



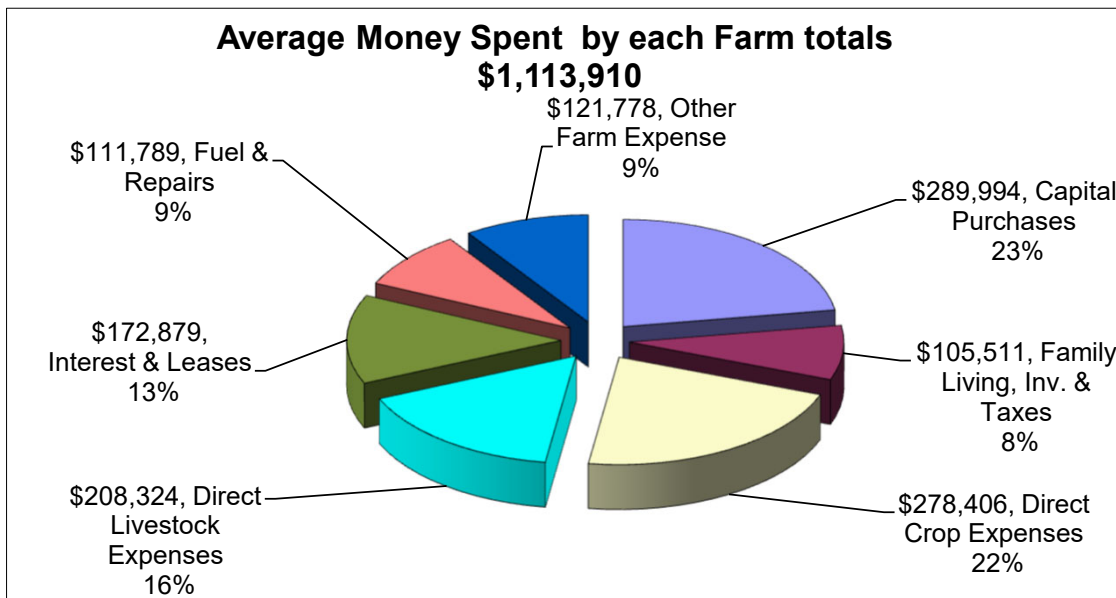
MINNESOTA STATE

Farm Business Management Program Database (2154 Farms)

State Executive Summary - 2022

Financial Summaries & Financial Standards for 2019-2022
Current year data by Region, Farm Type, & Years Farming

April 2023



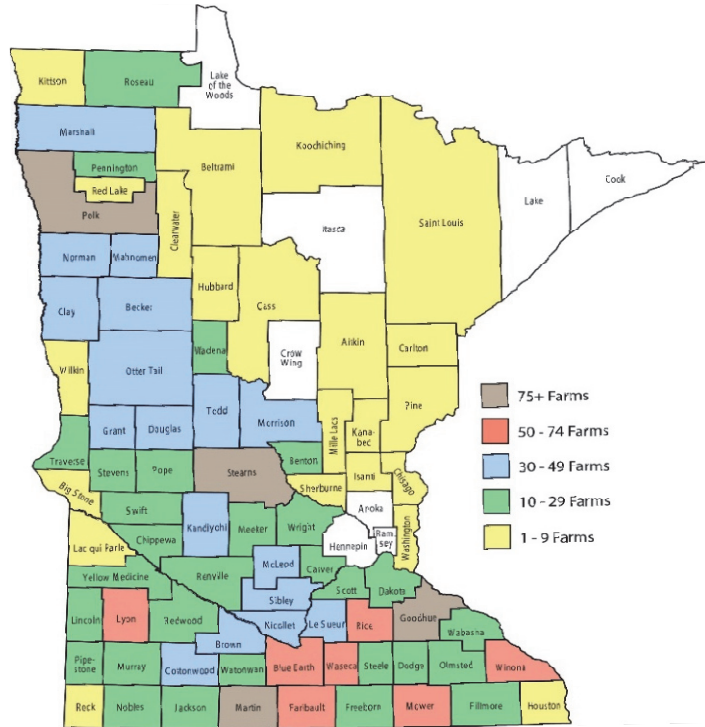
In Cooperation with the Center for Farm Financial Management, University of Minnesota
Compiled by Josh Tjosaas

Brief Overview of 2022 in Production Agriculture
Farm Business Management Program Database

In 2022, Minnesota Farmers experienced the highest net farm income in the past 10 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 2,154 farmers representing 79 of 87 counties who participate in the Minnesota State FBM program.

These 2,154 farms spent \$2,399,362,140 in their greater communities in 2022. 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 \$267,379, an increase of 16% from 2021. The primary reasons for increase include: higher prices for most crops sold, higher crop inventory values at year-end, and higher livestock prices in 2022.



Yields across Minnesota were improved from 2021 due to generally better growing conditions for the majority of the state, while some areas dealt with various weather challenges. All farm types showed positive net farm income on an average basis the median income was positive for the third time in the past several years for each farm type.

Working capital increased by \$146,155 in 2022 while debt coverage, the ratio to show the ability of the farm to meet debt obligations, was 3.35. Average investments on farms in 2022 just over \$3.4 million, with a 10.7% return on investment.

What is Net Farm Income used for?

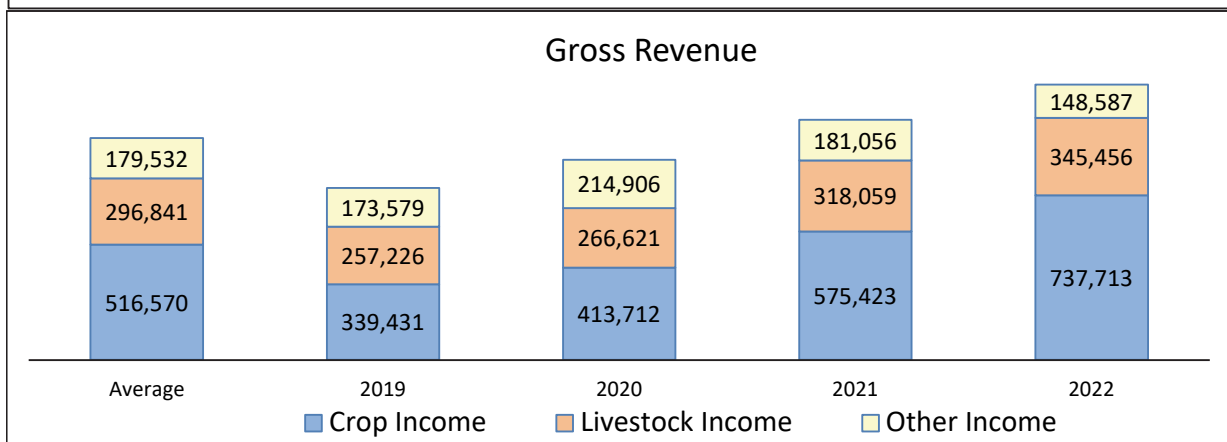
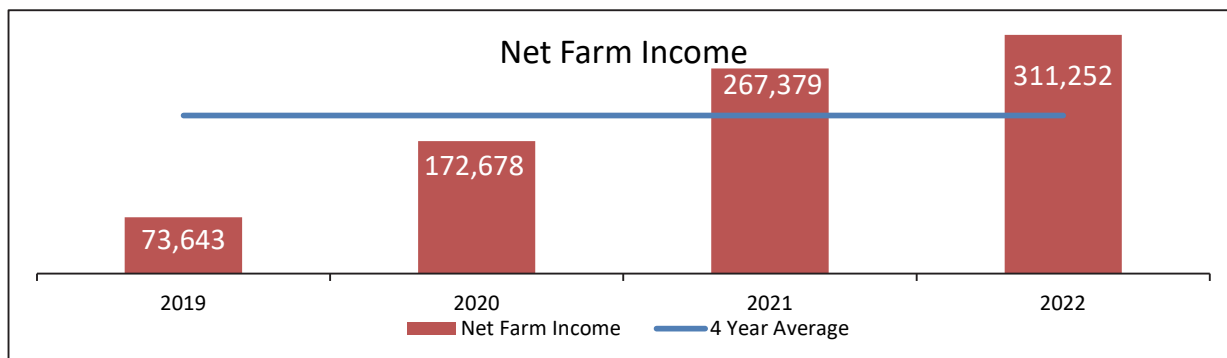
Net Farm Income dollars are used to pay for family living, social security and income tax, retirement accounts, Medical and Health expenses, and loan principal payments.

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.

	2022	2021	2020	2019
Net Farm Income	\$311,252	\$267,379	\$172,678	\$73,643
Depreciation	(plus) \$61,470	\$55,493	\$51,676	\$50,364
Family Living (Excl Health/Med)	(minus) \$62,168	\$55,425	\$50,274	\$46,127
Social Security and Income Tax	(minus) \$17,381	\$15,453	\$11,546	\$8,112
Health and Medical Expense	(minus) \$10,002	\$9,825	\$9,523	\$9,597
Retirement Accounts	(minus) \$12,745	\$9,437	\$8,717	\$4,735
Principal Payments	(minus) \$72,467	\$67,903	\$60,177	\$58,043
Balance	\$197,959	\$164,829	\$84,117	-\$2,607

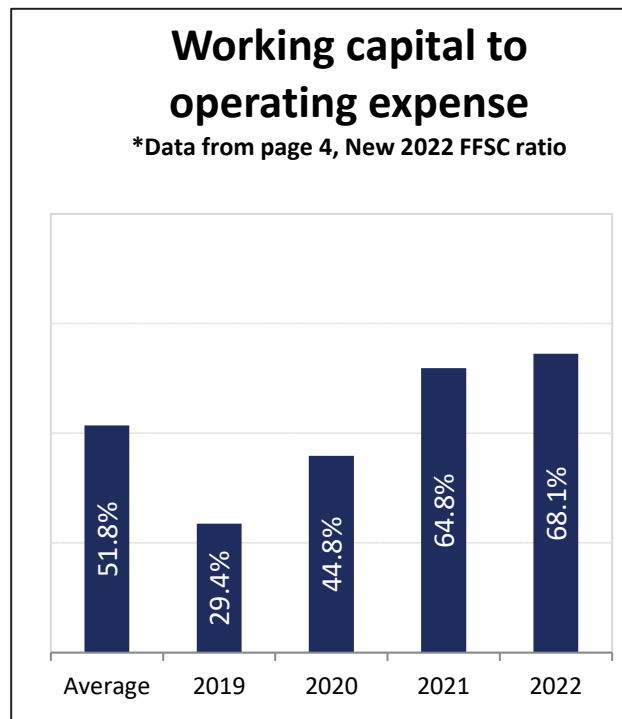
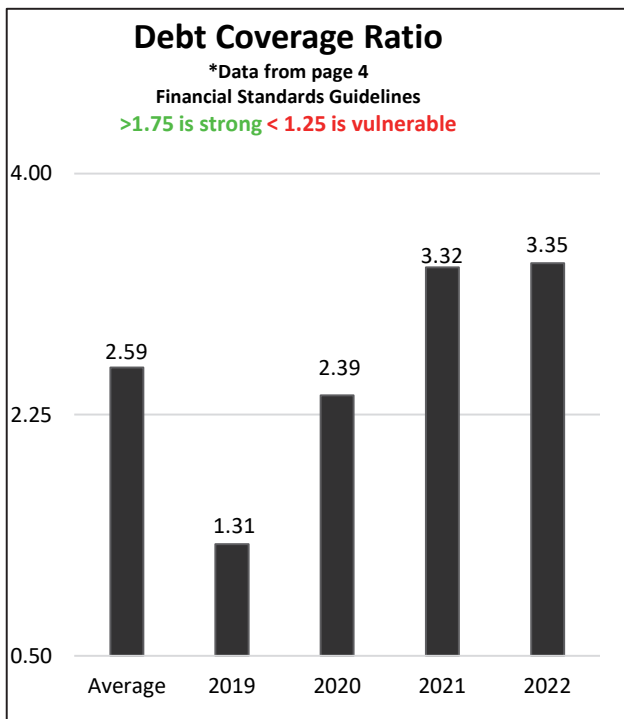
Summary Farm Income Statement (Farms sorted by years)

	<u>Average</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Number of farms	2215	2167	2246	2293	2154
Farm Revenue					
Crop sales	438,274	325,509	351,188	468,446	607,954
Crop inventory change	78,296	13,923	62,524	106,977	129,759
Gross crop income	516,570	339,431	413,712	575,423	737,713
Livestock sales	291,167	256,483	263,544	310,291	334,348
Livestock inventory change	5,674	743	3,077	7,768	11,108
Gross livestock income	296,841	257,226	266,621	318,059	345,456
Government payments	62,122	50,203	106,998	62,864	28,422
Other cash income	116,139	111,883	112,893	118,423	121,355
Other accrual changes	1,272	11,493	-4,985	-231	-1,190
Gross Revenue	992,957	770,236	895,239	1,074,537	1,231,816
Farm Expenses					
Cash operating expenses	715,816	606,073	657,209	742,674	857,308
Inventory Changes	-16,342	4,811	-21,836	-22,936	-25,407
Depreciation	54,751	50,364	51,676	55,493	61,470
Total operating expense	754,225	661,248	687,049	775,230	893,371
Interest paid	37,579	39,679	39,884	34,883	35,868
Change in accrued interest	731	1,678	-728	39	1,935
Total interest expense	38,310	41,357	39,157	34,922	37,803
Total Expense	782,745	702,606	687,049	810,152	931,174
Net farm income from operations	200,423	67,630	169,033	264,386	300,643
Gain or loss on capital sales	5,815	6,013	3,644	2,993	10,610
Net Farm Income	206,238	73,643	172,678	267,379	311,252



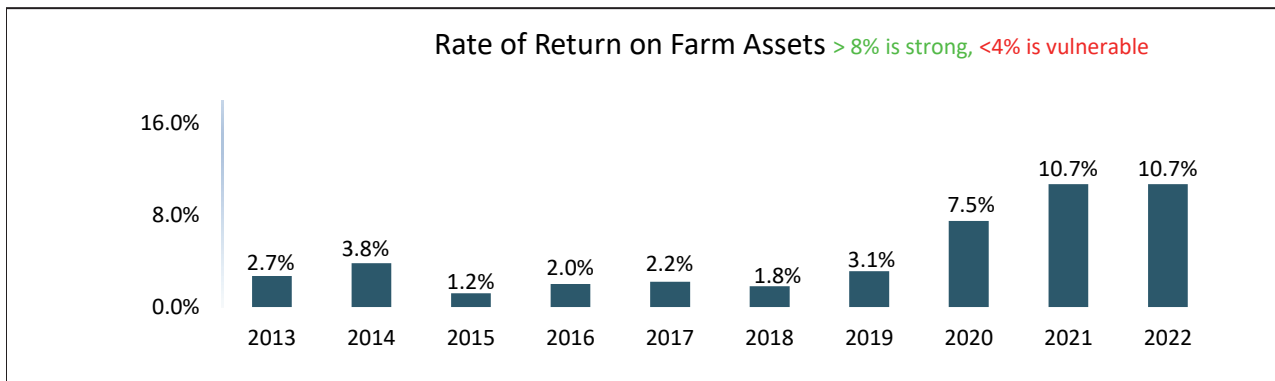
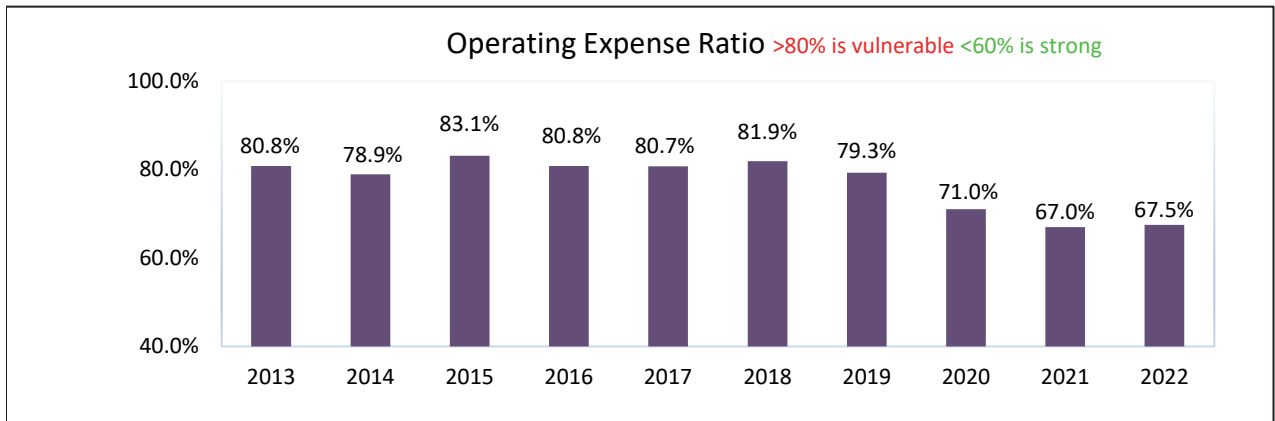
Financial Summary (Farms sorted by years)

	<u>Average</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Number of farms	2215	2167	2246	2293	2154
Income Statement					
Gross cash farm income	907,716	744,078	834,622	960,023	1,092,140
Total cash farm expense	753,395	645,752	697,094	777,556	893,176
Net cash farm income	154,322	98,326	137,529	182,467	198,964
Inventory Change	100,852	19,668	83,180	137,411	163,149
Depreciation	-54,751	-50,364	-51,676	-55,493	-61,470
Average net farm income	206,238	73,643	172,678	267,379	311,252
Median net farm income	117,243	33,377	100,684	158,294	176,616
Liquidity & Repayment (end of year)					
Current Assets	688,275	520,189	594,840	732,596	905,475
Current Liabilities	324,774	340,799	310,082	309,494	338,722
Change in working capital	104,965	13,844	109,098	150,763	146,155
Solvency (end of year at market)					
Total assets	3,098,801	2,888,174	3,059,297	2,656,385	3,791,346
Total liabilities	1,294,415	1,255,849	1,293,631	1,075,506	1,552,675
Net worth	1,804,386	1,632,325	1,765,665	1,580,880	2,238,672
Net worth change	205,504	79,642	184,782	263,340	294,250
Change in net worth %	13%	5%	12%	20%	15%
Nonfarm Information					
Net nonfarm income	42,016	37,773	43,268	44,586	42,436
Farms reporting living expenses	376	390	396	362	357
Total family living expense	64,582	60,284	60,054	65,537	72,453
Total living, invest, & capital	97,869	87,356	83,384	102,923	117,813
Total Crop Acres	788	775	786	781	808
Machinery value per crop acre	729	692	691	733	799



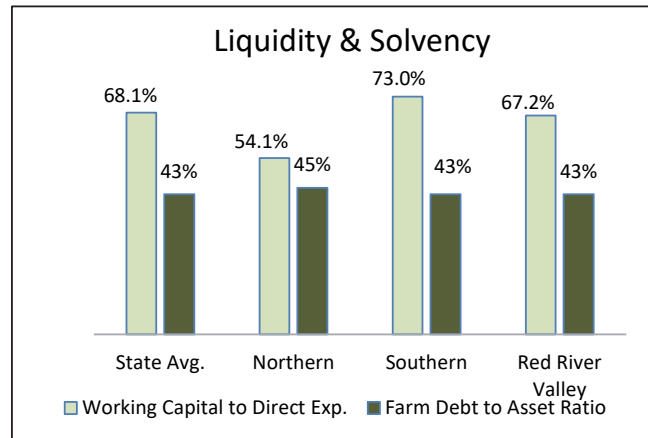
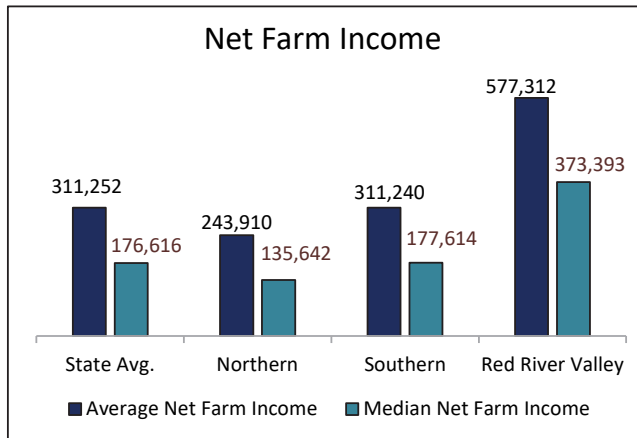
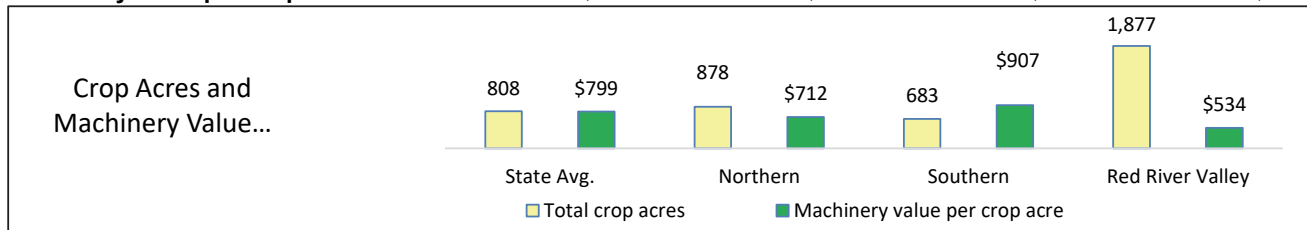
Financial Standards Measures
(Farms sorted by years)

	<u>Average</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Number of farms	2215	2167	2246	2293	2154
Liquidity					
Current ratio	2.12	1.53	1.92	2.37	2.67
Working capital to gross revenue	35.1%	23.3%	31.8%	39.4%	46.0%
Working capital to oper expense	51.8%	29.4%	44.8%	64.8%	68.1%
Solvency (market)					
Farm debt to asset ratio	45%	46%	45%	44%	43%
Farm equity to asset ratio	53%	54%	55%	46%	57%
Farm debt to equity ratio	0.81	0.86	0.82	0.79	0.76
Profitability (cost)					
Rate of return on farm assets	8.0%	3.1%	7.5%	10.7%	10.7%
Rate of return on farm equity	11.2%	1.9%	10.5%	16.4%	15.8%
Operating profit margin	20.4%	9.3%	20.3%	26.3%	25.7%
Asset turnover rate	38.2%	33.2%	37.2%	40.8%	41.5%
Repayment Capacity					
Debt coverage ratio	2.59	1.31	2.39	3.32	3.35
Term debt coverage ratio	2.72	1.37	2.52	3.46	3.54
Replacement coverage ratio	1.99	1.02	1.85	2.53	2.55
Efficiency					
Operating expense ratio	71.2%	79.3%	71.0%	67.0%	67.5%
Depreciation expense ratio	5.6%	6.5%	5.8%	5.2%	5.0%
Interest expense ratio	4.0%	5.4%	4.4%	3.2%	3.1%
Net farm income ratio	19.2%	8.8%	18.9%	24.6%	24.4%



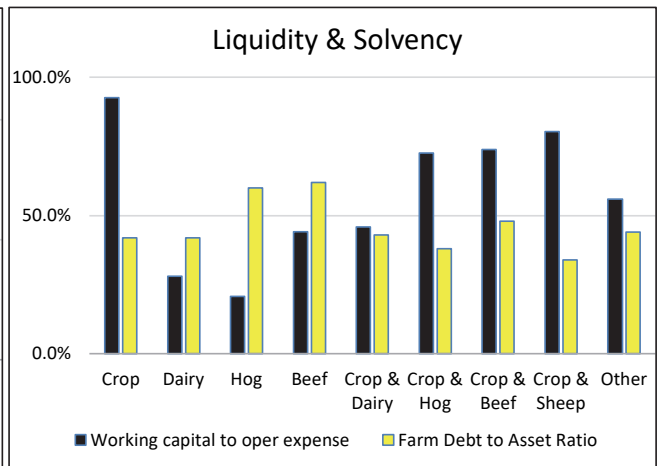
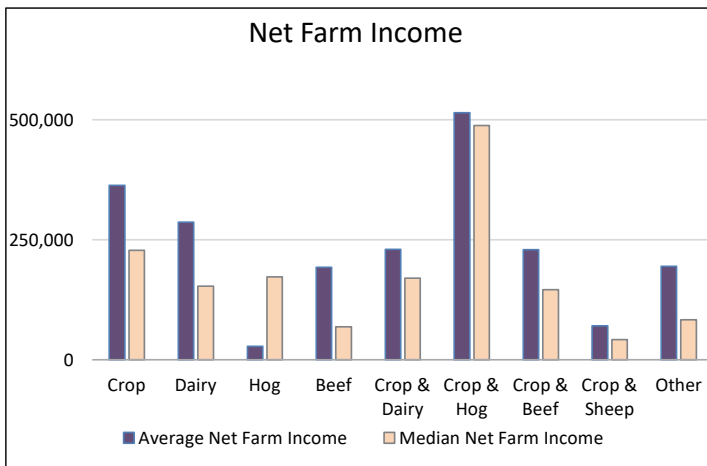
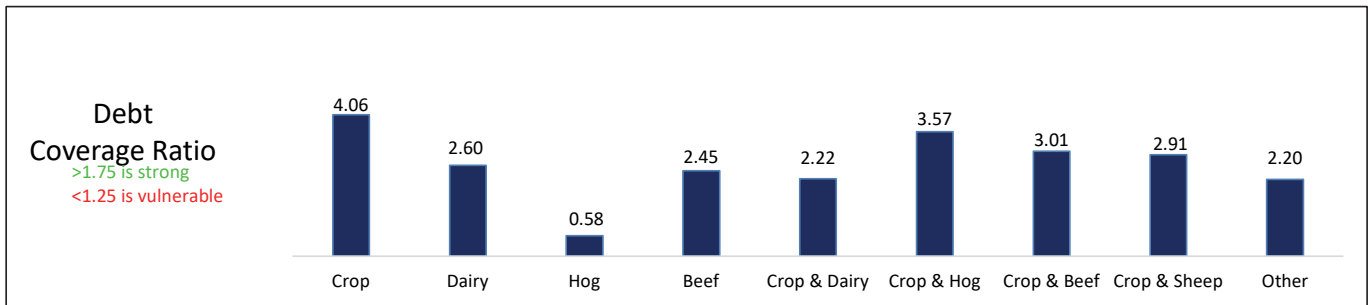
Financial Summary (Farms sorted by region)

	<u>State Avg.</u>	<u>Northern</u>	<u>Southern</u>	<u>Red River Valley</u>
Number of farms	2154	541	1476	137
Income Statement				
Gross cash farm income	1,092,140	995,003	1,077,094	1,637,828
Total cash farm expense	893,176	813,509	884,679	1,299,313
Net cash farm income	198,964	181,494	192,415	338,515
Average net farm income	311,252	243,910	311,240	577,312
Median net farm income	176,616	135,642	177,614	373,393
Profitability (cost)				
Rate of return on assets	10.7%	9.4%	10.7%	13.5%
Rate of return on equity	15.8%	13.7%	15.8%	20.8%
Operating profit margin	25.7%	23.4%	26.2%	27.0%
Asset turnover rate	41.5%	40.0%	40.8%	50.1%
Liquidity & Repayment (end of year)				
Current ratio	2.67	2.38	2.83	2.34
Working capital to gross revenue	46.0%	37.5%	49.4%	42.2%
Working capital to oper expense	68.1%	54.1%	73.0%	67.2%
Debt coverage ratio	3.35	2.64	3.53	4.19
Solvency (end of year at market)				
Total assets	3,791,346	3,177,907	3,784,820	6,284,070
Total liabilities	1,552,675	1,372,057	1,521,487	2,601,920
Net worth	2,238,672	1,805,850	2,263,333	3,682,150
Farm debt to asset ratio	43%	45%	43%	43%
Nonfarm Information				
Net nonfarm income	42,436	36,341	45,240	36,293
Farms reporting living expenses	357	66	258	33
Total family living expense	72,453	70,186	71,375	85,420
Total living, invest, & capital	117,813	96,112	121,163	135,027
Total crop acres	808	878	683	1,877
Machinery value per crop acre	\$799	\$712	\$907	\$534



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

	Crop	Dairy	Hog	Beef	Crop & Dairy	Crop & Hog	Crop & Beef	Crop & Sheep	Other
	1304	248	19	56	58	19	106	4	337
Income Statement									
Gross cash farm income	989,448	1,839,670	3,802,981	1,185,479	1,212,394	2,082,000	899,241	242,042	773,726
Total cash farm expense	775,854	1,572,014	3,707,167	1,122,642	1,015,049	1,841,478	795,984	208,146	622,275
Net cash farm income	213,594	267,656	95,814	62,837	197,344	240,523	103,257	33,896	151,451
Average net farm income	363,741	286,922	28,139	193,210	230,612	515,376	229,664	71,146	195,061
Median net farm income	228,179	153,780	172,886	69,033	170,285	488,178	146,535	42,357	83,507
Profitability (cost)									
Rate of return on assets	12.4%	8.7%	0.1%	8.0%	7.7%	12.0%	9.4%	4.4%	6.8%
Rate of return on equity	18.5%	12.3%	-5.3%	14.2%	10.4%	16.1%	14.5%	4.4%	9.3%
Operating profit margin	28.2%	19.0%	0.3%	29.1%	19.1%	26.8%	26.0%	20.1%	22.2%
Asset turnover rate	44.1%	45.8%	33.2%	27.7%	40.4%	44.8%	36.0%	21.8%	30.6%
Liquidity									
Current ratio	2.80	2.80	1.85	1.63	2.98	3.35	2.62	3.6	2.4
Working capital to gross revenue	56.7%	21.9%	19.8%	34.7%	33.5%	53.4%	52.4%	50.8%	39.0%
Working capital to oper expense	92.7%	28.1%	20.8%	44.2%	45.9%	72.6%	73.9%	80.4%	56.0%
Debt coverage ratio	4.06	2.60	0.58	2.45	2.22	3.57	3.01	2.91	2.20
Solvency (end of year at market)									
Total assets	4,029,380	3,843,526	5,078,598	3,111,296	3,624,185	5,686,225	3,113,995	1,834,749	3,058,733
Total liabilities	1,603,597	1,552,495	2,948,223	1,870,361	1,508,674	2,031,653	1,419,631	544,213	1,269,205
Net worth	2,425,783	2,291,031	2,130,374	1,240,935	2,115,511	3,654,571	1,694,364	1,290,536	1,789,528
Farm debt to asset ratio	42%	42%	60%	62%	43%	38%	48%	34%	44%
Total crop acres	1,040	440	377	376	619	1,040	668	287	355
Machinery value per crop acre	692	1,534	1,073	1,017	1,274	734	752	672	1,179



Beginning Farmer Financial Summary (Comparison by years farming)

	<10 years	11-30 years	> 30 years
Number of farms	623	672	859
Income Statement			
Gross cash farm income	534,517	1,149,585	1,451,624
Total cash farm expense	447,338	948,815	1,172,998
Net cash farm income	87,179	200,769	278,626
Average net farm income	167,812	324,565	404,870
Median net farm income	91,647	206,864	232,807
Profitability (cost)			
Rate of return on assets	12.4%	11.1%	10.0%
Rate of return on equity	22.4%	17.6%	13.7%
Operating profit margin	26.2%	26.0%	25.4%
Asset turnover rate	47.3%	42.9%	39.4%
Liquidity & Repayment (end of year)			
Current ratio	2.67	2.45	2.85
Working capital to gross income	41.4%	41.9%	50.0%
Working capital to oper expense	61.9%	62.0%	73.7%
Debt coverage ratio	3.54	3.09	3.48
Solvency (end of year at market)			
Number of farms	623	672	859
Total assets	1,444,446	3,666,206	5,450,967
Total liabilities	716,583	1,668,760	1,984,967
Net worth	727,863	1,997,446	3,466,000
Farm debt to asset ratio	51%	48%	39%
Total crop acres			
	428	866	1,038
Machinery value per crop acre			
	561	725	918

