
Financial Standards Measures
Minnesota and North Dakota Farm Business Mgmt Education
Red River Valley, 2006
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>40 - 60%</u>	<u>High 20%</u>
Number of farms	241	48	48	49
Liquidity				
Current ratio	1.55	1.01	1.51	1.95
Working capital	152,956	824	114,534	442,223
Solvency (market)				
Farm debt to asset ratio	47 %	63 %	45 %	41 %
Farm equity to asset ratio	53 %	37 %	55 %	59 %
Farm debt to equity ratio	89 %	169 %	82 %	69 %
Profitability (cost)				
Rate of return on farm assets	11.6 %	1.3 %	10.2 %	14.8 %
Rate of return on farm equity	15.8 %	-9.5 %	13.4 %	19.7 %
Operating profit margin	21.7 %	2.4 %	18.7 %	28.3 %
Net farm income	159,576	9,768	122,551	395,894
Repayment Capacity				
Term debt coverage ratio	226 %	66 %	204 %	311 %
Capital replacement margin	89,385	-12,717	63,542	261,789
Efficiency				
Asset turnover rate (cost)	53.6 %	53.4 %	54.6 %	52.3 %
Operating expense ratio	67.4 %	82.7 %	69.4 %	62.1 %
Depreciation expense ratio	3.9 %	5.3 %	4.0 %	3.5 %
Interest expense ratio	5.6 %	8.4 %	5.4 %	4.6 %
Net farm income ratio	23.1 %	3.5 %	21.1 %	29.8 %
