

2004 Harvest Year Report

for USCHI's

Custom Harvester Analysis and Management Program (CHAMP)

Terry Kastens and Kevin Dhuyvetter
AgAnalysis+
and
Department of Agricultural Economics
Kansas State University

tkastens@ksu.edu
kcd@ksu.edu
www.agmanager.info
www.aganalysisplus.com



U.S. Custom Harvesters Inc.

**2004 Harvest Year Report
for USCHI's
Custom Harvester Analysis and Management Program (CHAMP)**

Background and Structure

At the urging of a number of USCHI (U.S. Custom Harvesters, Inc.) members, a pilot financial management program was initiated in January, 1998. The program was soon coined CHAMP, for Custom Harvester Analysis and Management Program. CHAMP, conducted by two economists at Kansas State University (K-State), Kevin Dhuyvetter and Terry Kastens, relies chiefly on results from a participant mail-in survey. The primary purpose of the program is to provide participants (CHAMP members) with important economic and production information about themselves. In this program, each participating firm is able to evaluate its production and economic performance relative to the CHAMP group as a whole, with individual firm information remaining confidential.

CHAMP is designed to be dynamic, so that it's accuracy and relevance can improve over time. Besides immediately providing useful information to individual participants, this program provides custom harvesting industry benchmarks and trend information over time and is instrumental in guiding future government lobbying efforts.

Each year, following compilation of the survey information in late February, each CHAMP member receives a report showing how it stands relative to group benchmarks or averages. In that report, individual cost categories are reported so participants can see where best to focus their management efforts to increase profits. Additionally, this written report, which depicts only aggregate values of interest (not values for individual members) is made publicly available each year. At USCHI's annual spring meeting, Dhuyvetter and Kastens present survey

results to CHAMP and USCHI members and conduct short one-on-one consultations with individual CHAMP members. Historical CHAMP harvest reports and participation information are available by clicking on the CHAMP logo at www.aganalysisplus.com. Also, these reports can be found at the site www.agmanager.info.

A formal CHAMP guidance or advisory committee was established by USCHI in 1998. The advisory committee's main role is to serve as a liaison between CHAMP members and the K-State economists conducting the program – ensuring that members' economic analyses needs are being met over time. The committee also serves as an important link between CHAMP membership and the overall USCHI membership in general, and USCHI's governing committee in particular. More specifically, the CHAMP committee helps 1) devise the questions asked in the annual mail-in survey, 2) determine arrangements for funding the CHAMP program, and 3) describe and promote the program to other custom harvesters.

USCHI members initiated CHAMP and USCHI strongly supports it. For the 1997 - 1999 harvest years, K-State charged \$150 per CHAMP member annually. However, only \$75 was paid directly by the CHAMP member, with the balance (\$75) covered by USCHI. For 2000-2003 harvest years, through an annual payment of \$8,700, John Deere has underwritten the fixed costs associated with the CHAMP program. Beginning with 2004, AGCO has picked up the annual \$8,700 payment. Since 2000, and for 2004, CHAMP member fees were \$225 each. USCHI covered \$75 of the \$225 – for CHAMP members who are also USCHI members. Although AGCO and

**Custom Harvester Analysis and Management Program (CHAMP)
2004 Harvest Year
Individual Firm Report**

Happy Harvesters Inc. Box 999 Wheat Country, KS 99999

	Firm Value	Survey Average Value	Firm Value per Combine	Survey Avg. of Value per Combine	Firm Value per per Acre	Survey Avg. of Value per per Acre	Firm Value per per Hour	Survey Avg. of Value per per Hour
Number of Machines Operated	3.0	4.73	----	----	----	----	----	----
Value of Combines	\$428,000	\$630,126	\$142,667	\$136,790	\$21.54	\$21.01	\$255.22	\$247.09
Value of Platforms	\$81,000	\$133,477	\$27,000	\$28,173	\$4.08	\$4.23	\$48.30	\$49.47
Value of Other Equipment	\$325,000	\$502,764	\$108,333	\$122,673	\$16.35	\$18.23	\$193.80	\$215.31
Value of Other Assets	\$120,000	\$161,796	\$40,000	\$32,996	\$6.04	\$5.21	\$71.56	\$61.95
Total Assets	\$954,000	\$1,428,162	\$318,000	\$320,632	\$48.01	\$48.69	\$568.87	\$573.81
Total Acres Covered	19,872	31,725	6,624	6,872	1.0	1.0	11.85	11.81
Combine Rent Acres	223	1,638	74	121	0.011	0.021	----	----
Small Grains Percent	76.3	70.6	----	----	----	----	Combine Efficiency	
Total Fields Harvested*	132	230	44.0	55.7	150.5	138.0	sep hrs/engine hrs	
Total Separator Hours in 2004	1,677	2,649	559	587	0.084	0.086	74.8%	76.0%



U.S. Custom Harvesters Inc.

									% of Total Revenue	
	Firm	Survey Avg.	Firm	Survey Avg.	Firm	Survey Avg.	Firm	Survey Avg.	Firm	Survey Avg.
INCOME AND EXPENSE										
Harvest Revenue	\$452,089	\$700,740	\$150,696	\$158,954	\$22.75	\$22.94	\$269.58	\$271.35	98.3%	97.6%
Combine Rent Revenue	\$2,027	\$19,061	\$676	\$1,428	\$0.10	\$0.24	\$1.21	\$3.02	0.4%	1.0%
Other Revenue	\$5,873	\$13,732	\$1,958	\$2,509	\$0.30	\$0.32	\$3.50	\$3.84	1.3%	1.4%
Total Revenue	\$459,989	\$733,533	\$153,330	\$162,891	\$23.15	\$23.51	\$274.29	\$278.21	100.0%	100.0%
Labor (paid and unpaid)	\$111,514	\$155,339	\$37,171	\$35,172	\$5.61	\$5.04	\$66.50	\$59.41	24.2%	21.4%
Travel	\$20,989	\$28,753	\$6,996	\$6,895	\$1.06	\$1.01	\$12.52	\$11.82	4.6%	4.3%
Fuel and Lubrication	\$68,312	\$96,563	\$22,771	\$22,542	\$3.44	\$3.20	\$40.73	\$37.97	14.9%	13.6%
Repair and Maintenance	\$38,121	\$71,751	\$12,707	\$17,113	\$1.92	\$2.41	\$22.73	\$28.47	8.3%	10.2%
Insurance	\$27,038	\$37,010	\$9,013	\$8,621	\$1.36	\$1.30	\$16.12	\$15.29	5.9%	5.5%
Telephone and Utilities	\$7,759	\$11,458	\$2,586	\$2,517	\$0.39	\$0.36	\$4.63	\$4.21	1.7%	1.5%
Other Expenses	\$16,834	\$54,962	\$5,611	\$11,548	\$0.85	\$1.54	\$10.04	\$18.22	3.7%	6.5%
Market Depreciation	\$52,500	\$125,180	\$17,500	\$28,995	\$2.64	\$4.14	\$31.31	\$49.21	11.4%	17.6%
Interest on Assets (assigned)	\$56,626	\$84,771	\$18,875	\$19,032	\$2.85	\$2.89	\$33.77	\$34.06	12.3%	12.3%
Total Expense	\$399,693	\$665,787	\$133,231	\$152,434	\$20.11	\$21.89	\$238.34	\$258.65	86.9%	93.1%
Total Operating Profit	\$60,296	\$67,746	\$20,099	\$10,457	\$3.03	\$1.62	\$35.95	\$19.56		

Debt-to-Asset Ratio (end of year)	33.6%	42.2%			Insurance as percent of equipment value =>	3.2%	2.9%
Return on Assets	12.3%	9.9%					
Return on Equity (based on IS)	15.4%	xxx	<=== Operating profit + interest charged on equity divided by beginning of year equity.				
Return on Equity (based on BS)	12.8%	xxx	<=== Change in balance sheet equity divided by the beginning of year equity.				
Expense/\$100 Revenue	\$86.89	\$93.16					

* Value used per acre for Total Fields Harvested represents the average field size in acres.

Note: Some reported values were modified from those reported on the survey due to arithmetic and other data entry errors.



BALANCE SHEETS PAGE (schedule D)

Happy Harvesters Inc. Box 999 Wheat Country, KS 99999

Balance sheet for custom harvesting business only, 2004 (read the footnotes)

ASSETS (market value)			LIABILITIES & OWNER EQUITY		
	beginning 01/01/04	end 12/31/04		beginning 01/01/04	end 12/31/04
Current Assets	\$	\$	Current Liabilities	\$	\$
Cash on hand & in checking	6,850	11,500	Accounts payable	2,200	1,500
Savings, bonds, stocks, etc.	15,800	17,000	Short term loans (due within 1 yr.)		
Accounts receivable	3,600	1,200	principal outstanding	12,750	11,500
			accrued interest	314	284
Supply inventories	4,500	5,000	Other current liabilities (specify)	0	0
Other current assets (specify)	0	0			
D1. TOTAL CURRENT ASSETS	30,750	34,700	D4. TOTAL CURRENT LIABILITIES	15,264	13,284
Non-current Assets			Non-current Liabilities		
Combines (from A1+B1, A2+B2)	437,350	527,350	Long term loans (due beyond 1 yr.)		
Non-combine equipment (from C1, C2)	289,800	275,310	principal outstanding	295,000	282,000
			accrued interest	2,728	2,608
Market value of business real estate (i.e., office, storage bldgs., etc.)	50,000	50,000	Other non-current liabilities (specify)	0	0
D2. TOTAL NON-CURRENT ASSETS	777,150	852,660	D5. TOTAL NON-CURRENT LIABILITIES	297,728	284,608
D3. TOTAL CUST. HARV. ASSETS (D1+D2)	807,900	887,360	D6. TOTAL CUST. HARV. LIABILITIES (D4+D5)	312,992	297,891
			D7. TOTAL CUST. HARV. NET WORTH (D3-D6)	494,908	589,469
			Change in equity =====>		94,561
TOTAL EQUITY (custom harvesting and outside businesses)				01/01/04	12/31/04
Investments in other businesses (such as a farm) and non-business investments (such as your residence). Report only the NET investment, which is assets less liabilities (net worth), for these investments:			D8.	130,000	145,000
Overall equity or net worth for whole business (D7+D8)			D9.	624,908	734,469
			Change in equity =====>		109,561



JOHN DEERE

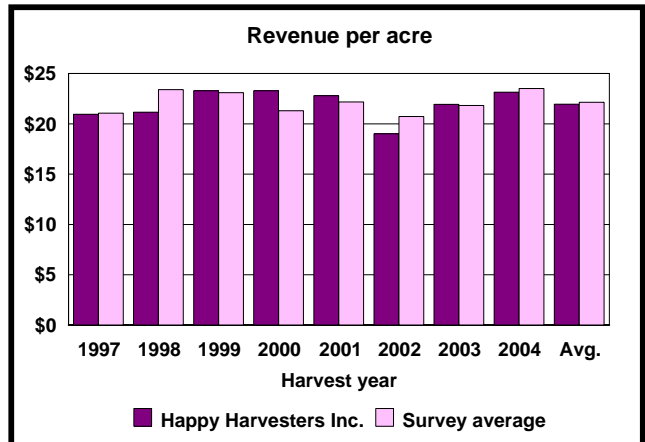
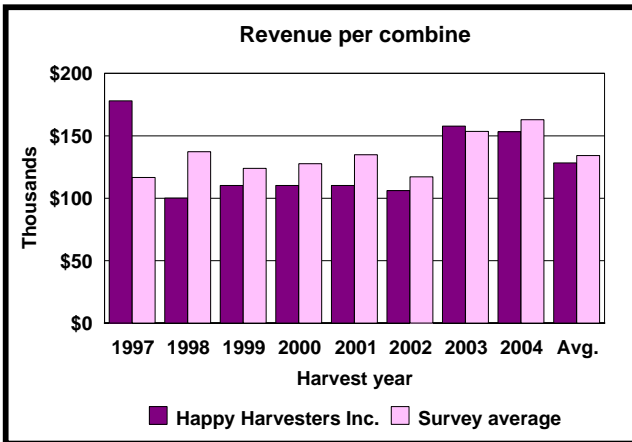
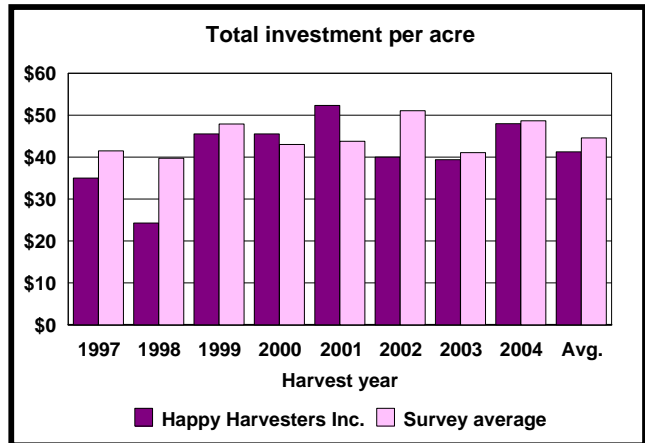
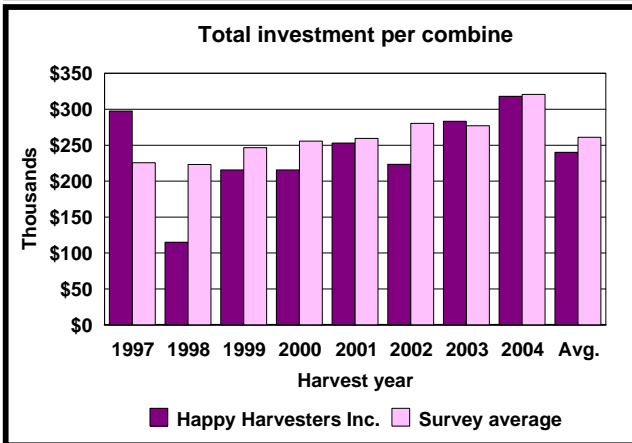
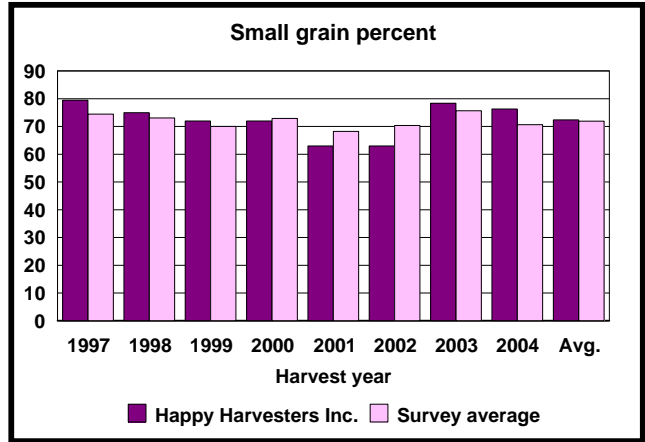
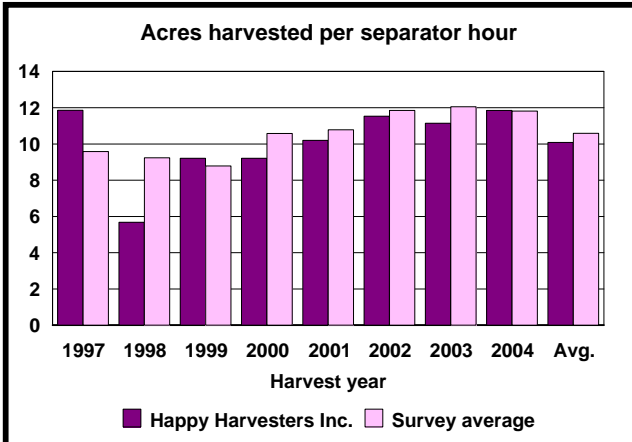
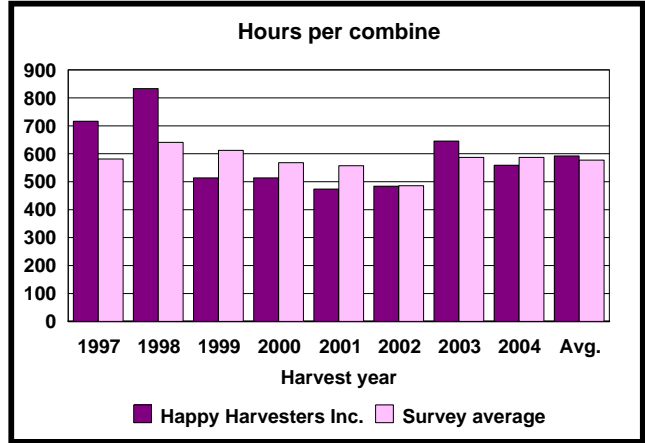
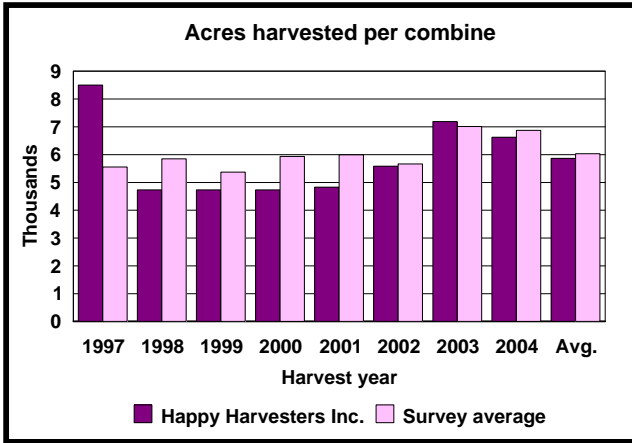


U.S. Custom Harvesters Inc.

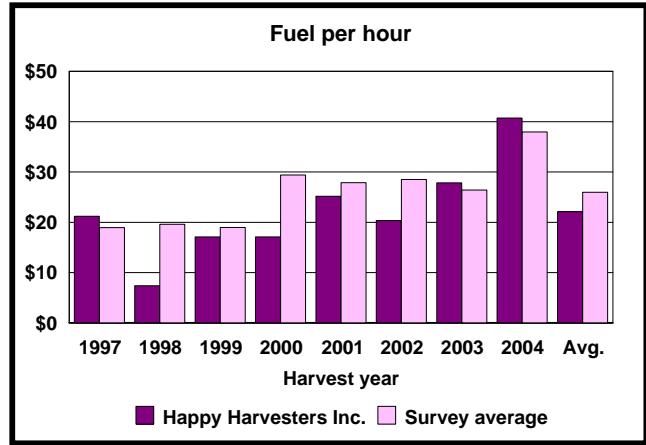
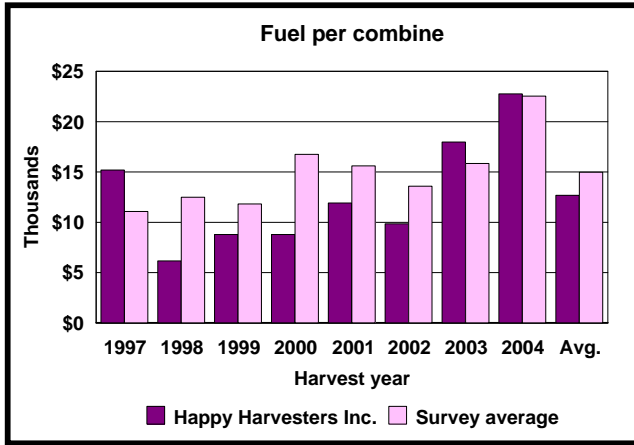
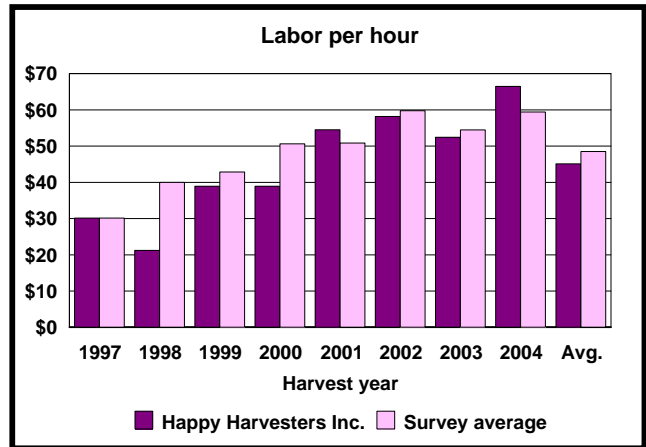
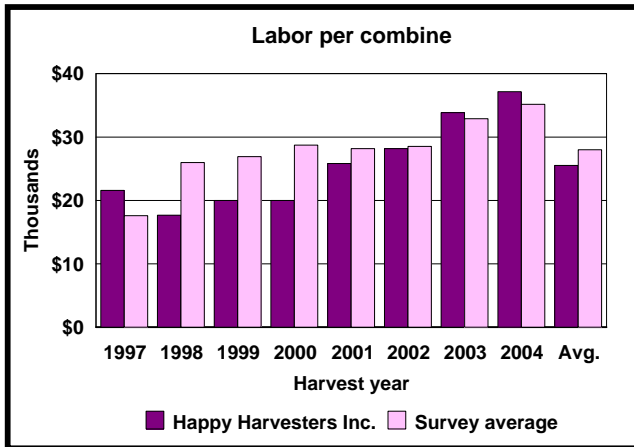
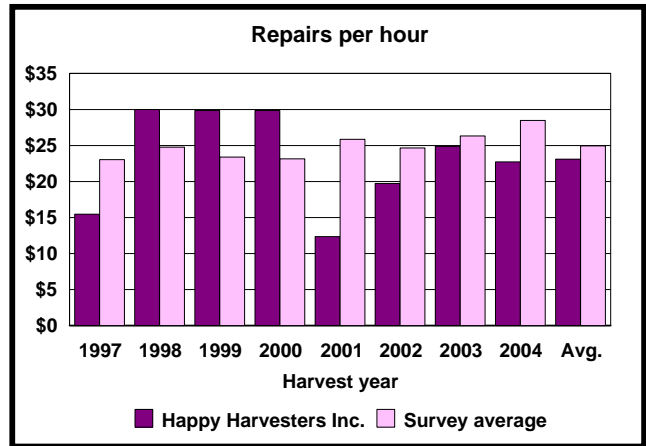
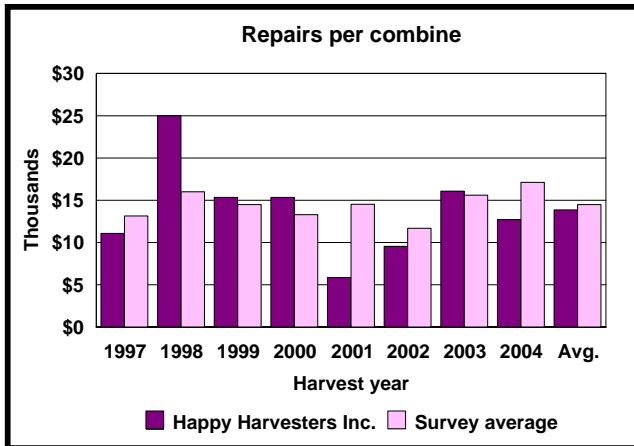
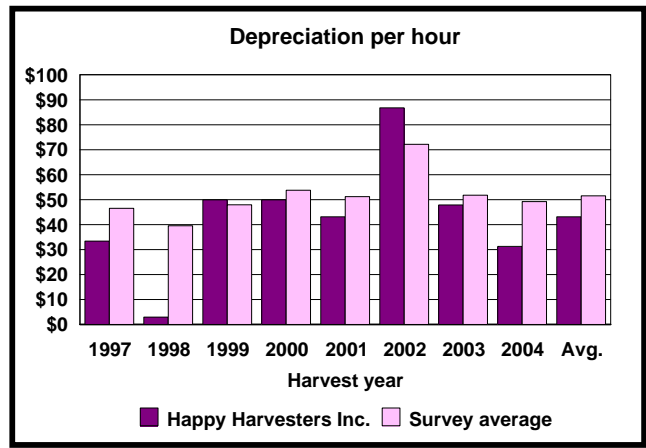
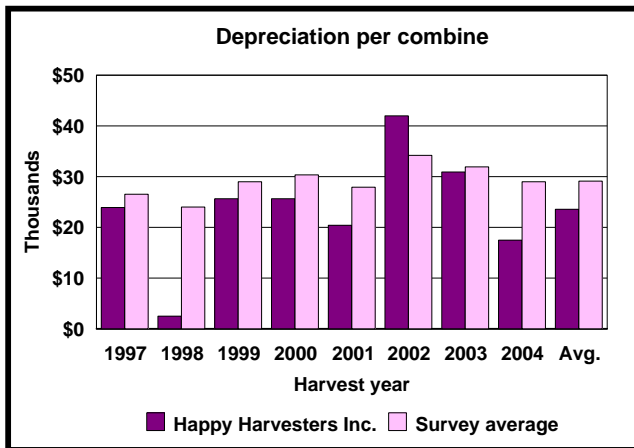
In balance sheet above, except for D8 and D9, values are those assigned to ONLY the CUSTOM HARVESTING BUSINESS. If you run multiple businesses within your overall business, without tracking assets and liabilities accordingly, you will need to prorate proper values to the custom harvesting business. All values are market values, not income tax basis values.

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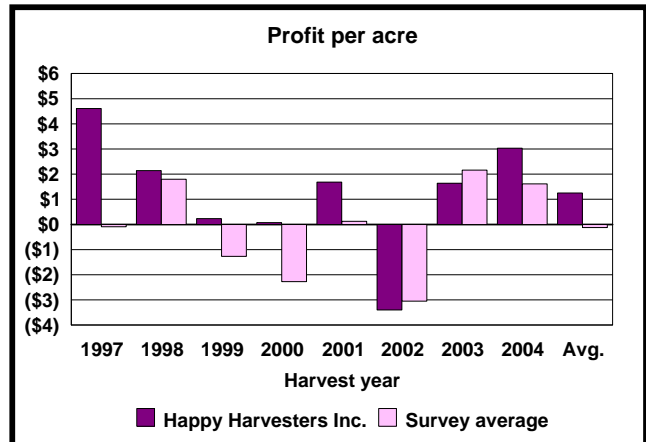
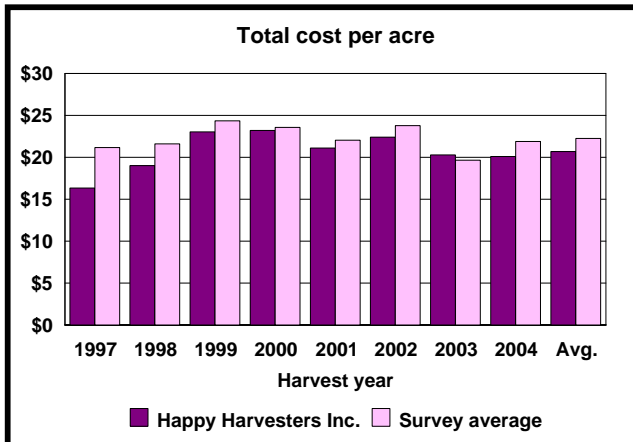
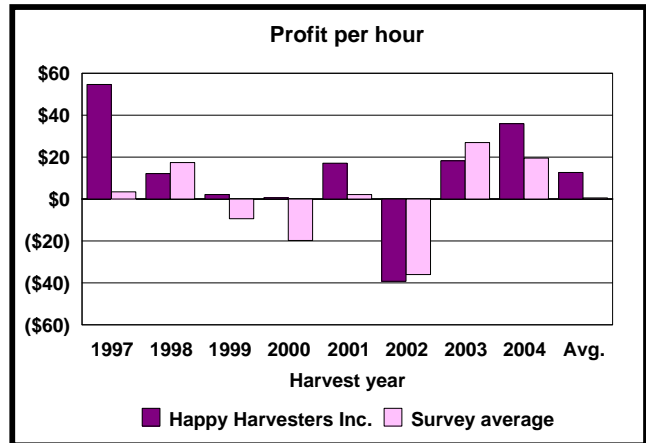
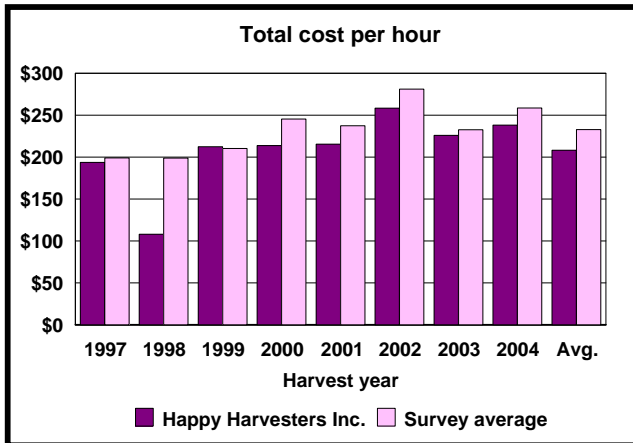
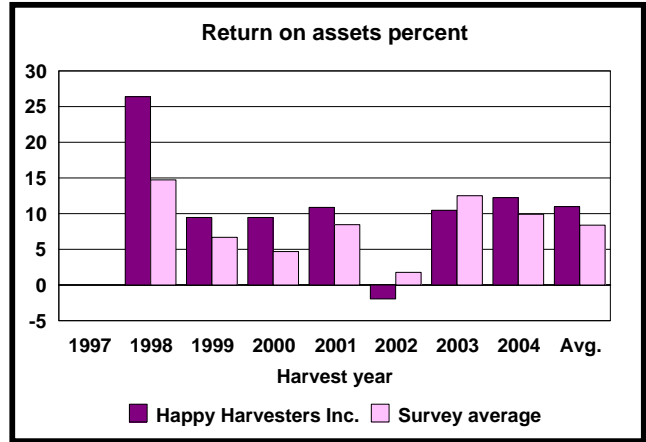
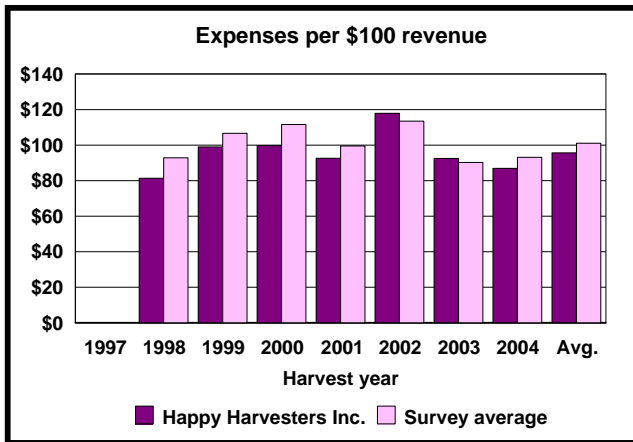
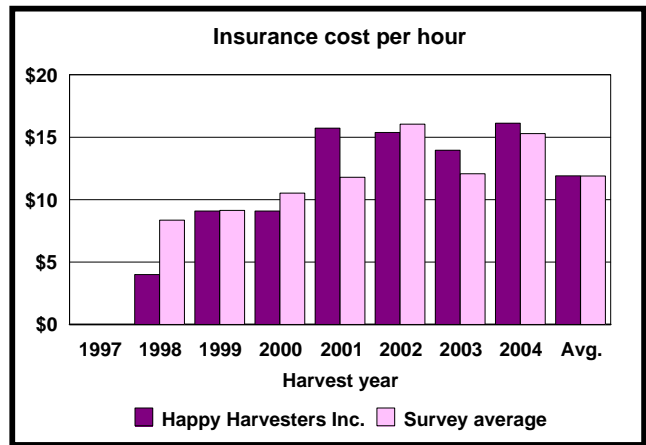
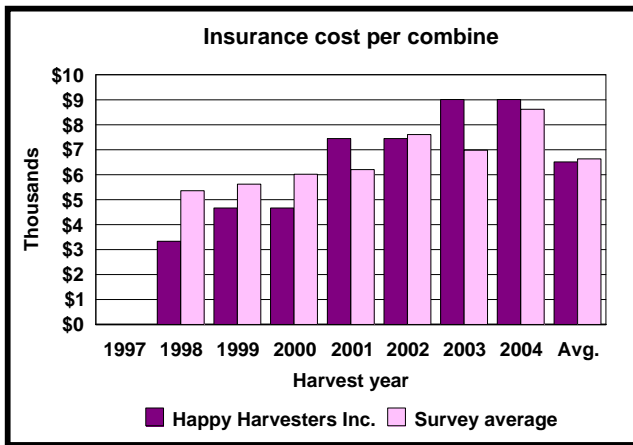
Historical Trends of Key Variables -- Individual harvester vs survey average



Historical Trends of Key Variables -- Individual harvester vs survey average



Historical Trends of Key Variables -- Individual harvester vs survey average



2004 Harvest Year Report for USCHI's Custom Harvester Analysis and Management Program (CHAMP)

Kevin Dhuyvetter and Terry Kastens
Agricultural Economists
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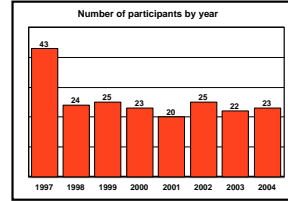
kcd@ksu.edu
tkastens@ksu.edu
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CHAMP: Over the years . . .

• Participation



• Repeat members

- 22 of 23 2004 members participated in 2003
- 10 members have participated all 8 years

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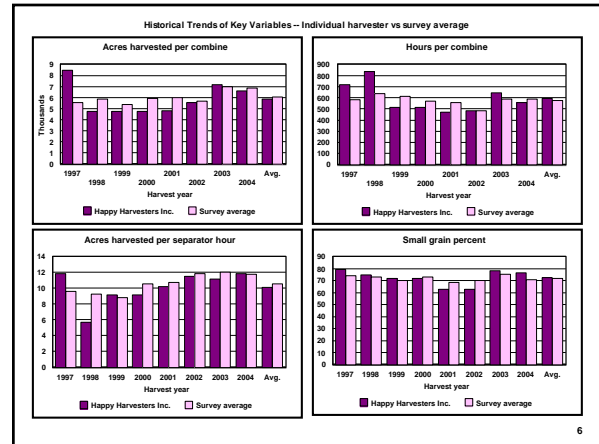
CHAMP: Over the years . . .

• Continually seek ways to improve analysis

- Learning curve associated with filling out forms
- Better understanding of economic principles
- Prior year asset values and balance sheet
- Developed RevenueTracker.xls spreadsheet

3

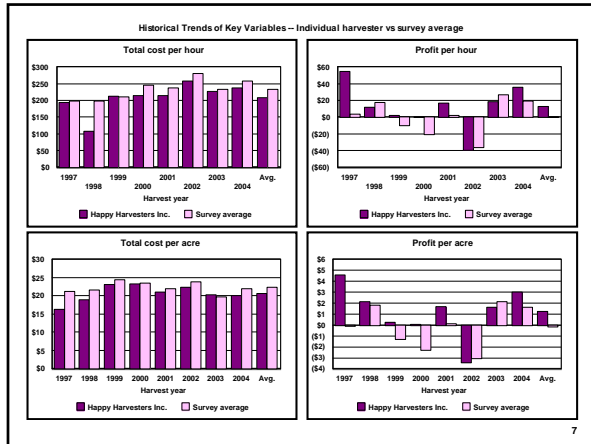
	Firm Value	Survey Average Value	Firm Value per Combine	Survey Avg. Value per Combine	Firm Value per Acre	Survey Avg. Value per Acre	Firm Value per Hour	Survey Avg. Value per Hour	% of Total Revenue
Number of Machines Operated	33	67							
Value of Combines	\$428,000	\$630,126	\$142,867	\$1,367,750	\$21,54	\$21,01	\$252,22	\$247,09	98.3%
Value of Planters	\$91,000	\$133,477	\$27,000	\$28,173	\$439	\$4,23	\$48,50	\$48,47	1.0%
Value of Other Equipment	\$225,000	\$502,764	\$108,333	\$22,873	\$14,35	\$11,23	\$193,80	\$215,31	4.3%
Value of Other Assets	\$120,000	\$181,796	\$40,000	\$2,996	\$624	\$6,21	\$71,56	\$81,95	1.9%
Total Assets	\$964,000	\$1,428,162	\$318,000	\$303,852	\$48,01	\$48,69	\$668,87	\$723,81	100.0%
Total Acres Covered	19,873	31,725	6,824	4,872	1.0	1.0	11,85	11,81	
Combine Rent Acres	223	1,638	74	121	0.011	0.021			
Small Grains Percent	76.3	70.6							
Total Fields Harvested*	132	200	44.0	55.7	195.5	138.0	74.8%	78.0%	
Total Separator Hours in 2004	1,877	2,849	559	587	0.084	0.086			
INCOME AND EXPENSE									
Harvest Revenue	\$403,089	\$703,743	\$103,698	\$130,364	\$22,75	\$22,04	\$288,58	\$271,35	98.3%
Combine Rent Revenue	\$2,027	\$19,081	\$676	\$1,426	\$0.10	\$0,24	\$1,21	\$3,02	0.4%
Other Revenue	\$5,873	\$13,722	\$1,958	\$2,209	\$0,30	\$0,32	\$3,50	\$3,84	1.3%
Total Revenue	\$410,989	\$736,546	\$105,634	\$133,981	\$23,15	\$22,61	\$294,29	\$278,21	100.0%
Expenses									
Labor (sold and unpaid)	\$111,514	\$155,339	\$37,171	\$35,172	\$5,61	\$5,04	\$68,50	\$99,41	24.2%
Travel	\$20,989	\$28,753	\$6,966	\$6,856	\$1,06	\$1,01	\$12,52	\$11,82	4.8%
Fuel and Lubrication	\$68,312	\$98,983	\$22,771	\$22,542	\$3,44	\$3,20	\$40,73	\$37,97	14.9%
Repair and Maintenance	\$38,121	\$71,251	\$12,707	\$17,113	\$1,62	\$2,41	\$22,73	\$28,47	6.9%
Insurance	\$27,038	\$37,010	\$9,013	\$8,421	\$1,38	\$1,30	\$16,12	\$16,29	5.9%
Telephone and Utilities	\$7,790	\$11,468	\$2,546	\$2,517	\$0,39	\$0,36	\$4,63	\$4,21	1.7%
Other Expenses	\$18,834	\$64,982	\$5,611	\$11,549	\$0,85	\$1,54	\$10,04	\$38,22	3.7%
Market Depreciation	\$52,500	\$125,140	\$17,500	\$28,995	\$2,84	\$4,14	\$31,31	\$48,21	11.4%
Interest on Assets (assprad)	\$58,028	\$84,771	\$18,875	\$19,022	\$2,85	\$2,89	\$33,77	\$34,08	12.3%
Total Expense	\$359,693	\$666,787	\$133,231	\$152,434	\$20,11	\$21,89	\$238,34	\$258,65	88.9%
Total Operating Profit	\$60,296	\$69,766	\$20,009	\$10,457	\$3,03	\$1,62	\$35,95	\$19,56	2.9%
Debt-to-Asset Ratio (end of year)	33.6%	42.2%							
Return on Assets	12.3%	9.9%							
Return on Equity (based on BS)	15.4%	xxx							
Return on Equity (based on BS)	12.8%	xxx							
Equity-to-BS Revenue	\$69.59	\$91.15							



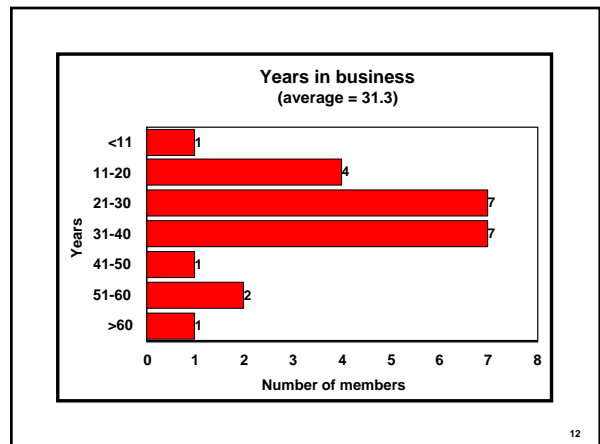
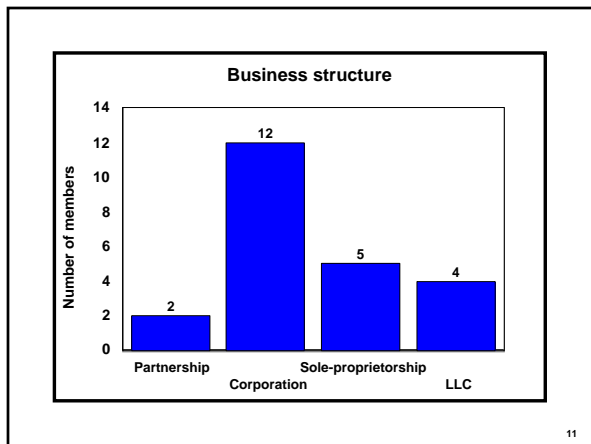
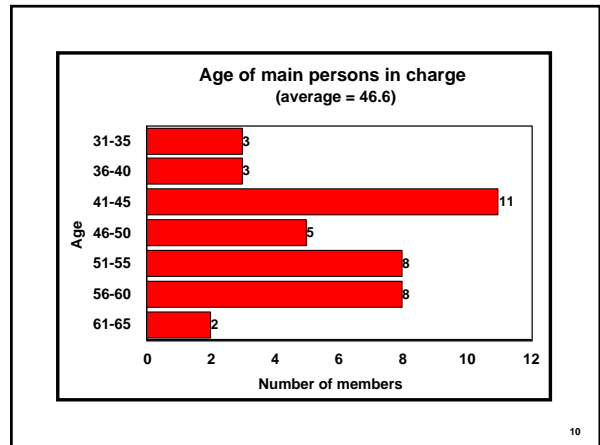
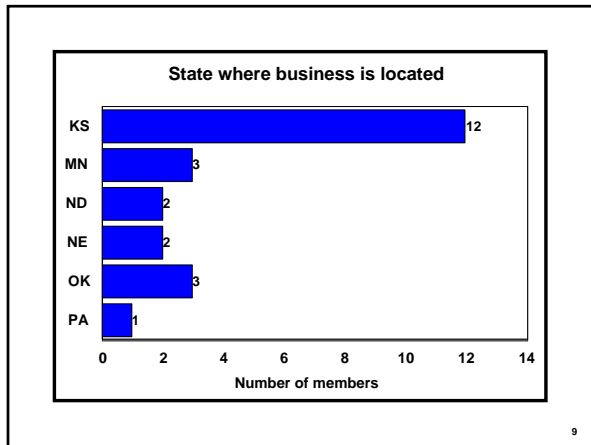
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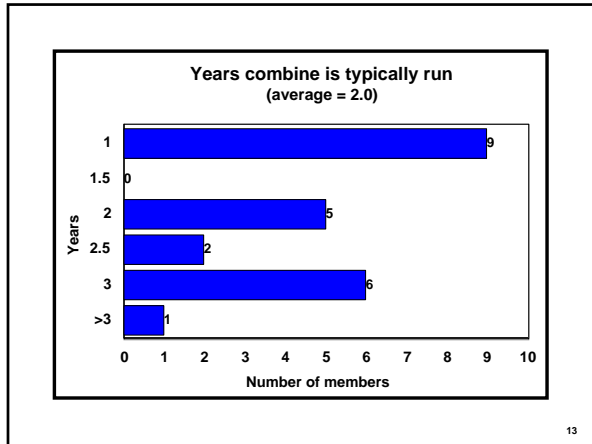
ASSETS (in market value)		LIABILITIES & OWNER EQUITY	
beginning	end	beginning	end
01/01/04	12/31/04	01/01/04	12/31/04
Current Assets		Current Liabilities	
Cash on hand & checking	\$ 5	Accounts payable	\$ 5
Savings, bonds, stocks, etc.	6,860	Short term loans (due within 1 yr.)	2,200
Accounts receivable	15,800	principal outstanding	12,700
Supply inventories	3,650	accrued interest	314
Other current assets (specify)	4,500	Other current liabilities (specify)	0
	0		0
D1. TOTAL CURRENT ASSETS	30,750	D4. TOTAL CURRENT LIABILITIES	15,284
	34,700		13,284
Non-current Assets		Non-current Liabilities	
Combines (from D1-E1, A2-B2)	437,300	Long term loans (due beyond 1 yr.)	295,000
Non-current equipment (from C1, C2)	289,800	principal outstanding	280,000
Market value of business real estate (i.e., office, storage bldgs., etc.)	50,000	accrued interest	2,728
	50,000	Other non-current liabilities (specify)	0
			0
D2. TOTAL NON-CURRENT ASSETS	777,100	D5. TOTAL NON-CURRENT LIABILITIES	297,728
	852,660		284,608
D3. TOTAL CUST. HARV. ASSETS (D1+D2)	807,900	D6. TOTAL CUST. HARV. LIABILITIES (D4+D5)	312,992
	887,360		297,891
		D7. TOTAL CUST. HARV. NET WORTH (D3-D6)	494,908
		Change in equity	59,469
			(54,561)
TOTAL EQUITY (custom harvesting and outside businesses)			
	01/01/04		12/31/04
Investments in other businesses (such as a farm) and non-business investments (such as your residence). Report only the NET investment, which is assets less liabilities (net worth), for these investments.		D8.	130,000
			145,000
Overall equity or net worth for whole business (D7+D8)		D9.	624,908
			734,469
		Change in equity	109,561

In balance sheet above, except for D8 and D9, values are those assigned to ONLY the CUSTOM HARVESTING BUSINESS. If you run multiple businesses with your overall business, without tracking assets and liabilities accordingly, you will need to prorate proper values to the custom harvesting business. All values are market values, not income tax basis values.

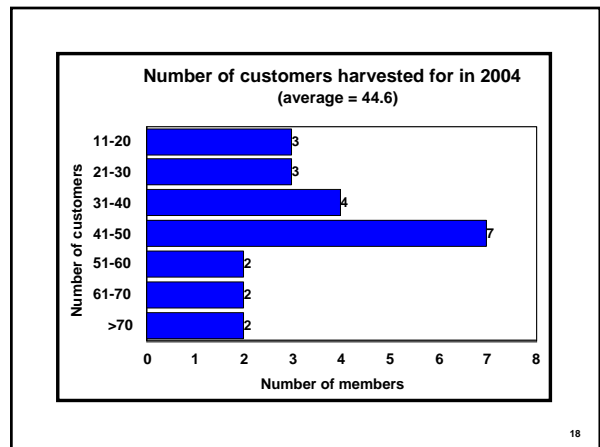
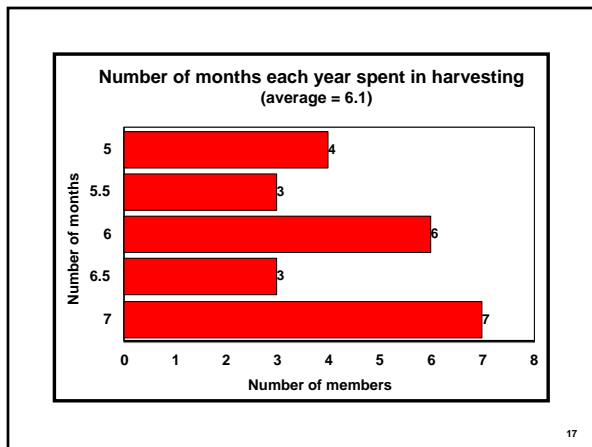
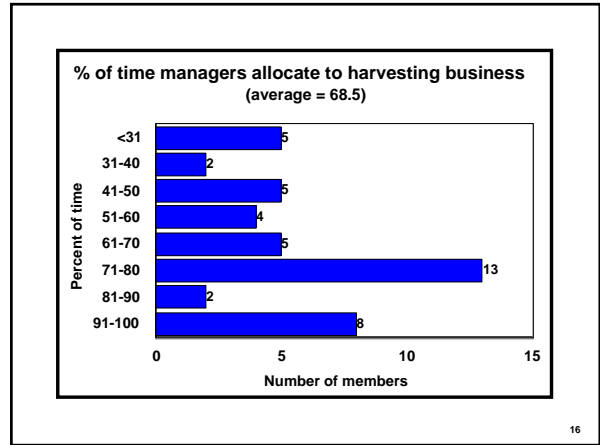
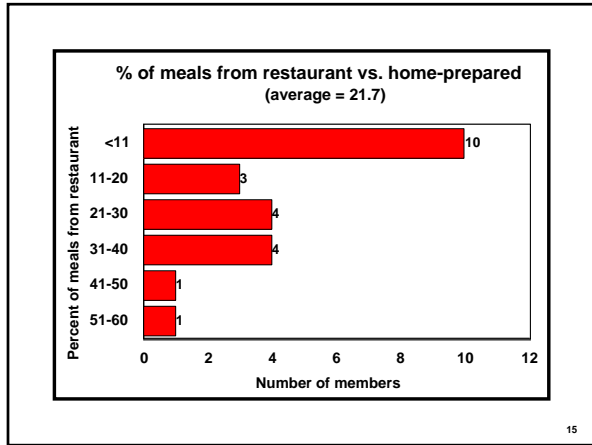


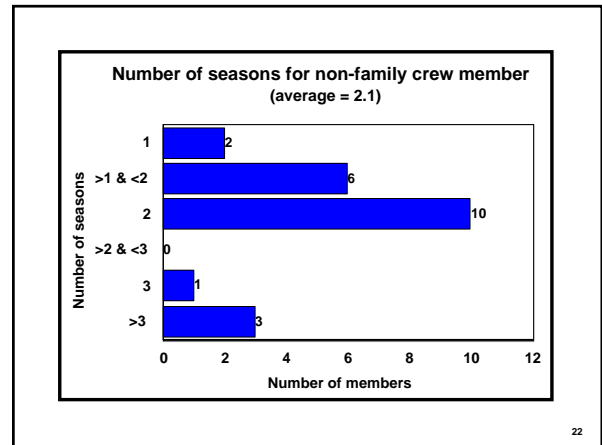
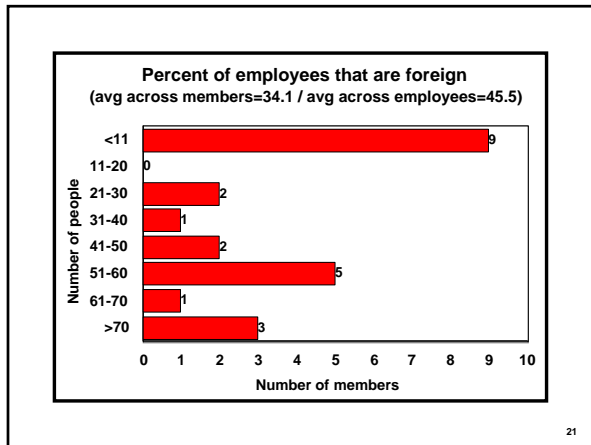
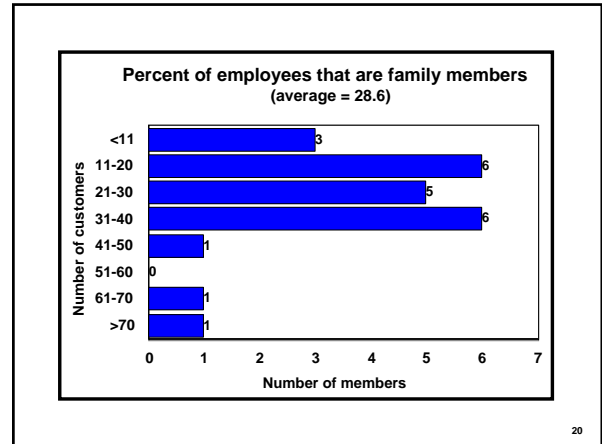
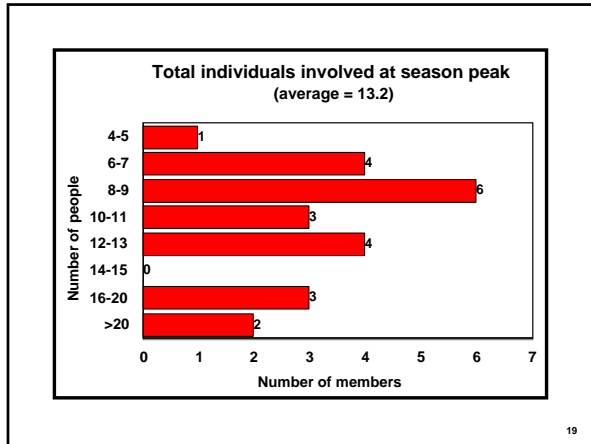
- ### General Information
- Location
 - Age of manager
 - Business structure
 - Years in business
 - Age and number of combines
 - Relative importance of business
 - Housing and meals
 - People involved in business
 - Number of customers





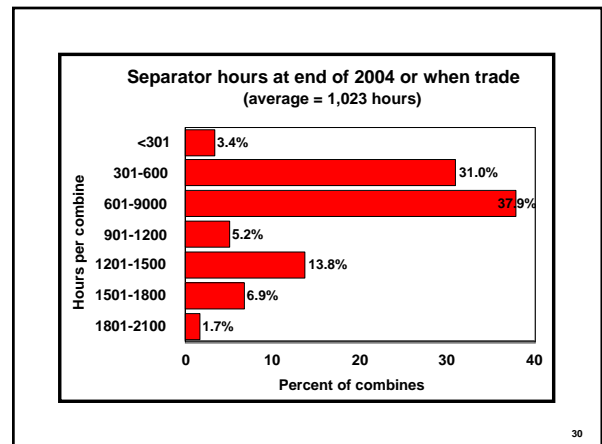
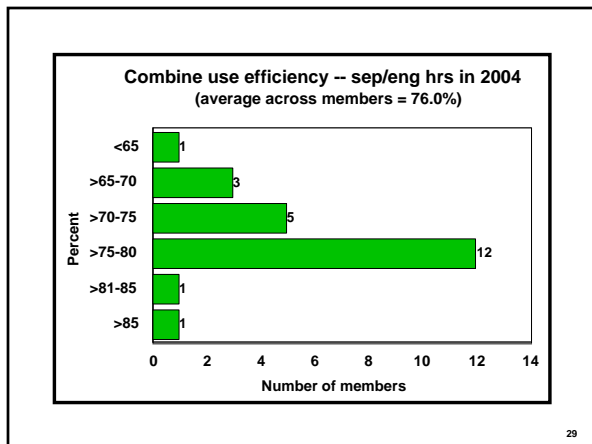
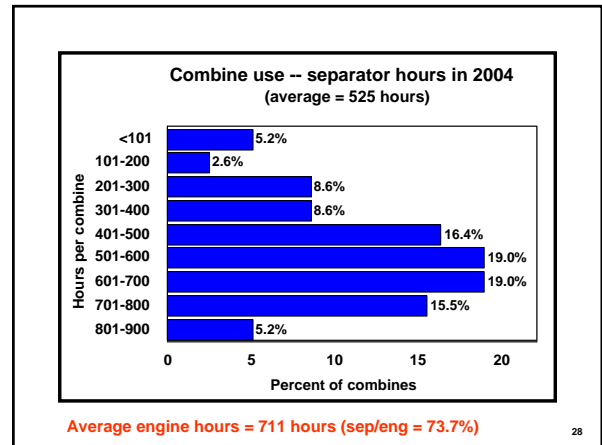
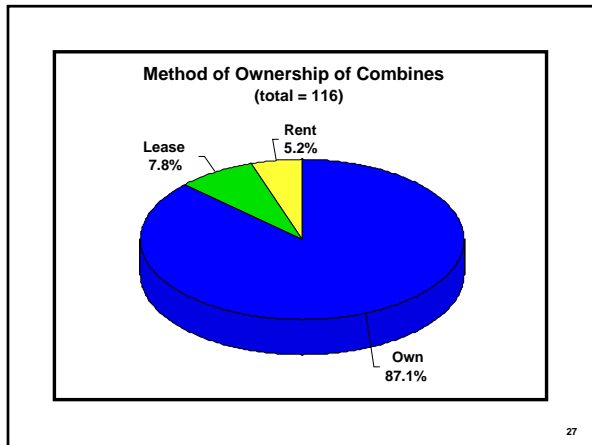
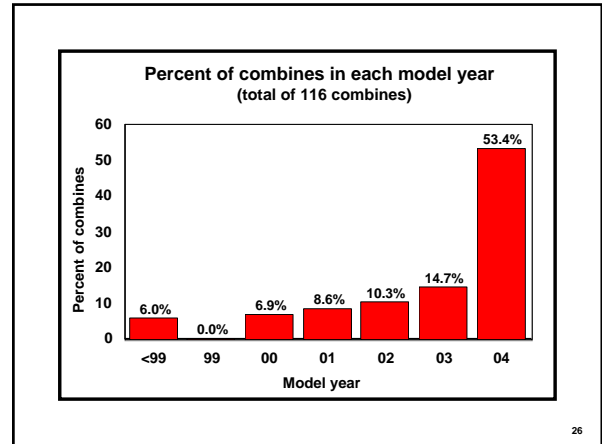
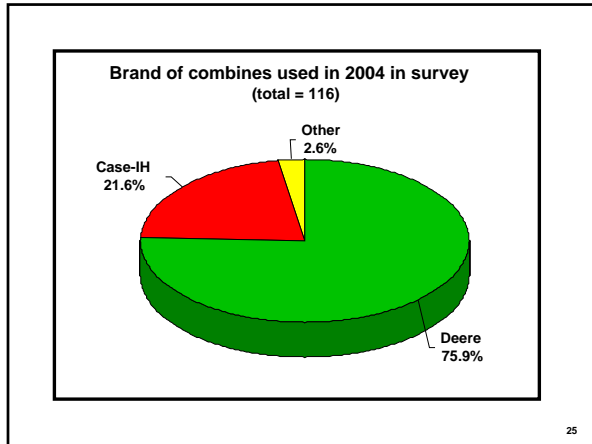
- Miscellaneous Information**
- 13 run new combines
 - 9 run used combines
 - 1 runs both
 - 16 of 23 (69.6%) have sideline businesses
 - 11 involved in farming/ranching
 - 11 involved in trucking
 - 3 involved in other businesses
- 14

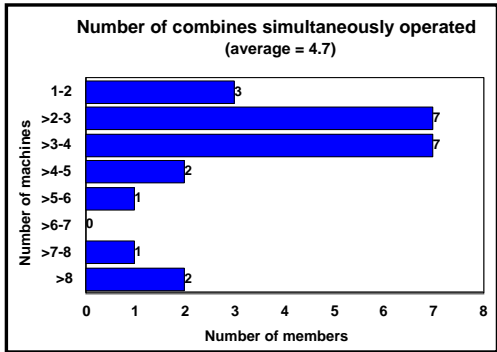




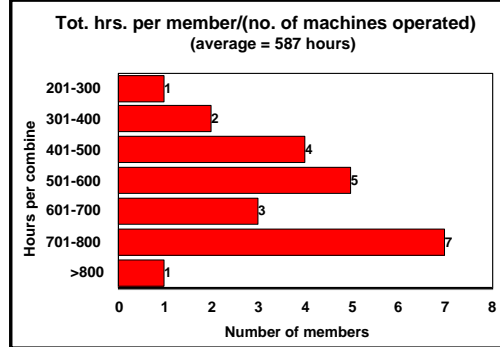
- More Miscellaneous Information**
- Average employees (season peak) per combine was 2.85 (min = 2.17, max = 4.33)
 - 16 of 23 finance their combines through dealers/manufacturers
 - 14 of 23 get combine insurance through dealer/manufacture
 - Average interest rate was 5.94%
 - 2003 6.31%; 2002 6.55%; 2001 7.66%; 2000 9.32%
 - Minimum in 2004 = 4.1%
 - Maximum in 2004 = 9.0%
- 23

- Combine Information**
- Brand
 - Model year
 - Own, lease, or rent
 - Headers
 - Hours used (separator and engine)
 - Auxiliary equipment
 - Beginning and end of season values
- 24

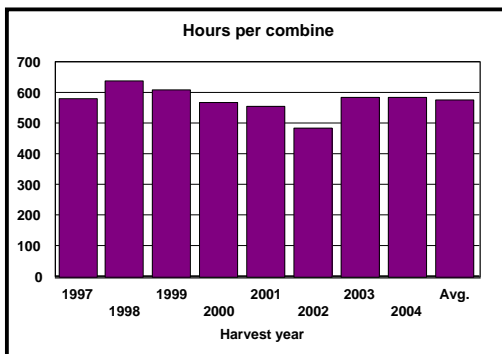




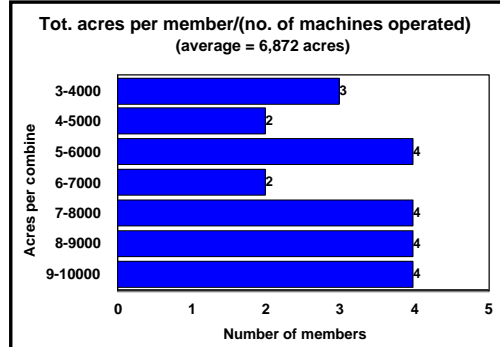
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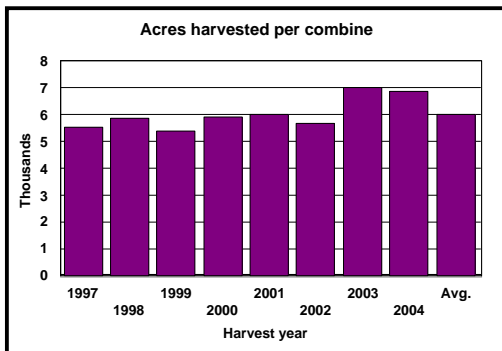
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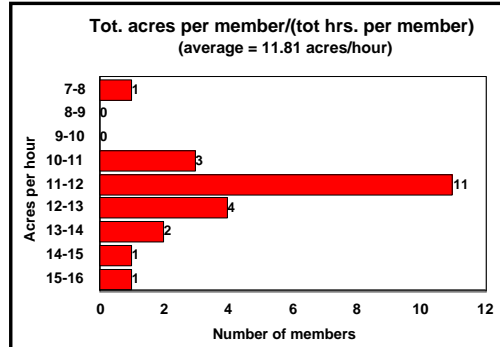
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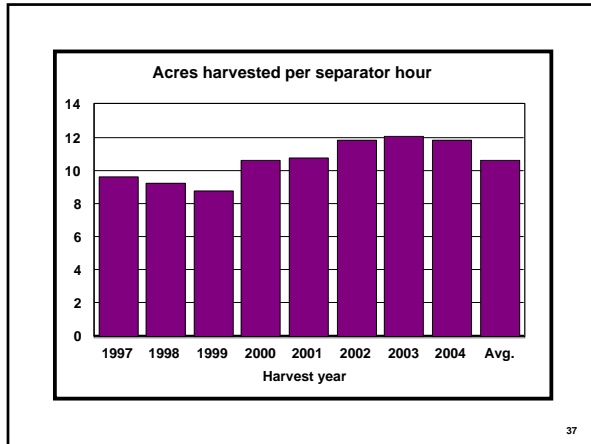
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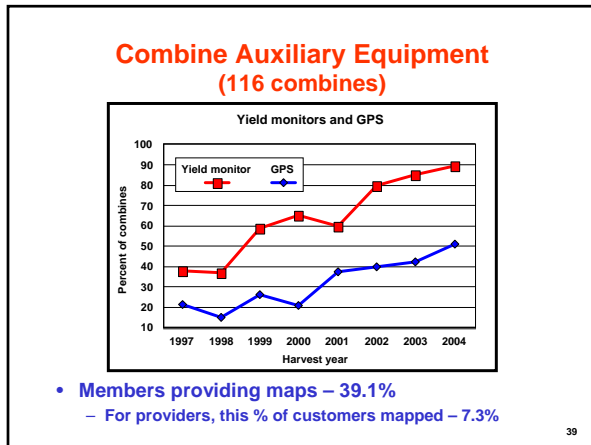
36



37

- Combine Headers & Equipment
(116 combines)**
- Grain platform - - - 32.4 ft.
 - Flex head 50.9% 29.5 ft.
 - Corn head 69.8% 9.5 rows
 - Row crop head 20.7% 8.3 rows
 - Pickup 66.4%
 - Draper/extra pltfm 23.3% 31.0 ft.

38



39

- Grain Truck Information (134 total)**
- Average year 1992.3
(2003 1991.8 2002 1991.2; 2001 1989.2; 2000 1989.7)
 - % Tandems 33.6%
 - % Semis 63.4%
 - % owned 97%
 - Avg. mi. in 2004 (91 total) 12,443
(2003 12,982; 2002 13,549; 2001 12,692; 2000 19,589)
 - Avg. miles on truck at end of year
– (69 total): 473,299
(2003 454,461; 2002 552,128; 2001 558,707; 2000 513,162)

40

Equipment depreciation

Market depreciation (% drop in value)

	2004	2003	2002	2001	2000	1999
• Combines	13.3	14.4	14.0	14.7	15.1	16.1
• Headers/equip	5.0	7.5	7.9	5.1	7.4	9.1
• Trucks	4.0	7.2	11.2	11.0	12.1	5.9

41

- Revenue Information**
- Acres harvested
 - Crops harvested
 - small grains vs. other
 - Harvest states
 - Number of fields
 - Percent hauled to farm
 - Combine vs. trucking revenue

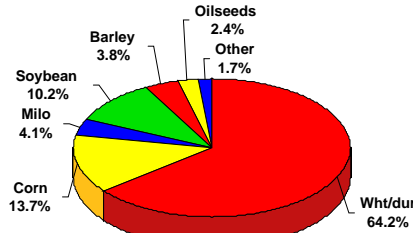
42

Acres Information

- Total-- 729,674 acres
- Small grains-- 496,762 acres (68.1%)
 - Wheat, durum, barley, oats
- Other-- 232,913 acres (31.9%)
 - Beets, canola, corn, edible beans, flax, lentils, milo, mustard, peas, pinto beans, popcorn, soybeans, sunflowers

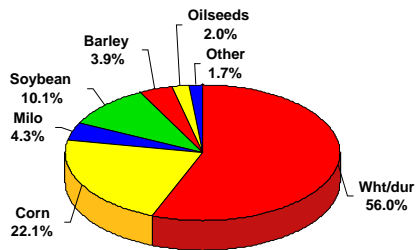
43

Distribution of acres by crop
(total = 729,674 acres)



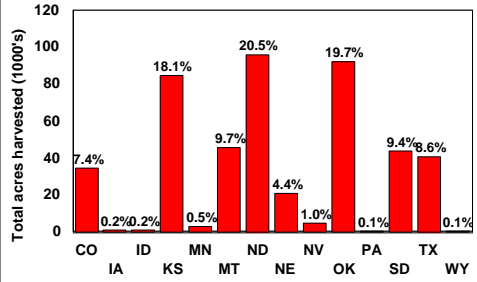
44

Distribution of revenue by crop
(total revenue = \$16,555,430)



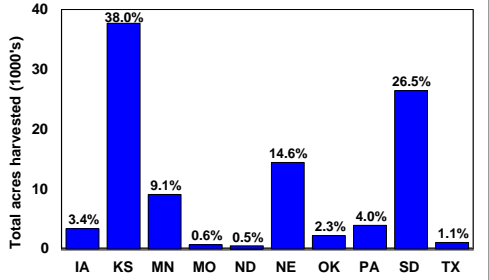
45

Acres of wheat by state
(total = 468,622 acres)



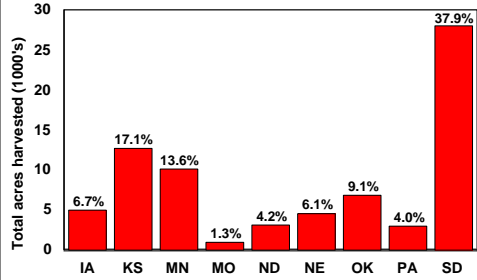
46

Acres of corn by state
(total = 99,737 acres)

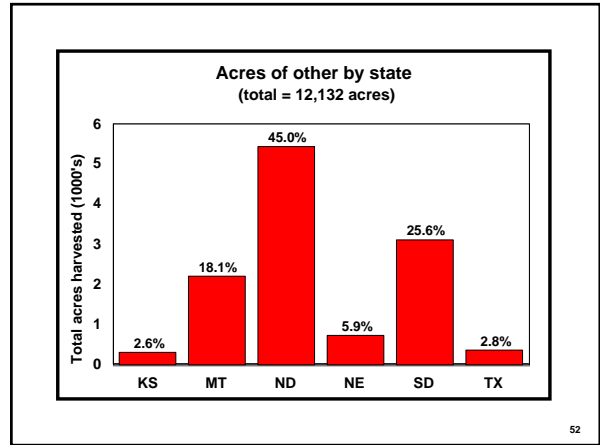
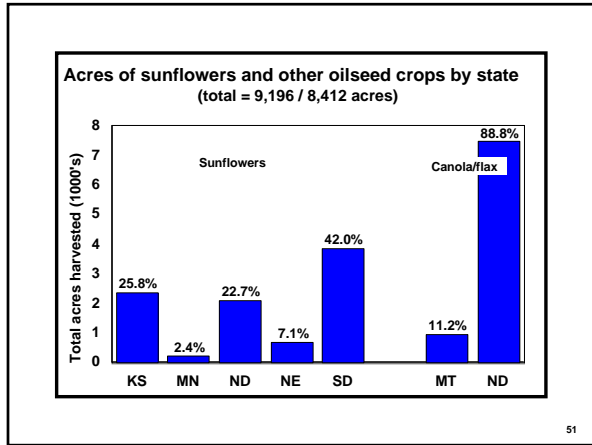
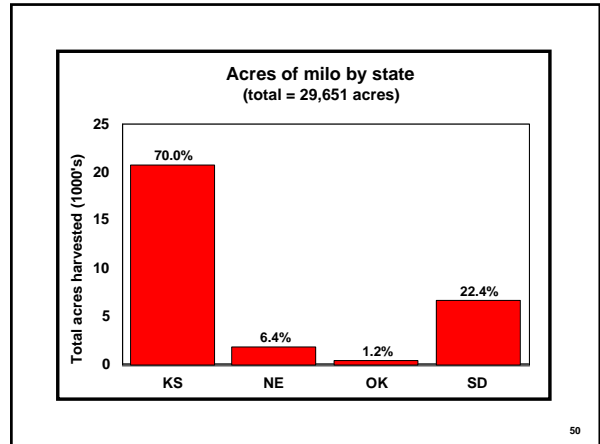
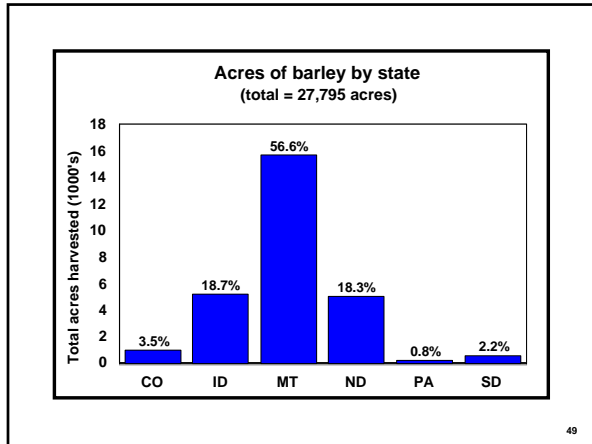


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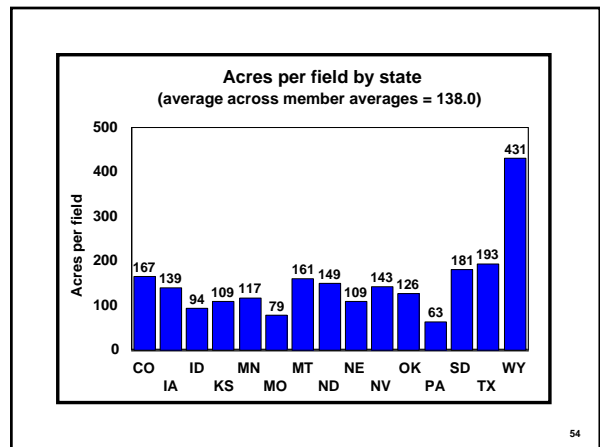
Acres of soybeans by state
(total = 74,129 acres)

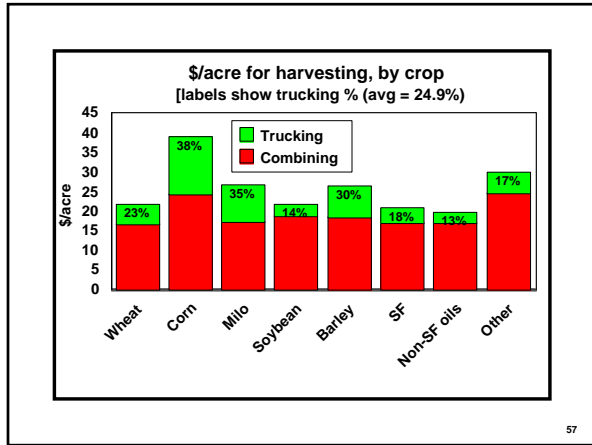
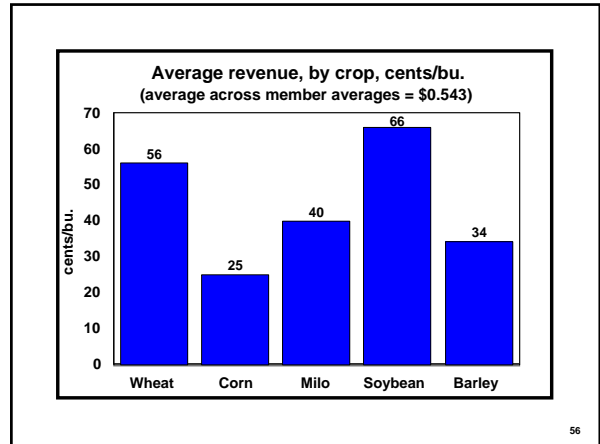
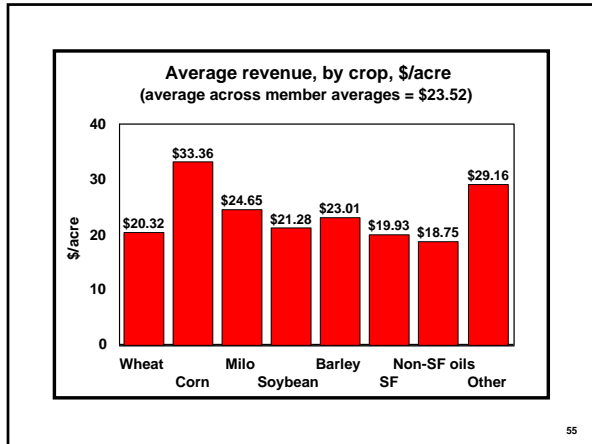


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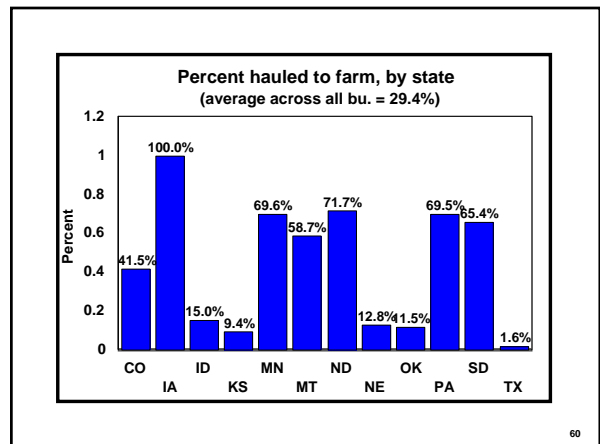
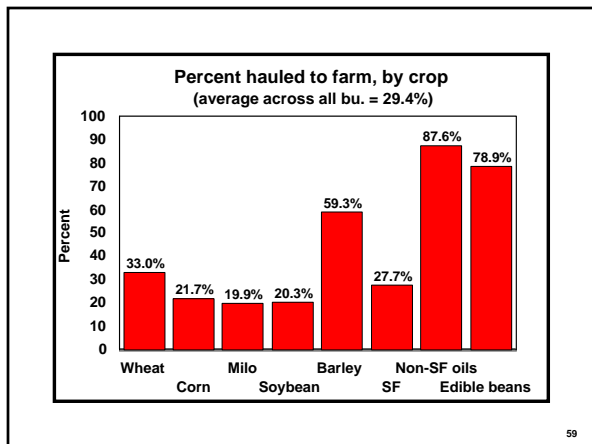


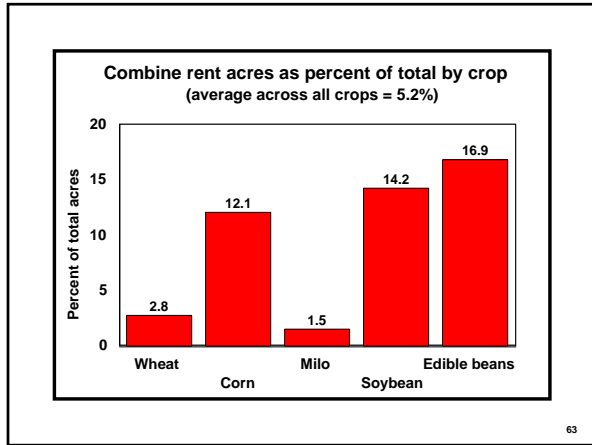
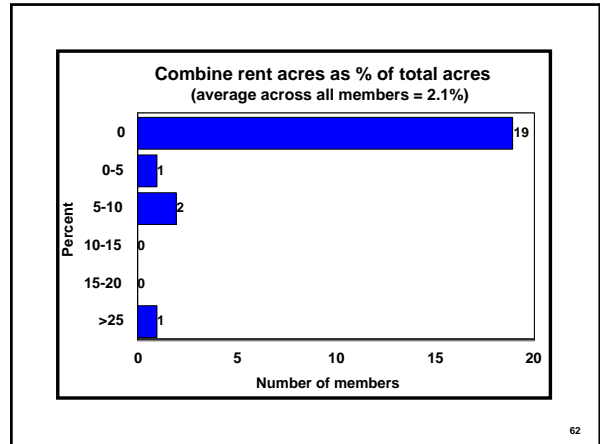
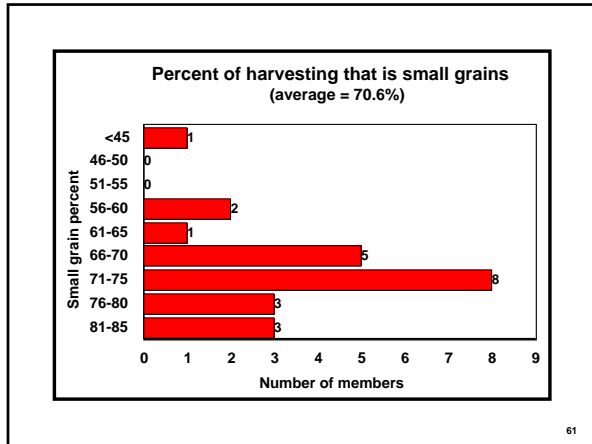
- ### Acres per Field
- Wheat 147.7
 - Corn 119.0
 - Milo 131.5
 - Soybeans 126.5
 - Barley 136.4
 - Sunflowers 129.5
 - Non Foils 149.8
 - Other 101.6
- Total acres divided by total fields = 127.7
- 53





- Percent of Grain Hauled by Harvester**
- Wheat 82.8%
 - Corn 78.8%
 - Milo 87.4%
 - Soybeans 59.7%
 - Barley 89.0%
 - Sunflowers 97.2%
 - Non SF oils 100.0%
 - Other 84.4%
- Average across all member reports = 91.4%
- 58



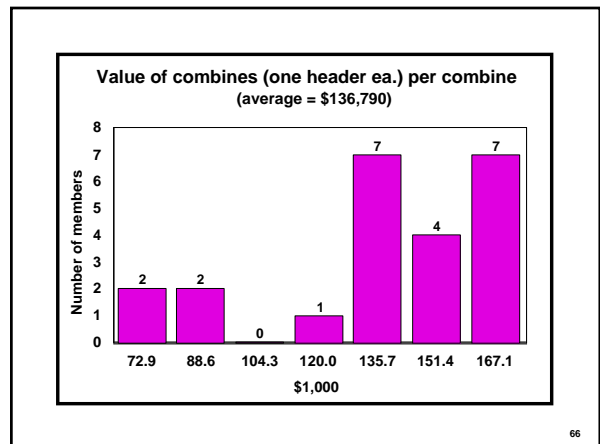


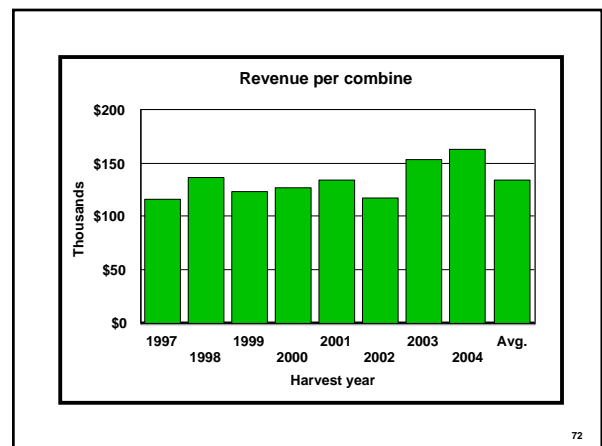
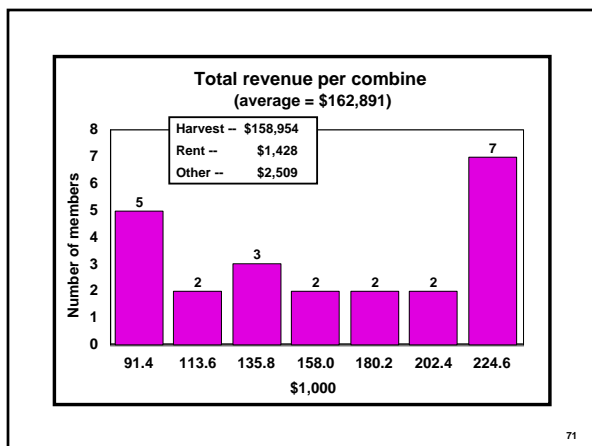
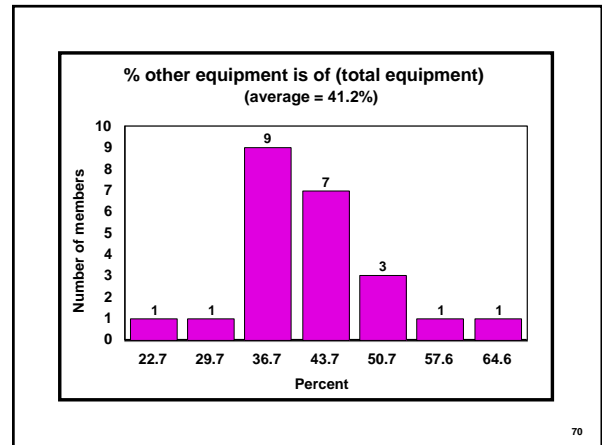
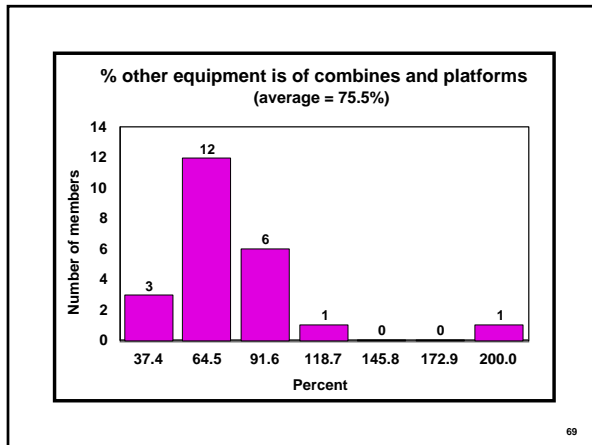
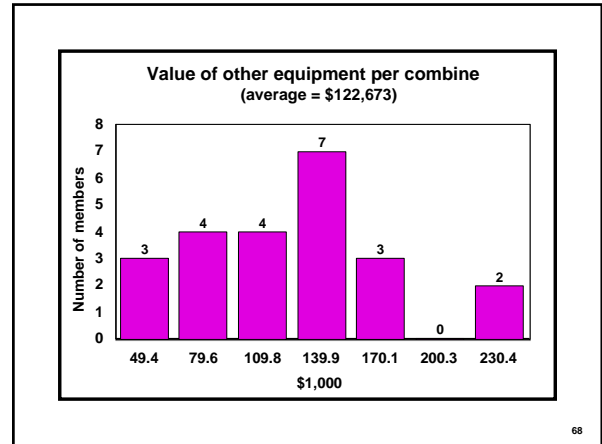
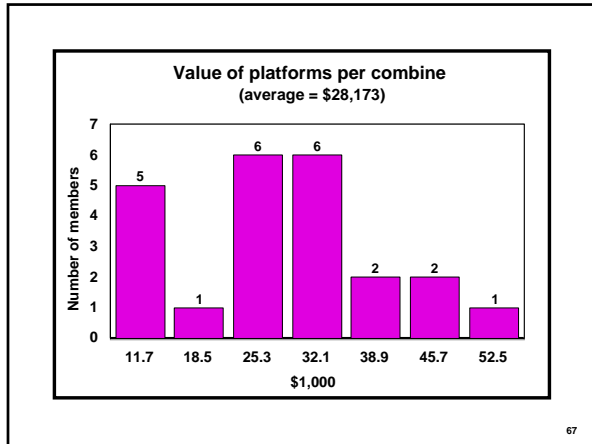
- ### Operating Expense Information
- Labor (paid and unpaid)
 - Travel
 - Fuel and Lubrication
 - Repair and Maintenance
 - Insurance
 - Telephone and Utilities
 - Other Expenses
 - Market Depreciation
 - Interest on Assets (assigned)
- 64

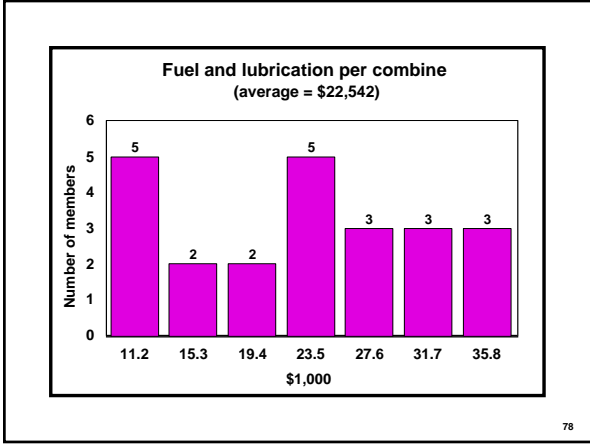
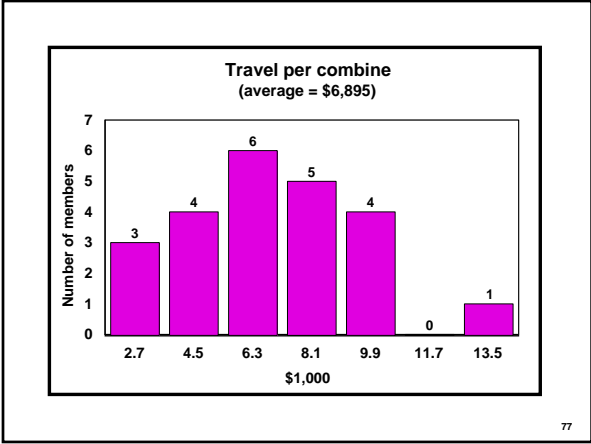
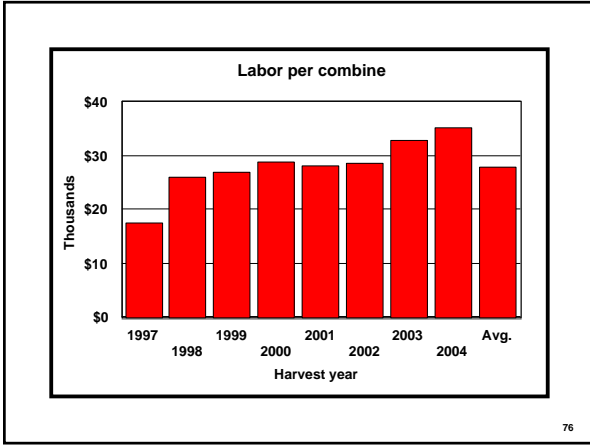
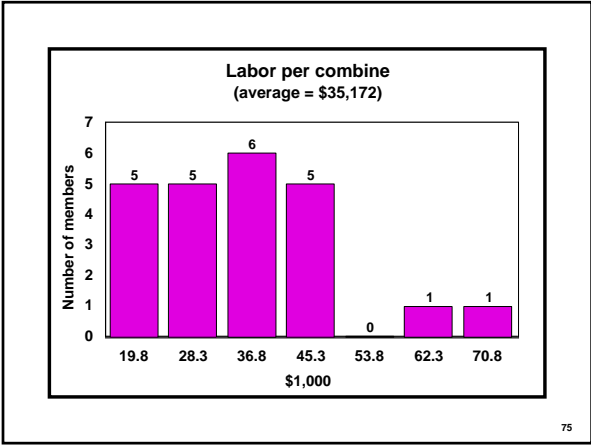
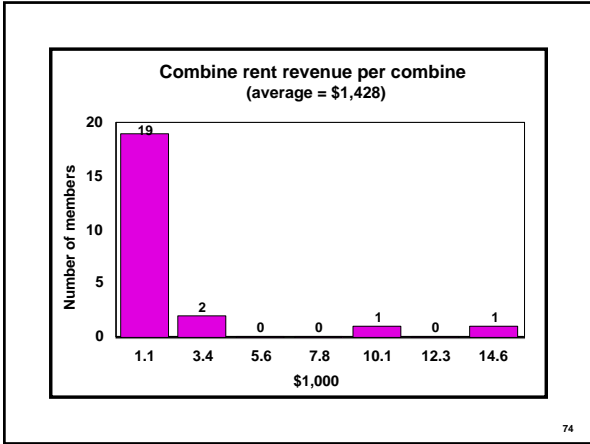
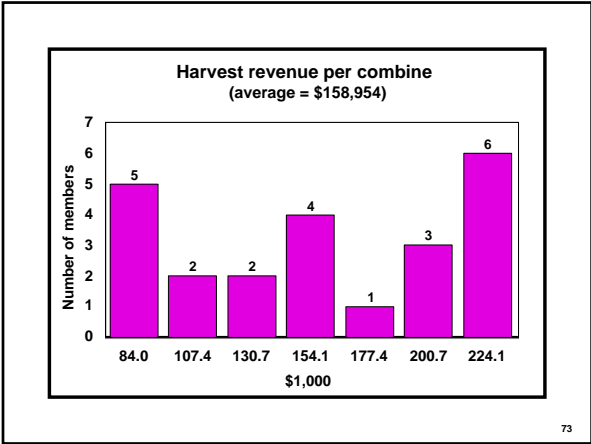
Value of Assets per Combine Operated

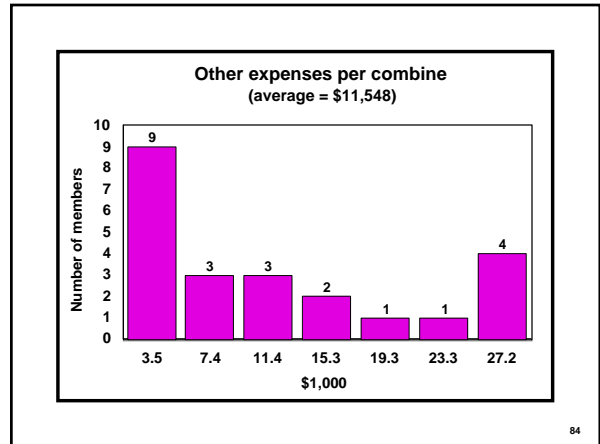
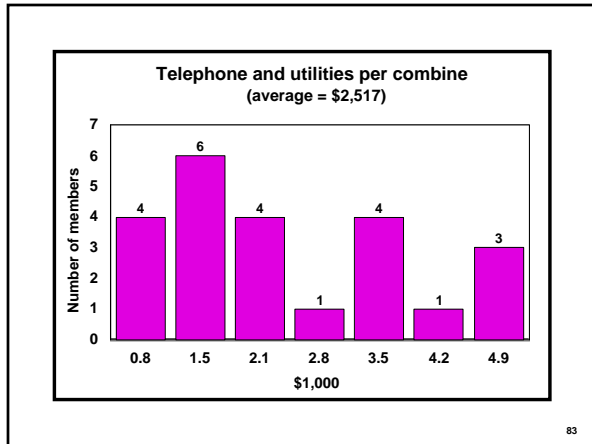
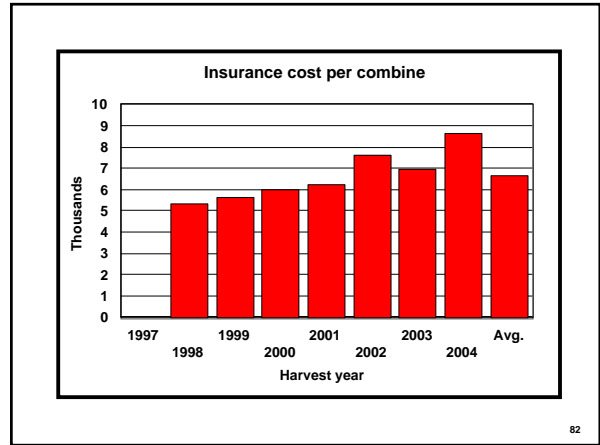
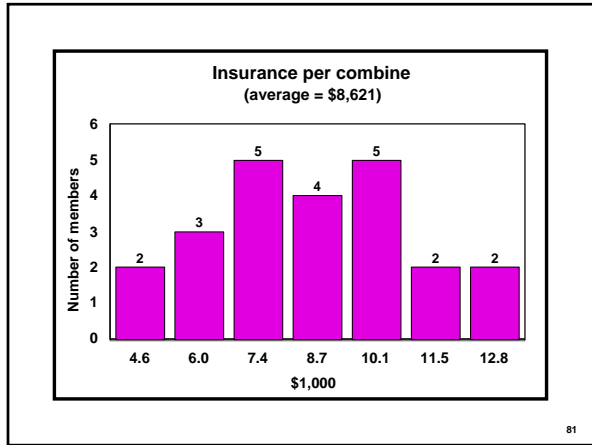
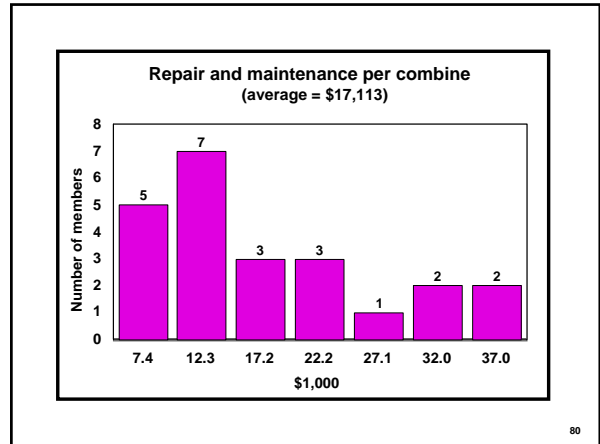
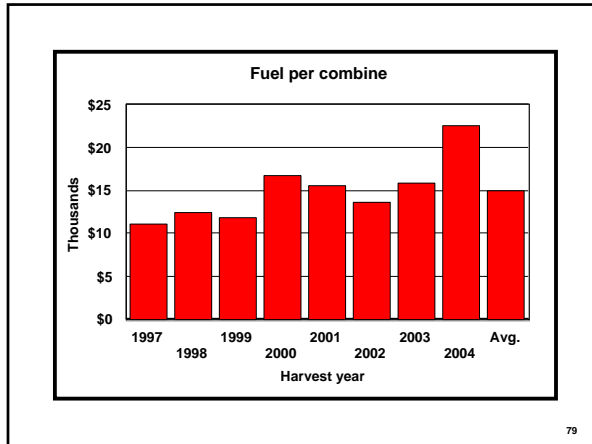
• Combine	\$136,790
• Platforms	\$28,173
• Other equipment (trucks, etc)	\$122,673
Sub Total	\$287,636
• Other assets (balance sheet)	\$32,996
TOTAL	\$320,632

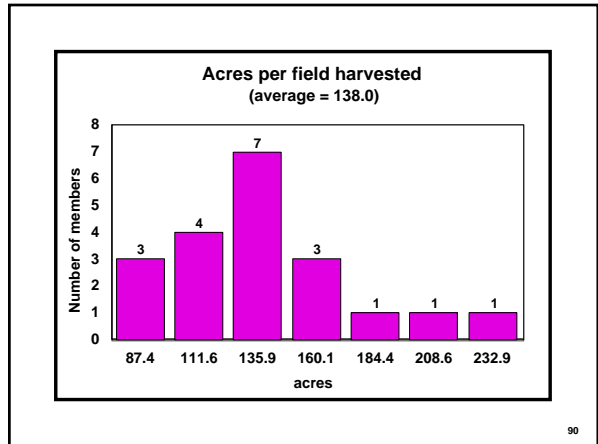
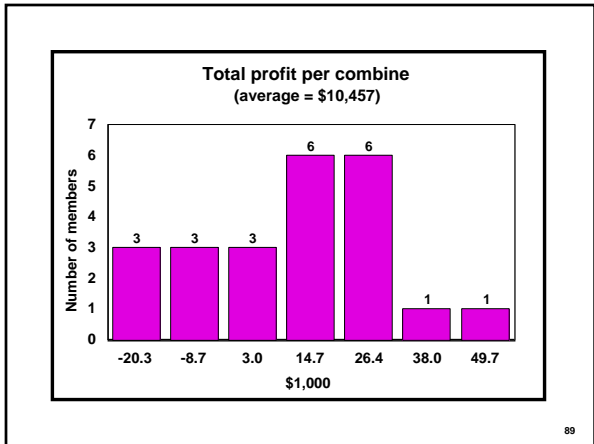
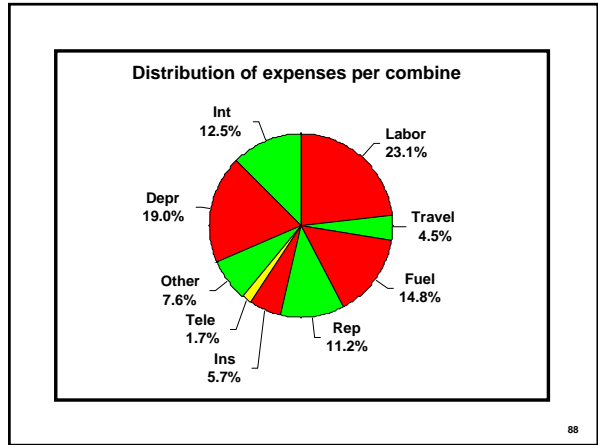
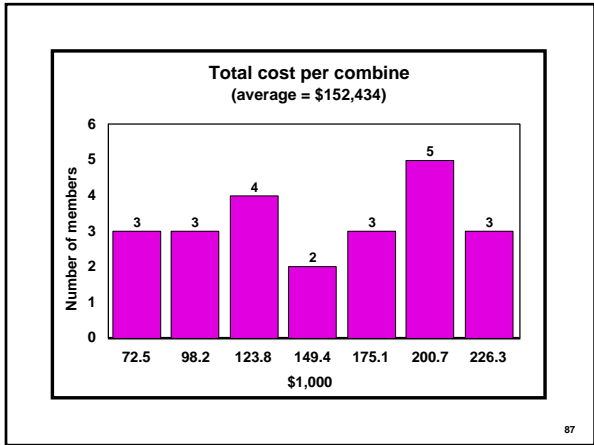
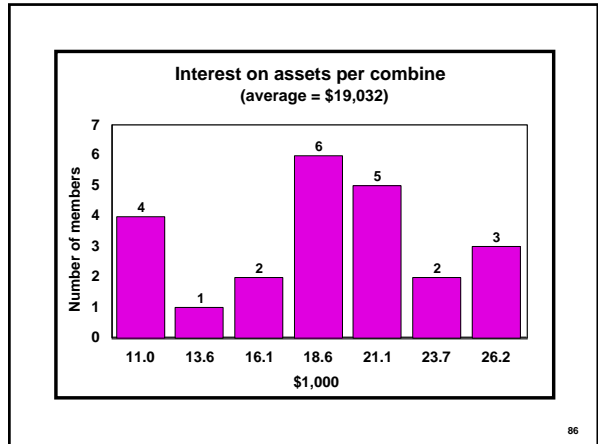
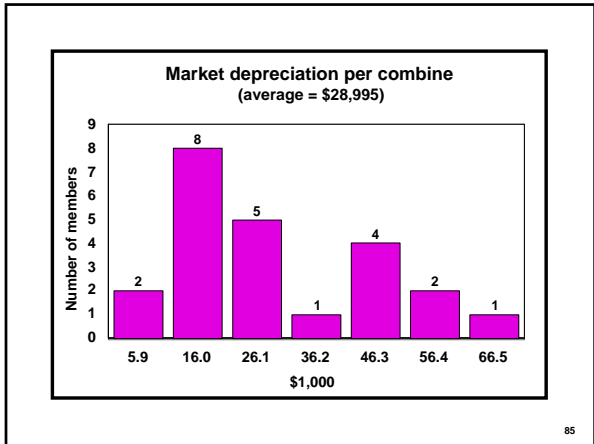
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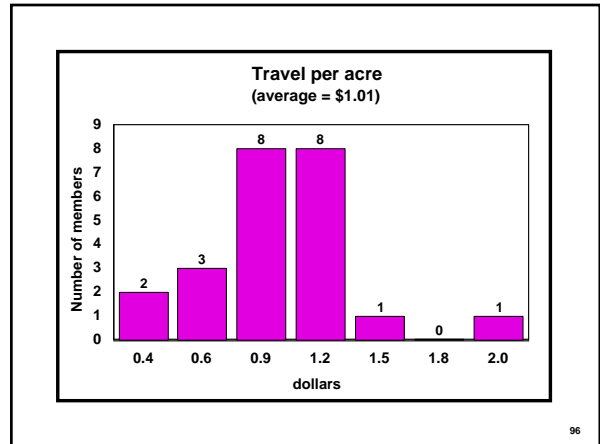
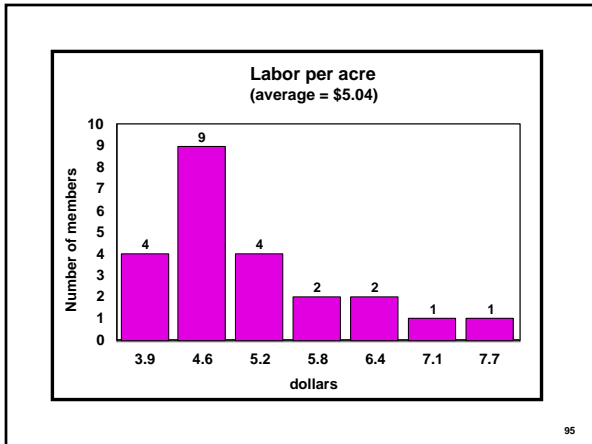
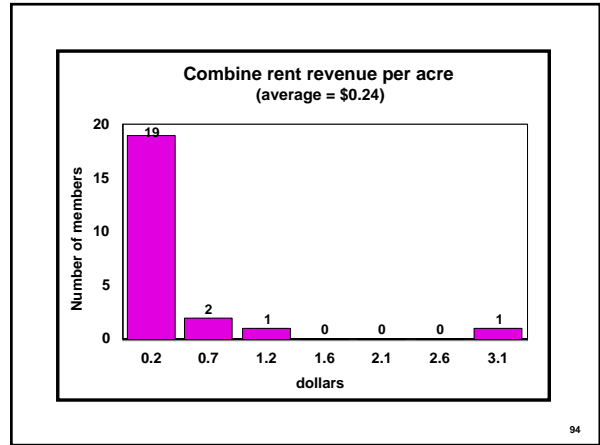
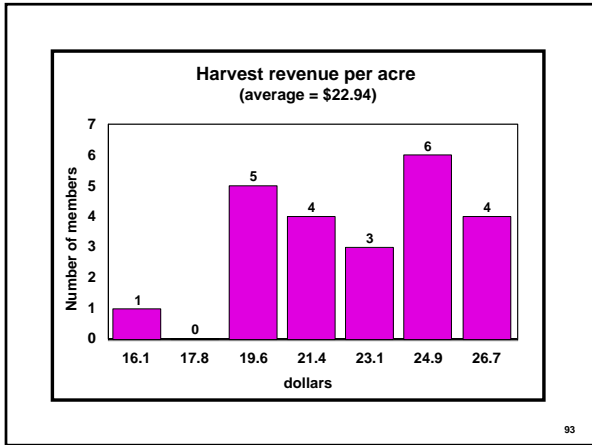
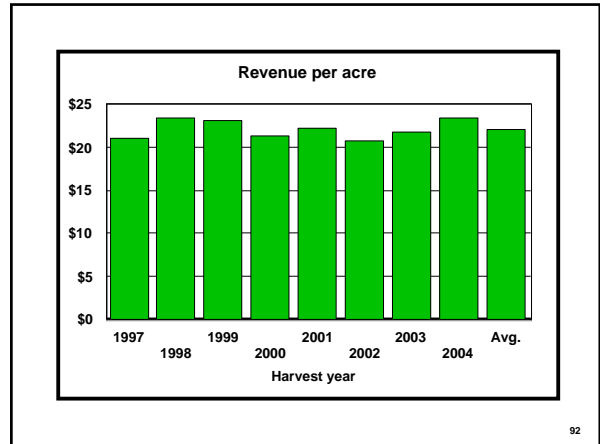
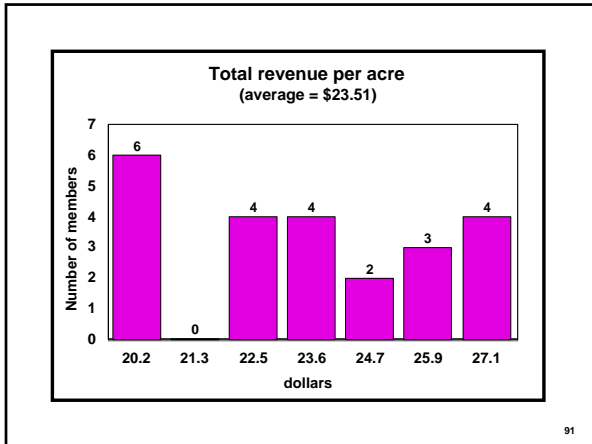


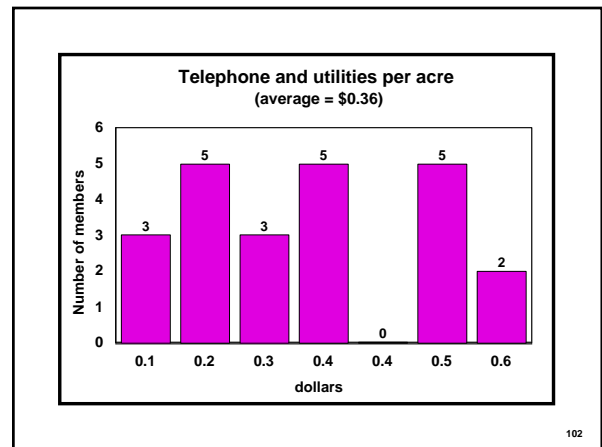
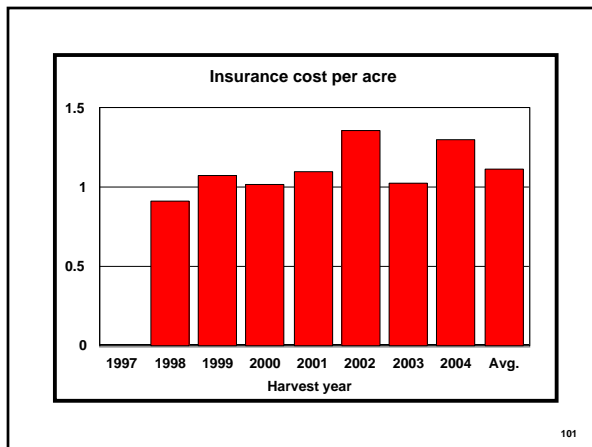
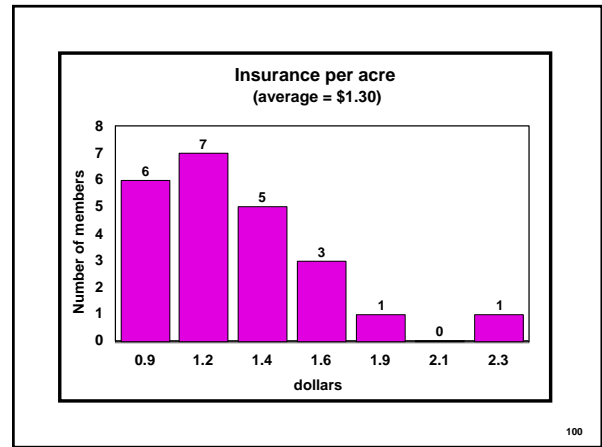
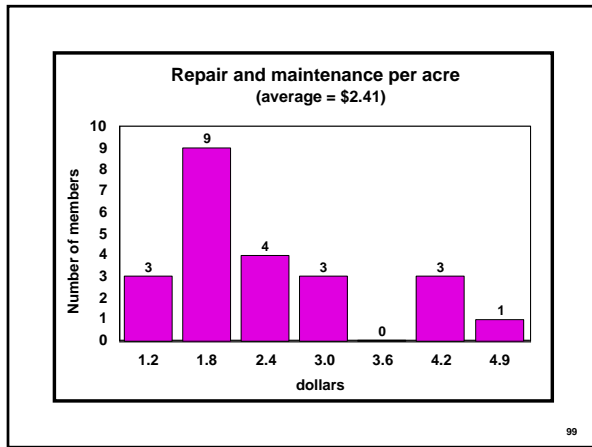
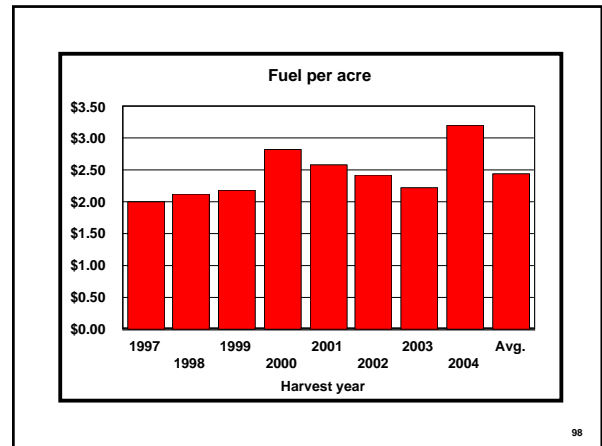
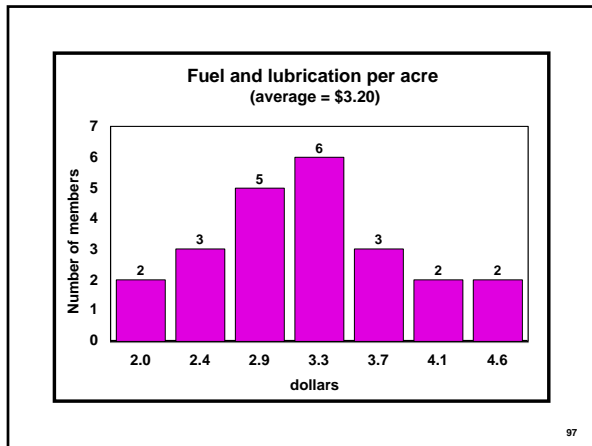


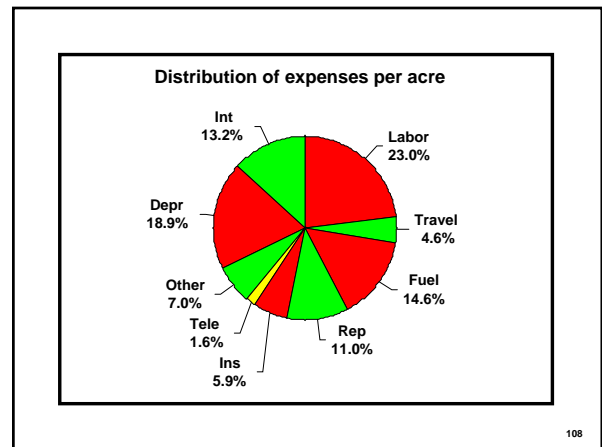
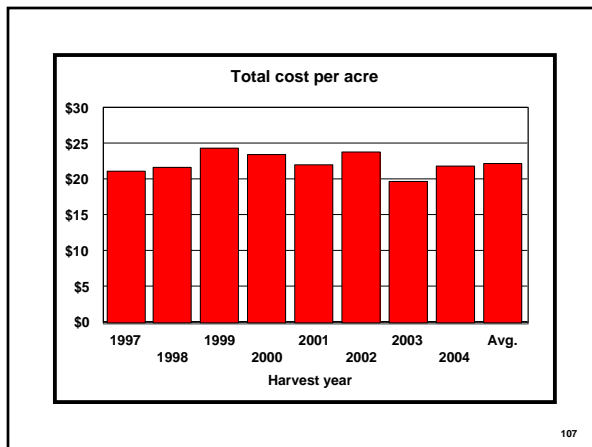
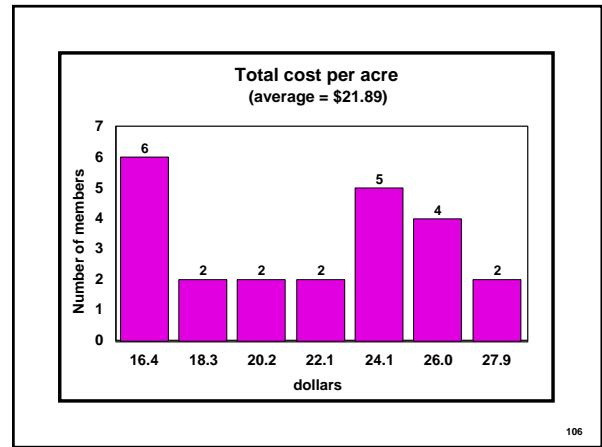
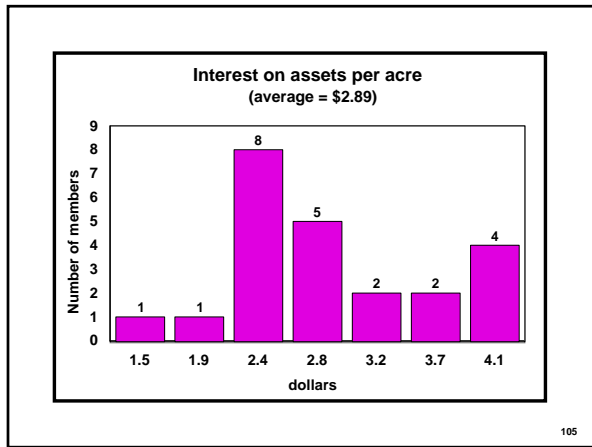
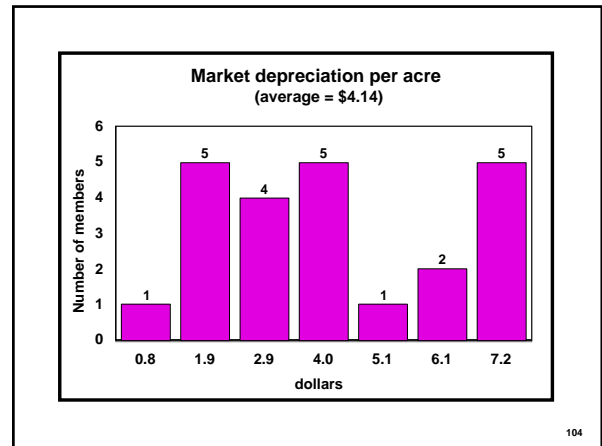
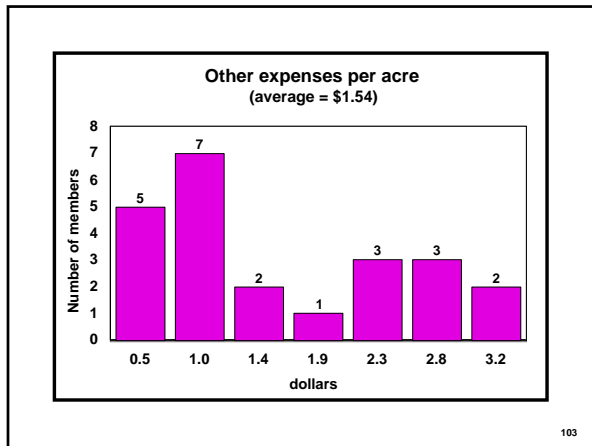


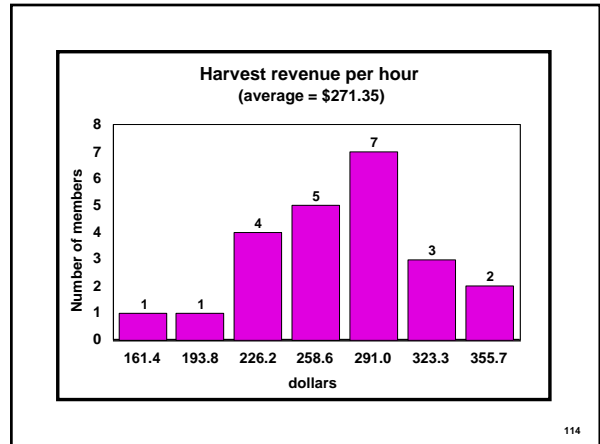
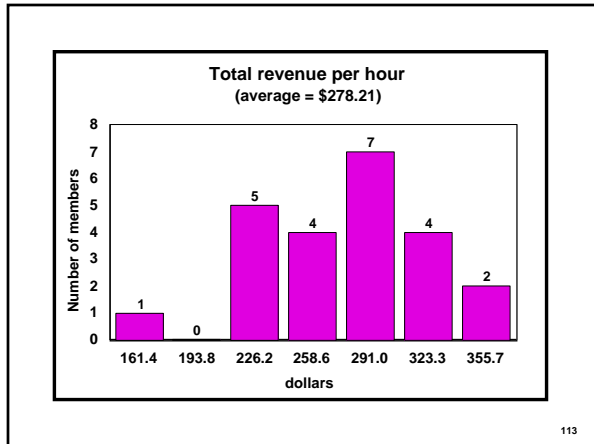
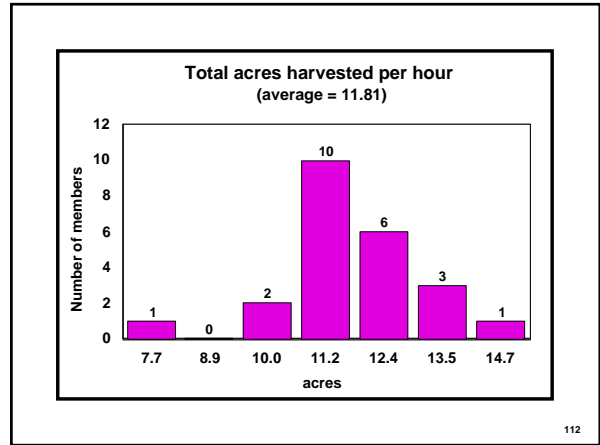
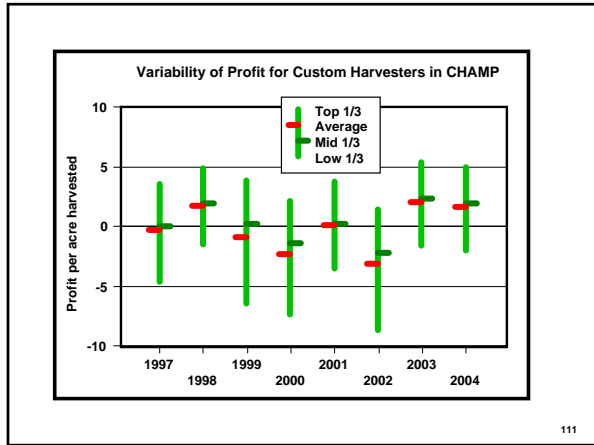
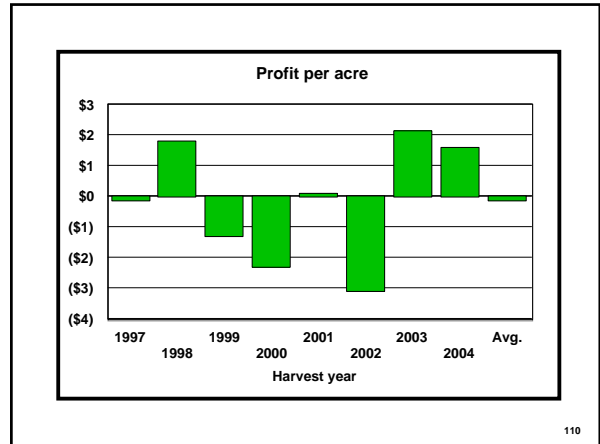
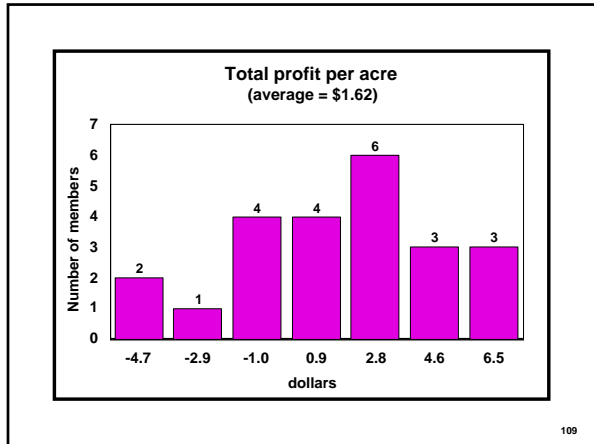


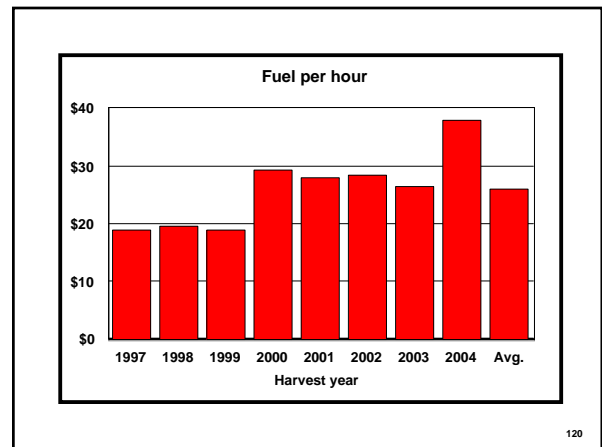
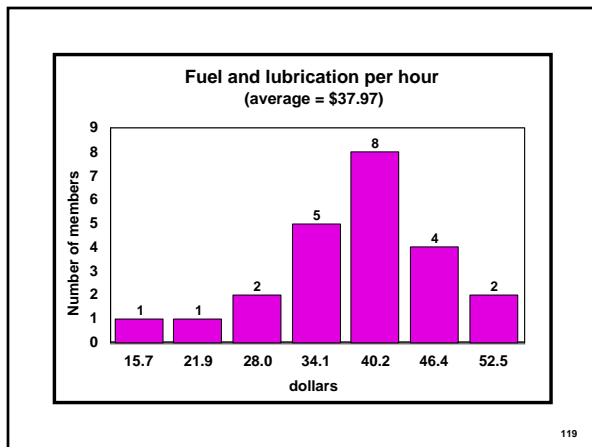
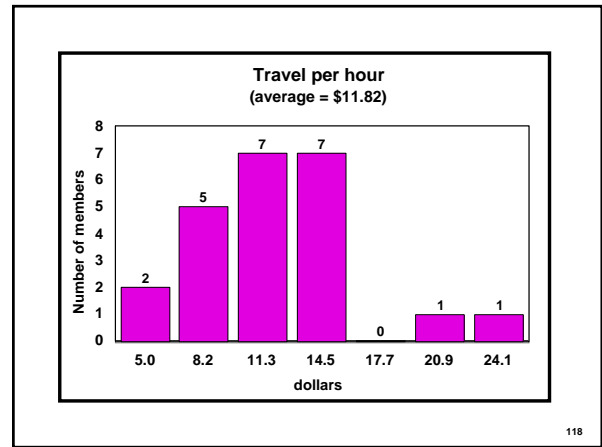
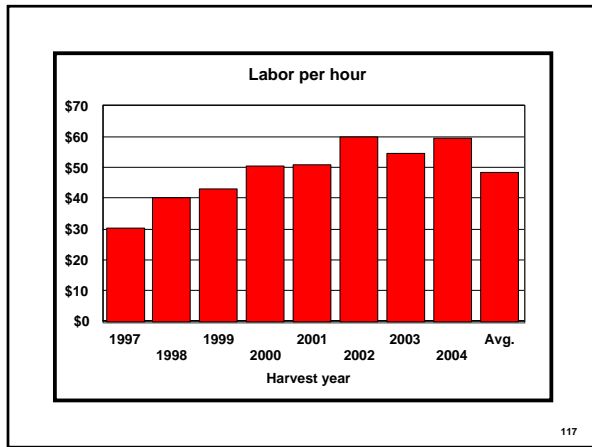
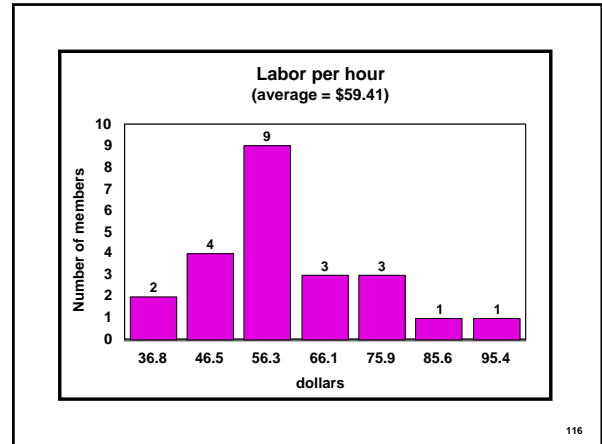
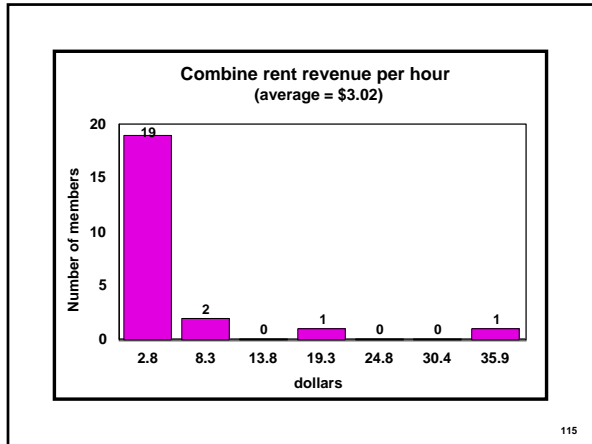


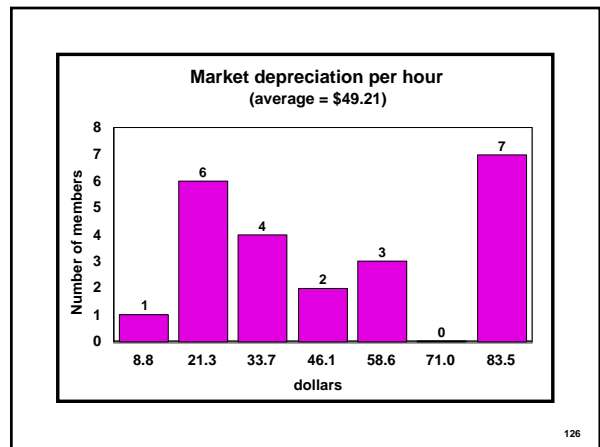
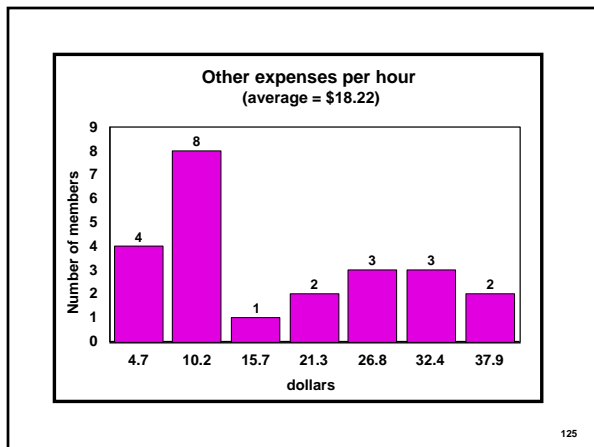
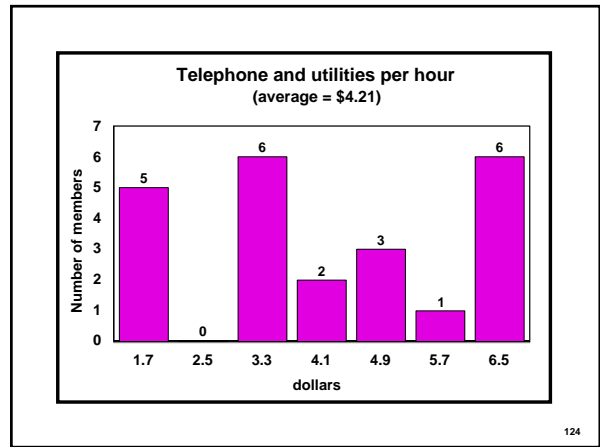
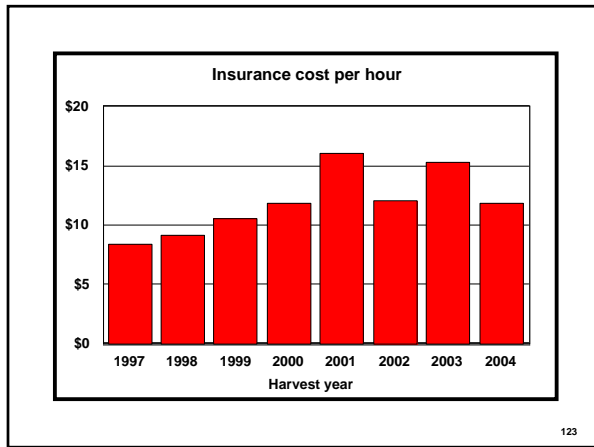
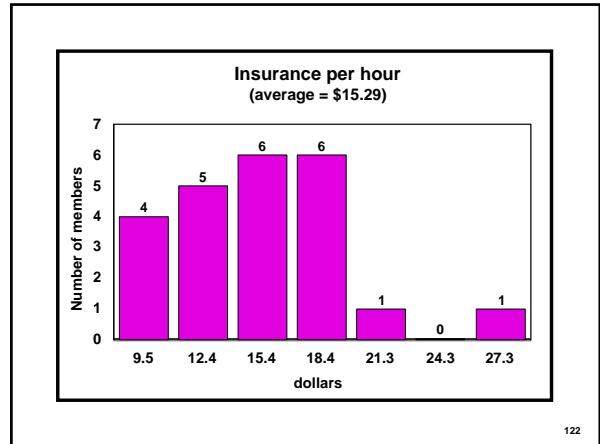
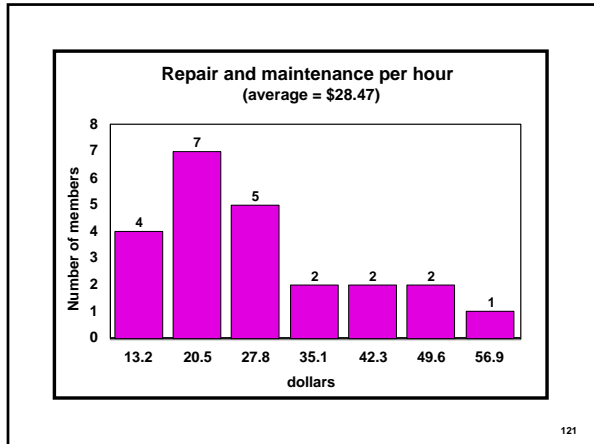


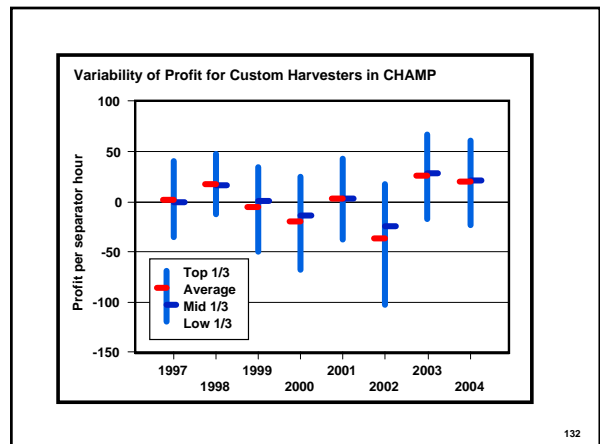
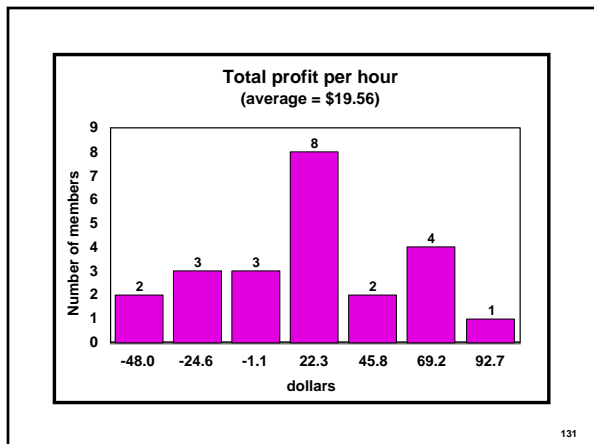
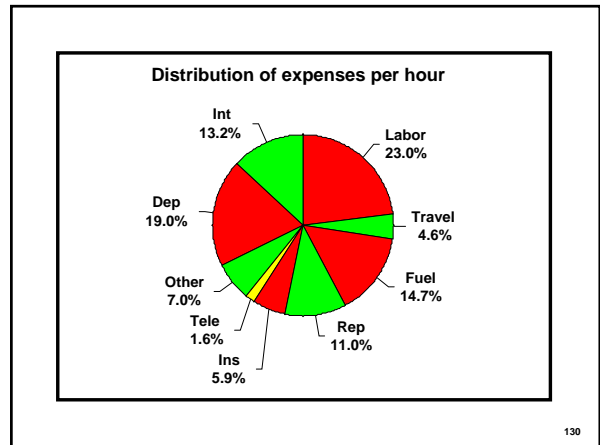
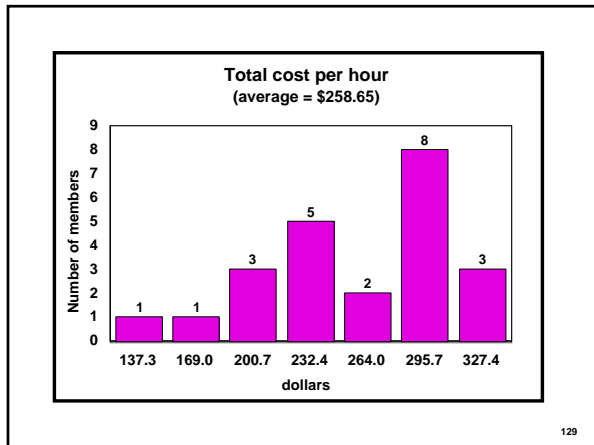
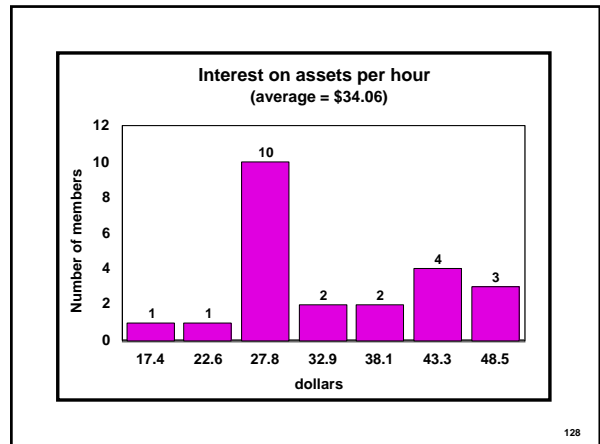
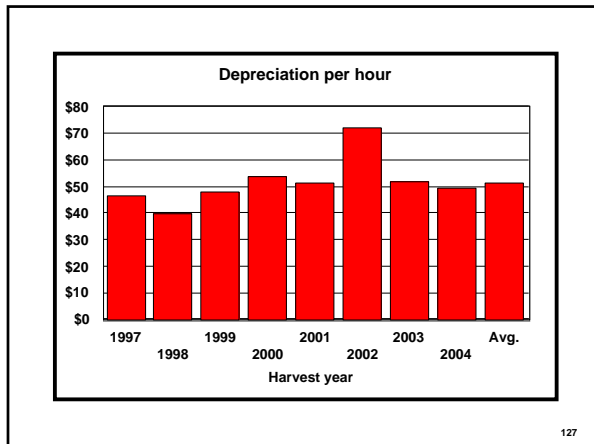












Survey Average Income and Expense

INCOME AND EXPENSE	\$/Combine	\$/Acre	\$/Hour
Harvest Revenue	\$158,954	\$22.94	\$271.35
Combine Rent Revenue	\$1,428	\$0.24	\$3.02
Other Revenue	\$2,509	\$0.32	\$3.84
Total Revenue	\$162,891	\$23.51	\$278.21
Labor (paid and unpaid)	\$35,172	\$5.04	\$59.41
Travel	\$6,895	\$1.01	\$11.82
Fuel and Lubrication	\$22,542	\$3.20	\$37.97
Repair and Maintenance	\$17,113	\$2.41	\$28.47
Insurance	\$8,621	\$1.30	\$15.29
Telephone and Utilities	\$2,517	\$0.36	\$4.21
Other Expenses	\$11,548	\$1.54	\$18.22
Market Depreciation	\$28,995	\$4.14	\$49.21
Interest on Assets (assigned)	\$19,032	\$2.89	\$34.06
Total Expense	\$152,434	\$21.89	\$258.65
Total Operating Profit	\$10,457	\$1.62	\$19.56

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Profit and Financial Ratios

- Profit = revenue - expense
- Debt to assets (D/A) = $\frac{\text{total liabilities}}{\text{total assets}}$
- Return on Assets (ROA) = $\frac{\text{profit} + \text{interest}}{\text{average assets}}$

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Financial Ratios

- Return on Equity from income statement (ROE--- IS) = $\frac{\text{profit} + \text{interest on equity}}{\text{average equity}}$
- Return on Equity from balance sheet (ROE--- BS) = $\frac{\text{change in equity}}{\text{beginning equity}}$

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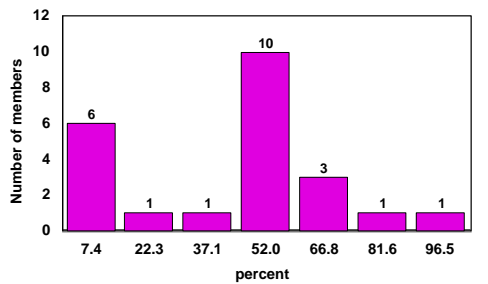
Expense Ratio

a measure of financial efficiency

- Expense Ratio (ER) = $\frac{\text{total expense}}{\text{total revenue}}$

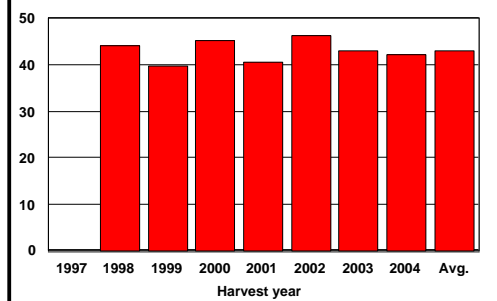
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Debt-to-assets (end of year)
(average = 42.2%)

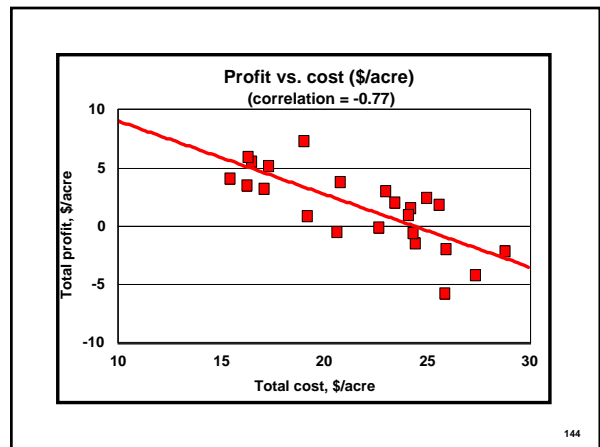
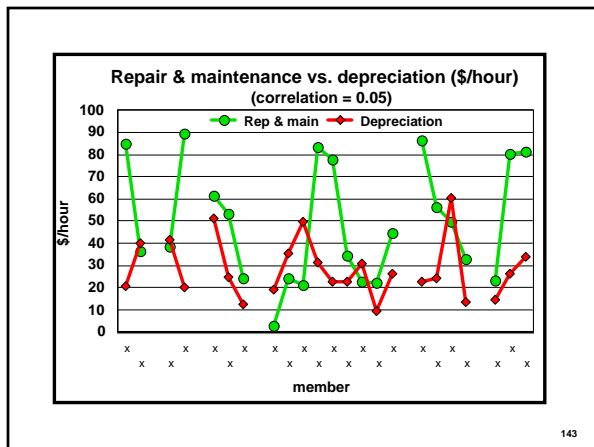
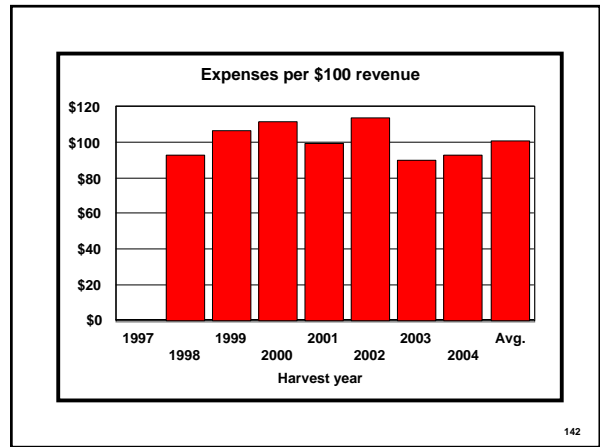
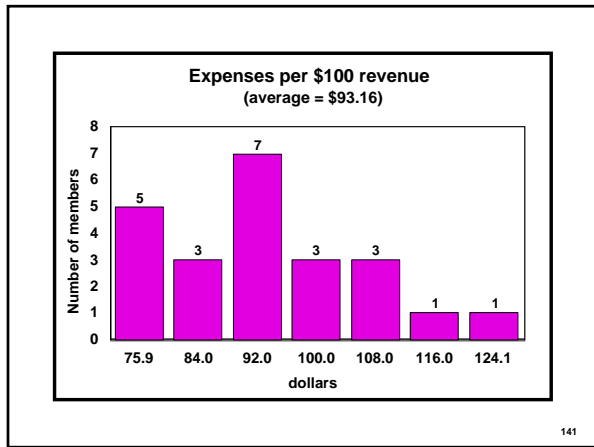
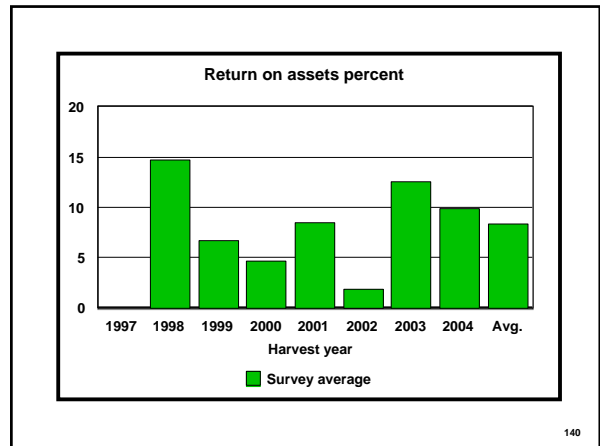
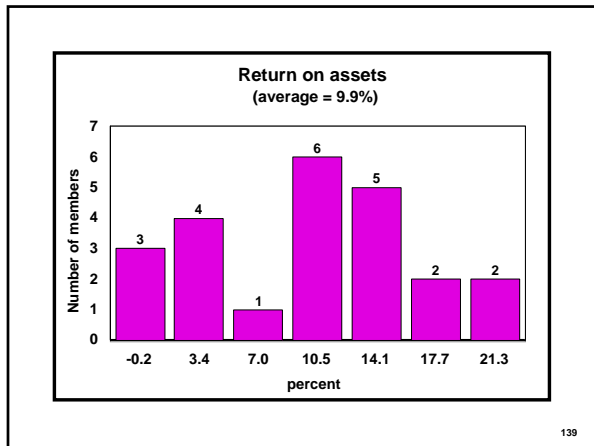


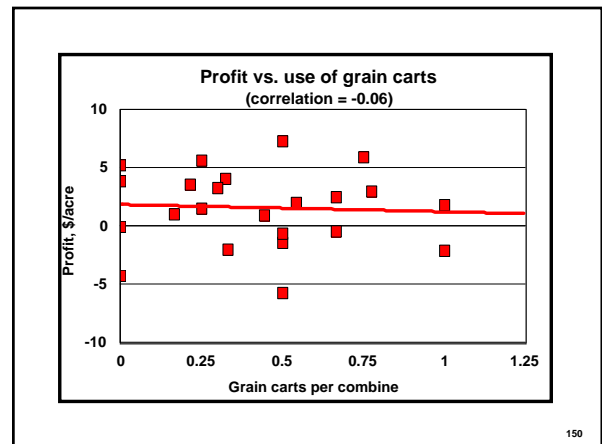
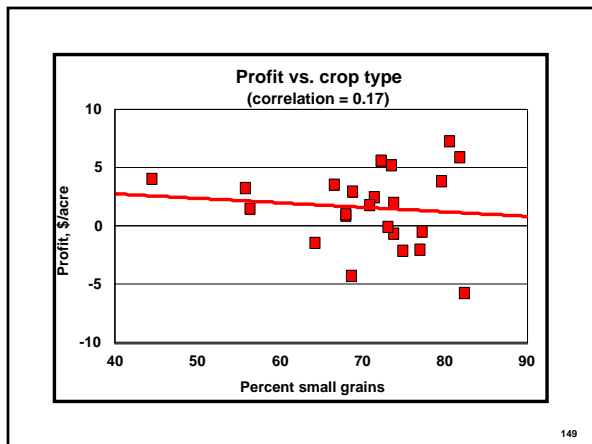
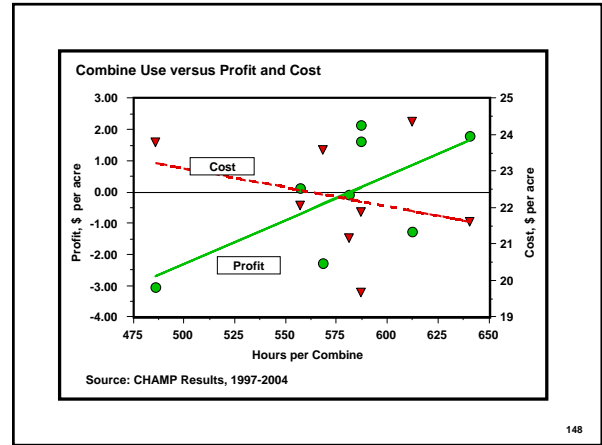
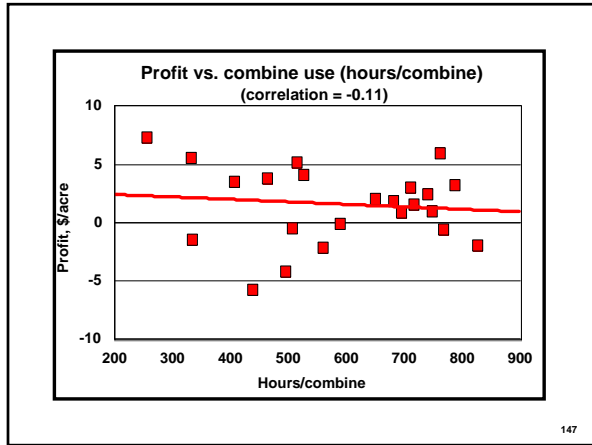
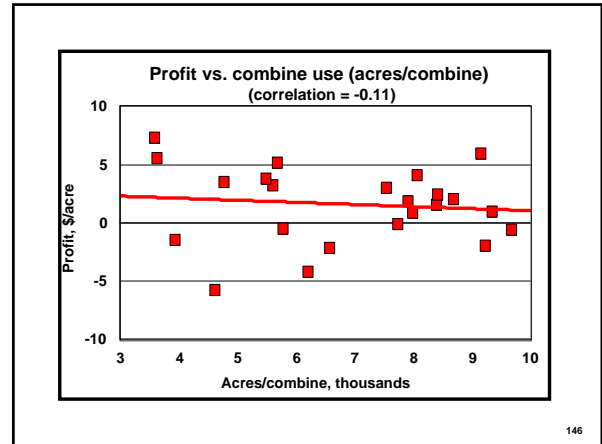
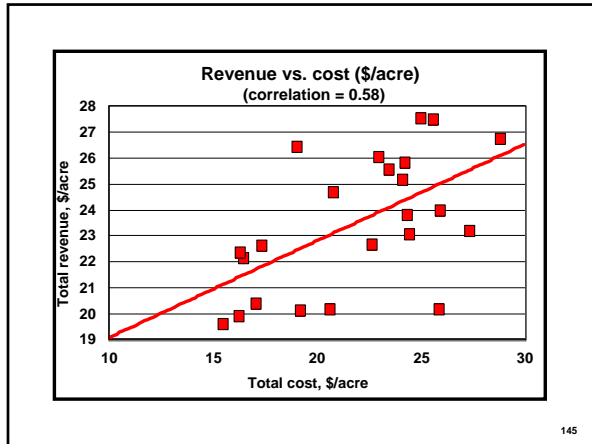
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End of year debt-to-asset, %

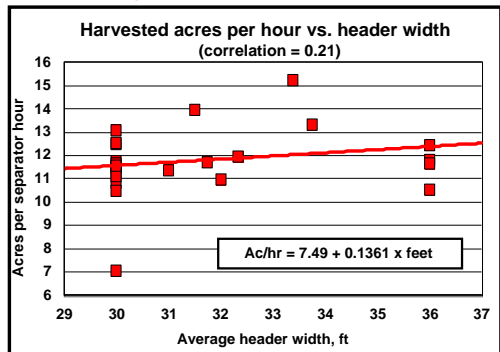


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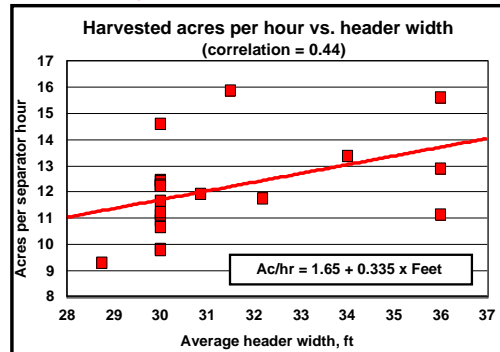


2004 harvest year



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2003 harvest year



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Summary

- On average, 2004 was a good year
- Of 8 years analyzed, 2004 was:
 - 2nd most profitable year
 - 2nd highest acres harvested/combine (and hour)
 - Highest revenue per combine, hour, and acre
 - Highest fuel, labor, & insurance cost/combine
- Considerable variability between firms
 - 16 of 23 firms were profitable in 2004
 - (17/22 in 2003; 6/21 in 2002; 11/20 in 2001; 9/22 in 2000)

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Questions???

Kevin C. Dhuyvetter
785-532-3527
kcd@ksu.edu

Terry L. Kastens
785-532-5866
tkastens@ksu.edu



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