

# Iowa Farm Financial Conditions

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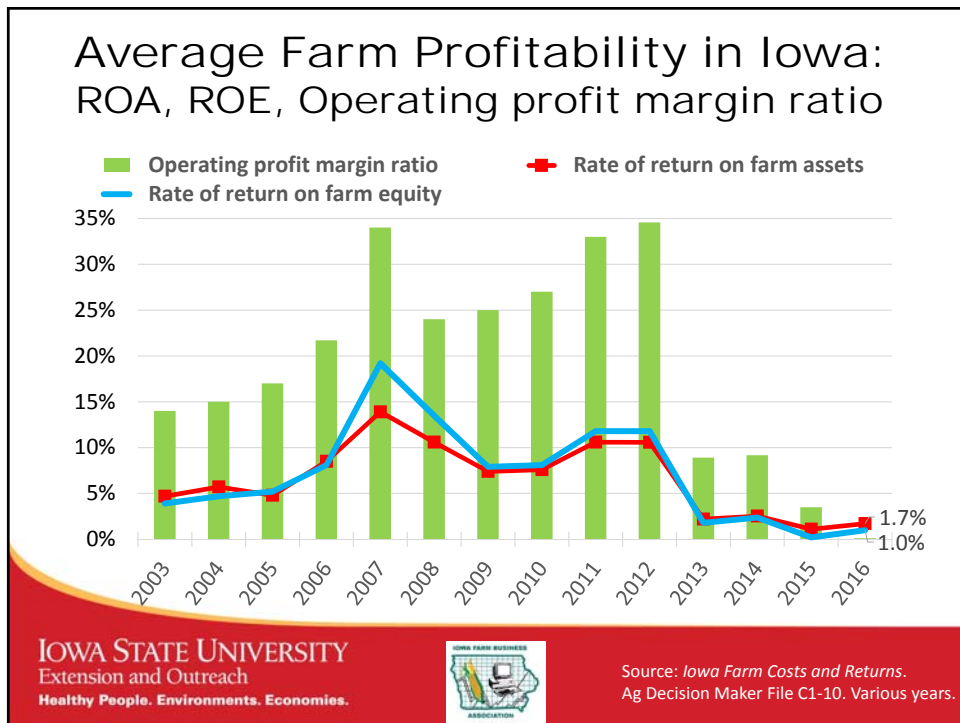
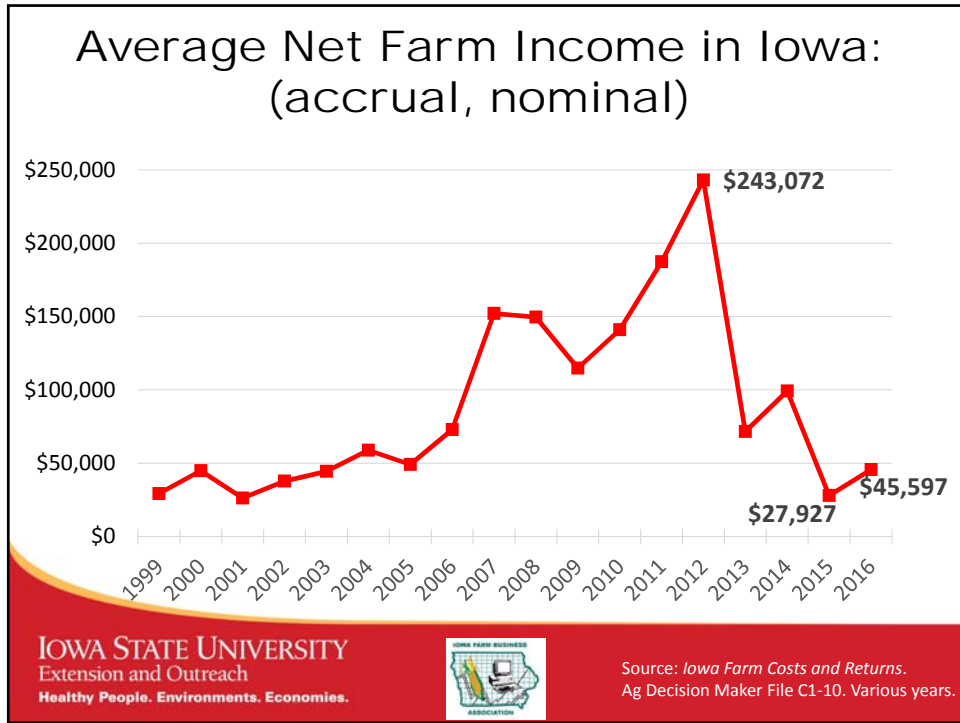
## Data

- Source: Iowa Farm Business Association



- Actively Managed Mid-size Commercial Farms
- Focus on Farm Management Decisions
- Machinery and Land recorded at COST value

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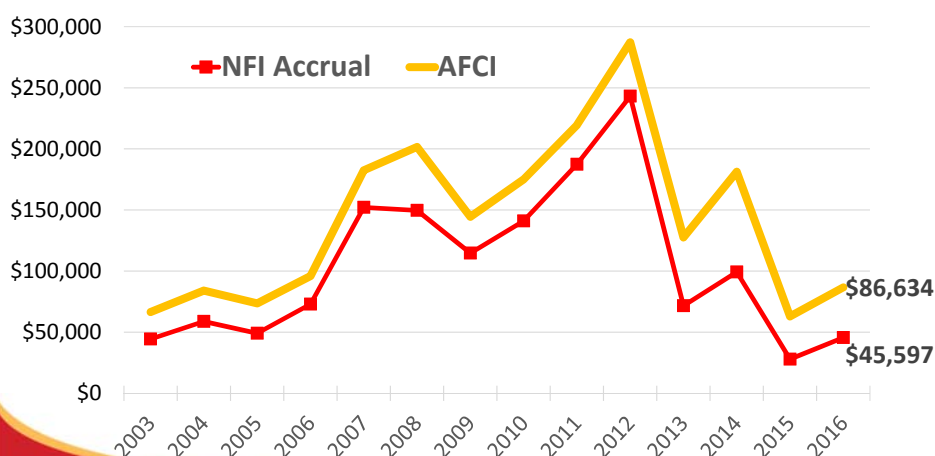


## Adjusted Farm Cash Income (AFCI = NFI + Depreciation)

- AFCI measures the capacity of the farm to generate free cash flows:
- AFCI > 0: cash from the operation can be used to pay taxes, reduce principal owed, purchase capital assets, or pay family living expenses.
- AFCI < 0: shortfall must be covered by off-farm income, or reductions in family living expenses.

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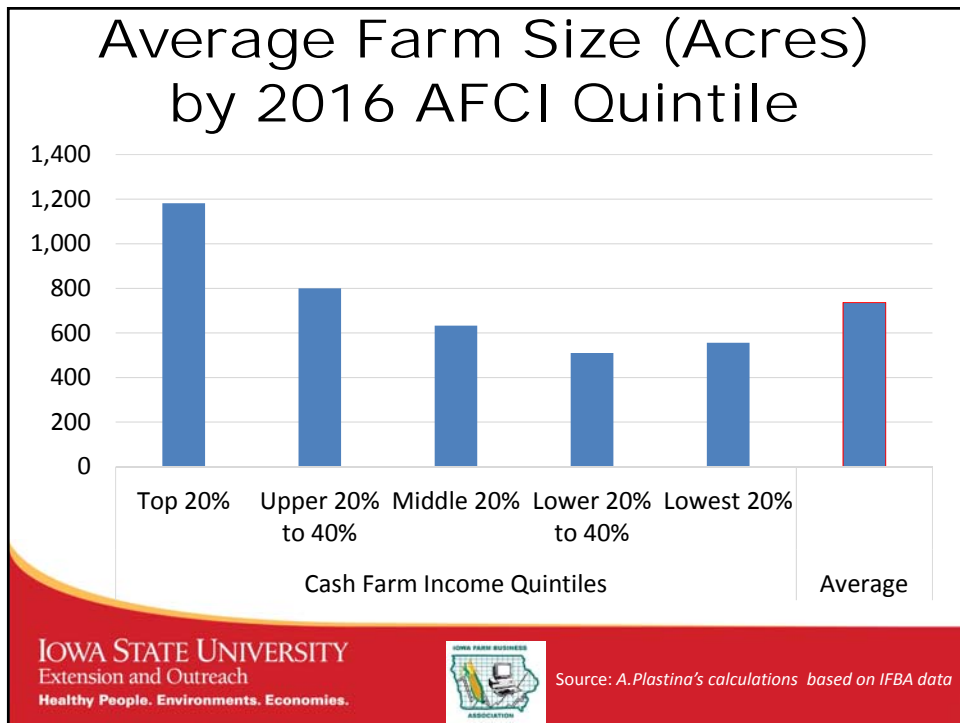
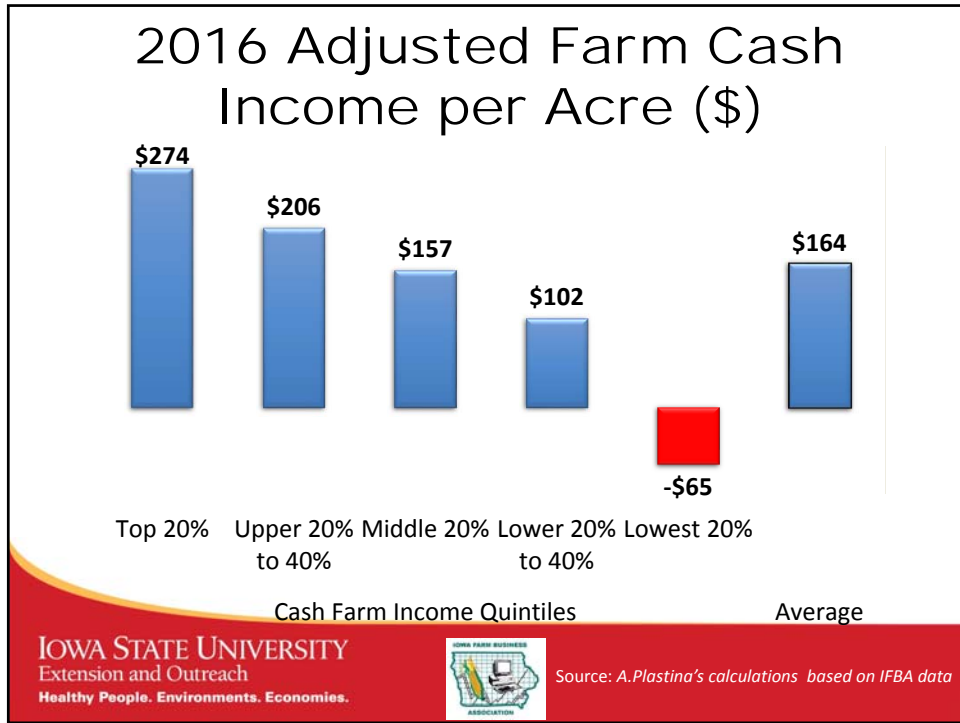
## Average NFI and Adjusted Farm Cash Income (AFCI = NFI + Depreciation)

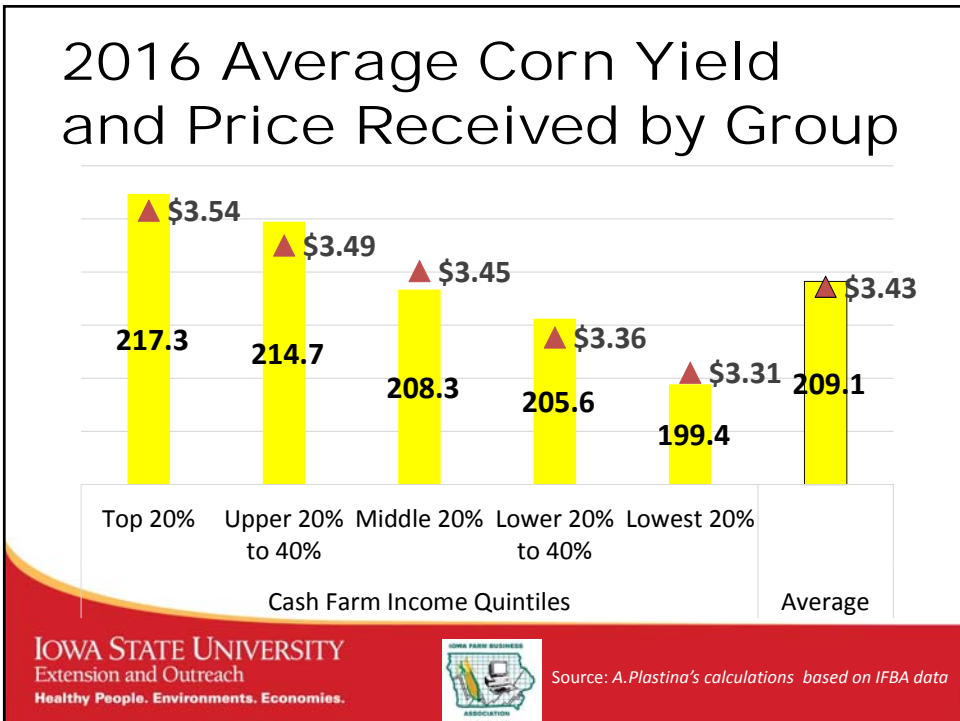
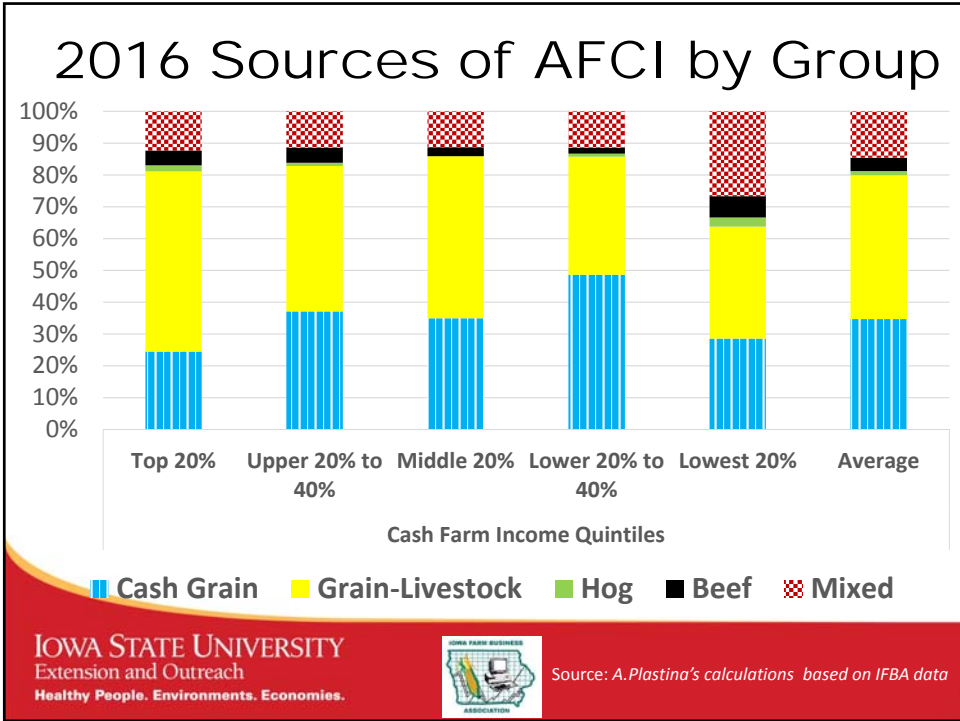


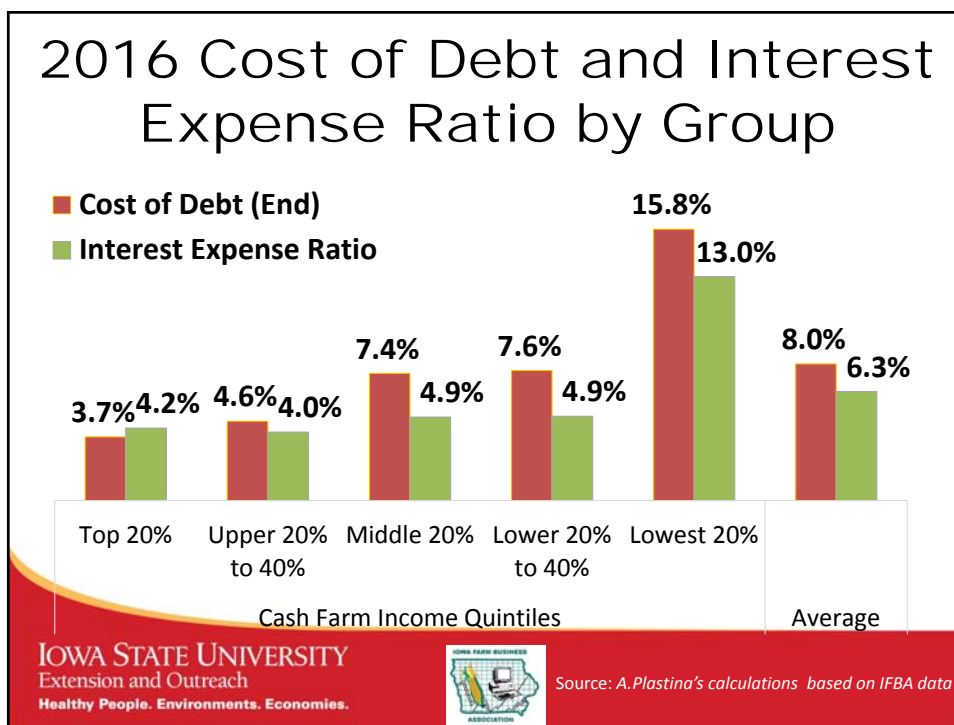
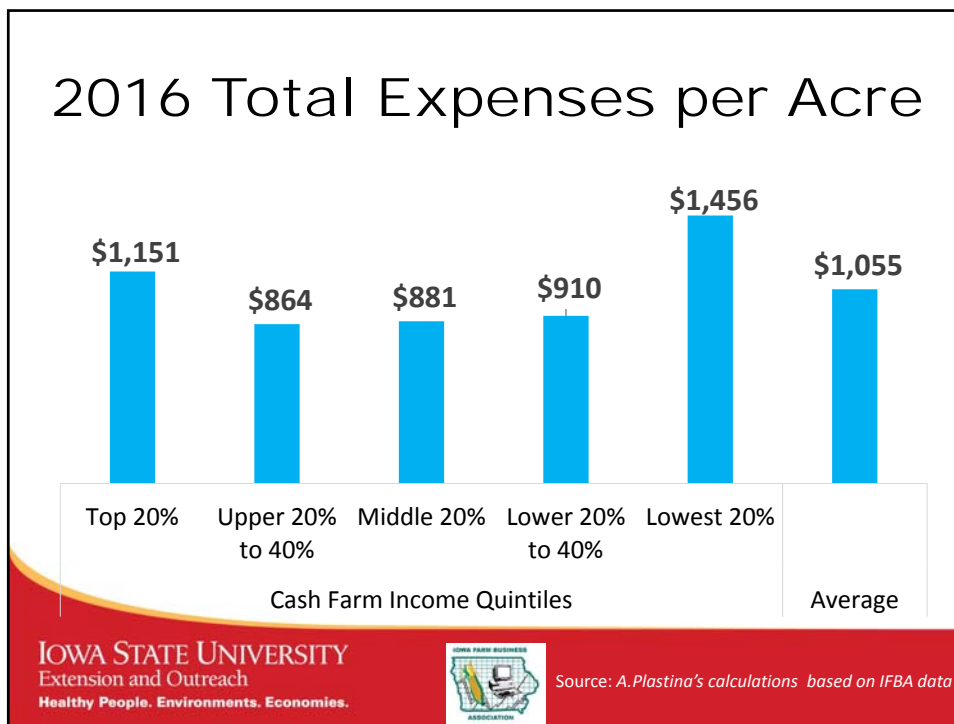
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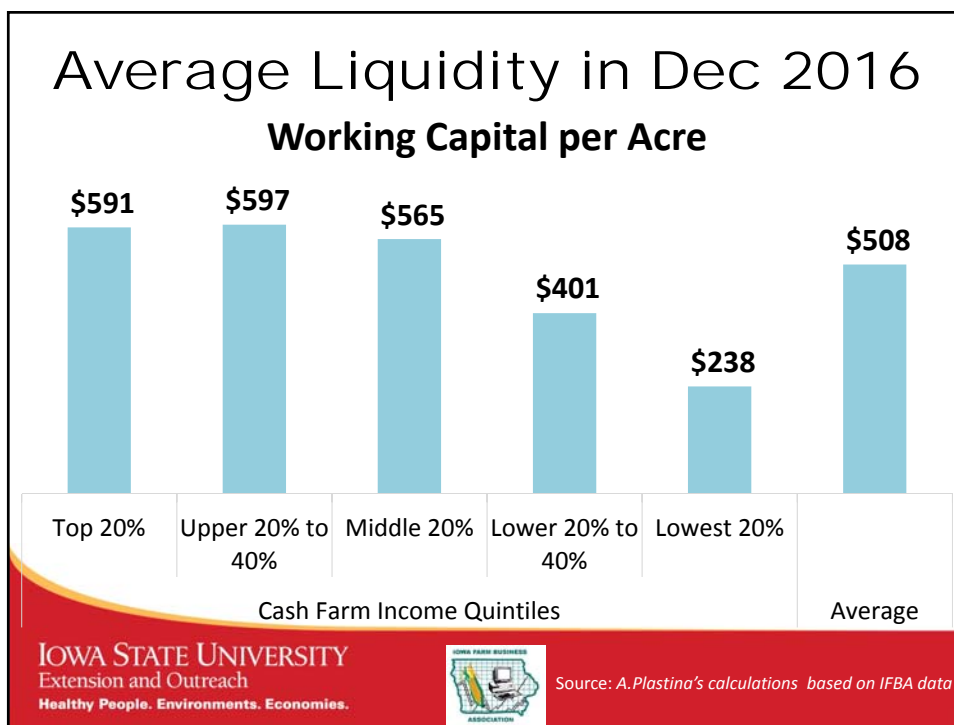
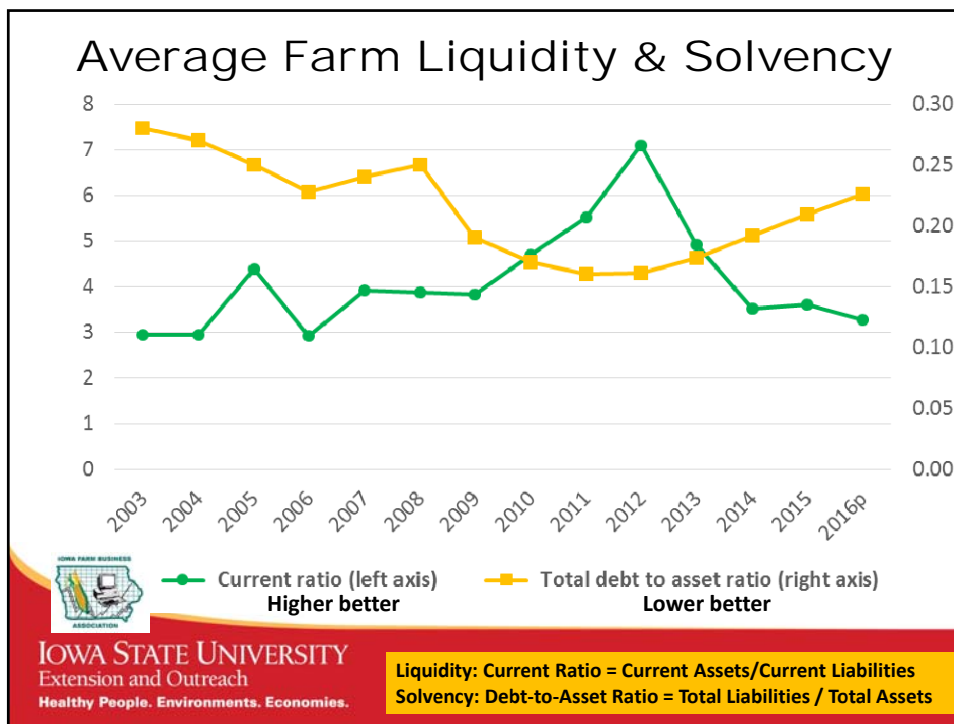


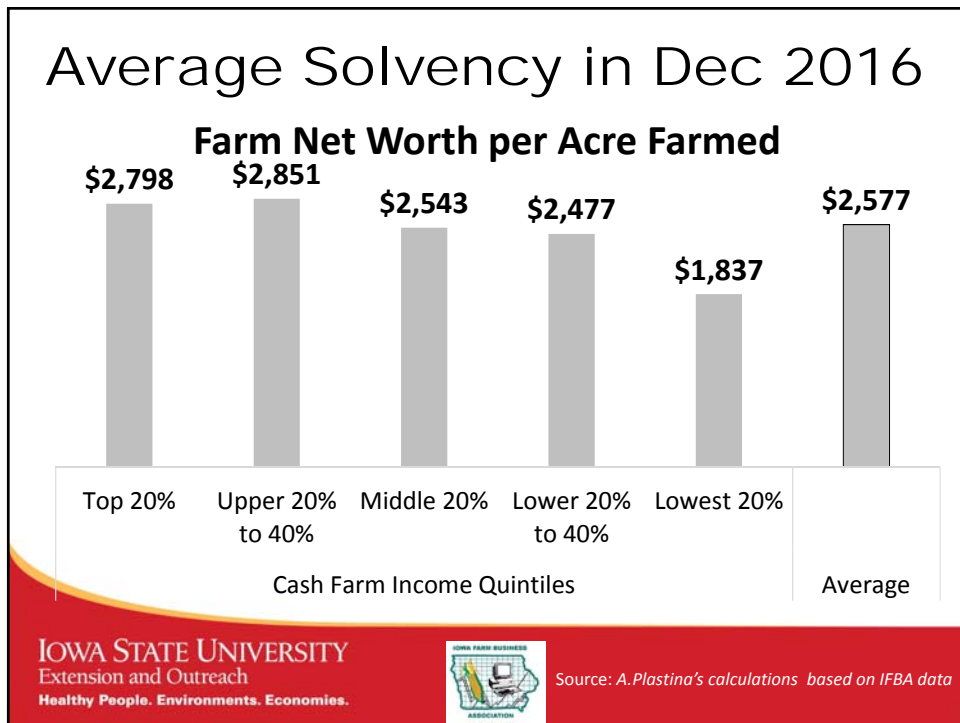
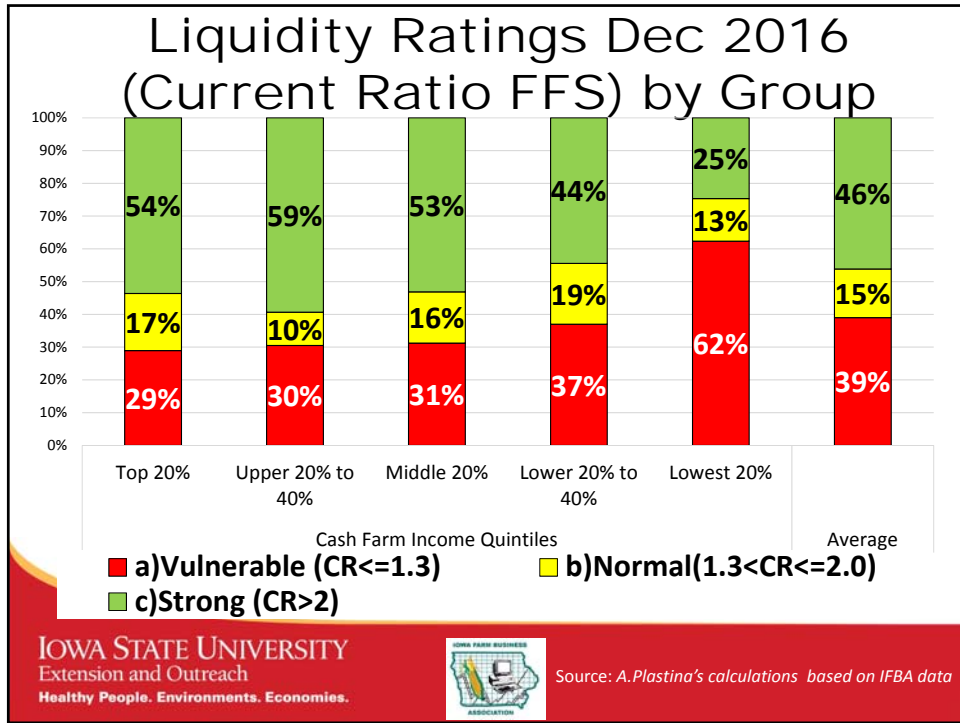
Source: Iowa Farm Costs and Returns.  
Ag Decision Maker File C1-10. Various years.



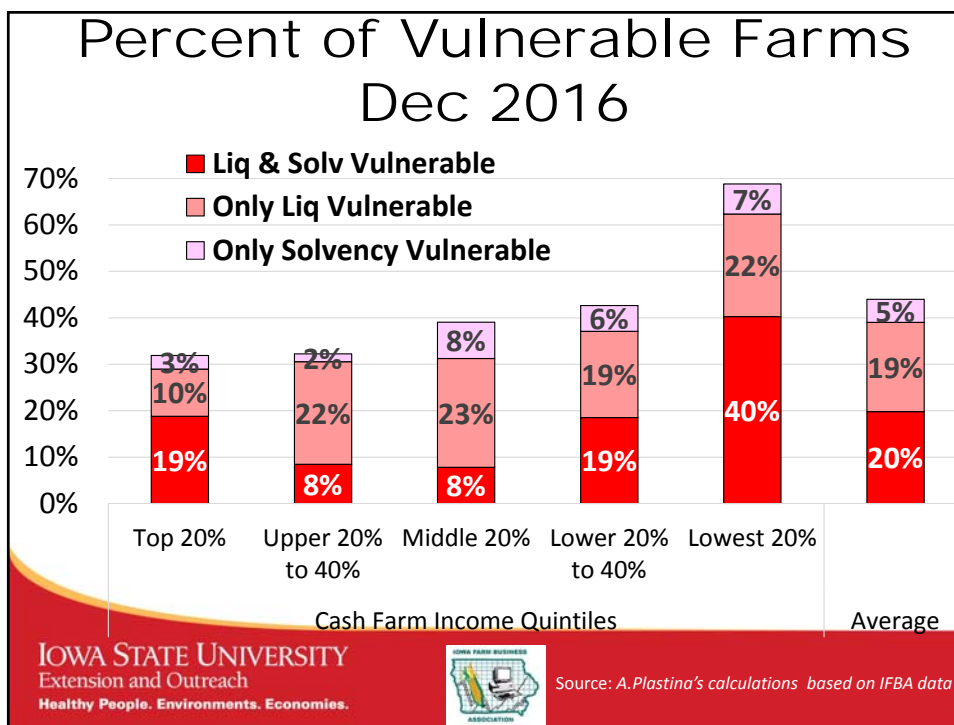
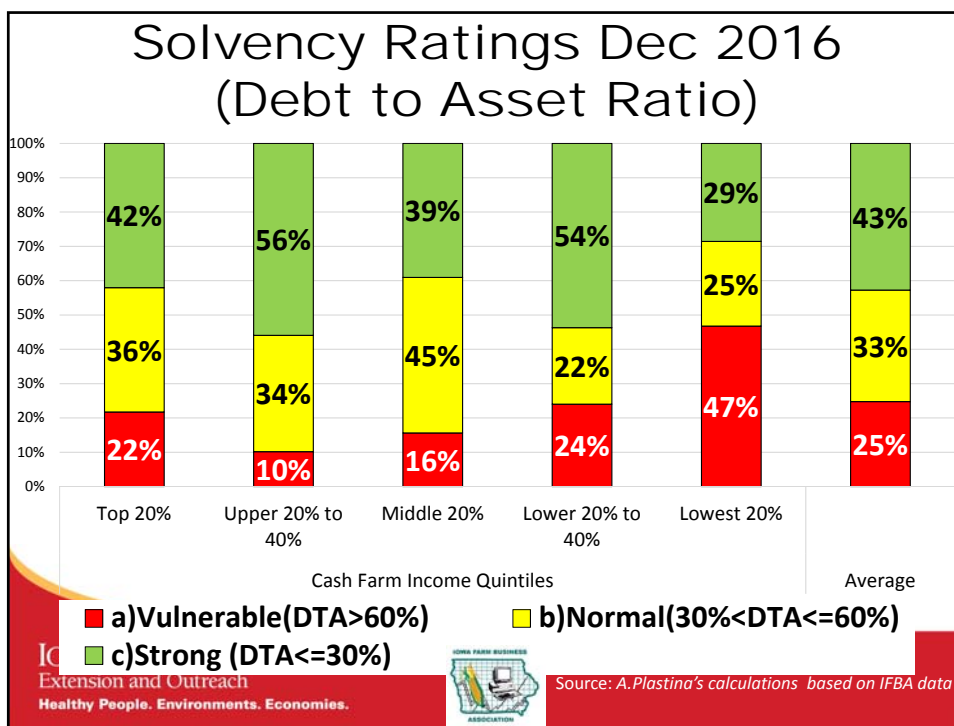












## Concluding Remarks

Mid-sized commercial farms in Iowa:

- Low profitability overall
- A sizable share incurring cash losses
- 44% of all farms are financially vulnerable
- 70% of the farms in the bottom group are financially vulnerable
- Liquidity problems are more widespread than solvency problems

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Thank you for your attention!

**Questions?**

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