

**Table 2. Sample Broiler Budget [100% Financed—24,100 Bird Broiler Building (43 feet x 510 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 <sup>1</sup>	0.063	7.5	24,100	5	6	53,520	53,520	39.6	1,352	1,352	2.44	2.44	321,120	321,120
Litter/manure <sup>2</sup>	0	55	--	--	--	0	0	--	0	0	0.00	0.00	0	0
Gas allowance	0	--	24,100	1	--	0	0	--	0	0	0.00	0.00	0	0
Total receipts						53,520	53,520		1,352	1,352	2.44	2.44	321,120	321,120
<b>Operating Costs</b>														
Car and truck expenses	111					111	111							
Fuel	5,000					5,000	5,000		126	126	0.23	0.23	30,000	30,000
Labor <sup>3</sup>	15	1.25hours/day		308 days/year		5,775	5,775		146	146	0.26	0.26	34,650	34,650
Litter or shavings	330					330	330		8	8	0.02	0.02	1,980	1,980
Litter clean-out	10	55				550	550		14	14	0.03	0.03	3,300	3,300
Repairs	3,700					3,700	3,700		93	93	0.17	0.17	22,200	22,200
Supplies	3,410					3,410	3,410		86	86	0.16	0.16	20,460	20,460
Custom hire	550					550	550						3,300	3,300
Insurance	1,100					1,100	1,100						6,600	6,600
Other	550					550	550						3,300	3,300
Taxes (Real estate)	1,000					1,000	1,000						6,000	6,000
Utilities with rural water <sup>4</sup>	990					990	990		25	25	0.05	0.05	5,940	5,940
Interest on operating expenses <sup>5</sup>	6.25%interest rate					717	717		18	18	0.00	0.00	4,304	4,304
Sub-total for operating expenses						23,783	23,783		517	517	1.08	1.08	142,700	142,700
<b>Fixed Costs</b>														
Depreciation <sup>6</sup>														
Equipment	68,750	25 % salv val		7-year life		7,366			186		0.34		44,196	-
Building	206,000	50 % salv val		15-year life		6,867			173		0.31		41,200	-
Interest on average investment <sup>7</sup>													-	-
Equipment		2.00%opportunity cost/interest rate				859			22		0.04		5,156	-
Building		2.00%opportunity cost/interest rate				3,090			78		0.14		18,540	-
Insurance	1,000					1,000	1,000		25	25	0.05	0.05	6,000	6,000
Financing <sup>8</sup>													-	-
Principal on building	206,000		15	years			8,850			223		0.40	-	53,102
Principal on equipment	68750		15	years			2,954			75		0.13	-	17,722
Interest on building	6.00%interest rate						12,360			312		0.56	-	74,160
Interest on equipment	6.00%interest rate						4,125			104		0.19	-	24,750
Property taxes	330					330	330		8	8	0.02	0.02	1,980	1,980
Sub-total for fixed costs						19,512	29,619		493	748	0.89	1.35	117,073	177,714
<b>Total Costs</b>						43,295	53,402		1,010	1,265	1.97	2.44	259,773	320,414
Cash Flow Year 1 (including labor costs)							118			87		0.01	-	706
Cash Flow Year 1 (excluding labor costs)							5,893			232		0.27	-	35,356
Return to land, overhead, risk and management						10,225 per house			342 per 1,000 birds		0.47per square foot		61,348 per six houses	
Return to land, labor, overhead, risk and management						16,000 per house			488 per 1,000 birds		0.73per square foot		95,998 per six houses	
Square feet in house (43'x510')	21,930													

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<sup>1</sup> Assumes middle pay and average weight and 56 day grow-out

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> Utilities include electricity, gas and water.

<sup>5</sup> Interest on operating expenses = (total operating costs before interest<sup>Footnote2</sup>) x interest rate

<sup>6</sup> 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.

<sup>7</sup> 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)<sup>Footnote2</sup>. Here, the ending value is the salvage value.

<sup>8</sup> 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.