

## AHR Board of Director's Meeting December 2013

TOPICS	DISCUSSION
	The December 2013, meeting was called to order by Paul Sutton, at 8:08 p.m. (EST). Attending were: Melanie Cornman, Susie Haszelbart, Chuck Hendershot, Ian Wengerd, and Ruth Schwab. Absent with notice Brian Mitteer, Andrew Yoder, Dave Kraus.
<b>I. Old Business</b>	<p>AD HOC COMMITTEE – COMMITTEE PROCEDURES</p> <p>Chuck Hendershot and Paul Sutton reported on the progress of developing a template and draft of procedures to be followed by the Program Committees in 2014 to document their respective procedures and processes. The procedures will be used to transfer responsibilities from the office staff to the committees and to provide a reference for new committee members as to how the program operates. A report should be completed by the January Board meeting.</p>
<b>II. Office Update – Ruth Schwab</b>	For the month of November 2013 we completed 50 foal registrations and 180 transfers. There are 182 stallions renewed for 2013 and 104 so far for 2014. We currently have 917 members for 2013, 85 magazine subscribers and 38 Youth members. During November our Website homepage was viewed 2,541 times. There were over 800 visits to the classified page, and 500 to the member farms page. Paul Sutton inquired about how many foal registrations, Ruth responded with it is in the range of 200-250.
<b>III. Committee Reports</b>	
<b>1. AHR Youth</b>	<p>Lisa Matheny – Chair, Dave Wilson – co-Chair</p> <p><i>Members presented for approval:</i> Lisa Schott, Sherry Bradshaw, Ian Wengerd. – Members approved.</p> <p>Paul inquired if anyone wanted to step forward to be the Director, and Ian Wengerd said he would volunteer.</p>
<b>2. By-Laws</b>	<p>Paul Sutton – Chair</p> <p><i>Members presented for approval:</i> Ian Wengerd, Brian Mitteer, Andrew Yoder. Members approved.</p>
<b>3. Classification</b>	<p>Bill Hendershot – Chair</p> <p><i>Members presented for approval:</i> Chuck Hendershot, Jennifer Rousseau, Robert Eicher, Ray Miller. Members approved</p> <p>OLD BUSINESS: Financial report for 2013 will be supplied by Chuck Hendershot.</p> <p>NEW BUSINESS:</p> <p>A sincere thank you to Ruth Schwab, all of the certificates for the 2013 classification have been completed and sent to the Haflinger owners.</p> <p>As chairperson, I have read and acknowledge the direction given by the AHR BOD to the classification committee. I have also discussed the same with the proposed committee for 2014. Upon approval of the presented committee members, the group will proceed to create procedures to be followed throughout the classification process, including procedures to be followed by the judges. These procedures will be presented to the AHR BOD for approval as early as possible to allow distribution and understanding by all those involved.</p> <p>Also, I request the AHR BOD consider this as a formal request to hold a classification for 2014, at the New York Gold Classic, in Horseheads, NY, on July 10, 2014.</p> <p>To date we have had the following activity. One person inquired from Missouri who later determined that NY is too far and would wait for the following year with the hopes of a classification possibly in Ohio. Another possible 7 interested horse owners from the local New York area.</p> <p>As soon as the AHR BOD approves the New York location we will commence with advertising.</p> <p>Submitted by Bill Hendershot , Classification Chair</p> <p>Chuck Hendershot made the motion that an inspection be held in conjunction with</p>

the 2014 New York Gold Classic. Ian Wengerd seconded. Motion carried.

**4. Finance**

Chuck Hendershot – Chair  
*Members: Board of Directors (Office Consultant Ruth Schwab)*  
AMERICAN HAFLINGER REGISTRY  
FINANCIAL REPORT  
DECEMBER 2013

Through the month-ended November 30, 2013, AHR continues to outperform against our budget projections and is slightly ahead of 2012's eleven month results. The total loss for the eleven months-ended November 30<sup>th</sup>, 2013 stands at **\$11,024.22**. The primary driver of the loss is a significant decline in revenues which are down \$20,570 (10%) from budget and \$32,587 (14%) from the prior year as Registration, Membership and Transfer revenue declined double-digit percentages again this year. The only reason that the losses are not greater is the major expense reductions made throughout the year as expenses for the period are over \$30,000 less than budget and the prior year. AHR's loss is expected to expand in December as programs are completed for the year and Registry and Membership Services are projected to continue to operate at a loss for the month.

**November 2013 Financials**

**Registry Operations and Membership Services** incurred a loss of \$45,555 for the for the eleven months ending November 30th compared to budgeted and prior year losses of \$43,334 and \$38,183, respectively.

**Actual versus Budget**

The revenue shortfall compared to budget was driven by a 24% decline in membership revenues, reducing membership revenues by \$10,127 and a \$3,012 (27%) shortfall in registration revenue. We had expected our multi-year decline in memberships to subside in 2013 after 4 years of double-digit declines; however, we experienced another significant decline this year. Registrations were budgeted to increase based on the DNA test billings and the amnesty program adopted last year, but the amounts did not flow through to registrations. These two shortfalls were partially offset by better than expected results in DNA testing where revenues exceeded budget by \$3,958 (90.42%). Stallion licenses and transfer fees were very close to budget for the 11 month period, although it should be noted that stallion license renewals were down 25% from budget, while new licenses were 44% over budget to balance each other out and overall only be slightly below budget. There is little change expected from the first 11 months in the revenue area for the month of December, our revenue shortfalls will increase slightly.

Expense management continues to be the primary reason that our results for the first 11months exceed our budget; through November 30th our expenses are \$7,101below budget. The savings in employee costs has narrowed in the last few months as increased employee health insurance premiums have offset the savings in payroll and payroll taxes. The primary drivers of the savings for the 11 months are in the controllable cost area: advertising and breed promotion saved 1,611, utility expenses are down \$702, postage and delivery costs \$1,483, office rental is down \$982, election and voting expense declined \$1,317 and computer maintenance fees are \$1,004 less than expected. The staff and Board have worked diligently to manage costs throughout the year and these efforts have kept Registry and Membership Operations approximately on budget despite the significant decline in revenue. December should produce more savings in the expense line items, but without a surprise on the revenue side, our basic service operation will lose money again for the month and the loss for the year will widen.

**2013 compared to 2012**

Revenues are down \$13,802 in comparison to last year primarily from the 24% decline in membership revenue, marking the fourth straight year of 20+% declines in memberships, a trend that has to be reversed. In addition to the shortfall of \$10,539 in membership revenues, we experienced revenue declines from last year in DNA Testing of \$1,210 (12.8%) and Transfer Fees of \$3,255 (9.64%). While we experienced some positive revenue growth in Stallion licenses and Registrations,

approximately 2% in each category for the 11 month period, the gains have been decreasing each of the last few months and easily could also be declines year over year by year-end.

Expenses are \$7,372 below the first 11 months of 2012 for AHR Registry Operations. Again, the savings over the prior year has narrowed the last few months. The primary reason for reduced savings is that the increase in employee health insurance costs has wiped out the entire savings from payroll and payroll taxes. Savings have been recorded in printing and reproduction of \$2,764, postage and delivery costs of \$1,091, office facility costs of \$902, Election processing of \$1,162, computer maintenance of \$1,288, office expenses of \$1,462 and advertising and breed promotion of 2,338. 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.

**AHR Programs** are performed better than expected in 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 was \$24,251, for the 11 months ended November 30<sup>th</sup>, AHR Programs have contributed \$34,481 to the AHR general fund.

**Magazine** Revenues for the magazine for the first 11 months of 2013 are \$36,140 compared to a budget of \$39,125 and 2012 revenue of \$33,530. 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. It appears that this program worked in 2013 and should be continued with increased exposure and advertising in the magazine and website. Our staff has worked very hard managing expenses. During the first 11 months we have saved \$4,128 from budget, but because of our increased advertising and color ads our costs are \$3,165 over the same period in 2012. However, despite the increase in costs the magazine is expected to contribute more than the \$10,823 added to the general fund in 2012. We are projecting the net profit contribution of \$10,268 through November will increase at least another \$700 by year-end.

**National Show** The final numbers are in for the show and I would like to take this opportunity to thank the show committee and the participants at the Fairfield Show grounds. The National Show performed above expectations, adding \$5,862 to the general fund. There are three primary reasons for financial results: (1) the Pleasure exhibitors at the show did not take any payouts in 2013, saving the show approximately \$2,300; (2) the switch in facilities saved AHR in excess of \$7,000; and (3) the sponsors for the show again showed the generosity of Haflinger owners, opening their pocketbooks to make sure the show took place without concern for what was in it for them. We needed all of the sponsorships, the savings on the grounds and the waiving of the payouts to make sure the show broke even and through your efforts we are able to add to the funds desperately needed to operate this Registry through the current challenging times. Again, thank you all for your support and we look forward to your continuing support in 2014.

**Sales and Auctions** We have completed the sales and auction year for 2013, overall the results we good. AHR profits for this program were only slightly short of the budget, contributing \$8,270 to the general fund. Budget for the year was \$8,300. The shortfall was a little greater when compared to the prior year, missing 2012 results by \$1,640. I would like to thank Dave Wilson, Phil Greenisen and Andrew Yoder, along with the rest of their committee and support teams because you did a great job of managing the program with revenues off from projections by \$7,249 and the prior year by \$14,195, you managed expenses to deliver the contribution to the general fund.

**AHR Store** The AHR store is generating revenue in excess of budget and the prior year, our profit margins are being eaten away, like a Haflinger devouring a bale of hay, as we liquidate old inventory to clear out the store. Our net contribution from

	<p>the operation is \$1,180 for the 11 month period, approximately \$1,111 below budget and \$476 less than 2012. We need to consider the future of the store as we look forward to 2014.</p> <p><b>AHR Youth Program</b> The AHR Youth Program is operating well ahead off budget and the prior year primarily because of June 2013 contribution from the Rocky Mountain Haflinger Association of \$1,772 to be used to support Youth programs. 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. Excluding this contribution, our youth program experienced a significant decline in membership, as membership revenue decreased to \$250 for the year. This program needs to be reinvigorated to make sure we are attracting and meeting the needs of our youth and keeping them involved in Haflingers.</p> <p><b>Classification Program</b> The Classification Committee held an inspection at the National Show in September. Although the revenue was \$2,215 below last year, the program was highly successful. Thanks to the judges donating their time and covering their own expenses the program generated \$3,648 to the General Fund in 2013. Since we did not have a classification in the budget for 2013 this is a positive variance that will carry forward for the remainder of 2103. However, \$1,823 of this gain will be reserved for future use by the Classification Committee to further this program nationwide. Over the last two years this committee has generated a surplus that the Board agree would be available to the Committee for making sure that our inspection and classification program is able to meet the needs of our nationwide owners. The total funds to which the committee has a claim is \$2,693.</p> <p>Overall the net contributions from our AHR programs are running \$10,229 ahead of budget and \$7,495 ahead of last year. The positive variances are the result of hardwork and dedication of all the program committees. You did a great job in 2013, now we need you to repeat your 2013 performance and stretch a little more to deliver a better 2014. You all know there is no rest for the horse lover, but truly on behalf of the Board, thank you for a fantastic performance in a difficult year.</p> <p>While overall it looks like we should perform better than budgeted for the year and on par with 2012, but that does not get us out of the deep dark woods. No organization can go on losing money for ever and survive. The Board has made some difficult decisions on staffing and operations for 2014, but we 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, yours and mine, Haflinger registry.</p> <p>2014 draft budget being forwarded to the board for review before the January meeting.</p>
<p><b>5. Futurity – SIP</b></p>	<p>Robert Eicher – Chair  <i>Members presented for approval:</i> Paul Sutton, Mahlon Miller, Doug Sutherland, Steve Webel - Members approved.</p> <p>Reports on the financials and procedures for Futurity have been sent to the chair. Once the committee is approved, the reports will be forwarded to them. Committee meetings are planned in January to review the information and generate ideas that would help to rejuvenate our Futurity program. Recommendations from the committee are planned to be presented to the board at the February meeting.</p>
<p><b>6. Judges</b></p>	<p>Chuck Hendershot – Chair  <i>Members presented for approval:</i> Bill Hendershot, Jacque Woodward, Lisa Schott, Bill Jameson, Karen LaBell, and Ray Miller. Members approved.</p>
<p><b>7. National Show</b></p>	<p>Lou Sutton – Chair  <i>Members presented for approval:</i> Bill Jameson, Steve Verhoff, Carolyn Sutton,</p>

	<p>Rachael Cooper, and Brian Mitteer. Members approved.</p> <p>Paul reported that he and Lou will look at a new location after the first of the year.</p>
<b>8. Nominating</b>	<p>Paul Sutton – Chair  <i>Members presented for approval:</i> Betty Miller, Judy Winkler. – Members approved.</p> <p>Paul mentioned that he is actively looking for a member to fill the remaining Director position.</p>
<b>9. Pedigree</b>	<p>Ian Wengerd – Chair  <i>Members presented for approval:</i> Doug Hoskins, Theo Hug, Emily Gibson. Members approved.</p> <p>Cynthia Bates from Oklahoma has volunteered to help with updating some of our owner files. She has been sent information and is currently contacting these members and non-members and is also using it as a membership drive. We got one new member that does not yet own a Haflinger. We have found some of these files to be outdated with quite a few horses that are deceased. I am currently working on Maine and have also gotten a new member as a result.</p>
<b>10. Personnel/Office</b>	<p>Brian Mitteer – Chair  <i>Members presented for approval:</i> Board of Directors - Members approved</p>
<b>11. Points/Awards</b>	<p>Chelsea Nau – Chair  <i>Members presented for approval:</i> Brian Mitteer, Kathy O'Brien, Alicia Lucarelli. Members approved</p>
<b>12. Promotions/ Advertising/Regional Support</b>	<p>Dave Kraus – Chair  <i>Members presented for approval:</i> Mike Williams, Marlaina Abbott and Brian Vannarsdall. Members approved. This month we placed an ad in the Annual Ohio Amish Business Directory for \$225.</p>
<b>13. Publications</b>	<p>Susie Haszelbart – Chair  <i>Members presented for approval:</i> <i>Still looking for members.</i>  Susie looks forward to helping Ruth and finding committee members.</p>
<b>14. Sales</b>	<p>Dave Wilson – Chair  <i>Members presented for approval:</i> Phil Greenisen and Andrew Yoder. Members approved, but the board consensus is, that this committee needs to be expanded.</p>
<b>15. World Federation</b>	<p>Chuck Hendershot – Chair  <i>Members presented for approval:</i> Jennifer Rousseau, Kim Spann, and Donald Sommer. Members approved</p>
<b>I. V. New Business</b>	<p>There were a number of issues raised by members and submitted to the board for review. After discussion, responses were assigned to board or committee members for follow-up and response.</p> <p>Moved by Chuck Hendershot, and seconded by Ian Wengerd, and approved that the meeting be adjourned at 10:28 p.m. The next meeting date is Wednesday January 8, 2014.</p> <p>Respectfully submitted by Susie Haszelbart, Clerk to the Board</p>