.0 %
<b>Liquidity</b>					
Ending current ratio	1.58	5.59	1.99	1.49	1.03
Ending working capital	44,104	57,774	52,331	55,108	4,418
End working capital to gross inc	22.8 %	34.8 %	27.0 %	26.9 %	1.7 %
Term debt coverage ratio	126.5 %	385.9 %	163.1 %	90.9 %	53.2 %
Expense as a percent of income	76.6 %	69.8 %	72.5 %	78.5 %	85.1 %
Interest as a percent of income	7.6 %	2.0 %	6.8 %	9.6 %	9.8 %
<b>Solvency (market)</b>					
Number of farms	46	11	15	10	7
Ending farm assets	824,095	676,470	1,000,235	878,408	762,102
Ending farm liabilities	327,774	102,869	315,168	428,905	509,856
Ending total assets	970,911	781,960	1,218,880	1,007,890	817,281
Ending total liabilities	372,722	114,494	365,741	475,803	549,419
Ending net worth	598,189	667,466	853,139	532,087	267,861
Net worth change	35,982	77,320	54,877	41,523	-63,054
Ending farm debt to asset ratio	40 %	15 %	32 %	49 %	67 %
Beg total debt to asset ratio	37 %	16 %	31 %	47 %	55 %
End total debt to asset ratio	38 %	15 %	30 %	47 %	67 %
<b>Nonfarm Information</b>					
Net nonfarm income	18,344	18,730	23,578	17,883	5,979
Farms reporting living expenses	9	3	5	1	-
Total family living expense	39,527	-	35,604	-	-
Total living, invest, & capital	47,234	-	43,375	-	-
<b>Crop Acres</b>					
Total acres owned	215	126	248	288	219
Total crop acres	351	139	301	532	577
Total crop acres owned	139	53	153	211	150
Total crop acres cash rented	207	86	138	316	426
Total crop acres share rented	5	-	10	6	-

**Financial Summary**  
**Table 7.**  
**Totally Organic Farms**  
**(Sorted By Age Of Operator)**

	<u>Avg. Of All Farms</u>	<u>31 - 40</u>	<u>41 - 50</u>	<u>51 - 60</u>	<u>Over 60</u>
Number of farms	46	5	19	14	5
<b>Income Statement</b>					
Gross cash farm income	193,284	54,339	220,622	221,607	217,547
Total cash farm expense	158,521	28,004	187,693	171,369	197,123
Net cash farm income	34,763	26,335	32,930	50,238	20,423
Inventory change	13,661	5,176	22,110	16,070	-10,230
Depreciation and capital adjust	-6,451	-3,984	-11,117	1,485	-14,855
Net farm income	41,973	27,527	43,923	67,792	-4,662
<b>Profitability (cost)</b>					
Labor and management earnings	23,945	22,499	28,480	42,176	-33,779
Rate of return on assets	6.5 %	11.0 %	7.2 %	8.2 %	-0.8 %
Rate of return on equity	6.5 %	26.8 %	6.9 %	9.5 %	-4.7 %
Operating profit margin	18.0 %	36.1 %	17.9 %	24.1 %	-2.8 %
Asset turnover rate	36.1 %	30.5 %	40.5 %	34.1 %	27.0 %
<b>Liquidity</b>					
Ending current ratio	1.58	1.30	1.32	2.38	1.41
Ending working capital	44,104	4,259	32,762	79,670	46,219
End working capital to gross inc	22.8 %	7.8 %	14.8 %	36.0 %	21.2 %
Term debt coverage ratio	126.5 %	171.5 %	92.4 %	206.3 %	93.5 %
Expense as a percent of income	76.6 %	46.3 %	77.7 %	71.5 %	95.0 %
Interest as a percent of income	7.6 %	3.0 %	9.4 %	5.5 %	8.4 %
<b>Solvency (market)</b>					
Number of farms	46	5	19	14	5
Ending farm assets	824,095	203,730	869,155	905,387	1,460,699
Ending farm liabilities	327,774	119,295	410,635	291,010	462,462
Ending total assets	970,911	259,996	1,008,128	1,098,930	1,682,496
Ending total liabilities	372,722	142,685	480,170	309,219	535,311
Ending net worth	598,189	117,312	527,958	789,711	1,147,185
Net worth change	35,982	29,805	17,647	78,752	15,455
Ending farm debt to asset ratio	40 %	59 %	47 %	32 %	32 %
Beg total debt to asset ratio	37 %	62 %	44 %	29 %	32 %
End total debt to asset ratio	38 %	55 %	48 %	28 %	32 %
<b>Nonfarm Information</b>					
Net nonfarm income	18,344	22,796	10,968	19,836	42,222
Farms reporting living expenses	9	-	3	3	3
Total family living expense	39,527	-	-	-	-
Total living, invest, & capital	47,234	-	-	-	-
<b>Crop Acres</b>					
Total acres owned	215	80	231	225	390
Total crop acres	351	96	377	305	745
Total crop acres owned	139	62	155	125	279
Total crop acres cash rented	207	34	222	169	455
Total crop acres share rented	5	-	-	11	11

**Farm Income Statement**  
**Table 8.**  
**Total Organic Farms**  
**(Sorted By Net Farm Income)**

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>40 - 60%</u>	<u>High 20%</u>
Number of farms	46	9	9	10
<b>Cash Farm Income</b>				
Barley	1,003	1,126	303	1,739
Buckwheat	72	370	-	-
Corn	2,437	7,293	3,049	920
CRP	184	825	41	-
Flax	437	-	1,121	-
Hay, Alfalfa	10,160	15,497	864	28,969
Hay, Red Clover	38	-	192	-
Millet	226	1,157	-	-
Oats	3,427	13,415	-	3,563
Popcorn	237	-	-	1,092
Rye	879	4,290	-	180
Soybeans	16,475	27,818	10,029	25,251
Straw	32	57	106	-
Strawberries	153	-	-	-
Sunflowers	4,106	13,552	7,434	-
Wheat, Spring	7,775	16,788	2,187	9,985
Wheat, Winter	63	-	-	291
Rented Out	235	-	-	-
Corn, Blue	1,289	6,589	-	-
Peas, Organic	279	-	-	1,221
Hay, Grass, Organic	576	961	-	1,786
Miscellaneous crop income	64	-	53	10
Beef Cow-Calf, Beef Calves	704	3,599	-	-
Beef, Background Beef	367	-	1,874	-
Beef, Finish Beef Calves	1,159	-	-	5,331
Dairy, Milk	96,884	11,693	85,769	177,096
Dairy, Dairy Calves	2,141	101	1,713	3,584
Dairy Heifers (for sale)	97	-	70	283
Dairy Replacement Heifers	711	-	3,111	170
Dairy Steer Finishing	533	-	1,854	-
Dogs, Dogs	473	-	-	-
Hogs, Farrow-Fin, Raised Hogs	137	-	-	-
Hogs, Finish Feeder Pigs	748	-	612	-
Sheep, Market Lambs, Mkt Lambs	220	-	-	1,011
Dairy Steer Feeders	68	-	349	-
Dairy Steer Backgrounding	292	-	1,493	-
Cull breeding livestock	4,207	5,335	6,213	3,938
Misc. livestock income	2,186	3,500	3,816	-
LDP payments	171	-	-	516
Direct & CC govt payments	4,970	6,494	3,067	8,806
CRP payments	1,356	6,308	-	96
Livestock govt payments	1,999	190	1,735	3,724
Other government payments	3,184	11,308	446	1,311
Custom work income	3,537	5,842	1,791	8,185
Patronage dividends, cash	1,374	126	324	5,291
Insurance income	2,005	1,977	649	3,808
Other farm income	13,611	42,070	11,417	6,094
<b>Gross Cash Farm Income</b>	<b>193,284</b>	<b>208,282</b>	<b>151,682</b>	<b>304,248</b>

**Farm Income Statement (Continued)**  
**Table 8. page 2.**  
**Total Organic Farms**  
**(Farms Sorted By Net Farm Income)**

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>40 - 60%</u>	<u>High 20%</u>
Number of farms	46	9	9	10
<b>Cash Farm Expense</b>				
Seed	6,454	13,804	3,129	7,604
Fertilizer	9,581	26,660	5,948	10,355
Crop chemicals	61	176	-	-
Non-chemical crop protect	99	27	-	187
Crop insurance	1,440	4,107	529	1,251
Drying fuel	88	398	-	46
Irrigation energy	54	-	-	233
CCC buyback	414	-	-	1,905
Crop custom hire	1,443	108	3,937	797
Crop hauling and trucking	753	1,527	11	2,079
Crop marketing	124	293	339	-
Crop miscellaneous	1,146	804	1,213	1,966
Feeder livestock purchase	1,266	280	1,117	3,941
Purchased feed	18,338	5,754	7,451	27,459
Breeding fees	686	20	573	1,074
Veterinary	1,564	874	1,090	2,131
Supplies	3,952	1,235	4,741	5,726
DHIA	393	-	596	473
Contract production exp.	1,496	-	6,443	-
Livestock custom hire	909	-	763	3,155
Livestock leases	308	-	527	-
Grazing fees	32	-	115	-
Livestock hauling and trucking	990	135	775	966
Livestock marketing	1,153	770	484	1,285
Bedding	648	-	836	957
Interest	13,972	23,702	12,372	17,599
Fuel & oil	12,213	19,147	6,524	21,270
Repairs	17,501	22,378	11,941	27,636
Custom hire	9,427	26,190	1,202	13,590
Hired labor	17,979	16,973	17,943	30,523
Land rent	13,973	33,102	7,967	18,300
Machinery leases	2,396	6,030	183	793
Building leases	330	0	-	800
Real estate taxes	2,240	2,788	1,406	3,677
Farm insurance	3,806	5,113	3,913	4,000
Utilities	4,405	4,548	4,710	4,994
Dues & professional fees	2,368	5,472	1,096	2,865
Organic certification	1,044	1,646	780	1,489
Miscellaneous	3,477	3,207	3,398	5,558
Total cash expense	158,521	227,272	114,055	226,679
Net cash farm income	34,763	-18,990	37,627	77,570
<b>Inventory Changes</b>				
Crops and feed	9,651	26,389	-947	10,585
Market livestock	612	-2,468	-78	7,416
Accounts receivable	3,145	4,093	1,492	7,615
Prepaid expenses and supplies	2,116	1,508	209	4,675
Accounts payable	-1,863	-5,204	-2,568	-1,500
Total inventory change	13,661	24,318	-1,893	28,791
Net operating profit	48,424	5,328	35,733	106,360
<b>Depreciation and Other Capital Adjustments</b>				
Breeding livestock	7,155	-6,768	4,076	25,039
Machinery and equipment	-10,803	-14,036	-7,833	-17,493
Buildings and improvements	-2,958	-4,486	-1,039	-5,494
Other farm capital	155	433	408	-233
Total depr. and other capital adj	-6,451	-24,858	-4,388	1,820
Net farm income	41,973	-19,530	31,345	108,180

**Balance Sheet at Market Values**  
**Table 9.**  
**Totally Organic Farms**  
**(Sorted By Net Farm Income)**

	<u>Avg. Of</u> <u>All Farms</u>	<u>Low 20%</u>	<u>40 - 60%</u>	<u>High 20%</u>
Number of farms	46	9	9	10
<b>Assets</b>				
<b>Current Farm Assets</b>				
Cash and checking balance	6,101	6,328	7,017	6,138
Prepaid expenses & supplies	5,697	8,211	2,027	9,311
Growing crops	2,138	3,070	133	5,368
Accounts receivable	10,945	22,121	10,080	12,087
Hedging accounts	52	-	-	237
Crops held for sale or feed	70,099	97,735	35,514	130,818
Crops under government loan	11,004	49,693	-	5,896
Market livestock held for sale	12,397	5,092	16,577	26,049
Other current assets	1,317	1,547	-	3,910
Total current farm assets	119,750	193,797	71,347	199,813
<b>Intermediate Farm Assets</b>				
Breeding livestock	82,680	29,067	75,089	139,107
Machinery and equipment	143,669	178,147	95,347	222,597
Titled vehicles	13,735	36,189	9,986	17,646
Other intermediate assets	7,546	8,424	3,205	19,319
Total intermediate farm assets	247,630	251,827	183,627	398,668
<b>Long Term Farm Assets</b>				
Farm land	376,566	366,751	651,933	488,540
Buildings and improvements	71,601	103,381	57,478	97,794
Other long-term assets	8,548	8,665	5,937	19,651
Total long-term farm assets	456,715	478,797	715,348	605,985
Total Farm Assets	824,095	924,421	970,322	1,204,466
Total Nonfarm Assets	146,816	177,971	173,178	165,818
Total Assets	970,911	1,102,392	1,143,500	1,370,284
<b>Liabilities</b>				
<b>Current Farm Liabilities</b>				
Accrued interest	5,789	16,211	1,945	7,112
Accounts payable	9,032	20,829	7,222	10,039
Current notes	37,952	98,468	20,522	40,000
Government crop loans	3,707	16,950	-	1,797
Principal due on term debt	19,166	26,283	19,021	28,564
Total current farm liabilities	75,646	178,741	48,711	87,511
Total intermediate farm liabs	60,483	55,862	77,660	88,200
Total long term farm liabilities	120,082	185,825	125,435	157,030
Total farm liabilities	256,211	420,428	251,806	332,742
Total nonfarm liabilities	39,438	75,629	50,153	12,555
Total liabs excluding deferreds	295,649	496,057	301,960	345,297
Total deferred liabilities	77,073	77,979	137,310	84,170
Total liabilities	372,722	574,036	439,270	429,467
Retained earnings	381,209	427,885	235,089	650,668
Market valuation equity	216,980	100,471	469,141	290,149
Net worth (farm and nonfarm)	598,189	528,356	704,230	940,817
Net worth excluding deferreds	675,262	606,335	841,540	1,024,987
Net worth change	35,982	-36,239	29,478	87,032
<b>Ratio Analysis</b>				
Current farm liabilities / assets	63 %	92 %	68 %	44 %
Curr. & interm farm liab. / assets	37 %	53 %	50 %	29 %
Long term farm liab. / assets	26 %	39 %	18 %	26 %
Total debt to asset ratio	38 %	52 %	38 %	31 %
Debt to assets excl deferreds	30 %	45 %	26 %	25 %



**Financial Standards Measures**  
**Table 10.**  
**Totally Organic Farms**  
**(Farms Sorted By Net Farm Income)**

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>40 - 60%</u>	<u>High 20%</u>
Number of farms	46	9	9	10
<b>Liquidity</b>				
Current ratio	1.58	1.08	1.46	2.28
Working capital	44,104	15,056	22,636	112,302
<b>Solvency (market)</b>				
Farm debt to asset ratio	40 %	53 %	39 %	34 %
Farm equity to asset ratio	60 %	47 %	61 %	66 %
Farm debt to equity ratio	66 %	113 %	65 %	52 %
<b>Profitability (cost)</b>				
Rate of return on farm assets	6.5 %	-2.3 %	6.9 %	11.9 %
Rate of return on farm equity	6.5 %	-12.2 %	9.4 %	15.7 %
Operating profit margin	18.0 %	-8.1 %	18.0 %	29.9 %
Net farm income	41,973	-19,530	31,345	108,180
<b>Repayment Capacity</b>				
Term debt coverage ratio	126 %	9 %	109 %	216 %
Capital replacement margin	9,008	-47,187	3,164	50,053
<b>Efficiency</b>				
Asset turnover rate (cost)	36.1 %	28.9 %	38.3 %	39.8 %
Operating expense ratio	69.0 %	84.7 %	67.6 %	62.3 %
Depreciation expense ratio	3.1 %	10.5 %	2.9 %	-0.6 %
Interest expense ratio	7.6 %	13.1 %	8.9 %	5.5 %
Net farm income ratio	20.3 %	-8.3 %	20.6 %	32.8 %

## CROP REPORTS

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The Crop Enterprise Analysis tables show the average physical production, gross return, direct costs, overhead costs, and net returns per acre. Crops are summarized based on the producer's tenure on the land: owned land and cash rented land.

*Gross Return Per Acre* includes the value of the crop produced plus any other income directly associated with production of the crop, including LDP payments, crop insurance proceeds and any disaster payments that might have been received. It does not include direct and counter-cyclical government payments (see *Net Return With Government Payments*).

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 harvest-time price is generally 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 direct and counter-cyclical government payments have been added. These payments are generally allocated evenly per acre across all crops except vegetables and pasture.

*Net Return Over Labor and Management* is the return, including government payments, after compensating the operator for unpaid labor and management. This is 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.

**Crop Production and Marketing Summary**

**Table 11.**

**Totally Organic Farms  
(Sorted By Net Farm Income)**

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>40 - 60%</u>	<u>High 20%</u>
Number of farms	46	9	9	10
<b>Acreage Summary</b>				
Total acres owned	215	292	138	324
Total crop acres	351	836	177	395
Crop acres owned	139	229	53	202
Crop acres cash rented	207	601	107	193
Crop acres share rented	5	6	17	-
Total pasture acres	38	9	52	84
<b>Average Price Received (Cash Sales Only)</b>				
Soybeans, Organic per bushel	14.70	15.93	-	14.27
Hay, Alfalfa, Organic per ton	133.61	-	-	-
Soybeans per bushel	10.36	-	-	-
Corn, Organic per bushel	6.21	-	-	-
Hay, Alfalfa per ton	94.43	-	-	-
Barley, Organic per bushel	3.98	-	-	-
Oats, Organic per bushel	3.01	-	-	-
<b>Average Yield Per Acre</b>				
Hay, Alfalfa, Organic (ton)	3.98	4.62	4.88	3.60
Corn, Organic (bushel)	80.96	-	-	93.11
Soybeans, Organic (bushel)	14.02	13.03	18.86	17.33
Hay, Grass, Organic (ton)	2.99	2.01	-	3.07
Corn Silage, Organic (ton)	14.67	-	-	15.24
Oats, Organic (bushel)	42.94	-	39.68	-
Pasture, Organic (aum)	5.84	-	-	4.62
Barley, Organic (bushel)	38.98	-	-	-
Wheat, Spring, Organic (bushel)	21.92	-	-	-
CRP (\$)	67.68	-	-	-
Sorghum Silage, Organic (ton)	7.65	-	-	-
Sunflowers, Organic (cwt)	14.59	-	-	-

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**Crop Enterprise Analysis****Table 12.****Barley, Organic**

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	<u>Owned Land</u>
Number of fields	8
Number of farms	8
Acres	55.73
Yield per acre (bu.)	39.71
Operators share of yield %	100.00
Value per bu.	4.84
Total product return per acre	192.38
Miscellaneous income per acre	10.80
Gross return per acre	203.18
<b>Direct Expenses</b>	
Seed	11.03
Fertilizer	3.75
Crop insurance	4.14
Fuel & oil	20.19
Repairs	20.71
Custom hire	1.07
Land rent	-
Organic certification	1.55
Operating interest	11.40
Total direct expenses per acre	73.85
Return over direct exp per acre	129.33
<b>Overhead Expenses</b>	
Custom hire	2.17
Hired labor	8.42
Building leases	-
RE & pers. property taxes	10.12
Farm insurance	5.02
Utilities	4.96
Dues & professional fees	2.77
Interest	26.44
Mach & bldg depreciation	20.29
Miscellaneous	11.40
Total overhead expenses per acre	91.59
Total dir & ovhd expenses per acre	165.44
Net return per acre	37.74
Government payments	18.19
Net return with govt pmts	55.94
Labor & management charge	31.06
Net return over lbr & mgt	24.87
<b>Cost of Production</b>	
Total direct expense per bu.	1.86
Total dir & ovhd exp per bu.	4.17
Less govt & other income	3.44
With labor & management	4.22
Machinery cost per acre	67.26
Est. labor hours per acre	3.93

**Crop Enterprise Analysis**

**Table 13.**

**Corn Silage, Organic**

	<u>Owned Land</u>	<u>Cash Rent</u>
Number of fields	9	10
Number of farms	8	9
Acres	28.72	16.70
Yield per acre (ton)	14.09	15.64
Operators share of yield %	100.00	100.00
Value per ton	30.87	27.21
Other product return per acre	12.07	14.01
Total product return per acre	447.13	439.48
Miscellaneous income per acre	-	-
Gross return per acre	447.13	439.48
<b>Direct Expenses</b>		
Seed	41.28	42.87
Fertilizer	23.64	29.44
Non-chemical crop protect	2.22	4.73
Crop insurance	3.23	2.46
Fuel & oil	33.17	31.20
Repairs	50.30	45.07
Custom hire	23.41	55.87
Land rent	-	81.09
Machinery leases	1.94	1.94
Marketing	2.51	-
Organic certification	0.71	1.61
Operating interest	4.95	6.32
Total direct expenses per acre	187.37	302.61
Return over direct exp per acre	259.77	136.87
<b>Overhead Expenses</b>		
Custom hire	0.11	1.28
Hired labor	29.28	30.30
Machinery leases	4.48	2.16
Building leases	2.38	-
RE & pers. property taxes	8.69	-
Farm insurance	7.78	6.39
Utilities	4.00	4.11
Dues & professional fees	1.68	3.40
Interest	23.21	11.27
Mach & bldg depreciation	31.96	29.95
Miscellaneous	5.59	7.69
Total overhead expenses per acre	119.14	96.56
Total dir & ovhd expenses per acre	306.51	399.17
Net return per acre	140.63	40.32
Government payments	29.21	28.67
Net return with govt pmts	169.84	68.98
Labor & management charge	29.20	33.08
Net return over lbr & mgt	140.64	35.90
<b>Cost of Production</b>		
Total direct expense per ton	13.29	19.35
Total dir & ovhd exp per ton	21.75	25.53
Less govt & other income	18.82	22.80
With labor & management	20.89	24.91
Machinery cost per acre	150.43	173.63
Est. labor hours per acre	5.36	6.36

**Crop Enterprise Analysis**

**Table 14.**

**Corn, Organic**

	<u>Owned Land</u>	<u>Cash Rent</u>
Number of fields	17	18
Number of farms	15	15
Acres	41.82	43.93
Yield per acre (bu.)	93.68	85.94
Operators share of yield %	100.00	100.00
Value per bu.	5.51	5.29
Other product return per acre	7.11	1.14
Total product return per acre	523.48	455.72
Miscellaneous income per acre	33.76	17.89
Gross return per acre	557.23	473.61
<b>Direct Expenses</b>		
Seed	39.69	38.46
Fertilizer	24.07	42.73
Non-chemical crop protect	14.44	2.14
Crop insurance	5.80	7.84
Drying fuel	2.73	1.97
Fuel & oil	41.24	25.86
Repairs	45.15	41.74
Custom hire	0.04	3.48
Hired labor	6.61	-
Land rent	-	64.43
Machinery leases	2.63	0.59
Hauling and trucking	1.35	-
Organic certification	1.51	2.33
Operating interest	12.77	8.03
Miscellaneous	0.57	0.47
Total direct expenses per acre	198.59	240.06
Return over direct exp per acre	358.64	233.54
<b>Overhead Expenses</b>		
Custom hire	7.46	2.52
Hired labor	12.67	24.95
Machinery leases	1.39	1.12
Building leases	0.73	2.88
RE & pers. property taxes	11.58	-
Farm insurance	8.31	5.98
Utilities	6.10	3.74
Dues & professional fees	3.65	2.67
Interest	55.73	6.98
Mach & bldg depreciation	42.51	29.64
Miscellaneous	5.80	4.70
Total overhead expenses per acre	155.94	85.17
Total dir & ovhd expenses per acre	354.53	325.24
Net return per acre	202.70	148.37
Government payments	29.12	26.27
Net return with govt pmts	231.82	174.64
Labor & management charge	52.72	34.40
Net return over lbr & mgt	179.10	140.24
<b>Cost of Production</b>		
Total direct expense per bu.	2.12	2.79
Total dir & ovhd exp per bu.	3.78	3.78
Less govt & other income	3.04	3.26
With labor & management	3.60	3.66
Machinery cost per acre	144.02	108.84
Est. labor hours per acre	4.82	4.99

**Crop Enterprise Analysis**

**Table 15.**

**Hay, Alfalfa, Organic**

	<u>Owned Land</u>	<u>Cash Rent</u>
Number of fields	28	18
Number of farms	19	17
Acres	49.03	67.83
Yield per acre (ton)	3.54	4.05
Operators share of yield %	100.00	100.00
Value per ton	122.17	115.69
Total product return per acre	432.77	468.99
Miscellaneous income per acre	14.97	7.01
Gross return per acre	447.75	476.00
<b>Direct Expenses</b>		
Seed	1.30	2.37
Fertilizer	34.14	21.97
Non-chemical crop protect	-	3.63
Crop insurance	0.65	0.60
Fuel & oil	26.01	22.35
Repairs	33.76	30.66
Custom hire	92.94	112.30
Hired labor	4.52	8.06
Land rent	-	71.78
Machinery leases	1.61	2.40
Hauling and trucking	13.17	-
Marketing	1.22	1.12
Organic certification	1.37	1.68
Operating interest	6.56	4.87
Miscellaneous	1.83	0.82
Total direct expenses per acre	219.08	284.60
Return over direct exp per acre	228.66	191.40
<b>Overhead Expenses</b>		
Custom hire	3.88	4.31
Hired labor	11.81	16.51
Machinery leases	1.42	1.85
Building leases	1.06	0.43
RE & pers. property taxes	10.02	-
Farm insurance	5.99	4.85
Utilities	3.41	2.75
Dues & professional fees	4.17	1.35
Interest	37.01	5.04
Mach & bldg depreciation	24.50	22.51
Miscellaneous	6.45	6.17
Total overhead expenses per acre	109.73	65.76
Total dir & ovhd expenses per acre	328.81	350.36
Net return per acre	118.94	125.64
Government payments	14.29	11.77
Net return with govt pmts	133.23	137.41
Labor & management charge	31.08	25.95
Net return over lbr & mgt	102.14	111.46
<b>Cost of Production</b>		
Total direct expense per ton	61.85	70.21
Total dir & ovhd exp per ton	92.83	86.43
Less govt & other income	84.56	81.80
With labor & management	93.34	88.20
Machinery cost per acre	189.96	198.97
Est. labor hours per acre	4.31	5.19

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**Crop Enterprise Analysis****Table 16.****Hay, Grass, Organic**

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	<u>Owned Land</u>	<u>Cash Rent</u>
Number of fields	13	9
Number of farms	12	9
Acres	36.76	83.91
Yield per acre (ton)	3.02	2.95
Operators share of yield %	100.00	100.00
Value per ton	70.12	61.39
Total product return per acre	211.93	181.41
Miscellaneous income per acre	-	-
Gross return per acre	211.93	181.41
<b>Direct Expenses</b>		
Seed	1.19	0.33
Fertilizer	15.53	7.04
Fuel & oil	13.63	11.51
Repairs	23.53	14.07
Custom hire	44.57	25.10
Land rent	-	40.68
Organic certification	0.86	0.93
Operating interest	5.83	5.25
Miscellaneous	2.27	3.09
Total direct expenses per acre	107.42	107.99
Return over direct exp per acre	104.51	73.42
<b>Overhead Expenses</b>		
Hired labor	11.96	8.85
Machinery leases	0.60	0.48
RE & pers. property taxes	8.02	-
Farm insurance	3.23	5.85
Utilities	2.41	2.82
Dues & professional fees	1.82	2.77
Interest	39.44	3.60
Mach & bldg depreciation	19.32	18.02
Miscellaneous	1.90	1.30
Total overhead expenses per acre	88.72	43.69
Total dir & ovhd expenses per acre	196.14	151.67
Net return per acre	15.79	29.74
Government payments	14.62	17.99
Net return with govt pmts	30.41	47.72
Labor & management charge	16.98	15.74
Net return over lbr & mgt	13.44	31.98
<b>Cost of Production</b>		
Total direct expense per ton	35.54	36.55
Total dir & ovhd exp per ton	64.90	51.33
Less govt & other income	60.06	45.24
With labor & management	65.68	50.57
Machinery cost per acre	103.81	70.47
Est. labor hours per acre	2.19	1.78



**Crop Enterprise Analysis**

**Table 17.**

**Oats, Organic**

	<u>Owned Land</u>	<u>Cash Rent</u>
Number of fields	7	13
Number of farms	7	12
Acres	51.29	87.78
Yield per acre (bu.)	46.04	38.26
Operators share of yield %	100.00	100.00
Value per bu.	3.23	3.03
Total product return per acre	148.59	116.10
Miscellaneous income per acre	15.06	7.55
Gross return per acre	163.64	123.65
<b>Direct Expenses</b>		
Seed	9.74	11.76
Fertilizer	18.47	23.05
Non-chemical crop protect	-	2.78
Crop insurance	11.14	6.45
Fuel & oil	20.72	18.64
Repairs	22.00	20.71
Custom hire	-	1.36
Hired labor	12.20	10.73
Land rent	-	47.01
Machinery leases	3.64	3.20
Hauling and trucking	2.49	2.19
Organic certification	2.38	1.86
Operating interest	10.47	11.53
Miscellaneous	0.82	0.61
Total direct expenses per acre	114.07	161.87
Return over direct exp per acre	49.57	-38.22
<b>Overhead Expenses</b>		
Custom hire	6.05	6.91
Hired labor	0.40	4.02
RE & pers. property taxes	5.39	-
Farm insurance	3.83	3.67
Utilities	4.04	2.87
Dues & professional fees	2.10	3.66
Interest	30.41	4.91
Mach & bldg depreciation	21.85	20.73
Miscellaneous	3.46	3.88
Total overhead expenses per acre	77.53	50.65
Total dir & ovhd expenses per acre	191.60	212.52
Net return per acre	-27.95	-88.88
Government payments	18.88	20.10
Net return with govt pmts	-9.08	-68.77
Labor & management charge	23.31	27.33
Net return over lbr & mgt	-32.38	-96.10
<b>Cost of Production</b>		
Total direct expense per bu.	2.48	4.23
Total dir & ovhd exp per bu.	4.16	5.56
Less govt & other income	3.42	4.83
With labor & management	3.93	5.55
Machinery cost per acre	74.54	73.54
Est. labor hours per acre	2.10	2.16

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**Crop Enterprise Analysis****Table 18.****Pasture, Organic**

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	<u>Owned Land</u>
Number of fields	13
Number of farms	11
Acres	67.80
Yield per acre (aum)	7.07
Operators share of yield %	100.00
Value per aum	14.84
Total product return per acre	104.99
Miscellaneous income per acre	0.98
Gross return per acre	105.97
<b>Direct Expenses</b>	
Seed	1.10
Fertilizer	6.55
Fuel & oil	2.74
Repairs	4.46
Land rent	-
Operating interest	1.04
Miscellaneous	0.31
Total direct expenses per acre	16.20
Return over direct exp per acre	89.77
<b>Overhead Expenses</b>	
Hired labor	1.48
RE & pers. property taxes	9.15
Farm insurance	0.73
Interest	20.28
Mach & bldg depreciation	4.90
Miscellaneous	1.71
Total overhead expenses per acre	38.23
Total dir & ovhd expenses per acre	54.43
Net return per acre	51.54
Government payments	8.37
Net return with govt pmts	59.91
Labor & management charge	5.01
Net return over lbr & mgt	54.90
<b>Cost of Production</b>	
Total direct expense per aum	2.29
Total dir & ovhd exp per aum	7.69
Less govt & other income	6.37
With labor & management	7.08
Machinery cost per acre	12.79
Est. labor hours per acre	0.69

**Crop Enterprise Analysis**

**Table 19.**

**Soybeans, Organic**

	<u>Owned Land</u>	<u>Cash Rent</u>
Number of fields	14	35
Number of farms	14	18
Acres	77.99	105.89
Yield per acre (bu.)	13.76	14.13
Operators share of yield %	100.00	100.00
Value per bu.	14.37	14.63
Total product return per acre	197.77	206.76
Miscellaneous income per acre	38.16	55.68
Gross return per acre	235.93	262.43
<b>Direct Expenses</b>		
Seed	29.09	32.67
Fertilizer	8.46	15.85
Non-chemical crop protect	10.74	5.54
Crop insurance	10.38	15.99
Fuel & oil	19.35	21.45
Repairs	25.82	23.34
Custom hire	2.97	4.22
Hired labor	7.17	20.16
Land rent	-	60.15
Machinery leases	1.26	3.40
Hauling and trucking	0.71	2.33
Organic certification	1.46	1.32
Operating interest	8.85	11.03
Miscellaneous	0.29	0.74
Total direct expenses per acre	126.55	218.19
Return over direct exp per acre	109.39	44.24
<b>Overhead Expenses</b>		
Custom hire	2.94	8.30
Hired labor	9.79	5.77
Machinery leases	0.79	0.27
RE & pers. property taxes	9.03	-
Farm insurance	3.59	3.41
Utilities	3.52	3.06
Dues & professional fees	1.80	5.28
Interest	29.16	4.06
Mach & bldg depreciation	23.64	21.33
Miscellaneous	4.45	3.75
Total overhead expenses per acre	88.70	55.23
Total dir & ovhd expenses per acre	215.25	273.42
Net return per acre	20.68	-10.99
Government payments	19.98	20.06
Net return with govt pmts	40.66	9.07
Labor & management charge	30.18	28.90
Net return over lbr & mgt	10.49	-19.83
<b>Cost of Production</b>		
Total direct expense per bu.	9.19	15.44
Total dir & ovhd exp per bu.	15.64	19.35
Less govt & other income	11.41	13.99
With labor & management	13.61	16.04
Machinery cost per acre	77.31	82.51
Est. labor hours per acre	2.72	2.27

**Crop Enterprise Analysis**

**Table 20.**

**Wheat, Spring, Organic**

	<u>Owned Land</u>	<u>Cash Rent</u>
Number of fields	7	7
Number of farms	7	5
Acres	81.30	151.71
Yield per acre (bu.)	28.46	23.82
Operators share of yield %	100.00	100.00
Value per bu.	6.70	6.49
Other product return per acre	-	2.12
Total product return per acre	190.79	156.64
Miscellaneous income per acre	18.99	43.29
Gross return per acre	209.78	199.93
<b>Direct Expenses</b>		
Seed	16.69	18.99
Fertilizer	24.94	12.19
Non-chemical crop protect	-	15.50
Crop insurance	3.35	9.87
Fuel & oil	24.86	17.95
Repairs	25.00	22.56
Custom hire	6.32	2.59
Land rent	-	54.86
Hauling and trucking	4.74	-
Organic certification	0.72	0.55
Operating interest	4.59	5.02
Miscellaneous	0.16	0.64
Total direct expenses per acre	111.38	160.70
Return over direct exp per acre	98.40	39.23
<b>Overhead Expenses</b>		
Custom hire	2.59	4.22
Hired labor	11.05	13.08
Machinery leases	0.85	3.54
RE & pers. property taxes	10.35	-
Farm insurance	4.61	3.07
Utilities	3.76	3.53
Dues & professional fees	3.60	3.59
Interest	25.90	2.37
Mach & bldg depreciation	17.48	11.98
Miscellaneous	3.39	1.78
Total overhead expenses per acre	83.58	47.16
Total dir & ovhd expenses per acre	194.96	207.86
Net return per acre	14.82	-7.93
Government payments	12.10	17.28
Net return with govt pmts	26.92	9.35
Labor & management charge	30.03	17.43
Net return over lbr & mgt	-3.11	-8.08
<b>Cost of Production</b>		
Total direct expense per bu.	3.91	6.75
Total dir & ovhd exp per bu.	6.85	8.73
Less govt & other income	5.76	6.09
With labor & management	6.81	6.83
Machinery cost per acre	79.63	64.22
Est. labor hours per acre	3.30	2.21

## DAIRY REPORTS

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The Livestock Enterprise Analysis tables show the average physical production, gross returns, direct costs, overhead costs, and net returns per budget unit. For this group of organic producers, the only enterprise with sufficient numbers to summarize was dairy.

The “Organic Dairy” tables (21 and 22) contain the information for only the milking herd (which includes dry cows). “Organic Dairy Replacement Heifers” (23) are those heifers kept for replacement into the milking herd. The “Organic Dairy and Replacement Heifers” table (24) is for the whole herd and includes those farms in the “Dairy” and “Dairy Replacement Heifers” tables.

*Gross Return* is the accrual gross value produced 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 change from beginning to the end of the year. The cost of livestock purchased and the value of animals transferred in are deducted.

*Net Return* is the amount contributed by a unit of 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 compensating the operator for unpaid labor and management. This is the per unit return to equity capital.

*Cost of Production* section shows the average cost per unit sold in each cost category. *Total direct and overhead expense per unit* is the 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).

**Table 21. Livestock Enterprise Analysis - (Farms Sorted By Return to Overhead)  
Organic Dairy -- Average Per Cow**

Number of farms	Average of All Farms 22		40 - 60% 5		High 20% 5.00	
	Quantity	Value	Quantity	Value	Quantity	Value
Milk sold (lb)	12,109.76	2,681.93	10,416.76	2,281.93	14,878.72	3,540.15
Dairy Calves sold (hd)	0.22	46.64	0.24	26.27	0.20	37.29
Transferred out (hd)	0.67	148.88	0.71	175.29	0.75	118.70
Cull sales (hd)	0.16	80.53	0.15	75.20	0.02	75.26
Less purchased (hd)	-0.01	-16.44	-0.03	-42.86	-	-
Less transferred in (hd)	-0.28	-352.11	-0.24	-317.43	-0.31	-386.62
Inventory change (hd)	0.07	103.43	0.08	85.14	0.11	146.82
Total production		2,692.87		2,283.55		3,531.60
Other income		109.14		69.03		137.02
Gross return		2,802.01		2,352.59		3,668.62
<b>Direct Expenses</b>						
Corn (bu.)	31.71	153.46	14.15	76.79	38.87	211.01
Corn Silage (lb.)	4,494.97	64.50	4,228.57	43.86	7,530.10	102.33
Hay, Alfalfa (lb.)	4,497.37	213.13	598.86	26.81	7,021.74	399.31
Hay, Grass & Other (lb.)	2,077.37	71.74	3,684.57	97.90	397.66	14.34
Haylage, Alfalfa (lb.)	1,768.70	53.70	1,600.00	36.00	-	-
Pasture	9.79	133.76	1.88	148.57	3.91	157.38
Protein Vit Minerals (lb.)	777.59	145.97	309.60	126.61	396.25	115.34
Other feedstuffs	1,383.37	105.58	673.78	79.53	3,734.27	300.02
Breeding fees		16.40		7.01		22.26
Veterinary		30.49		26.59		37.12
Supplies		93.52		74.05		82.89
DHIA		13.52		7.01		22.01
Fuel & oil		55.21		65.64		59.74
Repairs		128.38		136.01		141.94
Custom hire		30.83		25.78		11.59
Livestock leases		7.39		-		-
Hauling and trucking		17.63		14.73		22.98
Marketing		29.08		24.77		35.18
Bedding		17.49		13.21		20.01
Operating interest		12.58		28.00		4.96
Total direct expenses		1,394.37		1,058.87		1,760.41
Return over direct expense		1,407.65		1,293.71		1,908.21
<b>Overhead Expenses</b>						
Hired labor		236.31		174.50		164.98
Utilities		59.27		68.73		80.38
Interest		88.05		84.30		30.01
Mach & bldg depreciation		93.38		46.77		54.20
Other overhead		109.11		108.39		103.27
Total overhead expenses		586.11		482.70		432.84
Total dir & ovhd expenses		1,980.48		1,541.57		2,193.25
Net return		821.54		811.02		1,475.37
Labor & management charge		253.25		308.13		317.13
Net return over lbr & mgt		568.28		502.89		1,158.24
<b>Cost of Production</b>						
Total direct expense per cwt.		11.32		10.09		11.55
Total dir & ovhd expense per cwt.		16.07		14.69		14.39
With other revenue adjustments		15.42		14.17		13.98
With labor and management		17.47		17.10		16.06
Est. labor hours per unit		48.36		42.26		49.11
<b>Other Information</b>						
Avg. number of Cows		72.3		70.0		59.8
Milk produced per Cow		12,323		10,491		15,240
Culling percentage		16.2		15.1		14.4
Turnover rate		21.9		23.7		21.7
Percent of barn capacity		105.0		104.5		114.6
Lbs. milk/lb grain & conc.		3.8		6.0		3.5
Feed cost per cwt of milk		7.64		6.06		8.53
Feed cost per Cow		941.84		636.07		1,299.74
Avg. milk price per cwt.		22.15		21.91		23.79

**Table 22. Livestock Enterprise Analysis - (Farms Sorted By Return to Overhead)  
Non-Organic Dairy -- Average Per Cow**

Number of farms	Average of All Farms 540		40 - 60% 108		High 20% 108	
	Quantity	Value	Quantity	Value	Quantity	Value
Milk sold (lb)	21,236.22	2,836.88	20,519.00	2,721.42	23,683.26	3,273.57
Dairy Calves sold (hd)	0.27	56.03	0.20	40.13	0.32	63.06
Transferred out (hd)	0.62	122.64	0.63	129.46	0.63	123.98
Cull sales (hd)	0.25	141.73	0.25	128.42	0.25	150.88
Less purchased (hd)	-0.07	-101.03	-0.03	-55.86	-0.03	-56.43
Less transferred in (hd)	-0.33	-432.90	-0.34	-454.73	-0.34	-420.06
Inventory change (hd)	0.07	104.56	0.04	75.54	0.08	118.06
Total production		2,716.77		2,569.82		3,242.33
Other income		103.09		112.77		107.38
Gross return		2,819.86		2,682.59		3,349.71
<b>Direct Expenses</b>						
Corn (bu.)	65.69	141.25	63.55	135.71	61.67	134.01
Corn Silage (lb.)	14,642.85	147.91	13,991.28	141.99	14,927.44	149.94
Hay, Alfalfa (lb.)	3,021.97	136.74	2,703.26	123.62	2,468.73	111.88
Haylage, Alfalfa (lb.)	5,530.52	119.12	6,240.71	137.44	5,795.34	117.67
Protein Vit Minerals (lb.)	2,785.77	360.76	3,419.43	414.68	2,523.13	328.89
Other feedstuffs	3,528.53	239.08	2,680.35	154.76	4,205.80	321.78
Breeding fees		39.02		40.99		41.61
Veterinary		108.96		110.13		110.56
BST		33.45		27.72		36.95
Supplies		115.13		121.46		103.96
DHIA		14.56		13.70		15.60
Fuel & oil		69.75		68.32		72.41
Repairs		105.59		95.19		106.60
Custom hire		27.21		20.59		26.05
Hired Labor		8.77		30.33		2.57
Hauling and trucking		35.58		39.37		39.43
Marketing		36.71		35.96		35.99
Bedding		51.28		42.33		55.72
Operating interest		14.07		13.57		6.07
Total direct expenses		1,804.94		1,767.87		1,817.68
Return over direct expense		1,014.92		914.72		1,532.02
<b>Overhead Expenses</b>						
Custom hire		12.79		14.46		11.30
Hired labor		263.39		199.59		355.77
Utilities		69.25		67.52		67.82
Interest		122.30		122.93		116.38
Mach & bldg depreciation		119.59		106.57		134.21
Other overhead		125.08		121.01		147.81
Total overhead expenses		712.40		632.07		833.31
Total dir & ovhd expenses		2,517.34		2,399.94		2,650.99
Net return		302.53		282.65		698.71
Labor & management charge		204.61		222.02		210.35
<b>Net return over lbr &amp; mgt</b>		97.91		60.63		488.36
<b>Cost of Production</b>						
Total direct expense per cwt.		8.47		8.58		7.65
Total dir & ovhd expense per cwt.		11.81		11.65		11.16
With other revenue adjustments		11.93		11.89		10.87
With labor and management		12.89		12.97		11.76
Est. labor hours per unit		40.74		38.01		42.66
<b>Other Information</b>						
Avg. number of Cows		122.00		113.80		162.60
Milk produced per Cow		21,307.00		20,599.00		23,756.00
Culling percentage		24.60		24.80		24.90
Turnover rate		32.30		32.70		30.70
Percent of barn capacity		107.20		104.10		111.70
Lbs. milk/lb grain & conc.		2.40		2.40		2.60
Feed cost per cwt of milk		5.37		5.38		4.90
Feed cost per Cow		1,144.86		1,108.19		1,164.16
Avg. milk price per cwt.		13.36		13.26		13.82

**Livestock Enterprise Analysis**

**Table 23.**

**Organic Dairy Replacement Heifers -- Average Per Head Sold/Trans**

	<b>Avg. Of All Farms</b>	
Number of farms	20	
	Quantity	Value
Replacements sold (hd)	0.32	120.82
Transferred out (hd)	0.68	785.13
Cull sales (hd)	0.00	1.46
Butchered (hd)	0.00	3.41
Less purchased (hd)	-0.02	-38.79
Less transferred in (hd)	-1.34	-298.01
Inventory change (hd)	0.19	251.10
Total production (hd)	0.00	825.11
Other income		-
Gross return		825.11
<b>Direct Expenses</b>		
Barley (bu.)	3.57	12.10
Corn (bu.)	6.56	36.22
Corn Silage (lb.)	2,706.90	37.02
Hay, Alfalfa (lb.)	3,679.43	158.10
Hay, Grass & Other (lb.)	1,556.61	53.74
Haylage, Alfalfa (lb.)	664.08	18.23
Haylage, Grass & Other (lb.)	275.86	4.40
Oats (bu.)	7.16	21.05
Pasture (aum)	4.51	111.46
Sorghum Silage (lb.)	754.60	11.85
Complete Ration (lb.)	97.13	19.84
Milk (lb.)	384.84	70.85
Protein Vit Minerals (lb.)	185.42	79.16
Other feed stuffs	561.55	9.72
Breeding fees		4.09
Veterinary		11.82
Supplies		31.14
Contract production exp.		61.99
Fuel & oil		18.39
Repairs		47.45
Livestock leases		0.86
Hauling and trucking		3.53
Bedding		5.20
Total direct expenses		828.21
Return over direct expense		-3.10
<b>Overhead Expenses</b>		
Hired labor		86.33
Machinery leases		3.14
RE & pers. property taxes		2.45
Farm insurance		11.43
Utilities		19.93
Dues & professional fees		6.70
Interest		26.67
Mach & bldg depreciation		33.63
Miscellaneous		12.05
Total overhead expenses		202.33
Total dir & ovhd expenses		1,030.54
Net return		-205.43
Labor & management charge		82.25
Net return over lbr & mgt		-287.68
<b>Cost of Production</b>		
Total direct expense per head		909.05
Total dir & ovhd expense per head		1,111.37
With other revenue adjustments		1,111.37
With labor and management		1,193.63
Est. labor hours per unit		17.34
<b>Other Information</b>		
No. purchased or trans in		47
Number sold or trans out		35
Average number of head		65
Percentage death loss		6.7
Feed cost per average head		347.04
Feed cost/head sold+trans		643.72
Avg. purchase weight		-
Avg. sales weight		-
Avg. purch price / head		1,800.00
Avg. sales price / head		373.73



**Livestock Enterprise Analysis**

**Table 24.**

**Organic Dairy with Replacement Heifers -- Average Per Cow**

	<b>Avg. Of All Farms</b>	
Number of farms	20	
	Quantity	Value
Milk sold (lb)	12,127.61	2,672.34
Milk used in home (lb)	23.04	5.25
Milk fed to animals (lb)	187.94	33.86
Dairy Calves sold (hd)	0.38	104.76
Transferred out (hd)	0.96	506.40
Cull sales (hd)	0.16	78.80
Butchered (hd)	0.01	6.45
Less purchased (hd)	-0.02	-25.25
Less transferred in (hd)	-0.90	-494.78
Inventory change (hd)	0.16	217.55
Total production		3,105.38
Other income		66.01
Gross return		3,171.39
<b>Direct Expenses</b>		
Barley (bu.)	3.94	13.54
Corn (bu.)	33.66	163.10
Corn Silage (lb.)	5,529.78	80.10
Corn, Ear (lb.)	118.99	6.63
Hay, Alfalfa (lb.)	6,291.59	291.69
Hay, Grass & Other (lb.)	2,241.50	86.19
Haylage, Alfalfa (lb.)	2,168.23	64.94
Oats (bu.)	11.99	36.26
Pasture (aum)	6.15	180.97
Sorghum Silage (lb.)	1,188.35	17.55
Soybeans (bu.)	1.36	18.69
Complete Ration (lb.)	141.36	32.24
Milk (lb.)	178.29	32.88
Protein Vit Minerals (lb.)	889.37	179.86
Other feed stuffs	640.89	20.89
Breeding fees		19.16
Veterinary		35.71
Supplies		120.27
DHA		13.78
Contract production exp.		28.56
Fuel & oil		62.67
Repairs		145.11
Custom hire		32.87
Livestock leases		8.18
Hauling and trucking		19.07
Marketing		29.67
Bedding		20.09
Total direct expenses		1,760.66
Return over direct expense		1,410.73
<b>Overhead Expenses</b>		
Hired labor		277.63
Farm insurance		40.95
Utilities		66.93
Dues & professional fees		22.12
Interest		95.73
Mach & bldg depreciation		110.89
Miscellaneous		58.88
Total overhead expenses		673.15
Total dir & ovhd expenses		2,433.81
Net return		737.58
Labor & management charge		282.66
Net return over lbr & mgt		454.93
<b>Cost of Production</b>		
Total direct expense per cwt.		14.27
Total dir & ovhd expense per cwt.		19.73
With other revenue adjustments		16.00
With labor and management		18.29
Est. labor hours per unit		55.52
<b>Other Information</b>		
Avg. number of Cows		75.6
Milk produced per Cow		12,339
Culling percentage		16.3
Turnover rate		25.5
Percent of barn capacity		106.1
Lbs. milk/lb grain & conc.		3.3
Feed cost per cwt of milk		9.93
Feed cost per Cow		1,225.53
Avg. milk price per cwt.		22.04

# Farm Financial Scorecard

## Liquidity

Current ratio \_\_\_\_\_ . \_\_\_\_\_

Working capital \$ \_\_\_\_\_

**Strong**

2.0

**Vulnerable**

1.0



## Solvency (market)

Note: These solvency ratios exclude deferred liabilities

Farm debt/asset ratio \_\_\_\_\_ %

Farm equity/asset ratio \_\_\_\_\_ %

Farm debt/equity ratio \_\_\_\_\_ %

30%

70%



70%

30%



43%

233%



## Profitability (Cost)

Net farm income \$ \_\_\_\_\_

Rate of return on farm assets \_\_\_\_\_ %

Rate of return on farm equity \_\_\_\_\_ %

Operating profit margin \_\_\_\_\_ %

8%

3%



15%

5%



25%

10%



## Repayment Capacity (Accrual)

Term-debt coverage ratio \_\_\_\_\_ %

Capital-replacement margin \$ \_\_\_\_\_

150%

110%



## Financial Efficiency

Asset-turnover rate (market) \_\_\_\_\_ %

Operating-expense ratio \_\_\_\_\_ %

Depreciation-expense ratio \_\_\_\_\_ %

Interest-expense ratio \_\_\_\_\_ %

Net farm income ratio \_\_\_\_\_ %

Can vary depending on the type of farm

65%

80%



5%

11%



5%

11%



20%

10%



Use these general benchmarks to evaluate the data contained in this report or to assess how your own operation is performing.