**DIRECTIONS TO THE INSTRUCTOR FOR GROUP ACTIVITY 1**

**Preparation:** No advance preparation is needed for this activity.

**Process:** Divide the class into groups of three or four students each. Assign or ask each group to choose a capital expenditure a business might make—land, a building, a piece
of equipment, etc. Then, give the groups five to 10 minutes to brainstorm for operating expenses that relate to the capital expenditure. For example, a dairy farmer might purchase a new barn (capital expenditure). Operating costs for the barn will include electricity, maintenance, insurance, etc. When the groups have finished, ask them to share their ideas with the class.