



Fact Sheet Series on Meat Goat Herd Management Practices  
**#4 – Observations on income and expense  
balance sheets for 18 meat goat farms**

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Introduction

In 2005, the Cornell Animal Science Department in cooperation with the Empire State Meat Goat Producer's Association was awarded a grant from the Northeast Sustainable Agriculture Research and Education Program (NE SARE) to work with meat goat farmers. One component of the grant was to develop income and expense spreadsheets for different types of meat goat farms based on real data from a multitude of Northeast meat goat farms.

A survey modeled on the Internal Revenue Services Schedule F "Profit or Loss from Farming" forms was sent out to 515 probable meat goat farmers on the Cornell Goat Extension mailing list in March 2007. The hope was that they could easily report their income and expenses for 2006 on these forms at the same time they readied their taxes for the April 15<sup>th</sup> deadline. Thirty six anonymous meat goat farms did return the survey. However, closer inspection revealed that although all respondents filled out Part 1 of the survey which classified farms based on herd size, years in business, and other factors, only 50% of respondents completed Part 2 which was the more pertinent section on actual expenses and income. It may be that some farmers did not realize that there was a back page to the survey. In later conversations with meat goat producers, common reasons for not responding to the survey were 1) lack of time, 2) information not tracked because farm is considered a hobby farm for tax purposes, 3) separate economic figures unavailable because meat goat enterprise is lumped with other farm enterprises for tax purposes, and 4) information considered too personal to share even if reported anonymously.

This fact sheet summarizes the information gained from the 18 meat goat farms that did complete the survey. All farms raised either full blood or crossbred boer goats. Nine farms indicated

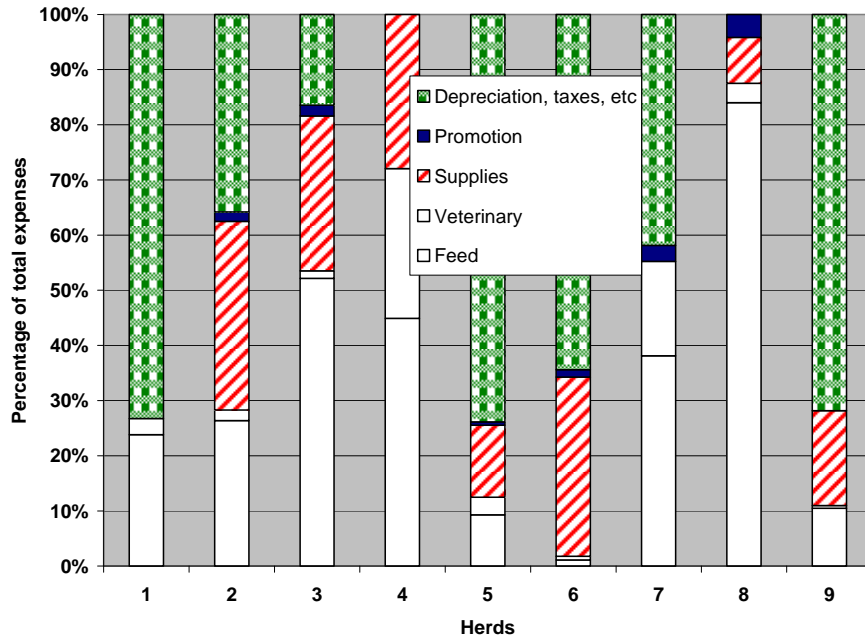
that they had been in business 1 to 5 years and considered themselves either new or undergoing a sudden expansion. The remaining nine farms had been operating 3 to 11 years and appeared to be fairly constant in terms of sudden growth. For lack of a better word, I'll be referring to them as "steady growth" farms for the remainder of this fact sheet.

Gross income was very limited in the new and expanding farms. Three farms reported no income for 2006 while another three reported incomes less than \$500. Incomes from two other farms were due primarily to either agricultural program payments or to unrelated farm produce. One farm with 65 breeding does that had been in operation for 5 years but was undergoing a major expansion reported an income of \$4100 from the sale of livestock.

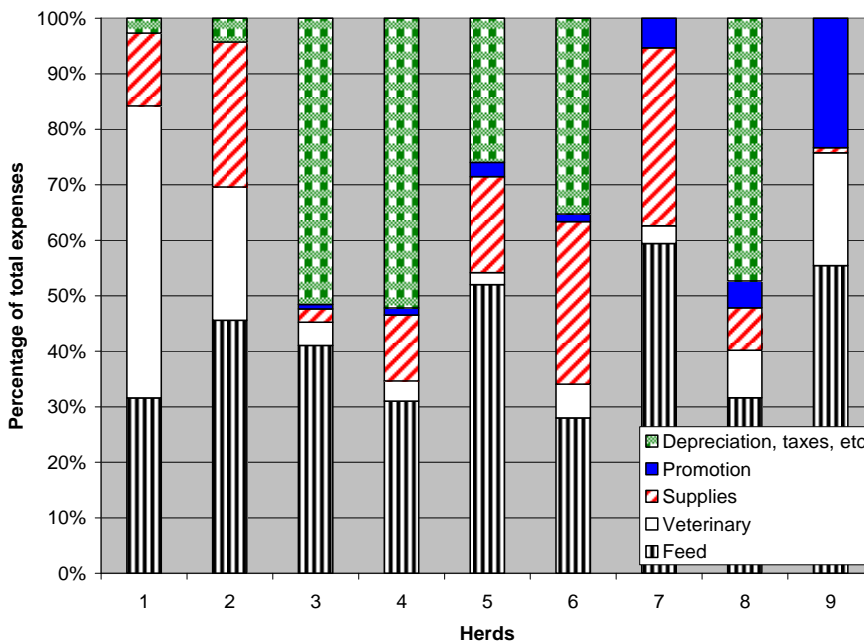
Gross income was larger for the steady growth farms. Four farms had incomes for 2006 of >\$1000 to ≤\$2000. Three farms had incomes of >\$2000 to ≤\$5000 while the remaining two farms had incomes of \$7611 and \$19859, respectively. Herds that are at steady growth have an advantage over new and rapidly growing herds because they do not need to retain all their doe kids and does in the herd. Revenues for these nine herds were almost entirely from the sale of livestock. The income of \$7611 was generated from a herd with 35 breeding does through the sale of 34 weaned market kids (average price \$89) and 17 excess doe kids and 10 does as breeding stock (average price \$170). The revenue of \$19859 was for a herd of fullblood goats from the sale of 56 yearling bucks and does as breeding stock (average price \$355).

Figures 1 and 2 show the distribution of expenses for new and expanding farms as compared to "steady growth" farms. Most new farms and farms involved in major expansions probably have substantial expenses tied up in structural improvements and/or purchase of breeding stock. The category for "Depreciation, taxes, etc." also included conservation costs, repair and maintenance, and insurance. This category contributed an average of 42% of the total expenses for new and expanding farms compared to 24% for "steady growth" farms.

**Figure 1. Distribution of expenses on new and expanding meat goat farms**



**Figure 2. Distribution of expenses for "steady growth" meat goat farms**



The promotion category included expenses for advertising, animal registration, production sale fees, and association memberships. The supply category included variable expenses due to supplies for livestock, temporary fencing and tractors, and fuel, oil, and fertilizer costs. The veterinary category

included expenses due to medicine, dewormers, and breeding and veterinary services. Promotion, supplies, veterinary and feed costs were 1%, 18%, 6% and 32% of the total costs for new and expanding farms compared to 4%, 16%, 14% and 42% for “steady growth” farms. Even within steady growth farms there was a lot of variability in the distribution of these different costs. Promotion, supply, veterinary and feed costs ranged from 0% to 23%, 4% to 53%, 1% to 32%, and 28% to 59% of the total costs, respectively. This would suggest that there are many different approaches that can be taken in determining how much money needs to be spent on these different categories. It is important that farmers determine which of these costs yield the most returns and which are best kept to a minimum.

When total expenses were subtracted from total revenues, all of the new or expanding farms showed net losses. Seven of these nine farms showed a net loss even when the only expense subtracted from revenues was feed costs. Only one new or expanding farm showed a net profit when expenses due to promotion, supplies, veterinary and feed (but not depreciation, taxes, etc.) were subtracted from total revenues. However, the majority of revenues for this herd were coming from other farm produce. The inability of most of these farms to even cover their feed costs emphasizes the need for new farms to produce slaughter kids from their does right from the beginning in order to generate sufficient revenues to cover herd upkeep.

Two of nine steady growth herds showed a net profit when total expenses were accounted for. One of these herds was the full blood herd referred to earlier that sold only breeding stock. The full blood breeding stock market is highly competitive. This herd spent 23% of its expenses on promotion including items such as enrollment in buck performance tests, production sales, advertising and registration fees. Expenses in the veterinary category for this herd included artificial insemination training and semen purchases as well as normal health costs. Net profit for this herd was \$10,214 but

included no expenses due to the “Depreciation, taxes, etc.” category indicating that either another farm enterprise or outside income was covering these additional expenses.

Breakdown of expenses and income for the other herd reporting a net profit are reported in Table 1. Unlike many of the other farms listed, this farm did not carry over a large amount of annual depreciation per year on its investments in breeding stock and facilities but instead tended to offset most of its gradual improvements in buildings and fencing through net income gains each year which allowed it to claim 100% depreciation under IRS Section 179 requirements for these types of improvements (personal communication). Four of the nine “steady growth” herds did not show a profit even when the only expense category subtracted from total revenues was feed costs. Five farms did not show a profit when expenses related to promotion, supplies, veterinary and feed (but not depreciation, taxes, etc.) were subtracted from herd income.

Net income could be improved in the farms surveyed by increasing revenues and/or decreasing costs. Revenues appear to be very delayed for new farms emphasizing the importance of getting does into production sooner on these farms. Six of the 8 new farms that reported the number of kids sold per breeding doe was less than 1 kid per doe in 2006. Two of the 6 steady growth farms providing this data also sold fewer than 1 kid per breeding doe in 2006. No farms indicated that they had does on an accelerated breeding schedule to kid more frequently than every 12 months. Having more kids for sale per breeding doe would increase revenues even if price received per kid remained the same. None of the farms surveyed marketed suckling slaughter kids. Instead, they marketed only weaned market kids which are normally heavier but marketed for less per lb. live weight. It was unclear whether slaughter goats were being sold directly to consumers or through auctions and middlemen. Only very limited sales of goat meat and no sales of value added meat products were reported. Expenses were very variable indicating that there is probably significant leeway in managing these costs. Strategies such as

maximizing the use of forages, pastures, and bulk purchases of concentrates should probably be used to more effectively manage feed costs.

The primary goal of these surveys was to obtain figures that could be used to develop sample financial spread sheets for various types of meat goat farms. However, there was so much variation in income and expense figures among the farms completing the surveys that we would have needed a very large number of them to obtain reliable averages to develop these spread sheets. A more practical alternative to obtain example spread sheets would probably be to interview example farms in depth to obtain detailed estimates of expenses and income for their specific type of farm.

**Table 1. 2006 income and expenses for a 35 doe meat goat enterprise**

<b>Herd Income</b>	total herd	per doe unit
34 Market kids <sup>1</sup>	\$3036	\$86.74
17 Doe kids	\$2875	\$82.14
10 Does	\$1700	\$48.57
<b>Total</b>	<b>\$7611</b>	<b>\$217.46</b>
<b>Herd Expenses</b>	total herd	per doe unit
<b>Feed costs</b>		
Salt and mineral	\$194	\$5.54
Concentrates	\$1161	\$33.17
Hay	\$873	\$24.94
<b>Total</b>	<b>\$2228</b>	<b>\$63.66</b>
Veterinary costs		
Dewormers	\$197	\$5.63
Medicines & vet	\$405	\$11.57
<b>Total</b>	<b>\$602</b>	<b>\$17.20</b>
Supplies & other		
Tractor supplies	\$57	\$1.63
Fencing supplies	\$42	\$1.20
Livestock supplies	\$264	\$7.54
Gas & oil	\$60	\$1.71
Slaughter costs	\$88	\$2.51
<b>Total</b>	<b>\$511</b>	<b>\$14.60</b>
Taxes	\$954	\$27.26
Insurance	\$547	\$15.63
Annual depreciation <sup>2</sup>	\$280	\$8.00
<b>EXPENSES 1</b>	<b>\$5122</b>	<b>\$146.34</b>
<b>NET INCOME 1</b>	<b>\$2489</b>	<b>\$71.11</b>
Section 179 depreciation <sup>3</sup>		
	\$1555	\$44.43
<b>NET INCOME 2</b>	<b>\$934</b>	<b>\$26.69</b>

<sup>1</sup> Average price received per market kid = \$90, per doe kid = \$170, per doe = \$170. An additional 15 doe kids were retained as herd replacements.

<sup>2</sup> Annual depreciation over 10 years for 8 N tractor and hay spike. Manure spreader already fully depreciated.

<sup>3</sup> Expenses on permanent fences and new shed depreciated 100% in 2006 because there was sufficient annual net income to permit full depreciation under IRS Section 179 requirements