

## AHR Board of Director's Meeting August 2013

TOPICS	DISCUSSION
	The August 14th, 2013, meeting was called to order by president, Brian Mitteer, at 8:11 p.m. (EST). Attending were: Gary Leisure, Chuck Hendershot, Paul Sutton, Dave Kraus and Ruth Schwab (office consultant). Bill Jameson was absent with notice, due to the National Draft Show.
<b>I. Old Business</b>	
<b>II. Office Update – Ruth Schwab</b>	For the month of July 2013 we completed 33 foal registrations and 68 transfers. There are 177 stallions renewed for 2013. We currently have 853 members for 2013, 76 magazine subscribers and 36 Youth members. During July our Website homepage was viewed nearly 3,000 times. Peak visits were to the classifieds, pedigree search and the member farms pages.
<b>III. Committee Reports</b>	
<b>1. AHR Youth</b>	Rachel Cooper and Dave Wilson - Co-Chairs Members: Carolyn Sutton, Aileen Ayers and Sue Casseday (office consultant)
<b>2. By-Laws</b>	Bill Jameson – Chair Members: Willie Lehman and Christopher Miller  Nothing new to report.
<b>3. Classification</b>	Bill Hendershot – Chair Members: John Dunkel, Jennifer Rousseau, Kim Spann, Robert Eicher and Chuck Hendershot  19 horses are currently entered into classification.
<b>4. Finance</b>	<p>Chuck Hendershot – Chair Members: Deborah Parker, Terry Schott, Robert Bade, Ruth Schwab (office consultant) and Sue Casseday (office Consultant)</p> <p>Overall we continue to outperform our budget for 2013, although we had anticipated better results for June and July then we achieved, our loss is 23% better than we expected for the first seven months of 2013. Our loss of \$9,831 for the seven months compares to the projected loss of \$12,645 budgeted for the period. However, in comparing our 2013 overall performance against 2012 we find a different story. Our 2013 loss of \$9,831 is 39% higher than the \$4,108 loss reported for the same period in 2012. Summarized below is a detail analysis of our financial performance to date.</p> <p><b><u>July 2013 Financials</u></b></p> <p><b>Registry Operations and Membership Services</b> incurred a loss of \$25,351 for the for the seven months ending July 31 compared to budgeted and prior year losses of \$30,498 and \$22,345, respectively. Registry revenues are \$1,511 below budget and \$7,375 below last year for the first seven months of the year.</p> <p><b>Actual versus Budget</b></p> <p>The revenue shortfall compared to budget was driven by an 18% decline in membership revenues, reducing membership revenues by \$4,365 and a \$2,420 (11%) shortfall in transfer revenue. These two shortfalls were partially offset by better than expected results in DNA testing where revenues exceeded budget by \$2,315 (68.9%) and stallion license fees with revenues exceeding budget by \$1,378 (47.8%). However, these two areas of outperformance could not fully offset the losses in memberships and transfers. All of the trends in the key revenue areas for membership operations are negative as budget shortfalls widen and surpluses narrow. Based on these trends we can expect the revenue shortfall compared to budget for membership operations to increase over the next five months.</p>

Expense management continues to be the primary reason that our results for the first seven months exceed our budget; through July 31<sup>st</sup> our expenses are \$6,657 (18.2%) below budget. The primary expense savings are in the employee costs area as wages and related costs are \$3,155 below the budget amounts of \$46,553. Additional savings have been recorded in advertising and breed promotion of \$1,555, utility expense \$608, postage and delivery costs \$1,045 and professional fees of \$729. The trends in the expense arena are positive, as we seem to be holding on to cost under runs in the neighborhood of 8%-9% below budget. If we can maintain this savings through the end of the year, we should be able to partially offset the revenue shortfall and bring 2013 in with a loss less than budgeted for membership services and registry operations.

#### **2013 compared to 2012**

Revenues are down \$7,375 in comparison to last year primarily from the 22% decline in membership revenue. If this trend in memberships continues, it will mark the fourth straight year of 20+% declines in memberships, a trend that has to be reversed. In addition to the shortfall of \$5,647 in membership revenues, we experienced revenue declines from last year in DNA Testing of \$1,045 (16%) and Transfer Fees of \$3,015 (13.7%). These declines have been partially offset by revenues exceeding 2012 for the first seven months in Office Processing Fees of \$969 (138%) and Stallion Licensing Fees of \$700 (19.7%). As noted in the comparison to budget all of the revenue trends are negative as the shortfalls are widening and the surpluses continue to narrow in comparison to 2012.

Expenses are \$4,368 below the first seven months of 2012 for AHR Registry Operations. Again as with the comparison to budget, employee costs are a major contributor to our expense management program under running last year by \$1,837. Additional savings have been recorded in printing and reproduction of \$2,764, postage and delivery costs of \$1,091 and office expenses of \$1,123. The savings were partially offset by a \$4,516 sales tax credit received in 2012 and not repeated in 2013. The sales tax credit lowered overall expenses in 2012. During the last two months we received a Health Insurance increase and the savings that we had built up over the first five months evaporated, we can expect that Health Insurance will exceed 2012 costs by year-end and offset part of our savings by year-end.

**AHR Programs are** underway for 2013. For the full year of 2012, six programs contributed to Registry general fund, one program operated at a loss for the year and three programs operated at losses for the year. However, overall the programs contributed \$24,892 to 2012 operations. In 2013, six programs are budgeted to contribute to the Registry general fund in 2013, while four programs are budgeted to breakeven for the year. The total anticipated contribution from AHR programs to the general fund for 2013 is \$23,710, for the seven months ended July 31<sup>st</sup> AHR Programs have contributed \$15,520 to the AHR general fund.

**Magazine** Revenues for the magazine for the first seven months of 2013 are \$18,315 compared to a budget of \$23,530 and 2012 revenue of \$22,625. We had hoped that the new combined membership and advertising program announced at the beginning of the year would drive some additional revenue to the magazine through member advertising. At the end of the year, we will be able to compare the member advertising revenue between 2013 and 2012 to determine the effectiveness of the program. However, we can say that for the first seven months we generated more revenue from magazine subscriptions and advertising than we did for the first seven months of 2012, but less than we had hoped for in the budget, falling short of budget by \$2,200. Revenues were further negatively impacted by the decline in memberships as the revenue received by the magazine program from membership dues was \$3,018 below budget and \$4,612 below last year for the first seven months of the year. The good news is that we again have done a great job of managing expenses. During the first seven months we have saved \$2,467 from budget and \$2,268 from the same period in 2012. Although the savings are decreasing as a percent of costs, we seem to be holding on to the dollar savings over the last two months. The net profit from the magazine through July was

\$6,607. The net profit and contribution to the general fund is short of budget and last year by \$2,747 and \$2,041, respectively. Based on the trends for the first seven months we expect that this shortfall will continue to widen in comparison to budget and the prior year by year-end, negatively impacting the general fund of the AHR Registry.

**National Show** While preparations are underway for the National Show next month and we will not have final results for the show until the end of September, we have completed the Fun Auction that supports the National Show. In the past, the Fun Auction has provided the surplus for the National Show that was contributed to the General fund and that is the way we budgeted in 2013. In May, the fun auction raised \$2,912 to support the National Show, slightly less than the \$3,000 budgeted and the \$3,053 earned in 2012, but we should be able to stay on plan by the end of the show.

**Sales and Auctions** We are part way through our sales and auction programs for the year. The Spring Haflinger and Tack sales are completed with revenues of \$21,040. The Haflinger Sale generated \$12,180, short of last year and the 2013 budgets of \$17,845 and \$16,000, respectively. However, if we remove the \$4,000 revenue budgeted for the pioneer equipment sales revenues for the Haflinger Sale exceeded budget by \$180 and fell short of 2012 results by \$1,625, a significant accomplishment with fewer horses in the sale. Once again expense management added to performance. Expenses for the sale were approximately on budget, excluding the \$4,000 budget for the cost of the pioneer equipment. Comparing the costs to 2012, expenses were \$1,182 less as the Sales Committee did a very good job strategically reducing expenses, while maintaining the quality of the sale for consignors and buyers. Overall the net sale results fell short of budget by \$300 and 2012 by \$600. The tack sale fell short of net results by \$700 from budget and \$500 from 2012, as bidding did not generate the same margins on the items sold as planned or in 2012. Overall our spring sale and auction programs fell short of budget and the prior year by \$1,000 and \$900 respectively. Hopefully, we can make up this short fall with the fall activities.

**AHR Store** The AHR store is generating revenue nearly on budget, recording a shortfall of \$309 for the first seven months and has increased sales over the same period last year by \$597. However, we have had to decrease our margins on several items, decreasing our net profit on sales; as a result our contribution for the General Fund is \$378 below budget for 2013 and \$212 less than last year through July. We will experience margin erosion on the product until we complete the liquidation of the inventory or we update and add new products. Considering our financial condition it should not be in the plan to add new inventory in the immediate future.

**AHR Youth Program** The AHR Youth Program is operating well ahead off budget and the prior year as membership numbers remain stable and the committee does a lot with little in the way of expenses. The in June 2013, AHR received a contribution from the Rocky Mountain Haflinger Association of \$1,772 to be used to support Youth programs as the organization dissolved. This has generated a significant surplus in 2013 over budget and the prior year; however, we can expect that this money will be spent on youth programs, if not later this year, then in the next few years which will create a draw of these funds from the General Fund

Overall the net contributions from our AHR programs are running \$2,333 below budget and \$2,717 short of last year for the first seven months. If we exclude the offset from the Youth Programs, those shortfalls increase to \$4,238 compared to budget and \$4,502 compared to 2012. If this trend continues or as seems likely the shortfall widens, the financial performance for 2013 could head downhill very quickly.

The first seven months of 2013 have been driven by prudent management of expenses and what appear to be some beneficial timing differences increasing revenue, allowing us to out perform our budgeted results for the period. However, we have a number of negative trends in revenues and expenses that could wipeout

	<p>our gains very quickly. The Board and AHR members need to continue their stewardship of our finances and to implement creative ways to improve our membership offerings, services and programs to generate additional revenue or reduce expenses while providing high quality service to strengthen the financial condition of the Registry. We all believe in the value of the standards that registered Haflingers are required to meet and the value of the registration, but that means we need to support the Registry. Financial support is always welcome, but every one of us can contribute by getting involved with committees and offering your support and ideas to build our (YOUR) Haflinger registry.</p>
<b>5. Futurity – SIP</b>	<p>Paul Sutton – Chair  Members: Mahlon Miller, Bill Jameson and Ruth Schwab (office consultant)</p>
<b>6. Judges</b>	<p>Chuck Hendershot – Chair  Members: Bill Hendershot, Jacque Woodward, Lisa Schott, Bill Jameson, Karen LaBell, and Ray Miller</p> <p>There has been new interest from people interested in becoming learner judges.</p>
<b>7. National Show</b>	<p>Lou Sutton – Chair  Members: Bill Jameson, Steve Verhoff, Carolyn Sutton, Rachael Cooper and Ruth Schwab (office consultant and show manager)</p> <p>The National Draft Show at the Indiana State Fair is in progress and there are 70 horses coming to the Pleasure Show in September. Trophies and ribbons are ordered for the pleasure show.</p>
<b>8. Nominating</b>	<p>Paul Sutton – Chair    Members: Betty Miller, Judy Winkler and Kim Spann</p> <p>Ian Wengerd is running for the East Central Region. The Bio and 15 signatures required is in house.</p>
<b>9. Pedigree</b>	<p>Brian Mitteer – Chair  Members: Dave Kraus, Kim Spann and James Weaver</p> <p>Nothing new to report.</p>
<b>10. Personnel/Office</b>	<p>Brian Mitteer – Chair  Members: Gary Leisure, Chuck Hendershot and Carolyn Sutton</p> <p>Nothing to report.</p>
<b>11. Points/Awards</b>	<p>Dana Mitteer– Chair  Members: Rachael Cooper, Steve Verhoff and Brian Mitteer</p> <p>Nothing new to report.</p>
<b>12. Promotions/ Advertising/Regional Support</b>	<p>Dave Kraus – Chair  Members: Mike Williams, Marlaina Abbott and Brian Vannarsdall</p> <p>A half page color ad was placed in the annual Ohio Amish Business Source Book for 2014. The cost was \$295.</p>
<b>13. Publications</b>	<p>Gary Leisure – Chair  Members: Emily Gibson, Paul Sutton, Kim Spann, and Ruth Schwab (office consultant)</p> <p>The magazine is complete and in the mail.</p>
<b>14. Sales</b>	<p>Dave Wilson – Chair</p>

	<p>Members: Phil Greenisen and Andrew Yoder</p> <p>Due to the late distribution of the August/September issue, consignment forms were not included as inserts. The consignment form can be downloaded from the AHR website. A postcard invited those needing forms mailed to call the office. Consignments close on August 16<sup>th</sup>.</p>
<b>15. World Federation</b>	<p>Chuck Hendershot – Chair Members: Jennifer Rousseau and Kim Spann</p>
<b>I. V. New Business</b>	
	<p>Moved by Dave Kraus, seconded by Chuck Hendershot and approved that the meeting be adjourned at 9:47 p.m. The next meeting date is Wednesday August 14th, 2013.</p>