POULTRY FARM BUSINESS SUMMARY

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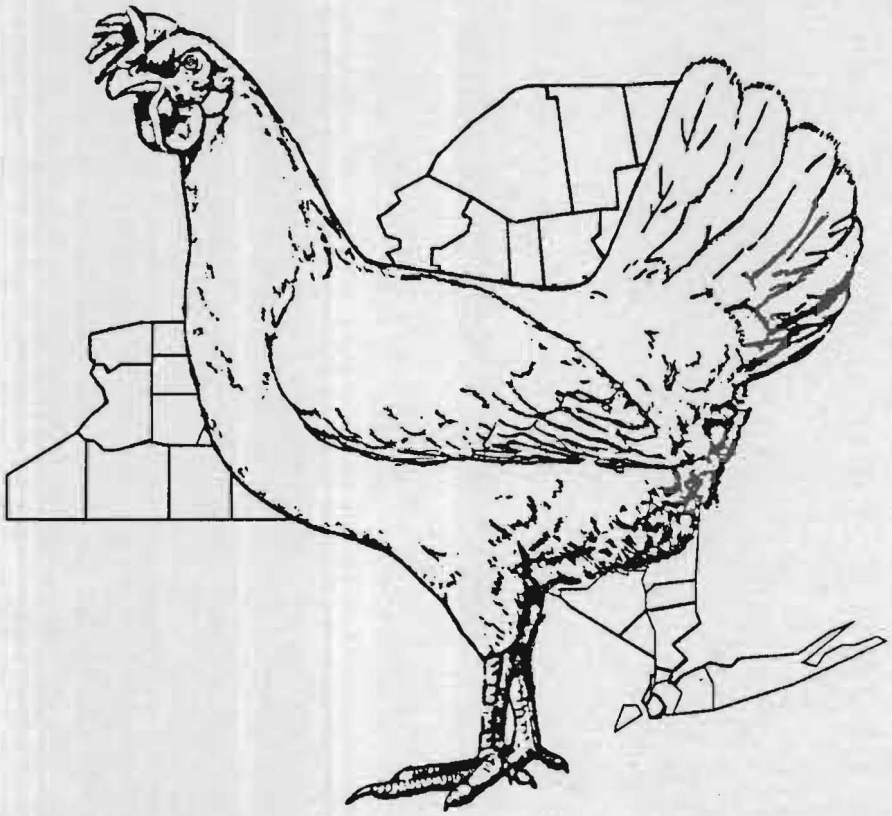
POULTRY FARM BUSINESS SUMMARY NEW YORK 1989



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1989 POULTRY FARM BUSINESS SUMMARY
NEW YORK STATE

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ABSTRACT

This report is a summary of 1989 farm business data collected from six poultry farm businesses located throughout New York State. Egg sales comprised 97 percent of total receipts. The data are presented as averages for the six farms. The business analysis includes a balance sheet, income statement, poultry analysis, and several financial and production analyses for the farms. Blank columns are included in the tables for the user to enter his or her own farm data for comparison purposes.

Acknowledgements - The authors are research associate and regional poultry specialists respectively. Appreciation is expressed to the the cooperating poultry farmers who provided the data summarized in this report. Also, the authors appreciate reviews of this report and helpful comments by Professors G. L. Casler and E. L. LaDue of the Department of Agricultural Economics.

1989 NEW YORK
POULTRY FARM BUSINESS SUMMARY

INTRODUCTION

For many years, poultry farmers throughout New York State have been invited to participate in Cornell Cooperative Extension's poultry farm business summary program. Each participating farmer receives a comprehensive business summary and analysis of his or her farm business. This report presents averages for the data submitted from six farms located throughout the State. Data contained in the summaries received by farmers participating in the program may be entered in blanks provided in this report for a comparative analysis of the business.

The primary objective of the poultry farm business summary, PFBS, program is to help farm managers improve the financial management of their business through appropriate use of historical farm data and the application of modern farm business analysis techniques. The PFBS identifies the business and financial information farmers need and provides a framework for use in identifying and evaluating the strengths and weaknesses of the farm business.

A computer program is used in the field by the Cornell Cooperative Extension poultry specialists. This program enables an analysis to be produced on the farm as soon as the farmer's data are entered. This provides rapid processing of the information for timely use in the management of the farm business.

The six farms in this study received an average of 97 percent of their 1989 receipts from the sale of eggs. The businesses included various combinations of egg production, processing, marketing and pullet raising. Three farms engaged in grain production, mostly corn for feed to be milled on the farm. The data were not obtained from a random sample of all poultry farms in New York. Therefore, the analysis should not be used to represent the New York poultry industry; it reflects the experience of these six poultry farms in 1989.

Format Features

This report provides a set of tables which comprise a comprehensive analysis of the participating poultry farms. Worksheets are included to give poultry farmers an opportunity to summarize their business. The analysis tables have a blank column or section labeled "My Farm". That section or column may be used by an individual to compare his or her business with the average performance of the six farms.

This report features:

(1) a complete BALANCE SHEET and analysis including financial ratios,
(2) an INCOME STATEMENT including accrual accounting adjustments for farm business expenses and receipts, as well as measures of profitability with and without appreciation,
(3) forms for a CASH FLOW STATEMENT and REPAYMENT ANALYSIS worksheets,
(4) analyses of CAPITAL EFFICIENCY, EQUIPMENT, and LABOR,
(5) a POULTRY ANALYSIS with various cost factors, and
(6) a TWO YEAR COMPARISON of selected business factors.

Poultry Trends in Recent Years

Layer numbers and egg production continue to decline in New York State. Both factors are about 55 percent of their levels for a decade ago. Over the same period, egg production per layer has increased gradually by about six percent. Egg prices and layer feed costs have varied widely. Egg prices have ranged from a high of 70 cents per dozen for 1984 to a low of 46 cents for 1988. Feed prices increased during the first half of the decade to a high of $227 per ton for 1983; then prices declined to a low of $164 per ton for 1987. In 1988, feed prices increased substantially due to drought effects on feed grain yields.

The price received for eggs has a major effect on farm profitability. This price may be influenced by the marketing efforts of the farmer but it is also affected by factors outside the farmer's control. These may include the supply of layers, the economy, government policies, and consumer demand.

Table 1. EGG PRODUCTION AND PRICES AND FEED PRICES
New York State, 1980-1989

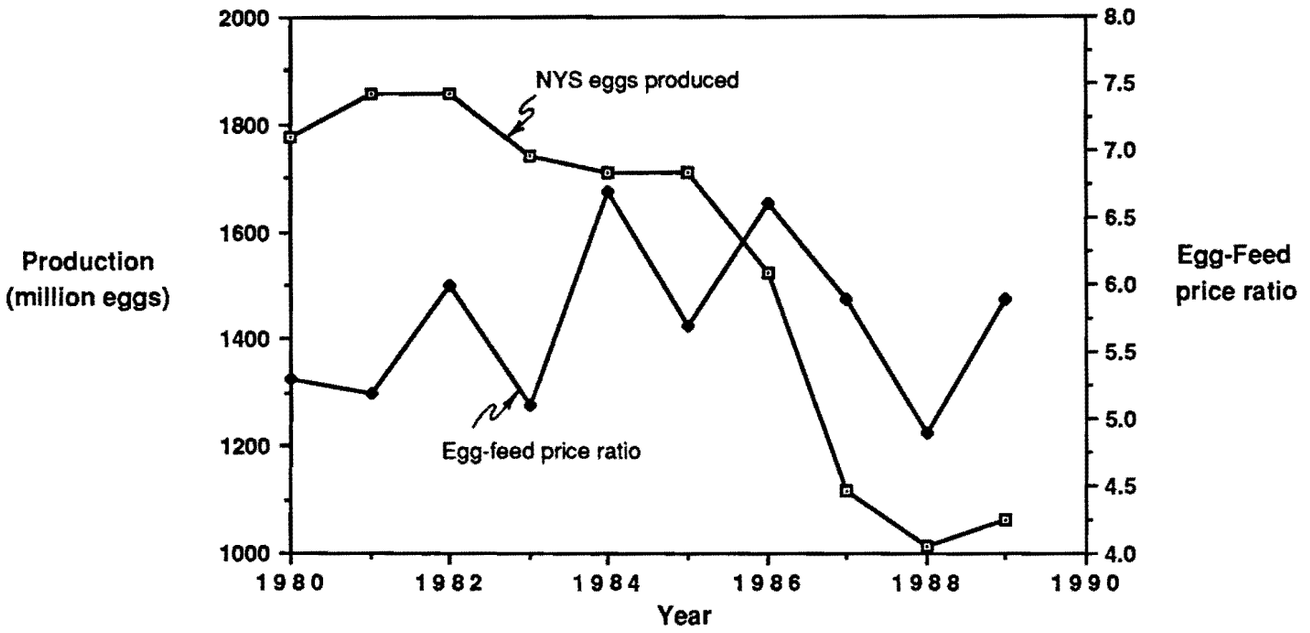
Year	Number of layers	Eggs produced	Eggs per layer	Farm egg price per doz	Farm feed price* per ton	Egg-feed price ratio *
	(thous)	(million)	(number)	(cents)	$	
1980	7,112	1,776	250	50.3	193	5.3
1981	7,402	1,858	251	56.7	215	5.2
1982	7,394	1,859	251	54.6	192	6.0
1983	6,899	1,741	252	56.7	227	5.1
1984	6,692	1,710	256	70.0	216	6.7
1985	6,712	1,710	255	55.0	190	5.7
1986	6,125	1,523	249	58.2	175	6.6
1987	4,367	1,115	255	48.6	164	5.9
1988	3,878	1,013	261	45.6	195	4.9
1989	3,973	1,063	268	65.6	207	5.9

* Egg-feed price ratio - Pounds of feed equal in value to one dozen eggs, quarterly averages.
** Feed price and egg-feed price ratio for Northeast States since 1986.

Source: New York Agricultural Statistics, 1988-1989;
New York Agricultural Statictics Service

The egg-feed price ratio relates egg prices and feed prices. Feed costs are the single most important cost of egg production and comprise nearly half of the cost of production. The ratio indicates the pounds of feed equal in value to one dozen eggs. Higher ratios are generally indicative of more favorable economic circumstances for the egg producer. Figure 1 shows the trend in egg production and the volatility of the egg-feed price ratio over the past decade.

Figure 1. New York State Egg Production and Egg-Feed Price Ratio, 1980-1989



Source: New York Agricultural Statistics, 1989-1990
New York Agricultural Statistics Service

SUMMARY AND ANALYSIS OF THE FARM BUSINESS

Business Characteristics

Finding the right management strategies is an important part of operating a successful farm business. Various combinations of farm resources, enterprises, business arrangements, and management techniques are used by poultry farmers in New York. The following table shows important farm business characteristics and the number of 1989 program participants reporting these characteristics.

Table 2. BUSINESS CHARACTERISTICS
6 Poultry Farms, New York, 1989

Type of Business:	No.	Business Record System:	No.
Proprietors	1	ELFAC	1
Partnerships	3	On-Farm Computer	5
Corporations	2		

Business activities in addition to egg production:	No. of farms
Processing and marketing	4
Pullets raised	5
Crops raised	3

Farm Financial Status

The first step in evaluating the financial status of the farm business is to construct a balance sheet which identifies all the assets and liabilities of the business. The second step is to evaluate the relationships between assets, liabilities, and net worth that occurred during the year.

Financial lease obligations are included in the balance sheet. The present value of all future payments is listed as a liability since the farmer is committed to make the payments by signing the lease. The present value is also listed as an asset, representing the future value

Table 3. FARM BUSINESS BALANCE SHEET
6 New York Poultry Farms, December 31

Farm Assets	1988	1989	Farm Liabilities & Net Worth	1988	1989
Current			Current: =< 1 yr		
	$	$		$	$
Cash, checking, sav	60,416	27,408	Accounts payable	171,867	79,228
Accounts receivable	156,214	227,319	Operating debt	101,589	90,132
Prepaid expenses	1,125	12,776	Short term	127,893	90,863
Feed & supplies	293,176	317,617	Advanced govt recpts	0	0
			Accrued interest	0	0
Total current	510,931	585,119	Total current	401,349	260,223
Intermediate			Intermediate: > 1 to < 10 yr		
Poultry- Layers	339,231	310,230	Structured debt	369,908	337,363
Pullets	86,885	88,139			
Other livestock	0	0			
Livestock leased	0	0			
Equipment owned	1,639,919	1,526,577			
Equipment leased	96,487	75,891	Fin lease- Lvstk, Eq	96,487	75,891
FLB/PCA stock	27,413	19,357	FLB/PCA stock	27,413	19,357
Other stock, certs	167	19,929			
Total intermediate	2,190,100	2,040,122	Total intermediate	493,807	432,611
Long Term			Long Term: => 10 yr		
Land/buildings:			Structured debt	304,385	282,038
Owned	1,673,643	1,673,843			
Structures leased	0	0	Fin lease-structures	0	0
Total long term	1,673,643	1,673,843	Total long term	304,385	282,038
			Total Farm:		
			Liabilities	1,199,541	974,871
Total Farm:			Net Worth	3,175,134	3,324,212
Assets	4,374,674	4,299,083	Liab & Net Worth	4,374,674	4,299,083

generally indicative of more favorable economic circumstances for the egg producer. Figure 1 shows the trend in egg production and the volatility of the egg-feed price ratio over the past decade.

the item has to the business.

Table 3 presents the balance sheet data for the six poultry farm cooperators. It lists the average value of assets and liabilities for December 31, 1988 and December 31, 1989 and, therefore, shows the changes that occurred for each category during the year. Asset values that are estimated each year should reflect changes in quantity or quality of the asset and conservative adjustments for price changes. Carefull attention to asset values is important for a meaningful calculation of change in net worth, a measure of financial progress.

The table below provides a format for the reader to use to develop a balance sheet for an individual's farm business.

Table 4. FARM BUSINESS BALANCE SHEET
My Farm, December 31

Farm Assets	1988	1989	Farm Liabilities & Net Worth	1988	1989
Current			Current: =< 1 yr		
	$	$		$	$
Cash, checking, sav			Accounts payable		
Accounts receivable			Operating debt		
Prepaid expenses			Short term		
Feed & supplies			Advanced govt recpts		
			Accrued interest		
Total current			Total current		
Intermediate			Intermediate: > 1 to < 10 yr		
Poultry- Layers			Structured debt		
Pullets					
Other livestock					
Livestock leased					
Equipment owned			Fin lease- Lvstk, Eq		
Equipment leased					
FLB/PCA stock			FLB/PCA stock		
Other stock, certs					
Total intermediate			Total intermediate		
Long Term			Long Term: => 10 yr		
Land/buildings:			Structured debt		
Owned					
Structures leased			Fin lease-structures		
Total long term			Total long term		
			Total Farm:		
			Liabilities		
Total Farm:			Net Worth		
Assets			Liab & Net Worth		

The balance sheet analysis involves an examination of financial and debt ratios. Percent equity is calculated by dividing end of year net worth by end of year assets. The debt to asset ratio is compiled by dividing liabilities by assets. Low debt to asset ratios reflect strength in solvency and the potential capacity to borrow. Debt levels per unit of production include some old standards that are still usefull if used with measures of cash flow and repayment ability. The change in farm net worth without appreciation is an excellent indicator of financial progress from operating the business.

Table 5. FARM BUSINESS BALANCE SHEET ANALYSIS
6 New York Poultry Farms, December 31

Item	Same 6 poultry farms 1988	Same 6 poultry farms 1989	My Farm
Average number of layers	202,286	226,215	_____
Financial Ratios - end of year			
Percent equity	73%	77%	_____ %
Debt to asset ratios			
Total debt	0.27	0.23	_____
Long term	0.20	0.17	_____
Current & intermediate	0.31	0.26	_____
Change in Net Worth			
Without appreciation	$70,540	$146,542	$ _____
With appreciation	$93,139	$149,078	$ _____
Debt Analysis - end of year			
Percent of total farm debt that is:			
Long term	29%	29%	_____ %
Current & intermediate (incl A/P)	71%	71%	_____ %
Accounts payable	13%	8%	_____ %
Debt Levels - end of year	Per layer	Per layer	Per layer
Total farm debt	$5.03	$4.29	_____
Long term	1.45	1.24	_____
Current & intermediate	3.58	3.05	_____

The farm inventory balance (next page) is an accounting of the value of assets used on the balance sheet and the changes that occur from the beginning to end of year. Net investment indicates whether the capital stock is being expanded (positive) or depleted (negative).

Table 6. FARM INVENTORY BALANCE
6 New York Poultry Farms, 1989

Item		Average		My Farm	
Inventory Balance		Real Estate	Equipment	Real Estate	Equipment
Value- beginning of year	(1)	$ 1,673,643	$ 1,639,919	$ _____	$ _____
Purchases		$ 53,753 a	$ 36,887	$ _____	$ _____
+ Nonfarm noncash transfers		0	0	_____	_____
- Lost capital		0		_____	_____
- Sales		0	160	_____	_____
- Depreciation		74,865	156,618	_____	_____
= Net investment	(2)	$ (21,113)	$ (119,890)	$ _____	$ _____
Appreciation	(3-1-2)	21,313 b	6,548	_____	_____
Value- end of year	(3)	$ 1,673,843	$ 1,526,577	$ _____	$ _____

a These purchases include $0 for land and $53,753 for buildings.
b RE appreciation excludes $0 of appreciation on assets sold during the year.

Income Statement

On the following page the accrual adjusted income statement begins with an accounting of all farm business expenses.

CASH PAID is the actual amount of money paid out during the year and does not necessarily represent the cost of goods and services actually used.

CHANGE IN INVENTORY: An increase in inventory is subtracted in computing accrual expenses; it represents inputs that were purchased but not actually used during the year. A decrease in inventory is added to expenses because it represents the cost of inputs purchased in a prior year and used this year.

CHANGES IN PREPAID EXPENSES apply to non-inventory categories. Included are expenses that have been paid in advance of their use, for example, next year's rent paid this year. An increase in a prepaid expense is an amount paid this year that is an expense for a future year and thus is subtracted from expenses; a decrease in a prepaid expense indicates an amount paid in a prior year that is an expense for this year and thus added to cash expenses.

CHANGE IN ACCOUNTS PAYABLE: An increase in payables is an expense chargeable to this year but not paid at the end of the year. A decrease in payables is an expense for a previous year that was paid this year.

ACCRUAL EXPENSES are the costs of inputs actually used for this year's production.

The worksheet on page 9 is provided to enable any poultry farmer to compare his or her expenses and receipts with the group averages in the corresponding tables.

Table 7. CASH AND ACCRUAL FARM EXPENSES
6 New York Poultry Farms, 1989

EXPENSES	Cash amount paid	+ Change in inventory or prepaid expense	+ Change in accounts payable	= Accrual expenses
Hired Labor (excl oper)	$ 332,333	$ 0	$ 0	$ 332,333
Feed				
Layer	1,443,909	(9,117)	(92,639)	1,342,152
Grower	150,779	(464)	0	150,315
Other	0	0	0	0
Equipment				
Machine hire, eq rent	5,046	0	0	5,046
Leased equipment	29,209	0	0	29,209
Repairs & parts	73,735	(33)	0	73,702
Auto exp - farm share	2,027	0	0	2,027
Fuel, oil & grease	25,152	(449)	0	24,703
Livestock				
Replacements - chicks	95,966	0	0	95,966
pullets	36,802	0	0	36,802
Contract payments	36,589	0	0	36,589
Poultry vet & medicine	21,966	0	0	21,966
Production supplies	12,090	1,117	0	13,208
Proc & packing supplies	210,212	(3,239)	0	206,973
Marketing, trucking exp	130,232	0	0	130,232
Nonpoultry expenses	7,886	0	0	7,886
Crops				
Fertilizer & lime	8,100	6	0	8,105
Seeds & plants	8,070	(929)	0	7,141
Spray, other crop exp	10,709	11	0	10,720
Real Estate				
Repair- land,bldg,fence	5,387	0	0	5,387
Taxes	21,652	(1,370)	0	20,282
Rent	9,435	0	0	9,435
Leased structures	1,083	0	0	1,083
Other Expenses				
Insurance	69,942	(10,280)	0	59,662
Telephone- farm share	6,376	0	0	6,376
Electricity- farm share	63,400	0	0	63,400
Eggs purch for resale	745,810	0	0	745,810
Interest paid	86,119	0	0	86,119
Miscellaneous	29,885	0	0	29,885
TOTAL OPERATING EXPENSES	$ 3,679,901	$ (24,749)	$ (92,639)	$ 3,562,513
Expansion poultry	$ 0	0	0	0
Deprec- Equipment				156,618
Buildings				74,865
TOTAL ACCRUAL EXPENSES				$ 3,793,996

Table 8. CASH AND ACCRUAL FARM EXPENSES
My Farm, 1989

EXPENSES	Cash amount paid		Change in inventory or prepaid + expense		Change in accounts payable		Accrual = expenses
Hired Labor (excl oper)	$		$		$		$
Feed							
Layer							
Grower							
Other							
Equipment							
Machine hire, eq rent							
Leased equipment							
Repairs & parts							
Auto exp - farm share							
Fuel, oil & grease							
Livestock							
Replacements - chicks							
pullets							
Contract payments							
Poultry vet & medicine							
Production supplies							
Proc & packing supplies							
Marketing, trucking exp							
Nonpoultry expenses							
Crops							
Fertilizer & lime							
Seeds & plants							
Spray, other crop exp							
Real Estate							
Repair- land,bldg,fence							
Taxes							
Rent							
Leased structures							
Other Expenses							
Insurance							
Telephone- farm share							
Electricity- farm share							
Eggs purch for resale							
Interest paid							
Miscellaneous							
TOTAL OPERATING EXPENSES	$		$		$		$
Expansion poultry	$						
Deprec- Equipment							
Buildings							
TOTAL ACCRUAL EXPENSES							$

Table 9. CASH AND ACCRUAL FARM RECEIPTS
6 New York Poultry Farms, 1989

RECEIPTS	Cash receipts	+	Change in inventory a	+	Change in accounts recvble	=	Accrual receipts
Egg sales	$ 4,510,756		$ 5,718		$ 71,105		$ 4,587,579
Fowl	78,739		74		0		78,812
Pullets	23,353		(2,497)		0		20,856
Other lvstk & products	46		0		0		46
Crops	19,295		5,624		0		24,919
Gov't program receipts	11,644		0 b		0		11,644
Custom machine work	0				0		0
Other	6,804				0		6,804
- Noncash capital transfer			0 c				0
TOTAL OPERATING RECEIPTS	$ 4,650,636		$ 8,918		$ 71,105		$ 4,730,660

a Change in egg inventory, livestock inventory w/o appreciation and total change in crops inventory.
b Change in advanced government receipts.
c Gifts & inheritances of livestock and crops.

CASH RECEIPTS include the amount received during the year from the sale of farm products, services and government programs.

CHANGES IN INVENTORY are calculated by subtracting beginning of year values from end of year values excluding appreciation. Changes in both crop and livestock inventories are calculated. Changes in advanced government receipts are calculated by subtracting the end year balance from the beginning year balance.

CHANGES IN ACCOUNTS RECEIVABLE are calculated by subtracting beginning year balances from end year balances.

ACCRUAL RECEIPTS represent the value of all farm commodities and services generated by the farm business during the year.

Table 10. CASH AND ACCRUAL FARM RECEIPTS - My Farm

RECEIPTS	Cash receipts	+	Change in inventory	+	Change in accounts recvble	=	Accrual receipts
Egg sales	$		$		$		$
Fowl							
Pullets							
Other lvstk & products							
Crops							
Gov't program receipts							
Custom machine work							
Other							
- Nonfarm noncash capital							
TOTAL OPERATING RECEIPTS	$		$		$		$

Profitability Analysis

Farm owner-operators contribute labor, management, and capital to their businesses. The best combination of these resources maximizes net income. Farm profitability can be measured as the return to all family resources or as the return to one or more individual resources such as labor and management.

NET FARM INCOME is the total combined return to the farm owner/operators and unpaid family members for their labor, management, and equity capital. It is the farm family's or management's net annual return from working, managing, financing, and owning the farm business.

Net farm income is computed both with and without appreciation. Appreciation represents the change in values caused by annual changes in prices of livestock, equipment, real estate inventory, and stocks and certificates (other than FLB and PCA). Appreciation is a major factor contributing to changes in farm net worth and must be included for a complete profitability analysis.

Table 11 shows a significant increase in net farm income for 1989 over 1988. This is basically due to a 31 percent increase in egg price in a year when the cost of production increased only three percent and total egg production increased by 18 percent on these six poultry farms.

Table 11. NET FARM INCOME
6 New York Poultry Farms

Item	Same 6 poultry farms		My farm
	1988	1989	
Total accrual receipts	$ 3,021,315	$ 4,730,660	$ _____
+ Appreciation:			
Livestock	26,803	(25,324)	_____
Equipment	(9,623)	6,548	_____
Real estate	5,418	21,312	_____
Other- Stock & cert	+ 0	+ 0	+ _____
= Total accrual receipts with appreciation	$ 3,043,913	$ 4,733,196	$ _____
- Total accrual expenses	- 2,922,751	- 3,793,996	- _____
= Net Farm Income with appreciation	$ 121,162	$ 939,200	$ _____
Net Farm Income without appreciation	$ 98,564	$ 936,664	$ _____

RETURN TO OPERATORS' LABOR, MANAGEMENT, AND EQUITY CAPITAL measures the total business profits for the farm operator(s). It is calculated by deducting a charge for unpaid family labor from net farm income. Operators' labor is not included in unpaid family labor. Return to operators' labor, management, and equity capital has been calculated both with and without appreciation. Appreciation is considered an important part of the return to ownership of farm assets.

Table 12. RETURN TO OPERATORS' LABOR, MANAGEMENT AND EQUITY CAPITAL
6 New York Poultry Farms

Item	Same 6 Poultry farms 1988	Same 6 Poultry farms 1989	My farm
With appreciation:			
Net farm income	$ 121,162	$ 939,200	$_____
- Family unpaid labor @ $750 per month	- 1,633	- 625	-_____
= Return to operators' labor management, & equity	$ 119,529	$ 938,575	$_____
Without appreciation:			
Net farm income	$ 98,563	$ 936,664	$_____
- Family unpaid labor @ $750 per month	- 1,633	- 625	-_____
= Return to operators' labor management, & equity	$ 96,930	$ 936,039	$_____

LABOR AND MANAGEMENT INCOME is the return which farm operators receive for their labor and management used in operating the farm business. Appreciation is not included as part of the return to labor and management because it results from ownership of assets rather than management of the farm business. Labor and management income is calculated by deducting the opportunity cost of using equity capital, at a real interest rate of five percent, from the return to operators' labor, management, and equity capital excluding appreciation. The interest charge of five percent reflects the long-term average rate of return above inflation that a farmer might expect to earn in investments of comparable risk.

Table 13. LABOR AND MANAGEMENT INCOME
6 New York Poultry Farms

Item	Same 6 Poultry farms 1988	Same 6 Poultry farms 1989	My farm
Without appreciation:			
Return to operators' labor, management, & equity	$ 96,930	$ 936,039	$_____
- Real interest @ 5% on average equity capital	- 152,099	- 162,484	-_____
= Labor & Management Income per Farm	$ (55,169)	$ 773,555	$_____
Labor & Management Income per Operator	$ (24,369)	$ 279,879	$_____

RETURN ON EQUITY CAPITAL measures the net return remaining for the farmer's equity or owned capital after a charge has been made for the owner-operator's labor and management as well as interest on borrowed

capital. The earnings or amount of net farm income allocated to labor and management is the opportunity cost of operators' labor and management estimated by the cooperators. Return on equity capital is calculated with and without appreciation. The rate of return on equity capital is determined by dividing the amount returned by the average farm net worth or equity capital.

RETURN ON TOTAL CAPITAL is calculated by adding interest paid to the return on equity capital and then dividing by average farm assets. It indicates the rate of return earned by this business on all of the funds used in the business.

Table 14. RETURN ON EQUITY CAPITAL AND TOTAL CAPITAL
6 New York Poultry Farms

Item	Same 6 Poultry farms 1988	Same 6 Poultry farms 1989	My farm
Average number of layers	202,286	226,215	_____
Average EQUITY capital	$3,041,981	$3,249,673	$_____
Average TOTAL capital	$3,975,769	$4,336,879	$_____
Returns WITH appreciation:			
Return to operators' labor, management & equity capital	$ 119,529	$ 938,575	$_____
- Value of opers' lab & mgmt	- 47,333	- 103,833	-_____
= Return on avg. EQUITY capital	$ 72,196	$ 834,742	$_____
+ Interest paid	+ 66,143	+ 86,119	+_____
= Return on avg. TOTAL capital	$ 138,339	$ 920,861	$_____
Rates of return on:			
Average EQUITY capital	2.4%	25.7%	____ %
Average TOTAL capital	3.5%	21.2%	____ %
Returns WITHOUT appreciation:			
Return on avg. equity capital WITH appreciation	$ 72,196	$ 834,742	$_____
- Total appreciation	- 22,601	- 2,536	-_____
= Return on avg. EQUITY capital	$ 49,595	$ 832,206	$_____
+ Interest paid	+ 66,143	+ 86,119	+_____
= Return on avg. TOTAL capital	$ 115,738	$ 918,325	$_____
Rates of return on:			
Average EQUITY capital	1.6%	25.6%	____ %
Average TOTAL capital	2.9%	21.2%	____ %

Cash Flow Statement

Completing an annual cash flow statement is an important step in understanding the sources and uses of funds for the business. The ANNUAL CASH FLOW STATEMENT is structured to include all cash inflows and outflows for the year. In Table 15, space is provided for a complete list of transactions by category. Total cash inflows must equal total

cash outflows when beginning and end balances are included. Any imbalance, therefore, could indicate a duplicate, error, or omission of an important cash transaction. A balanced cash flow statement helps to insure accurate accounting of all cash transactions for the business. Understanding last year's cash flow is the first step toward planning and managing cash flow for the current and future years.

Table 15. ANNUAL CASH FLOW STATEMENT

Item		My Farm
Cash Inflows		
Beginning farm cash, checking & savings		$ _____
Cash farm receipts		_____
Sale of assets:		
Equipment		_____
Real estate		_____
Other stock & certificates		_____
Money borrowed:		
Increase in operating debt		_____
Short term		_____
Intermediate		_____
Long term		_____
Refinanced debt		_____
Nonfarm:		
Income		_____
Capital used in business		_____
Money borrowed		_____
Total Cash Inflows	(1)	$ _____
Cash Outflows		
Cash farm expenses (excl interest paid)		$ _____
Capital purchases:		
Expansion livestock		_____
Equipment		_____
Real estate		_____
Other stock & certificates		_____
Debt payments:		
Principal payments for:		
Decrease in operating debt		_____
Short term		_____
Intermediate		_____
Long term		_____
Refinanced debt		_____
Interest paid		_____
Personal withdrawals and family expenditures including nonfarm debt payments and corporation operator labor costs		_____
Ending farm cash, checking & savings		_____
Total Cash Outflows	(2)	$ _____
Imbalance (error)	(1-2)	$ _____

Repayment Analysis

The second step in cash flow analysis is to compare the debt payments planned for this year with the amount actually paid. The measures listed below provide a number of different perspectives on the repayment performance of the business.

Table 16. FARM DEBT PAYMENTS PLANNED

Debt Payments	My Farm 1989 Planned	My Farm Payments Made a	My Farm Planned 1990
Accts payable (net reduction)	$_____	$_____	$_____
Operating (net reduction)	_____	_____	_____
Short term (prin & interest)	_____	_____	_____
Intermediate (prin & interest)	_____	_____	_____
Long term (prin & interest)	_____	_____	_____
Total debt payments	$_____	$_____	$_____
Payments as a % of:			
total accrual receipts	_____%	_____%	
total accrual egg receipts	_____%	_____%	
Payments per layer	$_____	$_____	
Payments per dz eggs sold	$_____	$_____	

a Actual payments excluding refinanced debt.

The CASH FLOW COVERAGE RATIO measures the ability of the farm business to meet its planned debt payment schedule. The ratio shows the percentage of planned payments that could have been made with this year's available cash flow. However, the critical question to many farmers and lenders is whether planned payments can be made in 1990. Worksheets are provided in Tables 18 and 19 to help farmers in each group to project next year's receipts and expenses and to estimate repayment ability for comparison with the planned 1990 debt payments shown in Table 16 above.

Table 17. CASH FLOW COVERAGE RATIO

Item		My Farm
Cash farm receipts		$_____
- Cash farm expenses		_____
+ Interest paid		_____
- Net personal withdrawals from farm a		_____
= Amount available for debt service	(1)	$_____
Debt payments planned for 1989	(2)	$_____
Cash Flow Coverage Ratio	(1/2)	_____

a Personal withdrawals and family expenditures less nonfarm income and nonfarm money borrowed. If family withdrawals are excluded the cash flow coverage ratio will be incorrect.

Average number - dz eggs sold, layers:	2,708,335	127,200	_____		_____	_____
ACCRUAL OPERATING RECEIPTS	(/dz sold)	(/layer)				
Egg sales	$0.666	$14.19	$_____	$_____	_____	$_____
Fowl	0.011	0.23	_____	_____	_____	_____
Pullets	0.014	0.29	_____	_____	_____	_____
Other lvstk & products	0.000	0.00	_____	_____	_____	_____
Crops	0.000	0.00	_____	_____	_____	_____
Miscellaneous receipts	0.002	0.05	_____	_____	_____	_____
Total operating receipts	$0.693	$14.76	$_____	$_____	_____	$_____
ACCRUAL OPERATING EXPENSES						
Labor- Hired (excl oper)	$0.022	$0.47	$_____	$_____	_____	$_____
Feed - Layer	0.333	7.09	_____	_____	_____	_____
Grower	0.038	0.80	_____	_____	_____	_____
Equip- Machine hire, eq rent	0.003	0.07	_____	_____	_____	_____
Leased equipment	0.007	0.14	_____	_____	_____	_____
Repairs, parts & auto	0.007	0.14	_____	_____	_____	_____
Fuel, oil & grease	0.002	0.05	_____	_____	_____	_____
Lvstk- Repl chicks & pullets	0.029	0.62	_____	_____	_____	_____
Contract payments	0.005	0.10	_____	_____	_____	_____
Poultry vet & medicine	0.004	0.09	_____	_____	_____	_____
Production supplies	0.002	0.04	_____	_____	_____	_____
Proc & packing supplies	0.044	0.94	_____	_____	_____	_____
Marketing, trucking exp	0.001	0.03	_____	_____	_____	_____
Nonpoultry expenses	0.002	0.05	_____	_____	_____	_____
Crops- Fertilizer & lime	0.000	0.00	_____	_____	_____	_____
Seeds & plants	0.000	0.00	_____	_____	_____	_____
Spray, other crop exp	0.000	0.00	_____	_____	_____	_____
R Est- Repr- land, bldg, fence	0.002	0.05	_____	_____	_____	_____
Taxes	0.003	0.07	_____	_____	_____	_____
Rent	0.001	0.02	_____	_____	_____	_____
Leased structures	0.000	0.00	_____	_____	_____	_____
Other- Insurance	0.004	0.09	_____	_____	_____	_____
Telephone- farm share	0.001	0.02	_____	_____	_____	_____
Electricity- farm share	0.013	0.27	_____	_____	_____	_____
Eggs purch for resale	0.006	0.13	_____	_____	_____	_____
Miscellaneous	0.003	0.07	_____	_____	_____	_____
Total excl interest paid	$0.533	$11.35	$_____	$_____	_____	$_____
REPAYMENT ANALYSIS	(Total)	(/layer)				
Net accr'l operating income excl int	$ 433,435	$3.41	$_____			$_____
- Change in livestock & crop inv	(9,227)	($0.07)	_____		_____	_____
- Change in accounts receivable	66,285	$0.52	_____		_____	_____
+ Change in produce & supply inv	(17,733)	($0.14)	_____		_____	_____
+ Change in accts payable excl int	(69,638)	($0.55)	_____		_____	_____
NET CASH FLOW	$ 289,006	$2.27	$_____			$_____
- Net personal withdrawals	17,965	$0.14	_____		_____	_____
Available for debt payments & invest	$ 271,041	$2.13	$_____			$_____
- Farm debt payments: prin & int	331,252	$2.60	_____		_____	_____
Available for farm investment	$ (60,211)	($0.47)	$_____			$_____
Capital purchases	$ 63,771	$0.50	$_____		_____	$_____
Additional capital needed	$ 123,982	$0.97	$_____			$_____

Table 19. ANNUAL CASH FLOW WORKSHEET - Poultry and crops

Item	Poultry & crops 3 farms		My Farm, 1989 Total	Per____	Expected change	1990 Proj'n
Average number - dz eggs sold, layers:	9,954,578	325,229	_____		_____	_____
ACCRUAL OPERATING RECEIPTS	(/dz sold)	(/layer)				
Egg sales	$0.740	$22.66	$_____	$_____	_____	$_____
Fowl	0.013	0.39	_____	_____	_____	_____
Pullets	0.001	0.02	_____	_____	_____	_____
Other lvstk & products	0.000	0.00	_____	_____	_____	_____
Crops	0.005	0.15	_____	_____	_____	_____
Miscellaneous receipts	0.003	0.09	_____	_____	_____	_____
Total operating receipts	$0.762	$23.31	$_____	$_____	_____	$_____
ACCRUAL OPERATING EXPENSES						
Labor- Hired (excl oper)	$0.061	$1.86	$_____	$_____	_____	$_____
Feed - Layer	0.179	5.48	_____	_____	_____	_____
Grower	0.020	0.61	_____	_____	_____	_____
Equip- Machine hire, eq rent	0.000	0.00	_____	_____	_____	_____
Leased equipment	0.004	0.12	_____	_____	_____	_____
Repairs, parts & auto	0.013	0.41	_____	_____	_____	_____
Fuel, oil & grease	0.004	0.13	_____	_____	_____	_____
Lvstk- Repl chicks & pullets	0.019	0.58	_____	_____	_____	_____
Contract payments	0.006	0.19	_____	_____	_____	_____
Poultry vet & medicine	0.003	0.10	_____	_____	_____	_____
Production supplies	0.002	0.07	_____	_____	_____	_____
Proc & packing supplies	0.029	0.90	_____	_____	_____	_____
Marketing, trucking exp	0.026	0.79	_____	_____	_____	_____
Nonpoultry expenses	0.001	0.03	_____	_____	_____	_____
Crops- Fertilizer & lime	0.002	0.05	_____	_____	_____	_____
Seeds & plants	0.001	0.04	_____	_____	_____	_____
Spray, other crop exp	0.002	0.07	_____	_____	_____	_____
R Est- Repr- land, bldg, fence	0.001	0.02	_____	_____	_____	_____
Taxes	0.003	0.10	_____	_____	_____	_____
Rent	0.002	0.05	_____	_____	_____	_____
Leased structures	0.000	0.01	_____	_____	_____	_____
Other- Insurance	0.011	0.33	_____	_____	_____	_____
Telephone- farm share	0.001	0.03	_____	_____	_____	_____
Electricity- farm share	0.009	0.28	_____	_____	_____	_____
Eggs purch for resale	0.148	4.54	_____	_____	_____	_____
Miscellaneous	0.005	0.16	_____	_____	_____	_____
Total excl interest paid	$0.554	$16.95	$_____	$_____	_____	$_____
REPAYMENT ANALYSIS	(Total)	(/layer)				
Net accr'l operating income excl int	$2,078,145	$6.39	$_____			$_____
- Change in livestock & crop inv	30,112	$0.09	_____		_____	_____
- Change in accounts receivable	75,924	$0.23	_____		_____	_____
+ Change in produce & supply inv	(31,766)	($0.10)	_____		_____	_____
+ Change in accts payable excl int	(115,640)	($0.36)	_____		_____	_____
NET CASH FLOW	$1,824,703	$5.61	$_____			$_____
- Net personal withdrawals	583,333	$1.79	_____		_____	_____
Available for debt payments & invest	$1,241,370	$3.82	$_____			$_____
- Farm debt payments: prin & int	352,999	$1.09	_____		_____	_____
Available for farm investment	$ 888,371	$2.73	$_____			$_____
Capital purchases	$ 157,034	$0.48	$_____		_____	$_____
Additional capital needed	$ 0	$0.00	$_____			$_____

Capital Efficiency Analysis

Capital efficiency factors measure how intensively capital is being used in the farm business. As capital needs grow, capital management becomes more important. Table 20 compares capital efficiency for the same poultry farms with poultry only and with poultry and crops for 1988 and 1989. Investment per worker changed with size of labor force and investment and other factors changed as affected by increases in flock size and production per layer. Farms in the poultry only group had smaller flocks. These farms had significantly higher capital needs per worker and less capital invested per layer and per dozen eggs.

Table 20. CAPITAL EFFICIENCY ANALYSIS
6 New York Poultry Farms

Item		Average Capital Investment: Per worker equiv	Per layer	-- Per dozen eggs -- Produced	Sold
Same 3 POULTRY ONLY farms for:					
1988 Total farm capital		$246,205	$12.14	$0.617	$0.560
Real estate		n/a	4.74	0.241	0.237
All equipment		90,235	4.45	0.226	0.109
Capital turnover, years	1.13				
1989 Total farm capital		$226,099	$12.54	$0.595	$0.577
Real estate		n/a	4.52	0.215	0.212
All equipment		81,626	4.53	0.215	0.106
Capital turnover, years	0.86				
Same 3 POULTRY AND CROP farms for:					
1988 Total farm capital		$180,815	$22.66	$1.009	$0.790
Real estate		n/a	9.15	0.407	0.339
All equipment		71,565	8.97	0.400	0.160
Capital turnover, years	1.35				
1989 Total farm capital		$183,487	$21.76	$0.928	$0.722
Real estate		n/a	8.52	0.363	0.278
All equipment		71,620	8.50	0.362	0.144
Capital turnover, years	0.93				
My Farm, 1989					
Total farm capital		$ _____	$ _____	$ _____	$ _____
Real estate		n/a	_____	_____	_____
All equipment		_____	_____	_____	_____
Capital turnover, years	_____				

Capital turnover is a measure of capital efficiency as it shows the number of years of farm receipts required to equal the capital investment. It is computed by dividing the average farm asset value by total farm accrual receipts including appreciation. While total asset value increased for both groups from 1988 to 1989, a significant increase in the price of eggs resulted in a greater increase in receipts and improved the capital turnover factors to less than one year.

Equipment Analysis

Equipment costs are an important item in the cost of producing eggs. Total equipment expenses include the major fixed costs, such as interest and depreciation, as well as the accrual operating costs. As shown in Table 21, both types of farms increased in flock size and volume of eggs sold compared to 1988. In 1988, the fixed costs of interest and depreciation comprised over 70 percent of total equipment costs. However, as flock size and egg volume increased for 1989 fixed costs were spread over more units lowering the fixed portion of the total costs and generally reducing total equipment costs per unit. Equipment costs account for about 14 percent of the total cost of producing eggs on farms with poultry only and about eight percent on the farms with crops in addition to poultry.

Table 21. ACCRUAL EQUIPMENT EXPENSES
6 New York Poultry Farms

Item	Avg equip cost Per layer (1988)	Avg equip cost Per dz sold (1988)	Avg equip cost Per layer (1989)	Avg equip cost Per dz sold (1989)	Average equipment cost Total (My farm 1989)	Average equipment cost Per layer (My farm 1989)	Average equipment cost Per dz sold (My farm 1989)
	Same 3 POULTRY ONLY farms						
Avg. no.: layers, 000		115.5		127.2			_____
dz eggs sold, 000		2,310		2,708			_____
Annual Accrual Cost:							
Eq hire, rent, lease	$0.15	$0.007	$0.21	$0.010	$_____	$_____	$_____
Repair & parts	0.10	0.005	0.12	0.006	_____	_____	_____
Auto exp - farm share	0.02	0.001	0.01	0.001	_____	_____	_____
Fuel, oil & grease	0.01	0.000	0.05	0.002	_____	_____	_____
Interest - (5%)	0.22	0.011	0.20	0.009	_____	_____	_____
Depreciation	0.58	0.029	0.33	0.015	_____	_____	_____
Total equip cost	$1.08	$0.053	$0.92	$0.043	$_____	$_____	$_____
	Same 3 POULTRY & CROP farms						
Avg. no.: layers, 000		289.1		325.2			_____
dz eggs sold, 000		7,788		9,955			_____
Annual Accrual Cost:							
Eq hire, rent, lease	$0.24	$0.009	$0.13	$0.004	$_____	$_____	$_____
Repair & parts	0.13	0.005	0.41	0.013	_____	_____	_____
Auto exp - farm share	0.00	0.000	0.01	0.000	_____	_____	_____
Fuel, oil & grease	0.15	0.006	0.13	0.004	_____	_____	_____
Interest - (5%)	0.45	0.017	0.41	0.013	_____	_____	_____
Depreciation	0.86	0.032	0.84	0.027	_____	_____	_____
Total equip cost	$1.83	$0.069	$1.93	$0.061	$_____	$_____	$_____

Labor Analysis

The efficient use of labor is closely related to farm profitablity. Measures of labor efficiency or productivity are key indicators of management's success. For both groups shown in Table 22, the size of the labor force increased from 1988. For the same farms with poultry only, labor costs per worker increased for 1989 while productivity declined resulting in higher labor costs per layer and per dozen sold. Poultry farms with crops had improved productivity resulting in lower labor costs per dozen sold in spite of higher costs per worker and per layer.

Table 22. LABOR FORCE INVENTORY AND ANALYSIS
6 New York Poultry Farms

Item	Same 3 farms POULTRY ONLY 1988	Same 3 farms POULTRY ONLY 1989	Same 3 farms POULTRY & CROPS 1988	Same 3 farms POULTRY & CROPS 1989	My farm 1989
LABOR FORCE:					
Operator(s), months	17.0	17.0	37.3	49.3	_____
Family unpaid, months	4.7	1.7	0.0	0.0	_____
Family paid, months	3.0	5.0	0.0	0.0	_____
Hired, months	43.6	61.0	397.4	413.6	_____
Total, months	68.3	84.7	434.7	462.9	_____
Total worker equiv, no.	5.69	7.06	36.22	38.58	_____
Total operator equiv, no.	1.42	1.42	3.11	4.11	_____
Value of labor & management					
All operators	$38,667	$39,333	$56,000	$168,333	_____
Per operator	$27,294	$27,764	$18,016	$40,974	_____
LABOR EFFICIENCY:					
Layers, average no.	115,515	127,200	289,057	325,229	_____
Layers per worker, no.	20,286	18,028	7,980	8,430	_____
Total eggs sold, dz	2,309,917	2,708,335	7,788,180	9,954,578	_____
Eggs sold per worker, dz	405,644	383,858	215,011	258,039	_____
	Annual accrual cost (incl non-cash)				
LABOR COST:					
Hired: (excl family)					
Per worker equivalent	$9,697	$11,543	$15,198	$17,541	_____
Per layer	0.31	0.46	1.74	1.86	_____
Per dz eggs sold	0.015	0.022	0.065	0.061	_____
All labor cost: (incl oper)					
Per worker equivalent	$10,224	$11,222	$14,924	$17,015	_____
Per layer	0.50	0.62	1.87	2.02	_____
Per dz eggs sold	0.025	0.029	0.069	0.066	_____
All labor & equipment cost:					
Per worker equivalent	$32,055	$27,745	$29,511	$33,199	_____
Per layer	1.58	1.54	3.70	3.94	_____
Per dz eggs sold	0.079	0.072	0.137	0.129	_____

Cropping Program Analysis

Of the six poultry farms in this year's summary, three had field crop enterprises. The following table summarizes the acreages and yields for the farms that produced various crops. Corn grain, the most common crop, was grown for feed and was generally milled on the farm where it was produced. When crops are grown it is important that the enterprise be profitable in its own right and that crop production and feed processing costs compete favorably with purchased feed costs. A complete evaluation of available land resources, how they are being used, how well crops are producing and what it costs to produce them, is required to evaluate alternative cropping and feed purchasing choices.

Table 23. LAND RESOURCES AND CROP PRODUCTION
3 New York Poultry Farms with Crops, 1989

Item	Average			My Farm		
Land class (End of year)	Owned	Rented	Total	Owned	Rented	Total
Tillable, acres	646	336	982			
Nontillable pasture, acres	0	0	0			
Other nontillable, acres	187	0	187			
Total land operated, ac	833	336	1169			
Crop Production						
Crop:	No. of farms	Average acres	Yield per acre	Total acres	Yield per acre	
Hay, acre equivalents	0	0	0.0 tn			tn
Corn grain	3	616	93 bu			bu
Oats	1	50	26 bu			bu
Wheat	2	83	33 bu			bu
Gov't programs, idle	2	442				

Poultry Analysis

Analysis of the poultry enterprise can tell a great deal about the strengths and weaknesses of the poultry farm business. Data are provided in Table 24 for the same six poultry farms for 1988 and 1989 for comparison. Measures of business size include layer and pullet flock sizes and total eggs sold. The number of eggs produced per layer per year is an important measure of productivity. Layer mortality needs to be minimized. Since feed costs about half of the cost of producing eggs, it is well to know feed costs and quantities per layer and per dozen eggs. Feed costs and quantities per raised pullet equivalent are also shown. Layer feed cost as a percent of produced egg sales is lower in 1989 primarily because of a significant increase in egg price.

Table 24. POULTRY FLOCK INVENTORY AND ANALYSIS
6 New York Poultry Farms

Item		Same 3 farms POULTRY ONLY 1988	Same 3 farms POULTRY ONLY 1989	Same 3 farms POULTRY & CROPS 1988	Same 3 farms POULTRY & CROPS 1989	My farm 1989
Layers						
Beginning of year, no.		97,946	132,082	282,859	321,906	_____
End of year, no.		130,860	131,818	321,577	322,269	_____
Average number		115,515	127,200	289,057	325,229	_____
Pullets						
Beginning of year, no.		27,497	35,229	106,690	85,843	_____
End of year, no.		35,229	26,891	112,893	90,702	_____
Pullet equivalents raised to 20 weeks of age, no.		95,304	80,813	333,878	295,310	_____
Total eggs sold, dz		2,309,917	2,708,335	7,788,180	9,954,578	_____
Percent purchased		2%	1%	17%	23%	_____%
Percent produced		98%	99%	83%	77%	_____%
Percent processed		82%	84%	90%	85%	_____%
Eggs produced per layer, no.		236	253	269	281	_____
Mortality		8.9%	11.6%	8.7%	8.7%	_____%
Feed analysis						
Layer feed:						
Cost per ton	$	152	169	140	140	_____
Per layer:						
Quantity	lb	79.2	83.8	81.6	82.6	_____
Cost	$	6.02	7.09	5.70	5.77	_____
Per dz produced:						
Quantity		4.02	3.98	3.64	3.52	_____
Cost	$	0.306	0.336	0.254	0.246	_____
Cost as a % of produced egg sales		63%	50%	44%	33%	_____%
Grower feed:						
Cost per ton	$	136	171	144	137	_____
Per 20 week pullet equiv:						
Quantity	lb	16.0	14.8	13.4	16.2	_____
Cost	$	1.09	1.26	0.96	1.11	_____
Other cost factors	$					
Vet & medicine per layer		0.06	0.09	0.07	0.10	_____
Prodn supplies per layer		0.02	0.04	0.10	0.07	_____
Proc, mktg suppl / dz sold		0.040	0.044	0.038	0.030	_____
Utilities per dz sold		0.015	0.014	0.013	0.010	_____
Utilities per layer		0.30	0.29	0.36	0.32	_____
All labor per layer		0.50	0.62	1.87	2.02	

The cost of producing eggs has been compiled using the whole farm method, and is presented in the following table. Accrual receipts per dozen from egg sales can be compared with the accrual costs per dozen for producing eggs. Costs are calculated for eggs produced and eggs sold. Operating expenses are reduced by non-egg receipts (on the assumption that total costs for those items were equal to the accrual receipts) and receipts for eggs purchased for resale to obtain the operating costs for eggs produced. Fixed costs are included to obtain total costs for eggs produced. Receipts for the sale of purchased eggs (assumed equal to cost) are added to the total cost of producinng eggs to determine costs for eggs sold.

Table 25. ACCRUAL RECEIPTS AND COST OF PRODUCTION
6 New York Poultry Farms

Item	Same 3 farms POULTRY ONLY 1988	Same 3 farms POULTRY ONLY 1989	Same 3 farms POULTRY & CROPS 1988	Same 3 farms POULTRY & CROPS 1989	My farm 1989
Average number: layers	115,515	127,200	289,057	325,229	
eggs per layer	236	253	269	281	
dz eggs prod	2,272,527	2,681,163	6,488,156	7,627,192	
dz eggs sold	2,309,917	2,708,335	7,788,180	9,954,578	
Accrual receipts:					
Total egg sales	$1,121,862	1,804,532	4,483,564	7,370,625	
Egg sales- % of total recpts	88%	96%	94%	97%	%
Receipts per dz sold	$ 0.486	0.666	0.576	0.740	
Produced egg sales per layer (dz prod x recpt/dz)/layers	$ 9.55	14.04	12.92	17.36	
Accrual Cost of Production (whole farm method)					
Total operating expenses	$1,201,432	1,532,674	4,041,172	5,592,352	
- non-egg receipts	157,564	72,042	286,281	217,168	
- purchased egg receipts (dz purchased x recpt/dz)	18,160	18,104	748,409	1,723,257	
= Operating costs for eggs produced	$1,025,708	1,442,528	3,006,482	3,651,927	
+ expansion poultry	79,210	0	50,667	0	
+ depreciation - equip, bldg	102,188	73,105	370,834	389,860	
+ unpaid family labor	3,267	1,250	0	0	
+ value of oper labor & mgmt	38,667	39,333	56,000	168,333	
+ interest- avg eqty capital	26,752	30,712	277,446	294,255	
= TOTAL COSTS FOR EGGS PRODUCED	$1,275,792	1,586,928	3,761,429	4,504,375	
Operating cost/dz eggs produced	$ 0.451	0.538	0.463	0.479	
Total cost/dz eggs produced	$ 0.561	0.592	0.580	0.591	
Total cost per layer	$ 11.04	12.48	13.01	13.85	
Total costs for eggs produced	$1,275,792	1,586,928	3,761,429	4,504,375	
+ Total recpts- purchased eggs	18,160	18,104	748,409	1,723,257	
= TOTAL COSTS FOR EGGS SOLD	$1,293,952	1,605,032	4,509,838	6,227,632	
Operating cost per dz eggs sold	$ 0.452	0.539	0.482	0.540	
Total cost per dz eggs sold	$ 0.560	0.593	0.579	0.626	

PROGRESS OF THE FARM BUSINESS

Monitoring progress of your farm business is critical to improving management. Tables 26-28 provide average data from the Poultry Summary for the most recent two years. While it is helpful to compare your factors with the group average, it is even more important to compare

Table 26. PROGRESS OF THE POULTRY FARM BUSINESS
Farms with Poultry Only, New York State, 1988-1989

SELECTED FACTORS:	Average per Farm: All 6 farms in 1988	Average per Farm: Same 3 farms in: 1988	Average per Farm: Same 3 farms in: 1989
Size of Business			
Layers, avg no.	92,181	115,515	127,200
Pullets, no. of 20 wk equiv	72,729	95,304	80,813
Eggs sold, dz	2,265,579	2,309,917	2,708,335
Eggs produced, dz	1,882,606	2,272,527	2,681,163
Worker equivalent	6.97	5.69	7.06
Rates of Production			
Eggs produced per layer, no.	245	236	253
Labor Efficiency			
Layers per worker, no.	13,221	20,286	18,028
Eggs sold per worker, dz	324,944	405,644	383,858
Cost Control - accrual			
Grower feed: lb/pullet equiv	16.1	16.0	14.8
Layer feed: lb/dz eggs prod	3.84	4.02	3.98
cost/dz produced	$ 0.281	$ 0.306	$ 0.336
All labor cost/dz eggs sold	$ 0.039	$ 0.025	$ 0.029
All labor & equip cost/dz sold	$ 0.078	$ 0.079	$ 0.072
Prod supplies cost/dz prod	$ 0.001	$ 0.001	$ 0.002
Proc/mktg suppl cost/dz sold	$ 0.061	$ 0.040	$ 0.044
Utilities cost/dz eggs sold	$ 0.013	$ 0.015	$ 0.014
Capital Efficiency- avg for year			
Total farm capital: per layer	$ 11.92	$ 12.14	$ 12.54
/dz sold	$ 0.440	$ 0.560	$ 0.577
Equipment investment / layer	$ 4.04	$ 4.45	$ 4.53
Capital turnover, years	0.9	1.1	0.9
Profitability			
Net farm income: w/o apprec	$ (97,385)	$ (103,405)	$ 270,794
w/ apprec	$ (92,013)	$ (138,766)	$ 259,448
Labor & mgmt income per operator	$ (104,409)	$ (94,181)	$ 168,588
Rate of return to avg capital w/apprec: Equity capital	-19.1%	-33.8%	35.6%
Total capital	-8.0%	-8.9%	19.3%
Financial Summary - end of year			
Farm: Net worth	$ 662,419	$ 445,023	$ 733,459
Debt to asset ratio	0.45	0.71	0.55
Debt per layer	$ 5.32	$ 8.15	$ 6.78

factors for your business this year with previous years. Participation in the Summary program will enable you to make that comparison. It will keep you aware of financial and production trends occurring in your business. Participators are provided with this comparison as they continue in the program. Others will find it helpful to enter their own data in Table 29. Historical factors will help in setting future goals.

Table 27. PROGRESS OF THE POULTRY FARM BUSINESS
Farms with Poultry and Crops, New York State, 1988-1989

SELECTED FACTORS:	Average per Farm: All 5 farms in 1988	Same 3 farms in: 1988	Same 3 farms in: 1989
Size of Business			
Layers, avg no.	188,248	289,057	325,229
Pullets, no. of 20 wk equiv	200,327	333,878	295,310
Eggs sold, dz	5,028,705	7,788,180	9,954,578
Eggs produced, dz	4,234,666	6,488,156	7,627,192
Worker equivalent	23.83	36.22	38.58
Rates of Production			
Eggs produced per layer, no.	270	269	281
Labor Efficiency			
Layers per worker, no.	7,900	7,980	8,430
Eggs sold per worker, dz	211,024	215,011	258,039
Cost Control - accrual			
Grower feed: lb/pullet equiv	13.4	13.4	16.2
Layer feed: lb/dz eggs prod	3.65	3.64	3.52
cost/dz produced	$ 0.258	$ 0.254	$ 0.246
All labor cost/dz eggs sold	$ 0.069	$ 0.069	$ 0.066
All labor & equip cost/dz sold	$ 0.136	$ 0.137	$ 0.129
Prod supplies cost/dz prod	$ 0.004	$ 0.004	$ 0.003
Proc/mktg suppl cost/dz sold	$ 0.038	$ 0.038	$ 0.030
Utilities cost/dz eggs sold	$ 0.013	$ 0.013	$ 0.010
Capital Efficiency- avg for year			
Total farm capital: per layer	$ 21.93	$ 22.66	$ 21.76
/dz sold	$ 0.775	$ 0.790	$ 0.722
Equipment investment / layer	$ 8.45	$ 8.97	$ 8.50
Capital turnover, years	1.3	1.4	0.9
Profitability			
Net farm income: w/o apprec	$ 163,822	$ 307,173	$ 1,605,581
w/ apprec	$ 217,897	$ 381,089	$ 1,618,952
Labor & mgmt income per operator	$ (3,118)	$ 9,555	$ 318,971
Rate of return to avg capital			
w/apprec: Equity capital	4.7%	5.9%	24.6%
Total capital	5.2%	6.1%	21.7%
Financial Summary - end of year			
Farm: Net worth	$3,527,464	$ 5,732,076	$ 5,914,964
Debt to asset ratio	0.19	0.17	0.15
Debt per layer	$ 4.02	$ 3.77	$ 3.28

Table 28. PROGRESS OF THE POULTRY FARM BUSINESS
All Summary Farms, New York State, 1988-1989

SELECTED FACTORS:	Average per Farm: All 11 farms in 1988	Same 6 farms in: 1988	Same 6 farms in: 1989
Size of Business			
Layers, avg no.	135,848	202,286	226,215
Pullets, no. of 20 wk equiv	130,728	214,591	188,061
Eggs sold, dz	3,521,545	5,049,049	6,331,457
Eggs produced, dz	2,951,724	4,380,341	5,154,177
Worker equivalent	14.63	20.96	22.82
Rates of Production			
Eggs produced per layer, no.	261	260	273
Labor Efficiency			
Layers per worker, no.	9,282	9,652	9,914
Eggs sold per worker, dz	240,627	240,909	277,493
Cost Control - accrual			
Grower feed: lb/pullet equiv	14.2	14.0	15.9
Layer feed: lb/dz eggs prod	3.72	3.74	3.64
cost/dz produced	$ 0.266	$ 0.267	$ 0.269
All labor cost/dz eggs sold	$ 0.058	$ 0.059	$ 0.058
All labor & equip cost/dz sold	$ 0.116	$ 0.124	$ 0.117
Prod supplies cost/dz prod	$ 0.003	$ 0.004	$ 0.003
Proc/mktg suppl cost/dz sold	$ 0.046	$ 0.039	$ 0.033
Utilities cost/dz eggs sold	$ 0.013	$ 0.014	$ 0.011
Capital Efficiency- avg for year			
Total farm capital: per layer	$ 18.22	$ 19.65	$ 19.17
/dz sold	$ 0.657	$ 0.738	$ 0.691
Equipment investment / layer	$ 6.82	$ 7.68	$ 7.38
Capital turnover, years	1.2	1.3	0.9
Profitability			
Net farm income: w/o apprec	$ 22,338	$ 98,563	$ 936,664
w/ apprec	$ 48,855	$ 121,162	$ 939,200
Labor & mgmt income per operator	$ (39,319)	$ (24,369)	$ 279,879
Rate of return to avg capital			
w/apprec: Equity capital	0.2%	2.4%	25.7%
Total capital	2.0%	3.5%	21.2%
Financial Summary - end of year			
Farm: Net worth	$1,964,712	$ 3,088,550	$ 3,324,212
Debt to asset ratio	0.25	0.27	0.23
Debt per layer	$ 4.50	$ 5.03	$ 4.29

Table 29. PROGRESS OF MY POULTRY FARM BUSINESS
New York State, 1987-1989

SELECTED FACTORS:	My Farm 1987	1988	1989	Goal
Size of Business				
Layers, avg no.				
Pullets, no. of 20 wk equiv				
Eggs sold, dz				
Eggs produced, dz				
Worker equivalent				
Rates of Production				
Eggs produced per layer, no.				
Labor Efficiency				
Layers per worker, no.				
Eggs sold per worker, dz				
Cost Control - accrual				
Grower feed: lb/pullet equiv				
Layer feed: lb/dz eggs prod				
cost/dz produced	$	$	$	$
All labor cost/dz eggs sold	$	$	$	$
All labor & equip cost/dz sold	$	$	$	$
Prod supplies cost/dz prod	$	$	$	$
Proc/mktg suppl cost/dz sold	$	$	$	$
Utilities cost/dz eggs sold	$	$	$	$
Capital Efficiency- avg for year				
Total farm capital: per layer	$	$	$	$
/dz sold	$	$	$	$
Equipment investment / layer	$	$	$	$
Capital turnover, years				
Profitability				
Net farm income: w/o apprec	$	$	$	$
w/ apprec	$	$	$	$
Labor & mgmt income per oper	$	$	$	$
Rate of return to avg capital				
w/apprec: Equity capital	%	%	%	%
Total capital	%	%	%	%
Financial Summary - end of year				
Farm: Net worth	$	$	$	$
Debt to asset ratio				
Debt per layer	$	$	$	$

Other Agricultural Economics Extension Publications

No. 90-11	Dairy Farm Business Summary, Eastern Plateau Region, 1989	Robert A. Milligan Linda D. Putnam Carl A. Crispell William H. Gengenbach Gerald A. LeClar
No. 90-12	National and State Trends in Milk Production	Andrew Novakovic Kevin Jack Maura Keniston
No. 90-13	Dairy Farm Business Summary, Oneida-Mohawk Region, 1989	Eddy L. LaDue Mark E. Anibal Jacqueline M. Mierek
No. 90-14	Dairy Farm Business Summary, Western Plateau Region, 1989	George L. Casler
No. 90-15	Dairy Farm Business Summary, Northern Hudson Region, 1989	Stuart F. Smith Linda D. Putnam
No. 90-16	Dairy Farm Business Summary, Southeastern New York, 1989	Stuart F. Smith
No. 90-17	Present Value, Future Value and Amortization Formulas and Tables	Eddy L. LaDue
No. 90-18	The Milkfat Issue: Production, Processing, and Marketing	Tom Cosgrove Andrew Novakovic
No. 90-19	Dairy Farm Business Summary, Eastern New York Renter Summary, 1989	Linda D. Putnam Stuart F. Smith
No. 90-20	Improving Communication About Risks Associated With Residues of Agricultural Chemicals on Produce	Nancy Ostiguy Enrique E. Figueroa Carole Bisogni
No. 90-21	Cornell Cooperative Extension Farm Business Management Program Guidelines, Suggestions, and Resources	Stuart F. Smith Wayne A. Knoblauch Gerald B. White
No. 90-22	Fruit Farm Business Summary, Lake Ontario Region, New York, 1989	Darwin P. Snyder Alison M. DeMarree