

2019  
*Thoroughbred Farm  
Operations Survey*

# TABLE OF CONTENTS

<i>Survey Demographics</i> .....	1
<i>Boarding and Board Rates</i> .....	3
<i>Sales Commissions</i> .....	14
<i>Stallions</i> .....	16
<i>Stud Fees and Financing</i> .....	20
<i>Incentive Funds</i> .....	21
<i>Financial Operations</i> .....	23
<i>Technology</i> .....	25
<i>Audits</i> .....	26
<i>About Dean Dorton</i> .....	27
<i>Dean Dorton Team</i> .....	28

We are pleased to provide you with the summary results of our 2019 Thoroughbred Farm Operations survey. This survey focuses on operational matters for Thoroughbred horse farms throughout the United States and Canada. We hope that these compiled results will be a helpful tool for you to use in conducting your business throughout the year.

We would like to thank the NTRA for assisting us to expand this survey nationally. We also thank those who responded for participating, as it is these responses that continue to make this survey useful.



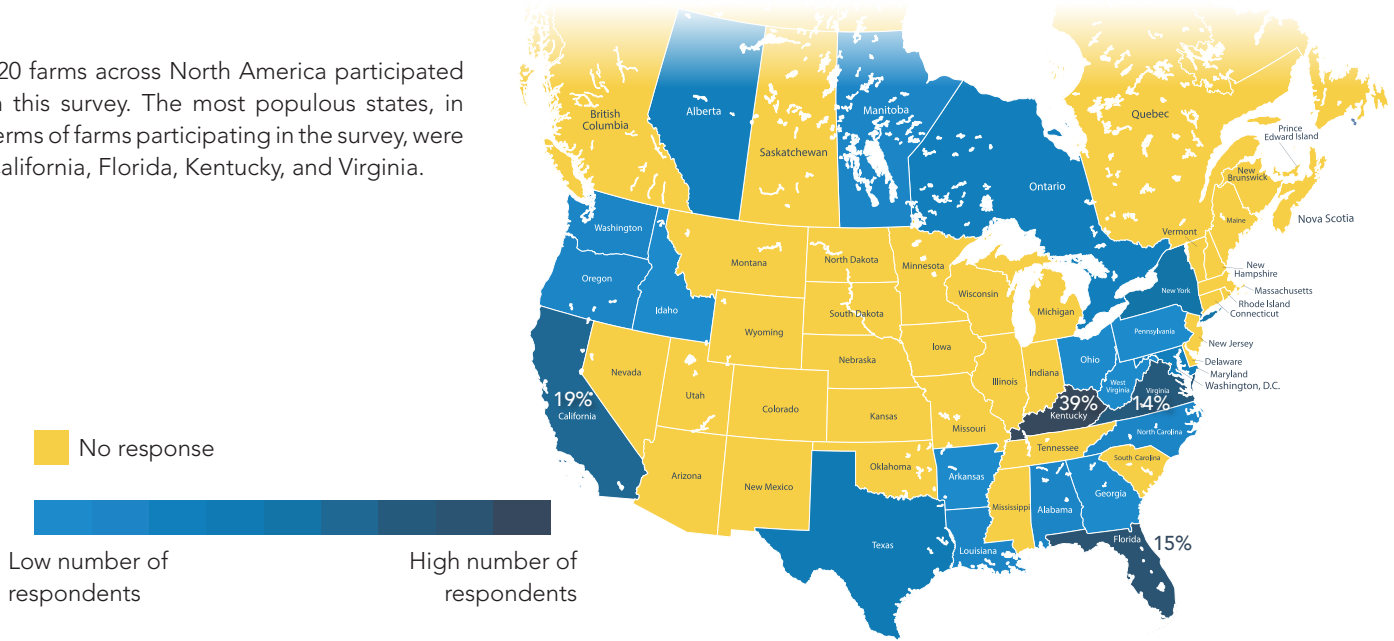
As always, we welcome your feedback and suggestions for future survey topics.

Sincerely,

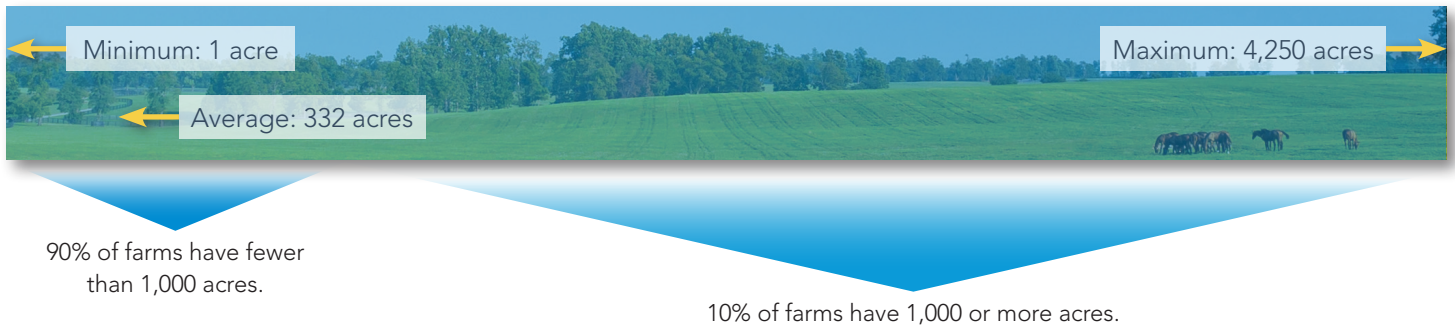
*Jen Shah & Melissa Hicks*  
Dean Dorton Equine Team

# SURVEY DEMOGRAPHICS

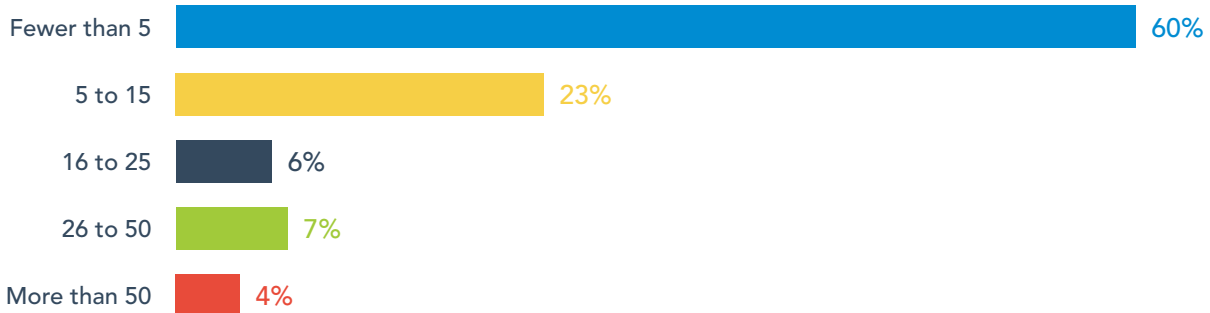
220 farms across North America participated in this survey. The most populous states, in terms of farms participating in the survey, were California, Florida, Kentucky, and Virginia.



The responding farms range in size from 1 acre to 4,250 acres, with an average of 85% used acreage per farm.



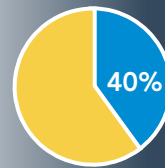
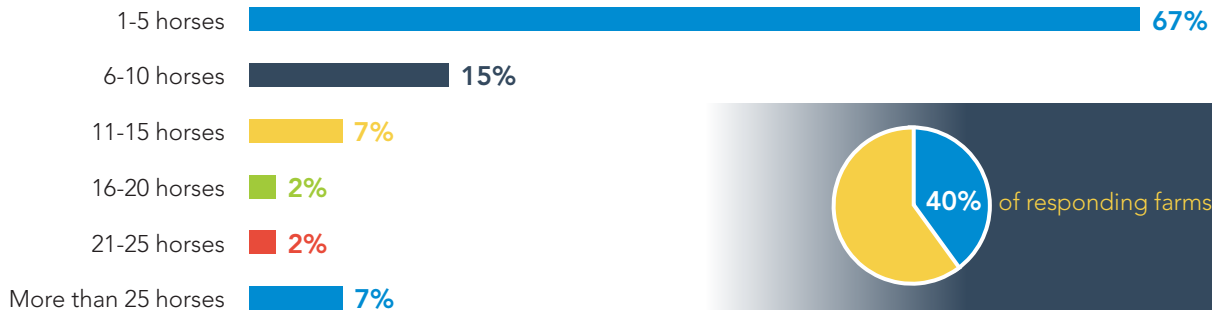
Most responding farms have, on average, fewer than five full-time (year-round) employees.



# SURVEY DEMOGRAPHICS

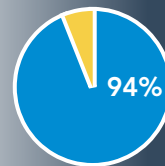
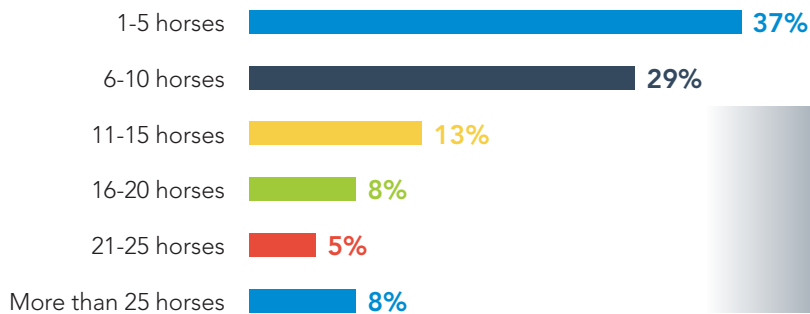
About half of the responding farms have stallions, while nearly all of the responding farms have mares and foals. The breakdown of stallions, mares, and foals maintained per full-time groom is:

## Stallions



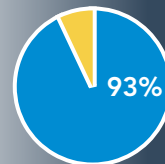
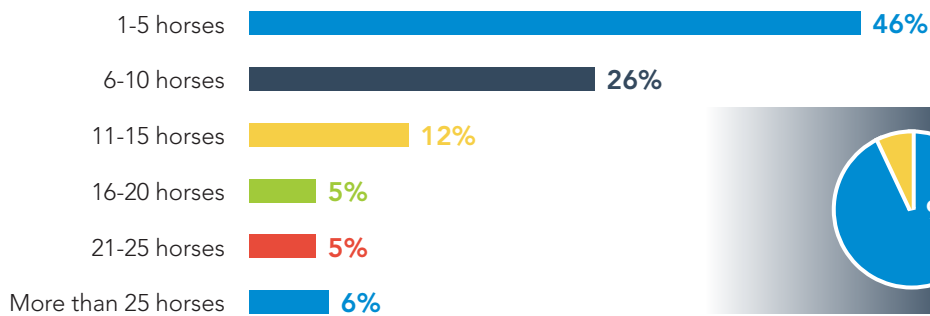
40% of responding farms have stallions.

## Mares



94% of responding farms have mares.

## Foals



93% of responding farms have foals.

# BOARDING AND BOARD RATES

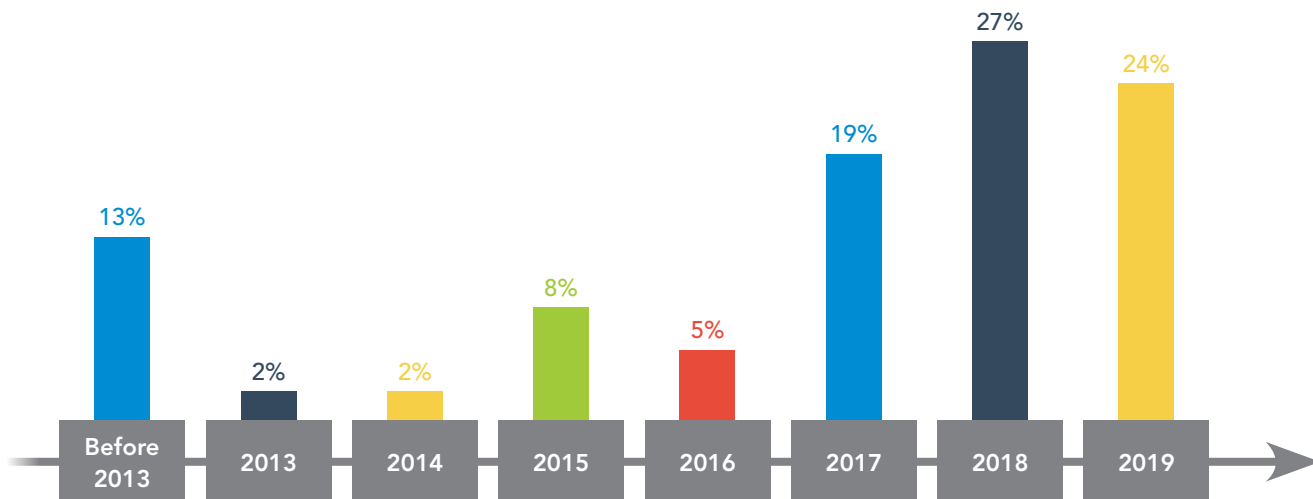
## Two-thirds

of responding farms board horses. The next few pages cover these respondents' survey results on boarding.

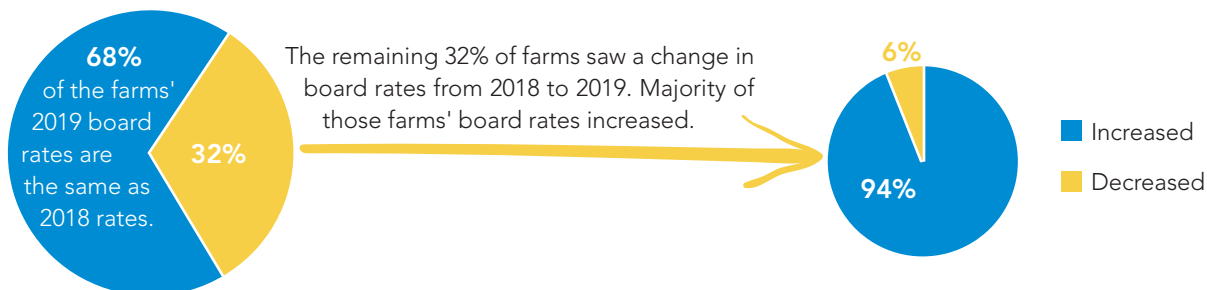


of these farms require their boarding clients to maintain a deposit or retainer with them.

Half of respondents most recently adjusted their standard daily board rates within the last two years, while 13% adjusted these rates more than seven years ago.

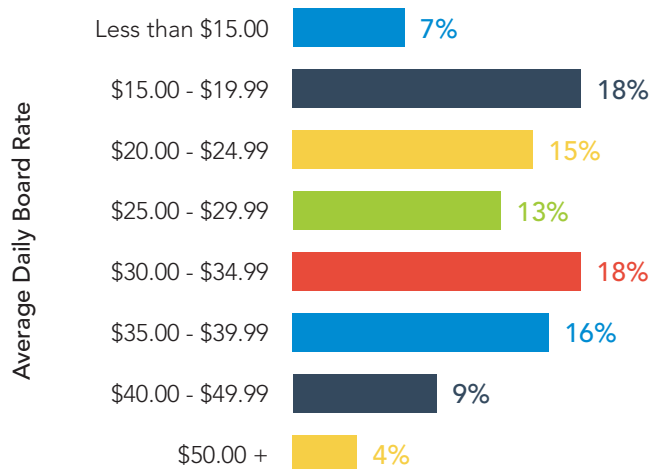


Most of the responding farms (92%) adjust board rates as needed. Only 7% of the respondents adjust rates annually, while the remaining 1% adjust them bi-annually.

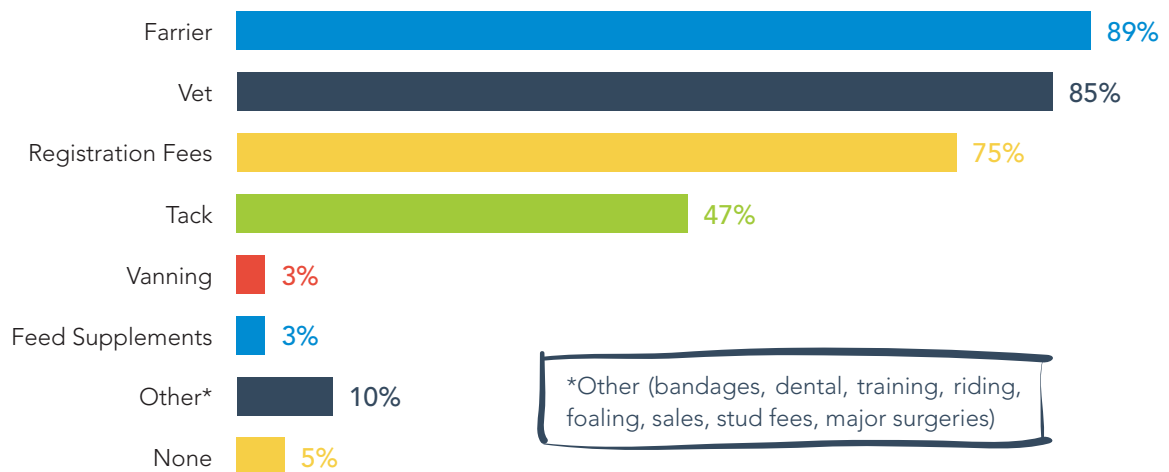


# BOARDING AND BOARD RATES

Average daily board rates range from less than \$15 per day to more than \$70 per day.

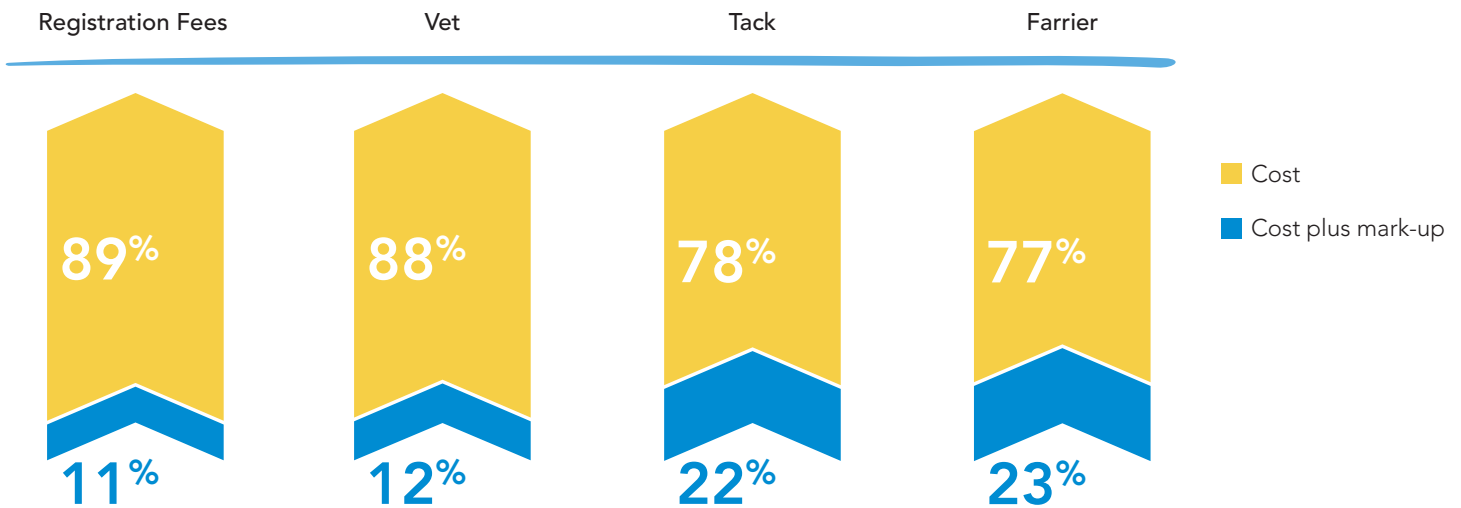


The following are routinely billed in addition to standard board rates:



# BOARDING AND BOARD RATES

Most responding farms bill registration fees, farrier, tack, and vet at cost. For those who bill at cost plus mark-up, the mark-up ranges from 1% to 50%, with an average of 15% mark-up. Some responding farms charge a fixed dollar amount, rather than a percentage mark-up, for certain types of services.

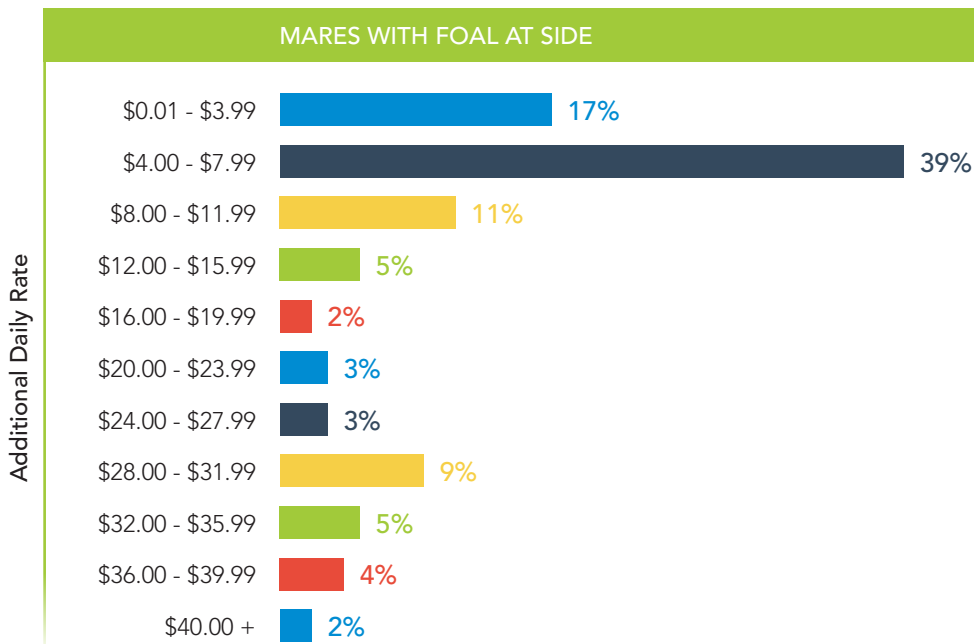
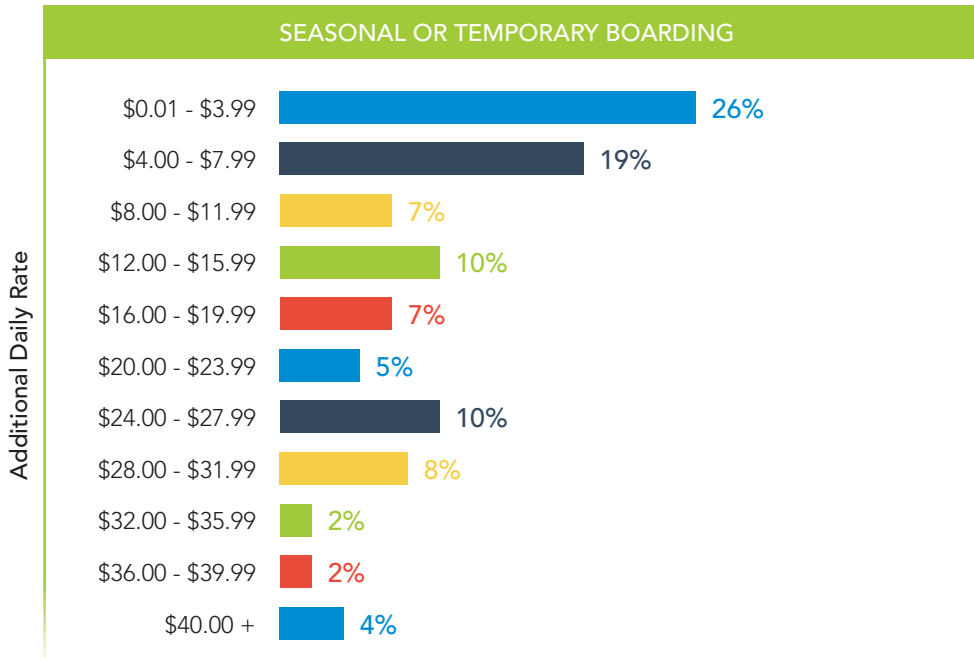


For those items billed at cost plus mark-up, the standard percentage mark-up applied ranges from 1% to 50%, averaging to 16% mark-up.



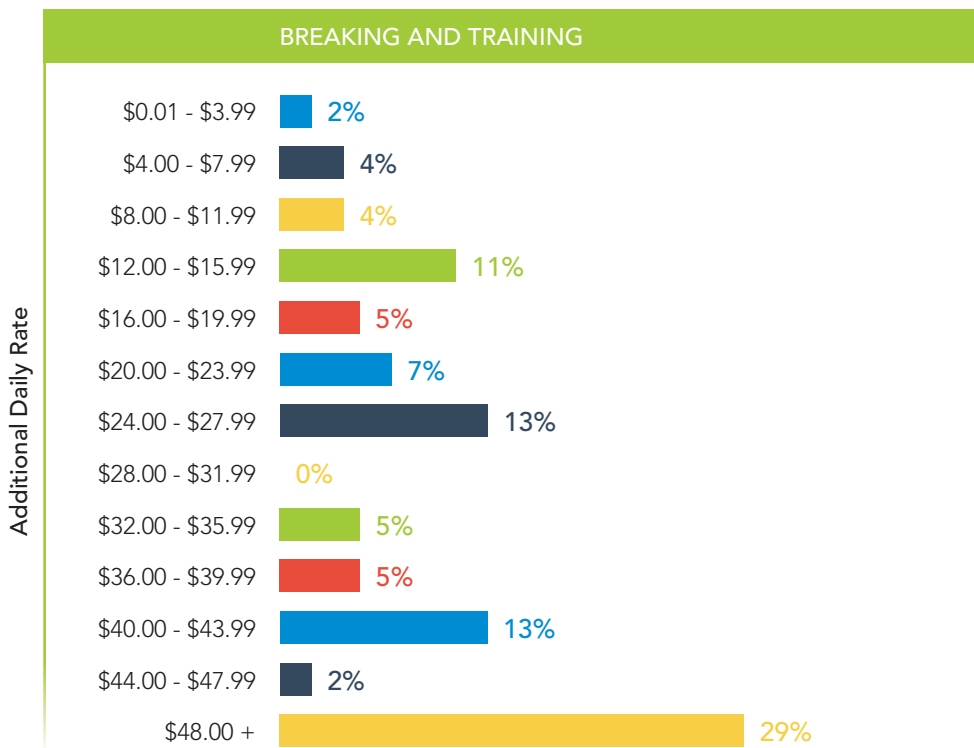
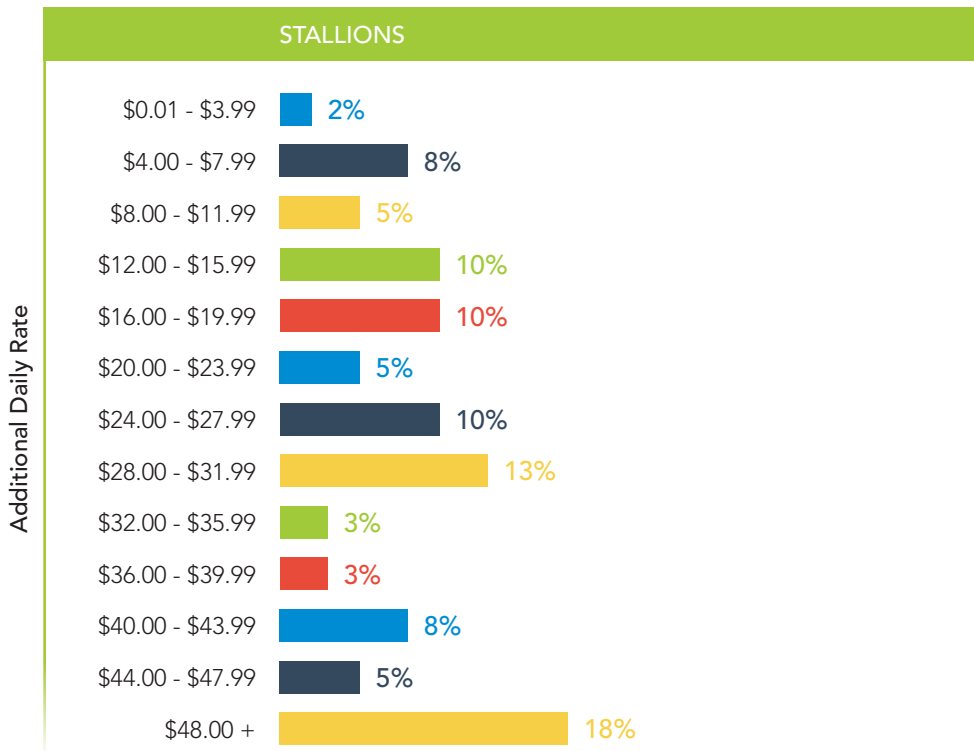
# PREMIUM BOARD RATES

Some farms charge an additional daily premium for seasonal or temporary boarding, mares with foals at their sides, stallions, and more. The following charts illustrate these additional premium daily board rates.



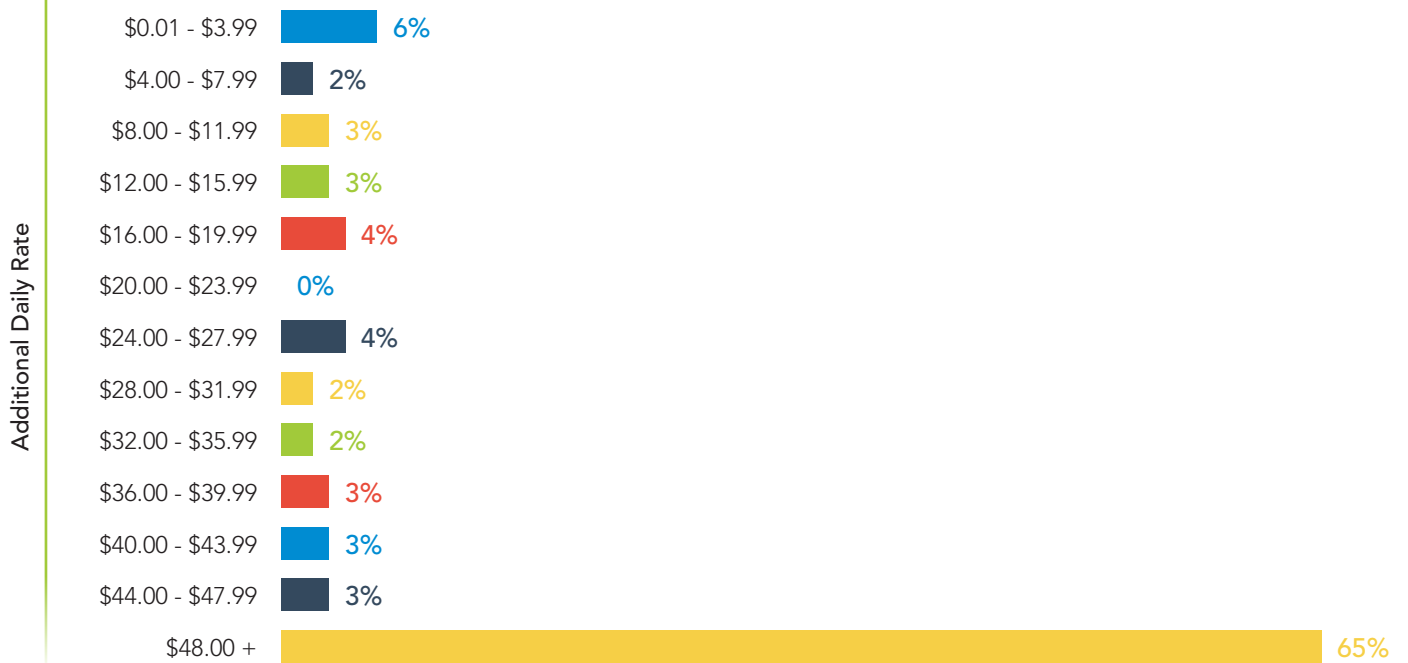


# PREMIUM BOARD RATES

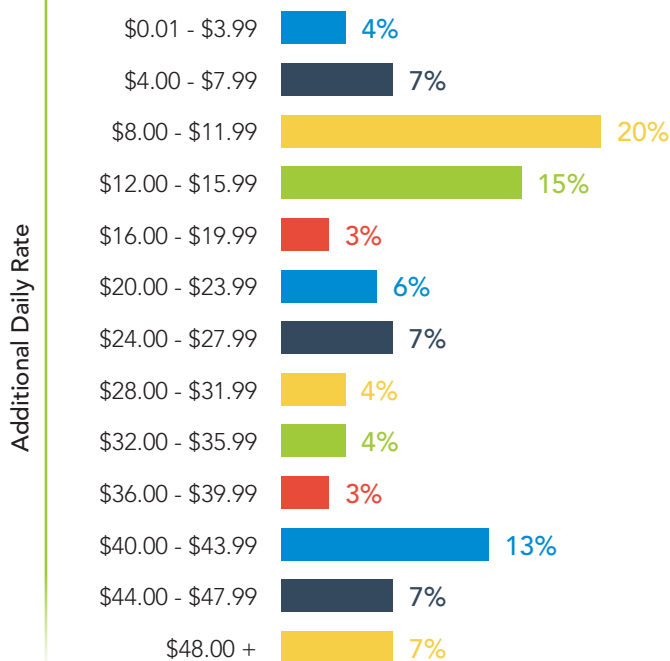


# PREMIUM BOARD RATES

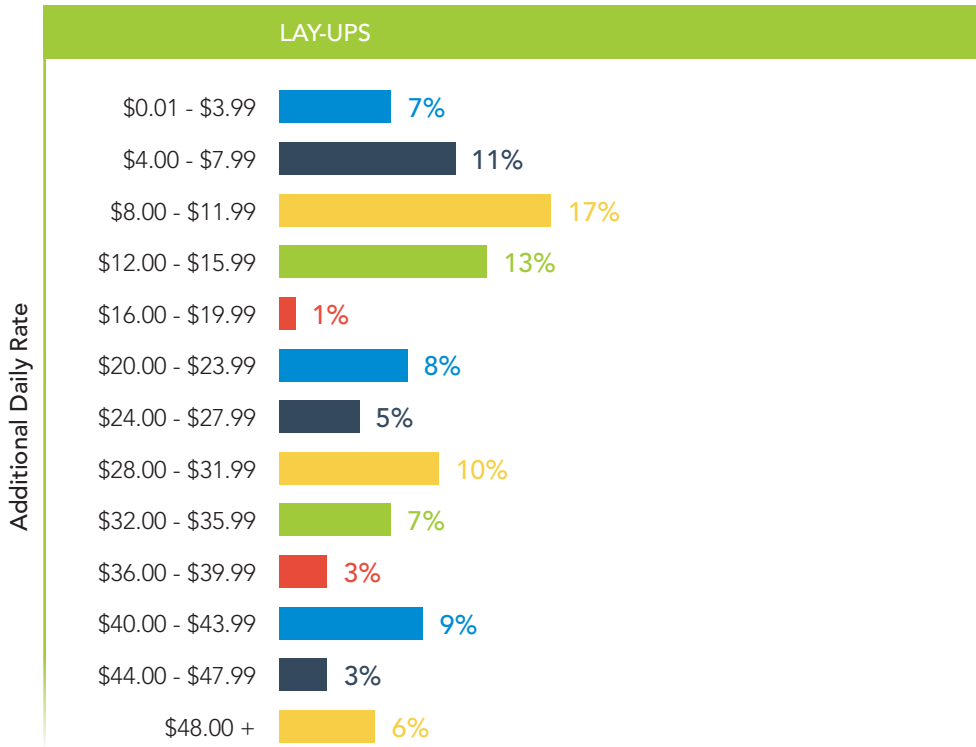
## CARING FOR HORSES WHILE AT SALE



## SALES PREPARATION

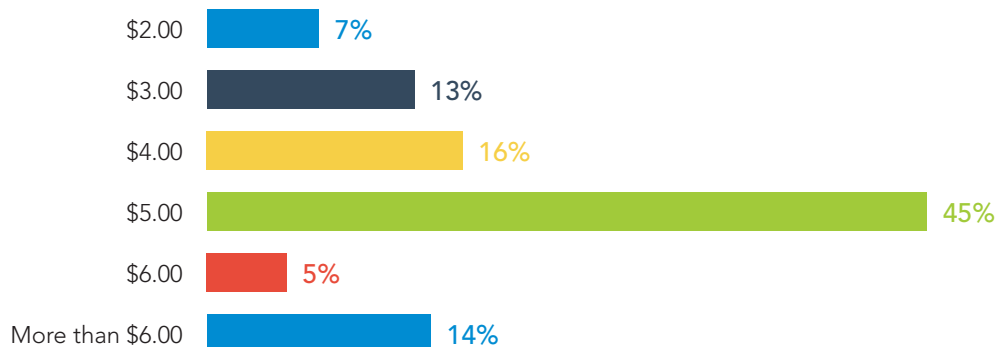


# PREMIUM BOARD RATES

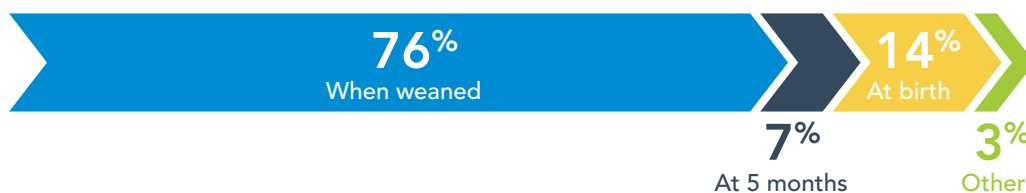


# PREMIUM BOARD RATES

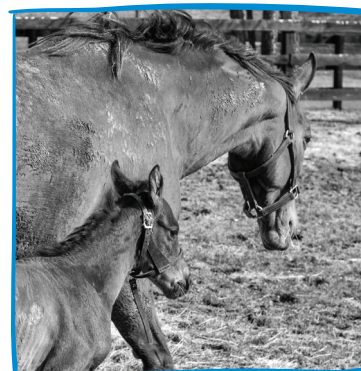
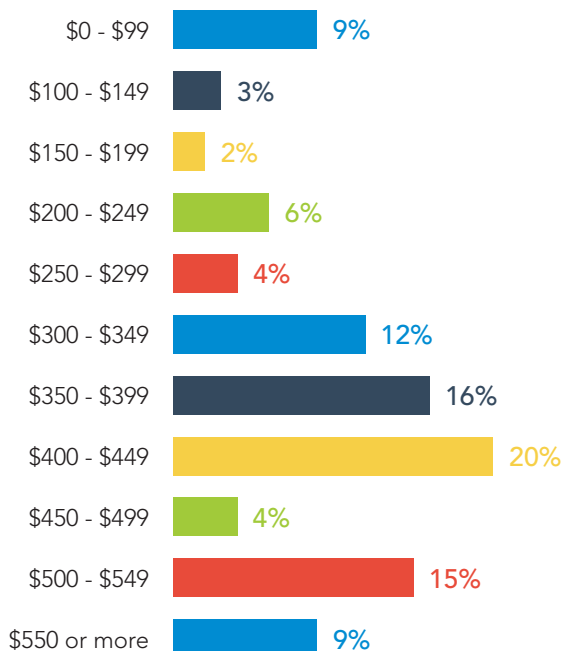
**57%** of responding farms charge board for foals not yet weaned. The most popular stand-alone rate for foals not yet weaned, based on our survey results, is \$5.00 per day.



Most responding farms begin charging for foals at the time the foals are weaned.



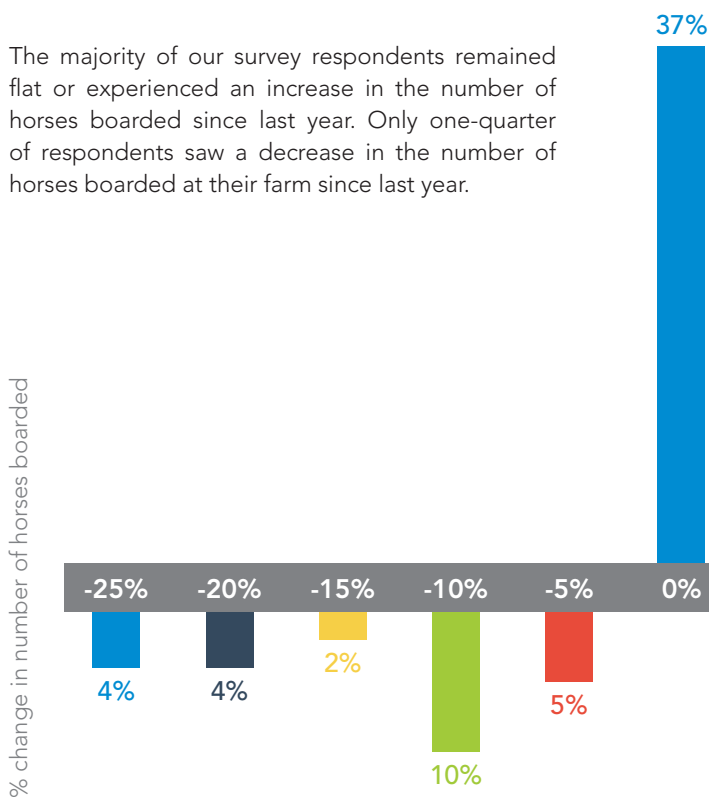
While standard foaling rates vary significantly, the numerical average is the \$350 to \$399 range.



# BOARDING

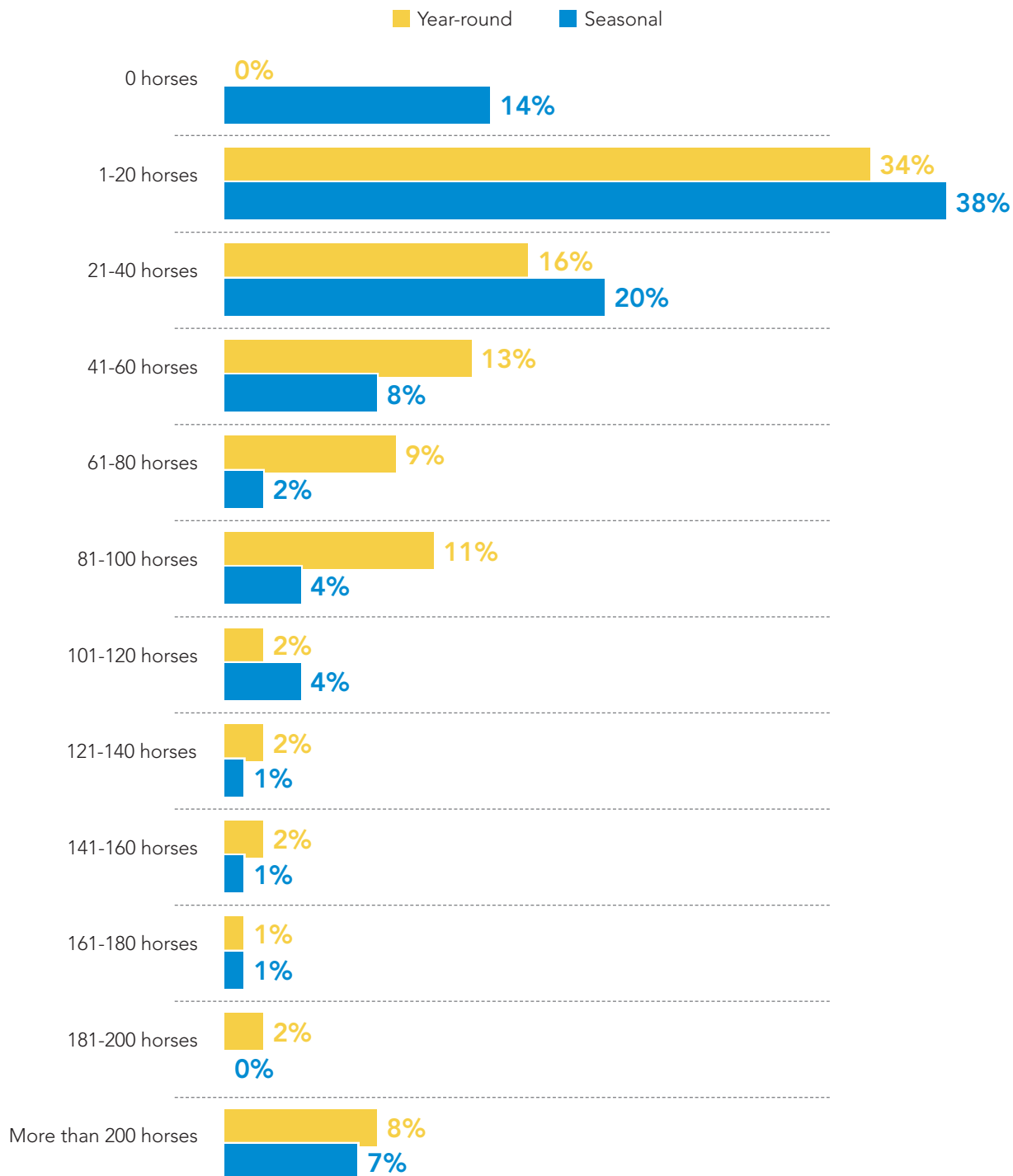
**25%** of the respondents think boarding is profitable as a stand-alone business.

**46%** of the respondents generally have excess boarding capacity.



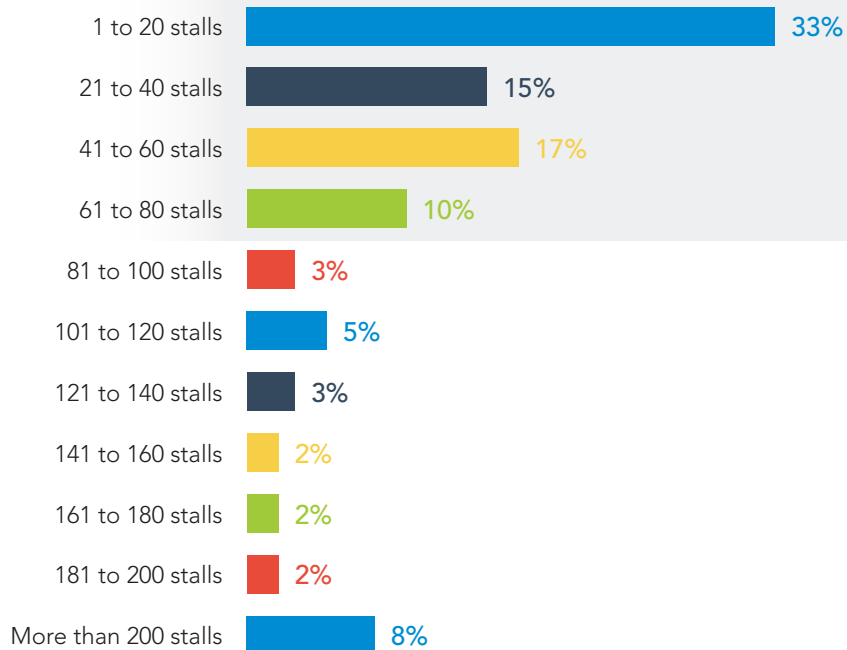
# BOARDING

Most of the respondents have an average of between one and 20 horses boarded per day year-round, as well as boarded per day seasonally. The following chart illustrates the average number of horses boarded per day (including self-owned horses).



# BOARDING

**One-third** of the responding farms have between 1 and 20 stalls for boarding purposes. Only one-quarter of the responding farms have more than 80 stalls for boarding purposes.



**75%**

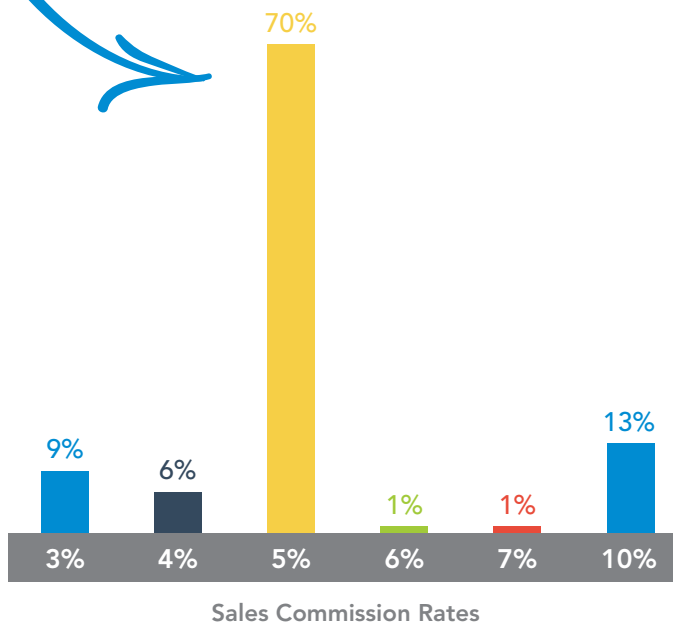
of the responding farms have 80 or fewer stalls for boarding purposes.



# SALES COMMISSIONS

**52%** of the respondents charge a sales commission based upon a flat rate.

Of the farms who charge a sales commission based upon a flat rate, an overwhelming majority charge a 5% sales commission.



**16%** of the responding farms apply a sliding scale once a horse's sale price exceeds a certain dollar amount. This dollar amount threshold varies from farm to farm, and can range from \$100,000 to \$400,000.



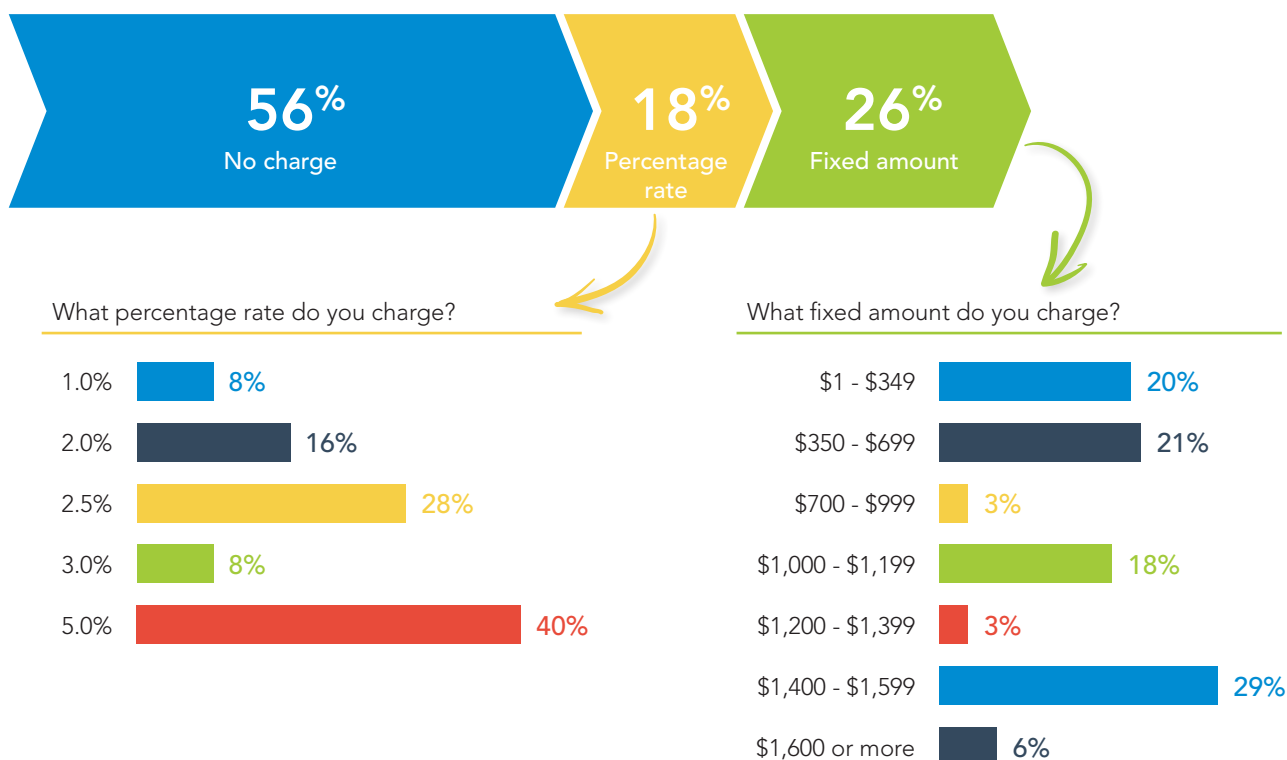


# SALES COMMISSIONS

**7%** of the responding farms charge a different commission rate to boarding clients for sales of horses. Most of these farms charge a 4% commission.

**Half** of respondents charge separately for advertising horses they are commissioned to sell.

Just under half of the respondents charge either a fixed amount or percentage rate for horses brought back from the sales not sold.



# STALLIONS

## One-quarter

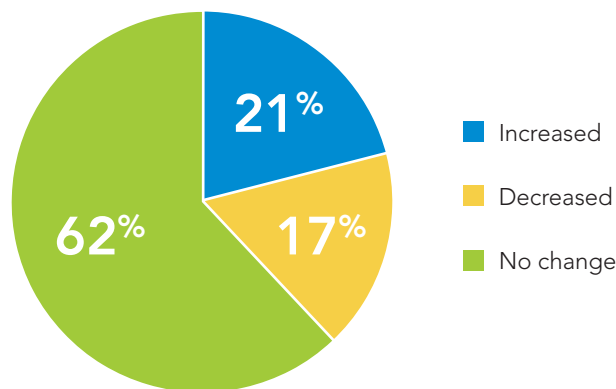
of the respondents stand stallions at their farm. The next few pages cover these respondents' survey results on stallions.

## 61%

of responding farms ranked stand and nurse contracts as the largest number of contracts in the last breeding season. The smallest number of contracts issued was no guarantee.



More than half of the respondents indicated that the number of stallions standing in 2019 versus 2018 did not change.

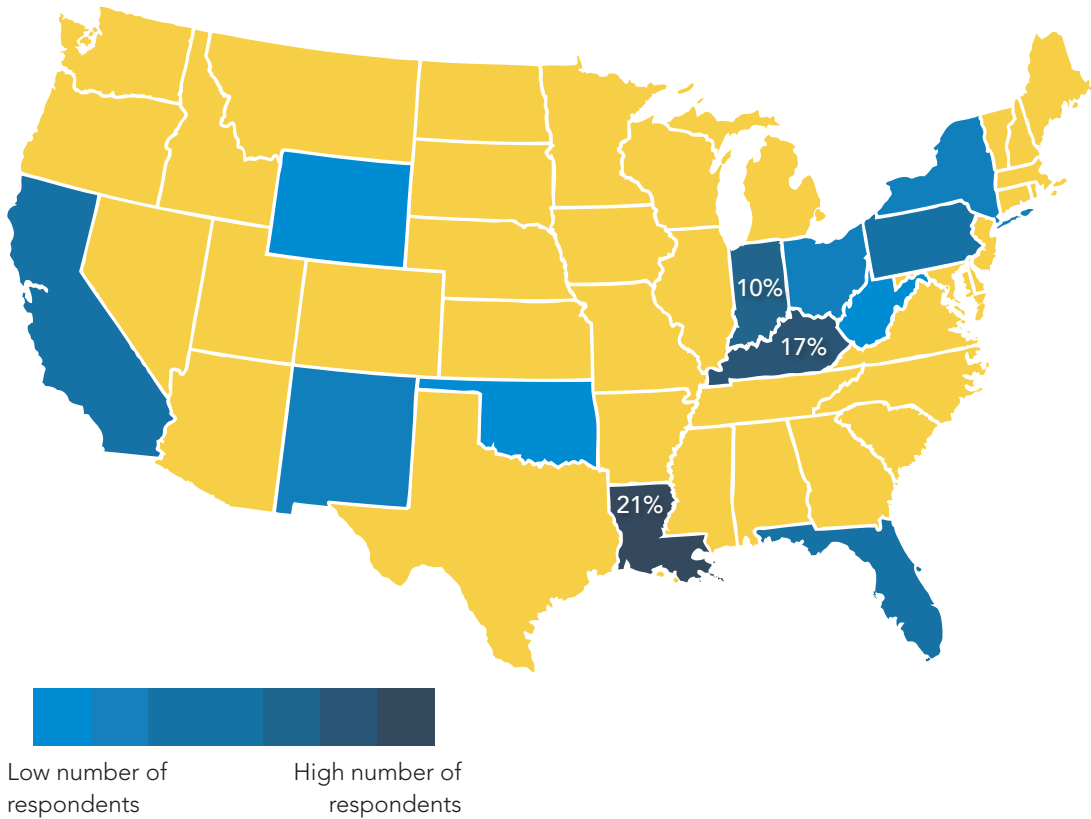


## 27%

of the responding farms with stallions indicated that one or more stallions moved to other states within the past year. Of these, half of the farms moved just one stallion and the other half moved two or more.

# STALLIONS

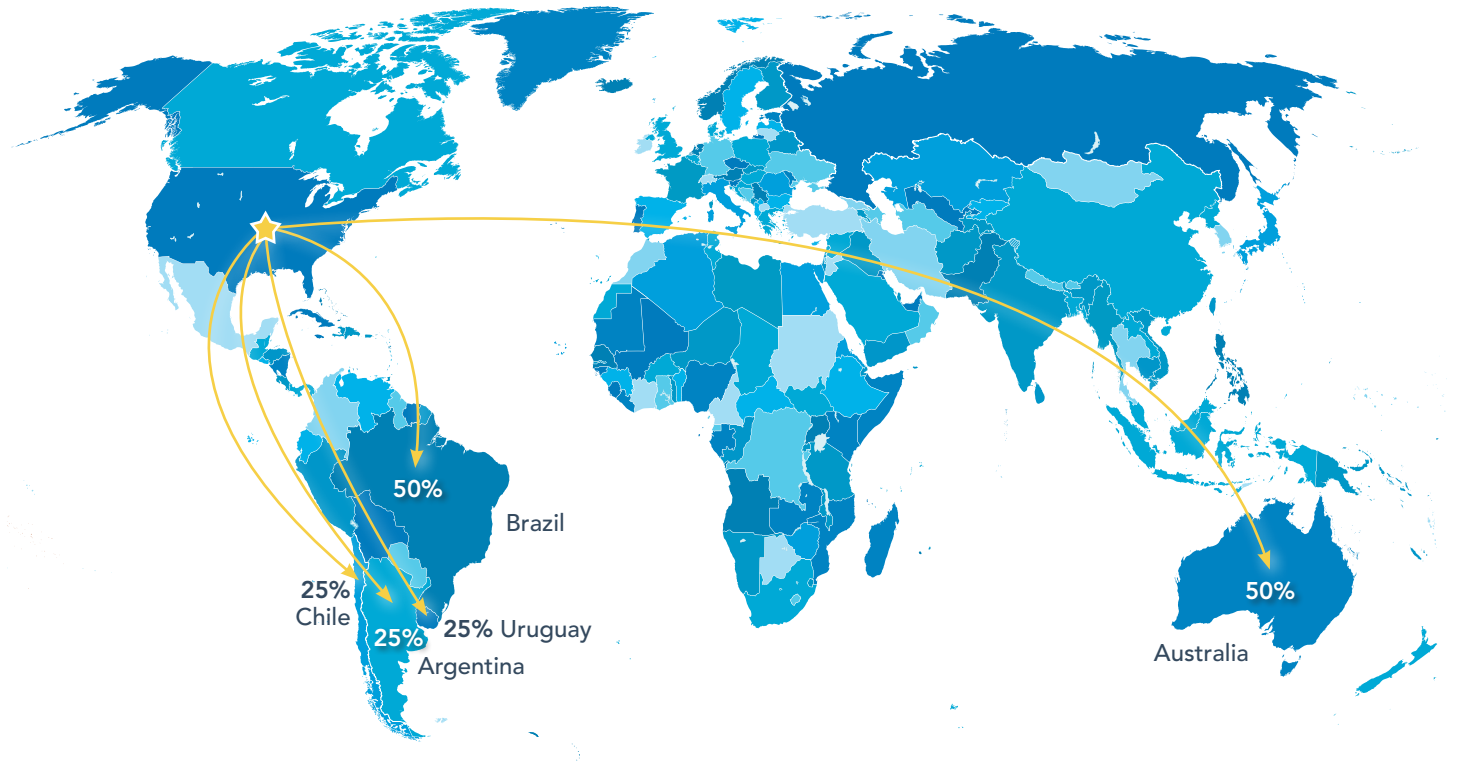
Most farms moving stallions sent the horses to Louisiana or Kentucky. The map below illustrates the states to which stallions were moved over the last year.



Respondents who moved stallions out of their home state to another state provided a variety of reasons for doing so. The most common reason is that the stallion was not commercially viable in its home state and was relocated to another market to increase bookings. Other reasons mentioned by multiple respondents are breeders' incentive programs offered by other states, the stallions were better suited for the new region, and the stallions were sold.

# STALLIONS

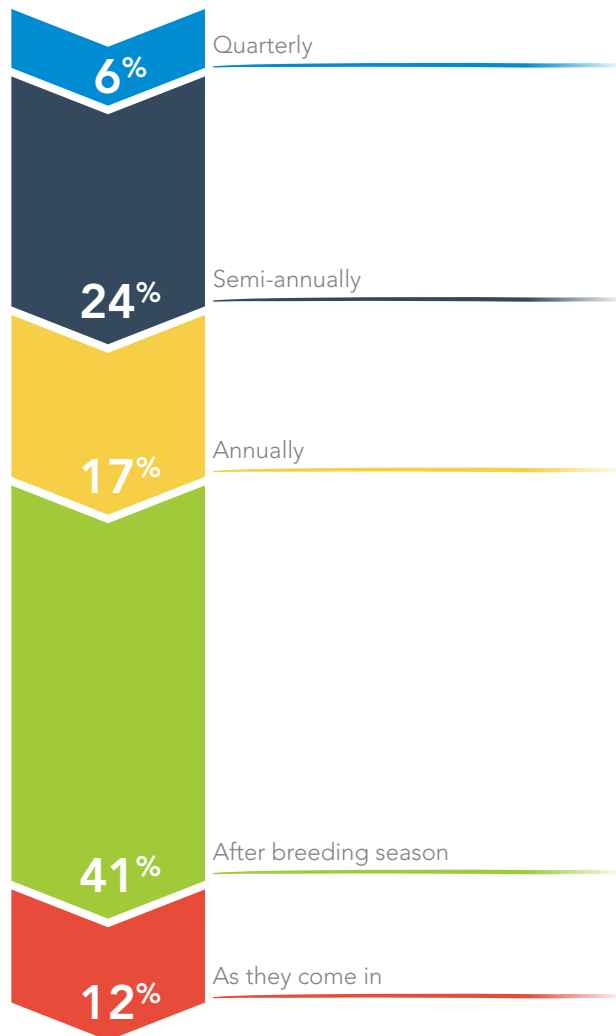
**8%** of the responding farms ship stallions to stand in the Southern Hemisphere. All of these farms ship stallions to South America, while half ship stallions to Australia.



# SYNDICATED STALLIONS

**One-third** of the farms with stallions have syndicated stallions.

The timing of distributions to owners varies:



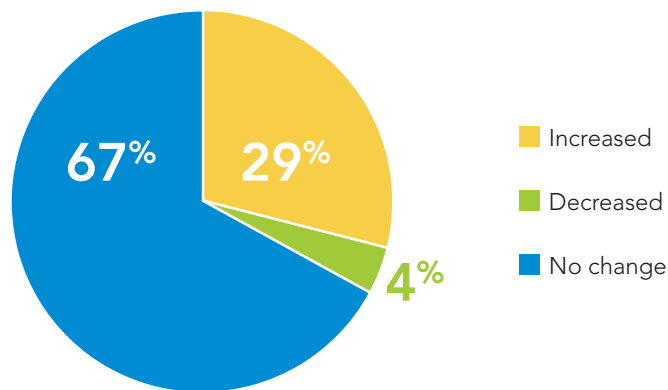
# STUD FEES AND FINANCING

**46%**

of responding farms with stallions offer discounts for prepayments of stud fees.

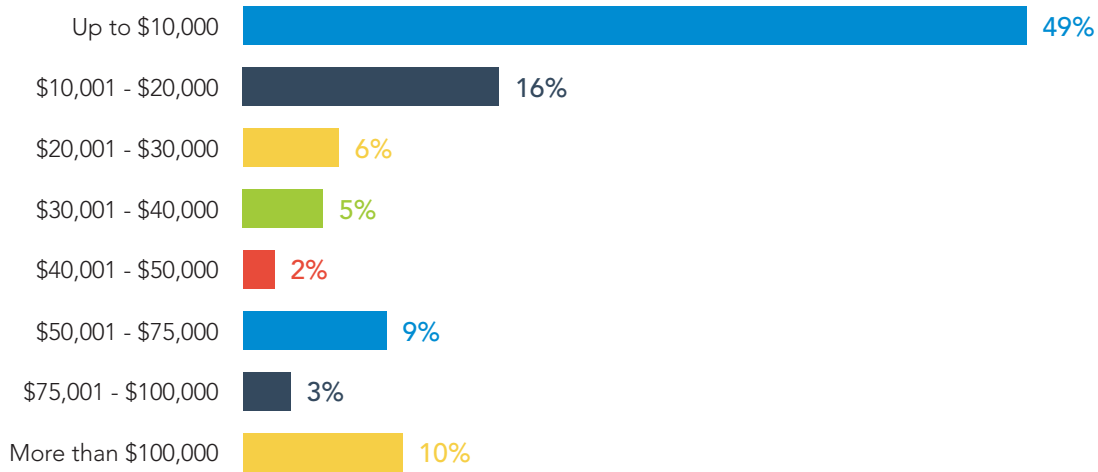
**One-third**

of the responding stallion farms experienced a change in receiving payment for stud fees this year: the majority noticed an increase in the time it took to collect stud fees due.

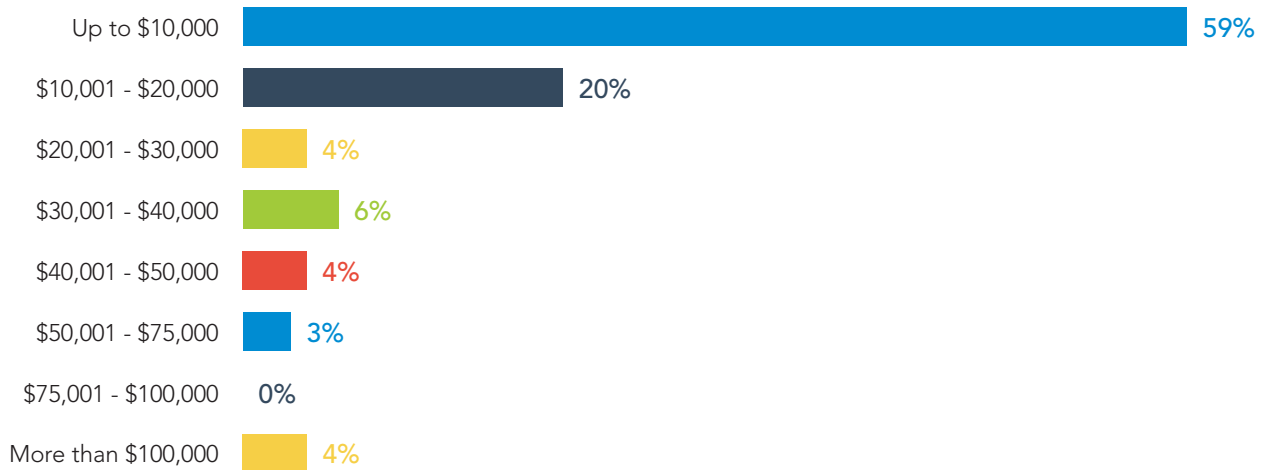


# INCENTIVE FUNDS

**74%** of the responding farms have received money in the past year from their **home state's breeders' incentive fund**, with about half of the respondents receiving up to \$10,000. The following chart illustrates the various amounts of money received:

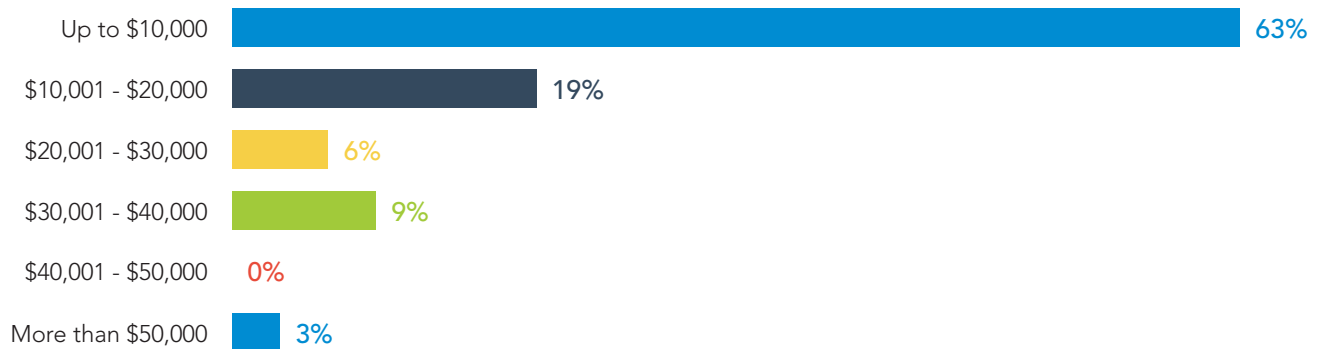


**One-third** of the responding farms have received money in the past year from **other states' breeders' incentive funds**. The following chart illustrates the various amounts of money received:



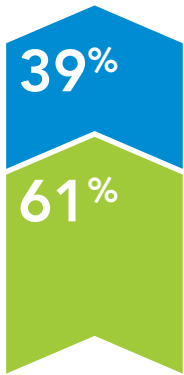
# INCENTIVE FUNDS

**16%** of the responding farms have received money in the past year from Breeders' Cup nominator awards. The following chart illustrates the various amounts of money received:





# FINANCIAL OPERATIONS



39% of respondents have a dedicated farm finance team.



91% of respondents would consider their farm's financial reporting to be timely.



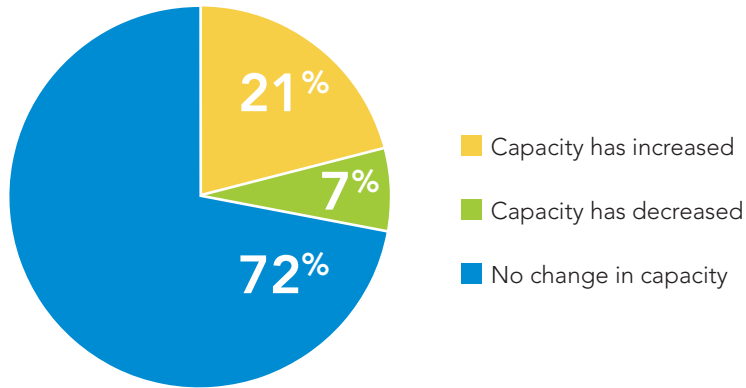
94% of respondents have real-time access to their farm's finances.



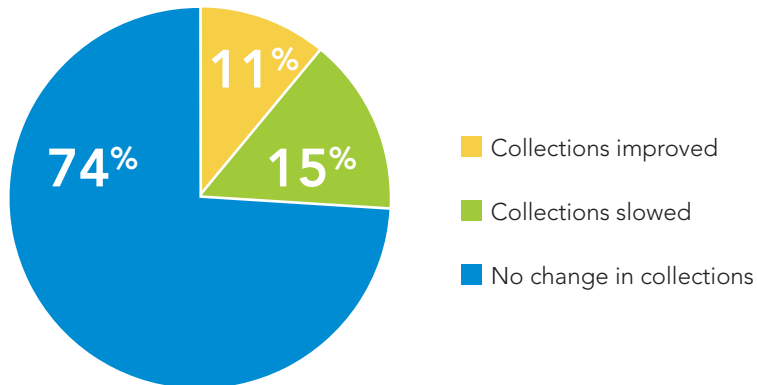
Nearly all farms (98%) are confident that their financial data is accurate when making decisions.

# FINANCIAL OPERATIONS

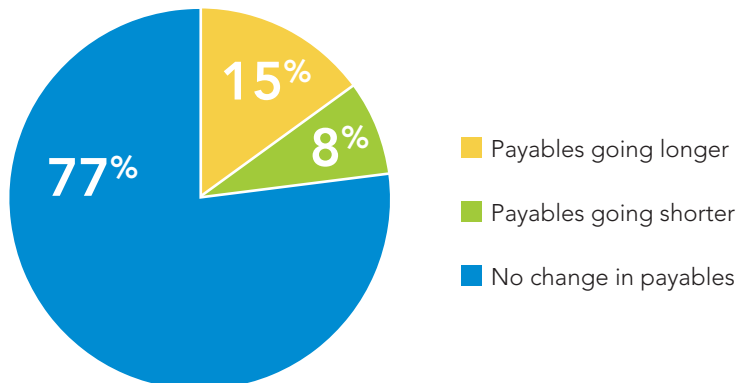
Two-thirds of responding farms indicated having **borrowing capacity** with their current financial lender. Most of these farms experienced no change in borrowing capacity since last year.



Three-quarters of the responding farms experienced no change in **collections** since last year.



About three-quarters of the responding farms experienced no change in **payables** since last year.



# TECHNOLOGY



22% of respondents have dedicated technology team members.

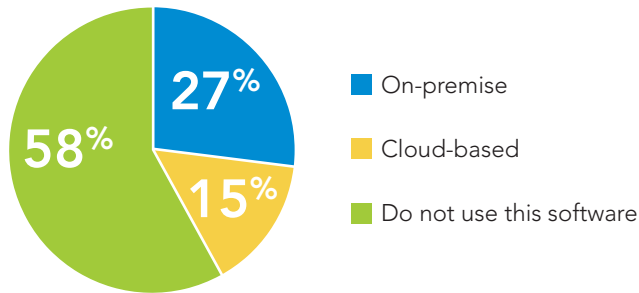


42% of respondents utilize cloud-based applications (data files, finances, etc).



94% of respondents indicated their office is set up for Wi-Fi.

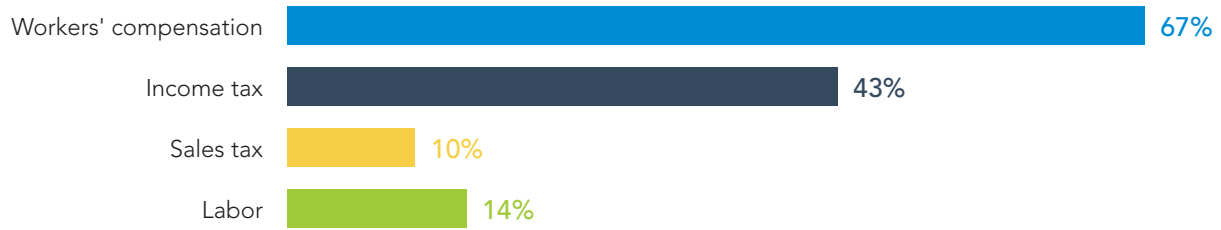
Nearly half of respondents use either the on-premise or cloud-based version of The Jockey Club's horse farm management software. The on-premise version is more widely used than the cloud-based version.



Nearly all farms (89%) are confident in their farms' office technology setup and utilization.

# AUDITS

**11%** of responding farms have been audited within the past three years. The chart below illustrates the breakdown of areas in which the audits have focused.



# ABOUT DEAN DORTON

Located in Kentucky, known for its world-class horse farms, racing, and sales, Dean Dorton has provided accounting, tax, and business consulting services to the horse industry for over 40 years. Our clients cover a broad spectrum of organizations involved in the horse industry, from small boarding farms to large multi-departmental farms involved in boarding, breeding, selling, and stallion management; from racing stables to a racetrack; from bloodstock agents to equine veterinary firms; and from industry associations to equine insurance agencies.

Not all of our clients are based in Kentucky; horse industry clients from other parts of the country and from outside the United States also gain comfort from having our industry specialists work with them. As a firm, we endeavor to know the business of horses, not just accounting and tax rules relating to the industry. We accomplish this in a number of ways, including, most usefully, by working with our many clients in the industry on their business matters.

We perform a variety of services for our clients involved in the equine industry. And, we welcome inquiries, whether from new participants in the industry who want assistance in properly structuring and administering their stables or farms or from longtime industry participants seeking to improve the performance and administration of their operations.



# DEAN DORTON TEAM

The Dean Dorton equine team is available to assist you with your needs throughout the year.



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