

## **TEACHING GUIDE**

**Welcome to 'Keeping Track: An Exercise in Recording Costs and Income of Horse Ownership.' The objective of this exercise is to increase computer skills for those youth with limited knowledge of spread sheets and to introduce youth to the basics of accounting for income and costs. Additionally, through discussion and feedback, horse owning youth can compare their activities with those in the exercise.**

**The instructor and preferably, the users will have to be familiar with Excel to perform this exercise. In groups without Excel experience, the 'teacher' will need to perform the actual entering of information. Users should be given an opportunity to enter data as soon as possible so they can gain confidence in using a computer for exercises such as this one. There are two excel files, one marked 'Track Teachers Guide' and the other marked 'Track Users Guide'. The Teachers Guide has this file and the completed worksheets. The User Guide is intended to be used to complete the exercise. The 'teacher' may want to only provide the 'students' a disk containing the users guide, and use this file to check on the accuracy of the users progress.**

**Steps: Users should begin by opening the Track Users Guide file in Excel. Begin in the 'Getting Started' worksheet by reading the instructions. The 'Diary' worksheet has the information they will use to develop the financial worksheets. The worksheets in which information is to be placed are numbered 1 through 5. The final file has summary tables which will automatically 'keep track' of inventory, expenses and income.**

**Some suggestions: Those who are used to keeping a check book should have a general idea of how and where to record different transactions. If not, start by defining what expense, income and inventory means. Basically, expenses are costs (what money was paid for). Income is money that is received; in this example, gifts, allowance and such. Inventory are owned items of value such as horses, equipment and supplies. Inventory is usually taken at the beginning and end of the summary period.**

**It may be helpful to do the first month as an example when introducing this exercise to a group. Running totals are provided in the diary as comments after every two months. Cells with a small red triangle in the upper right hand corner have comments that will automatically appear when the cell is selected.**

**Those using this to instruct groups may find it useful to work on one or two months as part of scheduled meeting activities. Small groups may work together on this between meetings, and report back as to their progress. Or, if computers are available at the meeting site, the users can work through one or two months as part of a group meeting agenda.**

**Remind everyone to save their work. This program will not automatically save information for them.**

**There are several questions at the bottom of each of the worksheets. These questions are intended to encourage thought and discussion. The questions would be good when reviewing your or the group's progress.**

**There are many resources available from the OSU Department of Agricultural Economics, and the Oklahoma Cooperative Extension Service. This exercise was done in Excel, and is not intended to be the format of choice for developing record systems. There is a comprehensive tutorial on the use of Quicken (*tm*) to develop financial records for youth entrepreneurs available from the OSU Department of Agricultural Economics: [www.agecon.okstate.edu/quicken/Resources.htm](http://www.agecon.okstate.edu/quicken/Resources.htm)**

**There are also several short article 'OSU Extension Facts' on record keeping available from Oklahoma Cooperative Extension Offices, or via the web: [www.osuextra.com](http://www.osuextra.com)  
The following titles may be of particular interest: OSU Extension Facts F-751 Developing a Cash Flow Plan, OSU Extension Facts F-752 Developing a Balance Sheet and OSU Extension Facts F-753 Developing an Income Statement.**

## **KEEPING TRACK:**

### **AN EXERCISE IN RECORDING EXPENSES AND INCOME OF HORSE OWNERSHIP**

Most horse owners have horses as a hobby, and don't expect to make money. Even so, it is important to keep track of expenses and income. You can make better decisions on what to spend money on, what activities to participate in, and to make sure you budget enough to enjoy your horse to the upmost. This exercise will teach you how to record expenses and income, and how those records can be summarized for evaluation and review. This exercise uses just one method of keeping track of your expenses and income. It is very similar to keeping a balance in a check book.

This exercise is intended for youth with computer experience. However, even less experienced youth can be led through the exercise. You will need to read the story in the worksheet, Diary, take information from the story and record it in the appropriate worksheets. Don't worry, it won't be that difficult, and there are hints to keep you 'on track'. See if you come up with the correct values for the totals in each of the worksheets. The monthly narrative will provide 'running' totals every two months. As you work through the exercise, take time to review the questions at the end of each of the worksheets. Discussing these with others will help you apply this exercise to your own horse ownership.

When you are ready to start, simply click on the worksheet entitled: Diary. (You may find it helpful to print this out, so you can easily refer to it when entering data.) It can be found on the menu at the bottom of your computer screen. Take information from the story and place it in the appropriate worksheet: inventory, expenses or income (1 through 5). The totals will be automatically calculated and sent to the last worksheet entitled: Summary. The summary provides you with the totals for income, expenses and net profit or loss. You can use the summary to check your progress as you work through the diary, month by month.

*Remember to save your work as you go. You can always stop and continue at a later time. You may find it helpful to work on one or two months and check your work before continuing on. The whole exercise may not take you more than a half hour or so, or you may want to break up the exercise and 'work' through it a few minutes at a time.*

The expenses and income are already in place for the month of January. You will need to complete the rest of the months, and enter data into the inventory worksheet. You can scroll through the worksheets to see how the data will be displayed as you enter it. Note how the summary values change each month.

## MONTHLY DIARY

*Move your cursor to the items with a red triangle in the upper right hand corner of the cell and a comment will pop up that will give you directions.*

**January:** I bought my first horse, Blaze the day after Christmas. He arrived the first day of January. Actually, my parents bought him, but I promised to pay them back (someday). He cost \$2,200.00, and he is a 7 yr old gelding that will be great to trail ride. I can't wait for the weather to get warmer. We went to the 'Okie Feed Store' and bought 4 bags of grain and 12 bales of hay. The grain cost \$9.00 per 50 pound bag, and the hay was \$3.00 per bale. Grandma gave me \$100.00 to get started, she said it was a late Christmas present. I bought a halter, lead and supplies that cost \$75.00. Keeping the horse on our land makes will make it easy to care for him.

**February:** The veterinarian, Dr. Dogood, gave Blaze some vaccinations and dewormer. He said Blaze was healthy and as soon as I was able to have a farrier shoe him, he should be ready to go on the trails. He charged us \$55.00 for the vaccinations and dewormer. A farrier, Mr. Goodfeet, came over and shod Blaze at the end of the month. It cost \$45.00. Now, all I need is a saddle and bridle to go riding. I never realized how much a horse eats, until I had to feed him every day. I think the cold weather has his appetite up. Lucky for him there is a barn on our land for him to get under when the weather is bad. I had to buy another 3 bags of horse feed, the price was still \$9.00 per 50 pound bag. I had enough hay left over so I didn't have to buy any this month.

**CHECK YOUR TOTALS FOR JANUARY AND FEBRUARY!**

**March:** Dad told me that I had to do extra work so I could get more allowance to help pay for some of the expenses of Blaze. I started doing more this month, and was able to make \$50.00 that I used as income to pay on Blaze's expenses. We bought a saddle, pad and bridle for \$400.00 from our neighbor, Mr. Ridesgood. We had to buy more feed this month. We bought another 3 bags of grain and 12 bales of hay. The grain cost \$9.50 per 50 pound bag this month, and the hay was still \$3.00 per bale.

**April:** Riding Blaze on the trails around our house is a blast! He is really a nice horse. I'm working extra hard to save money for Blaze's expenses. I was able to make \$50.00 to help out on Blaze's expenses this month, and the only money we have spent was on grain and some fly spray and a few other supplies at the feed store. I bought 3 bags of feed that cost \$9.25 per 50 pound bag. The fly spray and supplies cost \$35.00.

**CHECK YOUR TOTALS THROUGH APRIL!**

**May:** Time to get Blaze reshod, actually I was a little late in getting the farrier back. He is hard to get ahold of on the phone. Anyway, we had Blaze reshod for \$45.00. Another trip to the feedstore, and now that I'm riding him more, I have to buy more grain. This month, we bought 5 bags of feed that cost \$9.00 a bag. So far, the pasture has enough grass that I am not having to feed much hay. I have to spend some money on paste dewormer at the feed store for \$13.00.

**June:** Nothing but fun this month. I rode Blaze over to the neighbor's place and we went riding together. It was a lot of fun; however, Blaze came home with a hurt leg. I called the veterinarian and told him that he had a small cut. He told me not to worry, and told me what medicine I should use. I bought the medicine from Dr. Dogood for \$15.00. We made it through most of the month before we had to buy more feed. This time we bought 3 bags that cost \$9.00 a bag. The store had a lot of hay for sale, and we bought 50 bales at \$2.25 per bale, so we wouldn't have to buy anymore for the year.

**CHECK YOUR TOTALS THROUGH JUNE!**

July: I worked really hard this month and was able to save up \$50.00 which I used for income to offset expenses for Blaze. I also sold some of Blaze's manure (if you can believe that) to a woman named Mildred Greenthumb wanting to use it in her garden. I had to take it to her, but Dad was more than happy to help. (I don't think he believed it). It was hard work but she paid us \$30.00, and said she would want more in the fall. The farrier came back at the end of the month, and we had Blaze reshod again for \$45.00. The veterinarian called to check on Blaze's wound, which already has healed nicely. I did find some nice saddle blankets, and other tack at the feed store this month. I spent \$50.00 on them. We also bought more grain (Blaze is getting to be a real pig about eating!), another 3 bags at \$9.50 per bag.

August: Blaze has made this summer go by way too fast. Now school is already starting. I wish he could go in my place. I was able to put aside \$50.00 from my allowance to help with Blaze's expenses. The only expense this month was at the feed store: another 4 bags at \$9.50 per bag, and paste dewormer that cost \$13.00. I started feeding more hay now, Blaze has really eating down the pasture. I'm glad we bought hay in June. Its easier when we don't have to haul it every month.

**CHECK YOUR TOTALS THROUGH AUGUST!**

September: The farrier came out and trimmed Blaze. We decided to let him go 'barefoot' for the fall, as I haven't been riding him very hard. The trimming cost \$20.00. The lady who wanted manure for her garden actually called back, and we took a truckload to her. Thanks to Dad helping out (and not wanting any of the money), we delivered the manure, and fixed up her garden. She paid us \$30.00. (I wonder what Blaze would think about this.) Anyway, it helped out with the expenses. I started feeding more hay, it is nice to have a stack already here instead of hauling it every month. Again, the only expenses this month were on feed, another 3 bags at \$9.50 per bag.

October: My neighbor trailered Blaze and my friend's horse to the feedstore. They had a costume class for pets. She won, and I took second prize. They gave me a gift certificate worth \$50.00 for feed. I spent that and more before I left the store, as we bought 4 bags of feed at \$9.50 per bag, and paste dewormer that cost \$13.00.

**CHECK YOUT TOTALS THROUGH OCTOBER!**

November: We had Blaze retrimmed this month for \$20.00. I also decided to buy him a blanket. It cost \$75.00. That and more grain were the only expenses (4 bags at \$9.50 per bag). Blaze scraped his nose on the feed bucket, but I had enough left over salve from this summer to take care of that problem.

December: It doesn't seem like a year's gone by already. My neighbor called and asked if I wanted to sell Blaze. He said I could get \$2500 for him if I was willing to sale him before Christmas. I thought about it but decided to keep him (even though he eats too much!). Mr. Goodfeet came over and trimmed Blaze (\$20.00). All in all, it has been great, and I have a lot of memories to show for it. Grandma came through again with Christmas money (\$200.00), which I put into paying back dad for some of the expenses for the year. I also took inventory at the end of the year of everything I have bought, and figure that I have about \$50.00 in supplies left over, 20 bales of hay, a bag of feed, and about \$400.00 in tack. I would have more tack, except Blaze chewed up the blanket I bought him, so I had to throw it away. Oh well, I guess the 5 bags of feed I paid \$9.50 per bag for wasn't enough for him this month. Maybe I can sell more manure next year, he sure seems to produce a lot of it.

**CHECK YOUR OVERALL TOTALS FOR THE YEAR!**

## INVENTORY

Move your cursor to the items with a red triangle in the upper right hand corner of the cell to see a comment with further instruction.

### HORSES

NAME OF HORSE	BEGINNING VALUE: JANUARY 1ST	ENDING VALUE: DECEMBER 31	NOTES
Blaze	\$2,200.00	\$2,500.00	Bought on Dec 26th, last year for the beginning amount. Neighbor said he could sell him for the amount listed on ending inventory.
<b>TOTAL VALUE OF HORSES</b>	<b>\$2,200.00</b>	<b>\$2,500.00</b>	

### TACK, EQUIPMENT AND SUPPLIES ON HAND

ITEM	BEGINNING VALUE: JANUARY 1ST	ENDING VALUE: DECEMBER 31	NOTES
Supplies		\$50.00	
Hay		\$45.00	19 bales I paid \$ 2.25 a bale for last June
Feed		\$9.50	One bag left over.
Tack		\$400.00	May be worth more, but not sure, so I used a conservative figure.
<b>TOTAL VALUE OF SUPPLIES</b>	<b>\$0.00</b>	<b>\$504.50</b>	

<b>TOTAL VALUE OF INVENTORY</b>	<b>\$2,200.00</b>	<b>\$3,004.50</b>	
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QUESTIONS TO THINK ABOUT:

1. How does your estimated values of inventory differ from the example?
2. What are ways to accurately estimate how much your horses or supplies on hand are really worth?

## FEED COSTS

Move your cursor to the items with a red triangle in the upper right hand corner of the cell to see a comment with further instruction.

MONTH	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
BAGS OF GRAIN BOUGHT EACH MONTH	4	3	3	4	4	3	3	4	3	4	4	5
COST OF GRAIN PER 50 POUND BAG FOR MONTH	\$9.00	\$9.00	\$9.50	\$9.25	\$9.00	\$9.00	\$9.50	\$9.50	\$9.50	\$9.50	\$9.50	\$9.50
COST OF GRAIN FOR THE MONTH	\$36.00	\$27.00	\$28.50	\$37.00	\$36.00	\$27.00	\$28.50	\$38.00	\$28.50	\$38.00	\$38.00	\$47.50

TOTAL LBS OF GRAIN FOR YEAR	2200
TOTAL COST OF GRAIN FOR YEAR	\$410.00

MONTH	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
BALES OF HAY BOUGHT PER MONTH	12	0	12	0	0	50	0	0	0	0	0	0
COST OF HAY PER BALE	\$3.00	\$0.00	\$3.00	\$0.00	\$0.00	\$2.25	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
COST OF HAY FOR THE MONTH	\$36.00	\$0.00	\$36.00	\$0.00	\$0.00	\$112.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

TOTAL BALES OF HAY FOR YEAR	74
TOTAL COST OF HAY FOR YEAR	\$184.50

TOTAL COST OF GRAIN AND HAY FOR THE YEAR	\$594.50
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### QUESTIONS TO THINK ABOUT:

1. Does your horse eat more or less grain than this example?
2. Does your horse eat more or less hay than this example?
3. How much do you pay for grain and hay?
4. The cost of grain and hay that you pay is only part of the total cost. What other expenses add to the total cost of supplying feed?
5. Does your horse have a pasture? If so, do you feed less hay at some times of the year? If so, when?
6. What are ways to increase the amount and quality of pasture forage so less hay is fed? What expenses might you have when improving pastures?

## HEALTH AND FARRIER COSTS

Move your cursor to the items with a red triangle in the upper right hand corner of the cell to see a comment with further instruction.

Item #	<u>MONTH OF EXPENSE</u>	<u>COST</u>	<u>PAID TO</u>	<u>NOTES</u>
1	February	\$55.00	Dr. Dogood	Dewormer and vaccinations
2	February	\$45.00	Mr. Goodfeet	First shoeing for Blaze
3	May	\$45.00	Mr. Goodfeet	Second shoeing
4	May	\$13.00	Okie Feed Store	Dewormer
5	June	\$15.00	Dr. Dogood	Medicine
6	July	\$45.00	Mr. Goodfeet	Third shoeing
7	August	\$13.00	Okie Feed Store	Dewormer
8	September	\$20.00	Mr. Goodfeet	Trimming
9	October	\$13.00	Okie Feed Store	Dewormer
10	December	\$20.00	Mr. Goodfeet	Trimming
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<b>HEALTH AND FARRIER COSTS FOR THE YEAR:</b>	<b>\$284.00</b>
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### QUESTIONS TO THINK ABOUT:

1. How often do you have your horse's feet trimmed or shod?
2. What vaccinations do you give your horse?
3. Have you had to take your horse to a veterinarian this year because of an injury or illness?
4. Do you think your health and farrier costs for your horse are more or less than in this example?



## OTHER COSTS

Move your cursor to the items with a red triangle in the upper right hand corner of the cell to see a comment with further instruction.

<u>Item #</u>	<u>MONTH OF EXPENSE</u>	<u>COST</u>	<u>PAID TO</u>	<u>NOTES</u>
1	January	\$75.00	Okie Feed Store	Halter, lead and other supplies
2	March	\$400.00	Mr. Ridesgood	Saddle, pad, bridle
3	April	\$35.00	Okie Feed Store	Fly Spray and supplies
4	July	\$50.00	Okie Feed Store	Saddle blanket and tack
5	November	\$75.00	Okie Feed Store	Horse blanket
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<b>TOTAL FOR OTHER COSTS FOR THE YEAR:</b>	<b>\$635.00</b>
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### QUESTIONS TO THINK ABOUT:

1. Are most of these costs related to tack and supplies?
2. Do you keep track of how much you spend at events such as horse shows?
3. Are some of these expenses for items that you might resale at a later time?
4. Do you think your other costs are more or less than this example?

# INCOME

Move your cursor to the items with a red triangle in the upper right hand corner of the cell to see a comment with further instruction.

Item #	<u>MONTH OF INCOME</u>	<u>INCOME</u>	<u>RECEIVED FROM</u>	<u>NOTES</u>
1	January	\$100.00	Grandma	She's a great grandma!
2	March	\$50.00	Mom and Dad	No cd's this month. I hope Blaze is grateful!
3	April	\$50.00	Mom and Dad	Cleaning house, garage, etc. for extra allowance
4	June	\$50.00	Mom and Dad	Working around house.
5	July	\$50.00	Mom and Dad	Working around house.
6	July	\$30.00	Mildred Greenthumb	Manure for sale!
7	September	\$30.00	Mildred Greenthumb	More manure.
8	October	\$50.00	Okie Feed Store	Costume contest
9	December	\$200.00	Grandma	I told you she was a great grandma!
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<b>INCOME FOR THE YEAR:</b>	<b>\$610.00</b>
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## QUESTIONS TO THINK ABOUT:

1. Do you think your other costs are more or less than this example?
2. If you were in the training business, what sources of income would you expect?
3. What is a typical fee that professional trainers charge for training horses?
4. If you were in the horse production business (mares and foals), what sources of income would you expect?

## PROJECT SUMMARY

Move your cursor to the items with a red triangle in the upper right hand corner of the cell to see a comment with further instruction.

INVENTORY SUMMARY	BEGINNING BALANCE	ENDING BALANCE	NET CHANGE
CLOSING INVENTORY: HORSES	\$2,200.00	\$2,500.00	\$300.00
CLOSING INVENTORY: TACK, EQUIPMENT AND SUPPLIES ON HAND	\$0.00	\$504.50	\$504.50
CHANGE IN INVENTORY FROM BEGINNING TO ENDING			\$804.50

CASH FLOW SUMMARY		
INCOME	\$610.00	
TOTAL INCOME		\$610.00
FEED COSTS	\$594.50	
HEALTH COSTS	\$284.00	
OTHER COSTS	\$635.00	
TOTAL COSTS		\$1,513.50
NET CASH FLOW		-\$903.50

### QUESTIONS TO THINK ABOUT:

1. How can you know for sure that your estimates for inventory value are realistic?
1. Which expenses were the largest: feed, health or other costs?
2. Do you think your total costs are more or less than this example?
3. What are some ways you could raise income to help cover some of the costs of owning your horse?

This exercise is intended to give you a beginning to identifying costs, income and ways records can be summarized. Hopefully, you will feed comfortable enough to look further into record keeping. It is an essential skill for conducting a business. One suggested resource is a program developed by Specialists in the OSU Department of Agricultural Economics: Financial Records for Youth Entrepreneurs available on the web at [www.agecon.okstate.edu/quicken/Resources.htm](http://www.agecon.okstate.edu/quicken/Resources.htm)

## **MORE INFORMATION IS AVAILABLE!!!**

**You are encouraged to learn more about financial recordkeeping. No matter your interests, you will find that understanding how to accurately account for your income and expenses will help you professionally and in your personal life. Most people with horses don't own them for business purposes. Even so, if you want to maximize your enjoyment of ownership, you need to budget your hobby.**

**There are many resources available from the OSU Department of Agricultural Economics, and the Oklahoma Cooperative Extension Service. This exercise was done in Excel, and is not intended to be the format of choice for developing record systems. There is a comprehensive tutorial on the use of Quicken (*tm*) to develop financial records for youth entrepreneurs available from the OSU Department of Agricultural Economics:  
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