

**National Reining Horse Association  
Minutes of the Finance/Audit Committee Meeting  
Conference Call  
January 27, 2020**

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

**Not Present: NA**

**Staff: John Foy, C.F.O.; Chris Mossman, Sr. Director of Accounting; Sammi Miller, Sr. Director of Corporate Relations and Communications; and Gary Carpenter, NRHA Commissioner.**

- I. The meeting was called to order at 5:03 P.M. CST.
- II. September 16, 2019 Finance Committee Minutes – Motion, 2<sup>nd</sup>, and Unanimously passed.
- III. Reiner Update – John Foy gave an update on the progress of the Reiner and some suggestions on increasing profitability. Over the last few months, we have assembled a team to bring the publication back in house. Sammi is overseeing this from a management perspective tracking performance and getting information from staff for more than a monthly review. We have a new quarterly budget that, over an annual cycle, gradually builds us back to the previous profitability levels. We have compiled our first set of KPIs to accompany our new budget.
  - a. Suggestions:
    - i. Some suggested additional KPIs – Price per add on average, number of ads that gets us to revenue, and distribution of revenues per customer for concentration,
    - ii. We are basically looking at everything through a historical perspective. For a forward-looking perspective, we need a sales pipeline set of metrics around prospects, where they are in the pipeline, who is assigned to them, etc.
    - iii. Who have we lost/gained in the last 3 years.
    - iv. We should utilize our representatives on the ground on decisions regarding advertising partnerships. They can make some calls and try to drive some revenue.
      1. John Foy suggested he put a list together of lost and recently gained advertisers to help with where they can start.
    - v. We need to add more compelling content, such as Run for a Million content. What proprietary content do we have on RFAM.
  - b. Gary met with Jen Paulson.
    - i. We have begun a podcast and looking into a Reiner App.
    - ii. Search Engine Optimization will be implemented in the next couple of weeks. Will help with our digital products and developing opportunities.
- IV. June 30, 2019 Audit Report - John presented the FY2019 Audit Report. It has been completed with a clean audit report. We have completed our fiduciary responsibilities to the board and membership. It is on the website currently.
- V. Auditor’s Letter – It is to the Finance and Audit Committee. It is intended to communicate any issues arising during the audit. It lets us know there were no issues with the audit and audit team.
- VI. September 30, 2019 Financial Statements – John presented the financial statements and answered questions. These are for the 1<sup>st</sup> quarter of the fiscal year, so not much activity to report.
- VII. December 31, 2019 Key Economic Indicators – Chris presented the KEIs for the end of the calendar year 2019.

- a. Add rows for new and lost memberships for General and Youth Memberships.
  - b. What is the tenure of the membership base? In a prior survey, we lose and gain about the same number. The churn is higher than we think, around 30%. Tenure of each member is about 5 years. There is value in breaking the membership apart. What are we gaining and what are we losing? What gives them value, so we can decide what gets and keeps them. We need to control the dialogue with a competing set of facts to discuss issues with the membership. We do have some information from our phone surveys a couple of years ago. It would be interesting to parse that and come up with some common themes. Soon, we will be able to write some customized reports to give us some data. We will get some information together prior to our next meeting.
- VIII. 2019 Futurity and Sales Financial Statements – John presented and answered questions on the financials for the 2019 Futurity and Sales. How many 3-year-olds show throughout the industry compared to the number that show at the Futurity to find out if breeding is actually down or if it is just entries that are down?
- IX. Mark would like to meet with anyone that is available during the Winter Meetings.
- X. Meeting was adjourned at 6:02 P.M. CST.

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