

2009-2010

Broiler Production Systems in Georgia Costs and Returns Analysis

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Introduction

Poultry meat production has grown steadily over the years as consumption has increased. As a result, Georgia's poultry industry has experienced significant new growth and created expansion programs to meet consumer demands. Georgia is currently the number one broiler-producing state in the United States, growing approximately 15 percent of all broilers.

Contract producers grow virtually all of the broilers produced in the U.S. and Georgia. Raising broilers via contractual arrangements with integrated companies has been a primary component of the poultry meat industry for more than 50 years. Contract production has played a significant role in continuing the tradition of the family owned and operated farm for poultry growers.

While poultry contracts offer benefits to growers such as reduced market risk, reduced production responsibilities, lower operating capital and relatively predictable incomes, they do not guarantee success or eliminate all risks. Because poultry operations, especially poultry houses, represent substantial long-term investments (30 years or more), individuals need to understand the long-term business potential of these commitments before building.

2009 Economic Conditions

The general economic downturn experienced for most of 2008-2009 resulted in very difficult business conditions for poultry producers. Poultry growers have experienced significant increases in operating costs, primarily due to increased heating fuel costs. Poultry growers reported propane gas prices ranging from a low of \$1.28 per gallon to a high of \$2.16 per gallon during 2008-2009. Increased energy and feed costs combined with weak consumer spending produced negative returns for most broiler integrators. To combat this difficult business situation, many integrators reduced bird placements and/or bird weights for contract farmers, which in turn impacted returns for contract growers. In a few cases, growers lost their contracts due to company cutbacks in production or closing of processing facilities. However, as a result of production cutbacks, some companies returned to profitability during the summer of 2009.

The economic conditions experienced during 2008-2009 are not typical of the history of this business. Contract broiler production has operated in Georgia

as a commercial business for nearly 60 years. For the vast majority of those years, it has been a relatively successful agricultural enterprise providing positive returns for both integrators and contract growers. The recent unprecedented economic conditions, however, emphasize the fact that poultry contracts are not guarantees of success and that risks are associated with this business. Thus, prospective growers should investigate and consider carefully the risks and rewards of contract poultry production before committing the sizable investment required to participate in this business.

The cash flow estimates provided in this analysis are designed to demonstrate potential cash flow scenarios for facilities constructed and financed with 2008-2009 costs and contracts. The values used are considered reasonable representations of a grower's costs and returns for the situations presented, but they are not intended to be representative of all growers' situations. Growers may do better or worse than the examples presented here.

Considerations Before Investing

Before investing in a poultry production unit, consider that unit's potential cash flow. Cash flow refers to the amount of income generated compared to expenses paid from cash accounts over time. **Generating a positive cash flow is essential to the long-term success of any business**, including poultry farming. Broiler production may represent either a primary or supplemental income for farmers, depending on the number of houses owned.

As the attached cash flow projections indicate, returns to contract poultry producers may be modest while the units are being paid for. In addition, it is typical for contract growers to experience marginal cash flow situations during the later stages of debt retirement as a result of increases in taxable income. However, once the debt on a poultry house is retired, a substantial amount of what was returned to the bank as principal and interest payments are returned to the grower as additional income. As a result, many poultry producers in Georgia have started with smaller production units that have grown over time as equity and success in the business have accrued.

It is also important to realize that during the productive life of a poultry facility, additional investments to upgrade the houses will be necessary to maintain production efficiencies and competitiveness. These up-

grades usually result in improved bird performances, reduced labor, increased contracts or a combination of these factors that offset the capital costs required.

Cash Flow Projections

Cash flow budgets can be set up in many ways. The loan repayment rates and depreciation methods (amortization schedules) used will influence the amount of interest and taxes paid. These factors, as well as individual grower performances, will influence an enterprise's cash flow.

Projecting cash flow into the future is further complicated by unforeseen circumstances such as changes in income and cash costs that normally occur year-to-year. Thus, any cash flow projection is only an estimate of what may be reasonably expected to occur given the input factors available at that time. A 30-year projection with a 15-year payback period has been used for the cash flow analysis in these example budgets. Thirty years is used to demonstrate a significant upgrade at the end of year 15. Poultry houses typically have productive lives of 30 years or more, so most of the returns are generated during the second half of their existence.

The investments in these houses are financed at 100% of cost, assuming enough equity in land to secure the loan. It is common practice for poultry producers to invest in a substantial upgrade of their facilities at least once (and sometimes more often) during the life of the operation. The cash flow projections in these examples include a \$45,000 upgrade per house in year 15 to demonstrate the effect of this recapitalization on the cash flow projections. Equipment replacement and repairs for poultry houses occur periodically as needed, but are difficult to project due to variability from grower to grower and differences in facility age. Nevertheless, an annualized charge for these expenses was included in the grower's cash costs in these examples.

Value of Manure

Broiler operations produce two products of value: meat and manure. The manure removed from poultry operations has significant value in Georgia as an organic fertilizer. Broiler litter contains the nutrients nitrogen (N), phosphorous (P) and potassium (K) at levels of approximately 3.5, 3.0 and 2.5%, respectively. Traditionally, this material has been applied to pastures and croplands as a replacement for commercial fertilizer; however, the value of poultry manure

to a grower depends on how it is used. Some Georgia growers trade the manure to a removal business in exchange for cleanout and disposal service. This practice eliminates the necessity for additional farm equipment and labor associated with manure handling and application that can increase farm investments by \$15,000 to \$30,000. Many growers who do invest in manure-handling equipment for their farms also haul and sell this product as an additional income aspect of their operation, while others share the equipment to reduce these costs.

When poultry manure is used as a fertilizer, its value depends on the utilization of the nutrients N, P and K. Depending on the soil conditions and crop grown, P and K may have little or no nutrient value. In these situations, only the nitrogen value and enhanced soil productivity due to micronutrients is captured by manure application. If, however, the manure is used on cropland deficient in P and K, the application value is increased.

A 2002 study (Lichtenberg *et al.*) placed the value of poultry litter at zero to \$3.90 per ton net of costs when only nitrogen value is derived. When used on cropland utilizing N, P, and K components, the net value ranged from just under \$4.00 to almost \$23.00 per ton. More recently, Kissel, *et al.* (2008) estimated that in addition to the N, P and K value, poultry manure has a liming value of \$3.00 per ton; thus, a reasonable average estimated net value for poultry litter statewide for most years would be \$10.00 to \$12.00 per ton.

The increased costs of commercial fertilizer in recent years have increased poultry litter values beyond these historic levels. During 2008-2009, poultry litter for crop production in Georgia has sold for \$40.00 to \$60.00 per ton delivered. As a result, the value of poultry litter at the farm has substantially increased for most poultry producers.

The typical broiler house will produce approximately 170 to 200 tons of litter per year, depending on cleanout schedules. Thus, the net litter value added to poultry operations for most years may be in the range of \$1,700 to \$2,400 per house. Due to the variability in cleanout schedules and the utilization and value of poultry litter, the cash flow budgets here take a very conservative position on the value of the poultry litter. For these examples, it is assumed that the value of the litter removed from the houses only offsets the costs of

removal. As presented above, this will underestimate the value of this product for many growers.

Example Budgets

The budgets in these examples were designed to demonstrate potential grower returns with three different performance scenarios (i.e., (1) expected, (2) above expectation and (3) below expectation). The estimates provided in these budgets were derived from information provided by samplings of growers, integrators, bankers and contractors in Georgia. Above- and below-expectation budgets were derived by increasing and decreasing gross income projections each year by 5 percent from the expected values. An analysis of grower returns in Georgia from 1992-2002 (Cash Flow Estimates for Contract Broiler Production in Georgia: A 20-Year Analysis, UGA Cooperative Extension Bulletin 1228) indicates an average annual increase of 2.0 percent in net incomes during this period. Thus, cash flow projections for years beyond year one were derived by increasing net incomes by 2.0 percent annually to account for changes over time. In addition, the following criteria and assumptions were employed:

Annual Net Income. Derived by subtracting annual cash production expenses from gross income. Increased at an annual rate of 2 percent to account for changes over time.

Depreciation. Uses the Modified Accelerated Cost Recovery System (MACRS). Depreciation used only to determine taxable income.

Interest. Calculated at a 7.5 percent fixed rate for 15 years.

Taxable Income. Net income minus depreciation and mortgage interest.

Taxes. Federal and state income and social security taxes combined at 35 percent.

Net Cash Flow. Net to grower's land, labor and management (i.e., costs for land, labor and management not included). Obtained by subtracting interest, taxes and debt retirement from net income.

Labor. Assumes use of family labor without the need for hired labor for the average-size poultry farm. The typical broiler farm in Georgia contains four houses, which can be maintained and managed by one operator. The trend in recent years, however, is for opera-

tions of more than four houses. Large operations (6-12 houses) are more likely to use hired labor, which can add an additional \$1,500 to \$2,000 per house to expenses.

Land. Assumes land owned by grower with no associated cash cost. Land requirements for poultry houses are relatively small (e.g., four houses may be physically sited on as few as 5-6 acres. Local zoning ordinances, however, will generally require at least 30-40 acres to meet set-back requirements from property lines or dwellings).

Value of Litter. The value of litter at cleanout is assumed to at least equal the cost of cleanout and is not counted as an income factor for this analysis. However, for many growers, used litter can result in additional net income ranging from \$1,700 to \$2,400 per house per year.

Companion Publications:

Cunningham, D. L., 2008. Guidelines for prospective contract broiler producers. University of Georgia Cooperative Extension Bulletin 1167, Revised October 2009.

Cunningham, D. L., 2005. Guidelines for prospective contract hatching egg producers. University of Georgia Cooperative Extension Bulletin 1214, Revised October 2009.

Cunningham, D. L., 2003. Cash flow estimates for contract broiler production in Georgia: A 20-year analysis. University of Georgia Cooperative Extension Bulletin 1228, Reviewed April 2009.

Kissel, D. E., M. Risse, L. Sonon, and G. Harris, 2008. Calculating the fertilizer value of broiler litter. University of Georgia Cooperative Extension Circular 933.

Lichtenberg, E., D. Parker, and L. Lynch, 2002. Economic value of poultry litter supplies in alternative uses. www.arec.umd.edu/policycenter.

**GEORGIA BROILER PRODUCTION UNIT
(50' X 500' Houses)**

Four-house contract broiler production unit with tunnel ventilation, solid walls and cool pads (34,500 capacity/house); 15 year amortization.

Initial Grower Investment:

Housing and Equipment (includes grading, roads, well and generator)	\$870,000 (8.70/sq ft)
Fixed Costs (principal + interest @ 7.5%)	\$96,780/year

First Year Grower Income:

First Year Grower Cash Expenses:

4 House capacity	138,000	Shavings ¹	\$4,800
Batches/year	6.0	Electricity	\$14,990
Bird weight (lb)	4.35	Fuel	\$24,900
Capacity marketed (%)	96.6	Insurance & property taxes	\$9,850
Contract payment (\$/lb)	0.0545	Repair and miscellaneous	\$9,800
Fuel or electrical bonus	\$2,400	Equipment replacement	\$4,074
Total Gross Income	\$192,024	Total	\$68,414

¹The value of litter at cleanout offsets the cost of removal.

First Year Net Return to Capital, Land, Labor and Management: (gross income - cash expenses)	\$123,610
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FOUR-HOUSE (50' X 500') BROILER CASH FLOW PROJECTIONS
(Expected Performance)

Year	Net Inc. (Gross-Cash Costs)	Depr. ¹	Int.	Debt Ret. (Principal)	Tax Inc. ²	Taxes ³	Net Cash Flow ⁴
1	123,610	65,250	64,143	32,637	0	0	26,830
2	126,082	120,756	61,610	35,171	0	0	29,301
3	128,604	102,573	58,879	37,901	0	0	31,824
4	131,176	87,174	55,934	40,843	0	0	34,399
5	133,799	76,038	52,766	44,014	4,995	1,748	35,271
6	136,475	76,038	--	47,431	11,088	3,881	35,814
7	139,205	76,038	45,667	51,11	17,500	6,125	36,300
8	141,989	76,038	41,698	55,081	24,253	8,489	36,721
9	144,829	76,038	37,423	59,357	31,368	10,979	37,070
10	147,725	76,038	32,815	63,965	38,872	13,605	37,340
11	150,680	38,019	27,849	68,931	84,812	29,684	24,216
12	153,694	0	22,498	74,282	131,196	45,919	10,995
13	156,767	0	16,731	80,049	140,036	49,013	10,974
14	159,903	0	10,517	86,264	149,386	52,285	10,837
15	163,100	0	3,820	92,961	159,280	55,748	10,571
16	166,363	13,500	13,074	12,566	139,789	48,926	91,797
17	169,690	24,985	12,097	13,542	132,608	46,413	97,638
18	173,084	21,222	11,047	14,592	140,815	49,285	98,160
19	176,546	18,036	9,914	15,725	148,596	52,009	98,898
20	180,077	15,732	8,693	16,946	155,652	54,478	99,960
21	183,678	15,732	7,378	18,262	160,568	56,199	101,839
22	187,352	15,732	5,960	19,679	165,660	57,981	103,732
23	191,098	15,731	4,432	21,207	170,935	59,827	105,632
24	194,920	15,732	2,786	22,853	175,402	61,391	107,890
25	198,819	15,732	1,012	24,628	182,075	63,726	109,453
26	202,795	7,866	0	0	194,929	68,225	134,570
27	206,851	0	0	0	206,851	72,398	134,570
28	210,988	0	0	0	210,988	73,846	137,142
29	215,208	0	0	0	215,208	75,323	139,885
30	219,512	0	0	0	219,512	76,829	142,683
Total	5,014,619	1,050,000	658,095	1,050,000	3,306,527	1,157,284	2,149,243

¹Depreciation: Uses the modified accelerated cost recovery system (MACRS). (Depreciation is a non-cash cost used only for tax purposes.)

²Net income minus depreciation and interest.

³State, federal and social security taxes calculated at 35%.

⁴Net to growers land, labor and management.

FOUR-HOUSE (50' X 500') BROILER CASH FLOW PROJECTIONS
(Above Expectations)

Year	Net Inc. (Gross-Cash Costs)	Depr. ¹	Int.	Debt Ret. (Principal)	Tax Inc. ²	Taxes ³	Net Cash Flow ⁴
1	129,790	65,250	64,143	32,637	397	139	32,871
2	132,386	120,756	61,610	35,171	0	0	35,605
3	135,034	102,573	58,879	37,901	0	0	38,254
4	137,735	87,174	55,937	40,843	0	0	40,955
5	140,489	76,038	52,766	44,014	11,685	4,090	39,619
6	143,299	76,038	49,349	47,431	17,912	6,269	40,250
7	146,165	76,038	45,667	51,113	24,460	8,561	40,824
8	149,088	76,038	41,698	55,081	31,352	10,973	41,336
9	152,070	76,038	37,423	59,357	38,609	13,513	41,777
10	155,112	76,038	32,815	63,965	46,259	16,191	42,141
11	158,214	38,019	27,849	68,931	92,346	32,321	29,113
12	161,378	0	22,498	74,282	138,880	48,608	15,990
13	164,606	0	16,731	80,049	147,875	51,756	16,070
14	167,898	0	10,517	86,264	157,381	55,083	16,034
15	171,256	0	3,820	92,961	167,436	58,603	15,872
16	174,681	13,500	13,074	12,566	148,107	51,837	97,204
17	178,175	24,985	12,097	13,542	141,093	49,383	103,153
18	181,738	21,222	11,047	14,592	149,469	52,314	103,785
19	185,373	18,036	9,914	15,725	157,423	55,098	104,636
20	189,080	15,732	8,693	16,946	164,655	57,629	105,812
21	192,862	15,732	7,378	18,262	169,752	59,413	107,809
22	196,719	15,732	5,960	19,679	175,027	61,259	109,821
23	200,653	15,731	4,432	21,207	180,490	63,172	111,842
24	204,667	15,732	2,786	22,853	186,149	65,152	113,876
25	208,760	15,732	1,012	24,628	192,016	67,206	115,914
26	212,935	7,866	0	0	205,069	71,774	141,161
27	217,194	0	0	0	217,194	76,018	141,176
28	221,538	0	0	0	221,538	77,538	144,000
29	225,968	0	0	0	225,968	79,089	146,879
30	230,488	0	0	0	230,488	80,671	148,817
Total	5,265,351	1,050,000	658,092	1,050,000	3,557,259	1,245,041	2,312,218

¹Depreciation: Uses the modified accelerated cost recovery system (MACRS). (Depreciation is a non-cash cost used only for tax purposes.)

²Net income minus depreciation and interest.

³State, federal and social security taxes calculated at 35%.

⁴Net to growers land, labor and management.

FOUR-HOUSE (50' X 500') BROILER CASH FLOW PROJECTIONS
(Below Expectations)

Year	Net Inc. (Gross-CashCosts)	Depr. ¹	Int.	Debt Ret. (Principal)	Tax Inc. ²	Taxes ³	Net Cash Flow ⁴
1	117,430	65,250	64,143	32,637	0	0	20,650
2	119,779	120,756	61,610	35,171	0	0	22,998
3	122,174	102,573	58,879	37,901	0	0	25,394
4	124,618	87,174	55,937	40,843	0	0	27,838
5	127,110	76,038	52,766	44,014	0	0	30,330
6	129,652	76,038	49,349	47,431	4,265	1,493	31,379
7	132,245	76,038	45,667	51,113	10,540	3,689	31,776
8	134,890	76,038	41,698	55,081	17,154	6,004	32,107
9	137,588	76,038	37,423	59,357	24,127	8,444	32,364
10	140,340	76,038	32,815	63,965	31,487	11,020	32,540
11	143,147	38,019	27,849	68,931	77,279	27,048	19,319
12	146,009	0	22,498	74,282	123,511	43,229	6,000
13	148,930	0	16,731	80,049	132,199	46,270	5,880
14	151,908	0	10,517	86,264	141,391	48,487	6,640
15	154,946	0	3,820	92,961	151,126	52,894	5,271
16	158,045	13,500	13,074	12,566	131,471	46,015	86,390
17	161,206	24,985	12,097	13,542	124,124	43,443	92,124
18	164,430	21,222	11,047	14,592	132,161	46,256	92,535
19	167,719	18,036	9,914	15,725	139,769	48,919	93,161
20	171,073	15,732	8,693	16,946	146,648	51,326	94,108
21	174,495	15,732	7,378	18,262	151,385	52,985	95,870
22	177,985	15,732	5,960	19,679	156,293	54,703	97,643
23	181,544	15,731	4,432	21,207	161,381	56,483	99,422
24	185,175	15,732	2,786	22,853	166,657	58,330	101,206
25	188,879	15,732	1,012	24,628	172,135	60,247	102,992
26	192,656	7,866	0	0	184,790	64,677	127,979
27	196,509	0	0	0	196,509	68,778	127,979
28	200,440	0	0	0	200,440	70,154	130,286
29	204,449	0	0	0	204,449	71,557	132,892
30	208,537	0	0	0	208,537	72,988	135,549
Total	4,763,908	1,050,000	658,095	1,050,000	3,055,813	1,069,535	1,986,278

¹Depreciation: Uses the modified accelerated cost recovery system (MACRS). (Depreciation is a non-cash cost used only for tax purposes.)

²Net income minus depreciation and interest.

³State, federal and social security taxes calculated at 35%.

⁴Net to growers land, labor and management.

**GEORGIA BROILER PRODUCTION UNIT
(50' x 500' Houses)**

Six-house contract broiler production unit with tunnel ventilation, solid walls and cool pads (50' x 500') (34,500 capacity/house); 15 year amortization.

Initial Grower Investment:

Housing and Equipment (includes grading, roads, well and generator)	\$1,305,000 (8.70/sq ft)
Fixed Costs (principal + interest @ 7.5%)	\$145,170/year

First Year Grower Income:

First Year Grower Cash Expenses:

6 House capacity	207,000	Shavings ¹	\$6,600
Batches/year	6.0	Electricity	\$20,600
Bird weight (lb)	4.35	Fuel	\$34,300
Capacity marketed (%)	96.6	Insurance & property taxes	\$14,800
Contract payment (\$/lb)	0.0545	Repair and miscellaneous	\$14,100
Fuel or electrical bonus	\$3,600	Equipment replacement	\$6,000
		Hired Labor	\$8,600
Total Gross Income	\$288,036	Total	\$105,000
¹ The value of litter at cleanout offsets the cost of removal.			

First Year Net Return to Capital, Land, Labor and Management: (gross income - cash expenses)	\$183,036
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SIX-HOUSE (50' X 500') BROILER CASH FLOW PROJECTIONS
(Expected Performance)

Year	Net Inc. (Gross-Cash Costs)	Depr. ¹	Int.	Debt Ret. (Principal)	Tax Inc. ²	Taxes ³	Net Cash Flow ⁴
1	183,036	97,875	96,215	48,955	0	0	37,866
2	186,697	181,134	92,414	52,756	0	0	41,527
3	190,430	153,860	88,319	56,851	0	0	45,260
4	194,239	130,761	83,905	61,265	0	0	49,069
5	198,124	114,057	79,149	66,021	4,918	1,721	51,233
6	202,086	114,057	74,024	71,146	14,005	4,902	52,014
7	206,128	114,057	68,500	76,670	23,571	8,250	52,708
8	210,251	114,057	62,548	82,622	33,646	11,776	53,305
9	214,456	114,057	56,134	89,036	44,264	15,492	53,794
10	218,745	114,057	49,222	95,948	55,466	19,413	54,162
11	223,120	57,029	41,773	103,397	124,318	43,511	34,439
12	227,582	0	33,747	111,424	193,835	67,842	14,569
13	232,133	0	25,096	120,074	207,037	72,463	14,500
14	236,777	0	15,775	129,395	221,002	77,351	14,256
15	241,511	0	5,729	139,441	235,782	82,524	13,817
16	246,342	20,250	19,611	18,449	206,481	72,268	136,014
17	251,268	37,476	18,148	20,312	195,644	68,475	144,333
18	256,294	31,833	16,571	21,889	207,890	72,762	145,073
19	261,420	27,054	14,871	23,588	219,495	76,823	146,138
20	266,649	23,598	13,040	25,419	230,011	80,504	147,686
21	271,982	23,598	11,067	27,392	237,317	83,061	150,462
22	277,421	23,598	8,940	29,519	244,883	85,709	153,253
23	282,970	23,598	6,649	31,811	252,723	88,453	156,057
24	288,629	23,598	4,179	34,280	260,852	91,298	158,872
25	294,402	23,598	1,518	36,941	269,286	94,250	161,693
26	300,290	11,798	0	0	288,492	100,972	199,318
27	306,295	0	0	0	306,295	107,203	199,092
28	312,421	0	0	0	312,421	109,347	203,074
29	318,670	0	0	0	318,670	111,535	207,135
30	325,043	0	0	0	325,043	113,765	211,278
Total	7,425,411	1,575,000	987,144	1,575,000	4,863,267	1,702,143	3,161,124

¹Depreciation: Uses the modified accelerated cost recovery system (MACRS). (Depreciation is a non-cash cost used only for tax purposes.)

²Net income minus depreciation and interest.

³State, federal and social security taxes calculated at 35%.

⁴Net to growers land, labor and management.

SIX-HOUSE (50' X 500') BROILER CASH FLOW PROJECTIONS
(Above Expectations)

Year	Net Inc. (Gross-Cash Costs)	Depr ¹	Int.	Debt Ret. (Principal)	Tax Inc. ²	Taxes ³	Net CashFlow ⁴
1	192,188	97,875	96,215	48,955	0	0	47,018
2	196,032	181,134	92,214	52,756	0	0	51,062
3	199,952	153,860	88,319	56,851	0	0	54,782
4	203,951	130,761	83,905	61,265	0	0	58,781
5	208,030	114,057	79,149	66,021	14,824	5,188	57,672
6	212,191	114,057	74,024	71,146	24,110	8,439	58,582
7	216,435	114,057	68,500	76,670	33,878	11,857	59,408
8	220,763	114,057	62,548	82,622	44,158	15,455	60,138
9	225,179	114,057	56,134	89,036	54,988	19,246	60,763
10	229,682	114,057	49,222	95,948	66,403	23,241	61,271
11	234,276	57,029	41,773	103,397	135,474	47,416	41,690
12	238,961	0	33,747	111,424	205,214	71,825	21,965
13	243,741	0	25,096	120,074	21,865	7,653	90,918
14	248,615	0	15,775	129,395	232,840	81,494	21,951
15	253,588	0	5,729	139,441	247,859	86,751	21,667
16	258,659	20,250	19,611	18,449	218,798	76,579	144,020
17	263,833	37,476	18,148	20,312	208,209	72,873	152,500
18	269,109	31,833	16,571	21,889	220,705	77,247	153,402
19	274,492	27,054	14,871	23,588	232,567	81,398	154,635
20	279,981	23,598	13,040	25,419	243,343	85,170	156,352
21	285,581	23,598	11,067	250,916	250,916	87,821	159,301
22	291,293	23,598	8,940	29,519	258,755	90,564	162,270
23	297,118	23,598	6,649	31,811	266,871	93,405	165,253
24	303,061	23,598	4,179	34,280	275,284	96,349	168,253
25	309,122	23,598	1,518	36,941	284,006	99,402	171,261
26	315,304	11,798	0	0	303,506	106,227	209,077
27	321,611	0	0	0	321,611	112,564	209,047
28	328,043	0	0	0	328,043	114,815	213,228
29	334,604	0	0	0	334,604	117,111	217,493
30	341,296	0	0	0	341,296	119,454	221,842
Total	7,796,691	1,575,000	987,144	1,575,000	5,234,547	1,832,091	3,402,455

¹Depreciation: Uses the modified accelerated cost recovery system (MACRS). (Depreciation is a non-cash cost used only for tax purposes.)

²Net income minus depreciation and interest.

³State, federal and social security taxes calculated at 35%.

⁴Net to growers land, labor and management.

SIX-HOUSE (50' X 500') BROILER CASH FLOW PROJECTIONS
(Below Expectations)

Year	Net Inc. (Gross-Cash Costs)	Depr. ¹	Int.	Debt Ret. (Principal)	Tax Inc. ²	Taxes ³	Net Cash Flow ⁴
1	173,884	97,875	96,215	48,955	0	0	28,714
2	177,362	181,134	92,214	52,756	0	0	32,392
3	180,909	153,860	88,319	56,851	0	0	35,735
4	184,527	130,761	83,905	61,265	0	0	39,357
5	188,218	114,057	79,149	66,021	0	0	43,048
6	191,982	114,057	74,024	71,146	3,901	1,365	45,447
7	195,822	114,057	68,500	76,670	13,265	4,643	46,009
8	199,738	114,057	62,548	82,622	23,133	8,097	46,471
9	203,733	114,057	56,134	89,036	33,542	11,740	46,283
10	207,808	114,057	49,222	95,948	44,529	15,585	47,053
11	211,964	57,029	41,773	103,397	113,162	39,607	27,187
12	216,203	0	33,747	111,424	182,456	63,860	7,172
13	220,527	0	25,096	120,074	194,431	68,051	7,306
14	224,938	0	15,775	129,395	209,163	73,207	6,561
15	229,437	0	5,729	139,441	223,708	78,298	5,969
16	234,025	20,250	19,611	18,449	194,164	67,957	128,008
17	238,706	37,476	18,148	20,312	183,082	64,079	136,167
18	243,480	31,833	16,571	21,889	195,076	68,277	136,743
19	248,349	27,054	14,871	23,588	206,424	72,248	137,642
20	253,316	23,598	13,040	25,419	216,678	75,837	139,020
21	258,383	23,598	11,067	27,392	223,718	78,301	141,623
22	263,550	23,598	8,940	29,519	231,012	80,854	144,237
23	268,821	23,598	6,649	31,811	238,574	83,501	146,860
24	274,198	23,598	4,179	34,280	246,421	86,247	149,492
25	279,682	23,598	1,518	36,941	254,566	89,098	152,125
26	285,275	11,798	0	0	273,477	95,717	189,558
27	290,981	0	0	0	290,981	101,843	189,138
28	296,801	0	0	0	296,801	103,880	192,921
29	302,737	0	0	0	302,737	105,958	196,779
30	308,791	0	0	0	308,791	108,077	200,714
Total	7,054,147	1,575,000	987,144	1,575,000	4,492,003	1,572,201	2,919,802

¹Depreciation: Uses the modified accelerated cost recovery system (MACRS). (Depreciation is a non-cash cost used only for tax purposes.)

²Net income minus depreciation and interest.

³State, federal and social security taxes calculated at 35%.

⁴Net to growers land, labor and management.

**GEORGIA BROILER PRODUCTION UNIT
(54' X 500' Houses)**

Four-house contract broiler production unit with tunnel ventilation, side walls and cool pads (30,000 capacity/house); 15 year amortization.

Initial Grower Investment:

Housing and Equipment (includes grading, roads, well and generator)	\$928,800 (8.60 sq ft)
Fixed Costs (principal + interest @ 7.5%)	\$103,232/year

First Year Grower Income:

First Year Grower Cash Expenses:

4 House capacity	120,000	Shavings ¹	\$4,200
Batches/year	5.0	Electricity	\$11,610
Bird weight (lb)	6.50	Fuel	\$36,277
Capacity marketed (%)	95.0	Insurance & property taxes	\$8,000
Contract payment (\$/lb)	0.0530	Repair and miscellaneous	\$13,900
Fuel or electrical bonus	\$2,900	Equipment replacement	\$3,000
		Hired Labor	\$1,800
Total Gross Income	\$199,265	Total	\$78,787

¹The value of litter at cleanout offsets the cost of removal.

First Year Net Return to Capital, Land, Labor and Management: (gross income - cash expenses)	\$120,478
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FOUR-HOUSE (54' X 500') BROILER CASH FLOW PROJECTION
(Expected Performance)

Year	Net Inc. (Gross-Cash Costs)	Depr. ¹	Int.	Debt Ret. (Principal)	Tax Inc. ²	Taxes ³	NetCashFlow ⁴
1	120,478	69,600	68,419	34,813	0	0	17,246
2	122,888	128,806	65,717	37,515	0	0	19,656
3	125,345	109,411	62,804	40,428	0	0	22,113
4	127,852	92,986	59,666	43,566	0	0	24,620
5	130,409	81,107	56,283	46,948	0	0	27,178
6	133,017	81,107	52,639	50,593	0	0	29,785
7	135,678	81,107	48,711	54,521	5,860	2,015	30,431
8	138,391	81,107	44,479	58,753	12,805	4,482	30,677
9	141,159	81,107	39,918	63,314	20,134	7,047	30,880
10	143,982	81,107	35,002	68,230	27,873	9,756	30,994
11	146,862	40,554	29,706	73,527	76,602	26,811	16,818
12	149,799	0	23,998	79,235	125,801	44,031	2,536
13	152,795	0	17,846	85,386	134,949	47,232	2,331
14	155,851	0	11,217	92,014	144,634	50,622	1,998
15	158,968	0	4,074	99,158	154,894	54,213	1,523
16	162,147	13,500	13,074	12,566	135,573	47,451	89,056
17	165,390	24,985	12,097	13,542	128,308	44,908	94,843
18	168,698	21,222	11,047	14,592	136,429	47,750	95,309
19	172,072	18,036	9,914	15,725	144,122	50,443	95,990
20	175,514	15,732	8,693	16,946	151,089	52,881	96,994
21	179,024	15,732	7,378	18,262	155,914	54,570	98,814
22	182,604	15,732	5,960	19,679	160,912	56,319	100,646
23	186,256	15,732	4,432	21,207	166,092	58,132	102,485
24	189,982	15,732	2,786	22,853	171,464	60,012	104,331
25	193,781	15,732	1,012	24,628	177,037	61,963	106,178
26	197,657	7,866	0	0	189,791	66,427	131,230
27	201,610	0	0	0	201,610	70,564	131,046
28	205,642	0	0	0	205,642	71,975	133,667
29	209,755	0	0	0	209,755	73,414	136,341
30	213,950	0	0	0	213,950	74,883	139,067
Total	4,887,556	1,108,000	696,872	1,108,001	3,082,684	1,078,939	2,003,744

¹Depreciation: Uses the modified accelerated cost recovery system (MACRS). (Depreciation is a non-cash cost used only for tax purposes.)

²Net income minus depreciation and interest.

³State, federal and social security taxes calculated at 35%.

⁴Net to growers land, labor and management.

FOUR-HOUSE (54' X 500') BROILER CASH FLOW PROJECTION
(Above Expectations)

Year	Net Inc. (Gross-Cash Costs)	Depr. ¹	Int.	Debt Ret. (Principal)	Tax Inc. ²	Taxes ³	Net CashFlow ⁴
1	126,502	69,600	68,419	34,813	0	0	23,270
2	129,032	128,806	65,717	37,515	0	0	25,800
3	131,613	109,411	62,804	40,428	0	0	28,381
4	134,245	92,986	59,666	43,566	0	0	31,013
5	136,930	81,107	56,283	46,948	0	0	33,699
6	139,668	81,107	52,639	50,593	5,922	2,073	34,363
7	142,462	81,107	48,711	54,521	12,644	4,425	34,805
8	145,311	81,107	44,479	58,753	19,725	6,904	35,175
9	148,217	81,107	39,918	63,314	27,192	9,517	35,468
10	151,181	81,107	35,002	68,230	35,072	12,275	35,674
11	154,205	40,554	29,706	73,527	83,945	29,381	21,591
12	157,292	0	23,998	79,235	133,294	46,653	7,406
13	160,435	0	17,846	85,386	142,589	49,906	7,297
14	163,644	0	11,217	92,014	152,427	53,349	7,064
15	166,917	0	4,074	99,158	162,843	56,995	6,690
16	170,255	13,500	13,074	12,566	143,681	50,288	94,327
17	173,660	24,985	12,097	13,542	136,578	47,802	100,219
18	177,133	21,222	11,047	14,592	144,864	50,702	100,792
19	180,675	18,036	9,914	15,725	152,725	53,454	101,582
20	184,289	15,732	8,693	16,946	159,864	55,952	102,698
21	187,975	15,732	7,378	18,262	164,865	57,703	104,632
22	191,735	15,732	5,960	19,679	170,043	59,515	106,581
23	195,569	15,732	4,432	21,207	175,405	61,392	108,538
24	199,481	15,732	2,786	22,853	180,963	63,337	110,505
25	203,470	15,732	1,012	24,628	186,726	65,341	112,489
26	207,540	7,866	0	0	199,674	69,886	137,654
27	211,691	0	0	0	211,691	74,094	137,597
28	215,924	0	0	0	215,924	75,573	140,351
29	220,243	0	0	0	220,243	77,085	143,158
30	224,648	0	0	0	224,648	78,627	146,021
Total	5,131,942	1,108,000	696,872	1,108,001	3,327,070	1,164,475	2,162,595

¹Depreciation: Uses the modified accelerated cost recovery system (MACRS). (Depreciation is a non-cash cost used only for tax purposes.)

²Net income minus depreciation and interest.

³State, federal and social security taxes calculated at 35%.

⁴Net to growers land, labor and management.

FOUR-HOUSE (54' X 500') BROILER CASH FLOW PROJECTION
(Below Expectations)

Year	Net Inc. (Gross-Cash Costs)	Depr. ¹	Int.	Debt Ret. (Principle)	Tax Inc. ²	Taxes ³	Net Cash Flow ⁴
1	114,454	69,600	68,419	34,813	0	0	11,222
2	116,743	128,806	65,717	37,515	0	0	13,511
3	119,078	109,411	62,804	40,428	0	0	15,846
4	121,460	92,986	59,666	43,566	0	0	18,228
5	123,889	81,107	56,283	46,948	0	0	20,658
6	126,367	81,107	52,639	50,593	0	0	23,135
7	128,894	81,107	48,711	54,521	0	0	25,662
8	131,472	81,107	44,479	58,753	5,886	2,060	26,180
9	134,101	81,107	39,918	6314	13,076	4,577	26,292
10	136,784	81,107	35,002	68,230	20,675	7,237	26,315
11	139,519	40,554	29,706	73,527	69,259	24,241	12,045
12	142,309	0	23,998	79,235	118,311	41,409	(2,333)
13	145,155	0	17,846	85,386	127,309	44,895	(2,635)
14	148,059	0	11,217	92,014	136,842	47,895	(3,067)
15	151,020	0	4,074	99,158	146,946	51,431	(3,643)
16	154,040	13,500	13,074	12,566	127,466	44,613	83,787
17	157,121	24,985	12,097	13,542	120,039	42,014	89,468
18	160,263	21,222	11,047	14,592	127,994	44,798	89,826
19	163,469	18,036	9,914	15,725	135,519	47,432	90,398
20	166,738	15,732	8,693	16,946	142,313	49,810	91,289
21	170,073	15,732	7,378	18,262	146,963	51,437	92,996
22	173,474	15,732	5,960	19,679	151,782	53,124	94,711
23	176,943	15,732	4,432	21,207	156,779	54,873	96,431
24	180,482	15,732	2,786	22,853	161,964	56,687	98,156
25	184,092	15,732	1,012	24,628	167,348	58,572	99,880
26	187,774	7,866	0	0	179,908	62,968	124,806
27	191,530	0	0	0	191,530	67,036	124,494
28	195,360	0	0	0	195,360	68,376	126,984
29	199,267	0	0	0	199,267	69,743	129,524
30	203,253	0	0	0	203,253	71,139	132,144
Total	4,643,183	1,108,000	696,872	1,108,001	2,838,311	993,409	1,844,901

¹Depreciation: Uses the modified accelerated cost recovery system (MACRS). (Depreciation is a non-cash cost used only for tax purposes.)

²Net income minus depreciation and interest.

³State, federal and social security taxes calculated at 35%.

⁴Net to growers land, labor and management.

**GEORGIA BROILER PRODUCTION UNIT
(40' X 500' Houses)**

Four-house contract broiler production unit with tunnel ventilation, solid walls and cool pads (26,700 capacity/house); 15 year amortization.

Initial Grower Investment:

Housing and Equipment (includes grading, roads, well and generator)	\$830,400 (10.38/sq ft)
Fixed Costs (principal + interest @ 7.5%)	\$92,375/year

First Year Grower Income:

First Year Grower Cash Expenses:

4 House capacity	106,800	Shavings ¹	\$3,430
Batches/year	5.5	Electricity	\$9,460
Bird weight (lb)	5.60	Fuel	\$29,559
Capacity marketed (%)	96.0	Insurance & property taxes	\$5,900
Contract payment (\$/lb)	0.0525	Repair and miscellaneous	\$8,400
Fuel or electrical bonus	\$1,900	Equipment replacement	\$2,500
Total Gross Income	\$167,688	Total	\$59,249

¹The value of litter at cleanout offsets the cost of removal.

First Year Net Return to Capital, Land, Labor and Management: (gross income - cash expenses)	\$108,439
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FOUR-HOUSE (40' X 500') BROILER CASH FLOW PROJECTIONS
(Expected Performance)

Year	Net Inc. (Gross-Cash Costs)	Depr. ¹	Int.	Debt Ret. (Principal)	Tax Inc. ²	Taxes ³	Net Cash Flow ⁴
1	108,439	62,280	61,224	31,151	0	0	16,064
2	110,608	115,260	58,805	33,570	0	0	18,233
3	112,820	97,904	56,199	36,176	0	0	20,445
4	115,076	83,206	53,391	38,984	0	0	22,701
5	117,378	72,577	50,363	42,011	0	0	25,004
6	119,725	72,577	47,103	45,272	45	16	27,334
7	122,120	72,577	43,588	48,787	5,955	2,084	27,661
8	124,562	72,577	39,801	52,574	12,184	4,264	27,923
9	127,054	72,577	35,719	56,655	18,758	6,565	28,115
10	129,594	72,577	31,321	61,054	25,696	8,994	28,225
11	132,187	36,288	26,581	65,794	69,318	24,261	15,551
12	134,830	0	21,473	70,902	113,357	39,675	2,780
13	137,527	0	15,970	76,406	121,557	42,545	2,606
14	140,277	0	10,038	82,337	130,239	45,584	2,318
15	143,083	0	3,646	88,729	139,437	48,803	1,905
16	145,945	13,500	13,074	12,566	119,371	41,780	78,525
17	148,864	24,984	12,097	13,542	111,783	39,124	84,101
18	151,841	21,222	11,047	14,592	119,572	41,850	84,352
19	154,878	18,036	9,914	15,725	126,928	44,425	84,814
20	157,975	15,732	8,693	16,946	133,550	46,743	85,593
21	161,135	15,732	7,378	18,262	138,025	48,309	87,186
22	164,357	15,732	5,960	19,679	142,665	49,933	88,785
23	167,644	15,732	4,432	21,207	147,480	51,618	90,387
24	170,997	15,732	2,786	22,853	152,479	53,368	91,990
25	174,417	15,732	1,012	24,628	157,673	55,186	93,591
26	177,906	7,866	0	0	170,040	59,514	118,392
27	181,463	0	0	0	181,463	63,512	117,951
28	185,093	0	0	0	185,093	64,783	120,310
29	188,795	0	0	0	188,795	66,078	122,717
30	192,571	0	0	0	192,571	67,400	125,171
Total	4,399,161	1,010,400	631,615	1,010,402	2,757,146	965,001	1,792,143

¹Depreciation: Uses the modified accelerated cost recovery system (MACRS). (Depreciation is a non-cash cost used only for tax purposes.)

²Net income minus depreciation and interest.

³State, federal and social security taxes calculated at 35%.

⁴Net to growers land, labor and management.

FOUR-HOUSE (40' X 500') BROILER CASH FLOW PROJECTIONS
(Above Expectations)

Year	Net Inc. (Gross-Cash Costs)	Depr. ¹	Int.	Debt Ret. (Principal)	Tax Inc. ²	Taxes ³	Net Cash Flow ⁴
1	113,861	62,280	61,244	31,151	0	0	21,486
2	116,138	115,260	58,805	33,570	0	0	23,763
3	118,461	97,904	56,199	36,176	0	0	26,086
4	120,830	83,206	53,391	38,984	0	0	28,455
5	123,247	72,577	50,363	42,011	0	0	30,873
6	125,712	72,577	47,103	45,272	6,032	2,111	31,226
7	128,226	72,577	43,588	48,787	12,061	4,221	31,630
8	130,790	72,577	39,801	52,574	18,412	6,444	31,971
9	133,406	72,577	35,719	56,655	25,110	8,789	32,243
10	136,074	72,577	31,321	61,054	32,176	11,261	32,438
11	138,795	36,288	26,581	65,794	75,926	26,574	19,846
12	141,572	0	21,473	70,902	120,099	42,035	7,162
13	144,403	0	15,970	76,406	128,433	44,952	7,075
14	147,291	0	10,038	82,337	137,253	48,039	6,877
15	150,264	0	3,646	88,729	146,618	51,316	6,573
16	153,242	13,500	13,074	12,566	126,668	44,334	83,268
17	156,306	24,984	12,097	13,542	119,225	41,729	88,938
18	159,433	21,222	11,047	14,592	127,164	44,507	89,287
19	162,622	18,036	9,914	15,725	134,672	47,135	89,848
20	165,874	15,732	8,693	16,946	141,449	49,507	90,728
21	169,191	15,732	7,378	18,262	146,081	51,128	92,423
22	172,575	15,732	5,960	19,679	150,883	52,809	94,127
23	176,030	15,732	4,432	21,207	155,866	54,553	95,838
24	179,547	15,732	2,786	22,853	161,029	56,360	97,548
25	183,138	15,732	1,012	24,628	166,394	58,238	99,260
26	186,801	7,866	0	0	178,935	62,627	124,174
27	190,537	0	0	0	190,537	66,688	123,849
28	194,348	0	0	0	194,348	68,022	126,853
29	198,235	0	0	0	198,235	69,382	128,853
30	202,200	0	0	0	202,200	70,770	131,430
Total	4,619,149	1,010,400	631,615	1,010,402	2,977,134	1,041,997	1,935,135

¹Depreciation: Uses the modified accelerated cost recovery system (MACRS). (Depreciation is a non-cash cost used only for tax purposes.)

²Net income minus depreciation and interest.

³State, federal and social security taxes calculated at 35%.

⁴Net to growers land, labor and management.

FOUR-HOUSE (40' X 500') BROILER CASH FLOW PROJECTIONS
(Below Expectations)

Year	Net Inc. (Gross-Cash Costs)	Depr. ¹	Int.	Debt Ret. (Principal)	Tax Inc. ²	Taxes ³	Net Cash Flow ⁴
1	103,017	62,280	61,224	31,151	0	0	10,642
2	105,077	115,260	58,805	33,570	0	0	12,702
3	107,179	97,904	56,199	36,176	0	0	14,804
4	109,323	83,206	53,391	38,984	0	0	16,948
5	111,509	72,577	50,363	42,011	0	0	19,135
6	113,739	72,577	47,103	45,272	0	0	21,364
7	116,014	72,577	43,588	48,787	0	0	23,639
8	118,334	72,577	39,801	52,574	5,956	2,085	23,874
9	120,701	72,577	35,719	56,655	12,405	4,342	23,985
10	123,115	72,577	31,321	61,054	19,217	6,726	24,014
11	125,577	36,288	26,581	65,794	62,708	21,948	11,254
12	128,089	0	21,473	70,902	106,616	37,316	(1,602)
13	130,651	0	15,970	76,406	114,681	40,139	(1,864)
14	133,264	0	10,038	82,337	123,226	43,129	(2,240)
15	135,929	0	3,646	88,729	132,283	46,299	(2,745)
16	138,647	13,500	13,074	12,566	112,073	39,226	73,781
17	141,420	24,984	12,097	13,542	104,339	36,519	79,262
18	144,249	21,222	11,047	14,592	111,980	39,183	79,427
19	147,134	18,036	9,914	15,725	119,184	41,714	79,781
20	150,076	15,732	8,693	16,946	125,651	43,978	80,459
21	153,078	15,732	7,378	18,262	129,968	45,489	81,949
22	156,139	15,732	5,960	19,679	134,447	47,056	83,444
23	159,262	15,732	4,432	21,207	139,098	48,684	84,939
24	162,447	15,732	2,786	22,853	143,929	50,375	86,433
25	165,696	15,732	1,012	24,628	148,952	52,133	87,923
26	169,010	7,866	0	0	161,144	56,400	112,610
27	172,390	0	0	0	172,390	60,337	112,053
28	175,838	0	0	0	175,838	61,543	114,295
29	179,355	0	0	0	179,355	62,774	116,581
30	182,942	0	0	0	182,942	64,030	118,912
Total	4,179,201	1,010,400	631,615	1,010,400	2,537,186	888,015	1,649,169

¹Depreciation: Uses the modified accelerated cost recovery system (MACRS). (Depreciation is a non-cash cost used only for tax purposes.)

²Net income minus depreciation and interest.

³State, federal and social security taxes calculated at 35%.

⁴Net to growers land, labor and management.

GEORGIA HATCHING EGG UNIT (40' x 500' Houses)

Two-house hatching egg unit with automated egg gathering, tunnel ventilation, separate male feeders and cool pads (40' x 476' hen space; 10,600 layers/house); 15 year amortization.

Initial Grower Investment:

Housing and Equipment (includes grading, roads, well, etc.)	\$570,000
Fixed Costs (principal + interest @ 7.5%)	\$63,408/year

First Year Producer Income:

First Year Grower Cash Expenses:

2 House capacity	21,200	Litter ²	\$2,800
Hatching eggs/hen	160	Electricity	\$12,700
Contract payment (\$/doz) ¹	\$0.44	Repairs, replacement, misc.	\$11,600
Pullet growout payment	\$3,200	Hired labor	\$6,700
		Insurance & property taxes	\$5,500
Total Gross Income	\$127,573	Total	\$39,300

¹Includes bonus payments.

²The value of litter at cleanout is assumed to offset the cost of removal.

First Year Net Return to Capital, Land, Labor and Management: (gross income - cash expenses)	\$88,273
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¹Determined from cash flow projections on following pages.

GEORGIA HATCHING EGG UNIT CASH FLOW PROJECTIONS
(Expected Performance)

Year	Net Inc. (Gross-Cash Costs)	Depr. ¹	Int.	Debt Ret. (Principal)	Tax Inc. ²	Taxes ³	Net Cash Flow ⁴
1	88,273	42,750	42,025	21,383	3,498	1,224	23,641
2	90,039	79,116	40,365	23,043	0	0	26,631
3	91,839	67,203	38,576	24,832	0	0	28,431
4	93,676	57,114	36,648	26,759	0	0	30,269
5	95,550	49,818	34,571	28,837	11,161	3,906	28,236
6	97,461	49,818	32,332	31,075	15,311	5,359	28,695
7	99,410	49,818	29,920	33,488	19,672	6,885	29,117
8	101,398	49,818	27,320	36,088	24,260	8,491	29,499
9	103,426	49,818	24,518	38,889	29,090	10,182	29,837
10	105,494	49,818	21,499	41,098	34,177	11,962	30,125
11	107,604	24,909	18,246	45,162	64,449	22,557	21,639
12	109,756	0	14,740	48,668	95,016	33,256	13,092
13	111,952	0	10,962	52,446	100,990	35,347	13,197
14	114,191	0	6,890	56,518	107,301	37,555	13,228
15	116,474	0	2,503	60,905	113,971	39,890	13,176
16	118,804	6,750	6,537	6,283	105,517	36,931	69,053
17	121,180	12,492	6,049	6,771	102,639	35,924	72,436
18	123,604	10,611	5,524	7,296	107,469	37,614	73,170
19	126,076	9,018	4,957	7,863	112,101	39,235	74,021
20	128,597	7,866	4,347	8,473	116,384	40,734	75,043
21	131,169	7,866	3,689	9,131	119,614	41,865	76,484
22	133,792	7,866	2,980	9,840	122,946	43,041	77,931
23	136,468	7,866	2,216	10,604	126,386	44,235	79,413
24	139,198	7,866	1,393	11,427	139,939	45,479	80,899
25	141,982	7,866	506	12,314	133,610	46,764	82,398
26	144,821	3,933	0	0	140,888	49,311	95,510
27	147,718	0	0	0	147,718	51,701	96,017
28	150,672	0	0	0	150,672	52,735	97,937
29	153,685	0	0	0	153,685	53,790	99,895
30	156,759	0	0	0	156,759	54,866	101,893
Total	3,581,068	660,000	419,313	660,000	2,501,755	875,614	1,626,141

¹Depreciation: Uses the modified accelerated cost recovery system (MACRS). (Depreciation is a non-cash cost used only for tax purposes.)

²Net income minus depreciation and interest.

³State, federal and social security taxes calculated at 35%.

⁴Net to growers land, labor and management.

GEORGIA HATCHING EGG UNIT CASH FLOW PROJECTIONS
(Above Expectations)

Year	Net Inc. (Gross-Cash Costs)	Depr. ¹	Int.	Debt Ret. (Principal)	Tax Inc. ²	Taxes ³	Net Cash Flow ⁴
1	92,687	42,750	42,025	21,383	7,912	2,769	26,510
2	94,540	79,116	40,365	23,043	0	0	31,132
3	96,432	67,203	38,576	24,832	0	0	33,024
4	98,360	57,114	36,648	26,759	4,598	1,609	33,344
5	100,327	49,818	34,571	28,837	15,938	5,578	31,341
6	102,334	49,818	32,332	31,075	20,184	7,064	31,863
7	104,380	49,818	29,920	33,488	24,642	8,625	32,347
8	106,468	49,818	27,320	36,088	29,330	10,266	32,794
9	108,597	49,818	24,518	38,889	34,261	11,991	33,199
10	110,769	49,818	21,499	41,908	39,452	13,808	33,554
11	112,985	24,909	18,246	45,162	69,830	24,441	25,136
12	115,244	0	14,740	48,668	100,504	35,176	16,660
13	117,549	0	10,962	52,446	106,587	37,305	16,836
14	119,900	0	6,890	56,518	113,010	39,554	16,938
15	122,298	0	2,503	60,905	119,795	41,928	16,962
16	124,744	6,750	6,537	6,283	111,457	39,010	72,914
17	127,239	12,492	6,049	6,771	108,698	38,044	76,375
18	129,784	10,611	5,524	7,296	113,649	39,777	77,187
19	132,379	9,018	4,957	7,863	118,404	41,441	78,118
20	135,027	7,866	4,347	8,473	122,814	42,985	79,222
21	137,727	7,866	3,689	9,131	126,172	44,160	80,747
22	140,482	7,866	2,980	9,840	129,636	45,373	82,289
23	143,292	7,866	2,216	10,604	133,210	46,624	82,848
34	146,158	7,866	1,393	11,427	136,899	47,915	85,423
35	149,080	7,866	506	12,314	140,708	49,248	87,012
36	152,062	3,933	0	0	148,129	51,845	100,217
37	155,104	0	0	0	155,104	54,286	100,818
38	158,206	0	0	0	158,206	55,372	102,834
39	161,370	0	0	0	161,370	56,480	104,890
30	164,597	0	0	0	164,597	57,609	106,988
Total	3,760,121	660,000	419,313	660,000	2,680,808	938,283	1,742,525

¹Depreciation: Uses the modified accelerated cost recovery system (MACRS). (Depreciation is a non-cash cost used only for tax purposes.)

²Net income minus depreciation and interest.

³State, federal and social security taxes calculated at 35%.

⁴Net to growers land, labor and management.

GEORGIA HATCHING EGG UNIT CASH FLOW PROJECTIONS
(Below Expectations)

Year	Net Inc. (Gross-Cash Costs)	Depr. ¹	Int.	Debt Ret. (Principal)	Tax Inc. ²	Taxes ³	Net Cash Flow ⁴
1	83,859	42,750	42,025	21,383	0	0	20,451
2	85,537	79,116	40,365	23,043	0	0	22,129
3	87,247	67,203	38,576	24,832	0	0	23,839
4	88,992	57,114	36,648	26,759	0	0	25,585
5	90,772	49,818	34,571	28,837	6,383	2,234	25,130
6	92,587	49,818	32,332	31,075	10,437	3,653	25,527
7	94,439	49,818	29,920	33,488	14,701	5,145	25,886
8	96,328	49,818	27,320	36,088	19,190	6,717	26,203
9	98,255	49,818	24,518	38,889	23,919	8,372	26,476
10	100,220	49,818	21,499	41,908	28,903	10,116	26,697
11	102,224	24,909	18,246	45,162	50,069	17,524	21,292
12	104,269	0	14,740	48,668	89,529	31,335	9,526
13	106,354	0	10,962	52,446	95,392	33,387	9,559
14	108,481	0	6,890	56,518	101,591	35,557	9,516
15	110,651	0	2,503	60,905	108,148	37,852	9,931
16	112,864	6,750	6,537	6,283	99,577	34,852	65,192
17	115,121	12,492	6,049	6,771	96,580	33,803	68,498
18	117,423	10,611	5,524	7,296	101,288	34,451	69,152
19	119,772	9,018	4,957	7,863	105,797	37,029	69,923
20	122,167	7,866	4,347	8,473	109,954	38,484	70,863
21	124,611	7,866	3,689	9,131	113,056	39,570	72,221
22	127,103	7,866	2,980	9,840	116,257	40,689	73,593
23	129,645	7,866	2,216	10,604	119,563	41,487	75,338
24	132,238	7,866	1,393	11,427	122,979	43,043	76,375
25	134,883	7,866	506	12,314	126,511	44,279	77,784
26	137,580	3,933	0	0	133,597	46,759	90,821
27	140,332	0	0	0	140,332	49,116	91,216
28	143,138	0	0	0	143,138	50,098	93,040
29	146,001	0	0	0	146,001	51,100	94,901
30	148,921	0	0	0	148,921	52,122	96,799
Total	3,402,014	660,000	419,313	660,000	2,322,651	812,928	1,509,770

¹Depreciation: Uses the modified accelerated cost recovery system (MACRS). (Depreciation is a non-cash cost used only for tax purposes.)

²Net income minus depreciation and interest.

³State, federal and social security taxes calculated at 35%.

⁴Net to growers land, labor and management.



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