



MINNESOTA STATE

Farm Business Management Program Database (2246 Farms)

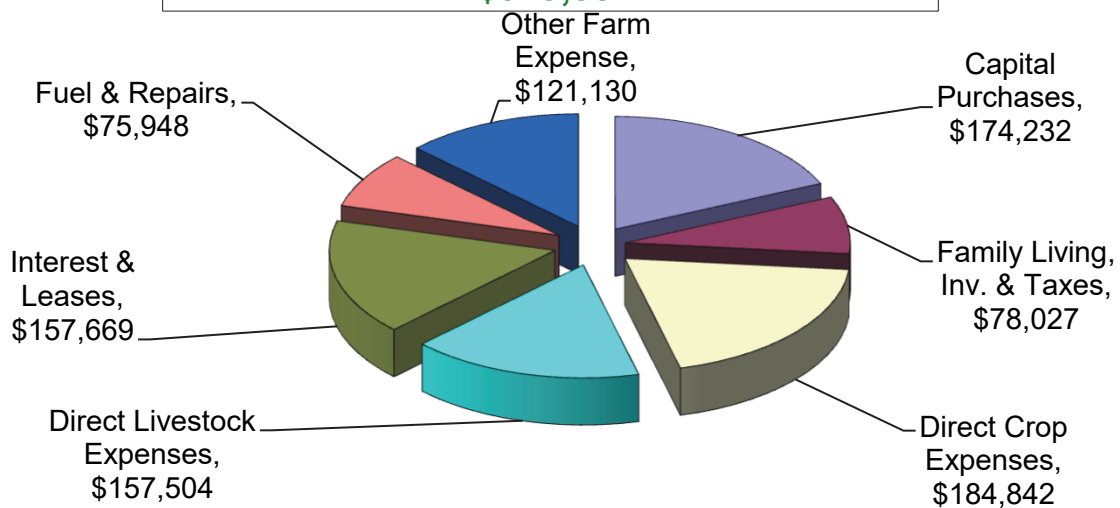
State Executive Summary - 2020

Financial Summaries & Financial Standards for 2017-2020
Current year data by Region, Farm Type, & Years Farming

April, 2021

Average Money Spent by each Farm totals

\$949,352



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

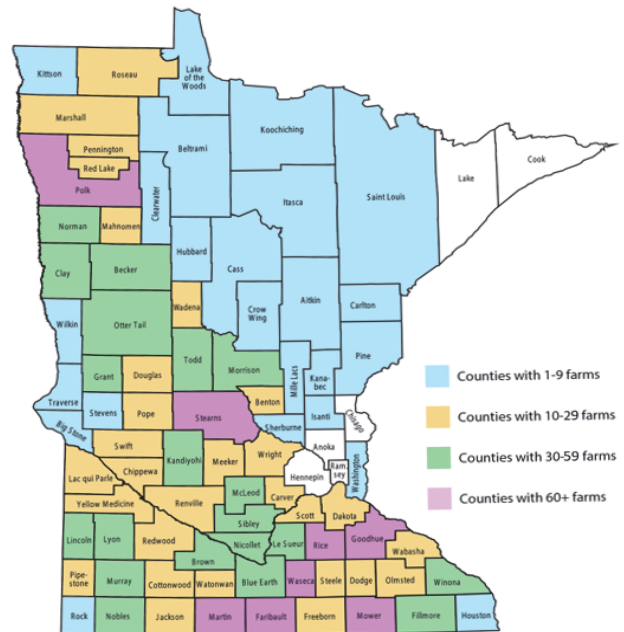
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Farm Business Management Websites at: agcentric.org or centerofagriculture.org

Brief Overview of 2020 in Production Agriculture

Farm Business Management Program Database

Minnesota Farmers experiences highest net farm income in 2020 in the past 7 years. 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 2,246 farmers representing 81 of 87 counties who participate in the Minnesota State FBM program.

Based on the graphic on the cover these 2,246 farms spent \$2,132,244,592 in their greater communities in 2020. 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 \$172,678 an increase from 2019 due to higher yields, crop and livestock prices and a variety of government programs. All farm types showed positive net farm income on an average basis while the median income was positive for the first time in several years for each farm type.

-Working capital increased by \$105,369 in 2020 while term debt coverage, the ratio to show the ability of the farm to meet debt obligations was 2.61 an increase of 1.24 from 2019.

-Average investments on farms in 2020 just over \$3.0 million, with a 7.5% return on investment.

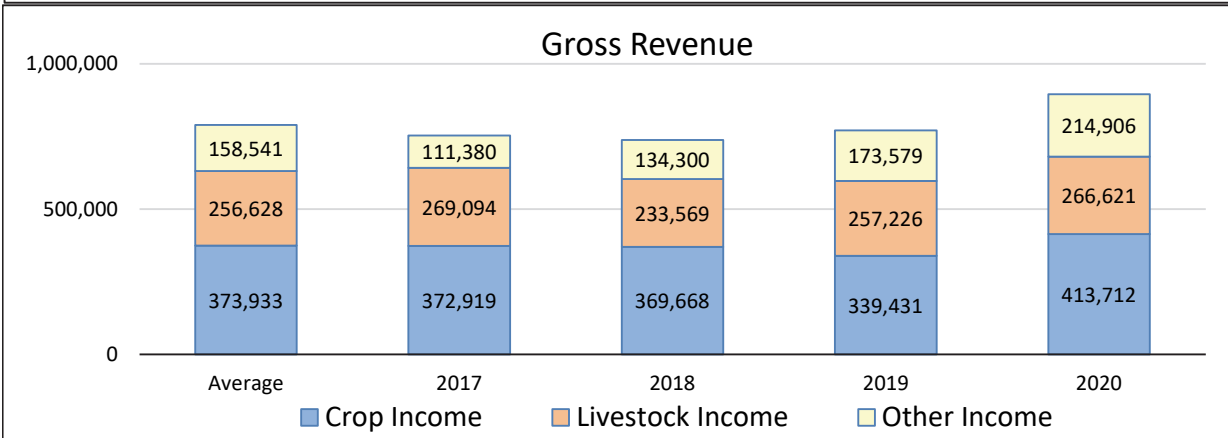
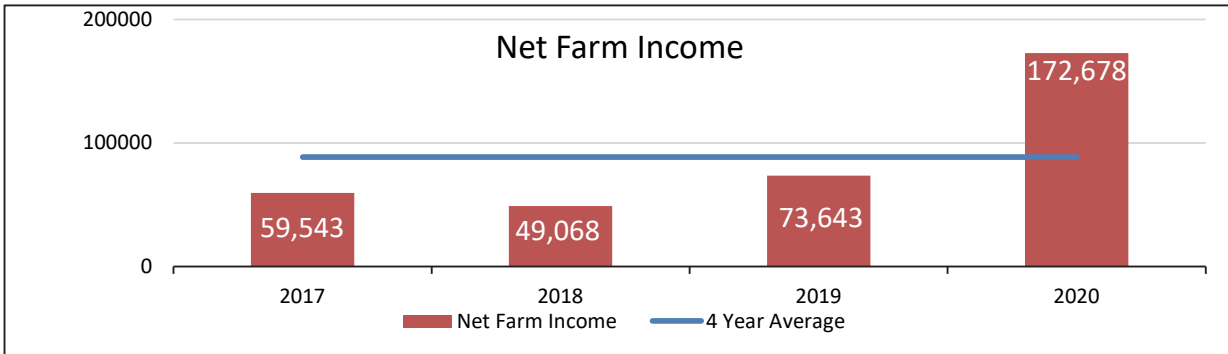
What is Net Farm Income used for?

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. The list below shows the data for the current year. 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.

	2020	2019	2018	2017
Net Farm Income	\$172,678	\$73,643	\$49,068	\$59,543
Depreciation	(plus) \$51,676	\$50,364	\$49,692	\$51,002
Family Living (Excl Health/Med)	(minus) \$50,274	\$46,127	\$45,702	\$49,652
Social Security and Income Tax	(minus) \$11,546	\$8,112	\$8,123	\$9,829
Health and Medical Expense	(minus) \$9,523	\$9,597	\$9,701	\$9,891
Retirement Accounts	(minus) \$8,717	\$4,735	\$6,638	\$1,781
Principal Payments	(minus) \$60,177	\$58,043	\$59,201	\$63,286
Balance	\$84,117	-\$2,607	-\$30,605	-\$23,894

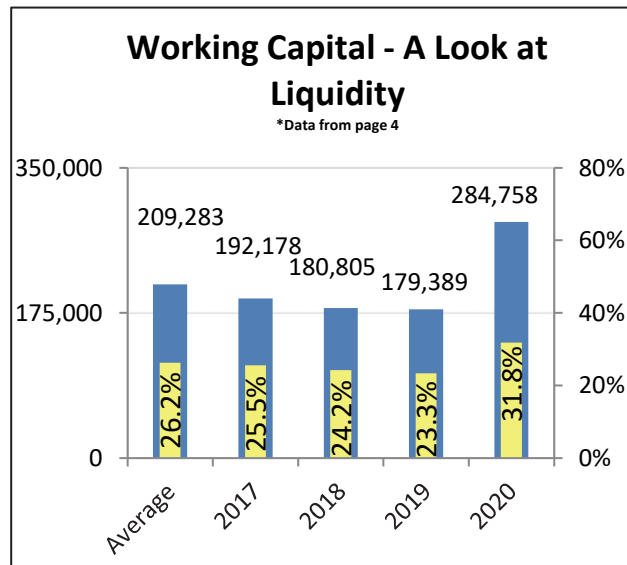
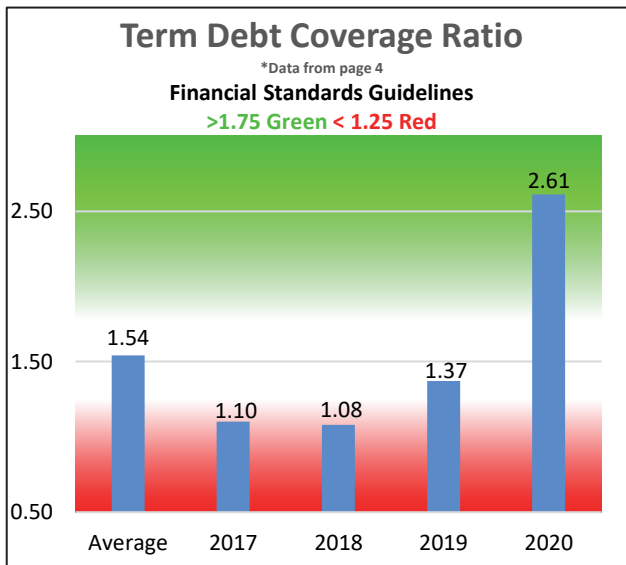
Summary Farm Income Statement
(Farms Sorted by Years)
Minnesota State - Farm Business Management

	<u>Average</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Number of farms	2197	2164	2209	2167	2246
Farm Revenue					
Crop sales	354,085	366,823	372,821	325,509	351,188
Crop inventory change	19,847	6,096	-3,154	13,923	62,524
Gross crop income	373,933	372,919	369,668	339,431	413,712
Livestock sales	254,765	264,814	234,219	256,483	263,544
Livestock inventory change	1,863	4,280	-650	743	3,077
Gross livestock income	256,628	269,094	233,569	257,226	266,621
Government payments	50,883	16,361	29,968	50,203	106,998
Other cash income	102,278	87,142	97,193	111,883	112,893
Other accrual changes	5,381	7,877	7,139	11,493	-4,985
Gross Revenue	789,101	753,393	737,537	770,236	895,239
Farm Expenses					
Cash operating expenses	618,108	600,637	608,512	606,073	657,209
Inventory Changes	7,479	7,543	3,955	4,811	-21,836
Depreciation	50,684	51,002	49,692	50,364	51,676
Total operating expense	667,409	659,181	662,159	661,248	687,049
Interest paid	38,207	35,269	37,996	39,679	39,884
Change in accrued interest	866	1,140	1,373	1,678	-728
Total interest expense	39,073	36,409	39,369	41,357	39,157
Total Expense	696,693	695,590	701,527	702,606	687,049
Net farm income from operations	85,175	57,803	46,233	67,630	169,033
Gain or loss on capital sales	3,558	1,740	2,834	6,013	3,644
Net Farm Income	88,733	59,543	49,068	73,643	172,678



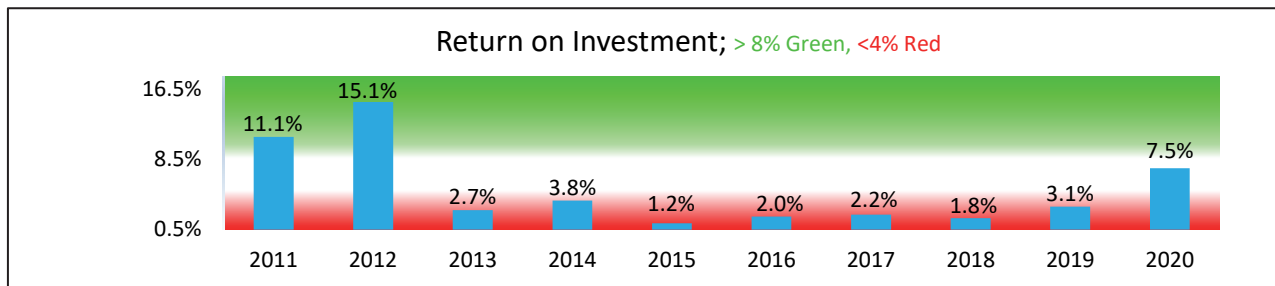
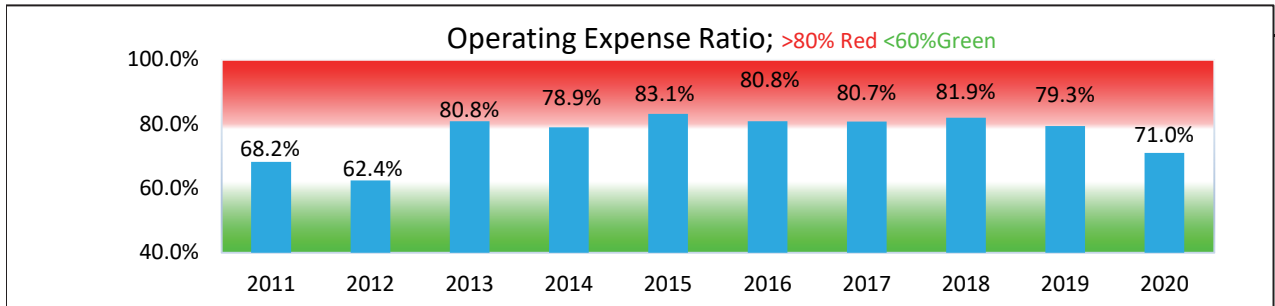
Financial Summary
(Farms Sorted by Years)
Minnesota State - Farm Business Management

	<u>Average</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Number of farms	2197	2164	2209	2167	2246
Income Statement					
Gross cash farm income	762,010	735,140	734,201	744,078	834,622
Total cash farm expense	656,315	635,906	646,508	645,752	697,094
Net cash farm income	105,696	99,234	87,693	98,326	137,529
Inventory Change	30,163	9,570	8,232	19,668	83,180
Depreciation	-50,684	-51,002	-49,692	-50,364	-51,676
Average net farm income	88,733	59,543	49,068	73,643	172,678
Median net farm income	46,359	26,556	24,817	33,377	100,684
Liquidity & Repayment (end of year)					
Current Assets	542,153	528,180	525,403	520,189	594,840
Current Liabilities	332,895	336,002	344,698	340,799	310,082
Change in working capital	27,410	-9,472	-3,831	13,844	109,098
Solvency (end of year at market)					
Total assets	2,950,185	2,955,907	2,897,360	2,888,174	3,059,297
Total liabilities	1,269,150	1,261,663	1,265,455	1,255,849	1,293,631
Net worth	1,681,035	1,694,245	1,631,905	1,632,325	1,765,665
Net worth change	91,713	63,209	39,220	79,642	184,782
Change in net worth %	6%	4%	2%	5%	12%
Nonfarm Information					
Net nonfarm income	37,995	33,090	37,849	37,773	43,268
Farms reporting living expenses	409	442	409	390	396
Total family living expense	59,353	58,933	58,139	60,284	60,054
Total living, invest, & capital	84,588	84,694	82,916	87,356	83,384
Total Crop Acres	786	788	795	775	786
Machinery value per crop acre	705	730	708	692	691



Financial Standards Measures
(Farms Sorted by Years)
Minnesota State - Farm Business Management

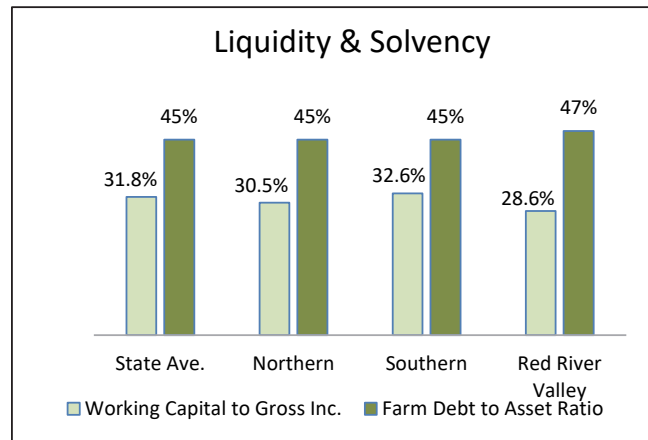
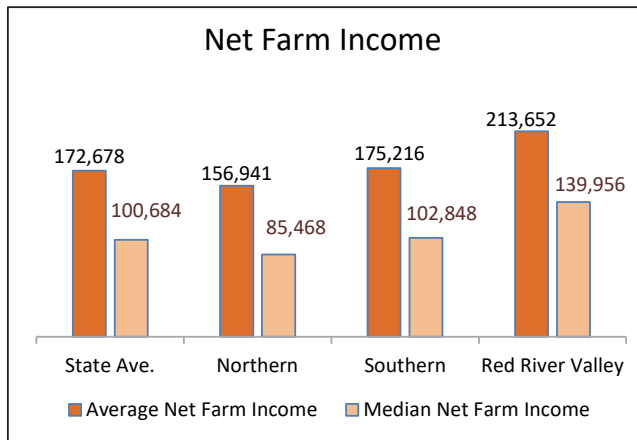
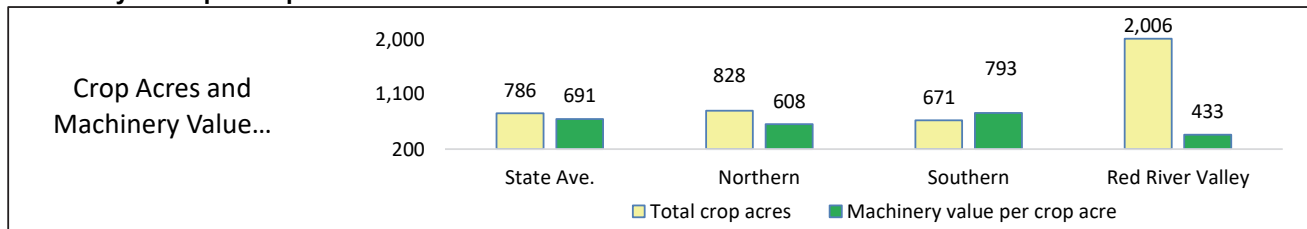
	<u>Average</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Number of farms	2197	2164	2209	2167	2246
Liquidity					
Current ratio	1.64	1.57	1.52	1.53	1.92
Working capital	209,283	192,178	180,805	179,389	284,758
Working capital to gross income	26.2%	25.5%	24.2%	23.3%	31.8%
Solvency (market)					
Farm debt to asset ratio	46%	45%	46%	46%	45%
Farm equity to asset ratio	55%	55%	54%	54%	55%
Farm debt to equity ratio	0.84	0.82	0.86	0.86	0.82
Profitability (cost)					
Rate of return on farm assets	3.7%	2.2%	1.8%	3.1%	7.5%
Rate of return on farm equity	3.2%	0.6%	-0.3%	1.9%	10.5%
Operating profit margin	10.5%	6.8%	5.7%	9.3%	20.3%
Net farm income	88,733	59,543	49,068	73,643	172,678
EBIDTA	174,931	145,214	135,294	159,351	259,866
Repayment Capacity					
Capital debt repayment capacity	133,543	97,230	93,148	116,506	227,287
Capital debt repayment margin	46,765	8,645	6,967	31,322	140,124
Replacement margin	17,523	-20,346	-21,863	1,833	110,466
Term debt coverage ratio	1.54	1.10	1.08	1.37	2.61
Replacement coverage ratio	1.15	0.83	0.81	1.02	1.95
Efficiency					
Asset turnover rate (cost)	33.7%	32.1%	32.4%	33.2%	37.2%
Operating expense ratio	78.2%	80.7%	81.9%	79.3%	71.0%
Depreciation expense ratio	6.4%	6.8%	6.6%	6.5%	5.8%
Interest expense ratio	5.0%	4.8%	5.3%	5.4%	4.4%
Net farm income ratio	10.5%	7.8%	6.6%	8.8%	18.9%



Financial Summary
(Farms Sorted by Region)

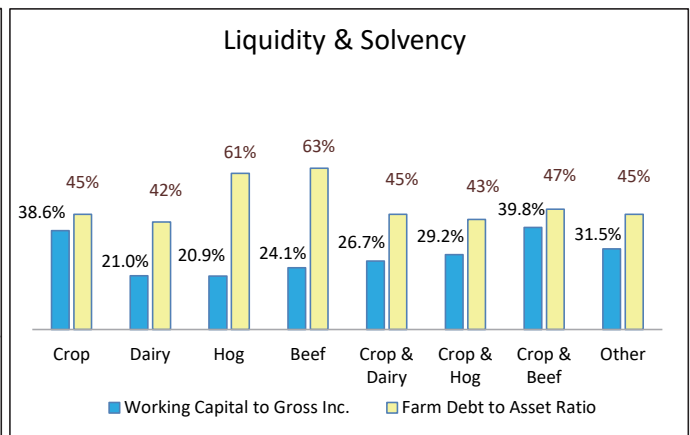
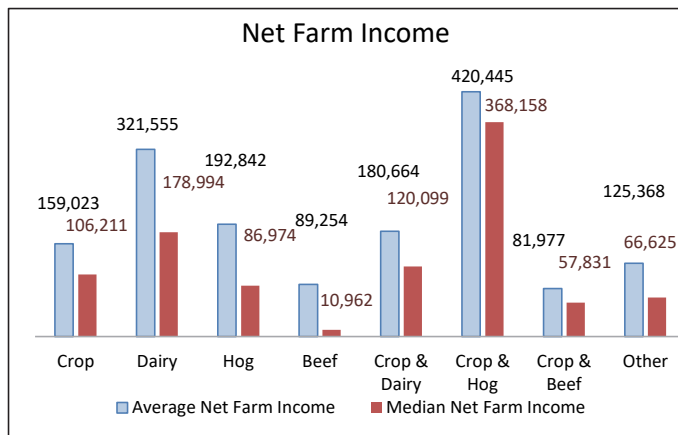
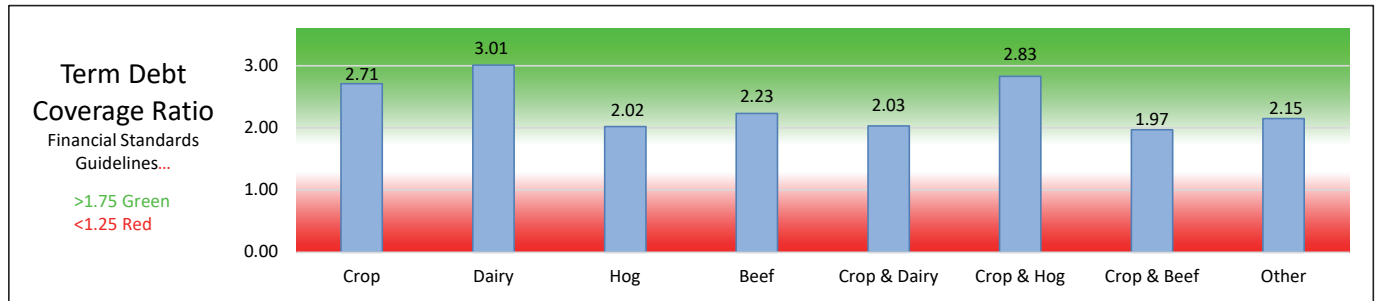
Minnesota State - Farm Business Management

	<u>State Ave.</u>	<u>Northern</u>	<u>Southern</u>	<u>Red River Valley</u>
Number of farms	2246	577	1543	126
Income Statement				
Gross cash farm income	834,622	756,236	830,344	1,245,980
Total cash farm expense	697,094	613,229	700,336	1,041,431
Net cash farm income	137,529	143,007	130,007	204,549
Average net farm income	172,678	156,941	175,216	213,652
Median net farm income	100,684	85,468	102,848	139,956
Profitability (cost)				
Rate of return on assets	7.5%	7.5%	5.8%	5.8%
Rate of return on equity	10.5%	10.4%	7.8%	7.8%
Operating profit margin	20.3%	21.6%	15.0%	15.0%
Asset turnover rate	37.2%	34.8%	39.0%	39.0%
Liquidity & Repayment (end of year)				
Current ratio	1.92	1.90	1.98	1.57
Working capital	284,758	240,631	295,493	355,376
Working capital to gross income	31.8%	30.5%	32.6%	28.6%
Term debt coverage ratio	2.61	2.38	2.74	2.19
Solvency (end of year at market)				
Total assets	3,059,297	2,180,463	2,362,103	4,764,914
Total liabilities	1,293,631	914,623	1,004,852	2,157,706
Net worth	1,765,665	1,265,840	1,357,251	2,607,208
Farm debt to asset ratio	45%	45%	45%	47%
Nonfarm Information				
Net nonfarm income	43,268	39,596	45,717	30,086
Farms reporting living expenses	396	74	291	31
Total family living expense	60,054	55,350	60,814	64,145
Total living, invest, & capital	83,384	62,491	88,944	81,061
Total crop acres	786	828	671	2,006
Machinery value per crop acre	691	608	793	433



Financial Summary
(Farms Sorted by Farm Type)
Minnesota State - Farm Business Management

	<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>Other</u>
	1223	309	25	63	49	25	110	440
Income Statement								
Gross cash farm income	711,326	1,558,042	2,515,982	700,494	947,085	2,301,375	570,724	566,478
Total cash farm expense	588,342	1,290,230	2,393,142	681,268	784,817	1,977,638	518,719	453,440
Net cash farm income	122,984	267,812	122,840	19,226	162,268	323,737	52,005	113,038
Average net farm income	159,023	321,555	192,842	89,254	180,664	420,445	81,977	125,368
Median net farm income	106,211	178,994	86,974	10,962	120,099	368,158	57,831	66,625
Profitability (cost)								
Rate of return on assets	6.8%	11.5%	6.1%	5.5%	6.7%	7.8%	4.6%	6.9%
Rate of return on equity	9.2%	16.7%	8.6%	8.9%	9.3%	11.4%	4.9%	9.4%
Operating profit margin	18.5%	25.3%	16.9%	22.7%	18.4%	19.1%	14.2%	21.8%
Asset turnover rate	37.0%	45.2%	36.0%	24.1%	36.4%	40.5%	32.3%	31.5%
Liquidity								
Current ratio	1.85	2.74	1.75	1.35	2.07	1.79	1.93	1.97
Working capital	298,686	342,534	545,712	188,152	267,614	716,293	248,765	191,944
Working capital to gross income	38.6%	21.0%	20.9%	24.1%	26.7%	29.2%	39.8%	31.5%
Term debt coverage ratio	2.71	3.01	2.02	2.23	2.03	2.83	1.97	2.15
Solvency (end of year at market)								
Number of farms	1,223	309	25	63	49	25	110	440
Total assets	3,196,454	3,443,641	3,883,094	2,134,468	3,509,412	6,905,199	2,279,871	2,428,468
Total liabilities	1,323,375	1,416,866	2,221,403	1,298,123	1,513,960	2,863,583	998,578	1,035,119
Net worth	1,873,079	2,026,774	1,661,690	836,345	1,995,452	4,041,616	1,281,292	1,393,349
Farm debt to asset ratio	45%	42%	61%	63%	45%	43%	47%	45%
Total crop acres	1,049	470	426	407	730	1,579	605	363
Machinery value per crop acre	565	1,366	927	774	1,004	770	692	977



Financial Summary
(Sorted by Number of Years Farming)
Minnesota State - Farm Business Management

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Number of farms	669	364	291	366	556
Income Statement					
Gross cash farm income	380,798	781,924	970,350	1,181,601	1,115,737
Total cash farm expense	316,048	661,069	818,162	996,843	918,485
Net cash farm income	64,750	120,855	152,188	184,759	197,253
Average net farm income	95,585	165,294	193,232	216,155	230,894
Median net farm income	62,034	103,849	122,342	132,689	135,422
Profitability (cost)					
Rate of return on assets	9.8%	8.6%	7.3%	6.7%	7.1%
Rate of return on equity	18.1%	14.4%	10.1%	8.6%	8.9%
Operating profit margin	22.8%	21.4%	19.2%	18.6%	20.3%
Asset turnover rate	42.7%	40.1%	37.8%	35.8%	34.8%
Liquidity & Repayment (end of year)					
Current ratio	2.01	1.66	1.82	1.85	2.14
Working capital	132,430	211,174	322,745	381,512	432,645
Working capital to gross income	31.6%	25.0%	30.8%	30.7%	36.3%
Term debt coverage ratio	3.16	2.41	2.44	2.23	2.85
Solvency (end of year at market)					
Number of farms	669	364	291	366	556
Total assets	1,210,808	2,412,873	3,602,092	4,461,023	4,499,856
Total liabilities	652,570	1,249,303	1,559,286	1,851,133	1,587,973
Net worth	558,238	1,163,570	2,042,806	2,609,890	2,911,883
Farm debt to asset ratio	57%	55%	46%	44%	38%
Total crop acres	417	750	980	1,088	955
Machinery value per crop acre	412	544	715	756	853

