Appendix 4: Sample Pro forma Cash Flow and Cost Estimates

This appendix contains several examples of cash flow estimates. As we discuss throughout this guide, it is critically important that you take the time to figure out what your cash flow situation would be in different scenarios – when things are exactly as the company predicts, and when things change.

The first cost/income estimate in this section (Example A) comes directly from materials provided to farmers by North Carolina-based poultry companies in 2017.

Following Example A, in Examples B – G, we have made adjustments to the numbers provided by the company in Example A to reflect real farmer experiences, and different possible scenarios.

How to use this Appendix: We encourage you to read through these examples to get an idea of how much your income and cost can vary from the estimates provided to you by you company. These examples will highlight how much your income may change if factors in your contract change, such as the number of flocks or your performance in the tournament.

If your company provides pro forma estimates, we strongly encourage you to develop the same cash flow scenarios based on those estimates as we have in this appendix. This will give you a better idea of the full range of possible income and expenses that you are facing.

EXAMPLE A: Actual Company Provided Estimates

Contract type: Small Bird
Houses: 4 houses, 42ft x 500ft, 21,000 sq. ft. each
Total sq. ft. capacity: 84,000
Total bird capacity: 119,600
Flocks per year: 6.4 (NOTE: The total number of flocks per year is *not guaranteed* in the contract and may change from year to year.)

Estimated Construction Cost:

Houses ($93,000 each)	$372,000.00
Equipment ($83,000 each)	$332,000.00
Grade, Fills & Permits	$36,000.00
Wells, pumps, wiring & plumbing above ground	$19,000.00
In-house electrical ($18,000	$72,000.00

each)	
Outside electrical & plumbing ($4,000 each)	$16,000.00
Generator, 30kw per house	$36,000.00
Alarm system	$5,000.00
Utility hookup	$5,000.00
Gravel for lanes & load out	$15,000.00
Composter/incinerator	$12,000.00
Misc.	$10,000.00
SUBTOTAL	$930,000.00
Construction interest	$16,000.00
Loan origination/closing cost, attorney fees, title insurance etc.	$20,000.00
TOTAL EST. CONSTRUCTION COST	**$966,000.00**

Estimated Operating Expenses (Costs of production) Per Year

Electric ($0.19/sq. ft.)	$15,960.00
Insurance ($0.04/sq. ft.)	$3,400.00
Clean out/shavings	$750.00
Crust out	$2,950.00
Property taxes	$5,440.00
Repairs, misc. ($0.03/sq. ft.)	$2,500.00
PLT, Insecticide ($0.06/sq. ft.)	$5,400.00
TOTAL EST. OPERATING EXPENSE/ YEAR	$36,400.00

Estimated Income Per House, based on:

Chick placement Number: 30,000 x house (Total chick placement is *not guaranteed* in the contract and may change from flock to flock.)
Livability: 0.965 (Livability will change from flock to flock depending on impact of disease, feed quality, management and other factors)
Birds Sold: 28,950
Avg wt: 4.35 (Average weight of birds will change slightly between flocks depending on when your birds are picked up)
Pounds sold per house: 125,933

Base pay: 0.0480
Pay per pound (Base pay +/– Settlement Cost): 0.0480*
Flock pay per house: $6,045

+ Housing relevant premiums for housing type (estimated $249.9) and sign-on supplements for the first five years, this flock pay estimate came to **$6,414.55, PRE TAX**.

(Not all integrators offer tiered premiums for housing or supplement payments. Each company structures their pay calculations a little differently. Make sure you understand what factors impact your pay each flock.)

In this case, the company is using the **base pay** to calculate this estimate. This is a reasonable average. However, because of the way tournament payment works, in every flock roughly ½ of farmers grouped together in a pool will make less per pound than the base pay, and ½ will make more per pound. It is important to realize this. The flock pay per house here is an estimate based on average ranking in the tournament, and not a minimum or guaranteed base per flock. Roughly ½ of the farmers in the tournament will make less than this estimate per house for this flock.

Based on these factors, the company documents state that the estimated Net PRE TAX Cash Flow for this operation would look like this:

Year	Year 1-5	Year 6-15
Estimated Contract Income (Gross)	$164,212.48	$160,555.10
Net income after estimated annual principal & interest payments & estimated expenses	$33,144.28	$29,467.10

EXAMPLES B-G: Adjusting the Company Provided Estimates

In the following examples, we take the information provided in Example A above, and develop cash flow scenarios based on actual farmer experiences. This allows us to see how resilient the farm business will be when things change.

Also, we include fixed investment costs and cash flow estimates created by the University of Maryland extension office. The U. of Maryland extension estimates provide another reference source to compare the costs of operating a poultry farm. First, we will provide a pro forma which more accurately reflects the costs a farmer can typically expect to pay in the course of operating a poultry farm (Example B). Next, we provide the estimates for a high-performance flock, a low-performance flock, a flock with disease outbreak, and the two estimates from the U. of Maryland extension office. In creating Examples C-E, we use the expanded cost estimates from Example B as the basis for farm operating costs. We do this to better illustrate the real-world situations farmers have experienced.

Example B. Expanded Company Provided Estimates

Contract type: Small Bird
Houses: 4 houses, 42ft x 500ft, 21,000 sq. ft each
Total sq. ft capacity: 84,000
Total bird capacity: 119,600
Flocks per year: 6.4 (The total number of flocks per year is not usually guaranteed in the contract and may change from year to year. If you are applying for an FSA loan, FSA requires that the contract be a minimum of 3 years, and that during that 3 years the contract must guarantee the number of birds or flocks necessary in order to maintain income projected in the loan application. Check your contract for this information.)

Estimated Construction Cost:

Houses ($93,000 each)	$372,000.00
Equipment ($83,000 each)	$332,000.00
Grade, Fills & Permits	$36,000.00
Wells, pumps, wiring & plumbing above ground	$19,000.00
In house electrical ($18,000 each)	$72,000.00
Outside electrical & plumbing ($4,000 each)	$16,000.00
Generator, 30kw per house	$36,000.00
Alarm system	$5,000.00
Utility hookup	$5,000.00
Gravel for lanes & load out	$15,000.00
Composter/incinerator	$12,000.00
Misc.	$10,000.00
SUBTOTAL	$930,000.00
Construction interest	$16,000.00
Loan origination/closing cost, attorney fees, title insurance etc.	$20,000.00
TOTAL EST. CONSTRUCTION COST	$966,000.00

Estimated Operating Expenses (Cost of Production) Per Year

Electric ($0.19/sq. ft)	$15,960.00
Heating Fuel	$15,000.00*
Insurance ($0.04/sq. ft.)	$3,400.00
Clean out/shavings	$750.00**
Shavings/sawdust	$4,500.00*
Equipment fuel	$2,500.00*
Crust out	$2,950.00
Property taxes	$5,440.00
Repairs, misc. ($0.03/sq. ft.)	$2,500.00
PLT, Insecticide ($0.06/sq. ft.)	$5,400.00
Pest & rodent control	$300.00*
Hired Labor	$18,000.00*
Equipment repairs & maint.	$3,000.00*
EXPANDED TOTAL EST. OPERATING EXPENSE/ YEAR	**$79,700.00***

*Expenses added from real-world farmer experiences.
**This figure has been discussed as variable depending on the use of the shavings. Used shavings could be sold, used on farm, or exchanged with neighboring farmers for clean out performed. Therefore, this figure should be researched individually.

Up-Front Fixed Expenses: When starting a poultry farm, there are fixed investments you can expect to make. For example, you can expect to need a wash sprayer for your poultry farm. The total purchase price of that wash sprayer is roughly $5,000. However, these costs would not be reflected in your yearly operating expenses as they are one-time investments necessary to operate the farm. The following list of fixed investments is not all inclusive, but does include some of the most commonly needed items for poultry farming. These investments **HAVE NOT** been added into the estimated yearly operating costs, and should be considered separately when estimating the farm's cash flow.

Fixed-Intermediate Investments:		**Useful Life**
Wash Sprayer	$5,000	5 years
Caking equipment	$15,000	7-10 years
Tractor w/ front-end loader & mower	$45,000	20+ years
Manure storage & composting shed	$2,500	Life of Facility
Total:	**$67,500**	

Estimated Income Per House, based on:

Chick placement Number: 30,000 x house (Total chick placement is not guaranteed in the contract and may change from flock to flock.)
Livability: 0.965 (Livability will change from flock to flock depending on impact of disease, feed quality, management and other factors)
Birds Sold: 28,950

Avg wt: 4.35 (Average weight of birds will change slightly between flocks depending on when your birds are picked up)
Pounds sold per house: 125,933

Base pay: 0.0480
Pay per pound (Base pay +/- Settlement Cost): 0.0480*
Flock pay per house: $6,045

+ Housing relevant premiums for housing type (estimated $249.9) and sign-on supplements for the first five years, this flock pay estimate came to **$6,414.55, PRE TAX.**

(Not all integrators offer tiered premiums for housing or supplement payments. Each company structures their pay calculations a little differently. Make sure you understand what factors impact your pay each flock.)

In this case, the company is using the **base pay** to calculate this estimate. This is a reasonable average. However, because of the way tournament payment works, every flock roughly ½ of the farmers who are grouped together in a pool will make less per pound than this base pay, and ½ will make more per pound. It is important to realize this. The flock pay per house here is an estimate based on average ranking in the tournament, and not a minimum or guaranteed base per flock. Roughly ½ of the farmers in the tournament will make less than this estimate per house for this flock.

Based on these factors, the farmer estimated Net PRE TAX Cash Flow for this operation would look like this:

Year	**Year 1-5**	**Year 6-15**
Estimated contract income (Gross)	$164,212.48	$160,555.10
Est. yearly principal & interest payment	$94,668.20	$94,668.20
Expanded est. yearly operating expenses	$79,700.00	$79,700.00
Net income after estimated annual principal & interest payments & expanded estimated expenses	**$-10,155.72**	**$-13,813.10**

Example C. High-Performance Estimates

Contract type: Small Bird
Houses: 4 houses, 42ft x 500ft, 21,000 sq. ft each
Total sq. ft capacity: 84,000
Total bird capacity: 119,600
Flocks per year: 6.4 (The total number of flocks per year is not usually guaranteed in the contract and may change from year to year. If you are applying for an FSA loan, FSA requires that the contract be a minimum of 3 years, and that during that 3 years the contract must guarantee the number of birds or flocks necessary in order to maintain income projected in the loan application. Check your contract for this information.)

Estimated Construction Cost:

Houses ($93,000 each)	$372,000.00
Equipment ($83,000 each)	$332,000.00
Grade, Fills & Permits	$36,000.00
Wells, pumps, wiring & plumbing above ground	$19,000.00
In house electrical ($18,000 each)	$72,000.00
Outside electrical & plumbing ($4,000 each)	$16,000.00
Generator, 30kw per house	$36,000.00
Alarm system	$5,000.00
Utility hookup	$5,000.00
Gravel for lanes & load out	$15,000.00
Composter/incinerator	$12,000.00
Misc.	$10,000.00
SUBTOTAL	$930,000.00
Construction interest	$16,000.00
Loan origination/closing cost, attorney fees, title insurance etc	$20,000.00
TOTAL EST. CONSTRUCTION COST	$966,000.00

Estimated Operating Expenses (Cost of Production) Per Year

Electric ($0.19/sq. ft)	$15,960.00
Heating Fuel	$15,000.00*
Insurance ($0.04/sq. ft)	$3,400.00
Clean out/shavings	$750.00**
Shavings/sawdust	$4,500.00*

Equipment fuel	$2,500.00*
Crust out	$2,950.00
Property taxes	$5,440.00
Repairs, misc ($0.03/sq. ft)	$2,500.00
PLT, Insecticide ($0.06/sq. ft)	$5,400.00
Pest & rodent control	$300.00*
Hired Labor	$18,000.00*
Equipment repairs & maint.	$3,000.00*
EXPANDED TOTAL EST. OPERATING EXPENSE/ YEAR	**$79,700.00***

*Expenses added from real-world farmer experience
**This figure has been discussed as variable depending on the use of the shavings. Spent shavings could be sold, used on farm, or exchanged with neighboring farmers for clean out performed. Therefore, this figure should be researched individually.

Note: When starting a poultry farm, there are fixed investments you can expect to make. For example, you can expect to need a wash sprayer for your poultry farm. The total purchase price of that wash sprayer is roughly $5,000. However, these costs would not be reflected in your yearly operating expenses as they are one-time investments necessary to operate the farm. This list of fixed investments is not all inclusive, but does include some of the most commonly needed items for poultry farming. These investments **HAVE NOT** been added into the estimated yearly operating costs, and should be considered separately when estimating the farm's cash flow.

Fixed-Intermediate Investments:		**Useful Life**
Wash Sprayer	$5,000	5 years
Caking equipment	$15,000	7-10 years
Tractor w/ front-end loader & mower	$45,000	20+ years
Manure storage & composting shed	$2,500	Life of Facility
Total:	**$67,500**	

Estimated Income Per House, based on:

Chick placement Number: 30,000 x house (Total chick placement is not guaranteed in the contract and may change from flock to flock.)
Livability: 0.965 (Livability will change from flock to flock depending on impact of disease, feed quality, management and other factors)
Birds Sold: 28,950
Avg wt: **4.55** (Average weight of birds will change slightly between flocks depending on when your birds are picked up)
Pounds sold per house: **131,722.5**

Base pay: 0.0480
Pay per pound (Base pay (.0480) +/– Settlement cost **(+.0100)**): **0.0580***
Flock pay per house: **$7,639.91**

+ Housing relevant premiums for housing type (estimated $249.9) and sign-on supplements for the first five years, this flock pay estimate came to **$8,009.46, PRE TAX**.

(Not all integrators offer tiered premiums for housing or supplement payments. Each company structures their pay calculations a little differently. Make sure you understand what factors impact your pay each flock.)

Based on these factors, the farmer estimated Net PRE TAX Cash Flow for this operation would look like this:

Year	**Year 1-4**	**Year 5 (High Performance)**	**Year 6-15**
Estimated contract income (Gross)	$164,212.48	$170,592.12	$160,555.10
Est. yearly principal & interest payment	$94,668.20	$94,668.20	$94,668.20
Expanded est. yearly operating expenses	$79,700.00	$79,700.00	$79,700.00
Net income after estimated annual principal & interest payments & expanded estimated expenses	**$-10,155.72**	**$-3,776.08**	**$-13,813.10**

Note: This flock estimate was designed to reflect a high-performance flock, or a flock that performs above the tournament average. There are many factors affecting the performance of a flock, namely the age of laying hen, breed of chicks, feed, etc. In year 5, you can see the financial impact having **only one** high-performing flock in a single year. Again, this estimate was designed using the real-world experiences of contract growers.

Example D. Low-Performance Flock

Contract type: Small Bird
Houses: 4 houses, 42ft x 500ft, 21,000 sq. ft each
Total sq. ft capacity: 84,000
Total bird capacity: 119,600
Flocks per year: 6.4 (The total number of flocks per year is not usually guaranteed in the contract and may change from year to year. If you are applying for an FSA loan, FSA requires that the contract be a minimum of 3 years, and that during that 3 years the contract must guarantee the number of birds or flocks necessary in order to maintain income projected in the loan application. Check your contract for this information.)

Estimated Construction Cost:

Houses ($93,000 each)	$372,000.00
Equipment ($83,000 each)	$332,000.00
Grade, Fills & Permits	$36,000.00
Wells, pumps, wiring & plumbing above ground	$19,000.00
In house electrical ($18,000 each)	$72,000.00
Outside electrical & plumbing ($4,000 each)	$16,000.00
Generator, 30kw per house	$36,000.00
Alarm system	$5,000.00
Utility hookup	$5,000.00
Gravel for lanes & load out	$15,000.00
Composter/incinerator	$12,000.00
Misc.	$10,000.00
SUBTOTAL	$930,000.00
Construction interest	$16,000.00
Loan origination/closing cost, attorney fees, title insurance etc	$20,000.00
TOTAL EST. CONSTRUCTION COST	$966,000.00

Estimated Operating Expenses (Cost of Production) Per Year

Electric ($0.19/sq. ft)	$15,960.00
Heating Fuel	$15,000.00*
Insurance ($0.04/sq. ft)	$3,400.00
Clean out/shavings	$750.00**

Shavings/sawdust	$4,500.00*
Equipment fuel	$2,500.00*
Crust out	$2,950.00
Property taxes	$5,440.00
Repairs, misc ($0.03/sq. ft)	$2,500.00
PLT, Insecticide ($0.06/sq. ft)	$5,400.00
Pest & rodent control	$300.00*
Hired Labor	$18,000.00*
Equipment repairs & maint.	$3,000.00*
EXPANDED TOTAL EST. OPERATING EXPENSE/ YEAR	**$79,700.00***

*Expenses added from real-world farmer experience
**This figure has been discussed as variable depending on the use of the shavings. Spent shavings could be sold, used on farm, or exchanged with neighboring farmers for clean out performed. Therefore, this figure should be researched individually.

Note: When starting a poultry farm, there are fixed investments you can expect to make. For example, you can expect to need a wash sprayer for your poultry farm. The total purchase price of that wash sprayer is roughly $5,000. However, these costs would not be reflected in your yearly operating expenses as they are one-time investments necessary to operate the farm. This list of fixed investments is not all inclusive, but does include some of the most commonly needed items for poultry farming. These investments **HAVE NOT** been added into the estimated yearly operating costs, and should be considered separately when estimating the farm's cash flow.

Fixed-Intermediate Investments:		**Useful Life**
Wash Sprayer	$5,000	5 years
Caking equipment	$15,000	7-10 years
Tractor w/ front-end loader & mower	$45,000	20+ years
Manure storage & composting shed	$2,500	Life of Facility
Total:	**$67,500**	

Estimated Income Per House, based on:

Chick placement Number: 30,000 x house (Total chick placement is not guaranteed in the contract and may change from flock to flock.)
Livability: 0.965 (Livability will change from flock to flock depending on impact of disease, feed quality, management and other factors)
Birds Sold: 28,950
Avg wt: **3.95** (Average weight of birds will change slightly between flocks depending on when your birds are picked up)
Pounds sold per house: **114,352.5**

Base pay: 0.0480
Pay per pound (Base pay (.0480) +/– Settlement cost **(-.0080)**): **0.0400***
Flock pay per house: **$4,574.10**

+ Housing relevant premiums for housing type (estimated $249.9) and sign-on supplements for the first five years, this flock pay estimate came to **$4,943.65, PRE TAX.**

(Not all integrators offer tiered premiums for housing or supplement payments. Each company structures their pay calculations a little differently. Make sure you understand what factors impact your pay each flock.)

Based on these factors, the farmer estimated Net PRE TAX Cash Flow for this operation would look like this:

Year	**Year 1-4**	**Year 5 (Low Performance)**	**Year 6-15**
Estimated contract income (Gross)	$164,212.48	$158,328.88	$160,555.10
Est. yearly principal & interest payment	$94,668.20	$94,668.20	$94,668.20
Expanded est. yearly operating expenses	$79,700.00	$79,700.00	$79,700.00
Net income after estimated annual principal & interest payments & expanded estimated expenses	**$-10,155.72**	**$-16,039.32**	**$-13,813.10**

Note: This flock pay estimate was designed to reflect a low-performance flock, or a flock that performed under the tournament average. There are many factors affecting the performance of a flock, namely age of laying hen, breed of chicks, feed, etc. In year 5, you can see the financial impact having **only one** low-performing flock in a single year. Again, this estimate was designed using the real-world experiences of contract growers.

Example E. Estimates of Disease Outbreak in a Flock

Contract type: Small Bird
Houses: 4 houses, 42ft x 500ft, 21,000 sq. ft each
Total sq. ft capacity: 84,000
Total bird capacity: 119,600
Flocks per year: 6.4 (The total number of flocks per year is not usually guaranteed in the contract and may change from year to year. If you are applying for an FSA loan, FSA requires that the contract be a minimum of 3 years, and that during that 3 years the contract must guarantee the number of birds or flocks necessary in order to maintain income projected in the loan application. Check your contract for this information.)

Estimated Construction Cost:

Houses ($93,000 each)	$372,000.00
Equipment ($83,000 each)	$332,000.00
Grade, Fills & Permits	$36,000.00
Wells, pumps, wiring & plumbing above ground	$19,000.00
In house electrical ($18,000 each)	$72,000.00
Outside electrical & plumbing ($4,000 each)	$16,000.00
Generator, 30kw per house	$36,000.00
Alarm system	$5,000.00
Utility hookup	$5,000.00
Gravel for lanes & load out	$15,000.00
Composter/incinerator	$12,000.00
Misc.	$10,000.00
SUBTOTAL	$930,000.00
Construction interest	$16,000.00
Loan origination/closing cost, attorney fees, title insurance etc	$20,000.00
TOTAL EST. CONSTRUCTION COST	$966,000.00

Estimated Operating Expenses (Cost of Production) Per Year

Electric ($0.19/sq. ft)	$15,960.00
Heating Fuel	$15,000.00*
Insurance ($0.04/sq. ft)	$3,400.00
Clean out/shavings	$750.00**

Shavings/sawdust	$4,500.00*
Equipment fuel	$2,500.00*
Crust out	$2,950.00
Property taxes	$5,440.00
Repairs, misc ($0.03/sq. ft)	$2,500.00
PLT, Insecticide ($0.06/sq. ft)	$5,400.00
Pest & rodent control	$300.00*
Hired Labor	$18,000.00*
Equipment repairs & maint.	$3,000.00*
EXPANDED TOTAL EST. OPERATING EXPENSE/ YEAR	**$79,700.00***

*Expenses added from real-world farmer experience
**This figure has been discussed as variable depending on the use of the shavings. Spent shavings could be sold, used on farm, or exchanged with neighboring farmers for clean out performed. Therefore, this figure should be researched individually.

Note: When starting a poultry farm, there are fixed investments you can expect to make. For example, you can expect to need a wash sprayer for your poultry farm. The total purchase price of that wash sprayer is roughly $5,000. However, these costs would not be reflected in your yearly operating expenses as they are one-time investments necessary to operate the farm. This list of fixed investments is not all inclusive, but does include some of the most commonly needed items for poultry farming. These investments **HAVE NOT** been added into the estimated yearly operating costs, and should be considered separately when estimating the farm's cash flow.

Fixed-Intermediate Investments:		**Useful Life**
Wash Sprayer	$5,000	5 years
Caking equipment	$15,000	7-10 years
Tractor w/ front-end loader & mower	$45,000	20+ years
Manure storage & composting shed	$2,500	Life of Facility
Total:	**$67,500**	

Estimated Income Per House, based on:

Chick placement Number: 30,000 x house (Total chick placement is not guaranteed in the contract and may change from flock to flock.)
Livability: **0.948** (Livability will change from flock to flock depending on impact of disease, feed quality, management and other factors)
Birds Sold: **28,440**
Avg wt: **3.87** (Average weight of birds will change slightly between flocks depending on when your birds are picked up)
Pounds sold per house: **110,062.80**

Base pay: 0.0480
Pay per pound (Base pay (.0480) +/– Settlement cost **(-.0125)**) = **0.0355***
Flock pay per house: **$3,907.23**

+ Housing relevant premiums for housing type (estimated $249.9) and sign-on supplements for the first five years, this flock pay estimate came to **$4,276.78, PRE TAX**.

(Not all integrators offer tiered premiums for housing or supplement payments. Each company structures their pay calculations a little differently. Make sure you understand what factors impact your pay each flock.)

Based on these factors, the farmer estimated Net PRE TAX Cash Flow for this operation would look like this:

Year	**Year 1-4**	**Year 5 (Disease)**	**Year 6-15**
Estimated contract income (Gross)	$164,212.48	$155,661.40	$160,555.10
Est. yearly principal & interest payment	$94,668.20	$94,668.20	$94,668.20
Expanded est. yearly operating expenses	$79,700.00	$79,700.00	$79,700.00
Net income after estimated annual principal & interest payments & expanded estimated expenses	**$-10,155.72**	**$-18,706.80**	**$-13,813.10**

*Expenses added from real-world farmer experience
**This figure has been discussed as variable depending on the use of the shavings. Spent shavings could be sold, used on farm, or exchanged with neighboring farmers for clean out performed. Therefore, this figure should be researched individually.

Note: This flock estimate was designed to reflect disease outbreak within the flock. Diseases generally seen in chicken flocks include dermatitis, hepatitis, yolk sac infection, etc. These diseases impact both the livability and end weight of chickens, thereby affecting your pay in multiple ways. Depending on the disease, your flock may experience decreased livability (meaning less birds survive to processing), your flock may put on less weight (resulting in less total pounds produced), or your flock may experience a die off later in their growth cycle (meaning birds die after having consumed days of high-cost feed). Each of these scenarios increases your farm's production costs to the company, thereby lowering your pay. In year 5, you can see the financial impact having **only one** diseased flock in a single year.

This estimate was created with the assistance of current, contract poultry farmers, based on their real-world experiences with disease outbreak. While some may claim these outbreaks are the fault of the farmer, often these diseases originate before chicks are delivered to the farm and are, therefore, outside the control of a grower.

Example F. University of Maryland extension office

FARM BROILER PRODUCTION FIXED INVESTMENT COST

FOUR HOUSES 60' X 550'

SQUARE FEET OF ALL 4 HOUSES	144000	FLOCKS/YEAR		6.8
SQUARE FEET PER HOUSE	36000	BIRD DESNITY		0.8
NUMBER OF BIRDS/HOUSE	45,000	BIRDS/YEAR		1224000
NUMBEROF BIRDS/FLOCK	180000	NUMBER OF HOUSES		4

FIXED INVESTMENT	UNIT	QUANTITY	PRICE	TOTAL	DOLLARS/ SQFT
HOUSE & EQUIPMENT	HOUSE	4	$332,000	$1,328,000	$9.22
GENERATOR, WIRING, & ALARM	HOUSE	4	$8,400	$33,600	$0.23
GENERATOR & SWITCH	FARM	1	$26,500	$26,500	$0.18
SITE PREPARATION****	HOUSE	4	$25,000	$100,000	$0.69
TRACTOR LOADER BLADE & MOWER	FARM	1	$35,000	$35,000	$0.24
MANURE STORAGE & COMPOSTER**	FARM	1	$2,500	$2,500	$0.02
VEGETATIVE SHELTERBELT**	FARM	1	$1,300	$1,300	$0.01
WELL AND WATER SYSTEM	HOUSE	4	$5,500	$22,000	$0.15
STONE	FARM	1	$28,000	$28,000	$0.19
TOTAL INVESTMENT				**$1,576,900**	**$10.95**

**Assumes cost share is obtained from NRCS, etc
***Cost will depend on soil types
Does not include Land investment cost

Example G. University of Maryland extension office

FARM BROILER PRODUCTION CASH FLOW

FOUR HOUSES 60' X 600'

SQUARE FEET OF ALL FOUR HOUSES	144000	FLOCKS/YEAR		6.8
SQUARE FEET EACH HOUSE	36000	BIRDS/YEAR		1224000
NUMBER OF BIRDS/HOUSE	45000	BIRD DENSITY		1
NUMBEROF BIRDS/FLOCK	180000	NUMBER OF HOUSES		4

ITEM	UNIT	QUANTITY	PRICE	TOTAL	$/SQFT
CASH RECEIPTS					
GROWER PAYMENTS*	PER SQUARE FOOT	144000	$0.33	$323,136	$2.24
LITTER	TONS	$360	$12	$4,320	$0.03
GROSS INCOME (TOTAL CASH RECEIPTS)				$327,456	$2.27
CASH (Variable) EXPENSES					
ELECTRICITY	FLOCK	6.8	$5,294	$36,000	$0.25
TELEPHONE/ALARM		1	$1,200	$1,200	$0.01
SUPPLIES AND MISCELLANEOUS	HOUSE	4	$1,250	$5,000	$0.03
BUILDING & EQUIPMENT REPAIRS	HOUSE	4	$1,250	$5,000	$0.03
CRUST OUT/WINDROW/ CLEANOUT	FLOCK	6.8	$1,500	$10,200	$0.07
PROPERTY TAXES	YEAR	1	$9,000	$9,000	$0.06
INSURANCE	YEAR	1	$7,200	$7,200	$0.05

TOTAL CASH (Variable) EXPENSES				$73,600	$0.51
FIXED EXPENSES					
MORTGAGE PAYMENT	15 YEARS	QUARTERLY	5.5%	$151,627	$1.05
EQUIPMENT PAYMENT - TRACTOR, LOADER, BLADE, MOWER	6 YEARS	QUARTERLY	5%	$7,955	$0.06
TOTAL LOAN PAYMENTS		YEARLY		$159,582	$1.11
NET INCOME		YEARLY		$94,274	$0.65
NET INCOME		PER HOUSE		$23,568.53	$0.16

*Guaranteed payment from Integrator
Cost of land not included

Appendix 5: Sample FSA Forms 2037 & 2038

(Begins on following page.)