



MINNESOTA STATE

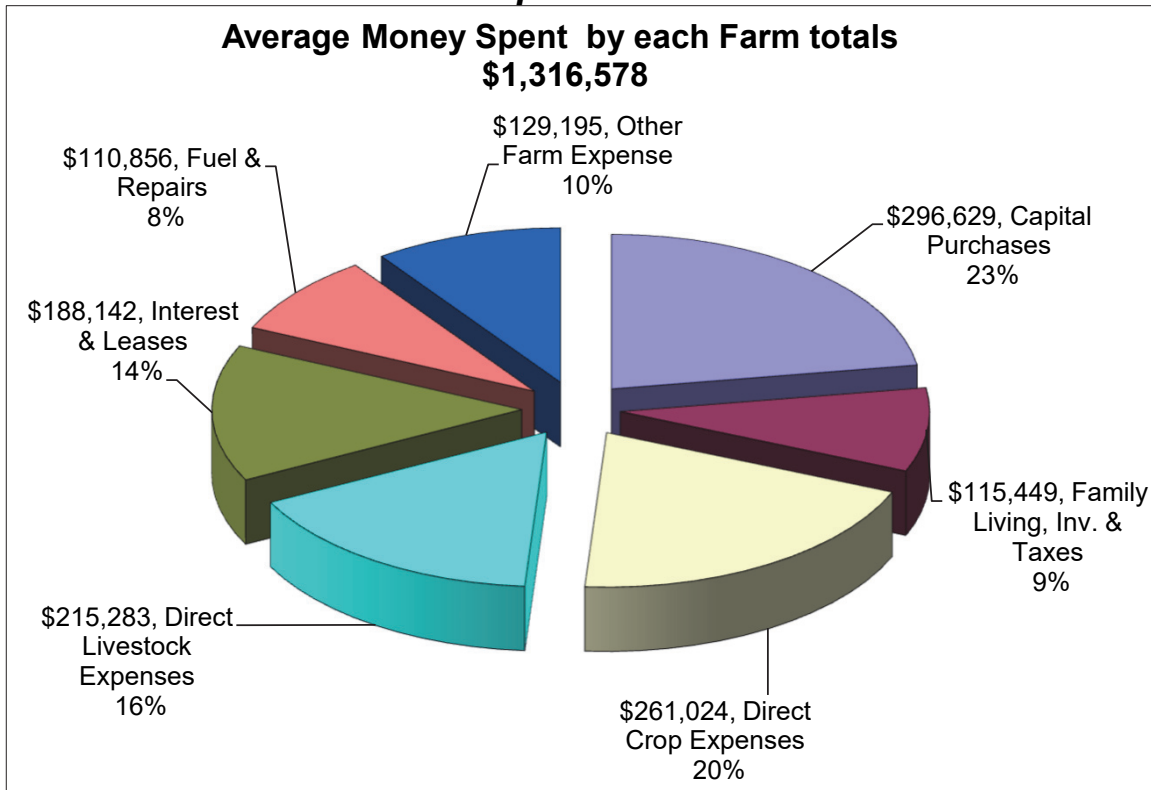
Farm Business Management Program Database (2317 Farms)

State Executive Summary - 2023

Financial Summaries & Financial Standards for 2020-2023
Current year data by Region, Farm Type, & Years Farming

April 2024

Average Money Spent by each Farm totals \$1,316,578



In Cooperation with the Center for Farm Financial Management, University of Minnesota
Compiled by Josh Tjosaas

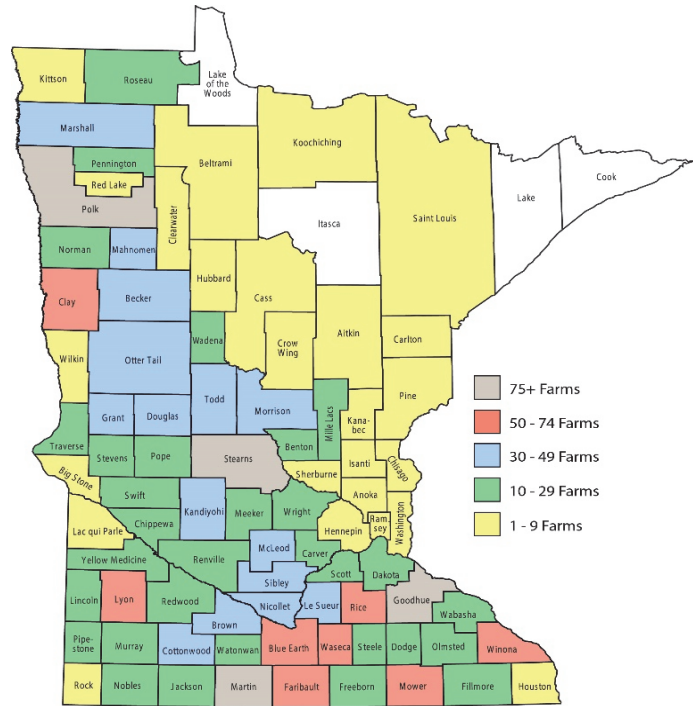
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Farm Business Management Websites at: agcentric.org or centerofagriculture.org

Brief Overview of 2023 in Production Agriculture
Farm Business Management Program Database

In 2023, Minnesota Farmers experienced a decrease in net farm from 2022. This is one of the key findings in the annual report developed by the Minnesota State Farm Business Management Education program (FBM) in cooperation with the University of Minnesota. The data in this report comes from 2,317 farmers representing 83 of 87 counties who participate in the Minnesota State FBM program.

These 2,317 farms spent \$3,050,511,226 in their greater communities in 2023. The majority of this money is spent locally, including businesses and cooperatives, demonstrating the vital importance of farms on the economy of Minnesota.

Average Net Farm Income was \$93,936, a decrease of 64% from 2022. The primary reasons for decrease include: lower prices for most crops sold, lower crop inventory values at year-end, and lower livestock prices in 2023.



Yields across Minnesota were improved from 2022 in some areas, while some areas dealt with various weather challenges. Most farm types showed positive net farm income on an average basis and the median income was positive for the fourth time in the past four years for the state average of all farms. Livestock operations saw a range of profitability due to livestock sale and/or livestock product prices in 2023.

Working capital decreased by \$83,845 in 2023 while debt coverage, the ratio to show the ability of the farm to meet debt obligations, was 1.33. Average investments on farms in 2023 was just over \$3.0 million, with a 2.8% return on investment. Average nonfarm income for farms in 2023 was \$45,228 compared to the average family living expense of \$77,476.

What is Net Farm Income used for?

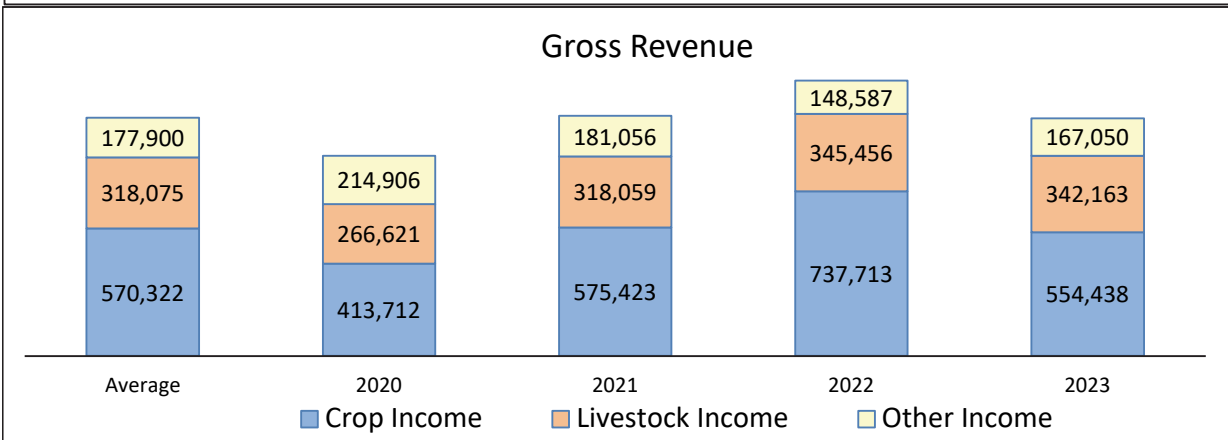
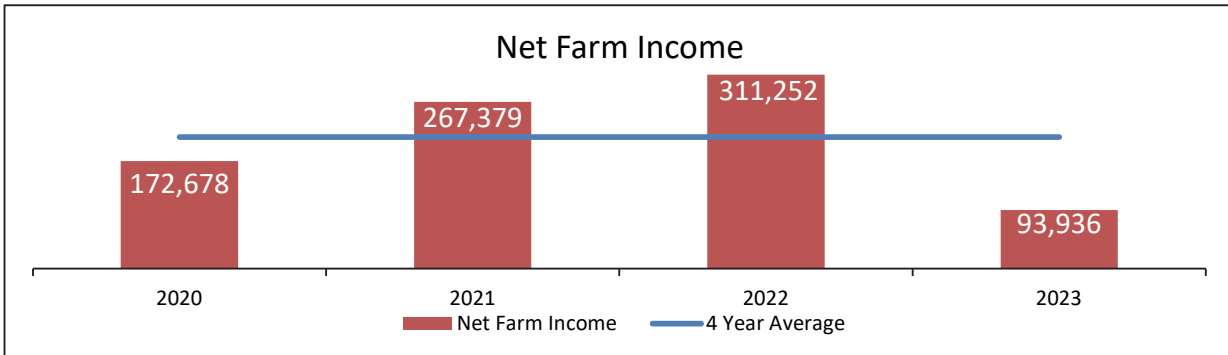
Net Farm Income dollars are used to pay for family living, social security and income tax, retirement accounts, Medical and Health expenses, and loan principal payments.

A positive balance indicates that there is revenue available for other uses, while a negative balance indicates there is a need for revenue from other sources.

	2023	2022	2021	2020
Net Farm Income	\$93,936	\$311,252	\$267,379	\$172,678
Depreciation	\$66,032	\$61,470	\$55,493	\$51,676
Family Living (Excl Health/Med)	(minus) \$67,223	\$62,168	\$55,425	\$50,274
Social Security and Income Tax	(minus) \$21,360	\$17,381	\$15,453	\$11,546
Health and Medical Expense	(minus) \$10,253	\$10,002	\$9,825	\$9,523
Retirement Accounts	(minus) \$22,731	\$12,745	\$9,437	\$8,717
Principal Payments	(minus) \$80,237	\$72,467	\$67,903	\$60,177
Balance	-\$41,836	\$197,959	\$164,829	\$84,117

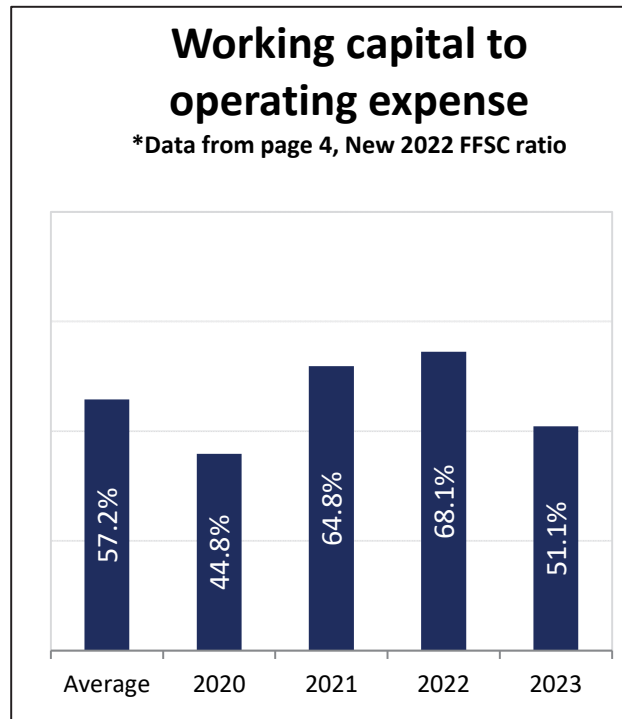
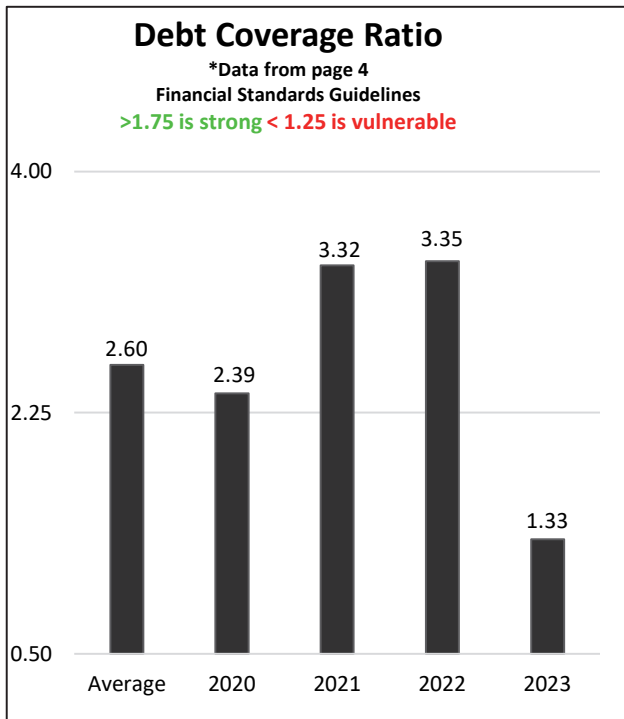
Summary Farm Income Statement
(Farms sorted by years)

	<u>Average</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Number of farms	2253	2246	2293	2154	2317
Farm Revenue					
Crop sales	509,756	351,188	468,446	607,954	611,435
Crop inventory change	60,566	62,524	106,977	129,759	-56,997
Gross crop income	570,322	413,712	575,423	737,713	554,438
Livestock sales	308,478	263,544	310,291	334,348	325,729
Livestock inventory change	9,597	3,077	7,768	11,108	16,434
Gross livestock income	318,075	266,621	318,059	345,456	342,163
Government payments	55,303	106,998	62,864	28,422	22,927
Other cash income	123,056	112,893	118,423	121,355	139,553
Other accrual changes	-459	-4,985	-231	-1,190	4,570
Gross Revenue	1,069,521	895,239	1,074,537	1,231,816	1,076,492
Farm Expenses					
Cash operating expenses	779,474	657,209	742,674	857,308	860,706
Inventory Changes	-14,048	-21,836	-22,936	-25,407	13,986
Depreciation	58,668	51,676	55,493	61,470	66,032
Total operating expense	824,094	687,049	775,230	893,371	940,724
Interest paid	38,607	39,884	34,883	35,868	43,794
Change in accrued interest	1,058	-728	39	1,935	2,985
Total interest expense	39,665	39,157	34,922	37,803	46,779
Total Expense	853,970	687,049	810,152	931,174	987,503
Net farm income from operations	205,763	169,033	264,386	300,643	88,988
Gain or loss on capital sales	5,549	3,644	2,993	10,610	4,948
Net Farm Income	211,311	172,678	267,379	311,252	93,936



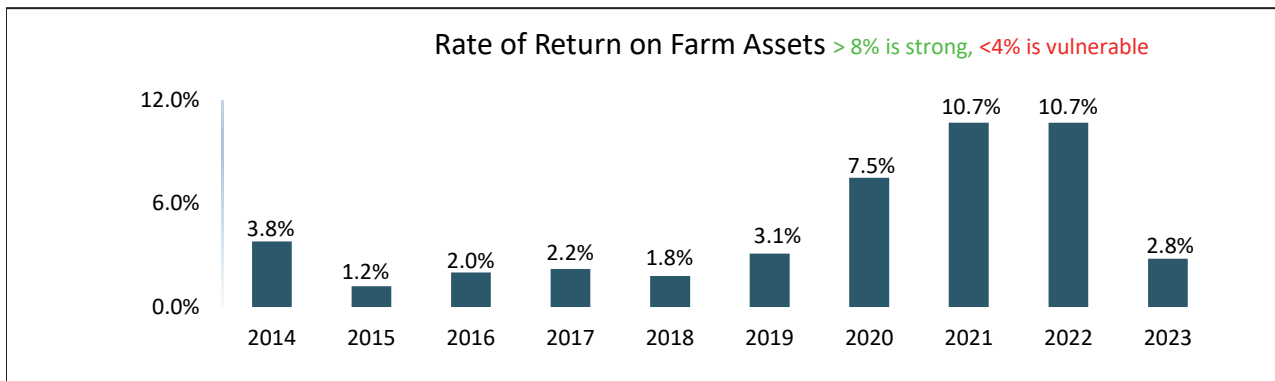
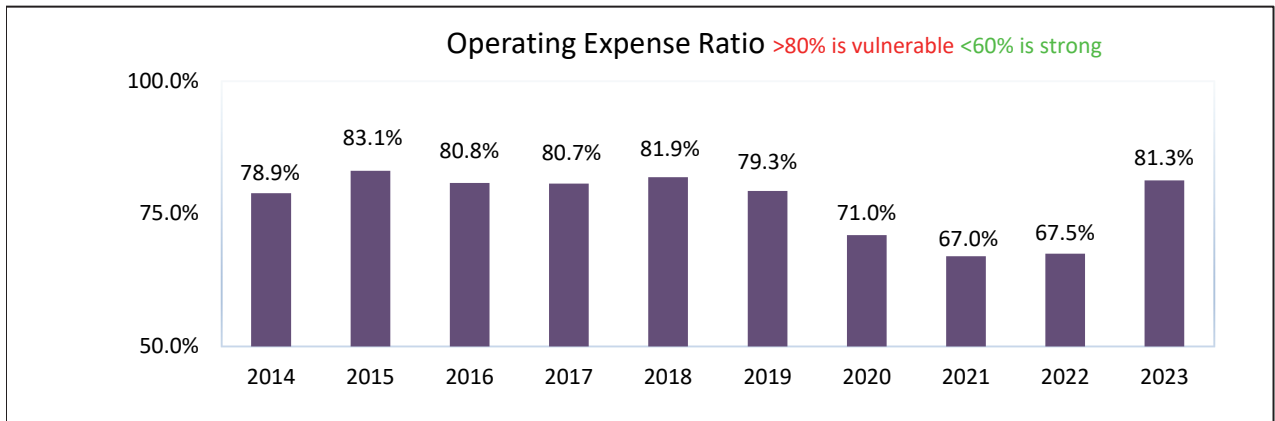
Financial Summary (Farms sorted by years)

	<u>Average</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Number of farms	2253	2246	2293	2154	2317
Income Statement					
Gross cash farm income	996,649	834,622	960,023	1,092,140	1,099,812
Total cash farm expense	818,082	697,094	777,556	893,176	904,500
Net cash farm income	178,568	137,529	182,467	198,964	195,312
Inventory Change	85,862	83,180	137,411	163,149	-40,291
Depreciation	-58,668	-51,676	-55,493	-61,470	-66,032
Average net farm income	211,311	172,678	267,379	311,252	93,936
Median net farm income	120,048	100,684	158,294	176,616	44,596
Liquidity & Repayment (end of year)					
Current Assets	762,072	594,840	732,596	905,475	815,375
Current Liabilities	331,699	310,082	309,494	338,722	368,498
Change in working capital	80,543	109,098	150,763	146,155	-83,845
Solvency (end of year at market)					
Total assets	3,349,067	3,059,297	2,656,385	3,791,346	3,889,238
Total liabilities	1,380,868	1,293,631	1,075,506	1,552,675	1,601,661
Net worth	1,968,198	1,765,665	1,580,880	2,238,672	2,287,576
Net worth change	224,564	184,782	263,340	294,250	155,883
Change in net worth %	14%	12%	20%	15%	7%
Nonfarm Information					
Net nonfarm income	43,880	43,268	44,586	42,436	45,228
Farms reporting living expenses	371	396	362	357	367
Total family living expense	68,995	60,054	65,537	72,453	77,936
Total living, invest, & capital	112,416	83,384	102,923	117,813	145,543
Total Crop Acres	794	786	781	808	800
Machinery value per crop acre	776	691	733	799	880



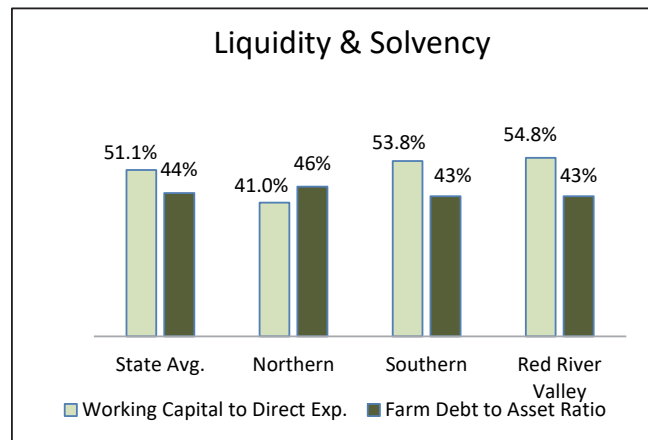
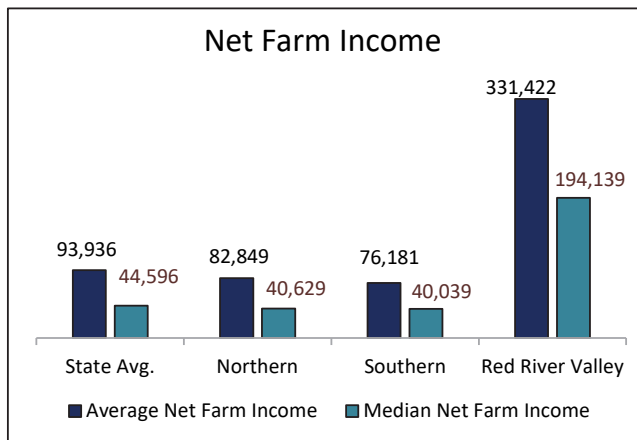
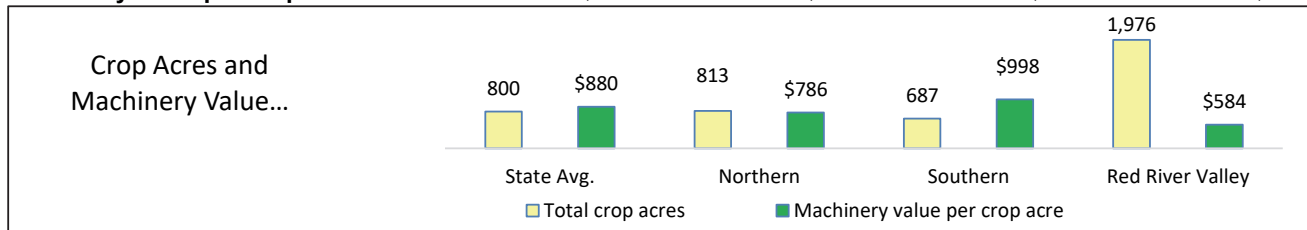
Financial Standards Measures
(Farms sorted by years)

	<u>Average</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Number of farms	2253	2246	2293	2154	2317
Liquidity					
Current ratio	2.29	1.92	2.37	2.67	2.21
Working capital to gross revenue	39.7%	31.8%	39.4%	46.0%	41.5%
Working capital to oper expense	57.2%	44.8%	64.8%	68.1%	51.1%
Solvency (market)					
Farm debt to asset ratio	44%	45%	44%	43%	44%
Farm equity to asset ratio	54%	55%	46%	57%	56%
Farm debt to equity ratio	0.79	0.82	0.79	0.76	0.77
Profitability (cost)					
Rate of return on farm assets	7.9%	7.5%	10.7%	10.7%	2.8%
Rate of return on farm equity	11.1%	10.5%	16.4%	15.8%	1.7%
Operating profit margin	20.1%	20.3%	26.3%	25.7%	8.2%
Asset turnover rate	38.3%	37.2%	40.8%	41.5%	33.6%
Repayment Capacity					
Debt coverage ratio	2.60	2.39	3.32	3.35	1.33
Term debt coverage ratio	2.73	2.52	3.46	3.54	1.38
Replacement coverage ratio	1.99	1.85	2.53	2.55	1.03
Efficiency					
Operating expense ratio	71.7%	71.0%	67.0%	67.5%	81.3%
Depreciation expense ratio	5.5%	5.8%	5.2%	5.0%	6.1%
Interest expense ratio	3.8%	4.4%	3.2%	3.1%	4.3%
Net farm income ratio	19.1%	18.9%	24.6%	24.4%	8.3%



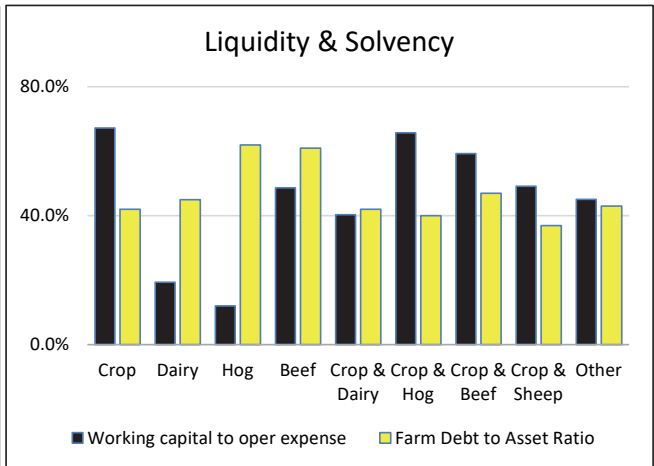
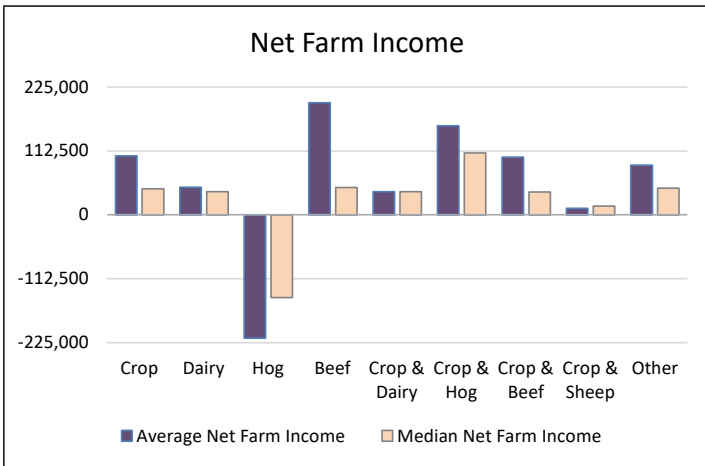
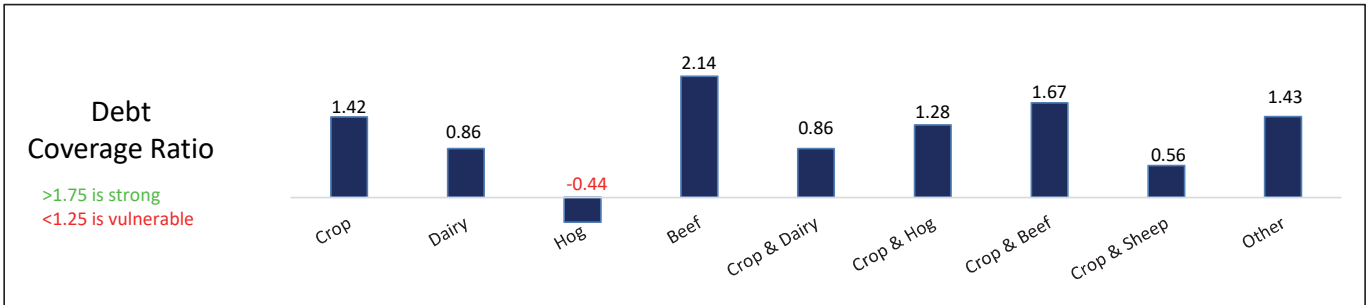
Financial Summary (Farms sorted by region)

	<u>State Avg.</u>	<u>Northern</u>	<u>Southern</u>	<u>Red River Valley</u>
Number of farms	2317	581	1590	146
Income Statement				
Gross cash farm income	1,099,812	936,512	1,101,924	1,726,655
Total cash farm expense	904,500	798,952	903,143	1,339,297
Net cash farm income	195,312	137,560	198,780	387,358
Average net farm income	93,936	82,849	76,181	331,422
Median net farm income	44,596	40,629	40,039	194,139
Profitability (cost)				
Rate of return on assets	2.8%	3.0%	2.1%	6.7%
Rate of return on equity	1.7%	1.7%	0.8%	8.6%
Operating profit margin	8.2%	8.8%	6.6%	15.5%
Asset turnover rate	33.6%	33.8%	32.1%	43.1%
Liquidity & Repayment (end of year)				
Current ratio	2.21	1.98	2.31	2.09
Working capital to gross revenue	41.5%	33.0%	44.5%	40.2%
Working capital to oper expense	51.1%	41.0%	53.8%	54.8%
Debt coverage ratio	1.33	1.3	1.22	2.25
Solvency (end of year at market)				
Total assets	3,889,238	3,170,008	3,901,204	6,621,054
Total liabilities	1,601,661	1,381,327	1,573,899	2,780,819
Net worth	2,287,576	1,788,681	2,327,306	3,840,235
Farm debt to asset ratio	44%	46%	43%	43%
Nonfarm Information				
Net nonfarm income	45,228	39,600	47,214	45,995
Farms reporting living expenses	367	72	275	20
Total family living expense	77,936	70,074	78,182	102,861
Total living, invest, & capital	145,543	95,297	151,739	241,244
Total crop acres	800	813	687	1,976
Machinery value per crop acre	\$880	\$786	\$998	\$584



Financial Summary-Farm Type
(Determined by where 70% of gross cash farm income is received)

	<u>Crop</u>	<u>Dairy</u>	<u>Hog</u>	<u>Beef</u>	<u>Crop & Dairy</u>	<u>Crop & Hog</u>	<u>Crop & Beef</u>	<u>Crop & Sheep</u>	<u>Other</u>
	1,371	238	18	75	72	19	121	6	386
Income Statement									
Gross cash farm income	1,001,071	1,923,337	3,559,109	1,238,256	1,394,588	2,697,425	913,296	294,817	768,513
Total cash farm expense	772,686	1,745,407	3,678,337	1,188,695	1,179,510	2,170,600	800,790	267,760	622,911
Net cash farm income	228,384	177,930	-119,228	49,561	215,078	526,825	112,506	27,057	145,603
Average net farm income	104,136	48,985	-217,236	197,834	41,122	157,268	102,162	11,756	87,794
Median net farm income	46,051	40,914	-145,638	48,381	41,130	109,378	40,641	15,904	47,251
Profitability (cost)									
Rate of return on assets	2.9%	0.7%	-5.6%	8.7%	0.2%	2.6%	4.0%	-0.1%	3.6%
Rate of return on equity	2.2%	-2.0%	-22.6%	13.2%	-2.8%	1.7%	3.6%	-2.8%	3.0%
Operating profit margin	8.5%	2.0%	-19.1%	31.1%	0.6%	8.1%	13.5%	-0.7%	12.1%
Asset turnover rate	34.2%	37.7%	29.5%	27.9%	35.2%	31.3%	29.7%	19.0%	29.6%
Liquidity									
Current ratio	2.30	2.07	1.50	1.72	2.61	2.76	2.15	2.06	2.12
Working capital to gross revenue	52.7%	17.3%	12.2%	38.0%	34.6%	56.2%	47.1%	40.3%	34.7%
Working capital to oper expense	67.2%	19.4%	12.1%	48.7%	40.3%	65.7%	59.3%	49.2%	45.1%
Debt coverage ratio	1.42	0.86	-0.44	2.14	0.86	1.28	1.67	0.56	1.43
Solvency (end of year at market)									
Total assets	4,103,518	4,203,839	4,702,480	3,265,442	3,968,198	7,741,229	3,340,284	2,003,346	3,111,743
Total liabilities	1,634,049	1,823,100	2,832,689	1,903,783	1,614,752	2,883,506	1,465,264	673,877	1,266,755
Net worth	2,469,469	2,380,739	1,869,791	1,361,659	2,353,446	4,857,723	1,875,020	1,329,469	1,844,988
Farm debt to asset ratio	42%	45%	62%	61%	42%	40%	47%	37%	43%
Total crop acres	1,029	468	387	388	661	1,469	634	363	363
Machinery value per crop acre	767	1,573	1,174	1,060	1,402	765	898	578	1,253



Beginning Farmer Financial Summary (Comparison by years farming)

	<10 years	11-30 years	> 30 years
Number of farms	687	733	897
Income Statement			
Gross cash farm income	493,398	1,180,054	1,498,685
Total cash farm expense	411,182	985,728	1,215,948
Net cash farm income	82,216	194,325	282,737
Average net farm income	67,567	121,436	91,660
Median net farm income	36,676	59,456	40,812
Profitability (cost)			
Rate of return on assets	4.5%	3.7%	1.8%
Rate of return on equity	5.3%	3.3%	0.3%
Operating profit margin	12.0%	10.3%	5.7%
Asset turnover rate	37.2%	36.2%	31.1%
Liquidity & Repayment (end of year)			
Current ratio	2.20	2.12	2.28
Working capital to gross revenue	38.3%	38.2%	44.7%
Working capital to oper expense	49.7%	47.7%	53.7%
Debt coverage ratio	1.77	1.49	1.09
Solvency (end of year at market)			
Number of farms	687	733	897
Total assets	1,679,275	3,813,375	5,643,810
Total liabilities	864,133	1,714,317	2,074,466
Net worth	691,958	2,099,058	3,569,344
Farm debt to asset ratio	55%	47%	39%
Total crop acres	416	864	1,041
Machinery value per crop acre	615	798	1016

