Average net farm profit of enrolled farmers was $141,973 in 2013. This was a decrease from the remarkable year in 2012 when, despite a massive drought, the net farm profit was $236,434. Participants in the farm business management program at Mitchell Technical Institute have averaged $197,556 net income over the past five years. A good plan for marketing and risk management is a crucial factor in maintaining and increasing profits.

The average gross cash income in 2013 was $1,061,552 compared to $903,743 in cash farm expenses. Progress was again made toward increasing net worth or owner’s equity. An increase in equity of 9% was realized by the average farm in 2013, compared to 14% in 2012. Equity gains can occur as a result of investing farm income into capital assets or repaying debt. The average living expenses for enrolled farm families in 2013 was $70,094, a 9% increase from 2012.
2013 data shows the family living cost of $70,094. As farm expenses continue to increase, the cost of family living has followed a similar trend. While total farm expenses were up only about 2% from 2012, family living showed an increase of 9%. Family living expenses equate to 9.6% of the total farm expenses. Farm contribution towards the support of family living is 77% with the remaining amount of $19,512 coming from non-farm income. When other non-farm expenditures are included, total cash and non-cash family expense totals $87,246. The data for Family Living information can be found on page 20 of the annual report. Cash family living includes the out of pocket cash items and the total family living includes non-farm capital purchases, personal vehicle purchases, non-farm real estate purchases, and non-farm investments and savings.

What is Farm Management Education?
Farm/ranch management education has been helping producers develop their management skills through statistical analysis in South Dakota since 1975. Each producer enrolled receives a detailed financial analysis of their business as well as comparative data through the averages. The program is designed around individualized on-farm instruction based on producer needs.

Program Information
There are approximately 100 farm businesses included in the 2013 annual report information. The program has been expanded to cover the entire state.

Due to the recent program expansion, there are currently openings for new participants to join the program. Please contact the instructor in your area. (see back cover for map)

Farm Management Education is Concerned With:
- Creating an awareness of the need for accurate financial and enterprise records.
- Stimulating families to establish goals and set priorities.
- Developing the farm/ranch operator’s understanding of the function of management.
- Developing student skills in analyzing and interpreting farm/ranch business records.
- Developing skills in analyzing data to improve the organization and efficiency of the farm business.
The South Dakota Center for Farm/Ranch Management utilizes FINPACK software to assist our producers in completing balance sheets, cash flow plans, and financial and enterprise analysis.

The monthly accounting software is the choice of the producer. Recommendations and information will be provided from your personal instructor.
Testimonials

“From a lender’s perspective, it makes my job so much easier when a producer comes in asking for a loan and he knows his cost of production and can use that information in marketing, decision making and planning. There is no other program that can help producers develop this information for this amount of money! The program is invaluable to us as lenders and I recommend it constantly.”

Kevin Jaspers – Sioux Falls, SD
Financial Officer
Farm Credit Services

“The SD Center for Farm/Ranch Management program is a great tool for our farm’s complete financial information with great accuracy. It is used for monthly cash flow, enterprise analysis, and has current and historical data for our decision making that we have confidence in sharing with our lender.”

Kurt & Kathy Stiefvater – Salem, SD
Program Participants

Crop Data

Yields Per Acre

<table>
<thead>
<tr>
<th>Crop</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oats (bu)</td>
<td>74.8</td>
<td>86.4</td>
<td>-</td>
<td>-</td>
<td>97.32</td>
</tr>
<tr>
<td>Spring Wheat</td>
<td>44.3</td>
<td>43.3</td>
<td>-</td>
<td>66.7</td>
<td>57.11</td>
</tr>
<tr>
<td>Winter Wheat</td>
<td>53</td>
<td>51.7</td>
<td>56</td>
<td>75.9</td>
<td>52.09</td>
</tr>
<tr>
<td>Corn</td>
<td>160</td>
<td>139.9</td>
<td>127</td>
<td>87.1</td>
<td>154.2</td>
</tr>
<tr>
<td>Soybeans</td>
<td>47.7</td>
<td>43.4</td>
<td>36</td>
<td>27.3</td>
<td>43.48</td>
</tr>
<tr>
<td>Alfalfa Hay</td>
<td>4.1</td>
<td>4.3</td>
<td>3.2</td>
<td>2.4</td>
<td>3.68</td>
</tr>
<tr>
<td>Non-tillable Hay (ton)</td>
<td>2</td>
<td>1.9</td>
<td>1.97</td>
<td>1.3</td>
<td>1.44</td>
</tr>
<tr>
<td>Silage</td>
<td>16.6</td>
<td>14.5</td>
<td>16.4</td>
<td>7.1</td>
<td>17.58</td>
</tr>
</tbody>
</table>

Total Crop Sales

Acres Operated

Total Input Costs Per Acre

Return Over All Costs

South Dakota center for Farm/Ranch Management
Testimonials

“The West River Farm & Ranch Business Management Program that we have been participating in has been a very enjoyable, enlightening and valuable resource to our ranching operation.

I would highly recommend this program to any and all operations, whether you have been ranching for 5 years or 50 years.”

Gary & Amy Cammack – Union Center, SD
Program Participants

“A number of our farmers are participants in this program and have found that the program makes a significant difference to the profitability of their operation. Through the disciplined method of financial planning, bookkeeping and analysis that this program teaches its participants, our farmers have been able to not only benefit from the higher returns these producers are achieving, but are also able to benefit from a systemized record keeping system and the ability to compare production against the benchmarks provided in the program’s annual report. I am happy to provide tuition assistance to producers who enroll in the program!”

Allen Teel – Stickney, SD
Senior Vice President
Farmers State Bank

“North Central Farmers Elevator is a proud supporter of the South Dakota Center for Farm/Ranch Management. It is an excellent opportunity to help our young producer/members become more successful through this education. We offer scholarships (50% tuition for the first year of enrollment) to new generation farmers throughout our trade territory. When the enrollee graduates from the program, we feel their sense of accomplishment knowing they have worked hard to be successful with the management of their farm or ranch. We look forward to granting scholarships to more new generation farmers in the area.”

Mike Nickolas – Ipswich, SD
General Manager
North Central Farmers Elevator
South Dakota Center for Farm/Ranch Management’s mission is to develop management skills through individualized education to ensure farm/ranch success.

### Participating Instructors:

- **Jared A. Hofer**  
  Director/Instructor  
  Mitchell Area  
  jared.hofer@mitchelltech.edu  
  (O) 605-995-7196  
  (C) 605-299-6330

- **Will Walter**  
  Assistant Director/Instructor  
  East/Southeast SD  
  will.walter@mitchelltech.edu  
  (O) 605-995-7191  
  (C) 605-770-0758

- **Lori Tonak**  
  Instructor  
  South Central SD  
  lori.tonak@mitchelltech.edu  
  (O) 605-995-7131  
  (C) 605-299-6762

- **Kathy Meland**  
  Instructor  
  Northeast SD  
  kathy.meland@mitchelltech.edu  
  (O) 605-995-7258  
  (C) 605-299-6760

- **David Koupal**  
  Instructor  
  West River SD  
  david.koupal@mitchelltech.edu  
  (O) 605-995-7193  
  (C) 605-299-6163

### WHERE DO YOU GET YOUR FINANCIAL EDUCATION?

<table>
<thead>
<tr>
<th></th>
<th>SDCF RM</th>
<th>Lender</th>
<th>Accountant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal Setting</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Explanation of Financial Documents</td>
<td>X</td>
<td>LIMITED</td>
<td></td>
</tr>
<tr>
<td>Assessing of Personal Skills</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Help Establish a Record Keeping System</td>
<td>X</td>
<td>LIMITED</td>
<td></td>
</tr>
<tr>
<td>Balance Sheet Preparation</td>
<td>X</td>
<td>X</td>
<td>LIMITED</td>
</tr>
<tr>
<td>Financial &amp; Production Trends</td>
<td>X</td>
<td>LIMITED</td>
<td></td>
</tr>
<tr>
<td>Cash Flow Planning</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Cash Reconciliation</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Income Statement</td>
<td>X</td>
<td></td>
<td>LIMITED</td>
</tr>
<tr>
<td>Year End Analysis</td>
<td>X</td>
<td>LIMITED</td>
<td></td>
</tr>
<tr>
<td>Crop &amp; Livestock Enterprise Analysis</td>
<td>X</td>
<td>LIMITED</td>
<td></td>
</tr>
<tr>
<td>Explanation of Financial Numbers</td>
<td>X</td>
<td>LIMITED</td>
<td></td>
</tr>
<tr>
<td>Cost of production per unit</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Analyzing Alternatives</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk Management &amp; Marketing</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax Planning Preparation</td>
<td>X</td>
<td>LIMITED</td>
<td>X</td>
</tr>
<tr>
<td>Financial Advocate</td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1-800-684-1969  
sdcfrm@mitchelltech.edu  
www.mitchelltech.edu/sdcfrm  
1800 E. Spruce St. • Mitchell, SD 57301

Program offered in Cooperation with: