



2007
ORGANIC FARM
PERFORMANCE
IN MINNESOTA

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This report is based on work funded by a Research Partnership Grant from the USDA Risk Management Agency (RMA). The RMA was created in 1996 to help farmers manage their business risks through effective, market-based risk management solutions. For more information about RMA programs and services in Minnesota, call the regional office in St. Paul at 651-290-3304.



The production, printing, and distribution of this report were generously underwritten by the Organic Farming Research Foundation, Santa Cruz, CA www.ofrf.org

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

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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 has changed all that. The current report summarizes actual Minnesota organic farm performance data from 2006 and 2007.

HOW DOES THE ORGANIC FBM PROJECT WORK?

Farmers who participate in the program receive a partial rebate on their Farm Business Management Program tuition costs. They work one-on-one with a local FBM instructor to keep and use quality records in their farm business decisions. Their farm data is then stripped of all its identifying characteristics (so the producers remain absolutely anonymous) and incorporated into FINBIN, a database at www.finbin.umn.edu.

HERE'S WHAT SOME PARTICIPATING ORGANIC FARMERS HAVE TO SAY:

"... We look at machinery cost per acre, also labor and fertilizer costs. I have decided that I'm not spending enough on fertilizer compared to other farmers and compared to prices for organic crops..."

"...[It's] helped me to see profitability and lack of profits in different enterprises..."

"...I used the dairy feed costs to better up production per cow using "what if" situations"

"...In the future, we will use our profit margin numbers as a benchmark for our production costs. Because we've only been participating in FBM for a little over a year, we haven't yet altered management decisions other than continuing to try to be frugal farmers and smart financial managers."

"... Overall, I think the cost share provided us with an incredible opportunity that we otherwise would not have had. Being able to have FINPACK & FINFLO data to lenders, FSA loan officers in our quest as first time farm buyers really did give credibility to our somewhat unconventional farm operation. When we eventually buy farmland, I think FBM will be key to helping us along the way. It is also required by many lenders, so we've already got that covered."



To learn more about FBM opportunities contact the MNSCU Campus in your region. A list of programs is available at www.mgt.org, or you may call Dick Joerger at 651-297-1484. Southwest Minnesota also has a Farm Business Management Association: please contact Jim Kurtz at 507-372-3904.

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

Alexandria Technical College	Jerry Kalinowski
Central Lakes College	Bob Rick, Tom Schulz, Lee Todnem,
Minnesota West Community and Technical College	Larry Griffin, Dennis Schroeder
Northland Community and Technical College	Mark Berg, Jon Christensen, Greg Dvergsten, Doug Fjerstad, Dave Grafstrom, Greg Kalinoski, Michael Lockhart, Thaddeus McCamant, Rick Morgan, Paul Oehlke, Danie Packard, Paul Ramsey, Greg Tullis
Ridgewater College	Richard Bonde, Deron Erickson, Paul Filzen, Kevin Hansen, Tim Holtquist, Mike Mastey, Shawn Meyer, Dan Perkins, Zach Rada, Robert Stommes, Ken Thiesen, Stan Vander Kooi,
Riverland Community College	Tom Anderson, Jim Christensen, Jim Kelm, Jack LaValla, Dan Miller, Gary Thome, Ron Van Nurden
South Central College	Ira Beckman, Gene Kuntz, Jim Marzolf, Myron Oftedahl, Al Roesler, Robin Schwieger, Todd Stencel, Mark Wehe
Southwest Minnesota Farm Business Management Association	Rob Holcombe

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. The data is provided to the CFFM by Minnesota State Colleges and Universities FBM instructors and Minnesota Farm Management Association fieldpersons.

ORGANIC FARM PERFORMANCE IN MINNESOTA

2007

By Dale Nordquist, Ron Dvergsten, and Meg Moynihan¹

This report summarizes the individual farm financial results for participants in the Minnesota Organic Farm Business Management Project for 2007 with comparisons to 2006 performance. 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 Program instructors or by Minnesota Farm Management Associations. A total of 65 farms participated in the program for 2007, down slightly from 71 in 2006. Of those, 45 were “total organic,” meaning that all of the agricultural products produced on the farm were produced under organic certification, and 20 were “partial organic,” having both certified organic and non-organic production.

WHOLE FARM RESULTS

All Farms

Participating organic farms were, on average, much more profitable in 2007 than the previous year. Table 1 compares 2007 financial results to 2006 for all participating (total and partial) organic farms. These farms ranged from totally certified organic producers to those who may produce conventional commodities with one or two organic products. For 2007, the median net farm income was \$64,437 compared to \$35,383 in 2006. Net farm income is reported on the accrual adjusted basis (adjusted for inventory changes) and includes depreciation expense based on the economic life of capital assets. Average net farm income was much higher than the median income, at \$105,757, indicating that the most profitable farms were so profitable that they increased the average for all farms.

The average organic farm earned a rate of return on assets (ROA) of 13.3% with assets valued at adjusted cost basis², up from 6.5% in 2006. (Return on assets provides an indication of how profitable the farm is relative to its total assets. It is also sometimes known as “return on investment.”) With that improved profitability, liquidity also improved. (Liquidity is a measure of the farm’s ability to generate sufficient cash flow to pay for all farm expenses.) The average farm’s current ratio improved from 1.57:1 to 1.86:1. Current ratio measures extent to which current farm assets, if sold tomorrow, would pay off current farm liabilities. In this case, there are \$1.86 of current assets per \$1.00 of current debt. The group as a whole

had relatively high levels of liquidity with working capital (current assets *minus* current debt) held at the end of the year equal to 34% of a year’s income. Repayment capacity was also much improved, as the average term debt coverage ratio increased from 140% to 237% (\$2.37 available to repay \$1.00 of scheduled repayment). The average farm’s net worth increased by \$103,163 during 2007.

Totally Organic Farms

These 45 farms produced and sold **only** certified organic products during 2007 (Table 2). Their median net farm income was \$58,886 compared to \$31,489 in 2006. Average net farm income was \$90,007 on sales of \$243,284. The average farm earned an ROA of 13.3% (with assets valued at adjusted cost basis) and a rate of return on equity (ROE) of 20.1%. The fact that the ROE exceeded ROA indicates that borrowed capital earned more than the average interest rate paid.

The total organic farms group also had relatively high levels of liquidity, with a current ratio of 1.98:1 and working capital equal to 35% of gross income at year end. Their term debt coverage ratio increased from a relatively marginal rate of 127% in 2006 to 239% in 2007. (Term debt coverage ratio measures the farm’s ability to cover all term debt and capital lease payments. The greater the ratio, the greater the margin to meet all term debt and capital lease payments.) On average, these farms improved their net worth by \$95,765 during the year (assets valued at estimated market value).

¹Nordquist is Extension Economist – Center For Farm Financial Management, University of Minnesota, Twin Cities; Dvergsten is Dean of Management Education, Northland Community and Technical College, Thief River Falls, MN; Moynihan is Organic and Diversification Specialist, Minnesota Department of Agriculture.

²For 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.

Comparison to Conventional Farms

Table 3 shows the same financial measures for the 2,527 Minnesota conventional farms that participate in farm management education programs. The average conventional farm was somewhat larger, with average total assets of \$1.6 million compared to \$1.1 million for the total organic farms. Average conventional gross income was \$600,204, compared to \$243,560 for the organic group. Conventional farm earnings were generally higher than those of the organic group, with median earnings of \$107,062 compared to \$58,886 for the organic farms.

If we look at return on assets, which better accounts for differences in size of business, we see that these organic farms were more competitive with their conventional neighbors. The average organic farm earned an ROA of 13.3% compared to an average ROA of 14.0% for conventional farms. As might be expected, the organic farms had a higher operating profit margin (31.8% vs. 27.2%), while the conventional farms had higher asset turnover rates (51.4% vs. 41.9%). In other words, organic farms generated more of their profits from operating efficiency and price markup, while conventional farms generally produced more of their profits from volume of sales. Organic farms spent only 63.5% of their income for farm expenses compared to 72.5% for conventional farms. The conventional farms used slightly more debt capital, with average debt to assets of 45% compared to 39% for the organic farms.

Profitability Comparisons

Among the organic farms, there was a wide range of financial results. Table 4 sorts the 2007 total organic farms into thirds based on net farm income. The highest profit group had median net earnings of \$141,139 compared to \$9,918 for the low profit group. The high profit group was larger in terms of sales and total assets and generated rates of return comparable to the most profitable conventional farms. The more interesting comparison might be the middle third compared to the low profit group. The low profit group was actually made up of larger farms, on average, based on total assets and yet generated less gross income. They owned more acres and rented fewer. We do not know if these farms suffered weather related losses or production problems that may have been beyond the manager's control.

Type of Farm

Of the 45 totally organic farms, 16 were crop farms and 18 were dairy farms³ (Table 5). Eight 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 crop farms were very profitable as a group, with median net farm income of \$82,011 and an ROA of more than 20%. Crop farms had high liquidity (2.34:1 current ratio) and high debt coverage (412% term debt coverage). The average organic crop farm's net worth increased by over \$140,000 during the year. This was a major improvement over 2006 when the organic crop group earned only \$8,037.

The 18 organic dairy farms were also profitable, but not as profitable as the crop group. The median net farm earnings for organic dairies was \$53,783 compared to \$63,173 in 2006. Their rate of return on assets was 6.7%, down from 11.6% in 2006. Their liquidity in terms of working capital was much lower than the crop farms, indicating much less ability to sustain a long period of reduced earnings. The average organic dairy farm increased its net worth by more than \$50,000 in 2007.

Size of Farm

Much like the results we see for conventional farms, the financial performance of organic farms generally increased with farm size, with one exception: those organic farms that grossed under \$50,000 had higher returns than the next larger group of farms (Table 6). This may be an anomaly, given the small number of farms in each size group. In any case, there was not a great deal of difference in profitability based on rate of return on assets for the farms that produced gross income over \$50,000. The more critical concern might be how large a farm needs to be to support a family. Even though farms that grossed between \$50,000 and \$100,000 had high returns to investment, it would be difficult to support a family on the median net income of \$11,455. Farms that grossed over \$100,000 did, on average, produce median net income of \$63,000 or more.

Use of Debt Capital

The debt levels of these farms varied from five farms that had debt to asset ratios under 20% to six farms that had debt greater than 80% of the value of their assets (Table 7). Again, there was a surprise in the 2007 data, as those farms that owed the least debt—those with debt to asset ratios under 20%—were the least profitable. This is based on a very small number of farms but this supports the argument that it is usually profitable to employ some debt in a business. On the other end of the scale, however, those who had debt to asset ratios greater than 80% were in much more serious trouble. Their working capital was, on average,

³Farms were categorized on the basis of having 70% or more of gross income from that category of income.

negative, and their term debt coverage ratio averaged only 27%, indicating serious repayment difficulties. Those in the middle, with debt to asset ratios between 20% and 60%, produced strong financial performance.

So was 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. Total expense as a percent of income consistently increased with debt level. Even if interest expense is excluded, farms with higher debt levels used more of their income to pay farm expenses, signaling that these farms may have serious problems in operating efficiencies.

Age of Operator

The age of these operators varied from six producers who were younger than 31 years old to 14 who were between 51 and 60 (Table 8). Most producers were between 40 and 60 years old. Those between 30 and 50 years old were, on average, very profitable. Those under 30 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 51 were also profitable, just not as profitable. The older producers had very low asset turnover rates, averaging 32%, indicating that each dollar of investment generated less gross income than their younger neighbors.

Summary

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

As with groups of conventional farms, there is tremendous variability in the production and financial performance of this group of organic producers. 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 the parts of northern Minnesota have suffered from lack of adequate rainfall in recent years. Other differences might be explained by the relative profitability of specific commodities in 2007. Again, this is not unlike conventional farm production.

The tables that follow summarize the whole farm financial performance of this collection of 65 producers; 45 of whom have “total organic” and 20 of whom have “partial organic” farming operations. The first several tables (Tables 1-9) include the sorts on which the previous discussion is based. The next set of tables provides information about crop enterprise (Tables 10-20) and dairy enterprise (Tables 21-24) performance. Finally, Table 25 shows what we call the “Farm Financial Standards Sweet 16” ratios and measures. There is also a financial “scorecard” that can be used to benchmark individual results.

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.

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Financial Summary
Table 1: All Organic Farms (Total Organic and Partial Organic)
(Farms Sorted By Years)

	<u>Avg. Of All Farms</u>	<u>2007</u>	<u>2006</u>
Number of farms	136	65	71
Income Statement			
Gross cash farm income	263,393	288,259	240,628
Total cash farm expense	212,283	231,248	194,921
Net cash farm income	51,110	57,011	45,707
Inventory change	37,891	63,058	14,851
Depreciation and capital adjust	-11,922	-14,312	-9,735
Average net farm income	77,079	105,757	50,824
Median net farm income	51,276	64,437	35,383
Profitability (cost)			
Labor and management earnings	54,923	82,412	29,757
Rate of return on assets	10.0 %	13.3 %	6.5 %
Rate of return on equity	13.4 %	20.0 %	6.8 %
Operating profit margin	24.6 %	30.4 %	17.4 %
Asset turnover rate	40.8 %	43.6 %	37.7 %
Liquidity			
Ending current ratio	1.72	1.86	1.57
Ending working capital	74,210	97,130	53,228
End working capital to gross inc	28.2 %	33.7 %	22.1 %
Term debt coverage ratio	191.0 %	236.6 %	139.6 %
Expense as a percent of income	69.9 %	65.0 %	76.0 %
Interest as a percent of income	6.1 %	5.7 %	6.7 %
Solvency (market)			
Number of farms	136	65	71
Ending farm assets	952,242	1,042,399	869,704
Ending farm liabilities	403,984	451,782	360,225
Ending total assets	1,109,219	1,216,931	1,010,610
Ending total liabilities	449,091	501,462	401,147
Ending net worth	660,128	715,470	609,463
Net worth change	72,758	103,163	44,923
Ending farm debt to asset ratio	42 %	43 %	41 %
Beg total debt to asset ratio	41 %	42 %	39 %
End total debt to asset ratio	40 %	41 %	40 %
Nonfarm Information			
Net nonfarm income	21,564	22,850	20,387
Farms reporting living expenses	32	17	15
Total family living expense	44,047	45,903	41,945
Total living, invest, & capital	54,696	59,193	49,598
Crop Acres			
Total acres owned	269	280	260
Total crop acres	525	545	508
Total crop acres owned	182	194	171
Total crop acres cash rented	322	333	312
Total crop acres share rented	21	18	24

Financial Summary
Table 2: Totally Organic Farms
(Farms Sorted By Years)

	<u>Avg. Of All Farms</u>	<u>2007</u>	<u>2006</u>
Number of farms	91	45	46
Income Statement			
Gross cash farm income	218,146	243,560	193,284
Total cash farm expense	175,318	192,489	158,521
Net cash farm income	42,828	51,071	34,763
Inventory change	33,649	54,081	13,661
Depreciation and capital adjust	-9,267	-12,146	-6,451
Average net farm income	67,210	93,007	41,973
Median net farm income	43,030	58,886	31,489
Profitability (cost)			
Labor and management earnings	48,006	72,603	23,945
Rate of return on assets	10.1 %	13.3 %	6.5 %
Rate of return on equity	13.6 %	20.1 %	6.5 %
Operating profit margin	25.9 %	31.8 %	18.0 %
Asset turnover rate	39.2 %	41.9 %	36.1 %
Liquidity			
Ending current ratio	1.79	1.98	1.58
Ending working capital	64,313	84,971	44,104
End working capital to gross inc	29.5 %	34.9 %	22.8 %
Term debt coverage ratio	186.7 %	239.3 %	126.5 %
Expense as a percent of income	69.0 %	63.5 %	76.6 %
Interest as a percent of income	6.5 %	5.7 %	7.6 %
Solvency (market)			
Number of farms	91	45	46
Ending farm assets	887,293	951,896	824,095
Ending farm liabilities	354,228	381,270	327,774
Ending total assets	1,041,326	1,113,306	970,911
Ending total liabilities	400,401	428,695	372,722
Ending net worth	640,925	684,611	598,189
Net worth change	65,545	95,765	35,982
Ending farm debt to asset ratio	40 %	40 %	40 %
Beg total debt to asset ratio	39 %	41 %	37 %
End total debt to asset ratio	38 %	39 %	38 %
Nonfarm Information			
Net nonfarm income	19,668	21,021	18,344
Farms reporting living expenses	20	11	9
Total family living expense	43,756	47,216	39,527
Total living, invest, & capital	54,610	60,644	47,234
Crop Acres			
Total acres owned	222	229	215
Total crop acres	374	398	351
Total crop acres owned	142	146	139
Total crop acres cash rented	222	238	207
Total crop acres share rented	9	14	5

Financial Summary
Table 3: All Participating Non-Organic Farms
(Farms Sorted By Years)

	<u>Avg. Of All Farms</u>	<u>2007</u>	<u>2006</u>
Number of farms	4936	2527	2409
Income Statement			
Gross cash farm income	552,421	600,204	502,298
Total cash farm expense	466,292	503,537	427,222
Net cash farm income	86,129	96,667	75,075
Inventory change	70,003	90,132	48,888
Depreciation and capital adjust	-28,049	-29,378	-26,654
Average net farm income	128,083	157,420	97,309
Median net farm income	81,937	107,062	61,145
Profitability (cost)			
Labor and management earnings	95,703	123,244	66,813
Rate of return on assets	11.8 %	14.0 %	9.3 %
Rate of return on equity	17.0 %	21.0 %	12.3 %
Operating profit margin	24.2 %	27.2 %	20.3 %
Asset turnover rate	48.9 %	51.4 %	46.1 %
Liquidity			
Ending current ratio	1.76	1.89	1.62
Ending working capital	160,157	191,327	127,460
End working capital to gross inc	29.0 %	31.9 %	25.4 %
Term debt coverage ratio	229.8 %	269.5 %	185.8 %
Expense as a percent of income	74.8 %	72.5 %	77.6 %
Interest as a percent of income	5.4 %	5.2 %	5.7 %
Solvency (market)			
Number of farms	4,936	2,527	2,409
Ending farm assets	1,494,396	1,566,457	1,418,806
Ending farm liabilities	704,375	733,053	674,292
Ending total assets	1,670,314	1,743,866	1,593,159
Ending total liabilities	746,607	776,795	714,939
Ending net worth	923,707	967,071	878,220
Net worth change	121,982	145,981	96,806
Ending farm debt to asset ratio	47 %	47 %	48 %
Beg total debt to asset ratio	46 %	46 %	45 %
End total debt to asset ratio	45 %	45 %	45 %
Nonfarm Information			
Net nonfarm income	24,653	24,589	24,720
Farms reporting living expenses	1,963	1,005	958
Total family living expense	43,268	44,318	42,167
Total living, invest, & capital	67,651	67,884	67,407
Crop Acres			
Total acres owned	271	268	275
Total crop acres	788	785	791
Total crop acres owned	216	211	221
Total crop acres cash rented	547	550	545
Total crop acres share rented	25	24	25

Financial Summary
Table 4: Totally Organic Farms by Net Income, 2007
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 33%</u>	<u>33 - 66%</u>	<u>High 34%</u>
Number of farms	45	14	15	16
Income Statement				
Gross cash farm income	243,560	133,192	140,056	437,167
Total cash farm expense	192,489	113,092	111,673	337,726
Net cash farm income	51,071	20,100	28,384	99,441
Inventory change	54,081	-5,860	28,014	130,968
Depreciation and capital adjust	-12,146	-7,634	-6,973	-20,943
Average net farm income	93,007	6,607	49,424	209,466
Median net farm income	58,886	9,918	56,714	141,139
Profitability (cost)				
Labor and management earnings	72,603	-4,003	38,494	171,609
Rate of return on assets	13.3 %	-0.6 %	10.2 %	18.4 %
Rate of return on equity	20.1 %	-7.7 %	16.3 %	27.7 %
Operating profit margin	31.8 %	-2.1 %	24.7 %	40.1 %
Asset turnover rate	41.9 %	29.2 %	41.1 %	46.0 %
Liquidity				
Ending current ratio	1.98	1.46	1.38	2.33
Ending working capital	84,971	19,429	22,044	201,314
End working capital to gross inc	34.9 %	14.6 %	15.7 %	46.0 %
Term debt coverage ratio	239.3 %	58.3 %	152.0 %	366.6 %
Expense as a percent of income	63.5 %	88.8 %	66.1 %	57.5 %
Interest as a percent of income	5.7 %	8.7 %	5.0 %	5.2 %
Solvency (market)				
Number of farms	45	14	15	16
Ending farm assets	951,896	814,102	481,461	1,513,497
Ending farm liabilities	381,270	319,402	238,233	569,502
Ending total assets	1,113,306	980,052	703,671	1,613,937
Ending total liabilities	428,695	363,659	330,924	577,263
Ending net worth	684,611	616,394	372,747	1,036,674
Net worth change	95,765	61,486	37,012	180,840
Ending farm debt to asset ratio	40 %	39 %	49 %	38 %
Beg total debt to asset ratio	41 %	37 %	45 %	41 %
End total debt to asset ratio	39 %	37 %	47 %	36 %
Nonfarm Information				
Net nonfarm income	21,021	23,938	23,412	16,229
Farms reporting living expenses	11	2	4	5
Total family living expense	47,216	-	-	55,961
Total living, invest, & capital	60,644	-	-	69,048
Crop Acres				
Total acres owned	229	188	99	386
Total crop acres	398	166	248	743
Total crop acres owned	146	56	54	311
Total crop acres cash rented	238	110	186	400
Total crop acres share rented	14	-	8	32

Financial Summary
Table 5: Totally Organic Farms by Farm Type, 2007
(Farms Sorted By Farm Type)

	<u>Avg. Of All Farms</u>	<u>Crop</u>	<u>Dairy</u>	<u>Other</u>
Number of farms	45	16	18	8
Income Statement				
Gross cash farm income	243,560	319,245	214,324	146,526
Total cash farm expense	192,489	251,032	168,124	104,517
Net cash farm income	51,071	68,213	46,200	42,009
Inventory change	54,081	118,868	7,208	21,578
Depreciation and capital adjust	-12,146	-24,440	1,472	-15,445
Average net farm income	93,007	162,641	54,879	48,142
Median net farm income	58,886	82,011	53,783	32,394
Profitability (cost)				
Labor and management earnings	72,603	135,977	36,484	36,735
Rate of return on assets	13.3 %	20.3 %	6.7 %	10.7 %
Rate of return on equity	20.1 %	30.5 %	8.3 %	19.0 %
Operating profit margin	31.8 %	37.7 %	20.7 %	33.7 %
Asset turnover rate	41.9 %	53.8 %	32.4 %	31.6 %
Liquidity				
Ending current ratio	1.98	2.34	1.57	2.72
Ending working capital	84,971	162,857	31,729	68,264
End working capital to gross inc	34.9 %	51.0 %	14.8 %	46.6 %
Term debt coverage ratio	239.3 %	412.6 %	90.9 %	181.2 %
Expense as a percent of income	63.5 %	54.9 %	75.7 %	61.8 %
Interest as a percent of income	5.7 %	4.7 %	5.9 %	7.2 %
Solvency (market)				
Number of farms	45	16	18	8
Ending farm assets	951,896	1,058,698	1,019,461	558,274
Ending farm liabilities	381,270	425,724	377,061	273,616
Ending total assets	1,113,306	1,253,202	1,199,528	639,186
Ending total liabilities	428,695	484,797	436,840	283,648
Ending net worth	684,611	768,405	762,688	355,538
Net worth change	95,765	141,417	51,689	104,484
Ending farm debt to asset ratio	40 %	40 %	37 %	49 %
Beg total debt to asset ratio	41 %	42 %	36 %	53 %
End total debt to asset ratio	39 %	39 %	36 %	44 %
Nonfarm Information				
Net nonfarm income	21,021	31,712	15,902	6,955
Farms reporting living expenses	11	6	3	-
Total family living expense	47,216	52,983	-	-
Total living, invest, & capital	60,644	73,340	-	-
Crop Acres				
Total acres owned	229	293	187	208
Total crop acres	398	808	134	190
Total crop acres owned	146	245	66	134
Total crop acres cash rented	238	532	68	57
Total crop acres share rented	14	32	-	-

Financial Summary
Table 6: Totally Organic Farms by Farm Size, 2007
(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	45	7	6	18	9
Income Statement					
Gross cash farm income	243,560	35,252	69,222	167,530	346,957
Total cash farm expense	192,489	24,582	57,461	117,148	285,869
Net cash farm income	51,071	10,670	11,762	50,383	61,088
Inventory change	54,081	16,848	12,140	18,686	52,580
Depreciation and capital adjust	-12,146	-743	-4,028	-11,577	-14
Average net farm income	93,007	26,775	19,874	57,491	113,655
Median net farm income	58,886	27,021	11,455	63,198	85,017
Profitability (cost)					
Labor and management earnings	72,603	23,512	17,790	38,699	84,419
Rate of return on assets	13.3 %	21.0 %	7.9 %	8.2 %	10.9 %
Rate of return on equity	20.1 %	35.8 %	27.2 %	10.2 %	16.0 %
Operating profit margin	31.8 %	45.8 %	22.1 %	26.4 %	26.7 %
Asset turnover rate	41.9 %	45.9 %	35.6 %	31.2 %	40.7 %
Liquidity					
Ending current ratio	1.98	3.19	1.14	2.08	2.11
Ending working capital	84,971	24,468	6,364	48,044	126,881
End working capital to gross inc	34.9 %	69.4 %	9.2 %	28.7 %	36.6 %
Term debt coverage ratio	239.3 %	237.5 %	123.1 %	190.6 %	185.6 %
Expense as a percent of income	63.5 %	46.7 %	70.6 %	62.6 %	70.8 %
Interest as a percent of income	5.7 %	5.3 %	10.9 %	5.8 %	4.7 %
Solvency (market)					
Number of farms	45	7	6	18	9
Ending farm assets	951,896	174,440	399,190	744,985	1,619,434
Ending farm liabilities	381,270	79,287	222,687	273,027	579,193
Ending total assets	1,113,306	231,755	551,198	912,676	1,917,163
Ending total liabilities	428,695	100,813	260,671	315,276	688,581
Ending net worth	684,611	130,942	290,526	597,400	1,228,581
Net worth change	95,765	25,299	38,423	82,625	97,405
Ending farm debt to asset ratio	40 %	45 %	56 %	37 %	36 %
Beg total debt to asset ratio	41 %	38 %	50 %	35 %	38 %
End total debt to asset ratio	39 %	43 %	47 %	35 %	36 %
Nonfarm Information					
Net nonfarm income	21,021	26,736	28,595	20,921	22,173
Farms reporting living expenses	11	2	1	3	3
Total family living expense	47,216	-	-	-	-
Total living, invest, & capital	60,644	-	-	-	-
Crop Acres					
Total acres owned	229	97	120	202	253
Total crop acres	398	94	198	202	524
Total crop acres owned	146	29	80	95	188
Total crop acres cash rented	238	64	118	101	336
Total crop acres share rented	14	-	-	7	-

Financial Summary
Table 7: Totally Organic Farms by Debt Level, 2007
(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>Over 80%</u>
Number of farms	45	5	20	11	6
Income Statement					
Gross cash farm income	243,560	105,821	209,670	436,606	101,091
Total cash farm expense	192,489	60,283	153,428	357,717	121,586
Net cash farm income	51,071	45,538	56,241	78,889	-20,495
Inventory change	54,081	-3,721	37,991	134,027	45,947
Depreciation and capital adjust	-12,146	-12,766	-3,336	-30,497	-6,410
Average net farm income	93,007	29,051	90,897	182,419	19,042
Median net farm income	58,886	11,988	74,776	50,851	16,679
Profitability (cost)					
Labor and management earnings	72,603	6,361	69,474	152,325	18,482
Rate of return on assets	13.3 %	4.1 %	13.0 %	18.3 %	5.3 %
Rate of return on equity	20.1 %	3.8 %	18.4 %	30.1 %	-129.7 %
Operating profit margin	31.8 %	19.9 %	35.8 %	35.9 %	8.9 %
Asset turnover rate	41.9 %	20.4 %	36.4 %	51.1 %	58.9 %
Liquidity					
Ending current ratio	1.98	7.29	2.66	1.86	0.79
Ending working capital	84,971	48,070	95,968	151,724	-21,667
End working capital to gross inc	34.9 %	45.4 %	45.8 %	34.8 %	-21.4 %
Term debt coverage ratio	239.3 %	198.8 %	255.0 %	300.2 %	26.7 %
Expense as a percent of income	63.5 %	58.7 %	61.3 %	60.8 %	82.2 %
Interest as a percent of income	5.7 %	3.4 %	5.7 %	5.9 %	3.8 %
Solvency (market)					
Number of farms	45	5	20	11	6
Ending farm assets	951,896	551,837	1,135,303	1,275,474	275,457
Ending farm liabilities	381,270	82,007	366,914	604,363	289,378
Ending total assets	1,113,306	687,715	1,329,158	1,363,108	485,298
Ending total liabilities	428,695	86,050	409,115	621,621	409,047
Ending net worth	684,611	601,665	920,043	741,487	76,252
Net worth change	95,765	129,863	98,300	159,603	-14,111
Ending farm debt to asset ratio	40 %	15 %	32 %	47 %	105 %
Beg total debt to asset ratio	41 %	13 %	33 %	50 %	77 %
End total debt to asset ratio	39 %	13 %	31 %	46 %	84 %
Nonfarm Information					
Net nonfarm income	21,021	22,260	29,333	12,825	13,822
Farms reporting living expenses	11	1	5	3	2
Total family living expense	47,216	-	41,899	-	-
Total living, invest, & capital	60,644	-	47,403	-	-
Crop Acres					
Total acres owned	229	227	234	325	107
Total crop acres	398	113	288	796	390
Total crop acres owned	146	52	164	232	54
Total crop acres cash rented	238	62	119	518	337
Total crop acres share rented	14	-	6	47	-

Financial Summary
Table 8: Totally Organic Farms by Operator Age, 2007
(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>
Number of farms	45	6	7	14	14
Income Statement					
Gross cash farm income	243,560	57,142	203,155	326,163	252,490
Total cash farm expense	192,489	38,953	119,776	283,048	192,370
Net cash farm income	51,071	18,189	83,379	43,116	60,120
Inventory change	54,081	13,708	47,535	96,305	30,235
Depreciation and capital adjust	-12,146	-1,011	-18,046	-14,274	-7,965
Average net farm income	93,007	30,885	112,867	125,147	82,390
Median net farm income	58,886	27,118	58,886	71,544	60,576
Profitability (cost)					
Labor and management earnings	72,603	28,855	94,369	104,960	56,758
Rate of return on assets	13.3 %	19.8 %	17.8 %	17.2 %	9.4 %
Rate of return on equity	20.1 %	61.0 %	29.6 %	29.1 %	12.4 %
Operating profit margin	31.8 %	40.2 %	44.3 %	31.9 %	29.2 %
Asset turnover rate	41.9 %	49.3 %	40.3 %	53.8 %	32.1 %
Liquidity					
Ending current ratio	1.98	1.19	2.18	1.61	2.97
Ending working capital	84,971	4,928	83,597	78,672	115,689
End working capital to gross inc	34.9 %	8.6 %	41.1 %	24.1 %	45.8 %
Term debt coverage ratio	239.3 %	302.5 %	387.5 %	242.8 %	190.5 %
Expense as a percent of income	63.5 %	56.3 %	45.9 %	64.9 %	67.6 %
Interest as a percent of income	5.7 %	8.4 %	3.3 %	6.0 %	5.7 %
Solvency (market)					
Number of farms	45	6	7	14	14
Ending farm assets	951,896	174,716	736,816	1,081,556	1,003,766
Ending farm liabilities	381,270	131,188	313,540	461,094	371,862
Ending total assets	1,113,306	206,993	783,636	1,291,936	1,192,294
Ending total liabilities	428,695	152,849	319,963	563,519	384,903
Ending net worth	684,611	54,144	463,673	728,417	807,391
Net worth change	95,765	19,333	85,785	106,012	124,151
Ending farm debt to asset ratio	40 %	75 %	43 %	43 %	37 %
Beg total debt to asset ratio	41 %	73 %	43 %	46 %	36 %
End total debt to asset ratio	39 %	74 %	41 %	44 %	32 %
Nonfarm Information					
Net nonfarm income	21,021	16,116	10,608	19,231	22,002
Farms reporting living expenses	11	1	2	4	2
Total family living expense	47,216	-	-	-	-
Total living, invest, & capital	60,644	-	-	-	-
Crop Acres					
Total acres owned	229	40	146	250	263
Total crop acres	398	100	292	557	298
Total crop acres owned	146	6	109	180	140
Total crop acres cash rented	238	95	109	377	149
Total crop acres share rented	14	-	73	-	8

Crop Production and Marketing Summary
Table 9: Totally Organic Farms
(Farms Sorted By Years)

	<u>Avg. Of All Farms</u>	<u>2007</u>	<u>2006</u>
Number of farms	91	45	46
Acreage Summary			
Total acres owned	222	229	215
Total crop acres	374	398	351
Crop acres owned	142	146	139
Crop acres cash rented	222	238	207
Crop acres share rented	9	14	5
Total pasture acres	42	45	38
Average Price Received (Cash Sales Only)			
Soybeans, Organic per bushel	16.06	17.27	14.70
Hay, Alfalfa, Organic per ton	130.69	127.53	133.61
Oats, Organic per bushel	4.40	4.94	3.01
Barley, Organic per bushel	5.28	5.68	3.98
Soybeans per bushel	10.89	11.18	10.36
Corn, Organic per bushel	7.02	7.16	6.21
Hay, Alfalfa per ton	120.87	-	94.43
Wheat, Spring, Organic per bushel	7.30	9.09	-
Corn per bushel	5.30	-	-
Peas, Organic per lb	0.148	-	-
Wheat, Spring per bushel	6.24	-	-
Hay, Grass, Organic per ton	70.05	-	-
Straw per ton	9.82	-	-
Average Yield Per Acre			
Hay, Alfalfa, Organic (ton)	3.64	3.40	3.98
Soybeans, Organic (bushel)	17.42	23.33	14.02
Corn, Organic (bushel)	68.42	55.06	80.96
Oats, Organic (bushel)	54.42	69.89	42.94
Hay, Grass, Organic (ton)	2.83	2.52	2.99
Pasture, Organic (aum)	8.30	10.43	5.84
Corn Silage, Organic (ton)	13.41	11.68	14.67
Barley, Organic (bushel)	36.63	35.63	38.98
Wheat, Spring, Organic (bushel)	21.65	21.32	21.92
CRP (\$)	69.58	72.10	67.68
Sunflowers, Organic (cwt)	13.37	-	14.59
Hay, Mixed, Organic (ton)	2.03	2.03	-
Oatlage, Organic (ton)	3.73	-	-
Sorghum Silage, Organic (ton)	6.88	-	7.65
Wheat, Winter, Organic (bushel)	33.55	-	-

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CROP REPORTS

The Crop Enterprise Analysis tables show the average physical production, gross return, direct costs, overhead costs, and net returns per acre. Most crops are summarized comparing 2007 to 2006 results. Where enough farms reported data, the tables also include comparisons of crops grown on owned vs. 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 (ton or bushel) is assigned by the producer. For cash crops, the value is based on the actual sales price for production sold or contracted before year-end and the inventory value for crops still in inventory at year-end. The local harvest-time price is used for forages and other feed crops.

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

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

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

Cost of Production shows the average cost per unit produced in each cost category:

Total direct and overhead expense per unit (ton or bushel) is the breakeven price needed to cover cash costs and depreciation.

Less government and other income is the breakeven price when 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 Enterprise Analysis
Table 10
(Farms Sorted By Years)

Corn, Organic On Cash Rent

	<u>Avg. Of</u> <u>All Farms</u>	<u>2007</u>	<u>2006</u>
Number of fields	40	22	18
Number of farms	32	17	15
Acres	59.84	72.85	43.93
Yield per acre (bu.)	76.14	71.30	85.94
Operator share of yield %	100.00	100.00	100.00
Value per bu.	7.27	8.45	5.29
Other product return per acre	3.31	4.38	1.14
Total product return per acre	557.07	607.07	455.72
Miscellaneous income per acre	48.16	63.10	17.89
Gross return per acre	605.23	670.17	473.61
Direct Expenses			
Seed	44.64	47.68	38.46
Fertilizer	48.44	51.25	42.73
Non-chemical crop protect	4.00	4.92	2.14
Crop insurance	12.93	15.44	7.84
Drying fuel	1.41	1.14	1.97
Storage	0.37	0.55	-
Fuel & oil	27.38	28.12	25.86
Repairs	36.52	33.95	41.74
Custom hire	17.57	24.52	3.48
Land rent	82.88	91.98	64.43
Machinery leases	0.26	0.10	0.59
Hauling and trucking	2.19	3.27	-
Organic certification	2.70	2.88	2.33
Operating interest	11.36	13.01	8.03
Miscellaneous	0.66	0.76	0.47
Total direct expenses per acre	293.31	319.58	240.06
Return over direct exp per acre	311.92	350.59	233.54
Overhead Expenses			
Custom hire	10.52	14.47	2.52
Hired labor	15.64	11.05	24.95
Machinery leases	4.23	5.77	1.12
Building leases	0.95	-	2.88
Farm insurance	6.94	7.41	5.98
Utilities	4.60	5.02	3.74
Dues & professional fees	4.41	5.27	2.67
Interest	7.88	8.32	6.98
Mach & bldg depreciation	28.63	28.13	29.64
Miscellaneous	11.28	14.53	4.70
Total overhead expenses per acre	95.08	99.96	85.17
Total dir & ovhd expenses per acre	388.38	419.54	325.24
Net return per acre	216.85	250.63	148.37
Government payments	20.73	17.99	26.27
Net return with govt pmts	237.57	268.62	174.64
Labor & management charge	37.64	39.24	34.40
Net return over lbr & mgt	199.93	229.38	140.24
Cost of Production			
Total direct expense per bu.	3.85	4.48	2.79
Total dir & ovhd exp per bu.	5.10	5.88	3.78
Less govt & other income	4.15	4.69	3.26
With labor & management	4.65	5.24	3.66
Machinery cost per acre	130.78	141.60	108.84
Est. labor hours per acre	4.42	4.13	4.99

Crop Enterprise Analysis
Table 11: 2007 by Crop Tenure
(Farms Sorted By Crop Tenure Type)

Corn, Organic On Owned Land, Cash Rent

	<u>Owned Land</u>	<u>Cash Rent</u>
Number of fields	18	22
Number of farms	14	17
Acres	32.22	72.85
Yield per acre (bu.)	98.44	71.30
Operators share of yield %	100.00	100.00
Value per bu.	8.56	8.45
Other product return per acre	8.78	4.38
Total product return per acre	851.74	607.07
Miscellaneous income per acre	42.71	63.10
Gross return per acre	894.45	670.17
Direct Expenses		
Seed	41.19	47.68
Fertilizer	48.56	51.25
Non-chemical crop protect	1.74	4.92
Crop insurance	20.14	15.44
Drying fuel	2.68	1.14
Storage	-	0.55
Fuel & oil	35.52	28.12
Repairs	34.27	33.95
Custom hire	5.11	24.52
Land rent	-	91.98
Machinery leases	0.68	0.10
Hauling and trucking	0.42	3.27
Organic certification	2.37	2.88
Operating interest	7.15	13.01
Miscellaneous	1.79	0.76
Total direct expenses per acre	201.63	319.58
Return over direct exp per acre	692.82	350.59
Overhead Expenses		
Custom hire	11.47	14.47
Hired labor	19.86	11.05
Machinery leases	5.79	5.77
RE & pers. property taxes	14.24	-
Farm insurance	9.00	7.41
Utilities	6.08	5.02
Dues & professional fees	9.03	5.27
Interest	70.39	8.32
Mach & bldg depreciation	29.91	28.13
Miscellaneous	4.68	14.53
Total overhead expenses per acre	180.45	99.96
Total dir & ovhd expenses per acre	382.07	419.54
Net return per acre	512.38	250.63
Government payments	22.83	17.99
Net return with govt pmts	535.20	268.62
Labor & management charge	39.33	39.24
Net return over lbr & mgt	495.87	229.38
Cost of Production		
Total direct expense per bu.	2.05	4.48
Total dir & ovhd exp per bu.	3.88	5.88
Less govt & other income	3.13	4.69
With labor & management	3.53	5.24
Machinery cost per acre	127.95	141.60
Est. labor hours per acre	5.90	4.13

Crop Enterprise Analysis
Table 12
(Farms Sorted By Years)

Soybeans, Organic On Cash Rent

	<u>Avg. Of All Farms</u>	<u>2007</u>	<u>2006</u>
Number of fields	54	19	35
Number of farms	33	15	18
Acres	95.79	77.19	105.89
Yield per acre (bu.)	15.53	19.07	14.13
Operators share of yield %	100.00	100.00	100.00
Value per bu.	16.27	19.35	14.63
Other product return per acre	0.16	0.56	-
Total product return per acre	252.90	369.50	206.76
Miscellaneous income per acre	45.06	18.23	55.68
Gross return per acre	297.96	387.72	262.43
Direct Expenses			
Seed	32.28	31.28	32.67
Fertilizer	12.72	4.82	15.85
Non-chemical crop protect	4.57	2.11	5.54
Crop insurance	15.11	12.88	15.99
Irrigation energy	0.29	1.01	-
Fuel & oil	20.69	18.75	21.45
Repairs	23.41	23.59	23.34
Custom hire	5.70	9.42	4.22
Hired labor	16.40	6.89	20.16
Land rent	68.05	88.01	60.15
Machinery leases	2.44	-	3.40
Hauling and trucking	2.47	2.83	2.33
Organic certification	1.60	2.30	1.32
Operating interest	9.68	6.26	11.03
Miscellaneous	0.80	0.97	0.74
Total direct expenses per acre	216.19	211.12	218.19
Return over direct exp per acre	81.77	176.60	44.24
Overhead Expenses			
Custom hire	7.24	4.55	8.30
Hired labor	5.84	6.02	5.77
Machinery leases	1.24	3.68	0.27
Farm insurance	3.70	4.42	3.41
Utilities	3.17	3.43	3.06
Dues & professional fees	4.95	4.13	5.28
Interest	4.44	5.37	4.06
Mach & bldg depreciation	21.46	21.80	21.33
Miscellaneous	5.12	8.57	3.75
Total overhead expenses per acre	57.14	61.97	55.23
Total dir & ovhd expenses per acre	273.33	273.09	273.42
Net return per acre	24.62	114.63	-10.99
Government payments	17.62	11.46	20.06
Net return with govt pmts	42.25	126.09	9.07
Labor & management charge	30.65	35.08	28.90
Net return over lbr & mgt	11.60	91.01	-19.83
Cost of Production			
Total direct expense per bu.	13.92	11.07	15.44
Total dir & ovhd exp per bu.	17.60	14.32	19.35
Less govt & other income	13.55	12.73	13.99
With labor & management	15.53	14.57	16.04
Machinery cost per acre	83.31	85.35	82.51
Est. labor hours per acre	2.44	2.86	2.27

Crop Enterprise Analysis
Table 13: 2007 by Crop Tenure
(Farms Sorted By Crop Tenure Type)

Soybeans, Organic On Owned Land, Cash Rent

	<u>Owned Land</u>	<u>Cash Rent</u>
Number of fields	15	19
Number of farms	14	15
Acres	76.65	77.19
Yield per acre (bu.)	24.54	19.07
Operators share of yield %	100.00	100.00
Value per bu.	19.93	19.35
Other product return per acre	1.85	0.56
Total product return per acre	490.82	369.50
Miscellaneous income per acre	6.69	18.23
Gross return per acre	497.52	387.72
Direct Expenses		
Seed	35.37	31.28
Fertilizer	5.07	4.82
Non-chemical crop protect	3.38	2.11
Crop insurance	10.91	12.88
Irrigation energy	-	1.01
Fuel & oil	21.55	18.75
Repairs	21.37	23.59
Custom hire	1.82	9.42
Hired labor	1.32	6.89
Land rent	-	88.01
Machinery leases	3.77	-
Hauling and trucking	1.90	2.83
Organic certification	1.96	2.30
Operating interest	3.21	6.26
Miscellaneous	0.28	0.97
Total direct expenses per acre	111.93	211.12
Return over direct exp per acre	385.59	176.60
Overhead Expenses		
Custom hire	4.69	4.55
Hired labor	9.68	6.02
Machinery leases	0.44	3.68
RE & pers. property taxes	10.67	-
Farm insurance	3.92	4.42
Utilities	4.07	3.43
Dues & professional fees	3.76	4.13
Interest	52.68	5.37
Mach & bldg depreciation	29.06	21.80
Miscellaneous	6.53	8.57
Total overhead expenses per acre	125.51	61.97
Total dir & ovhd expenses per acre	237.44	273.09
Net return per acre	260.08	114.63
Government payments	19.07	11.46
Net return with govt pmts	279.15	126.09
Labor & management charge	35.19	35.08
Net return over lbr & mgt	243.96	91.01
Cost of Production		
Total direct expense per bu.	4.56	11.07
Total dir & ovhd exp per bu.	9.68	14.32
Less govt & other income	8.55	12.73
With labor & management	9.98	14.57
Machinery cost per acre	84.95	85.35
Est. labor hours per acre	3.33	2.86

Crop Enterprise Analysis
Table 14
(Farms Sorted By Years)

Hay, Alfalfa, Organic On Cash Rent

	<u>Avg. Of</u> <u>All Farms</u>	<u>2007</u>	<u>2006</u>
Number of fields	41	23	18
Number of farms	32	15	17
Acres	73.17	77.35	67.83
Yield per acre (ton)	3.52	3.15	4.05
Operator's share of yield %	100.00	100.00	100.00
Value per ton	129.17	141.06	115.69
Total product return per acre	454.65	444.81	468.99
Miscellaneous income per acre	3.62	1.29	7.01
Gross return per acre	458.27	446.10	476.00
Direct Expenses			
Seed	5.04	6.88	2.37
Fertilizer	20.53	19.54	21.97
Non-chemical crop protect	2.31	1.39	3.63
Crop insurance	0.61	0.62	0.60
Fuel & oil	25.63	27.89	22.35
Repairs	30.82	30.94	30.66
Custom hire	71.30	43.17	112.30
Hired labor	3.28	-	8.06
Land rent	71.11	70.65	71.78
Machinery leases	0.98	-	2.40
Hauling and trucking	4.56	7.70	-
Marketing	0.46	-	1.12
Organic certification	2.17	2.50	1.68
Operating interest	9.67	12.96	4.87
Miscellaneous	1.37	1.74	0.82
Total direct expenses per acre	246.78	220.83	284.60
Return over direct exp per acre	211.49	225.27	191.40
Overhead Expenses			
Custom hire	15.28	22.80	4.31
Hired labor	18.43	19.74	16.51
Machinery leases	1.83	1.82	1.85
Farm insurance	7.33	9.03	4.85
Utilities	4.02	4.89	2.75
Dues & professional fees	2.18	2.75	1.35
Interest	5.03	5.03	5.04
Mach & bldg depreciation	26.76	29.68	22.51
Miscellaneous	14.40	19.74	6.61
Total overhead expenses per acre	95.25	115.48	65.76
Total dir & ovhd expenses per acre	342.03	336.31	350.36
Net return per acre	116.24	109.79	125.64
Government payments	13.84	15.26	11.77
Net return with govt pmts	130.08	125.05	137.41
Labor & management charge	31.36	35.07	25.95
Net return over lbr & mgt	98.72	89.98	111.46
Cost of Production			
Total direct expense per ton	70.11	70.03	70.21
Total dir & ovhd exp per ton	97.17	106.65	86.43
Less govt & other income	92.21	101.40	81.80
With labor & management	101.12	112.52	88.20
Machinery cost per acre	175.12	158.75	198.97
Est. labor hours per acre	4.08	3.32	5.19

Crop Enterprise Analysis
Table 15: 2007 by Crop Tenure
(Farms Sorted By Crop Tenure Type)

Hay, Alfalfa, Organic On Owned Land, Cash Rent

	<u>Owned Land</u>	<u>Cash Rent</u>
Number of fields	26	23
Number of farms	19	15
Acres	62.87	77.35
Yield per acre (ton)	3.69	3.15
Operators share of yield %	100.00	100.00
Value per ton	149.80	141.06
Total product return per acre	552.53	444.81
Miscellaneous income per acre	-	1.29
Gross return per acre	552.53	446.10
Direct Expenses		
Seed	6.66	6.40
Fertilizer	29.68	18.93
Non-chemical crop protect	-	1.39
Crop insurance	1.73	0.52
Fuel & oil	35.69	27.19
Repairs	43.60	30.12
Custom hire	64.99	43.09
Land rent	-	68.88
Hauling and trucking	8.36	7.70
Organic certification	2.64	2.41
Operating interest	8.07	12.94
Miscellaneous	0.69	1.26
Total direct expenses per acre	202.13	220.83
Return over direct exp per acre	350.40	225.27
Overhead Expenses		
Custom hire	18.56	22.80
Hired labor	13.53	19.74
Machinery leases	6.89	1.82
RE & pers. property taxes	11.24	-
Farm insurance	7.96	9.03
Utilities	5.86	4.89
Dues & professional fees	9.30	2.75
Interest	46.98	5.03
Mach & bldg depreciation	35.99	29.68
Miscellaneous	6.52	19.74
Total overhead expenses per acre	162.83	115.48
Total dir & ovhd expenses per acre	364.96	336.31
Net return per acre	187.57	109.79
Government payments	14.79	15.26
Net return with govt pmts	202.36	125.05
Labor & management charge	44.47	35.07
Net return over lbr & mgt	157.89	89.98
Cost of Production		
Total direct expense per ton	54.80	70.03
Total dir & ovhd exp per ton	98.94	106.65
Less govt & other income	94.93	101.40
With labor & management	106.99	112.52
Machinery cost per acre	214.81	158.75
Est. labor hours per acre	4.33	3.32

Crop Enterprise Analysis
Table 16
(Farms Sorted By Years)

Corn Silage, Organic On Owned Land

	<u>Avg. Of All Farms</u>	<u>2007</u>	<u>2006</u>
Number of fields	23	14	9
Number of farms	20	12	8
Acres	26.56	25.16	28.72
Yield per acre (ton)	13.03	12.25	14.09
Operators share of yield %	100.00	100.00	100.00
Value per ton	33.77	36.22	30.87
Other product return per acre	5.11	-	12.07
Total product return per acre	445.13	443.67	447.13
Miscellaneous income per acre	29.02	50.31	-
Gross return per acre	474.15	493.97	447.13
Direct Expenses			
Seed	43.47	45.08	41.28
Fertilizer	26.84	29.19	23.64
Non-chemical crop protect	1.00	0.11	2.22
Crop insurance	6.79	9.39	3.23
Storage	1.39	2.41	-
Irrigation energy	0.84	1.46	-
Fuel & oil	33.28	33.36	33.17
Repairs	63.75	73.62	50.30
Custom hire	23.29	23.20	23.41
Machinery leases	0.82	-	1.94
Marketing	1.06	-	2.51
Organic certification	0.85	0.95	0.71
Operating interest	3.74	2.85	4.95
Miscellaneous	1.95	3.38	-
Total direct expenses per acre	209.08	225.01	187.37
Return over direct exp per acre	265.07	268.96	259.77
Overhead Expenses			
Custom hire	5.31	9.13	0.11
Hired labor	31.78	33.61	29.28
Machinery leases	4.79	5.02	4.48
Building leases	1.01	-	2.38
RE & pers. property taxes	9.03	9.27	8.69
Farm insurance	7.44	7.19	7.78
Utilities	4.61	5.05	4.00
Dues & professional fees	2.47	3.06	1.68
Interest	31.53	37.64	23.21
Mach & bldg depreciation	33.61	34.82	31.96
Miscellaneous	5.80	5.96	5.59
Total overhead expenses per acre	137.38	150.76	119.14
Total dir & ovhd expenses per acre	346.45	375.77	306.51
Net return per acre	127.70	118.21	140.63
Government payments	20.06	13.34	29.21
Net return with govt pmts	147.75	131.55	169.84
Labor & management charge	39.88	47.72	29.20
Net return over lbr & mgt	107.87	83.83	140.64
Cost of Production			
Total direct expense per ton	16.05	18.37	13.29
Total dir & ovhd exp per ton	26.59	30.68	21.75
Less govt & other income	22.43	25.48	18.82
With labor & management	25.49	29.38	20.89
Machinery cost per acre	172.30	188.34	150.43
Est. labor hours per acre	5.95	6.38	5.36

Crop Enterprise Analysis
Table 17
(Farms Sorted By Years)

Oats, Organic On Owned Land

	<u>Avg. Of All Farms</u>	<u>2007</u>	<u>2006</u>
Number of fields	15	8	7
Number of farms	13	6	7
Acres	42.11	34.08	51.29
Yield per acre (bu.)	56.73	70.82	46.04
Operators share of yield %	100.00	100.00	100.00
Value per bu.	3.87	4.41	3.23
Other product return per acre	3.42	7.92	-
Total product return per acre	222.78	320.48	148.59
Miscellaneous income per acre	11.57	6.97	15.06
Gross return per acre	234.34	327.45	163.64
Direct Expenses			
Seed	10.97	12.59	9.74
Fertilizer	18.45	18.41	18.47
Crop insurance	10.64	9.99	11.14
Fuel & oil	22.68	25.24	20.72
Repairs	19.93	17.21	22.00
Custom hire	0.52	1.20	-
Hired labor	6.93	-	12.20
Machinery leases	2.07	-	3.64
Hauling and trucking	1.41	-	2.49
Organic certification	2.58	2.85	2.38
Operating interest	6.73	1.79	10.47
Miscellaneous	0.47	-	0.82
Total direct expenses per acre	103.37	89.29	114.07
Return over direct exp per acre	130.97	238.16	49.57
Overhead Expenses			
Custom hire	6.45	6.97	6.05
Hired labor	2.10	4.34	0.40
Machinery leases	1.58	3.60	0.05
RE & pers. property taxes	8.11	11.70	5.39
Farm insurance	4.47	5.32	3.83
Utilities	3.48	2.75	4.04
Dues & professional fees	3.47	5.27	2.10
Interest	29.83	29.06	30.41
Mach & bldg depreciation	21.03	19.96	21.85
Miscellaneous	4.30	5.49	3.41
Total overhead expenses per acre	84.83	94.44	77.53
Total dir & ovhd expenses per acre	188.20	183.73	191.60
Net return per acre	46.14	143.72	-27.95
Government payments	17.14	14.85	18.88
Net return with govt pmts	63.28	158.57	-9.08
Labor & management charge	25.79	29.07	23.31
Net return over lbr & mgt	37.49	129.51	-32.38
Cost of Production			
Total direct expense per bu.	1.82	1.26	2.48
Total dir & ovhd exp per bu.	3.32	2.59	4.16
Less govt & other income	2.75	2.17	3.42
With labor & management	3.21	2.58	3.93
Machinery cost per acre	75.57	76.93	74.54
Est. labor hours per acre	2.51	3.04	2.10

Crop Enterprise Analysis
Table 18
(Farms Sorted By Years)

Barley, Organic On Owned Land

	<u>Avg. Of All Farms</u>	<u>2007</u>	<u>2006</u>
Number of fields	16	8	8
Number of farms	15	7	8
Acres	52.47	49.21	55.73
Yield per acre (bu.)	37.52	35.04	39.71
Operators share of yield %	100.00	100.00	100.00
Value per bu.	5.41	6.14	4.84
Total product return per acre	203.10	215.25	192.38
Miscellaneous income per acre	23.72	38.36	10.80
Gross return per acre	226.83	253.60	203.18
Direct Expenses			
Seed	16.36	22.38	11.03
Fertilizer	8.19	13.21	3.75
Crop insurance	4.80	5.54	4.14
Fuel & oil	17.35	14.13	20.19
Repairs	20.67	20.63	20.71
Custom hire	1.26	1.47	1.07
Hauling and trucking	0.34	0.73	-
Organic certification	2.12	2.77	1.55
Operating interest	9.28	6.88	11.40
Miscellaneous	0.13	0.28	-
Total direct expenses per acre	80.49	88.01	73.85
Return over direct exp per acre	146.34	165.59	129.33
Overhead Expenses			
Custom hire	5.17	8.57	2.17
Hired labor	7.94	7.39	8.42
RE & pers. property taxes	8.77	7.25	10.12
Farm insurance	4.57	4.05	5.02
Utilities	4.42	3.82	4.96
Dues & professional fees	2.91	3.06	2.77
Interest	24.71	22.75	26.44
Mach & bldg depreciation	27.93	36.59	20.29
Miscellaneous	7.62	3.34	11.40
Total overhead expenses per acre	94.05	96.83	91.59
Total dir & ovhd expenses per acre	174.54	184.84	165.44
Net return per acre	52.29	68.76	37.74
Government payments	15.46	12.36	18.19
Net return with govt pmts	67.75	81.12	55.94
Labor & management charge	34.90	39.25	31.06
Net return over lbr & mgt	32.85	41.87	24.87
Cost of Production			
Total direct expense per bu.	2.15	2.51	1.86
Total dir & ovhd exp per bu.	4.65	5.27	4.17
Less govt & other income	3.61	3.83	3.44
With labor & management	4.54	4.95	4.22
Machinery cost per acre	74.44	82.57	67.26
Est. labor hours per acre	3.84	3.74	3.93

Crop Enterprise Analysis
Table 19
(Farms Sorted By Years)

Wheat, Spring, Organic On Cash Rent

	<u>Avg. Of All Farms</u>	<u>2007</u>	<u>2006</u>
Number of fields	12	5	7
Number of farms	10	5	5
Acres	152.18	152.82	151.71
Yield per acre (bu.)	23.80	23.77	23.82
Operators share of yield %	100.00	100.00	100.00
Value per bu.	9.82	14.45	6.49
Other product return per acre	1.23	-	2.12
Total product return per acre	234.84	343.54	156.64
Miscellaneous income per acre	29.61	10.59	43.29
Gross return per acre	264.45	354.12	199.93
Direct Expenses			
Seed	22.37	27.07	18.99
Fertilizer	20.94	33.11	12.19
Non-chemical crop protect	9.01	-	15.50
Crop insurance	10.17	10.59	9.87
Drying fuel	0.88	1.61	0.34
Fuel & oil	18.40	19.03	17.95
Repairs	24.72	27.73	22.56
Custom hire	1.59	0.21	2.59
Land rent	59.50	65.96	54.86
Hauling and trucking	7.65	18.28	-
Organic certification	1.24	2.19	0.55
Operating interest	5.75	6.77	5.02
Miscellaneous	0.17	-	0.30
Total direct expenses per acre	182.39	212.54	160.70
Return over direct exp per acre	82.06	141.58	39.23
Overhead Expenses			
Custom hire	3.54	2.59	4.22
Hired labor	14.08	15.48	13.08
Machinery leases	2.09	0.09	3.54
Farm insurance	3.39	3.84	3.07
Utilities	4.00	4.65	3.53
Dues & professional fees	3.11	2.45	3.59
Interest	2.52	2.73	2.37
Mach & bldg depreciation	15.41	20.18	11.98
Miscellaneous	2.24	2.87	1.78
Total overhead expenses per acre	50.39	54.88	47.16
Total dir & ovhd expenses per acre	232.78	267.42	207.86
Net return per acre	31.67	86.70	-7.93
Government payments	15.83	13.81	17.28
Net return with govt pmts	47.50	100.51	9.35
Labor & management charge	22.28	29.03	17.43
Net return over lbr & mgt	25.21	71.48	-8.08
Cost of Production			
Total direct expense per bu.	7.66	8.94	6.75
Total dir & ovhd exp per bu.	9.78	11.25	8.73
Less govt & other income	7.82	10.22	6.09
With labor & management	8.76	11.45	6.83
Machinery cost per acre	67.46	71.97	64.22
Est. labor hours per acre	2.40	2.67	2.21

Crop Enterprise Analysis
Table 20
(Farms Sorted By Years)

Pasture, Organic On Owned Land

	<u>Avg. Of All Farms</u>	<u>2007</u>	<u>2006</u>
Number of fields	26	13	13
Number of farms	20	9	11
Acres	68.17	68.53	67.80
Yield per acre (aum)	5.61	4.16	7.07
Operators share of yield %	100.00	100.00	100.00
Value per aum	21.54	32.79	14.84
Total product return per acre	120.83	136.50	104.99
Miscellaneous income per acre	0.49	-	0.98
Gross return per acre	121.32	136.50	105.97
Direct Expenses			
Seed	1.57	2.04	1.10
Fertilizer	4.58	2.62	6.55
Fuel & oil	2.60	2.46	2.74
Repairs	3.97	3.49	4.46
Organic certification	0.60	0.89	0.31
Operating interest	0.55	0.06	1.04
Total direct expenses per acre	13.87	11.56	16.20
Return over direct exp per acre	107.45	124.94	89.77
Overhead Expenses			
Hired labor	1.24	1.01	1.48
RE & pers. property taxes	8.55	7.96	9.15
Farm insurance	0.67	0.62	0.73
Interest	17.86	15.47	20.28
Mach & bldg depreciation	4.33	3.77	4.90
Miscellaneous	1.62	1.53	1.71
Total overhead expenses per acre	34.28	30.36	38.23
Total dir & ovhd expenses per acre	48.14	41.92	54.43
Net return per acre	73.17	94.58	51.54
Government payments	7.13	5.90	8.37
Net return with govt pmts	80.30	100.48	59.91
Labor & management charge	4.35	3.69	5.01
Net return over lbr & mgt	75.95	96.78	54.90
Cost of Production			
Total direct expense per aum	2.47	2.78	2.29
Total dir & ovhd exp per aum	8.58	10.07	7.69
Less govt & other income	7.22	8.65	6.37
With labor & management	8.00	9.54	7.08
Machinery cost per acre	11.78	10.77	12.79
Est. labor hours per acre	0.59	0.48	0.69

DAIRY REPORTS

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. Two formats are included for dairy reports: a comparison of 2007 to 2006 enterprises returns, and 2007 dairy results sorted into thirds by enterprise net return. For comparison, these same reports are included for conventional Minnesota dairies.

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 per cow toward operator labor, management, and equity capital.

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

The Cost of Production section shows the average cost per unit sold in each cost category:

Total direct and overhead expense per cwt. is the breakeven price needed to cover cash costs and depreciation.

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.

Livestock Enterprise Analysis
Table 21
(Farms Sorted By Years)

Organic Dairy -- Average Per Cow

	<u>Avg. Of</u> <u>All Farms</u>		<u>2007</u>		<u>2006</u>	
Number of farms	45		23		22	
	Quantity	Value	Quantity	Value	Quantity	Value
Milk sold (lb)	12,528.47	2,918.66	12,976.47	3,171.95	12,109.76	2,681.93
Milk used in home (lb)	28.88	6.39	25.84	5.79	31.72	6.96
Milk fed to animals (lb)	272.13	58.08	369.38	85.24	181.24	32.70
Dairy Calves sold (hd)	0.17	35.21	0.10	22.99	0.22	46.64
Transferred out (hd)	0.71	149.86	0.76	150.91	0.67	148.88
Cull sales (hd)	0.16	92.49	0.16	105.28	0.16	80.53
Butchered (hd)	0.01	4.72	0.01	4.81	0.01	4.63
Less purchased (hd)	-0.03	-45.09	-0.04	-75.74	-0.01	-16.44
Less transferred in (hd)	-0.25	-347.55	-0.22	-342.67	-0.28	-352.11
Inventory change (hd)	0.06	105.18	0.05	107.05	0.07	103.43
Total production		2,977.96		3,235.61		2,737.16
Other income		42.54		18.67		64.85
Gross return		3,020.51		3,254.28		2,802.01
Direct Expenses						
Corn (bu.)	35.59	226.45	39.74	304.55	31.71	153.46
Corn Silage (lb.)	5,295.38	80.39	6,151.76	97.40	4,494.97	64.50
Hay, Alfalfa (lb.)	3,901.10	203.83	3,263.12	193.89	4,497.37	213.13
Hay, Grass & Other (lb.)	2,315.95	100.88	2,571.22	132.07	2,077.37	71.74
Haylage, Alfalfa (lb.)	2,394.77	69.68	3,064.63	86.78	1,768.70	53.70
Oats (bu.)	9.52	36.87	9.30	44.52	9.72	29.72
Pasture (aum)	5.94	133.79	7.87	142.29	4.13	125.84
Complete Ration (lb.)	250.02	54.70	401.42	87.07	108.51	24.45
Protein Vit Minerals (lb.)	940.80	163.74	1,115.42	182.76	777.59	145.97
Other feed stuffs	1,488.98	73.53	1,722.42	88.72	1,270.80	59.33
Breeding fees		20.04		23.93		16.40
Veterinary		30.84		31.22		30.49
Supplies		122.22		117.10		127.01
Fuel & oil		56.25		57.35		55.21
Repairs		133.54		139.06		128.38
Custom hire		22.56		13.72		30.83
Hauling and trucking		21.51		25.67		17.63
Marketing		31.39		33.86		29.08
Bedding		21.35		25.48		17.49
Total direct expenses		1,622.98		1,867.59		1,394.37
Return over direct expense		1,397.52		1,386.69		1,407.65
Overhead Expenses						
Hired labor		216.38		195.06		236.31
Farm insurance		35.73		35.18		36.24
Utilities		63.76		68.56		59.27
Dues & professional fees		18.90		18.26		19.51
Interest		93.84		100.02		88.05
Mach & bldg depreciation		93.83		94.30		93.38
Miscellaneous		56.75		60.39		53.36
Total overhead expenses		579.19		571.78		586.11
Total dir & ovhd expenses		2,202.17		2,439.37		1,980.48
Net return		818.34		814.91		821.54
Labor & management charge		262.99		273.42		253.25
Net return over lbr & mgt		555.34		541.49		568.28
Cost of Production						
Total direct expense per cwt.		12.65		13.97		11.32
Total dir & ovhd expense per cwt.		17.16		18.24		16.07
With other revenue adjustments		16.87		18.31		15.42
With labor and management		18.92		20.35		17.47
Est. labor hours per unit		46.83		45.19		48.36
Other Information						
Avg. number of Cows		68.4		64.7		72.3
Milk produced per Cow		12,829		13,372		12,323
Culling percentage		16.1		16.1		16.2
Turnover rate		23.6		25.4		21.9
Percent of barn capacity		101.8		98.5		105.0
Lbs. milk/lb grain & conc.		3.4		3.0		3.8
Feed cost per cwt of milk		9.07		10.47		7.64
Feed cost per Cow		1,163.27		1,400.20		941.84
Avg. milk price per cwt.		23.30		24.44		22.15

Livestock Enterprise Analysis
Table 22: Non-Organic
(Farms Sorted By Years)

Non-Organic Dairy -- Average Per Cow

	<u>Avg. Of All Farms</u>		<u>2007</u>		<u>2006</u>	
	1091		554		537	
Number of farms						
	Quantity	Value	Quantity	Value	Quantity	Value
Milk sold (lb)	21,450.76	3,426.84	21,346.87	3,963.33	21,561.98	2,852.49
Milk used in home (lb)	4.60	0.83	3.90	0.86	5.36	0.80
Milk fed to animals (lb)	76.37	9.63	91.34	12.59	60.35	6.47
Dairy Calves sold (hd)	0.27	48.48	0.27	38.86	0.28	58.77
Transferred out (hd)	0.63	129.39	0.64	136.40	0.61	121.87
Cull sales (hd)	0.25	142.04	0.24	141.60	0.25	142.52
Butchered (hd)	0.00	2.48	0.00	2.36	0.01	2.61
Less purchased (hd)	-0.06	-94.33	-0.06	-88.86	-0.07	-100.18
Less transferred in (hd)	-0.33	-459.88	-0.33	-479.00	-0.33	-439.41
Inventory change (hd)	1.04	98.73	1.95	96.81	0.06	100.78
Total production		3,304.21		3,824.96		2,746.71
Other income		44.21		10.21		80.61
Gross return		3,348.42		3,835.17		2,827.33
Direct Expenses						
Corn (bu.)	64.42	172.12	61.25	196.65	67.82	145.86
Corn Silage (lb.)	15,174.26	176.64	15,344.84	199.72	14,991.65	151.92
Hay, Alfalfa (lb.)	3,057.67	155.90	3,073.49	172.61	3,040.73	138.01
Haylage, Alfalfa (lb.)	6,201.44	128.70	6,679.39	133.95	5,689.76	123.09
Complete Ration (lb.)	1,427.92	165.14	1,322.37	176.00	1,540.91	153.52
Protein Vit Minerals (lb.)	2,995.16	420.65	3,127.09	464.97	2,853.91	373.20
Other feed stuffs	1,680.08	81.48	1,659.80	96.36	1,701.80	65.55
Breeding fees		40.35		40.96		39.71
Veterinary		113.36		115.77		110.78
BST		34.06		34.41		33.69
Supplies		165.65		167.89		163.25
Fuel & oil		73.99		78.58		69.09
Repairs		120.22		134.29		105.16
Custom hire		29.27		30.64		27.81
Hauling and trucking		35.47		36.69		34.15
Marketing		43.29		49.95		36.17
Bedding		51.94		54.33		49.39
Total direct expenses		2,008.25		2,183.76		1,820.34
Return over direct expense		1,340.18		1,651.41		1,006.98
Overhead Expenses						
Hired labor		281.67		294.71		267.71
Building leases		35.99		42.61		28.90
Farm insurance		32.71		33.56		31.80
Utilities		69.83		71.37		68.18
Interest		123.96		128.14		119.48
Mach & bldg depreciation		126.82		133.75		119.39
Miscellaneous		79.43		82.60		76.04
Total overhead expenses		750.40		786.73		711.51
Total dir & ovhd expenses		2,758.65		2,970.49		2,531.85
Net return		589.78		864.68		295.47
Labor & management charge		214.12		224.05		203.49
Net return over lbr & mgt		375.66		640.63		91.98
Cost of Production						
Total direct expense per cwt.		9.33		10.18		8.42
Total dir & ovhd expense per cwt.		12.81		13.85		11.71
With other revenue adjustments		13.22		14.51		11.86
With labor and management		14.22		15.56		12.80
Est. labor hours per unit		41.38		42.00		40.73
Other Information						
Avg. number of Cows		129.2		131.6		126.8
Milk produced per Cow		21,532		21,442		21,628
Culling percentage		24.5		24.2		24.8
Turnover rate		32.8		33.0		32.6
Percent of barn capacity		108.3		108.8		107.8
Lbs. milk/lb grain & conc.		2.4		2.4		2.4
Feed cost per cwt of milk		6.04		6.72		5.32
Feed cost per Cow		1,300.63		1,440.26		1,151.15
Avg. milk price per cwt.		15.98		18.57		13.23

Livestock Enterprise Analysis
Table 23: 2007 Organic
(Farms Sorted By Net Return Per Unit)

Organic Dairy -- Average Per Cow

	Avg. Of All Farms		Low 33%		33 - 66%		High 34%	
Number of farms	23		7		8		8	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Milk sold (lb)	12,976.47	3,171.95	11,306.20	2,748.68	12,725.58	3,012.96	15,547.42	3,923.96
Milk used in home (lb)	25.84	5.79	11.58	2.89	31.90	5.77	39.15	9.84
Milk fed to animals (lb)	369.38	85.24	500.99	121.85	330.51	63.27	228.54	57.81
Dairy Calves sold (hd)	0.10	22.99	0.08	10.42	0.13	13.80	0.12	50.03
Transferred out (hd)	0.76	150.91	0.77	170.90	0.74	135.53	0.76	139.49
Cull sales (hd)	0.16	105.28	0.19	128.83	0.16	113.45	0.12	64.14
Butchered (hd)	0.01	4.81	0.01	3.78	0.00	1.43	0.02	9.80
Less purchased (hd)	-0.04	-75.74	-0.02	-25.08	-0.10	-214.10	-	-
Less transferred in (hd)	-0.22	-342.67	-0.22	-363.88	-0.23	-311.62	-0.22	-346.08
Inventory change (hd)	0.05	107.05	-0.02	-56.52	0.13	247.21	0.07	185.33
Total production		3,235.61		2,741.86		3,067.70		4,094.32
Other income		18.67		16.93		25.25		14.14
Gross return		3,254.28		2,758.79		3,092.95		4,108.46
Direct Expenses								
Barley (bu.)	4.22	18.86	4.75	14.74	2.00	9.98	5.85	33.91
Corn (bu.)	39.74	304.55	34.04	261.15	44.88	344.01	42.18	322.95
Corn Silage (lb.)	6,151.76	97.40	7,486.62	124.87	5,217.27	72.71	5,292.38	85.46
Hay, Alfalfa (lb.)	3,263.12	193.89	1,812.04	102.44	2,937.41	201.20	5,610.16	312.48
Hay, Grass & Other (lb.)	2,571.22	132.07	4,504.01	236.22	2,271.93	111.98	217.09	9.38
Haylage, Alfalfa (lb.)	3,064.63	86.78	4,726.42	127.30	2,179.82	61.05	1,701.39	57.90
Oats (bu.)	9.30	44.52	6.11	24.74	11.64	70.26	11.24	44.73
Pasture (aum)	7.87	142.29	13.84	134.71	3.47	90.43	4.26	207.37
Soybeans (bu.)	1.44	23.84	1.00	18.06	3.11	49.75	0.29	4.55
Complete Ration (lb.)	401.42	87.07	188.36	31.33	798.85	128.23	277.14	120.69
Protein Vit Minerals (lb.)	1,115.42	182.76	1,726.62	197.44	734.54	143.69	672.43	203.61
Other feed stuffs	1,716.75	46.02	2,211.37	61.46	1,809.52	41.69	935.97	29.24
Breeding fees		23.93		10.16		30.92		35.60
Veterinary		31.22		23.25		37.08		36.05
Supplies		117.10		107.37		100.50		148.00
Fuel & oil		57.35		54.35		49.21		70.06
Repairs		139.06		123.67		149.49		149.35
Custom hire		13.72		16.39		6.63		17.51
Hauling and trucking		25.67		20.80		29.41		28.45
Marketing		33.86		19.81		48.96		37.36
Bedding		25.48		24.76		26.74		25.17
Total direct expenses		1,867.59		1,773.96		1,826.95		2,039.70
Return over direct expense		1,386.69		984.83		1,266.00		2,068.77
Overhead Expenses								
Hired labor		195.06		309.21		144.13		91.05
Machinery leases		9.71		20.95		0.11		4.30
Building leases		6.13		-		20.00		-
Farm insurance		35.18		34.20		25.84		46.36
Utilities		68.56		66.76		51.26		89.28
Dues & professional fees		18.26		30.45		14.32		5.56
Interest		100.02		163.89		56.20		57.98
Mach & bldg depreciation		94.30		104.26		70.96		105.13
Miscellaneous		44.55		33.31		35.09		70.04
Total overhead expenses		571.78		763.03		417.92		469.68
Total dir & ovhd expenses		2,439.37		2,536.99		2,244.87		2,509.37
Net return		814.91		221.80		848.08		1,599.09
Labor & management charge		273.42		210.90		291.59		340.61
Net return over lbr & mgt		541.49		10.90		556.49		1,258.48
Cost of Production								
Total direct expense per cwt.		13.97		15.01		13.96		12.90
Total dir & ovhd expense per cwt.		18.24		21.47		17.15		15.87
With other revenue adjustments		18.31		22.44		17.07		15.13
With labor and management		20.35		24.22		19.30		17.28
Est. labor hours per unit		45.19		48.19		38.07		48.56
Other Information								
Avg. number of Cows		64.7		85.4		57.0		54.1
Milk produced per Cow		13,372		11,819		13,088		15,815
Culling percentage		16.1		19.2		15.6		12.2
Turnover rate		25.4		33.6		21.9		17.8
Percent of barn capacity		98.5		92.1		105.3		101.4
Lbs. milk/lb grain & conc.		3.0		2.7		2.9		3.6
Feed cost per cwt of milk		10.47		11.62		10.30		9.43
Feed cost per Cow		1,400.20		1,373.42		1,348.00		1,492.14
Avg. milk price per cwt.		24.44		24.31		23.68		25.24

Livestock Enterprise Analysis
Table 24: 2007 Non-Organic
(Farms Sorted By Net Return Per Unit)

Non-Organic Dairy -- Average Per Cow

	Avg. Of All Farms		Low 33%		33 - 66%		High 34%	
Number of farms	554		182		183		189	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Milk sold (lb)	21,346.87	3,963.33	19,849.75	3,570.75	21,356.06	3,974.94	22,821.61	4,340.70
Milk used in home (lb)	3.90	0.86	2.17	0.42	4.56	1.05	4.94	1.11
Milk fed to animals (lb)	91.34	12.59	158.16	21.21	59.05	8.65	57.88	8.05
Dairy Calves sold (hd)	0.27	38.86	0.27	36.75	0.23	29.27	0.30	50.69
Transferred out (hd)	0.64	136.40	0.59	129.71	0.66	147.63	0.65	131.63
Cull sales (hd)	0.24	141.60	0.24	138.50	0.24	140.19	0.25	146.10
Butchered (hd)	0.00	2.36	0.00	2.18	0.00	2.68	0.00	2.22
Less purchased (hd)	-0.06	-88.86	-0.10	-142.28	-0.04	-75.77	-0.04	-49.19
Less transferred in (hd)	-0.33	-479.00	-0.32	-488.23	-0.32	-494.82	-0.33	-453.79
Inventory change (hd)	1.95	96.81	0.06	96.57	0.05	74.14	5.75	120.07
Total production		3,824.96		3,365.58		3,807.97		4,297.59
Other income		10.21		-8.71		25.91		13.04
Gross return		3,835.17		3,356.87		3,833.88		4,310.62
Direct Expenses								
Corn (bu.)	61.25	196.65	58.82	191.13	59.19	189.52	65.76	209.35
Corn Silage (lb.)	15,344.84	199.72	16,722.15	216.84	14,628.74	195.63	14,706.51	186.90
Hay, Alfalfa (lb.)	3,073.49	172.61	3,486.84	195.00	2,515.62	143.97	3,230.08	179.50
Haylage, Alfalfa (lb.)	6,679.39	133.95	4,584.24	122.66	10,268.30	161.25	5,112.76	117.41
Complete Ration (lb.)	1,322.37	176.00	1,022.55	137.89	1,246.01	170.20	1,697.11	219.66
Protein Vit Minerals (lb.)	3,127.09	464.97	3,504.73	502.17	3,120.41	458.73	2,759.54	434.43
Other feed stuffs	1,659.80	96.36	1,989.40	104.32	1,696.06	108.02	1,296.24	76.65
Breeding fees		40.96		38.50		41.37		42.97
Veterinary		115.77		116.75		119.52		110.99
BST		34.41		45.06		26.10		32.29
Supplies		136.89		144.43		130.08		136.33
Fuel & oil		78.58		81.73		78.12		75.91
Repairs		134.29		121.80		141.06		139.80
Custom hire		30.64		36.40		28.04		27.58
Hired labor		14.28		25.41		13.38		4.14
Hauling and trucking		36.69		32.48		36.82		40.73
Marketing		49.95		39.46		64.11		45.96
Bedding		54.33		57.02		60.20		45.70
Operating interest		16.72		24.47		15.18		10.59
Total direct expenses		2,183.76		2,233.53		2,181.32		2,136.91
Return over direct expense		1,651.41		1,123.34		1,652.56		2,173.71
Overhead Expenses								
Custom hire		16.15		12.81		12.15		23.53
Hired labor		294.71		311.32		277.61		295.60
Building leases		42.61		25.56		57.18		44.70
Farm insurance		33.56		31.95		34.49		34.19
Utilities		71.37		72.56		71.39		70.16
Interest		128.14		169.48		120.80		94.62
Mach & bldg depreciation		133.75		127.36		136.52		137.28
Miscellaneous		66.45		76.15		64.81		58.48
Total overhead expenses		786.73		827.21		774.96		758.55
Total dir & ovhd expenses		2,970.49		3,060.73		2,956.27		2,895.46
Net return		864.68		296.14		877.60		1,415.16
Labor & management charge		224.05		185.05		227.72		258.99
Net return over lbr & mgt		640.63		111.09		649.88		1,156.17
Cost of Production								
Total direct expense per cwt.		10.18		11.16		10.18		9.34
Total dir & ovhd expense per cwt.		13.85		15.30		13.80		12.65
With other revenue adjustments		14.51		16.47		14.51		12.82
With labor and management		15.56		17.40		15.57		13.96
Est. labor hours per unit		42.00		42.56		40.89		42.56
Other Information								
Avg. number of Cows		131.6		132.0		134.5		128.3
Milk produced per Cow		21,442		20,010		21,420		22,884
Culling percentage		24.2		24.3		23.8		24.6
Turnover rate		33.0		35.0		32.4		31.5
Percent of barn capacity		108.8		103.7		111.4		111.5
Lbs. milk/lb grain & conc.		2.4		2.2		2.5		2.6
Feed cost per cwt of milk		6.72		7.35		6.66		6.22
Feed cost per Cow		1,440.26		1,470.02		1,427.32		1,423.91
Avg. milk price per cwt.		18.57		17.99		18.61		19.02

Financial Standards Measures
Table 25: 2007 Totally Organic
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 33%</u>	<u>33 - 66%</u>	<u>High 34%</u>
Number of farms	45	14	15	16
Liquidity				
Current ratio	1.98	1.46	1.38	2.33
Working capital	84,971	19,429	22,044	201,314
Solvency (market)				
Farm debt to asset ratio	40 %	39 %	49 %	38 %
Farm equity to asset ratio	60 %	61 %	51 %	62 %
Farm debt to equity ratio	67 %	65 %	98 %	60 %
Profitability (cost)				
Rate of return on farm assets	13.3 %	-0.6 %	10.2 %	18.4 %
Rate of return on farm equity	20.1 %	-7.7 %	16.3 %	27.7 %
Operating profit margin	31.8 %	-2.1 %	24.7 %	40.1 %
Net farm income	93,007	6,607	49,424	209,466
Repayment Capacity				
Term debt coverage ratio	239 %	58 %	152 %	367 %
Capital replacement margin	55,451	-13,849	13,673	155,255
Efficiency				
Asset turnover rate (cost)	41.9 %	29.2 %	41.1 %	46.0 %
Operating expense ratio	57.8 %	80.1 %	61.1 %	52.3 %
Depreciation expense ratio	4.2 %	6.0 %	4.2 %	3.9 %
Interest expense ratio	5.7 %	8.7 %	5.0 %	5.2 %
Net farm income ratio	32.3 %	5.2 %	29.7 %	38.6 %

Farm Financial Scorecard

Liquidity

Current ratio _____ . _____



Working capital \$ _____

Solvency (Market)

Note: These solvency ratios exclude deferred liabilities

Farm debt/asset ratio _____ %



Farm equity/asset ratio _____ %



Farm debt/equity ratio _____ %



Profitability (Cost)

Net farm income \$ _____

Rate of return on farm assets _____ %



Rate of return on farm equity _____ %



Operating profit margin _____ %



Repayment Capacity (Accrual)

Term-debt coverage ratio _____ %



Capital-replacement margin \$ _____

Financial Efficiency

Asset-turnover rate (market) _____ %

Can vary depending on the type of farm

Operating-expense ratio _____ %



Depreciation-expense ratio _____ %



Interest-expense ratio _____ %



Net farm income ratio _____ %

