

**National Reining Horse Association
Minutes of the Finance/Audit Committee Meeting
Conference Call
April 1, 2020**

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

Not Present: Rob Curtis

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 11:08 A.M. CDT.
- II. The purpose of this meeting is to get an update on our cash position today. There are some opportunities for loans. This committee will discuss and take any recommendations to the EC for their discussion and potential approval.
- III. John was tasked with developing a projected cash balance at 6/30 with the focus being on any potential impairment of the nomination fund. John discussed this projection of an estimated quarterly cash loss, making no assumptions about the Derby. He gave a total projected deficit as of 6/30. John gave an update on the potential loan on our investments. Drawing on a loan from our investments, we could cover our nomination deficit. He is willing to discuss the other potential borrowings that could provide liquidity. John answered questions from the Committee. He discussed the Paycheck Protection Plan requirements and that it can turn into a grant at the end. This would bridge us for 2 ½ months and could offset our cash burn. At that point we will have more clarity and could do more forecasting to see what we could look like at the end of December. John answered questions from the committee.
- IV. The committee discussed drawing on the \$250,000 line of credit at 4%. John will discuss getting the rate lowered and amount increased.
- V. John discussed the Disaster Relief loan from the SBA. He got a response from the SBA. He can get \$10K for free even if declined, just for filling out the paperwork. He is nervous about our prior year consolidated loss. This was primarily due to the loss from the disposal of land on Foundation.
- VI. The committee would like to request permission from the EC for John to complete the application process for the Paycheck Protection Plan loan. Motion made by JT and 2nded by RC. Unanimous vote.
- VII. The committee would like to request permission from the EC for John to draw the \$250,000 Line of Credit. He will also try to find out if they are willing to increase the approved amount. Motion made by RC and 2nded by JT. Unanimous vote.
- VIII. John gave an update on the application of the Disaster Relief loan from the SBA. He received an email acknowledging the received the application. They asked for more information and they will award us an additional \$10K just for filling out the additional application. We are waiting for word back on how much they are willing to give us. John does not know when they will respond with a decision. The committee discussed possibilities of how we could use the funds if awarded to us.
- IX. In 2016, the EC approved getting a loan for \$900,000 for the IT project. Could we act on that approval? We should not rely on that approval but would go by the approval from the EC.
- X. Motion was made to authorize John to enter into any and all of the 3 available sources (PPP, Disaster Relief, and LOC) not to exceed \$1,000,000 in aggregate and would bring them to the Finance Committee for approval prior to execution. Motion by MH, and 2nded by JT. Vote was Unanimous.

- XI. Programs and Expense reductions. This would go more smoothly if we brought recommendations from the staff. Then the committee can discuss and add anything that was not included. We have gone through most line items and discussed what could it be, such as some of the obvious ones like travel. We have discussed reductions in both payroll and staff. The programs need the most work. Some can have some fine tuning and some need to be more extensive work. We are working on this and should have something Friday to talk to the EC with next week. The EC can take back something to the Finance Committee for a final direction.
- XII. The committee discussed options for the Derby. We could have it as is, cancel it, postpone to October, or postpone to sometime next year. We will know more in 30 days though. People are taking this a lot more seriously now and it's a lot easier for us to do the right thing without a lot of pushback.
- XIII. Meeting was adjourned at 12:05 P.M. CDT.

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