

Minnesota State Colleges and Universities

State
Farm Business Management Program
Database
2200 Farms

State Executive Summary - 2012

Summary Income Statement & Average Money Spent
Financial Summary
Financial Standards Measures
Current year data by Region
Selected Financial Charts

Location of the Regional Program Center:

Minnesota Region:

Central Lakes Community and Technical College
Minnesota West Community and Technical College
Northland Community and Technical College
Ridgewater Community and Technical College
Riverland Community and Technical College
South Central College

Northeast and East Central
Southwestern
Northwestern & Red River Valley
Central and West Central
Southeastern
South Central

April, 2013



A MEMBER OF THE MINNESOTA STATE COLLEGES
AND UNIVERSITIES SYSTEM

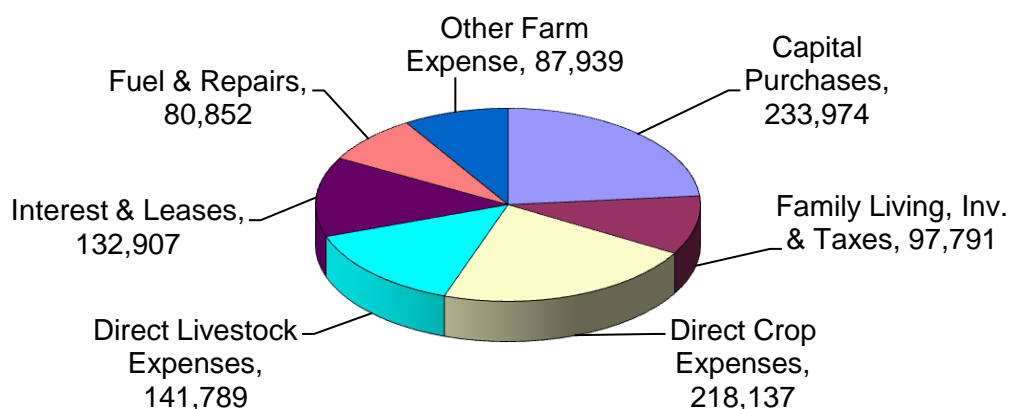
In Cooperation with the Center for Farm Financial Management University of Minnesota

For more information, visit the Farm Business Management Program Website:
www.fbm.mnscu.edu

Summary Farm Income Statement
(Farms Sorted By Years)
Minnesota State Colleges & Universities - Farm Business Management

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Number of farms	2200	2306	2336	2323	2318
Farm Revenue					
Crop sales	512,894	431,612	374,470	348,613	351,329
Crop inventory change	122,568	24,614	81,773	4,602	23,223
Gross crop income	635,462	456,226	456,260	353,217	374,552
Livestock sales	237,617	253,712	199,384	168,428	237,586
Livestock inventory change	3,853	5,417	7,598	663	(3,103)
Gross livestock income	241,470	259,129	206,981	169,091	234,483
Government payments	21,250	16,576	19,771	21,465	19,262
Other cash income	84,197	84,707	61,340	74,143	57,428
Change in accounts receivable	4,861	8,920	1,070	(6,751)	12,681
Gain or loss on hedging accounts	(3,130)	(1,121)	(6,624)	(1,271)	
Change in other assets	3,216	3,803	2,745	2,756	
Gain or loss on breeding lvst	-601	589	357	(1,092)	
Gross revenue	986,724	828,829	741,901	611,557	698,406
Farm Expenses					
Cash operating expenses	629,931	583,452	500,463	476,907	513,859
Change in prepaid exp & supplies	(14,451)	(18,800)	(14,314)	11,022	23,542
Change in growing crops	(156)	(46)	(143)	-452	
Change in accts pay & other inv.	22	296	(3,289)	3,883	(921)
Depreciation	48,587	43,076	39,764	35,443	34,303
Total operating expense	663,933	607,978	522,481	526,802	525,541
Interest paid	31,691	31,247	32,652	31,366	34,087
Change in accrued interest	493	59	(26)	415	(121)
Total interest expense	32,184	31,306	32,626	31,781	33,966
Total expense	696,117	639,284	555,108	558,584	559,507
Net farm income from operations	290,607	189,545	186,793	52,974	138,898
Gain or loss on capital sales	1,916	976	1,088	731	
Net farm income	292,523	190,521	187,881	53,704	

Average Money Spent by each Farm totals
\$993,389



**Financial Summary
(Farms Sorted By Years)**

Minnesota State Colleges & Universities - Farm Business Management

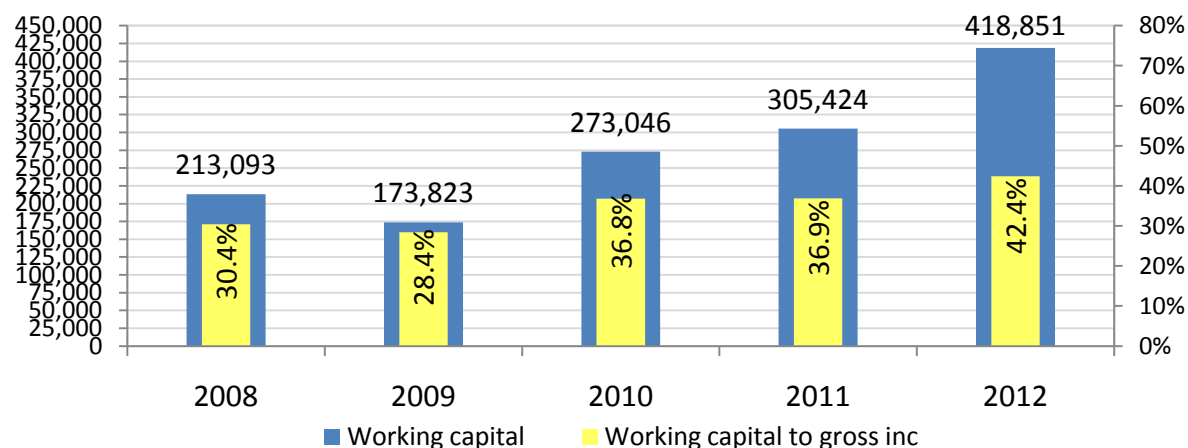
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Number of farms	2200	2306	2336	2323	2318
Income Statement					
Gross cash farm income	855,958	786,607	654,983	612,651	665,602
Total cash farm expense	661,622	614,698	533,116	508,273	547,945
Net cash farm income	194,335	171,909	121,867	104,378	117,657
Inventory change	144,858	60,713	104,690	-15,962	55,544
Depreciation	-48,587	-43,076	-39,764	-35,443	-34,304
Net farm income from operations	290,607	189,545	186,793	52,974	138,898
Gain or loss on capital sales	1,916	976	1,088	731	
Average net farm income	292,523	190,521	187,881	53,704	
Median net farm income	181,183	119,961	116,518	32,405	
Profitability (cost)					
Rate of return on assets	15.1%	11.1%	12.2%	3.2%	10.5%
Rate of return on equity	22.7%	16.2%	18.6%	1.4%	14.6%
Operating profit margin	30.6%	24.0%	26.6%	7.9%	21.7%
Asset turnover rate	49.3%	46.4%	46.1%	39.9%	48.3%
Liquidity					
Current assets	692,272	551,590	526,212	422,285	448,301
Current liabilities	273,422	246,166	253,166	248,462	235,191
Ending current ratio	2.53	2.24	2.08	1.70	1.91
Ending working capital	418,851	305,424	273,046	173,823	213,110
End working capital to gross inc	42.4%	36.9%	36.8%	28.4%	30.4%
Term debt coverage ratio	3.93	2.89	2.93	1.04	2.37
Replacement coverage ratio	3.20	2.37	2.42	0.87	2.04
Solvency (market)					
Number of farms	2,200	2,306	2,336	2,323	2,318
Total farm assets	2,492,023	2,104,491	1,968,569	1,761,595	1,712,759
Total farm liabilities	1,049,798	899,269	888,113	821,572	624,923
Total assets	2,720,524	2,312,517	2,174,196	1,955,532	1,887,932
Total liabilities	1,106,382	953,422	941,077	870,326	848,675
Net worth	1,614,143	1,359,095	1,233,119	1,085,206	1,039,257
Net worth change	277,534	177,152	169,796	59,000	104,306
Farm debt to asset ratio	42%	43%	45%	47%	36%
Total debt to asset ratio	41%	41%	43%	45%	45%
Nonfarm Information					
Net nonfarm income	29,547	28,013	27,972	26,495	24,834
Farms reporting living expenses	511	554	618	620	701
Total family living expense	61,797	58,284	53,985	51,948	51,019
Total living, invest, & capital	102,160	91,271	78,783	80,124	81,684
Crop Acres					
Total acres owned	268	255	263	269	266
Total crop acres	806	786	812	798	787
Total crop acres owned	232	222	226	226	220
Total crop acres cash rented	554	546	565	551	546
Total crop acres share rented	20	18	21	21	21

Financial Standards Measures (Farms Sorted By Years)

Minnesota State Colleges & Universities - Farm Business Management

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Number of farms	2200	2306	2336	2323	2318
Liquidity					
Current ratio	2.53	2.24	2.08	1.70	1.91
Working capital	418,851	305,424	273,046	173,823	213,093
Working capital to gross inc	42.4%	36.9%	36.8%	28.4%	30.4%
Solvency (market)					
Farm debt to asset ratio	42%	43%	45%	47%	47%
Farm equity to asset ratio	58%	57%	55%	53%	53%
Farm debt to equity ratio	0.73	0.75	0.82	0.87	0.88
Profitability (cost)					
Rate of return on farm assets	15.1%	11.1%	12.2%	3.2%	10.5%
Rate of return on farm equity	22.7%	16.2%	18.6%	1.4%	14.6%
Operating profit margin	30.6%	24.0%	26.6%	7.9%	21.7%
Net farm income	292,523	190,521	187,881	53,704	139,864
EBIDTA	371,377	263,927	259,184	120,198	207,167
Repayment Capacity					
Capital debt repayment capacity	312,116	211,225	210,055	72,226	156,146
Capital debt repayment margin	232,716	138,212	138,470	2,449	90,384
Replacement margin	214,558	122,030	123,343	-10,653	79,505
Term debt coverage ratio	3.93	2.89	2.93	1.04	2.37
Replacement coverage ratio	3.2	2.37	2.42	0.87	2.04
Efficiency					
Asset turnover rate (cost)	49.3%	46.4%	46.1%	39.9%	48.3%
Operating expense ratio	62.4%	68.2%	65.1%	80.3%	70.4%
Depreciation expense ratio	4.9%	5.2%	5.4%	5.8%	4.9%
Interest expense ratio	3.3%	3.8%	4.4%	5.1%	4.9%
Net farm income ratio	29.6%	23.0%	25.3%	8.8%	20.0%

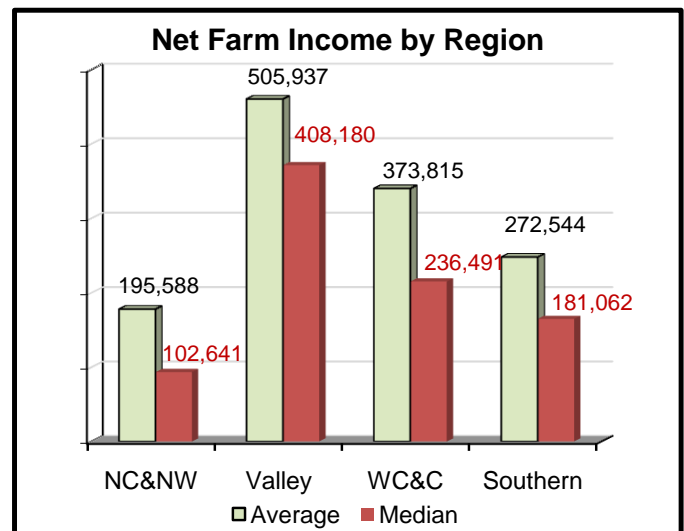
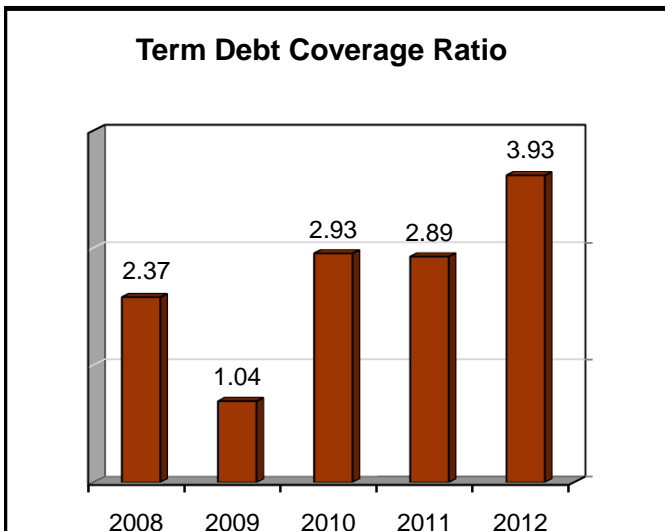
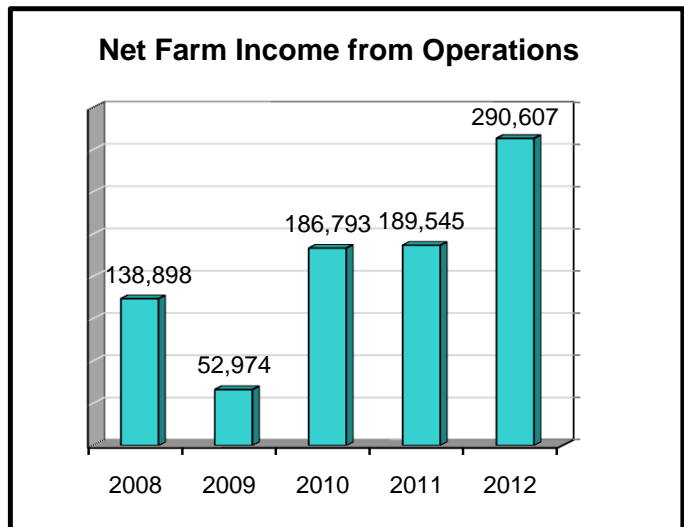
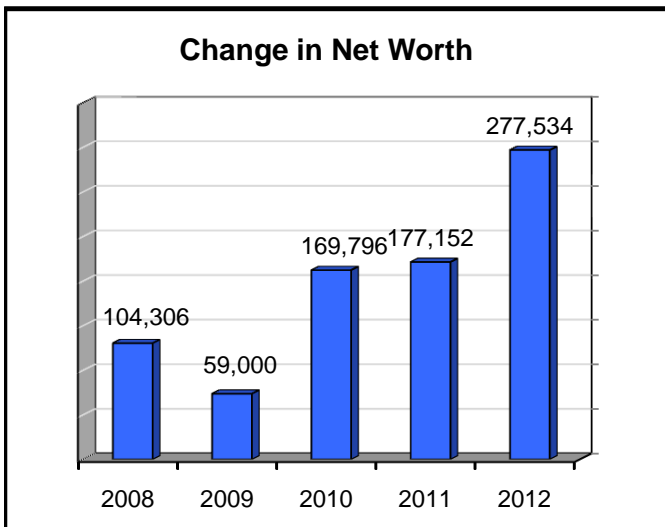
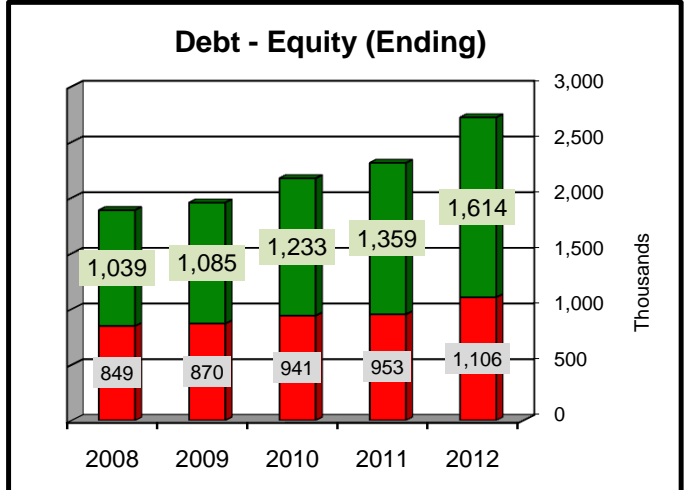
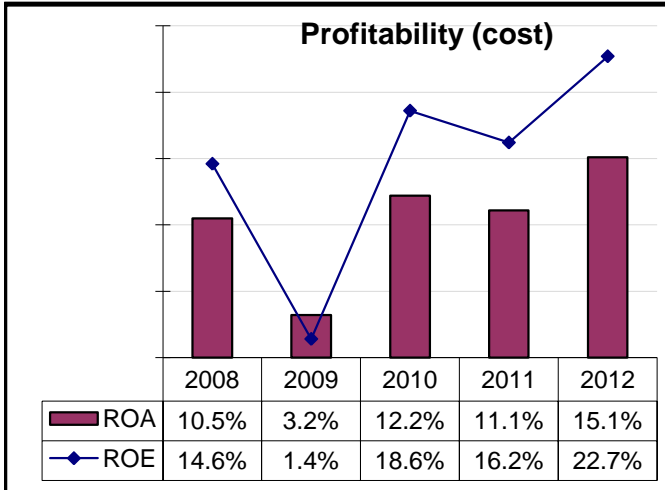
Working Capital - A Look at Liquidity



Financial Summary
(Farms Sorted By Report Region)
Minnesota State Colleges & Universities - Farm Business Management

	<u>NC&NW</u>	<u>Valley</u>	<u>WC&C</u>	<u>Southern</u>
Number of farms	405	133	505	1167
Income Statement				
Gross cash farm income	609,139	1,276,475	869,081	900,988
Total cash farm expense	473,448	939,097	669,336	700,646
Net cash farm income	135,691	337,377	199,746	200,342
Inventory change	94,606	242,177	220,459	120,787
Depreciation	-34,864	-82,518	-48,702	-50,127
Net farm income from operations	195,433	497,036	371,502	271,001
Gain or loss on capital sales	155	8901	2313	1543
Average net farm income	195,588	505,937	373,815	272,544
Median net farm income	102,641	408,180	236,491	181,062
Profitability (cost)				
Rate of return on assets	13.9%	16.2%	18.6%	13.7%
Rate of return on equity	22.2%	23.2%	28.0%	20.5%
Operating profit margin	29.1%	29.7%	36.3%	28.5%
Asset turnover rate	47.7%	54.7%	51.2%	48.0%
Liquidity & Repayment (end of year)				
Current assets	433,205	1,156,106	773,516	707,697
Current liabilities	197,776	474,931	274,962	283,148
Ending current ratio	2.19	2.43	2.81	2.5
Ending working capital	235,430	681,175	498,553	424,549
End working capital to gross inc	33.9%	45.4%	46.4%	42.2%
Term debt coverage ratio	3.24	4.62	4.93	3.63
Replacement coverage ratio	2.79	3.69	3.98	2.93
Solvency (cost)				
Number of sole proprietors	405	133	505	1167
Ending farm assets	1,377,632	3,008,852	2,072,233	1,969,359
Ending farm liabilities	627,809	1,075,131	783,492	818,256
Ending total assets	1,519,019	3,272,105	2,245,866	2,185,664
Ending total liabilities	662,247	1,184,971	821,208	866,340
Ending net worth	856,772	2,087,134	1,424,659	1,319,324
Net worth change	166,099	389,962	339,257	230,548
Farm debt to asset ratio	46%	36%	38%	42%
Total debt to asset ratio	44%	36%	37%	40%
Solvency (market)				
Number of sole proprietors	405	133	505	1167
Ending farm assets	1,692,457	3,946,577	2,486,318	2,637,095
Ending farm liabilities	792,476	1,565,845	999,807	1,118,120
Ending total assets	1,846,773	4,254,094	2,683,780	2,897,706
Ending total liabilities	830,038	1,721,636	1,045,190	1,175,226
Ending net worth	1,016,735	2,532,458	1,638,589	1,722,479
Net worth change	174,381	486,577	344,732	267,167
Farm debt to asset ratio	47%	40%	40%	42%
Total debt to asset ratio	45%	40%	39%	41%
Nonfarm Information				
Net nonfarm income	24,030	18,270	23,600	35,265
Farms reporting living expenses	53	9	141	309
Total family living expense	46,842	92,079	60,561	64,429
Total living, invest, & capital	77,238	202,980	91,580	108,746
Crop Acres				
Total acres owned	393	456	244	220
Total crop acres	836	1932	829	686
Total crop acres owned	299	445	229	195
Total crop acres cash rented	521	1445	581	472
Total crop acres share rented	17	42	19	19

Five Year History of Selected Financial Measures



**Financial Summary by Farm Type
(Farms Sorted By Years)
Minnesota State Colleges & Universities - 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>
Number of farms	1282	339	30	36	123	50	101	237
Income Statement								
Gross cash farm income	834,844	968,973	1,912,217	692,509	748,095	1,935,790	674,155	608,918
Total cash farm expense	611,409	819,533	1,811,193	639,130	597,887	1,554,040	560,516	456,123
Net cash farm income	223,435	149,440	101,025	53,379	150,208	381,751	113,639	152,795
Inventory change	180,803	71,369	149,520	48,920	85,836	307,096	97,245	87,086
Depreciation	-51,973	-45,664	-43,647	-23,828	-38,046	-91,596	-35,350	-41,131
Net farm income from operations	352,265	175,145	206,898	78,471	197,998	597,251	175,534	198,750
Gain or loss on capital sales	2,428	1,239	1,552	-	1,228	610	239	1,817
Average net farm income	354,693	176,384	208,449	78,471	199,226	597,861	175,773	200,568
Median net farm income	247,567	105,693	61,229	22,171	163,211	376,804	99,895	117,810
Profitability (cost)								
Rate of return on assets	17.0%	9.9%	10.3%	6.8%	12.0%	16.0%	11.8%	13.6%
Rate of return on equity	25.2%	14.5%	19.3%	9.9%	18.2%	22.0%	18.6%	21.4%
Operating profit margin	32.7%	20.6%	21.5%	25.9%	25.9%	35.5%	28.9%	32.0%
Asset turnover rate	51.9%	48.2%	47.9%	26.4%	46.3%	45.1%	41.0%	42.4%
Liquidity								
Current assets	828,593	342,020	930,724	516,081	449,863	1,547,840	620,902	430,952
Current liabilities	312,203	153,292	596,349	350,865	170,320	432,802	306,645	189,755
Ending current ratio	2.65	2.23	1.56	1.47	2.64	3.58	2.02	2.27
Ending working capital	516,390	188,728	334,376	165,216	279,543	1,115,038	314,257	241,197
End working capital to gross inc	51.7%	18.3%	16.0%	22.6%	33.9%	51.2%	41.0%	35.1%
Term debt coverage ratio	4.77	2.28	2.2	2.3	2.85	4.57	3.31	3.07
Replacement coverage ratio	3.73	2.04	2.06	2.07	2.37	3.66	2.67	2.63
Solvency (cost)								
Number of sole proprietors	1282	339	30	36	123	50	101	237
Ending farm assets	2,103,923	1,611,018	2,157,866	1,326,266	1,583,588	3,739,848	1,554,463	1,481,925
Ending farm liabilities	799,124	734,484	1,322,686	735,610	709,668	1,215,787	740,211	673,249
Ending total assets	2,333,349	1,720,889	2,304,225	1,447,314	1,724,876	3,950,185	1,706,602	1,667,684
Ending total liabilities	856,242	754,283	1,367,882	754,969	728,943	1,259,711	779,255	724,223
Ending net worth	1,477,107	966,606	936,343	692,345	995,933	2,690,474	927,347	943,461
Net worth change	309,280	126,151	162,084	77,360	174,532	499,181	166,471	167,666
Ending farm debt to asset ratio	38%	46%	61%	55%	45%	33%	48%	45%
End total debt to asset ratio	37%	44%	59%	52%	42%	32%	46%	43%
Solvency (market)								
Number of farms	1282	339	30	36	123	50	101	237
Total farm assets	2,724,076	1,986,684	2,791,409	1,528,318	2,158,273	4,812,885	2,045,937	1,950,799
Total farm liabilities	1,107,250	890,578	1,633,320	876,149	946,010	1,783,737	971,095	857,559
Total assets	2,994,277	2,107,192	2,973,212	1,656,477	2,319,202	5,067,692	2,261,038	2,165,252
Total liabilities	1,177,488	912,953	1,684,381	901,252	967,749	1,841,214	1,025,284	914,056
Net worth	1,816,789	1,194,239	1,288,831	755,225	1,351,453	3,226,478	1,235,754	1,251,197
Net worth change	338,579	154,175	125,763	46,746	183,970	615,068	212,002	184,884
Farm debt to asset ratio	41%	45%	59%	57%	44%	37%	47%	44%
Total debt to asset ratio	39%	43%	57%	54%	42%	36%	45%	42%
Nonfarm Information								
Net nonfarm income	34,000	14,765	18,738	40,942	21,684	19,660	36,105	29,681
Farms reporting living expenses	326	57	10	5	22	10	24	56
Total family living expense	64,551	45,622	73,259	43,358	57,665	94,047	54,259	61,454
Total living, invest, & capital	111,297	55,198	99,493	50,008	71,154	175,166	95,515	104,894
Crop Acres								
Total acres owned	301	168	134	279	279	397	324	190
Total crop acres	1047	330	458	383	550	1127	627	434
Total crop acres owned	283	118	124	139	214	379	203	133
Total crop acres cash rented	735	209	331	243	326	738	398	293
Total crop acres share rented	28	3	3	2	11	10	26	8

Selected Definitions

Income Statement

Net farm income from operations	Net farm income from operations is the farm earnings before adjusting for gain or loss from capital sales.
Net farm income	Net farm income represents the returns to labor, management, and equity capital invested in the business. Without income from other sources, or appreciation of capital asset values, net farm income must cover family living expenses and taxes, or net worth will decrease

Profitability (Cost)

Rate of return on assets	Rate of return on assets is, in effect, the interest rate your farm earned in the past year on all money invested in the business. If assets are valued at market value, the rate of return on investment can be looked at as the "opportunity cost" of investing money in the farm instead of alternative investments. If assets are valued at cost (cost less depreciation), the rate of return represents the actual return on the average dollar invested in the business.
Rate of return on equity	Rate of return on equity is, in effect, the interest rate your investment in the business earned in the past year. If assets are valued at market value, this return can be compared with returns available if the assets were liquidated and invested in alternative investments. If assets are valued at cost, this represents the actual return to the amount of equity capital you have invested in the farm business.
Operating profit margin	The operating profit margin is a measure of the profit margin from the employment of assets. It measures how effectively you are employing assets relative to the value of output produced. Low prices, high operating expenses, or production problems are all possible causes of a low operating profit margin.
Asset turnover rate	Asset turnover is a measure of how efficiently assets are used in the business. A farm with good operating profit margin and asset turnover will show a strong rate of return on farm assets. If operating profit margin is low, the asset turnover rate must be strong, or vice versa, to maintain the rate of return on assets.

Liquidity

Working capital	Working capital shows the dollar amount that current assets can or cannot cover current liabilities. It approximates the amount of capital available to purchase crop and livestock inputs and equipment necessary to produce farm products. The amount of working capital considered adequate must be related to the size of
Working capital as % of gross inc	Measures operating capital available against the size of the business.
Term debt coverage ratio	The term debt coverage ratio measures the ability of the business to cover all term debt payments. A number less than 100 percent indicates that the business, plus non-farm income, is not generating sufficient cash to meet all of the debt payments, after family living expenses and taxes have been paid. A number greater than 100 indicates the business is generating sufficient cash to pay all term debt obligations with some surplus margin remaining.
Replacement coverage ratio	This represents the ability to term debt and unfunded capital purchases. A ratio under 1.0 indicated that you did not generate enough income to cover term debt payments and unfunded capital purchases.

Solvency

Farm Debt to Asset Ratio	The farm debt to asset ratio measures the financial position or solvency of the farm or ranch by comparing the total liabilities to the total assets. It measures the portion of the farm assets that have debt against them. A higher ratio is considered an indicator of greater financial risk.
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Efficiency

Operating Expense Ratio	This ratio indicates the percent of the gross farm income, which is used to pay the operating expenses. Operating expenses do not include interest or depreciation expense.
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