

DIRECTOR'S REPORT
A.H.A. BOARD OF DIRECTOR'S MEETING
MARCH 7TH & 8TH, 2008 – DENVER CO

I am sure many of you are concerned by the plethora of rumors and innuendos that are circulating about our organization. Unfortunately, some are true – especially those concerning our poor financial performance for A.H.A. fiscal year 2008 that ends March 31, 2008. President Myron Krause sent an email correspondence yesterday addressing these issues (if you did not receive it, let me know and I will forward it to you). I will be happy to answer your questions at the meeting on Sunday to the best of my ability.

While I am concerned with the issues facing the Arabian Horse Association, I am even more concerned by the grim outlook for the entire equine industry which includes major declines in all major breed registration numbers, ever increasing costs to own horses, loss of land for recreational use, pasture and production of hay, escalating fuel costs, the increasing problems of unwanted and neglected horses and an overall reduction in the real or perceived value of a registered animal.

When I started my term 3-1/2 years ago, I was optimistic about the new direction our association could pursue as a result of the merger creating substantial funds for promotion of our great breeds and our transition from two separate entities - I.A.H.A. – that was primarily a horse show organization and the A.H.R. that was primarily a registration entity - to our rebirth as one strong total breed organization that could move forward and be a positive influence in the lives of all people who love the Arabian horse, regardless of where their interest lies.

Unfortunately, it is my opinion that we are our own worse enemy. We need to somehow lose the “us and them” mentality that permeates our breed – it is not just “I.A.H.A. vs. P.A.T.” – it is “Show vs. Endurance”, it is “Halter vs. Performance”, it is “Professionals vs. Amateurs”, it is “Breeders vs. Show People” and it is “Delegates vs. Board of Directors” – the list goes on and on.

Van Jacobsen said it best when he was running for president- “United for the Arabian Horse”. It is not too late to change. It starts with each of us. WE are A.H.A., there should not be a “they”! We are at a critical juncture in our organization. Seriously, this may be our last opportunity to work together to find real solutions to the myriad of issues we face.

REGISTRATIONS

- In 2007, 6,520 Arabian and 2,948 Half-Arabian and Anglo-Arabian registrations were completed.
- Purebred and Half-Arabian/Anglo-Arabian registrations completed were down 7% and 11% respectively from 2006.

STALLION REPORTS

- Received stallion reports for 2,048 stallions, and they are still coming in
- 7,744 purebred mares reported
- Effective tool for forecasting 2008 registrations and for soliciting registration

MEMBERSHIP

- As of YTD, we have 36,676 members and are tracking .08% ahead of last year.
- New membership card has been positively received.
- Lifetime Membership special with discounted fee of \$650 has resulted in 244 new members and expires 3/31/08.

OUTREACH AND ALLIANCE ACTIVITY

- Focus for 2008 will be with the Pinto Horse Association, National Reining Horse Association, and AERC.
- A.H.A. will be submitting our 2009 funding proposal and plan to increase the exposure of American Arabians internationally. The United States Livestock Genetics Export (USLGE) organization coordinates and assists in obtaining government funding to support the generic promotion of U.S. livestock internationally.
- Arabians were included on the “How to Buy a Horse in the United States” promotional video produced by USLGE. It was produced in English, German, French, Russian and Italian for distribution throughout Europe.

REGISTRATION COMMISSION

- In 2008, the Registration Commission will meet in Las Vegas at the World Breeders Cup in April and at **Cedar Ridge Arabians in September**.

INFORMATION TECHNOLOGY - REGISTRATION MODULE

- The majority of IT effort has been dedicated to the Registration system re-engineering project.
- 6 of 12 application subsets have been delivered and are in testing.
- Completed load process to migrate 270,000 “un-linked” customer accounts from IBM into the Oracle environment.
- Current Delivery optimistically expected in 2Q 08. There are still some significant milestones to accomplish which are behind plan. Reminder of reasons for delays to date as reported in the November Board of Director’s meeting:
 - Project Management weakness
 - Turnover of contracted staff resources (onshore and offshore)
 - Scope of initial work effort underestimated
 - Insufficient availability of AHA staff resources

MARKETING

Corporate Partners:

- Market Insurance – will be denoted as “The official sponsor of the Arabian Community Show Program”
- Financial Agreement = \$75,000, three years @ \$25K/yr
- Cardinale Way
 - New URL www.AHAAutoMall.com to see a representation of the many brands available
 - Financial – in addition to the \$25,000/yr already committed, AHA will receive \$150 per vehicle sold **and** the member’s Region and local club will receive \$50 per vehicle sold
 - Note and to anticipate questions: possession of vehicles will be taken by members from their nearest US dealer depending on brand acquired, all warranties and service agreements will be honored locally
- Bank of America – Great Program – use in possibly attracting new members to your club

BROADCAST TV ADVERTISING

- URL placed within A.H.A.’s new breed awareness commercial (The Perfect Horse for Every Adventure) has delivered more than 1,200 unique visitors to www.arabianhorses.org/TV and was seen by an estimated 47 million RFD-TV subscribers

MODERN ARABIAN HORSE

- Year over year advertising growth: nearly 22%
- Gross revenue projected to be \$744K +1/-1% for FY 2008 ending 3/31/08
- Named equine publication of the year and received highest honors for overall excellence by USEF; a few previous winners of this award were NBC News and Animal Planet

SHOWS AND EVENTS

- The final figures for the 2007 show season are:
 - 504 recognized shows/rides, 21% increase from 2006 (increase in rides)
 - 48,241 horses, .5% decrease from 2006
 - 159,242 entries, 1% decrease from 2006

USDF ALL BREED

- 2007 was the first year for the awarding of Junior Young Rider, Adult Amateur and Vintage Cup. All of those categories had a Grand Prix rider qualifying. With those additional awards plus the previous Open award levels, a total of 151 USDF All-Breed awards were issued, in 2006, 68 USDF All-Breed Awards were issued.

FUTURITIES

- For 2008 foaling year, we have had 2,940 nominations for U.S. and 2,094 for Canada for a total of 5,034.

RACING

- In 2007, the number of unique starters total 566, owners 296. Compared with unique starters of 601 and owners of 306 in 2006.
- Average Handle thru 1/31/08 \$109,480 Total Handle \$2,189,608 (Los Alamitos & Texas)
- Number of starts thru 1/31/08 total 159 - average per race 8

SWEEPSTAKES

- 4,394 Breeding Entries have been received YTD versus 4,289 in 2007.
- A total of \$2,249,094.28 is available for payout. As of now \$1,995,000 has been paid in Sweepstakes Prize money for 2007.
- The top winning Arabian was MISTER MASERATI (a reiner) with \$9,979.17 and the top winning Half-Arabian was CHANCE TO JAM (a hunter) with \$9,933.93.

ON THE BRIGHTER SIDE....

2008 SPRING EXHIBITOR/JUDGES SCHOOL

The spring Exhibitor/Judges School will be held April 11-13, 2008 in East Lansing, Michigan at the Michigan State University campus. We are currently working with the university to have all activities held on campus including all classroom lessons and demonstrations. The Michigan State program maintains the third oldest Arabian herd in the United States. The program at MSU is 100 years old and the Arabian Breeding and Teaching program celebrated its 50th Anniversary in October 2007. It will be an outstanding venue for our school and a tribute to the Michigan State program.

A site visit has been completed for the upcoming MSU Judges/Exhibitor School. A hotel has been located and areas at the campus to be used have been decided on. The school will run along with MSU's Spring Horse Show. MSU will provide a free day of education to our participants if they are interested. It would include such things as a tour of the horse teaching facility and the Mary Ann McPhail Center. We are expecting a large number of attendees.

THE 5-90 TASK FORCE

A presentation was made by Cindy Clinton. It appears this committee, chaired by Region 10's Peter Conway, did an outstanding job (Van Jacobsen served on the committee, as well) of conceptualizing and recommending possible changes. The A.H.A. Board of Directors unanimously approved having the taskforce prepare the proper documentation and possible resolutions for implementation.

MDP/PAT

MDP FUNDING

There is a rumor that PAT has cut **all** funding for MDP projects. That simply is not true! Yes, they have reduced funding but at least for FY 2009 there looks to be adequate funding in place for current projects.

ARABIAN HORSE MUSEUM at KHP is moving forward. Collateral fund raising information has been prepared and will be distributed soon.

GOVERNANCE – now operational efficiency.

The Board of Directors approved a new concept that would allow committees to be more productive. The main change will be to utilize committee specific sites on the WEB to increase the productivity of our committees. (I will bring copies of the report to the meeting)

EVP SEARCH – the new EVP search has begun. Two (reportedly strong) candidates were interviewed by the EC during their meeting. It appears we are currently hoping to fill the position of the EVP as defined in the bylaws rather than an individual to operate as the “CEO”.

USEF

A meeting between the Arabian Horse Association and the United States Equestrian Federation was held on October 22, 2007, both organizations have pledged to continue and expand their relationship for the benefit of their combined member bases.

Specific areas of agreement include:

1. The USEF will join the AHA in the promotion of the breed throughout the United States. The USEF will work with both the AHA and its discipline affiliates to identify competitions of mutual interest.
2. The USEF and the AHA will create a reciprocal membership for members of both organizations and will devise new entry levels of joint membership for non-competitors and entry level exhibitors.
3. The USEF and AHA will explore IT initiatives that eliminate redundancy and minimize cost to both organizations. Sharing of data bases for the purpose of joint membership and competition entry forms will be the first initiative.
4. Both organizations agree that the cost of exhibiting at lower levels is a barrier to growth while “non-recognized” shows are flourishing. It was agreed that a new level(s) of shows be created for entry level exhibitors. These shows might not have drug or mileage rules and would expand on the idea of the AHA Community show format.
5. Both organizations agree to identify team members to develop each of the areas of agreement with a formal kick-off during the first quarter of 2008.

All is not doom and gloom. There still are positive things happening within our organization. Hopefully, spring is just around the corner and brings us fulfilled dreams of beautiful foals, success in the show ring and wonderful trail rides.

Always feel free to contact me with your questions or concerns.

Dean