Farm/Ranch Business Management Education
Year 2008
Jerry Tuhy, Instructor
Dickinson ND at DREC

Gross Income (Accrual)
Per farm for year

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (Per farm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>100,000</td>
</tr>
<tr>
<td>2005</td>
<td>200,000</td>
</tr>
<tr>
<td>2006</td>
<td>300,000</td>
</tr>
<tr>
<td>2007</td>
<td>400,000</td>
</tr>
<tr>
<td>2008</td>
<td>500,000</td>
</tr>
</tbody>
</table>

Average: $200,000
20% Low: $20,000
20% High: $400,000
Net Income Ratio (%)
percentage of gross $ that is net $

$ Net Farm Income “Profit”

2004 2005 2006 2007 2008

Average
20% High
20% Low
$ Net “Non-Farm” Income

Family Living & Income Taxes
$ spent/year
Change in Retained Earnings
$ of equity gain per yr (cost basis)

Farm Debt/Asset Ratio (%) end year
Expense (oper+ Int) as % of Accrual Income

Term Debt Coverage Ratio
a 100% ratio means “we can make all debt payments”
Cash Flow 2008

<table>
<thead>
<tr>
<th></th>
<th>Average</th>
<th>Low Profit</th>
<th>High Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Farm Income</td>
<td>457323</td>
<td>385759</td>
<td>1057203</td>
</tr>
<tr>
<td>Non-Farm Income</td>
<td>32410</td>
<td>33376</td>
<td>27847</td>
</tr>
<tr>
<td>Cash Farm Expenses</td>
<td>348463</td>
<td>359452</td>
<td>755158</td>
</tr>
<tr>
<td>Family Living</td>
<td>48313</td>
<td>47328</td>
<td>72161</td>
</tr>
<tr>
<td>Income, SS Tax</td>
<td>4013</td>
<td>3231</td>
<td>4473</td>
</tr>
<tr>
<td>Net Capital Purchases</td>
<td>96291</td>
<td>92474</td>
<td>202668</td>
</tr>
<tr>
<td>Money Borrowed</td>
<td>288019</td>
<td>378448</td>
<td>443679</td>
</tr>
<tr>
<td>Principal Payments</td>
<td>272368</td>
<td>292852</td>
<td>484073</td>
</tr>
</tbody>
</table>

For more info – see www.finbin.umn.edu

Crop and Pasture Acres

![Crop and Pasture Acres Chart](chart.png)
Spring Wheat Ave Yields and Net $ per Acre

Costs /acre for Spring Wheat comparing 06,07,08

<table>
<thead>
<tr>
<th></th>
<th>'06</th>
<th>'07</th>
<th>'08</th>
<th>Total Direct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seed</td>
<td>9</td>
<td>10</td>
<td>19</td>
<td>166</td>
</tr>
<tr>
<td>Fert.</td>
<td>27</td>
<td>28</td>
<td>47</td>
<td>121</td>
</tr>
<tr>
<td>Chem.</td>
<td>16</td>
<td>22</td>
<td>24</td>
<td>112</td>
</tr>
<tr>
<td>Insur.</td>
<td>6</td>
<td>9</td>
<td>19</td>
<td>44</td>
</tr>
<tr>
<td>Fuel- Repair</td>
<td>15</td>
<td>19</td>
<td>23</td>
<td>67</td>
</tr>
<tr>
<td>Total Direct</td>
<td></td>
<td></td>
<td></td>
<td>169</td>
</tr>
</tbody>
</table>
Crop Contributions to Overheads Year

2008

All Crops combined in 2008 Ave Gross=$196
Cash rented crops, not hay, cost=$182/A
$ Net income /Beef Cow

Average
High 20%
Low 20%

Beef cow costs, returns 2008 per cow (fuel, repairs in OVHD)

average

high profit

$351
$24
$106

$312
$135
$84

direct 
overheads 
net $
How are low profit and high profit Beef herds different? For 2008 yr

<table>
<thead>
<tr>
<th></th>
<th>Low Profit</th>
<th>High Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of calf/cow</td>
<td>$470</td>
<td>$595</td>
</tr>
<tr>
<td>Depreciation per cow</td>
<td>$68</td>
<td>$64</td>
</tr>
<tr>
<td>Direct cost/cow</td>
<td>$408</td>
<td>$312</td>
</tr>
<tr>
<td>Overhead expense/cow</td>
<td>$141</td>
<td>$84</td>
</tr>
<tr>
<td>Net Income per Cow</td>
<td>-$146</td>
<td>+$135</td>
</tr>
</tbody>
</table>