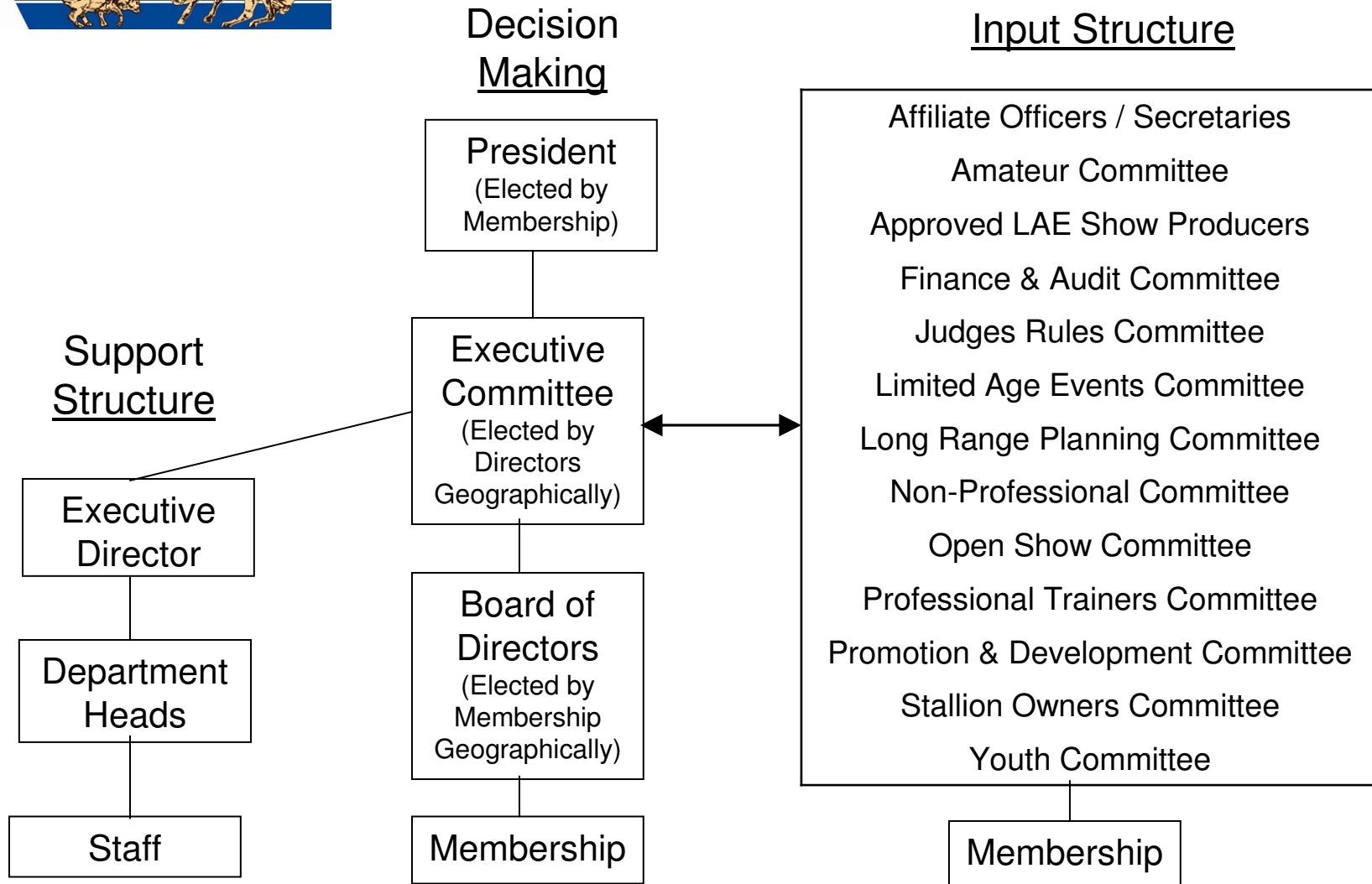

NCHA Financial Report





Organization Chart



NCHA Member/Show Info





Member Benefit Summary (Comparing 2000 to 2007)

	<u>2000</u>	<u>2007</u>	<u>% Increase</u>
▪ Members	13,357	17,514	31%
▪ Affiliates	118	138	17%
▪ Weekend Shows	1,314	1,526	16%
▪ Weekend Entries	125,538	141,913	13%
▪ Weekend Purses	\$9,475,382	\$13,254,334	40%
▪ Approved LAE Shows (Major)	34	48	41%
▪ Approved LAE Shows (W/E LAE)	106	745	603%
▪ Approved LAE Shows (Total)	140	793	466%
▪ Approved LAE Entries (Major)	9,930	16,793	69%
▪ Approved LAE Entries (W/E)	1,753	19,378	1005%
▪ Approved LAE Entries (Total)	11,683	36,171	210%
▪ Approved LAE Purses	\$8,613,968	\$19,045,617	121%

How are we doing this decade?



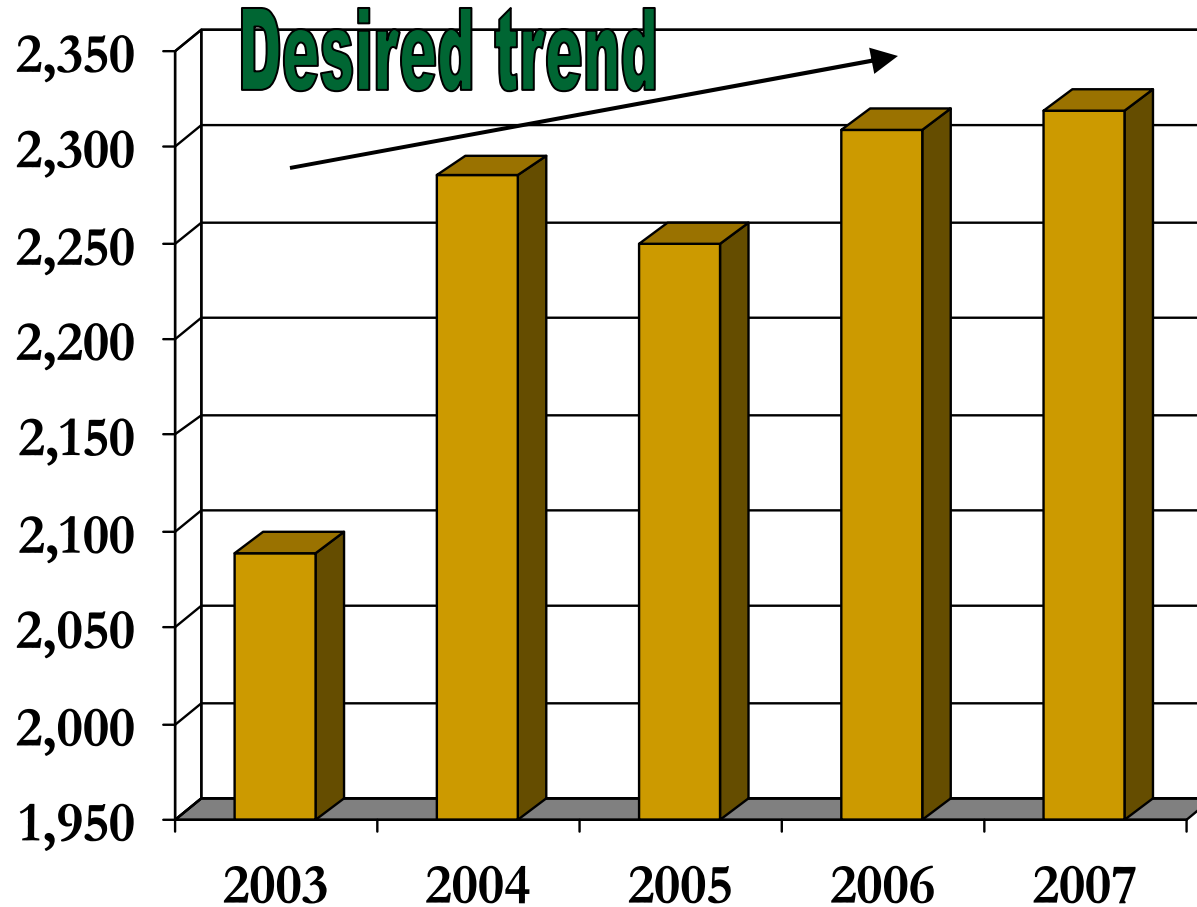
Member Benefit Summary (Comparing 2000 to 2007)

	<u>2000</u>	<u>2007</u>	<u>% Increase</u>
▪ 6 NCHA Show Entries	3,802	5,237	38%
▪ 6 NCHA Show Purses	\$5,846,004	\$9,866,600	69%
▪ Total Approved Shows	1,454	2,319	59%
▪ Total Approved Entries	142,548	185,511	30%
▪ Total Purses (All Shows)	\$24,672,222	\$43,425,501	76%
▪ Total Purses Per Member	\$1,791	\$2,408	34%
▪ Number of Employees	31	33	6%
▪ Members Per Employee	431	531	23%
▪ Net Operating Income	\$339,019	\$533,017	57%

How are we doing this decade?

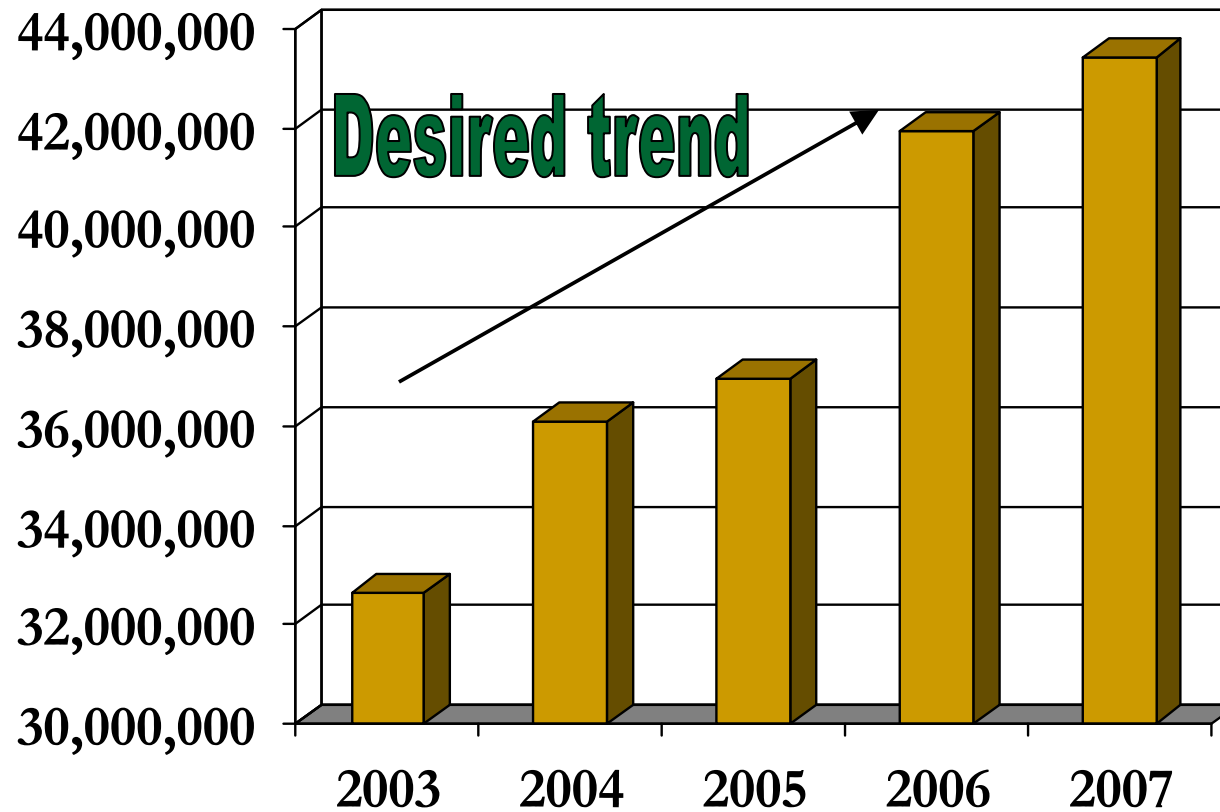


Total Approved NCHA Events





Total Approved Purses (All Approved Shows)



NCHA 2007 Financial Data





Budget Process

- ❑ Zero-based: Only a small number of accounts (like Office Supplies) are allowed to use “Same as last year” budgeting
- ❑ A detailed sheet is produced for every account in every department
- ❑ The detailed sheets are consolidated into the annual budget statement
- ❑ The 2007 budget consists of 969 pages

- ❑ The capital budget is produced at the same time
- ❑ Unbudgeted capital expenditures above \$1,000 require additional approval of the Finance and Executive committees



Budget Process

- ❑ Stage 1: Controller review with department heads
- ❑ Stage 2: Controller and department heads review individually with Executive Director
- ❑ Stage 3: Controller refines budget with department heads
- ❑ Stage 4: Approval from Executive Director
- ❑ Stage 5: Reviewed/refined by Finance Committee
- ❑ Stage 6: Approval from Finance Committee
- ❑ Stage 7: Reviewed/refined by Executive Committee
- ❑ Stage 8: Approval from Executive Committee



Check Approval Process

- ❑ **Step 1:** Invoice approved by department it impacts to verify vendor, amount and purpose
- ❑ **Step 2:** Invoice approved by Executive Director and/or Controller to determine appropriateness and impact to budget
- ❑ **Step 3:** Invoice processed in accounts payable and check cut
- ❑ **Step 4:** Check signed according to bank signature card policy
- ❑ **Signature Policy:** (President, Executive Director, Controller/Treasurer, IT Director)
 - ❑ Up to \$10,000 requires one signature
 - ❑ \$10,000 to \$100,000 requires two signatures
 - ❑ Over \$100,000 requires two signatures (One must be E.D.)



Financial Review

- Monthly review with the head of each department
- Monthly review with Executive Director
- Reviewed quarterly each year by Finance Committee
- Reviewed several times each year by Executive Committee
- Annual audit by independent accounting firm
 - Unqualified (“Clean”) Opinion every year

- Comparison to both budget and prior year figures
- Sources and Uses comparison on projections and end-of-year statements



2006 vs. 2007 Balance Sheet (Assets)

	<u>2006</u>	<u>2007</u>
Net Cash	706,260	1,451,499
Accounts Receivable	1,341,576	1,552,638
Investments	6,700,189	6,719,925
Other Current Assets	282,567	311,633
Building (Net of Depreciation)	1,842,219	1,787,769
Other Net Fixed Assets	<u>492,483</u>	<u>546,933</u>
Total Assets	<u>11,343,672</u>	<u>12,370,397</u>

Building purchase and renovation cost in 2002 was \$2,123,544

Building Appraised at \$3,742,000 on June 10, 2008

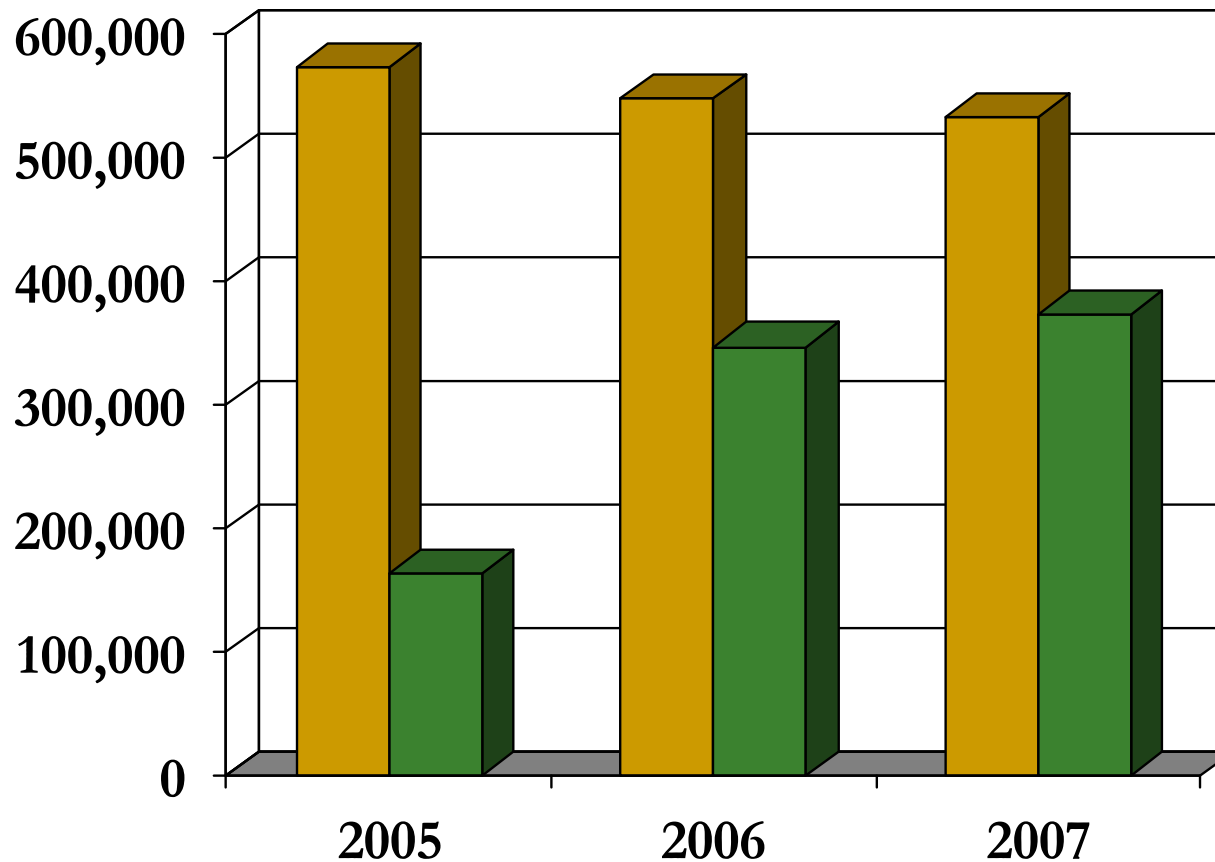


2006 vs. 2007 Balance Sheet (Liabilities and Net Assets)

	<u>2006</u>	<u>2007</u>
Accounts Payable	1,192,173	1,330,723
Deferred Revenue	3,307,957	3,265,648
Scholarships Payable	323,753	382,817
Stated Pension Liability	889,196	849,782
Other Liabilities	<u>78,152</u>	<u>54,002</u>
Total Liabilities	<u>5,791,231</u>	<u>5,882,972</u>
Undesignated Net Assets	5,932,423	6,693,325
Temporarily Restricted	<u>(379,982)</u>	<u>(205,900)</u>
Total Net Assets	<u>5,552,441</u>	<u>6,487,425</u>
Liabilities and Net Assets	<u>11,343,672</u>	<u>12,370,397</u>



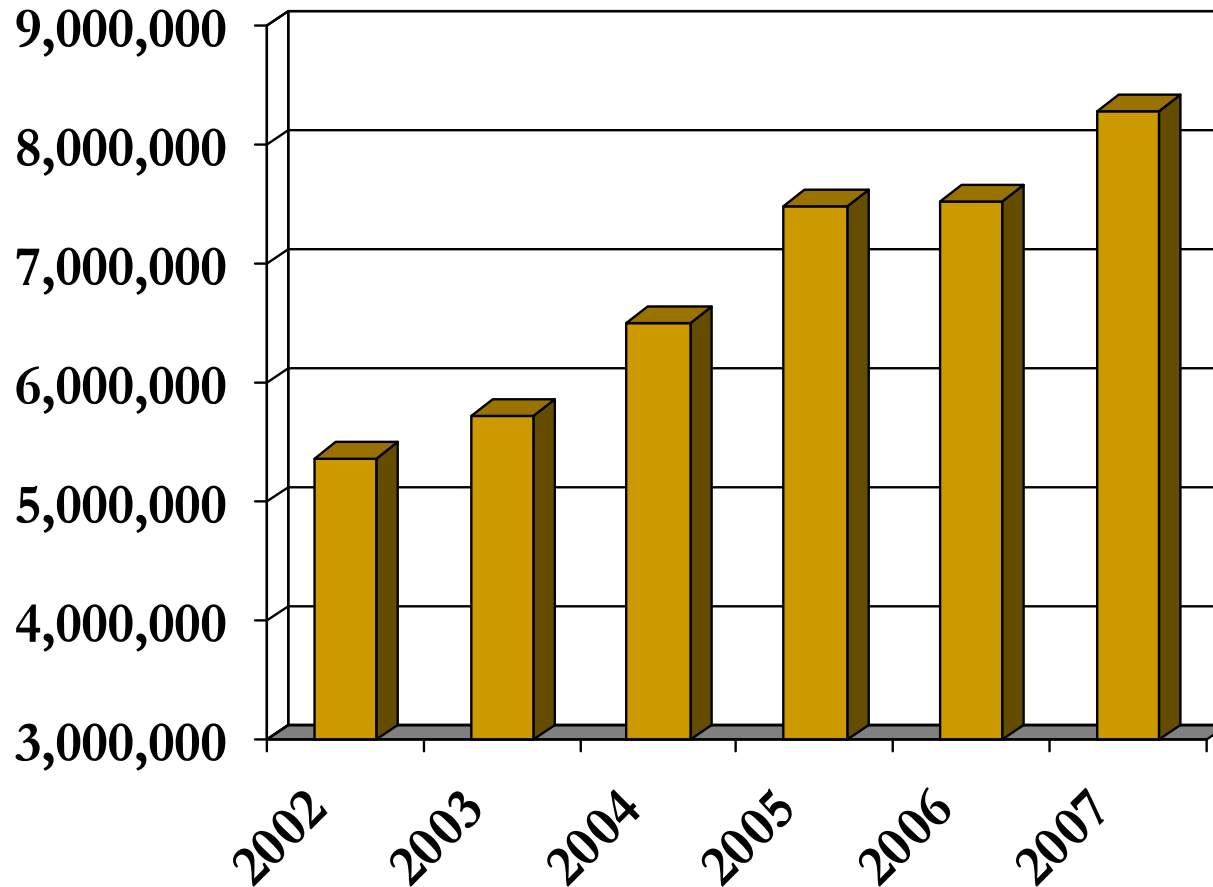
Audited Net Operating Income (Budget in Green / Dark)



How have we done lately?



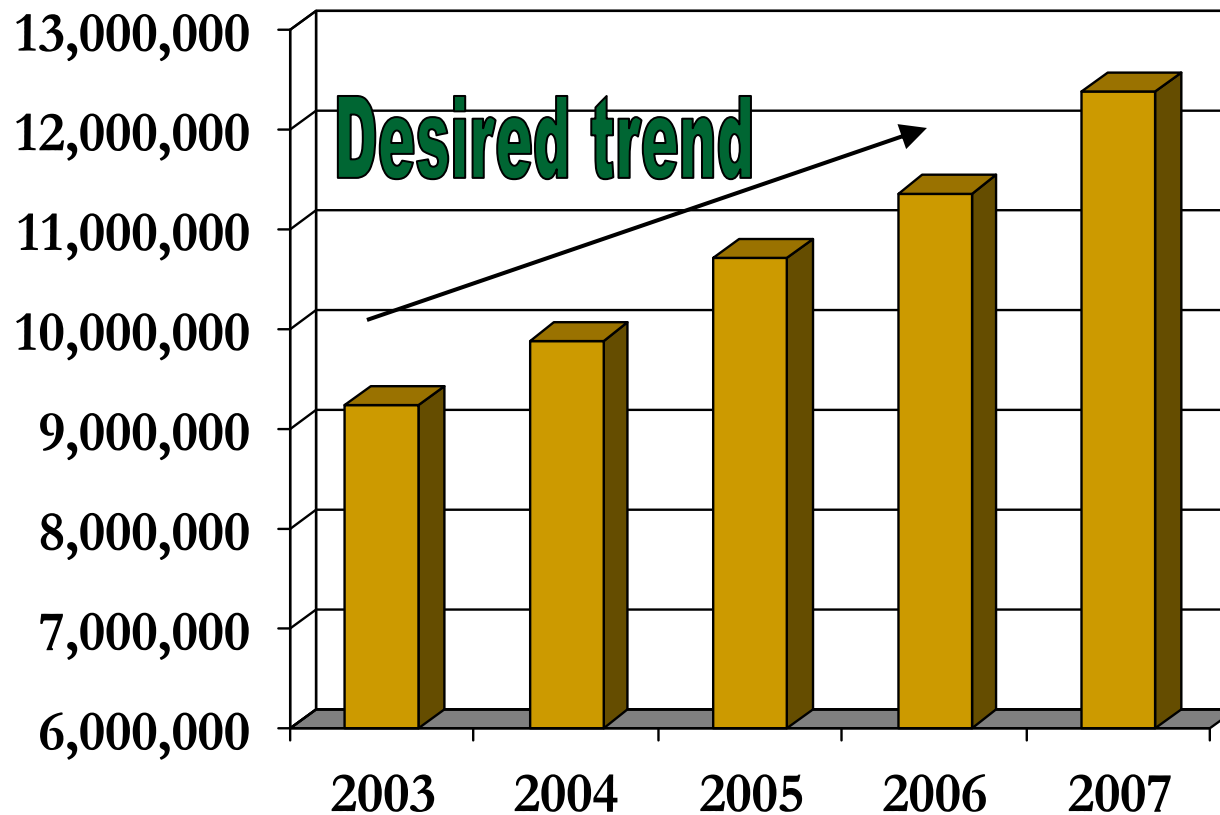
Audited Cash and Investments (On Hand and Invested)



Building purchased in 2002

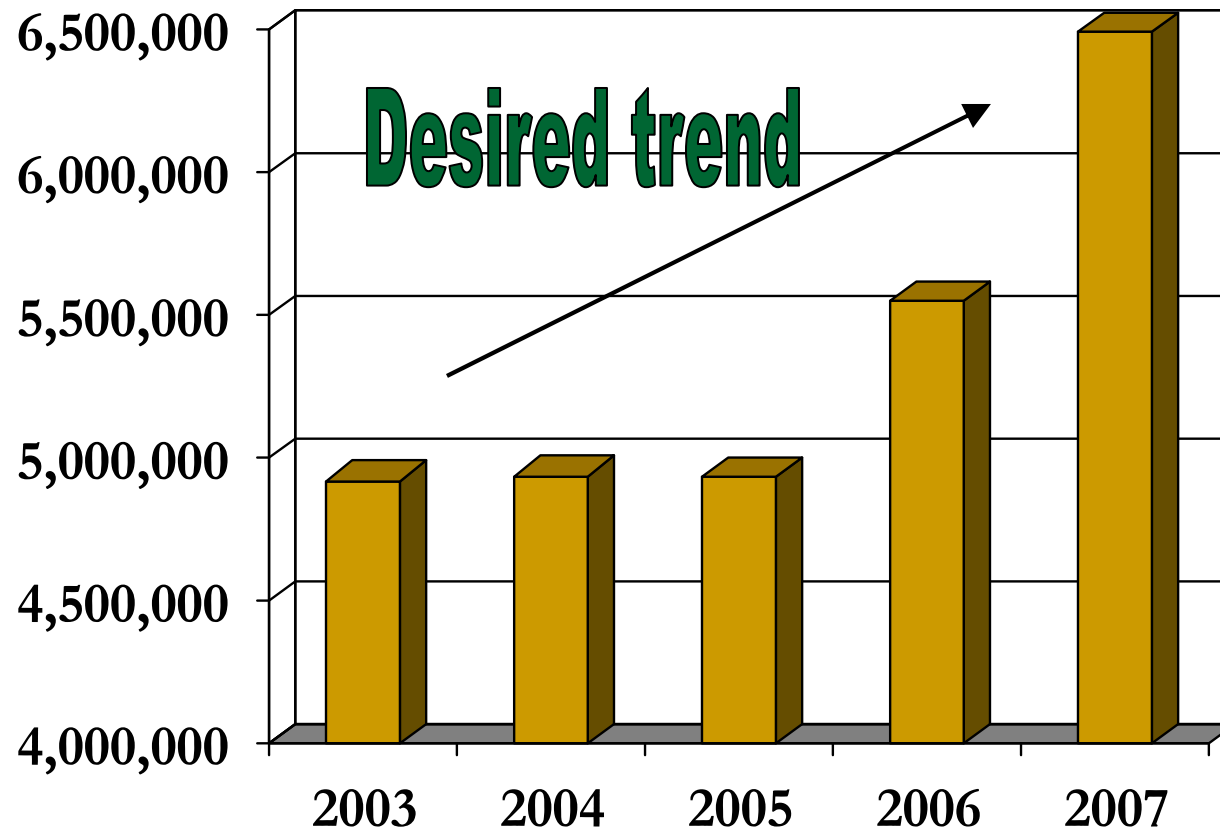


Audited Total Asset Trend (Cash Accounts, Receivables, Pre-Paid Expenses, Fixed Assets)



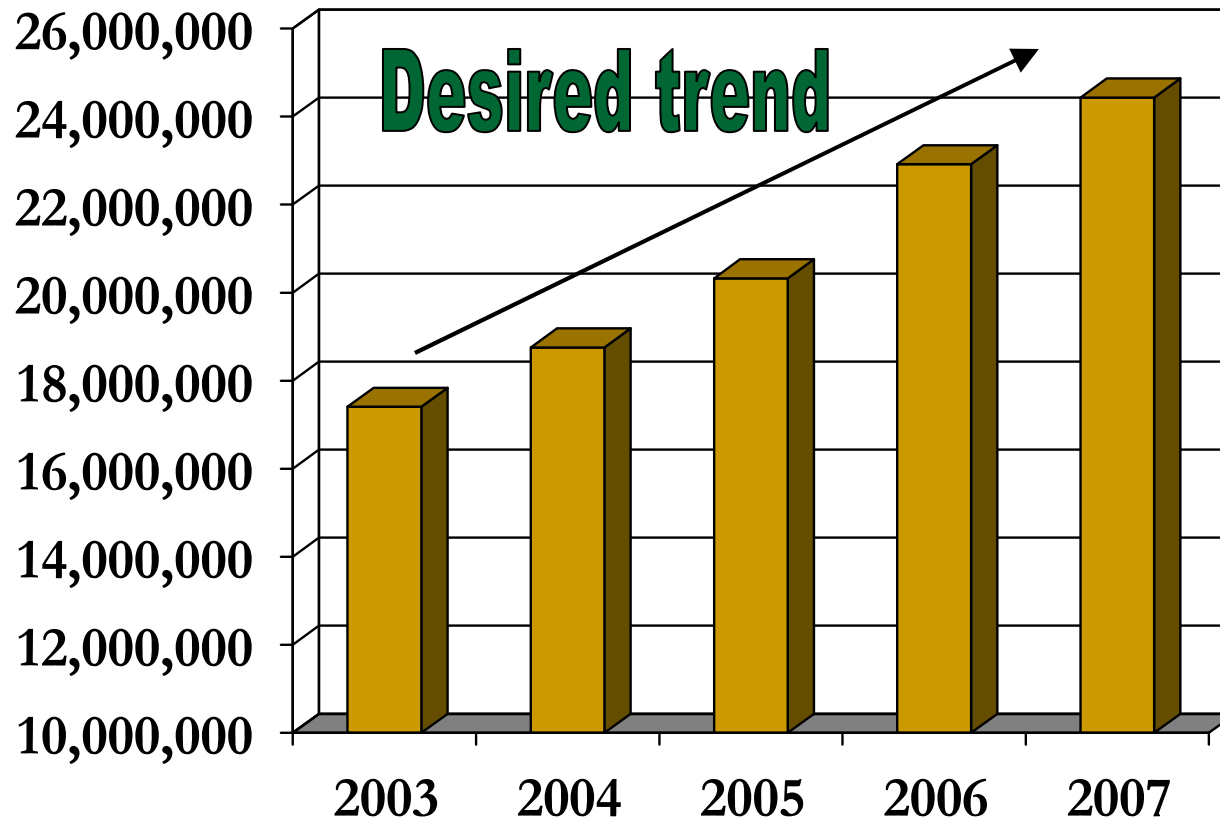


Audited Net Assets Trend (Total Assets Less Liabilities)



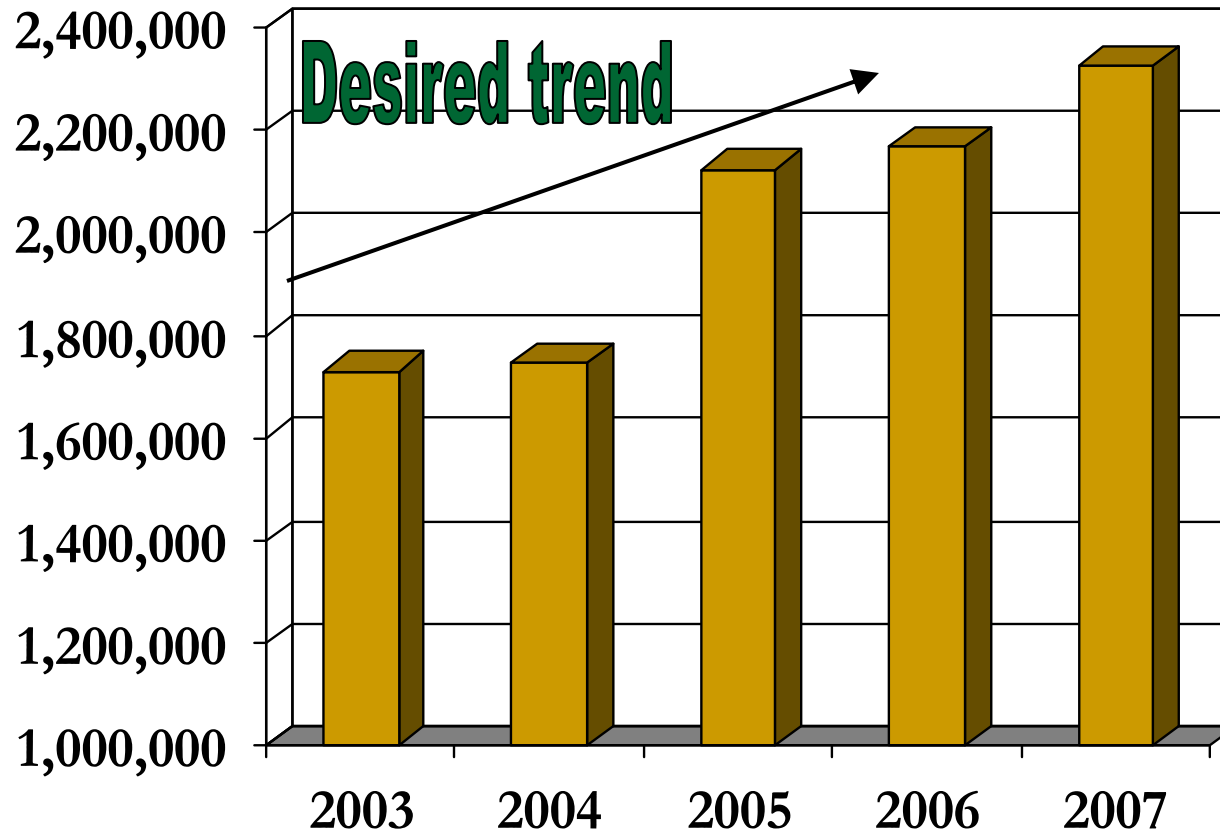


Audited Total Gross Revenue Trend



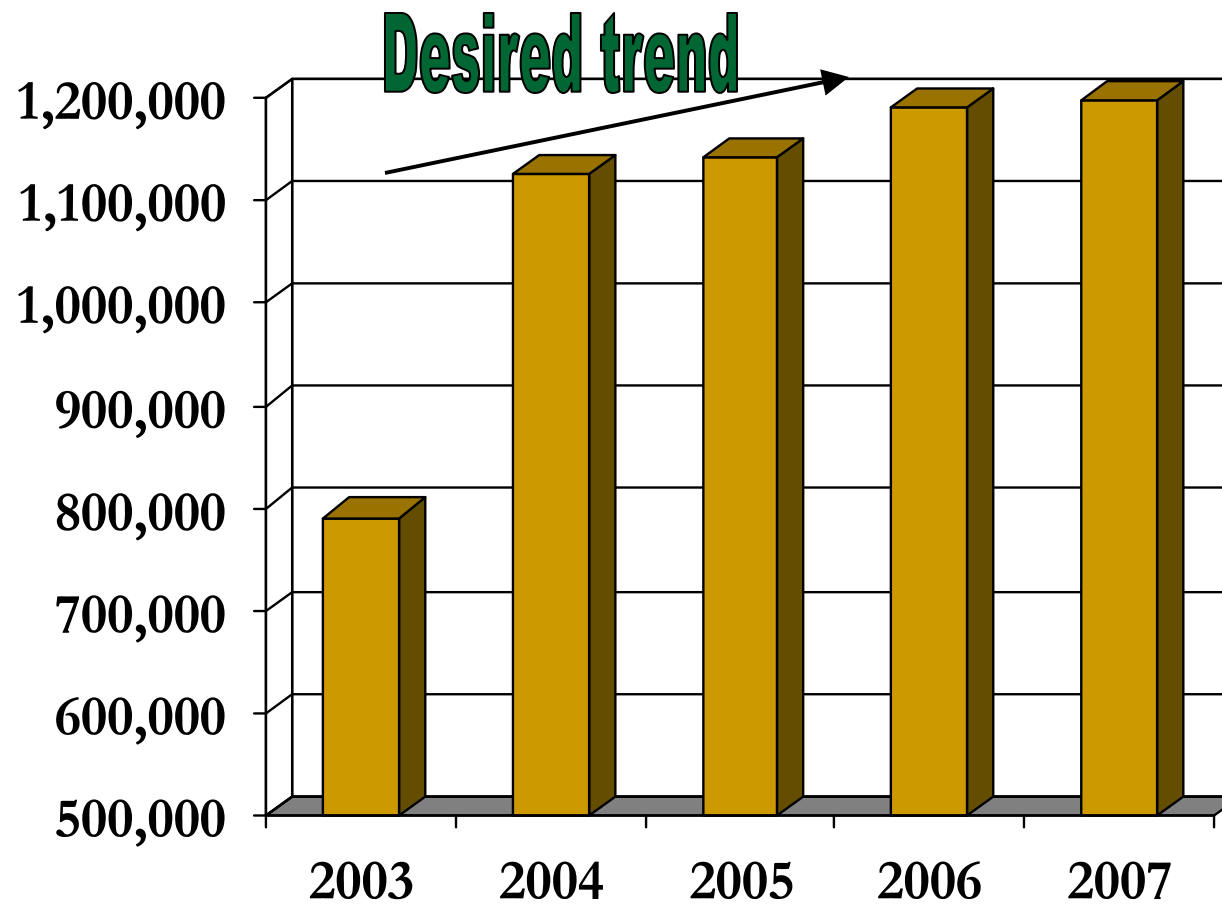


Audited Advertising Revenue Trend



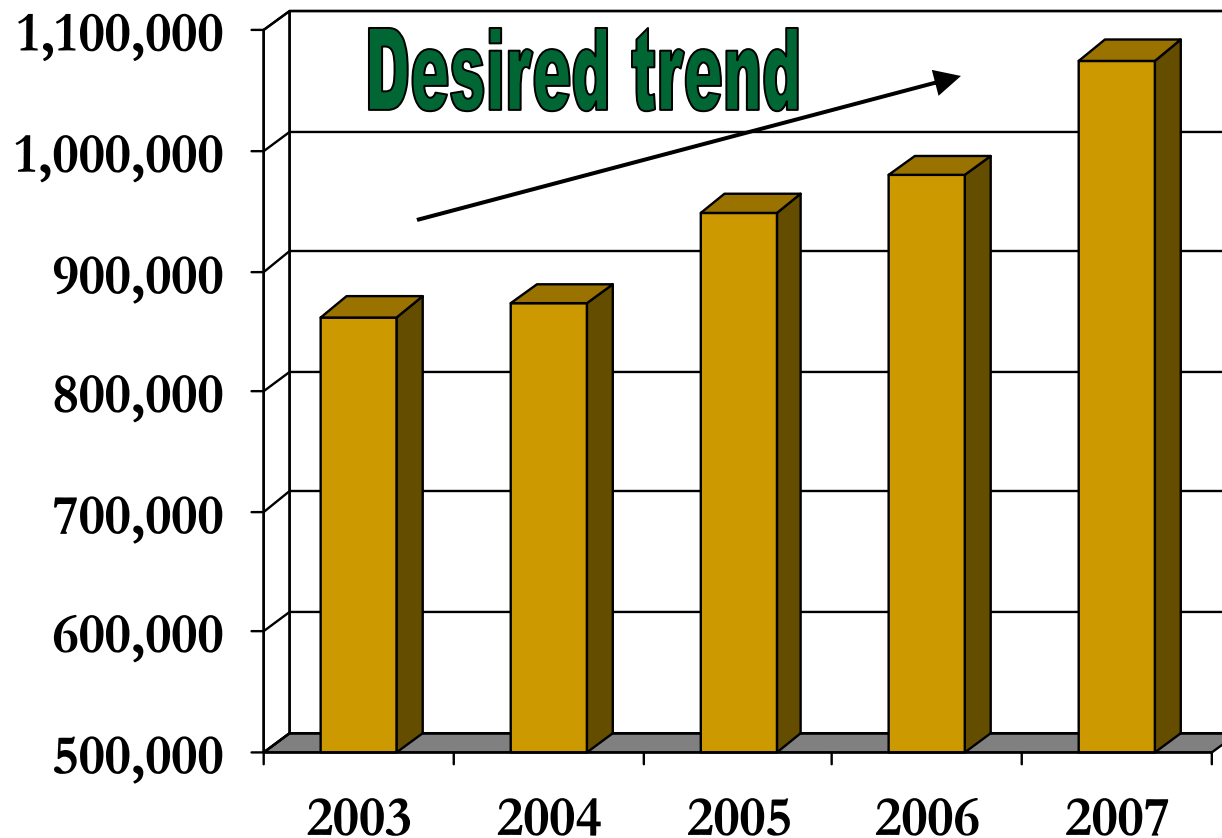


Audited Affiliate Revenue Trend (Weekend, LAE and Finals \$2 Fees)



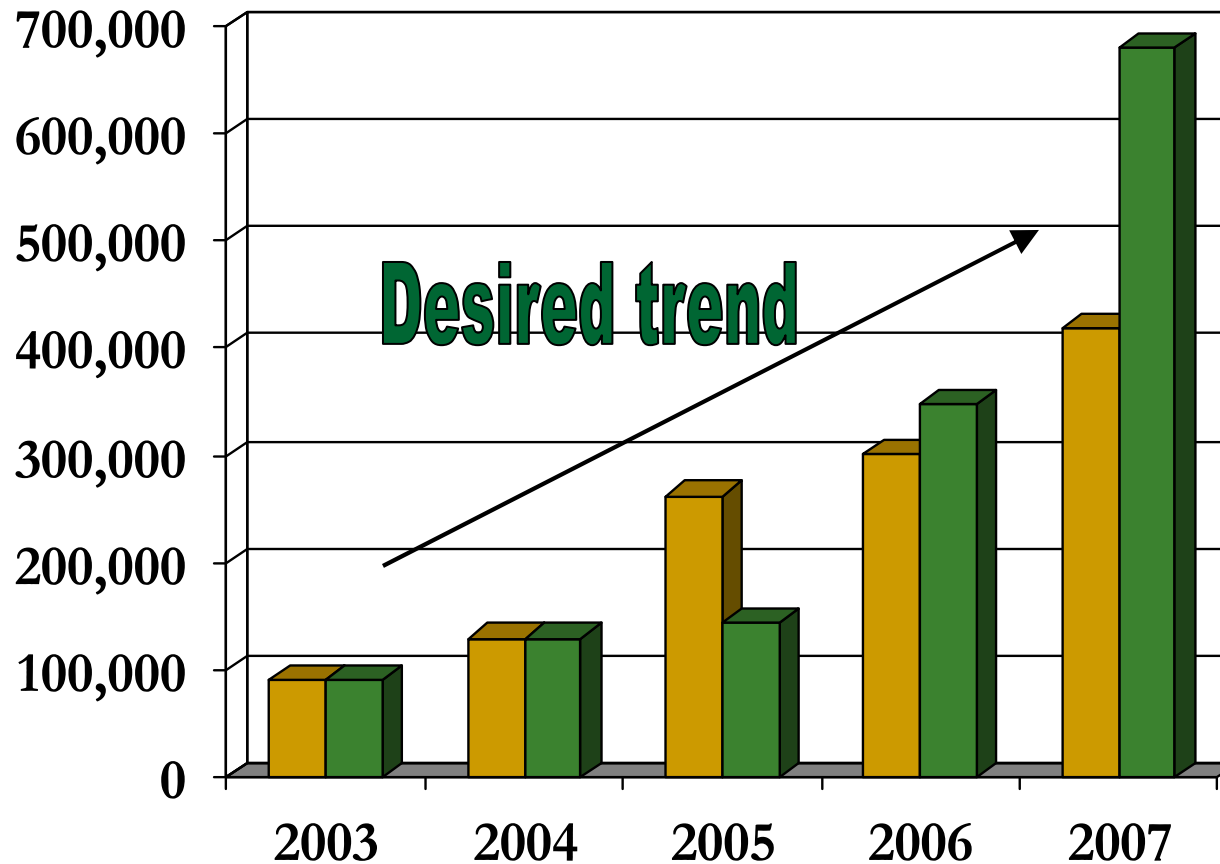


Audited Dues Revenue Trend (Membership and Non-Pro/Am Fees)





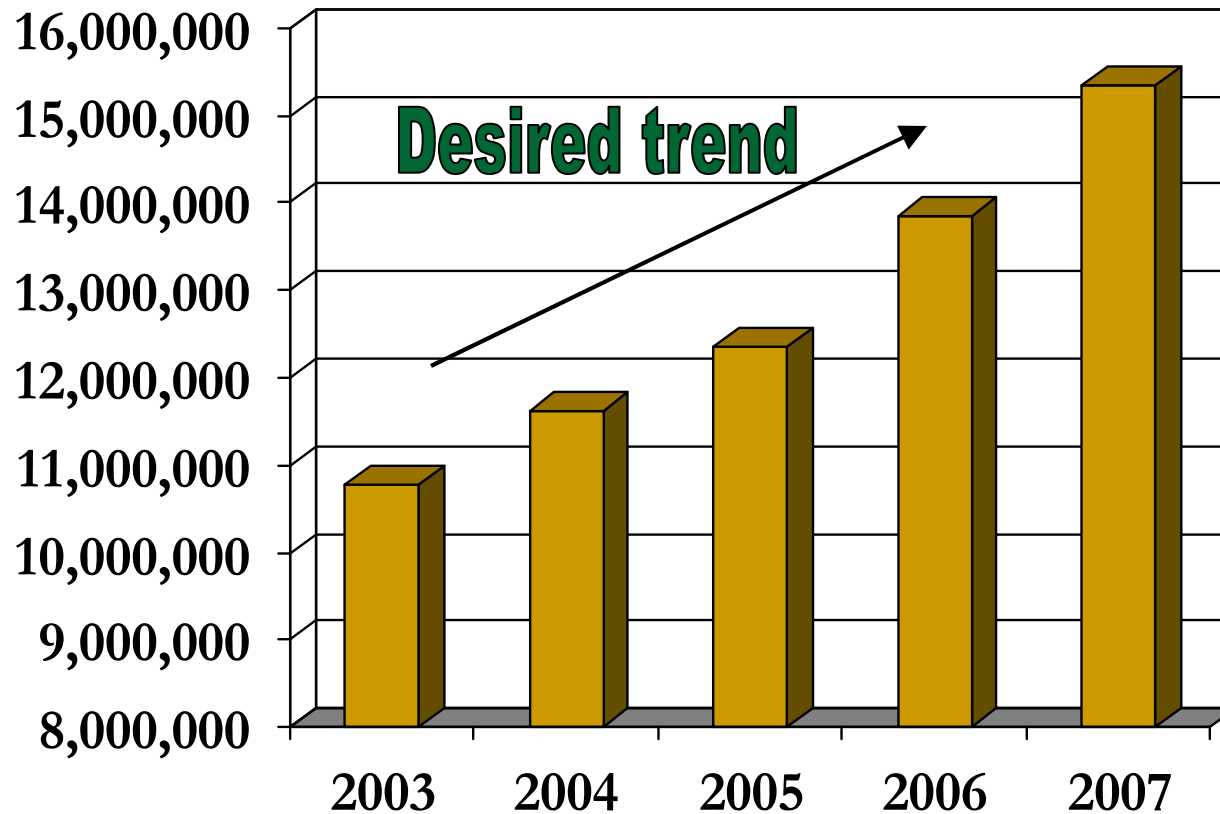
Audited Investment Revenue Trend (Green/Dark Bar Includes Unrealized Gains)



Unrealized gains = Market value increase of investments that have not been sold



Audited Show Gross Revenue Trend (World Finals, EAWO, WAWO, Futurity, Super Stakes, Summer Show)



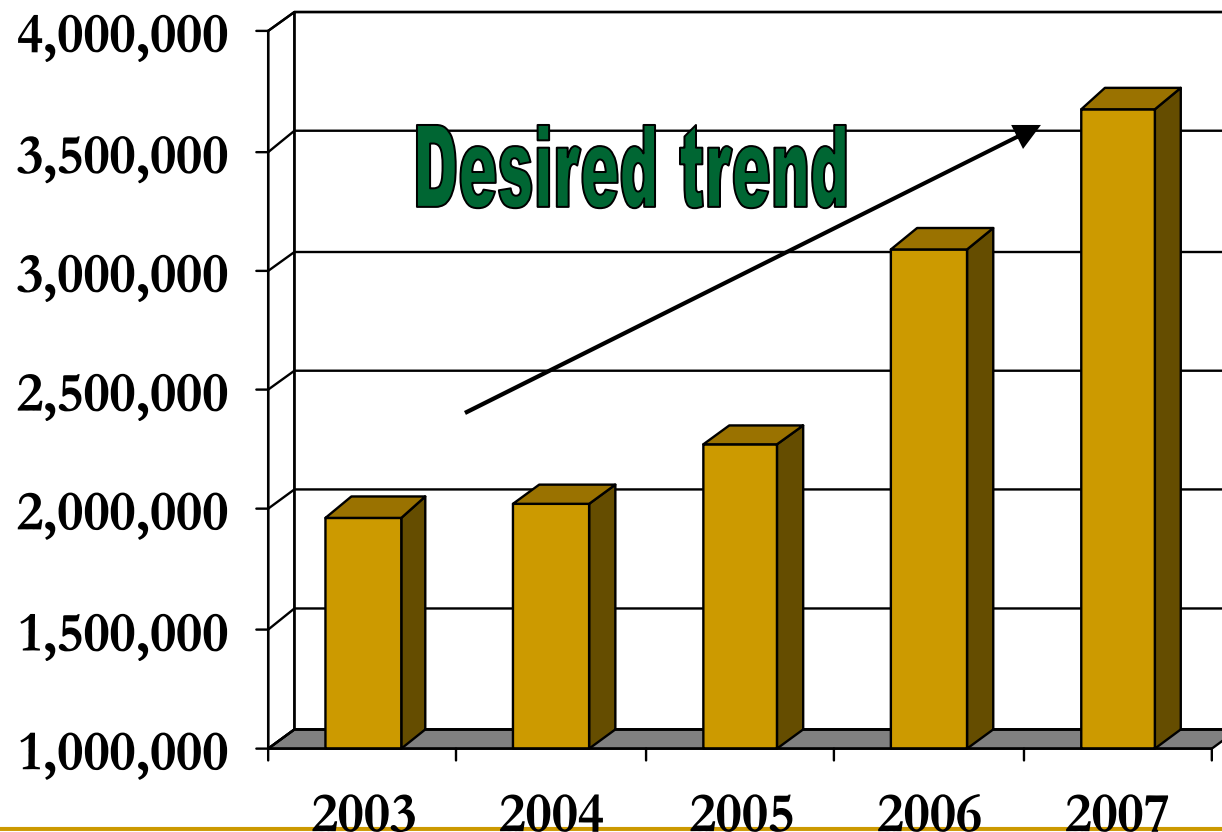


Audited Sponsor Revenue Trend

* Corp. Sponsors (Cash and In-Kind)

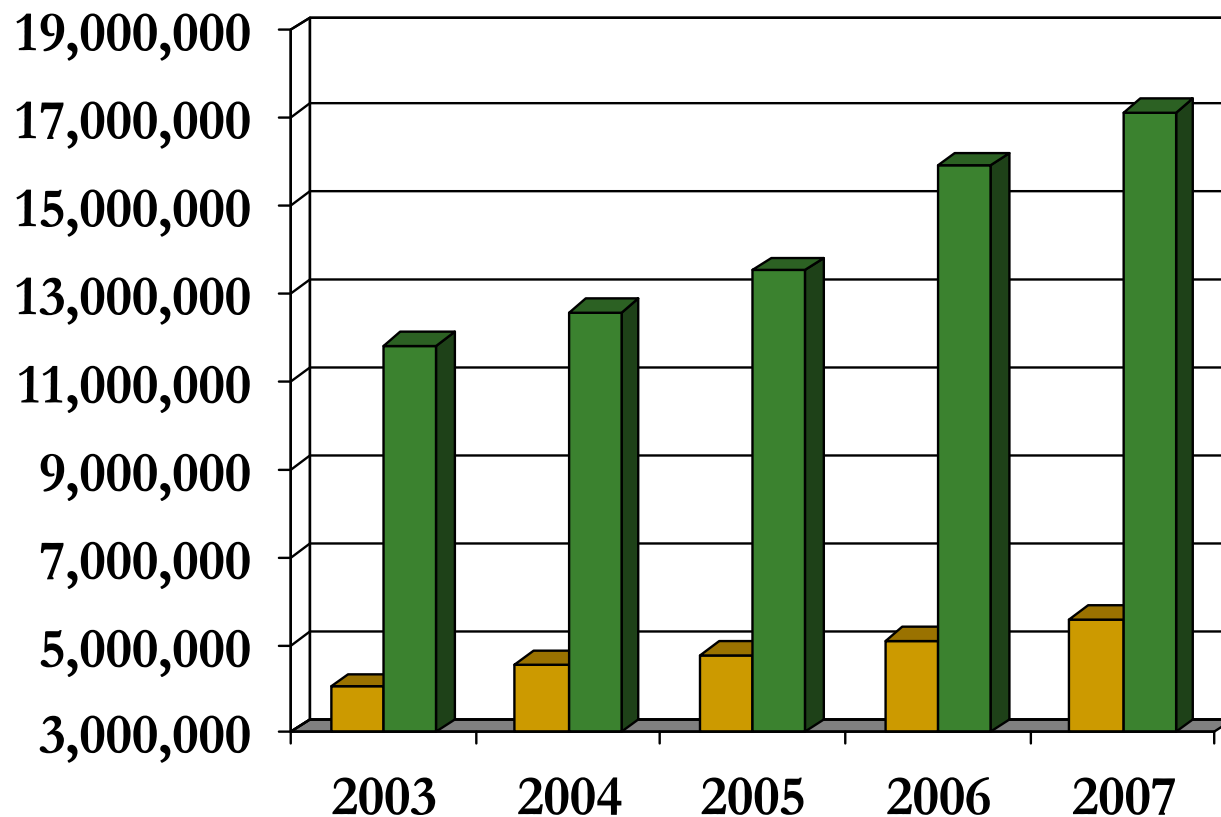
* NCHA Purse Enhancement Revenues

(Including State Tax Revenues)





Audited NCHA Show Expense (World Finals, EAWO, WAWO, Futurity, Super Stakes, Summer Show)



Light Excludes Purses

Dark Includes Purses

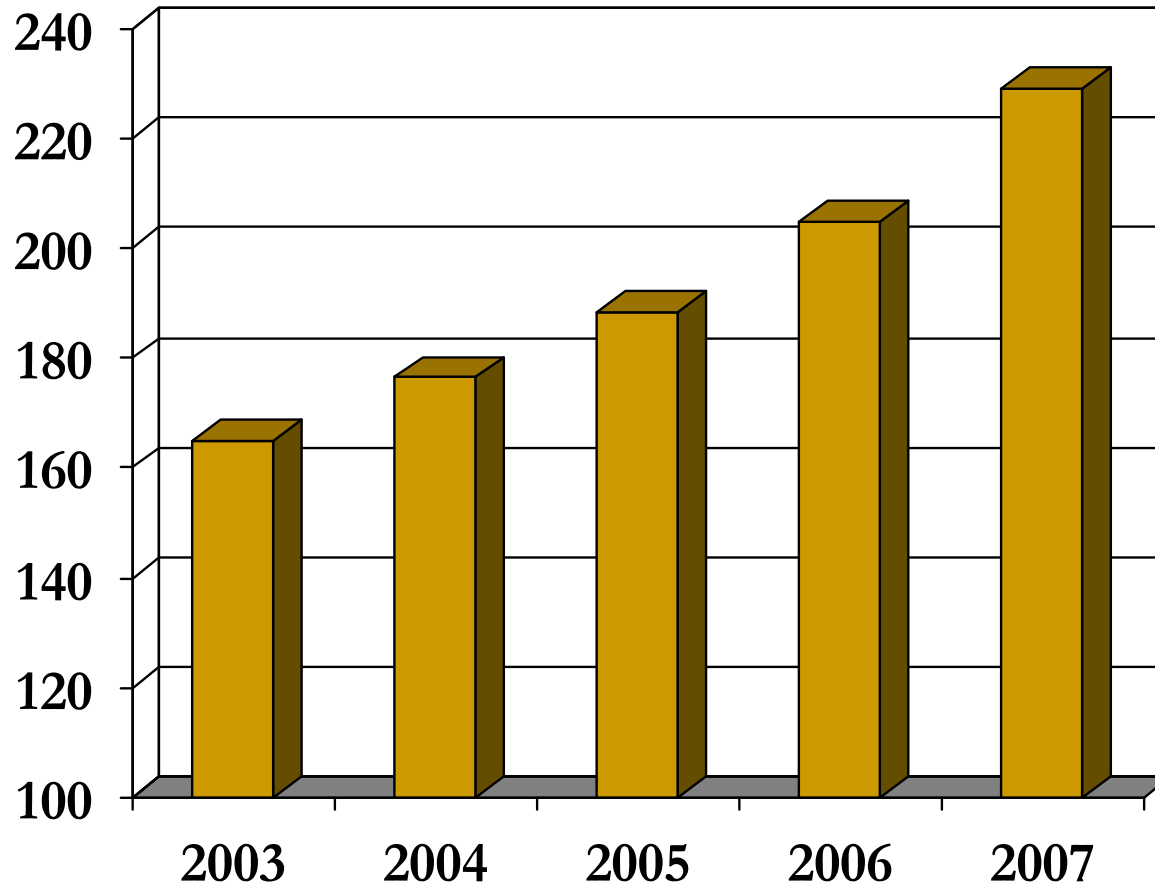


Audited Show Expense Goals for Budget and Management

- ❖ NCHA wants to:
 - ❖ Reduce costs related to show
 - ❖ Increase entries
 - ❖ Increase both quantity and quality of awards
 - ❖ Increase purses
 - ❖ Increase cutter satisfaction and “customer service”

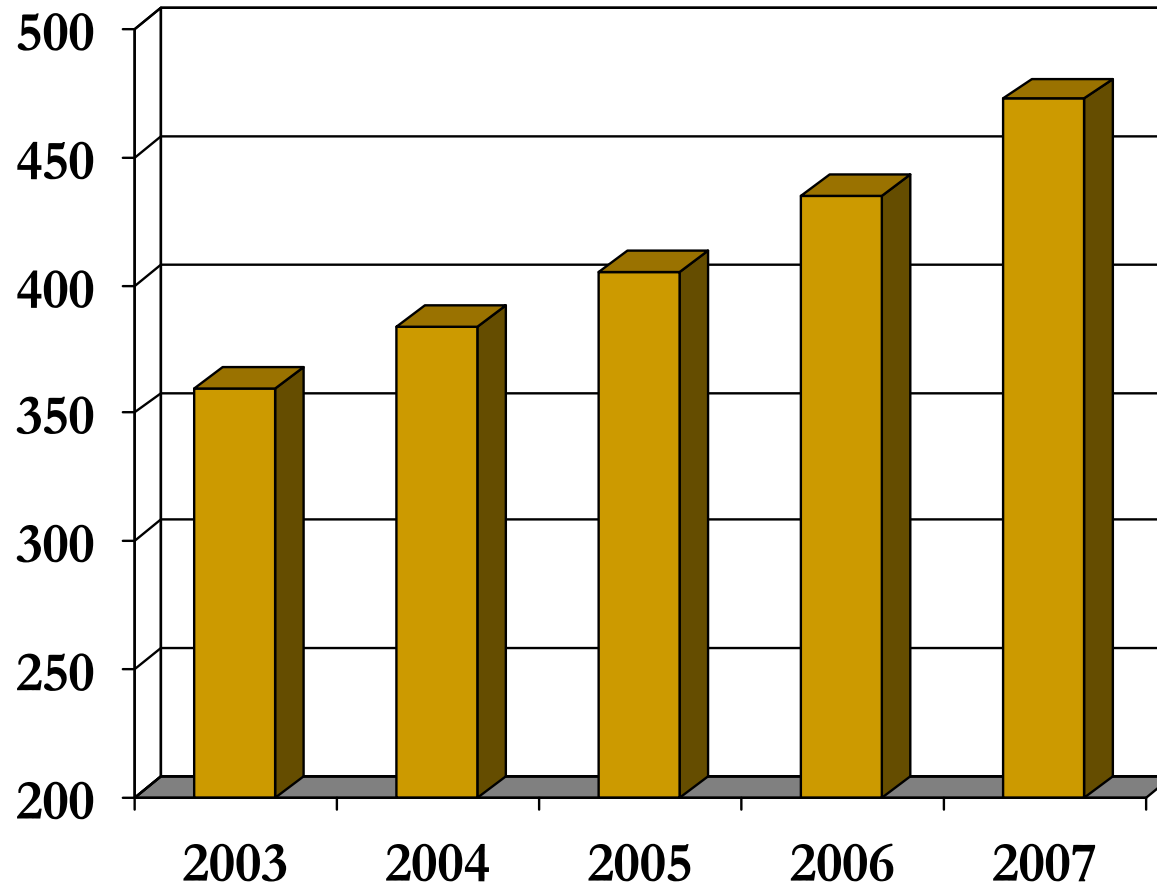


Individual Cost of Standard Trophy



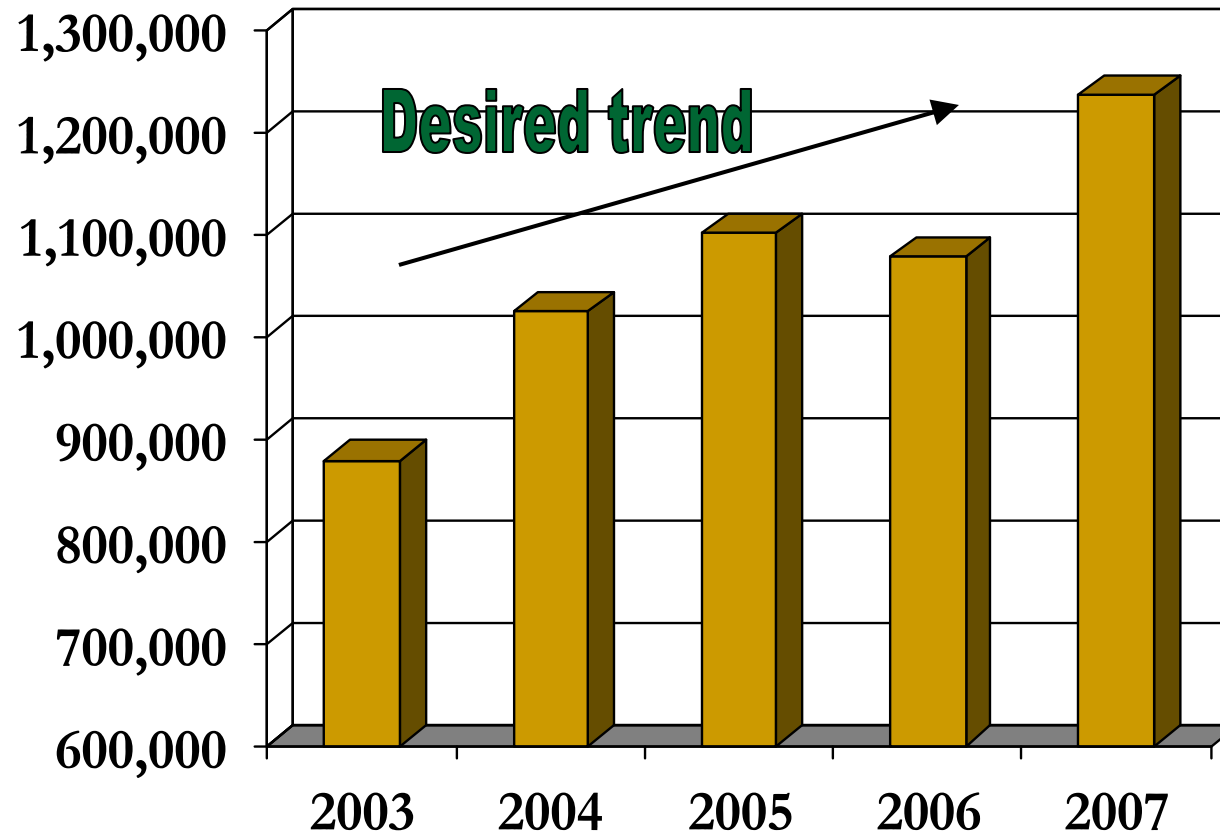


Individual Cost of Standard Buckle



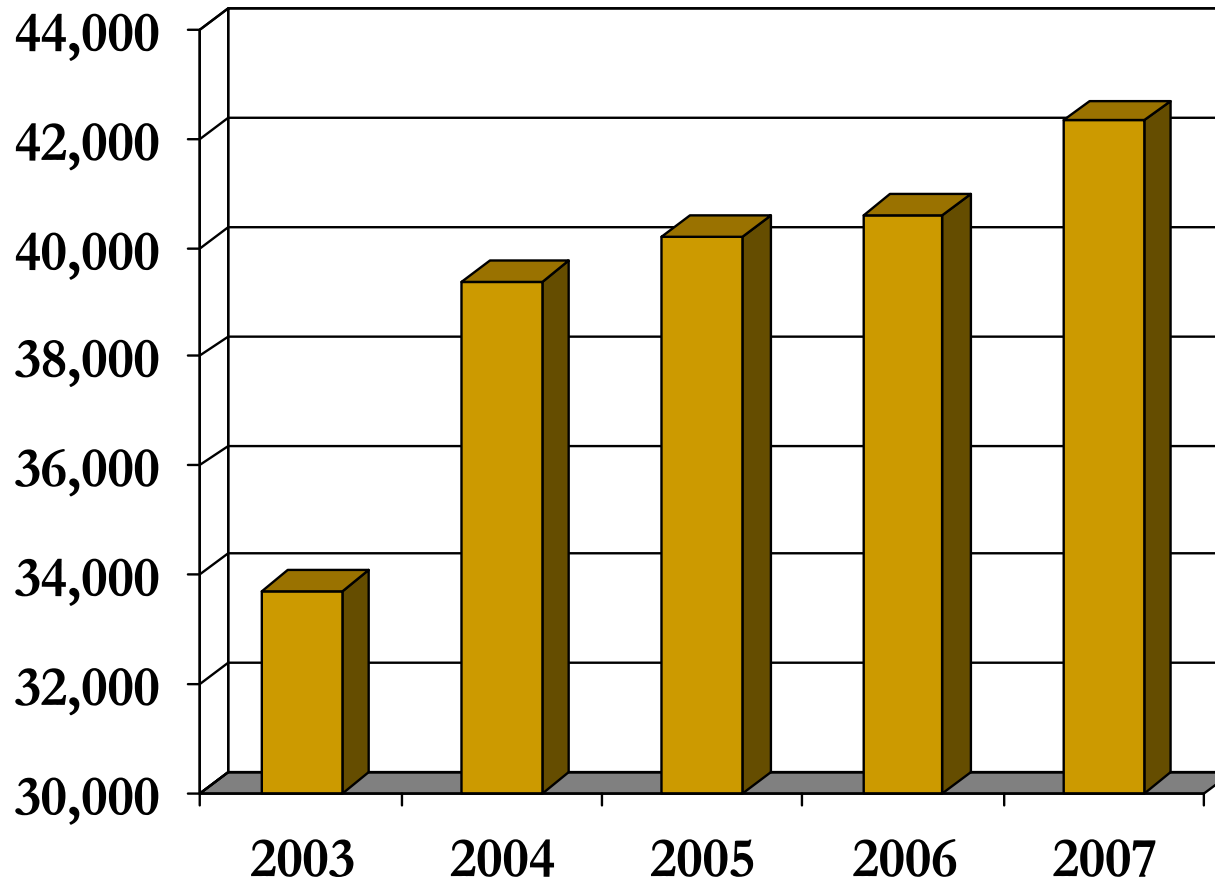


Audited Value of Awards Trend (World Finals, EAWO, WAWO, Futurity, Super Stakes, Summer Show)



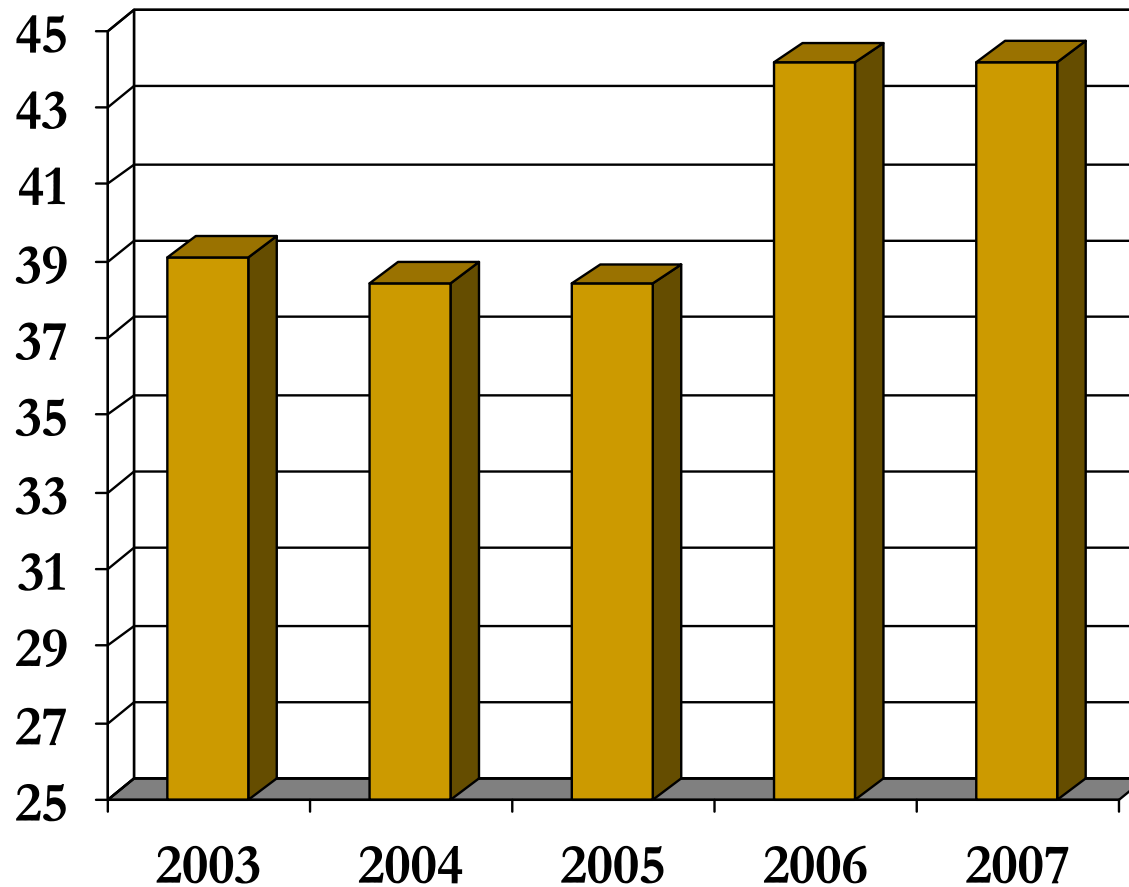


Number of Cattle Used at (World Finals, EAWO, WAWO, Futurity, Super Stakes, Summer Show)





Cost Per Head of Cattle at (World Finals, EAWO, WAWO, Futurity, Super Stakes, Summer Show)

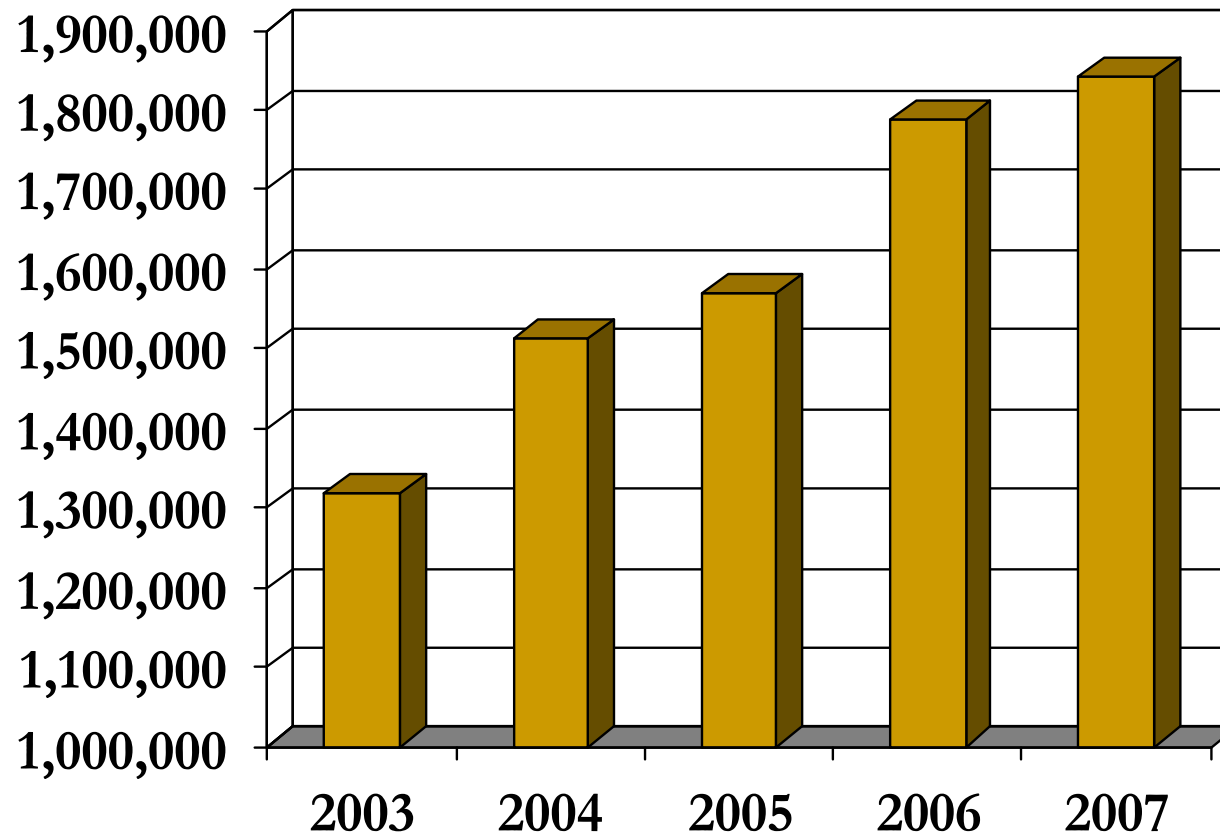


Cost includes head cost, trucking, feed, labor and handling expenses



Audited Cattle Expense Trend

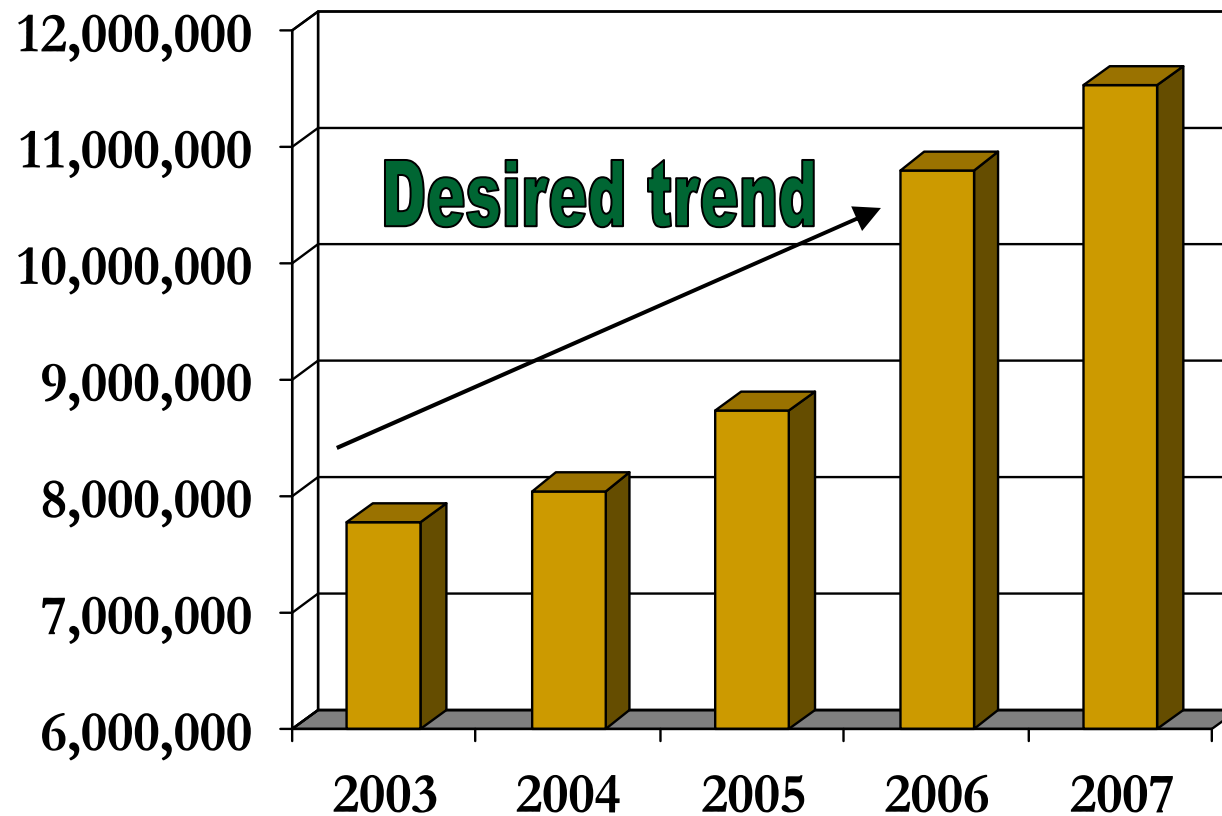
(World Finals, EAWO, WAWO, Futurity, Super Stakes, Summer Show)





Audited Purse Expense Trend

(World Finals, EAWO, WAWO, Futurity, Super Stakes, Summer Show, NCHA Day, Affil. Chal.)

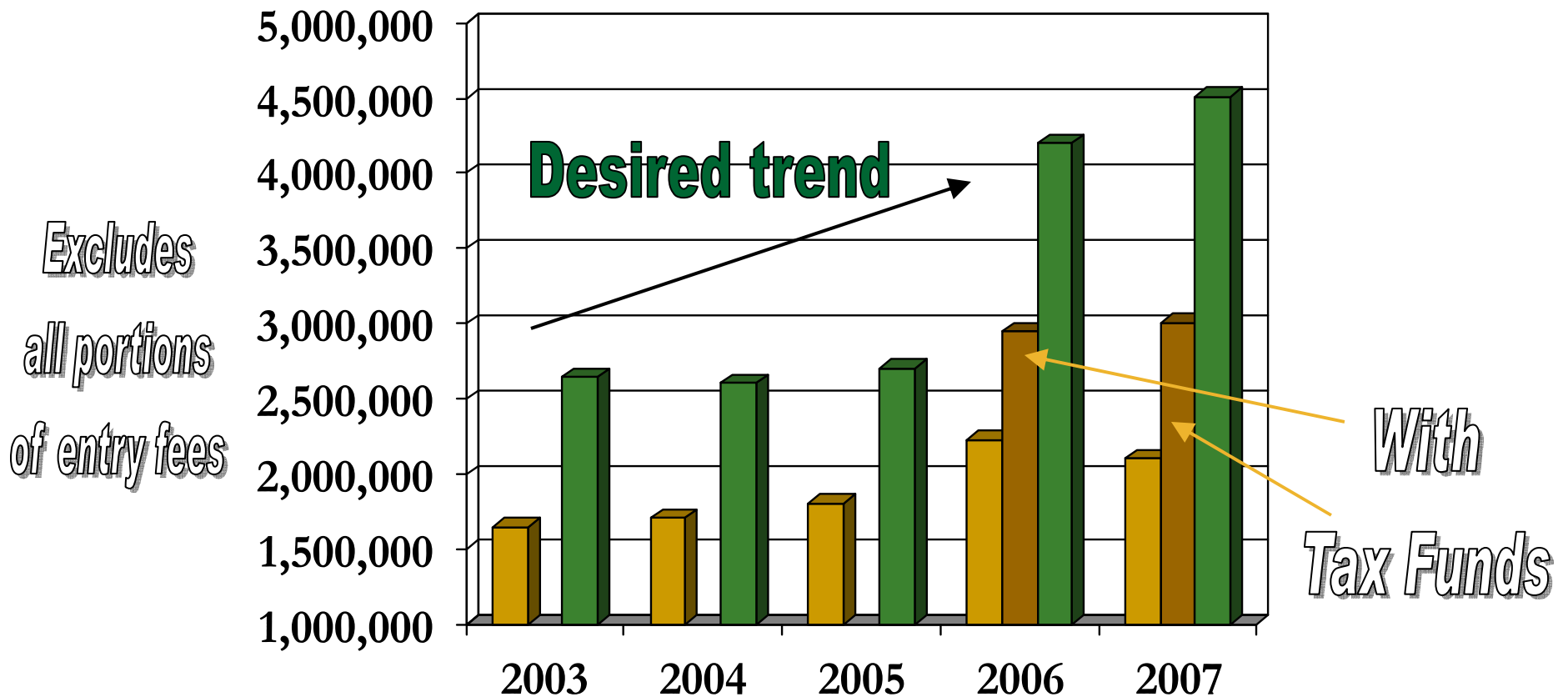


Includes Premiums, Sire Awards, NCHA Day and Affiliate Challenge



NCHA Added Money Trend

(World Finals, EAWO, WAWO, Futurity, Super Stakes, Summer Show, NCHA Day)



Dark Includes Penalty Money (NCHA Adds 100% of late fees to Purse)

NCHA Administration





Detailed Job Descriptions

- Includes goals for the year (plus supervisor goals)
 - Segregated by major activities
 - Detail includes measurable expected results
 - Includes a list of tool and processes used
 - Includes level of responsibility for major activities
 - Includes a listing of key impacts for activities
-
- Activities and processes are reviewed each year to determine if additional efficiencies can be developed



Detailed Job Descriptions

Goals

Name/Position: Ivey,

Rick/Controller/Treasurer

Reports To:

Hooper, Jeff/Executive Director

- Pursue activities during 2008 related to obtaining a Texas Quality Award for the association.
- Review show approval process for procedural and process improvements for both computer and manual functions. Work with IT staff to improve software capabilities.
- Review show entry process for procedural and process improvements for both computer and manual functions. Work with IT staff to improve software capabilities.
- Review credit card processing fees and search for a way to lower the fees during 2008 without having the reduce usage.
- Select and implement a new and more effective accounting software package by January 1, 2009.
- Select and implement a new scanning software system for membership and accounting departments during 2008.
- Implement scanning software for show department by the end of 2008.
- Transfer payroll and 401k processing from ADP to LD Lowe by October 1, 2008, in order to both save money and provide additional employee benefit of personal investment advice.
- Manage implementation of "remote capture" system for processing checks during 2008.



Detailed Job Descriptions

Major Categories

Accounting Function

- * Review invoices for accuracy/appropriateness each week, focusing on potential ways to reduce expense without reducing member benefit.
- * Prepare annual budget prior to November Finance Committee meeting. Work with each manager to develop monthly and annual departmental budgets.
- * Review monthly actual versus budget data with managers and make any necessary adjustments to operations to comply with budgetary restrictions.
- * Review monthly/annual financial records by the 20th of the following month, with an emphasis on searching for possible corrections or potential new improvements to financial condition.
- * Maintain asset depreciation records, removing disposed assets annually (January). Provide rendition of assets to County Tax Assessor by March to minimize property tax payments.
- * Prepare monthly financials prior to the end of the following month.
- * Maintain auditor relations, with annual assessment review (December).
- * Develop/distribute management reports based on demand. Continually search for improved ways to report activity to managers, so that the decision making process continues to improve.

- * Recommend potential expense savings or revenue enhancement measures as noted.
- * Maintain trend and benchmark data to determine financial performance annually (February).
- * Determine "Best Practice" methods for accounting records annually (February).
- * Maintain CPA license, including annual CPE hours prior to CPA license deadline (June 30).
- * Prepare show related financial statements prior to the end of the month following each show.
- * Determine/recommend best computer applications for accounting activities annually (July).
- * Report financial condition of association to Executive and Finance Committee as requested.
- * Keep accounting processes current and documented, with annual assessment reviews (July).

Name/Position: Ivey,

Rick/Controller/Treasurer

Reports To: Hooper,

Jeff/Executive Director



Detailed Job Descriptions

Manage Human Resources

Detailed Activities

- * Proactively and continuously propose programs and plans to meet the changing needs of the association.
- * Continuously strive to understand all areas of all departments in order to provide better service to all employees.
- * Discuss employment issues with employees in order to create a better working environment as requested by employees.
- * Maintain employment records, with annual review to any law changes (April).
- * Maintain employment policies and procedures, with annual assessment review (April).
- * Approve employee time cards prior to each payroll run.
- * Review all payroll runs on the day the payroll report becomes available.
- * Review all overtime hours on the day that the overtime report becomes available.
- * Maintain insurance broker relations, with annual assessment review (June).
- * Recommend new benefit options annually (June).
- * Review quarterly/annual payroll tax returns prior to the return deadline.
- * Maintain position matrix system, with semi-annual assessment review (March/September).
- * Assure human resource processes are current and documented, with annual assessment review (November).
- * Discuss personnel issues with employees as needed.
- * Make recommendations to management regarding human resource issues.

·Computer, Forms, Reports, NCHA files, Project Software, Computer Software, Federal State and Local Law, Telephone, NCHA policies and procedures, Accounting, Copy Machine, Excel, ADP, Trade Publications, Best Practice Data

Tools used



Detailed Job Descriptions

Finance

- * Maintain investment policy, with annual assessment review (before April).
- * Custody of organization funds, with quarterly review with each financial institution holding funds, with an emphasis on maximizing earnings at low risk levels.
- * Disposition and acquisition of organization assets, including contact with each manager annually (January) to review the asset list.
- * Maintain banking relations, with annual assessment review (May).
- * Review performance of investment accounts quarterly, making adjustments to maximize earnings.
- * Maintain records on pension and provide information for annual tax return prior to return deadline. Recommend to the Executive Director and appropriate committees any appropriate action on pension issues as they arise.
- * Sign checks each Friday, reviewing any possibility for improvement in expense levels or improvements in agreements.
- * Review/determine corporate insurance coverage annually (June). Discuss appropriateness of coverage with insurance professionals with an emphasis on providing the best and correct coverage for the level of expense approved.
- * Research non-profit tax issues (especially new law) with regard to IRS tax filings annually prior to 990 and 5500 filings.
- * Review, approve and file annual 990 and 5500 tax returns prior to return deadline.
- * Process 1099s and mail prior to January 31 (email to IRS prior to March 31)
- * Resolve any IRS issues prior to IRS deadline.

Key Impacts

· Elliott, Glenda; ·
Hooper, Jeff; · AU
- Audit Firm; · FR
- Frost Bank; · PC
- Plains Capital
Bank; · LD - L. D.
Low Investment
Firm; · Executive
Committee; ·
Finance
Committee

Name/Position: Ivey,
Rick/Controller/Treasurer
Reports To:
Hooper, Jeff/Executive
Director

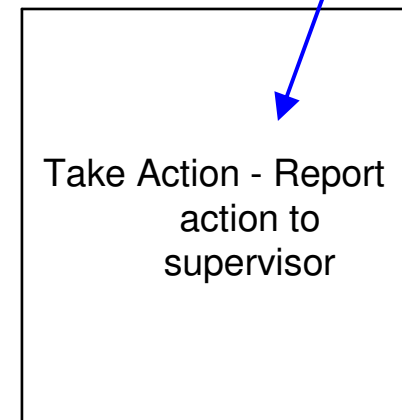


Detailed Job Descriptions

Finance

Level of

Responsibility



- * Perform risk management duties as required by circumstances.
- * Establish major economic objectives and policies annually (December).
- * Keep finance processes current and documented, with annual assessment review (October).
- * Ensure the appropriate tax returns are filed for the association, pension and 401K prior to the deadline for each return.
- * Prepare and file electronic state sales tax returns prior to the 20th of each month.
- * Coordinate IRS audits on association, pension or 401K as required, meeting all IRS or other governmental institution deadlines as determined.
- * Make appropriate electronic tax payments for pension accounts monthly.
- * Provide fiscal impact review of proposals resulting from the annual convention to the Executive Committee at their August meeting.
- * Develop financial models to assist staff, committees and task forces with making proper financial decisions.
- * Review all receivable accounts for timely payment, applying Standing Rule 40 suspensions when appropriate to collect outstanding and past due funds.
- * Provide purse related data to marketing and Chatter for publication.
- * Proof Chatter items of show entry, show purse or financial impact prior to the deadline for each magazine, program or other publication.

Name/Position: Ivey,

Rick/Controller/Treasurer

Reports To: Hooper,

Jeff/Executive Director



Detailed Job Descriptions

Administration

Name/Position: Ivey,

Rick/Controller/Treasurer

Reports To: Hooper,

Jeff/Executive Director

- * Assist Executive Director with management decisions as required.
- * Assure process mapping records are kept current, with semi-annual assessment review (June/December).
- * Negotiate sponsorship and other contracts as assigned by the Executive Director within the prescribed contractual deadlines of the prior contracts.
- * Attend meetings with municipalities, sponsors, business partners and others with the Executive Director that are critical to the operations of the association as required.
- * Assist affiliates with administrative issues as needed to improve the association as a whole.
- * Document NCHA processes as necessary to assist with the improvement of efficiencies throughout the association.
- * Assist with the implementation of new processes throughout the association as improvements are determined.
- * Manage the implementation process for new software packages that impact accounting or have a multi-department impact.
- * Support various standing committees with appropriate and relevant data to assist with their decisions and recommendations.
- * Provide support and data for the search for and identification of special funding from governmental or private entities for NCHA events.
- * Provide data to entities auditing special event funding as requested.
- * Provide data for economic impact studies as requested.
- * Head other projects as assigned, meeting deadlines as determined.



Detailed Job Descriptions

Manage Accounting Employees

Name/Position: Ivey,

Rick/Controller/Treasurer

Reports To: Hooper,

Jeff/Executive Director

- * Ensure efficient application of general ledger activities, with monthly staff meeting for review.
 - * Establish policies and procedures for accruals and GAAP compliance, with annual assessment review (March).
 - * Ensure efficient application of accounts receivable activities, with monthly staff meeting for review.
 - * Establish policies, procedures and timing for receivables / collections process, with quarterly assessment review.
 - * Ensure efficient application of accounts payable activities, with monthly staff meeting for review.
 - * Establish policies and procedures for payables process, with quarterly assessment review.
 - * Ensure efficient application of reception activities, with annual assessment review (February).
 - * Establish policies and procedures for reception processes, with annual assessment review (February).
 - * Determine employee goals annually by January 31 of each year.
 - * Develop an environment that encourages employees to perform at levels that will be suitable for achieving personal, departmental and association goals.
-
- * Evaluate employees annually by December 31 of each year.



Detailed Job Descriptions

Foundation Treasurer

- * Coordinate the signing of all checks with Foundation president within one week of check request.
- * Maintain all books and records monthly.
- * Maintain auditor relations, with annual assessment review (December).
- * Maintain investment policy with quarterly review and update.
- * Review performance of investment accounts quarterly.
- * Maintain banking relations, with annual assessment review (December).
- * Prepare documents for all board meetings according to agenda not less than two weeks prior to meeting date.
- * Give report regarding Foundation activity at each annual NCHA convention.
- * Keep Foundation processes current and documented, with annual assessment review (June).
- * Ensure the appropriate filing of the 990 tax return by August 15th of each year.
- * Coordinate any IRS audits as required, meeting all IRS requested deadlines.
- * Determine eligibility of those requesting crisis funding within 5 business days of receipt of application.

Name/Position: Ivey,

Rick/Controller/Treasurer

Reports To: Hooper,

Jeff/Executive Director

Each major section

contains these items:

Detailed activities,

Tools used,

Responsibility Level,

Key Impacts



Detailed Goal Sheets

Goal Statement

Goal:	Transfer payroll and 401k processing from ADP to LD Lowe by October 31, 2008.
--------------	---

Action Steps

Action Steps:	
1	Request bid from LD Lowe for payroll/401k services
2	Review bid and compare to existing services
	If appropriate:
3	Schedule review and approval of bid with FC/EC
4	Install necessary software
5	Provide training on software
6	Convert data from first three quarters
7	Test system
8	Transfer usage

Interim Completion Dates

Action Step Completion Dates:			
1	February	2	March
3	June/August	4	September
5	September	6	September
7	September	8	October

Cost:	None.
--------------	-------

Savings:	None. Improved benefit at no cost.
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Detailed Goal Sheets

Goal:	Review credit card processing contract and search for improvements during 2008.						
Action Steps:							
1	Request bids from processors						
2	Review bids for best service/cost combination						
3	Select a suggested processor						
4	Obtain approval from FC/EC						
5	Manage conversion process						
6	Go live						
Action Step Completion Dates:							
1	March		2	April		3	May
4	June		5	July		6	August
Cost:							
		Time only					
Savings:							
		\$14,000+ per year					

Budgeted
Cost →



Detailed Goal Sheets

Goal:	Select and implement a new and more effective accounting software package by January 1, 2009.		
Action Steps:			
1	Develop search team		
2	Review at least four separate company packages		
3	Analyze strengths and weaknesses of each package		
4	Determine a suggested package		
5	Determine advantages of upgrading to that package		
6	Gain approval of FC/EC		
7	Manage implementation process		
8	Manage data migration process		
9	Go live		
Action Step Completion Dates:			
1	February	2	March-May
3	May-June	4	June
5	June/August	6	September-December
7	January, 2009	8	
9			
Cost:	\$50,000 (2009-2013 Budget, offset by reduced exp.)		
Savings:	Gain efficiency plus \$9,100+/year JDE fees		

Expected Savings





Detailed Goal Sheets

Supervisor
Approval

Administrative
Approval

Signed by
all Parties

Goal:	Implement scanning software for Membership and Accounting Departments during 2008.				
Action Steps:					
1	Develop search team				
2	Review at least three separate company packages				
3	Analyze strengths and weaknesses of each package				
4	Select package (Pre-approved by FC/EC)				
5	Manage implementation process				
6	Go live				
Action Step Completion Dates:					
1	January	2	May	3	May
4	May	5	June-July	6	August
Cost:	\$15,000 (In Capital Budget, Will spread over 5 years)				
Savings:	\$8,000 per year in overtime and contract labor				



Employee Performance Review

❖ 7-page review form Evaluates:

- ❖ Job Knowledge / Quantity
- ❖ Initiative / Creativity
- ❖ Decision Making
- ❖ Dependability / Adaptability
- ❖ Communication / Organization
- ❖ Attention to Detail / Problem Solving
- ❖ Planning
- ❖ Leadership
- ❖ Effectiveness
- ❖ Budgeting

Position Description

The current job description should be reviewed by the employee and the Department Head or Department Manager at this time. If there have been any significant changes in the duties and responsibilities of this position during the most recent 12 months, please submit a revised job description to the Executive Director.

Instructions

Both the Department Manager/Department Head and the employee should complete an evaluation independently, and then meet to discuss each other's comments. Submit both copies to Human Resources.

Performance Level Definitions

Role Model

Exceptional performance which far exceeds the basic performance requirements of the job. Reserved for those few whose work is clearly and consistently excellent in all areas.

Exceeds Expectations

Performance which completely meets the basic performance requirements of the job in all areas and consistently exceeds expectations of performance. In addition, the employee has demonstrated leadership capabilities.

Good, Solid Professional

Performance consistently meets the basic performance requirements of the job. This means the employee is doing everything necessary to complete the job in an accurate and timely manner and several areas of performance may exceed expectations.

Needs Improvement

Certain areas of performance do not consistently meet the basic performance requirements of the job. Some improvement in specific area(s) is necessary. Employee is placed on a thirty-day (30) probationary period in order to improve stated area(s). If performance does not improve, employee may be terminated.

Unacceptable

Performance does not meet the basic requirements of the job in all areas. Improvement in specific area(s) is necessary. If performance does not improve, employee may be terminated.



Employee Performance Review

Job Knowledge/Quantity

How would you evaluate performance in:

- understanding your duties and responsibilities
- having necessary job knowledge and technical skills
- keeping your job knowledge current
- having command of critical issues
- completing work in a timely manner
- staying busy, helping others when own work is complete

How do you rate performance in this area?

- Role Model (5)
- Exceeds Expectations (4)
- Good, Solid Professional (3)
- Needs Improvement (2)
- Unacceptable (1)

Comments

Numerical ratings

**Written comments
for each category**



Employee Performance Review

Initiative/Creativity	
<ul style="list-style-type: none"> • How would you evaluate performance in: <ul style="list-style-type: none"> ■ initiating and implementing constructive change ■ seeking out new responsibilities ■ streamlining or changing existing procedures ■ being resourceful and generating new ideas ■ practicing self-development 	<p><i>How do you rate performance in this area?</i></p> <p>Role Model (5) Exceeds Expectations (4) Good, Solid Professional (3) Needs Improvement (2) Unacceptable (1)</p>
Comments	

Decision Making	
<p>How would you evaluate performance in:</p> <ul style="list-style-type: none"> ■ making decisions systematically ■ making decisions under pressure ■ building consensus ■ making difficult/unpopular decisions ■ considering the impact of decisions 	<p><i>How do you rate performance in this area?</i></p> <p>Role Model (5) Exceeds Expectations (4) Good, Solid Professional (3) Needs Improvement (2) Unacceptable (1)</p>
Comments	

Dependability/Adaptability	
<p>How do you evaluate performance in:</p> <ul style="list-style-type: none"> ■ meeting commitments ■ working independently ■ accepting accountability ■ handling change ■ setting personal standards and staying focused under pressure ■ meeting attendance/punctuality requirements 	<p><i>How do you rate performance in this area?</i></p> <p>Role Model (5) Exceeds Expectations (4) Good, Solid Professional (3) Needs Improvement (2) Unacceptable (1)</p>
Comments	

Attention to Detail/Problem Solving	
<p>How do you evaluate performance in:</p> <ul style="list-style-type: none"> ■ attention to detail and accuracy ■ establishing work priorities ■ your commitment to excellence ■ continuous improvements ■ finding root causes of problems and generating alternative approaches ■ owning and acting on problems 	<p><i>How do you rate performance in this area?</i></p> <p>Role Model (5) Exceeds Expectations (4) Good, Solid Professional (3) Needs Improvement (2) Unacceptable (1)</p>
Comments	

13 Separate spaces for written comments



Employee Performance Review

Communication	
<p>How do you evaluate performance in:</p> <ul style="list-style-type: none"> ■ communicating with all levels (peers, management, and members) ■ your verbal and written communication abilities ■ expressing ideas ■ having good listening skills ■ sharing information and ideas with others 	<p><i>How do you rate performance in this area?</i></p> <p>Role Model (5) Exceeds Expectations (4) Good, Solid Professional (3) Needs Improvement (2) Unacceptable (1)</p>
<p>Comments</p>	

Organization	
<p>How do you evaluate performance in:</p> <ul style="list-style-type: none"> ■ keeping information organized and accessible ■ maintaining a clean, functional work space ■ prioritizing tasks and managing workflow ■ developing and following work procedures ■ managing your time 	<p><i>How do you rate performance in this area?</i></p> <p>Role Model (5) Exceeds Expectations (4) Good, Solid Professional (3) Needs Improvement (2) Unacceptable (1)</p>
<p>Comments</p>	

Planning	
<p>How do you evaluate performance in:</p> <ul style="list-style-type: none"> ■ developing realistic plans ■ balancing short- and long-term goals ■ aligning plans with company goals ■ planning for and managing resources ■ creating contingency plans ■ coordinating and cooperating with others 	<p><i>How do you rate performance in this area?</i></p> <p>Role Model (5) Exceeds Expectations (4) Good, Solid Professional (3) Needs Improvement (2) Unacceptable (1)</p>
<p>Comments</p>	

Managerial Performance/Effectiveness (Managers/Department Heads only)	
<ul style="list-style-type: none"> ■ conveys clear performance expectations to subordinates ■ provides clear and frequent feedback and coaching on performance issues ■ corrects performance problems quickly ■ motivates and develops staff for future promotional opportunities 	<p>Role Model Exceeds Expectations Good, Solid Professional Needs Improvement Unacceptable</p>
<p>Comments</p>	

Focus on each category individually



Employee Performance Review

Hiring Function (Managers/Department Heads only)	
<ul style="list-style-type: none"> ■ recruits and retains a quality staff ■ continuously trains and develops staff ■ provides equal opportunity to all regardless of race, color, sex, age, religion, disability, sexual orientation, or national origin. 	Role Model Exceeds Expectations Good, Solid Professional Needs Improvement Unacceptable
Comments	

Leadership (Managers/Department Heads only)	
How do you evaluate performance in: <ul style="list-style-type: none"> ■ influencing others ■ establishing a clear focus and direction ■ motivating and empowering others towards common company goals ■ creating a participative climate to work in 	<i>How do you rate performance in this area?</i> Role Model (5) Exceeds Expectations (4) Good, Solid Professional (3) Needs Improvement (2) Unacceptable (1)
Comments	

Budgeting/Payroll Management (Managers/Department Heads only)	
<ul style="list-style-type: none"> ■ timely budget compilation ■ accuracy of revenue and expense forecast for the department ■ ability to operate within agreed upon budget levels throughout the course of the year ■ efficiency in staffing and payroll management 	Role Model Exceeds Expectations Good, Solid Professional Needs Improvement Unacceptable
Comments	

Overall Evaluation	
Based on the criteria evaluated above, summarize the overall performance over the last 12 months.	<i>How do you rate performance overall?</i> Role Model Exceeds Expectations Good, Solid Professional Needs Improvement Unacceptable
Comments	

Space for comments not shown at actual size



Employee Performance Review

Improvement Recommendations

Describe any specific performance problems of this employee during the period covered by this performance appraisal. Indicate desired areas for improvements and specify a time frame.

Comments

**Areas for
improvement**

Future Development Objectives

To be completed jointly by the employee and the Manager/Department Head. List the agreed upon future goals for the next 12 months. For example, goals could include career advancement within the department, formal training in a specific area or simply to maintain the current business relationship.

Comments

New Goals

Signatures

Employee Signature
(required)
Date

Date

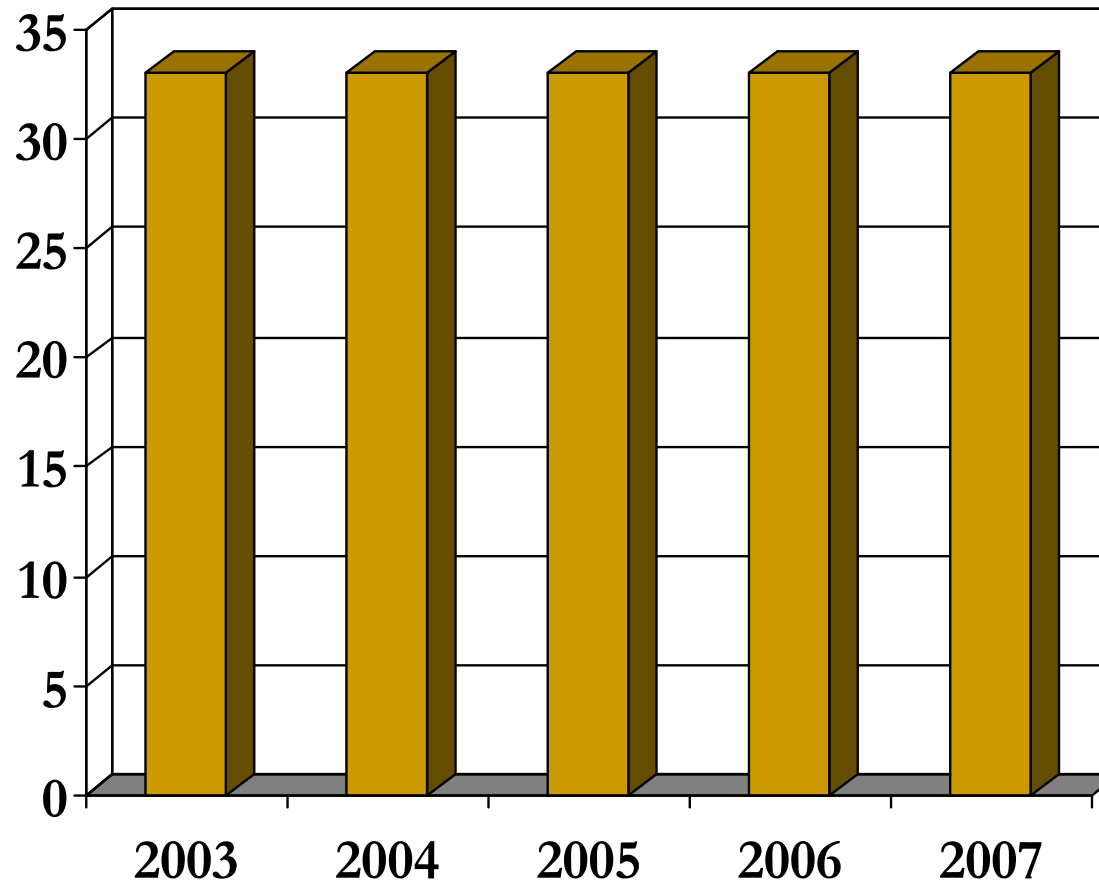
Sign & Date

Executive Director Signature (required)

Date

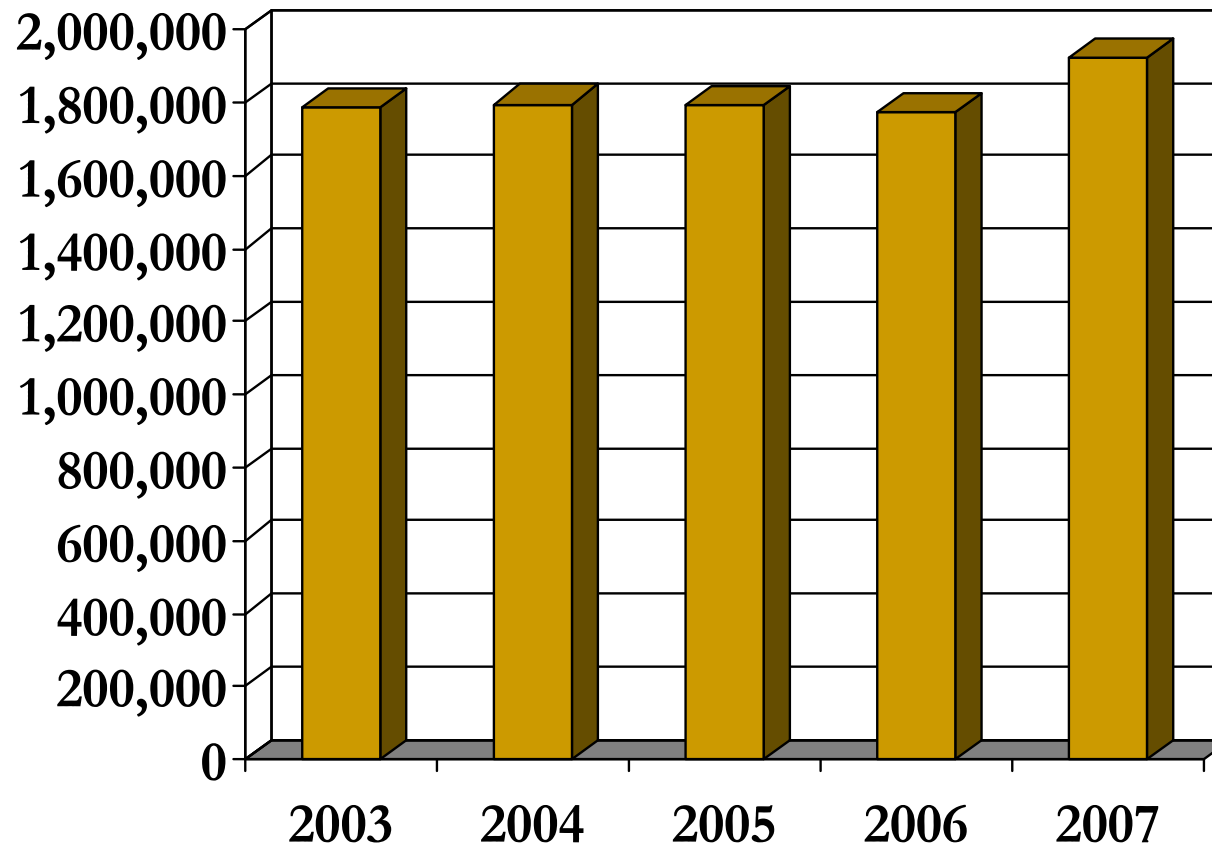


Number of Employees (At December 31 of each year)





Audited Salary Expense Trend



Only a 6.9% total increase in salaries over the last 4 years.



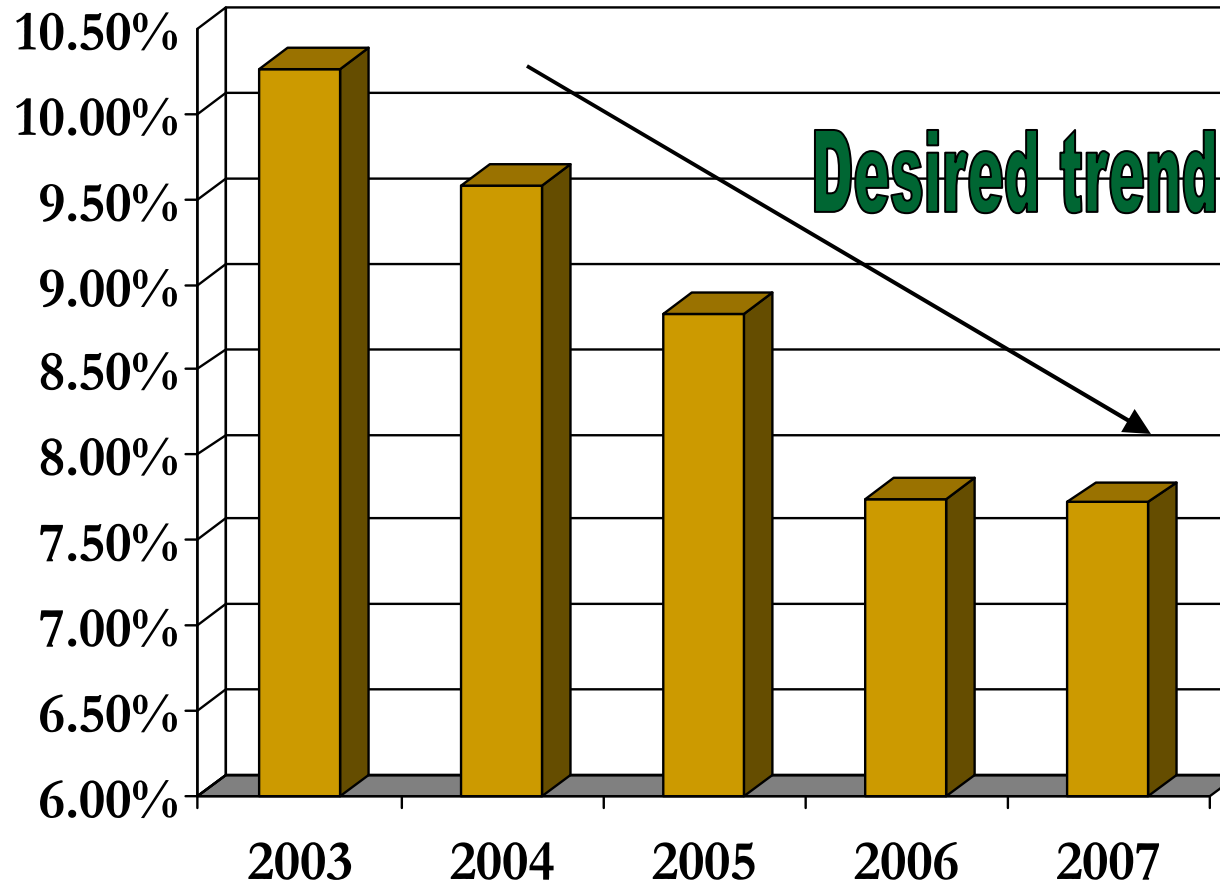
Independent Salary Survey Results

- 2006 Survey (based on 2005 data) \$1,947,035
- 2007 Salary data \$1,952,073

- ✓ **Survey prepared by outside firm (Roster Technology)**
 - ✓ **Comparison based on median (50th percentile)**
 - ✓ **Comparison to \$25 Million Revenue Companies**
 - ✓ **Comparison to Tarrant County Companies**
 - ✓ **Comparison includes benefits**
 - ✓ **Comparison based on detailed job descriptions**
 - ✓ **Based on all 33 NCHA full-time employees**



Audited Salary Dollars as a Percentage of Revenue Trend



NCHA Sources and Uses





Sources and Uses

- ❖ Grouped by activity, not department
 - ❖ Each produced show
 - ❖ Weekend affiliate events
 - ❖ LAE affiliate events
 - ❖ Youth
 - ❖ General Sponsorships less Marketing costs
 - ❖ Chatter
 - ❖ Horse sales
 - ❖ Membership
 - ❖ Overhead

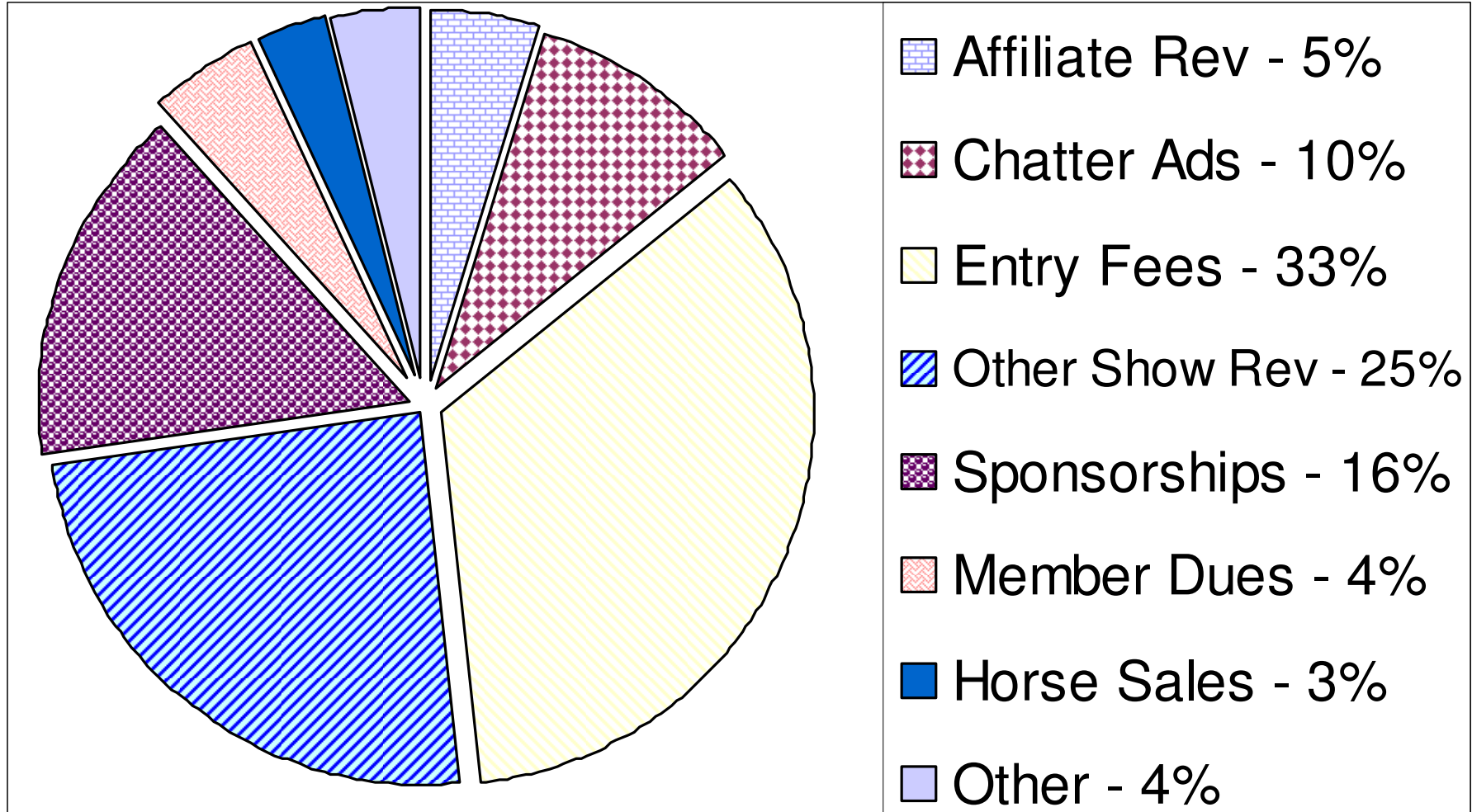


Sources and Uses

- ❖ Activities evaluated as a stand-alone entity
- ❖ All direct expenses are placed with the activity they impact
- ❖ Allocation of costs of show and judging personnel and departmental expenses to individual show activities based on time spent
- ❖ Allocation of accounting and IT personnel to activities on an equal basis
- ❖ Other accounting and IT expenses are in overhead
- ❖ Any expense not placed or allocated becomes overhead

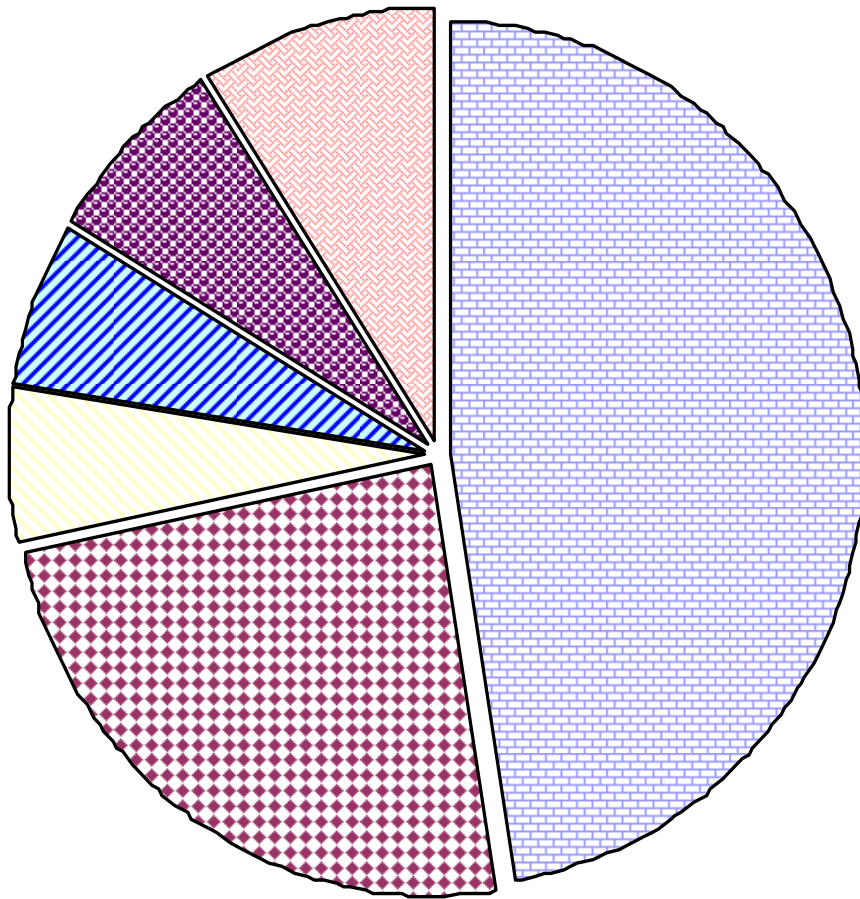


2007 Sources of Cash





2007 Uses of Cash



- Premiums - 48%
- Other Show Exp - 24%
- Marketing - 6%
- Chatter - 6%
- Membership - 7%
- Other - 9%



2007 Sources and Uses (Based on Operating Net)

	<u>2007</u>
✓ Triple Crown Event total	\$ (5,953)
✓ World Finals, EAWO, WAWO total	(130,044)
✓ Western Horseman Cup	(9,523)
✓ NCHA support of weekend (6%) shows	(26,312)
✓ NCHA support of LAE (2%) shows	(155,921)
✓ Youth	(32,911)
✓ General Sponsorships less Marketing costs	541,396
✓ Chatter	302,356
✓ Horse Sales	762,500
✓ Membership	236,727
✓ Overhead	(949,298)
<hr/>	
✓ Total	\$ 533,017



2006/2007 Sources and Uses (NCHA Produced Shows)

	<u>2006</u>	<u>2007</u>
✓ Futurity	\$ 179,625	\$ 59,032
✓ Super Stakes	(36,511)	(76,901)
✓ Summer Show	(4,268)	<u>11,916</u>
✓ Triple Crown Total	<u>138,846</u>	<u>(5,953)</u>
✓ World Finals	(12,601)	(33,829)
✓ EAWO	(42,953)	(29,947)
✓ WAWO	<u>(78,780)</u>	<u>(66,268)</u>
✓ NCHA National Events	<u>(134,334)</u>	<u>(130,044)</u>



2006/2007 Sources and Uses (Support of Weekend {6%} Shows)

	<u>2006</u>	<u>2007</u>
✓ Affiliate Show Fees	\$ 656,834	\$ 668,721
✓ Affiliate Software Fees	30,034	32,925
✓ Sponsorships	164,089	171,134
✓ Advertising	18,655	27,755
✓ Other	<u>15,559</u>	<u>7,000</u>
✓ Sources	<u>885,171</u>	<u>907,535</u>
✓ Payments to Affiliates	185,000	193,185
✓ Awards	333,921	300,537
✓ Personnel Costs	167,430	160,348
✓ Office Costs	64,854	76,917
✓ Monitoring Costs	41,400	61,375
✓ Sponsor Ads (Non Cash)	18,655	27,755
✓ Consulting	11,398	14,709
✓ Grass Roots Clinics	0	62,720
✓ Other Costs	<u>31,692</u>	<u>36,301</u>
✓ Uses	<u>854,350</u>	<u>933,847</u>
✓ Net	<u>30,821</u>	<u>(26,312)</u>



2006/2007 Sources and Uses (Support of LAE {2%} Shows)

	<u>2006</u>	<u>2007</u>
✓ Affiliate Show Fees	\$ 220,230	\$ 228,620
✓ Affiliate Software Fees	7,509	3,658
✓ Other	<u>5,507</u>	<u>0</u>
✓ Sources	<u>233,246</u>	<u>232,278</u>
✓ Awards	67,411	173,191
✓ Personnel Costs (Internal re-allocation of staff)	110,572	55,058
✓ Office Costs	47,573	46,416
✓ Monitoring Costs	66,850	84,500
✓ Consulting	11,398	14,709
✓ Affiliate Software	10,250	5,465
✓ Other Costs	<u>15,692</u>	<u>8,860</u>
✓ Uses	<u>329,746</u>	<u>388,199</u>
✓ Net	<u>(99,500)</u>	<u>(155,921)</u>



2006/2007 Sources and Uses (Overhead)

	<u>2006</u>	<u>2007</u>
✓ Investment Earnings	\$ 336,885	\$ 382,410
✓ Administrative Fees	217,080	327,694
✓ Sponsorships	88,153	98,750
✓ Royalties	54,954	63,313
✓ Product Sales (Net of cost)	18,681	28,544
✓ Other	<u>13,195</u>	<u>6,824</u>
✓ Sources	<u>728,948</u>	<u>906,063</u>
✓ Legal Fees	140,853	234,114
✓ Other Professional Fees	90,233	103,275
✓ Promotions	140,527	162,192
✓ Personnel Costs	677,116	800,693
✓ Office Costs	329,619	382,812
✓ Committee Costs	48,707	75,208
✓ Other Costs	<u>160,419</u>	<u>95,067</u>
✓ Uses	<u>1,587,474</u>	<u>1,855,361</u>
✓ Net	<u>(858,526)</u>	<u>(949,298)</u>



Financial Disclosure Policy

(Last Revised June 24, 2004)

NATIONAL CUTTING HORSE ASSOCIATION FINANCIAL DISCLOSURE POLICY AND PROCEDURE

In order to facilitate access to the books and records of the National Cutting Horse Association (“NCHA”), as provided by law, the Association adopts the following policy and procedure. As a not for profit corporation formed under the laws of the State of Texas the NCHA is governed by Article 1396-2.23 of the Texas Non-Profit Corporation Act which states as follows:

“A. Each corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its members, board of directors, and committees having any authority of the board of directors and shall keep at its registered office or principal office in this State a record of the names and addresses of its members entitled to vote.

B. A member of a corporation, on written demand stating the purpose of the demand, has the right to examine and copy, in person or by agent, accountant, or attorney, at any reasonable time, for any proper purpose, the books, records of the corporation relevant to that purpose, at the expense of the member.”

The NCHA publishes statements of financial position from time to time in the *Cutting Horse Chatter* in order to inform its members of its financial affairs. To the extent that any member wishes available information of the type which is published, a member can request that information at any time and the most current information available will be provided for inspection and copying at the NCHA offices during normal business hours.

A member desiring more detailed information than that which is published, may request information pursuant to Art. 1396-2.23.B of the Texas Non-Profit Corporation Act. The member will direct a written request stating the purpose of his request to the Executive Director and stating the proper purpose for which the information is requested. The NCHA Executive Director shall determine whether a proper purpose has been stated and, if so, shall make arrangements to provide the requested information on a reasonable basis as determined by the Executive Director without revealing the confidences of employees or contract labor personnel, confidential information related to third-party contracts with the NCHA or other protectable information. Any deficiency in a request as determined by the Executive Director will be communicated to the requesting member.



Financial Disclosure Policy

(Last Revised June 24, 2004)

Appropriate agreements to protect the NCHA from disclosure of information will be required for any and all NCHA information made available to members. If any request is received for employee or contract labor records including evaluations, performance or compensation records, any and all such action as may be necessary to protect the interest of the employee shall be taken before any records are revealed. Further, all information pertaining to financial terms and conditions of contracts between the NCHA and third parties will be protected to the extent permitted by law. If a proper purpose for disclosure is stated but satisfactory arrangements cannot be made with the requesting party for the protection of employee or contract labor records or other confidential, sensitive or protectable information, the Executive Director shall take any and all action necessary to obtain protection from a court of appropriate jurisdiction.

Adopted this 24TH day of June, 2004.