

Red River Valley Farm Financial Performance Farm Programs

Agricultural Lenders Conference

East Presentation via Zoom

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Red River Valley Results

Main Source of Information

North Dakota and Minnesota Farm Business
Management Education Programs

FFSC Recommended Financial Measures

Liquidity

1. Current Ratio
2. Working Capital
3. Working Capital/Gross Revenue Ratio

Solvency

4. Debt/Asset Ratio
5. Equity/Asset Ratio
6. Debt/Equity Ratio

Profitability

7. Rate of Return on Farm Assets
8. Rate of Return on Farm Equity
9. Operating Profit Margin Ratio
10. Net Farm Income
11. EBITDA

Repayment Capacity

12. Capital Debt Repayment Capacity
13. Capital Debt Repayment Margin
14. Replacement Margin
15. Term Debt and Capital Lease Coverage Ratio
16. Replacement Margin Coverage Ratio

Financial Efficiency

17. Asset Turnover Ratio
18. Operating Expense Ratio
19. Depreciation/Amortization Expense Ratio
20. Interest Expense Ratio
21. Net Farm Income from Operations Ratio

Net Farm Income

Cash Income

- Cash Expense

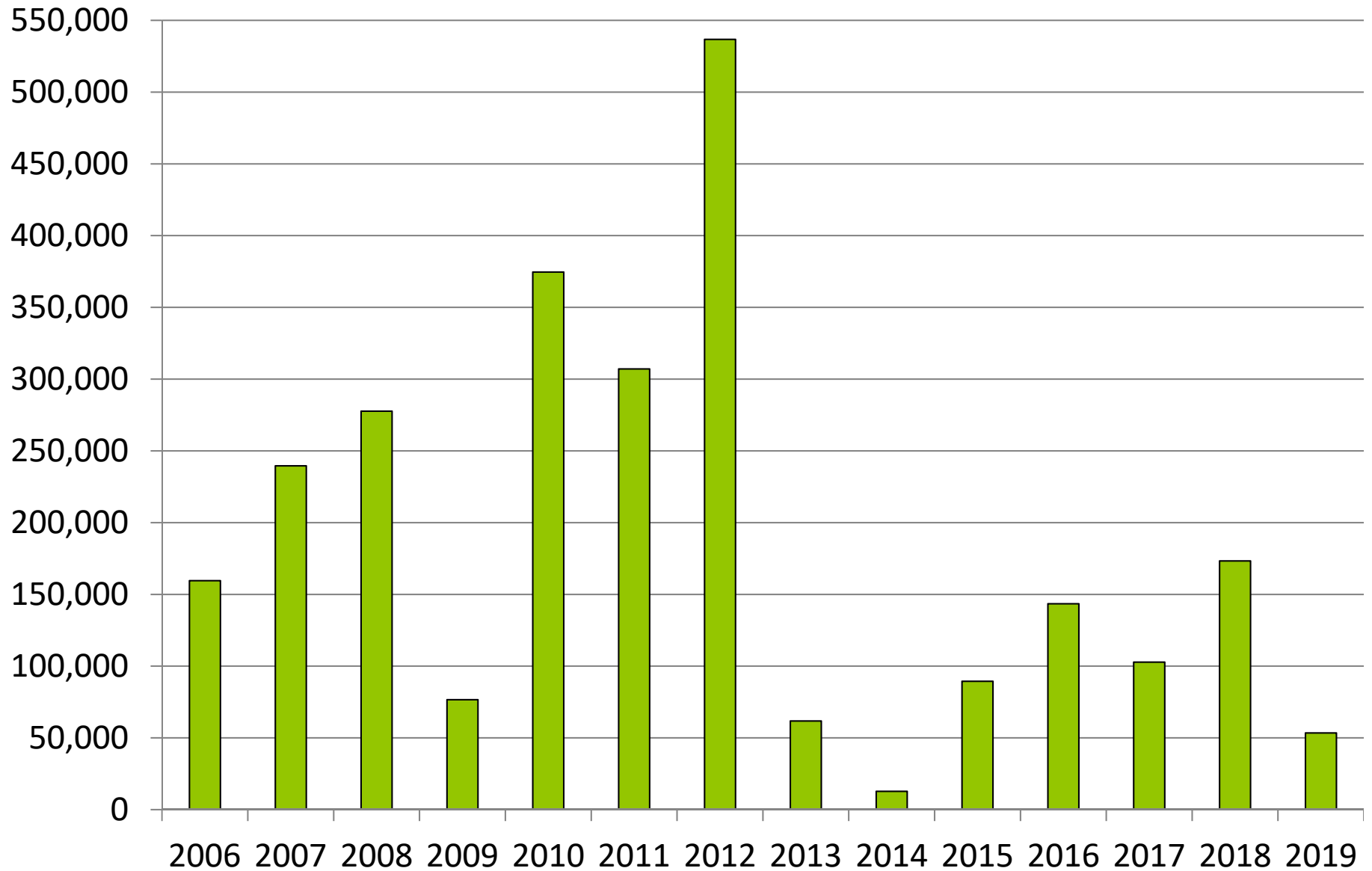
\pm Inventory Change

- Depreciation

\pm Gain/Loss on Capital Sales

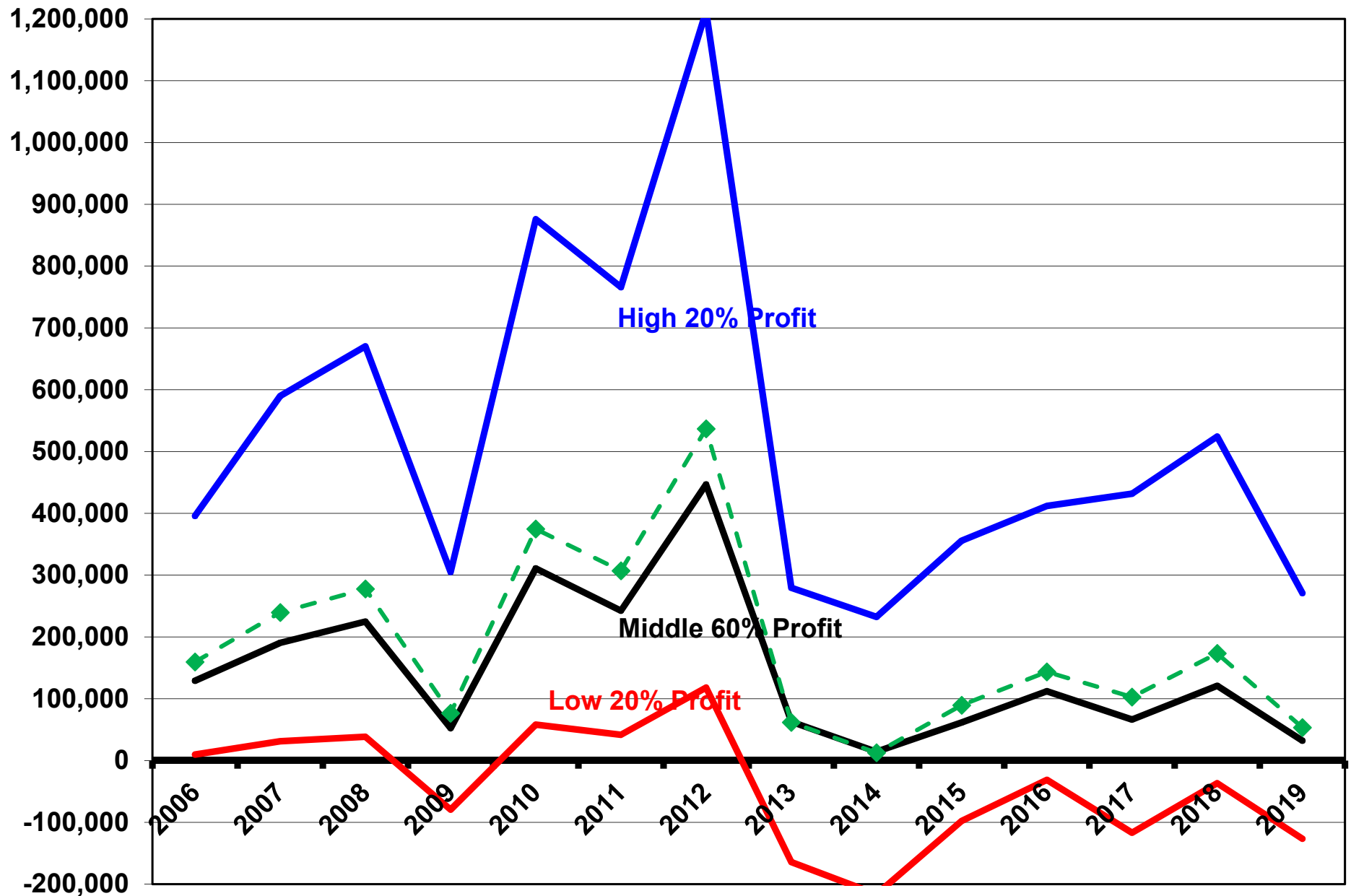
Net Farm Income

MN-ND Farm Business Management, Red River Valley



Average Net Farm Income Red River Valley, 2006-2019

MN-ND Farm Business Management, Red River Valley



Which NFI Best Describes the Typical Red River Valley Producer?

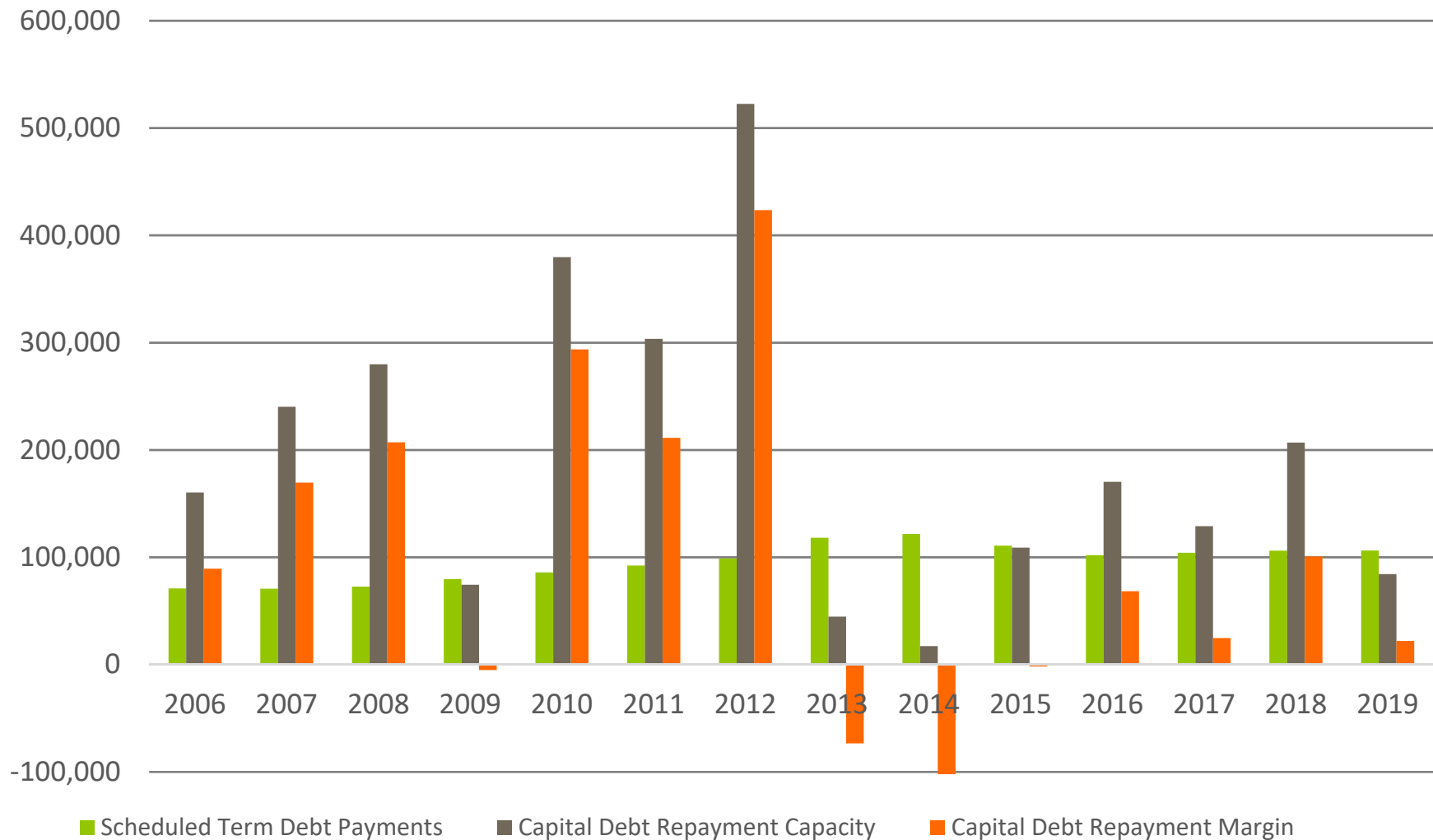
Year	All Farms		Avg after removing the high and low 20%	High 20% Profit	Low 20% Profit
	Average	Median			
2010	374,642	289,594	310,951	875,947	58,079
2011	307,053	226,111	242,510	766,032	41,702
2012	536,722	425,176	446,761	1,212,181	118,136
2013	61,749	61,939	62,884	279,501	-164,215
2014	12,723	11,596	14,243	232,417	-216,307
2015	89,489	49,382	61,506	355,681	-97,775
2016	143,489	104,932	112,201	411,989	-31,147
2017	102,783	53,694	66,312	431,827	-116,848
2018	173,375	111,008	120,995	524,352	-36,524
2019	53,472	32,530	32,153	271,005	-126,535

Farms Sorted By Gross Farm Income, 2019

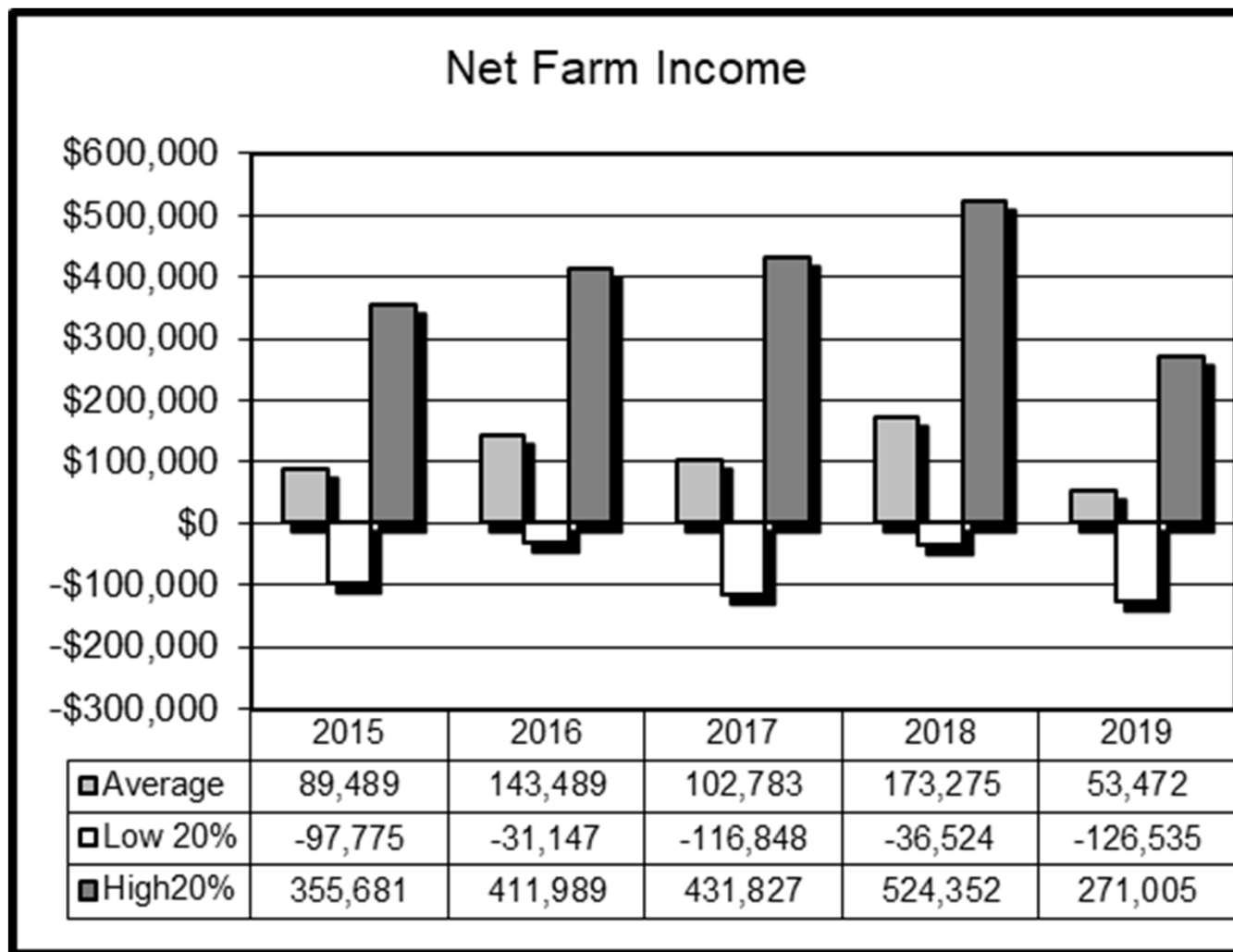
	100,001- 250,000	250,001- 500,000	500,001- 1,000,000	1,000,001- 2,000,000	Over 2,000,000
Number of Farms	25	44	66	56	23
Total Crop Acres	511	854	1,479	2,831	5,099
Average Net Farm Income	\$ 44,280	\$ 28,805	\$ 64,589	\$ 36,673	\$126,864
Current Ratio	1.46	1.67	1.45	1.41	1.25
Farm Debt to Asset Ratio (cost)	58%	43%	45%	44%	50%
Term Debt Coverage Ratio	1.86	0.70	1.02	0.57	0.84

Repayment Capacity, per Farm, 2006-2019

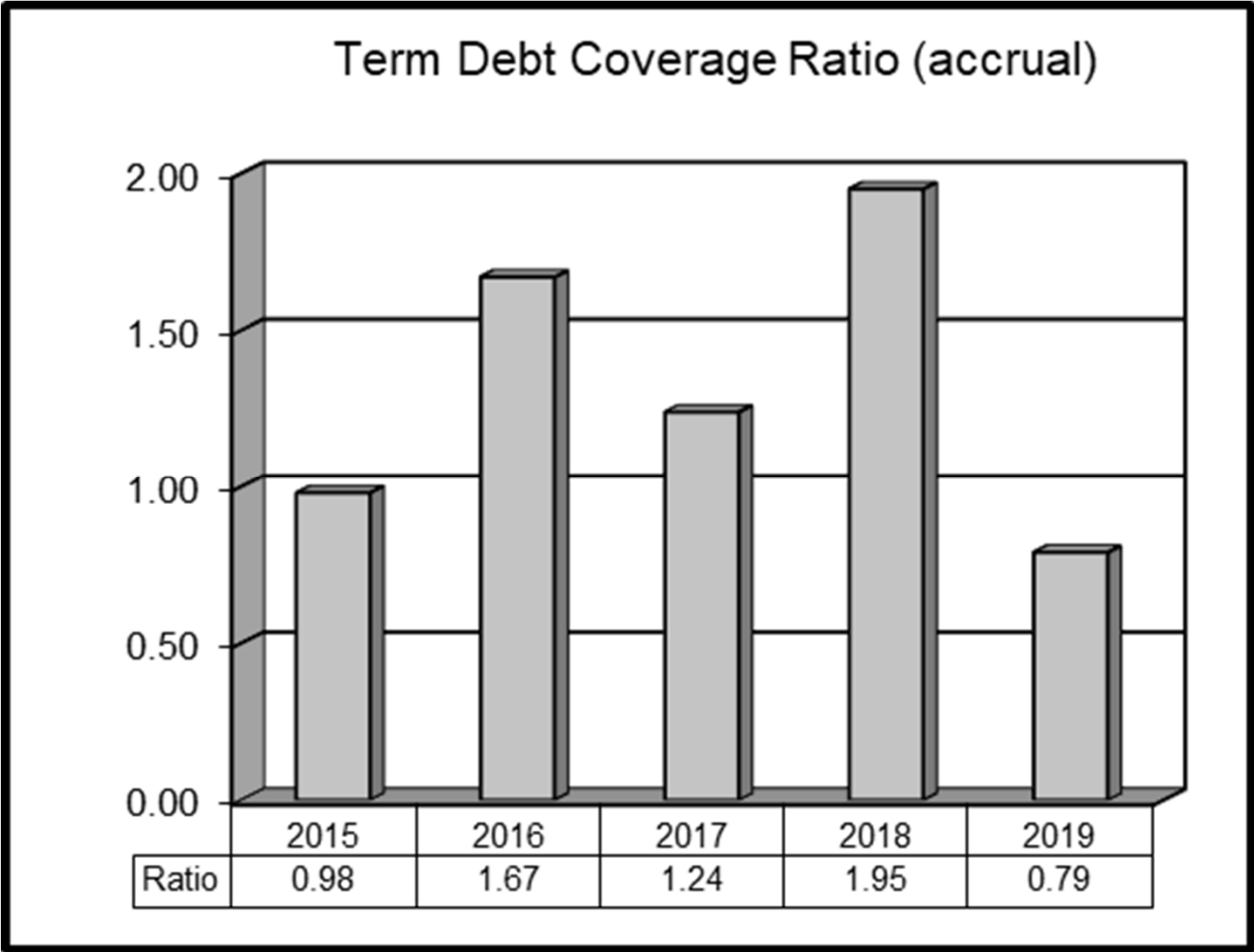
MN-ND Farm Business Management, Red River Valley



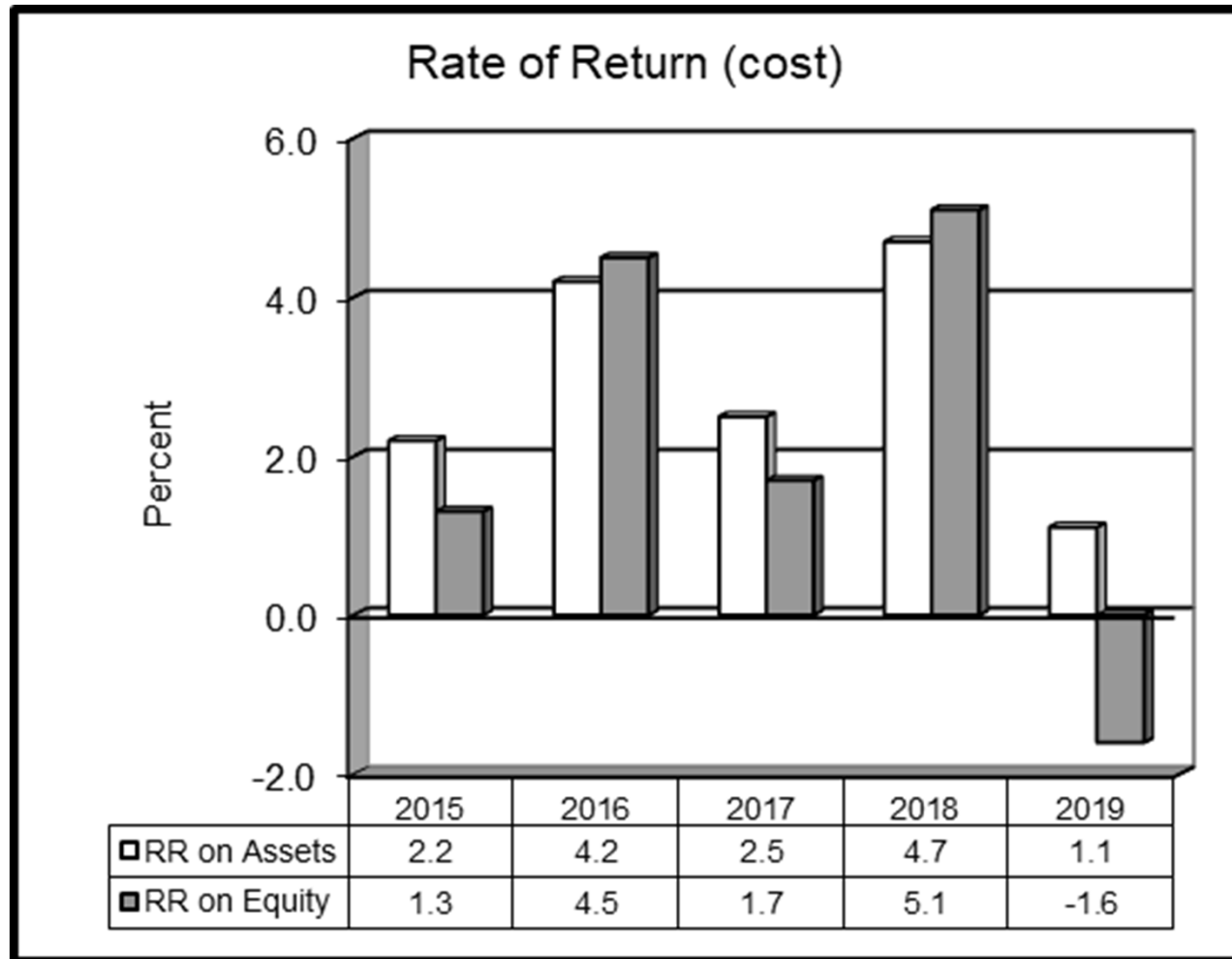
Red River Valley



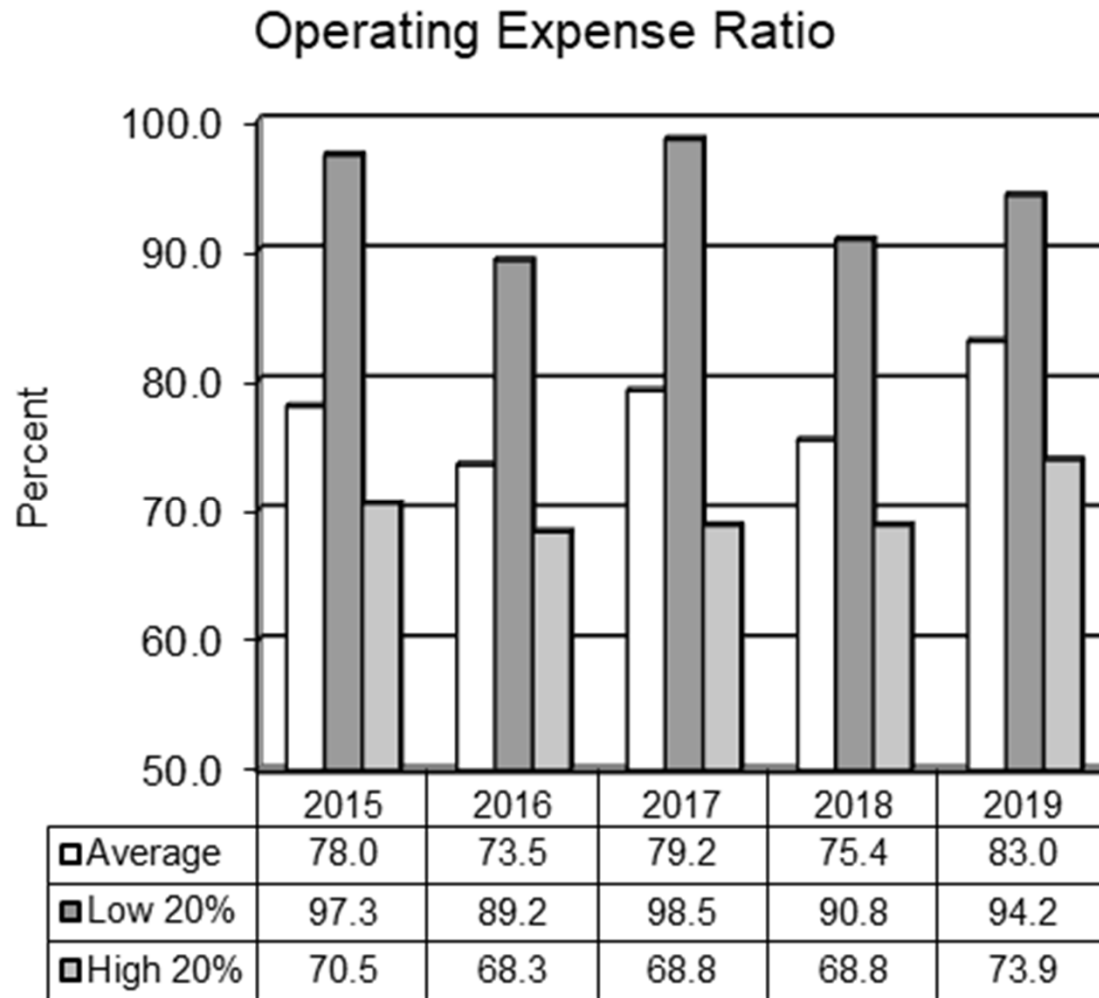
Red River Valley



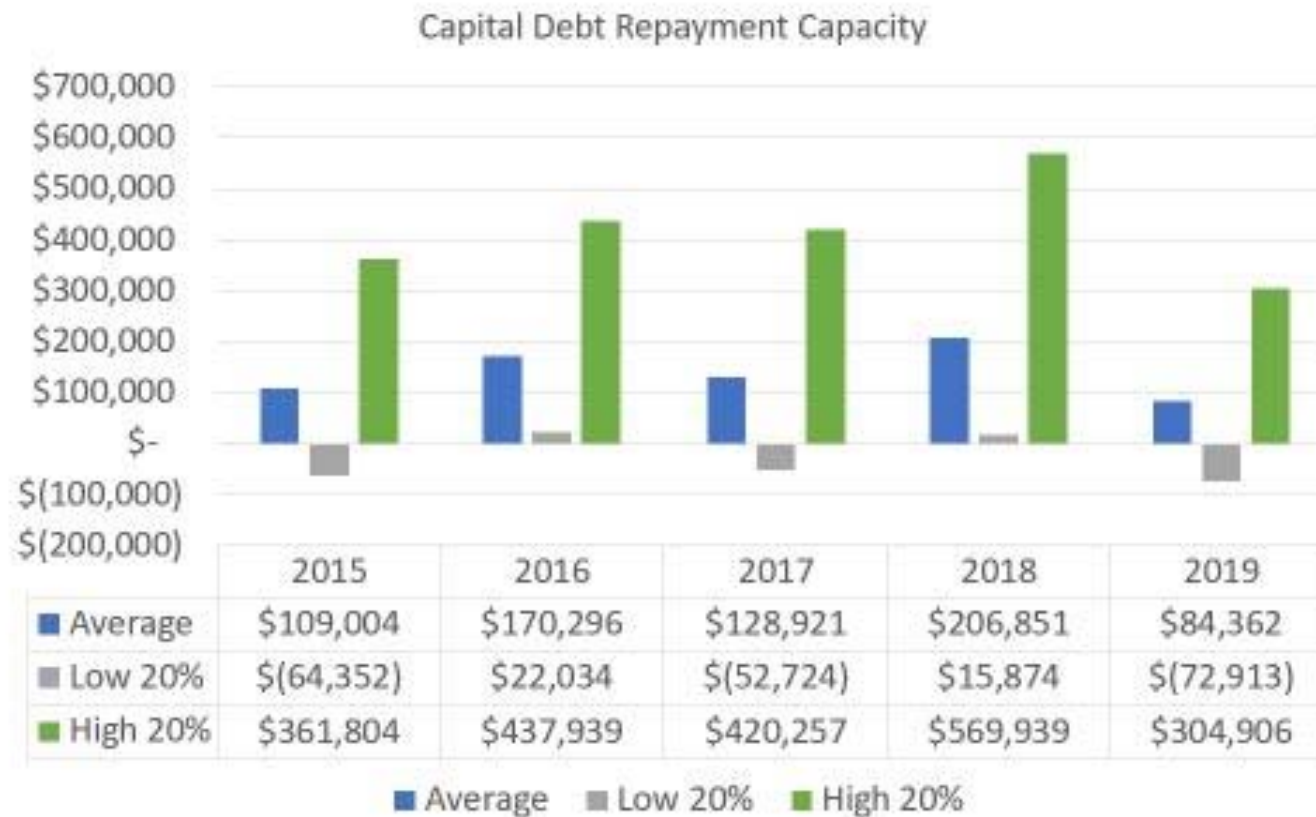
Red River Valley



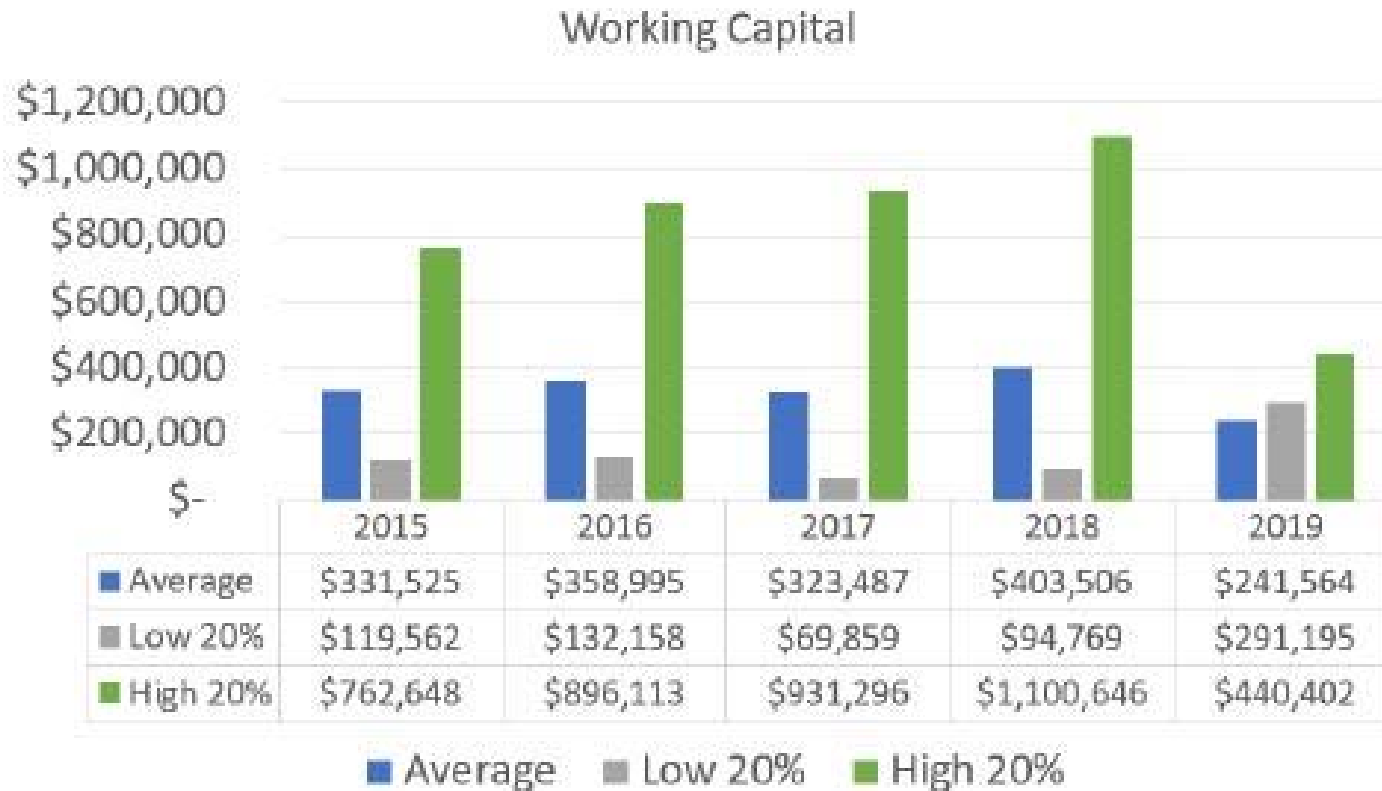
Red River Valley



Red River Valley

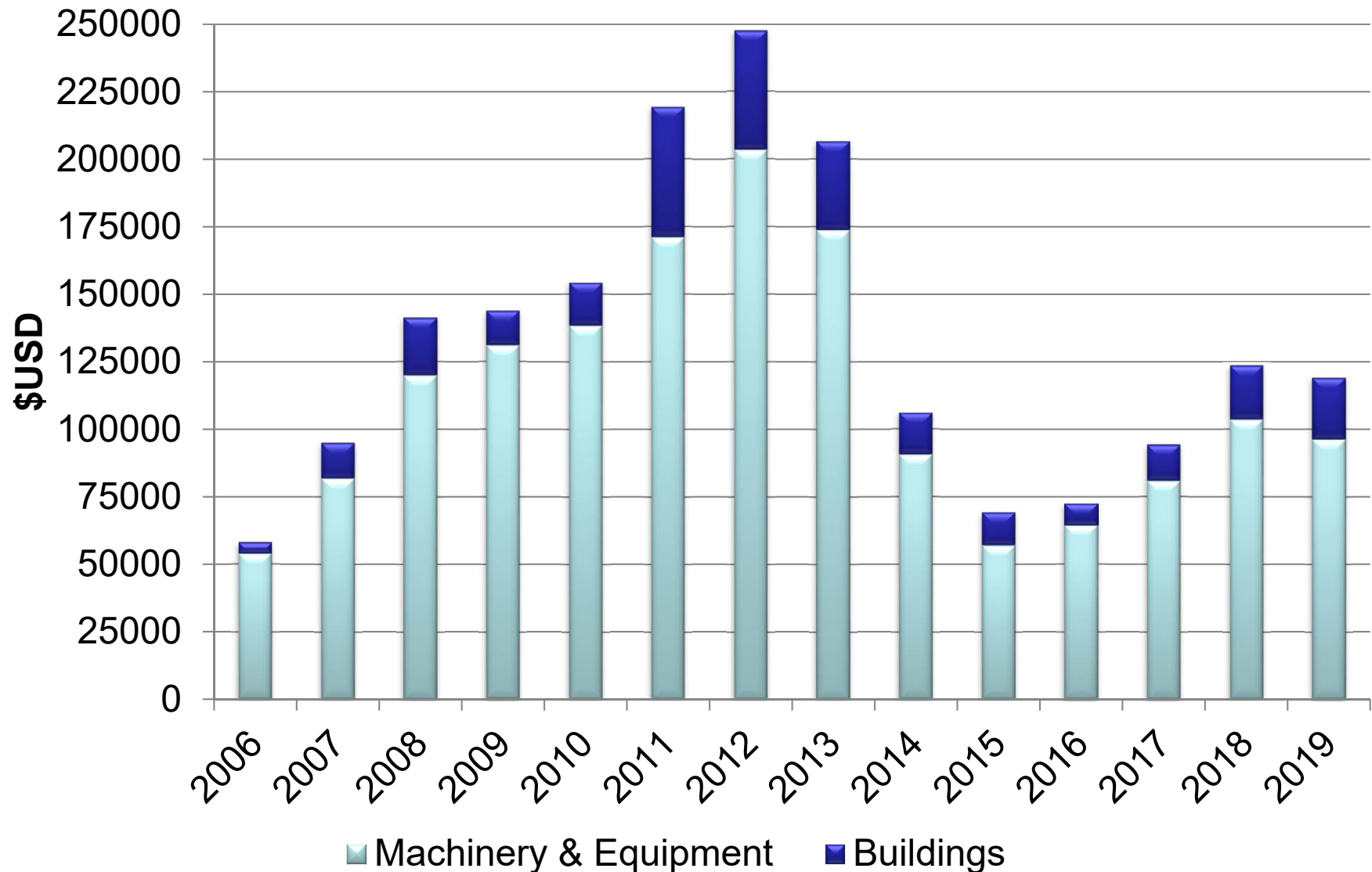


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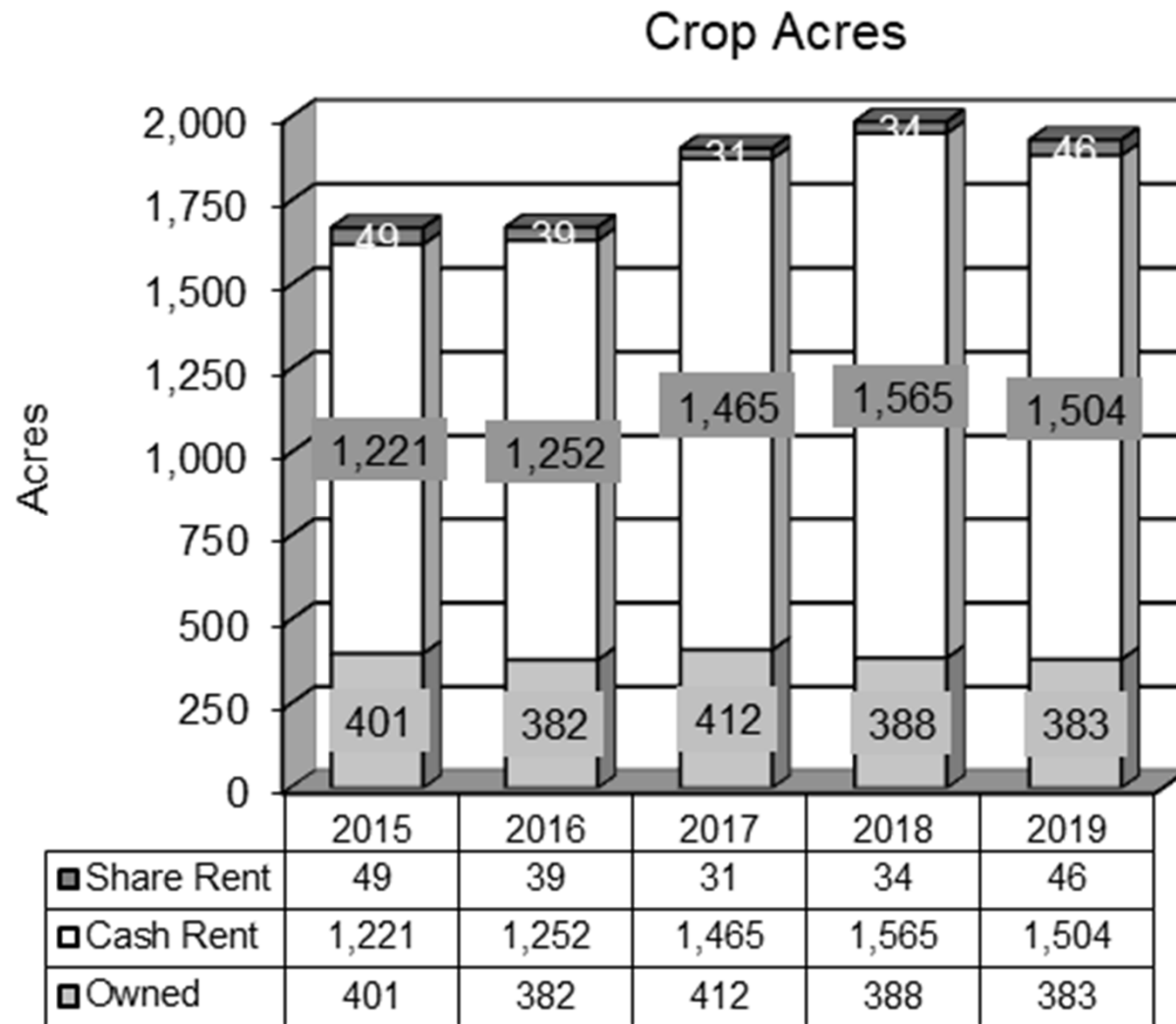


Purchases of Machinery, Equipment, and Buildings, per Farm

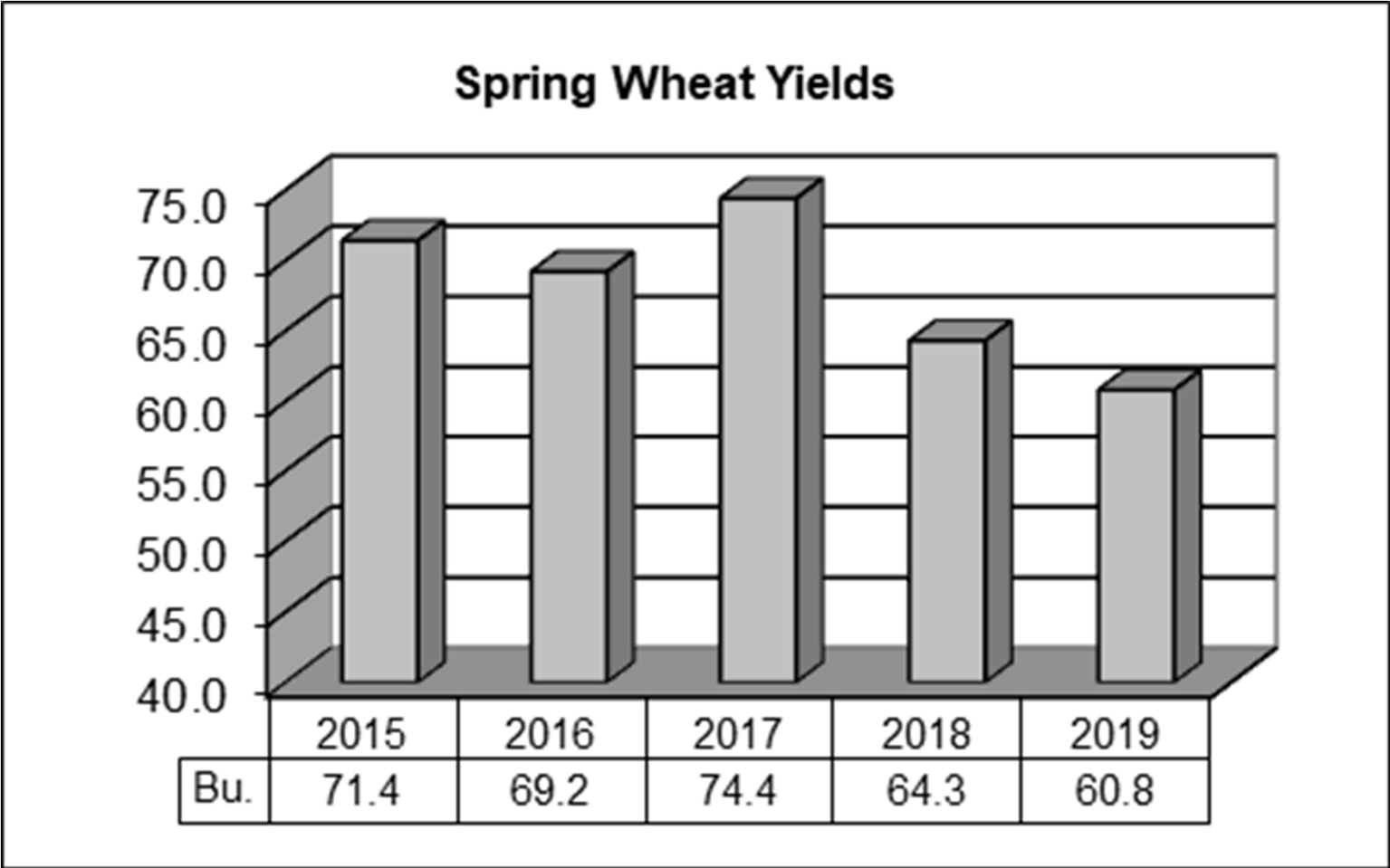
MN-ND Farm Business Mgmt, Red River Valley



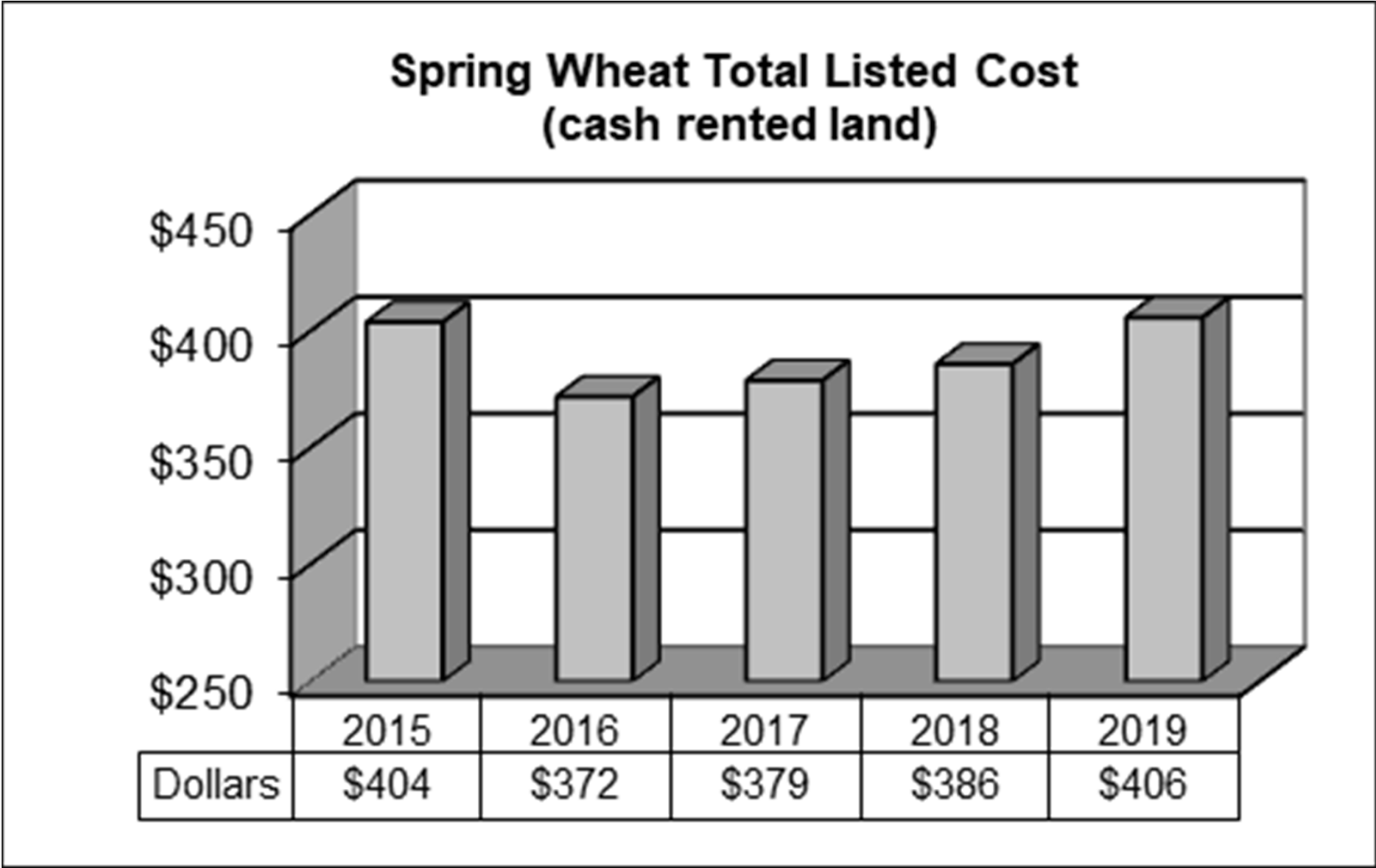
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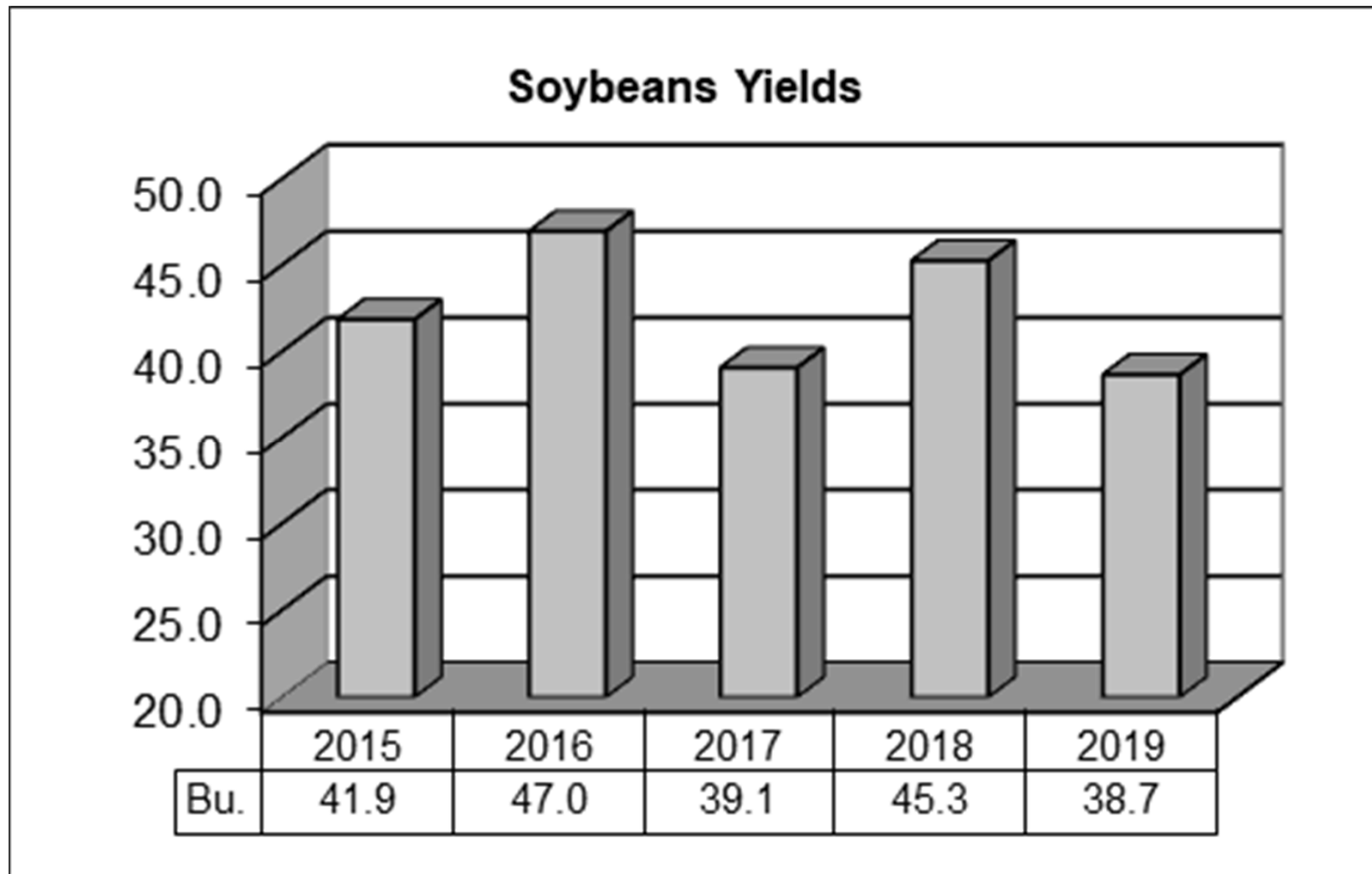
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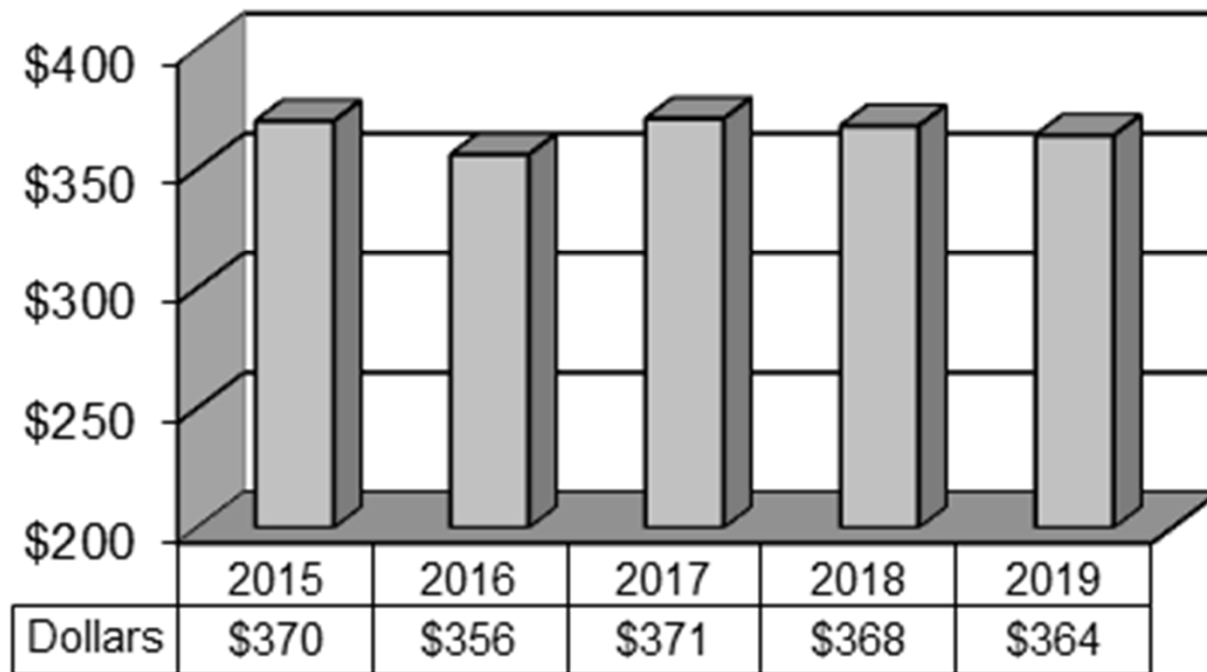


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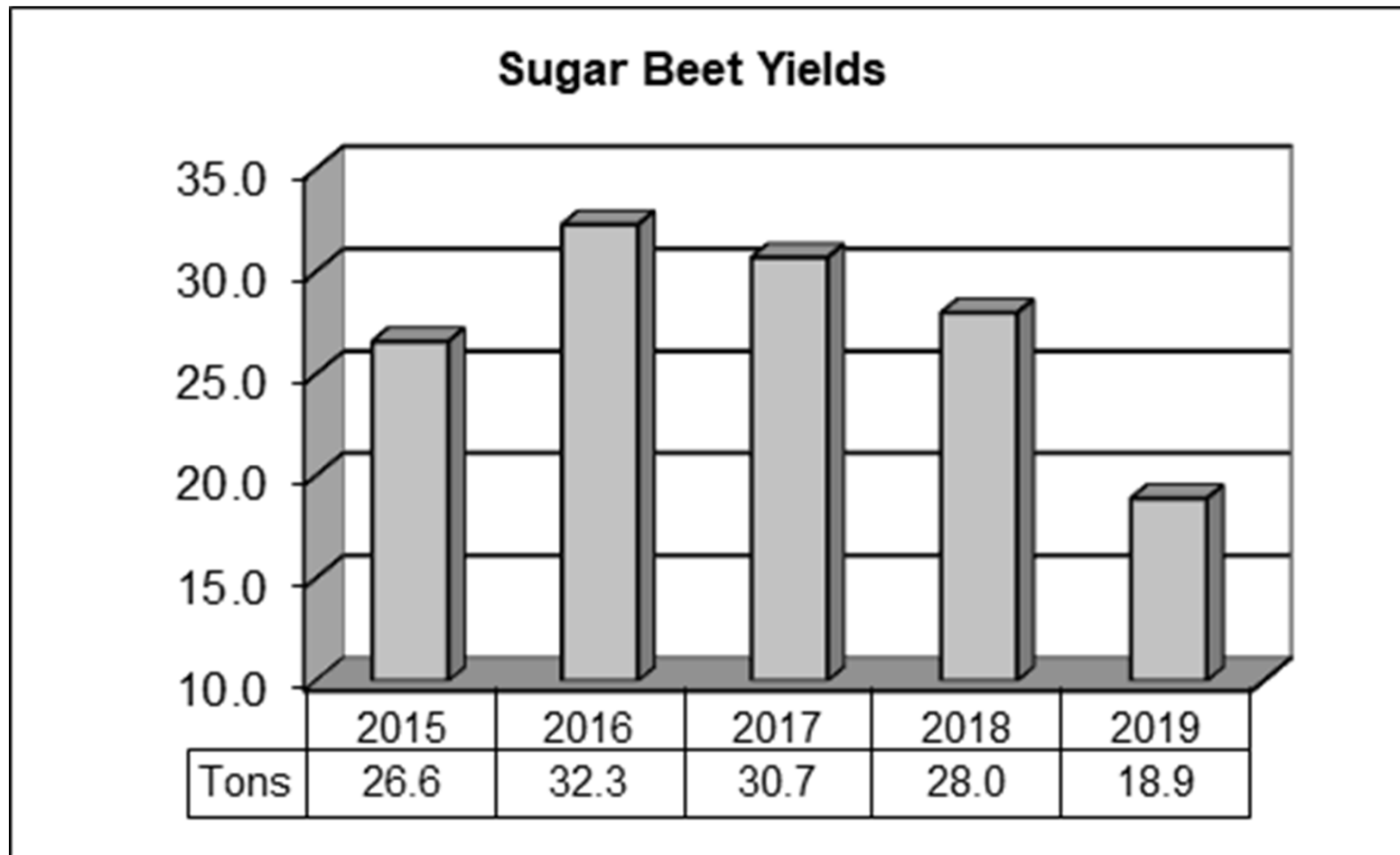


Red River Valley

**Soybeans Total Listed Cost
(cash rented land)**

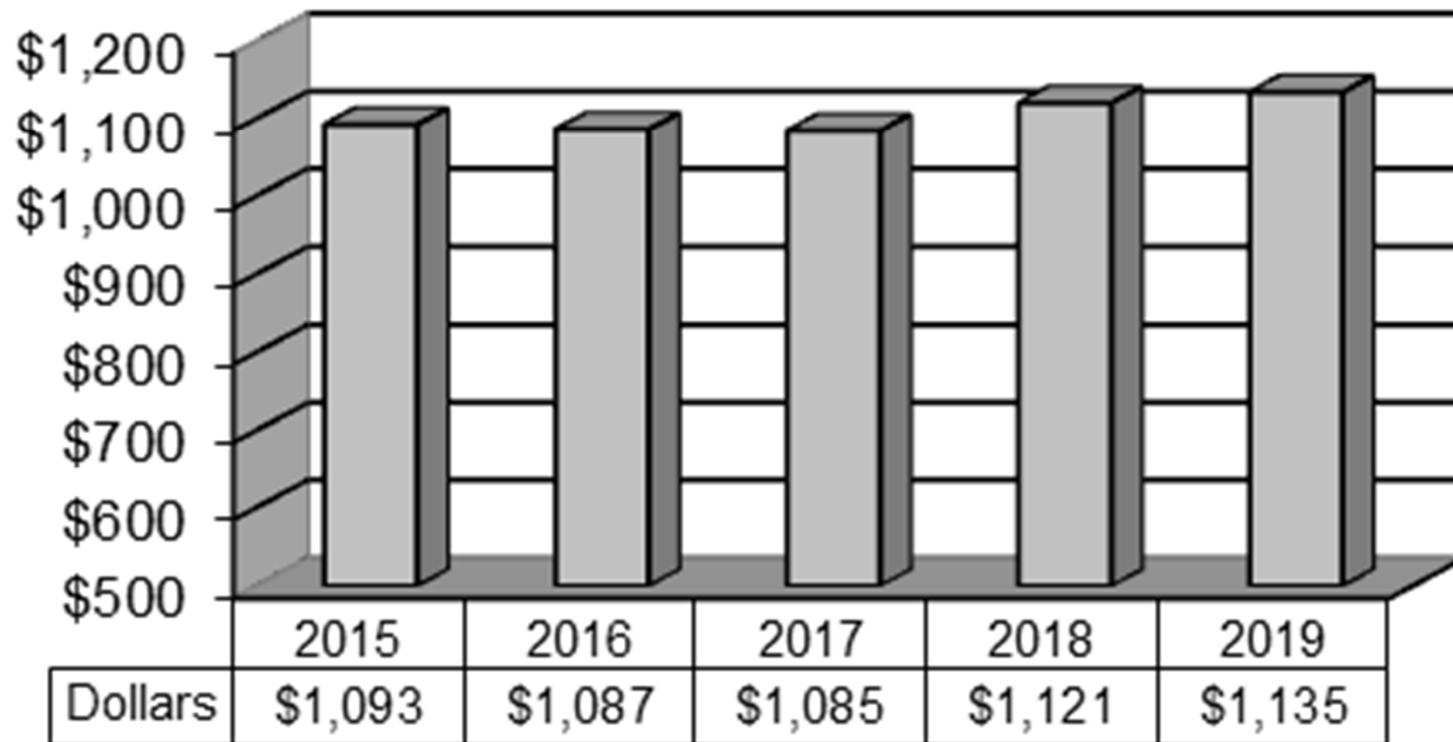


Red River Valley



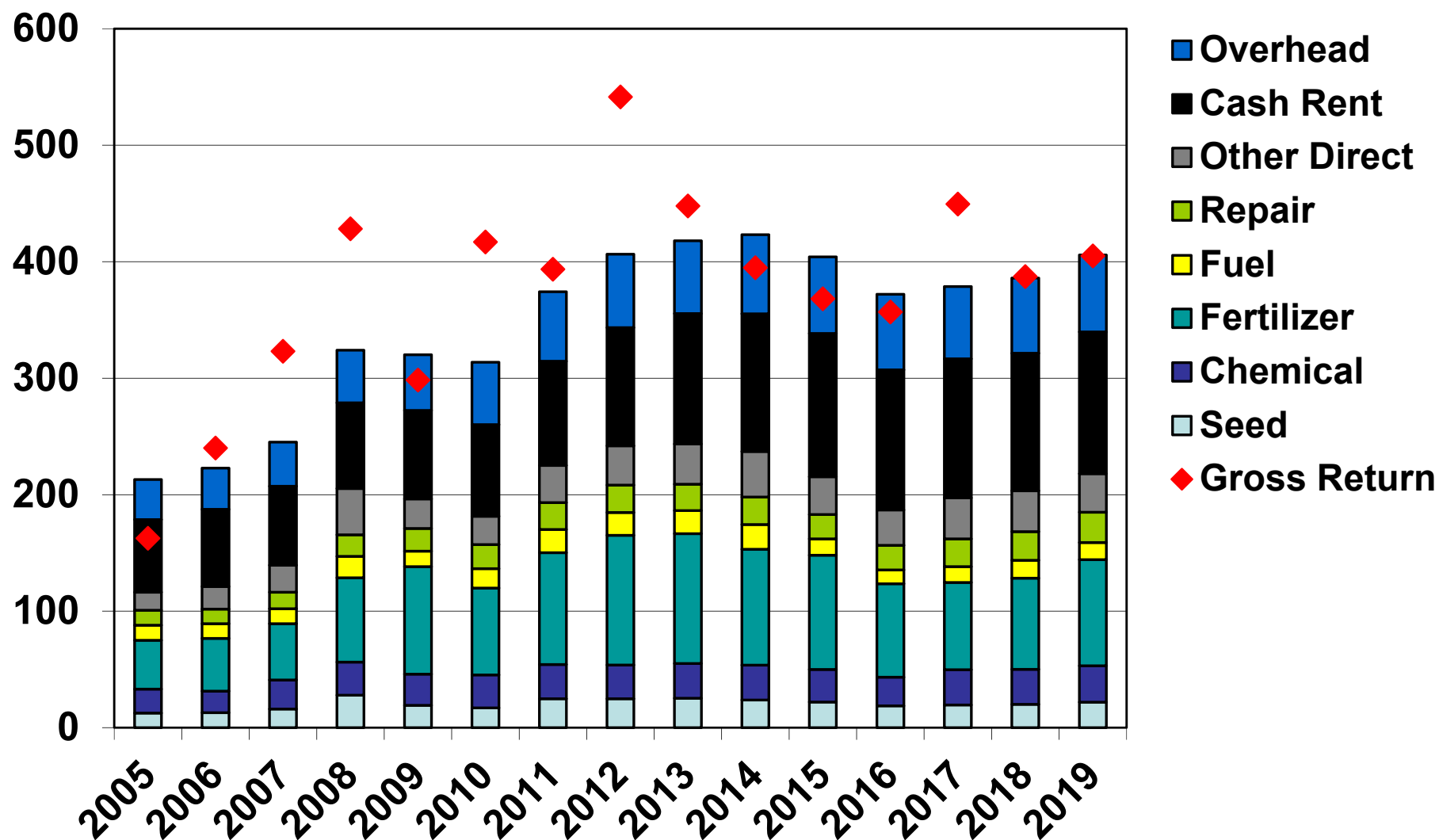
Red River Valley

**Sugar Beet Total Listed Cost
(cash rented land)**



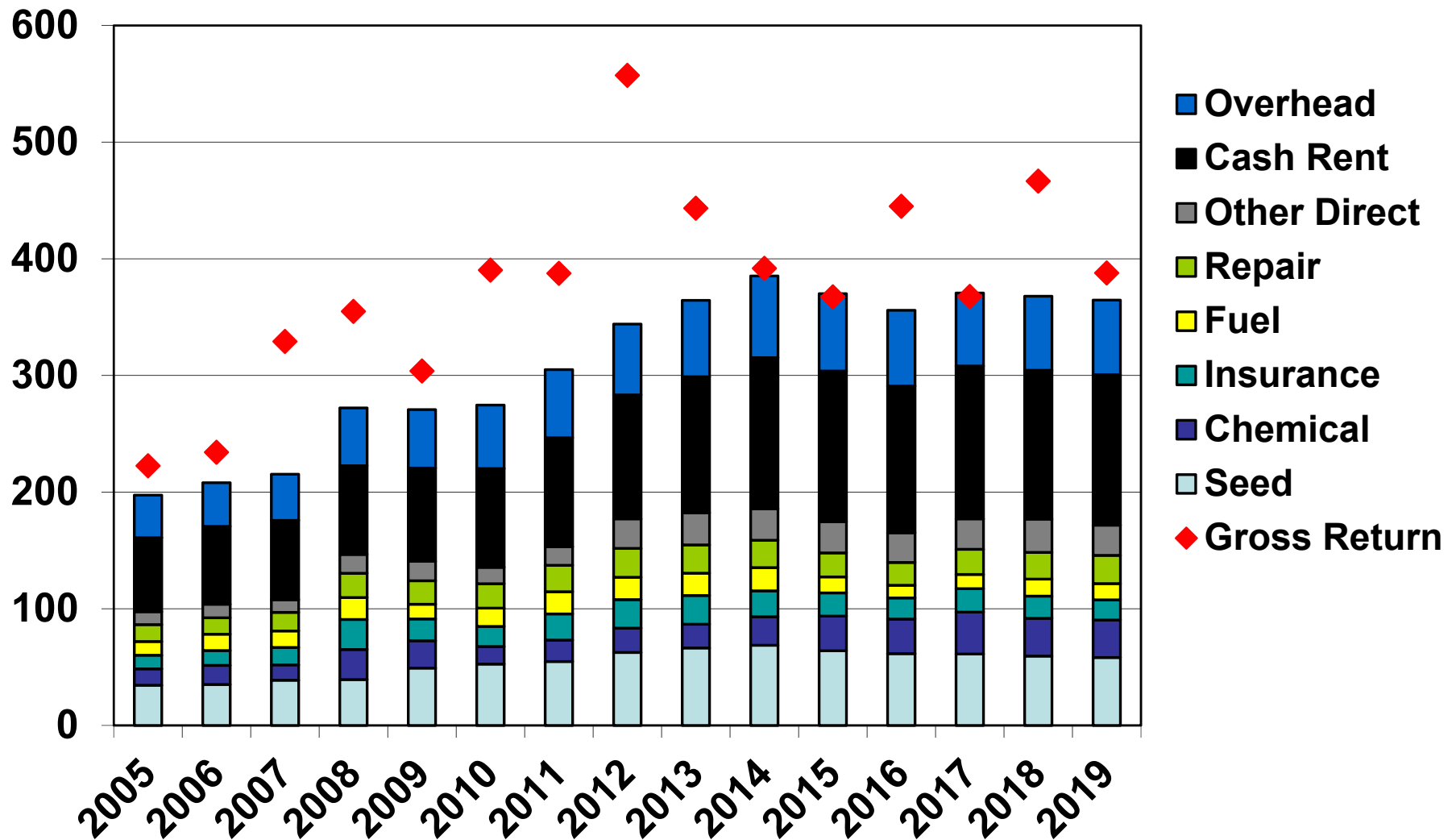
Spring Wheat Costs per Acre

Red River Valley, MN and ND Farm Management Education, 2005-2019



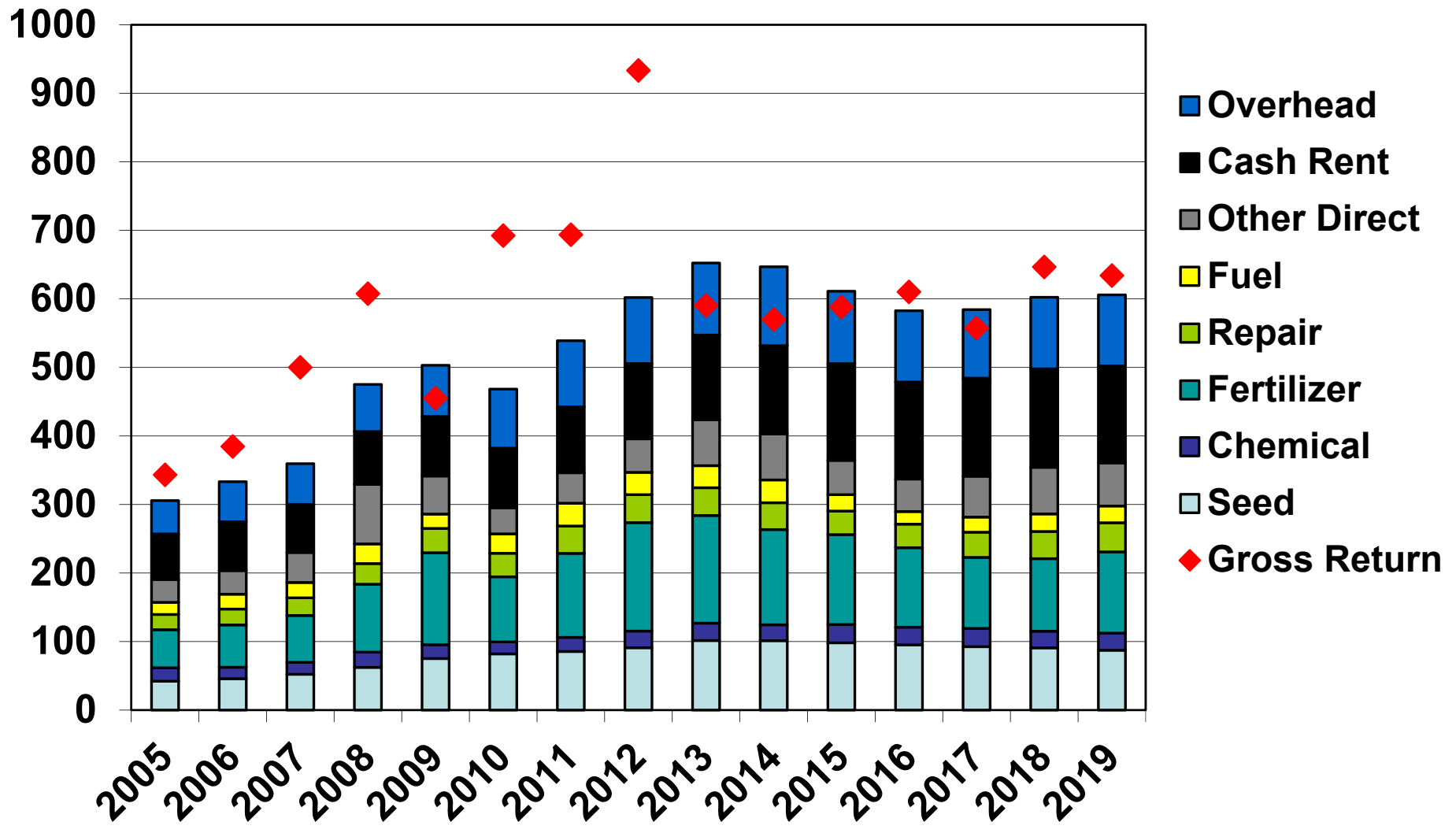
Soybean Costs per Acre

Red River Valley, MN and ND Farm Management Education, 2005-2019



Corn Costs per Acre

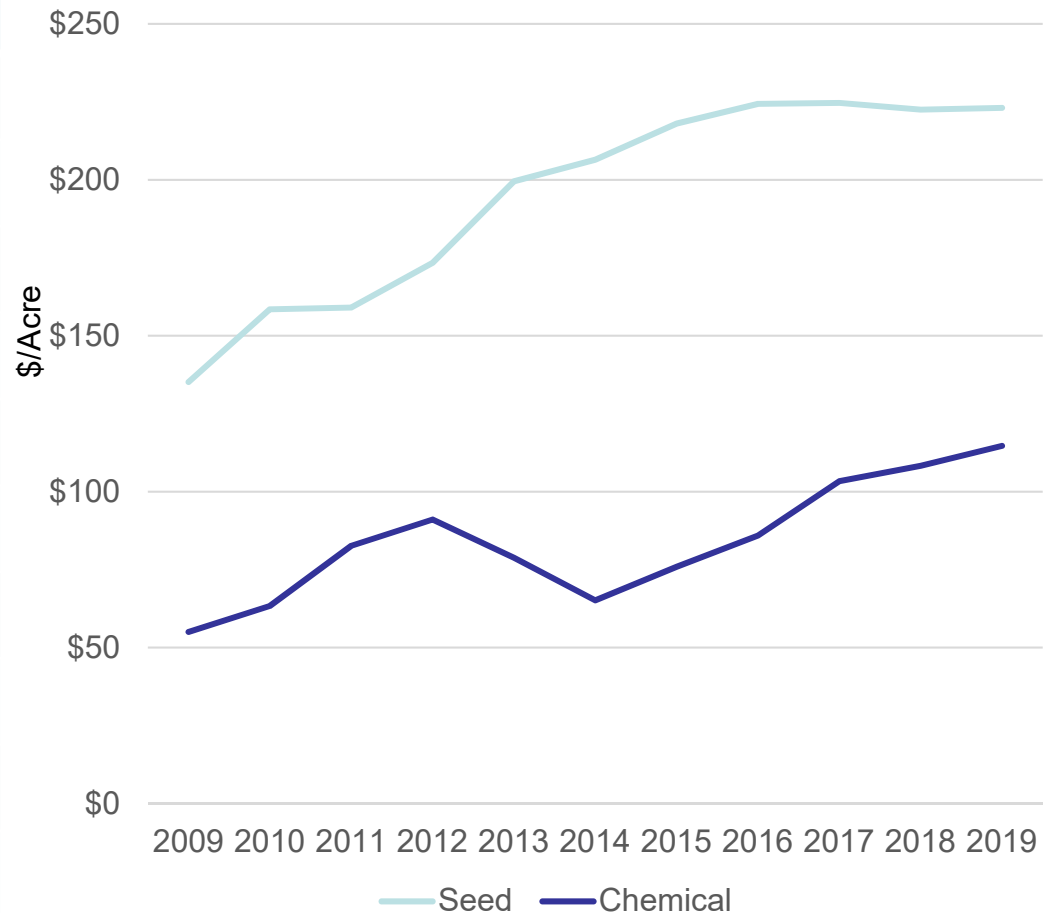
Red River Valley, MN and ND Farm Management Education, 2005-2019



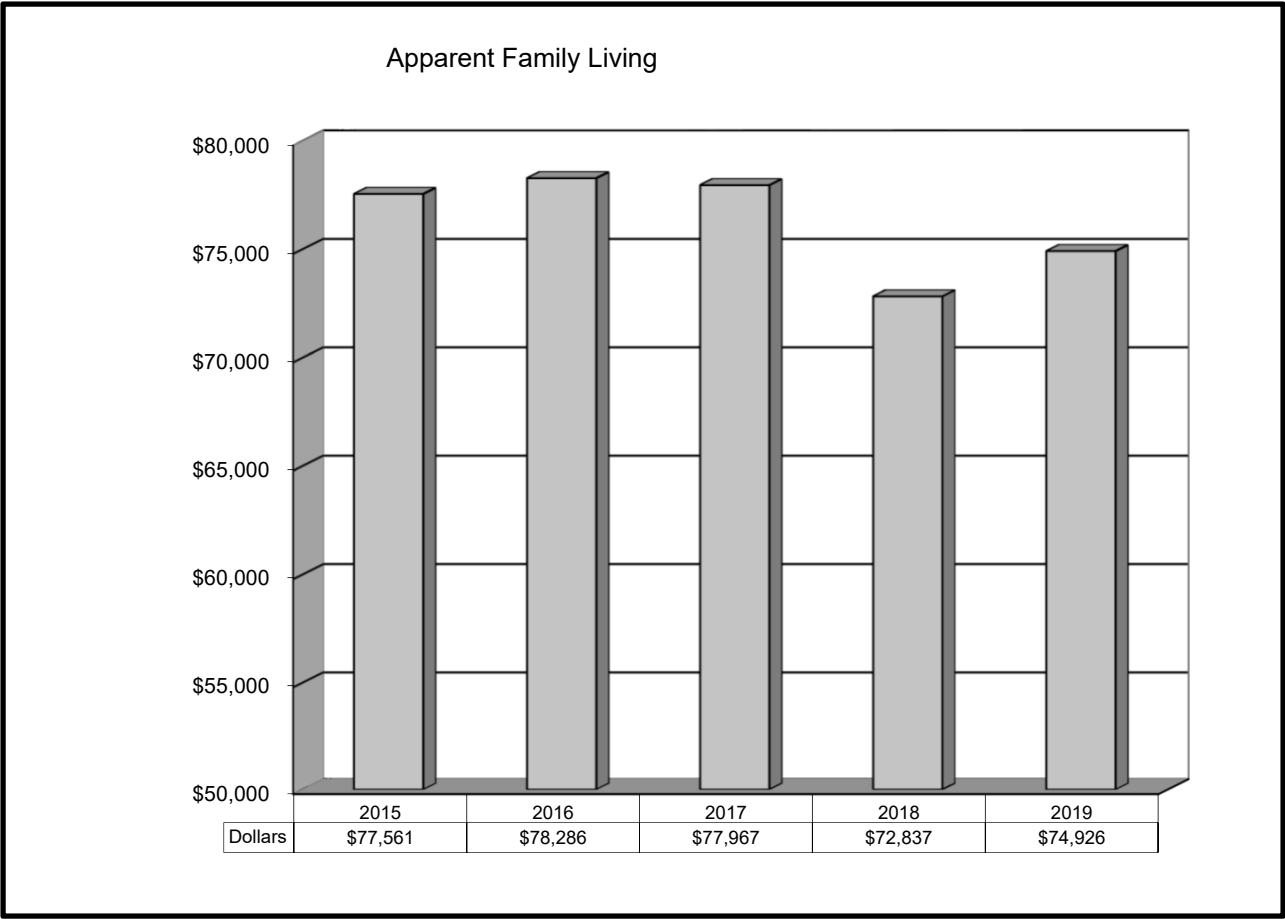
Seed and Chemical Cost Per Acre

MN-ND Red River Valley Farm Business Mgmt Sugar Beet Enterprise Analysis,
2009-2019, on Cash Rented Land and Stock Joint Venture

	Seed	Chemical
2009	135.17	55.03
2010	158.47	63.36
2011	159.05	82.64
2012	173.38	91.08
2013	199.54	78.80
2014	206.46	65.16
2015	218.05	75.92
2016	224.34	85.92
2017	224.67	103.37
2018	222.53	108.31
2019	223.09	114.68



Red River Valley



Government Payments

2019 represented a net increase of \$31,959 from 2018. This is due largely in part by an additional round of Market Facilitation Program Payments.

	2012	\$22,152
	2013	\$32,384
	2014	\$17,082
	2015	\$33,835
05	2016	\$35,575
	2017	\$22,590
	2018	\$56,808
	2019	\$88,767

Government Farm Programs

Recap of 2020 farm payments

CFAP 1: payments made May 26, 2020 – Sept 11, 2020 (\$16 B projected, \$10 B paid)

CFAP 2: payments made Sept. 21 – Dec. 11, 2020 (\$13.2 B projected)

2018 Farm Bill Program ARC/PLC: payments made in early Oct. for 2019/2020 crop marketing year

PLC payments for 2019/2020

Crop	Marketing Year	2019/2020 MYA	PLC Payment Rate
Wheat	June 1, 2019- May 31, 2020	\$4.58	\$0.92
Corn	Sept. 1, 2019 – Aug. 31, 2020	\$3.56	\$0.14
Grain Sorghum	Sept. 1, 2019 – Aug. 31, 2020	\$3.34	\$0.61
Soybeans	Sept. 1, 2019 – Aug. 31, 2020	\$8.57	\$0.00

PLC payment = PLC Payment Rate

- * Established Farm Level Yield with FSA
- * 85% of base acres for that crop
- * 5.9% budget sequestration

ARC payments for 2019/2020

Crop	Marketing Year	2019/2020 MYA
Wheat	June 1, 2019- May 31, 2020	\$4.58
Corn	Sept. 1, 2019 – Aug. 31, 2020	\$3.56
Grain Sorghum	Sept. 1, 2019 – Aug. 31, 2020	\$3.34
Soybeans	Sept. 1, 2019 – Aug. 31, 2020	\$8.57

ARC payment = Guaranteed Revenue – Actual Revenue
= (86% of 5-year Olympic Avg. MYA Price and **County-level Yield**) – (2019/2020 MYA * 2019 **County Yield**)

Coronavirus Food and Assistance Program (CFAP 2.0)

CFAP Payments for Price Trigger Row Crops

Payments for eligible row crops included in the price trigger payment category will be equal to the greater of:

Eligible acres of the crop multiplied by a rate of \$15 per acre; **OR**

Eligible acres of the crop multiplied by a nationwide crop marketing percentage, multiplied by a crop-specific payment rate, and then by the producer's weighted 2020 Actual Production History (APH) approved yield.

If the APH is not available, 85 percent of the weighted 2019 Agriculture Risk Coverage-County Option (ARC-CO) benchmark yield for that crop will be used.

Commodity	Unit of Measure	Crop Marketing Percentage (%)	Payment Rate (\$/Unit)
Barley	Bushel	63	\$0.54
Corn	Bushel	40	\$0.58
Cotton, Upland	Pound	46	\$0.08
Sorghum	Bushel	55	\$0.56
Soybeans	Bushel	54	\$0.58
Sunflowers	Pound	44	\$0.02
Wheat (All Classes)	Bushel	73	\$0.54

CFAP Payments for Flat-Rate Row Crops

Payments for eligible row crops included in the flat-rate payment category will be equal to eligible acres of the crop multiplied by a rate of \$15 per acre. Eligible acres include the producer's share of the determined acres, or reported acres if determined acres are not present, excluding prevented planted and experimental acres.

Row crops eligible for CFAP 2 in the flat-rate payment category include: alfalfa, amaranth grain, buckwheat, canola, Extra Long Staple (ELS) cotton, crambe (colewort), einkorn, emmer, flax, guar, hemp, indigo, industrial rice, kenaf, khorasan, millet, mustard, oats, peanuts, quinoa, rapeseed, rice, sweet rice, wild rice, rye, safflower, sesame, speltz, sugar beets, sugarcane, teff, and triticale.

CFAP 2 Payments for Sales Specialty Crops (fruits and vegetables including dry beans)

The amount of the producer's eligible sales
in calendar year 2019, multiplied by

The payment rate for that range.

2019 Sales Range	Percent Payment Factor for the Producer's 2019 Sales of Eligible Commodities Falling in the Range
\$0 to \$49,999	10.6%
\$50,000 to \$99,999	9.9%
\$100,000 to \$499,999	9.7%
\$500,000 to \$999,999	9.0%
Sales over \$1 million	8.8%

CFAP 2 Payments for Livestock

For beef cattle, hogs and pigs, and lambs and sheep, payments will be equal to the highest owned inventory of eligible livestock, excluding breeding stock, on a date selected by the eligible producer from April 16, 2020, through August 31, 2020, multiplied by the CCC payment rate.

CFAP 2 Livestock

Payment Rates:

Beef Cattle \$55 per head

Hogs/Pigs \$23 per head

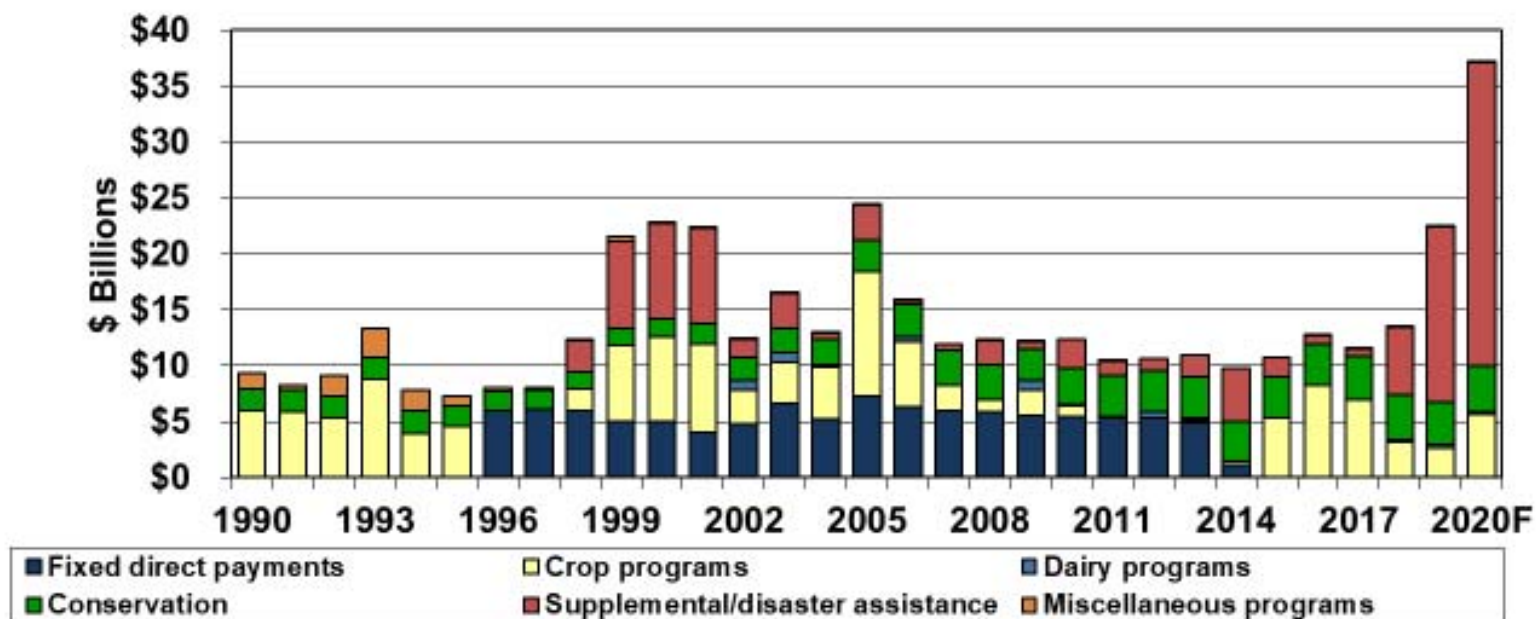
Sheep/Lambs \$27 per head

CFAP 2 Dairy

Payments for cow milk will be equal to the sum of the following:

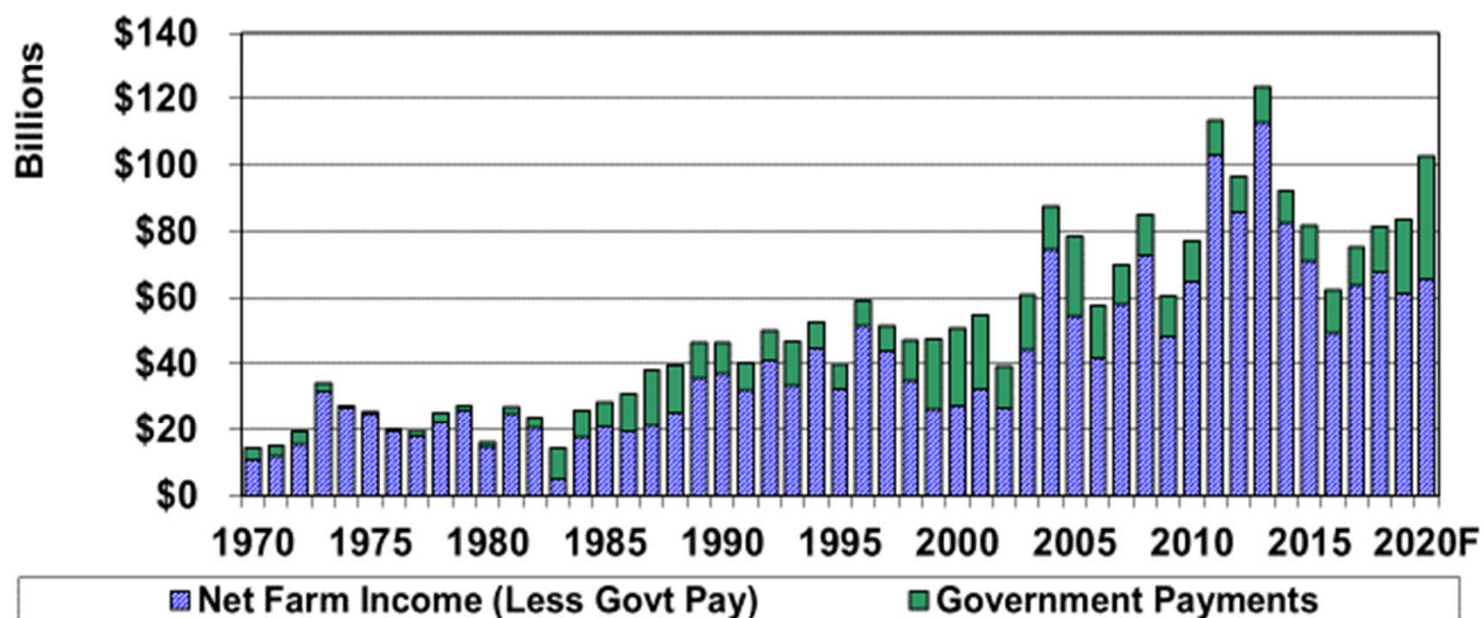
1. The producer's total actual milk production from April 1, 2020, to August 31, 2020, multiplied by the payment \$1.20 per hundredweight; and
2. The producer's estimated milk production from September 1, 2020, to December 31, 2020, based on the daily average production from April 1, 2020, through August 31, 2020, multiplied by 122, multiplied by a payment rate of \$1.20 per hundredweight.

U.S. Farm Program Payments



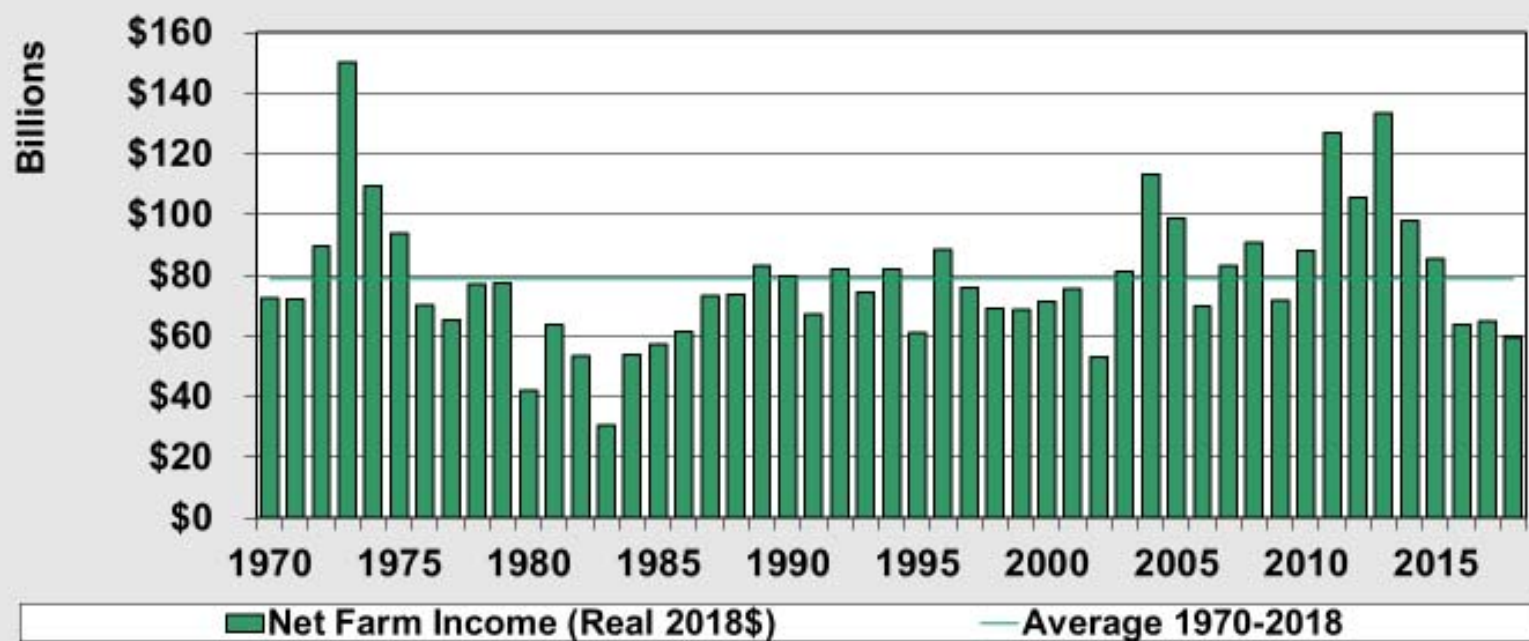
Sources: USDA-ERS and author calculations.

U.S. Net Farm Income



Sources: USDA-ERS and author calculations.

U.S. Net Farm Income



Sources: USDA-ERS and author calculations.

Thank you,
Any Questions?



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