

Top Efficient Farms

Tina Barrett
Nebraska Farm Business, Inc.


Nebraska Farm Business, Inc.

- n In Existence Since 1976
- n From 1976 – 2002 was part of Cooperative Extension, UNL
- n From 2002-Present, private business, cooperating with UNL




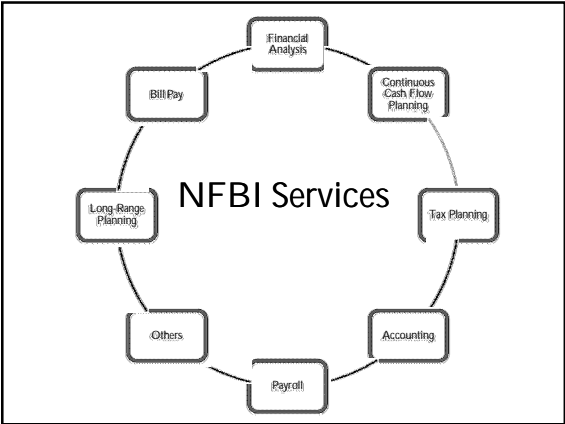
Nebraska Farm Business, Inc.

- n Mission Always Been:
 - n To Educate Farmers through better records & financial analysis
 - n Also prepare income tax returns
 - n Help with long-range business planning such as entity planning & estate planning



Nebraska Farm Business, Inc.

- n Currently work with over 600 farmers across the state
- n 8 Consultants (4 full-time, 4 part-time)
- n 8 Support Staff (1 full-time)

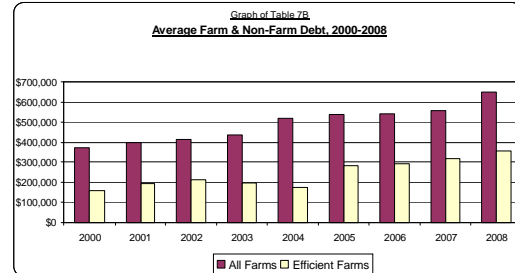
Top Efficient Farms

- n Net Farm Income Ratio of greater than 20% for a three year period
- n Not a larger representation of livestock operations
- n These farms are spread across the state and are consistent with the versatility of all the farms included.

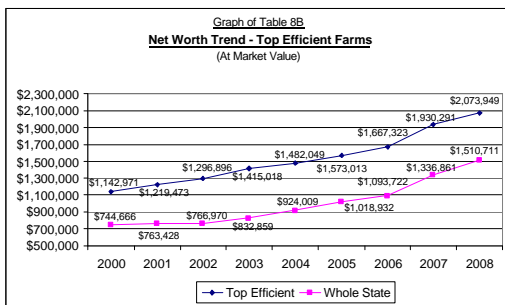
Operator Information

- n Average Number of Producers
 - n Top Efficient: 1.1
 - n Average of All Farms: 1.2
- n Average Age of Producers
 - n Top Efficient: 52
 - n Average of All Farms: 51.6
- n Average Number of Years Farming
 - n Top Efficient: 30.2
 - n Average of All Farms: 29.3

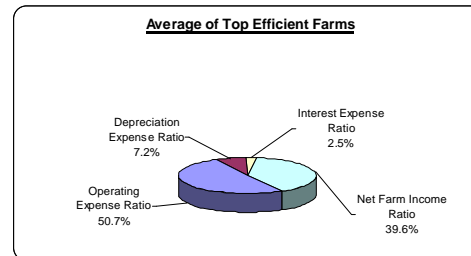
Average Farm & Non-Farm Debt



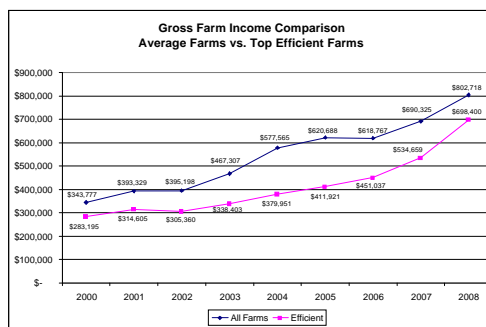
Net Worth Trend



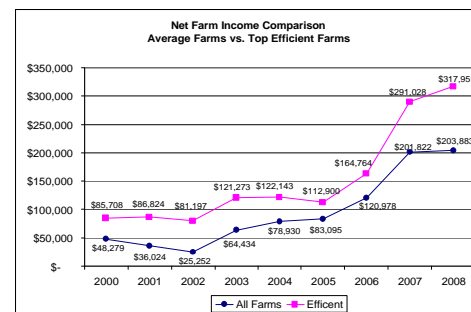
Efficiency Ratios



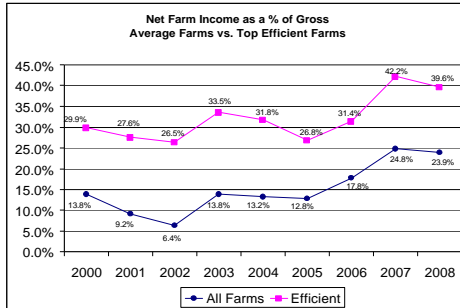
Gross Farm Income Trend



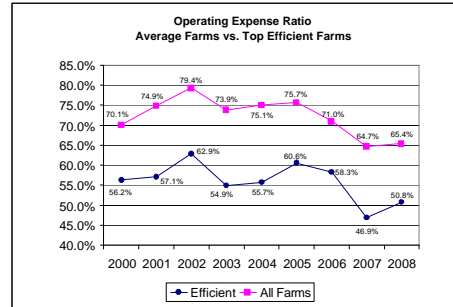
Net Farm Income Comparison



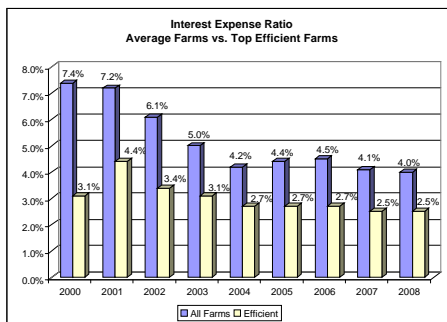
Net Farm Income as a % of Gross



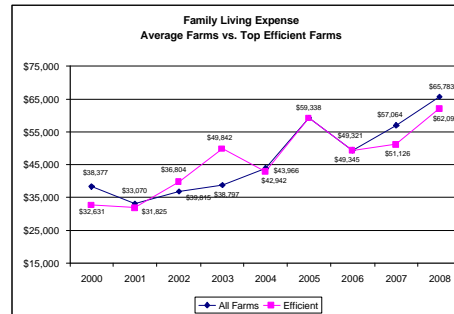
Operating Expense Ratio



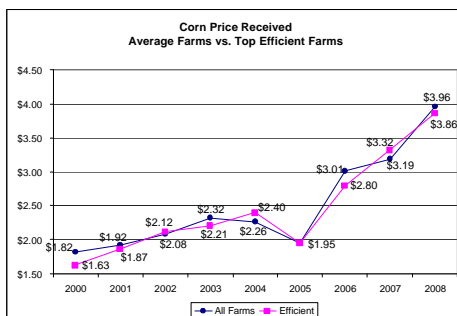
Interest Expense Ratio



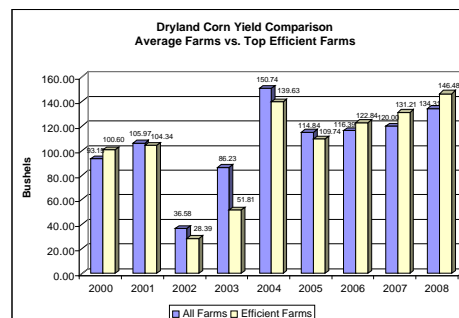
Family Living Expense

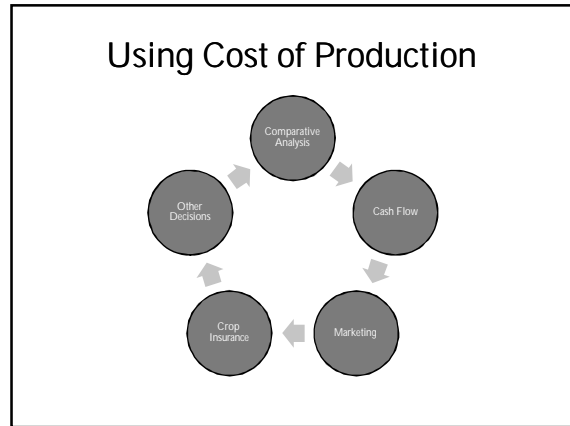
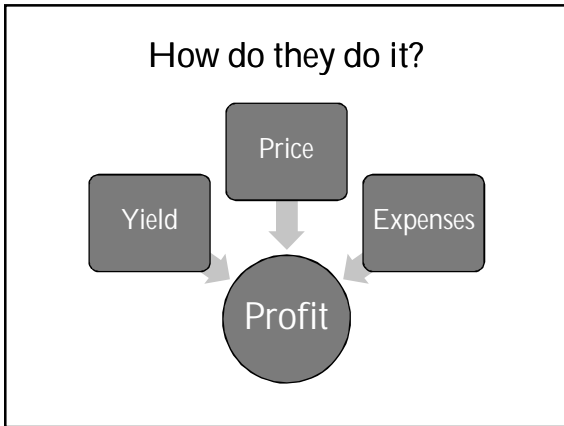


Corn Price Received



Yield Comparison





NFBI Averages Books

- n 7 Books
 - n Whole State, 4 Regional, Top Efficient, & Adams County
 - n Producers who participate can compare item-by-item.
 - n Useful for those who don't participate in the program too.
 - n Available on our Website at www.nfbi.net
 - n Click on Averages Books.
 - n Free Download or you can Purchase a Printed Copy

FINBIN Website

- n Free National Database
- n www.finbin.umn.edu
- n Allows you to create your own averages
 - n Example:
 - n You could choose your county and those surrounding it to run averages
 - Or-
 - n You can run a "Hog Finishing" average including Minnesota and South Dakota to find enough farms the same size as yours.
 - n Must have at least 10 farms included to run report to maintain confidentiality.

Comparing Your COP

	Your Farm	Whole State	Top Efficient	FINBIN
Yield	69.9	59.02	55.90	58.81
Operator's %	100%	100%	100%	100%
Value / Bushel	\$9.49	\$9.63	\$9.58	\$9.35
Other Income	\$34.55	\$21.67	\$47.84	\$23.09
Seed	\$33.36	\$39.33	\$36.46	\$43.03
Fertilizer	\$0.00	\$7.20	\$10.75	\$7.66
Crop Chemicals	\$37.89	\$36.49	\$31.80	\$39.30
Crop Insurance	\$13.67	\$23.77	\$22.40	\$19.82
Irr. Fuel	\$38.47	\$29.76	\$20.05	\$32.83
Power & Mach	\$63.28	\$76.43	\$71.51	\$94.07
Oper. Interest	\$5.16	\$6.14	\$7.02	\$9.04
Other Direct	\$44.32	\$27.76	\$20.86	\$37.44

Comparing Your COP

	Your Farm	Whole State	Top Efficient	FINBIN
Mach & Bldg Depr	\$50.79	\$46.30	\$44.55	\$36.04
RE & PP Taxes	\$38.81	\$34.65	\$43.83	\$36.86
Farm Insurance	\$8.29	\$6.57	\$5.14	\$6.67
Interest	\$37.28	\$44.46	\$59.14	\$45.40
Total Overhead	\$135.17	\$131.98	\$152.66	\$124.97
Gvmt Payments	\$21.03	\$23.66	\$25.26	\$22.95
Non-Farm Income	\$25.27	\$37.93	\$67.25	N/A
Family Living	\$63.44	\$62.02	\$50.85	N/A
Income Taxes	\$11.79	\$24.58	\$24.57	N/A
Total Costs	\$365.70	\$382.20	\$308.58	N/A
Total Cost per Bu.	\$5.23	\$6.48	\$5.52	N/A

Cash Flow Planning

- n Cost of Production Basis for Cash Flow Planning
 - n Start with Historical Cost of Production Figures
 - n Many overhead expenses can be used from historical averages
 - n Utilities, Interest, Real Estate & Personal Prop. Taxes, etc.
 - n What about Input Costs?
 - n Seed, Chemicals, Fertilizer
 - n Need to be estimated based on current prices.

Cash Flow Planning

- n What good is a cash flow?
 - n "My banker needs a cash flow..."
 - n Any other purpose?
 - n IF used properly, it is a very useful management tool.
 - n Can't be a static tool...must be a tool that is used and changed throughout the year.
 - n CFO Program:
 - n Starts a cash flow plan Pre-Harvest for following year.
 - n Updated Quarterly (at a minimum) with actual expenses & income
 - n Provides projected income (both for management & taxes)