

Student Workbook

March, 2026



Contents:

- *Year at a Glance*
- *How Does Your Farm Stack Up?*
- *Farm Spending / Personal Goals*
- *Farm Financial Scorecard*

<u>Year at a Glance</u>		State		Your	Your
<i>Data for the Average Farm</i>	Northern	FBM	Local	Farm	Farm
	Minnesota	Data	Area	Data	Goal
	579	2314			
	<u>Farms</u>	<u>Farms</u>			
<u>Income Statement</u>					
Gross Cash Farm Income	\$996,275	\$1,113,772	_____	_____	_____
Total Cash Operating Expense	\$873,310	\$971,595	_____	_____	_____
Net Cash Farm Income	\$122,966	\$142,178	_____	_____	_____
Net Operating Profit	\$194,678	\$198,865	_____	_____	_____
Net Farm Income	\$132,975	\$129,473	_____	_____	_____
Median Farm Income	\$63,918	\$64,216	_____	_____	_____
<u>Balance Sheet (Market)</u>					
Total Assets - 12/31	\$3,759,974	\$4,283,268	_____	_____	_____
Total Liabilities - 12/31	\$1,350,265	\$1,381,305	_____	_____	_____
Net Worth - 12/31	\$2,409,709	\$2,901,963	_____	_____	_____
Change in Net Worth	\$237,881	\$208,931	_____	_____	_____
<u>Financial Standards Measures</u>					
Working Capital - 12/31	\$295,840	\$384,215	_____	_____	_____
Debt to Asset Ratio - 12/31	47%	44%	_____	_____	_____
Rate of Return on Farm Assets - Cost	5.0%	4.2%	_____	_____	_____
Rate of Return on Farm Equity - Cost	4.8%	3.6%	_____	_____	_____
Term Debt Coverage Ratio	1.64	1.58	_____	_____	_____
Asset Turnover Rate	33.1%	33.1%	_____	_____	_____
Operating Expense Ratio	75.8%	77.6%	_____	_____	_____
Interest Expense Ratio	6.0%	5.4%	_____	_____	_____
<u>Operator Information</u>					
Average Age of the Farmer	46.5	47.5	_____	_____	_____
Average Years Farming	21.7	22.9	_____	_____	_____
<u>Personal Spending & Income</u>					
Total Cash Family Living Expense	\$64,999	\$71,901	_____	_____	_____
Total Non Farm Income	\$52,021	\$50,851	_____	_____	_____

Net Farm Income dollars are used to pay for family living, social security and income tax, retirement accounts, medical and health expenses, and loan principle payments. A positive balance indicates revenue for other uses, while a negative balance indicates a need for revenue from other sources.

The following list shows expenses for the year:

		<u>Northern Minnesota</u>	<u>State Data</u>
Average Net Farm Income	(+)	\$132,975	\$129,473
Depreciation	(+)	\$67,817	\$76,018
Total Cash Family Living	(-)	\$64,999	\$71,901
Social Security and Income Tax	(-)	\$9,192	\$13,251
Retirement Accounts	(-)	\$15,009	\$1,922
Principal Payments	(-)	\$81,486	\$84,560
Balance	(=)	\$30,106	\$33,857

How does your Farm Stack Up?

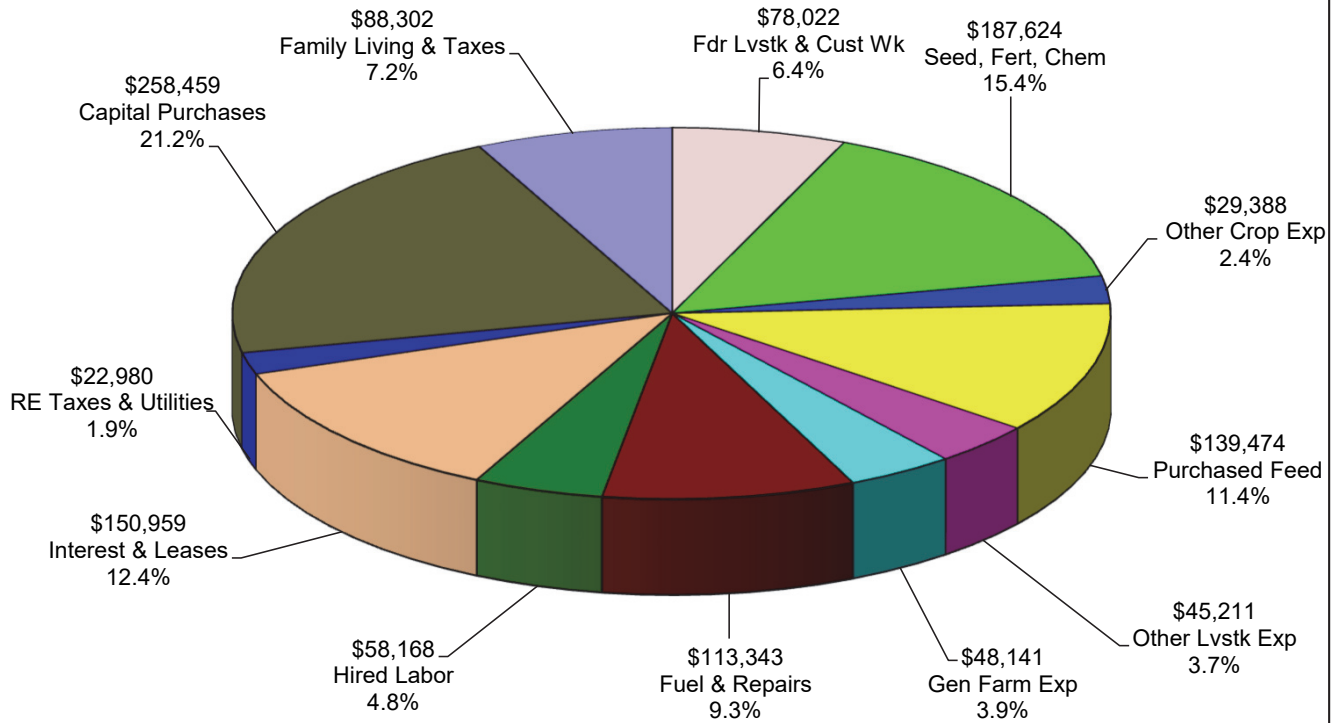
Northern Minnesota Farm Business Management Data

Below is a summary of the low, average, and high farms using the Financial Standards Measures. The numbers listed below are intended to provide a general overview of the farm situation for the current year and over a five year period. The current year data provides a snapshot of the conditions that represent the present while the five year data provides a longer term look at these factors to enable their use in potential decision making activities.

For additional information, please see the back cover of this report. A "Financial Scorecard" is provided in color for your use.

Evaluation Chart	<u>Low Farms</u>		<u>Average</u>		<u>High Farms</u>		<u>Your Farm</u>	
	2025	5 Yr Avg	2025	5 Yr Avg	2025	5 Yr Avg	2025	5 Yr Avg
<u>Liquidity</u>								
Current Ratio	0.96	1.23	1.7	2.00	1.98	2.30		
Working Capital to Gross Rev. %	-3.2%	10.6%	27.6%	32.4%	31.8%	38.8%		
Working Capital to Oper Exp. %	-3.4%	10.8%	36.3%	43.8%	43.9%	56.1%		
<u>Solvency (Market)</u>								
Farm Debt to Asset Ratio %	56%	53%	47%	46%	47%	45%		
Farm Equity to Asset Ratio %	44%	47%	53%	54%	53%	55%		
Farm Debt to Equity Ratio %	1.29	1.14	0.89	0.86	0.88	0.82		
<u>Profitability (Cost)</u>								
Rate of Return on Farm Assets %	-4.0%	-4.7%	5.0%	5.9%	9.3%	10.7%		
Rate of Return on Farm Equity %	-17.5%	-16.9%	4.8%	7.1%	12.7%	15.1%		
Operating Profit Margin %	-16.5%	-19.8%	15.0%	16.4%	24.0%	25.8%		
Asset Turnover Rate (Cost) %	24.0%	24.4%	33.1%	35.3%	38.7%	41.1%		
<u>Repayment Capacity (Accrual)</u>								
Debt Coverage Ratio	0.40	0.26	1.56	1.86	2.24	2.81		
Term Debt Coverage Ratio	0.25	0.12	1.64	1.96	2.38	3.04		
Replacement Coverage Ratio	0.34	0.20	1.25	1.53	1.85	2.31		
<u>Efficiency</u>								
Operating Expense Ratio %	94.9%	97.5%	75.8%	74.6%	72.5%	69.4%		
Depreciation Expense Ratio %	11.9%	10.1%	6.3%	6.1%	4.8%	5.0%		
Interest Expense Ratio %	12.2%	9.4%	6.0%	5.0%	4.5%	3.8%		
Net Farm Income Ratio %	-19.0%	-16.9%	11.8%	14.1%	18.2%	21.7%		

Each farmer, on average, spent \$1,220,071 Community in 2025



Average Money Spent by Each Farmer in the Greater Community: \$1,220,071

Average Money Spent by Each Farmer in a 40 Yr Career: \$48,802,840
Money Spent in Community by 579 Farmers: \$706,421,109

Report Overview

Farm Business Management Education has been a part of agricultural education education programs in Minnesota since 1953. FBM Programs are now an integral part of the Minnesota State System, delivered through seven two-year colleges. The following data is compiled by 20 Farm Business Management Instructors working through 5 MN State colleges in Northern Minnesota

Your Goals based on current year Analysis

Short Term

Timeline

- 1 _____
- 2 _____
- 3 _____
- 4 _____

Intermediate and Long Term

Timeline

- 1 _____
- 2 _____
- 3 _____
- 4 _____

Farm Financial Scorecard

Name _____

Year _____

	This Year	5-Year Ave	Strong	Vulnerable
Liquidity				
Current ratio			2.0	1.3
Working Capital to Gross Rev.			30%	10%
*Working Capital to Oper. Exp.			40%	20%
Solvency (market)	Note: These solvency ratios include deferred liabilities			
Farm debt/asset ratio			30%	60%
Farm equity/asset ratio			70%	40%
Farm debt/equity ratio			0.43	1.50
Profitability (Cost)				
Rate of return on farm assets			8%	4%
Rate of return on farm equity			10%	3%
Operating profit margin			25%	15%
Asset Turnover Ratio			45%	30%
Repayment Capacity (Accrual)				
*Debt Coverage Ratio			1.75	1.25
Replacement Coverage Ratio			1.50	1.10
Term-debt coverage ratio			1.75	1.25
Financial Efficiency				
Operating-expense ratio			60%	80%
Depreciation-expense ratio			5%	10%
Interest-expense ratio			5%	10%
Net farm income ratio			20%	10%

*New recommended ratio from FFSC in 2022

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