



## FARMERS MARKET AGGREGATION PROJECT

# Farm Financial Benchmark Summary

## AVERAGE FARM

### INTRODUCTION

As part of the Farmers Market Aggregation Project (<https://farmersmarkethub.org>), Extension collected detailed farm financial data from 17 commercial vegetable operations in 2018 and 2019. The participating farms ranged in size from 0.1 to 22 acres. The Extension research team collected all records related to the whole farm (including non-produce enterprise such as dairy or crops) and the vegetable enterprise in particular.

Seven of the seventeen participated in their farmers' market aggregation project. An analysis of the marketing mix is included in the Farmers' Market Aggregation report (Pesch, 2020), but the focus of this factsheet are the financial benchmarks to assist participating farms.

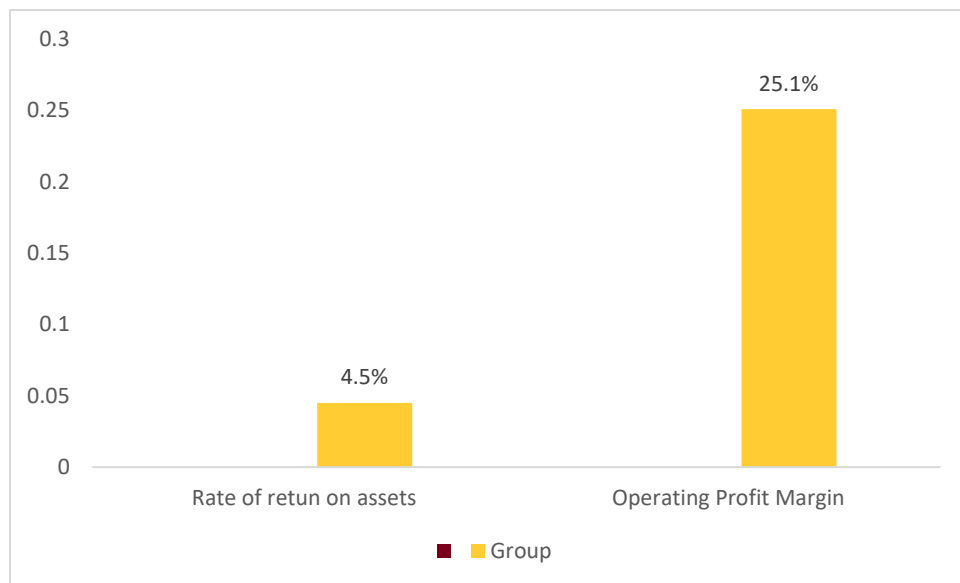
Considering the sensitivity of the data collected, Extension ensures that each participant's information remain confidential. Therefore, no farms are named in this report and all details which may allow for identification of our participants are withheld.

### OPERATION BENCHMARKS

An operation is your whole farm. In term of farm finances, an operation includes the sum of all costs and revenues associated with all your farm enterprises. If you only raise and sell vegetables, your operation is your vegetable enterprise. If you also raise poultry, steers, or other crops, these sales and revenues are part of your operation and used to generate the benchmarks for all operations in the study.

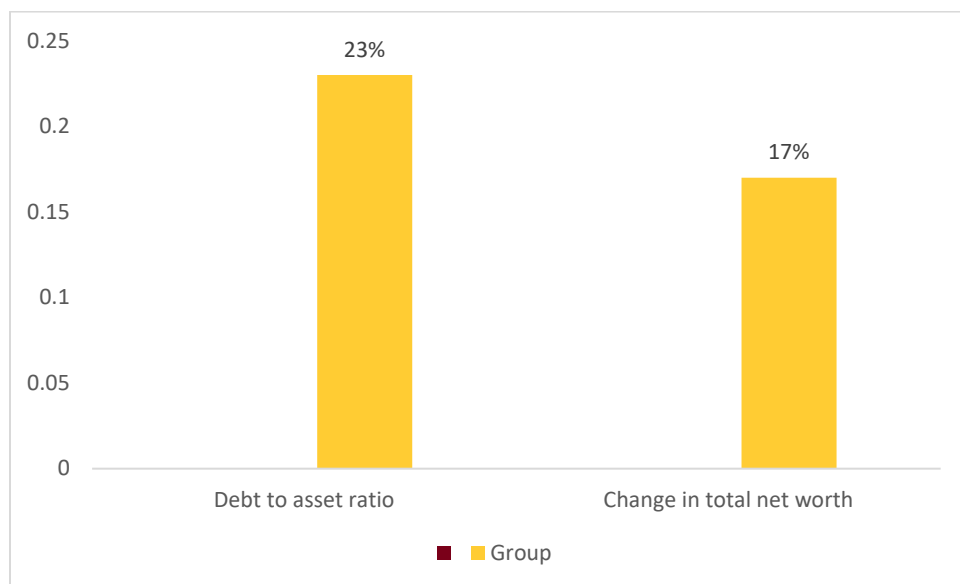
**Rate of Return on Assets:** Net farm income plus farm interest expense divided by total assets. This measure can be thought of as an interest rate your farm earned in the past year, on all money invested in the business.

**Operating Profit Margin:** Net farm income from operations plus farm interest expense divided by gross sales. This margin is the percentage retained by operation for every dollar of sale.



**Debt to Asset Ratio:** Total liabilities divided by total assets. This ratio measures the portion of farm assets having debt against them. A higher ratio is generally considered to be an indicator of greater financial risk.

**Change in Net Worth:** Total net worth on beginning balance sheet minus total net worth on ending balance sheet as a percent. This measure provides a sense of whether financial position is improving or deteriorating.

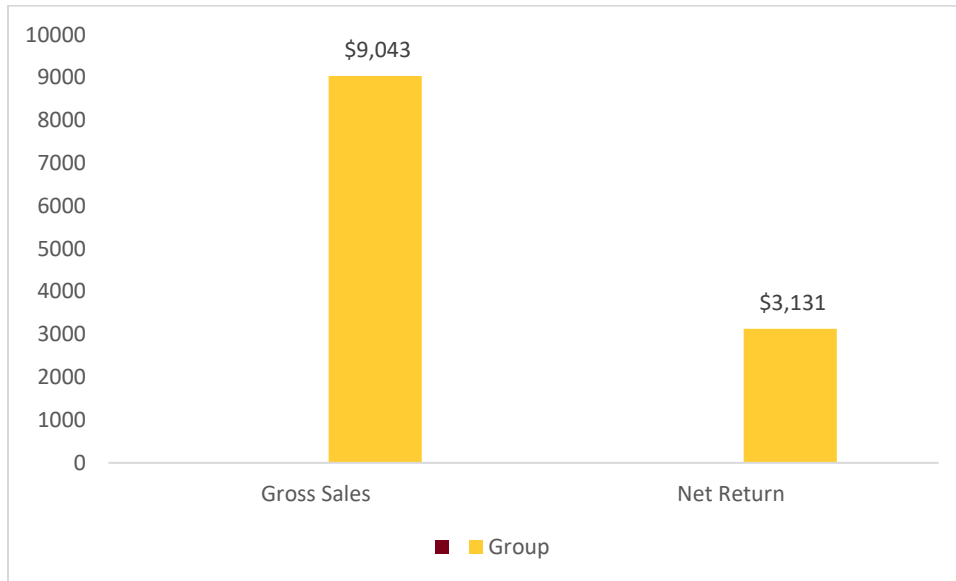


## VEGETABLE ENTERPRISE BENCHMARKS

These are benchmarks only associated with the vegetable side of your operation, that is, no costs and revenues for other enterprises such as livestock or other crops are included.

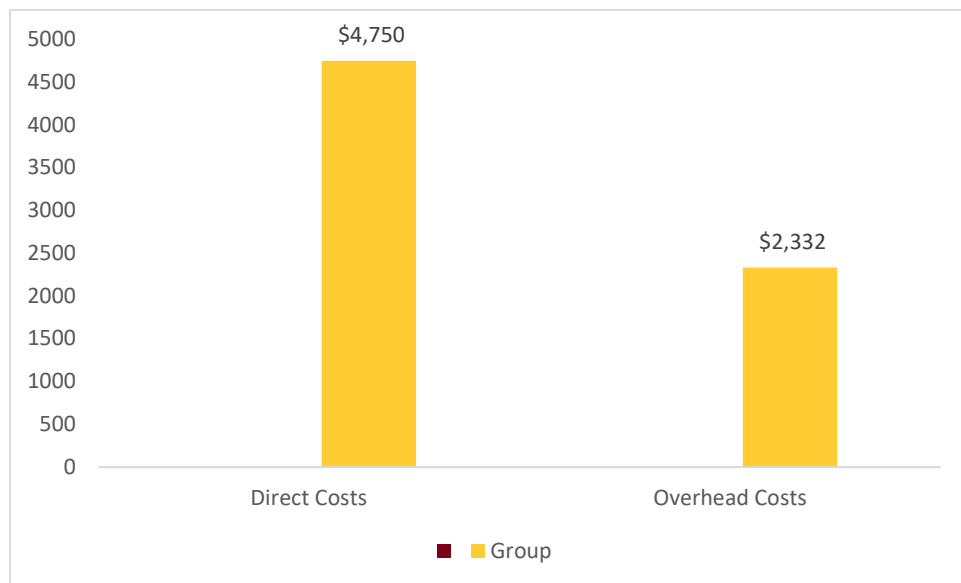
**Gross Sales per Acre:** Gross vegetable sales divided by total acres in vegetables.

**Net Return per Acre:** Vegetable sales per acre minus direct and overhead costs.



**Direct Costs per Acre:** Direct costs including all variable expenses costs like seed, fertilizer, and fuel per acre.

**Overhead Costs per Acre:** Overhead costs including expenses like marketing, depreciation, and auto expenses per acre.



### QUESTIONS OR COMMENTS?

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