



Upper Midwest Organic Strategies, 2020-22

Organic Farm Financial Benchmarking in the Upper Midwest is an integrated regional grant project, led by University of Minnesota Extension. The project is a multi-year farm business management benchmark analysis of organic farm finances and production in Minnesota and Wisconsin. Benchmarking provides a summary of production and financial performance measures, allowing producers to evaluate their individual performance and compare it to a cohort with similar farm characteristics. The newest report uses 2020-2022 three-year averages for Minnesota and Wisconsin farms available in the Center for Farm Financial Management’s FINBIN database (finbin.umn.edu). The report includes financial analyses of organic and organic transition whole farm performance, organic crop enterprises, and organic livestock enterprises. Access the full report at z.umn.edu/Organic2022.

Total Organic (TO) Farms

In 2020-2022, most MN-WI organic farms in the FINBIN database were considered “total organic” (69%) - meaning that all farm production was certified organic. On average, TO farms managed 275.1 acres (228.8 crop acres; 46.3 pasture acres) and reported \$480,478 in gross cash farm income. After subtracting direct and overhead expenses, TO farms reported a median net farm income of \$76,360.

Partial Organic (PO) Farms

The second largest category (26%) of MN-WI organic farms were managed as “split operations” with some land and livestock production certified organic and the remainder conventional (non-organic) and/or in transition to organic. Farms that apply this split strategy are called “partial organic” (PO). The PO farms managed 305.8 acres on average (272.9 crop acres; 32.9 pasture acres), grossed \$394,889 in cash farm income, and net \$69,623 in median farm income on average from 2020-2022.

Transitioning Organic (TR) Farms

“Transitioning to organic” (TR) farms accounted for the smallest group (5%) of MN-WI organic farms in 2020-2022. The TR farms managed 82.5 total acres (65.9 crop acres; 16.6 pasture acres) and grossed \$164,174 while incurring \$134,985 in cash farm expenses. After accounting for all expenses, inventory changes, depreciation and gains or losses on capital sales, TR farms reported a median net farm income of \$21,949.



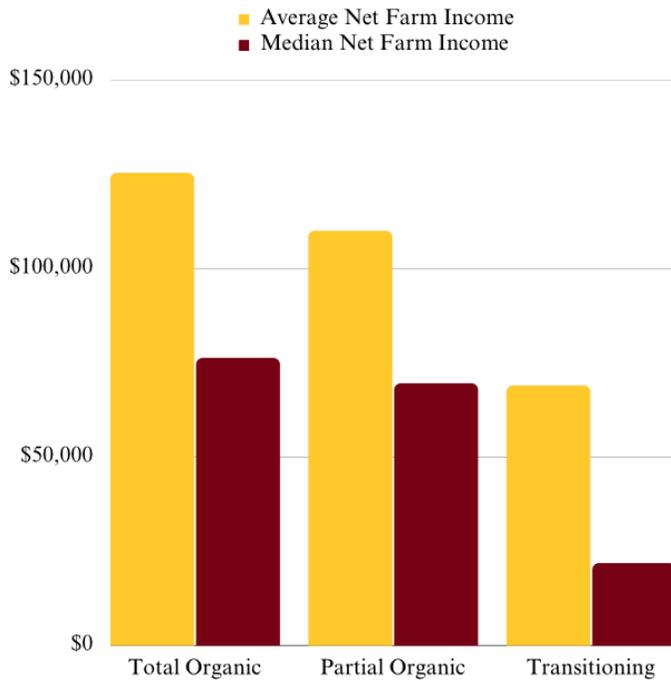
2020-2022 Organic Farm Performance in the Upper Midwest

Organic Strategies Quick Facts

n = 280 organic farms (total, partial and transitioning) in MN and WI

Total Organic (TO) <i>n = 69</i>	Partial Organic (PO) <i>n = 73</i>	Transitioning Organic (TR) <i>n = 14</i>
275.1 acres (crop + pasture)	305.8 acres (crop + pasture)	82.5 acres (crop + pasture)
\$480,478 avg. gross cash farm income*	\$394,889 avg. gross cash farm income*	\$164,174 avg. gross cash farm income*
\$372,444 cash farm expenses	\$306,178 cash farm expenses	\$134,985 cash farm expenses
\$125,431 avg. net farm income	\$110,072 avg. net farm income	\$69,014 avg. net farm income
\$76,360 median net farm income	\$69,623 median farm net income	\$21,949 median net farm income

**Partial organic and transitioning organic average gross farm income may include income from both organic and conventional enterprises.*

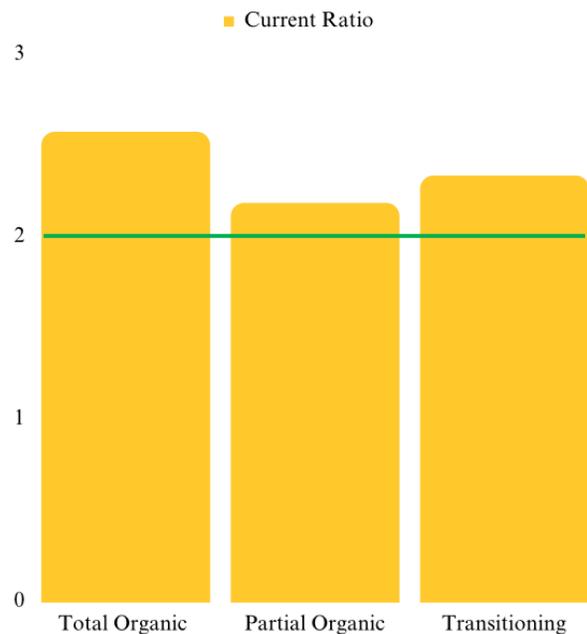
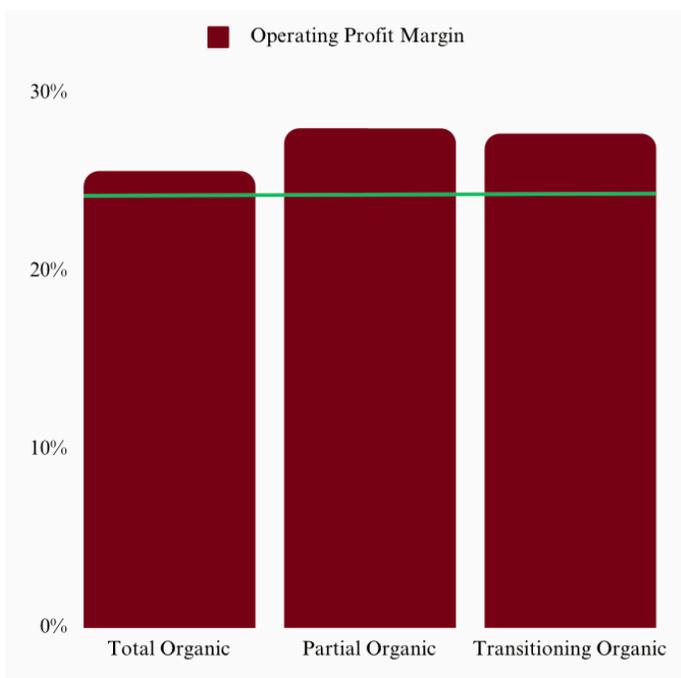


The Bottom Line

Both average and median net farm income improved with organic certification for farms in MN-WI over the 2020-2022 time period.

Using operating profit margin (OPM) as a measure of profitability, all organic strategies present strong profitability with an OPM above 25%. The OPM is calculated by dividing operating profit by total revenue.

Strong profitability performance benefited organic farms by in turn bolstering their liquidity positions – driving current ratios above the strong 2.0 liquidity performance threshold as measured by the Center for Farm Financial Management’s [Farm Finance Scorecard](https://z.umn.edu/scorecard) (z.umn.edu/scorecard). The current ratio is calculated as total farm current assets divided by total farm current liabilities.



Acknowledgements. Partner organizations on the project include the Minnesota State Colleges and Universities’ Agriculture Centers of Excellence, the Southwest Minnesota Farm Business Management Association, the Wisconsin Technical College System, and North Dakota Farm Management Education Program. Grant Number: USDA-OREI 2019-51300-30484.

