



## Board of Directors Minutes

February 21, 2017, 1:30PM EDT via Teleconference

### A. Welcome & Call to Order - Sally Lawing, President

i. In attendance: Sally Lawing, President, Dr. Rosanne Palermo, Vice President, Jack Vanderkooy, Secretary, Tim Sherman, Treasurer, Barb Renico, Director, Amy Austin, Director, Gerben Steenbeek, Director, Jason Tice, Executive Director, Invited guests: Jennifer McClelland, New Elected Director, Eric Smith, New Elected Director

ii. Identify Conflicts of Interest: No conflicts of interest were identified.

### B. Secretary's Report - Jack Vanderkooy, Secretary

i. Mr. Vanderkooy presented the minutes dated Jan. 24, 2017. Mr. Steenbeek inquired about the term limits for Member Council positions. The KFPS follows a 4-year term but FHANA follows a 3-year term. Mr. Tice reported that this is what FHANA has traditionally followed in the past. It was determined that FHANA will continue with 3 year terms. Ms. Lawing asked for clarification under the motion under Review items ii Hydrocephalus & Dwarfism that we add "**on already registered horses**" to the motion. The board agreed to this change in the motion. Dr. Palermo requested that information be included in the minutes regarding the fee increases that FHANA continues to see from the KFPS to help explain why FHANA had to increase their fees. The board agreed with this suggestion. Motion seconded by Mr. Steenbeek to accept the minutes as changed. Motion approved unanimously.

### C. Treasurer's Report-Tim Sherman, Treasurer

i. Approval of the 2016 Year End Financials and report for the AGM

Mr. Sherman presented the end of the year financials for 2016 along with the notes that will be included in the AGM program.

Total Revenue: \$629,939.00

Total Expense: \$704,763.00

Net Income: \$(74,824.00)

**Motion made by Mr. Vanderkooy to accept the 2016 financial report.**

**Motion seconded by Dr. Palermo. Motion approved unanimously.**

ii. Approval of the January 2017 Financials

Balance Sheet

Total Assets: \$344,376.56

Total Equity: \$343,501.83

Total Liabilities & Equity: \$344,376.56

Profit & Loss-January 2017



Total Income: \$62,668.24  
Total Expense: \$23,791.70  
Net Income: \$38,876.54

**Motion made by Dr. Palermo to accept the January 2017 Financial report.  
Motion seconded by Mr. Vanderkooy. Motion approved unanimously.**

iii. Approval of the 2016 990T-Mr. Tice was asked to resend the 2016 990T for review.

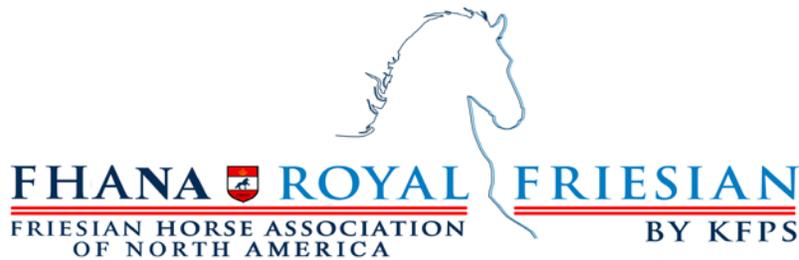
## **D. Executive Director's Report - Jason**

Mr. Tice reported that we have one DNA issue for a horse that the dam has passed away. Mr. Tice tried to run the DNA on the deceased dam, but the sample was corrupted and we were not able to complete. We have verified the parentage from the grand sire. Mr. Tice has explained to the owner that if they are to geld the horse, then FHANA can complete the registration. If they wish to keep him a stallion, then FHANA will not be able to complete the registration. Mr. Tice reported there have been some glitches with the membership renewal process. This is due to the issue we have with the membership number with the KFPS which resulted in our credit with them. Mr. Tice is working through this issue with Equis and they are hopeful they will have it resolved for us soon. This was something that could not have been prevented with future testing because we did not know of the issue until after we received our Q4 invoice from the KFPS. The KFPS and Mr. Tice have worked through this so it doesn't happen in the future which is why we have the issue with the renewals now.

## **E. Committee Reports**

i. AGM Committee (Tim) Mr. Sherman presented the AGM Committee minutes dated 1.26.17. Mr. Tice reported that we have 111 individuals signed up now 71 have paid the registration fee, 6 have paid the Dinner fee only, along with 10 coming from sponsorships. There are currently 2 sponsors at \$2,500 and 1 at \$500 along with some booth tables reserved. Mr. Sherman thanked the committee and staff for all the efforts in putting the event together.

b. Retreat Agenda/Board Agenda-Mr. Tice requested items for the upcoming Board meeting and Retreat that will take place during the AGM. The board members agreed to send items to Mr. Tice. Mr. Vanderkooy suggested that we discuss the FHANA Strategic Plan during the retreat.



ii. Chapter Committee (Barb) Ms. Renico presented the minutes of the Chapter Committee dated Jan. 19th, 2017 and Feb. 13, 2017. Mr. Vanderkooy inquired how many chapters submitted for the Chapter of the Year. Ms. Renico reported that 4 chapters submitted their forms for the Chapter of the Year. In the future, the committee would like to offer a "Runner-Up" to allow for more chapters an additional option. Ms. Renico also plans to recognize all the chapters that submitted. Mr. Vanderkooy asked about the Member Roster and the List of Events. Ms. Renico reported that each chapter is currently submitting a list of members in their area. This helps FHANA to determine if there are members who belong to a chapter that aren't currently members of FHANA in hopes they may join FHANA. The list of events is just a discussion topic and has not yet been finalized for presentation to the FHANA Board.

a. Ms. Renico presented the chapter application for the Lone Star Friesian Club-After a brief discussion, it was determined that this application be tabled until further notice.

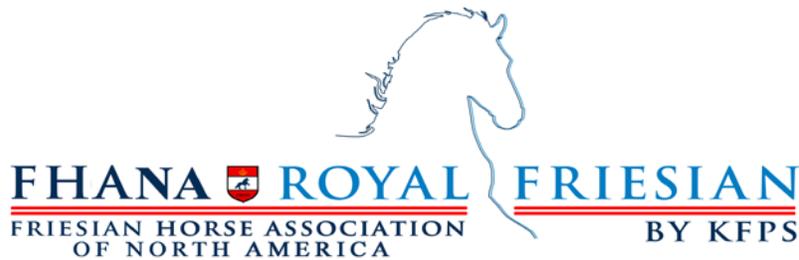
iii. Education Committee (Rosanne) Dr. Palermo presented the minutes dated 2.2.17 Dr. Palermo reported that discussion is ongoing regarding this topic and once the schedule is set, she will report to the board.

iv. Inspection Committee (Jack) Mr. Vanderkooy presented the minutes dated 2.1.17 Mr. Vanderkooy brought 2 items to the attention of the board for discussion.

a. The first item for discussion was the new KFPS policy to bring 1 and 2 year stallions to the inspections for 2017. It was determined that since the KFPS was implementing this, that FHANA should follow suit. The upside to this is it could increase our inspection numbers and may help members get some advice on their stallions which may lead them to determining if they wish to geld the horse or not.

**The board has decided to adopt this policy.**

b. The second item for discussion was the Chapter Inspection Fees. The committee discussed the topic of some Keurings, which are organized and managed by a FHANA Chapter, charging non-Chapter members an additional fee to participate in the Keuring. The committee found no fault with this practice. Ms. Austin reported that she is not in favor of these additional fees being charged just because you are not a member of a chapter. These are FHANA events and the Chapters should not be able to charge additional fees outside of fees to cover the expenses of the facility. Ms. Austin suggested that there are other options for the chapters to help raise money for their chapters. Ms. Lawing suggested that discounts could be given to Chapter members not to exceed the membership fee for those who are members of the chapters. Mr. Vanderkooy suggested that the committee investigate this more and report back to the Board.

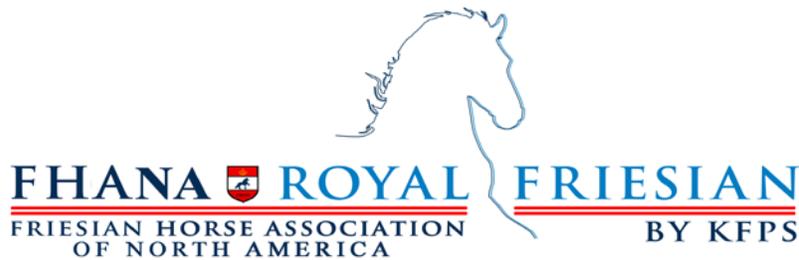


c. Mr. Vanderkooy addressed an issue with an inspection site in Nevada and the dates of their inspection. The facility that this inspection normally attends is not available. The Site host has requested that they be allowed to have the inspection at their Private Farm. Mr. Vanderkooy added that several of the 2016 participants were contacted and Mr. Tice was able to get in touch with 2 of the participants and they were in favor of having the inspection at this facility. Mr. Vanderkooy recommended that a stipulation be put in place that if we allow this, that the Site host is not allowed to make a profit from the inspection. **Motion moved by Jack Vanderkooy that FHANA agree to the request of the Nevada Site Host to have the 2017 Inspection to take place at Maddi's Friesian Ranch.** After a brief discussion from the board, it was determined that each board member was in favor of this action for 2017. Mr. Steenbeek inquired if we are opening this up to all sites, or just this one? Mr. Vanderkooy responded that this will be determined on a case by case basis. FHANA should encourage to promote public facilities for the inspections, but would take this request on a case by case basis. Ms. Lawing asked that this be clear that the site host will not charge for the stalls unless temporary stalls are needed and the site does not make a profit from the inspection. Dr. Palermo requested that for a privately owned (by a FHANA member who has entered their own horse(s) into the Keuring), facility to be used, it will first require board approval. The board agreed to following this policy for the future. Mr. Tice asked the board to consider the precedence that this was setting. There are other facilities that this site host could utilize. **Motion seconded by Ms. Austin. Motion approved unanimously.**

d. Mr. Vanderkooy inquired about the ABFP testing for 2017. Mr. Vanderkooy reported that the trainer is prepared to complete a testing in the Summer in Michigan and again in California in the Fall. The two stallions to be tested are Bene 475 and Date 476. It was determined that the ABFP committee will be making some recommendations shortly.

v. Rules & Regulations Committee (Rosanne) Dr. Palermo Presentation of section 2 and section 3 of the Rules and Regulation changes. Mr. Tice suggested that these items be tabled until the next meeting due to the time constraints. Ms. Steenbeek reported that there are several items that are incorrect in regards to the Breeding, Confirmation, and Characteristics that need to be addressed. Ms. Lawing suggested that the committee review the KFPS rules and compare everything. Dr. Palermo agreed to review this and report back for the next meeting.

## F. Review Items



i. Hydrocephalus & Dwarfism testing (Jason)- Mr. Tice reported the University of Kentucky (UK) has reported that they have received a 100% concordant on their testing of Hydrocephalus. They are now working on their Dwarfism testing in hopes they will get the same results. Once this is confirmed, FHANA will proceed with sending the samples to UK. The office is being prepared to start entering the results of the samples for the membership. The forms are ready to be sent once the foal registrations start coming in.

## G. Discussion Items

i. 2017 Central Mare Show (Sally) Ms. Lawing reported that she would like to stay on this committee as the chairmen assuming the new FHANA president agrees to this. IFSHA has approved of arranging their show schedule to allow for FHANA to conduct their mare show on Friday evening starting at 7PM and FHANA would complete the show that evening. This arrangement is contingent on the \$2500 show sponsorship that IFSHA received in 2016. Ms. Lawing would like to further discuss this at the next meeting to see how we can open this show up to allow for additional horse eligibility.

ii. FHANA 35th Anniversary (Jack) Mr. Vanderkooy reported on his findings for the 35th Anniversary plan. Mr. Vanderkooy reported that he has spoken to several members in the Netherlands regarding the option of bringing over The Quadrille (8 buggies and 8 trained drivers, horses to be supplied by FHANA members in western Canada) to be a part of the Calgary Stampede and the 35th Anniversary Celebration. Mr. Vanderkooy had a discussion with the chapter members of the Alberta Friesian Horse Association and they are on board with hosting the 35th Anniversary Celebration in Ponoka, AB which is in Central Alberta. Mr. Vanderkooy reported that he feels these plans can come together, he thought the expenses associated with bringing the Quadrille over from the Netherlands would be approximately \$50,000 which would hopefully be mostly absorbed by the Calgary Stampede since. Ms. Austin suggested that this item be tabled until the following meeting so we can discuss the costs associated.

iii. 2018 FHANA AGM-Mr. Vanderkooy discussed the option of holding the 2018 FHANA AGM in Michigan. Mr. Vanderkooy suggested that it is important to announce the next location at the completion of the 2017 meeting. Ms. Austin and Ms. Renico requested that this item be tabled until our next meeting. **Motion made by Mr. Vanderkooy to allow the Michigan Friesian Horse Club to host the 2018 FHANA AGM.** Motion seconded by Mr. Sherman. Yes-Mr. Vanderkooy, Mr. Steenbeek, Dr. Palermo, Mr. Sherman, and Ms. Lawing. Opposed-Ms. Renico, and Ms. Austin. Ms. Lawing requested that specifics of the location be reported at the next meeting.

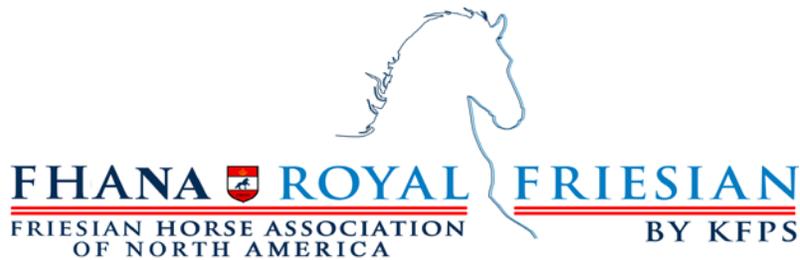


## **H. Board Round Table Discussion**

### **I. Good of the Order**

- i. Next Meeting March 2, 2017 at 1:30PM EST
- ii. Future Meeting March 21, 2017 at 1:30PM EST

### **J. Adjourn**



- Note 1 Membership Dues-FHANA fell short of our membership dues by \$14,000 in 2016. Our total membership for 2016 was 1668 which was a 12% decline from 2015. FHANA did see 72 people take advantage of the membership referral program. FHANA did sign up 301 new members in 2015.
- Note 2 FHANA saw an increase of 6% in Foal Registrations which resulted in a 15% increase in our income for 2016. With this continued trend and an increase of 12% in breeding's in 2016 we have proceeded to increase our budgeted registration revenue based on our registration forecasts.
- Note 3 Inspection entries have leveled off over the past 2 years with 641 entries in 2016. For 2017, FHANA has had to raise the inspection fees for all categories to \$135 per entry. We are optimistic that by offering 3 circuits we will be able to have inspections at more locations and make sure we are servicing the membership by giving them the opportunity to have their horses inspected at a closer facility which will result in increased inspection numbers.
- Note 4 ABFP Inspection-By offering 2 ABFP tests in 2016 FHANA obviously exceeded our budget for 2016. In 2016 there were 38 total offspring tested in between the Spring and the Fall for both Tonjes 459 and Wybren 464. With this note, there is also an expense item which is note 17. It should also be noted that \$12,750 of income for the Spring 2016 event was accepted at the end of 2015. In 2016, FHANA also implemented the \$50 ABFP fee which is applied to all foal registration and went into effect May 1, 2016 which resulted in \$14,600. FHANA collected this fee on 292 registrations while we had 408 foals registered in 2016 which resulted in \$5,800 in missed opportunity for additional income.
- Note 5 Central Mare Show-This was the first year FHANA conducted the Central Mare Show. In 2016, there were 13 mares who entered this event. The remainder of the income for this event came from 3 generous sponsors totaling \$7,500.
- Note 6 Annual General Meeting in Texas resulted in \$18,990 of income from attendees and the Stallion and Silent Auction events.
- Note 7 Merchandise-FHANA receives 10% of all sales that take place with the FHANA Marketplace. In 2016, the Marketplace saw a decrease in sales of 39% from 2015.
- Note 8 Advertising in the Friesian magazine has decreased 35% form 2015 and we missed our budget by \$4,500. For 2017, FHANA has budgeted very conservatively.
- Note 9 FHANA collected sponsorship money from both Kensington Protective Products and Schleese Saddles. Unfortunately, both companies have decided to go in a different direction with their marketing dollars. FHANA does not currently have any sponsorships lined up, therefore no dollars are being budgeted for 2017.
- Note 10 FHANA currently has a CD totaling \$76,055 and an investment with William Blair totaling \$164,996 that we receive interest.
- Note 11 in 2016 FHANA shared our office space with the KWPN-NA which resulted in \$16,717 that was applied towards our rental space. The KWPN-NA has relocated for 2017 and FHANA is currently considering other tenants or possibly relocating either on or off the Kentucky Horse Park.



- Note 12 Cost Share Reimbursement-In 2016 FHANA and the KWPN-NA shared the Executive Director services for a portion of the year. This income is a direct result of the agreement that was in place and has a direct impact on Note 20 Labor/Payroll Taxes.
- Note 13 FHANA currently accepts Visa/MasterCard/Discover as a payment option. By accepting these Credit Cards, FHANA pays 3.1% on all Credit Card Transactions. FHANA also started accepting PayPal which also has a fee ranging from 2.7-3.1% depending on the transaction.
- Note 14 KFPS fees are significantly higher than in years past. In 2016 FHANA moved to the KFPS database for all our membership records. While moving to this new system, there have been some discrepancies between FHANA and the KFPS. In 2016 the KFPS over billed FHANA for 648 members as well as 46 new/returning members. This resulted in the KFPS over billing FHANA €24,721 or \$24,511.13. This overpayment has been credited back to FHANA. FHANA and the KFPS have worked together to resolve this issue for the future.
- Note 15 The Friesian Magazine which includes the postage, the editor, the printing, and any additional design work stayed on budget for 2016. With advertising revenue continuing to decline, we are seeing this benefit costing FHANA more money in the future. In 2016 the magazine cost the membership \$37,309.
- Note 16 in 2016 the KFPS requested that FHANA implement 3 judging circuits. This was looked on favourably by the membership so FHANA will continue with this in 2017. With the addition of a third circuit, this has increased the judges travel expenses.
- Note 17 ABFP testing-This is the expense side of the ABFP testing which was mentioned in note 4. The expenses for this line are significantly higher than budgeted due to the second testing taking place in 2016.  
 \$68,440-(2016 Income)  
-\$102,224-(2016 Expense)  
 \$(33,784) in 2016  
 +\$12,750-(2015 collected income for Spring testing)  
+\$5,800- (Missed opportunity)  
 \$(15,234) loss for the year.  
 FHANA has collect \$16,091 in previous years from AGM stallion breeding auctions that was used to offset this loss for 2016. This money will be recouped in the future with years that we do not have stallions to be tested.
- Note 18 Central Mare Show in 2016 had a slight profit of \$661 that will be applied towards the 2017 event. This event did not cost the membership any money.
- Note 19 There was additional support work needed for implementing the website. This additional support is not a capital expense and cannot be depreciated like the actual website. Minor additional work is being budgeted for 2017.
- Note 20 This line item is higher than budgeted due to the cost sharing line with the KWPN-NA. Please see note 12. In 2016 FHANA did have a little turnover so Part-Time help was used which resulted in this line being over budget \$8,000 for the year. With the addition of Sarah Seitz as a Full-Time employee, we did budget higher for 2017 for appropriate wage increases. We also felt it was better to pay a little more than continue to experience the turnover we have felt for the past 2 years.



Note 21 Our lease is higher than budget due to the bigger office space that was required for the addition of the KWPN-NA. This expense was offset by rental income that was collected totaling \$16,717. FHANA is currently considering options with our lease agreement. We have received a break from the United States Pony Club for \$4000 while we look to replace the KWPN-NA or move to another space either on or off the Kentucky Horse Park.

Note 22 Depreciation: The following items are being depreciated in 2016

\$233	2 Desks
\$97	Computer monitor
\$343	FHANA server
\$446	Computer
\$483	Phone Server
\$11,092	Website Design 2015
\$8,133	Website Design 2016

Note 23 From the Treasurer

Even though it is truly disconcerting to the Board that we have an actual 2016 deficit of \$74,824, it is important to note how this came about.

deficit	- (\$74,824)
KFPS overbilling	- <u>\$25,511.13</u>
amended deficit	- (\$49,312.87)
2016 ABFP shortfall	- <u>\$33,784</u>
further amended deficit	- (\$15,528.87)

Therefore; from my perspective, the real deficit is \$15,528.87. When considering that there was a \$21,469 charge for depreciation, which is a non-cash item, our bottom line is acceptable.

I also wish to point out that I believe the ABFP finances (e.g. costs versus income) is actuarially sound over the long term. It just so happened that in 2016 FHANA managed four ABFP programs in one year (total of 38 offspring), bumping up our costs accordingly. One third of the income comes in from the ABFP fee attached to foal registrations, which is a recurring income year after year regardless of the number of offspring tested each year.