

WHAT IS THE ECONOMIC IMPACT OF AN AVERAGE FBMA FARM IN A LOCAL MISSOURI COMMUNITY IN 2011?

Money Spent by the Average 2011 Missouri FBMA Farm in the Local Community & Service Area (151 Farms, Missouri FBMA Summary, 2011)

With Other Farmers.....		\$44,266
(Brd/Non-Brd. Livestock & Custom Work)		
With Other Landowners		\$42,207
(Cash Land Rent/ Land Leases)		
For Labor.....		\$20,386
For Farm Utilities		\$6,474
With Agribusiness Community		\$338,959
Crop Production Expenses	\$156,858	
Livestock Production Expenses	\$110,541	
Fuel & Repair Expenses.....	\$51,498	
Other/Misc. Expenses	\$13,821	
Farm Insurance.....	\$6,241	
With Lenders (Interest)		\$19,247
For Farm Equipment/Vehicles/Leases.....		\$77,133
For Farm Assets		\$37,296
(Bldgs./Land/Improvements-Other Farm Assets)		
For Local Government		\$3,878
(Real Estate/Personal Property Tax)		
Family Living Expenses*.....		\$70,573
(Inc. Taxes & Purchase of Non-Farm Assets)		

Total Annual Spending Within the Community or Service Area by the Average Missouri FBMA Farm in 2011 ----- \$660,419
**partially reported*

Demographics of FBMA Summary Farms 2011

Gross Farm Income

All Farms	Less than \$50,000	\$50,001—\$100,000	\$100,001-\$250,000	\$250,001-\$500,000	\$500,001-\$1,000,000	Over \$1,000,000
151	24	11	23	46	27	20

Farm Type (by Enterprise(s)) contributing > 70% of gross farm income

All Farms	Crop	Beef	Crop & Beef	Other
151	75	14	27	29

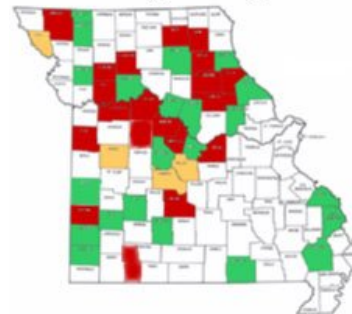
Age of Operator

All Farms	Less than 31	31-40	41-50	51-60	Over 60
151	15	31	31	36	38



Farm Business Management Analysis 2011 Missouri Summary

Missouri Adult Ag Programs



■ FBMA, Adult Classes, Young Farmers
 ■ Adult Classes, Young Farmers
 ■ Adult Classes

Balance Sheets

The 151 farms completing a cost balance sheet ended the year with a net worth of \$1,134,247 (farm and non-farm). The average increase in net worth for the year was \$120,943. The average farm debt:asset ratio was 22% at market value. The average farm borrowed \$235,445 and paid \$218,346 in principal payments in 2011.

Household and Personal Expenses

Thirteen FBMA farms submitted detailed family living and non-farm expenditures in 2011. The average of these families spent \$54,039 for family living and an additional \$17,584 for income taxes and major non-farm purchases and investments, for a total of \$71,623.



For More Information

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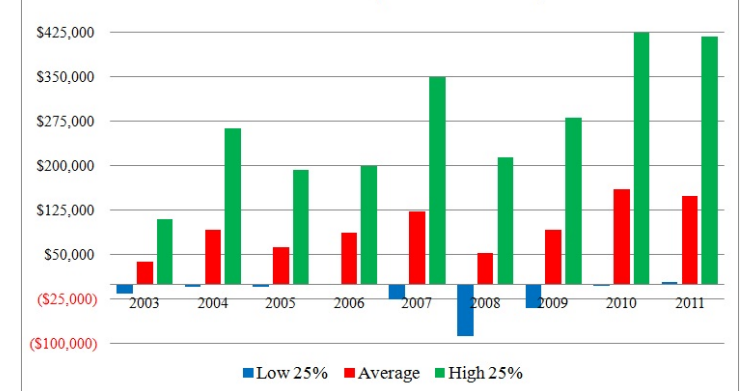
*** Overview & Highlights from the 2011 Missouri Averages**

The average net farm income (NFI) for the 151 farms included in the 2011 annual report of the Missouri Farm Business Management Analysis Program was \$148,886. As is the case every year, there was a wide range in income among program participants. Median net farm income, or the income earned by the middle farm, was \$74,806, substantially lower than the average NFI, indicating that the average was skewed by high profits of the most profitable farms.

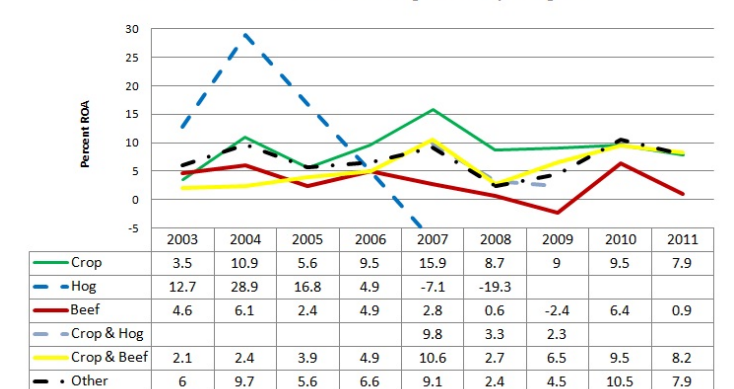
The average age of the operator on the 151 FBMA farms was 48.9 years. The average years in the farming operation was 26.2 years.

The net farm income/unpaid labor hour averaged \$103.45/hr. and ranged from -\$3.21 in the low profit group to \$239.90 in the high profit group.

Net Farm Income (151 FBMA Farms)



Return on Farm Assets by Type (Cost)
 Data Source: Missouri Farm Business Management Analysis Program

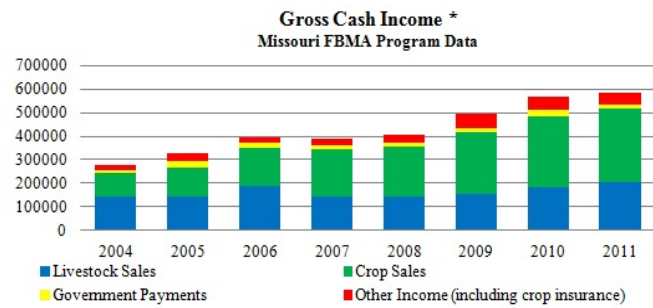


Note: '08-'11 hogs not included on graph

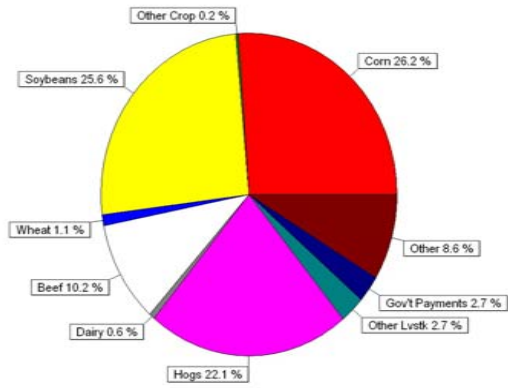
* Data Source: Missouri Farm Business Management Analysis Program

Average FBMA Farm Income Statement—2011

Gross Cash Farm Income	\$582,940
Total Cash Expense	\$469,897
Net Cash Farm Income	\$113,043
Inventory Changes	
Crops & Feed	\$31,493
Market & Breeding Livestock	\$17,383
Accts Rec & Prepaid Expenses	\$9,457
Accounts Payable	(\$712)
Other	\$4,025
Total Inventory Change	\$61,646
Net Operating Profit	\$174,689
Depreciation & Other Capital Adjustments	(\$31,434)
Gain or Loss on Capital Sales	\$5,632
Net Farm Income	\$148,886



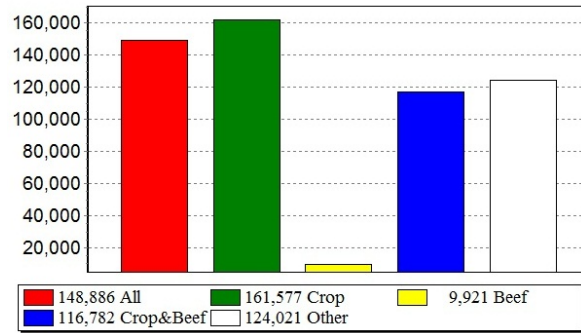
2011 Missouri FBMA Income Sources *



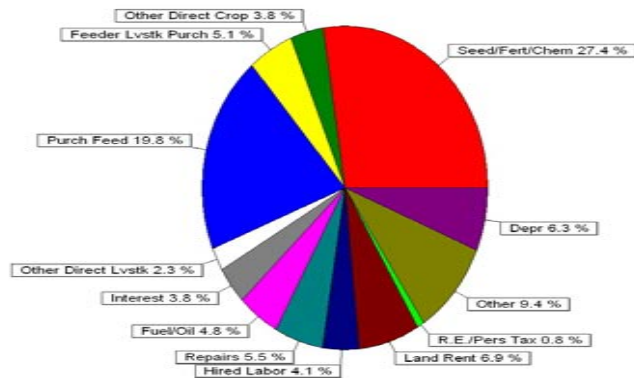
Observations from the 2011 Summary – 2011 was a good year profit-wise for Missouri farms. Commodity prices were good pretty much across the board and crop yields held their own, with soybeans dropping four bushels per acre and corn picking up over five bushels per acre. Crop prices increased approximately \$2.00/bushel, and both weaning and backgrounding cattle average price increased by approximately 22¢/lb. over 2010 prices. With the strong increase in commodity prices, and comparable yields, incomes would normally respond positively, but increases in production costs more than offset revenues, holding profits in check. For example, the cost of producing an acre of corn increased approximately \$100/acre, and costs for producing an acre of soybeans increased by over \$50/acre. Direct and overhead costs per head in the cow/calf enterprise increased significantly as well. As direct input and related operating costs increase at a significant rate, costs/unit produced increase and risk increases dramatically.

(continued on next column)

2011 Net Farm Income By Type



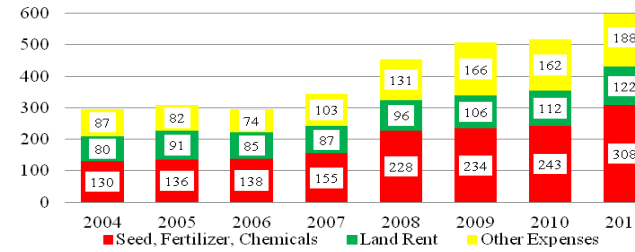
2011 Missouri FBMA Expense Sources *



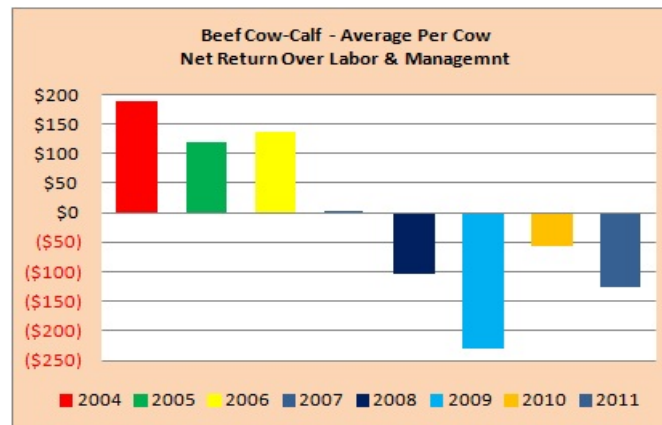
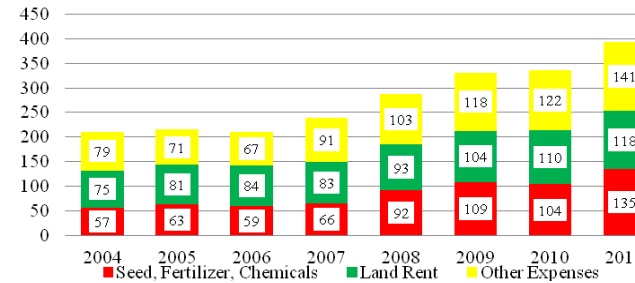
* Average FBMA Farm 2011

2011 FBMA farms that completed a comprehensive crop enterprise analysis ended up with a cost of production of \$5.57 per bushel on corn and \$9.92 per bushel on soybeans (cash rented, including direct and overhead costs, labor and management not included). That looks O.K. when corn is selling for \$6.00 per bushel and soybeans are selling for \$12.00 per bushel, but the volatility of both commodity prices and input costs of recent years continues to temper optimism. Strong business planning, cost management, a solid marketing plan, and a comprehensive risk management plan are more important than ever. FBMA farms with records to prove their actual costs of production for the major enterprises in their businesses have a real advantage in planning, working with lenders, and managing risks.

Corn Cost Per Acre (cash rent) * Missouri FBMA Program Data



Soybean Cost Per Acre (cash rent) * Missouri FBMA Program Data



2003-2011 Crop Yields & Returns

<i>Corn (owned land)</i>			
	Bu/acre	Net Return over Labor/Mgt./Ac	* Cost of Prod./Bu.
2003	77.87	(\$52.65)	\$3.05
2004	172.18	\$119.94	\$1.29
2005	63.65	(\$36.83)	\$2.62
2006	120.90	\$77.02	\$1.99
2007	138.74	\$232.56	\$2.25
2008	135.19	\$196.91	\$2.75
2009	150.29	\$125.31	\$2.90
2010	110.63	\$134.24	\$3.62
2011	121.10	\$200.79	\$4.33

<i>Soybeans (owned land)</i>			
	Bu/acre	Net Return over Labor/Mgt./Ac	* Cost of Prod./Bu.
2003	27.30	\$54.04	\$5.19
2004	52.36	\$116.83	\$3.27
2005	30.16	\$24.15	\$4.91
2006	39.37	\$72.26	\$4.23
2007	36.43	\$176.29	\$5.31
2008	35.86	\$162.87	\$5.45
2009	44.51	\$191.53	\$5.50
2010	43.14	\$218.83	\$6.10
2011	42.07	\$178.33	\$7.51

*direct & overhead expense including charge for labor & management less government & other income/bushel.

2011 Livestock Highlights

Both hog and cattle prices were good in 2011. Hog profits continued to be strong, but higher direct and overhead costs eliminated gains in gross margin in beef enterprises.

Beef Cow-Calf Enterprise—2011	
Gross return / cow	\$736.12
Feed cost / cow	\$386.30
Total direct expense / cow	\$598.80
Total overhead expense / cow	\$138.64
Net return / cow (w/o labor / mgt.)	(\$1.32)
Net return / cow over labor / mgt.	(\$126.27)
Average weaning weight	513