

Profitability Measures
Farm Business Management - Moorhead
Northland Community & Technical College
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>40 - 60%</u>	<u>High 20%</u>
Number of farms	82	16	17	17
Profitability (assets valued at cost)				
Net farm income	271,650	30,274	196,155	679,486
Labor and management earnings	213,979	7,869	140,743	563,855
Rate of return on assets	15.2 %	2.8 %	11.5 %	20.8 %
Rate of return on equity	21.8 %	-0.8 %	14.8 %	29.7 %
Operating profit margin	27.0 %	6.0 %	22.0 %	33.2 %
Asset turnover rate	56.5 %	46.1 %	52.1 %	62.8 %
Interest on farm net worth	57,672	22,405	55,412	115,631
Farm interest expense	49,207	25,024	49,418	78,207
Value of operator lbr and mgmt.	61,848	33,288	59,772	107,780
Return on farm assets	259,009	22,010	185,801	649,914
Average farm assets	1,699,228	793,261	1,619,050	3,119,332
Return on farm equity	209,802	-3,014	136,383	571,706
Average farm equity	960,798	373,419	923,536	1,927,181
Value of farm production	960,628	365,300	842,770	1,960,069

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>40 - 60%</u>	<u>High 20%</u>
Number of farms	82	16	17	17
Profitability (assets valued at market)				
Net farm income	306,135	83,142	248,311	581,219
Labor and management earnings	234,033	45,553	177,694	449,714
Rate of return on assets	13.4 %	6.4 %	11.2 %	14.2 %
Rate of return on equity	20.3 %	8.0 %	16.0 %	21.6 %
Operating profit margin	30.6 %	20.5 %	28.2 %	28.1 %
Asset turnover rate	43.7 %	31.1 %	39.6 %	50.6 %
Interest on farm net worth	72,103	37,589	70,617	131,505
Farm interest expense	49,207	25,024	49,418	78,207
Value of operator lbr and mgmt.	61,848	33,288	59,772	107,780
Return on farm assets	293,494	74,879	237,957	551,646
Average farm assets	2,196,438	1,173,804	2,126,825	3,872,229
Return on farm equity	244,287	49,855	188,539	473,439
Average farm equity	1,201,709	626,489	1,176,946	2,191,746
Value of farm production	960,628	365,300	842,770	1,960,069