



PLANNING FOR PROFIT



Province of British Columbia
Ministry of Agriculture, Fisheries and Food

Thoroughbred Yearlings Breeding Farm without Pasture Fraser Valley Summer 1995

Agdex 455 - 810

Introduction

This planning outline provides thoroughbred breeders with a general guide to the direct expenses and a **Contribution Margin** for raising a thoroughbred yearling for market sale. All breeders are encouraged to undertake a more detailed business plan that considers the specific characteristics of their farm. This business plan should also include a **Projected Income Statement** and **Projected Cash Flow Statement**. The Horse Industry Program has detailed planning programs available.

The income in the **Contribution Margin** is based on the average price of yearlings at the summer select and fall mixed sales from 1900-1995

Key Factors Affecting Contribution Margin

The key factors which affect profitability of the **Contribution Margin** are the quality of the dam and the sire.

Selecting brood mares of good pedigree and with a good production record is important to the feasibility of the operation to ensure that they produce highly saleable foals each year. Selecting a stallion of good pedigree and good production record will increase the saleability of the yearling produced and the associated revenue from that sale.

Good pasture maintenance through site selection, fertilizer application, proper weed control, regular pasture re-establishment and suitable grazing practices will reduce feed and bedding costs.

Years in which a live foal is not produced still incur carrying costs for the maintenance of the mare.

Horse Race Improvement Fund

The British Columbia Horse Race Improvement Fund (H.R.I.F.) provides incentive awards to breeders of horses that finish first through third in most races in B.C. Breeders of horses foaled in the first 6 years of the program received \$1,000 per foal **on average** from the fund. Proceeds from the H.R.I.F. fund have not been included in this budget.

Breeders should familiarize themselves with the details of the H.R.I.F. program and any changes to it.

Cash Flow Timing

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
%Inc			100	
%Exp	15	60	10	15

The above information indicates the timing of quarterly flow of funds included in the **Contribution Margin** only. A completed Projected Cash Flow should include indirect expenses, capital sales and purchases, loans, and personal expenses.

Target Production

Target	3 Live Foals/Mare/4 Years
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The above indicators are provided for comparison purposes. They are set out as potential targets for thoroughbred mares.

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