

AHR Board of Director's Meeting December 2012

TOPICS	DISCUSSION
	The December 5, 2012, meeting was called to order by president, Brian Mitteer, at 8:02 p.m. (EST). Attending were: Dave Kraus, Gary Leisure, Chuck Hendershot, Paul Sutton, Bill Jameson, Kim Spann and Ruth Schwab (office consultant).
I. Old Business	Emily Gibson from Washington has resigned as a member of the AHR Board. Brian Mitteer advised the board that Emily felt that her work schedule kept her from being effective as a board member. He recommended that the resignation be accepted with regrets. A motion was made by Paul Sutton to accept the resignation. Seconded by Dave Kraus. Motion passed.
II. Office Update – Ruth Schwab	For the month of November 2012 we completed 29 foal registrations and 121 transfers. There are 194 stallions renewed for 2012 and 115 renewed so far for 2013. We currently have 1,047 members and 84 magazine subscribers. During November our Website homepage was viewed 2,856 times. The most visited pages continue to be the Member Farms Page, the Pedigree Search page, and the Classifieds page. There were also between 200 and 400 views on the pages: buying a Haflinger tips, breed standards, calendar, sale page, and Haflinger Horse magazine.
III. Committee Reports	
1. AHR Youth	Rachel Cooper and Dave Wilson - Co-Chairs Members: Carolyn Sutton, Aileen Ayers and Sue Casseday (office consultant) No report received.
2. By-Laws	Bill Jameson – Chair Members: Willie Lehman and Christopher Miller The Amended Bylaws of October 2012 have been posted to the AHR website.
3. Classification	Bill Hendershot Members: John Dunkel, Jennifer Rousseau, Kim Spann, Robert Eicher and Chuck Hendershot OLD BUSINESS: Appeal of Stallion Inspection – Williams, Oregon in 2011 A detailed investigation has been completed into this issue and the data presented to the Classification Committee for discussion and the development of a recommended course of action for Board ratification. The following report contains, in addition to the recommended action, a summary of the facts gathered during the investigation and the rationale of the committee for the recommended action. RECOMMENDATION ON APPEAL: The committee unanimously approved the granting of the appeal. Additionally, the committee also approved the waiving of the requirement to re-inspect the stallion and with the ratification of the Board would re-instate the previous score received by this stallion for classification and breeding evaluation purposes. In investigating the appeal it was evident based on the judges' scorecard that the horse in question did receive lower scores in movement during the 2011 inspection. Based on the interviews conducted with judges and personnel at the site, it is clear that the horse in question did fall at the beginning of the inspection process. Although we could not determine if the fall did result in the lower classification score, it is likely that it did negatively impact the horse's movement during the inspection and as a result could have negatively impacted the overall score. Since any score reduction based on the fall would not be the result of a conformational defect and would not be passed on with future breeding, the Committee believes that the appeal should be granted. The committee recommends the waiver of the re-inspection requirement because of the hardship for both the owner and AHR to complete any re-inspection. Therefore, the board should ratify the Committee's recommendation that the prior score be re-instated as the final score for the horse in question.

A motion was made by Dave Kraus to accept the committee's recommendation. Seconded by Paul Sutton. Motion passed

COMMITTEE'S PROPOSED RULE CHANGE

Our rules and procedures do not provide a mechanism for our judges to deal with an issue similar to the one that occurred in Williams, Oregon in 2011. Furthermore, our rules and procedures do not provide a clear statement to our owners their rights and responsibilities on inspection day. Therefore, the following changes to the rules and procedures are proposed for ratification by the Board.

CLASSIFICATION DAY RIGHTS AND RESPONSIBILITIES

AHR CLASSIFICATION OBJECTIVE: On classification day, our objective is to provide the best possible venue for classification given the conditions of the day. We have no control of the weather or other outside events that could impact how a horse presented for inspection may react. The AHR and the judges assigned to the inspection are trying to make sure that the horses are given every opportunity to earn the best classification score possible on that given day. However, we recognize that outside forces can negatively impact achieving this objective. Therefore, we have implemented the following procedures and rules for Classification Day.

Site Coordinator and Judges Rights and Responsibilities

1. The site coordinator and the panel of judges will inspect the ring used for the inspection process to identify any loose or slippery footing prior to horses entering the ring. Any loose or slippery areas should be corrected, if possible or marked with cones to warn horses and exhibitors of a potential issue. Additionally, the site coordinator will point out the problem area to exhibitors prior starting the inspections for the day, preferably at the exhibitor meeting.

2. If a member of the judges' panel observes a problem with a horse during the inspection process, prior to completing the individual scoring of the horse and entering the judges' conference, it is the responsibility of the judge to approach the other judges concerning the issue. Examples of problems that would warrant a judge's attention would be a horse that appears lame in the ring or an event in the ring, such as a fall, that impacts the horse and may cause the horse to be scored negatively. If a majority of the judges' panel agrees that the classification score of the horse would be negatively impacted by the issue, the judges' panel will request a conference with the site coordinator. The site coordinator will then without reference to any judge will approach the owner and let the owner know that the judges believe that the horse is off and that the issue could impact the classification score. Every effort should be made to maintain the integrity of the classification and not disclose the owner to the judges. It will then be the owner's decision to withdraw the horse or to continue the classification. If the horse is withdrawn based on this discussion, the fees for the classification will not be forfeited and the same horse will be re-inspected for no additional cost at another AHR Classification. There will be no refund of fees or substitution of horses under these circumstances. If the same horse is not presented for re-inspection the fees will be forfeited after 3 years.

Owner's Rights and Responsibilities

1. AHR recognizes that horses have bad days and do not perform at their optimum potential everyday. If a horse being presented for classification is not having a good day, the result could impact a lifetime and potentially future generations of the Haflinger breed. Therefore, it is the right of an owner to withdraw

	<p>their horse from the classification process up until the time that the judges complete their final scorecard. Once the judges have conference and signed the final scorecard the classification is complete and the score will be recorded. Until this occurs the owner can withdraw the horse at their discretion and does not have to state any reason for the withdrawal. The owner simply needs to approach the site coordinator and tell them that they wish to withdraw their horse. The site coordinator will then immediately inform the judges' panel and the inspection will be stopped. If an owner decides to withdraw a horse from the inspection process all fees are forfeited. If the horse is presented at another AHR inspection the owner will be required to pay all applicable fees for that location at the time of the inspection.</p> <p>The committee submits the above requesting your approval of the amendments to the classification rules and procedures.</p> <p>A motion was made by Paul Sutton to accept the committee's recommendation. Seconded by Bill Jameson. Motion passed</p> <p>NEW BUSINESS: The committee wants to thank all those involved in making 2012 Inspection and Classification program a success and urges your assistance in encouraging participation for the coming season. At present we have received no request for a classification for the 2013 year.</p>
<p>4. Disposition and Trainability Assessment Committee</p>	<p>Dean Baker – Chair Members: Bob Duvall, Steve Verhoff, Robert Eicher, Peg Brown and Lloyd Workman</p> <p>Nothing new to report.</p>
<p>5. Finance</p>	<p>Chuck Hendershot – Chair Members: Deborah Parker, Terry Schott, Robert Bade, Ruth Schwab (office consultant) and Sue Casseday (office consultant)</p> <p>The American Haflinger Registry completed the first eleven months of 2012 with a loss of \$8,373. The loss is less than the \$11,513 budgeted for the period, primarily due to a non-recurring adjustment reducing sales tax expense for the year by \$4,516. Last year the organization reported a profit of \$1,430. The primary reason for the loss in 2012 is the deterioration in the major revenue sources for the organization – Membership Dues, Registration Fees, Stallion Licenses and Transfer Fees combined with less profit from AHR programs to offset the loss budgeted for membership services. The remainder of this report will show the situation has deteriorated since September and the projection for the remainder of the year is cause for concern as we look forward to 2013.</p> <p>This report is being presented in a new format to attempt to better understand the operations and to plan for the future. The report will be divided into two main sections. The first section is Membership Services and Registry Operations. This section reflects the daily operations of the registry and providing registry related services to the membership, the functions that we must complete for the membership fees we receive. The magazine is not included in this section as presented through November. However, we should discuss the treatment of this program going forward as it is clearly a benefit of membership, a form of communicating to our membership and its financial results directly impact our member services finances. The second section of the report covers AHR's programs. These are individual profit centers that are used to promote the breed and to generate funds to cover operating expenses of the organization as a whole. The two sections of the report are represented by the tabs in the attached excel workbook labeled Membership Services and Programs.</p> <p><u>Membership Services</u></p> <p>Through November 2012 membership services has operated at a loss of \$16,770 compared to a budgeted loss of \$13,931 and a prior year loss of \$11,434. Because we made adjustments to our accounting procedures in 2012 to better reflect our</p>

performance throughout the year we need to adjust the reported results to understand what is causing the increased losses. The table below presents the

Adjusted Membership Services Performance thru November 30,2012			
Description	Revenue	Expenses	Net Income
Reported 11/30/2012	\$122,739	\$139,509	(\$16,770)
DNA Revenue - Change in accounting	(9,545)		(9,545)
DNA Expense – Change in accounting		(6,675)	6,675
Computer Maintenance Accrual – Change in accounting		(3,663)	3,663
Sales tax adjustment		4,615	(4,615)
Adjusted 11/30/2012	\$113,194	\$133,786	(\$20,592)
11/30/2011 Reported	\$121,174	\$132,608	(\$11,434)
DIFFERENCE	(\$7,980)	\$1,178	(\$9,158)

adjusted performance figures for the first eleven months.

As can be seen in the chart above, when we adjust for the changes in accounting procedures and the one-time adjustment for sales tax expense in 2012 we are significantly off from 2011 for the same period. Expenses are up over the prior year primarily due to unplanned printing expenses of \$2,394 for new AHR brochures. Otherwise although there are a number of positives and negatives expenses are in-line with 2011. Our problem is revenue. We have four major sources of revenue for the organization and through November all four are below 2011 performance. The table below shows the revenues and the percentage change between 2011 and 2012.

REVENUE COMPARISON 2012 AND 2011				
REVENUE DESCRIPTION	2012	2011	CHANGE	
			DOLLAR	PERCENT
Membership Dues	\$59,838	\$62,473	\$2,635	-4.2%
Registration Fees	\$8,195	\$8,835	\$640	-7.2%
Stallion Licenses	\$8,120	\$8,740	\$620	-7.1%
Transfer Fees	\$33,765	\$36,885	\$3,120	-8.5%
TOTAL	\$109,918	\$116,903	\$6,985	-6.0%

As can be seen by the table above these four sources of revenue make up most of the revenue on which membership services and the registry operate and they all have declined between 4% and 8.5% for the period. The end result is the deficit for membership services has grown over \$9,000 over 2011. In September, Registration fees, Stallion Licenses and Transfer fees were all significantly ahead of budget. The next issue is that these shortfalls are projected to expand in December, as we are not receiving the registration and transfer documents like we have the past years for the month. Since it is a revenue shortfall causing the increased loss in the membership area there is little that can be done to correct the problem before year-end.

AHR Programs

The AHR Programs represent activities sponsored and managed by the AHR organization in accomplishing its mission to promote the breed and support its

	<p>members. However, the programs are also designed to provide the organization with funds to reduce the operating shortfall in the membership services area. The attached worksheet provides a top level summary of all AHR programs for 2012 and how they performed against budget and the prior year. Overall the AHR programs contributed positively to the AHR General fund generating \$9,817 in net profits. However, this amount is significantly less than the budgeted profit of \$17,236 and 2011's profit of \$13,893. The major contributors to this shortfall are the futurity (see detail discussion below), Magazine, AHR store and the Sales and Auctions (detail below).</p> <p>Futurity – The futurity program was completed in October with a loss of \$1,836. The loss is the result of improper reporting in prior years and an accounting change to reflect on AHR's balance sheet all claims against the organization's cash and assets. In the past the proceeds and payouts were simply run through the current year income statement. This worked as long as the amount deferred for future year payments was approximately the same as the amount being paid out from prior years. In 2012, this requirement was not met. The payout from prior years was significantly greater than the amount deferred in 2012 to future years, resulting in a loss of \$1,161. The accounting change implemented added \$775 to the loss as the net income from the program was reduced to properly reflect the future payout liability on the balance sheet. The loss reported in 2012 should be non-recurring.</p> <p>Fall Sale and Auction - The fall sale was completed in October and reported a profit of \$2,544. Congratulations to the sales committee on another successful sale. However, because the numbers of horses were down the revenue and profits were off from both budget and 2011 by \$1,500 and \$2,300, respectively.</p> <p>Stallion Parade – The Stallion parade and auction held in conjunction with the fall sale was a success. After reducing the results for the \$975 committed to next year's futurity and adding this to the liability on the balance sheet, the stallion parade and service auction generated \$2,885 in profit for AHR. Thanks to all the stallion owners who donated their service fees. The results from this program exceeded both budget and 2011 by \$560 and \$843, respectively.</p> <p>Projection for Year-end 2012 Based on what we know today, we are projecting to lose over \$6,000 in December bringing the total loss for the year to \$15,998 compared to a budgeted loss of \$8,917. The primary reason that the loss is expected to expand in December is the negative trends in Registration Fees, Transfer Fees and Stallion licenses. Although expense controls are in place little can be done to offset the lost revenue.</p>
<p>6. Futurity – SIP</p>	<p>Paul Sutton – Chair Members: Mahlon Miller, Bill Jameson and Ruth Schwab (office consultant)</p> <p>Futurity results and pictures will be published in the next issue of <i>Haflinger Horse</i>.</p>
<p>7. Judges</p>	<p>Chuck Hendershot – Chair Members: Bill Hendershot, Jacque Woodward, Lisa Schott, Bill Jameson, Karen LaBell, and Ray Miller</p> <p>Nothing new to report for 2012</p> <p>As we look forward to 2013, the committee will focus on the development of a Haflinger rulebook in conformance with the other breed rulebooks included in the US Equestrian Federation overall rulebook. The completion of this rulebook will provide a foundation for revamping our approach to expanding the Haflinger judges' pool in accordance with the direction established by the Board. With a detailed Haflinger rulebook, AHR will be in a position to apply to USEF to become a Nationally Recognized Breed Affiliate. Our rulebook would then be included in the USEF Rulebook as a breed supplement and all USEF judges would be trained on our rules and breed standards. This would immediately expand our pool of qualified judges. Additionally, we can then approach college programs about including a section on Haflingers and Haflinger judging in their equestrian programs which again would provide another source of new show judges. The rulebook could also be utilized to offer a number of clinics for our membership and trainers on what is expected from a Haflinger in the performance ring. This</p>

	<p>could be a revenue source or at least a value add for our members. As far as training our own judges, it does not appear to be feasible to accomplish this task on our own. With only 4-5 shows a year for Haflinger judges there is no return on the investment for participating in a training program for outside judges. Even if the clinic was free, the travel costs and time spent would probably never be recovered.</p>
8. National Show	<p>Lou Sutton – Chair Members: Bill Jameson, Steve Verhoff, Carolyn Sutton, Tara Biedenbach, Rachael Cooper and Ruth Schwab (office consultant and show manager)</p> <p>The Committee has been busy exploring many possibilities for the 2013 show. The options looked at are:</p> <ol style="list-style-type: none"> 1) Staying at Champions Center, with late September dates. 2) Moving the entire show to be in conjunction with the Ohio State Fair. 3) Pursuing a different facility to accommodate our entire venue. 4) Placing the Draft portion of the show with the Indiana State Fair, and holding the Pleasure Show either at Champions in late Sept, or finding another site to regain our dates. <p>All of these options were explored. The committee would like to recommend to the Board that option #4 be the one chosen. Having the Draft National Show take place with 25 to 30 farms exhibiting would be outstanding for the breed. The details are being worked out now, but it looks very promising for all of our exhibitors. Other sites are being pursued to accommodate the remaining classes and exhibitors. Our goal has always been to provide the best possible show and experience for everyone that participates. We feel that we can move our Nationals to the next level with these changes. We would like the support and approval of the Board in moving forward for 2013.</p> <p>A motion was made by Chuck Hendershot accept the committee's recommendation. Seconded by Dave Kraus. Motion passed</p>
9. Nominating	<p>Paul Sutton – Chair Members: Betty Miller, Judy Winkler and Kim Spann</p> <p>The committee and Board will actively evaluate candidates to appoint to the vacancy created by the resignation of Emily Gibson.</p>
10. Pedigree	<p>Brian Mitteer – Chair Members: Dave Kraus, Kim Spann and James Weaver</p> <p>Nothing new to report.</p>
11. Personnel/Office	<p>Brian Mitteer – Chair Members: Gary Leisure, Chuck Hendershot and Carolyn Sutton</p> <p>Nothing new to report.</p>
12. Points/Awards	<p>Dana Mitteer– Chair Members: Rachael Cooper, Steve Verhoff and Brian Mitteer</p> <p>The committee and Ruth are developing the reporting form for the hunter pace participants.</p>
13. Promotions/ Advertising/Regional Support	<p>Dave Kraus – Chair Members: Mike Williams, Mariana Abbott and Brian Vannarsdall</p> <p>Nothing new to report.</p>
14. Publications	<p>Gary Leisure – Chair Members: Emily Gibson, Paul Sutton, Kim Spann, and Ruth Schwab (office consultant)</p> <p>December/January issue to be mailed the week of December 3rd.</p>
15. Sales	<p>Dave Wilson – Chair Members: Phil Greenisen and Andrew Yoder</p>

	Nothing new to report.
16. World Federation	<p>Chuck Hendershot – Chair Members: Jennifer Rousseau and Kim Spann</p> <p>Work continues on the development of by-laws and operating procedures for the new world organization. The Technical Group established to resolve the issues with the draft by-laws held its second meeting November 16th. Progress was made on several issues. As of this report, the committee is waiting for the written material marking up the proposed by-laws reflecting the discussions and decisions of the second meeting. A third meeting is scheduled for December 14th 2012.</p>
I. V. New Business	The Membership, Video and website committees have been disbanded and the information for these committees will now be handled by the entire Board during the office report.
	Moved by Dave Kraus seconded by Chuck Hendershot and approved that the meeting be adjourned at 9:37 p.m. The next meeting date is Wednesday January 2, 2013.