Beginning Farmer Financial Ratios Guide

A guide to financial ratios for beginning farmers. It explains the common measures lenders look at and how to track them using farm financial statements.

Farm / unit: _____ Date: _____ By: _____

1. Gather balance sheet and income statement
2. Learn liquidity measures
3. Learn solvency measures
4. Learn profitability measures
5. Learn efficiency measures
6. Calculate each ratio the same way
7. Compare year to year
8. Discuss results with your lender

YOUR NOTES

TIP Ask your lender or an Extension specialist which ratios matter for your type of farm.