



Dean Dorton Ford, PSC, is pleased to provide you with the results of our 2008 Equine Industry Survey. This year, 459 surveys were mailed and we received 85 responses. (Last year, we mailed 445 surveys and received 110 responses.) We hope that these compiled results will be a helpful tool for you to use in conducting your business throughout the year.

In comparing the results of this survey with the compensation and benefits survey we conducted in previous years, these significant changes were noted.

- 72% provided holiday pay to full time salaried employees in 2008 vs. 75% in 2007, and 63% provided holiday pay to full time hourly employees in 2008 vs. 71% in 2007.
- The number of farms sponsoring employee health coverage rose to 85% in 2008 vs. 61% in 2007 and 74% in 2006.
- 33% required employees to wear uniforms in 2008 vs. 26% in 2007.
- The number of farms employing foreign workers declined to 74% in 2008 vs. 78% in 2007.
- 36% of farms reported workers comp audits in 2008 vs. 29% in 2007.

Your feedback regarding any aspect of the survey is welcome as we continually try to improve it. If you've received our surveys in the past, you may note that we added several items based on the suggestions of prior survey participants. We also welcome your ideas about other farm management information that may be helpful for future surveys.

We would also like to congratulate the winners of our drawing for \$100 Malone's gift certificates, given to express our gratification for completing this year's survey. The 2008 winners are: Mike Owens of Cobra Farm, Christi Conner of Spendthrift Farm, Homer Rader of Columbiana Farm, Barbara Beaney of Sugar Knoll Farm, and David Fiske of Corinthia Farm.

We thank those who responded for their participation, as it is your responses that continue to make this survey useful.



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Equine Industry Survey 2008



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EQUINE

Who we are...

Since our inception in 1979, Dean Dorton Ford, PSC, has been providing accounting, tax, and business consulting services to the equine industry. Our team of equine advisors offers experience, expertise, and proven leadership to clients seeking to successfully adapt to a continually changing equine environment. We pride ourselves on being recognized as a premier provider of services to the equine industry. Our practice was built on delivering service, commitment, and results to every engagement.

What we do...

DDF is located in Kentucky, known for its world-class horse farms, racing, and sales. As a result of our commitment to and experience in the horse industry, we are exposed to a variety of business strategies and transactions. Equine industry clients from Kentucky and beyond gain comfort by having our industry specialists work with them.

Accounting

The unique attributes of the equine industry demand accounting services with the particular depth of experience and expertise that DDF delivers. We offer accounting services such as:

- Directly performing many accounting, payroll, and clerical functions (for some clients, we effectively serve as their farm office)
- Providing financial statement assurance services - compilation, review, and audit - for the benefit of owners and when required by lenders

Business Consulting

Helping you build your business with more than traditional accounting and tax services, the DDF Equine Team also offers you experienced business advisors. You can depend on these professionals for advice about sound organization structure, management goals, strategic planning, and all the factors that affect your bottom line. DDF Equine can provide you with assistance to:

- Develop financial and business plans
- Provide financial analysis of stallion prospects and broodmares
- Organize, staff, and train for farm office operations
- Design, implement, and administer retirement plans and other employee benefit programs
- Analyze and determine the value of equine businesses
- Design and implement accounting and management information systems

Tax Services

When equine industry participants enlist DDF to provide tax services, they can be confident that they are engaging a firm that with vast industry experience and know-how. We are able to identify and implement tax planning strategies and to provide comfort that tax compliance responsibilities are being met. We're interested in their business, know the industry, and can provide a wide range of valuable services designed both to optimize their tax savings opportunities and avoid unanticipated problems. Among our services are:

- Developing strategies to make maximum use of potential tax losses
- Minimizing exposure to the hobby loss rules
- Structuring transactions to avoid or minimize sales and use taxes
- Avoiding or managing the potential impact of the passive activity loss rules
- Using current and deferred trades of horses and farms to avoid or postpone income taxes
- Using the involuntary conversion tax rules to defer income taxes on insurance recoveries related to horse and farm casualties
- Estate planning designed to use special use valuation and conservation incentives, family limited partnership strategies, and deferred tax payments
- Multistate tax allocations and filing compliance
- Helping foreign owners and breeders to minimize exposure to U.S. taxes and comply with filing requirements
- Developing tax accounting systems to comply, where required, with rules requiring capitalization of preproductive period costs
- Taking advantage of unique tax depreciation rules
- Representing clients with federal and state tax audits

Who Our Clients Are...

If you would like to obtain a representative listing of our clients, please contact Doug Dean at 859.425.7608 or ddean@ddfky.com.

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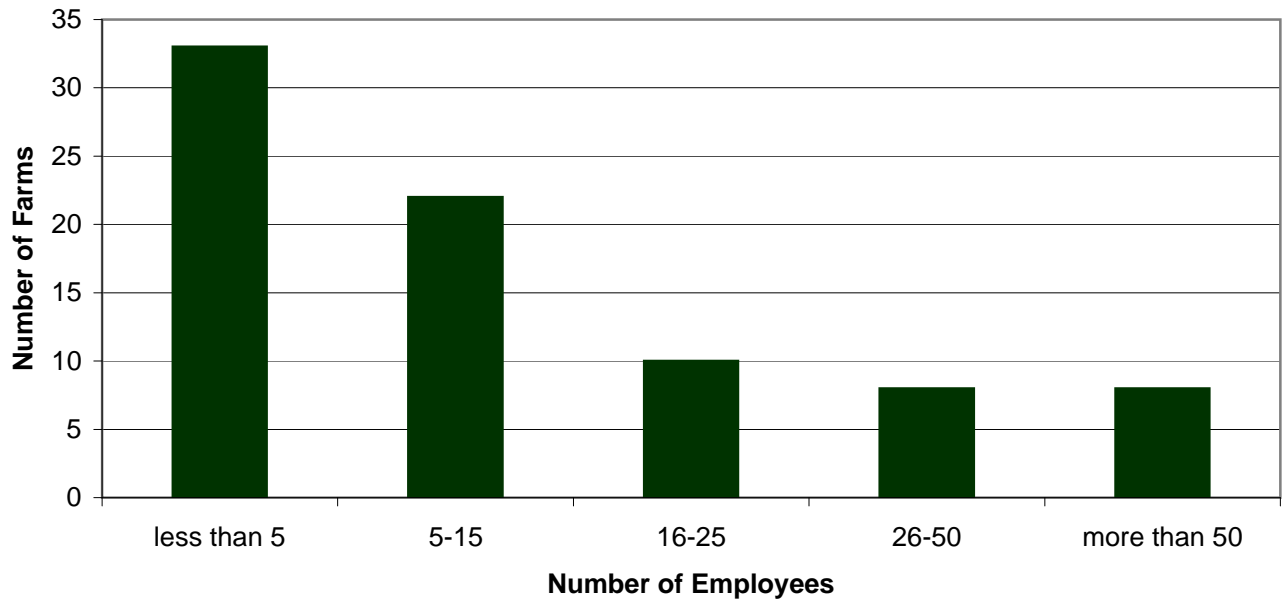
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2008 EQUINE INDUSTRY SURVEY

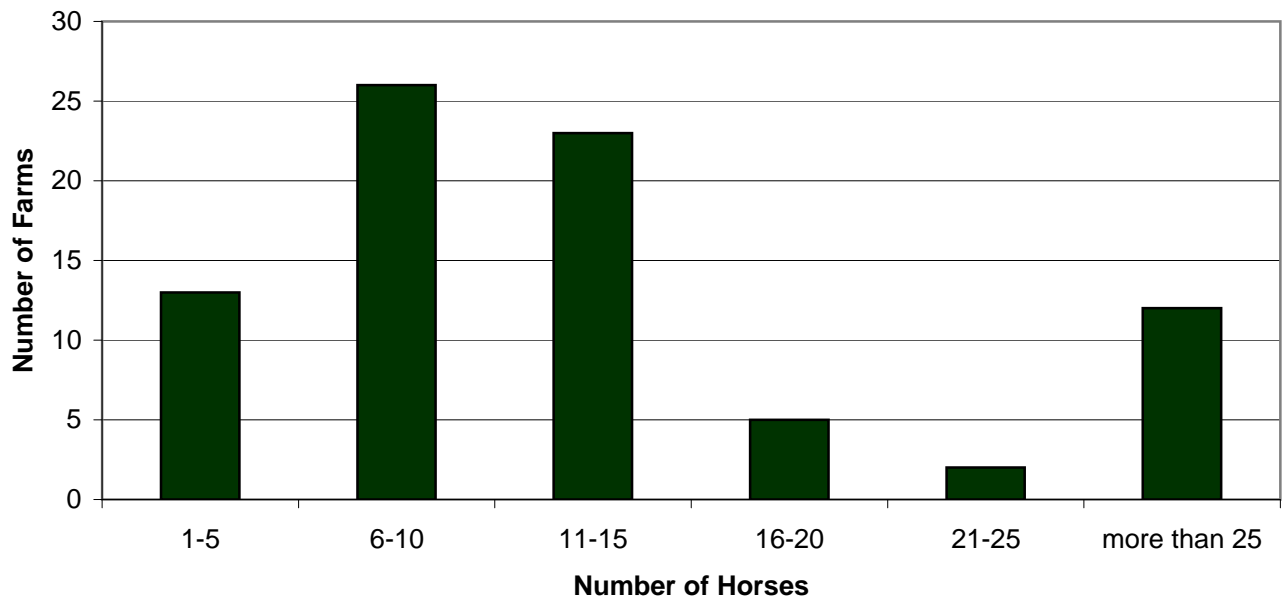
TABLE OF CONTENTS

Average number of full-time (year-round) employees per farm	1
Average number of horses maintained per farm employee	1
Average starting pay rate range for farm employees:	
Hourly:	
Groom	2
Foreman	2
Watchman	3
Agricultural Worker	3
Seasonal Worker - Sales	4
Seasonal Worker - Agriculture	4
Skilled Laborer	5
Office Clerk	5
Bookkeeper	6
Booking Secretary	6
Salaried:	
Division Manager	7
Stallion Manager	7
Office Manager	8
Farm Manager	8
Business/Financial Manager	9
Daily:	
Sales Staff	10
Average Pay Cycles:	
Hourly	10
Salaried	10
Payroll Cut-off	11
Payroll Processing Service	11
Retirement Plans	12
Insurance Coverage	13
Holiday, Vacation, and Sick Leave Policies	14-17
Uniforms	18
On-Farm Housing	19
Vehicles	20
Cafeteria Plans/Flexible Spending Accounts	21
Audits	21
Foreign Workers	21
Standard Daily Board Rates and Charges	22
Additional Daily Charges	23-25
Standard Foaling Rates	26
Advertising Expenses for Stallions	26
Sales Commission Charges	26
Charges for Horses Brought back from Sales Unsold	27
Broodmare Commissions/Advertising Charges	28
Boarding Numbers, Capacity, and Farm Sizes	28-30
Computer Programs Used for Farm Management Applications	31-33

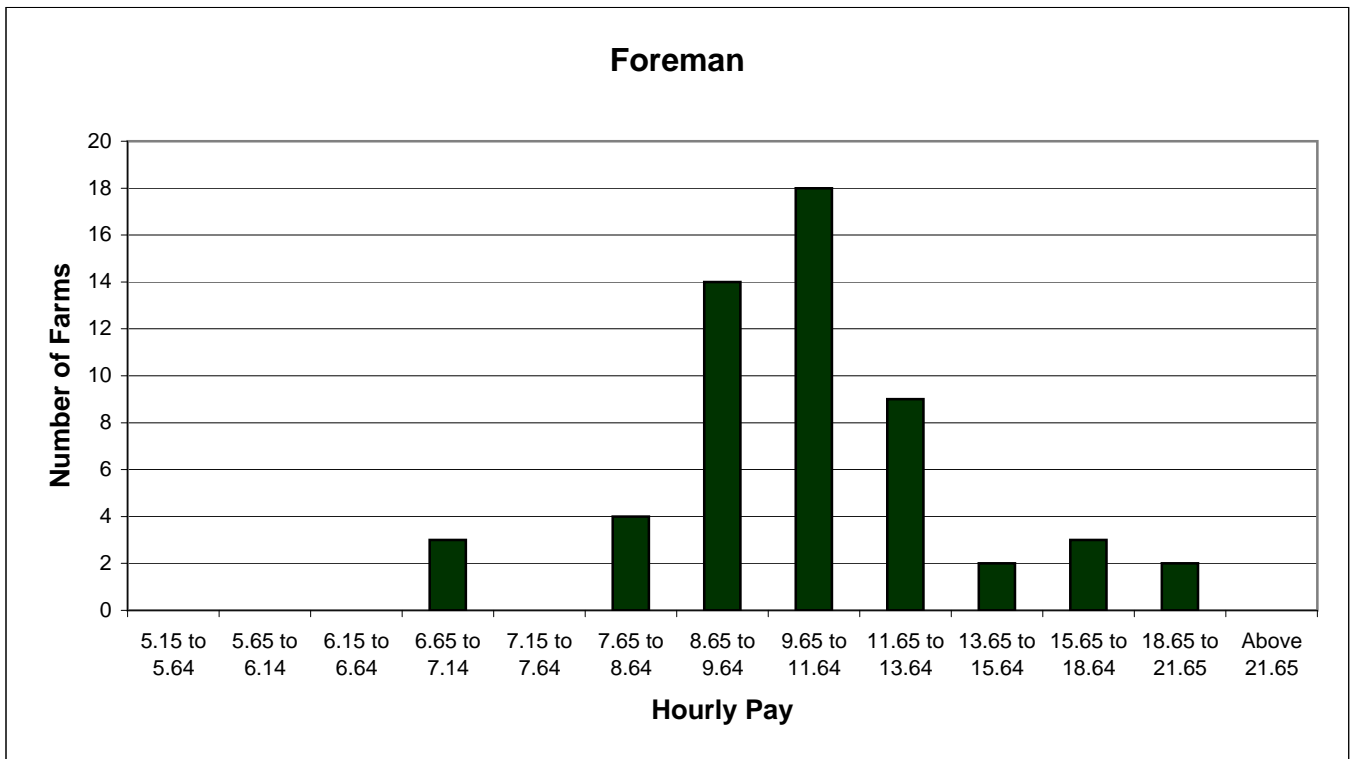
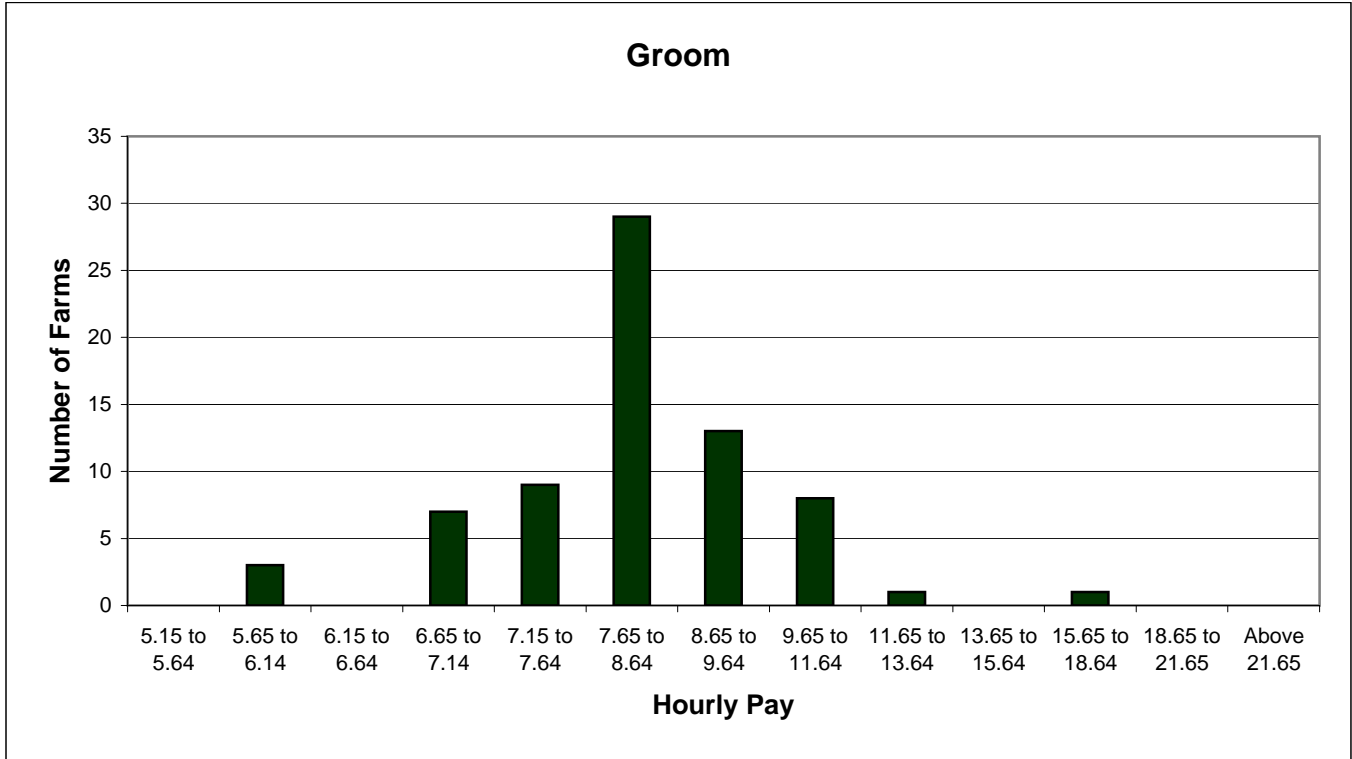
Average Number of Full-Time (Year-Round) Employees



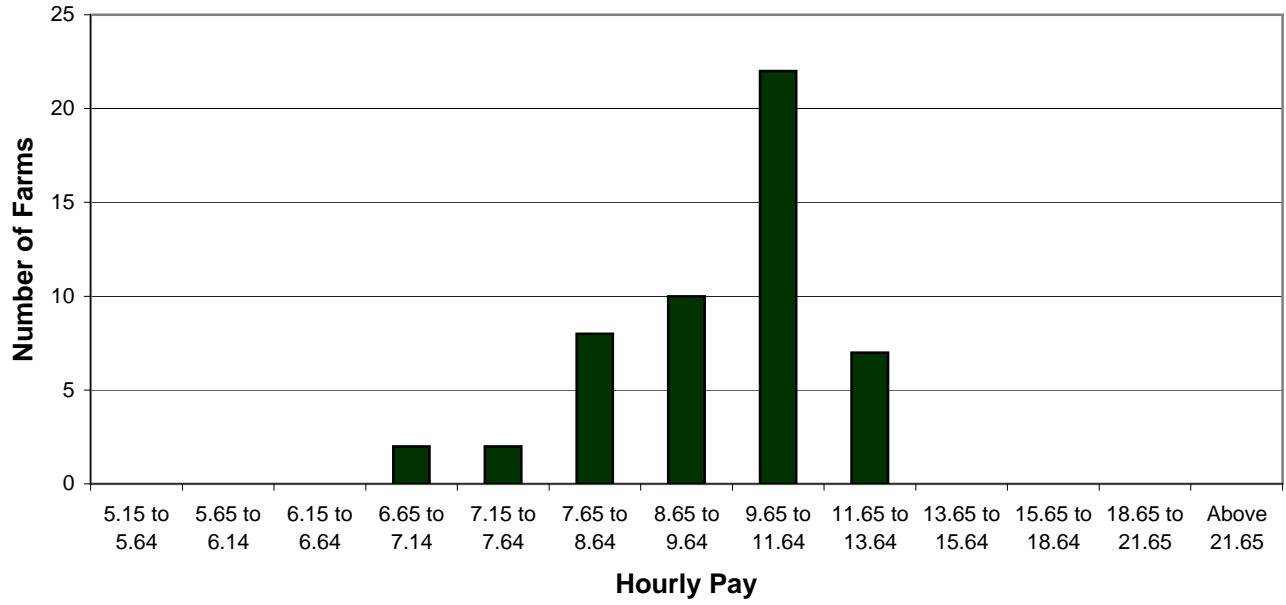
Average Number of Horses Maintained Per Farm Employee



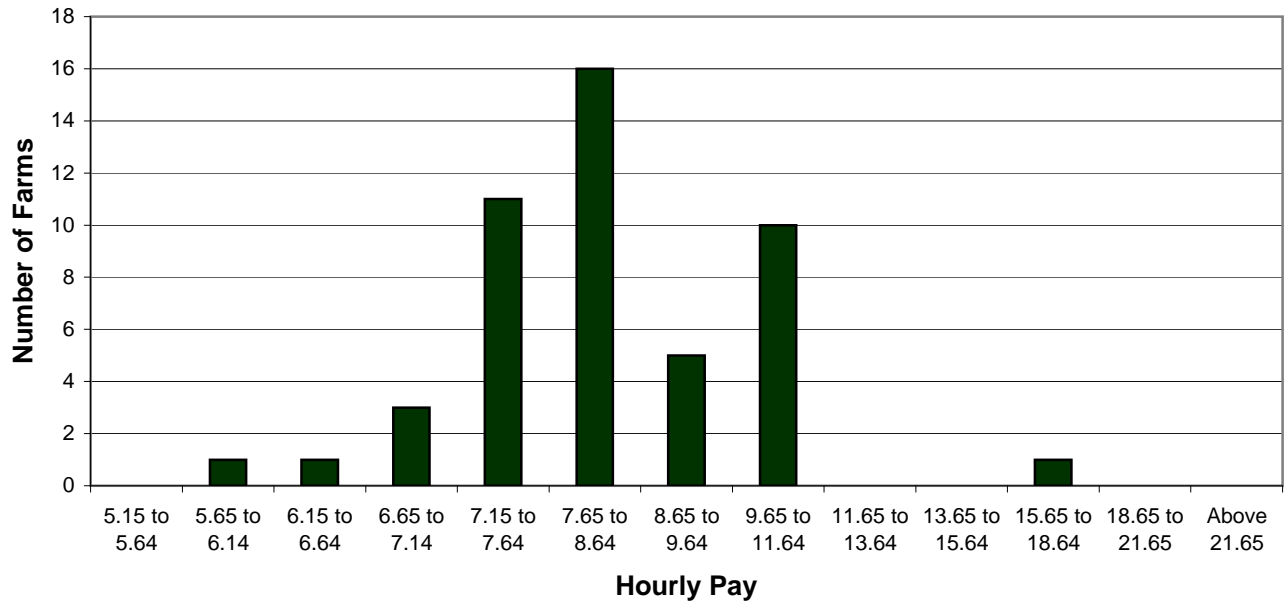
Average Starting Pay Rate for Farm Employees - Hourly



Watchman



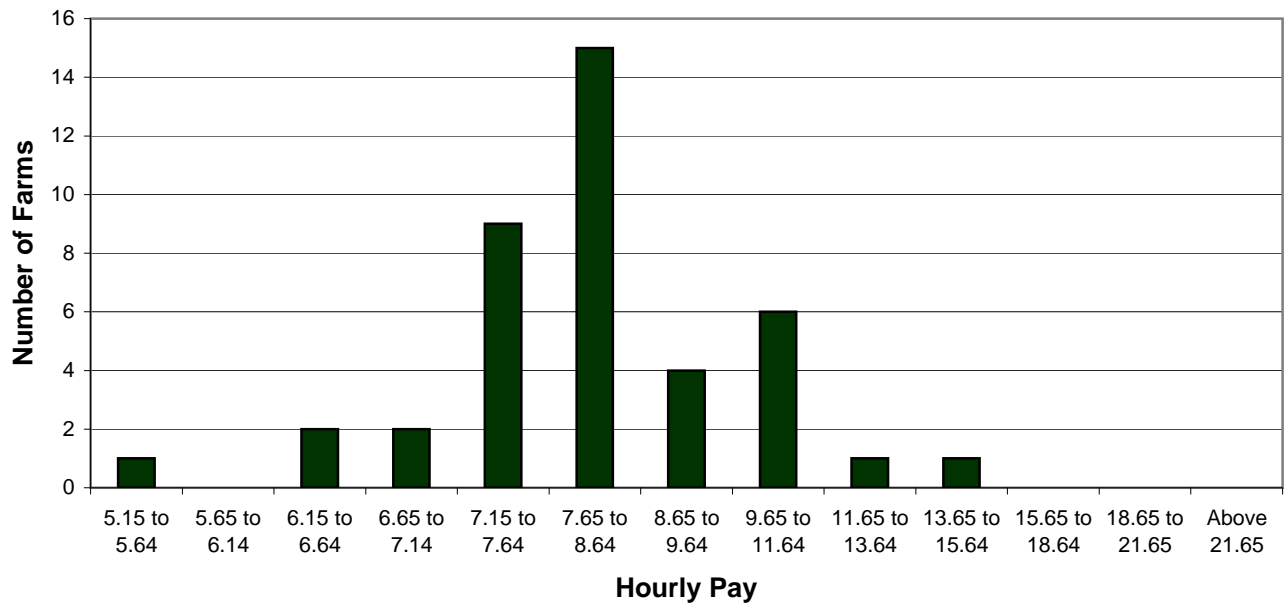
Agricultural Worker



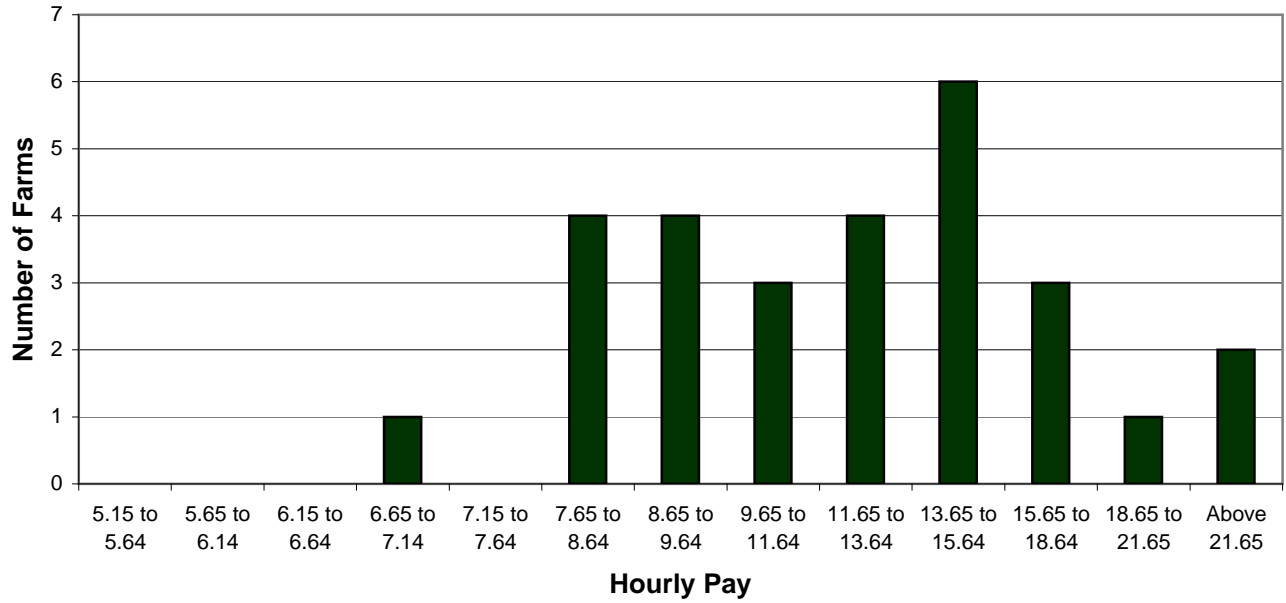
Seasonal Worker - Sales



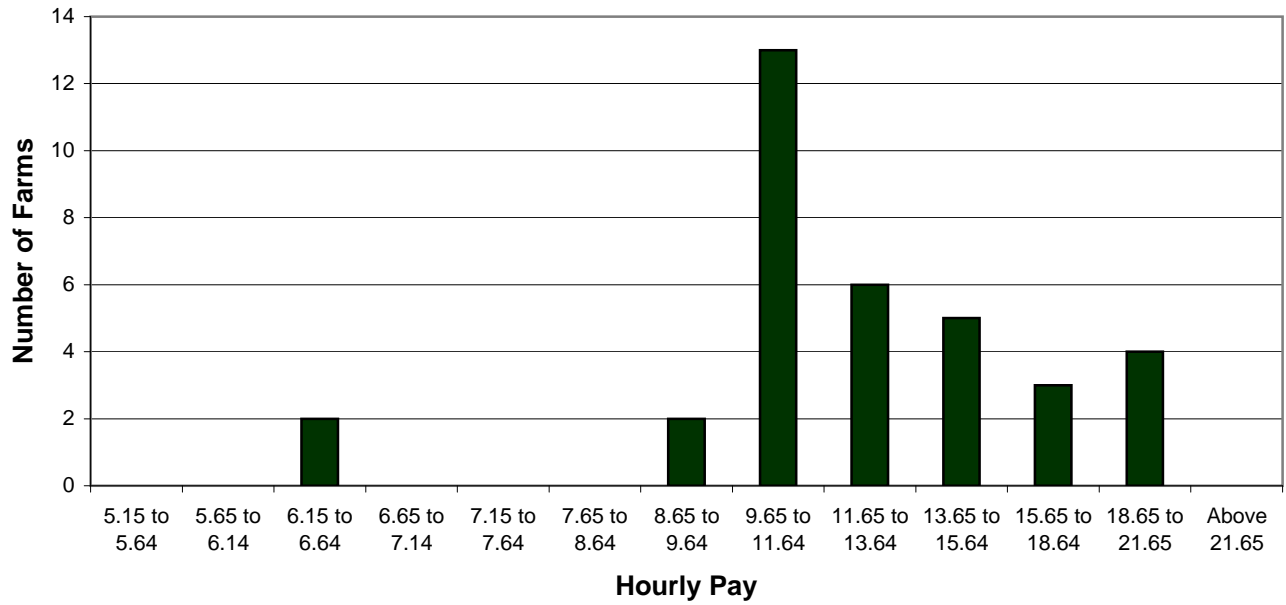
Seasonal Worker - Agriculture



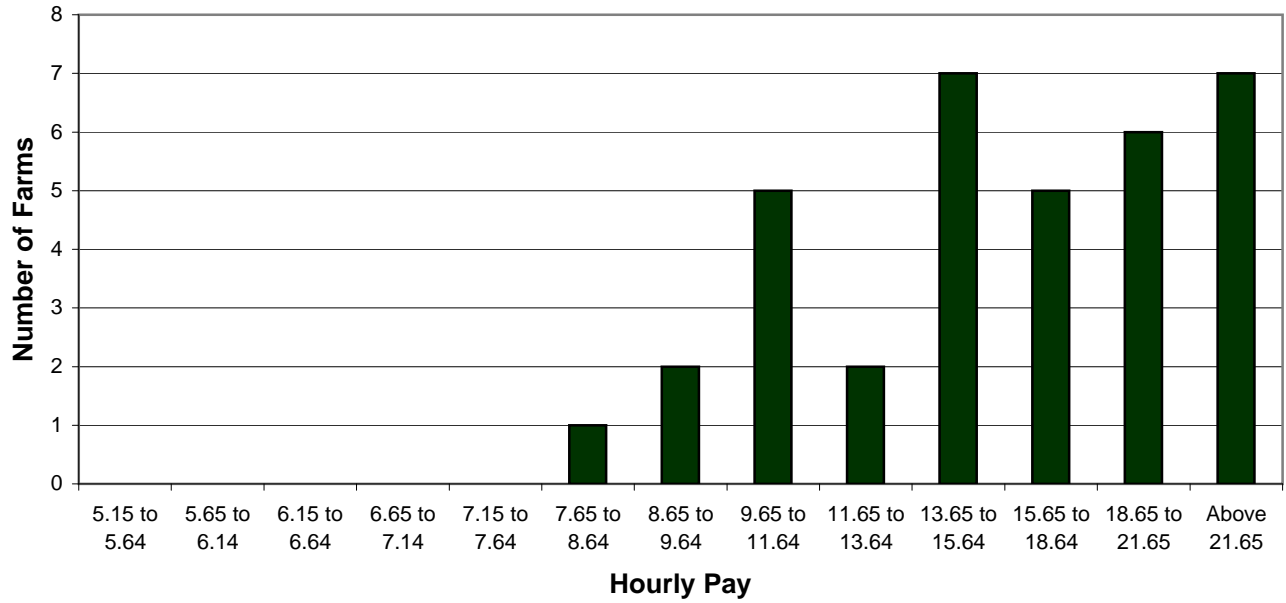
Skilled Laborer



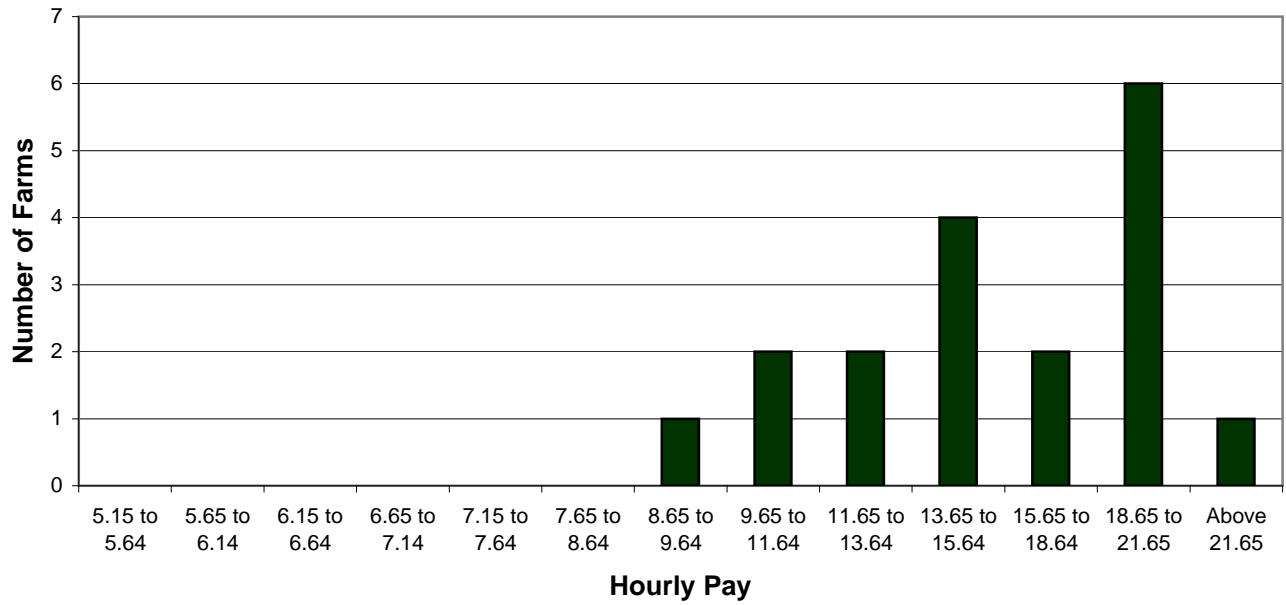
Office Clerk



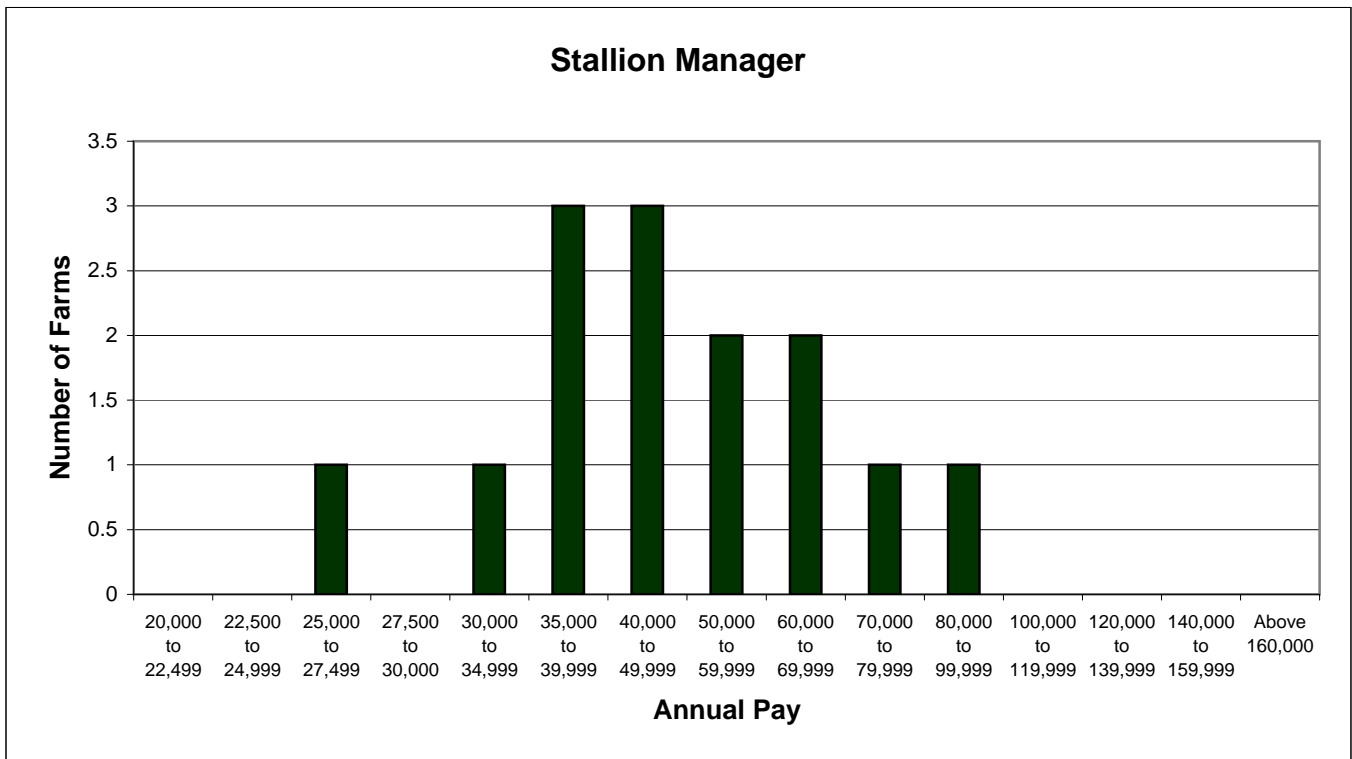
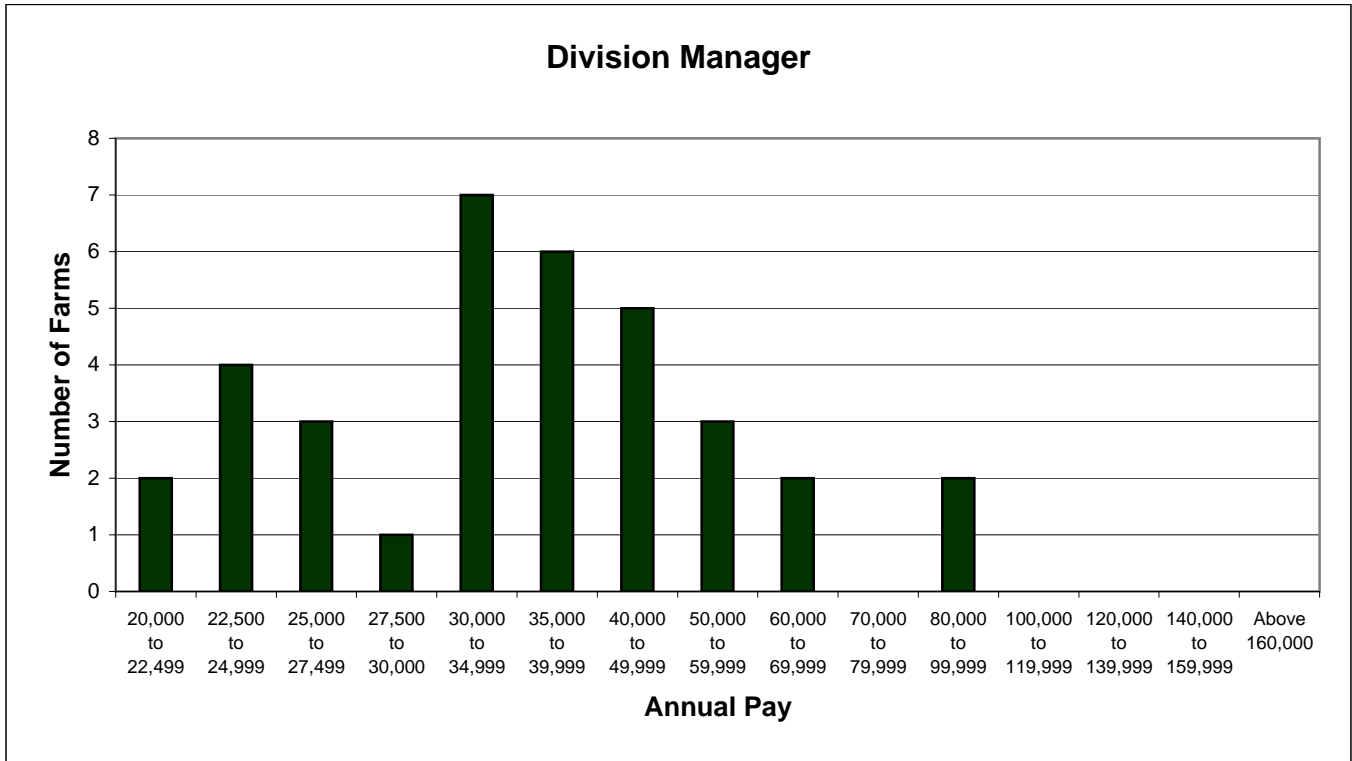
Bookkeeper



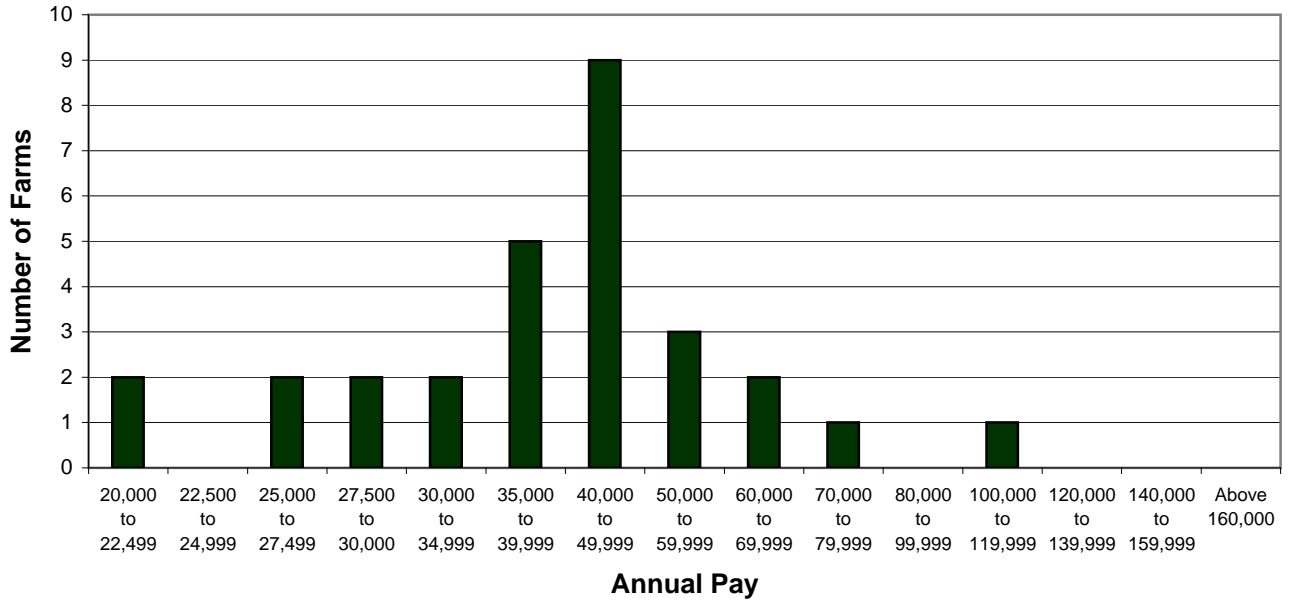
Booking Secretary



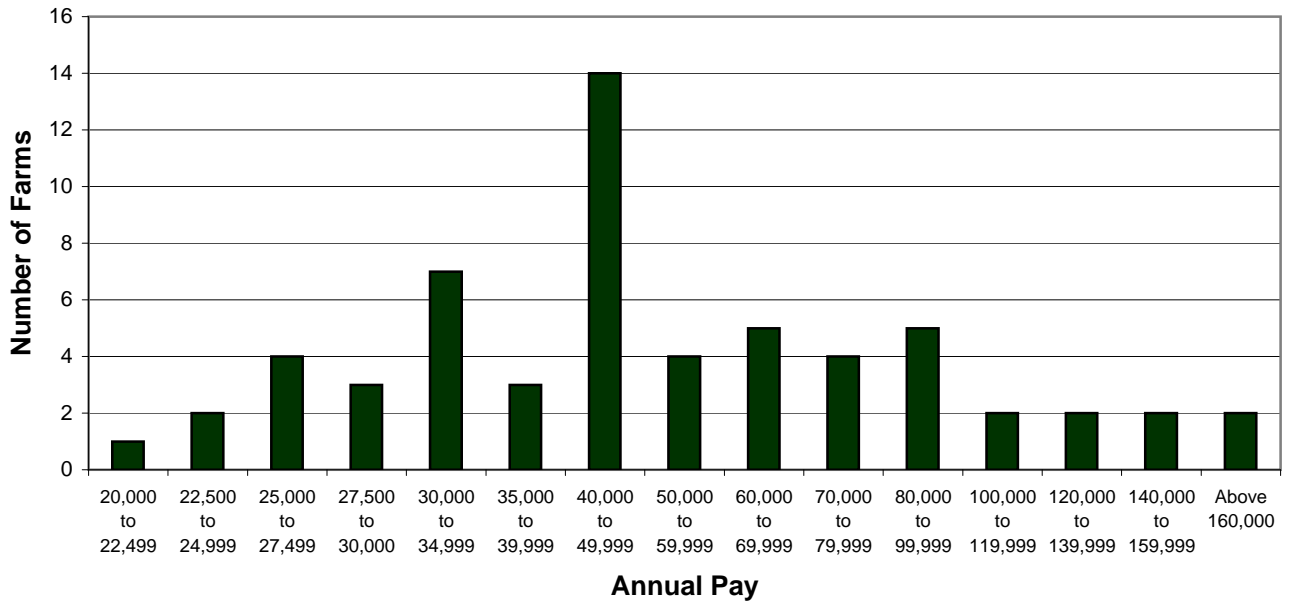
Average Starting Pay Rate Range for Farm Employees - Salary



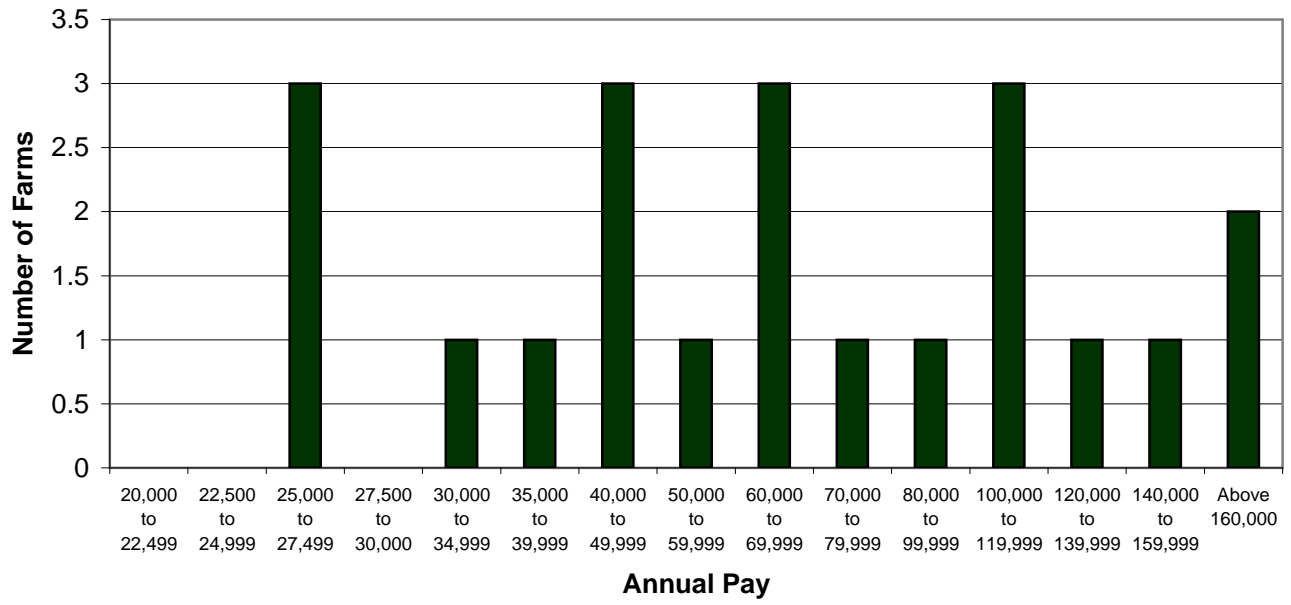
Office Manager



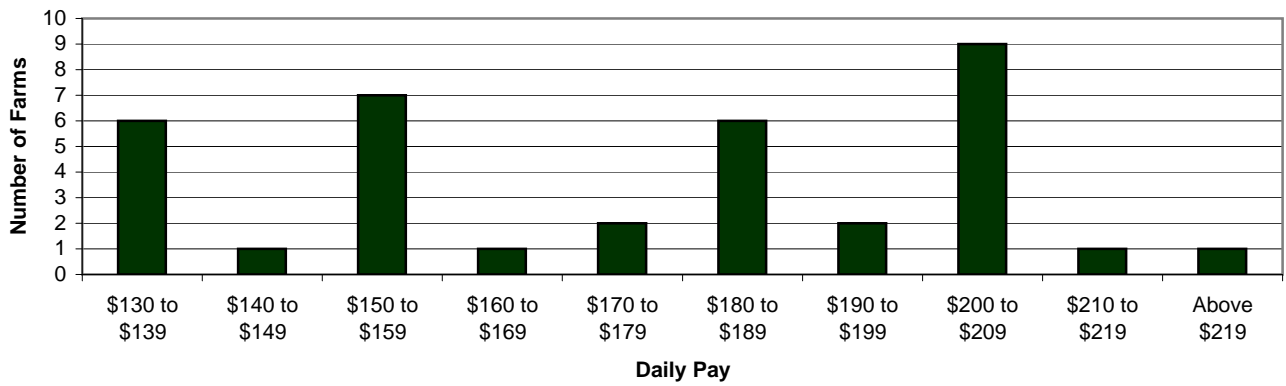
Farm Manager



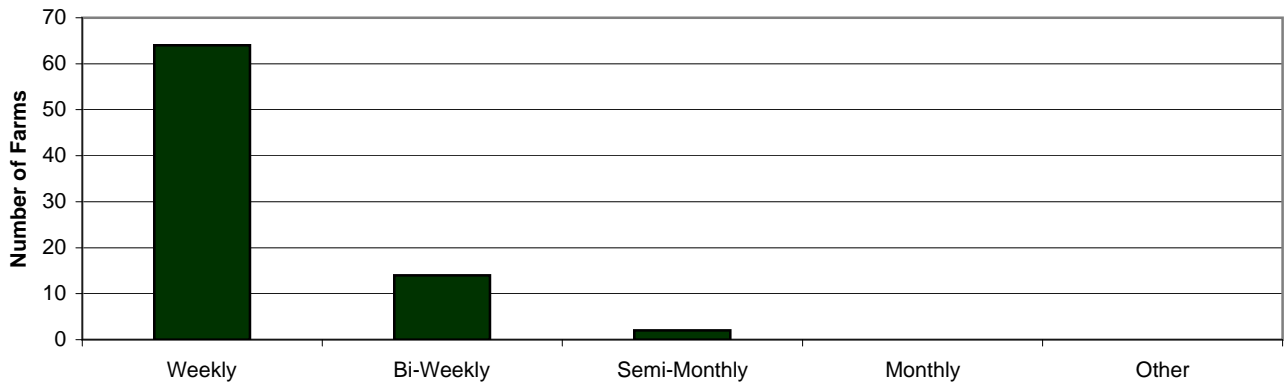
Business/Financial Manager



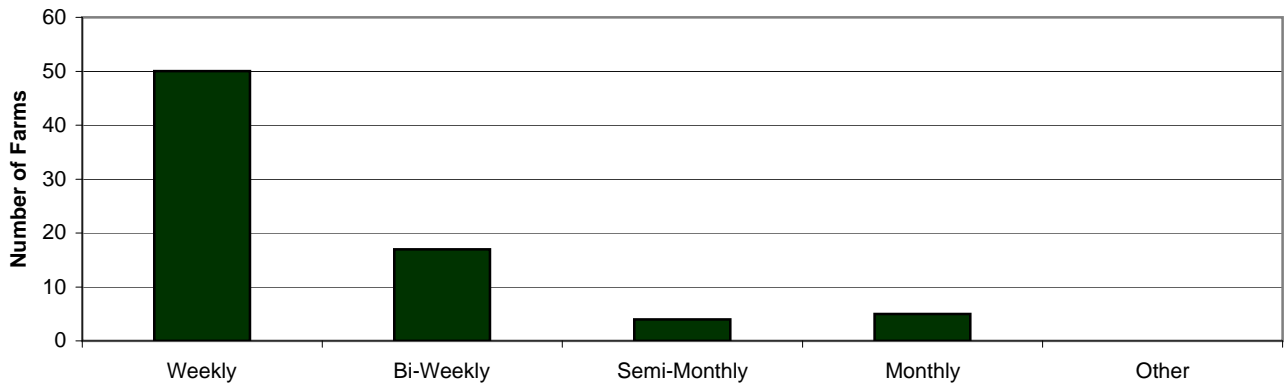
Average Daily Pay Rate for Sales Staff



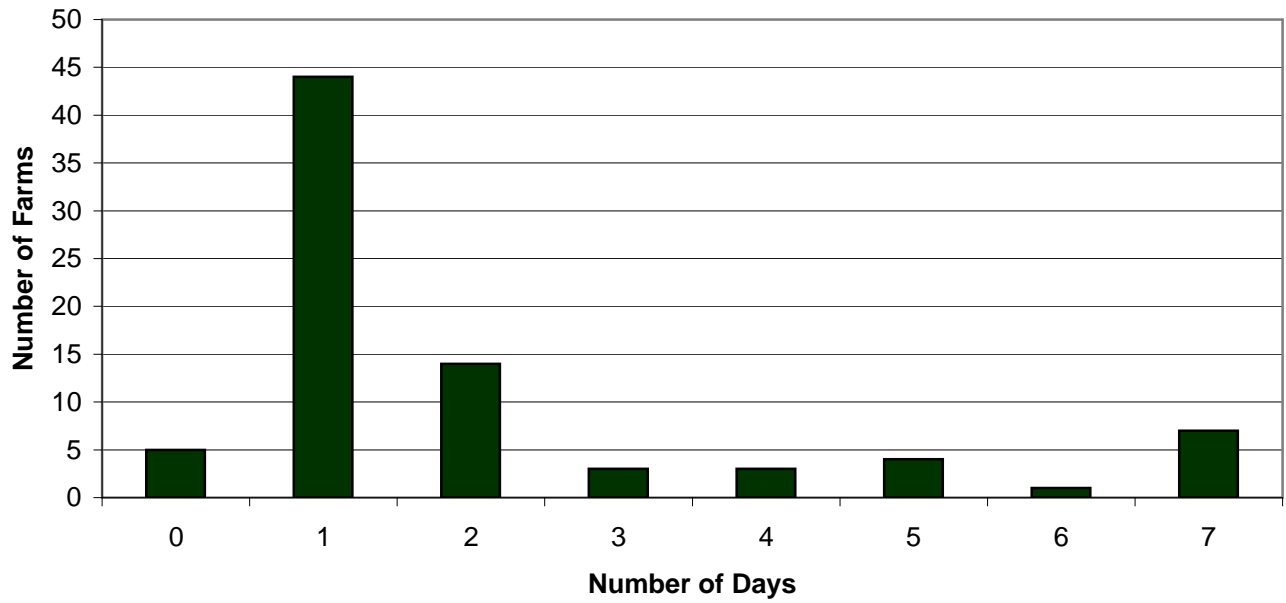
How Often Hourly Employees Are Paid



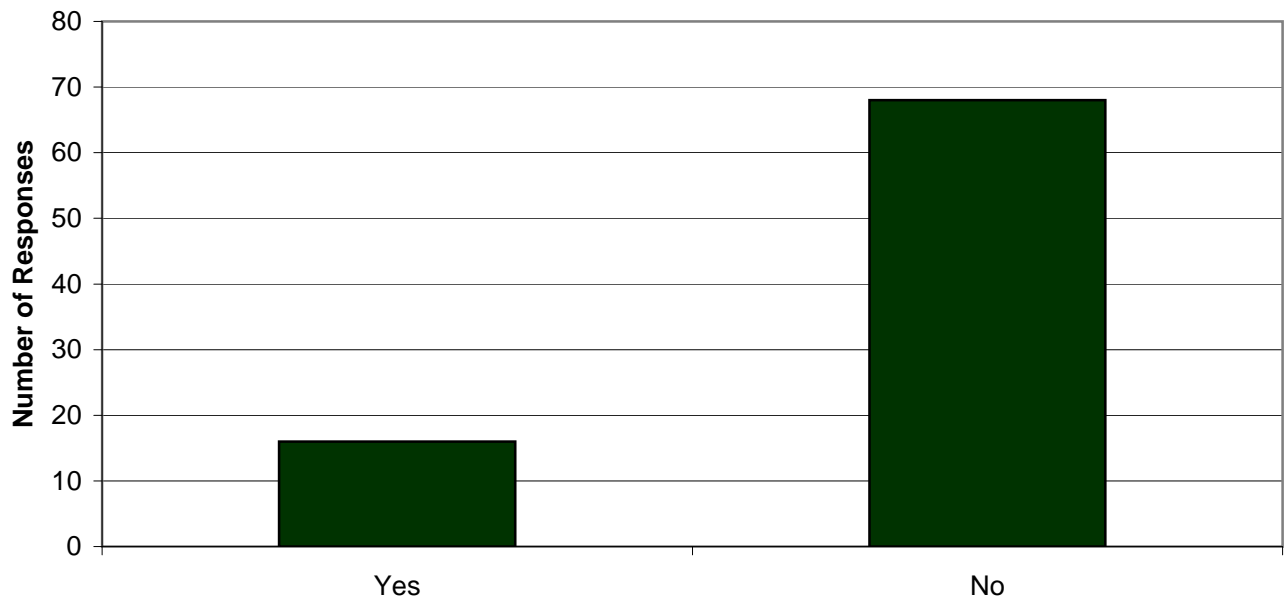
How Often Salaried Employees Are Paid



Number of Days between Payroll Cut-Off and Pay Day



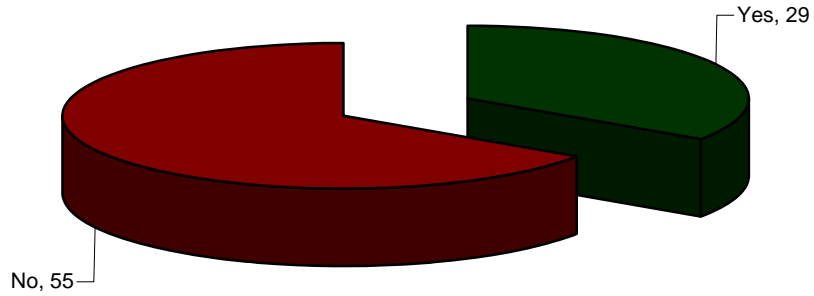
Farms Using a Payroll Processing Service



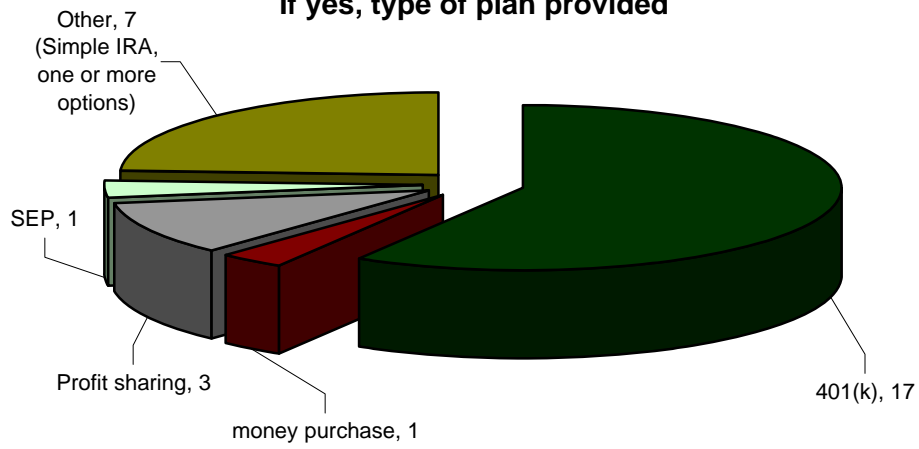
* Top processing services used were ADP and Payroll Solutions.

Retirement Plans

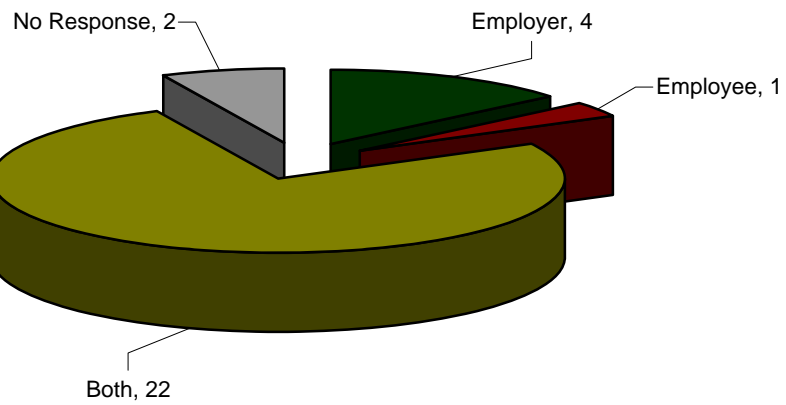
Farms Providing Retirement Plans



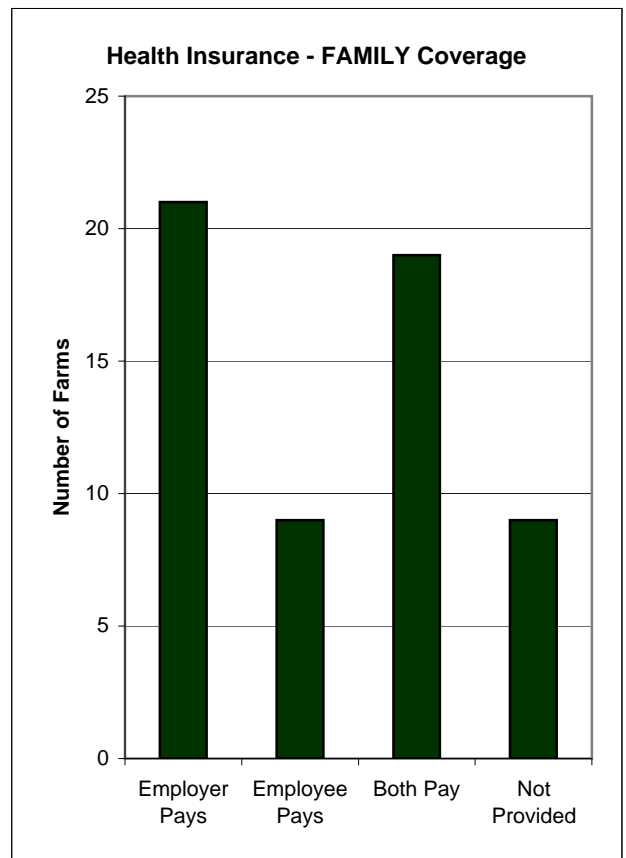
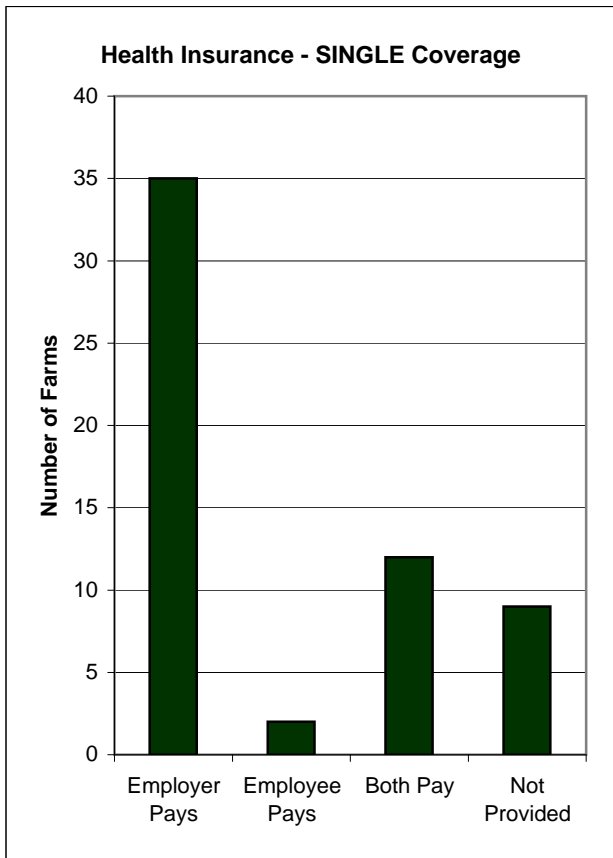
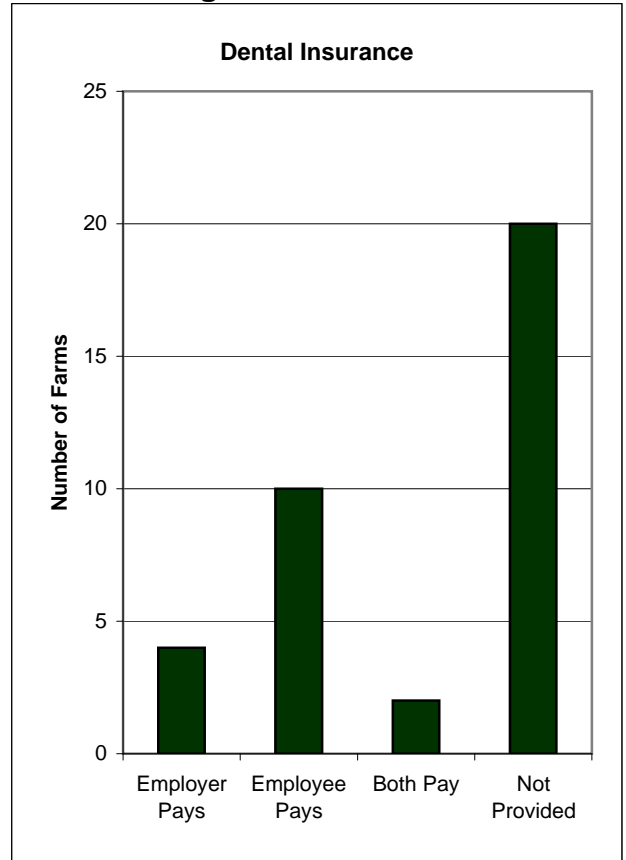
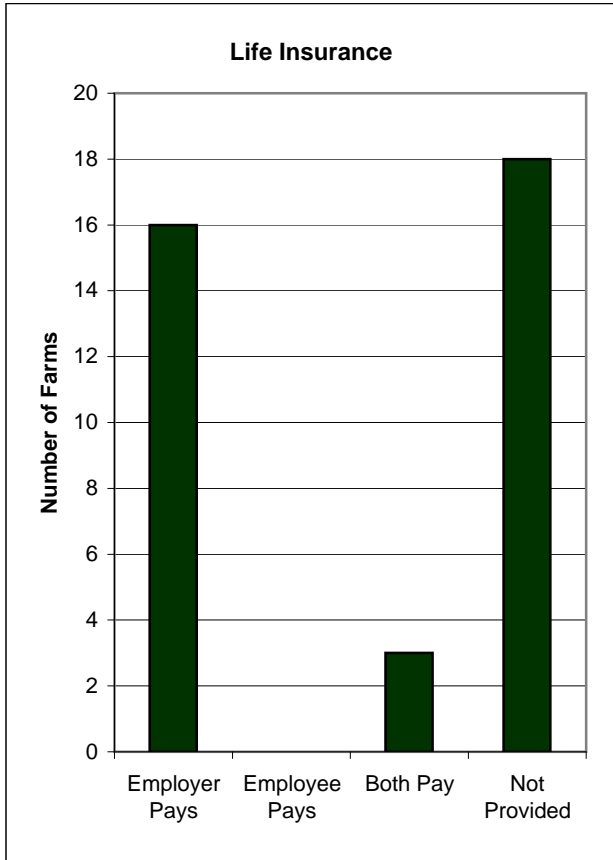
If yes, type of plan provided



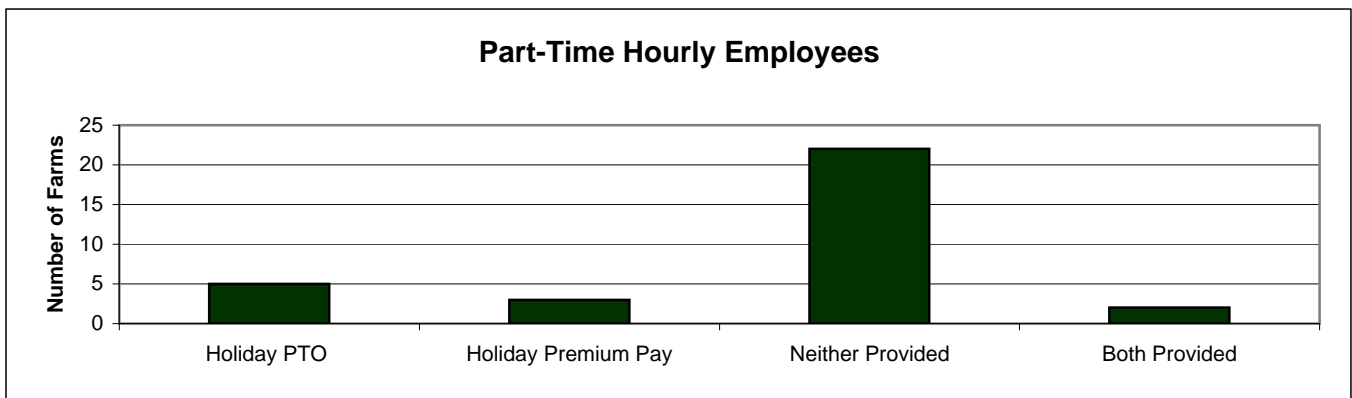
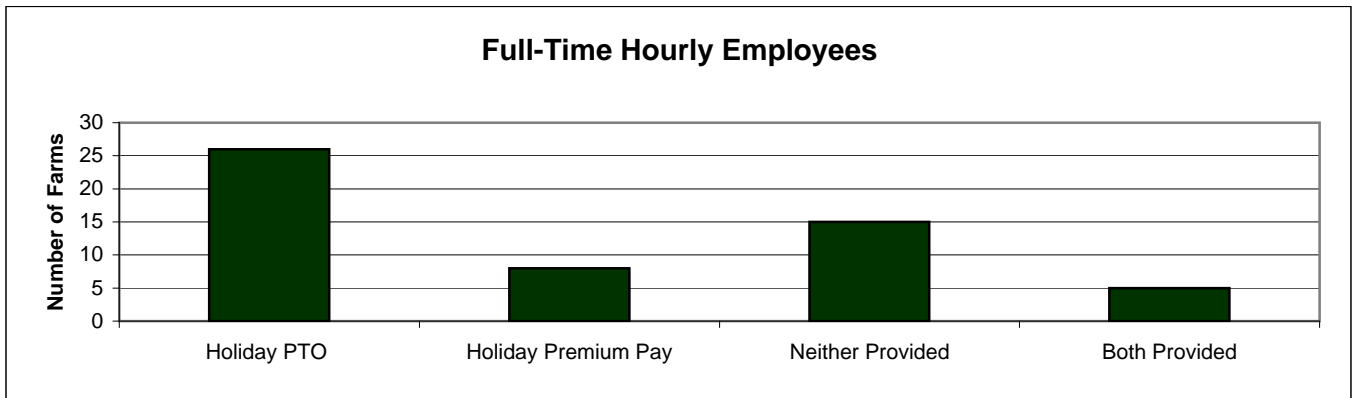
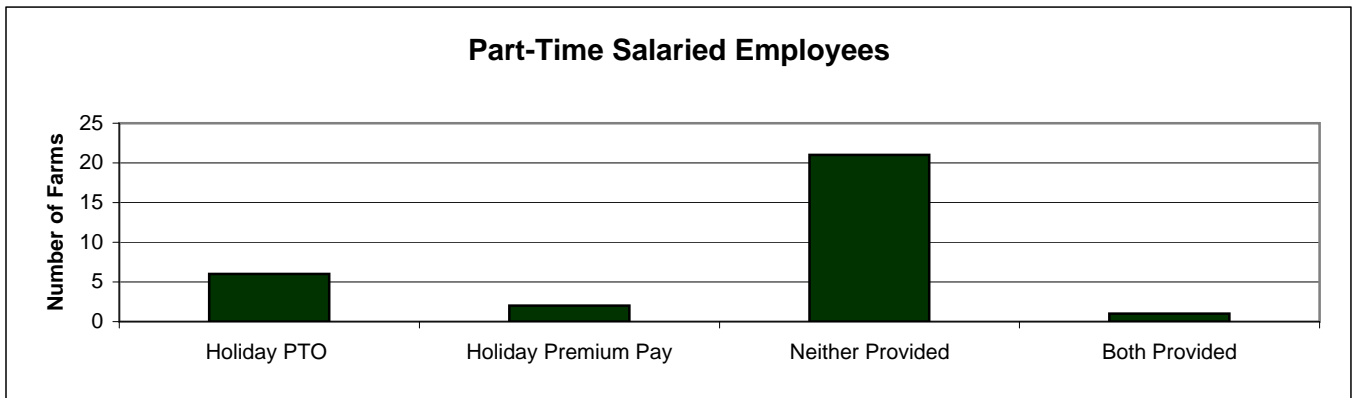
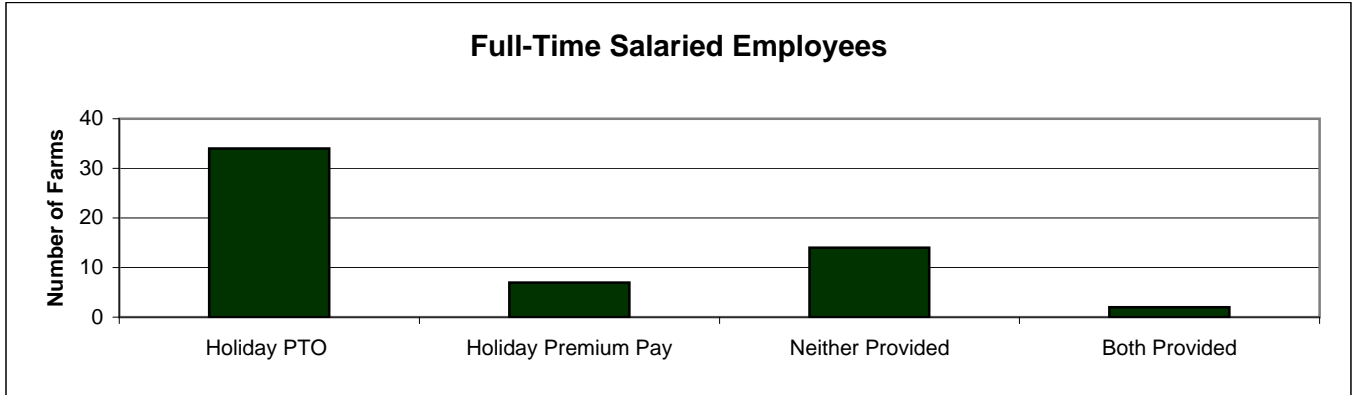
If yes, funding provided by:



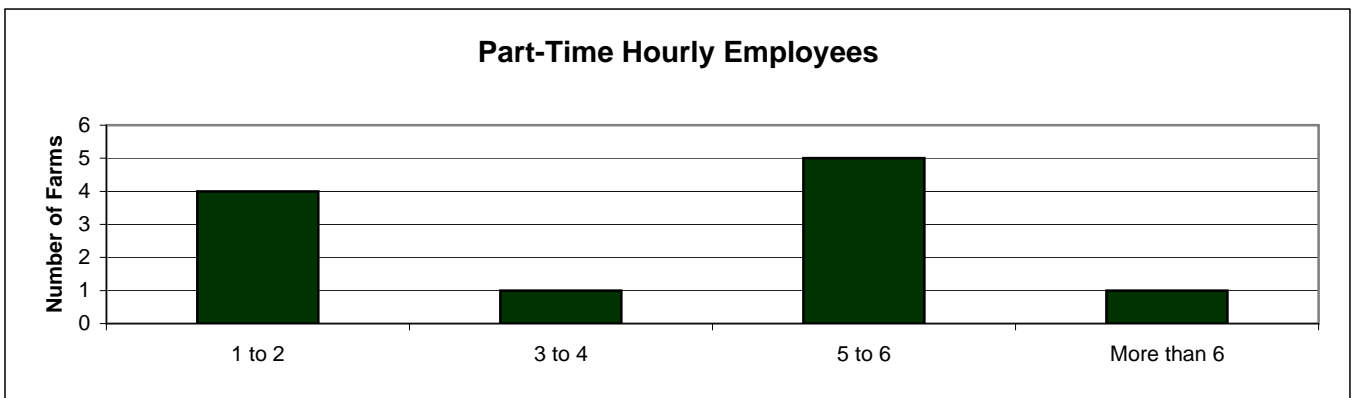
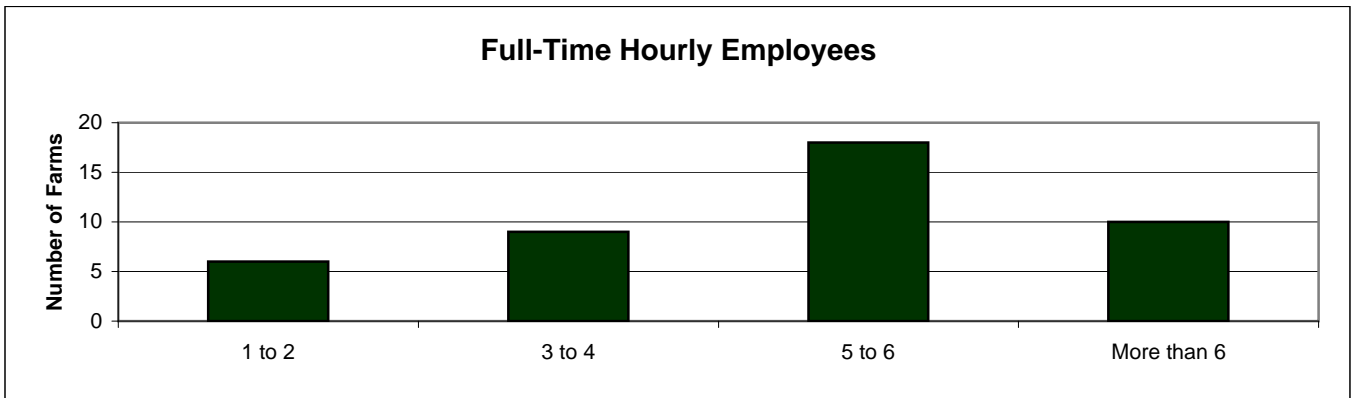
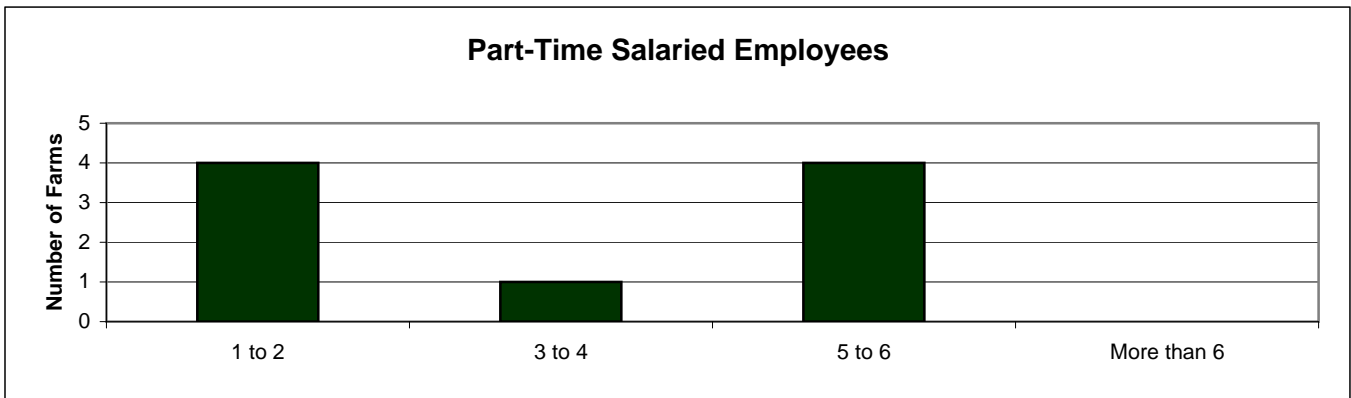
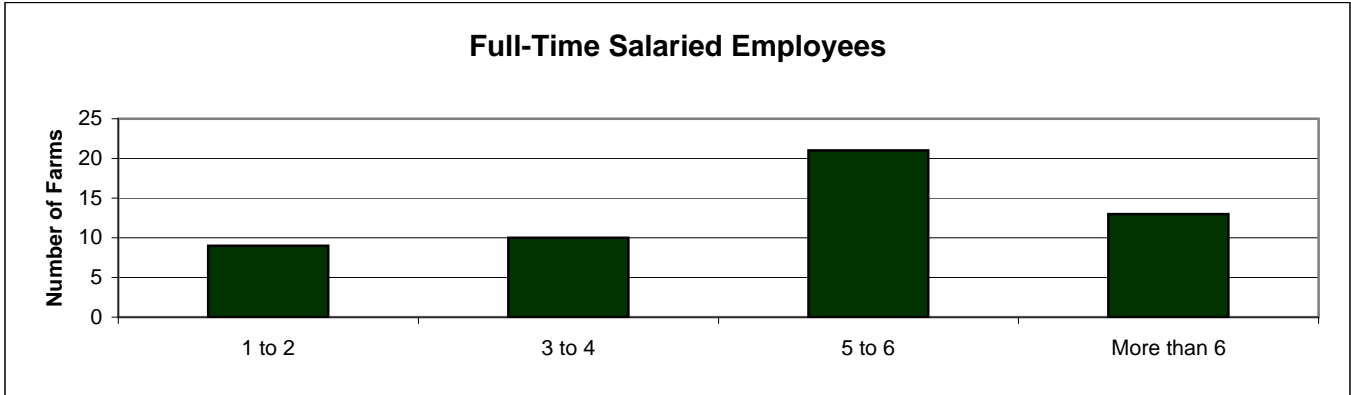
Farms Providing Insurance Coverage



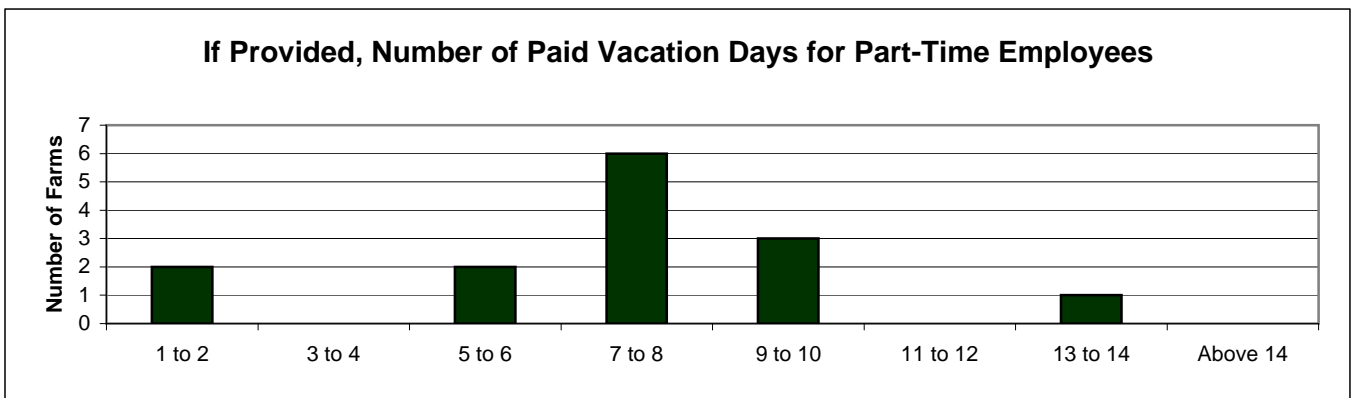
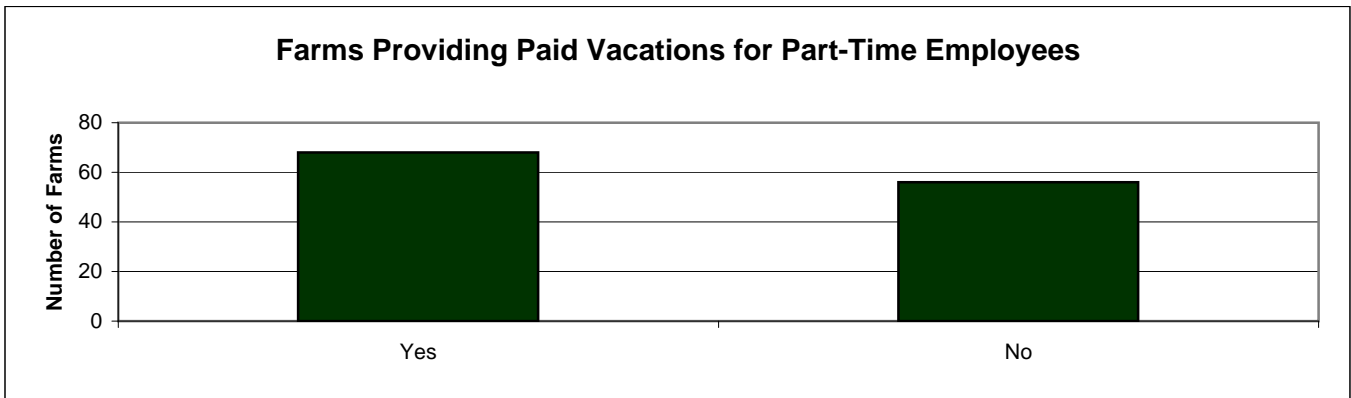
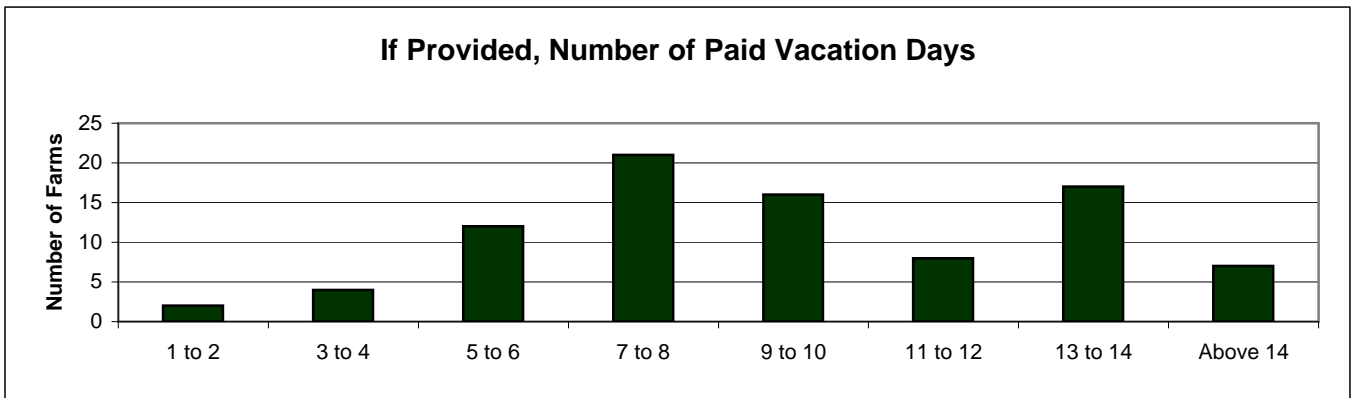
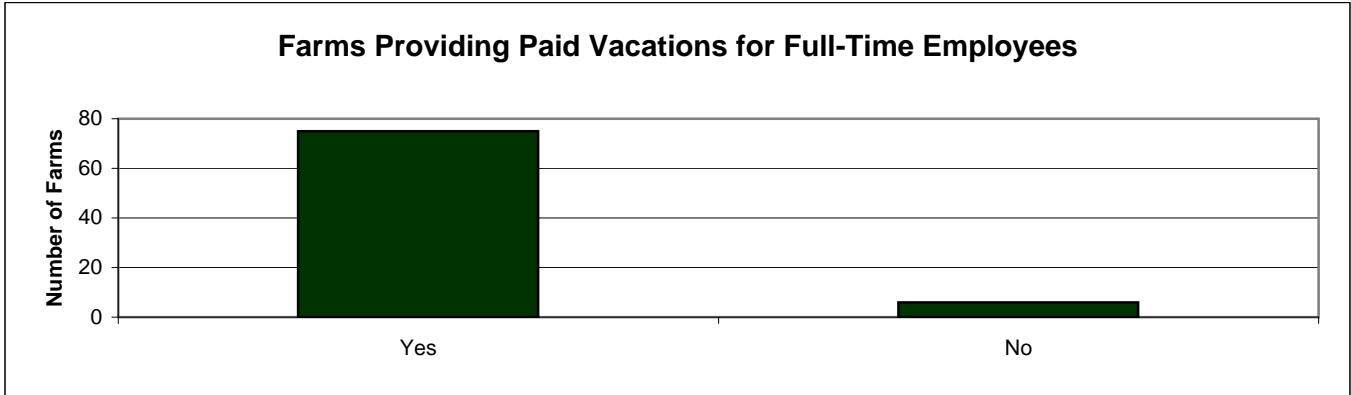
Premium Pay for Holiday Actually Worked OR Paid Time Off for Holiday



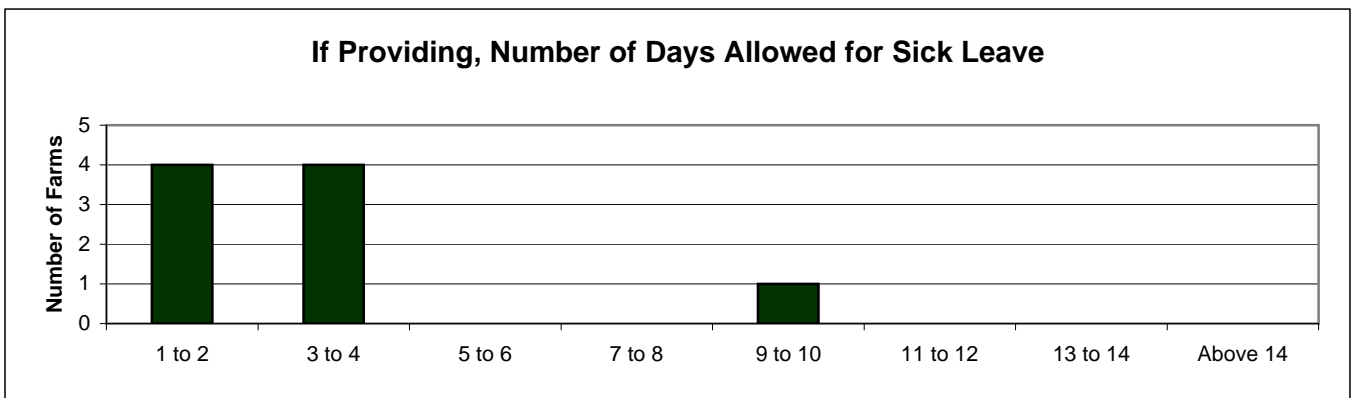
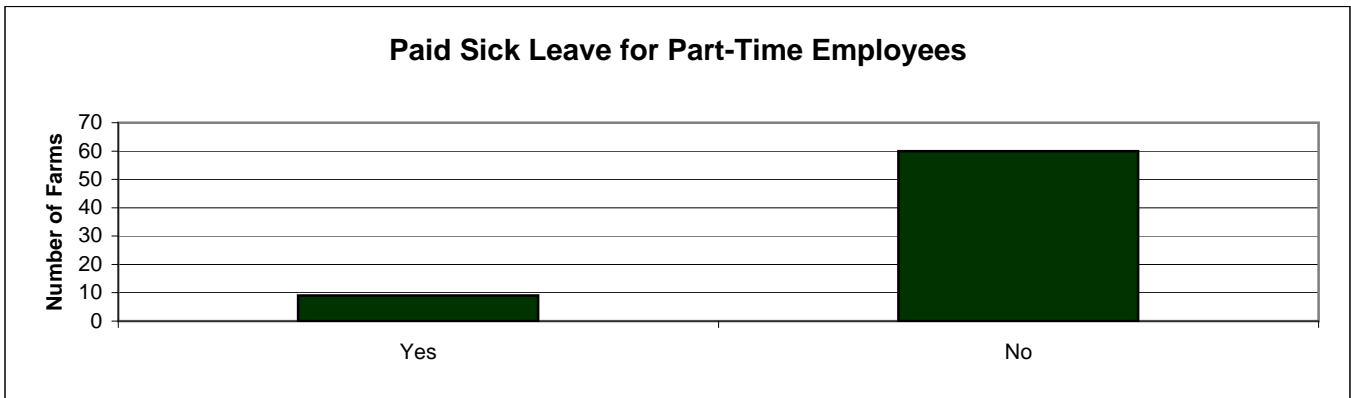
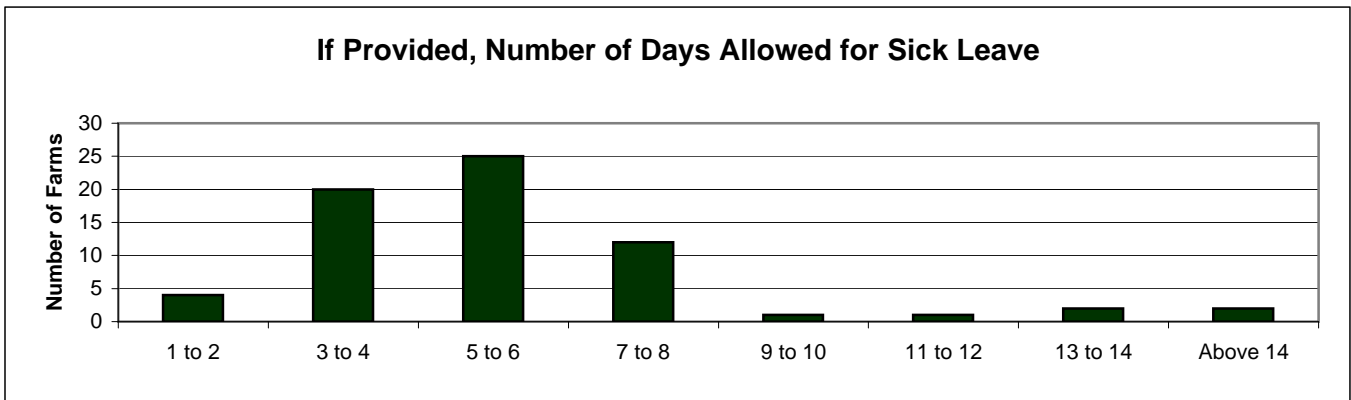
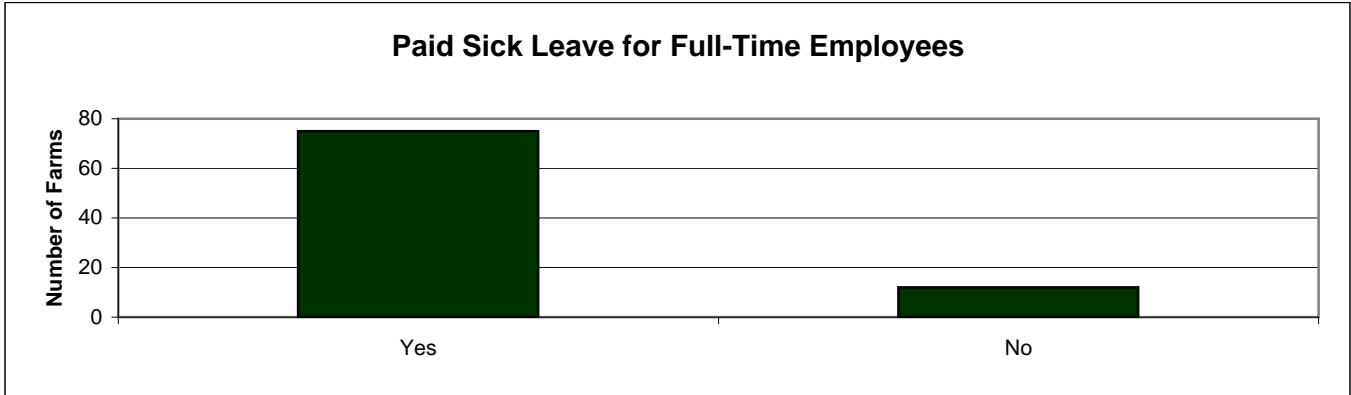
Number of Premium Pay OR Paid Time Off Holidays Allowed



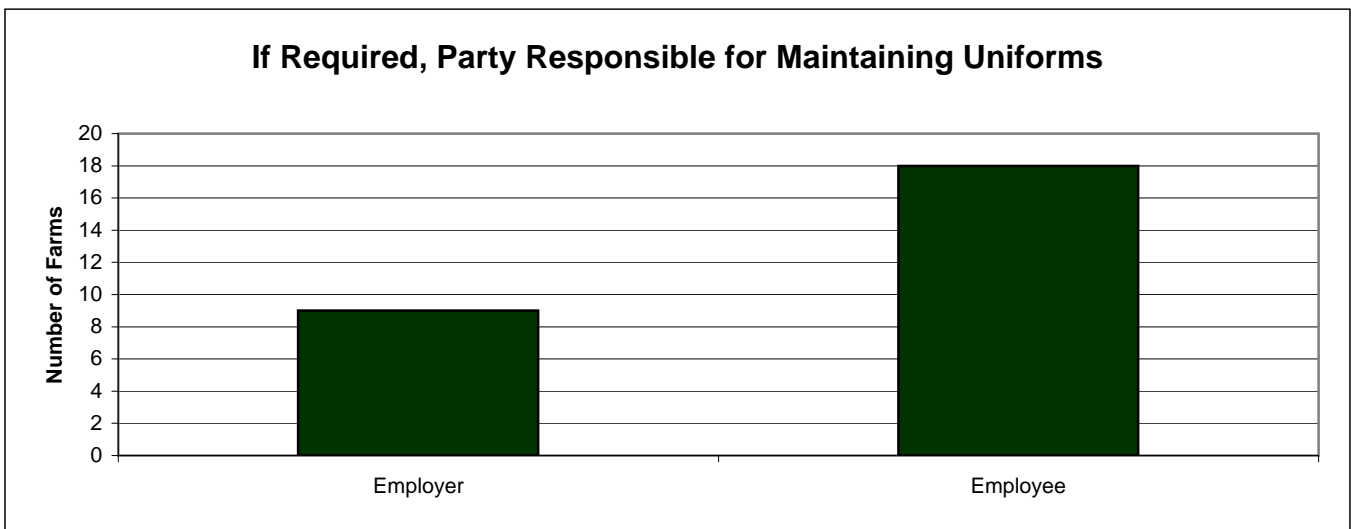
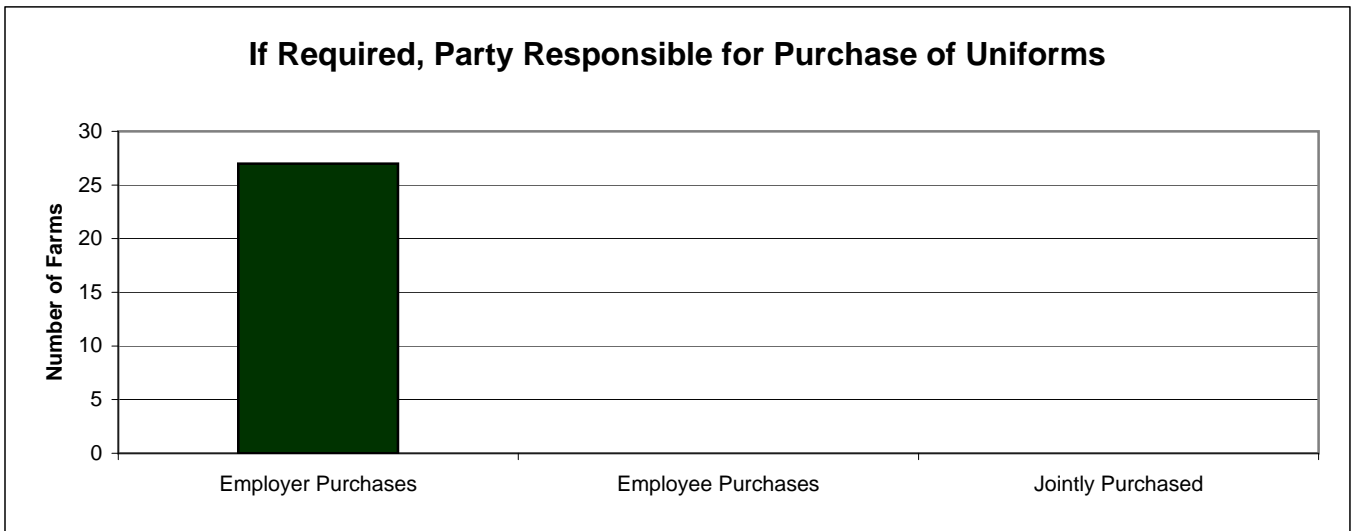
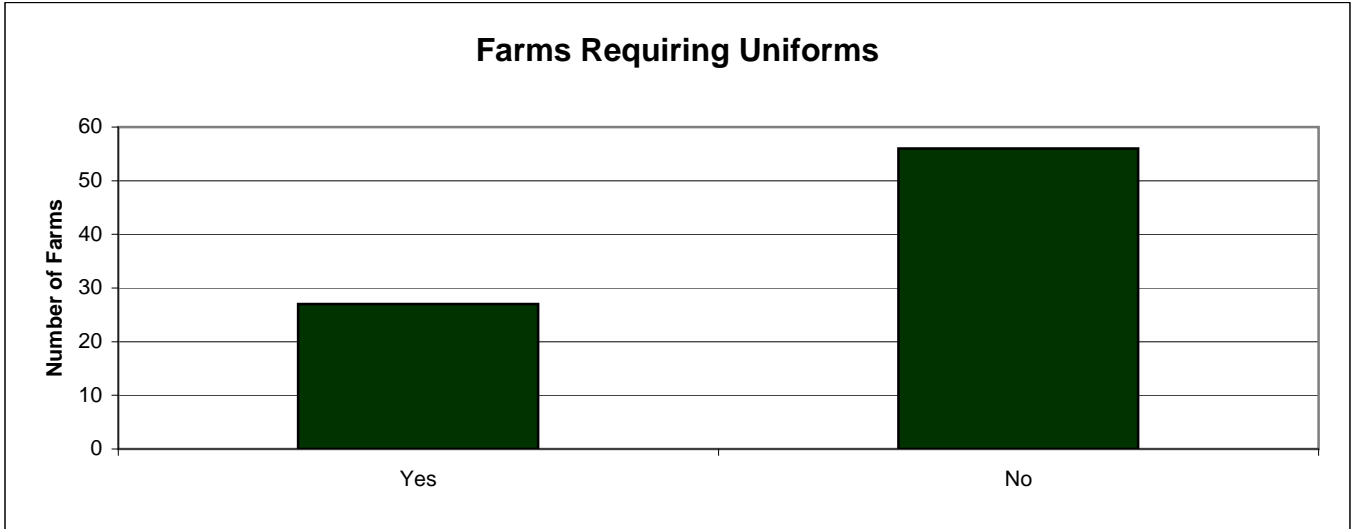
Farms Providing Paid Vacation Days



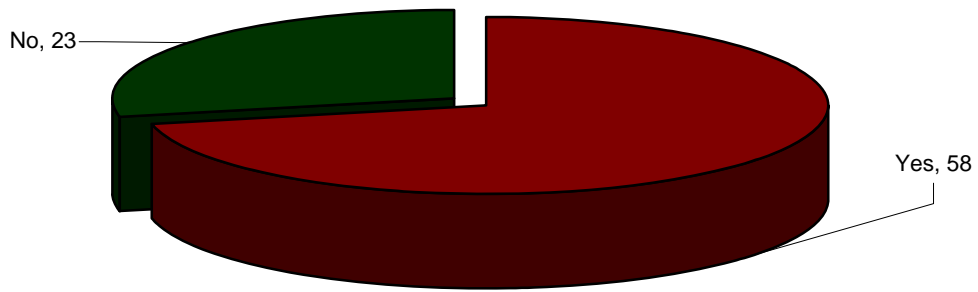
Farms Providing Paid Sick Leave



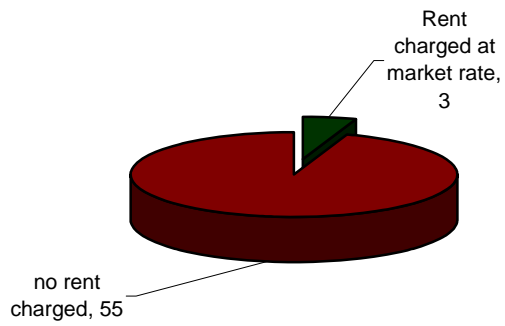
Farm Employee Uniforms



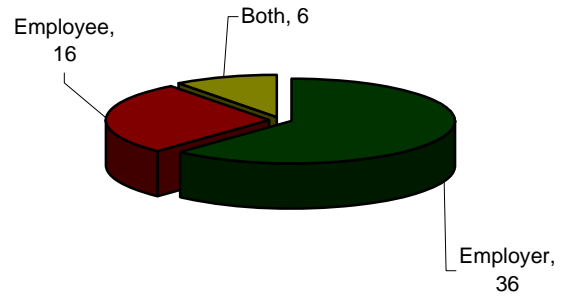
Farms Providing On-Farm Housing for Employees



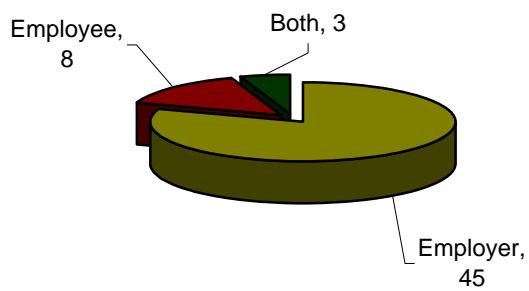
How Rent is Charged



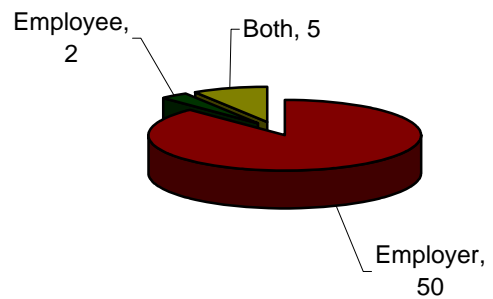
Utilities Paid By

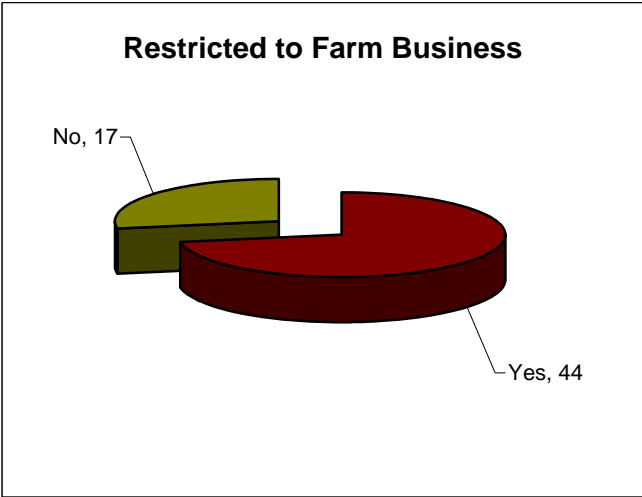
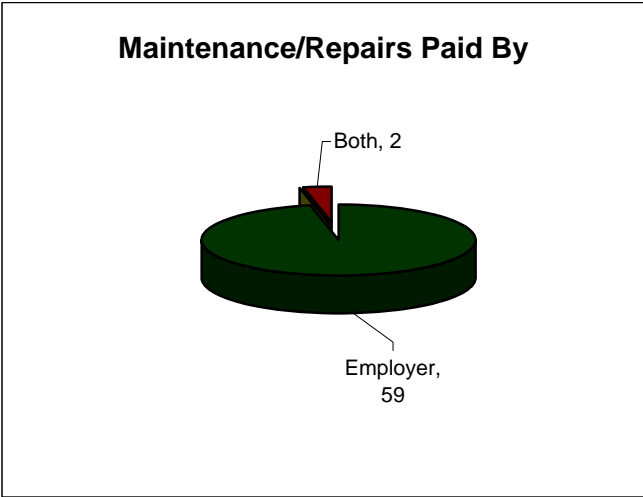
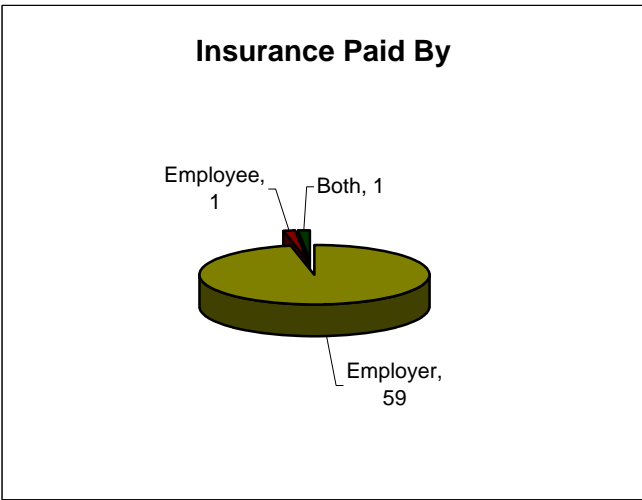
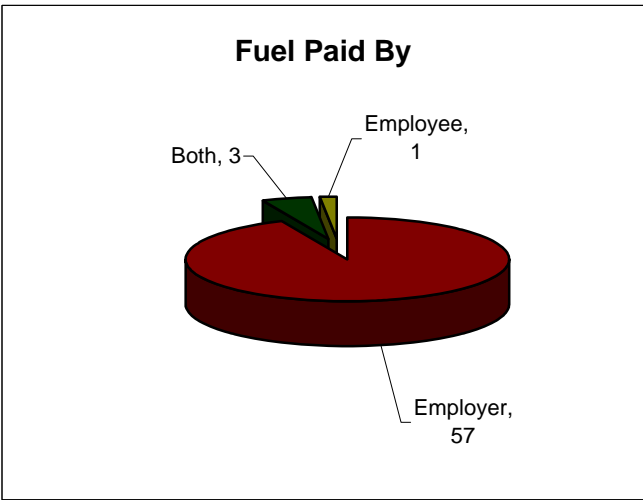
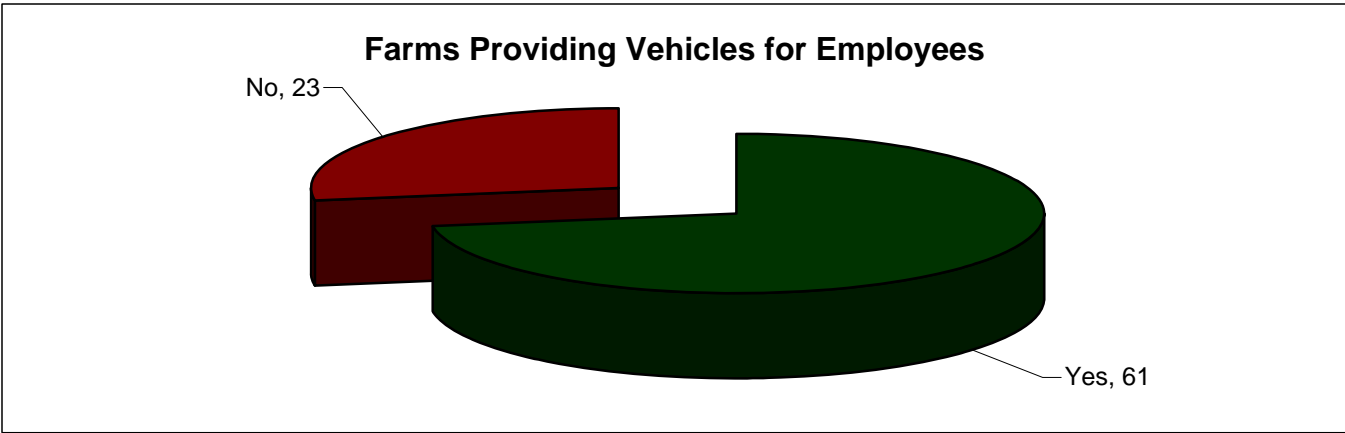


Insurance Paid By

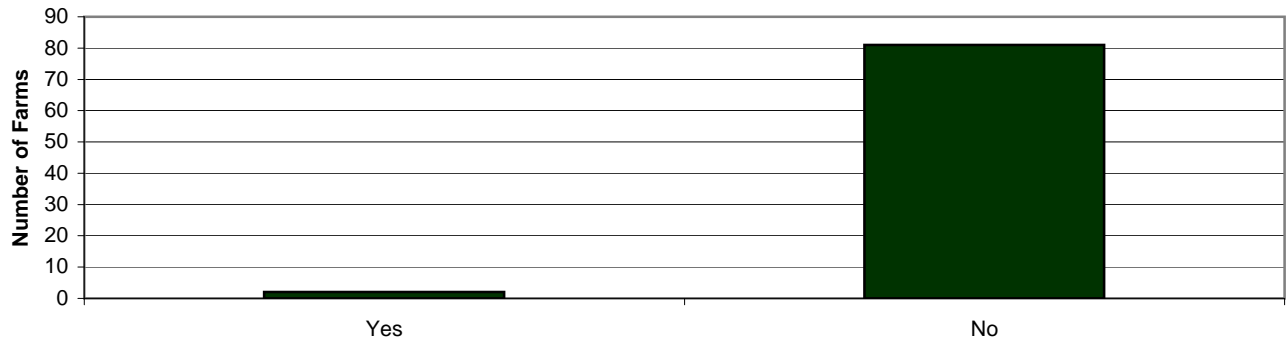


Maintenance Paid By

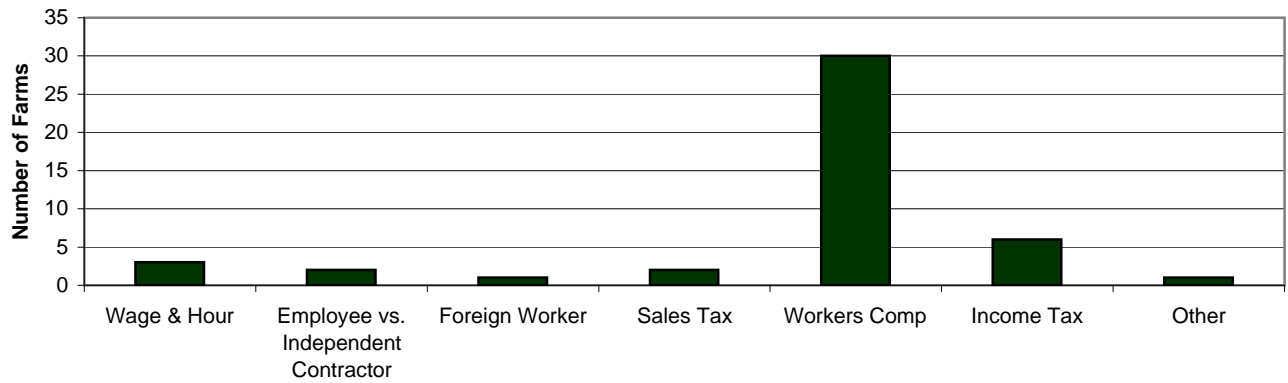




Farms Providing a Cafeteria (Section 125) Plan or Flexible Spending Account



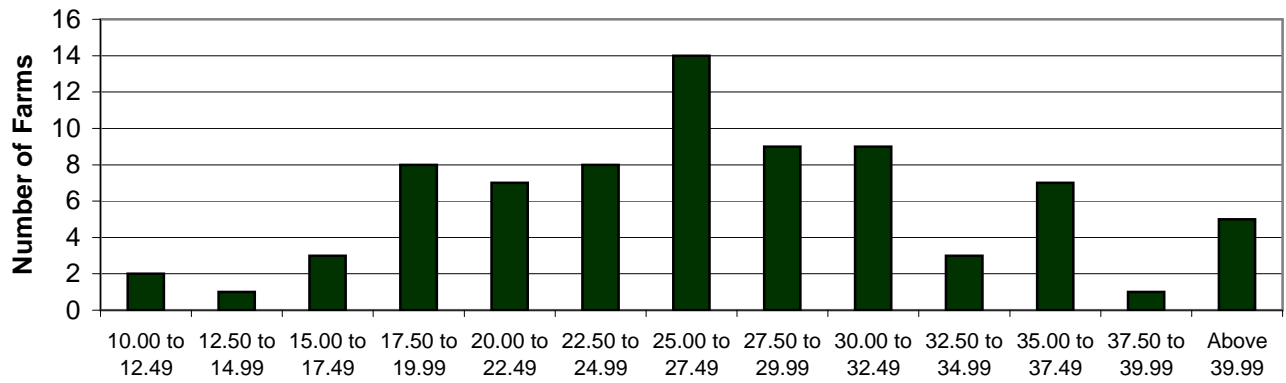
Audits in the Last Three Years, By Issue



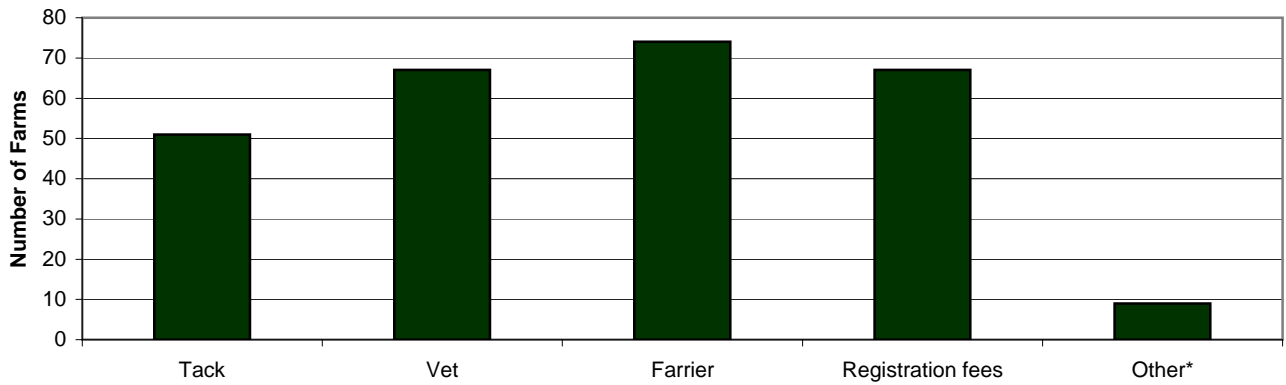
Farms Employing Foreign Workers



Average Standard Daily Board Rate



Billed in Addition to Standard Board Rate

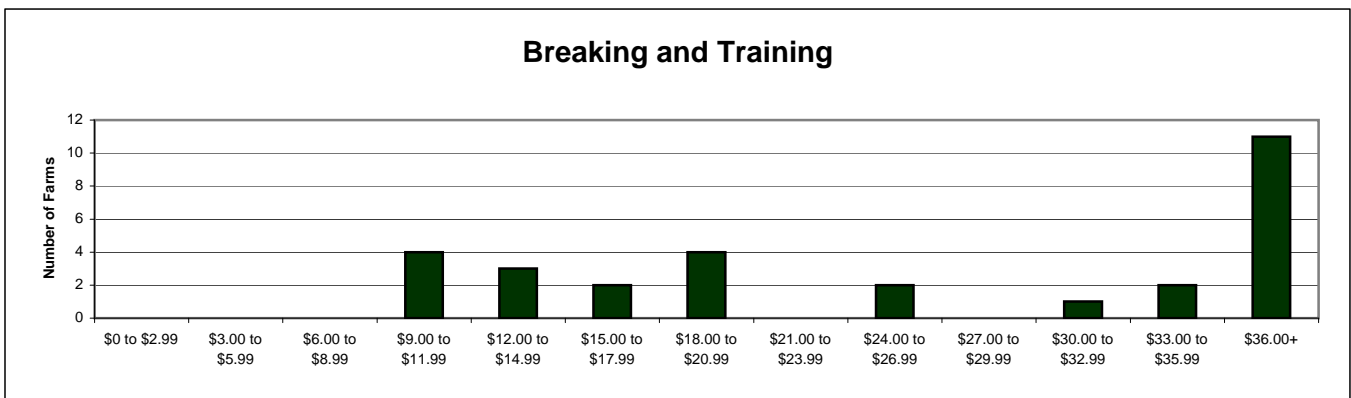
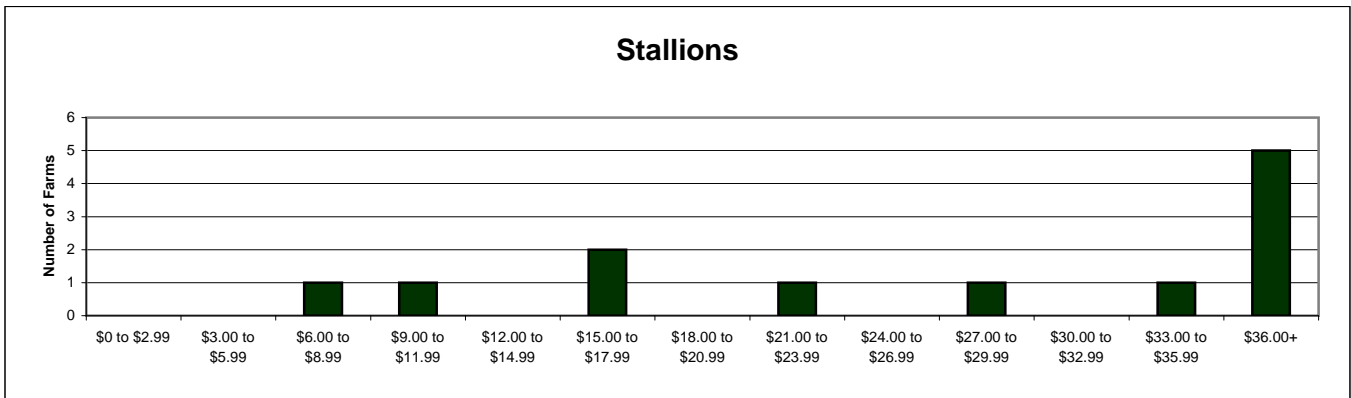
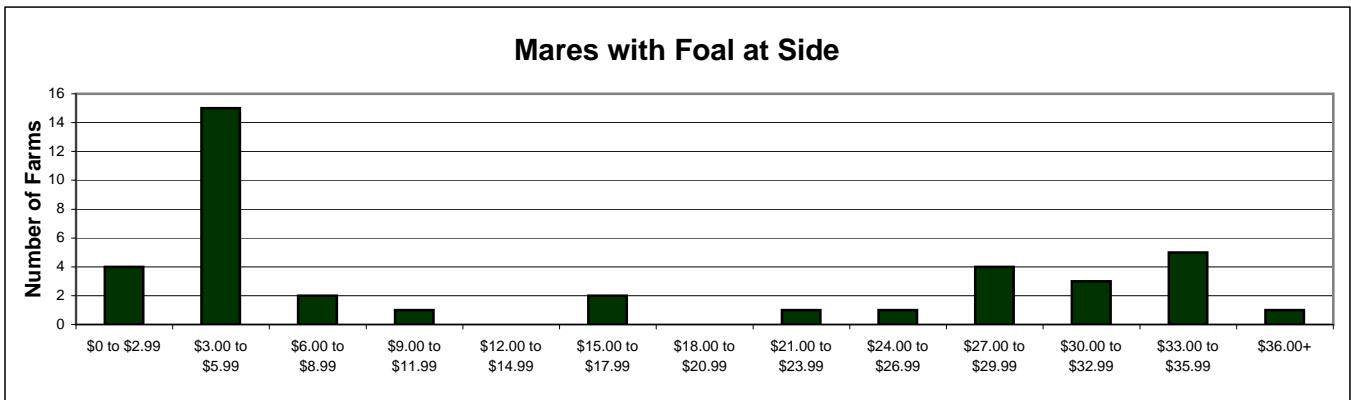
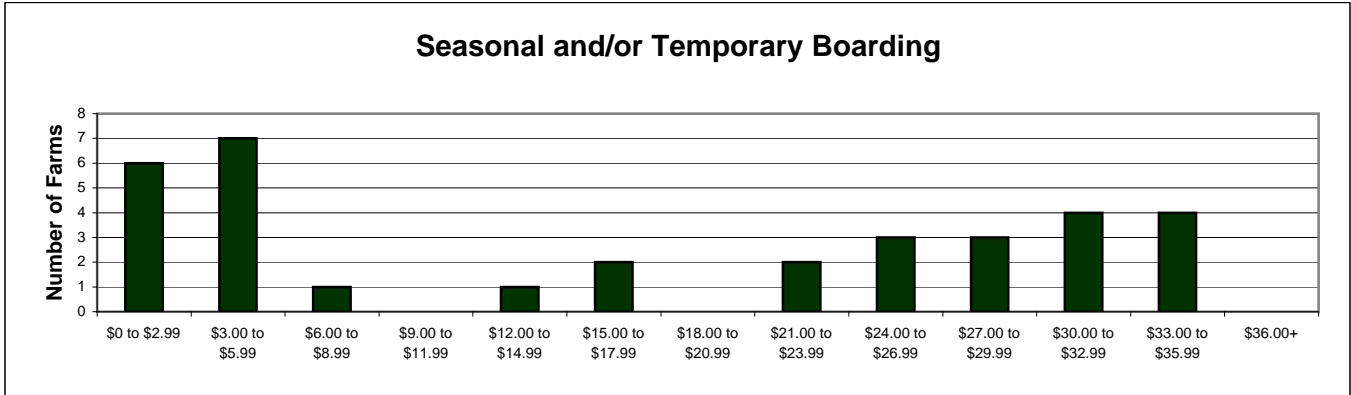


* Top "other" responses included medicines and transportation.

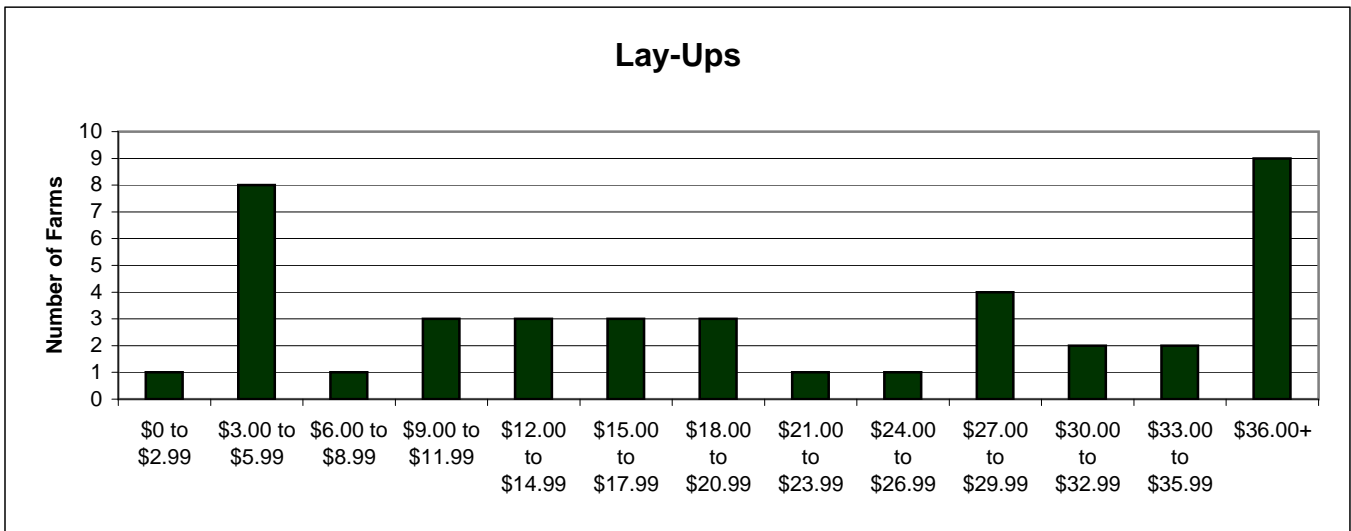
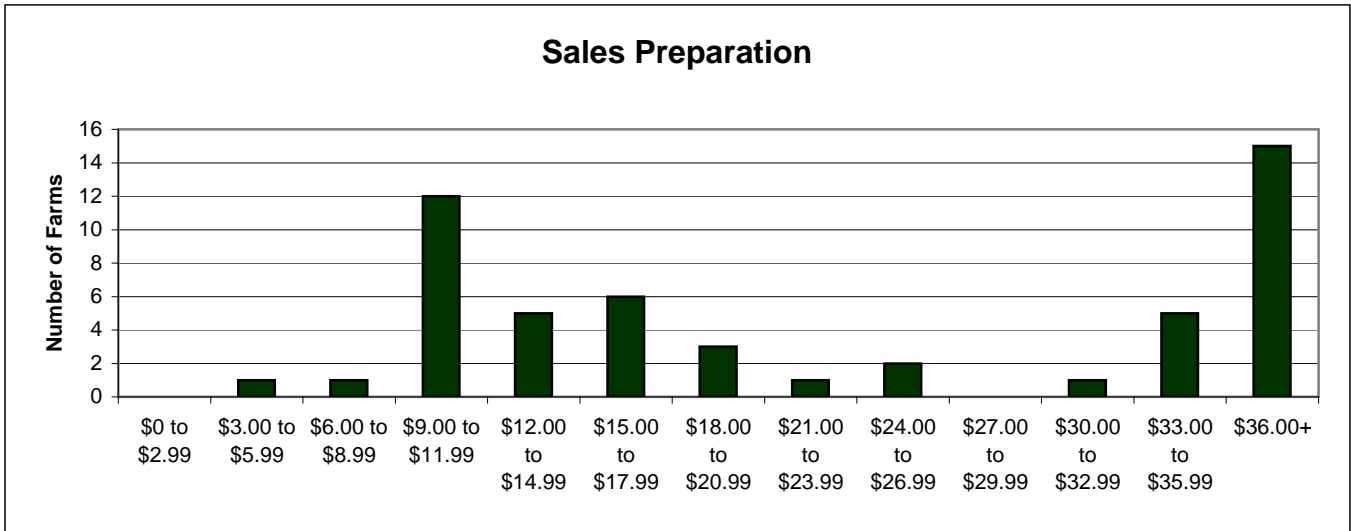
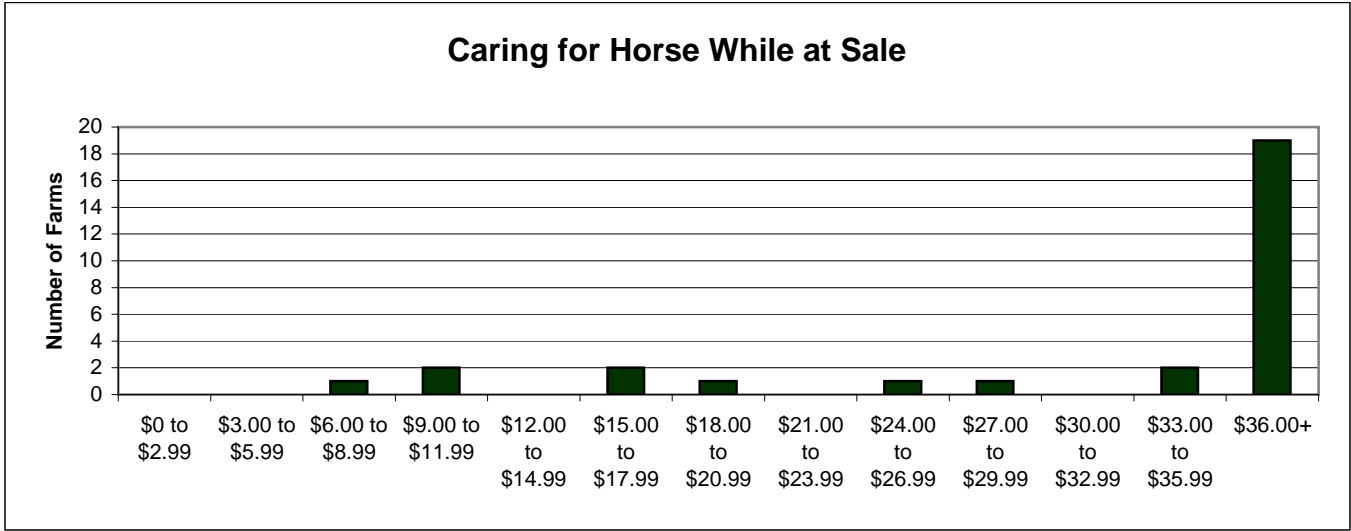
Extra Charges Billed At:

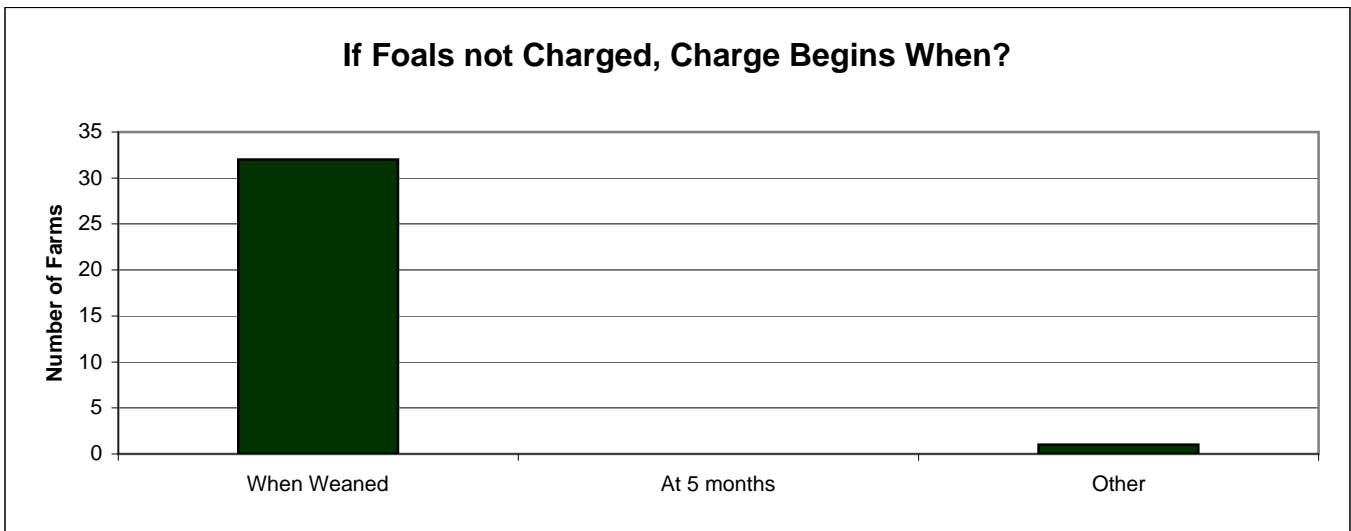
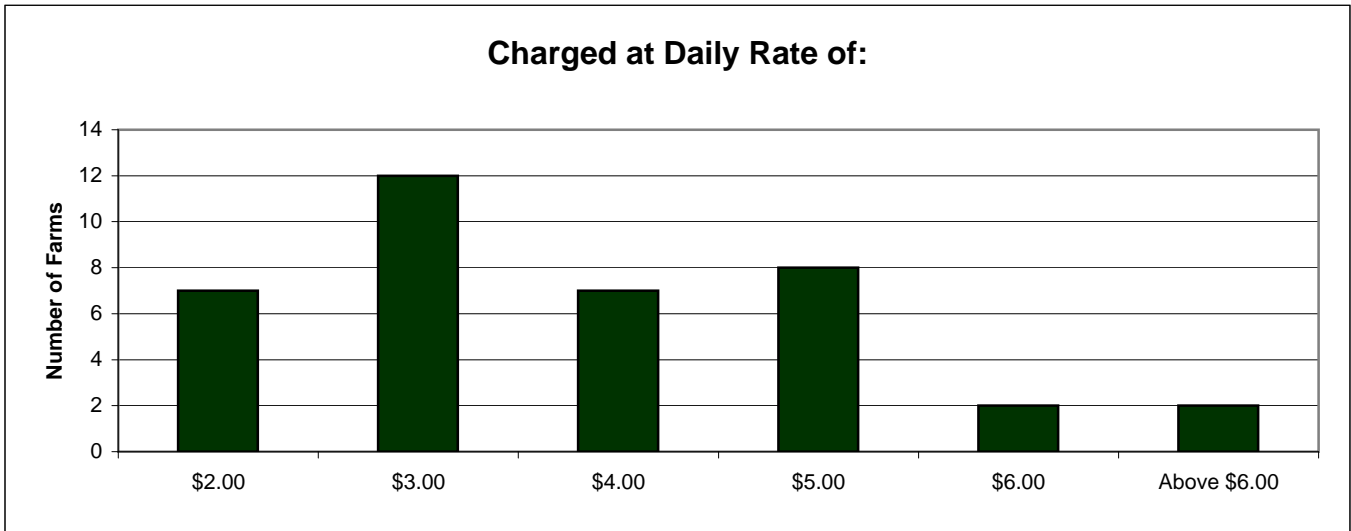
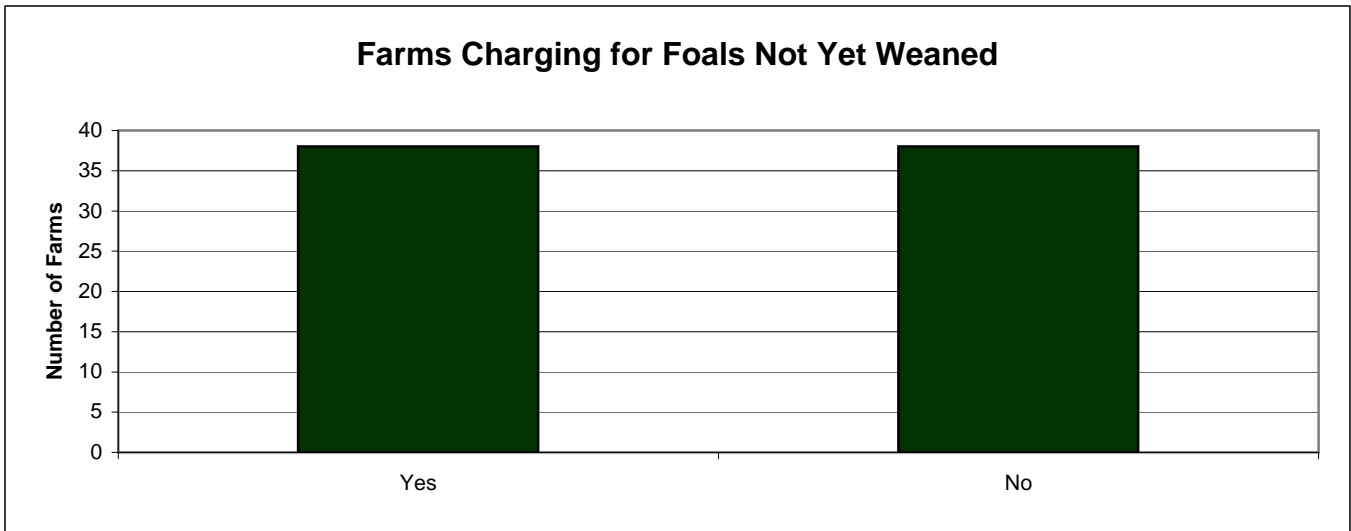


Farms with Additional Daily Charges for the following:

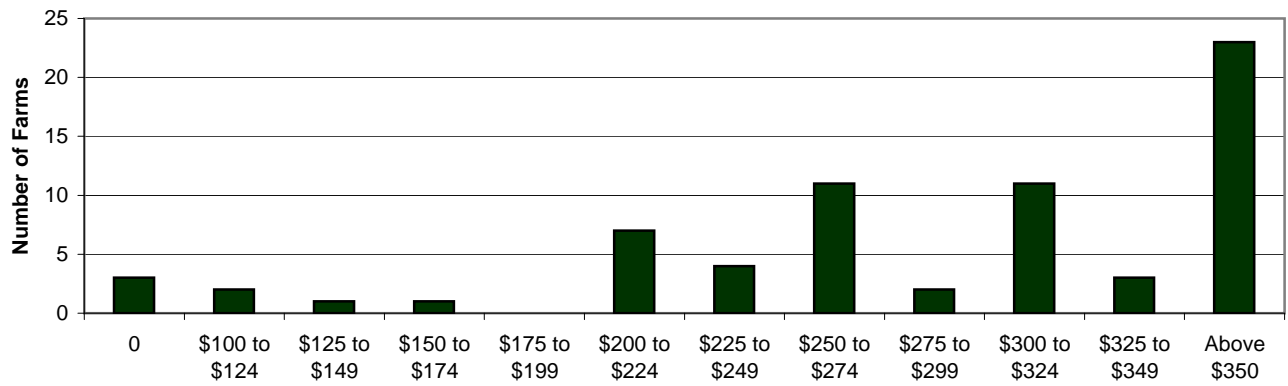


Farms with Additional Daily Charges for the following:

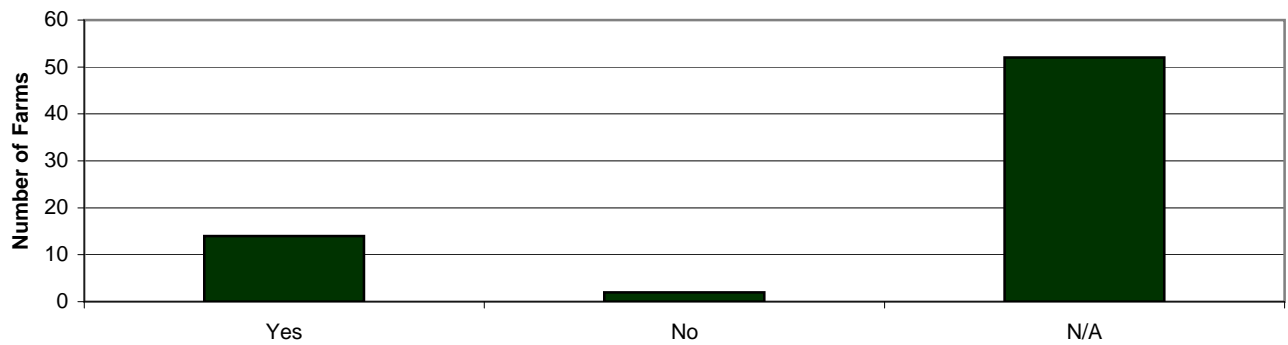




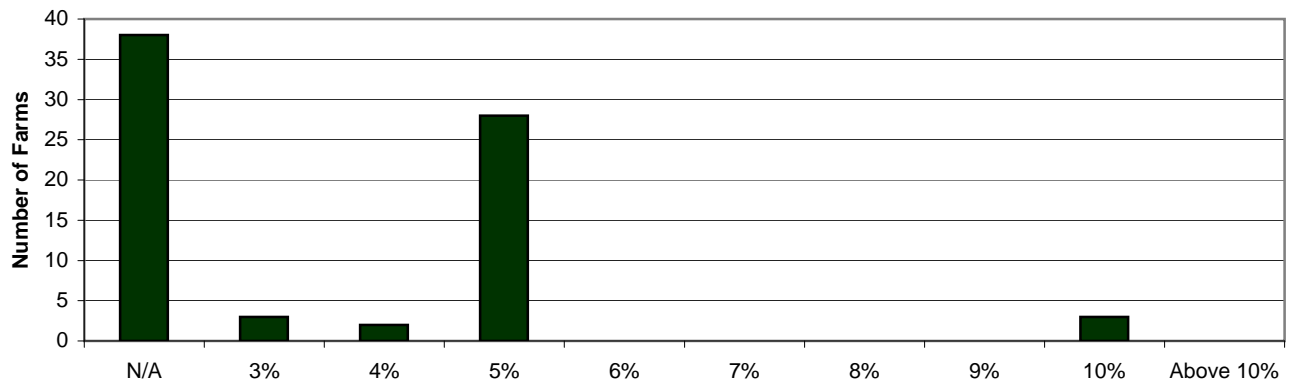
Standard Foaling Rates



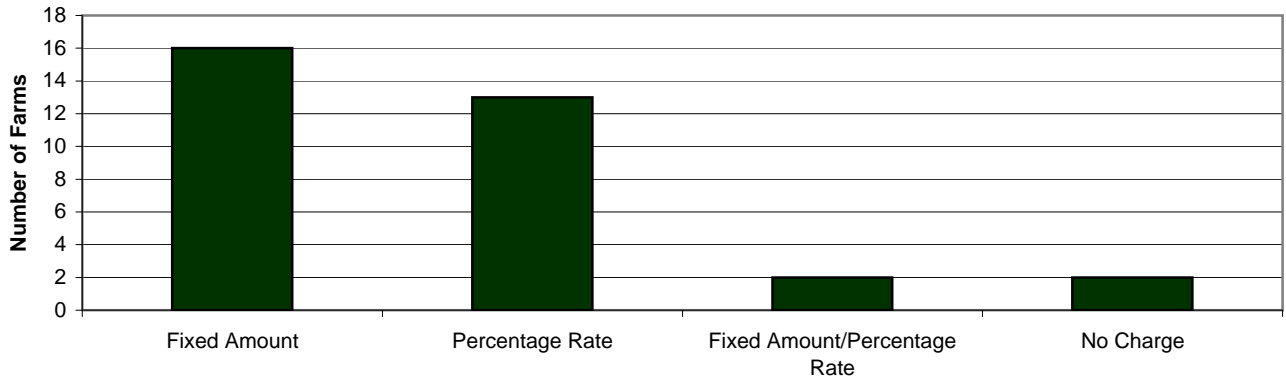
Farms Charging Advertising Expenses for Stallions Standing on Farm to the Stallion Owner(s)



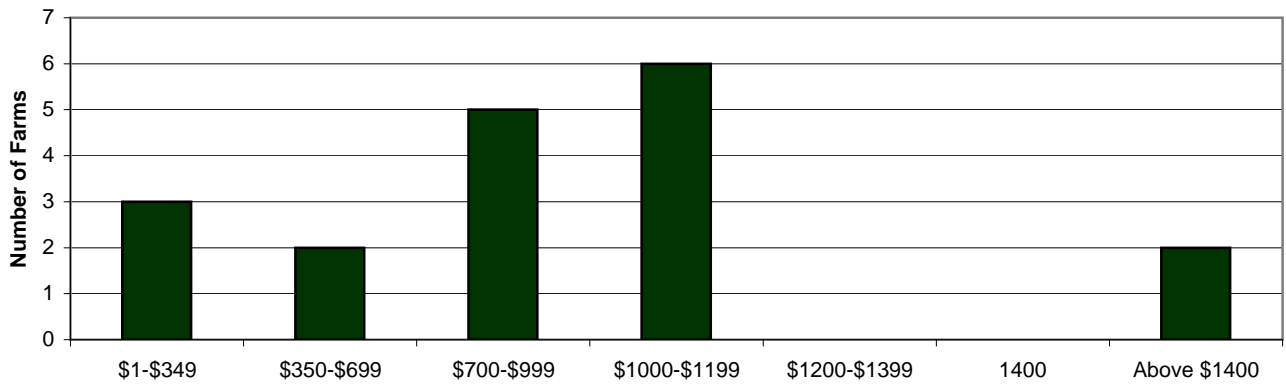
Sales Commission Charges - Flat Rate



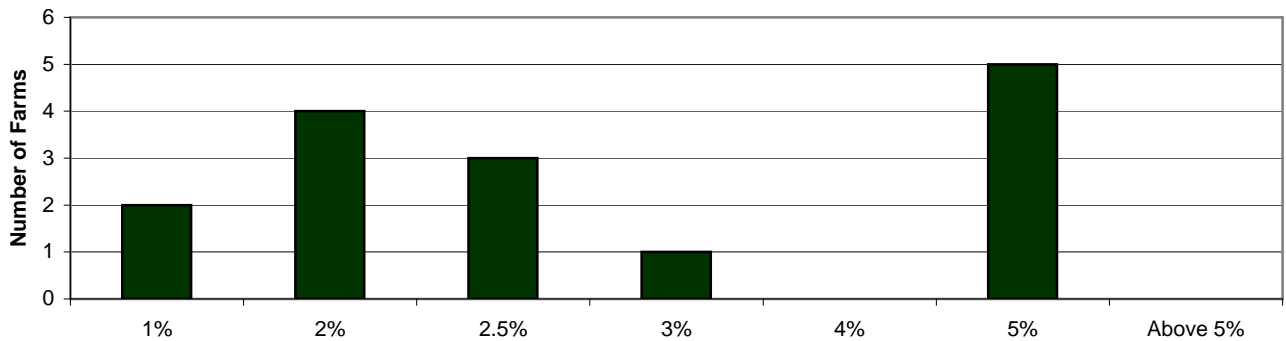
Farms Charging for Horses Brought Back from Sales Unsold



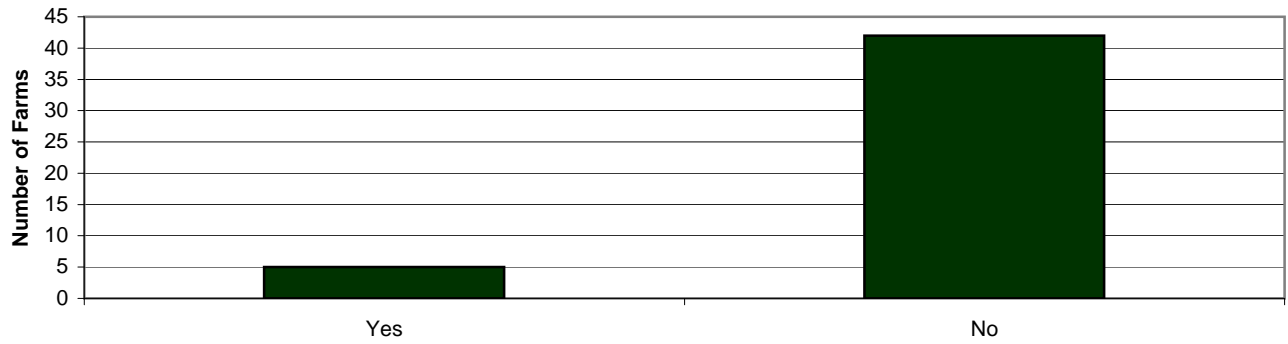
Fixed Amount Charges for Horses Brought Back from Sales Unsold



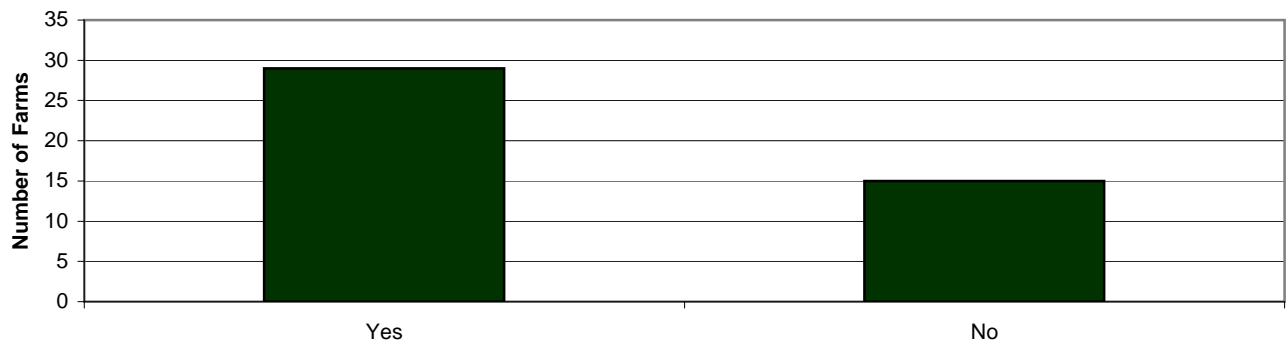
Percentage Rate Charges for Horses Brought Back from Sales Unsold



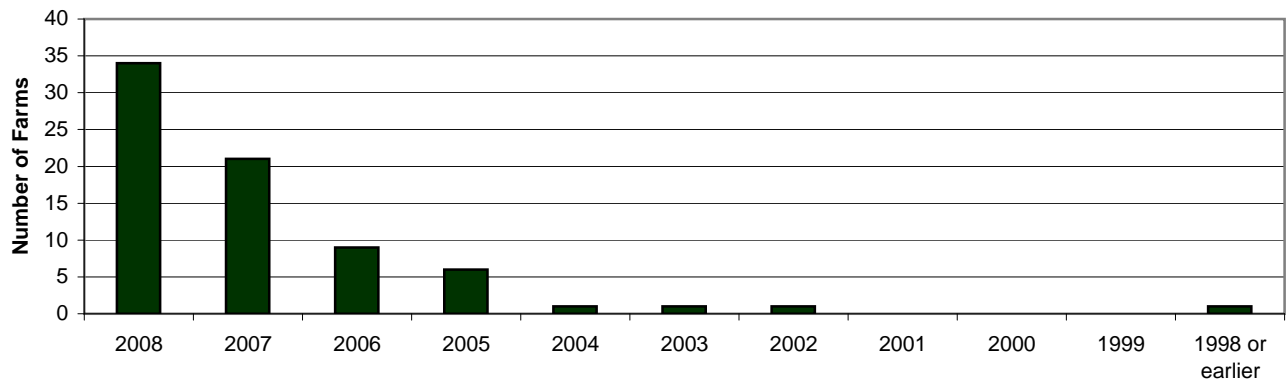
Do you charge a different commission rate for clients who board their broodmares with you?



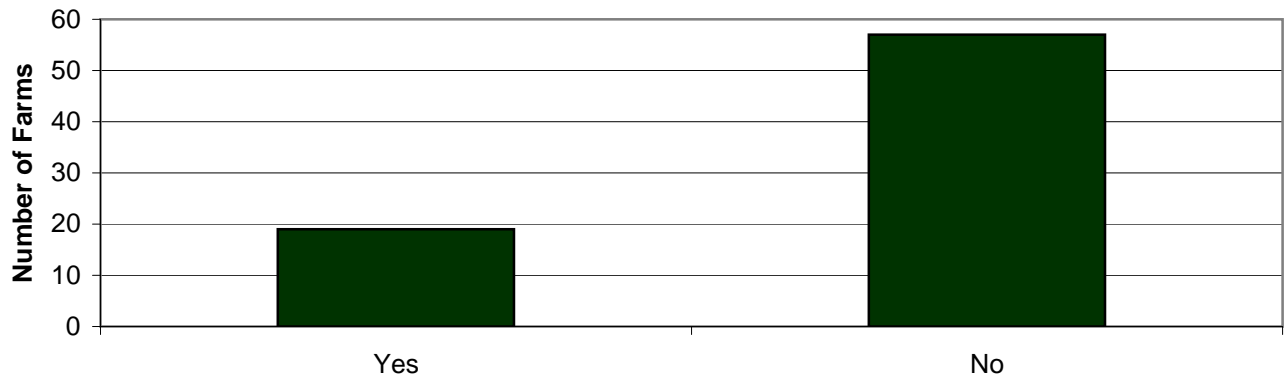
Separately Charge Advertising for Horses that the Farm is Commissioned to Sell?



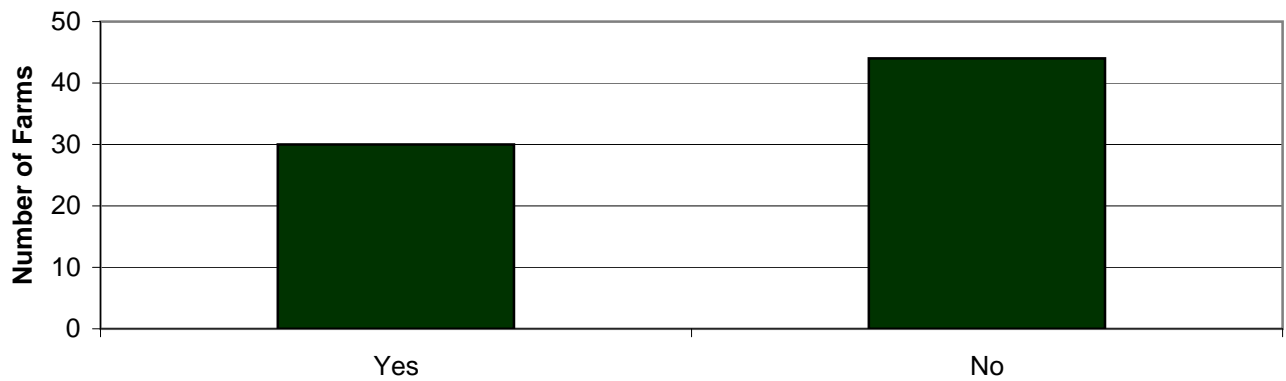
Last Adjusted Standard Daily Board Rates When



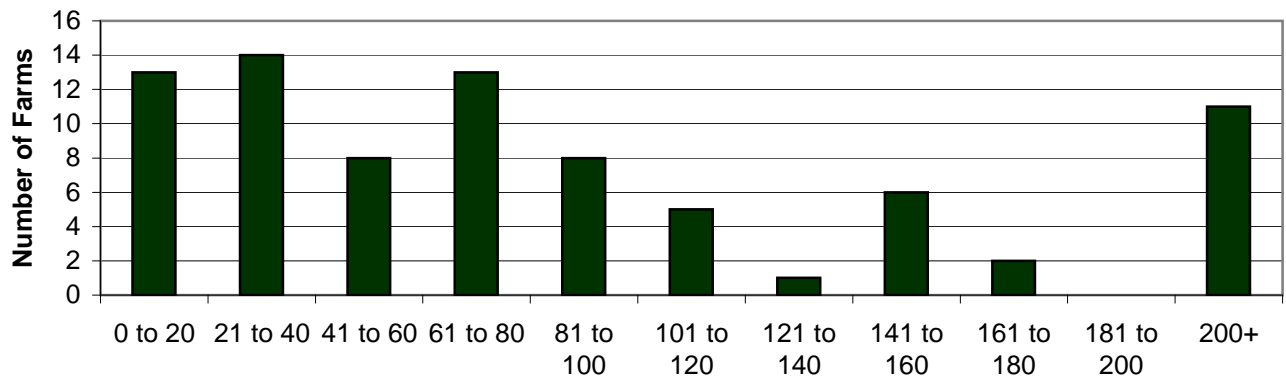
Boarding is Profitable as a Stand-Alone Business



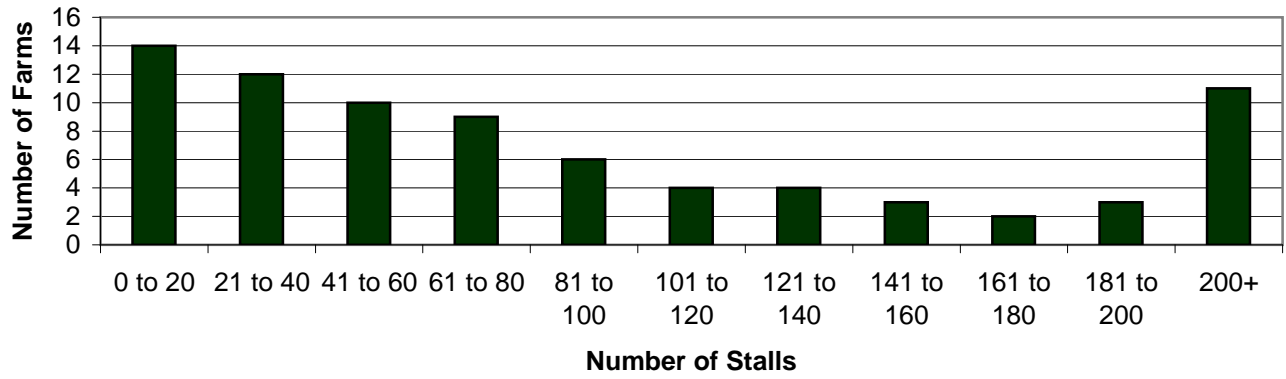
Farms that Currently Have Excess Boarding Capacity



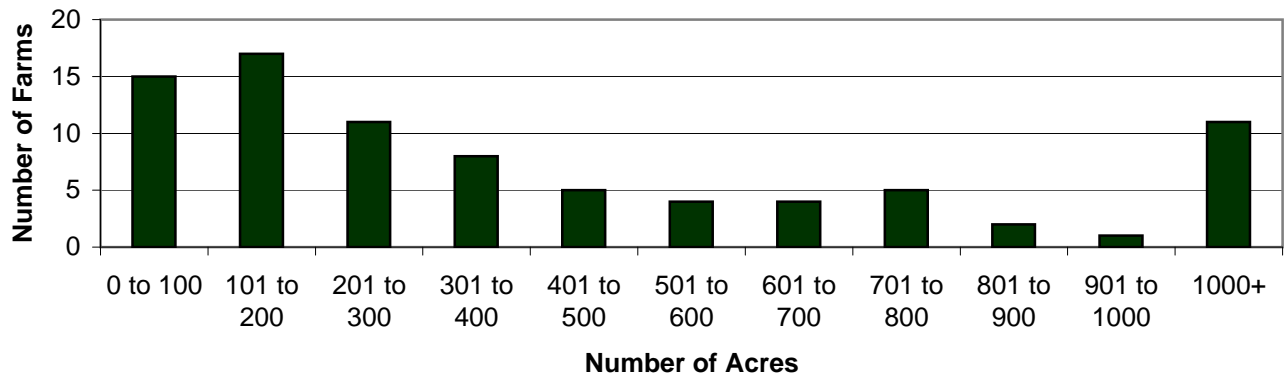
Average Number of Horses Boarded Per Day



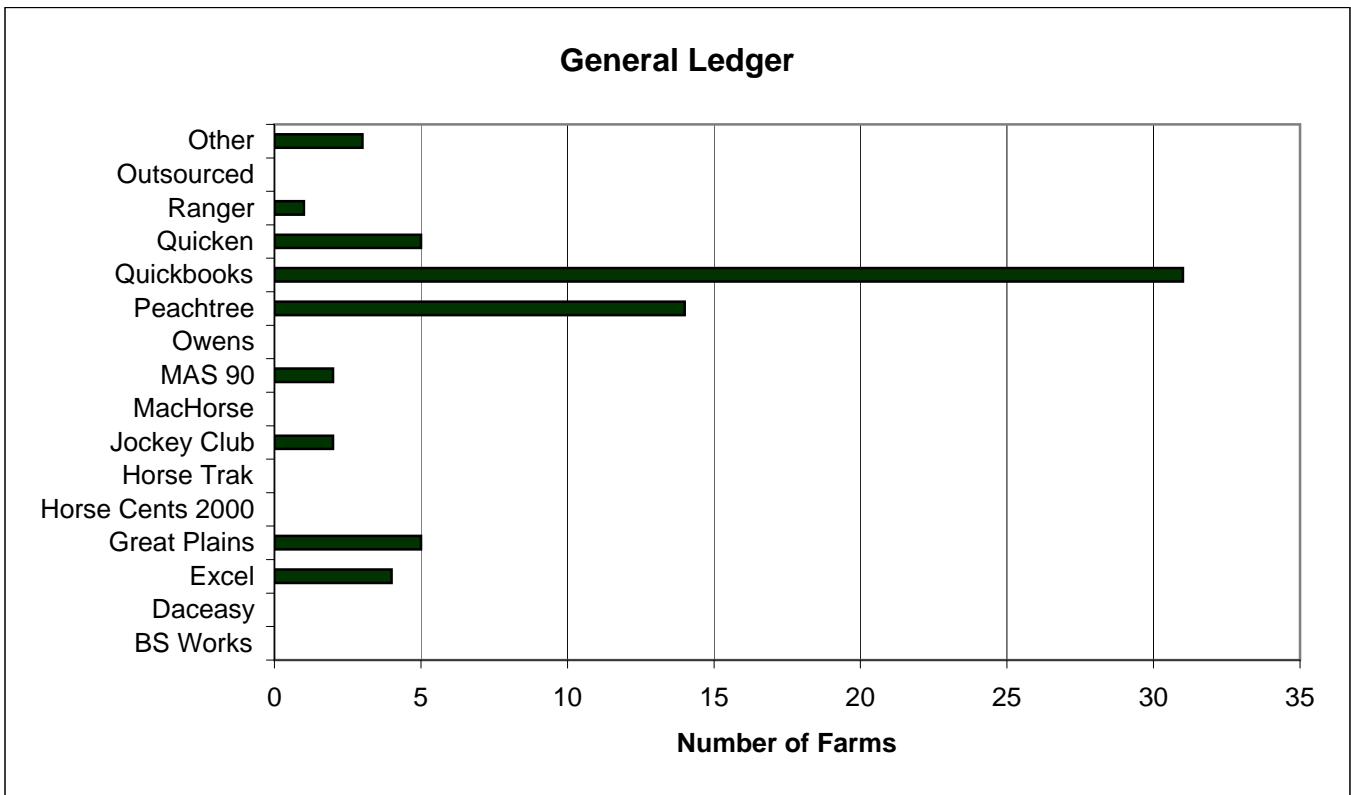
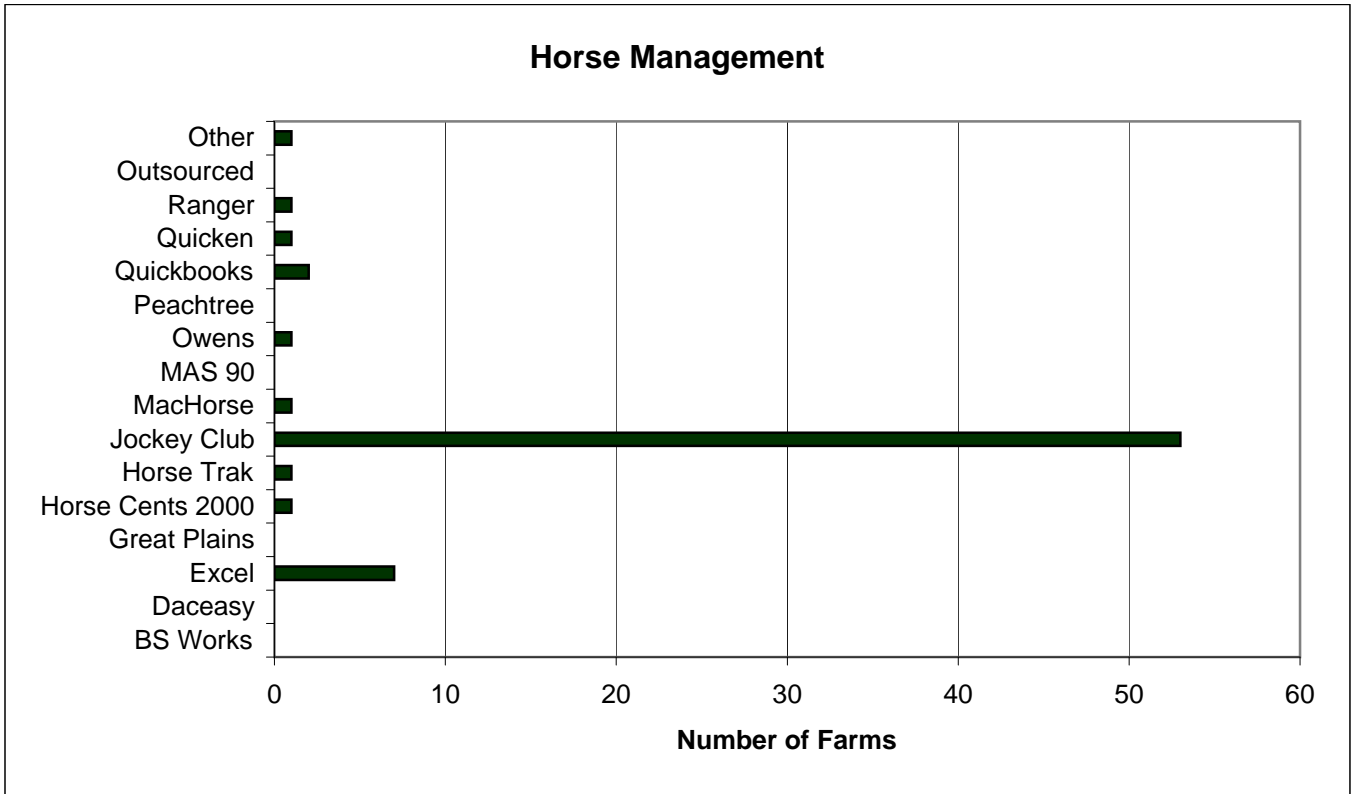
Number of Stalls for Boarding Purposes



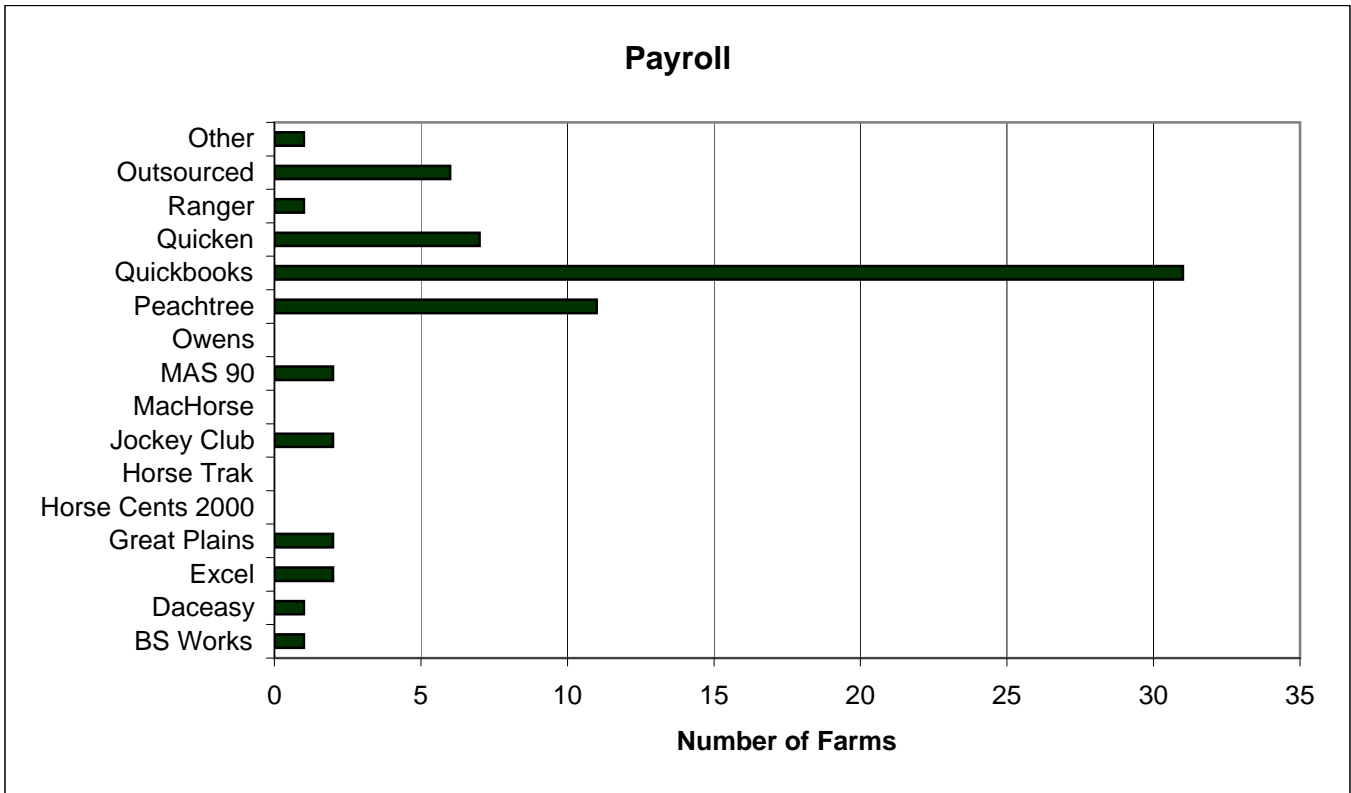
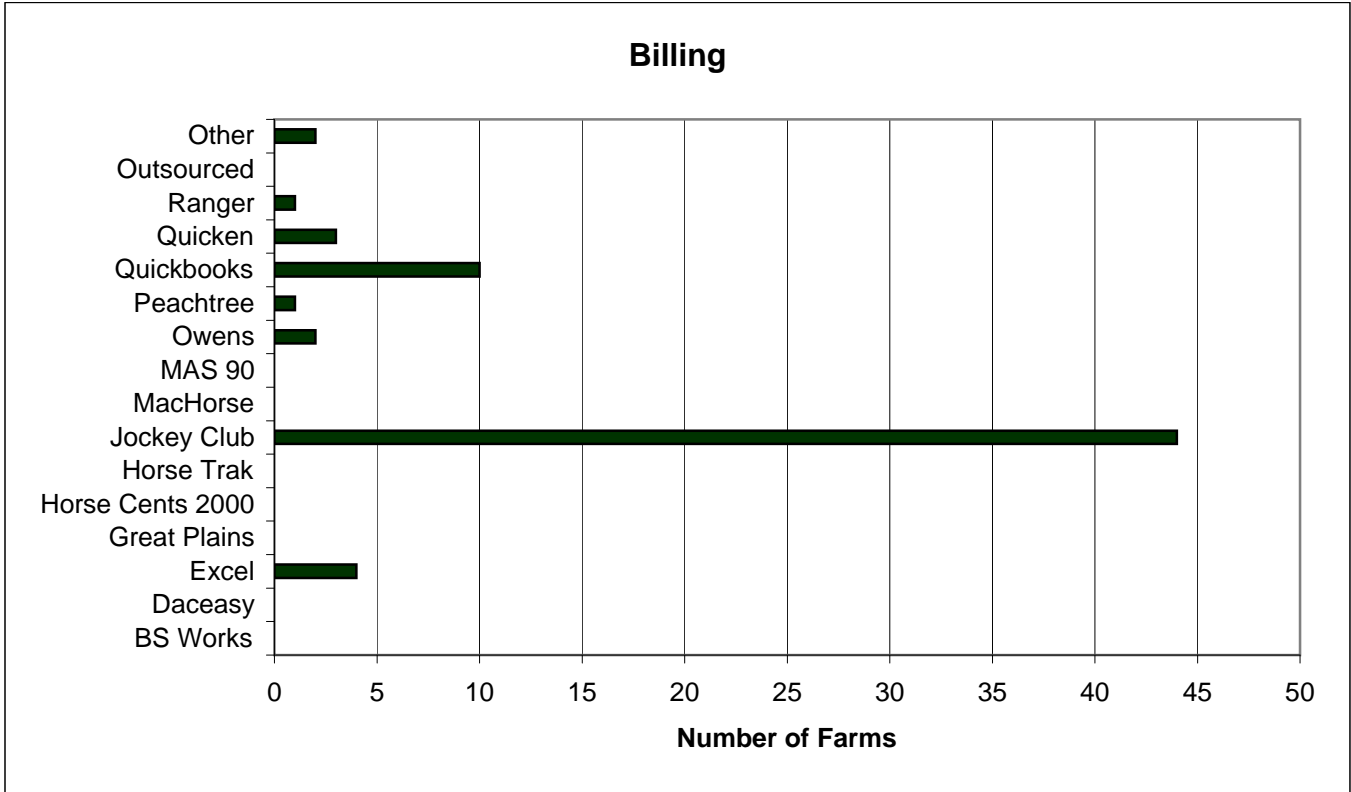
Acreage of Farm



Computer Programs, If Any, Used for the Following Farm Management Applications



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