



Minnesota State Agricultural Centers of Excellence

Academic Best Practices in Agriculture
Minnesota Farm Business Management
April, 2018 Lender Support Workshops
12:30-1:30



MINNESOTA STATE
Agriculture Centers of Excellence

Centers of Agriculture Excellence



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Minnesota Farm Business Management

- What is FBM?
 - College Program
 - Participants are students
 - Eight Colleges in MN offer program
 - 66 faculty
 - Nearly 2700 farms/students
- Program components:
 - Initiate/Improve Recordkeeping program
 - Annual Cash Flow/Business Plan
 - Personal/Business goals
 - Financial Analysis/w benchmarking
 - Trend analysis
 - Benchmark to peer groups
 - Business strategy modification

FBM Program Components

- Program components
 - Changing of behaviors/habits
 - Management
 - Integrate enterprises/goals/families
- Farm Succession planning
- Tax planning
- Support for credit applications
- Mitigate risk
 - Insurances
 - Guidance/advice

What does a “class” look like?

- Scheduled mutually for meeting times.
- Usually from 1-3 hours per session
- Session frequency can be 6-8 weeks
 - Flexible
- Session agenda is based around student (farmer) needs/plans/goals.
- Faculty come/go to place of business or student goes to office
 - 1:1 ratio
 - Family members involved in management decisions attend
- Student is expected to:
 - Attend
 - Have records current
 - Supply needed information about operation
 - i.e. Inventory

What does the program cost?

- Each college varies slightly – about \$1900 per year for full program.
- Each farm can talk with faculty to design appropriate level of involvement.
- Student support for tuition:
 - Financial aid
 - Can be up to 50% of cost
 - MDA Beginning farm scholarships
 - Can cover up to 50% of remaining cost (after FA)
 - Current pool of funds (\$450,000 is depleted)

Beginning Farmer Scholarship

- MDA Offers \$450,000 for about 500 students (farmers) annually
 - Less than 10 years of farming
 - Less than 4 years in FBM
 - Average scholarship \$906.00
 - Key catalyst for enrollment, especially during these economic times

Dairy Initiatives

- Specifically designed to support dairy farms with management challenges
- Orchestrated by MDA/State MN Dairy Initiatives Coordinators
- Team meetings to discuss issues/options
- Up to \$800 to support FBM tuition or farm expenses as approved by team



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2017 Calendar Year

**Northern Minnesota Annual
Report Overview**

Prepared by

Ron Dvergsten, Josh Tjosaas, & DelRay Lecy

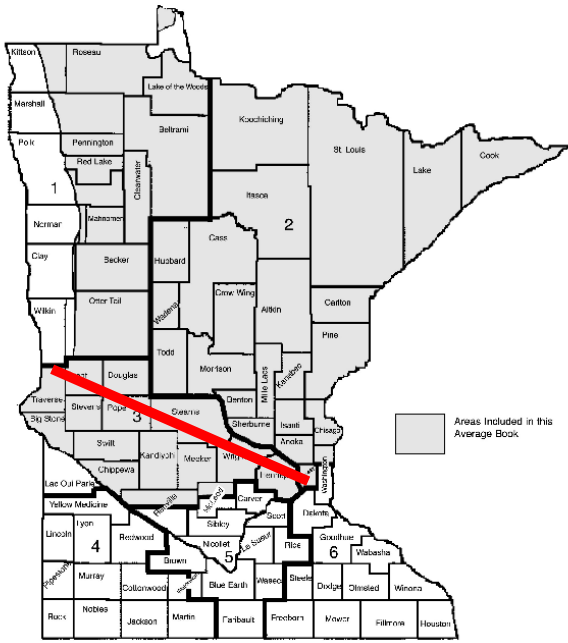


In the Report in 2017...

Cover & Inside

- **Northern Minnesota Report**
- 15-year partnership between Northland and Central Lakes Colleges, and a 6-year partnership with Alexandria, St. Cloud, and Ridgewater Colleges
- Includes data from 622 farms working with 21 instructors

FARM BUSINESS MANAGEMENT REGIONS



Before we start...

Maybe we could look at some irony
around us.....

**NO
PETS
ALLOWED**

**ALL PETS MUST
BE ON LEASH**

ANTIQUUE TABLES

MADE DAILY

1-800-413-2459


**CAUTION
HOT GLASS**



NOTHING OVER \$100

**EVERYTHING
A \$1.00 OR MORE**



A white delivery van is parked on a driveway in front of a two-story house with light-colored siding and a large green bush. The van has the newspaper's name and slogan printed on its side. The scene is captured in a slightly overcast, natural light setting.

The Republican.

WHERE THE NEWS HITS HOME

**WATKINS
ROOFING**





Save even more

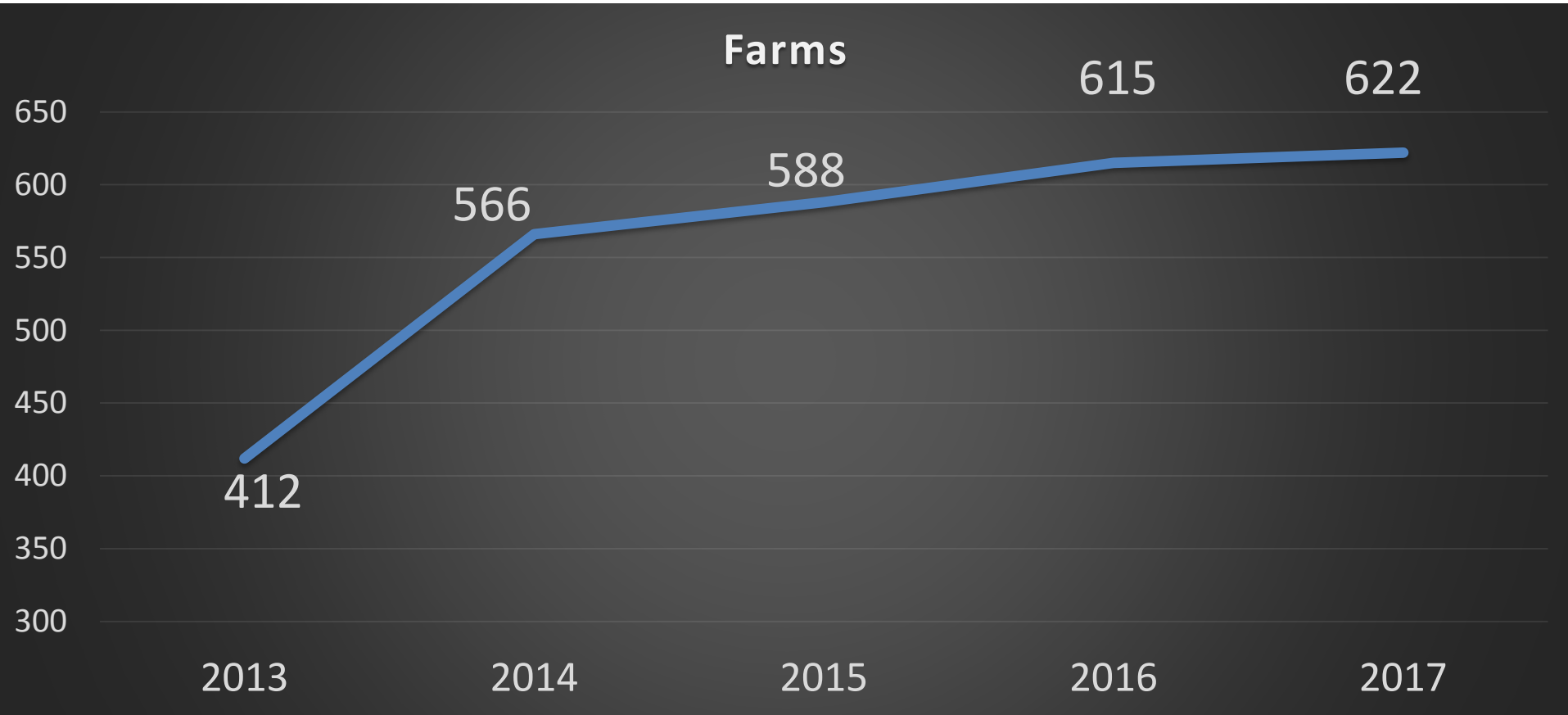
was
\$3116

\$3996

General Observations for Northern Minnesota in 2017

- 1) Net returns decreased slightly from 2016**
- 2) Crop yields were variable this year, due to dry conditions in most of the growing area**
- 3) Livestock Returns were variable as well, especially dairy where early prices boosted net return**
- 4) Financial Ratios were impacted**

Farm Numbers



Northern Minnesota

What farms are included...

- 622 farms
 - 36.5% Crop
 - 36.2% Livestock
 - 11.7% Livestock/Crop
 - 15.6% Other/Diversified

Northern Minnesota



Differences: Region, State, and You

<u><i>Year at a Glance</i></u>	Northern Minnesota	State FBM Data	Your Farm Data	Your Farm Goal
<i>Data for the Average Farm</i>				
No. of Farms	622	2164		
<u><i>Income Statement</i></u>				
Gross Cash Farm Income	\$562,001	\$735,140	_____	_____
Total Cash Operating Expense	\$470,535	\$635,906	_____	_____
Net Cash Farm Income	\$91,466	\$99,234	_____	_____
Net Operating Profit	\$98,573	\$108,805	_____	_____
Net Farm Income	\$54,021	\$59,543	_____	_____
Median Farm Income	\$23,489	\$26,556	_____	_____
Working Capital	\$135,504	\$192,178	_____	_____
ROA	2.5%	2.2%	_____	_____
ROE	1.2%	0.6%	_____	_____
Oper Exp Ratio	77.5%	80.7%	_____	_____



Differences: Region and State

		<u>Northern</u> <u>Minnesota</u>	<u>State</u> <u>Data</u>
Net Farm Income	(+)	\$54,021	\$59,543
Depreciation	(+)	\$44,668	\$51,002
Family Living (Excl Health/Med)	(-)	\$38,677	\$49,652
Social Security and Income Tax	(-)	\$6,717	\$9,829
Health and Medical Expense	(-)	\$7,478	\$9,891
Retirement Accounts	(-)	\$653	\$1,781
Principal Payments	(-)	\$62,121	\$63,286
Balance	(=)	-\$16,957	-\$23,894



Differences:

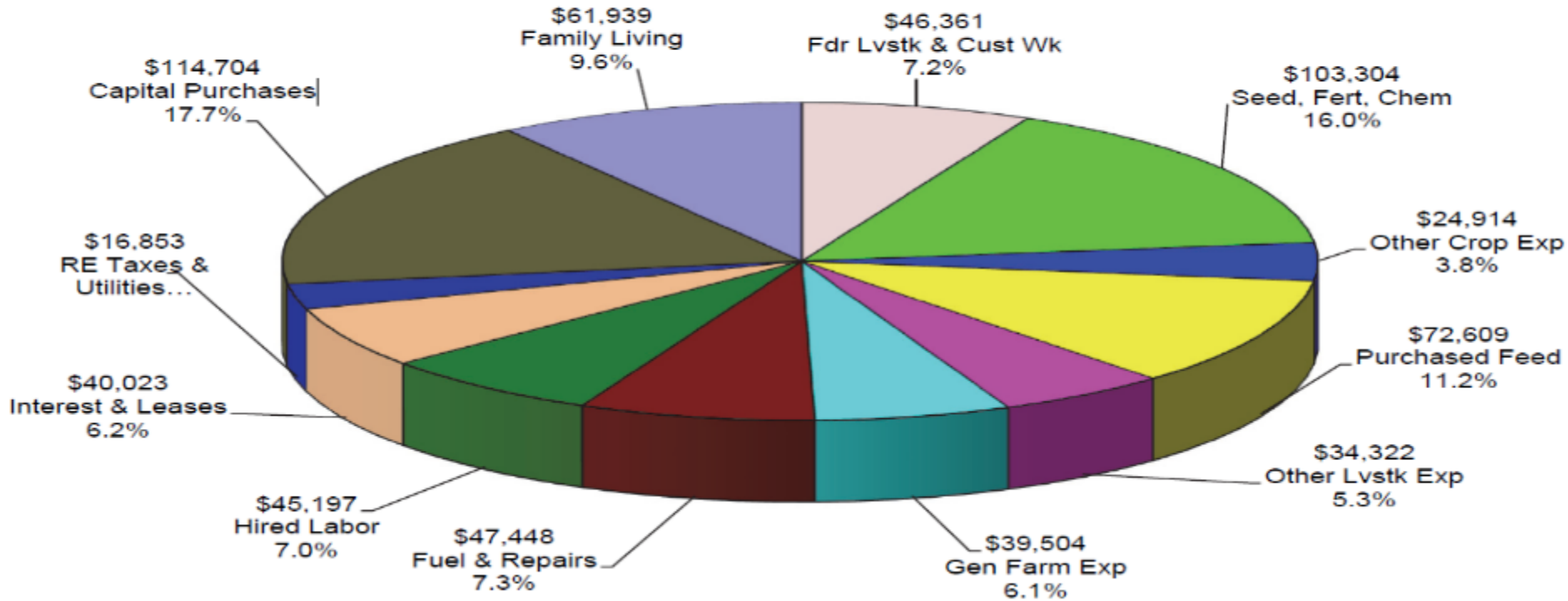
Region, State, & “MBS” counties

<u><i>Year at a Glance</i></u>	Northern Minnesota	State FBM Data	Morrison Benton Stearns
<i>Data for the Average Farm</i>			
No. of Farms	622	2164	
<u><i>Income Statement</i></u>			
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Oper Exp Ratio	77.5%	80.7%	



In 2017, on average...

Each farmer, on average, spent \$647,178 in the Greater Community in 2017



622 farms = \$402,544,716

A 40 yr career = \$25,887,120



Differences:

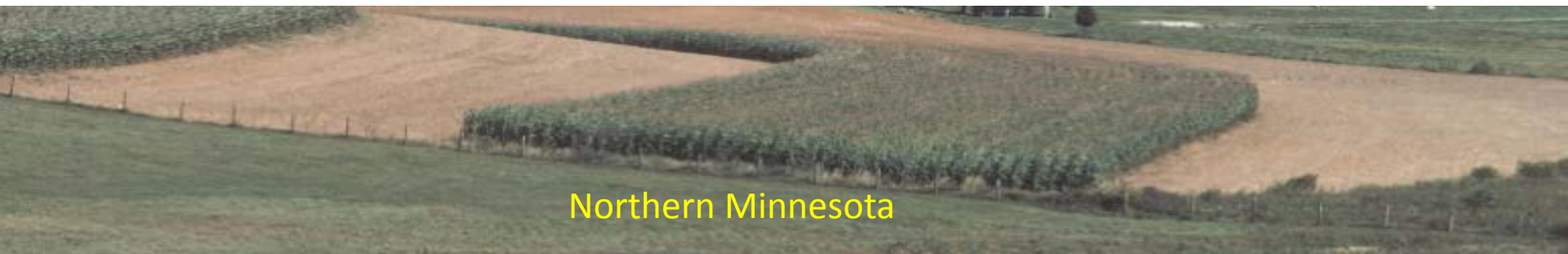
Region, State, & “OTCW” counties

<u><i>Year at a Glance</i></u>	Northern Minnesota	State FBM Data	Ottertail Todd, Cass Wadena
<i>Data for the Average Farm</i>			
No. of Farms	622	2164	
<u><i>Income Statement</i></u>			
Gross Cash Farm Income	\$562,001	\$735,140	
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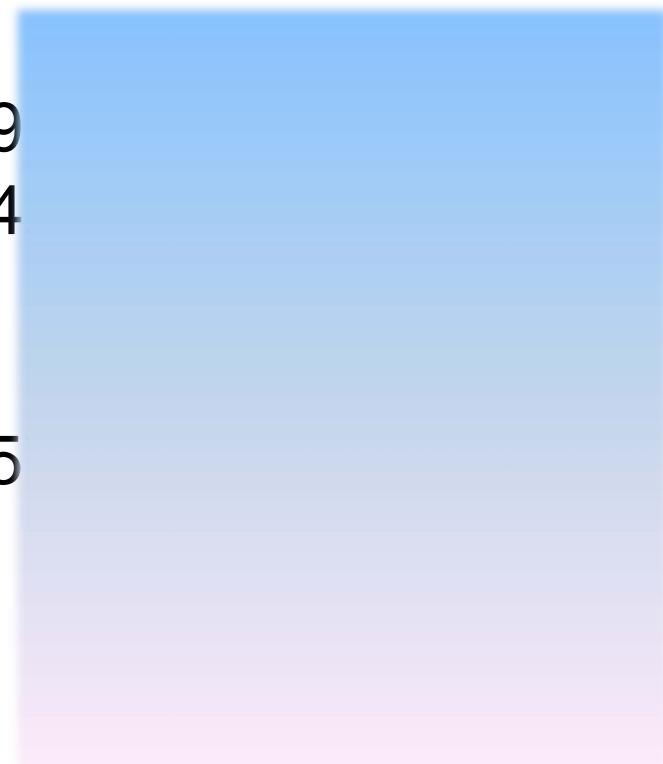
For the **Average & Median Operator...**

	<u>Average</u>	<u>Median</u>
• Age:	47.1	49.0
• Years farming:	22.2	23.0
• Acres owned:	274.5	181
• Total crop acres:	606.1	413
• Market assets:	\$1,881,000+	1,405,000+
• Debt was:	\$821,000+	485,000+
• Net farm income		
from operations:	\$45,438	21,503
• Non farm income:	\$24,316	14,172



For the MBS Average & Area Average *Operator*...

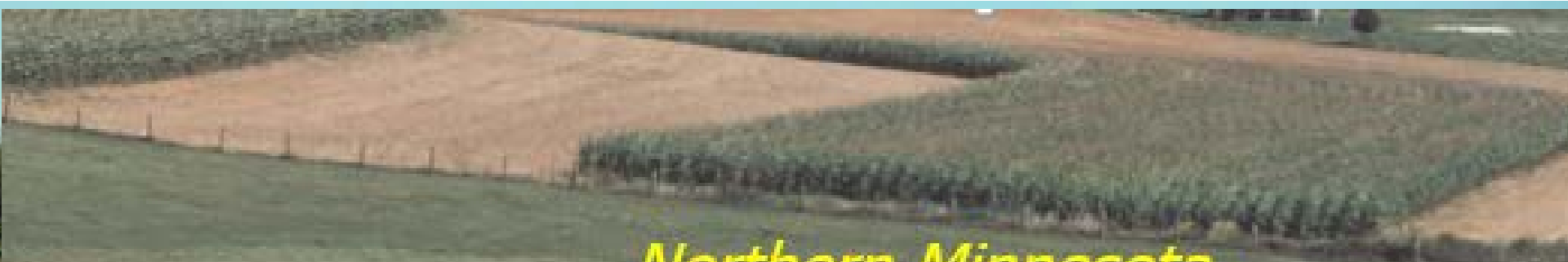
	<u>Average</u>	<u>MBS</u>	
• Age:	47.1	45.4	
• Years farming:	22.2	19	
• Acres owned:	274.5	14	
• Total crop acres:	606.1		
• Market assets:	\$1,881,000+		
• Debt was:	\$821,000+	85	
• Net farm income			
from operations:	\$45,438		
• Non farm income:	\$24,316		



Northern Minnesota

For the OTW Average & Area Median *Operator*...

	<u>OTCW</u>	<u>Median</u>
• Age:	47.9	48.2
• Years farming:	22.1	22.1
• Acres owned:	103	103
• Total crop acres:	1,405,000+	1,405,000+
• Market assets:	\$100+	\$100+
• Debt was:	\$100+	\$100+
• Net farm income from operations:	503	503
• Non farm income:	172	172



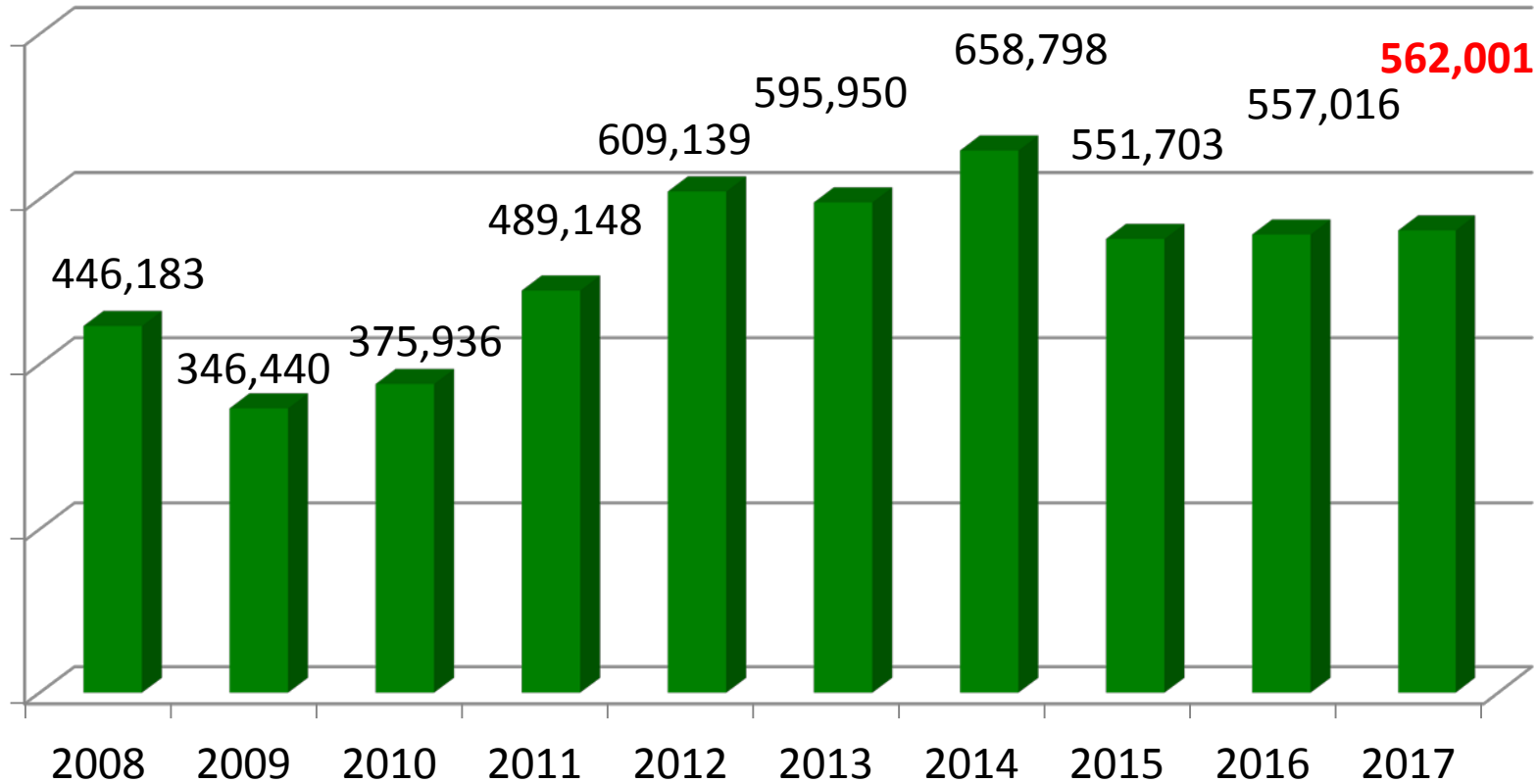
Northern Minnesota



Northern Minnesota Financial Data

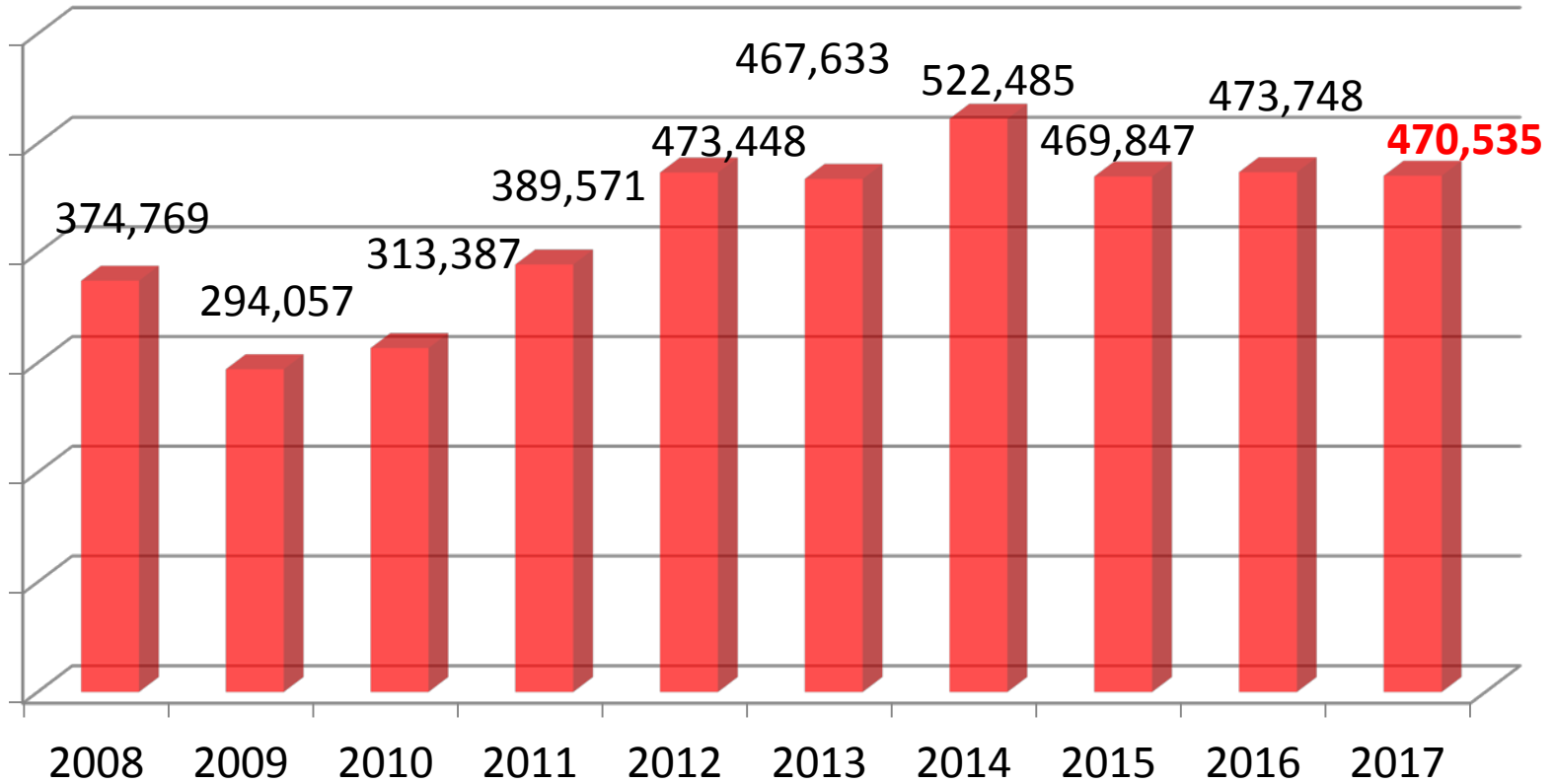
Income Statement

Cash Farm Income



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Cash Farm Expenses



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What are some income/expense changes for the average?

	2014	2015	2016	2017
Crop Income	197,410	173,243	224,944	236,973
Milk Sales	271,628	195,674	186,512	203,748
Seed	36,281	33,395	39,607	39,953
Fertilizer	48,157	44,339	44,707	42,396
Feed	106,845	82,339	74,466	72,609
Fuel & Oil	32,367	21,260	18,027	20,979
Repairs	40,856	36,975	37,737	39,960
Hired Labor	34,676	32,844	32,534	33,274
Land Rent	35,917	34,453	44,591	45,197

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How does Net Farm Income compare?

<u>Average of All Farms</u>	2014	2015	2016	2017
Gross Farm Income	658,798	551,703	557,016	562,001
Cash Oper Expense	522,485	468,847	473,748	470,535
Net Cash Income	136,313	81,856	83,268	91,466
<i>Inventory Change</i>				
<i>Depreciation</i>				
Chg in Cap Sales	279	763	600	116
Net Farm Income	114,095	37,182	59,480	54,021



How does Net Farm Income compare?

<u>Average of All Farms</u>	2014	2015	2016	2017
Gross Farm Income	658,798	551,703	557,016	562,001
Cash Oper Expense	522,485	468,847	473,748	470,535
Net Cash Income	136,313	81,856	83,268	91,466
<i>Inventory Change</i>	<i>18,383</i>	<i>-5,367</i>	<i>20,083</i>	<i>7,107</i>
<i>Depreciation</i>	<i>-40,880</i>	<i>--40,070</i>	<i>--44,471</i>	<i>--44,668</i>
Chg in Cap Sales	279	763	600	116
Net Farm Income	114,095	37,182	59,480	54,021



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What happened to **the** inventories?

Average of All Farms	2014	2015	2016	2017
Prepaid Exp & Supply	4,116	-7,871	70	-1,529
Accounts Receivable	1,742	-14,716	3,769	5,024
Crop and Feed	-23,111	25,421	23,663	2,982
Market & Breeding Livestock	21,151	-5,283	-7,693	1,643
Total Inventory Change	18,383	-5,367	20,083	7,107

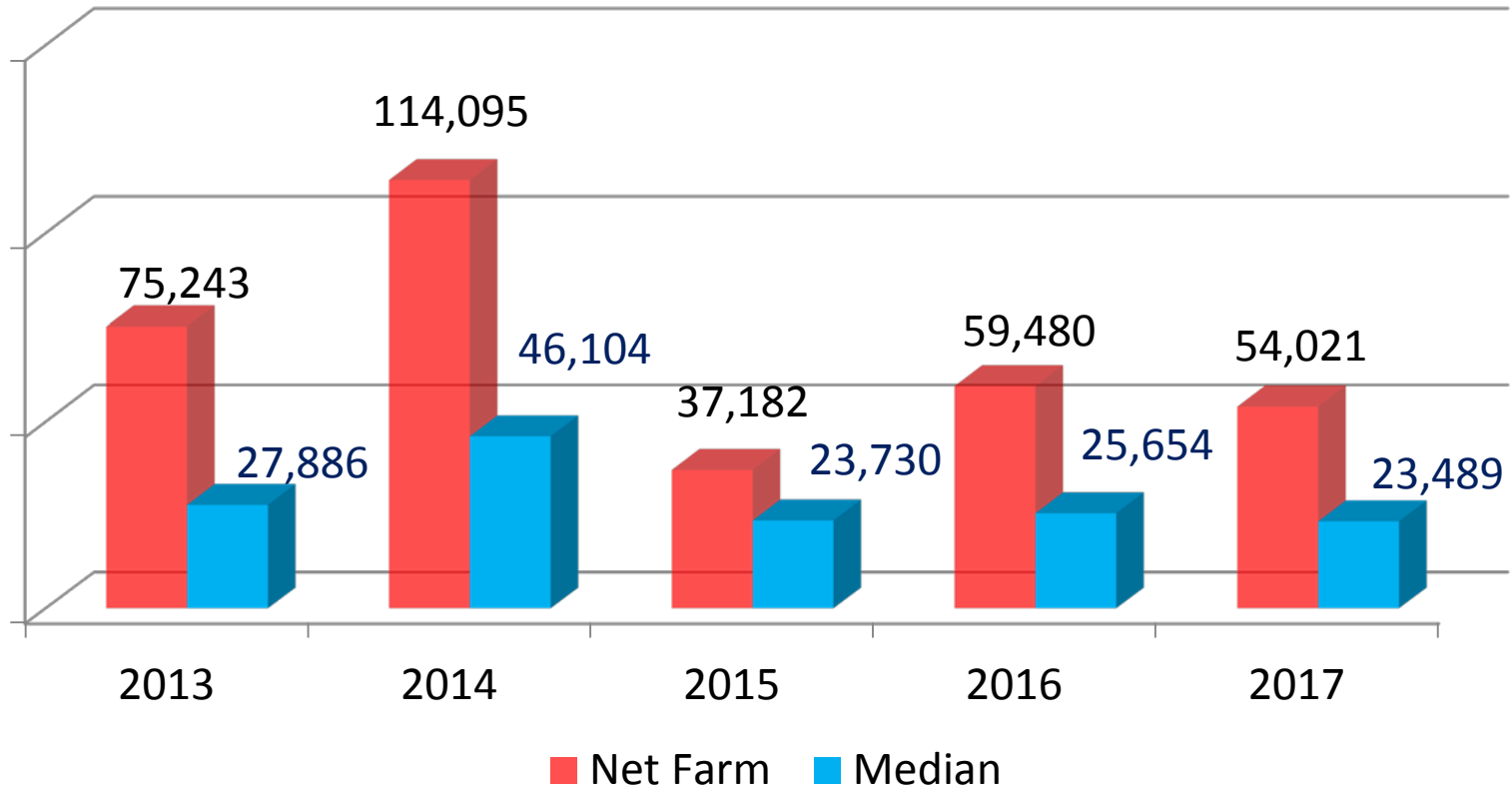


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Net Farm income:

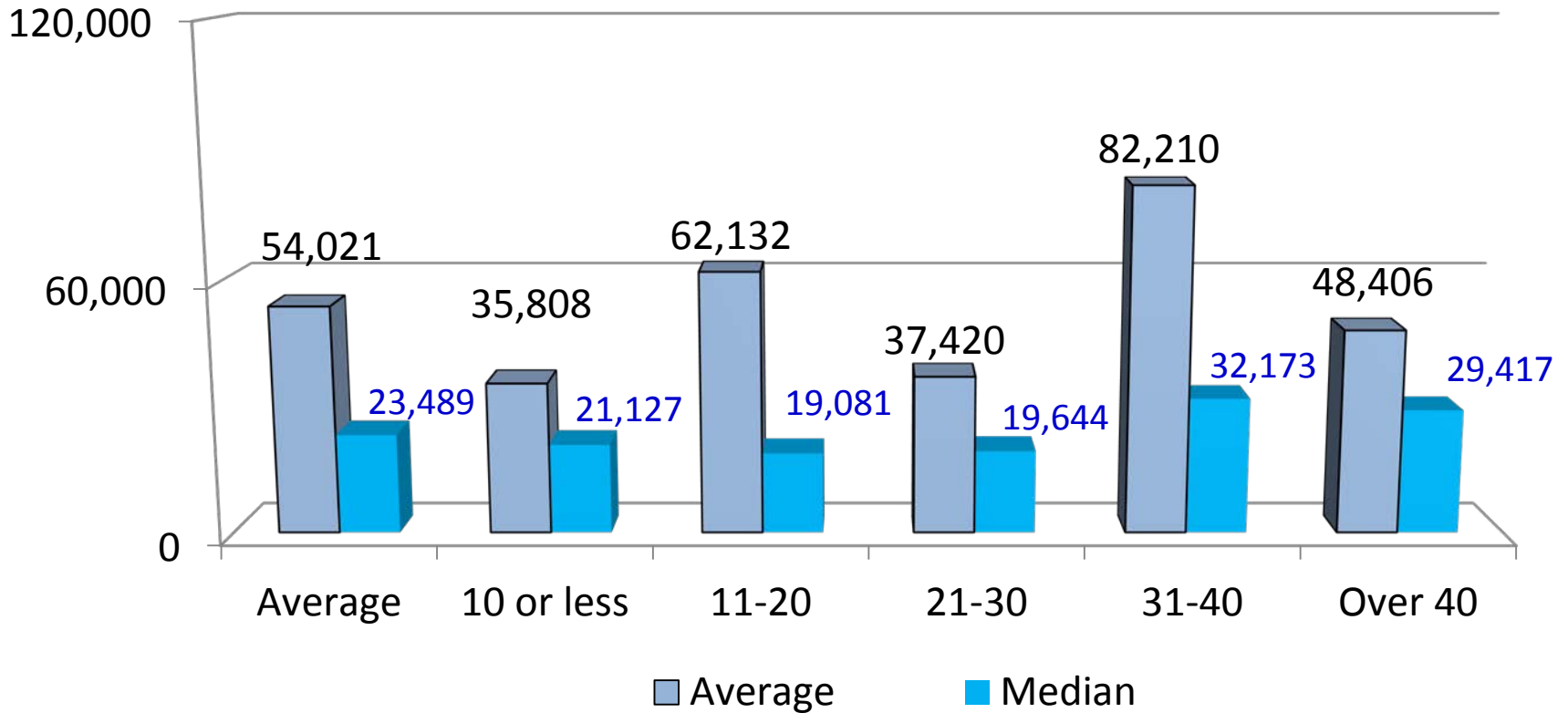
	Average	Median
Gross Farm Income	562,001	280,019
Cash Oper Expense	470,535	236,500
Net Cash Income	91,466	43,519
<i>Inventory Change</i>	7,107	2,964
<i>Depreciation</i>	-44,668	-23,124
Gain/Loss in Cap Sales	116	519
Net Farm Income (Profit)	54,021	23,878

Net Farm and Median Farm Income



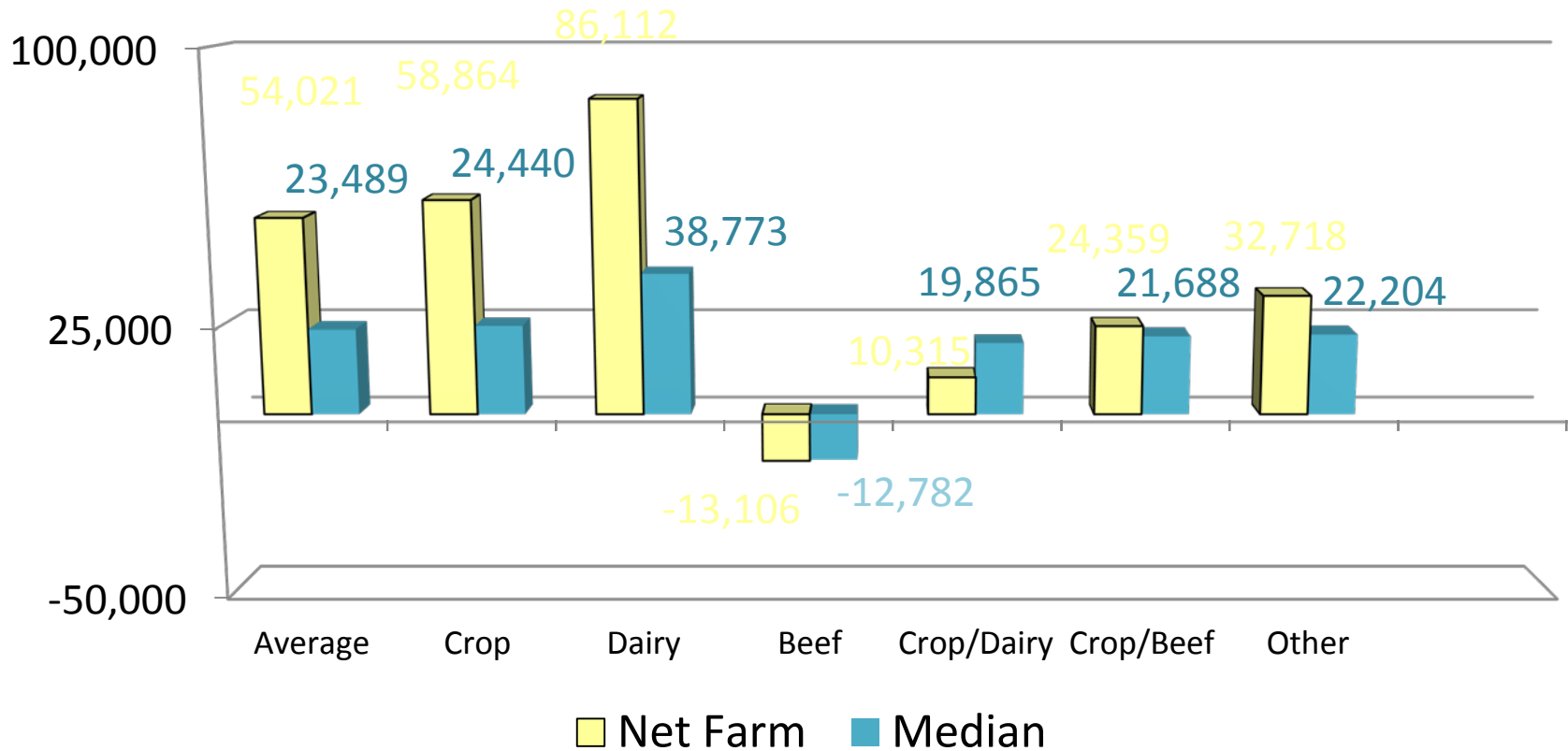
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Net Farm Income Sorted by Years Farming



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Net Farm and Median Farm Income Range by Type of Farm



Net Farm Income by Type of Farm

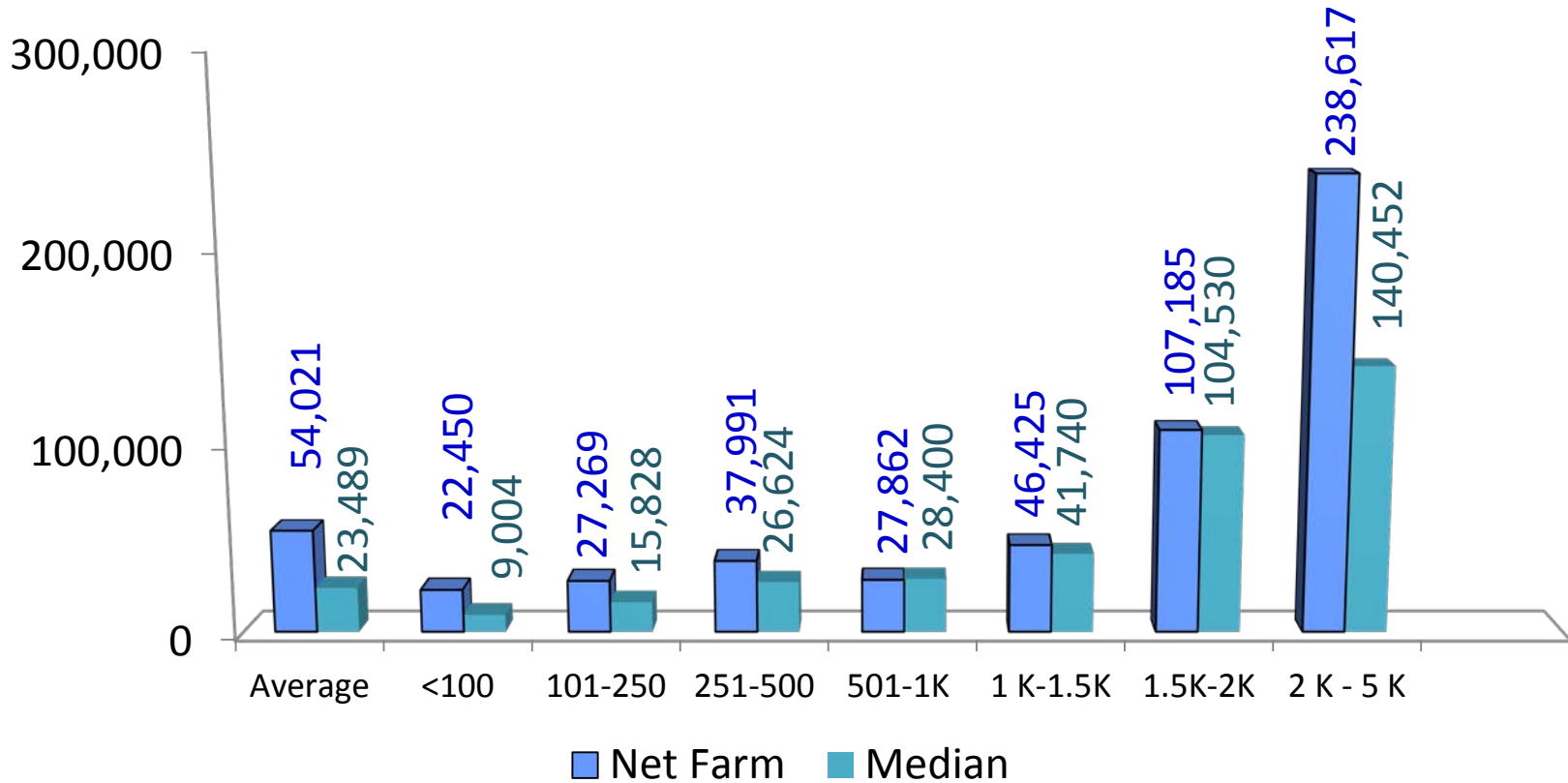
- The net farm income in 2017 was highest for Dairy farmers, compared to Crop Farmers in 2016**

	<u>2016</u>	<u>2017</u>
– Crop	\$ 99,615	\$58,864
– Beef and Crop	\$ 9,608	\$24,359
– Dairy	\$ 67,999	\$86,112
– Other Farms	\$ 19,785	\$32,718
– Dairy and Crop	\$ -883	\$10,315
– Beef	\$-38,849	\$-13,106



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Net Farm and Median Farm Income Range by Number of Crop Acres





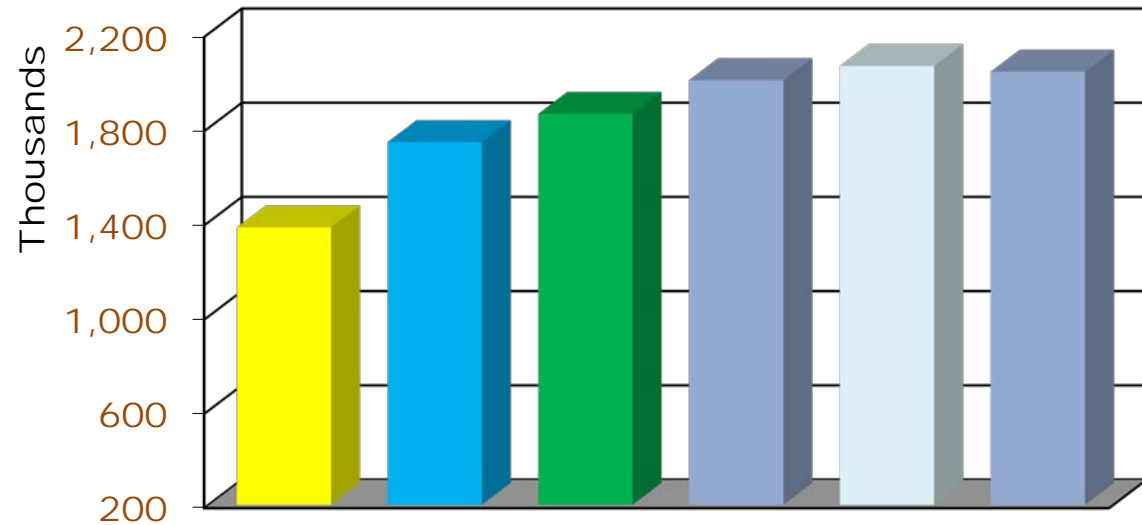
Northern Minnesota Financial Data

Balance Sheet



Total Farm Assets (Market value)

- Total farm assets decreased slightly.
- 2013 \$ 1,739,759
- 2014 \$ 1,860,122
- 2015 \$ 2,003,026
- 2016 \$ 2,062,954
- 2017 \$ 2,038,657



What makes up the Total Assets...

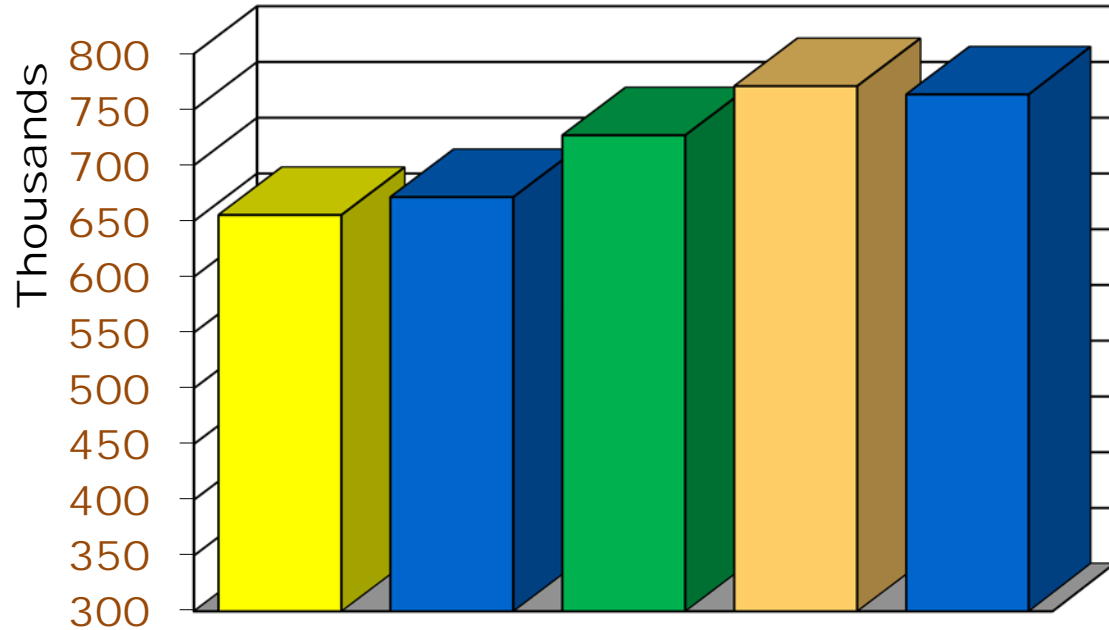
Average Farm	2015	2016	2017
Current Assets	362,417	395,719	372,786
Intermediate Assets	616,372	667,172	647,705
Long Term Assets	852,925	1,000,062	1,018,367



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Total Farm Liabilities

- Total farm liabilities decrease (excluding deferred)
- 2013 \$655,470
- 2014 \$671,511
- 2015 \$726,976
- 2016 \$771,052
- 2017 \$763,555



Deferred Liabilities = 179,939

Total Farm Liabilities with Def = 973,963

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What makes up the Total Liabilities...

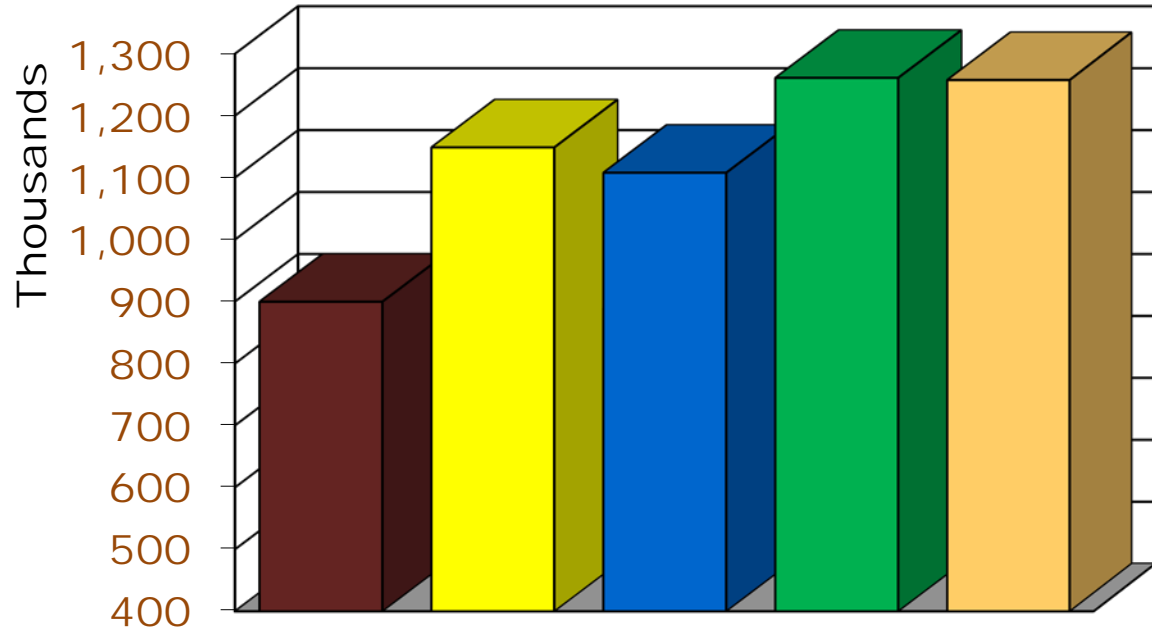
Average Farm	2015	2016	2017
Current	223,790	250,176	237,282
Intermediate	153,603	163,693	152,111
Long Term	317,526	357,183	374,162
Deferred	168,041	190,129	179,939



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Net Worth (Market)

- 2013 \$899,805
- 2014 \$1,148,949
- 2015 \$1,108,011
- 2016 \$1,261,153
- 2017 \$1,257,699



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What makes up the Total Net Worth...

Average Farm	2015	2016	2017
Current (Wk Cap)	138,627	145,543	135,504
Intermediate	462,769	503,479	495,594
Long Term	535,399	642,879	664,205
Non Farm	139,257	159,380	162,335

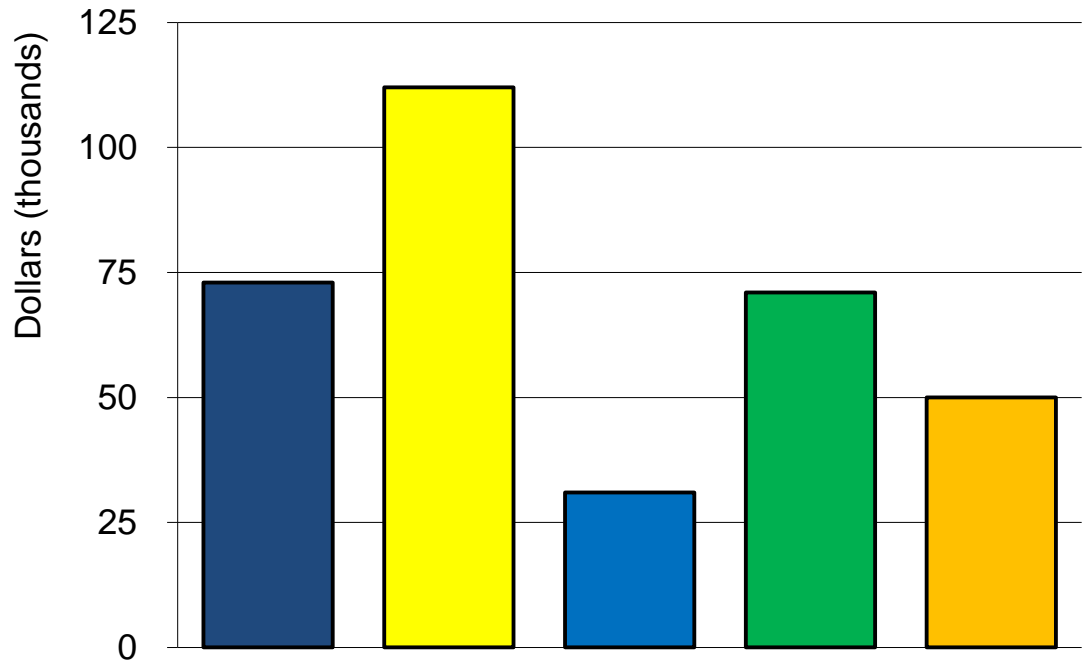


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Net Worth Change (Market)

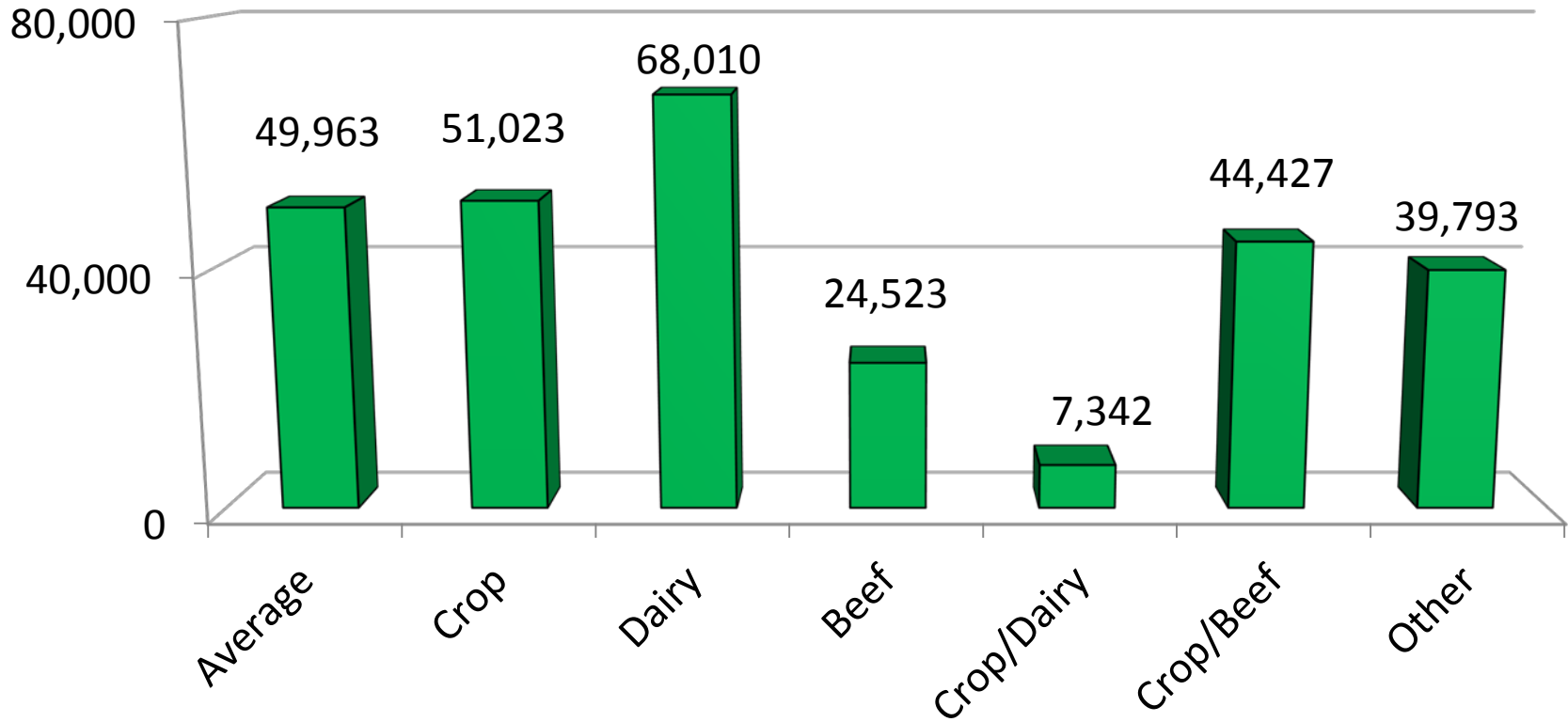
Farms continue to show gain Net Worth

- 2013 \$ 73,490
- 2014 \$ 111,833
- 2015 \$ 30,645
- 2016 \$ 71,364
- 2017 \$ 49,963

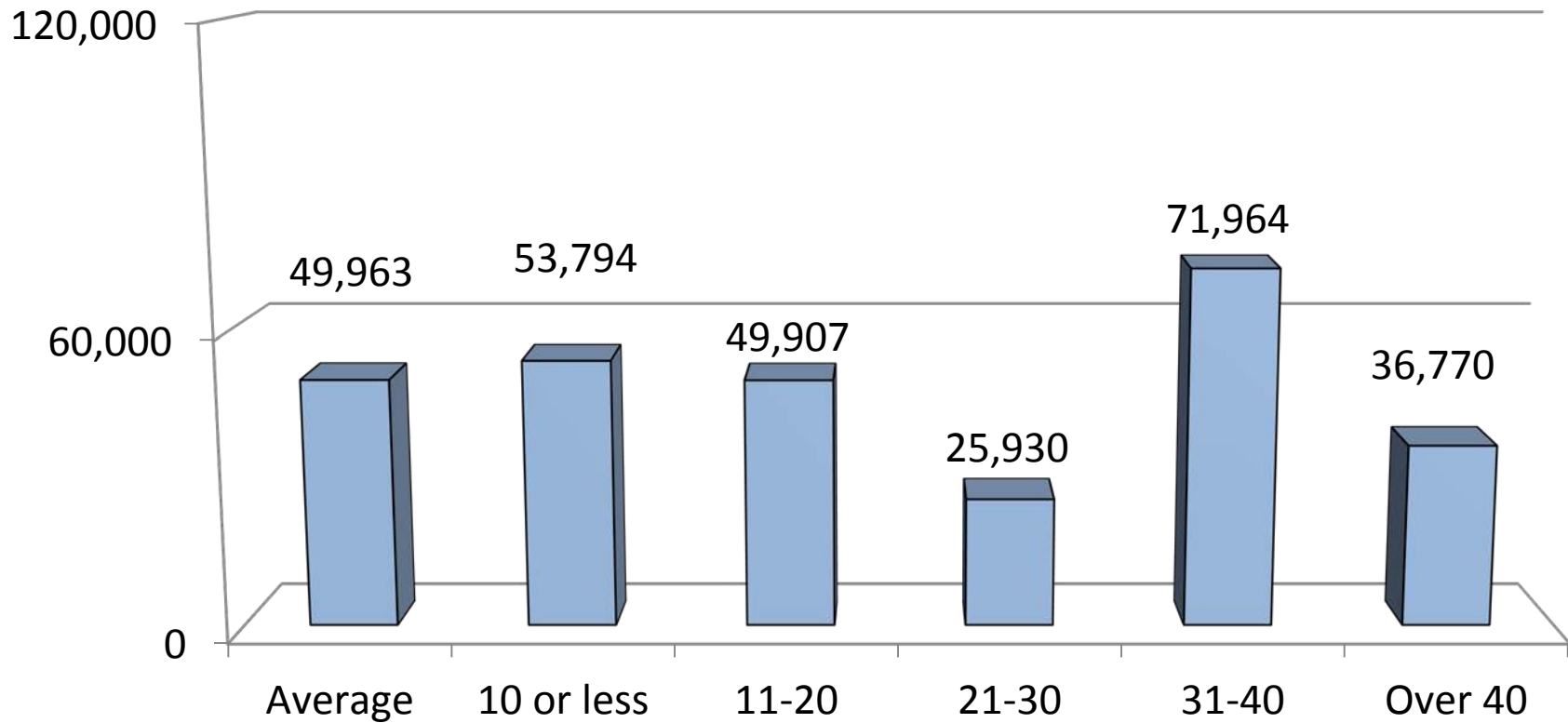


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Net Worth Change Sorted by Farm Type (Market)



Net Worth Change Sorted by Years Farming (Market)

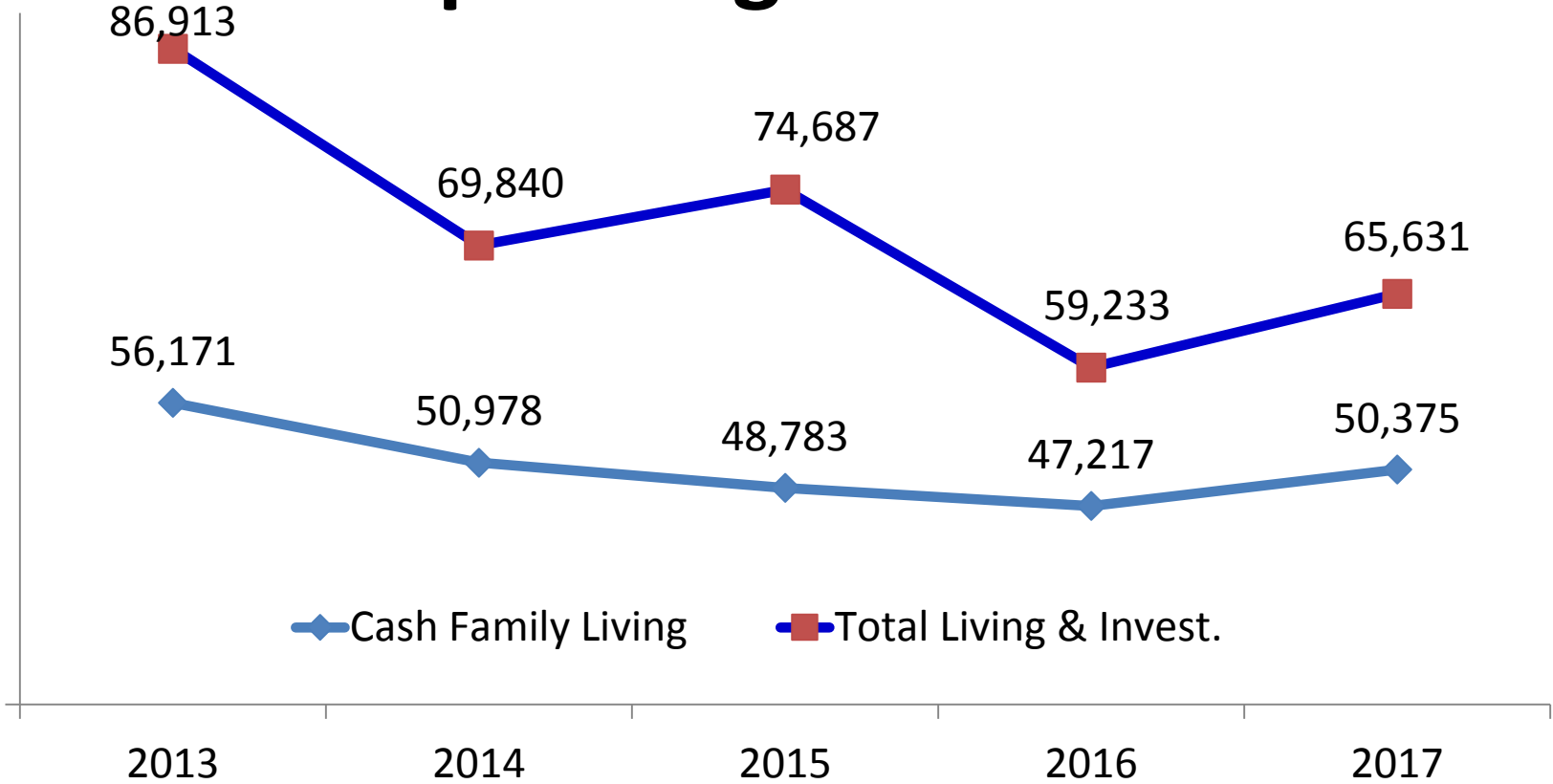


Balance Sheet – questions to consider

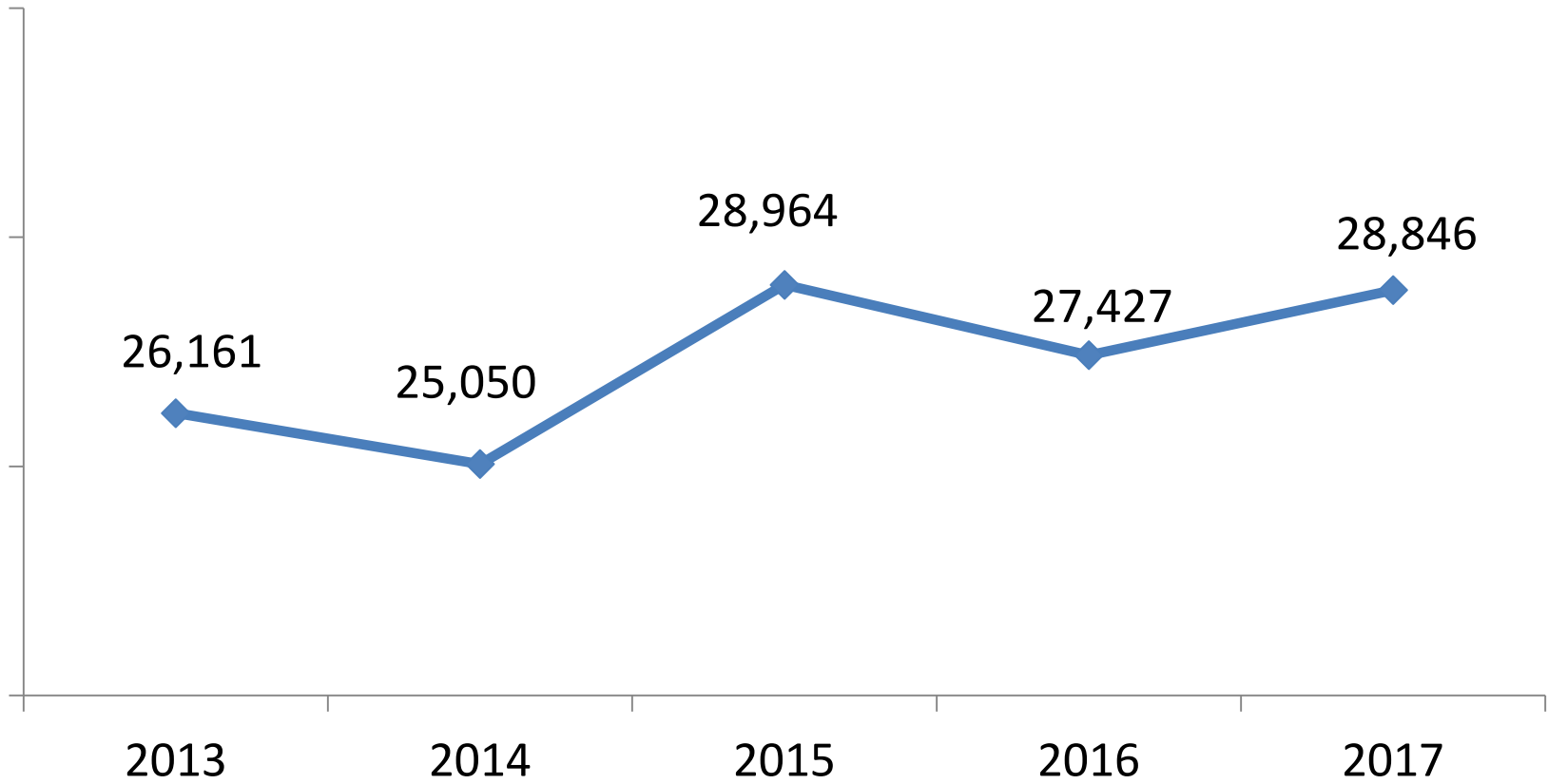
- **What positive aspects can you identify?**
 - Increase in equity, proper debt structure
- **Are there concerns or weaknesses that you can identify?**
 - Lack of working capital, others
- **What steps could you take to improve on the weakness (es), or what plan could you develop to address your concerns?**
 - Sell non-productive assets



Family Living / Personal Spending



Net Non Farm Income





Focusing on
selected
financial
factors

Page 18-20

Financial Standards Measures

Financial Standards – A quick Look

Financial Factors	2013	2014	2015	2016	2017
Working Capital	\$130,026	\$171,051	\$138,627	\$145,543	\$135,504
Working Capital as % Gross	27.9%	25.4%	24.7%	25.1%	23.6%
Term Debt Coverage Ratio	1.31	1.75	0.88	1.22	1.18
Operating Expense Ratio	76.2%	73.1%	81.4%	77.1%	77.5%

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How Does Your Farm Stack UP?

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 21 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.

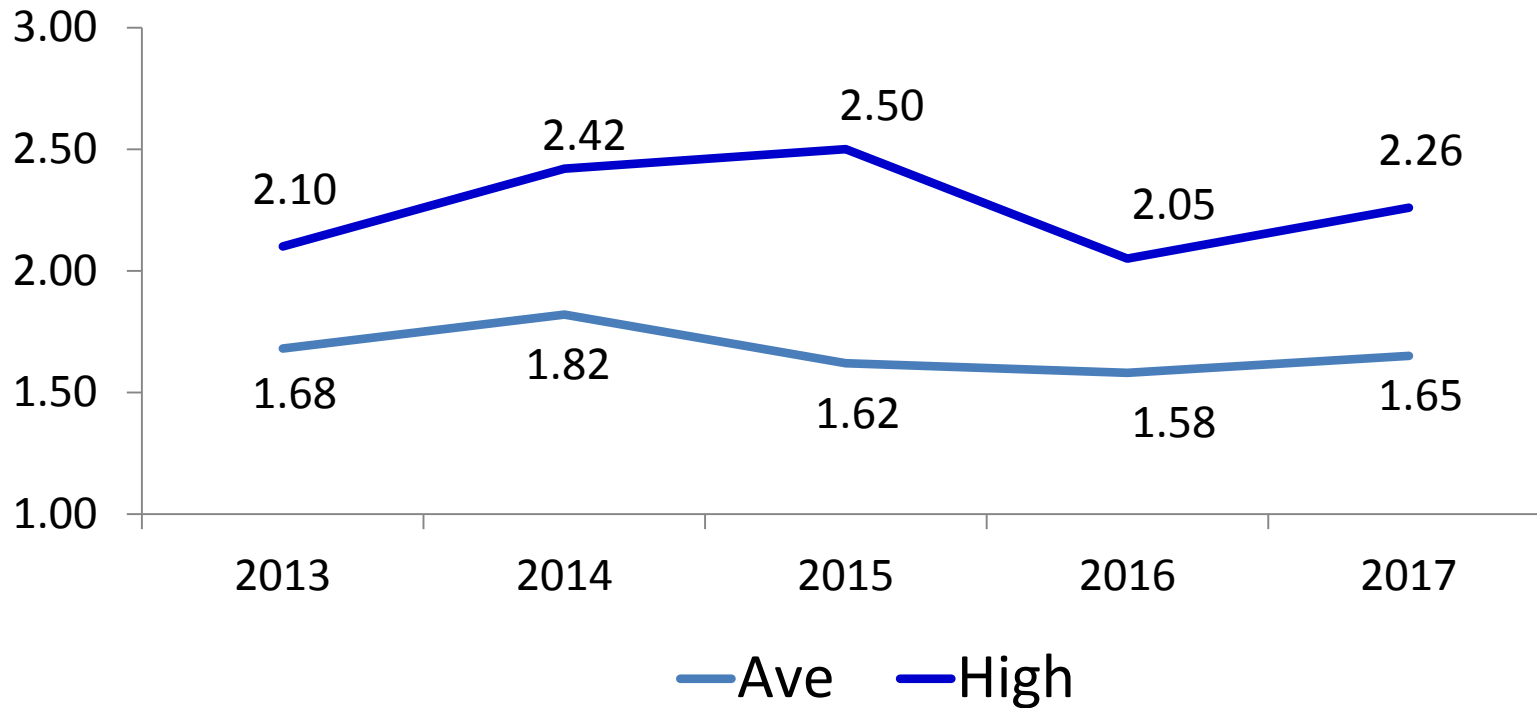
Evaluation Chart	<u>Low Farms</u>		<u>Average</u>		<u>High Farms</u>		<u>Your Farm</u>	
	2017	5 Yr Ave	2017	5 Yr Ave	2017	5 Yr Ave	2017	5 Yr Ave
Liquidity								
Current Ratio	1.07	1.05	1.57	1.65	2.25	2.26		
Working Capital	\$ 23,705	19,552	135,504	144,150	457,424	466,034		
Working Capital to Gross Inc. %	4.5%	3.6%	23.6%	25.3%	36.2%	35.1%		

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Liquidity Measures

Current Ratio



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Liquidity Measures

Pg 19-20

Working Capital

Current farm assets minus current farm liabilities

- ◆ Funds available to buy inputs & inventory after the sale of current assets and payment of current liabilities
- ◆ It is a dollar value, not a ratio

Working Capital as % of gross income

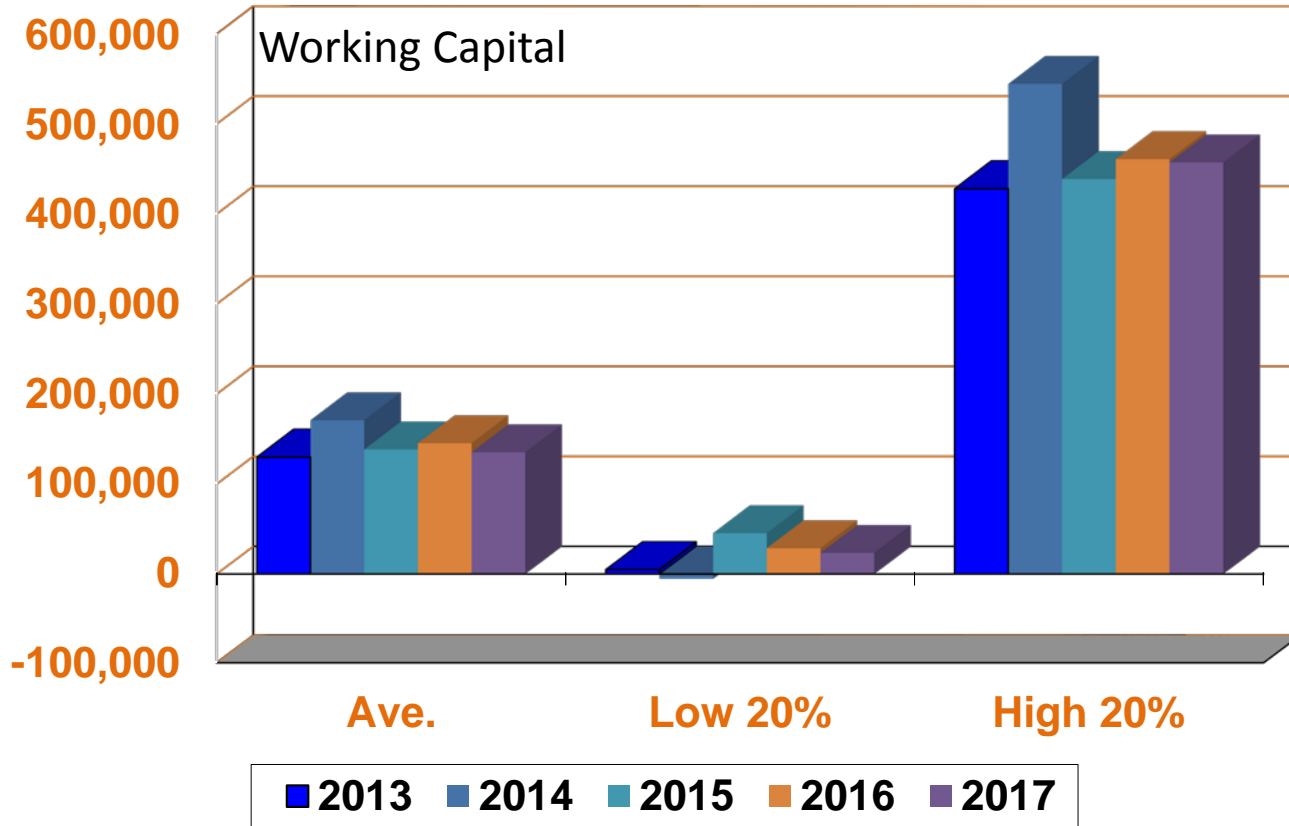
$\text{Working Capital} / \text{Gross Farm Income}$

- ◆ Percentage that serves as an indicator of the funds available based on business size.

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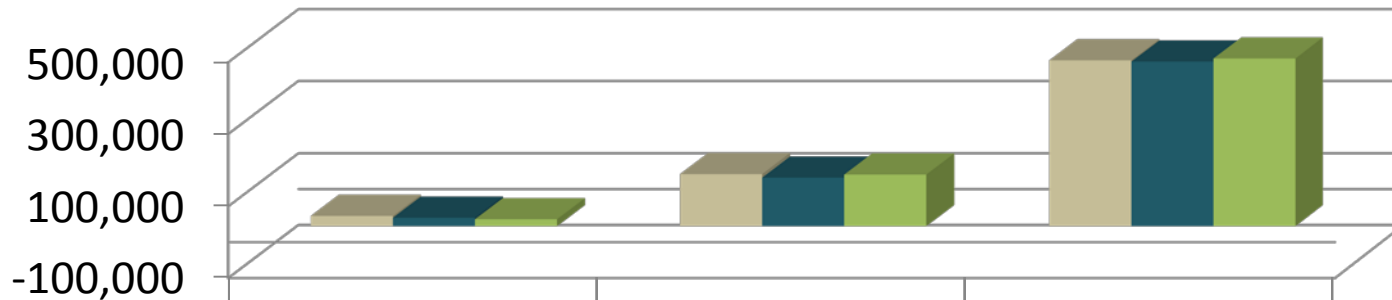
Liquidity Measures



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Liquidity Measures

Working Capital



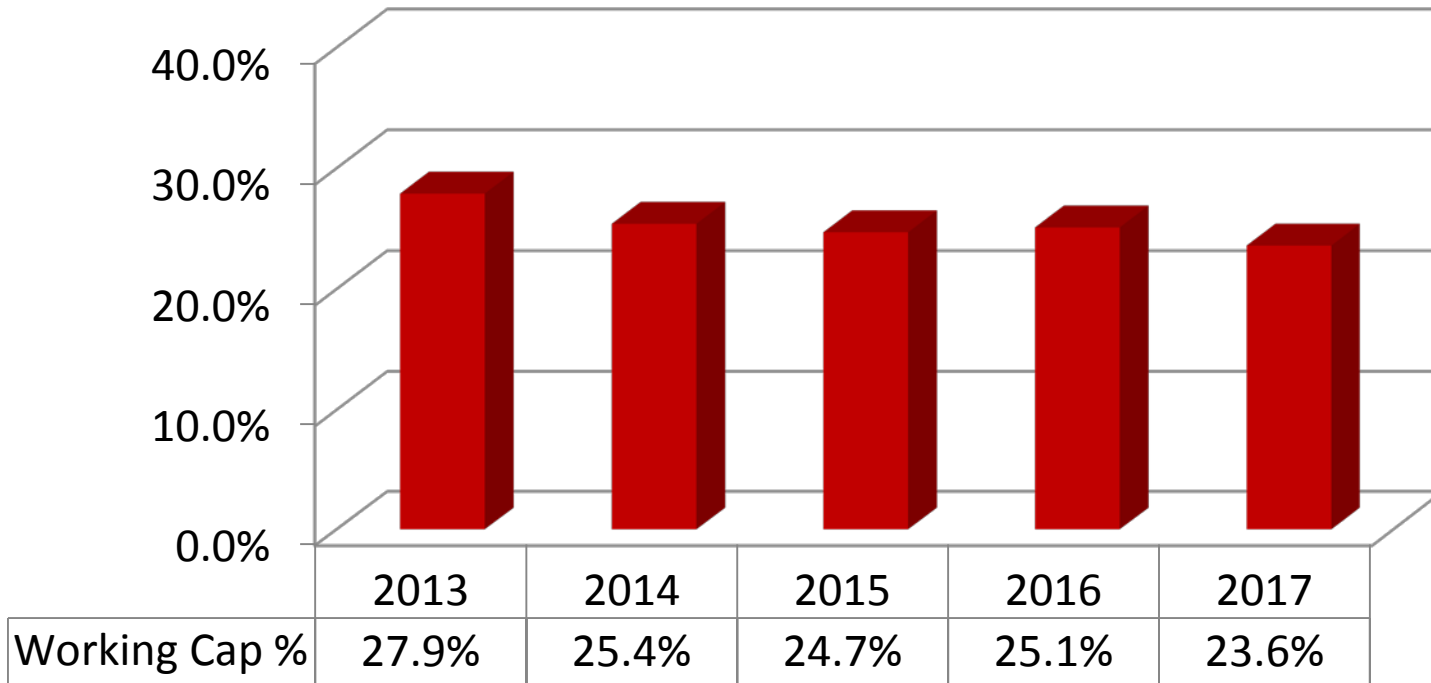
	Low	Ave	High
2016	28,900	145,543	461,007
2017	23,705	135,504	457,424
5-year Ave	19,552	144,150	466,034

■ 2016 ■ 2017 ■ 5-year Ave

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Working Capital as % of Gross Income

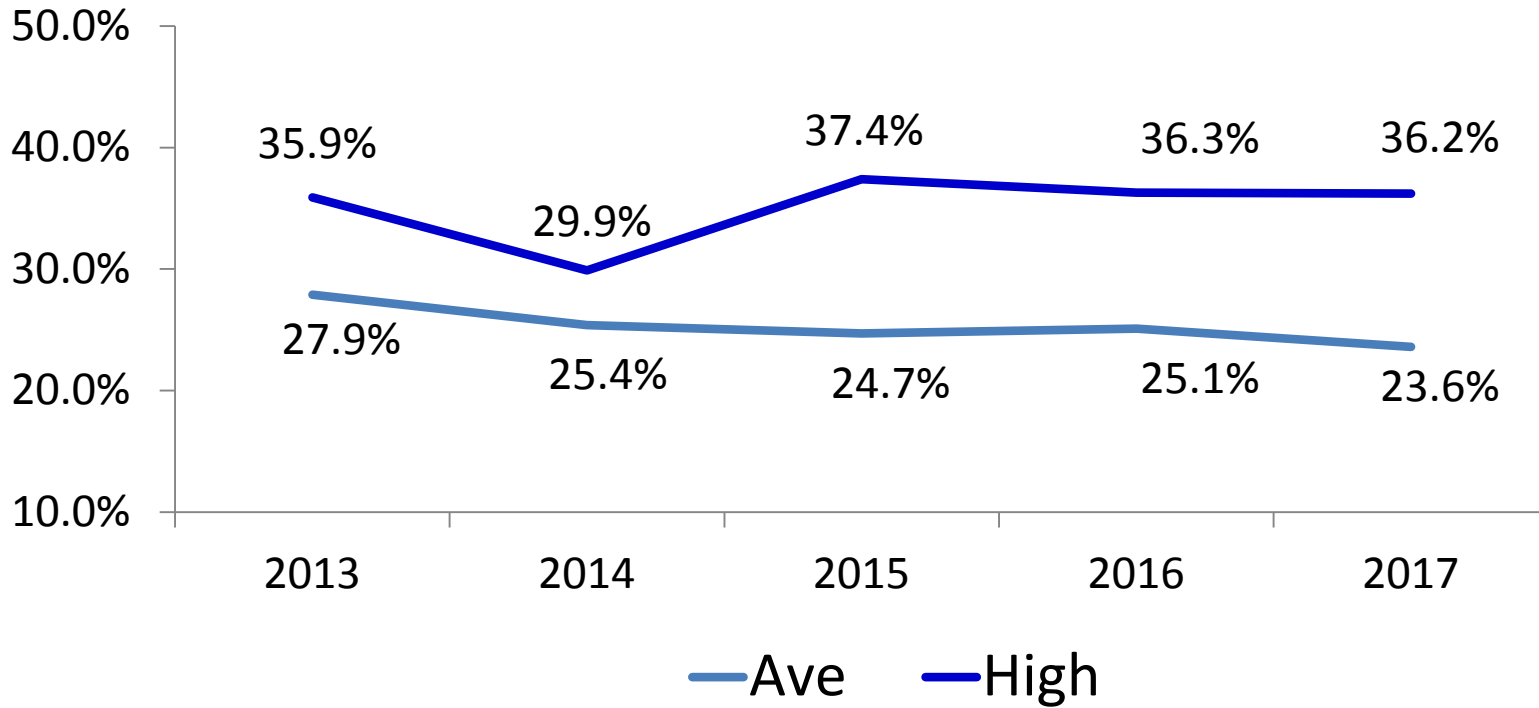


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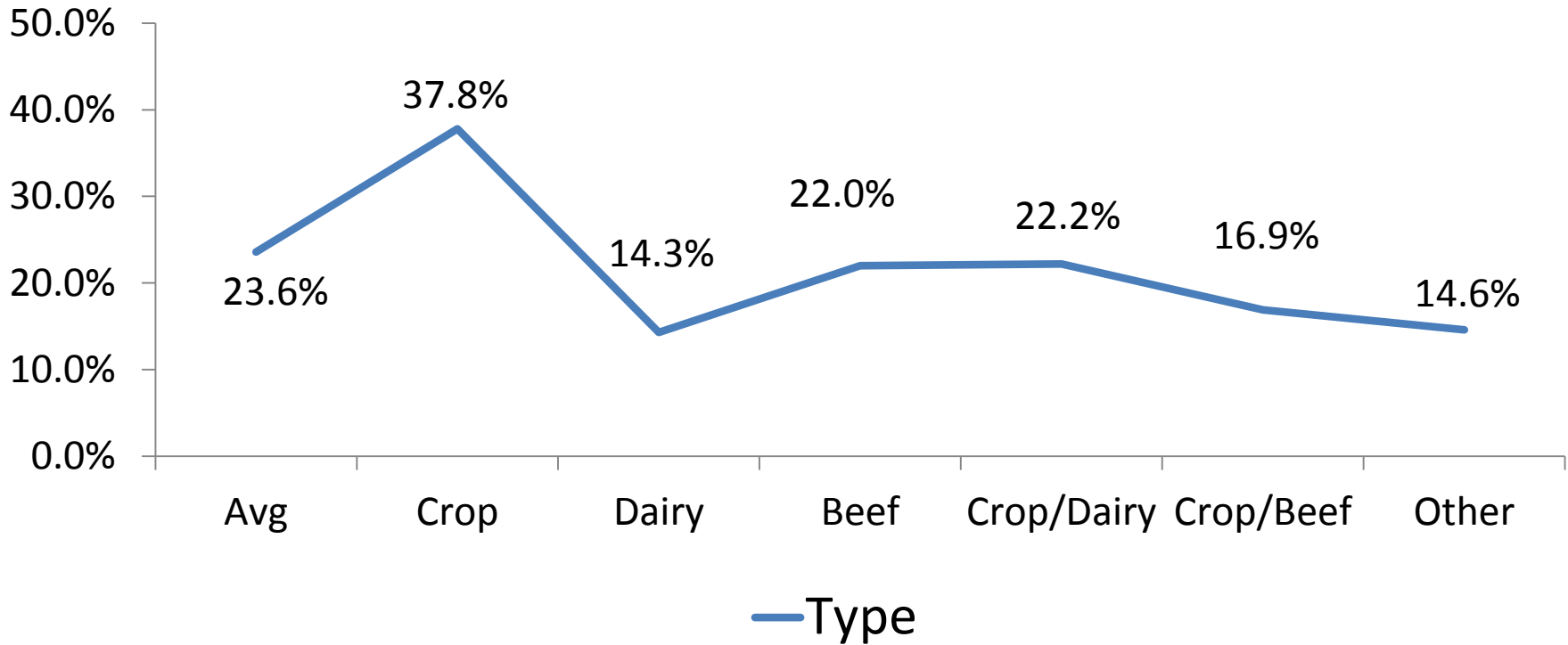
Liquidity Measures

Working Capital as a % of Gross Income



Liquidity Measures

Working Capital as a % of Gross Income



Northern Minnesota



Your financial scorecard

Back Cover

Standard - [2009 Report-03222010-FINALwCovers.pdf]

MyFarm Financial Scorecard

Year:

Name:

Liquidity

	This Year	5-Year Ave	Strong	Vulnerable
Current ratio	<input type="text"/>	<input type="text"/>	1.7	1.1
Working capital	<input type="text"/>	<input type="text"/>		
Working cap to gross revenue	<input type="text"/>	<input type="text"/>	25%	10%

Solvency (market)

Note: These solvency ratios include deferred liabilities

Farm debt/asset ratio	<input type="text"/>	<input type="text"/>	30%	60%
Farm equity/asset ratio	<input type="text"/>	<input type="text"/>	70%	40%
Farm debt/equity ratio	<input type="text"/>	<input type="text"/>	0.43	1.50

Profitability (Cost)

Rate of return on farm assets	<input type="text"/>	<input type="text"/>	8%	4%
Rate of return on farm equity	<input type="text"/>	<input type="text"/>	10%	3%
			25%	15%

How Does Your Farm Stack UP?

Evaluation Chart	Low Farms		Average		High Farms		
	2017	5 Yr Ave	2017	5 Yr Ave	2017	5 Yr Ave	
Solvency (Market)							
Farm Debt to Asset Ratio	%	55%	56%	46%	45%	40%	39%
Farm Equity to Asset Ratio	%	45%	44%	54%	55%	60%	61%
Farm Debt to Equity Ratio	%	1.21	1.29	0.86	0.83	0.67	0.65
Profitability (Cost)							
Rate of Return on Farm Assets	%	-5.0%	-5.6%	2.5%	3.5%	8.2%	8.9%
Rate of Return on Farm Equity	%	-17.3%	-19.6%	1.2%	2.9%	10.6%	11.8%
Operating Profit Margin	%	-20.0%	-23.0%	8.4%	10.6%	22.9%	23.3%
Net Farm Income	\$	-94,958	-87,048	54,021	68,004	276,989	311,937
EBIDTA	\$	4,189	-490	129,287	137,277	398,668	437,611

Northern Minnesota



Profitability

Rate of Return on Assets

Interest rate earned on all money invested in the business...

Rate of Return on Equity

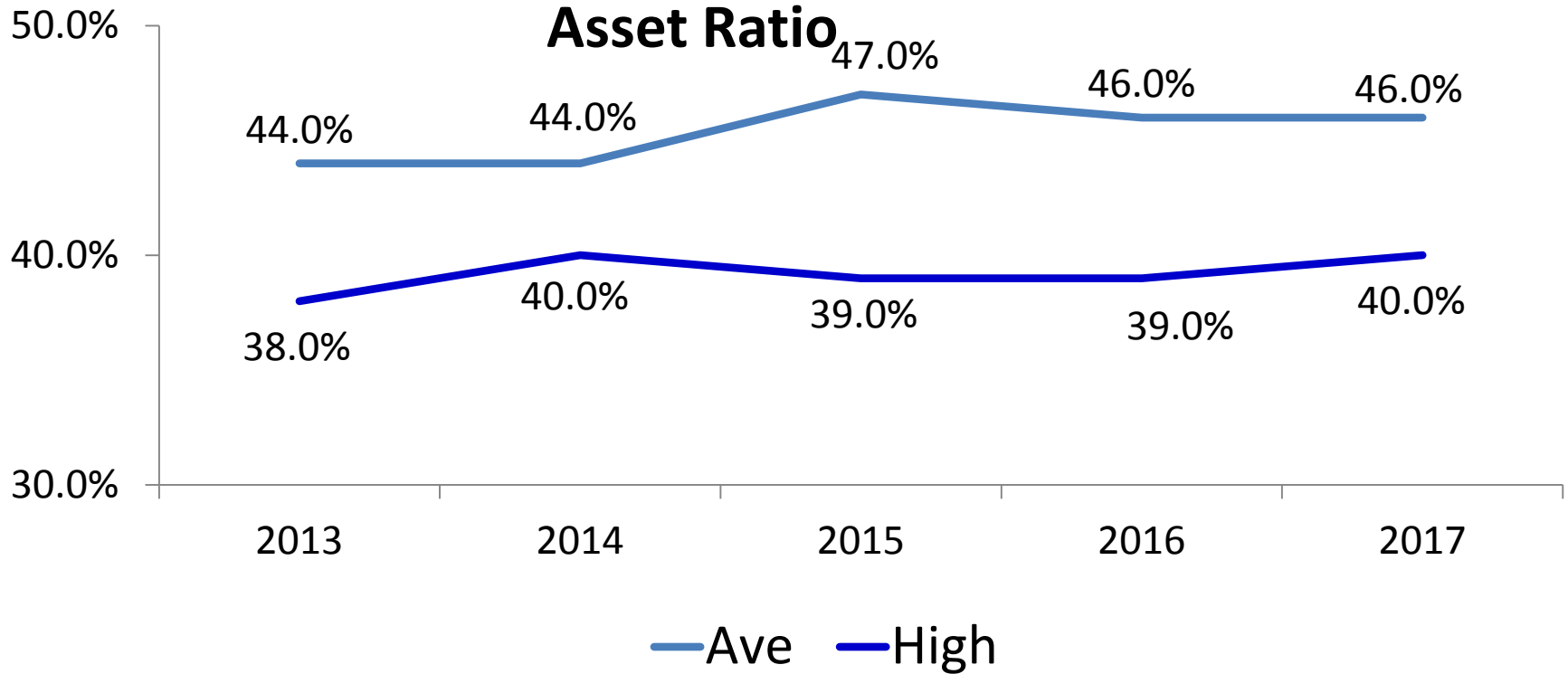
Interest rate earned on YOUR money invested in the business...

Northern Minnesota



Solvency

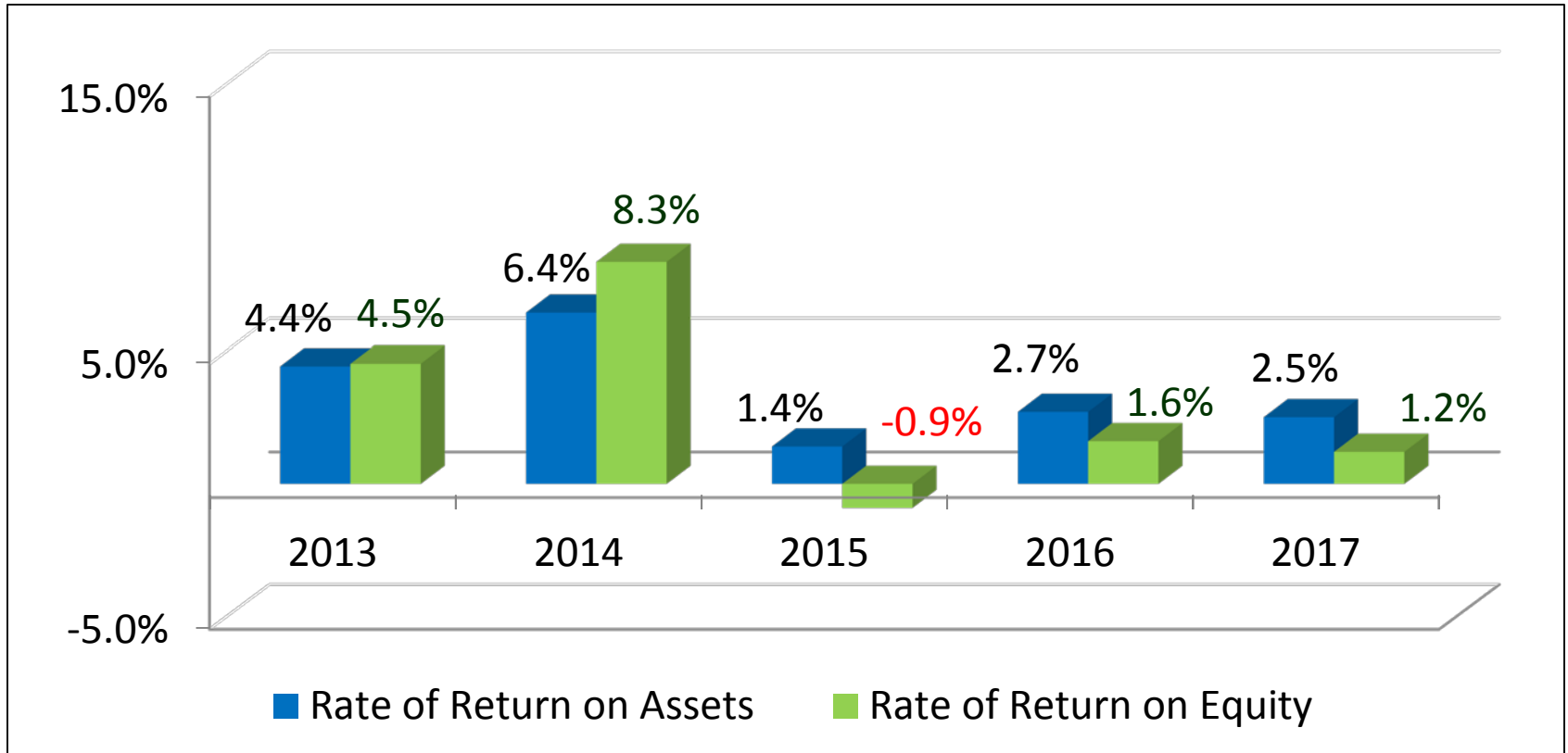
Debt to Asset Ratio



Northern Minnesota



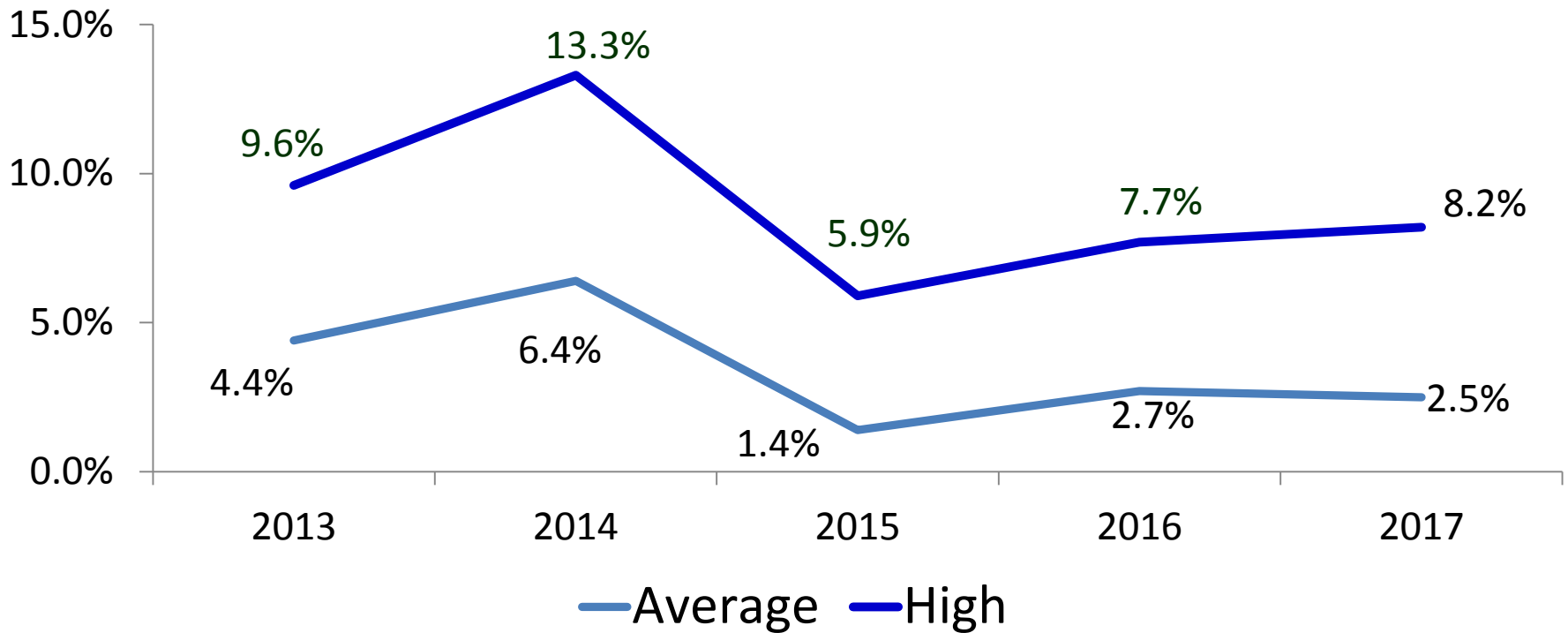
Profitability



Northern Minnesota

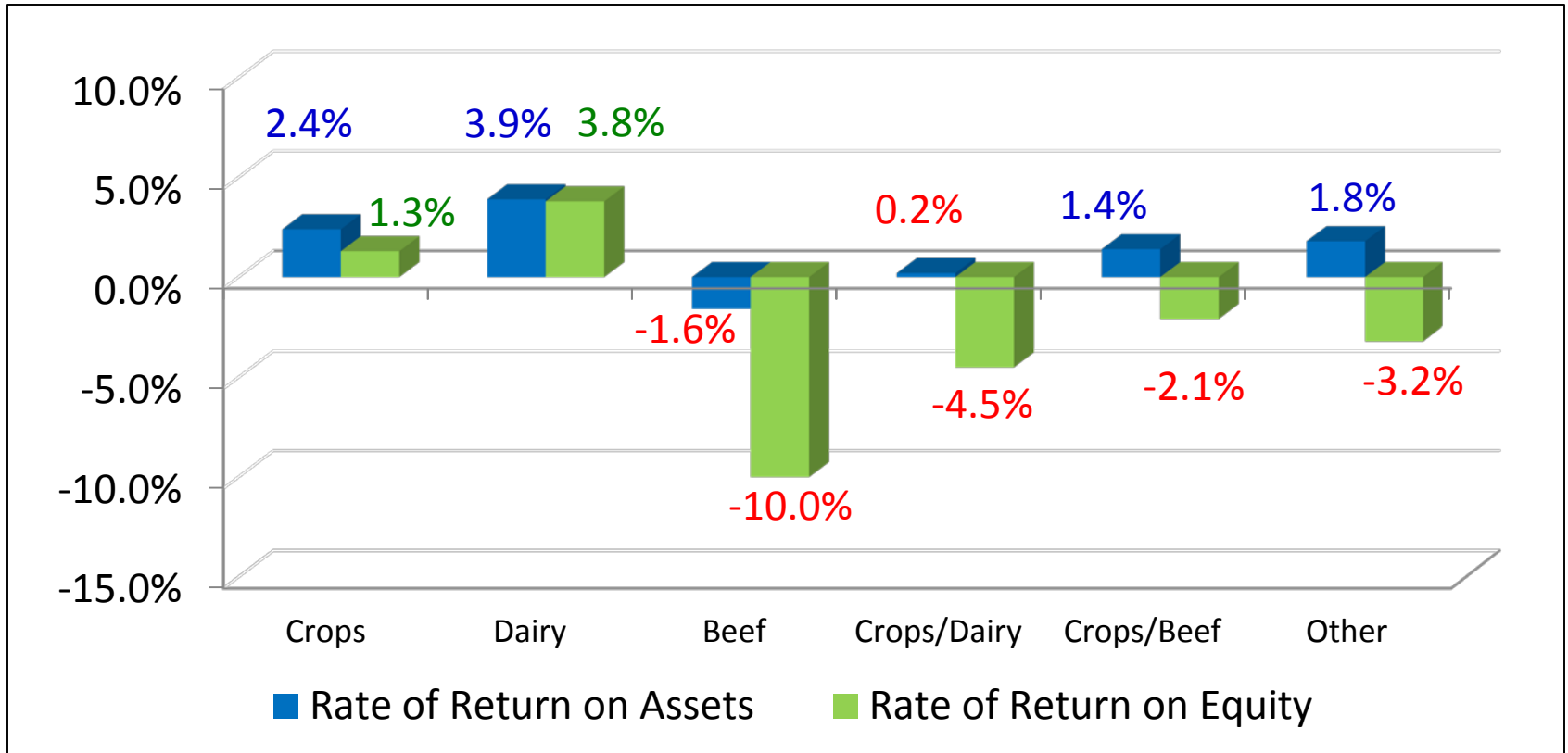
Profitability

Rate of Return on Assets



Northern Minnesota

Profitability



Northern Minnesota

Your financial scorecard

MyFarm Financial Scorecard

Year:

Name:

Liquidity

This Year

5-Year Ave

Strong

Vulnerable

Current ratio

1.7

1.1

Working capital

Working cap to gross revenue

25%

10%

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%



How Does Your Farm Stack UP?

<i>Evaluation Chart</i>	<u>Low Farms</u>		<u>Average</u>		<u>High Farms</u>	
	2017	5 Yr Ave	2017	5 Yr Ave	2017	5 Yr Ave
<u>Repayment Capacity (Accrual)</u>						
Capital Debt Repayment Cap. \$	-22,210	▲ -26,224	95,471	▲ 98,982	316,745	344,575
Capital Debt Repayment Margi \$	-120,684	▲ -117,531	14,485	▲ 20,741	187,539	203,417
Replacement Margin \$	-140,752	▲ -131,299	-3,469	▲ 6,452	152,032	173,977
Term Debt Coverage Ratio	-0.23	▲ -0.30	1.18	▲ 1.27	2.45	2.42
Replacement Coverage Ratio	-0.19	▲ -0.26	0.96	▲ 1.08	1.92	2.01



Northern Minnesota

Repayment Capacity

Term Debt Coverage Ratio

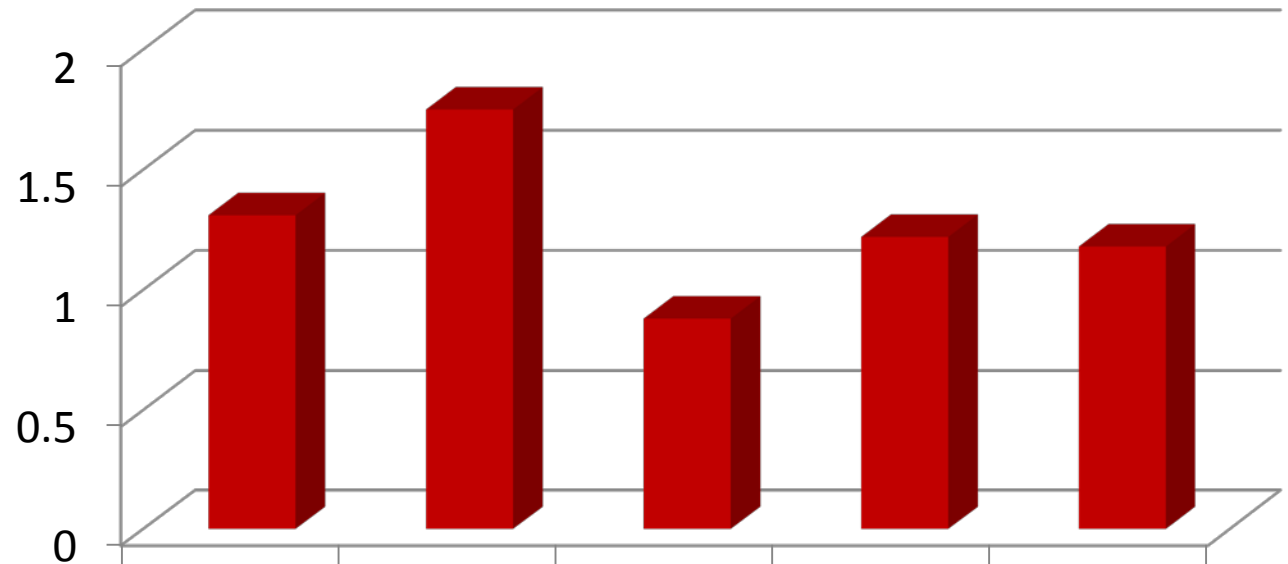
The Term Debt Coverage Ratio measures the ability of the business to pay all term debt payments.

Northern Minnesota



Repayment Capacity

Average Term Debt Coverage Ratio



Term Debt Coverage Ratio

2013

2014

2015

2016

2017

1.31

1.75

0.88

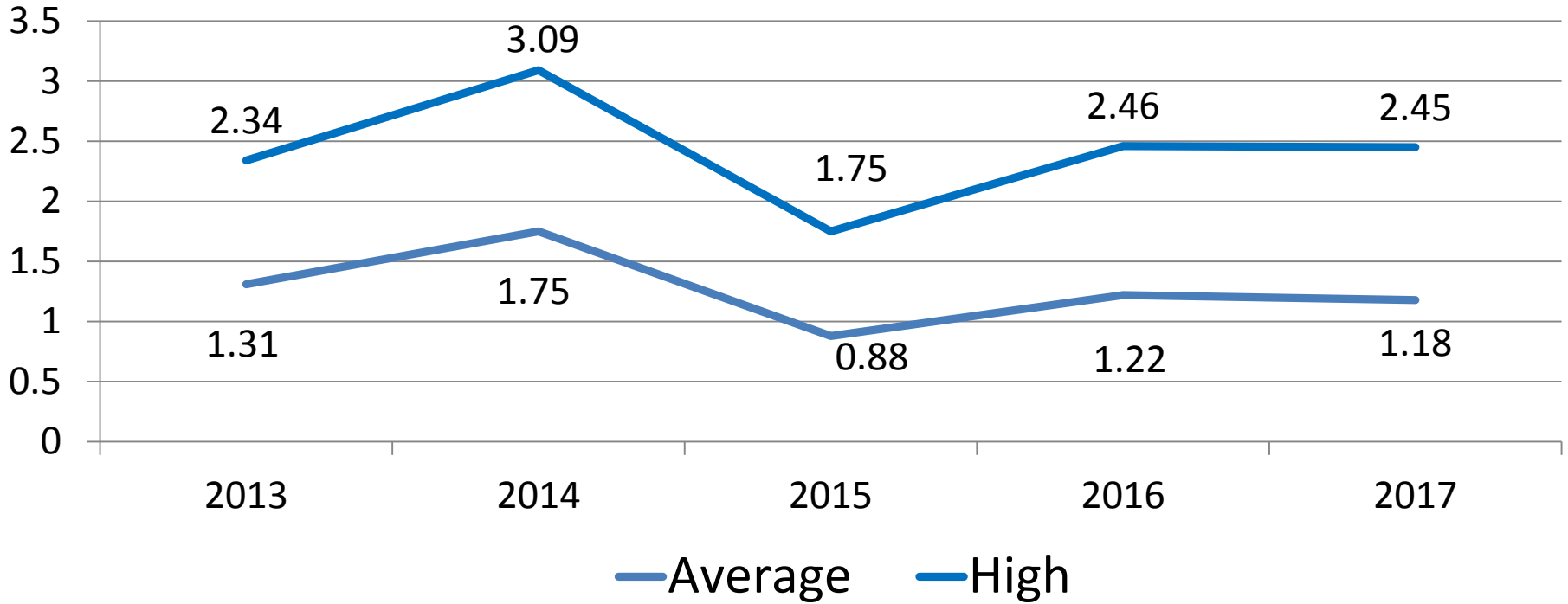
1.22

1.18

Northern Minnesota

Repayment Capacity

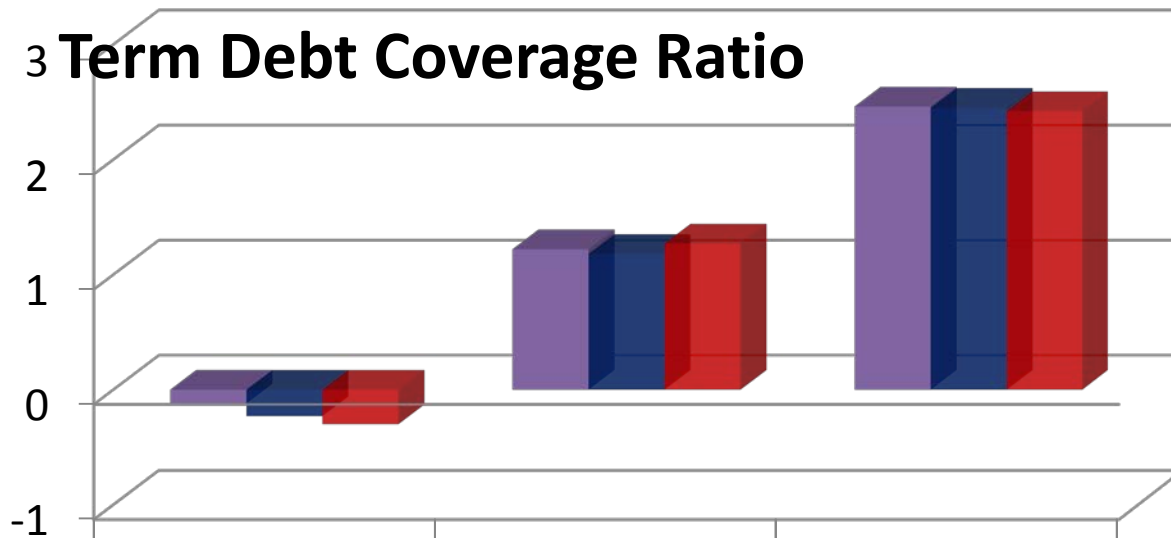
Term Debt Coverage Ratio



Northern Minnesota

Repayment Capacity

Term Debt Coverage Ratio

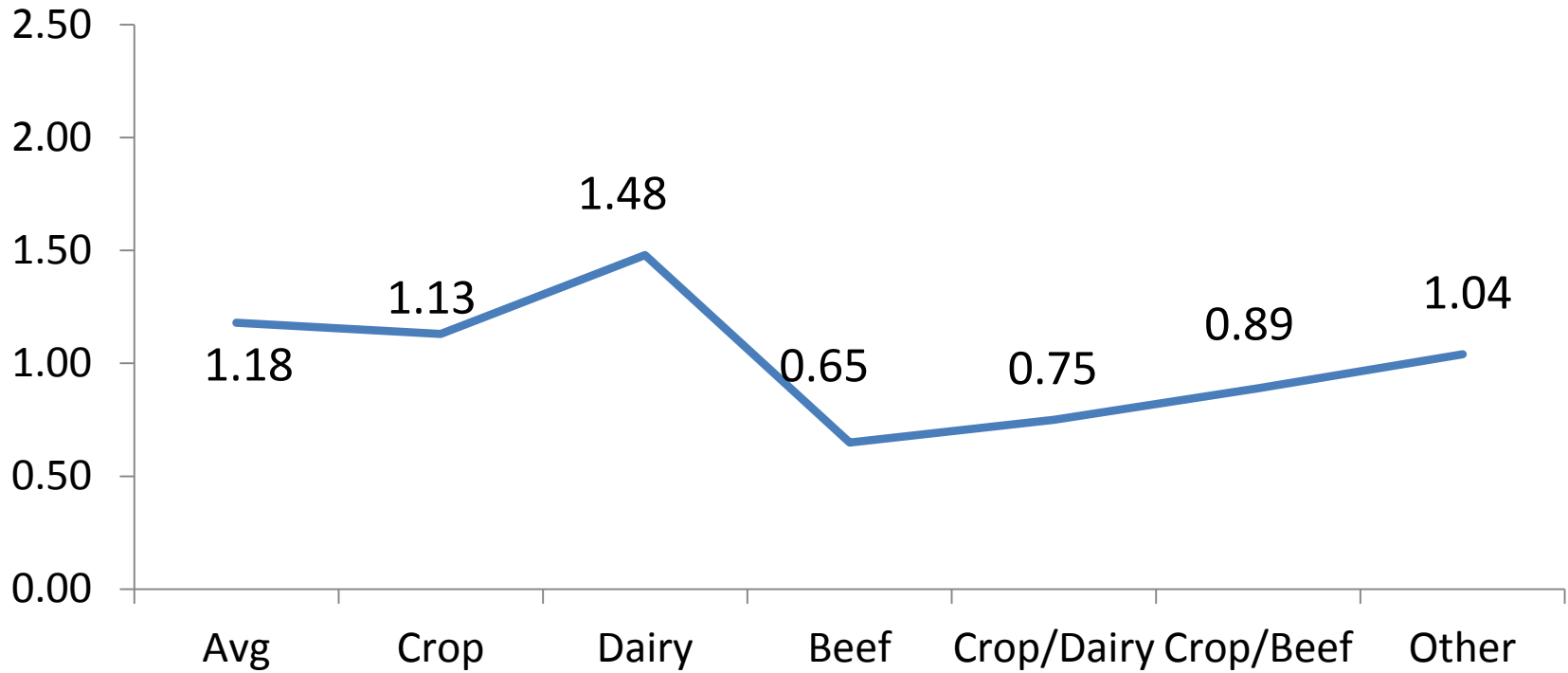


	Low	Ave	High
2016	-0.12	1.22	2.46
2017	-0.23	1.18	2.45
5-year Ave	-0.30	1.27	2.42

Northern Minnesota



Term Debt Coverage by Type

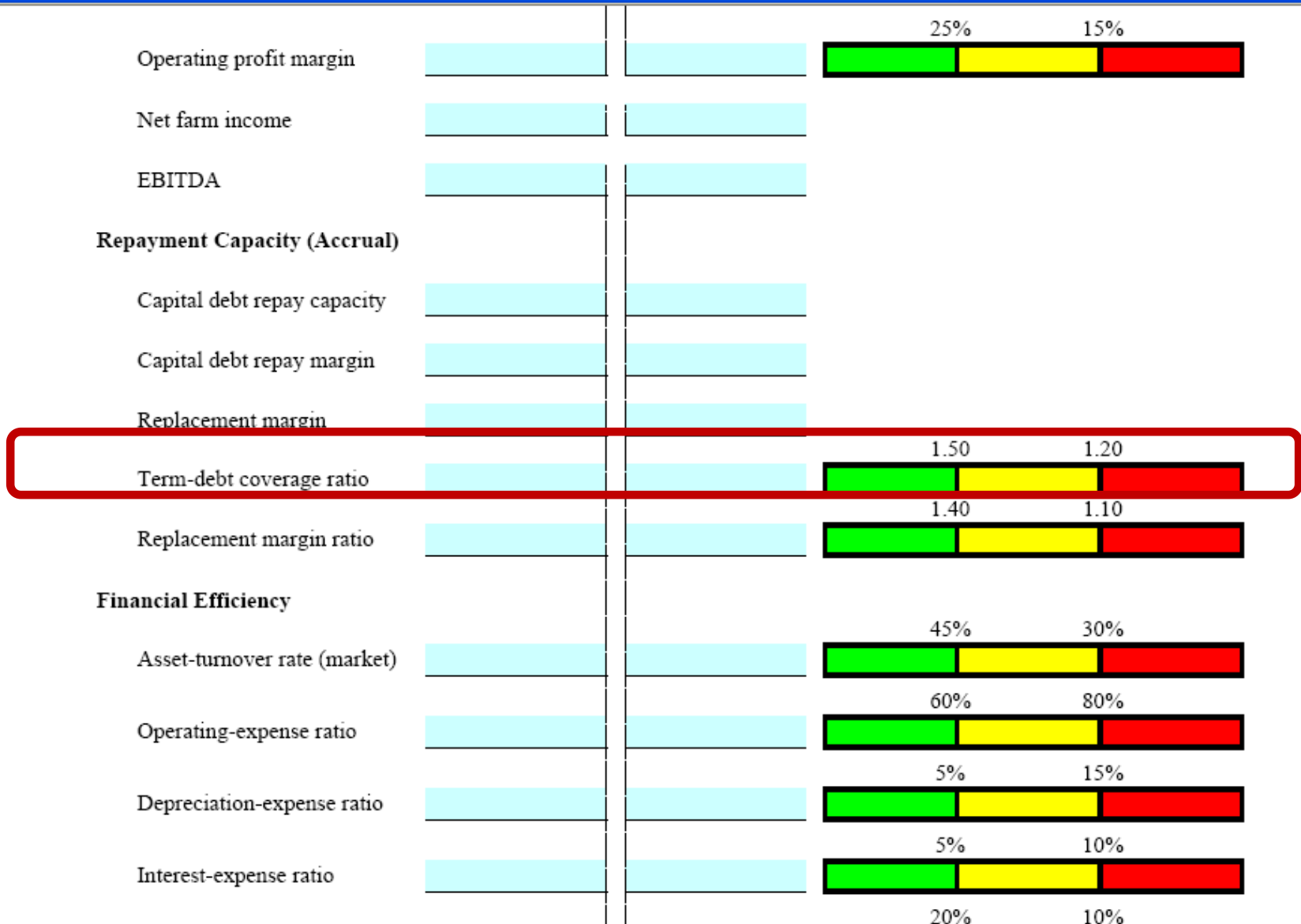


Northern Minnesota



Your financial scorecard

ard - [2009 Report-03222010-FINALwCovers.pdf]



How Does Your Farm Stack UP?

Evaluation Chart	<u>Low Farms</u>		<u>Average</u>		<u>High Farms</u>	
	2017	5 Yr Ave	2017	5 Yr Ave	2017	5 Yr Ave
Efficiency						
Asset Turnover Rate (Cost) %	24.7%	24.3%	30.1%	32.1%	35.8%	37.8%
Operating Expense Ratio %	99.2%	100.2%	77.5%	77.1%	68.5%	69.1%
Depreciation Expense Ratio %	9.9%	9.7%	7.8%	7.0%	6.4%	6.0%
Interest Expense Ratio %	8.9%	8.1%	5.3%	4.8%	3.3%	3.2%
Net Farm Income Ratio %	-18.2%	-18.2%	9.4%	11.2%	21.9%	21.8%



Northern Minnesota

Efficiency Measures

Operating Expense Ratio

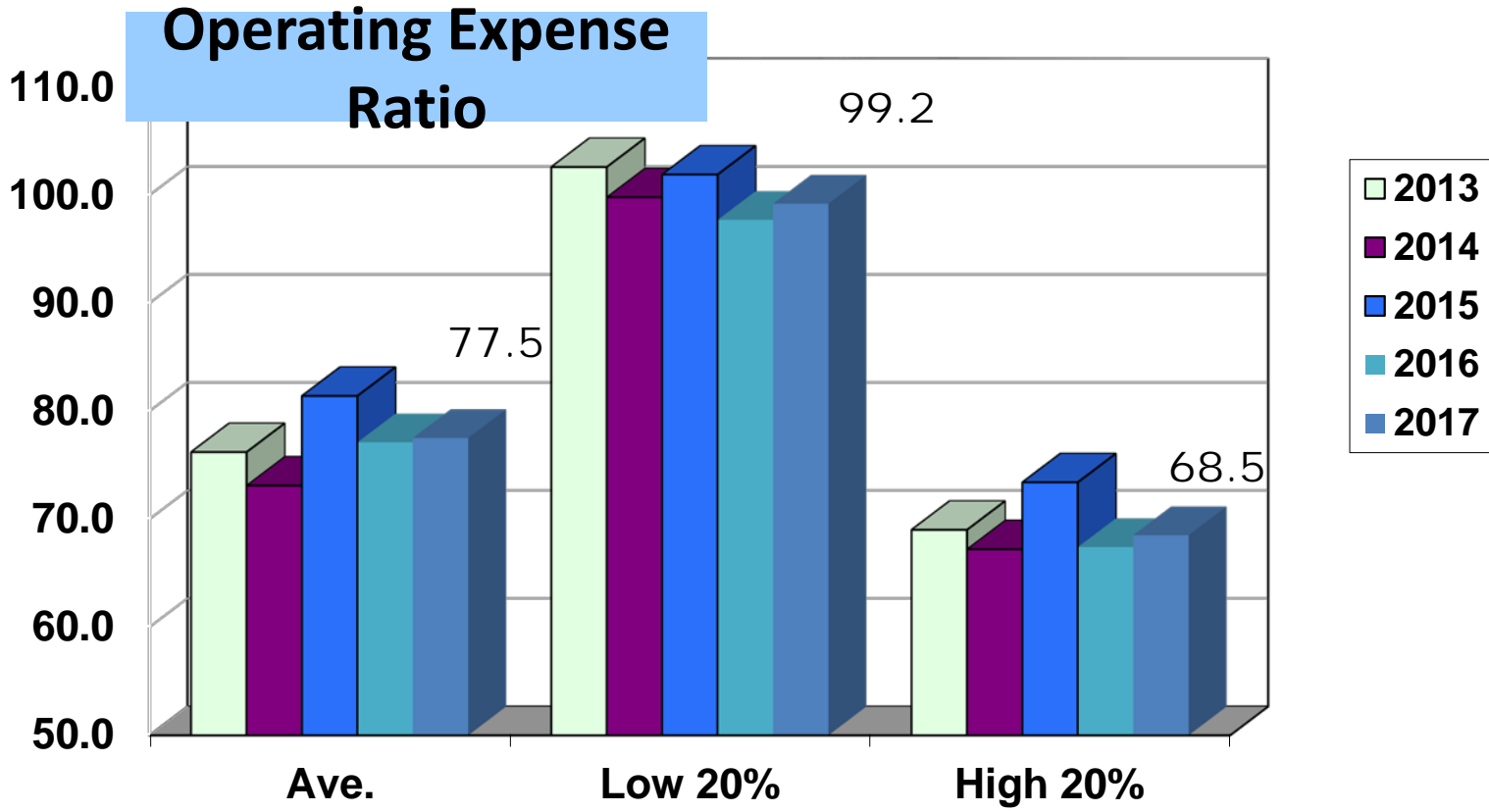
One of four Efficiency Measures found on the list of key Financial Standard Measures. This ratio shows the percent of Gross Farm Income that is used to pay for operating expense, excluding interest.

The other 3 ratios are: interest expense, depreciation expense, and net farm income.

Northern Minnesota



Efficiency Measures

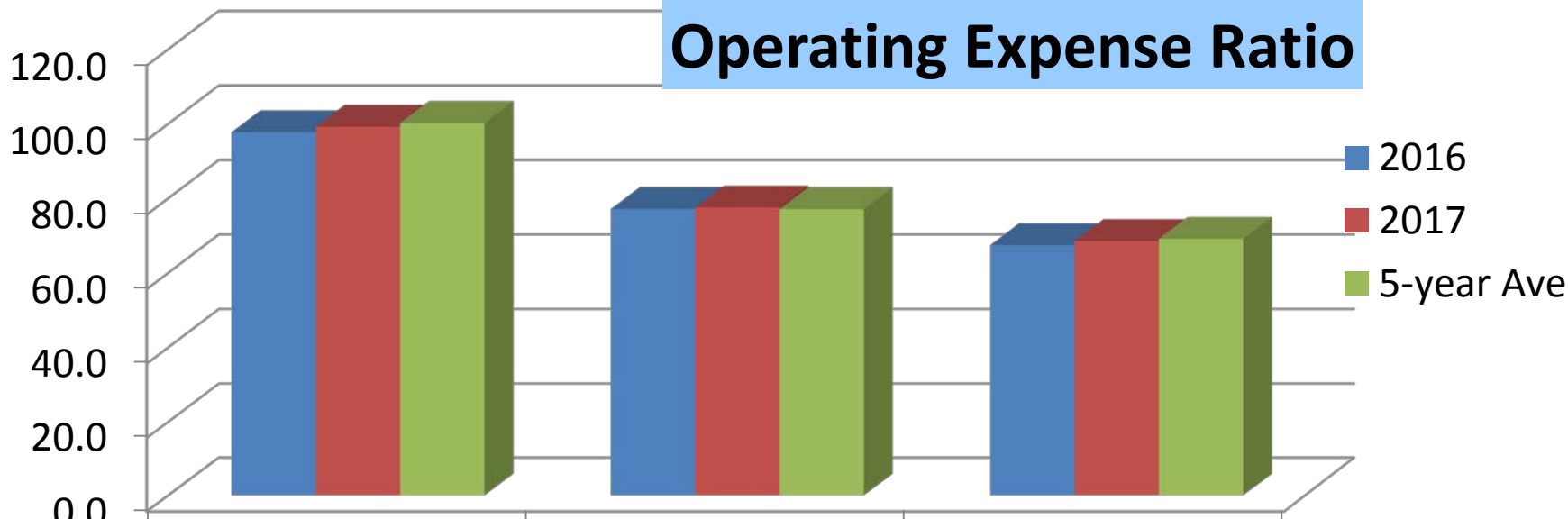


Northern Minnesota



Efficiency Measures

Operating Expense Ratio



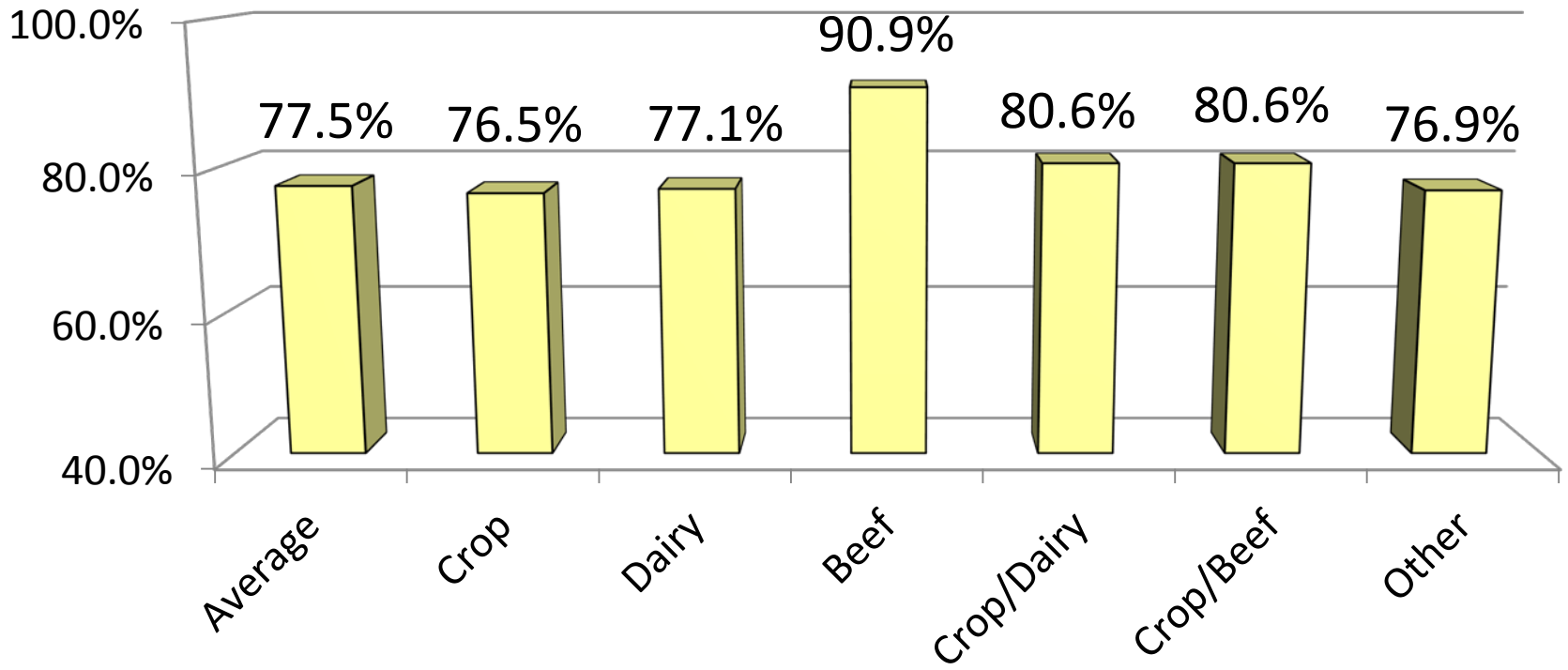
	2016	2017	5-year Ave
2016	97.7	77.1	67.4
2017	99.2	77.5	68.5
5-year Ave	100.2	77.1	69.1

Northern Minnesota



Efficiency Measures

Operating Expense Ratio



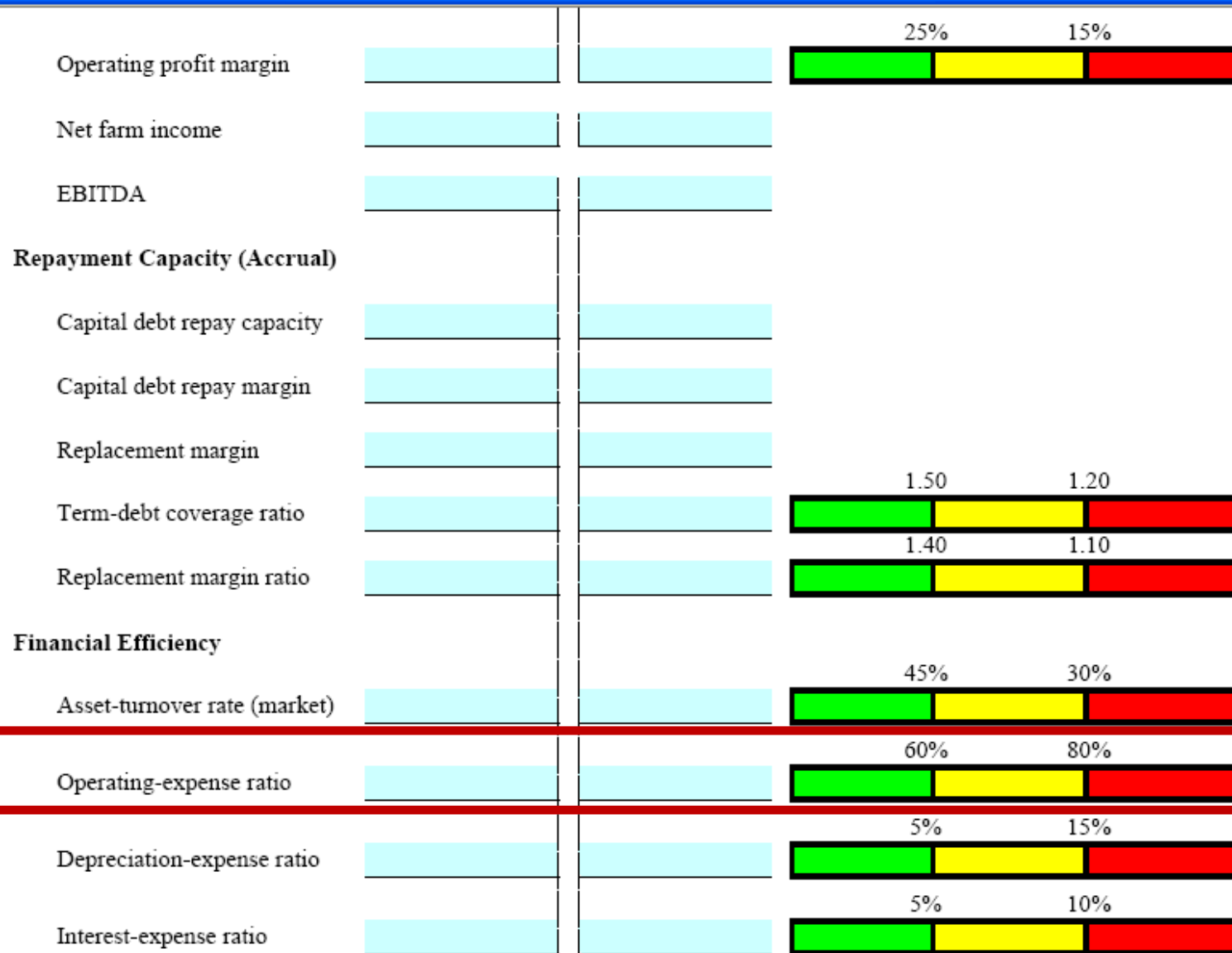
Northern Minnesota



Your financial scorecard

Back Cover

rd - [2009 Report-03222010-FINALwCovers.pdf]



Financial Standards – A quick Look

Financial Factors	2013	2014	2015	2016	2017
Working Capital	\$130,026	\$171,051	\$138,627	\$145,543	\$135,504
Working Capital as % Gross	27.9%	25.4%	24.7%	25.1%	23.6%
Term Debt Coverage Ratio	1.31	1.75	0.88	1.22	1.18
Operating Expense Ratio	76.2%	73.1%	81.4%	77.1%	77.5%



Conclusions about Financial Standards Measures

- ✘ Start to compare your information to the last 3 to 5 years of data.
- ✘ Determine your own trend lines.
- ✘ Compare your data to local/area averages.
- ✘ Examine how does your business stacks up
- ✘ Evaluate possible changes as needed.

Northern Minnesota



What about your business?

- **What positive aspects can you identify?**
- **Are there concerns or weaknesses that you can identify?**
- **How do you build on your strengths?**
- **What steps could you take to improve on the weakness (es), or what plan could you develop to address your concerns?**

Northern Minnesota



Special Reports

- We have three 8-page special reports that are developed to share targeted data from the Minnesota State Database:
 - State Executive Summary
 - State Crop Sort
 - State Dairy Sort



Special Reports



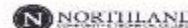
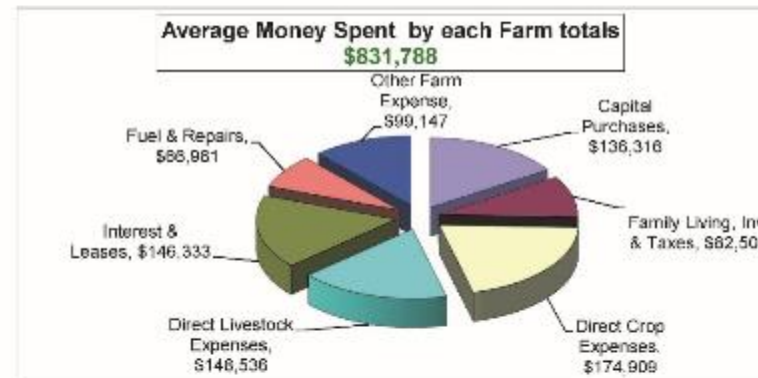
MINNESOTA STATE

Farm Business Management Program Database (2164 Farms)

State Executive Summary - 2017

Financial Summaries & Financial Standards for 2014-2017
Current year data by Region, Farm Type, & Years Farming

April, 2018



In Cooperation with the Center for Farm Financial Management, University of Minnesota
Compiled by Josh Tjosass and DelRay Lacy

Contact: Keith Olander @ kolander@clcmn.edu or Brad Schlessner @ Brad.Schlessner@southcentral.edu
Farm Business Management Website at: agcentric.org or centerofagriculture.org

Special Reports

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	2164	622	1420	122
Income Statement				
Gross cash farm income	735,140	562,001	774,349	1,161,505
Total cash farm expense	635,906	470,535	680,554	959,356
Net cash farm income	99,234	91,466	93,795	202,150
Average net farm income	59,543	54,021	54,241	149,404
Median net farm income	26,556	23,489	25,337	79,377
Profitability (cost)				
Rate of return on assets	2.2%	2.5%	1.9%	3.5%
Rate of return on equity	0.6%	1.2%	0.0%	3.3%
Operating profit margin	6.8%	8.4%	5.8%	9.5%
Asset turnover rate	32.1%	30.10%	32.2%	36.60%
Liquidity & Repayment (end of year)				
Current ratio	1.57	1.57	1.57	1.61
Working capital	192,178	135,504	203,059	354,472
Working capital to gross inc	25.5%	23.6%	25.6%	29.9%
Term debt coverage ratio	1.10	1.18	1.02	1.51
Solvency (end of year at market)				
Total assets	2,955,907	2,231,661	3,103,692	4,928,259
Total liabilities	1,261,663	973,963	1,323,581	2,007,771
Net worth	1,694,245	1,257,699	1,780,111	2,920,489
Farm debt to asset ratio	45%	46%	45%	42%



Special Reports



MINNESOTA STATE

Farm Business Management Program Database

Crop Farm Sort - 2017

*Financial Summary by Gross Farm Income & Crop Acres
Corn & Soybean Enterprise Data
Selected Precision Technology and Tillage Data*

April, 2018

Average Dollars Spent by a Crop Farm totals \$808,114 in 2017



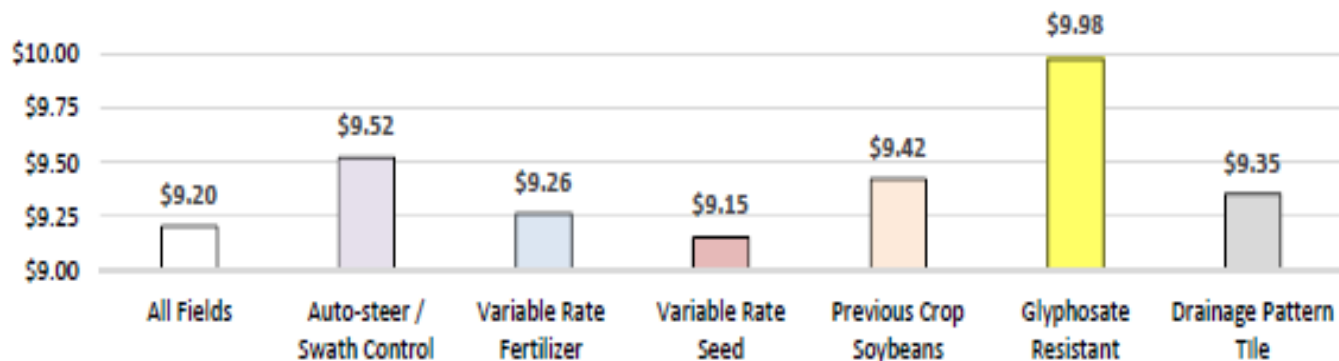
In cooperation with the Center for Farm Financial Management, University of Minnesota
Compiled by Aaron Brueckle & Darryl Levy

Contact: Keith Olander @ kolander@tcumn.edu or Brad Schoesser @ brad.schoesser@scucentral.edu
Farm Business Management Website: agcenter.org or centerofagriculture.org

Special Reports

Soybean Enterprise							
Sort	All Fields	Auto-steer / Swath Control	Variable Rate Fertilizer	Variable Rate Seed	Previous Crop Soybeans	Glyphosate Resistant	Drainage Pattern Tile
Number of Farms	1210	290	84	52	96	107	100
Yield	47.12	47.92	52.81	52.48	42.23	46.53	53.67
Seed	\$58.21	\$60.22	\$57.01	\$59.41	\$56.98	\$58.57	\$55.95
Fertilizer	\$19.48	\$21.28	\$20.60	\$22.08	\$22.44	\$21.60	\$21.13
Chemical	\$40.62	\$42.78	\$43.19	\$42.61	\$32.56	\$46.72	\$47.75
Fuel & Oil	\$14.32	\$14.30	\$15.59	\$16.64	\$13.85	\$14.53	\$14.77
Repairs	\$25.19	\$24.98	\$28.92	\$26.75	\$24.07	\$27.24	\$28.59
Rent	\$170.48	\$181.79	\$206.63	\$182.69	\$150.58	\$185.65	\$211.57
Interest	\$11.65	\$11.59	\$12.25	\$13.06	\$10.36	\$10.98	\$12.32
Mach and Bldg Depreciation	\$29.74	\$32.70	\$35.24	\$33.42	\$30.97	\$30.44	\$37.02
Net Return	\$15.09	-\$1.30	\$13.50	\$14.06	\$4.01	-\$17.97	\$9.55
Cost of Production w Labor/Mgmt	\$9.20	\$9.52	\$9.26	\$9.15	\$9.42	\$9.98	\$9.35
Mach Cost/Ac	\$82.35	\$84.61	\$93.21	\$91.87	\$77.72	\$85.61	\$98.45

Cost of Production -
with Labor & Management
on Rented Soybeans



Special Reports



MINNESOTA STATE

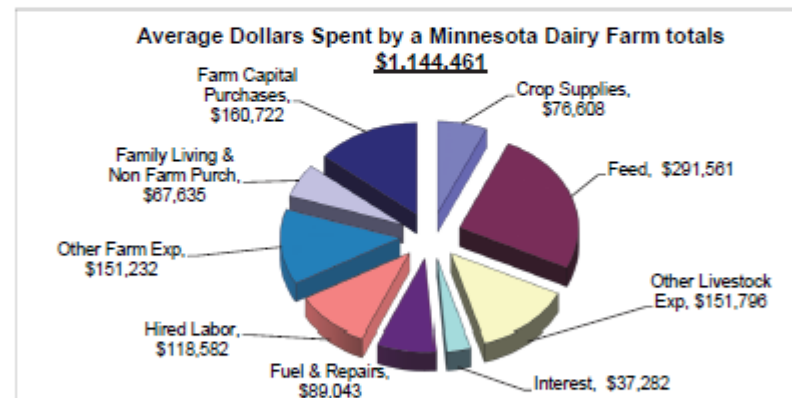
Farm Business Management Program Database

21st Annual

Dairy Farm Sort - 2017

Financial Sort By Gross Revenue & Enterprise Sort Data by Herd Size
Selected Production Practice Sorts, 5-yr & Long Term Trends of Selected Data

April, 2018



In Cooperation with the Center for Farm Financial Management, University of Minnesota
Compiled by Nathan Converse and DelRay Lezy

Contact: Keith Olander @ kolander@dicmn.edu or Brad Schloesser @ Brad.Schloesser@southcentral.edu
Farm Business Management Website: agcenter.org or centerforagriculture.org

Special Reports

Additional Selected Sorts within the Dairy Enterprise

The State FBM Database provides the opportunity to dig deeper into the data using special markers on farms with different practices. Using the FINPACK & RankEM Central software from the Center for Farm Financial Management, specific production practices can be included or excluded from a given sort. This enables selected practices to be compared. Below is a sample of the sort options which provide another comparative look at Minnesota State's FBM Dairy Data.

Sort - Includes	All	Robotic Dairy	Non-Robotic Traditional	Non-Robotic 3X Milking	Organic	Dairy Initiatives
Number of Farms	396	20	315	38	16	112
Number of Cows	206	170	176	535	106	174
Milk Produced per Cow	24,637	23,880	23,834	27,866	15,730	23,826
Milk Sold	\$4,387.85	\$4,086.15	\$4,203.05	\$4,921.98	\$5,002.41	\$4,231.07
Gross Margin	\$4,134.11	\$3,803.43	\$3,953.06	\$4,667.16	\$4,694.14	\$3,911.81
Feed Cost per Cow	\$1,936.55	\$1,776.93	\$1,873.86	\$2,143.10	\$1,880.38	\$1,820.62
Breeding Fees	\$47.94	\$44.10	\$47.51	\$51.54	\$32.25	\$40.06
Veterinary	\$114.70	\$111.35	\$106.51	\$145.02	\$31.75	\$109.15
BST	\$37.97	\$17.78	\$27.02	\$75.36	\$0.00	\$29.36
Repairs	\$153.08	\$163.04	\$138.10	\$132.04	\$177.39	\$140.50
Hired Labor-Dir&Ovhd	\$454.76	\$219.68	\$398.29	\$666.55	\$299.49	\$396.88
Interest	\$88.80	\$181.42	\$90.39	\$69.95	\$87.60	\$93.80
Depreciation	\$168.06	\$320.33	\$159.30	\$167.97	\$158.45	\$184.00
Total Dir & Ovhd Cost	\$3,774.42	\$3,629.84	\$3,614.93	\$4,278.56	\$3,425.79	\$3,540.31
Net Return	\$359.70	\$175.59	\$340.13	\$388.60	\$1,268.35	\$371.50
Cost of Prod - O&D	\$15.32	\$15.20	\$15.17	\$15.35	\$21.78	\$14.86
Culling Percentage	29.9	25.0	29.4	32.7	25.6	28.6
Turnover Rate	36.6	30.6	36.3	38.7	30.3	35.5
Feed Cost per CWT	\$7.86	\$7.44	\$7.86	\$7.69	\$11.95	\$7.64
Average Milk Price	\$17.92	\$17.34	\$17.72	\$17.79	\$32.75	\$17.90

That is all I have...
But before I go, a few
more photos to share...

A white rectangular sign with a black border is mounted on two black metal posts. The sign is placed on a grassy field. The text on the sign is in bold, black, sans-serif capital letters. The background shows a green lawn and a blue sky with some clouds.

**NO SIGNS
OF ANY KIND ON
THIS PROPERTY!**

ELEMENTARY SCHOOL
"WHERE CHILDREN AND LEARNING COME FIRST"

LETERACY NIGHT
DEC 8 5:00

SO I WAS READING THIS SIGN...



WHEN I HIT THE CAR IN FRONT OF ME



A scenic view of a rocky coastline. The foreground shows a pebbly beach meeting clear, turquoise water. The background is dominated by dark, jagged rock formations that rise steeply from the shore. The lighting suggests a bright, sunny day, highlighting the textures of the rocks and the water.

**If the world was perfect,
it wouldn't be.**

Yogi Berra

FARM FINANCIAL COUNSELING

—REP IN THE ROOM/FLYER IN FOLDER

- Farmers meet one-on-one with Extension farm financial analysts (retired lenders, farm business management educators, etc.)
- Receive help understanding financial situation, exploring options, and identifying alternatives
- Services available statewide
- Free and confidential
- To enroll, call:

FARM INFORMATION LINE

1-800-232-9077



Farmer Lender Mediation

1:30-1:45 Representative in Room



MINNESOTA STATE
Agriculture Centers of Excellence

Focus Group Discussion

(2:00 – 3:00)

Questions to ponder:

1. What are the customer/student expectations of us?
2. What do we do/done that irritates the "heck" out of them?
3. How can we improve to meet their expectations?
4. What are "benchmarks" that they need to achieve? Do we have a list (production and financial)? Do we (lending and FBM) share it with them?

Goal:

- Break into groups that are blended.
- Review cash flow contents
- Offer how each would approach the situation
- How can you work with others in the group?