Appendix 1: Cash Flow Worksheet

This worksheet can help you get started estimating your cash flow for your operation. This is set up to compare your income and your expenses for a poultry operation over 1 year. If your income is likely to change in the future (due to changing housing tiers, contract type, bird size, number of houses, etc.) make sure you develop a cash flow projection for that time period as well.

To make sure your cash flow and projected income will be enough to cover your bills, complete the following steps:

Develop a cash flow projection for 1 year using the exact income projection as stated in company materials.

Develop secondary cash flow projections for the same year, changing the variables that are not guaranteed in your contract. This allows you to look at what would happen to your income in a year if you had the following scenarios:

- 1 less flock in a year as a result of longer layouts, disease, slowing of production
- Loss of housing premium, lower tier payment (depending on contract)
- Decrease in bird density (ex: if going antibiotic free, or slowing of production)

If your contract uses tournament payment, develop 2 additional cash flow projections for the same year, changing your pay-per-pound annual average to reflect a low tournament performance (lower than base pay) and high tournament performance (higher than base pay).

Remember that any of these scenarios are possible, and multiple scenarios could happen at once. If your cash flow projection is only positive in the first step, or when using the above base pay estimate, that is a sign that this business may be too high risk for you. You are likely to find yourself losing money. If you have a positive cash flow even in less ideal scenarios and even at times of a lower than base pay performance, you will have more security in covering your expenses.

INCOME (poultry operation only)	**Previous year total**	**Jan – Feb**	**March – April**	**May – June**	**July – Aug**	**Sept – Oct**	**Nov – Dec**	**Total Projected**
Contract income estimate								
Litter sales where possible*								
Gov. payments (EQIP, other)								
TOTALS:								

** You may be able to use litter as a fertilizer on your farm. The ability to sell your litter is not guaranteed. It depends on the market in your area. Ask other farmers about their experience before estimating income for litter sales.*

EXPENSES (poultry operation only)	**Previous year total**	**Jan – Feb**	**March – April**	**May – June**	**July – Aug**	**Sept – Oct**	**Nov – Dec**	**Total Projected**
Debt or loan payment(s) & assignments								
Fees or bank costs								
Repairs, maintenance								
Labor (hired - $)								
Labor (yours)**								
Land (rent or value)								
Fuel								
Utilities								
Water or well maintenance								
Insurance (farm owner's, collapse, income, health)								
Litter management								
Shavings								
Generator								
Booster pumps								
Medicator								
Carcass disposal (composter, freezers, incinerator, etc.)								
Caking equipment								
Tractor, front-end loader, blade								
Manure spreader								
Wash sprayer								
Mower & trimmers								
Road fill & grading								
Pest & rodent control								
TOTALS:								

Cash flow projection:

Put in totals from completed sections above:	**Previous year**	**Jan – Feb**	**March – April**	**May – June**	**July – Aug**	**Sept – Oct**	**Nov – Dec**	**Total Projected**
INCOME totals								
EXPENSE totals								
Cash flow: (INCOME total minus EXPENSE total)								

** *Labor: Some may choose not to include your own labor as an expense in establishing cash flow for your poultry operation, assuming that net income will represent your return to labor. If you omit labor as an expense in the projection, you may find yourself working for negative returns down the road. It is standard practice in business planning to include labor as an expense. To determine a value, estimate the number of hours you will work for each period and multiply by at least minimum wage.*