Table 1. Sample Broiler Budget [100% Financed—46,600 Bird Broiler Building (66 feet x 500 feet)].

<table>
<thead>
<tr>
<th></th>
<th>price</th>
<th>weight (lbs)</th>
<th>birds/batch</th>
<th>batches/year</th>
<th>% death &amp; condemnation loss/batch</th>
<th>Average enterprise profitability (Year one of loan)</th>
<th>Cash flow per 1,000-bird capacity (Year 1 of loan)</th>
<th>Average enterprise profitability per square foot</th>
<th>Cash flow per square foot</th>
<th>Average profitability for six houses (Year one of loan)</th>
<th>Cash flow for six houses (Year one of loan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>0.0625</td>
<td>7</td>
<td>46,600</td>
<td>5</td>
<td>5</td>
<td>96,841</td>
<td>96,841</td>
<td>2,445</td>
<td>2,445</td>
<td>2.45</td>
<td>2.45</td>
</tr>
<tr>
<td>Litter/manure</td>
<td>0</td>
<td>100</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Gas allowance</td>
<td>0</td>
<td>100</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total receipts</td>
<td>96,841</td>
<td>96,841</td>
<td></td>
<td></td>
<td>2,445</td>
<td>2,445</td>
<td>2,445</td>
<td>2.45</td>
<td>2.45</td>
<td>581,044</td>
<td>581,044</td>
</tr>
</tbody>
</table>

**Operating Costs**

- Car and truck expenses: 202
- Fuel: 9,000
- Labor: 15 hours/day, 308 days/year
- Litter or shavings: 600
- Litter clean-out: 600
- Repairs: 6,700
- Supplies: 6,000
- Custom hire: 1,000
- Insurance: 2,000
- Other: 1,000
- Taxes (Real estate): 1,800
- Utilities with rural water: 1,800
- Interest on operating expenses: 6.25% interest rate

**Sub-total for operating expenses**: 42,994

**Fixed Costs**

- Depreciation:
  - Equipment: 125,000, 25% salvage value, 7-year life
  - Building: 375,000, 50% salvage value, 15-year life
- Interest on average investment:
  - Equipment: 2.00% opportunity cost/interest rate
  - Building: 2.00% opportunity cost/interest rate
- Interest on building: 6.00% interest rate
- Interest on equipment: 6.00% interest rate
- Property taxes: 600

**Sub-total for fixed costs**: 34,680

**Total Costs**: 77,674

- Cash Flow Year 1 (including labor costs): 1,810
- Cash Flow Year 1 (excluding labor costs): 1,810
- Return to land, overhead, risk and management: 19,187 per house, 694 per 1,000 birds, 0.48 per square foot, 114,990 per six houses
- Return to land, labor, overhead, risk and management: 29,582 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 leased in sawdust or sawdust in other enterprises. For example, price 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, water.
5. Interest on operating expenses = (total operating costs before interest) 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 = (value of the beginning investment + the value of the ending investment) / 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.