

Table 1. Sample Broiler Budget [100% Financed—46,600 Bird Broiler Building (66 feet x 600 feet)].

	price	weight (lbs)	birds/ batch	batches/ year	% death & condemnation loss/batch	Average enterprise profitability	Cash flow (Year one of loan)	1,000s of birds/house	Average enterprise profitability per 1,000-bird capacity	Cash Flow per 1,000-bird capacity (Year 1 of loan)	Average enterprise profitability per square foot	Cash flow per square foot	Average profitability for six houses	Cash flow for six houses (Year one of loan)
Production ¹	0.0625	7	46,600	5	5	96,841	96,841	39.6	2,445	2,445	2.45	2.45	581,044	581,044
Litter/manure ²	0	100	--	--	--	0	0	--	0	0	0.00	0.00	0	0
Gas allowance	0	--	46,600	1	--	0	0	--	0	0	0.00	0.00	0	0
Total receipts						96,841	96,841		2,445	2,445	2.45	2.45	581,044	581,044
Operating Costs														
Car and truck expenses	202					202	202							
Fuel	9,000					9,000	9,000		227	227	0.23	0.23	54,000	54,000
Labor ³	15	2.25 hours/day		308 days/year		10,395	10,395		263	263	0.26	0.26	62,370	62,370
Litter or shavings	600					600	600		15	15	0.02	0.02	3,600	3,600
Litter clean-out	10	100				1,000	1,000		25	25	0.03	0.03	6,000	6,000
Repairs	6,700					6,700	6,700		169	169	0.17	0.17	40,200	40,200
Supplies	6,200					6,200	6,200		157	157	0.16	0.16	37,200	37,200
Custom hire	1,000					1,000	1,000						6,000	6,000
Insurance	2,000					2,000	2,000						12,000	12,000
Other	1,000					1,000	1,000						6,000	6,000
Taxes (Real estate)	1,800					1,800	1,800						10,800	10,800
Utilities with rural water ⁴	1,800					1,800	1,800		45	45	0.05	0.05	10,800	10,800
Interest on operating expenses ⁵	6.25% interest rate					1,297	1,297		33	33	0	0	7,780	7,780
Sub-total for operating expenses						42,994	42,994		934	934	1.09	1.09	257,962	257,962
Fixed Costs														
Depreciation ⁶														
Equipment	125,000	25 % salv val		7-year life		13,393			338		0.34		80,357	-
Building	375,000	50 % salv val		15-year life		12,500			316		0.32		75,000	-
Interest on average investment ⁷														
Equipment	2.00% opportunity cost/interest rate					1,563			39		0.04		9,375	-
Building	2.00% opportunity cost/interest rate					5,625			142		0.14		33,750	-
Insurance	1,000					1,000	1,000		25	25	0.03	0.03	6,000	6,000
Financing ⁸														
Principal on building	375,000		15 years			16,111			407		0.41		-	96,666
Principal on equipment	125,000		15 years			5,370			136		0.14		-	32,222
Interest on building	6.00% interest rate					22,500			568		0.57		-	135,000
Interest on equipment	6.00% interest rate					7,500			189		0.19		-	45,000
Property taxes	600					600	600		15	15	0.02	0.02	3,600	3,600
Sub-total for fixed costs						34,680	53,081		876	1,340	0.88	1.34	208,082	318,488
Total Costs						77,674	96,075		1,810	2,275	1.96	2.43	466,044	576,451
Cash Flow Year 1 (including labor costs)							766			171		0.02	-	4,593
Cash Flow Year 1 (excluding labor costs)							11,161			433		0.28	-	66,963
Return to land, overhead, risk and management						19,167 per house			636 per 1,000 birds		0.48 per square foot		114,999 per six houses	
Return to land, labor, overhead, risk and management						29,562 per house			898 per 1,000 birds		0.75 per square foot		177,369 per six houses	
Square feet in house (66 x 600)	39,600													

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¹ Assumes middle pay and average weight and 56 day grow-out

² Assumes litter is sold or results in savings in fertilizer costs in other enterprises. Fertilizer value may be higher if use of litter is managed well.

³ Labor is not a cash expense if supplied by the owner/operator. However, to be sustainable, an enterprise should provide a return to the operator's labor and management.

⁴ Utilities include electricity, gas and water.

⁵ Interest on operating expenses = (total operating costs before interest^(footnote 2)) x interest rate.

⁶ Economic depreciation, not tax depreciation. Salvage values vary substantially between operations. A lower salvage value would increase the annual depreciation costs. For instance, if the salvage value of the equipment and buildings is zero, depreciation costs would double.

⁷ The opportunity cost on average investment is used in profitability calculations where average investment = (the value of the beginning investment + the value of the ending investment)^(footnote 2). Here, the ending value is the salvage value

⁸ Loan expenses are used in cash flow calculations (but not enterprise profitability calculations which uses interest on average investment). For equal payment loan amortizations, the principal amount increases each year and the interest decreases.