

Farm Financial Scorecard

Using Recommended Measures from the Farm Financial Standards Council (FFSC)

Year: 20__

Your Farm:

Desired Trend

Liquidity

Current Ratio

Vulnerable 1.3 2.0 Strong



↑

Working Capital as % of Gross Revenue

_____ %

10% 30%



↑

Working Capital as % of Operating Expense*

_____ %

20% 40%



↑

Solvency

Debt-to-Asset Ratio

_____ %

Vulnerable 60% 30% Strong



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Equity-to-Asset Ratio*

_____ %

40% 70%



↑

Debt-to-Equity Ratio*

1.5 0.43



↓

Profitability

Rate of Return on Assets

_____ %

Vulnerable 4% 8% Strong



↑

Rate of Return on Equity

_____ %

3% 10%



↑

Operating Profit Margin Ratio

_____ %

15% 25%



↑

Asset Turnover Ratio

_____ %

30% 45%



↑

Repayment Capacity

Debt Coverage Ratio

Vulnerable 1.25 1.75 Strong



↑

Replacement Coverage Ratio

1.1 1.5



↑

Term Debt & Finance Lease Coverage Ratio*

1.25 1.75



↑

Financial Efficiency

Operating Expense Ratio

_____ %

Vulnerable 80% 60% Strong



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Depreciation Expense Ratio

_____ %

10% 5%



↓

Interest Expense Ratio

_____ %

10% 5%



↓

Net Farm Income Ratio

_____ %

10% 20%



↑

* Denotes Acceptable Alternate Measures of the FFSC (<https://ffsc.org/>)

Calculating Recommended Farm Financial Ratios

Calculations of the FFSC recommended measures on the scorecard

Liquidity

Current Ratio

$$\frac{\text{Total Current Farm Assets}}{\text{Total Current Farm Liabilities}}$$

Working Capital as % of Gross Revenue

$$\frac{\text{Working Capital}}{\text{Gross Farm Revenue}}$$

Working Capital as % of Operating Expense

$$\frac{\text{Working Capital}}{[\text{Total Operating Expense} (-) \text{ Depreciation/Amortization}]}$$

Solvency

Debt-to-Asset Ratio

$$\frac{\text{Total Farm Liabilities}}{\text{Total Farm Assets}}$$

Equity-to-Asset Ratio

$$\frac{\text{Farm Net Worth}}{\text{Total Farm Assets}}$$

Debt-to-Equity Ratio

$$\frac{\text{Total Farm Liabilities}}{\text{Farm Net Worth}}$$

Profitability**

Rate of Return on Assets

$$\frac{[\text{Income from Operations} (-) \text{ Value of Unpaid Operator Labor \& Management}]}{\text{Average Farm Assets}}$$

Rate of Return on Equity

$$\frac{[\text{Income from Operations} (-) \text{ Farm Interest Expense} (-) \text{ Value of Unpaid Operator Labor \& Management}]}{\text{Average Farm Net Worth}}$$

Operating Profit Margin Ratio

$$\frac{[\text{Income from Operations} (-) \text{ Value of Unpaid Operator Labor \& Management}]}{\text{Value of Farm Production}}$$

Asset Turnover Ratio

$$\frac{\text{Value of Farm Production}}{\text{Average Farm Assets}}$$

Repayment Capacity**

Debt Coverage Ratio

$$\frac{\text{Repayment \& Replacement Capacity}}{\text{Total Debt Repayment}}$$

Replacement Coverage Ratio

$$\frac{\text{Repayment \& Replacement Capacity}}{[\text{Total Debt Repayment} (+) \text{ Unfunded Capital Expenditure}]}$$

Term Debt & Finance Lease Coverage Ratio

$$\frac{\text{Term Debt Repayment \& Replacement Capacity}}{\text{Total Principle \& Interest on Term Debt and Finance Leases}}$$

Financial Efficiency**

Operating Expense Ratio

$$\frac{[\text{Total Operating Expense} (-) \text{ Depreciation \& Amortization}]}{\text{Gross Farm Revenue}}$$

Depreciation Expense Ratio

$$\frac{\text{Depreciation \& Amortization}}{\text{Gross Farm Revenue}}$$

Interest Expense Ratio

$$\frac{\text{Farm Interest Expense}}{\text{Gross Farm Revenue}}$$

Net Farm Income Ratio

$$\frac{[\text{Income from Operations} (-) \text{ Farm Interest Expense}]}{\text{Gross Farm Revenue}}$$

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For more detailed information & calculations, see the FFSC's Financial Guidelines for Agriculture: <https://ffsc.org/>

** See the previous page for additional calculations

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EXTENSION