

3.9 ANNUAL ENTERPRISE BUDGET WORKSHEET

**ANNUAL ENTERPRISE BUDGET WORKSHEET
SMALL LOT PORK PRODUCER**

Farm Name: _____ Budget Year: _____

I. Herd Production, Marketing & Financial Parameters

# Breeding sows	_____ sows	Weaners - Days on nursery/starter feed	_____ days
# Litters per sow per year	_____ /year	- Nursery or starter fed/hd/day	_____ lb or kg
# Piglets weaned per litter	_____ /litter	Growers - Days on grower feed	_____ days
# Total weanlings per year	_____ /year	- Grower feed fed/hd/day	_____ lb or kg
# Weanlings sold	_____ /year	Finishers - Days on finisher feed	_____ days
# Market hogs sold	_____ /year	- Finisher feed fed/hd/day	_____ lb or kg
# Market hogs sold (as carcass sales)	_____ /year	Gestating - Days on gestation feed	_____ days
Weanling sales price	\$ _____ /head	- Gestation feed fed/hd/day	_____ lb or kg
Market hog weight	_____ lb or kg	Lactating - Days on lactation feed	_____ days
Market hog price	\$ _____ /lb or kg	- Lactation feed fed/hd/day	_____ lb or kg
Carcass price (whole, half, quarter)	\$ _____ /lb or kg	Boars - Feed fed/hd/day	_____ lb or kg
Days of age at market hog weight	_____ days	# Breeding boars	_____ boars
# Cull sows sold	_____ /year	# Breeding boars sold (culls)	_____ /year
Cull sow weight	_____ lb or kg	Breeding boar sales price (culls)	\$ _____ /head
Cull sow price	\$ _____ /lb or kg	# Preweaned piglet mortalities	_____ /year
Market value of breeding sow	\$ _____ /sow	# Grower/finisher mortalities	_____ /year
Market value of breeding boar	\$ _____ /boar	# Breeding sow mortalities	_____ /year
# Weanlings purchased for growers	_____ /year	# Breeding boar mortalities	_____ /year
Slaughter charge	\$ _____ /hog	Interest rate on operating expenses	_____ %
Cut & wrap charge	\$ _____ /lb or kg	Investment rate on capital and livestock	_____ %

II. Formulas to Calculate Interest on Operating Expenses, Depreciation Expenses & Investment Expenses

1. Interest on Operating Expenses: charged on subtotal operating expenses. Interest on Operating Expenses = [(Subtotal Operating Expenses/12) / 2] x Interest Rate on Operating
2. Depreciation Expenses: to be applied on buildings, manure storage, equipment & machinery. Depreciation Expenses = (Original Cost – Salvage Value) / Useful Life
3. Investment Expenses: to be applied on buildings, manure storage, equipment & machinery. Investment Expenses (Capital) = [(Original Cost + Salvage Value) / 2] x Investment Rate
4. Investment Expenses: to be applied on livestock. Investment Expenses (Livestock) = {(Total Value of Sows + Boars) + [(Total Value of Market Hogs Sold per Year) x (Days of Age at Market/365)]} x Investment Rate

III. Suggested Figures for Salvage Values & Useful Life

SALVAGE VALUE		USEFUL LIFE	
ITEM	%	ITEM	YEARS
Buildings	10	Buildings	20–25
Manure Storage	0	Manure Storage	20–25
Equipment/Machinery	10	Equipment/Machinery	10–15

IV. Approximate Daily Feeding Quantities When Estimating Feed Amounts & Expenses⁽¹⁾

ANIMAL TYPE	FEED TYPE	DAYS OF AGE	DAYS ON FEED	APPROXIMATE DAILY FEEDING LEVELS	
				lb/hd/day	kg/hd/day
Pre/Post Weaning	Nursery/Starter	21–45	25	3.0–4.0 lb	1.4–1.8 kg
Feeders	Grower	45–75	30	4.0–5.7 lb	1.8–2.6 kg
Finishing	Finisher	75–130	55	6.0–7.3 lb	2.7–3.3 kg
Gestating sows	Gestation	—	290–300 days/year	5.0–8.0 lb	2.3–3.6 kg
Lactating sows	Lactation	—	65–75 days/year	14.0–16.0 lb	6.4–7.3 kg
Breeding Boars	Boar Diet	—	365 days/year	5.0–6.0 lb	2.3–2.7 kg

(1) Contact a swine nutritionist for precise ration formulations. Rations and daily feeding levels can vary widely depending on breed, feed ingredients, herd health, and the environment. The above figures are only for preliminary budgeting purposes.

V. INCOME

INCOME ITEM	SALES		AVG WEIGHT (lb / kg)	PRICE PER		INCOME \$/YR
	#	UNITS		\$	UNITS	
Weanlings		head			head	
Market Hogs		head	(4)		lb / kg	
Cull Sows		head			lb / kg	
Breeding Boars (culls)		head			head	
Carcass – Whole	(1)	(3)	whole	(4)	lb / kg	
Carcass – Half	(1)	(3)	half	(4)	lb / kg	
Carcass – Quarter	(1)	(3)	quarter	(4)	lb / kg	
Carcass – Cuts	(total weight of carcass cuts)		(2)	(5)	lb / kg	
A. TOTAL INCOME						

- (1) Input the respective # Whole, Half and/or Quarter Carcasses sold.
- (2) Input the total # lb or kg of annual carcass cuts sold.
- (3) Calculate and input the # Market Hog Equivalents. These are calculated as follows: 1 Whole Carcass = 1 Market Hog Equivalent; 2 Half Carcasses = 1 Market Hog Equivalent; 4 Quarter Carcasses = 1 Market Hog Equivalent.
- (4) Input the # lb or kg for average market hog weight.
- (5) Use the following formula to calculate and input the # Market Hog Equivalents from total carcass cuts sold.

$$[(\text{Total weight of carcass cuts sold} / 0.75) / \text{Average weight of a whole carcass}]$$

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VI. DIRECT EXPENSES

DIRECT EXPENSES	FEED FED (lb or kg/hd/day)	DAYS FED (#)	TOTAL FEED (lb or kg/hd)	FEED EXPENSE (\$/lb or kg)	TOTAL HEAD (#/yr)	EXPENSES \$/YR
Feed – Pigs						
Nursery/Starter						
Grower						
Finisher						
Feed – Sows						
Gestation						
Lactation						
Feed – Boars						
Breeding Boars		365				
B. Total Feed Expenses						

OTHER DIRECT EXPENSES	QUANTITY	UNITS	EXPENSE \$/UNIT	EXPENSES \$/YR
Weanlings Purchased for Growers	# /yr	weaner		
Replacement Gilts	# /yr	gilt		
Replacement Boars	# /yr	boar		
Herd Health (vet, med) - sows	\$ /mo			
Herd Health (vet, med) - mkt hogs	\$ /mo			
Traceability (ear tags, applicator)	\$ /mo			
Trucking (animals, feed, supplies)	\$ /mo			
Sanitation (sanitizers, scrubbers)	\$ /mo			
Pasture Management	\$ /mo			
Fence Repairs/Main.	\$ /mo			
Marketing	\$ /mo			
Mortalities	\$ /mo			
Deadstock Disposal	\$ /mo			
Labour Hours (operating labour)	# /mo	hr		
Slaughter Charges	# /yr	market hog		
Cut & Wrap Charges	# /yr	lb or kg		
Other	\$ /mo			
Other	\$ /mo			

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OTHER DIRECT EXPENSES	TOTAL ANNUAL FARM DIRECT EXPENSES (\$)	% ALLOCATION OF DIRECT EXPENSES TO SWINE ENTERPRISE ⁽¹⁾	EXPENSES \$/YR
Mach & Equip Repairs/Main.			
Truck & Tractor Repairs/Main.			
Fuel, Oil & Lube			
Misc. (fees)			
Utilities (heating, electricity)			
Other			
C. Total Other Direct Expenses			
D. TOTAL DIRECT EXPENSES (B + C)			

(1) % Allocation of Direct Expenses to swine enterprise is based on the estimate of total farm generated revenue that is derived from the swine operation (e.g., if annual farm income = \$80,000 and swine contributed \$20,000, then % allocation = 25%).

VII. CONTRIBUTION MARGIN

E. CONTRIBUTION MARGIN (A–D)	
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VIII. INDIRECT EXPENSES

INDIRECT EXPENSES	TOTAL ANNUAL FARM INDIRECT EXPENSES (\$)	% ALLOCATION OF INDIRECT EXPENSES TO SWINE ENTERPRISE ⁽¹⁾	EXPENSES \$/YR
Property Taxes			
Water Fees & Licences			
Building Repairs/Main.			
Insurance Premiums			
Legal & Accounting Fees			
Office & Telephone			
Shop Supplies & Small Tools			
Interest on Term Loans			
Other			
Other			
F. TOTAL INDIRECT EXPENSES			

(1) % Allocation of Indirect Expenses to swine enterprise is based on the estimate of total farm generated revenue that is derived from the swine operation (e.g., if annual farm income = \$80,000 and swine contributed \$20,000, then % allocation = 25%).

IX. TOTAL OPERATING EXPENSES

TOTAL OPERATING EXPENSES	EXPENSES \$/YR
G. SUBTOTAL OPERATING EXPENSES (D + F)	
H. Interest on Operating Expense ⁽¹⁾	
I. TOTAL OPERATING EXPENSES (G + H)	

(1) Refer to Formulas Table under Section II for a description of the methodology in calculating 'Interest on Operating Expenses'.

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X. CAPITAL (DEPRECIATION) EXPENSES

CAPITAL (DEPRECIATION) EXPENSES	FARM CAPITAL VALUE OF ITEMS (\$) ⁽¹⁾	% ALLOCATION TO SWINE ENTERPRISE ⁽²⁾	ALLOCATION TO SWINE ENTERPRISE (\$)	SALVAGE VALUE (\$) ⁽³⁾	USEFUL LIFE (YR) ⁽³⁾	DEPRECIATION EXPENSES \$/YR ⁽⁴⁾
Buildings & Manure Storage						
Gestation Bldgs/Pens						
Farrowing Bldgs/Pens						
Nursery Bldgs/Pens						
Grower/Finish Bldgs/Pens						
Pasture Shelters						
Fencing						
Feed Storage						
Manure Storage						
Other						
Other						
J. Total Buildings & Manure Storage						
Equipment & Machinery						
Feed Handling						
Feeders						
Heated Waterers						
Gates & Partitions						
Animal Handling/Loading						
Weigh Scales						
Truck						
Stock Trailer						
Tractor						
Manure Spreader						
Other						
Other						
K. Total Equipment & Machinery						
L. TOTAL CAPITAL (DEPRECIATION) EXPENSES (J + K)						

- (1) The 'Capital Value' is the cost to replace the capital item. In most budgets, this would be the new cost for a building, equipment or machinery; however, price conscious buyers can get away with including values lower than new cost (e.g., buy a good used tractor).
- (2) % Allocation of Capital Values to swine enterprise is based on the estimate of total farm generated revenue that is derived from the swine operation (e.g., if annual farm income = \$80,000 and swine contributed \$20,000, then % allocation = 25%).
- (3) Refer to Table in Section III for suggested values for 'Salvage Values' and 'Useful Life'.
- (4) Refer to Formula Table under Section II for a description of the methodology in calculating 'Depreciation Expenses'.

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XI. CAPITAL (INVESTMENT) EXPENSES

CAPITAL (INVESTMENT) EXPENSES	ALLOCATION TO SWINE ENTERPRISE (\$) ⁽¹⁾	SALVAGE VALUE (\$) ⁽¹⁾	INVESTMENT RATE (YR) ⁽²⁾	INVESTMENT EXPENSES \$/YR ⁽³⁾
Buildings				
Manure Storage				
Equipment & Machinery				
Livestock ⁽⁴⁾				
M. TOTAL CAPITAL (INVESTMENT) EXPENSES				

- (1) These values were determined in Section X and transferred to Section XI.
- (2) Investment Rate (%) that was recorded in Table in Section I.
- (3) Refer to Formula Table under Section II for a description of methodology in calculating 'Investment Expenses'.
- (4) Livestock Value based on figures recorded in Table in Section I for sows and boars, plus an adjusted value for market hogs sold/yr.

XII. NET FARM INCOME

SUMMARY CALCULATION OF NET FARM INCOME	TOTAL \$/YR
A. TOTAL INCOME	
D. TOTAL DIRECT EXPENSES	
E. CONTRIBUTION MARGIN	
F. TOTAL INDIRECT EXPENSES	
G. SUBTOTAL OPERATING EXPENSES	
H. Interest on Operating Expenses	
I. TOTAL OPERATING EXPENSES	
Net Returns Over Operating Expenses⁽¹⁾	
L. TOTAL CAPITAL (DEPRECIATION) EXPENSES	
M. TOTAL CAPITAL (INVESTMENT) EXPENSES	
N. NET FARM INCOME [A - (I + L + M)]	

- (1) 'Net Returns Over Operating Expenses' is calculated by subtracting Total Operating Expenses (I) from Total Income (A).

SECTION 3 REFERENCE LIST

XIII. SUMMARY OF INCOME & COST OF PRODUCTION (COP) PER UNIT

PARAMETER ⁽¹⁾	Per Sow ⁽³⁾ (\$/sow)	Per Weaner ⁽²⁾ (\$/weaner)	Per Market Hog ⁽²⁾ (\$/market hog)	Per lb of kg Meat ⁽²⁾ (\$/lb or kg meat)
% Allocation of Total Income ⁽²⁾				
A. TOTAL INCOME				
D. TOTAL DIRECT EXPENSES				
E. CONTRIBUTION MARGIN				
F. TOTAL INDIRECT EXPENSES				
G. SUBTOTAL OPERATING EXPENSES				
H. Interest on Operating Expenses				
I. TOTAL OPERATING EXPENSES				
Net Returns Over Operating Exp.				
L. CAPITAL (DEPRECIATION) EXPENSES				
M. CAPITAL (INVESTMENT) EXPENSES				
N. NET FARM INCOME				

- (1) Per unit figures for these parameters are calculated by taking 'Enterprise Budget Worksheet' totals (Section XII) and dividing each by the respective # sows, # weaners sold, and/or # market hogs sold (Section I), and/or # lb or kg meat cuts sold (Section V).
- (2) For farms **SELLING A COMBINATION** of weaners, market hogs, and/or meat cuts, please input the **% Allocation of Total Income** attributed to each category. Example: If Total Income of \$100,000/year with weaner sales (\$20,000), market hog sales (\$70,000), and meat cut sales (\$10,000), then input 20%, 70%, and 10% under the PER WEANER, PER MARKET HOG, and PER LB OR KG MEAT columns respectively on the line designated as **% Allocation of Total Income**. Once these %'s are inputted, take the 'Enterprise Budget' totals from Section XII and multiple each by the % figure for each respective column (e.g., weaners, market hogs, meat cuts), then divide by the # weaners sold or # market hogs sold (from Section I) or by the # lb or kg of meat cuts sold (from Section V) to generate PER UNIT values.
- (3) 100% of weaner pigs must be sourced from sows managed on-farm for an accurate calculation of \$/sow.