

**National Reining Horse Association
Minutes of the Board of Directors &
General Membership Meeting
Renaissance Hotel & Convention Center
Oklahoma City, OK
February 1, 2008**

DRAFT

Pending Approval

Present: President, Dr. Kim Sloan; President Elect, Rick Weaver; Elected Board Members, Doug Carpenter, Kit Cospers, Frank Costantini Jr., Greg Hill, Dale Lopp and Colleen McQuay; and Appointed Board Members, Anne-Marie Burns, Rick Clark, Nick Cornelissens, Andre DeBellefeuille, Walter Fuchs, Helmut Gerstenberg, Lance Griffin, Terry Griffin, Ollie Griffith, Mike Hancock Anat Kirshner, Tom McCutcheon, Jim Morgan, DVM, Jeff Petska, Chris Potter, Rosanne Sternberg, Wim Van Gemert, Guy Vernon, Robb Walther, Monica Widh and Robert Welle.

Not Present: Vice President, Allen Mitchels; Immediate Past President, Mike Boyle; RHSF President, Bill Peel; and Appointed Board Members, Amanda Brumley, Susan Camfferman, Lee Foster, Eugenio Latorre, Jose Montalvo, Bryant Pace, Helmut Schulz, and Brian Welman.

Staff: Executive Director, Dan Wall; Chief Financial and Operations Officer, John Foy; Sr. Director of Publications, Carol Trimmer; Sr. Director of Alliance Programs, International Development and Equine Sales, Debbie Drinko; Director of Information Technology, Dennis York; Director of Member Services, Tobi Coleman; Executive Assistant, Katie Borum; Supervisor Futurity/Derby Entries, Susie Trimmer; Supervisor Show Department, Melanie Rinehart; Supervisor Judges Program, Michelle Wrigley;; Supervisor Youth Programs, Mandy Kennedy. Kathy Swan

Guests: Rick Swan, Sam Houston, Cash Bridges, Abigail Grabein, Meaghan Burns, Melanie Gailbraith, Ian Barnard, Pat Feurstein, Katie Tims, Tim McQuay, Lisa Cover, Judy Caton, Chris Lytle, Jerry Kimmel, Fauntly Garrido, Kim Lansidel, Steve Cavin, Emily Maxwell, Steve Plauche, Pat Mullins, Gerd Wilhelm, Ute Wilhelm, P. Scott Fisher, Bill Norwood, Joe Humphrey, Marcy Ver Meer, May Jane ?, Francois Zurcher, Anglelika Kuehne, Debra Sloan, Susan Costantini, M? Walter, Roxanne Peters, Duane Hicks, Patty Fingland, Bill Fingland, Ron Thompson, Stacey Thompson, Cody Sapergia, Dean Brown, Jack Covington, Courtney Barnett, Sharon Fletcher, John Fletcher, William Clark, Linda Kiser, Bob Kiser, Beth Himes, Michele Flarida, Kim Ferguson, Michael Martin, Doug McClelland, Susy Baeck, Francois Gauthier, Ann Barnard

CALL TO ORDER

President Sloan called the meeting to order at 8:15 a.m. and roll was called.

2008 PRESIDENT'S ADDRESS

President Sloan stated that the best way to describe the NRHA in 2008 is "One World, One Whoa". He said that his hope is to bring the NRHA back together, working as one cohesive unit, both domestically and internationally.

He presented a recap of 2007 highlighting our membership growth to over 15,000 members; a growth to over 700 approved shows; youth memberships up 14%; the largest election turnout in history; \$300,000 collected in Sire & Dam; the largest number of Derby entries and the addition of the World Reining Masters in Oklahoma City at the Futurity.

President Sloan also covered the process of the Organizational Review the NRHA conducted last year. After conducting a very thorough review, the task force presented their findings to the Board of Directors at the August 2007 meeting. At that point, a Short Term (Implementation) Task Force was appointed with the duty of implementing the findings and reports of the Organizational Review Panel. The Short Term (Implementation) Task Force produced a lattice frame work for the NRHA to make improvements. Their six high priorities were: 1) technology improvement, 2) a short and long term business plan, 3) a written code of conduct, 4) a hearing panel, 5) improved customer service, 6) board and committee member training.

President Sloan covered some of the changes beginning in 2008. With the new bylaw changes, the 2009 board will no longer hold a President Elect or Past President position. The timeline for bylaw and rule change submittals moved up earlier on the calendar as well as the annual membership meeting.

Some of President Sloan's priorities for 2008 are to grow the sport of reining worldwide, make an appearance at the FEI Reining World Championship and prepare for the World Equestrian Games in 2010. Another goal is to reduce the number of members not renewing annually. In order to stabilize the NRHA, he said he plans to continue to improve office technology. He also noted that we should strive to continue to keep up our judging program as the best in the equine world. President Sloan expects the Executive Board and Board of Directors to work as one cohesive unit and involve the membership as much as possible in the decision making process. This will result from an improvement in communication between the members and the board. Mostly, he expressed that it is the love of the sport and the love of horses that are the common denominators between each NRHA member and that is what should continue to drive the NRHA forward.

YOUTH OFFICERS

Supervisor of Youth Programs, Mandy Kennedy, presented the 2008 Youth Officer Team. President, Ian Barnard; Vice President, Cash Bridges; Treasurer, Abigail Grabein; Secretary, Meghan Burns; and Sentinel, Melanie Galbraith.

OKLAHOMA STATE FAIRGROUNDS PRESENTATION

Tim O'Toole and Bill Allen of the Oklahoma State Fairgrounds presented their new equine renovation project for the fairgrounds. Some of the completed projects were evident at the

Futurity, including the Superbarn, the Capital City Café, new round pens and 4,000 sq ft of show office space. Some of the coming year projects include the demolition of Barn 8 and rebuilding a new structure, new stalls, paint and ventilation in Barn 6 and the renovation of the Norick Coliseum. The Coliseum will be receiving a new roof, new lighting, new paint, scoreboards and other interior renovations. Once all construction is complete, the fairgrounds will boast 3,100 available stalls.

STATISTICAL YEAR IN REVIEW

Executive Director Dan Wall presented a power point presentation demonstrating growth in various areas throughout the organization. He reported a 77% increase in total members over the last 10 years. The biggest spike in growth was from 2001-2002 largely due to the European Affiliate Championships and the World Equestrian Games. Over the last 5 years, the US only membership increased by 4.6% and the Canadian membership has increased by 3.9%. In that same amount of time, the international membership (not including Canada) exploded with an increase of 150%. Also over the last 5 years, the youth membership increased by 53%.

In addition to members, NRHA approved shows have skyrocketed over the last ten years. Within the US, shows increased by 83%, Canadian shows increased by 188% and all other international shows increased by 869%. The number of shows totaled 575 in 2005, 660 in 2006 and 724 in 2007. The number of entries submitted over the last 10 years has increased 105%. More eye opening was the increase in entries keyed into the NRHA database. In 1975, a total of 178 entries had to be keyed in. That number grew to 19,598 in 2003 and then 48,912 in 2007. These figures clearly outlined the need for long overdue technology upgrades.

Other figures presented show an increase of \$4.1 million dollars in prize money over the last 5 years. Lawson bronzes awarded increased by 98% over the last 5 years, Morrisons awarded increased by 32% and Pewters awarded increased by 35%

AUDIT REPORT

Chief Financial Officer, John Foy, presented the Audit Report and stated the following: The Audit Report is available in the member's only section of the NRHA website, and any member is welcomed to view the report. John indicated his intention was not to review the report line by line due to its length, but wanted to explain the sections of the report and to provide a better understanding of the report so that it would make more sense to those who desire to read the report. John noted that the cover of the report reads "National Reining Horse Association and Related Entity". "Related entity" refers to the Reining Horse Sports Foundation, and the NRHA and RHSF is referred to as "The Group" within the Audit Report. The Audit report includes the Consolidated Financial Statements and Supplemental Schedules for June 30, 2007 and 2006. Generally accepted accounting principles require the presentation of consolidated statements. John noted that the Independent Auditor's Report is the only page of the Audit Report that belongs to the Auditor, and that the remaining pages of the report belong to management. Mr. Fred Van Wieren of Van Wieren and Jones, Inc., the company who performed the audit was present and briefly discussed the Independent Auditor's Report and announced that the report is what is known to many as a "clean report" and that he would be happy to discuss any questions in regards to the report.

John reviewed page 2 of the report, noting that this page details the Consolidated Statements of Financial Position, and that those in the private sector would know this statement as the Balance Sheet. On page 2 of the report, under the category “Net Assets”, John stated the “Unrestricted” funds of \$969,000 are mostly from the NRHA, while the “Temporarily Restricted” funds of \$446,475 belong totally to RHSF. Temporarily restricted funds are funds that are subject to donor imposed stipulations. John reviewed page 3 of the report, noting that this page details the Consolidated Statements of Activities, and that those in the private sector would know this statement as the Income Statement. John stated that for each line item on the Statement of Activities there is a footnote that explains that line item. John pointed out that the notes to the financial statements are just as important as the financial statements and it is very important to read all footnotes and that in his opinion the report is intended to be read in its entirety. John directed everyone to the line titled “Changes in Net Assets”, and that this line might be more familiar to them as net income, with net income on a consolidated basis for the year totaling almost \$258,000. John pointed out the relationship between change in net assets, net assets as of the beginning of the year, and net assets as of the ending of the year. John noted that net assets as of the end of the year from this statement ties to the Consolidated Statement of Financial Position.

John reviewed page 4 of the report, noting this page details the Consolidated Statements of Cash Flows, and those in the private sector would know this statement as the Sources and Uses of funds. John pointed out the line within this statement titled “Net increase in cash and cash equivalents”, and that cash increased by \$126,046 over prior year and that this statement details the calculation of this increase.

John then pointed out the several pages of notes to the financial statements and that the notes assisted in telling the story about the organization, and that the readers of the footnotes might be surprised by how much information they could learn from the organization by reading the footnotes.

John then pointed out the supplemental schedules on pages 13 and 14, and that these schedules provided a break out between NRHA and RHSF, for the Statement of Financial Position and the Statement of Activities.

John stated that concluded his presentation of the Audit Report and that both Fred and he were available to answer any questions in regards to the Audit Report.

FUTURITY/DERBY NOMINATION PROGRAM

After the successful Futurity/Derby Nomination Forum held the day before, Tom McCutcheon reported very positive reaction and feedback from members. He reported that the task force had also met with the Sire & Dam committee regarding any potential impact on their program.

SHORT TERM (IMPLEMENTATION) TASK FORCE

Short Term Task Force Chair, Lance Griffin, presented an overview of the goals assigned to the task force as well as their progress over the last several months. The goal of the committee was

to ensure that the immediate recommendations from the Organizational Review Panel carry forward and not lose momentum. The task force presented thirteen projects.

1. Define the Information Technology upgrade plan with a budget and schedule. (Request for Proposals have been sent out.)
2. Acquire a Human Resources Manager/Chief Operating Officer. Also, to establish job orientation and training for new employees.
3. Assess current changes and place non-crucial projects on hold.
4. Implement a structure for controlled access to the staff in order to most efficiently route and answer questions. This was deemed a priority item to be in place by March 30, 2008.
5. Create a new timeline for rule change submittals. (Done- the only time to submit will be prior to or at the Convention.)
6. Create a new timeline for bylaw change submittals. (Done- bylaw changes will be voted on at the August board meeting and must be submitted at least 120 days in advance.)
7. Develop a business plan model for 2008. (This has been developed and given the Dan Wall for implementation. This plan will allow for continuity from year to year because the board changes frequently.)
8. Repurpose the Management Committee to a President's Advisory Council. (Done)
9. Create a Governance Structure Chart. (Done)
10. Create a Code of Conduct to incorporate both a Confidentiality Agreement and a Conflict of Interest Agreement. (Done)
11. Establish and orientation and training program for Officers, Executive Board members, Board of Directors, Committee Chairs and Committee members.
12. Define the immediate needs of the International membership. (They are to maintain the International Affiliate Program and maintain the NRHA European Championships.)
13. Define the immediate needs of the US membership. (In progress)

There being no further items to discuss, the meeting as adjourned at 5:45 p.m.

Respectfully submitted by Katie Borum, Executive Assistant.