

NORTHWEST KANSAS FARM MANAGEMENT ASSOCIATION
PROFIT CENTER ANALYSIS: 5-YEAR AVERAGE & 2001
BEEF COWS, SELL WEANED CALVES

	1996-2000 Average	2001
Number of Farms	31	21
Number of Cows in Herd	142	149
Number of Calves Sold	120	110
Average Weight Calves Sold	533	520
Calf Selling Price / Cwt	\$82.09	\$95.28
Gross Income / Cow	\$379.00	\$450.91
Feed Cost / Cow	\$200.53	\$219.71
Nonfeed Cost / Cow	\$205.61	\$232.17
Pounds Beef Produced / Cow	540	550

	Head	Total Dollars	\$ / Cwt	\$ / Cow	Head	Total Dollars	\$ / Cwt	\$ / Cow
INCOME:								
Calves Sold	120	52,657.40			110	54,534.29		
Cows Sold	19	8,773.48			21	9,877.38		
Ending Inventory	178	96,239.89			204	124,483.56		
Gross Sales	318	\$157,670.77			335	\$188,895.23		
Cows Purchased	24	15,558.82			28	22,116.48		
Beginning Inventory	166	89,050.04			171	102,935.53		
Gross Purchases	190	\$104,608.87			199	\$125,052.01		
Net Sale Gain	128	\$53,061.91	\$68.95	\$372.63	136	\$63,843.22	\$77.88	\$428.48
Patronage Refunds		200.38				157.19		
Miscellaneous Income		586.00				3,185.41		
Livestock Futures		120.84				-		
OTHER INCOME		\$907.22	\$1.18	\$6.37		\$3,342.60	\$4.08	\$22.43
GROSS INCOME		\$53,969.12	\$70.13	\$379.00		\$67,185.82	\$81.96	\$450.91
EXPENSES:								
Labor Hired		\$1,399.35	\$1.82	\$9.83		\$969.15	\$1.18	\$6.50
General Machinery Repairs		2,993.89	3.89	21.02		3,703.77	4.52	24.86
Interest Paid		3,448.05	4.48	24.21		4,878.56	5.95	32.74
Feed Purchased		28,554.79	37.10	200.53		32,736.82	39.93	219.71
Machine Hire - Lease		394.09	0.51	2.77		168.10	0.21	1.13
Farm Org Fees / Travel / Publ		459.11	0.60	3.22		539.69	0.66	3.62
Vet Medicine / Drugs		2,104.99	2.74	14.78		2,627.42	3.21	17.63
Livestock Marketing / Breeding		1,298.26	1.69	9.12		2,664.53	3.25	17.88
Gas / Fuel / Oil		1,187.68	1.54	8.34		1,537.12	1.88	10.32
Personal Property Tax		102.21	0.13	0.72		134.95	0.16	0.91
General Farm Insurance		588.69	0.76	4.13		1,449.26	1.77	9.73
Utilities		850.23	1.10	5.97		1,086.59	1.33	7.29
Auto Expense		354.35	0.46	2.49		400.63	0.49	2.69
Livestock Futures		-	-	-		-	-	-
TOTAL VARIABLE COSTS		\$43,735.68	\$56.83	\$307.13		\$52,896.59	\$64.53	\$355.01
RETURN ABOVE VARIABLE COSTS		\$10,233.45	\$13.30	\$71.86		\$14,289.23	\$17.43	\$95.90
Depreciation		1,654.22	2.15	11.62		1,620.24	1.98	10.87
Real Estate Tax		484.55	0.63	3.40		629.96	0.77	4.23
Unpaid Operator Labor		4,762.81	6.19	33.45		4,423.21	5.40	29.69
Interest Charge *		7,196.80	9.35	50.54		7,759.94	9.47	52.08
TOTAL FIXED COSTS		\$14,098.38	\$18.32	\$99.01		\$14,433.35	\$17.61	\$96.87
TOTAL EXPENSE		\$57,834.05	\$75.15	\$406.14		\$67,329.94	\$82.13	\$451.88
NET RETURN TO MANAGEMENT		(\$3,864.93)	(\$5.02)	(\$27.14)		(\$144.12)	(\$0.18)	(\$0.97)
NET RETURN TO LABOR-MGT		\$2,297.22	\$2.98	\$16.13		\$5,248.24	\$6.40	\$35.22
Factors:								
Feed Costs			\$37.10	\$200.53			\$39.93	\$219.71
Nonfeed Costs			\$38.04	\$205.61			\$42.20	\$232.17

*Interest charge equals: ((8.0% times gross purchases) plus (8.0% times one-half the variable costs) plus (4.0% times depreciation times 8))

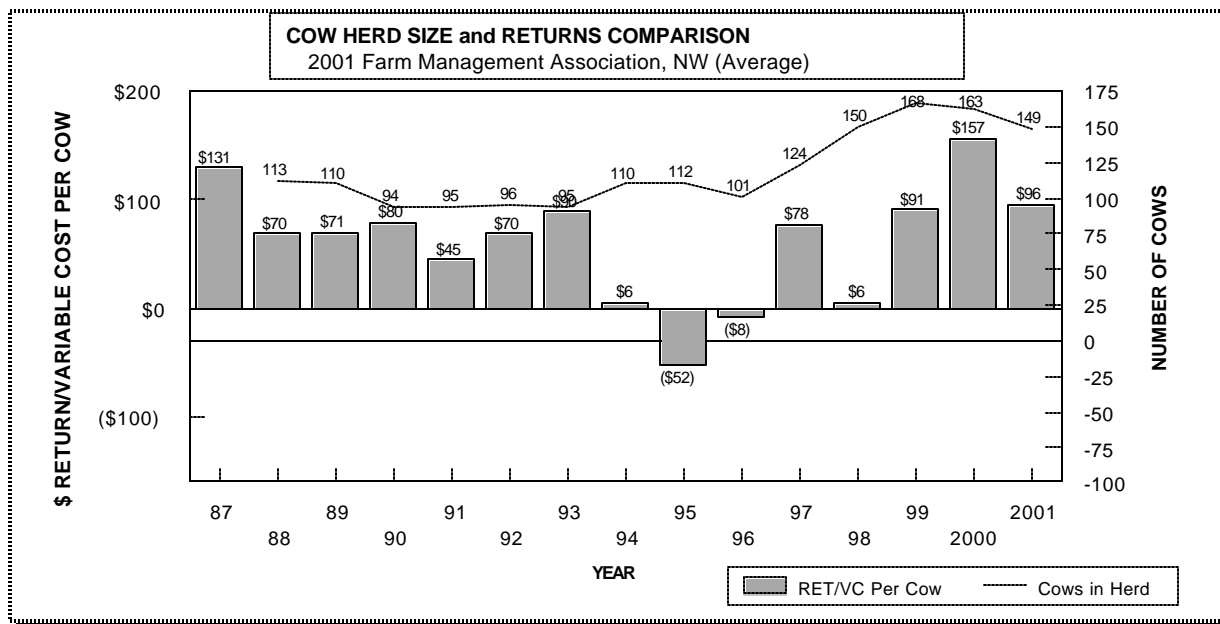


FIGURE 31

Cowherd enterprise returns above variable cost as shown in Figure 31 have been improving since the bottom of the cattle cycle in 1995. Net return above variable cost peaked in 2000 and likely marks the end of another up cycle and the beginning of a decline in net returns. As a reminder livestock enterprises are based on accrual income. The calves born in 2001 if unsold by the end of 2001 would be considered income based on ending inventory value. Given the livestock market response to September 11, both cash sales in the fall of 2001 and ending inventory values on 12/31/2001 were depressed. Livestock enterprises took the first hit of a declining economy and market instability of the terrorist attack.

New for 2001 is the table on the facing page where a comparison of 2001 averages can be made with the average of the previous five years. Feed cost increased only slightly from \$200 over the previous five years to \$219 in 2001. Total variable cost increased in 2001 to \$355.01 per cow compared to the previous five-year average of 307.13. The average cowherd that weaned and backgrounding in a separate enterprise or sold directly from the cow earned a net return to management of \$-.97 per cow in 2001 which compares favorably to the previous five-year average of \$-27.14 per cow.

Cowherd enterprises that retained their calves until after the first of the year (summarized in the table on page 61) did not fare nearly as well as those cowherds that weaned the calves. Net return above variable cost was \$-41.82 per cow in 2001. This net return above variable cost was substantially less than the \$63.49 earned over the previous five-years. Feed cost of \$342.18 per cow and \$57.86 per cwt in 2001 were much higher than the previous five-year average. High feed values carried on the accrual inventory from 2000 were consumed in 2001 and that contributed to the high cost of feed in these enterprises.

Background-Finish enterprises (summarized in the table on page 62) suffered a net loss in excess of variable cost of \$-65.49 per head while the five-year average net return above variable cost was \$19.03. Feed cost per cwt of beef production was \$50.90 in 2001 compared to the five-year average of \$41.55.

**NORTHWEST KANSAS FARM MANAGEMENT ASSOCIATION
PROFIT CENTER ANALYSIS: 5-YEAR AVERAGE & 2001
BEEF COWS, SELL RETAINED CALVES**

	1996-2000 Average				2001			
Number of Farms	35				26			
Number of Cows in Herd	135				119			
Number of Calves Sold	106				81			
Average Weight Calves Sold	612				568			
Calf Selling Price / Cwt	\$77.20				\$92.63			
Gross Income / Cow	\$435.65				\$443.81			
Feed Cost / Cow	\$232.30				\$343.18			
Nonfeed Cost / Cow	\$253.65				\$274.21			
Pounds Beef Produced / Cow	608				593			
	Head	Total Dollars	\$ / Cwt	\$ / Cow	Head	Total Dollars	\$ / Cwt	\$ / Cow
INCOME:								
Calves Sold	106	50,210.58			81	42,624.33		
Cows Sold	24	12,094.93			18	10,328.69		
Ending Inventory	225	122,474.69			205	120,062.63		
Gross Sales	355	\$184,780.21			304	\$173,015.65		
Cows Purchased	13	8,909.33			14	10,065.64		
Beginning Inventory	223	118,210.73			189	112,102.02		
Gross Purchases	236	\$127,120.06			203	\$122,167.66		
Net Sale Gain	119	\$57,660.15	\$70.30	\$427.75	101	\$50,847.99	\$72.04	\$427.29
Patronage Refunds		284.38				119.99		
Miscellaneous Income		780.92				1,846.00		
Livestock Futures		-				-		
OTHER INCOME		\$1,065.30	\$1.30	\$7.90		\$1,965.99	\$2.79	\$16.52
GROSS INCOME		\$58,725.45	\$71.60	\$435.65		\$52,813.98	\$74.82	\$443.81
EXPENSES:								
Labor Hired		\$1,031.18	\$1.26	\$7.65		\$1,313.26	\$1.86	\$11.04
General Machinery Repairs		3,118.14	3.80	23.13		2,705.51	3.83	22.74
Interest Paid		4,199.33	5.12	31.15		4,198.73	5.95	35.28
Feed Purchased		31,314.55	38.18	232.30		40,838.09	57.86	343.18
Machine Hire - Lease		411.46	0.50	3.05		688.35	0.98	5.78
Farm Org Fees / Travel / Publ		528.55	0.64	3.92		395.38	0.56	3.32
Vet Medicine / Drugs		2,622.81	3.20	19.46		2,067.09	2.93	17.37
Livestock Marketing / Breeding		3,284.61	4.00	24.37		1,540.99	2.18	12.95
Gas / Fuel / Oil		1,402.13	1.71	10.40		1,623.76	2.30	13.65
Personal Property Tax		92.59	0.11	0.69		130.41	0.18	1.10
General Farm Insurance		690.99	0.84	5.13		686.99	0.97	5.77
Utilities		1,036.20	1.26	7.69		1,226.24	1.74	10.30
Auto Expense		430.33	0.52	3.19		375.96	0.53	3.16
Livestock Futures		4.38	0.01	0.03		-	-	-
TOTAL VARIABLE COSTS		\$50,167.26	\$61.16	\$372.16		\$57,790.76	\$81.88	\$485.64
RETURN ABOVE VARIABLE COSTS		\$8,558.18	\$10.43	\$63.49		(\$4,976.78)	(\$7.05)	(\$41.82)
Depreciation		1,765.05	2.15	13.09		1,587.53	2.25	13.34
Real Estate Tax		455.23	0.56	3.38		223.70	0.32	1.88
Unpaid Operator Labor		4,550.88	5.55	33.76		5,473.27	7.75	45.99
Interest Charge *		8,568.31	10.45	63.56		8,394.32	11.89	70.54
TOTAL FIXED COSTS		\$15,339.47	\$18.70	\$113.79		\$15,678.82	\$22.21	\$131.75
TOTAL EXPENSE		\$65,506.74	\$79.87	\$485.96		\$73,469.58	\$104.09	\$617.39
NET RETURN TO MANAGEMENT		(\$6,781.29)	(\$8.27)	(\$50.31)		(\$20,655.60)	(\$29.26)	(\$173.58)
NET RETURN TO LABOR-MGT		(\$1,199.23)	(\$1.46)	(\$8.90)		(\$13,869.07)	(\$19.65)	(\$116.55)
Factors:								
Feed Costs			\$38.18	\$232.30			\$57.86	\$343.18
Nonfeed Costs			\$41.69	\$253.65			\$46.23	\$274.21

*Interest charge equals: ((8.0% times gross purchases) plus (8.0% times one-half the variable costs) plus (4.0% times depreciation times 8))

**NORTHWEST KANSAS FARM MANAGEMENT ASSOCIATION
PROFIT CENTER ANALYSIS: 5-YEAR AVERAGE & 2001
BEEF BACKGROUNDING / FINISHING**

	1996-2000 Average				2001			
Number of Farms	18				10			
Number of Head	386				694			
Weight Produced / Head	538				492			
Weight / Head Sold	1,109				1,134			
Weight / Head Purchased	573				614			
Sale Price / Cwt	\$66.45				\$77.26			
Purchase Price / Cwt	\$81.17				\$91.13			
Gross Income / Cwt	\$56.42				\$51.40			
Feed Costs / Cwt	\$41.55				\$50.90			
Nonfeed Costs / Cwt	\$20.09				\$22.83			
	Head	Total Dollars	\$ / Cwt	\$ / Head	Head	Total Dollars	\$ / Cwt	\$ / Head
INCOME:								
Steers - Heifers Sold	370	273,040.12			716	627,580.87		
Ending Inventory	316	190,764.19			477	305,716.14		
Gross Sales	687	\$463,804.31			1,193	\$933,297.01		
Steers - Heifers Purchased	395	183,723.03			664	371,833.54		
Beginning Inventory	306	164,478.38			541	388,268.20		
Gross Purchases	701	\$348,201.40			1,205	\$760,101.74		
Net Sale Gain		\$115,602.91	\$55.66	\$299.49		\$173,195.27	\$50.73	\$249.56
Custom Feeding		218.49				226.06		
Patronage Refunds		617.89				997.19		
Miscellaneous Income		750.54				1,065.12		
OTHER INCOME		1,586.92	\$0.76	\$4.11		2,288.37	\$0.67	\$3.30
GROSS INCOME		\$117,189.83	\$56.42	\$303.60		\$175,483.64	\$51.40	\$252.86
EXPENSES:								
Labor Hired		\$1,307.48	\$0.63	\$3.39		\$2,710.37	\$0.79	\$3.91
General Machinery Repairs		4,503.06	2.17	11.67		3,445.39	1.01	4.96
Interest Paid		6,958.64	3.35	18.03		18,329.14	5.37	26.41
Feed Purchased		86,289.81	41.55	223.55		173,785.08	50.90	250.41
Machine Hire - Lease		1,184.51	0.57	3.07		3,280.20	0.96	4.73
Farm Org Fees / Travel / Publ		711.40	0.34	1.84		1,758.06	0.51	2.53
Vet Medicine / Drugs		3,509.42	1.69	9.09		7,025.01	2.06	10.12
Livestock Marketing / Breeding		1,751.21	0.84	4.54		2,882.81	0.84	4.15
Gas / Fuel / Oil		1,065.05	0.51	2.76		991.30	0.29	1.43
Personal Property Tax		163.21	0.08	0.42		155.13	0.05	0.22
General Farm Insurance		962.67	0.46	2.49		3,056.54	0.90	4.40
Utilities		1,073.89	0.52	2.78		2,987.68	0.88	4.31
Auto Expense		365.81	0.18	0.95		528.54	0.15	0.76
TOTAL VARIABLE COSTS		\$109,846.17	\$52.89	\$284.58		\$220,935.25	\$64.71	\$318.35
RETURN ABOVE VARIABLE COSTS		\$7,343.66	\$3.54	\$19.03		(\$45,451.61)	(\$13.31)	(\$65.49)
Depreciation		2,420.52	1.17	6.27		4,948.10	1.45	7.13
Real Estate Tax		639.66	0.31	1.66		511.53	0.15	0.74
Unpaid Operator Labor		2,827.23	1.36	7.32		2,835.00	0.83	4.09
Interest Charge *		12,276.26	5.91	31.80		22,495.73	6.59	32.41
TOTAL FIXED COSTS		\$18,163.67	\$8.75	\$47.06		\$30,790.36	\$9.02	\$44.37
TOTAL EXPENSE		\$128,009.84	\$61.63	\$331.63		\$251,725.61	\$73.73	\$362.72
NET RETURN TO MANAGEMENT		(\$10,820.01)	(\$5.21)	(\$28.03)		(\$76,241.97)	(\$22.33)	(\$109.86)
NET RETURN TO LABOR-MGT		(\$6,685.30)	(\$3.22)	(\$17.32)		(\$70,696.60)	(\$20.71)	(\$101.87)
Factors:								
Feed Costs			\$41.55	\$223.55			\$50.90	\$250.41
Nonfeed Costs			\$20.09	\$108.08			\$22.83	\$112.31

*Interest charge equals: ((8.0% times one-half gross purchases) plus (8.0% times one-half the variable costs) plus (4.0% times depreciation times 8)) minus cash interest paid.