

Ansc 440: Horse Management

Lecture 2: Costs Encountered

Description: Like every domesticated animal, a horse has certain basic needs that must be met by their caregiver. With these needs comes a variable range of expenses depending upon how elaborate ones own horses facilities are or if the horse is boarded at a commercial stable. Some typical costs encountered include: initial purchase price, opportunity and depreciation costs, facilities, additional equipment, tack, and finally maintenance and health care costs of your horse

Lecture Outline:

- I. Needs of the horse
- II. General costs encountered
- III. Specific costs
 - A. Initial investment
 1. horse
 2. equipment
 - B. Operating costs
 1. home care costs
 2. horse boarding
 3. health care
 4. additional
- IV. Raising a weaning/yearling example
 - A. Mare
 1. initial costs
 2. maintenance/health care costs
 3. breeding services
 4. raise to wealing
 5. raise to yearling
 - B. Stallion
 1. initial costs
 2. maintenance/health care costs
 - C. Making a profit

Objectives:

1. List the specific "needs" of a horse.
2. Define opportunity costs.
3. Explain why determining the depreciation value on a horse may be more complicated than say the depreciation on a tractor.
4. List the typical costs encountered when raising your own horses at home.
5. Explain why it is necessary to breed 5 or 6 mares to a \$10,000 stallion you own.

I. Needs of horses

A. Nutrition

requirements are influenced by:

1. size of animal (increase size = increased needs)
2. environment (cold weather increases energy needs)
3. age (younger horses have higher requirements)
4. type of use or activity (repro or work)
5. individual characteristics (metabolic rate)

B. Space

1. daily exercise
2. pasture time

C. Health

1. vaccination and deworming schedule
2. general health needs and disease prevention

D. Hoof care

1. routine trimming (usually not to exceed 2 months)
2. corrective shoeing

II. General costs encountered

A. Feed

B. Labor

C. Utilities

D. Medical care

E. Training/lessons

F. Facilities (horses housed at home or boarded)

G. Ownership costs

1. interest
2. repairs
3. taxes
4. insurance
5. depreciation
 - a. expense against annual income as animal/equipment reduces in value
 - b. complication of depreciation involving horses
 - variable with horse market
 - some horses may increase in value with additional training or demonstrated show or breeding performance

H. Opportunity costs

- a. loss of the use of your \$\$ if it is tied up in property, horses
- b. time loss

III. Specific costs

A. Initial investment

1. horse

- a. initial costs : \$5,000
- b. opportunity cost (10%) : $5,000 \times .10 = \$500/\text{yr}/\text{horse}$
- c. depreciation (7 yrs) : $5,000/7 = \underline{\$700/\text{yr}/\text{horse}}$
actual horse cost 1st yr : \$6,200

2. equipment

- a. saddle, bridle, pad (used) \$800
- b. grooming supplies , blanket \$150
- c. truck \$8,000
- d. trailer \$3,000
- e. tractor \$8,000

B. Operating costs

1. home maintenance/yr

- a. feed (\$2/day) \$720/horse
- b. equipment (rakes, brooms, etc.) \$300
- c. land/pasture \$100
- d. building/fences \$125/horse
- e. utilities \$100/horse
- f. taxes on land \$150
- g. bedding \$300/horse
- h. repairs \$250
- i. depreciation on facilities (10%) \$250
(shed/paddock/storage = \$2,500) ~\$2,500+

- 2. horse boarding \$100 - \$250/month
\$1,200 - 3,000/yr

3. heath care/yr

- a. deworming \$40
 - b. vaccines \$40
 - c. dental care \$20
 - d. hoof care (\$30x8) \$240
 - e. emergency \$50
- home care 2,500 + 400 =
~\$2,900/yr
- ~\$400

4. additional

- a. training
- b. show equipment/costs

IV. Raising a weanling/yearling example

A. Mare

1. mare initial cost : min. \$3,000
 - a. 15 fertile yrs; 60-70% live foals (68%)
 - b. 10 foals in 15 yrs
- \$300/yr (\$450/foal) c. opportunity cost $\$3,000 \times .10 = \$300/\text{yr}$
- \$200/yr (\$300/foal) d. depreciation $\$3,000/15 \text{ yrs} = \$200/\text{yr}$
2. maintenance/health care
 - a. home care \$2,500
 - b. health care \$400
- \$4,350/foal $\sim \$2,900 \times 15 \text{ yrs} = \$43,500/10 \text{ foals} = \$4,350/\text{foal}$
3. breeding services: spend 1/5 or 20% of mare value on breeding fee
 - a. breeding fee : $\$3,000 \times .20 = \600
 - b. board/vet care at breeding stable \$200 (much >> if stay at farm for extended time =
10 days before breeding
21 days after breeding
10 days tease
45 days x \$10/day = \$450 board)
- \$600/foal
- \$200/foal
- \$5,900/foal
- \$270/wealg 4. feed weaning up to 6 months = $< \$2/\text{day} = \$270/\text{weaning}$
- +\$580/yearlg 5. feed yearling up to 15 months = $< \$2/\text{day} = \text{additional } \$580/\text{yearling}$
- \$6,750/if keep to yearling

B. Stallion

1. initial cost = \$10,000
 - a. useful for 20+ years
 - b. opportunity cost (10%) = $\$10,000 \times .10 = \$1,000/\text{yr}$
 - c. depreciation $\$10,000/20 \text{ yrs} = \$500/\text{y}$
- \$1,000/yr
- \$500/yr
2. maintenance/health care costs
 - a. home maintenance \$2,500/yr
 - b. health care \$400 yr
- \$2,500/yr
- \$400/yr
- \$4,400/yr costs of owning a stallion vs. \$800 for breeding services
3. making a profit
 - > need to breed 5 or 6 mares/yr to make any profit
 - must offset extra costs of owning your own stallion