

**Financial Standards Measures**  
**Farm Business Management - Moorhead**  
**Northland Community & Technical College**  
**(Farms Sorted By Net Farm Income)**

|                               | <u>Avg. Of<br/>All Farms</u> | <u>Low 20%</u> | <u>40 - 60%</u> | <u>High 20%</u> |
|-------------------------------|------------------------------|----------------|-----------------|-----------------|
| Number of farms               | 82                           | 16             | 17              | 17              |
| <b>Liquidity</b>              |                              |                |                 |                 |
| Current ratio                 | 1.74                         | 1.15           | 1.47            | 2.37            |
| Working capital               | 269,042                      | 26,509         | 174,184         | 808,453         |
| <b>Solvency (market)</b>      |                              |                |                 |                 |
| Farm debt to asset ratio      | 45 %                         | 47 %           | 44 %            | 43 %            |
| Farm equity to asset ratio    | 55 %                         | 53 %           | 56 %            | 57 %            |
| Farm debt to equity ratio     | 81 %                         | 90 %           | 78 %            | 75 %            |
| <b>Profitability (cost)</b>   |                              |                |                 |                 |
| Rate of return on farm assets | 15.2 %                       | 2.8 %          | 11.5 %          | 20.8 %          |
| Rate of return on farm equity | 21.8 %                       | -0.8 %         | 14.8 %          | 29.7 %          |
| Operating profit margin       | 27.0 %                       | 6.0 %          | 22.0 %          | 33.2 %          |
| Net farm income               | 271,650                      | 30,274         | 196,155         | 679,486         |
| <b>Repayment Capacity</b>     |                              |                |                 |                 |
| Term debt coverage ratio      | 282 %                        | 63 %           | 246 %           | 410 %           |
| Capital replacement margin    | 166,541                      | -20,241        | 115,448         | 469,424         |
| <b>Efficiency</b>             |                              |                |                 |                 |
| Asset turnover rate (cost)    | 56.5 %                       | 46.1 %         | 52.1 %          | 62.8 %          |
| Operating expense ratio       | 64.3 %                       | 81.2 %         | 69.1 %          | 59.7 %          |
| Depreciation expense ratio    | 2.6 %                        | 3.7 %          | 3.3 %           | 1.7 %           |
| Interest expense ratio        | 5.1 %                        | 6.8 %          | 5.5 %           | 4.0 %           |
| Net farm income ratio         | 28.0 %                       | 8.3 %          | 22.0 %          | 34.7 %          |