

# 2004 Harvest Year Report

for USCHI's

## Custom Harvester Analysis and Management Program (CHAMP)

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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](http://www.aganalysisplus.com). Also, these reports can be found at the site [www.agmanager.info](http://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

USCHI financially support CHAMP, to ensure confidentiality, completed surveys are only viewed by Dhuyvetter and Kastens.

### Survey Results

Numerical inputs to our analysis sometimes change based on information attained from the one-on-one CHAMP contacts at USCHI’s annual meeting. Also, other occasional historical numerical errors emerge over time. Hence, the values shown in this report are sometimes revised in our databases over time. Yet, to ensure continuity over time for this series of reports, historical values shown in the text portion of this current report generally are merely the same ones shown in previous years’ reports, rather than revised numbers. Consequently, it is possible that some of the historical numbers you may see us present to audiences could deviate slightly from the historical numbers shown here or in prior reports; but, deviations should not be large. Indeed, any graphical depictions of historical trends shown following the text of this report actually use revised data when available, and hence may be slightly inconsistent with the text part of this report.

CHAMP members were asked to provide detailed production and financial information, some of which has not typically been compiled by custom harvesting firms. Additionally, they were asked to prorate financial information between the custom harvesting business and any side business. For 2004, 23 surveys were returned. Although such “few” responses may be inadequate for industry representation or certain intense statistical analyses, that sample is adequate to garner some understanding of custom harvesters’ economic performance.

As with the previous CHAMP surveys and mail-in surveys in general, in this now-web-based survey there was plenty of room for

error. Most surveys required one or more follow-up phone calls to clarify information provided. To maximize the number of useable responses in this analysis, some judgement had to be exercised in modifying and interpolating survey responses. In all such cases, the judgement was a joint effort of both Kevin Dhuyvetter and Terry Kastens – individuals who have extensive experience in working with farm and custom harvester financial analyses. However, because of CHAMP advisory committee efforts to improve previous years’ surveys, and because many surveys are completed by repeat members (10 members participated in all 8 years and only 1 was totally new in 2004), the judgement required of the analysts continues to diminish. Surveys from repeat members indicate there is a “learning curve” associated with filling out the forms, and that a better understanding of the economic principles of the business results, which should mean improved management abilities as well.

Table 1

	no. of CHAMP members	members in for current year and prior year	members in for current year and any prior year
1997	43	-----	-----
1998	24	21	21
1999	25	18	22
2000	23	20	20
2001	20	18	19
2002	25	19	23
2003	21	20	20
2004	23	22	22

Throughout this report, references to a particular year mean *that* harvest year, and are associated with the survey completed early in the calendar year following harvest. Unless specified otherwise, averages reported here are firm averages. That is, some values require first averaging within a firm and then across firms. For example,

































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

Happy Harvesters Inc. Box 999 Wheat Country, KS 99999
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	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
<b>Total Assets</b>	<b>\$954,000</b>	<b>\$1,428,162</b>	<b>\$318,000</b>	<b>\$320,632</b>	<b>\$48.01</b>	<b>\$48.69</b>	<b>\$568.87</b>	<b>\$573.81</b>
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.

	Firm	Survey Avg.							% of Total Revenue	
			Firm	Survey Avg.	Firm	Survey Avg.	Firm	Survey Avg.	Firm	Survey Avg.
<b>INCOME AND EXPENSE</b>										
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%
<b>Total Revenue</b>	<b>\$459,989</b>	<b>\$733,533</b>	<b>\$153,330</b>	<b>\$162,891</b>	<b>\$23.15</b>	<b>\$23.51</b>	<b>\$274.29</b>	<b>\$278.21</b>	<b>100.0%</b>	<b>100.0%</b>
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%
<b>Total Expense</b>	<b>\$399,693</b>	<b>\$665,787</b>	<b>\$133,231</b>	<b>\$152,434</b>	<b>\$20.11</b>	<b>\$21.89</b>	<b>\$238.34</b>	<b>\$258.65</b>	<b>86.9%</b>	<b>93.1%</b>
<b>Total Operating Profit</b>	<b>\$60,296</b>	<b>\$67,746</b>	<b>\$20,099</b>	<b>\$10,457</b>	<b>\$3.03</b>	<b>\$1.62</b>	<b>\$35.95</b>	<b>\$19.56</b>		

<b>Debt-to-Asset Ratio (end of year)</b>	33.6%	42.2%			Insurance as percent of equipment value =>	3.2%	2.9%
<b>Return on Assets</b>	12.3%	9.9%					
<b>Return on Equity (based on IS)</b>	15.4%	xxx	<=== Operating profit + interest charged on equity divided by beginning of year equity.				
<b>Return on Equity (based on BS)</b>	12.8%	xxx	<=== Change in balance sheet equity divided by the beginning of year equity.				
<b>Expense/\$100 Revenue</b>	\$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
<b>Current Assets</b>	\$	\$	<b>Current Liabilities</b>	\$	\$
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			
<b>D1. TOTAL CURRENT ASSETS</b>	<b>30,750</b>	<b>34,700</b>	<b>D4. TOTAL CURRENT LIABILITIES</b>	<b>15,264</b>	<b>13,284</b>
<b>Non-current Assets</b>			<b>Non-current Liabilities</b>		
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
<b>D2. TOTAL NON-CURRENT ASSETS</b>	<b>777,150</b>	<b>852,660</b>	<b>D5. TOTAL NON-CURRENT LIABILITIES</b>	<b>297,728</b>	<b>284,608</b>
<b>D3. TOTAL CUST. HARV. ASSETS (D1+D2)</b>	<b>807,900</b>	<b>887,360</b>	<b>D6. TOTAL CUST. HARV. LIABILITIES (D4+D5)</b>	<b>312,992</b>	<b>297,891</b>
			<b>D7. TOTAL CUST. HARV. NET WORTH (D3-D6)</b>	<b>494,908</b>	<b>589,469</b>
			Change in equity =====>		94,561
<b>TOTAL EQUITY (custom harvesting and outside businesses)</b>				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**

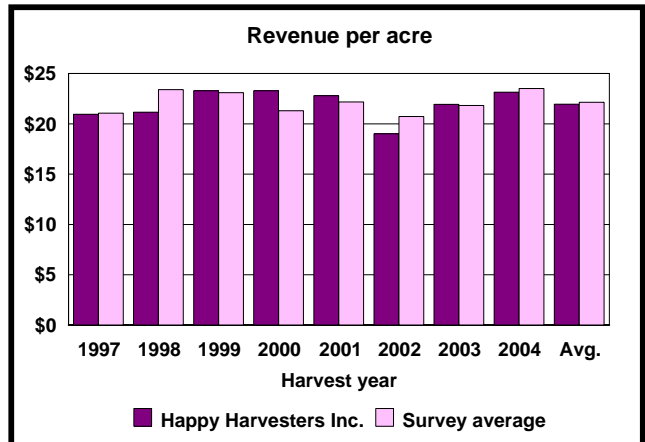
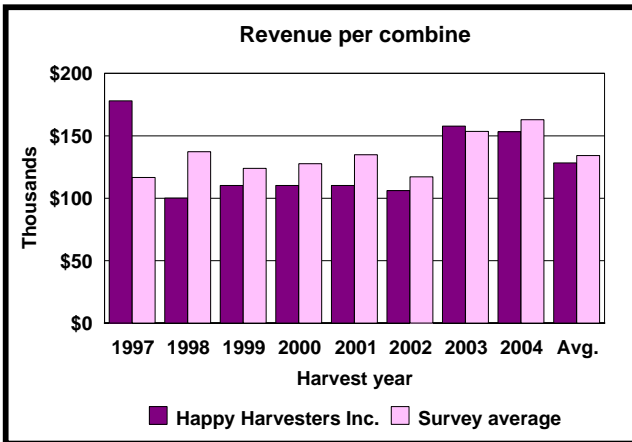
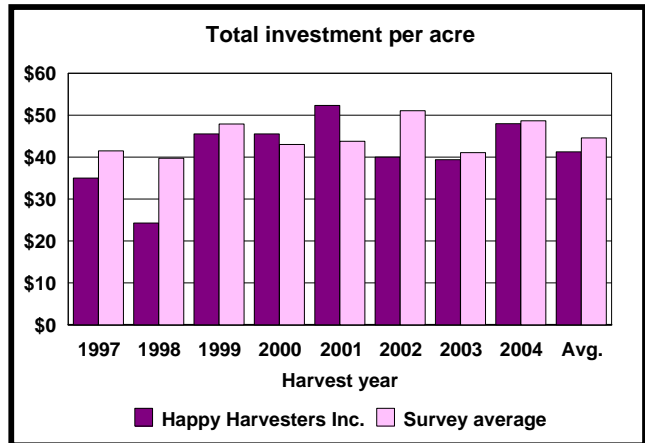
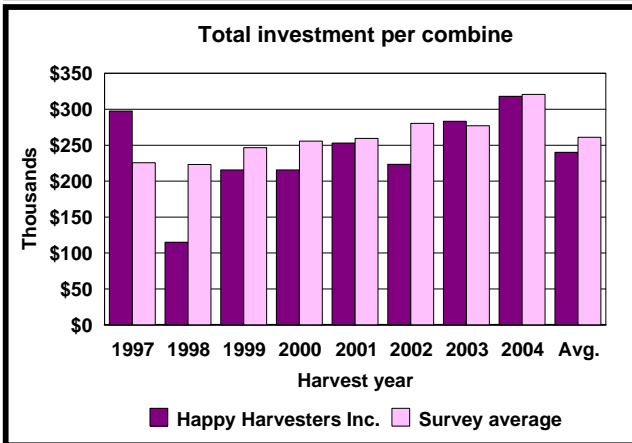
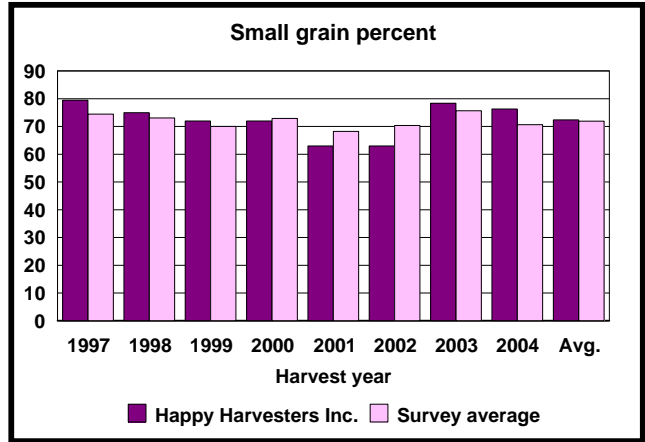
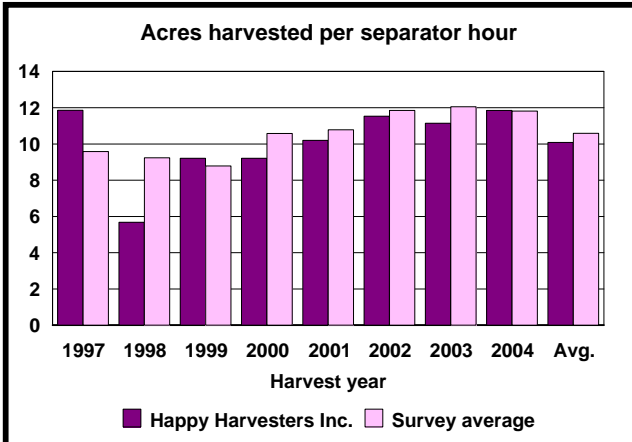
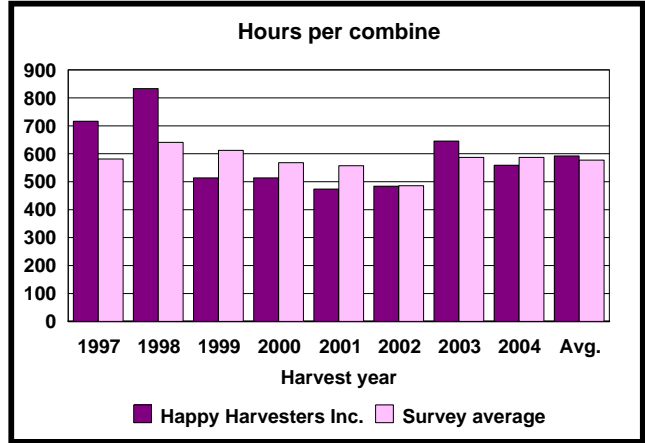
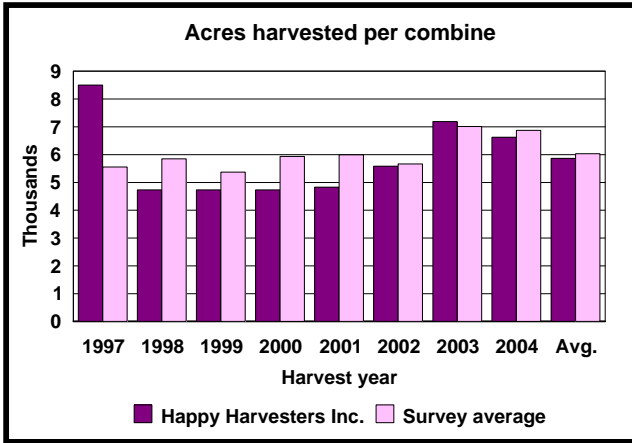


U.S. Custom Harvesters Inc.

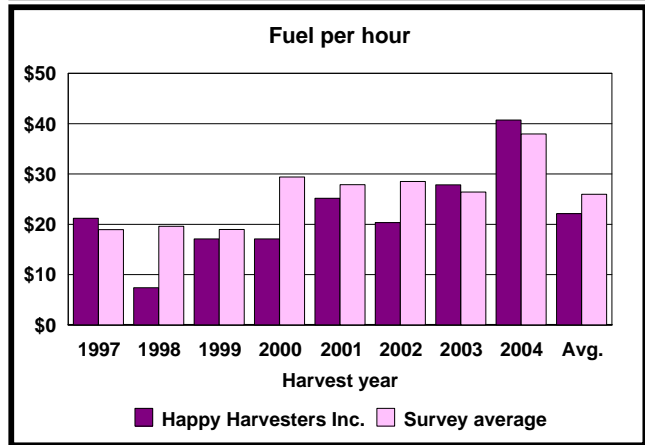
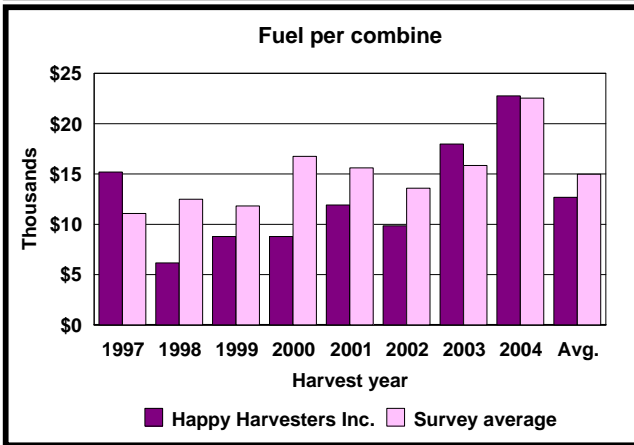
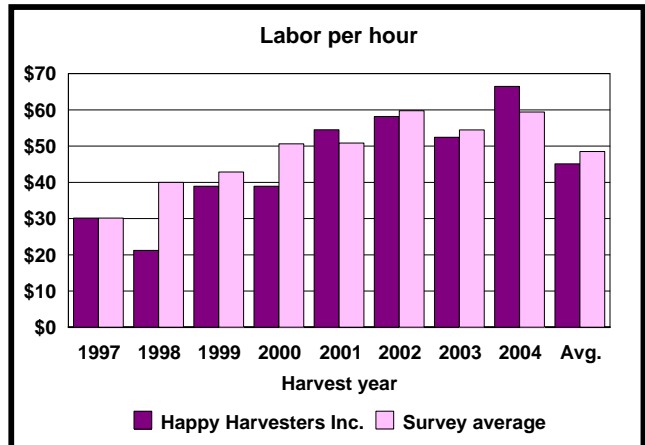
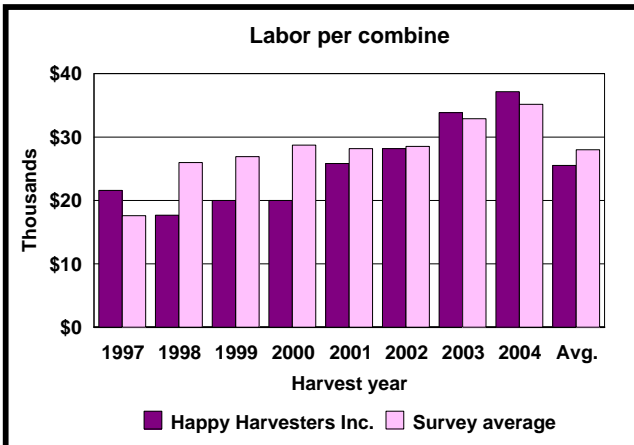
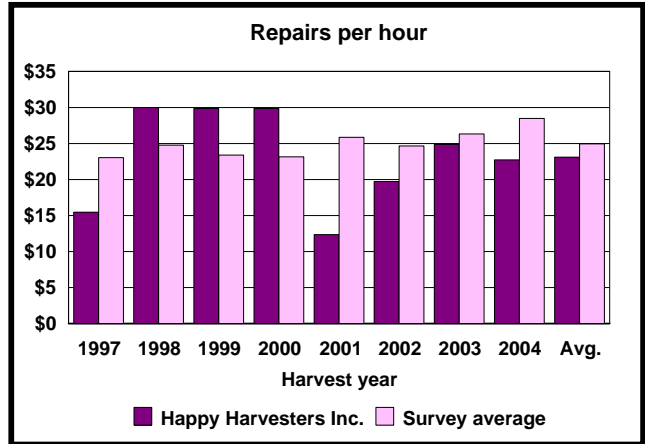
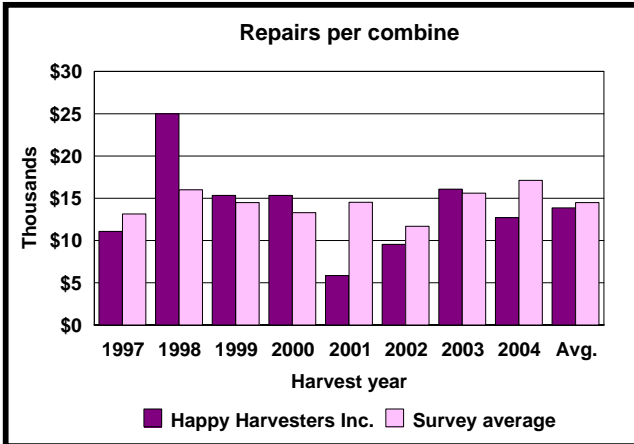
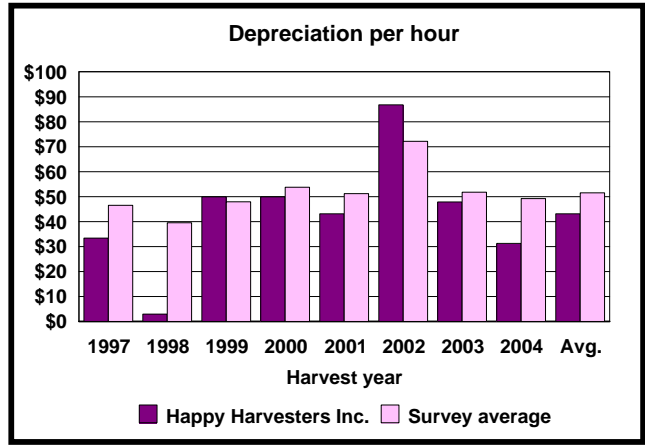
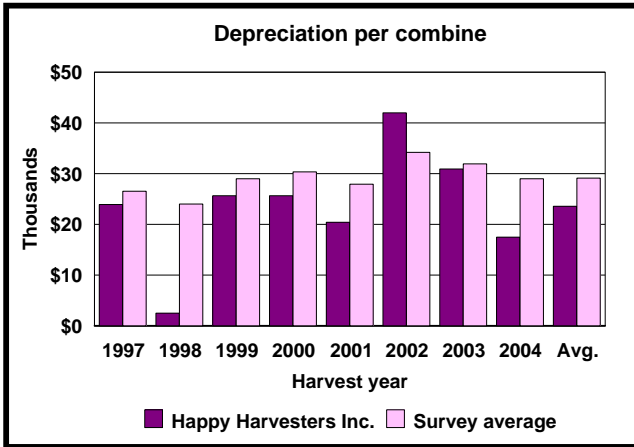
In balance sheet above, except for D8 and D9, values are those assigned to ONLY the CUSTOM HARVESTING BUSINESS. If you run multiple businesses within your overall business, without tracking assets and liabilities accordingly, you will need to prorate proper values to the custom harvesting business. All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



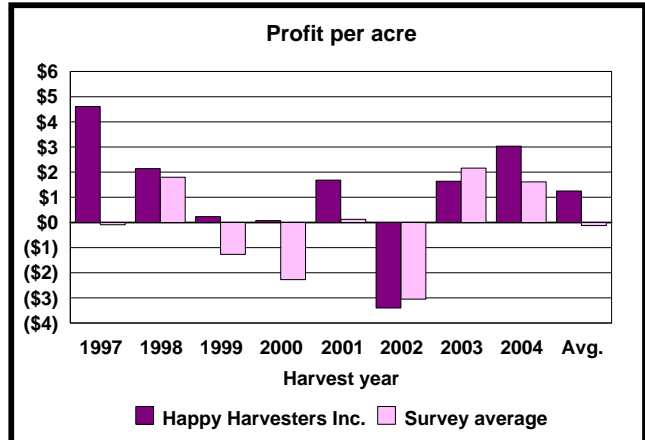
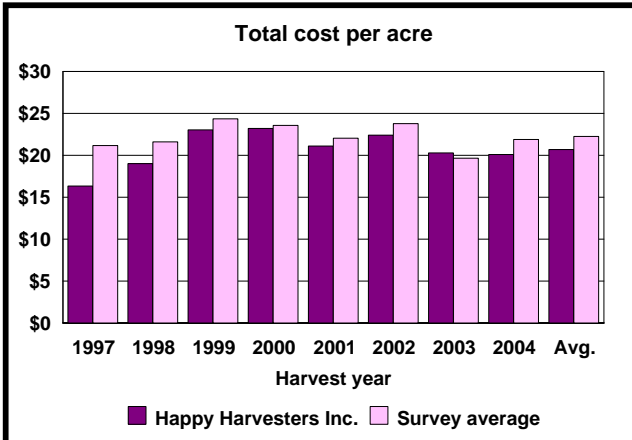
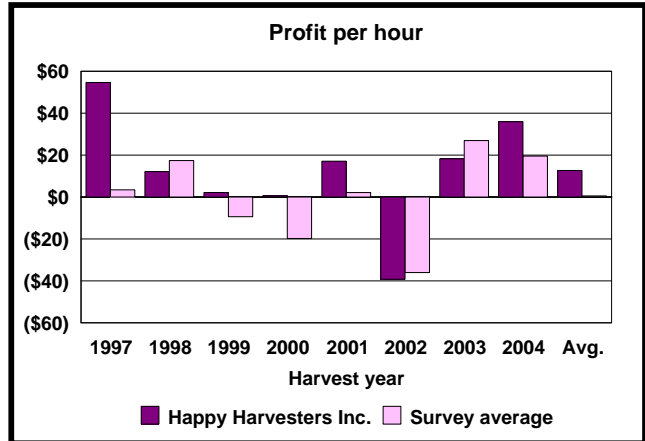
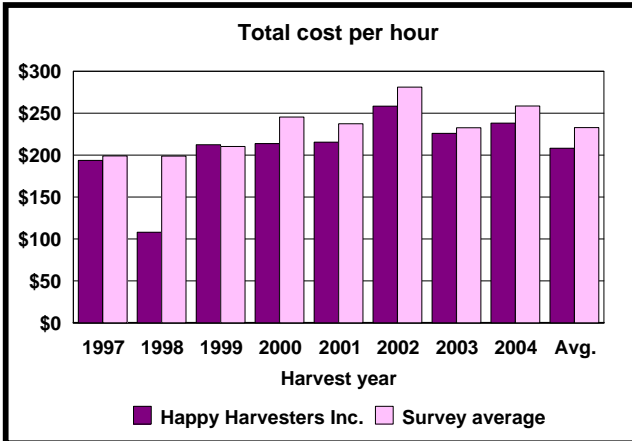
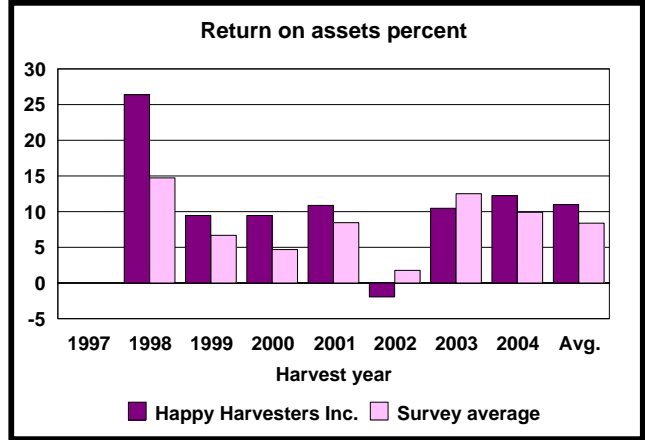
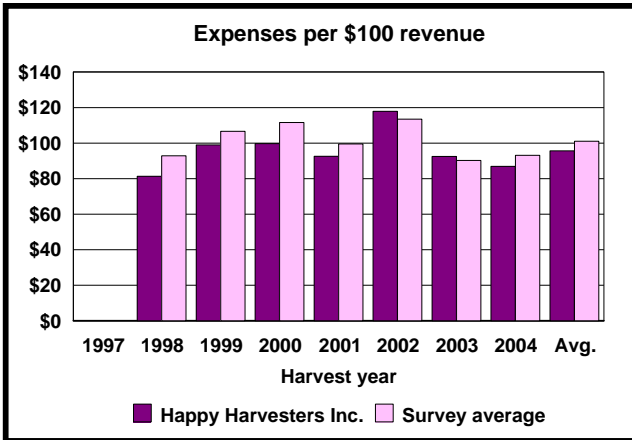
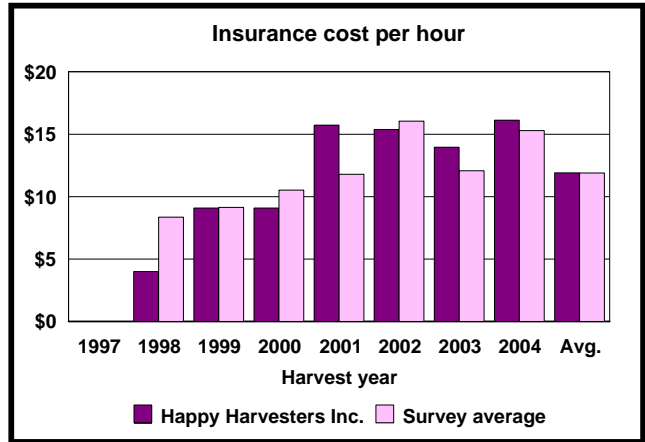
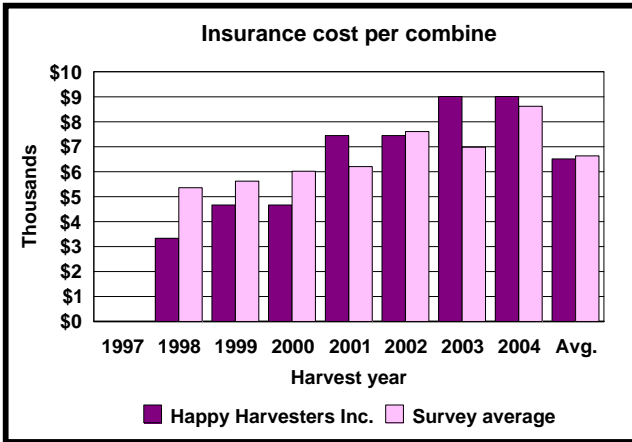
Historical Trends of Key Variables -- Individual harvester vs survey average



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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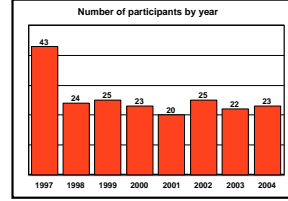
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1

## CHAMP: Over the years . . .

### • Participation



### • Repeat members

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

2

## 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	6.9							
Value of Combines	\$428,000	\$630,126	\$142,667	\$136,750	\$21.54	\$21.01	\$252.22	\$247.09	96.3%
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Total Separator Hours in 2004	1,877	2,849	559	587	0.084	0.086	-----	-----	
<b>INCOME AND EXPENSE</b>									
Harvest Revenue	\$403,088	\$703,743	\$103,688	\$130,364	\$22.75	\$22.04	\$268.58	\$271.35	96.3%
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Total Revenue	\$410,988	\$736,546	\$105,622	\$134,089	\$23.15	\$22.63	\$273.29	\$278.21	100.0%
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Other Expenses	\$18,834	\$64,962	\$5,611	\$11,549	\$0.85	\$1.54	\$10.04	\$18.22	3.7%
Market Depreciation	\$52,500	\$125,140	\$17,500	\$28,996	\$2.64	\$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	\$34.06	12.3%
Total Expense	\$359,693	\$666,787	\$133,231	\$152,434	\$20.11	\$21.89	\$238.34	\$258.65	86.9%
Total Operating Profit	\$60,295	\$69,766	\$20,399	\$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							

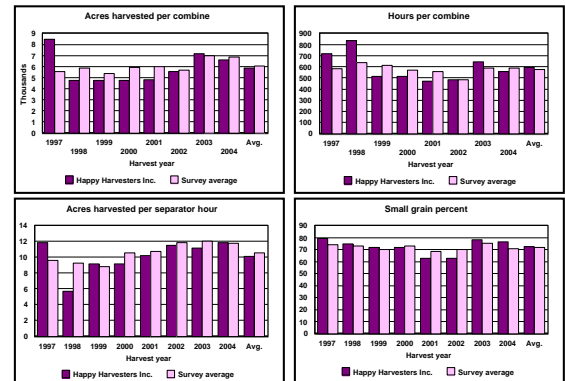
\* Value used per acre for Total Fields Harvested represents the average field size in acres.  
Note: Some reported values were modified from those reported on the survey due to arithmetic and other data entry errors.

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	\$ 5	Current Liabilities	\$ 5
Cash on hand & checking	6,860	Accounts payable	2,200
Savings, bonds, stocks, etc.	15,800	Short term loans (due within 1 yr.)	1,500
Accounts receivable	3,650	principal outstanding	12,700
Supply inventories	4,500	accrued interest	314
Other current assets (specify)	0	Other current liabilities (specify)	0
D1. TOTAL CURRENT ASSETS	30,750	D4. TOTAL CURRENT LIABILITIES	15,284
Non-current Assets	437,300	Long term loans (due beyond 1 yr.)	295,000
Combines (from 1-181, A2-B2)	289,800	principal outstanding	2,728
Non-current equipment (from C1, C2)	50,000	accrued interest	2,658
Market value of business real estate (i.e., office, storage bldgs., etc.)	50,000	Other non-current liabilities (specify)	0
D2. TOTAL NON-CURRENT ASSETS	777,150	D5. TOTAL NON-CURRENT LIABILITIES	297,728
D3. TOTAL CUST. HARV. ASSETS (D1+D2)	807,900	D6. TOTAL CUST. HARV. LIABILITIES (D4+D5)	312,992
		D7. TOTAL CUST. HARV. NET WORTH (D3-D6)	494,908
		Change in equity	54,561
<b>TOTAL EQUITY (custom harvesting and outside businesses)</b>			
	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
Change in equity	554,908	734,469	
Overall equity or net worth for whole business (D7+D8)	554,908	734,469	
Change in equity	130,561	130,561	

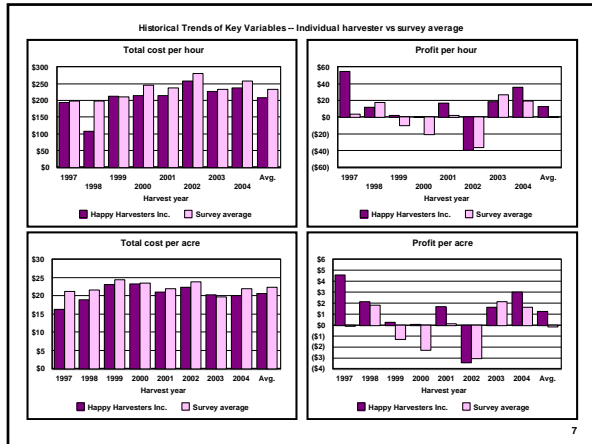
In balance sheet above, except for D8 and D9, values are those assigned to ONLY the CUSTOM HARVESTING BUSINESS. If you run multiple businesses with your overall business, without tracking assets and liabilities accordingly, you will need to prorate proper values to the custom harvesting business. All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

4

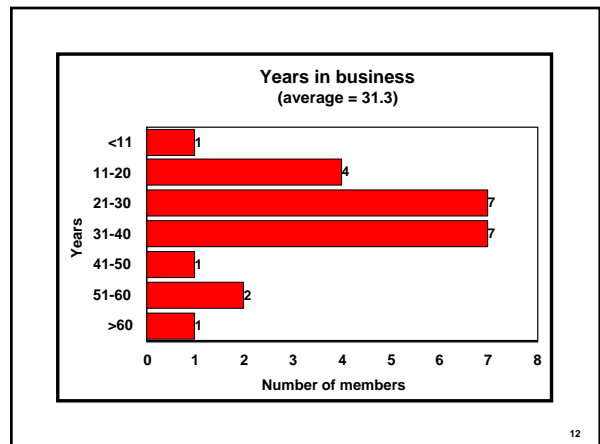
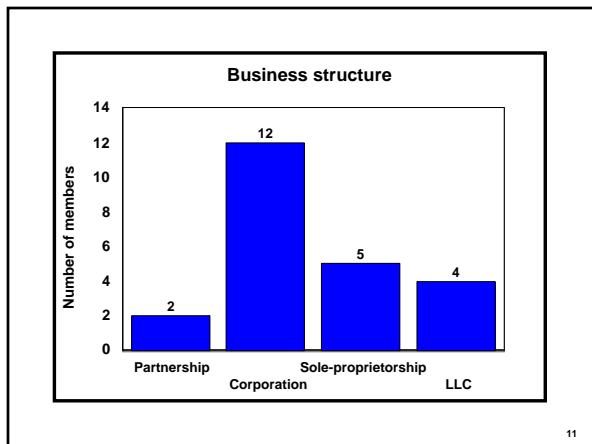
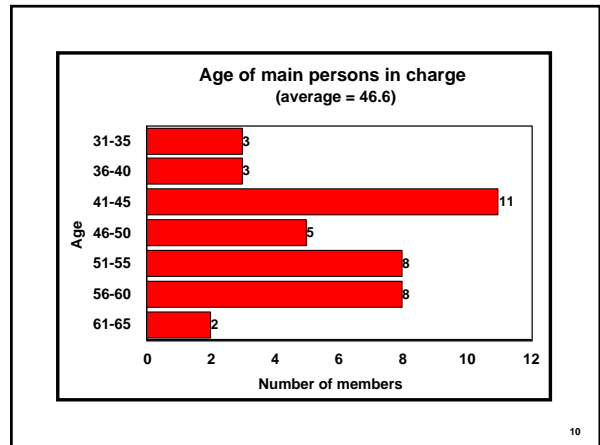
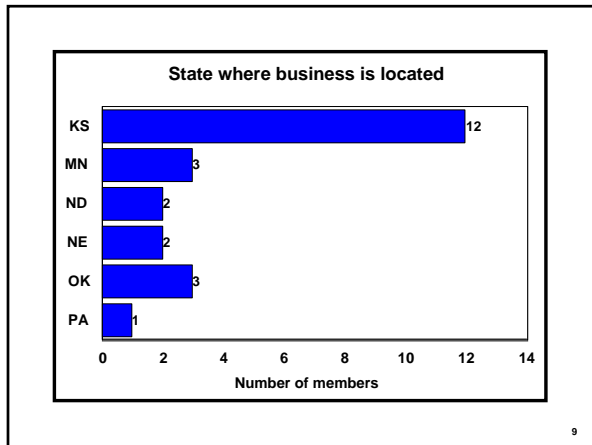
## Historical Trends of Key Variables - Individual harvester vs survey average



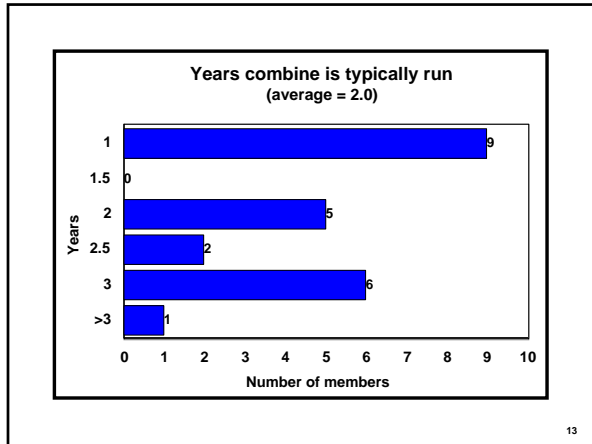
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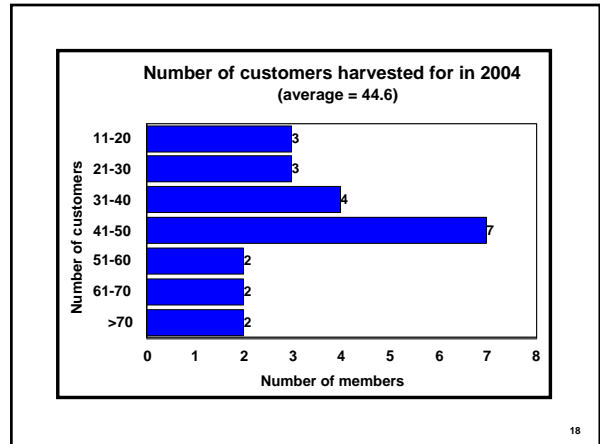
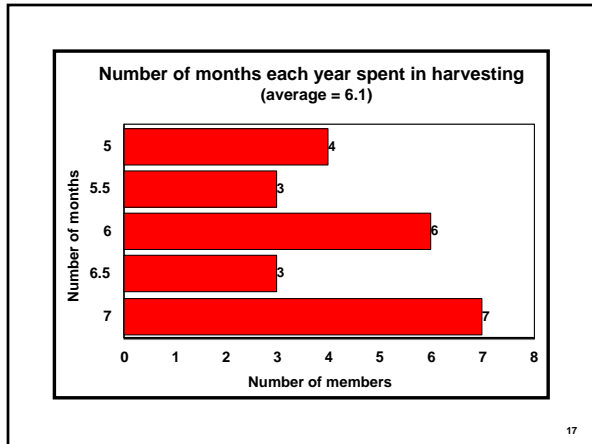
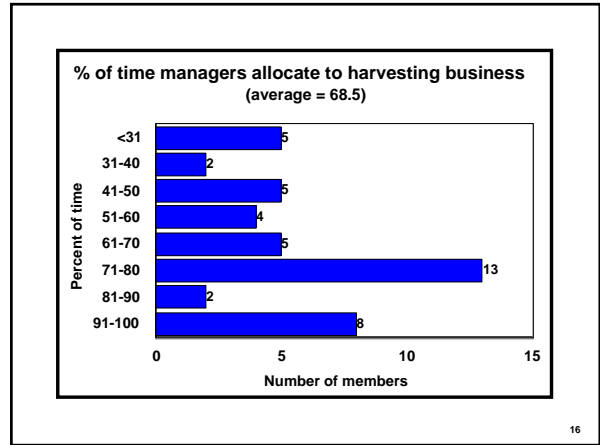
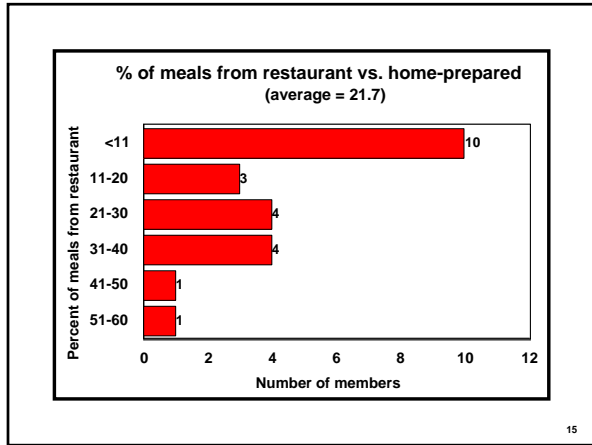
- ### General Information
- Location
  - Age of manager
  - Business structure
  - Years in business
  - Age and number of combines
  - Relative importance of business
  - Housing and meals
  - People involved in business
  - Number of customers

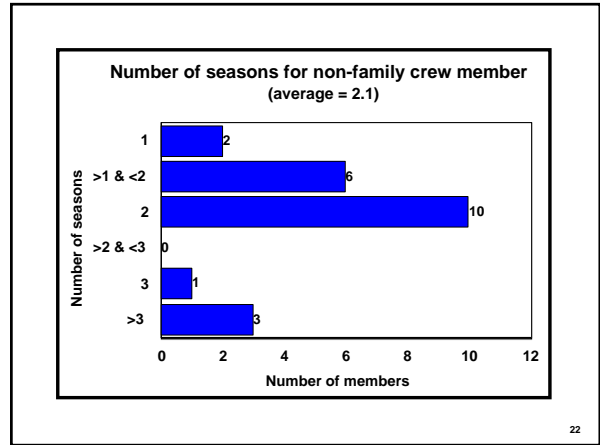
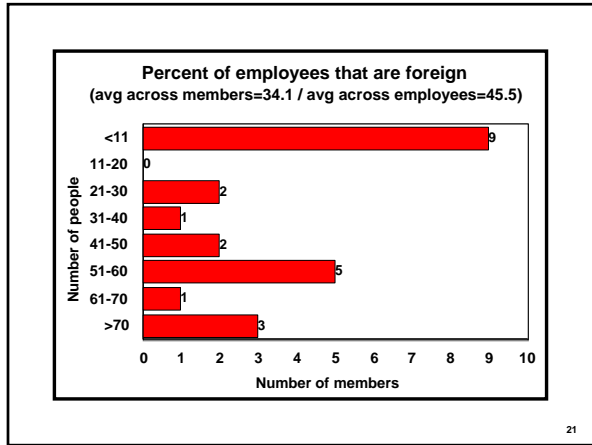
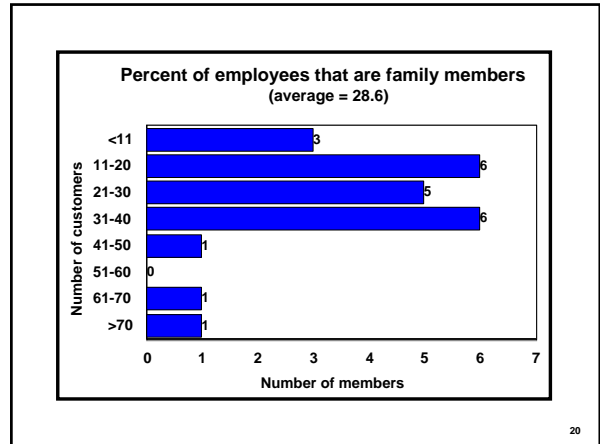
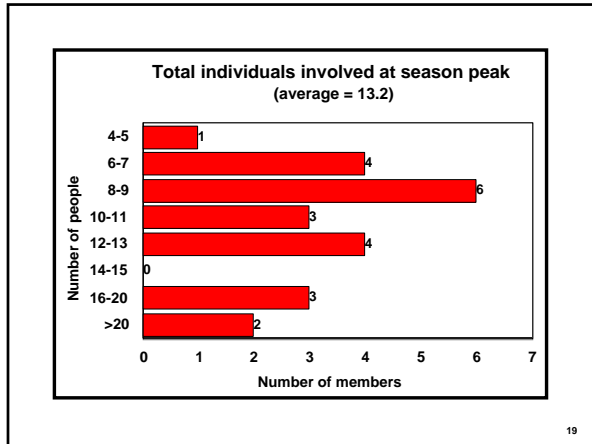






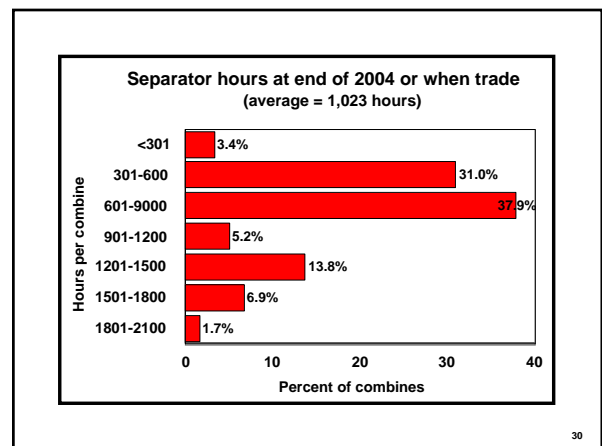
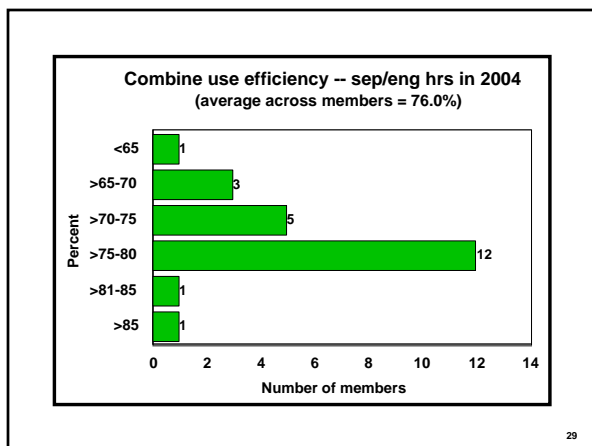
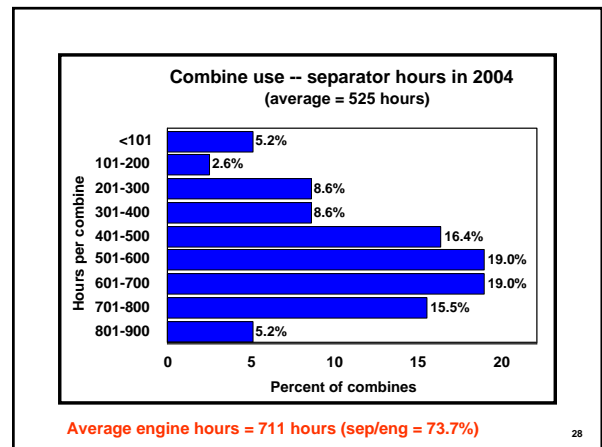
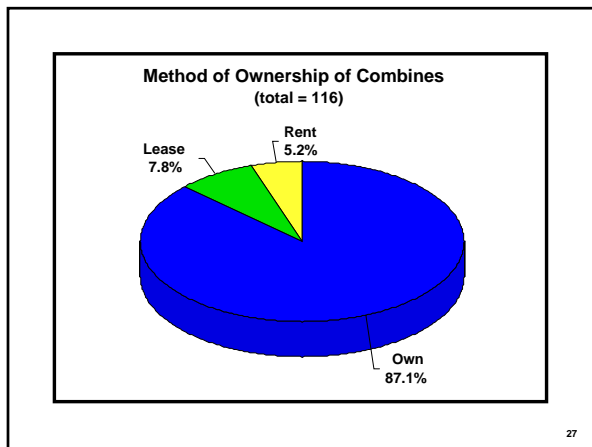
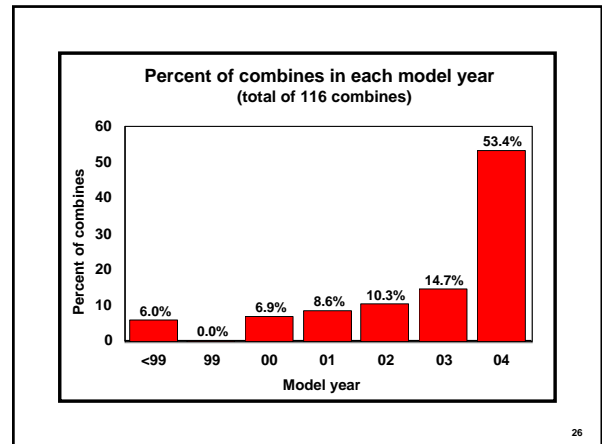
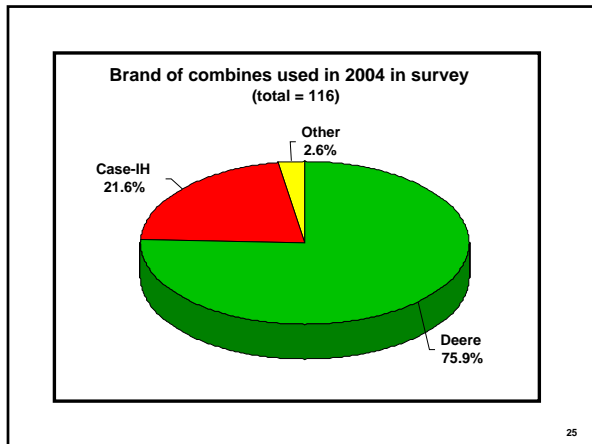
- Miscellaneous Information**
- 13 run new combines
  - 9 run used combines
  - 1 runs both
  - 16 of 23 (69.6%) have sideline businesses
    - 11 involved in farming/ranching
    - 11 involved in trucking
    - 3 involved in other businesses
- 14

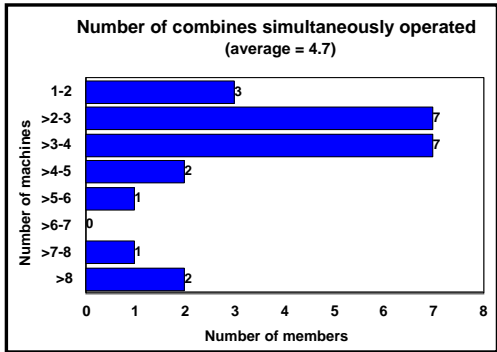




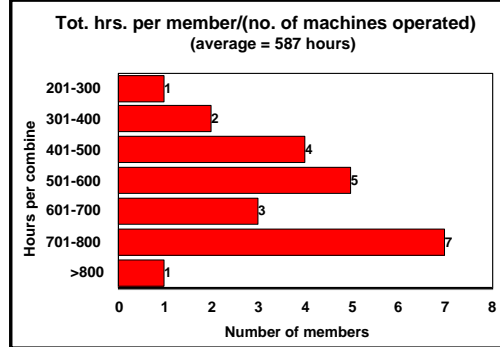
- More Miscellaneous Information**
- Average employees (season peak) per combine was 2.85 (min = 2.17, max = 4.33)
  - 16 of 23 finance their combines through dealers/manufacturers
  - 14 of 23 get combine insurance through dealer/manufacture
  - Average interest rate was 5.94%
    - 2003 6.31%; 2002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

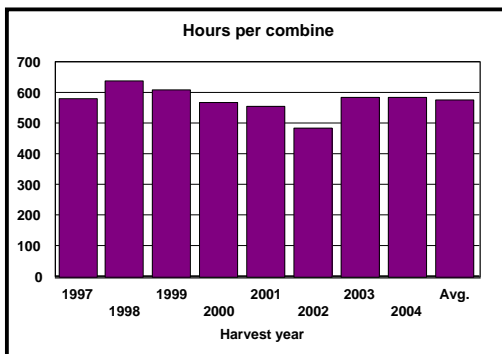




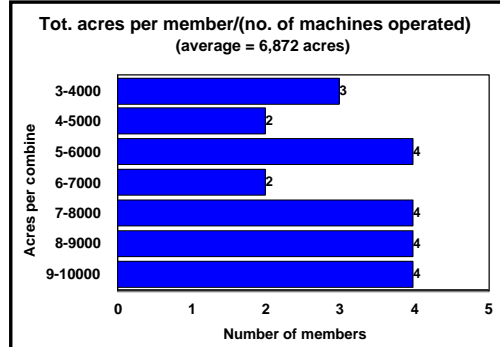
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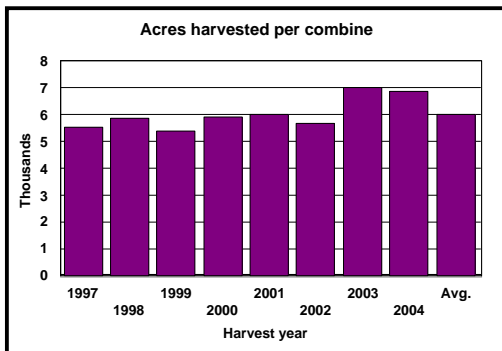
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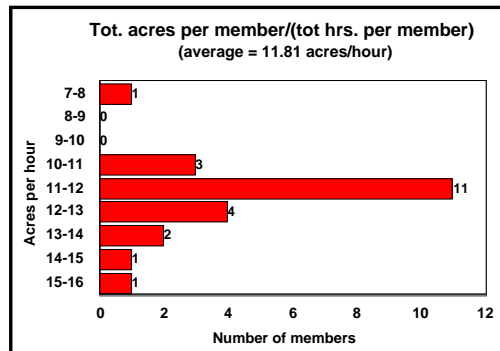
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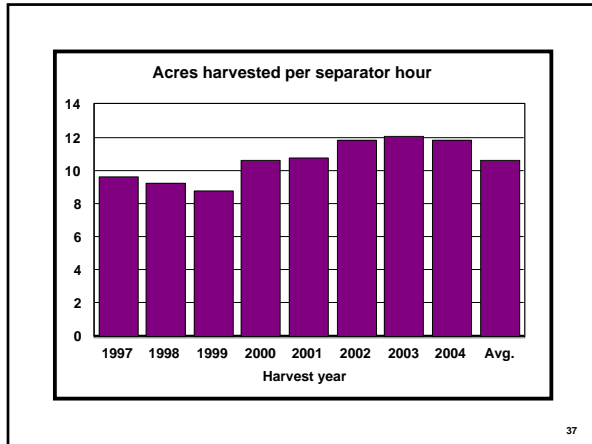
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35



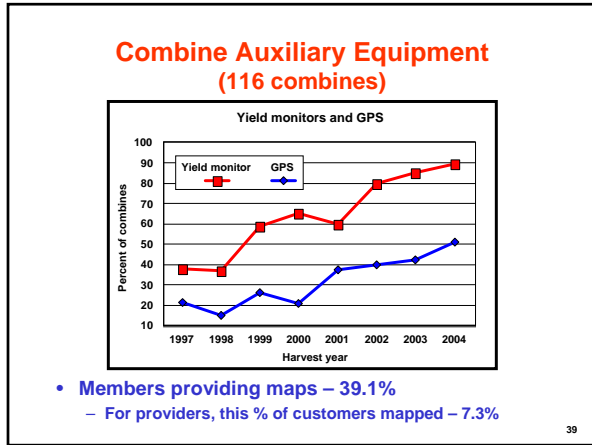
36



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

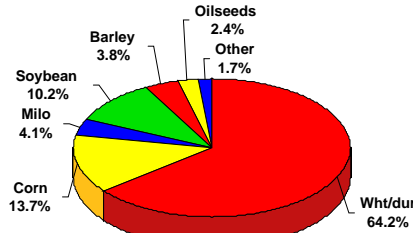
42

### 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

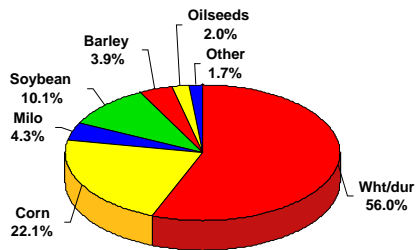
43

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



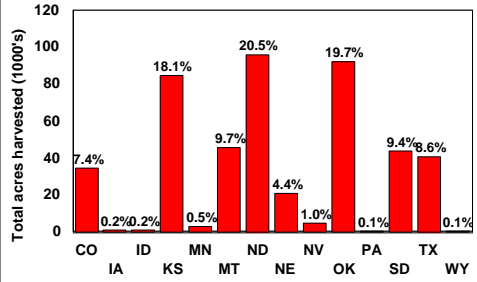
44

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



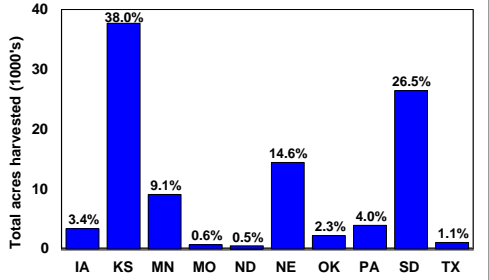
45

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



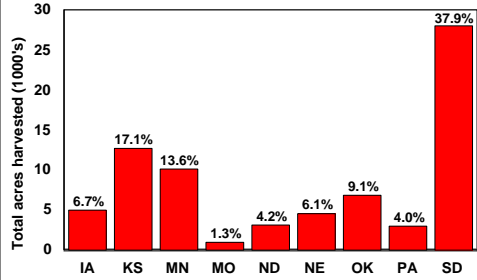
46

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

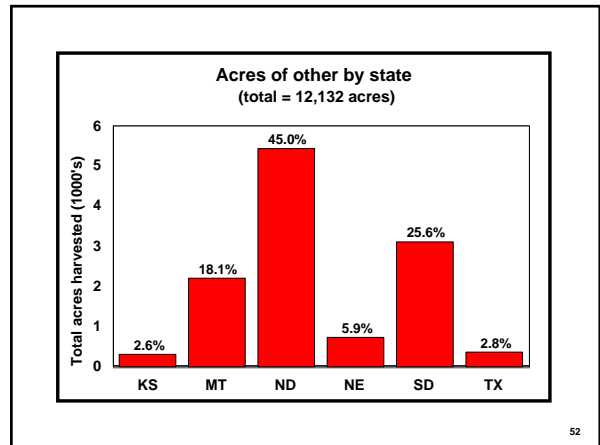
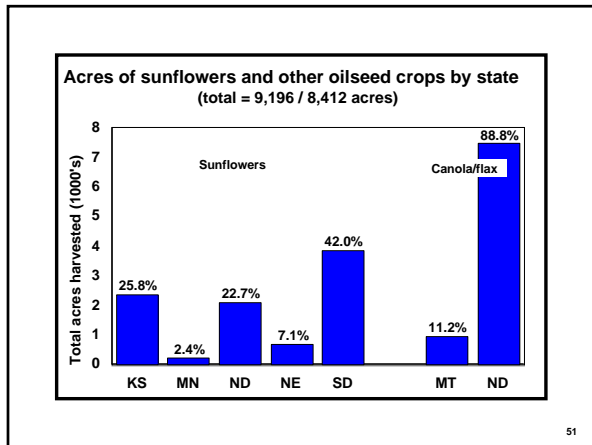
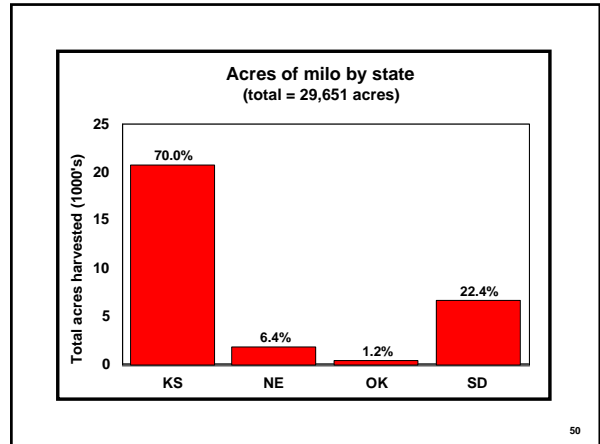
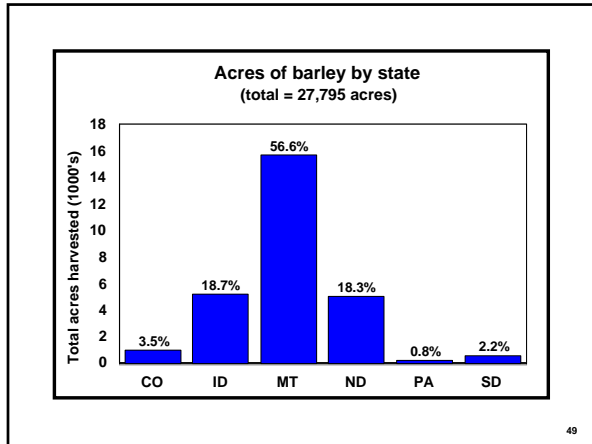


47

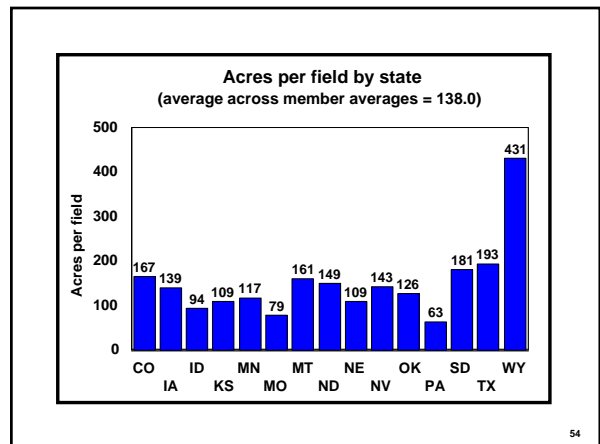
Acres of soybeans by state  
(total = 74,129 acres)

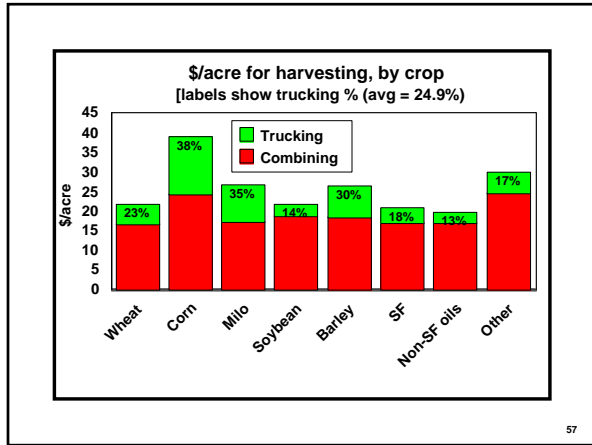
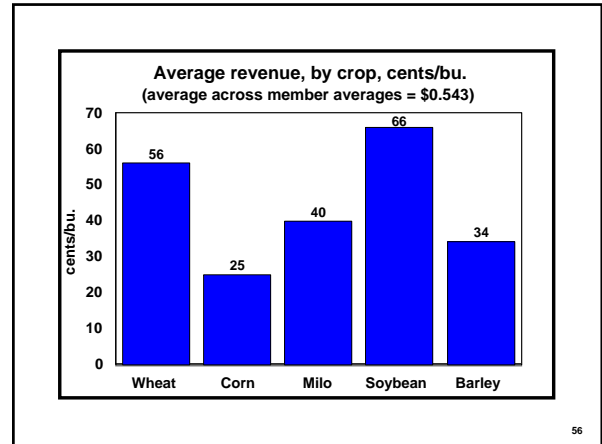
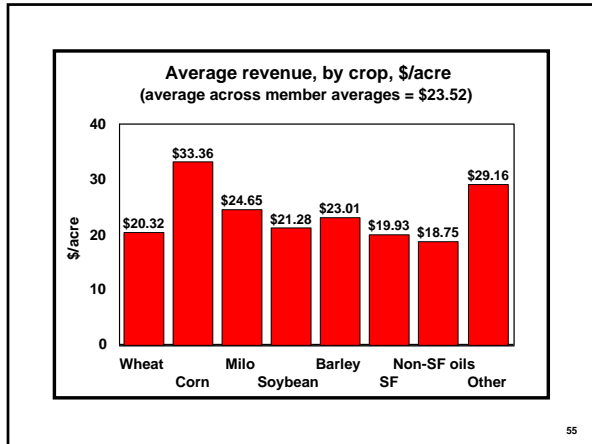


48

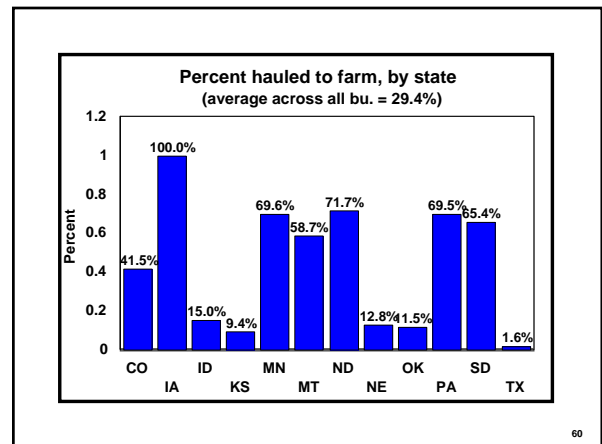
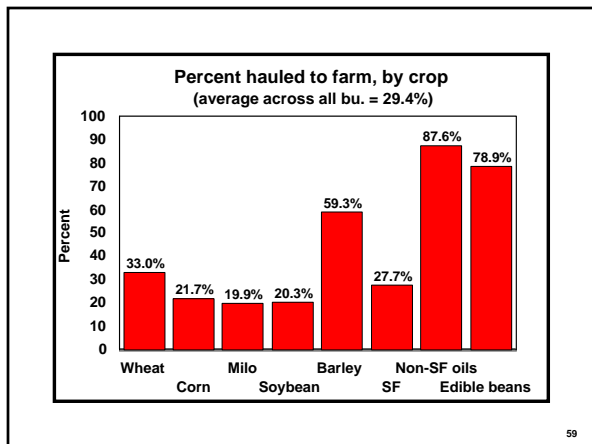


- ### Acres per Field
- Wheat 147.7
  - Corn 119.0
  - Milo 131.5
  - Soybeans 126.5
  - Barley 136.4
  - Sunflowers 129.5
  - Non Foils 149.8
  - Other 101.6
- Total acres divided by total fields = 127.7
- 53

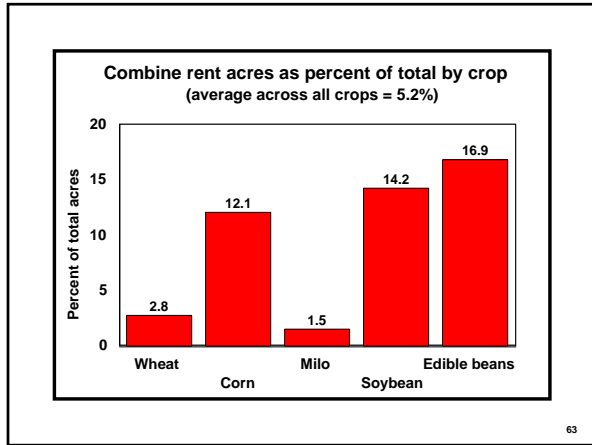
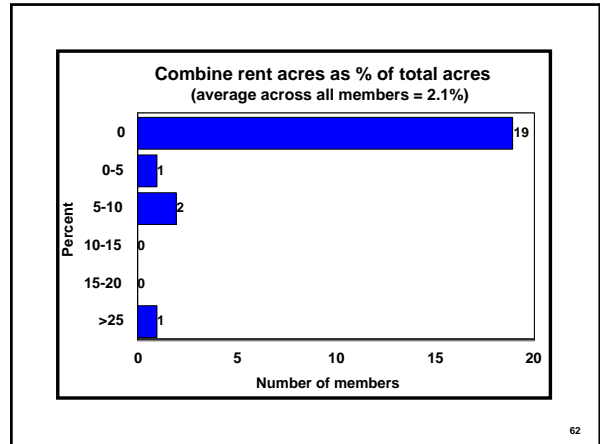
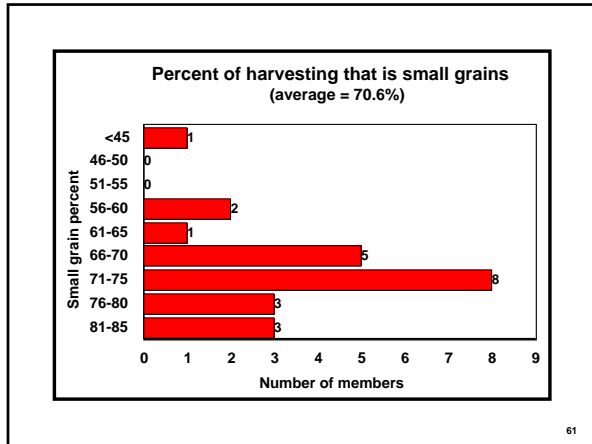




- Percent of Grain Hauled by Harvester**
- Wheat 82.8%
  - Corn 78.8%
  - Milo 87.4%
  - Soybeans 59.7%
  - Barley 89.0%
  - Sunflowers 97.2%
  - Non SF oils 100.0%
  - Other 84.4%
- Average across all member reports = 91.4%
- 58





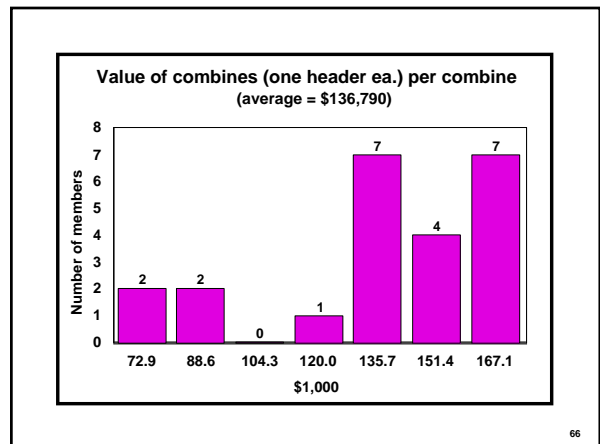


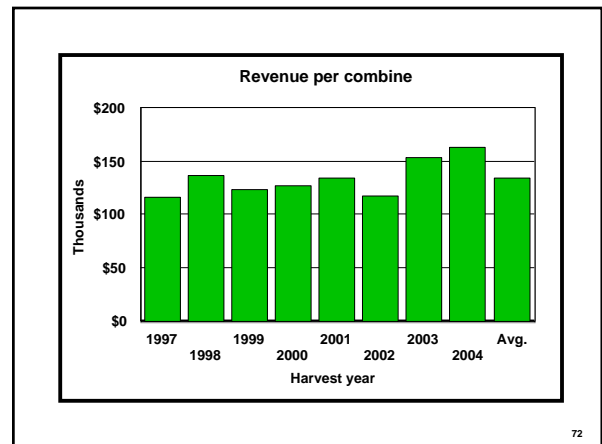
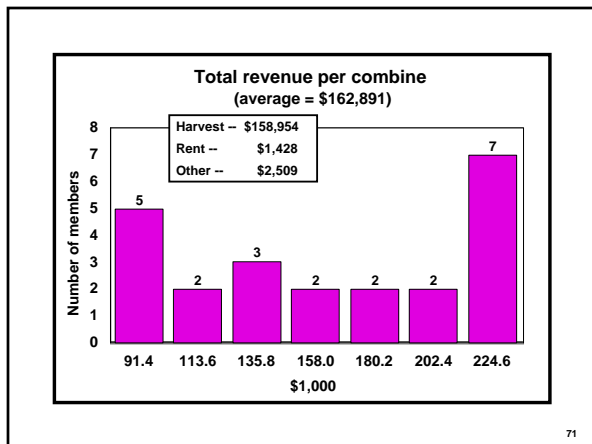
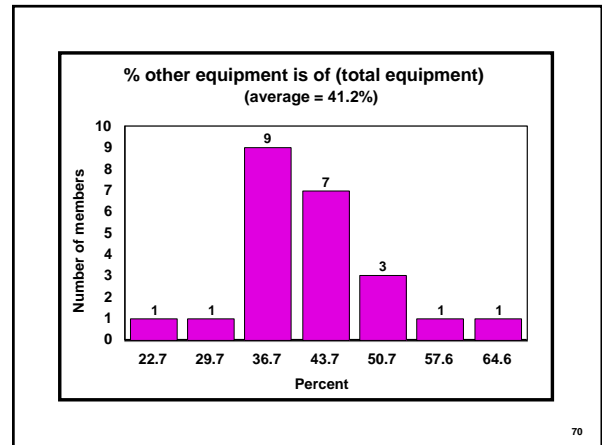
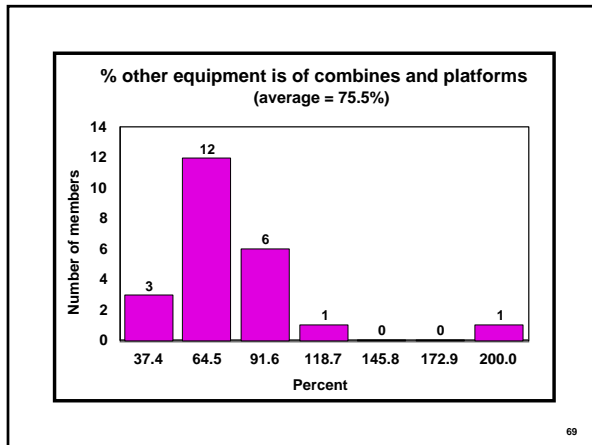
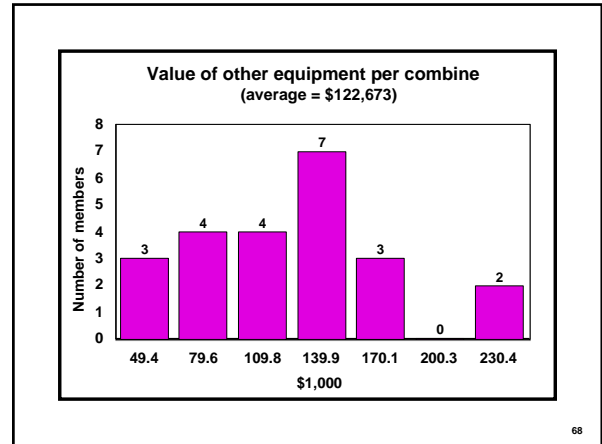
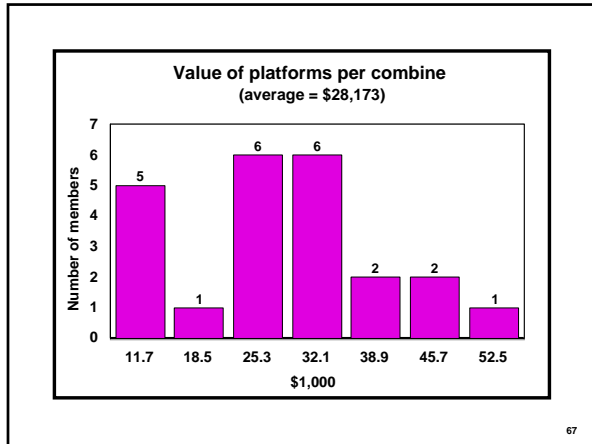
- Operating Expense Information**
- Labor (paid and unpaid)
  - Travel
  - Fuel and Lubrication
  - Repair and Maintenance
  - Insurance
  - Telephone and Utilities
  - Other Expenses
  - Market Depreciation
  - Interest on Assets (assigned)
- 64

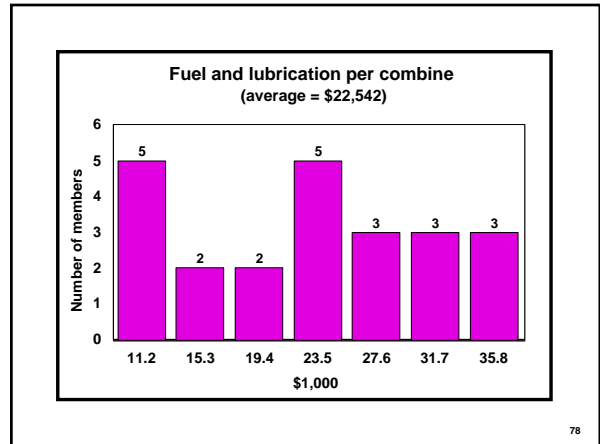
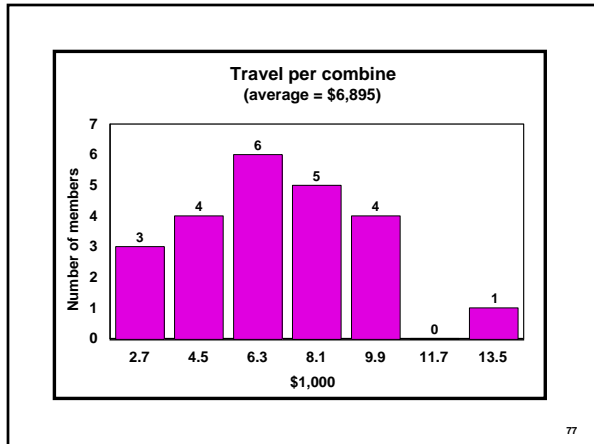
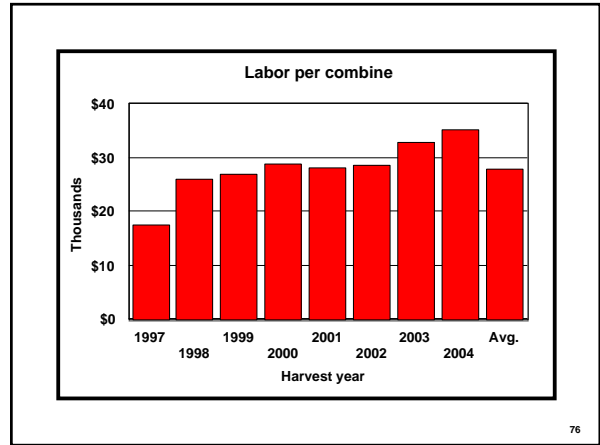
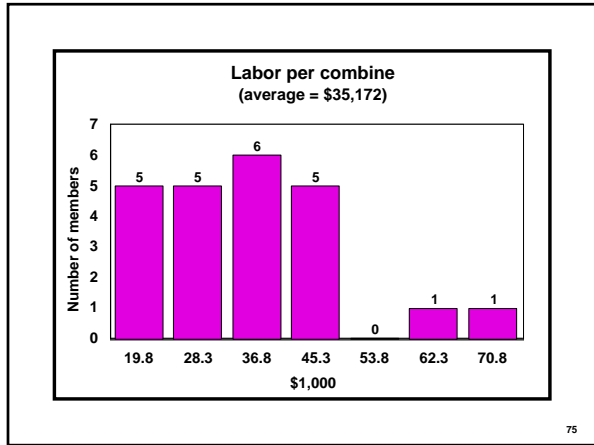
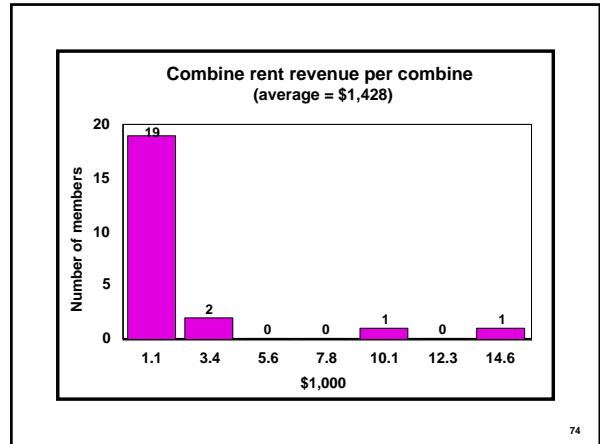
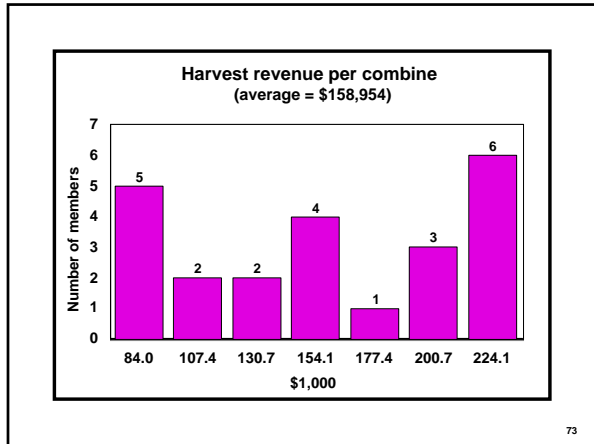
**Value of Assets per Combine Operated**

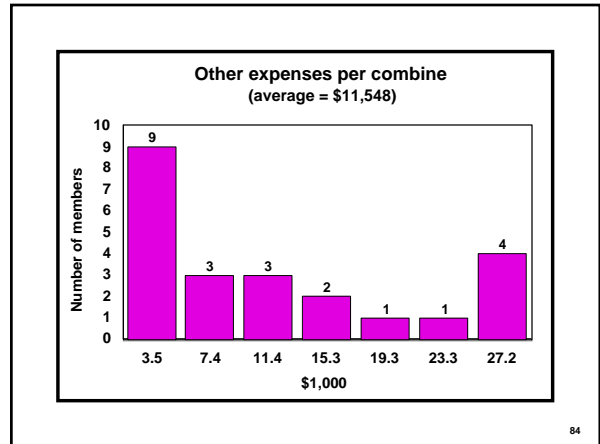
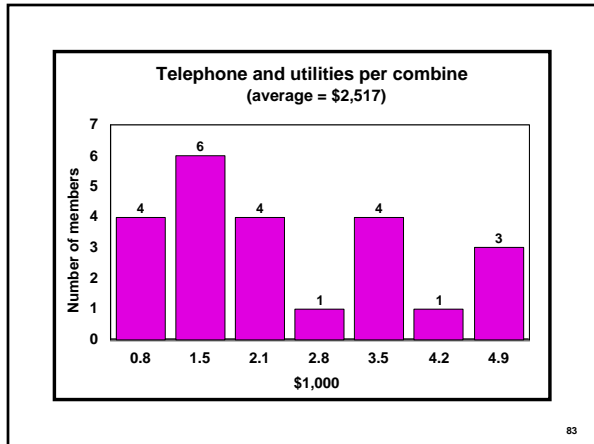
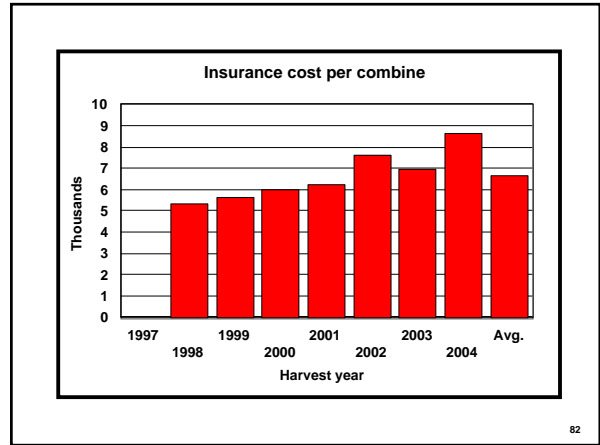
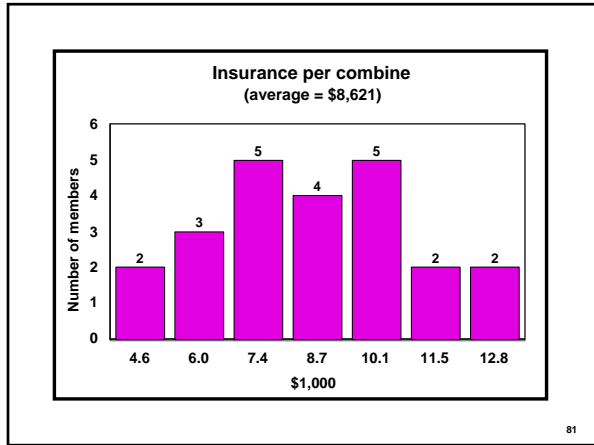
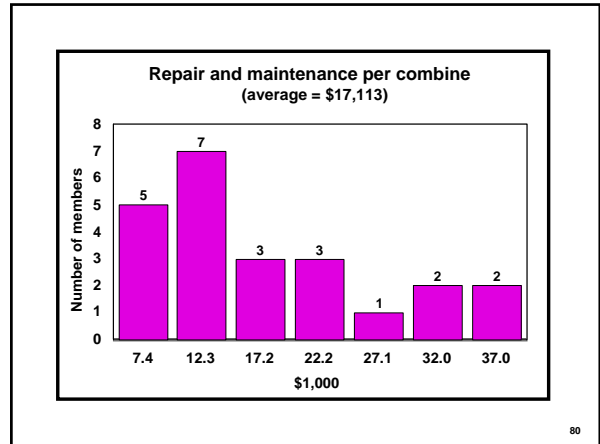
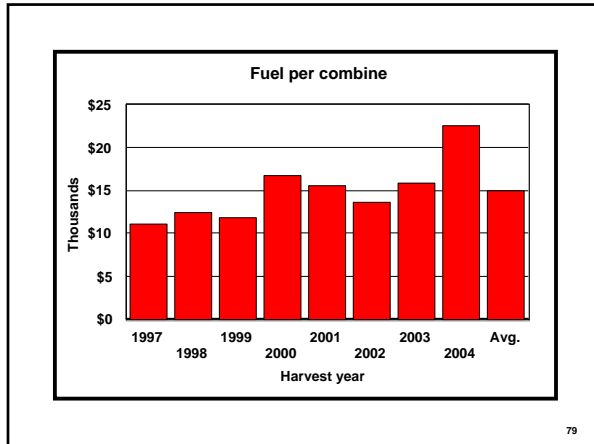
• Combine	\$136,790
• Platforms	\$28,173
• Other equipment (trucks, etc)	\$122,673
Sub Total	\$287,636
• Other assets (balance sheet)	\$32,996
<b>TOTAL</b>	<b>\$320,632</b>

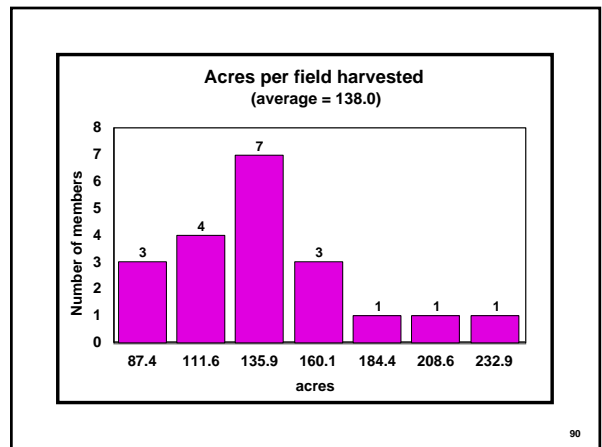
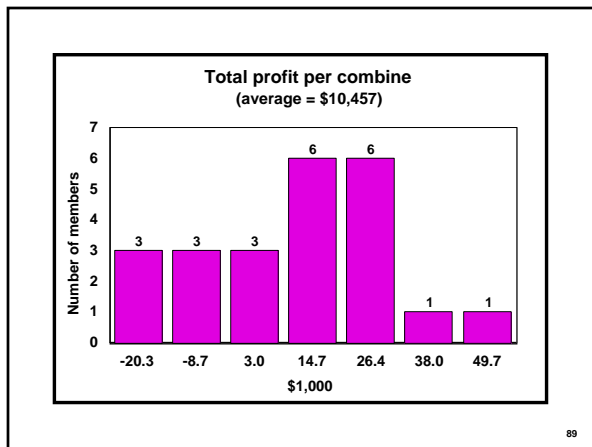
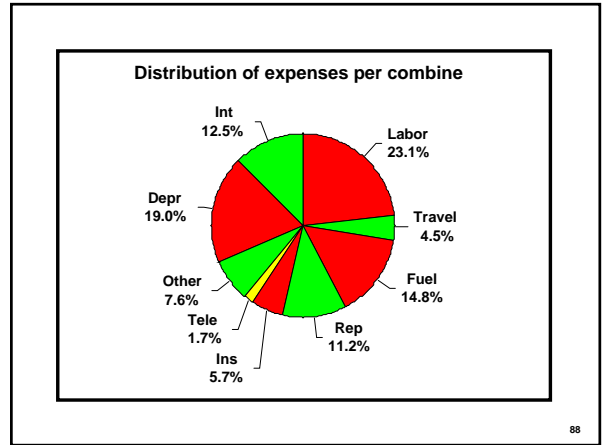
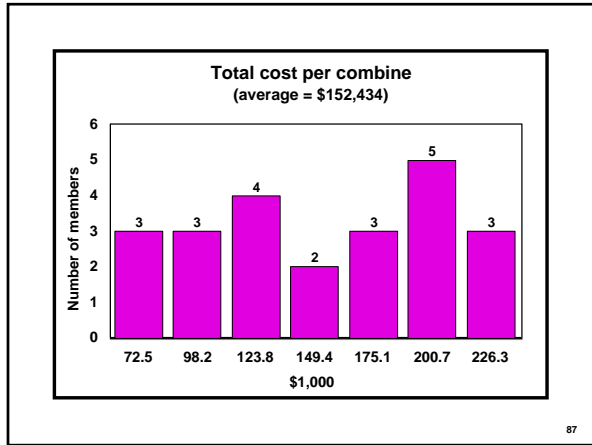
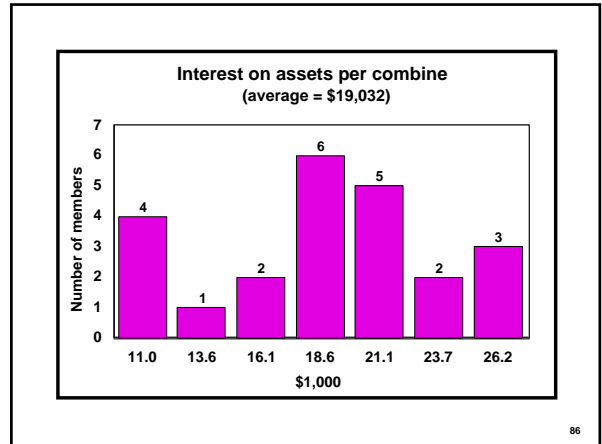
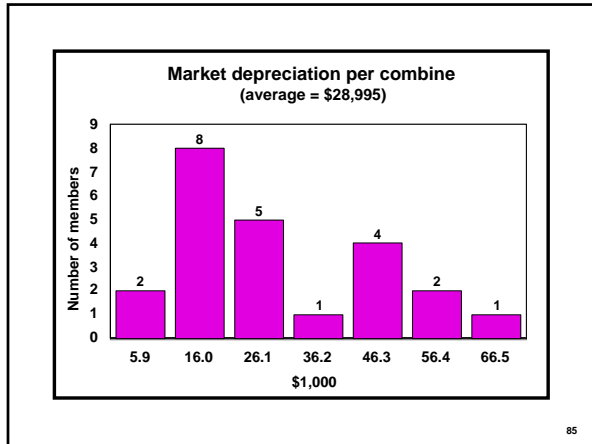
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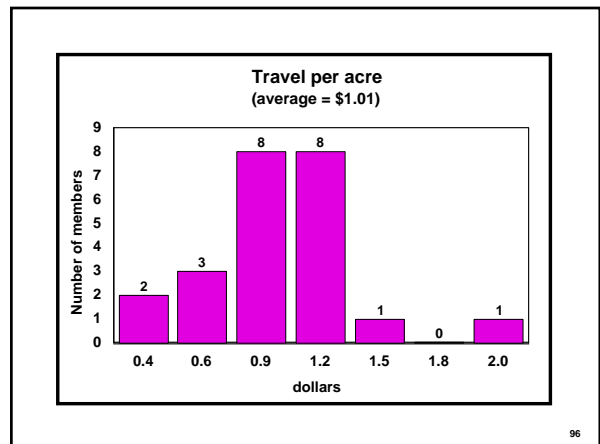
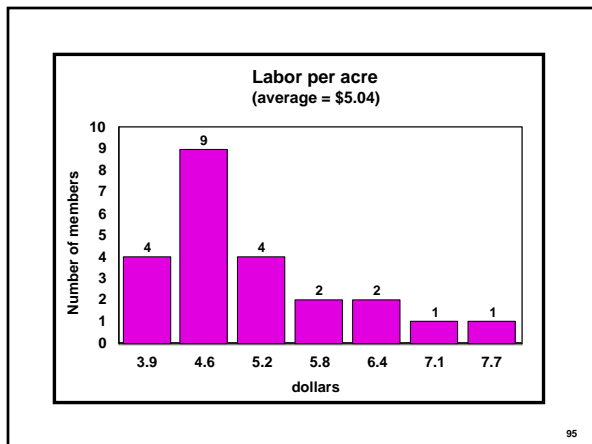
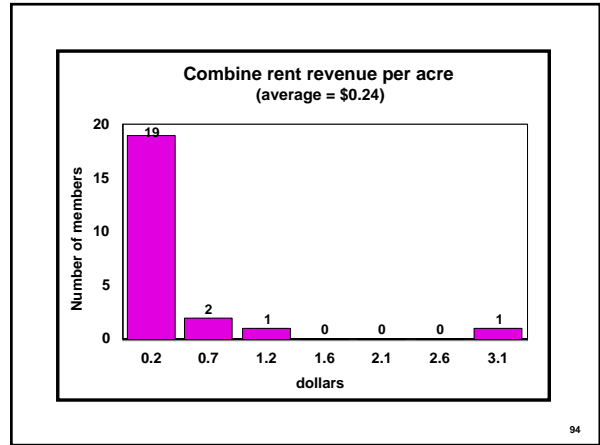
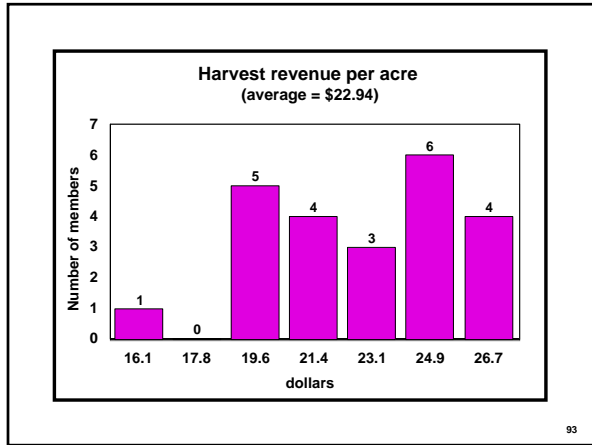
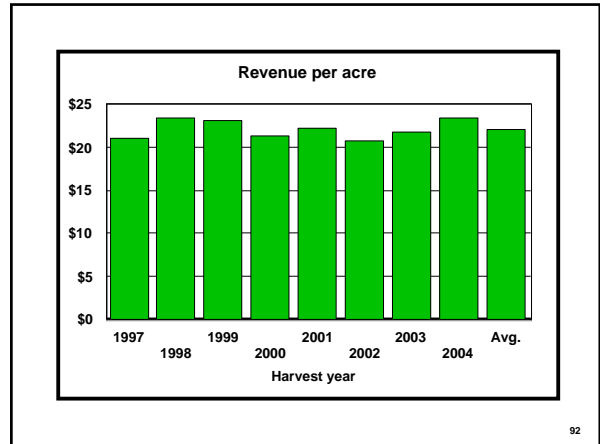
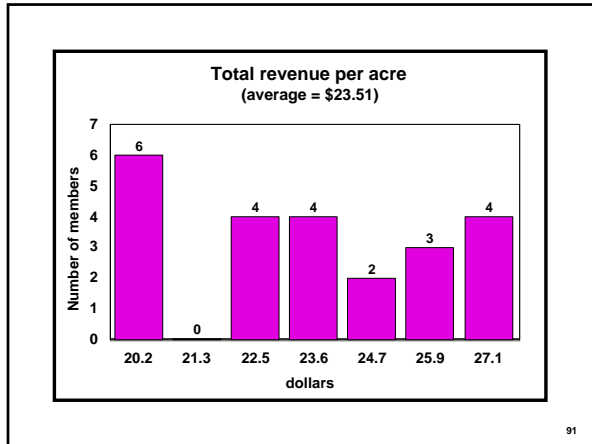


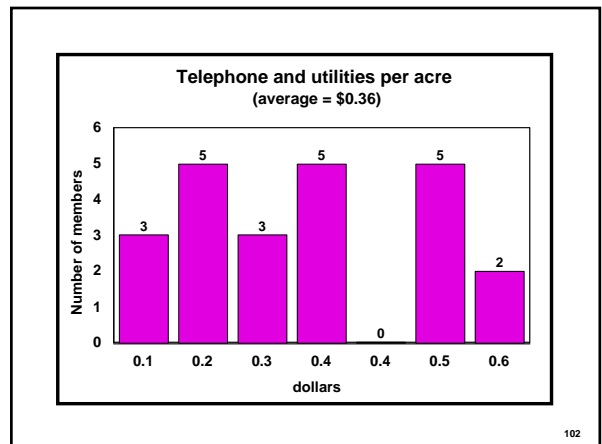
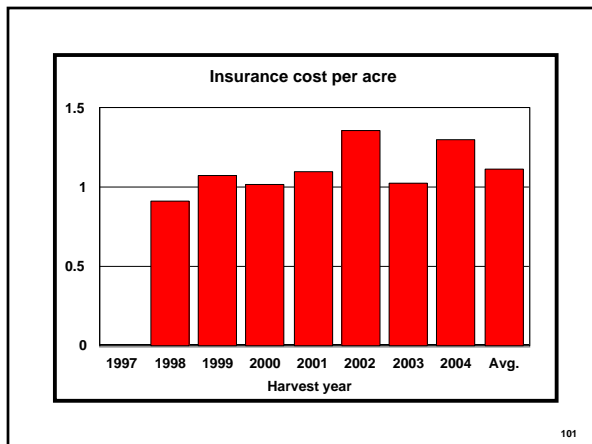
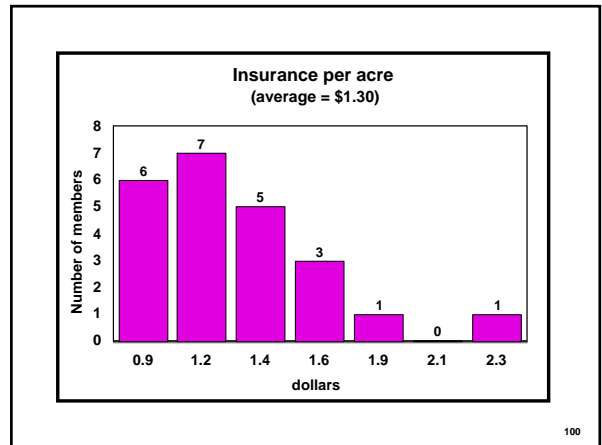
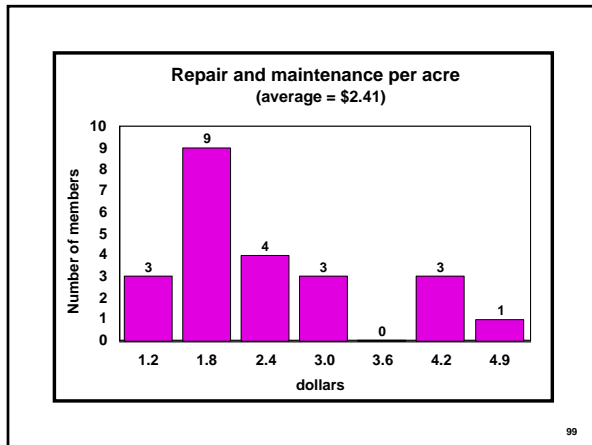
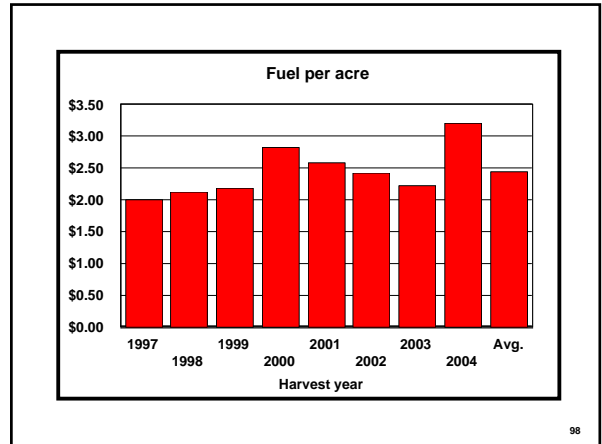
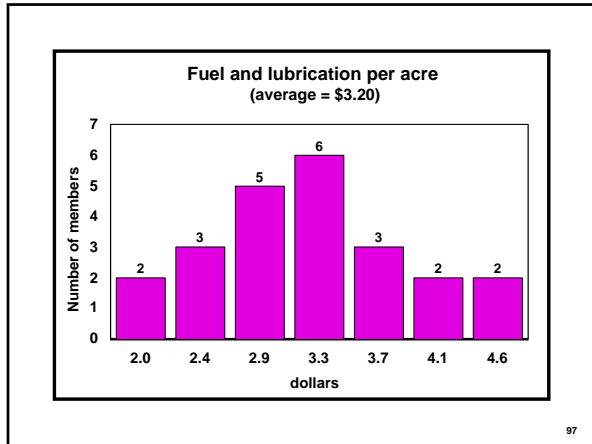


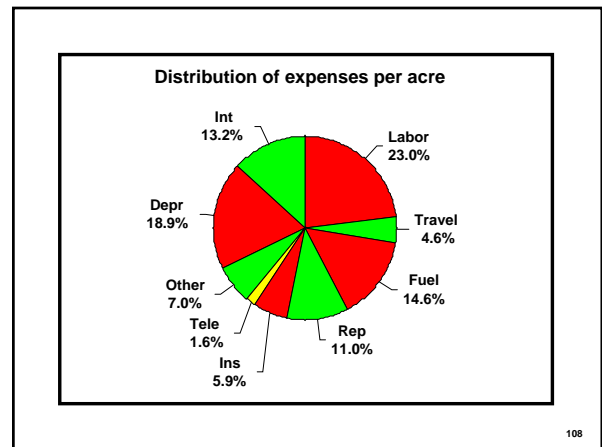
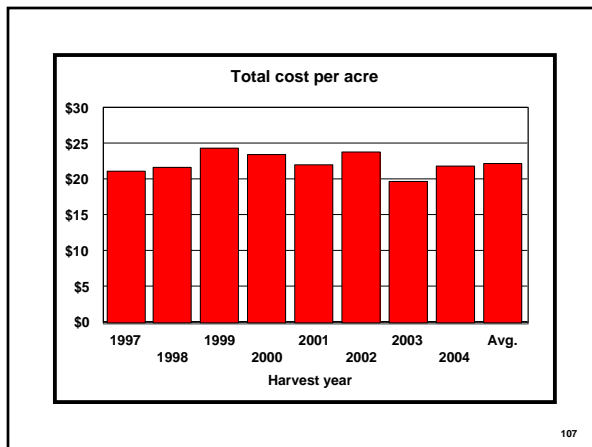
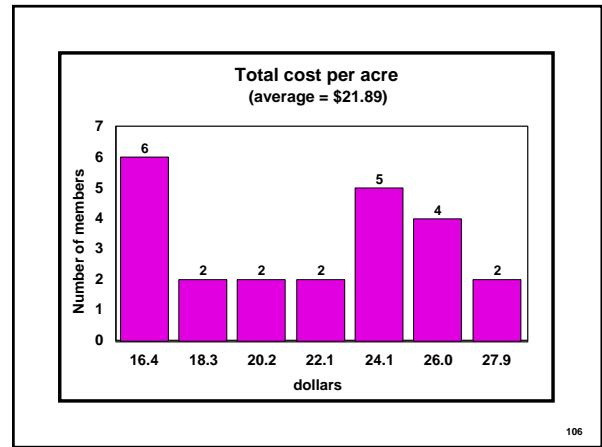
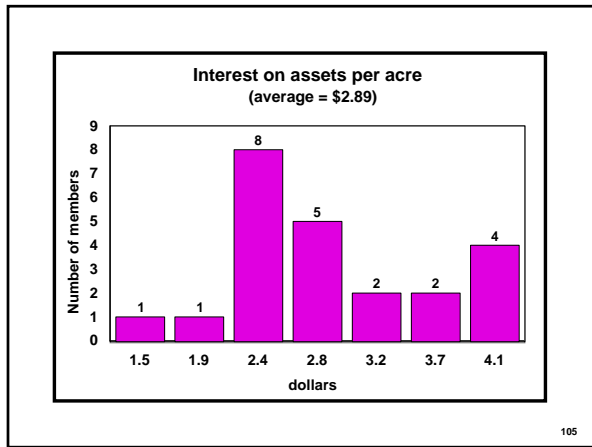
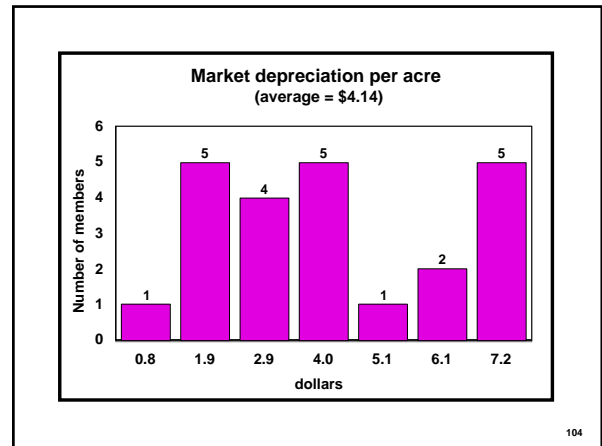
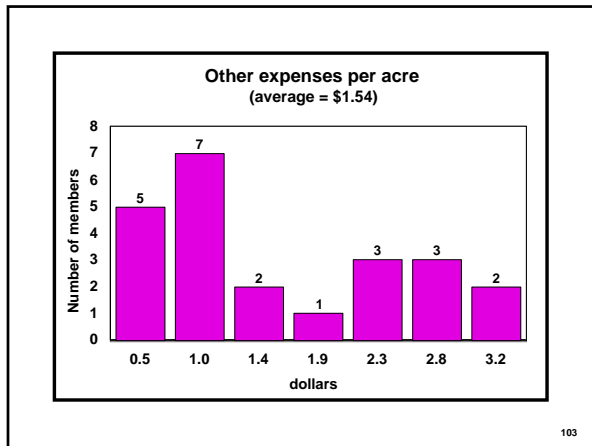




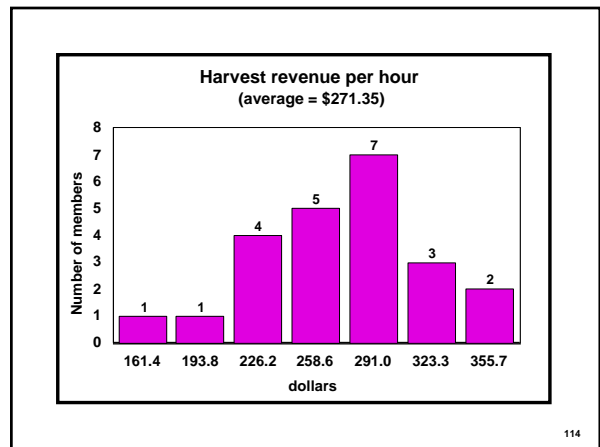
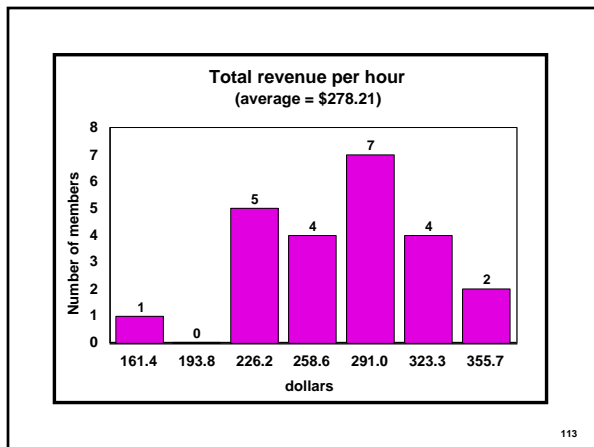
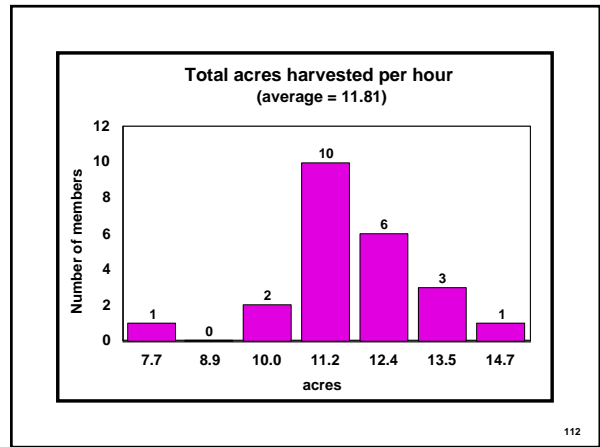
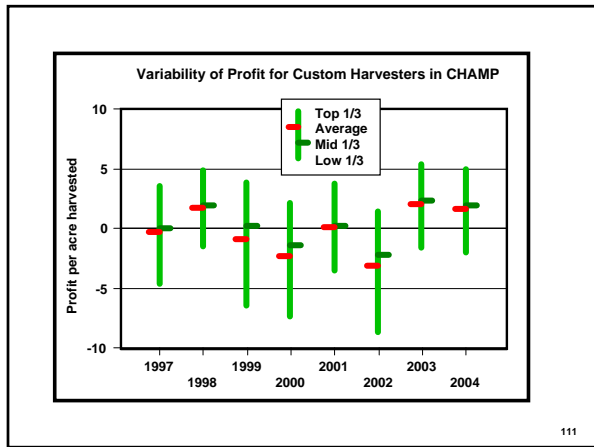
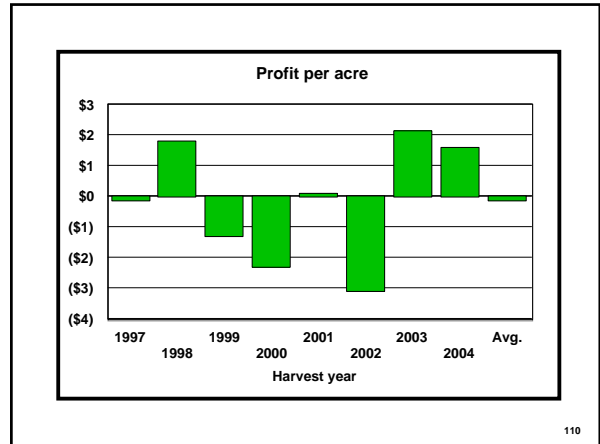
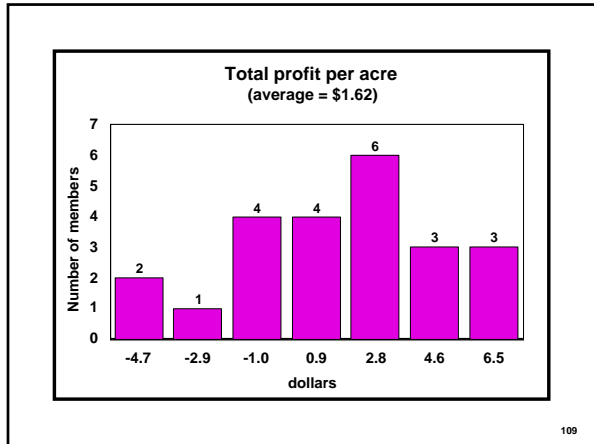


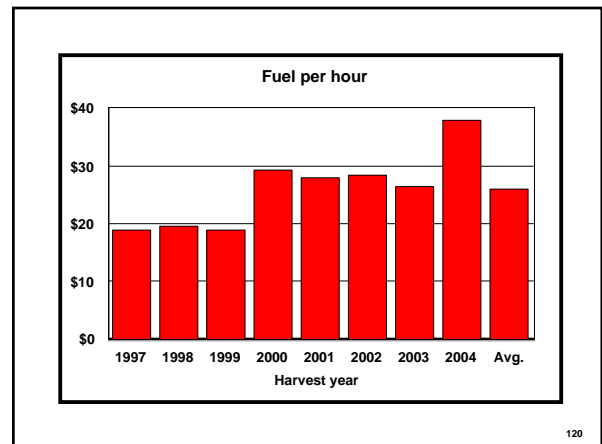
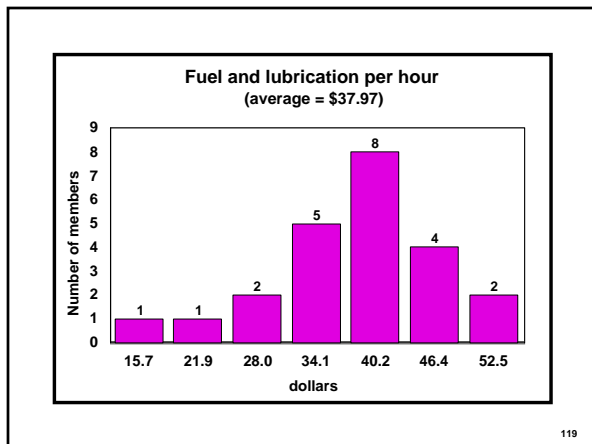
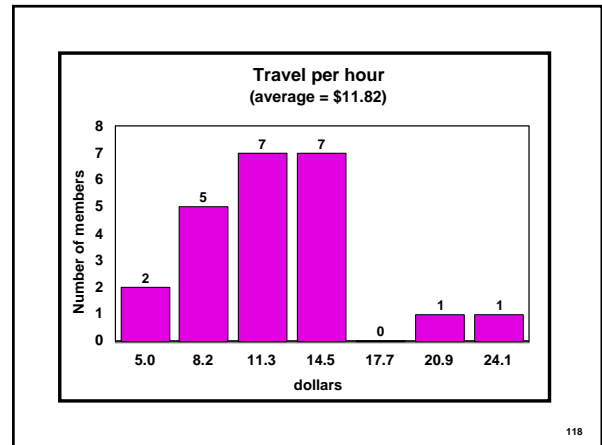
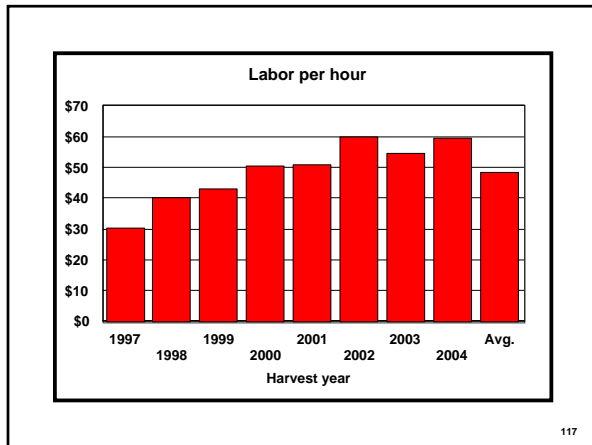
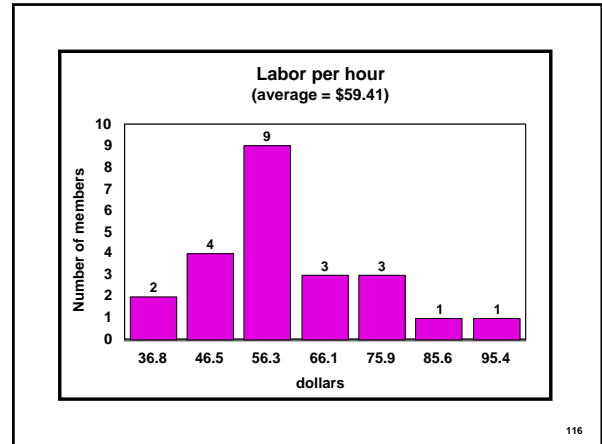
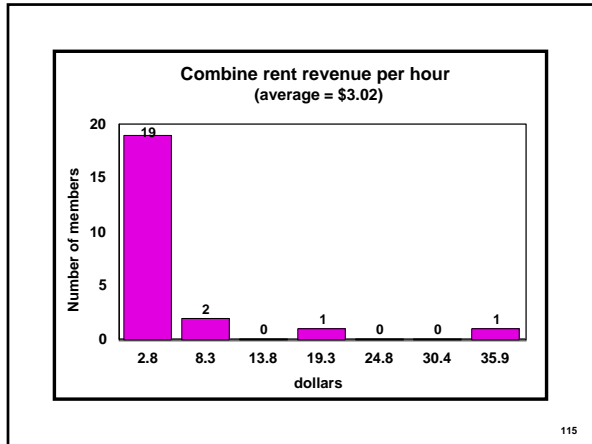


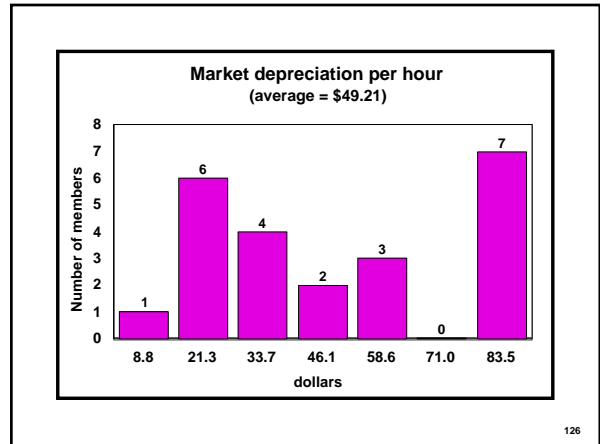
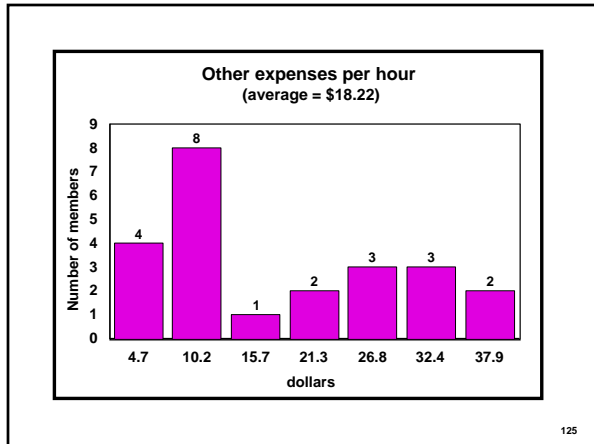
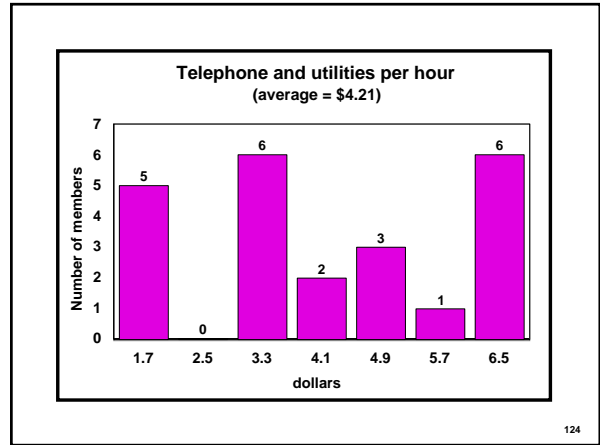
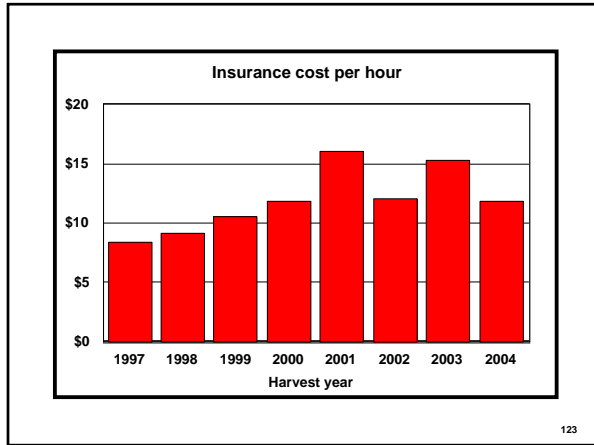
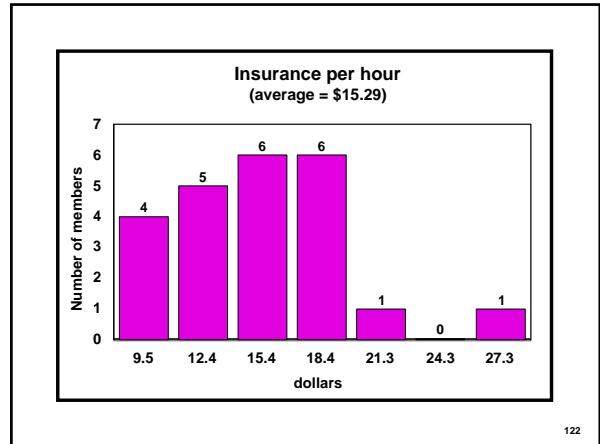
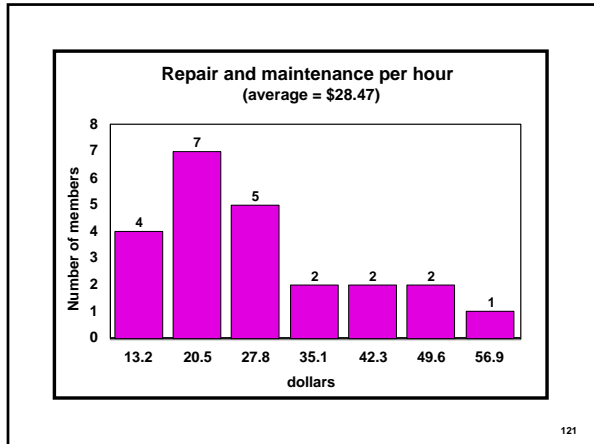


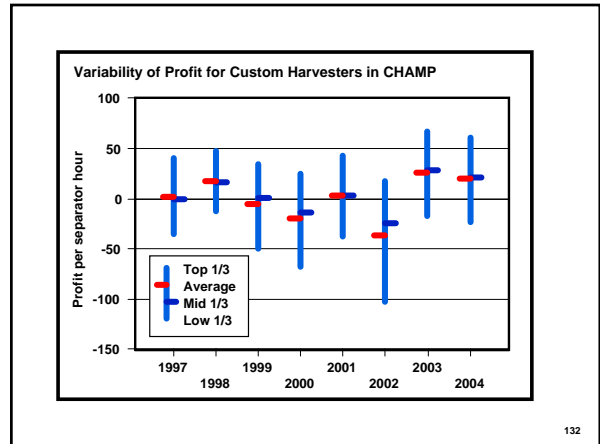
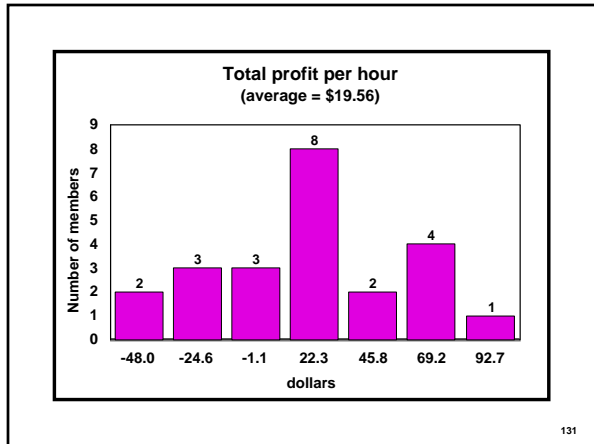
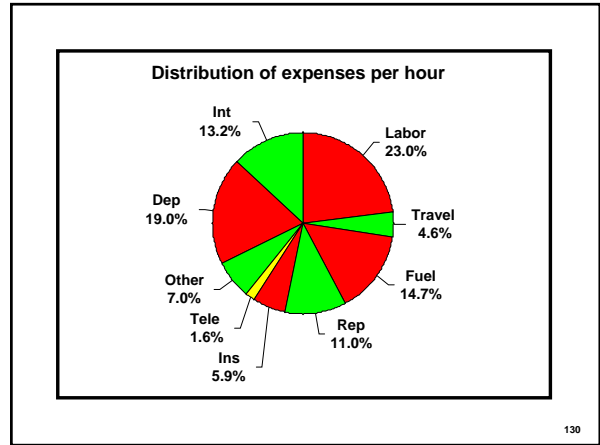
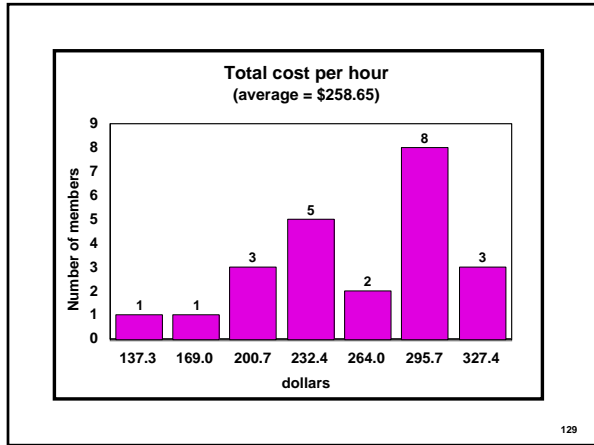
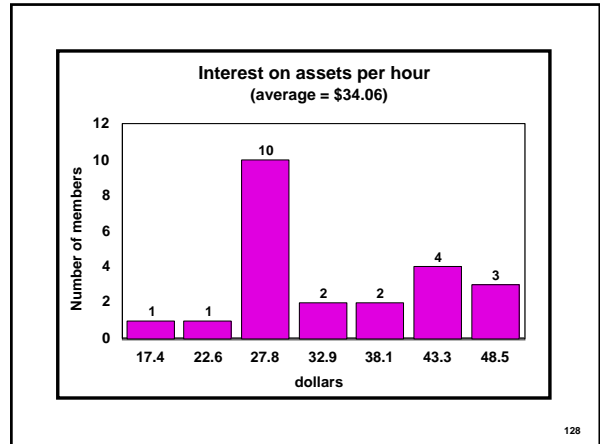
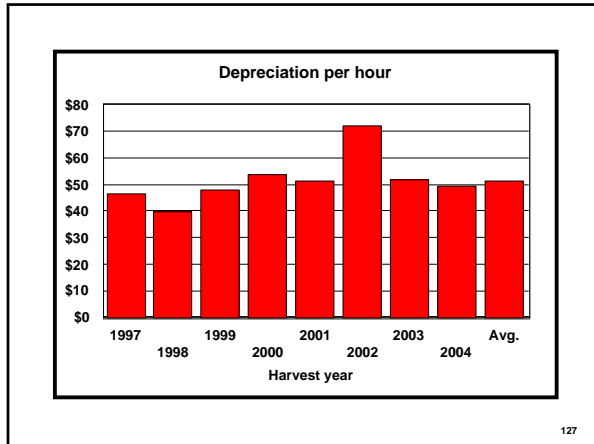












### Survey Average Income and Expense

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
<b>Total Revenue</b>	<b>\$162,891</b>	<b>\$23.51</b>	<b>\$278.21</b>
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
<b>Total Expense</b>	<b>\$152,434</b>	<b>\$21.89</b>	<b>\$258.65</b>
<b>Total Operating Profit</b>	<b>\$10,457</b>	<b>\$1.62</b>	<b>\$19.56</b>

133

### Profit and Financial Ratios

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

134

### 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) = 
$$\frac{\text{change in equity}}{\text{beginning equity}}$$

135

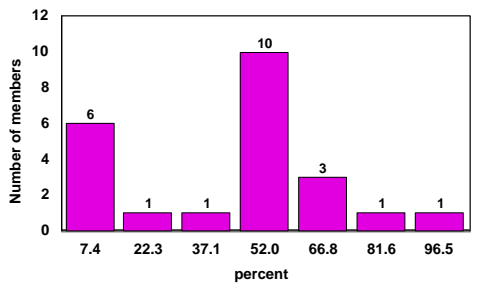
### Expense Ratio

a measure of financial efficiency

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

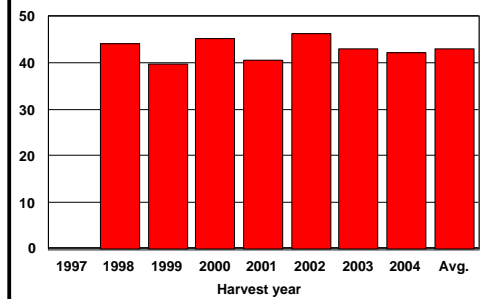
136

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

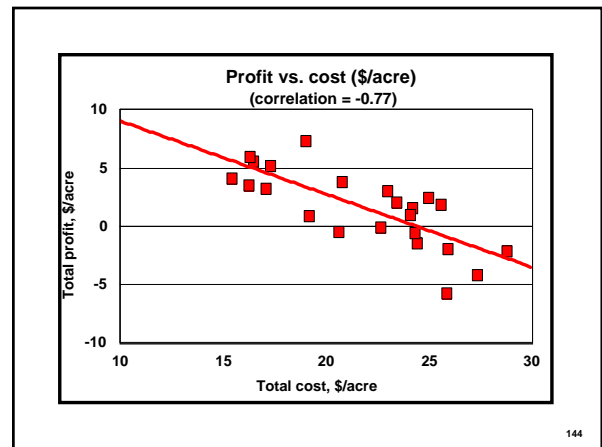
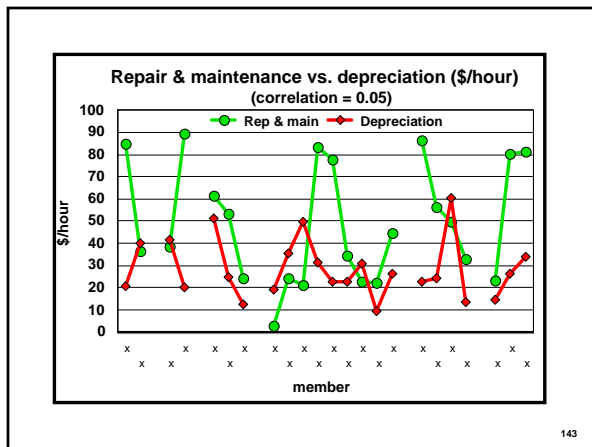
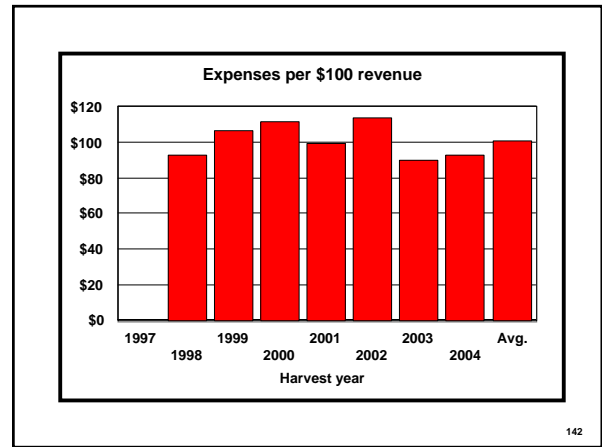
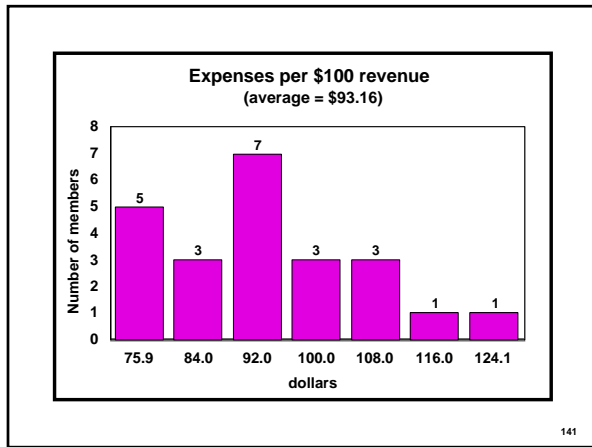
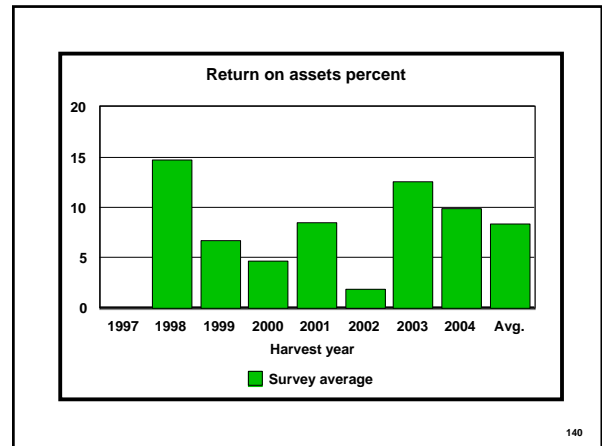
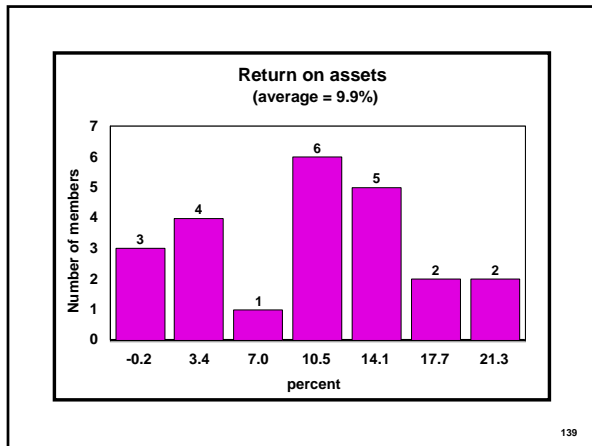


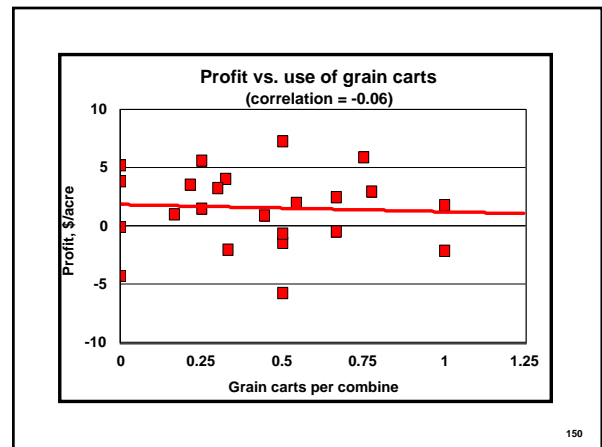
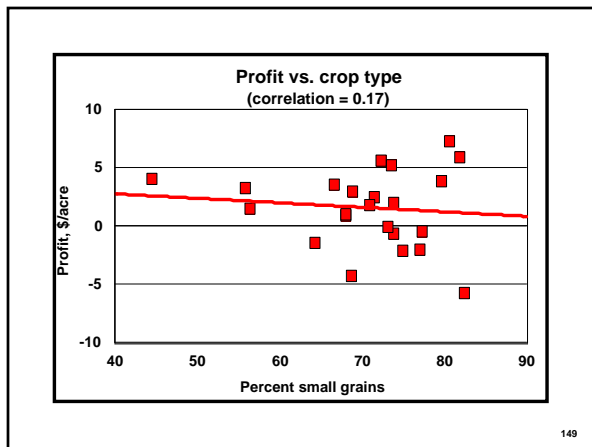
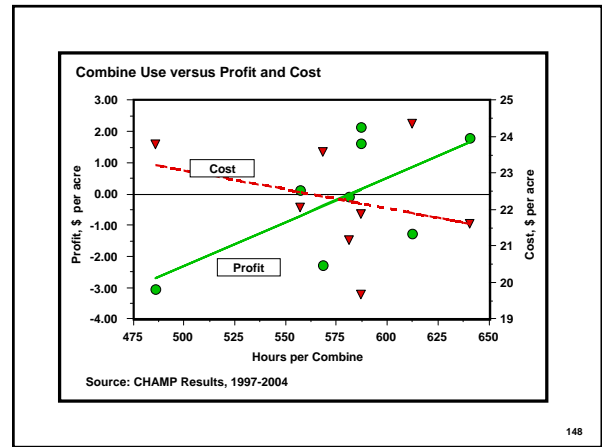
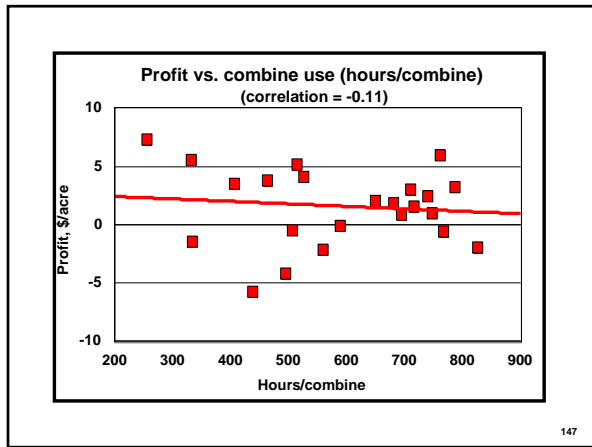
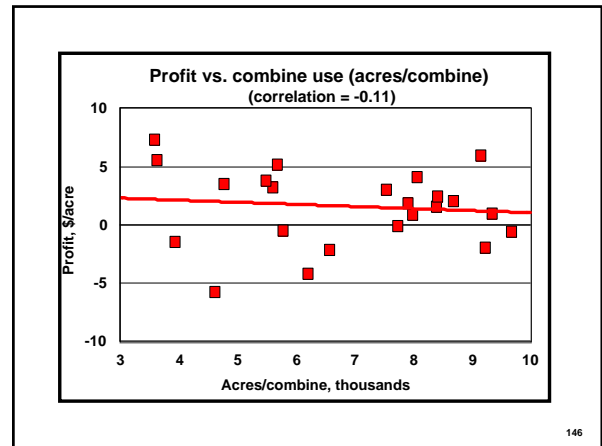
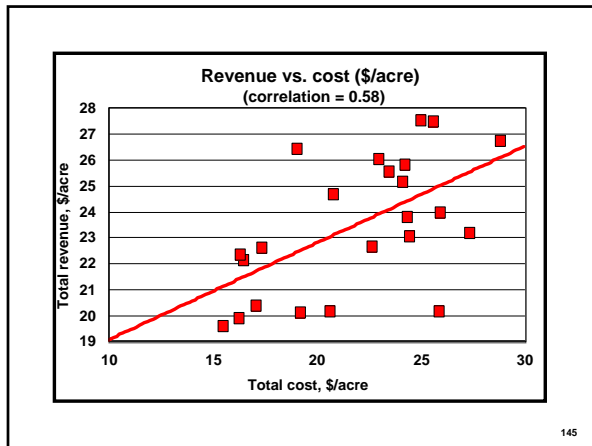
137

End of year debt-to-asset, %

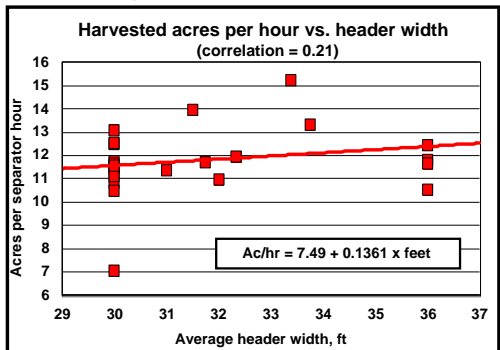


138



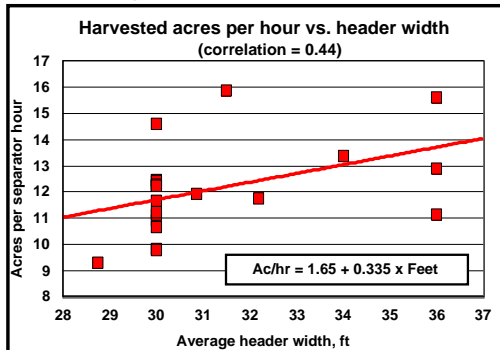


2004 harvest year



151

2003 harvest year



152

Summary

- On average, 2004 was a good year
- Of 8 years analyzed, 2004 was:
  - 2<sup>nd</sup> most profitable year
  - 2<sup>nd</sup> 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)

153

Questions???

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154