

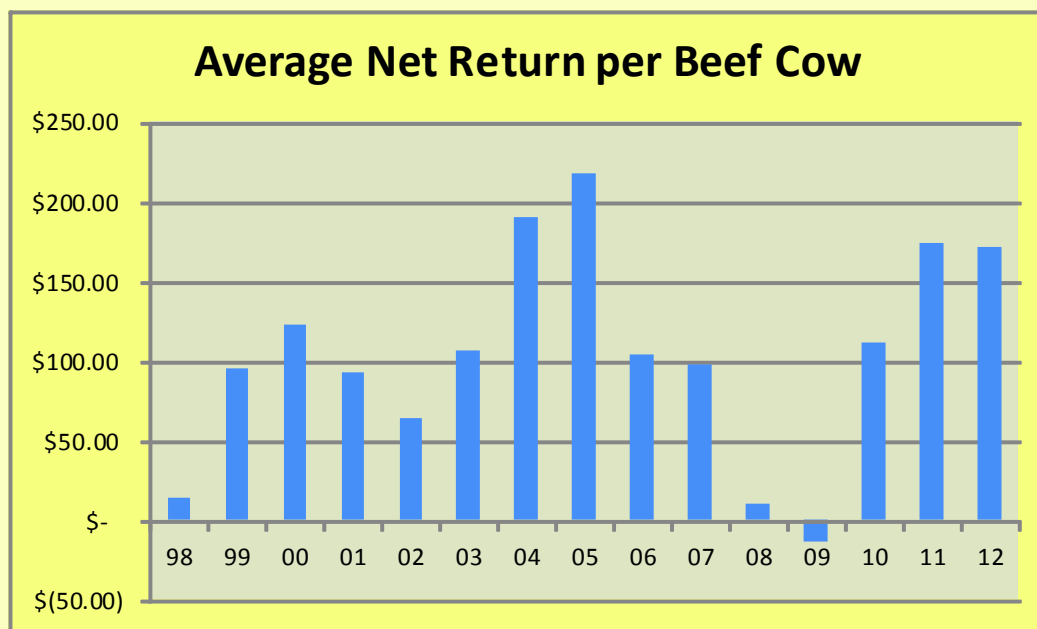
2012



North Dakota State Beef Average Summary

Historical Data:

Average Beef Net Returns from Farm & Ranch Management Programs for the last 15 years.



Over the 15 years in the above graph, the 20% most profitable ranches averaged over \$315 per cow more profit than the 20% least profitable ranches. The high profit group averaged \$253 per cow, the lowest profit group averaged -\$63 per cow, and the average profit was \$105 per cow.

Farm Business Management Programs are designed to provide education to farm owners and operators. The purpose of the program is to assist clients in meeting their business and personal goals. This is best accomplished through the use of quality records and sound business decisions.



Balance Sheet at Cost Values

North Dakota Farm Business Management Education Program
2012 Beef Farm Report (Farms Sorted by Net Farm Income)

| | Avg of all farms 92 | Low 20% 18 | High 20% 19 |
|---|---------------------------|-------------------|---------------------|
| Number of Farms | | | |
| Assets | | | |
| Current Farm Assets | | | |
| Cash and checking balance | 21,139 | 12,453 | 24,424 |
| Prepaid expenses & supplies | 10,203 | 1,454 | 17,177 |
| Growing crops | 604 | - | 1,605 |
| Accounts receivable | 13,272 | 877 | 25,843 |
| Hedging accounts | 198 | - | 21 |
| Crops held for sale or feed | 137,899 | 38,044 | 299,807 |
| Crops under government loan | 222 | - | - |
| Market Livestock held for sale | 125,318 | 51,472 | 200,306 |
| Other current asset | 197 | - | - |
| Total Current Farm Assets | \$ 309,052 | \$ 104,300 | \$ 569,183 |
| Intermediate Farm Assets | | | |
| Breeding livestock | 197,261 | 139,845 | 259,719 |
| Machinery & equipment | 168,055 | 54,975 | 273,716 |
| Titled vehicles | 27,188 | 18,412 | 39,181 |
| Other intermediate assets | 2,223 | 1,832 | 3,252 |
| Total Intermediate Farm Assets | \$ 394,727 | \$ 215,064 | \$ 575,868 |
| Long Term Assets | | | |
| Farm land | 290,546 | 159,141 | 493,179 |
| Buidlings & improvements | 47,168 | 14,151 | 99,067 |
| Other long-term assets | 9,596 | 1,914 | 18,828 |
| Total Long-term assets | \$ 347,310 | \$ 175,206 | \$ 611,074 |
| Total Farm Assets | \$ 1,051,089 | \$ 494,570 | \$ 1,756,125 |
| Total Nonfarm assets | \$ 144,517 | \$ 61,643 | \$ 144,630 |
| Total Assets | \$ 1,195,606 | \$ 556,213 | \$ 1,900,755 |
| Liabilities | | | |
| Current Farm Liabilities | | | |
| Accrued Interest | 8,822 | 7,369 | 11,716 |
| Accounts payable | 9,502 | 2,179 | 3,770 |
| Current notes | 110,323 | 35,744 | 161,861 |
| Government crop loans | 82 | - | - |
| Principal due on term debt | 36,025 | 23,058 | 45,020 |
| Total Current Farm Liabilities | \$ 164,754 | \$ 68,350 | \$ 222,367 |
| Total Intermediate Farm Liabs | \$ 126,424 | \$ 111,842 | \$ 101,286 |
| Total Long-term Farm Liabilities | \$ 178,269 | \$ 182,892 | \$ 217,620 |
| Total Farm Liabilities | \$ 469,447 | \$ 363,084 | \$ 541,273 |
| Total Nonfarm Liabilities | \$ 28,747 | \$ 20,028 | \$ 18,405 |
| Total Liabilities | \$ 498,194 | \$ 383,112 | \$ 559,678 |
| Net Worth (farm & non farm) | \$ 697,412 | \$ 173,101 | \$ 1,341,077 |
| Net Worth change | \$ 92,997 | \$ 14,915 | \$ 197,748 |

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ND FARM
MANAGEMENT EDUCATION

www.ndfarmmanagement.com

Cost-Return Projection -- Beef Cow-Calf Enterprise (Per Cow), 2013 ¹

| | | | | | | | N.D. Avg. | Your Numbers |
|---|----------------------------------|----------|---------------------|---------------|----------|--------------|------------------|-----------------|
| VARIABLE COST PER COW: | | | | | | | | |
| 1. | Summer Pasture | | | | | | \$ 120.00 | \$ |
| 2. | Hay--Forage | | | | | | 155.00 | |
| 3. | Other feed | | | | | | 30.00 | |
| 4. | Protein and Mineral | | | | | | 20.00 | |
| 5. | Hired Labor, Custom Hire | | | | | | 19.00 | |
| 6. | Veterinary, Drugs, and Supplies | | | | | | 25.00 | |
| 7. | Utilities, Fuel, and Oil | | | | | | 35.00 | |
| 8. | Facilities and Equipment Repairs | | | | | | 35.00 | |
| 9. | Breeding Charge | | | | | | 10.00 | |
| 10. | Marketing | | | | | | 15.00 | |
| 11. | Miscellaneous | | | | | | 20.00 | |
| 12. | Interest | | | | | | 10.00 | |
| A. TOTAL VARIABLE COSTS | | | | | | | \$ 494.00 | \$ |
| FIXED COSTS PER COW | | | | | | | | |
| 13. | Depreciation | | | | | | \$ 28.00 | \$ |
| 14. | Interest | | | | | | 10.00 | |
| 15. | Insurance | | | | | | 9.00 | |
| 16. | Cow interest, death loss | | | | | | 65.00 | |
| B. TOTAL FIXED COSTS | | | | | | | \$ 112.00 | \$ |
| C. TOTAL COSTS PER COW (A + B) | | | | | | | \$ 606.00 | \$ |
| RETURNS PER COW ² | | | | | | | | |
| | | | Your Numbers | | | | | |
| | | % | x | Weight | x | Price | | |
| 17. | Steers: .45 x 550 x 1.65 | | x | | x | | \$ 408.38 | \$ |
| 18. | Heifers: .26 x 530 x 1.5 | | x | | x | | 206.70 | |
| 19. | Cull cows; .14 x 1200 x .65 | | x | | x | | 109.20 | |
| 20. | Cull heifers: .05 x 900 x 1.15 | | x | | x | | 51.75 | |
| D. GROSS RETURNS PER COW | | | | | | | \$ 776.03 | \$ |
| E. RETURN OVER VARIABLE COSTS (D - A) | | | | | | | \$ 282.03 | \$ |
| F. RETURN OVER TOTAL COSTS (D - C) ³ | | | | | | | \$ 170.03 | \$ |
| ¹ Information in this budget is based on the <u>North Dakota Farm and Ranch Business Management Annual Report, 2012</u> . | | | | | | | | |
| ² Returns are based on a 90 percent weaning rate, 45 steers sold, 26 heifers sold, 19 heifers kept for replacement, 14 cull cows sold, and 5 cull heifers sold. Prices are projected for fall. | | | | | | | | |
| ³ Return over total costs is return to unpaid family labor, management, and equity. | | | | | | | | |

The above cow/calf budget was developed by Tim Petry, Livestock Economist, NDSU Extension Service.

For livestock economic and marketing information go to:

www.ag.ndsu.edu/livestockeconomics

The data for this brochure was compiled by Andrew Swenson,
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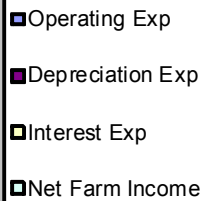
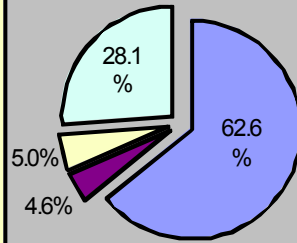
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Continued from previous page

| | Avg.of All Farms 53 | Low 20% 10 | High 20% 11 |
|---------------------------|---------------------------|---------------|----------------|
| Number of Farms | | | |
| Other Information | | | |
| Number of cows | 182.9 | 135.9 | 177.5 |
| Pregnancy percentage | 95.1 | 98.2 | 94.8 |
| Pregnancy loss percentage | 3.8 | 4.8 | 2.1 |
| Culling Percentage | 16.7 | 12.9 | 16.6 |
| Calving Percentage | 91.5 | 93.4 | 92.8 |
| Weaning Percentage | 86.4 | 89.2 | 90.0 |
| Calf death loss percent | 5.8 | 4.4 | 4.3 |
| Cow death loss percent | 2.1 | 3.3 | 1.8 |
| Average weaning weight | 506 | 516 | 533 |
| Lb weaned/exposed female | 437 | 461 | 480 |
| Avg wgt/beef calf sold | 510 | 555 | 540 |
| Avg price/cwt. | \$ 161.55 | \$ 151.05 | \$ 161.35 |
| Feed cost per cow | \$ 301.41 | \$ 366.60 | \$ 282.03 |

Efficiency Measures



Financial Standards Measure

ND Farm Business Management Education Program
2012 Beef Farm Report (Sorted by Net Farm Income)

| | Avg of All Farms 92 | Low 20% 18 | High 20% 19 |
|-------------------------------|---------------------------|---------------|----------------|
| Number of Farms | | | |
| Liquidity | | | |
| Current Ratio | 1.88 | 1.53 | 2.56 |
| Working Capital | \$ 144,296 | \$ 35,950 | \$ 346,815 |
| WC to gross Inc | 41.0% | 28.8% | 54.8% |
| Solvency (cost) | | | |
| Farm debt to Asset ratio | 45% | 73% | 31% |
| Profitability (cost) | | | |
| Rate of return on Farm assets | 8.3% | 1.0% | 12.3% |
| Rate of return on Farm equity | 11.6% | -7.0% | 16.3% |
| Net Farm Income | \$ 99,485 | \$ 13,063 | \$ 235,107 |
| Repayment capacity | | | |
| Term Debt Coverage ratio | 2.63 | 1.78 | 3.58 |
| Efficiency | | | |
| Operating expense ratio | 62.6% | 74.4% | 55.5% |
| Depreciation expense ratio | 4.6% | 4.8% | 4.5% |
| Interest Expense ratio | 5.0% | 10.2% | 3.4% |
| Net farm income ratio | 28.1% | 10.5% | 37.1% |

Thank you to the following Star Partners for providing funding for the production and distribution of the
N.D. Farm and Ranch Business Management Regional and State Averages for 2012.

Northland Ford Dealers DuPont Pioneer CHS Foundation Dakota Plains Cooperative
ND Farmers Union Insurance Wheat Growers Nodak Mutual Insurance
Summers Monsanto PROSEED Butler Machinery
Wilbur-Ellis ND Farm Bureau RDO Equipment BNSF Railway

Livestock Enterprise Analysis
North Dakota Farm Business Management Education Program
2012 Beef Report (Farms Sorted by Net Return Per Unit)

Beef Cow Calf--Average Per Cow

| Number of Farms | Avg of All Farms | | Low 20% | | High 20% | |
|--|---------------------|------------------|----------|-------------------|----------|------------------|
| | 53 | | 10 | | 11 | |
| | Quantity | Value | Quantity | Value | Quantity | Value |
| Beef Calves sold (lb) | 128 | \$ 206.74 | 98.5 | \$ 148.73 | 158.1 | \$ 255.03 |
| Transferred out (lb) | 336.5 | 515.68 | 360.7 | 544.51 | 354.3 | 553.81 |
| Cull sales | | 166.55 | | 113.89 | | 170.85 |
| Other Income | | 9.17 | | 11.06 | | 5.12 |
| Purchased | | (140.93) | | (98.86) | | (153.76) |
| Transferred in | | (159.99) | | (186.66) | | (131.53) |
| Inventory change | | 75.43 | | 63.96 | | 142.49 |
| Gross Margin | | \$ 672.65 | | \$ 596.63 | | \$ 842.01 |
| Direct Expenses | | | | | | |
| Protein Vit Minerals (lb) | 83.1 | \$ 21.71 | 62.5 | \$ 19.06 | 74.6 | \$ 16.57 |
| Corn (Bu.) | 0.4 | 2.33 | 2.0 | 11.59 | - | 0.14 |
| Corn Silage (lb) | 951.5 | 16.12 | 799.3 | 9.88 | 668.1 | 8.47 |
| Hay, Alfalfa (lb) | 753.8 | 19.45 | 872.6 | 36.27 | 119.9 | 3.73 |
| Hay, Other (lb) | 4704.7 | 101.86 | 5,999.4 | 137.72 | 6,053.2 | 123.12 |
| Pasture (aum) | 7 | 119.11 | 7.0 | 119.90 | 7.0 | 114.35 |
| Other feedstuffs (lb) | 463.5 | 20.82 | 413.3 | 32.18 | 338.8 | 15.65 |
| Breeding fees | | 1.56 | | 4.37 | | 0.33 |
| Veterinary | | 23.26 | | 20.74 | | 28.38 |
| Supplies | | 9.63 | | 16.94 | | 8.60 |
| Fuel & Oil | | 30.58 | | 32.09 | | 27.75 |
| Repairs | | 41.40 | | 62.17 | | 27.23 |
| Custom Hire | | 5.14 | | 4.46 | | 3.13 |
| Livestock Leases | | 1.60 | | 7.80 | | 2.38 |
| Marketing | | 3.91 | | 1.53 | | 2.57 |
| Operating Interest | | 7.61 | | 15.89 | | 6.00 |
| Total Direct Expenses | | \$ 426.09 | | \$ 532.59 | | \$ 388.40 |
| Return Over Direct expenses | | \$ 246.56 | | \$ 64.04 | | \$ 453.61 |
| Overhead Expenses | | | | | | |
| Hired labor | | \$ 9.86 | | \$ 10.73 | | \$ 14.45 |
| Farm insurance | | 9.61 | | 13.50 | | 9.57 |
| Utilities | | 9.62 | | 13.12 | | 12.51 |
| Interest | | 10.00 | | 15.68 | | 10.11 |
| Mach & bldg depreciation | | 24.75 | | 27.02 | | 18.67 |
| Miscellaneous | | 11.53 | | 14.27 | | 11.03 |
| Total Overhead Expenses | | \$ 75.37 | | \$ 94.32 | | \$ 76.34 |
| Total Direct & Overhead exp | | \$ 501.46 | | \$ 626.91 | | \$ 464.74 |
| Net Return | | \$ 171.19 | | \$ (30.28) | | \$ 377.27 |
| labor & management charge | | \$ 75.35 | | \$ 75.74 | | \$ 82.01 |
| Net return over lbr & mgt | | \$ 95.84 | | \$ (106.02) | | \$ 295.26 |
| Cost of Production per Cwt produced | | | | | | |
| Total direct expense | | \$ 91.73 | | \$ 116.04 | | \$ 75.81 |
| Total dir & ovhd expense/unit | | \$ 107.96 | | \$ 136.59 | | \$ 90.71 |
| With other revenue adjustments | | \$ 119.13 | | \$ 158.10 | | \$ 85.12 |
| With labor & management | | \$ 135.35 | | \$ 174.60 | | \$ 101.13 |

Continued on next page

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Our Mission

"To provide lifelong learning opportunities in economic and financial management for adults involved in the farming and ranching business"

The 2012 summary reports are based on data from individual farm analysis completed by farm/ranch families enrolled in the ND Farm and Ranch Business Management Education program.

Data for this ND State Average Summary Report was derived from operations with at least 50 head of beef cows and 40% of commodity sales coming from beef enterprises.

| Farm Income Statement | | | | |
|---|------------------|------------------|-------------------|--|
| North Dakota Farm Business Management Education Program | | | | |
| 2012 Beef Farm Report (40% sales/50 head criteria) | | | | |
| Farms Sorted by Net Farm Income | | | | |
| | Avg of | | | |
| | all farms | | | |
| Number of Farms | 92 | Low 20% 18 | High 20% 19 | |
| Cash Farm Income | | | | |
| Crop Income | \$ 78,809 | \$ 9,230 | \$ 161,085 | |
| Beef Income | 175,449 | 92,725 | 240,875 | |
| Other Livestock Income | 9,365 | 965 | 26,310 | |
| Government Payments | 18,849 | 3,620 | 42,737 | |
| Other Farm Income | 27,802 | 11,903 | 38,632 | |
| Gross Cash Farm Income | \$ 310,274 | 118,443 | \$ 509,639 | |
| Cash Farm Expense | | | | |
| Seed | \$ 11,665 | \$ 2,557 | \$ 23,681 | |
| Fertilizer | 24,794 | 5,318 | 50,902 | |
| Chemicals | 9,501 | 3,067 | 22,498 | |
| Crop Insurance | 6,128 | 2,160 | 12,025 | |
| Crop Miscellaneous | 971 | - | 932 | |
| Feeder Livestock Purchase | 19,137 | 6,828 | 26,788 | |
| Purchased Feed | 25,382 | 14,909 | 33,485 | |
| Breeding Fees | 984 | 329 | 918 | |
| Veterinary | 6,010 | 2,340 | 9,210 | |
| Livestock Supplies | 1,813 | 1,693 | 1,447 | |
| Marketing | 3,071 | 705 | 8,380 | |
| Interest | 16,955 | 12,051 | 19,716 | |
| Fuel & Oil | 20,217 | 10,517 | 31,363 | |
| Repairs | 28,219 | 15,729 | 38,140 | |
| Custom Hire | 10,610 | 3,298 | 16,821 | |
| Hired Labor | 6,488 | 427 | 11,828 | |
| Land Rent | 26,728 | 13,851 | 38,275 | |
| Machinery Bldg & Lvstk Lease | 2,141 | 1,199 | 5,104 | |
| Real Estate Taxes | 3,161 | 1,299 | 6,051 | |
| Farm Insurance | 4,946 | 2,938 | 7,142 | |
| Utilities | 4,089 | 2,636 | 5,822 | |
| Miscellaneous Expense | 7,075 | 4,752 | 9,597 | |
| Total Cash Farm Expense | \$ 240,085 | \$ 108,603 | \$ 380,125 | |
| Net Cash Farm Income | \$ 70,189 | \$ 9,840 | \$ 129,514 | |
| Total Inventory Change | \$ 44,689 | \$ 9,245 | \$ 131,138 | |
| Net Operating Profit | \$ 114,878 | \$ 19,085 | \$ 260,652 | |
| Total Depreciation | \$ (16,178) | \$ (6,035) | \$ (28,707) | |
| Gain or Loss on Capital Sales | \$ 790 | \$ 15 | \$ 3,163 | |
| Net Farm Income | \$ 99,490 | \$ 13,065 | \$ 235,108 | |