

AHR Board of Director's Meeting September 2013

TOPICS	DISCUSSION														
	The September 18th, 2013, meeting was called to order by president, Brian Mitteer, at 8:05 p.m. (EST). Attending were: Andrew Yoder, Gary Leisure, Chuck Hendershot, Paul Sutton, Bill Jameson, Dave Kraus (absent with permission) and Ruth Schwab (office consultant).														
I. Old Business															
II. Office Update – Ruth Schwab	For the month of August 2013 we completed 8 foal registrations and 66 transfers. There are 178 stallions renewed for 2013. We currently have 876 members for 2013, 77 magazine subscribers and 36 Youth members. During August our Website homepage was viewed over 3,000 times. There were over 800 visits to the classified page, 600 to the member farms page and over 500 to the AHR Sale page.														
III. Committee Reports															
1. AHR Youth	Rachel Cooper and Dave Wilson - Co-Chairs Members: Carolyn Sutton, Aileen Ayers and Sue Casseday (office consultant) The youth committee is looking into ideas about what to do with the Rocky Mountain Haflinger Association's donation.														
2. By-Laws	Bill Jameson – Chair Members: Willie Lehman and Christopher Miller Nothing new to report.														
3. Classification	<p>Bill Hendershot – Chair Members: John Dunkel, Jennifer Rousseau, Kim Spann, Robert Eicher and Chuck Hendershot</p> <p>2013 CLASSIFICATION @ AHR NATIONALS First, many thanks to Ruth Schwab for handling all the entries, inquires, mailings and a completing the spectator catalog. Aileen Ayers for her assistance at the exhibitor table throughout the classification. A special thanks to the judges for donating their time for measuring and inspection. Last, but not least, thank you to the exhibitors who presented their fine animals for inspection.</p> <p>As I'm sure most of you know by now our small inspection of six to ten horses turned out to be twenty one. All measurements were completed Friday evening. After some negotiating with the AHR National Show committee, Driven dressage classes were re-scheduled to 7am, allowing the classification to start at 9:30 am Saturday morning. With the earlier start time, the classification was completed by 4:30 that afternoon. Thank you to all of the driven dressage whips and the National Show Committee for their support and cooperation in adjusting schedules to allow the inspection to start and be completed in the center outside ring.</p> <p>In effort to eliminate conflict of interest five judges were used to complete the classification of the twenty-one horses (9 Stallions and 12 Mares. The results are summarized below</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>Stallions</u></th> <th style="text-align: center;"><u>Mares</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1—72</td> <td style="text-align: center;">1—71</td> </tr> <tr> <td style="text-align: center;">1—73</td> <td style="text-align: center;">1—73</td> </tr> <tr> <td style="text-align: center;">3—75</td> <td style="text-align: center;">3—74</td> </tr> <tr> <td style="text-align: center;">1—76</td> <td style="text-align: center;">2—75</td> </tr> <tr> <td style="text-align: center;">2—78</td> <td style="text-align: center;">3—76</td> </tr> <tr> <td style="text-align: center;">1—81</td> <td style="text-align: center;">2—79</td> </tr> </tbody> </table> <p>Six of the Stallions classified silver and one classified gold. The average score for the stallions was 75.89. Seven mares classified silver with the average score for mares being 75.17. The overall average score for the inspection was 75.48</p> <p>LESSONS LEARNED</p> <p>One lesson learned from this inspection is that we should designate an inspection site each year and set a date for entries. If we do not receive the entries we can cancel the inspection. In 2013, we tried for many months to organize an inspection</p>	<u>Stallions</u>	<u>Mares</u>	1—72	1—71	1—73	1—73	3—75	3—74	1—76	2—75	2—78	3—76	1—81	2—79
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	<p>with no interest in being a coordinator and only 6-9 horses expressing an interest in committing to the process. A plan was hatched to meet the needs of these horses and the end game resulted in twenty-one horses being inspected. While it is good to have so many horses inspected, it created many disruptions and challenges that detracted from the inspection and the National Show. Setting the date and place and waiting for sufficient entries will allow the inspection to be held on a separate day and remove conflicts with other activities associated with a show.</p> <p>Additionally, this inspection pointed out several issues that need to be addressed to improve the classification process. If we do not address the issues and modify the procedures for inspection, the classification process will be boycotted by our major breeders, thus killing the process.</p>
<p>4. Finance</p>	<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 2013 budget and our 2012 year to-date results. Our loss for the first eight months of 2013 of \$13,286 is over \$5,000 better than our budgeted losses of \$18,371 and approximately \$2,000 better than the loss reported for the first eight months of 2012. However, our performance is primarily the result of a \$3,650 profit from the classification held at AHR Nationals and the \$1,700 contribution received by the Youth program from the dissolution of the Rocky Mountain Haflinger organization. Excluding these two windfalls, we would be under performing budget and our loss would be over \$3,000 greater than the same period of 2012. Summarized below is a detail analysis of our financial performance to date.</p> <p><u>August 2013 Financials</u></p> <p>Registry Operations and Membership Services incurred a loss of \$33,621 for the for the eight months ending August 31 compared to budgeted and prior year losses of \$34,178 and \$32,557, respectively. Registry revenues are \$3,635 below budget and \$10,400 below last year for the first eight months of the year. The revenue shortfall expanded over \$2,000 in August from July.</p> <p>Actual versus Budget</p> <p>The revenue shortfall compared to budget was driven by an 18% decline in membership revenues, reducing membership revenues by \$5,235 and a \$2,482 (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 \$976 (22.7%). However, these two areas of outperformance could not fully offset the losses in memberships and transfers. Last month I noted that 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 could expect the revenue shortfall compared to budget for membership operations to increase over the next five months. August proved this point, as shortfalls grew and surpluses narrowed. If this continues, we will see losses widen over the remainder of 2013.</p> <p>Expense management continues to be the primary reason that our results for the first eight months exceed our budget; through August 31st our expenses are \$7,692 (5.42%) below budget. The primary expense savings are in the employee costs area as wages and related costs are \$4,139 below the budget amounts of \$61,655. Additional savings have been recorded in advertising and breed promotion of \$1,858, utility expense \$631, 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. I predicted in last month's report that 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. Based on Augusts' results, this seems unlikely and we will probably have a bigger than expected loss compared to budget and prior year by year-end in registry operations.</p>

2013 compared to 2012

Revenues are down \$10,400 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 \$6,734 in membership revenues, we experienced revenue declines from last year in DNA Testing of \$1,045 (16%) and Transfer Fees of \$3,150 (13.7%). These declines have been partially offset by revenues exceeding 2012 for the first seven months in Office Processing Fees of \$946 (110%) and Stallion Licensing Fees of \$370 (7.54%). 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 \$9,337 below the first eight 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 \$1,863. 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 eight months ended August 31st AHR Programs have contributed \$20,335 to the AHR general fund.

Magazine Revenues for the magazine for the first eight months of 2013 are \$23,135 compared to a budget of \$25,660 and 2012 revenue of \$24,673. 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. Our staff has done a very good job of managing expenses. During the first eight months we have saved \$2,836 from budget and \$2,579 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 few months. The net profit from the magazine through August was \$7,619. The net profit and contribution to the general fund is ahead of budget and last year by \$311 and \$1,042, respectively. Hopefully, we hold these gains and expand this positive variance over the last four months.

National Show Although the National Show is completed, we will not have full results until the September closing to report on the overall results. However, based on the elimination of payouts and the wonderful sponsorship that the show received, we expect the show to contribute to the general fund 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

	<p>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 are 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.</p> <p>AHR Store The AHR store is generating revenue nearly on budget, recording a shortfall of \$223 for the first eight months and has increased sales over the same period last year by \$247. 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 \$325 below budget for 2013 and \$391 less than last year through August. We will experience margin erosion on the product until we complete the liquidation of the inventory or we update and add new products.</p> <p>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</p> <p>Classification Program 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 \$3,645 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.</p> <p>Overall the net contributions from our AHR programs are running \$4,527 ahead of budget and \$4,160 ahead of last year for the first eight months. The positive variances are both primarily the result of the Classification Program and the contribution received by the Youth Program. Without these two extraordinary events, we would have a \$873 shortfall from budget and \$1,305 shortfall compared to 2012.</p> <p>All of 2013 has been driven by prudent management of expenses and what appears 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 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 everyone of us can contribute by getting involved with committees and offering your support and ideas to build our (YOUR) Haflinger registry.</p>
<p>5. Futurity – SIP</p>	<p>Paul Sutton – Chair Members: Mahlon Miller, Bill Jameson and Ruth Schwab (office consultant)</p> <p>71 horses are enrolled in the 2013 Futurity Show which will be held at 8:00 am on</p>

	<p>Friday October 11th at the Ashland County Fairgrounds. Ray Miller will be the separate SIP Judge as we have done in the past. The cut off date between Senior and Junior horses will be: if they were born on or after April 1st, they will be a Junior.</p>
6. Judges	<p>Chuck Hendershot – Chair Members: Bill Hendershot, Jacque Woodward, Lisa Schott, Bill Jameson, Karen LaBell, and Ray Miller</p> <p>Judge's Corner We are working on the next article for the magazine.</p> <p>Judge Recruitment After two years of beating the bushes and begging people to apply to the judges' program to become a judge, this year I said the committee would focus on the Judge's Corner articles and begin working on USEF Affiliation. In the last 2 months, we have had expression of interest from 5 new judge candidates and have one application in process.</p> <p>As it now stands we will have 3 Learner judges in 2014. If we add a couple of those that expressed interest we will reinstitute the judges training program next year, to move these individuals through to carded judges.</p>
7. National Show	<p>Lou Sutton – Chair Members: Bill Jameson, Steve Verhoff, Carolyn Sutton, Rachael Cooper and Ruth Schwab (office consultant and show manager)</p> <p>Both the Pleasure and Draft portions of the AHR National Show were successfully completed. Thirty-one exhibiting farms with 84 Haflingers participated in the Pleasure show and 26 exhibiting farms from six states and Canada with over 100 Haflingers participated in the draft show. Show results are posted to the National Show page of the AHR website.</p> <p>The draft Halter Classes (all ages) included 14 stallions, 44 mares and 22 geldings. Youth classes (junior & senior totals): Decorating Contest 12, Showmanship 14, Cart 21, and Driving Team 15. Additional classes: Men's Cart 23, Ladies Cart 18, Mare Cart 19, Mare Team 10, Gelding Team 16, Unicorn 14, 4-Horse Hitch 15, 6-Horse Hitch 12. Registry expense -- 3 champion halter plaques, 1 best of breed, and a percentage of the cost of the ribbons shared with state fair. All first place class plaques were created and donated by Lou Sutton of Walnut Ridge Farm.</p> <p>At the AHR National Pleasure show farms received an Exhibitor Bag with Cowboy Magic products and Youth Exhibitors received goodie bags. Our thanks to Charmar Land & Cattle for the Cowboy Magic products and to the following that donated for the youth bags: Jim & Tracy Aust, Robert & Katina Wilson, Grison Farm, Woodward Performance Haflingers, Michelle Harper, Debbie Shoemaker North, Cindy Bunner, Deb Parker and AHR. Plans are to remain at the Franklin County Fairgrounds for the Pleasure show and at the Indiana State Fair for the draft show in 2014. The draft show will be held in the new Coliseum at the Indiana State Fair which will allow a better space for exhibitors and spectators.</p>
8. Nominating	<p>Paul Sutton – Chair Members: Betty Miller, Judy Winkler and Kim Spann</p> <p>Ballots were sent out to the East Central Region which is the only region with a candidate for the Board of Directors.</p>
9. Pedigree	<p>Brian Mitteer – Chair Members: Dave Kraus, Kim Spann and James Weaver</p> <p>Nothing new to report.</p>
10. Personnel/Office	<p>Brian Mitteer – Chair Members: Gary Leisure, Chuck Hendershot and Carolyn Sutton</p>

	<p>the committee wants to thank Ruth and Sue for all of the hard work on getting ready for the sale and National Show as well as the calendar in a short amount of time. A motion was made by Chuck Hendershot and seconded by Paul Sutton to enter into a two years lease for the existing office space at a negotiated rate of \$800 per month compared to our old rate of \$1250 per month which will save the Registry \$10,800 over the two year term.</p>
11. Points/Awards	<p>Dana Mitteer– Chair Members: Rachael Cooper, Steve Verhoff and Brian Mitteer</p> <p>The committee continues to explore ideas to enhance the program. There should be mention either in the catalog or during the sale that an enrolled horse can carry forward points.</p>
12. Promotions/Advertising/	<p>Dave Kraus – Chair Members: Mike Williams, Marlaina Abbott and Brian Vannarsdall</p> <p>No advertising was paid in August.</p>
13. Publications	<p>Gary Leisure – Chair Members: Emily Gibson, Paul Sutton, Kim Spann, and Ruth Schwab (office consultant)</p> <p>We are currently working on the next issue.</p>
14. Sales	<p>Dave Wilson – Chair Members: Phil Greenisen and Andrew Yoder</p> <p>There are 52 cataloged and 4 uncataloged horses consigned. The catalog is uploaded to the website and printed catalogs should be in the mail.</p>
15. World Federation	<p>Chuck Hendershot – Chair Members: Jennifer Rousseau and Kim Spann</p> <p style="text-align: center;">AMERICAN HAFLINGER REGISTRY HAFLINGER WORLD BREEDING and SPORT FEDERATION September 2013</p> <p>The World organization will hold it first general assembly meeting since it was formed in Ebbs, Austria on September 27th. AHR will be represented at the meeting by the World Committee Chair. The key topics on the agenda are the</p> <ul style="list-style-type: none"> • Financial Report of the organization • Promotional activities • Presentation of the new World Haflinger Website • Plans for the World Show in 2015 • Modification to Operating Regulations • Interaction with the World Haflinger Federation <p>More information will be presented at the annual meeting and to the Board after the meeting in Austria</p>
I. V. New Business	
	<p>Moved by Chuck Hendershot seconded by Bill Jameson and approved that the meeting be adjourned at 9:25 p.m. The next meeting date is the annual Director's Meeting sit down face to face, on October 14th & 15th at the Holiday Inn Akron West in Fairlawn, Ohio.</p>