

Staff Paper

2001 Business Analysis Summary for Michigan Tree Fruit Farms

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2001 BUSINESS ANALYSIS SUMMARY FOR MICHIGAN TREE FRUIT FARMS

2001 Michigan Telfarm and AgriSolutions Data
Staff Paper No. 2002-22, 16 pages
by

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Abstract

In 2001, a panel of 17 Michigan tree fruit farms had an average net farm income of \$34,069 from selling primarily cherries and apples.

Introduction

The body of this report is organized as follows:

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- II. List and sequence of Tables
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Data Source

Farm types were assigned using the 1992 Census of Agriculture's Standard Industrial Classification (SIC) definitions. Basically, any farm with 50 percent or more of value of farm sales from

¹ Professor and Farm Management Specialist. Co-workers in the Telfarm/MicroTel project were R. Betz, L. Borton, R. Clark, S. Harsh, M. Kelsey, G. Kole, T. Purdy, W. Schauer, G. Schwab, D. Stein, and C. Wolf with the assistance of Michigan State University Extension Agents. AgriSolutions co-workers were Kelly Tobin, and Tiffany Aldrich.

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one item becomes a farm of that type. Fruit farms have 50 percent or more of value of combined sales from cherries, apples, and other tree fruits.

This report is a summary of the financial and production records kept by fruit farmers enrolled in the Telfarm/MicroTel record program through Michigan State University Extension , or were accounting clients of AgriSolutions in Michigan. Farm records were included if a Finan² summary was completed on 2001 data including beginning and ending balance sheets, income and expenses plus crop acres and yields. The summary was included if cash discrepancy was less than 10% of gross cash inflow, and if the debt discrepancy was less than \$1,000. The averages are reported in the tables below; it should be recognized that considerable variability exist in the data. The unweighted mean of the net farm income for the 17 farms was \$33,961; the standard deviation of the mean was \$47,016 and the median was \$19,858. The unweighted mean of acres cropped (owned plus rented) on the 17 farms was 126 acres; the standard deviation of the mean was 59 acres and the median was 116 acres.

This report has three purposes: 1)to provide statistical information about the financial results on fruit farms during 2001; 2)to provide production costs for comparative analysis and forward planning; and 3)to provide information on the trends in resource use, income and costs during the last few years. For fruit farm averages for 1995, see Staff Paper No. 96-86, Michigan Farm Database, New Directions for 1995; it contains averages of 23 fruit farms calculated with Finansum. Staff Paper No. 97-26, Business Analysis Summary for Fruit Farms, contains averages of 18 fruit farms for 1996. Staff Paper No. 98-14, 1997 Business Analysis Summary for Fruit Farms, contains averages of 18 fruit farms for 1997. Staff Paper No. 99-31, 1998 Business Analysis Summary for Fruit Farms contains averages of 16 fruit farms for 1998. Staff Paper No. 2000-18, 1999 Business Analysis Summary for Fruit Farms contains averages of 20 fruit farms for 1999. Staff Paper No. 2001-20, 2000 Business Analysis Summary for Fruit Farms contains averages of 16 fruit farms for 2000. These staff papers are available from the author.

RankEm,³ analysis software also from the University of Minnesota, allows rapid analysis of group averages with some degree of choice over how the results are presented. The farm was accepted in the average regardless of whether the farm was a proprietorship, partnership, limited liability company, or corporation. RankEm will produce a variety of report options; I included a subset in this publication.

The farms included in the averages below are not a random sample. They kept their financial records with Michigan State University's Telfarm/MicroTel accounting project or with AgriSolutions. The averages may be representative of bigger and better managed fruit farms.

This document may be found and downloaded from the following:

<http://www.msu.edu/user/nott>

² Finan = financial analysis, one of the parts of Finpack, a financial software package from the Center for Farm Financial Management at the University of Minnesota.

³ Rankem provides statistical analysis and reports from Finan data sets. It also comes from the Center for Farm Financial Management.

Table 1.

CROP ACREAGE SUMMARY, 2001

Michigan Specialized Tree Fruit Farms
(Farms Sorted by Net Farm Income)

	<u>Avg. Of</u> <u>All Farms</u>	<u>Low 50%</u>	<u>High 50%</u>
Number of farms	17	8	9
Acreage Summary			
Total acres owned	187	157	213
Total crop acres	119	107	129
Crop acres owned	91	71	109
Crop acres cash rented	28	36	20

Table 2.

FARM INCOME STATEMENT, 2001Michigan Specialized Tree Fruit Farms
(Farms Sorted by Net Farm Income)

	<u>Avg. Of</u> <u>All Farms</u>	<u>Low 50%</u>	<u>High 50%</u>
Number of farms	17	8	9
Cash Farm Income			
Apples	44,171	41,115	46,887
Asparagus	858	-	1,620
Cherries	54,971	43,681	65,005
Cherries, Sweet	9,655	8,948	10,284
Cherries, Tart	37,173	37,663	36,737
Grapes	684	311	1,015
Hay, Alfalfa	121	-	228
Oats	60	-	113
Peaches	3,661	1,688	5,415
Pears	62	-	118
Plums	3,492	987	5,719
Pumpkins	605	-	1,142
Rhubarb	225	-	425
Squash	287	-	543
Sweet Corn	905	-	1,710
Tomatoes	159	-	300
Beef, Finish Yrlg Steers	868	-	1,639
Other farm income	21,384	21,486	21,294
Gross Cash Farm Income	179,339	155,878	200,193

Table 3.

FARM INCOME STATEMENT, 2001 (Continued)

Michigan Specialized Tree Fruit Farms

(Farms Sorted by Net Farm Income)

	Avg. Of <u>All Farms</u>	<u>Low 50%</u>	<u>High 50%</u>
Number of farms	17	8	9
Cash Farm Expense			
Seed	817	728	897
Fertilizer	4,493	3,954	4,972
Crop chemicals	24,208	20,330	27,655
Crop insurance	645	550	730
Crop marketing	3,716	3,497	3,910
Crop miscellaneous	719	854	598
Feeder livestock purchase	1,177	-	2,223
Purchased feed	87	52	118
Livestock supplies	96	-	182
Interest	13,518	15,047	12,160
Fuel & oil	6,836	6,305	7,308
Repairs	11,056	9,351	12,572
Custom hire	2,604	2,037	3,107
Hired labor	42,384	45,934	39,228
Land rent	4,613	1,949	6,981
Machinery & bldg leases	2,082	2,885	1,367
Real estate taxes	4,276	4,813	3,798
Personal property taxes	63	4	115
Farm insurance	4,112	4,561	3,712
Utilities	3,908	4,157	3,686
Dues & professional fees	2,551	3,156	2,013
Miscellaneous	6,894	9,140	4,897
Total cash expense	140,851	139,302	142,229
Net cash farm income	38,488	16,576	57,964
Inventory Changes			
Crops and feed	13,073	-5,199	29,315
Market livestock	494	-	933
Accounts receivable	-2,918	-5,350	-756
Prepaid expenses and supplies	507	371	627
Accounts payable	-1,186	-4,075	1,382
Total inventory change	9,970	-14,252	31,501
Net operating profit	48,458	2,324	89,466
Depreciation and Other Capital Adjustments			
Breeding livestock	-	-	-
Machinery and equipment	-7,771	-4,232	-10,917
Buildings and improvements	-4,680	-6,135	-3,387
Other farm capital	-1,938	-470	-3,243
Total depr. and other capital adj	-14,389	-10,837	-17,546
Net farm income	\$34,069	\$-8,513	\$71,920

Table 4.

INVENTORY CHANGES, 2001Michigan Specialized Tree Fruit Farms
(Farms Sorted by Net Farm Income)

	Avg. Of <u>All Farms</u>	<u>Low 50%</u>	<u>High 50%</u>
Number of farms	17	8	9
Net cash farm income	38,488	16,576	57,964
Crops and Feed			
Ending inventory	73,440	54,076	90,653
Beginning inventory	60,367	59,275	61,338
Inventory change	13,073	-5,199	29,315
Market Livestock			
Ending inventory	1,412	-	2,667
Beginning inventory	918	-	1,733
Inventory change	494	-	933
Accts Receivable & Other Current Assets			
Ending inventory	19,342	25,224	14,114
Beginning inventory	22,260	30,574	14,869
Inventory change	-2,918	-5,350	-756
Prepaid Expenses and Supplies			
Ending inventory	3,465	3,377	3,544
Beginning inventory	2,959	3,006	2,917
Inventory change	507	371	627
Accounts Payable & Accrued Expenses			
Beginning inventory	13,856	11,654	15,814
Ending inventory	15,042	15,729	14,432
Inventory change	-1,186	-4,075	1,382
Total inventory change	9,970	-14,252	31,501
Net operating profit	48,458	2,324	89,466

Table 5. DEPRECIATION AND OTHER CAPITAL ADJUSTMENTS, 2001Michigan Specialized Tree Fruit Farms
(Farms Sorted by Net Farm Income)

	<u>Avg. Of</u> <u>All Farms</u>	<u>Low 50%</u>	<u>High 50%</u>
Number of farms	17	8	9
Net operating profit	48,458	2,324	89,466
Breeding Livestock			
Ending inventory	24	50	-
Capital sales	-	-	-
Beginning inventory	24	50	-
Capital purchases	-	-	-
Depreciation, capital adjust.	-	-	-
Machinery and Equipment			
Ending inventory	34,284	30,163	37,948
Capital sales	4,100	8,088	556
Beginning inventory	37,211	36,477	37,863
Capital purchases	8,945	6,006	11,557
Depreciation, capital adjust.	-7,771	-4,232	-10,917
Buildings and Improvements			
Ending inventory	77,868	75,223	80,220
Capital sales	-	-	-
Beginning inventory	77,521	78,489	76,661
Capital purchases	5,027	2,868	6,946
Depreciation, capital adjust.	-4,680	-6,135	-3,387
Other Capital Assets			
Ending inventory	23,263	30,390	16,928
Capital sales	222	103	328
Beginning inventory	22,677	30,556	15,674
Capital purchases	2,746	407	4,825
Depreciation, capital adjust.	-1,938	-470	-3,243
Total depreciation, capital adj.	-14,389	-10,837	-17,546
Net farm income	34,069	-8,513	71,920

Table 6.

PROFITABILITY ANALYSIS, 2001Michigan Specialized Tree Fruit Farms
(Farms Sorted by Net Farm Income)

	Avg. Of <u>All Farms</u>	<u>Low 50%</u>	<u>High 50%</u>
Number of farms	17	8	9
Profitability (assets valued at cost)			
Net farm income	34,069	-8,513	71,920
Labor and management earnings	22,644	-16,065	57,053
Rate of return on assets	3.6 %	-4.7 %	9.8 %
Rate of return on equity	0.8 %	-32.4 %	13.3 %
Operating profit margin	7.8 %	-12.1 %	19.1 %
Asset turnover rate	45.9 %	39.0 %	51.0 %
Interest on farm net worth	11,425	7,552	14,867
Farm interest expense	13,277	16,104	10,765
Value of operator lbr and mgmt.	32,598	25,173	39,198
Return on farm assets	14,748	-17,582	43,486
Average farm assets	411,040	372,365	445,419
Return on farm equity	1,471	-33,686	32,722
Average farm equity	179,132	103,957	245,955
Value of farm production	188,724	145,277	227,344
	Avg. Of		
	<u>All Farms</u>	<u>Low 50%</u>	<u>High 50%</u>
Number of farms	17	8	9
Profitability (assets valued at market)			
Net farm income	92,598	82,913	101,207
Labor and management earnings	55,203	51,408	58,576
Rate of return on assets	8.6 %	9.3 %	8.0 %
Rate of return on equity	9.6 %	11.0 %	8.7 %
Operating profit margin	38.8 %	50.8 %	32.0 %
Asset turnover rate	22.1 %	18.3 %	25.0 %
Interest on farm net worth	37,395	31,505	42,631
Farm interest expense	13,277	16,104	10,765
Value of operator lbr and mgmt.	32,598	25,173	39,198
Return on farm assets	73,277	73,844	72,774
Average farm assets	855,163	793,493	909,981
Return on farm equity	60,000	57,740	62,009
Average farm equity	623,255	525,085	710,517
Value of farm production	188,724	145,277	227,344

Table 7.

LIQUIDITY MEASURES, 2001Michigan Specialized Tree Fruit Farms
(Farms Sorted by Net Farm Income)

	Avg. Of <u>All Farms</u>	<u>Low 50%</u>	<u>High 50%</u>
Number of farms	17	8	9
Liquidity (cash)			
Net cash farm income	38,488	16,576	57,964
Net nonfarm income	16,639	18,204	15,249
Family living and taxes	35,099	31,164	38,596
Real estate principal payments	8,550	6,539	10,337
Cash available for interm. debt	11,479	-2,923	24,280
Average intermediate debt	16,179	21,098	11,807
Years to turnover interm. debt	1.4	**	0.5
Expense as a % of income	79 %	89 %	71 %
Interest as a % of income	8 %	10 %	6 %
Liquidity (accrual)			
Total accrual farm income	189,988	145,329	229,686
Total accrual operating expense	141,531	143,005	140,220
Net accrual operating income	48,458	2,324	89,466
Net nonfarm income	16,639	18,204	15,249
Family living and taxes	35,099	31,164	38,596
Real estate principal payments	8,550	6,539	10,337
Available for intermediate debt	21,449	-17,175	55,781
Average intermediate debt	16,179	21,098	11,807
Years to turnover interm. debt	0.8	**	0.2
Expense as a % of income	74 %	98 %	61 %
Interest as a % of income	7 %	11 %	5 %

** Income insufficient to meet debt servicing requirements

Table 8.

BALANCE SHEET AT COST VALUES, 2001Michigan Specialized Tree Fruit Farms
(Farms Sorted by Net Farm Income)

	Avg. Of <u>All Farms</u>		<u>Low 50%</u>		<u>High 50%</u>	
	17		8		9	
Number of farms	Beginning	Ending	Beginning	Ending	Beginning	Ending
Assets						
Current Farm Assets						
Cash and checking balance	13,881	13,106	9,297	7,127	17,956	18,421
Prepaid expenses & supplies	2,959	3,465	3,006	3,377	2,917	3,544
Growing crops	0	0	0	0	0	0
Accounts receivable	22,273	19,342	30,603	25,224	14,869	14,114
Hedging accounts	0	0	0	0	0	0
Crops held for sale or feed	60,367	73,440	59,275	54,076	61,338	90,653
Crops under government loan	0	0	0	0	0	0
Market livestock held for sale	918	1,412	0	0	1,733	2,667
Other current assets	-14	0	-29	0	0	0
Total current farm assets	100,384	110,766	102,152	89,805	98,813	129,398
Intermediate Farm Assets						
Breeding livestock	24	24	50	50	0	0
Machinery and equipment	37,211	34,284	36,477	30,163	37,863	37,948
Other intermediate assets	18,383	18,968	23,557	23,390	13,783	15,038
Total intermediate farm assets	55,617	53,276	60,084	53,603	51,646	52,986
Long Term Farm Assets						
Farm land	164,734	173,325	133,829	137,547	192,205	205,127
Buildings and improvements	77,521	77,868	78,489	75,223	76,661	80,220
Other long-term assets	4,295	4,295	6,999	7,000	1,890	1,890
Total long-term farm assets	246,549	255,488	219,317	219,769	270,756	287,238
Total Farm Assets	402,551	419,530	381,553	363,176	421,216	469,622
Total Nonfarm Assets	32,841	33,850	3,534	3,409	58,892	60,908
Total Assets	435,392	453,380	385,087	366,585	480,108	530,530
Liabilities						
Current Farm Liabilities						
Accrued interest	7,788	7,547	9,229	10,286	6,507	5,112
Accounts payable	6,068	7,495	2,425	5,442	9,307	9,320
Current notes	26,798	27,098	22,333	25,058	30,767	28,911
Government crop loans	0	0	0	0	0	0
Principal due on term debt	9,824	12,120	8,776	12,947	10,756	11,384
Total current farm liabilities	50,478	54,260	42,762	53,733	57,337	54,727
Total intermediate farm liabs	14,828	10,806	20,535	12,608	9,755	9,204
Total long term farm liabilities	166,674	166,770	211,844	195,334	126,523	141,381
Total farm liabilities	231,980	231,836	275,141	261,675	193,615	205,312
Total nonfarm liabilities	28,599	32,826	18,036	16,425	37,989	47,405
Total liabilities	260,580	264,662	293,177	278,100	231,604	252,717
Net worth (farm and nonfarm)	174,812	188,718	91,909	88,485	248,503	277,814
Net worth change		13,906		-3,424		29,310
Ratio Analysis						
Current farm liabilities / assets	50 %	49 %	42 %	60 %	58 %	42 %
Curr. & interm farm liab. / assets	42 %	40 %	39 %	46 %	45 %	35 %
Long term farm liab. / assets	68 %	65 %	97 %	89 %	47 %	49 %
Total debt to asset ratio	60 %	58 %	76 %	76 %	48 %	48 %

Table 9.

BALANCE SHEET AT MARKET VALUES, 2001Michigan Specialized Tree Fruit Farms
(Farms Sorted by Net Farm Income)

	Avg. Of		Low 50%		High 50%	
	All Farms					
Number of farms	17		8		9	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
Assets						
Current Farm Assets						
Cash and checking balance	13,881	13,106	9,297	7,127	17,956	18,421
Prepaid expenses & supplies	2,959	3,465	3,006	3,377	2,917	3,544
Growing crops	0	0	0	0	0	0
Accounts receivable	22,273	19,342	30,603	25,224	14,869	14,114
Hedging accounts	0	0	0	0	0	0
Crops held for sale or feed	60,367	73,440	59,275	54,076	61,338	90,653
Crops under government loan	0	0	0	0	0	0
Market livestock held for sale	918	1,412	0	0	1,733	2,667
Other current assets	-14	0	-29	0	0	0
Total current farm assets	100,384	110,766	102,152	89,805	98,813	129,398
Intermediate Farm Assets						
Breeding livestock	24	24	50	50	0	0
Machinery and equipment	118,560	120,669	107,747	99,933	128,172	139,102
Other intermediate assets	21,363	22,262	29,891	30,389	13,783	15,038
Total intermediate farm assets	139,947	142,955	137,688	130,371	141,955	154,140
Long Term Farm Assets						
Farm land	463,890	525,282	408,988	506,288	512,692	542,167
Buildings and improvements	105,291	104,967	94,267	89,679	115,090	118,556
Other long-term assets	7,897	8,947	13,874	13,875	2,584	4,567
Total long-term farm assets	577,078	639,197	517,129	609,842	630,366	665,290
Total Farm Assets	817,409	892,917	756,968	830,018	871,134	948,828
Total Nonfarm Assets	250,156	255,436	178,809	191,647	313,576	312,137
Total Assets	1,067,565	1,148,353	935,777	1,021,665	1,184,710	1,260,965
Liabilities						
Current Farm Liabilities						
Accrued interest	7,788	7,547	9,229	10,286	6,507	5,112
Accounts payable	6,068	7,495	2,425	5,442	9,307	9,320
Current notes	26,798	27,098	22,333	25,058	30,767	28,911
Government crop loans	0	0	0	0	0	0
Principal due on term debt	9,824	12,120	8,776	12,947	10,756	11,384
Total current farm liabilities	50,478	54,260	42,762	53,733	57,337	54,727
Total intermediate farm liabs	14,828	10,806	20,535	12,608	9,755	9,204
Total long term farm liabilities	166,674	166,770	211,844	195,334	126,523	141,381
Total farm liabilities	231,980	231,836	275,141	261,675	193,615	205,312
Total nonfarm liabilities	28,599	32,826	18,036	16,425	37,989	47,405
Total liabs excluding deferreds	260,580	264,662	293,177	278,100	231,604	252,717
Total deferred liabilities	0	0	0	0	0	0
Total liabilities	260,580	264,662	293,177	278,100	231,604	252,717
Retained earnings	174,812	188,718	91,909	88,485	248,503	277,814
Market valuation equity	632,173	694,973	550,691	655,080	704,602	730,435
Net worth (farm and nonfarm)	806,986	883,691	642,600	743,565	953,106	1,008,248
Net worth excluding deferreds	806,986	883,691	642,600	743,565	953,106	1,008,248
Net worth change		76,706		100,965		55,142
Ratio Analysis						
Current farm liabilities / assets	50 %	49 %	42 %	60 %	58 %	42 %
Curr. & interm farm liab. / assets	27 %	26 %	26 %	30 %	28 %	23 %
Long term farm liab. / assets	29 %	26 %	41 %	32 %	20 %	21 %
Total debt to asset ratio	24 %	23 %	31 %	27 %	20 %	20 %
Debt to assets excl deferreds	24 %	23 %	31 %	27 %	20 %	20 %

Table 10.

STATEMENT OF CASH FLOWS, 2001Michigan Specialized Tree Fruit Farms
(Farms Sorted by Net Farm Income)

	<u>Avg. Of</u> <u>All Farms</u>	<u>Low 50%</u>	<u>High 50%</u>
Number of farms	17	8	9
Beginning cash (farm & nonfarm)	19,393	9,859	27,867
Cash From Operating Activities			
Gross cash farm income	179,339	155,878	200,193
Net nonfarm income	16,639	18,204	15,249
Total cash farm expense	-140,851	-139,302	-142,229
Apparent family living expense	-32,545	-28,363	-36,263
Income and social security tax	-2,553	-2,800	-2,333
Cash from operations	20,029	3,617	34,617
Cash From Investing Activities			
Sale of breeding livestock	-	-	-
Sale of machinery & equipment	4,100	8,088	556
Sale of farm land	-	-	-
Sale of farm buildings	-	-	-
Sale of other farm assets	222	103	328
Sale of nonfarm assets	2,911	-	5,499
Purchase of breeding livestock	-	-	-
Purchase of machinery & equip.	-8,945	-6,006	-11,557
Purchase of farm land	-321	-104	-513
Purchase of farm buildings	-5,027	-2,868	-6,946
Purchase of other farm assets	-2,746	-407	-4,825
Purchase of nonfarm assets	-12,292	-650	-22,640
Cash from investing activities	-22,096	-1,843	-40,099
Cash From Financing Activities			
Money borrowed	52,997	17,967	84,134
Cash gifts and inheritances	16,111	20,765	11,974
Principal payments	-50,188	-37,166	-61,762
Dividends paid	-	-	-
Gifts given	-18,843	-5,634	-30,585
Cash from financing activities	77	-4,068	3,762
Net change in cash balance	-1,991	-2,295	-1,720
Ending cash (farm & nonfarm)	17,402	7,565	26,146

Table 11.

FINANCIAL STANDARDS MEASURES, 2001Michigan Specialized Tree Fruit Farms
(Farms Sorted by Net Farm Income)

	<u>Avg. Of</u> <u>All Farms</u>	<u>Low 50%</u>	<u>High 50%</u>
Number of farms	17	8	9
Liquidity			
Current ratio	2.04	1.67	2.36
Working capital	56,506	36,071	74,671
Solvency (market)			
Farm debt to asset ratio	26 %	32 %	22 %
Farm equity to asset ratio	74 %	68 %	78 %
Farm debt to equity ratio	35 %	46 %	28 %
Profitability (cost)			
Rate of return on farm assets	3.6 %	-4.7 %	9.8 %
Rate of return on farm equity	0.8 %	-32.4 %	13.3 %
Operating profit margin	7.8 %	-12.1 %	19.1 %
Net farm income	34,069	-8,513	71,920
Repayment Capacity			
Term debt coverage ratio	180 %	40 %	290 %
Capital replacement margin	21,000	-14,816	52,836
Efficiency			
Asset turnover rate (cost)	45.9 %	39.0 %	51.0 %
Operating expense ratio	67.5 %	87.3 %	56.4 %
Depreciation expense ratio	7.6 %	7.5 %	7.6 %
Interest expense ratio	7.0 %	11.1 %	4.7 %
Net farm income ratio	17.9 %	-5.9 %	31.3 %

Table 12.

OPERATOR AND LABOR INFORMATION, 2001Michigan Specialized Tree Fruit Farms
(Farms Sorted by Net Farm Income)

	Avg. Of <u>All Farms</u>	<u>Low 50%</u>	<u>High 50%</u>
Number of farms	17	8	9
Operator Information			
Average number of operators	1.2	1.1	1.2
Results Per Operator			
Working capital	48,030	32,063	61,094
Total assets (market)	976,100	908,147	1,031,698
Total liabilities	224,962	247,200	206,768
Net worth (market)	751,138	660,947	824,930
Net worth excl deferred liabs	751,138	660,947	824,930
Gross farm income	161,490	129,181	187,925
Total farm expense	132,531	136,748	129,081
Net farm income	28,959	-7,567	58,843
Net nonfarm income	14,144	16,181	12,476
Family living withdrawals	29,834	27,701	31,579
Total acres owned	158.8	139.7	174.4
Total crop acres	100.9	95.2	105.6
Crop acres owned	77.3	63.1	89.0
Crop acres cash rented	23.6	32.1	16.6
Labor Analysis			
Number of farms	17	8	9
Total unpaid labor hours	2,290	1,623	2,883
Total hired labor hours	4,748	5,441	4,132
Total labor hours per farm	7,039	7,065	7,016
Unpaid hours per operator	1,947	1,443	2,359
Value of farm production / hour	26.81	20.56	32.41
Net farm income / unpaid hour	14.88	-5.24	24.94

Table 13.

FINANCIAL SUMMARY, 2001
Michigan Specialized Tree Fruit Farms
(Farms Sorted by Net Farm Income)

	Avg. Of <u>All Farms</u>	<u>Low 50%</u>	<u>High 50%</u>
Number of farms	17	8	9
Income Statement			
Gross cash farm income	179,339	155,878	200,193
Total cash farm expense	140,851	139,302	142,229
Net cash farm income	38,488	16,576	57,964
Inventory change	9,970	-14,252	31,501
Depreciation and capital adjust	-14,389	-10,837	-17,546
Net farm income	34,069	-8,513	71,920
Profitability (cost)			
Labor and management earnings	22,644	-16,065	57,053
Rate of return on assets	3.6 %	-4.7 %	9.8 %
Rate of return on equity	0.8 %	-32.4 %	13.3 %
Operating profit margin	7.8 %	-12.1 %	19.1 %
Asset turnover rate	45.9 %	39.0 %	51.0 %
Profitability (market)			
Labor and management earnings	55,203	51,408	58,576
Rate of return on assets	8.6 %	9.3 %	8.0 %
Rate of return on equity	9.6 %	11.0 %	8.7 %
Operating profit margin	38.8 %	50.8 %	32.0 %
Asset turnover rate	22.1 %	18.3 %	25.0 %
Liquidity			
Term debt coverage ratio	179.7 %	39.8 %	289.6 %
Expense as a percent of income	74.5 %	98.4 %	61.0 %
Interest as a percent of income	7.0 %	11.1 %	4.7 %
Solvency (cost)			
Number of farms	17	8	9
Ending farm assets	419,530	363,176	469,622
Ending farm liabilities	231,836	261,675	205,312
Ending total assets	453,380	366,585	530,530
Ending total liabilities	264,662	278,100	252,717
Ending net worth	188,718	88,485	277,814
Net worth change	13,906	-3,424	29,310
Ending farm debt to asset ratio	55 %	72 %	44 %
Beg total debt to asset ratio	60 %	76 %	48 %
End total debt to asset ratio	58 %	76 %	48 %
Solvency (market)			
Number of farms	17	8	9
Ending farm assets	892,917	830,018	948,828
Ending farm liabilities	231,836	261,675	205,312
Ending total assets	1,148,353	1,021,665	1,260,965
Ending total liabilities	264,662	278,100	252,717
Ending net worth	883,691	743,565	1,008,248
Net worth change	76,706	100,965	55,142
Ending farm debt to asset ratio	26 %	32 %	22 %
Beg total debt to asset ratio	24 %	31 %	20 %
End total debt to asset ratio	23 %	27 %	20 %