

### Farm Finance Scorecard--Startup Organic Operation

**Startup Operation Ratios**

	During Transition	After Operating Loan Re-Paid	Vulnerable 1.1	Strong 1.7	Avg of All Farms	High 20%
<b>Liquidity</b>						
1. Current ratio	0.7	3.7			2.5	2.86
2. Working capital	\$ (38,622)	\$ 65,420			\$ 43,600	\$ 68,034
<b>Solvency</b>						
3. Farm debt-to-asset ratio	65.9	7.7%	60%	30%	31%	27%
4. Farm equity-to-asset ratio	34.1	92.3%	40%	70%	69%	73%
5. Farm debt-to-equity ratio	193	8.4%	150%	43%	44%	38%
<b>Profitability</b>						
6. Net farm income - cost	\$ 1,056	\$ 97,680			\$ 62,388	\$ 125,301
7. Rate of return on farm assets -cost	-9	19.9%	4%	8%	10.8%	15.7%
8. Rate of return on farm equity--cost	-32.5	22.2%	3%	10%	13.5%	19.3%
9. Operating profit margin--cost	-26.4	32%	15%	25%	24.9%	32.9%
<b>Repayment capacity</b>						
10. Term-debt coverage ratio--cash	-37.2	999%	110%	140%	178%	273%
Term-debt coverage ratio-accrual						
11. Capital-replacement margin--cash	\$ (61,663)	\$ 57,680			\$ 23,581	\$ 68,492
Capital-replacement margin-accrual						
<b>Financial efficiency</b>						
12. Asset-turnover rate - market	34	62.1%	30%	45%	43.6%	47.8%
13. Operating-expense ratio	94.5	66.7%	80%	60%	65.2%	60.2%
14. Depreciation-expense ratio	0	0%	15%	5%	1.6%	1.2%
15. Interest-expense ratio	5.0	1.5%	10%	5%	4.8%	3.0%
16. Net farm income ratio	0.5	31.9%	10%	20%	28.4%	35.6%

A minimum of 10 farms required per column. Some columns were omitted.



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Data Source(s): Minnesota Farm Business Management Education, 45 farms  
 Southeast Minnesota Farm Business Management Association, 1 farms