

USDF Board of Governors (BOG) Meeting

December 2, 2022

Lexington , KY

The meeting was called to order at 1 p.m. EST on Friday, December 2.

Delegate roll call – Margaret Freeman

A quorum was reached.

Approval of agenda – George Williams

Paul Cormier moved and Sally Davenport seconded **to accept the agenda**. Motion carried.

Approval of 2021 BOG Minutes – Margaret Freeman

Sally Davenport moved and Paul Cormier seconded **to approve the minutes of the 2021 Board of Governors meeting**. Motion carried.

President’s Report – George Williams

He thanked the Region 2 hosts and title sponsor Adequan. He believes USDF must appeal to all types and levels of riders. It can be a balancing act for USDF. Where are we relative to the original mission statement? Education is a priority, especially for licensed officials. The certified instructor program is being reviewed. There is a comprehensive awards program. Some awards may need tweaking; we keep asking if an award is meaningful, including peer-to-peer. The cost of showing is a complex issue. Some costs are in USDF/USEF control; some costs are out of USDF control but within the industry, such as fees of professionals; some things out of USDF control, such as hotels. The topic of multiple licenses over a weekend is being discussed. Social license, including equine welfare, is being considered. Our heritage is for the GMOs, but they face challenges, which is a priority.

Executive Director’s report – Stephan Hienzsch

He thanked the hospitality sponsors, Region 2 GMOs, and Adequan. This year has included the creation of the 2023 tests. They are available in a variety of products. USDF is the licensing body of the tests. The 2022 US Dressage Finals were the second largest to date, with 432 championship rides. The tenth anniversary of the US Dressage Finals is next year. The full \$50,000 available for travel grants was given out. USDF now does all training of licensed officials, and there were fifteen education programs last year. The young rider graduate program is scheduled for January in West Palm Beach. SmartPak is offering a gift certificate for renewals. Member Perks is being expanded. The publishing team won numerous American Horse Publication awards. Next year’s convention will be at the Hilton Garden Inn in Omaha, November 29 – December 2. In 2024, it will be at the Marriott Houston.

Treasurer’s report – Lorraine Musselman

She thanked the entire USDF staff for their diligence and hard work during this past year. They are doing an amazing job of supporting both our members and the Executive Board as the USDF continues to recover from the effects of the pandemic and moves forward into the future.

The statement of financial position is a comparative statement that shows the balances as of March 31, 2022 and March 31, 2021. This past fiscal year the USDF has been able to recover partially from the effects of the pandemic. Total current assets (assets expected to be converted to cash within a year) show a slight increase of 3.5% for the 2022 year end as compared to the 2021 year end. There is an increase in operating cash offset by a slight decrease in investments,

accounts receivable, and inventory. Capital (or Fixed) assets are down slightly; mostly due to depreciation expenses. The liabilities side of the Statement of Financial Position shows our liabilities are down, mostly due to the forgiveness of the PPP loan. The USDF does not have any long-term liabilities. Current liabilities are those that will come due in one year or less. Long term would be over one year (an example would be a mortgage). The net assets are a net of the Total Assets minus the Total Liabilities. They are up just under 4% from the prior year.

The statement of activities is a breakdown of revenues and expenses by program area and whether any are donor restricted. The USDF does not have any new donor-restricted items. Revenues: Membership dues account for just under 50% of the revenues at \$2,631,003. Competition areas (competition, regional championships, and the US Dressage Finals) combined (\$1,718,063) make up just under 32%. Last year's US Dressage Finals were significantly higher than estimated due to the cancelation of the Finals the previous year. Publications, regional revenues and the forgiven PPP loan follow behind those amounts coming in at \$265,520, \$215,833 and \$210,000 respectively. Expenses: Program services expenses make up two-thirds of our expenses and supporting services (general administrative) make up a third. The largest portion of our program services expenses goes to the competition area at 46%, followed by programs and education at 16%, publications at 15% and member services at 12% of program services expenses.

The statement of functional expenses is a breakdown of expenses by type versus program area. This organization is mostly personnel-driven, so naturally compensation and related expenses make up the largest portion of total expenses. Most of this is related to program areas that are for the benefit of the membership. Prizes and awards follow at just shy of 10%, along with advertising and sponsors. Programs and events are just shy of 9%.

The days cash reserve indicator is the calculation used to determine roughly how many days of expenses you can cover with the cash on hand without adding any income over those days. The common goal for non-profits is three to six months. This year we ended at 156 days (just over 5 months) versus 130 days for the previous year. This number was fairly flat for 2019 and 2020, but has started to increase over the last two years. The liquidity ratio is used to determine how financially stable the organization is based on its current assets over its current liabilities. You always want this ratio to be a minimum of 1 to 1. Since the USDF does not carry many liabilities, this ratio is 26.81 for the fiscal year ended March 31, 2022 compared to 16.01 for the year ended March 31, 2021. This indicates USDF is fully capable of meeting its financial obligations.

The total balance in Investments on March 31, 2022 was \$7,844,480, down slightly from \$7,888,318 in March 2021. The Investments Committee and the Executive Board made the decision to combine the "Operating Cash" and "General Funds" during 2018-19 Fiscal Year. This was done to simplify reporting as both funds are used for the same purpose. During 2019 the decision was made to report the balances in the Youth Endowment and General Endowment Funds as separate amounts as they are used for separate purposes.

Proposed Budget for 2023/2024 (April 2023 through March 2024) – Lorraine Musselman

This budget is based on returning to normal levels of operation following the pandemic. Staffing will be back up to the pre-pandemic level to deliver the additional services to our members that have been added. The annual convention will be in Omaha next December. These are the projected revenues and costs associated with that location. Championships and competition services have been adjusted to reflect an increased expectation of competitors based on actual trends. The education budget reflects a slight increase in both revenues and expenses over the

past budget based on actual costs and expenses. The general administration budget reflects the increases we have seen in costs in several areas including the increase in credit card fees, computer systems administration and utility costs. The membership budget reflects current trends. The merchandise budget reflects the increase due to the new test cycle and major marketing events to be held, such as the World Cup in Omaha this spring. Publications reflect the large increase in expenses related to production, printing and mailing of *USDF Connection*, and the *Member Guide*. US Dressage Finals are based on expected trends for the coming year. Youth programs includes reinstating the North American Youth Championships (NAYC) sponsorship and nine clinics being held. The investments line item has been adjusted to reflect the current trends in the market, although it does not influence the budget since it is pulled out at the bottom, as is the depreciation/amortization line item.

Audit Committee report – Guilherme Schmidt

The committee has reviewed and approved the financial reports. Paul Cormier moved and Sally Davenport seconded **to have Oberlander Financial Services to conduct the audit.** Motion carried.

Presentations by candidates for USDF Vice President and Secretary – Kate O’Conner

There are elections this year for Vice President, Secretary and Regional Directors of Regions 1, 3, 5, 7 and 9. The only contested position is for Region 5 Director; candidates are Heather Petersen and Susan Skripac. Kevin Reinig, candidate for vice president, and Debra Reinhardt, candidate for secretary, addressed the meeting.

Approval of committee motions and their reports – Chairs

Bylaws Committee Chair, Chris Trentelman, presented a proposed a bylaws change:

Article XIV, Section 1: Notice stating the place, day and hour of the USDF Board of Governors meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered **provided** not less than thirty ~~nor more than fifty~~ days before the date of the meeting, either personally **electronically (e.g. e-mail, website, social media)** or by mail, by or at the direction of the President, or the Secretary, or the **an Officers of the USDF Executive Board (president, vice president, secretary, treasurer)** or persons calling the meeting, to each member entitled to vote at or attend such meeting. ~~If mailed, s~~Such notice may **also** be included within any regular publication **e-mailed or** mailed to the members and shall be deemed to be delivered when deposited in the United States mail addressed **sent to the each member’s e-mail address or physical** at the address as it appears on the records of the **with** USDF, with postage thereon prepaid.

Reason: Clarification of how and when Board of Governors meeting notices are communicated to make it more consistent with current practice. Debra Reinhardt moved and Paul Cormier seconded. Motion carried.

Awards Committee Chair, Amy Swerdlin, presented the committee’s proposal:

The committee recommends **a USDF Para Dressage Athlete Rider award, which would offer three distinct levels of performance: Elementary, Accomplished and Elite, be added to the USDF Rider Award Program.** Emma Kane moved and Jane Marie Law seconded. Motion carried.

Q&A and collective approval of committee reports with no options

Sally Davenport moved and Paul Cormier seconded **to approve the reports**. Motion carried.

USEF report – Bill Moroney

There will be a para-athlete on the USEF Board of Directors in January. The dressage team has qualified for the 2024 Olympics. They are doing an EHV-1 transmission study. They are pursuing fan memberships. They were audited by both USOC and Safe Sport. The strategic plan is very reliant on membership. COVID-19 taught them about diversity of revenue streams. They are taking the USEF Network worldwide. They are partnering with the American Horse Council regarding social licensing; it should be noted that there is a camera watching everywhere now.

USEF High Performance report – Hallye Griffin

There are numerous pathway programs for high performance: senior teams and young rider teams on tours, World Breeding Championships, NAYC, Festival of Champions. At the FEI World Championships, the US finished sixth as a team and sixth in the freestyle and earned qualification for the 2024 Olympics. The pathway to 2028 in LA is building momentum.

The Dressage Foundation (TDF) report -- Beth Baumert and Jenny Johnson

For top riders, dressage is prohibitively expensive. What is the worst threat to our sport? The death of the lesson barn. TDF is thinking about this; it will take more than thinking, it will take a huge chunk of change. Inclusivity means providing equal access to those who might otherwise be excluded. Our size can be our strength. TDF is all about depth; identify worthy riders who need assistance and encourage GMOs to apply for funding. TDF doesn't have members, it's all donations. TDF has doubled its staff, to two. More grants have been added, including grants for para, western, and dressage riders who are members of the military.

The meeting was adjourned at 3:05 pm EST.

Respectfully submitted,

Margaret Freeman
USDF Secretary