

**National Reining Horse Association
Minutes of the Finance/Audit Committee Meeting
Conference Call
April 10, 2020**

Present (all via conference call): Chairperson Mark Blake, John Tague, Rick Clark, Mike Hancock, Rob Curtis, and Tom McCutcheon

Not Present: NA

Staff: John Foy, C.F.O.; Chris Mossman, Sr. Director of Accounting; and Gary Carpenter, NRHA Commissioner.

- I. The meeting was called to order at 1:03 P.M. CDT.
- II. The purpose of this meeting was to discuss a plan for the possibility of the Futurity and Sales being postponed. We are not here to decide anything but can have a deep and meaningful discussion that can go from the FC to the EC and back.
- III. The meeting started with John's cash projection he sent to the committee. John presented and answered questions regarding the cash projection in the unlikely event we postpone the Futurity and Sales. This gave data based on assumptions for reduced Revenues and Expenses as well as payroll reductions.
- IV. John gave an update on the progress of the Paycheck Protection Plan loan. He has all of the paperwork submitted and our Chase representative has confirmed we are in the queue. WE have signed the loan agreement. It may take a week or 2 to receive the funds.
- V. Mark opened the floor up for discussion. What are we thinking about if we don't have or must postpone a Futurity, Derby, Sales, etc?
 - a. When looking at this, we must make sure the organization can survive the possibility. When reviewing the cost cuts, it would be worthwhile to understand the timing of when the cuts will affect us. We can survive the event without cutting additional expenses, but we could be in trouble if something negative happens. We need to come up with a cost cutting plan for the next couple of years and a revenue plan for the items we can control. This is assuming we can get all of the loans we can get.
 - b. His view is that this will stick around longer and we will be lucky to have the Futurity. He is more worried about the long-term implications of how we decide to address if we don't have the event. He is not suggesting we plan on it being cancelled, but we need to get a pretty good idea of what a replacement Futurity looks like. It would be disastrous to not have the sale or a Futurity for the current crop of 3-year-olds. There are proposals that he has mixed feelings about with changing the show schedule. He is more worried about not only how we solve the immediate cash problem and revenue shortfall, but the long-term damage to the overall revenue base if we don't figure out a way to address the loss of the premiere events by rolling them forward or something. The options are going to have a lot of financial implications to the association, so it will fall on this committee to find out the right answer to the financial position.
 - c. Logically, the event restriction would be the last to be removed until you get a vaccine. He would like us to develop a strategy to present to the State Fair that addresses the adjustments we will make to manage the event given the current restrictions. That is a worth-while exercise, but we may need a Plan C when they come back and say no. Discussion regarding restrictions and safety guidelines. If we get a quality proposal together, the fair wants to be open. We need to get that going as soon as possible.

- d. Some on the committee would rather see the Futurity cancelled than try to roll into something next year. We need to watch the Sale though and online auctions are a possibility. The NRHA brings something different and can make it work just by the confidence in the program. It is the same sale, just online.
 - e. If we can't have it in OKC, then what are the possibilities of having the Futurity at another more restriction friendly facility? Even if it is just holding the Futurity and not the Ancillaries. Discussion ensued.
 - f. We should pursue both options concurrently.
 - g. What would the loss of other revenue streams such as Stall and Trade Show do to the equation? JF will prepare something.
 - h. Would people be accepting of moving the Futurity to February if that is the only option? It is a lot to ask of the horse to have that short of a turn around from that show to the next show season. It would be a load on the 3-year-olds.
 - i. Since there are no live sports right now, what would be the opportunity for pay-per-view revenue if we go down the road of having this in February? GC discussed viewership at horse tracks still running. We must improve our ability to webcast and this might be the time.
 - j. There has never been a situation in history that so much money has been thrown at an issue. Hopefully we can come up with a treatment. This is not going away until then. We are 12-months away from a cure at the least. Fears of opening the economy too early.
- VI. When we make a decision on the Derby, we need to make the announcement in tandem with NRBC.
- VII. Meeting was adjourned at 1:52 P.M. CDT.

Respectfully submitted by Chris Mossman, Sr. Director of Accounting.