

MICHIGAN ASSOCIATION OF FFA
2013 FARM BUSINESS MANAGEMENT CONTEST

April 19th, 2013

The Farm Management Contest is designed to test student understanding of the application of business and economic principles in farm management. Please read all the questions carefully!

The 2013 test is composed of 75 multiple choice questions. There is only one correct answer for each question. Choose the best answer and mark the appropriate box on the score sheet provided. The questions are divided into two parts.

Part I. Multiple Choice with questions worth 1 point each. (60 questions; 60 points)

Part II. Business Analysis with questions worth 2 points each. (15 questions; 30 points)

Note: On the answer sheet “A” = True and “B” = False.

PART I. MULTIPLE CHOICE

1. A farm business which is described as being highly leveraged is one where:
 - a. Total liabilities are high relative to net worth.
 - b. Total liabilities are low relative to net worth.
 - c. Net farm income is high relative to total assets.
 - d. Net farm income is low relative to total assets.
 - e. Current liabilities exceed current assets.

2. Fred Feeder would like to calculate the value of the feed he fed his cattle in 2012. He has compiled the following facts:

Beginning feed inventory.....	\$10,000
Feed purchased during 2012	\$ 6,000
Feed sold during 2012	\$ 2,000
Feed produced during 2012.....	\$25,000
Ending feed inventory.....	\$15,000

What is the value of the feed that was fed to Fred's cattle?

 - a. \$31,000
 - b. \$25,000
 - c. \$24,000
 - d. \$15,000
 - e. \$6,000

3. A farmer was late getting soybeans planted and an early frost hit the crop before the crop had matured. The harvest costs are \$40 per acre and the revenues would be \$60 per acre if harvested. Prior to the frost, \$106 per acre was invested in operating expenses. The farmer should:
 - a. Abandon the crop because the farmer cannot cover all variable expenses.
 - b. Rent the field to a neighbor for \$10 per acre to use as sheep grazing, instead of harvesting the crop.
 - c. Harvest the soybeans and sell the soybeans for \$60 per harvested acre.
 - d. Harvest half of the acres and abandon the other half.
 - e. Plant corn next year instead of beans.

4. The financial progress being made in a farm business from one year to the next year is best shown by:
 - a. A change in total assets.
 - b. A change in net worth.
 - c. A change in liabilities.
 - d. A cash basis income tax statement or tax return Schedule F.
 - e. A change in cash available.

5. In order to reduce risk, a farmer might do all of the following except:
 - a. Hedge on a commodities exchange.
 - b. Plant several different crops in his rotation.
 - c. Carry insurance on his crops.
 - d. Forward contract the sale of some of his crop.
 - e. Choose the combination of enterprises which maximizes revenues.

6. The advantage of leasing a combine rather than buying it is that:
 - a. A leased combine can be depreciated more rapidly than a purchased one.
 - b. Leasing the combine may require less "up-front" money.
 - c. Leasing a combine will always be less expensive in the long run.
 - d. All of the above.

For Questions 7-11: Deets N. Assets has taken inventory and has collected the following information on the value of everything he owns and owes as of December 31, 2012:

Land and buildings	\$400,000	Breeding livestock owned.....	\$35,000
Crops in storage	\$ 30,000	Feeder livestock owned.....	\$14,000
Mortgage on land.....	\$225,000	Cash rent owed to his landlord.....	\$ 6,000
Machinery owned	\$ 65,000	Feed in storage	\$ 2,000
Loans owed on machinery	\$ 12,000	Production loan outstanding	\$ 9,000
Taxes owed	\$ 1,000	Supplies in storage	\$ 7,000
Cash on hand.....	\$ 3,000	Fuel in storage.....	\$ 500

7. The total value of Deets' **assets** is:

- a. \$554,500
- b. \$556,500
- c. \$565,500
- d. \$577,500
- e. \$255,000

8. The total value of Deets' **liabilities** is:

- a. \$58,000
- b. \$249,000
- c. \$255,000
- d. \$253,000
- e. \$554,500

9. Deets' **net worth** is:

- a. \$303,500
- b. \$299,500
- c. \$316,500
- d. \$296,500
- e. \$554,500

10. Deets owns **current assets** of:

- a. \$556,500
- b. \$400,000
- c. \$3,000
- d. \$500
- e. \$56,500

11. Deets owes **current liabilities** of:

- | | |
|--------------|-------------|
| a. \$253,000 | d. \$16,000 |
| b. \$225,000 | e. \$9,000 |
| c. \$6,000 | |

12. You are attempting to analyze the prospects for beef prices in the coming year. Which of the following factors would lead you to believe that beef prices will be stable to decreasing?

- a. The prices of pork and chicken are low and are not expected to rise.
- b. Consumer income levels have increased.
- c. The cost of producing beef is expected to increase.
- d. Foreign demand for beef is increasing significantly.
- e. Consumers have less worries about the health effects of eating beef.

13. Harry Highgate had a net farm income last year of \$40,000. Opportunity costs for unpaid family labor and management were \$30,000. Equity in the business was \$200,000. What was the percent return on his equity?

- a. 10%
- b. 20%
- c. 5%
- d. 15%
- e. 3%

14. A farmer has total assets of \$500,000 which includes a market value of \$300,000 on land and a debt to equity ratio is 1.0:1. His lender values the land at book value which is 10% less than market value. What is the farmer's debt to equity ratio at book value?

- a. 0.88:1
- b. 1.12:1
- c. 1.14:1
- d. 1.27:1

15. Solvency has been achieved when a farmer has:

- a. Sufficient current assets to cover current debts.
- b. Sufficient equity to cover current debts.
- c. Sufficient assets to cover all debts.
- d. A positive cash flow.
- e. Sufficient equity to cover all debts.

16. Net worth (equity) is a measure of:

- a. Managerial ability.
- b. Financial position.
- c. Profitability.
- d. Liquidity.
- e. Cash flow.

17. The total amount borrowed on a loan may be increased without increasing the annual payments on the loan by:

- a. Raising the interest rate.
- b. Increasing the number of years of repayment.
- c. Reducing production costs.
- d. Buying more land.
- e. Paying off the loan in fewer years.

18. How should you value home-grown feeds such as corn or hay in a livestock feeding enterprise budget?
- Cash invested in growing crops.
 - Variable production costs of the homegrown feeds.
 - Net selling price of the homegrown feeds.
 - Zero.
19. The main goal of income tax management is to:
- Minimize before-tax income.
 - Minimize total taxes paid.
 - Maximize taxes paid.
 - Maximize taxable income.
 - Maximize after-tax income.
20. Which of the following items will not appear on either the Jan. 1, 2011 or Jan. 1, 2012 balance sheets?
- A mortgage owed and not yet repaid in 2011.
 - Money borrowed during 2011 and not yet repaid.
 - Feeder pigs purchased, fed, and then sold during 2011.
 - Tractor sold during 2011.
 - Grain harvested in 2011 and put in storage.
21. A soybean producer decides to store soybeans in the local elevator for five months. The price at harvest is \$6.00 per bushel and the elevator charges \$0.02 per bushel per month for storage plus a one time \$0.05 per bushel handling charge. The producer has 4,000 bushels to store and must borrow \$24,000 at 8% annual interest in order to store the soybeans. What price must be received for the soybeans to break even and cover storage and opportunity costs?
- \$6.15
 - \$6.20
 - \$6.25
 - \$6.35
 - None of the above.
22. A farmer has debt to equity ratio of 2:1. The current liabilities are \$50,000 and the non-current (intermediate and long-term) liabilities are \$70,000. What is the value of the assets?
- \$240,000
 - \$120,000
 - \$ 60,000
 - \$180,000
 - Cannot be determined with information provided.

23. On April 1, Karen Cornstalk borrowed \$8,000 to buy supplies to plant her corn. On November 1, she repaid the \$8,000 along with \$495 interest. What annual interest rate did she pay on the loan?

- a. 6.187%
- b. 9.281%
- c. 10.607%
- d. 12.375%
- e. 16.16%

24. Dryland corn in eastern Nebraska has an expected yield of 90 bushels per acre and has a production cost of \$140.00 per acre. Expected market prices are \$2.50 per bushel for corn and \$6.00 per bushel for soybeans. Soybeans can be raised with a production cost of \$120.00 per acre. At what yield per acre would soybeans generate the same net return per acre as corn?

- a. 25.6 bushels
- b. 29.1 bushels
- c. 34.2 bushels
- d. 38.7 bushels
- e. 47.6 bushels

25. A farmer is considering purchasing a combine. Annual combine ownership costs will be 20% of the purchase price. The annual operating costs will be \$9,000 per year. The machine will increase income by \$3,000 per year due to increased harvested yields through better timeliness and save \$10,000 in custom combining costs. What is the maximum the farmer can pay for the combine and increase annual profit?

- a. \$5,999
- b. \$49,999
- c. \$109,999
- d. \$10,999
- e. \$19,999

26. Inflation means:

- a. A dollar will buy more in the future than it will buy today.
- b. The prices are which the interest rate will equal the inflation rate.
- c. The farmer's profit margin will increase over time due to higher prices.
- d. The purchasing power of a dollar declines over time.
- e. Value of all products will decrease over time.

27. On November 1 the local corn price is \$6.75 and Carl Corngrower is deciding whether to sell his crop now or store it to try and get a better price. Storage costs and opportunity cost for storage are 4 cents per bushel per month. What price would the local elevator need to be paying on January 15 to break even storing the corn?

- a. \$6.75
- b. \$6.79
- c. \$6.81
- d. \$6.85
- e. \$6.87

28. Most farmers are more likely to accept a risk if:
- Only a small possible loss is involved
 - They have a high debt to asset ratio
 - They have high fixed cost cash flow obligations
 - They are primarily concerned with maintaining their net worth
29. Depreciation expense for a new tractor is \$15,000 per year. You use the tractor 500 hours in the first year: 350 are used in your corn enterprise, 100 for soybeans, and 50 hours for hay. How much of the depreciation expense should be allocated to the corn enterprise if hours of use determine the allocation?
- \$15,000
 - \$10,500
 - \$4,500
 - \$3,000
 - \$0
30. Joe's farm has \$50,000 current assets, \$150,000 long term assets, \$30,000 current liabilities, and \$50,000 long term liabilities. Joe's debt to equity ratio is:
- 0.33
 - 0.5
 - 0.67
 - 0.75
 - 1.50
31. Joe's farm has \$50,000 current assets, \$150,000 long term assets, \$30,000 current liabilities, and \$50,000 long term liabilities. Joe's net worth is:
- \$120,000
 - \$20,000
 - \$240,000
 - \$120,000
32. A cash flow shows all the following except:
- When you need to borrow money.
 - How much money you need to borrow.
 - When you can increase spending without additional borrowing.
 - When you can repay loans.
 - All of the above are shown by using cash flow.
33. Which of the following is not true about partial budgets?
- They help analyze how changes in certain farm enterprises affect profits.
 - They measure every return and cost change, whether increased, decreased, or stay the same.
 - They show the effect that various prices, yields, and costs have on net farm income if proposed change is made.
 - They help analyze loan repayment capacity of a farm business.
 - They are usually simpler than complete farm budgets.

34. The major subdivisions of a balance sheet are:
- Assets, liabilities and net worth.
 - Income, expenses, and net profit.
 - Cash received, cash paid, and cash remaining.
 - Amount borrowed, amount paid off, and balance outstanding.
35. If the interest rate is 10%, what is the present value of a dollar to be received by a producer two years from now?
- \$0.826
 - \$0.857
 - \$0.920
 - \$1.166
 - None of the above
36. When a borrower wants to establish credit with a new lender, the possibility of success will be improved if:
- existing loans and accounts payable are not revealed
 - several years of accurate financial statements are provided, which show progress over time
 - the borrower will guarantee the loan alone rather than with a co-signer
 - the loan request is for a land purchase rather than for self-liquidating assets such as feeder stock
37. The "rule of 72" says to divide 72 by the annual interest rate to estimate the number of years needed for an initial investment earning that rate to double. How long would it take for \$5 earning 6% a year to grow to \$20?
- 12 years
 - 24 years
 - 36 years
 - 48 years
38. If the past 10 years of hay prices have been \$95, 98, 101, 133, 115, 88, 111, 105, 100, 104 per ton, the average hay price is:
- \$101/ton
 - \$105/ton
 - \$103/ton
 - \$98/ton
 - None of the above.
39. If the price of a commodity is too low, the demand will be greater than the supply resulting in a
- surplus.
 - boycott.
 - monopoly.
 - shortage.

40. A farm business with declining average total costs has
- increasing returns to size
 - decreasing returns to size
 - constant returns to size
 - decreasing demand
 - none of the above
41. Which of the following would not be listed as a source of earnings on a farm income statement?
- Loan money received from the bank to buy farm supplies.
 - A patronage dividend received from the local co-op.
 - A fuel tax refund received from the government.
 - A government farm program payment received.
 - None of the above should be included.
42. A good parent-child partnership is one which:
- Assists the child in acquiring sufficient assets to get started.
 - Allows the parent to manage the operation and the child to do the physical work.
 - Allows the child to have the profits and the parent to cover any losses.
 - The parent is the boss until he retires or dies, then the child takes over.
 - Keeps the child on the farm even if income is low.
43. In a year of particularly high income, which of the following would be an appropriate strategy to reduce cash basis tax liability?
- Sell some land for more than it cost.
 - Purchase some additional land for cash.
 - Purchase a new snowmobile.
 - Purchase tractor fuel needed for next year for cash.
 - Purchase protein supplement for next year on account.
44. The degree to which a farm's assets adequately cover or exceed liabilities is referred to as:
- Profitability
 - Solvency
 - Liquidity
 - Working capital
45. True or False: The level of output that maximizes profit is always less than the amount that is maximum production.
46. If a farm financial analysis is performed and the farmer decides she must increase asset turnover, which of the following is a way to address an exceptionally high value of invested assets and achieve a higher asset turnover rate:
- Liquidate non-productive assets.
 - Change the debt structure to have less current liabilities.
 - Concentrate on higher crop yields this year.
 - Lower farm fuel and utility bills.

47. Using a set of balance sheets with income statements that describe the years between the balance sheets we can address all of the following financial aspects EXCEPT:
- Liquidity
 - Cash-Flow
 - Solvency
 - Profitability
48. Which of the following is NOT a component of a Balance Sheet?
- Current Assets
 - Change in Inventory Values
 - Long-term Liabilities
 - Net Worth
49. Which of the following is a measure of Solvency?
- Debt to Asset Ratio
 - Working Capital
 - Current Ratio
 - Net Farm Income
50. True or False: A Balance Sheet is a financial snap-shot of the farm business while an income statement describes the time between balance sheets (usually the calendar year).
51. You are asked to analyze the balance sheet of a farm. You find out from examining the balance sheet that the current ratio is 4.53. How would you classify this ratio?
- poor
 - fair
 - good
 - cannot tell from given information
52. An increase in the number of non-farmers living in rural areas may cause:
- farmland values to decrease
 - farmers to pay more attention to off-farm effects of their production practices
 - less regulation of agricultural production practices
 - profit maximization to be the only criterion for adopting new technologies
53. True or False: Most farms in the US are incorporated.
54. True or False: Weather is an important source of production risk for crop producers.
55. True or False: Even farmers with good risk-bearing ability may be risk avoiders.
56. True or False: Being self-insured by maintaining liquid financial reserves carries no cost to the operator, while buying insurance policies does.
57. True or False: Profit will increase any time more input is used.

58. The probability of a heifer calf is 48% and the value of a heifer calf is \$475. The probability of a bull calf is 52% and the value of a bull calf is \$55. (Assume no death loss or other factors – you only need to use the values provided above.) The expected value of the calf is:

- a. \$259.25
- b. \$256.60
- c. \$55.00
- d. \$475.00
- e. Both C. and D.

59. Livestock producers should be concerned about all of the following when deciding upon production practices to employ, except,

- a. Consumer groups and possible reactions to practices
- b. Possible revenue increases from production changes versus cost increases
- c. Popular press and media reaction to practices
- d. Likelihood of public acceptance of certain practices in the future
- e. No exceptions; they should be concerned about all of the above.

60. True or False: Purchased livestock can be depreciated but livestock raised at home cannot be depreciated.

PART II. BUSINESS ANALYSIS

Using the balance sheet and income statement handout for the average Michigan dairy farm in 2011, answer the following questions for the farm business ONLY (i.e., do not consider non-farm assets or liabilities). From the balance sheet (beginning and end values are on the same sheet) and income statement provided, calculate the following financial ratios. Use market values. Use average values.

61. Beginning current ratio

- a. 2.44
- b. 2.64
- c. 2.88
- d. 1.99

62. Ending current ratio

- a. 2.44
- b. 2.64
- c. 2.88
- d. 1.99

63. Beginning working capital

- a. \$538,022
- b. \$203,914
- c. \$334,108
- d. \$248,481

64. Ending working capital

- a. \$657,190
- b. \$227,998
- c. \$273,887
- d. \$429,192

65. Beginning farm debt to asset ratio

- a. 0.27
- b. 0.29
- c. 0.37
- d. 0.41

66. Ending farm debt to asset ratio

- a. 0.27
- b. 0.29
- c. 0.37
- d. 0.41

67. Beginning farm debt to equity ratio

- a. 0.27
- b. 0.29
- c. 0.37
- d. 0.41

Table 1

Farm Income Statement
2011 MI Dairy (All Herds)
(Farms Sorted By Rate of Return on Assets - Mkt)

68. Ending farm debt to equity ratio a.

- 0.27
- b. 0.29
- c. 0.37
- d. 0.41

69. Farm Rate of return on farm Assets a.

- 19%
- b. 8.0%
- c. 4.7%
- d. 2.4%

70. Net Farm Income

- a. \$1,046,327 b.
- \$937,998 c.
- \$285,626 d.
- \$755,611

71. Operating Profit Margin Ratio a.

- 19%
- b. 8% c.
- 4.7% d.
- 2.4%

72. Asset Turnover Rate a.

- 15%
- b. 30.8%
- c. 43%
- d. 24%

73. Beginning farm equity to asset ratio a.

- 0.68
- b. 0.73
- c. 0.71
- d. 0.29

74. Ending farm equity to asset ratio a.

- 0.68
- b. 0.73
- c. 0.71
- d. 0.29

75. True or False: The average Michigan dairy farm's solvency position improved in 2011.

Table 1

Farm Income Statement
2011 MI Dairy (All Herds)
(Farms Sorted By Rate of Return on Assets - Mkt)

Resource Information

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	101	25	26
Cash Farm Income			
Beans, Navy	1,165	-	1,448
Corn	41,249	31,468	50,867
Corn Silage	2,459	596	1,767
Hay, Alfalfa	429	1,290	298
Hay, Mixed	875	399	96
Hay, Mixed Alfalfa/Grass	237	-	787
Haylage, Mixed	1,072	537	-
Oats	155	123	-
Soybeans	28,931	19,087	34,320
Speltz	567	-	-
Straw	291	846	106
Sugar Beets	11,801	15,130	18,898
Wheat, Winter	17,568	7,417	23,859
Miscellaneous crop income	113	15	10
Beef Finishing	642	-	-
Dairy, Milk	1,466,372	906,719	1,537,619
Dairy, Dairy Calves	10,436	3,393	19,240
Dairy Heifers (for sale)	2,070	-	4,095
Dairy Replacement Heifers	1,133	535	2,015
Dairy Finishing	16,789	26,865	14,630
Dairy Feeder	1,829	1,472	137
Dairy Backgrounding	901	3,640	-
User Added Livestock, User Added	975	3,010	-
Cull breeding livestock	76,494	40,787	94,245
Misc. livestock income	916	302	2,369
LDP payments	3,453	-	13,414
Direct, CCP & ACRE pymts	7,265	10,603	7,071
CRP payments	1,044	-	4,057
Other government payments	8,083	5,246	3,539
Custom work income	4,997	2,601	5,046
Patronage dividends, cash	11,733	5,004	10,108
Insurance income	10,810	16,332	5,140
Other farm income	9,984	15,336	10,106
Gross Cash Farm Income	1,742,837	1,118,753	1,865,288

Table 1

Farm Income Statement (Continued)
2011 MI Dairy (All Herds)
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	101	25	26
Cash Farm Expense			
Seed	45,651	32,178	45,948
Fertilizer	57,403	51,982	60,207
Crop chemicals	17,357	12,489	16,826
Crop insurance	4,718	1,887	2,804
Drying expense	717	1,414	46
Storage	252	495	-
Crop packaging and supplies	505	1,192	330
Crop hauling and trucking	222	-	9
Crop marketing	141	8	123
Crop miscellaneous	5,473	1,337	13,049
Feeder livestock purchase	5,371	63	20,606
Livestock packaging and supplies	598	-	2,325
Purchased feed	455,180	288,592	489,560
Breeding fees	11,743	7,061	11,424
Veterinary	36,868	21,251	41,546
Livestock supplies	43,479	35,997	27,598
DHIA	2,722	2,052	2,384
Contract production exp.	1,629	-	-
Livestock leases	2,992	79	9,990
Livestock utilities	513	-	-
Livestock hauling and trucking	34,639	24,283	39,055
Livestock marketing	15,403	9,298	13,542
Bedding	19,230	13,817	17,839
Livestock miscellaneous	776	-	612
Interest	52,540	32,467	49,291
Packaging and supplies	4,093	3,769	7,156
Supplies	4,106	-	7,030
Fuel & oil	70,482	57,361	64,453
Repairs	71,005	57,202	65,346
Repair, machinery	3,311	-	5,493
Repair, livestock equip	90	-	350
Custom hire	76,158	25,825	46,056
Repair, buildings	8,552	5,422	2,022
Hired labor	198,935	136,190	175,008
Land rent	39,501	28,316	30,340
Machinery leases	11,085	10,887	14,768
Building leases	7,479	260	28,802
Real estate taxes	14,635	10,079	13,189
Personal property taxes	323	163	512
Farm insurance	19,071	18,927	20,697
Utilities	34,977	27,730	31,689
Hauling and trucking	2,219	1,500	3,184
Dues & professional fees	7,019	7,821	5,310
Miscellaneous	19,448	13,671	13,565
Total cash expense	1,408,613	943,064	1,400,080
Net cash farm income	334,223	175,688	465,208

Inventory Changes			
Prepays and supplies	22,353	-6,062	22,235
Accounts receivable	14,235	3,615	19,414
Hedging accounts	-738	-	-178
Other current assets	11,163	1,840	41,051
Crops and feed	50,695	9,556	78,172
Market livestock	2,531	-3,034	10,244
Breeding livestock	11,278	5,809	-9,334
Other assets	2,096	27	8,355
Accounts payable	1,867	-2,444	-8,170
Accrued interest	705	13	190
Total inventory change	116,185	9,320	161,979
Net operating profit	450,409	185,009	627,187
Depreciation			
Machinery and equipment	-99,721	-56,023	-143,307
Titled vehicles	-300	80	-85
Buildings and improvements	-64,802	-28,067	-62,770
Total depreciation	-164,823	-84,010	-206,161
Net farm income from operations	285,585	100,998	421,026
Gain or loss on capital sales	41	166	-
Net farm income	285,626	101,165	421,026

Table 2

Balance Sheet at Cost Values
2011 MI Dairy (All Herds)
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms		Low 25%		High 25%	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
Number of farms	101		25		26	
Assets						
Current Farm Assets						
Cash and checking balance	48,698	66,933	47,239	47,525	58,594	96,866
Prepaid expenses & supplies	47,003	69,356	44,828	38,765	70,644	92,879
Growing crops	20,196	30,333	16,426	18,284	15,510	51,246
Accounts receivable	48,960	63,194	21,529	25,143	59,530	78,944
Hedging accounts	376	331	142	142	187	187
Crops held for sale or feed	350,591	398,619	268,350	277,907	355,896	434,068
Crops under government loan	0	2,667	0	0	0	0
Market livestock held for sale	19,788	22,319	30,304	27,271	25,246	35,490
Other current assets	2,412	3,438	185	167	7,394	12,709
Total current farm assets	538,022	657,190	429,003	435,205	593,001	802,389
Intermediate Farm Assets						
Breeding livestock	701,152	727,625	468,140	503,033	648,993	649,822
Machinery and equipment	224,663	250,063	124,849	141,513	242,589	234,778
Titled vehicles	1,291	1,180	520	600	3,496	3,412
Other intermediate assets	52,907	74,795	21,207	22,557	56,494	59,872
Total intermediate farm assets	980,013	1,053,664	614,716	667,703	951,572	947,884
Long Term Farm Assets						
Farm land	425,272	456,622	369,152	384,416	400,598	467,611
Buildings and improvements	361,923	373,207	174,581	172,832	270,217	273,386
Other long-term assets	13,355	12,010	11,084	12,064	8,100	10,729
Total long-term farm assets	800,550	841,839	554,817	569,312	678,916	751,725
Total Farm Assets	2,318,585	2,552,693	1,598,537	1,672,219	2,223,489	2,501,999
Total Nonfarm Assets	188,703	197,591	121,158	125,602	417,751	438,293
Total Assets	2,507,288	2,750,284	1,719,694	1,797,822	2,641,240	2,940,291
Liabilities						
Current Farm Liabilities						
Accrued interest	2,724	2,019	620	607	1,424	1,234
Accounts payable	38,292	36,425	40,791	43,235	20,377	28,547
Current notes	78,949	95,113	72,851	72,839	71,828	69,773
Government crop loans	0	757	0	0	0	0
Principal due on term debt	83,949	93,684	47,090	56,598	82,931	84,140
Total current farm liabilities	203,914	227,998	161,352	173,278	176,560	183,694
Total intermediate farm liabs	251,489	244,242	168,634	159,004	256,306	246,020
Total long term farm liabilities	671,690	689,729	396,397	419,543	614,931	605,317
Total farm liabilities	1,127,093	1,161,969	726,384	751,825	1,047,798	1,035,030
Total nonfarm liabilities	15,075	14,453	9,257	8,699	13,217	10,681
Total liabilities	1,142,168	1,176,422	735,640	760,524	1,061,015	1,045,712

Table 3 Balance Sheet at Market Values

2011 MI Dairy (All Herds)
(Farms Sorted By Rate of Return on Assets -
Mkt)

	Avg. Of All Farms		Low 25%		High 25%	
	101		25		26	
Number of farms	Beginning	Ending	Beginning	Ending	Beginning	Ending
Assets						
Current Farm Assets						
Cash and checking balance	48,698	66,933	47,239	47,525	58,594	96,866
Prepaid expenses & supplies	47,003	69,356	44,828	38,765	70,644	92,879
Growing crops	20,196	30,333	16,426	18,284	15,510	51,246
Accounts receivable	48,960	63,194	21,529	25,143	59,530	78,944
Hedging accounts	376	331	142	142	187	187
Crops held for sale or feed	350,591	398,619	268,350	277,907	355,896	434,068
Crops under government loan	0	2,667	0	0	0	0
Market livestock held for sale	19,788	22,319	30,304	27,271	25,246	35,490
Other current assets	2,412	3,438	185	167	7,394	12,709
Total current farm assets	538,022	657,190	429,003	435,205	593,001	802,389
Intermediate Farm Assets						
Breeding livestock	745,906	775,397	508,442	519,681	696,970	719,081
Machinery and equipment	584,241	691,437	442,051	467,179	610,828	714,332
Titled vehicles	11,366	15,956	16,460	16,884	9,458	23,611
Other intermediate assets	56,921	79,456	33,238	34,646	58,548	64,299
Total intermediate farm assets	1,398,434	1,562,246	1,000,191	1,038,391	1,375,805	1,521,322
Long Term Farm Assets						
Farm land	1,260,989	1,364,782	1,222,586	1,235,114	1,344,893	1,648,398
Buildings and improvements	661,112	699,664	420,494	415,359	549,237	601,589
Other long-term assets	20,432	19,412	13,234	13,876	32,488	36,308
Total long-term farm assets	1,942,532	2,083,857	1,656,314	1,664,349	1,926,618	2,286,294
Total Farm Assets	3,878,989	4,303,293	3,085,508	3,137,944	3,895,424	4,610,006
Total Nonfarm Assets	268,515	286,261	190,943	199,759	457,078	490,250
Total Assets	4,147,503	4,589,554	3,276,451	3,337,702	4,352,503	5,100,256
Liabilities						
Current Farm Liabilities						
Accrued interest	2,724	2,019	620	607	1,424	1,234
Accounts payable	38,292	36,425	40,791	43,235	20,377	28,547
Current notes	78,949	95,113	72,851	72,839	71,828	69,773
Government crop loans	0	757	0	0	0	0
Principal due on term debt	83,949	93,684	47,090	56,598	82,931	84,140
Total current farm liabilities	203,914	227,998	161,352	173,278	176,560	183,694
Total intermediate farm liabs	251,489	244,242	168,634	159,004	256,306	246,020
Total long term farm liabilities	671,690	689,729	396,397	419,543	614,931	605,317
Total farm liabilities	1,127,093	1,161,969	726,384	751,825	1,047,798	1,035,030
Total nonfarm liabilities	15,075	14,453	9,257	8,699	13,217	10,681
Total liabs excluding deferreds	1,142,168	1,176,422	735,640	760,524	1,061,015	1,045,712
Total deferred liabilities	1,060	1,060	0	0	0	0
Total liabilities	1,143,228	1,177,482	735,640	760,524	1,061,015	1,045,712

Key

2013 Michigan FFA farm management exam

Question	Answer	Question	Answer	Question	Answer	Question	Answer
1	Answer	21	d	41	a	61	b
2	c	22	c	42	a	62	c
3	c	23	c	43	d	63	c
4	b	24	c	44	b	64	d
5	e	25	e	45	b	65	b
6	b	26	d	46	a	66	a
7	b	27	d	47	b	67	d
8	d	28	a	48	b	68	c
9	a	29	b	49	a	69	b
10	e	30	c	50	a	70	c
11	d	31	a	51	c	71	a
12	a	32	e	52	b	72	c
13	c	33	d	53	b	73	c
14	b	34	a	54	a	74	b
15	c	35	a	55	a	75	b
16	b	36	b	56	b		
17	b	37	b	57	b		
18	c	38	b	58	b		
19	e	39	b	59	e		
20	c	40	c	60	a		