



Member Section

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**Board Motions**  
**Attachment to Motions**  
**Report of the ApHC Interim CEO**  
**Financial Report**

# Unapproved Summary of Motions

September 26, 2019



## ApHC Board of Directors

Regular Meeting

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*These motions are in draft form (unapproved) and will be finalized, published and distributed in accordance with Article IV, Section 9 of the Bylaws of the Appaloosa Horse Club and ApHC Rule 70.*

Those Board members in attendance for all or part of the Board of Directors General Board meeting Sept 26, 2019 were Dena Raggio, Tom Hodges, Leslie Foxvog, Megan Disselkoen, Ken Johnson, Ray Burchett, Kristen Reiter, Luke Northway, Sean Schembri, Kevin Griner, Paula Gatewood, and Billy Ready. ApHC officers, staff present in person for all or part of this meeting were Interim CEO, Lynette Thompson; Finance Officer, Keith Ranisate; Executive Assistant, Jenny Knutson; Marketing Director, Elaine Pierson; Performance Department Supervisor, Keri LeForce; Registration Department Supervisor, Terry Hutton; I.T. Department Supervisor, David O'Keefe; Journal Editor; Dana Russell; ApHC Legal Counsel, Cody Moore.

**BOD Motion 01-09-19:** The 2019 ApHC Board of Directors moves to approve the agenda as presented.

**Motion made by:** Ray Burchett, seconded by Leslie Foxvog.

**Motion passed unanimously**

**BOD Motion 02-09-19:** The 2019 ApHC Board of Directors moves to approve the Summary of Motions from the April 8-9th, 2019 meeting of the ApHC Board of Directors as published in the *Appaloosa Journal*.

**Motion made by:** Leslie Foxvog and seconded by Billy Ready.

**Motion passed unanimously**

**BOD Motion 03-09-19:** The 2019 ApHC Board of Directors moves to approve the Summary of Motions from the April 29th, 2019 meeting of the ApHC Board of Directors as published in the *Appaloosa Journal*.

**Motion made by:** Ray Burchett and seconded by Billy Ready.

**Motion passed unanimously**

**BOD Motion 04-09-19:** The 2019 ApHC Board of Directors moves to approve the Summary of Motions from the July 15th, 2019 meeting of the ApHC Board of Directors as published in the *Appaloosa Journal*.

**Motion made by:** Leslie Foxvog and seconded by Ray Burchett.

**Motion passed unanimously**

**BOD Motion 05-09-19:** The 2019 ApHC Board of Directors moves to approve the Consent Agenda, as follow:

**BOD Motion 07-04-19:** Appaloosa Competitive All-Breed Program (ACAAP) as presented in **Attachment A** and to include Program name change for re-branding purposes. Per BOD Motion 27-04-17 this recommendation has been deemed by the ApHC Executive Committee to be necessary and essential to the immediate welfare and orderly administration of the ApHC, its programs and or policies.

**Motion made by:** Ray Burchett, seconded by Ken Johnson

**Motion passed unanimously**

**BOD Motion 08-04-19:** The 2019 ApHC Board of Directors accepts Rules Committee recommendation and moves to approve changes to Rule 10 as follows:

10. MEMBERSHIP

...

G. PRIVILEGES

...

7. Receipt of the annual audit/**review** and notice of annual meeting of members.

...

**Motion made by:** Ken Johnson, seconded by Leslie Foxvog

**Motion passed unanimously**

**Motion made by:** Ken Johnson, seconded by Billy Ready

Dena Raggio – President	Sean Schembri –Yes	Tom Hodges – Yes
Paula Gatewood – Yes	Leslie Foxvog – Yes	Luke Northway - No
Ray Burchett –Yes	Christina Ottersbach - Yes	Ken Johnson - Yes
Kevin Griner - Yes	Megan Disselkoen – Yes	Kristen Reiter - Yes
Billy Ready – Yes		

**Motion passed**

*Both these rule changes will be included in the 2020 ApHC Handbook.*

**BOD Motion 06-09-19:** The 2019 ApHC Board of Directors moves to amend **BOD Motion 09-04-19** to read as follows: 2019 ApHC Board of Directors accepts Show/Trail Committee recommendation in **SC Motion 03-03-19** and moves that beginning with the ~~2020~~ **2021** National Show and Youth World Show, points will be awarded under each judge in each class ~~and also for the overall composite placing in each class~~. Additionally, National Show Champions will be automatically qualified to compete in that class at the World Show in the same year. Points from the National Show will continue to count toward year-end and lifetime awards but will not count toward World Show Point qualification or territory high point year-end awards and to incorporate and approve related rule changes in this motion.

Rule amendment wording related to motion: **Create new rule 704**

**704. NATIONAL CHAMPIONSHIP SHOW**

- A. The National Championship Show is sponsored by the Appaloosa Horse Club. This show also contains classes for youth exhibitors and those youth classes are named World Championship Appaloosa Youth Show classes.**
- B. National points will be awarded, as outlined in rule 701.A, in each nationally pointed open, non-pro, and youth class held at the show for the individual placings of each judge in the class and for the overall composite placing in the class.**
- C. Points earned at this show will not count toward territorial high-point awards or toward qualifying for the World Championship Appaloosa Show.**

*The following changes are required to World qualifying rules in order to allow the National Champion in each class to automatically qualify for the World Show.*

703.

A.

3. Each World Show **and National Show** class champion will automatically qualify to compete in that class at the next World Show. **National Show champions are qualified to compete in that class at the World Show held the same year. World Show champions are qualified to compete in that class at the World Show the following year.**

703.

B.

3. Each World Show **and National Show** class champion will automatically qualify to compete in that class at the next World Show. **National Show champions are qualified to compete in that class at the World Show held the same year. World Show champions are qualified to compete in that class at the World Show the following year.**

702.

B

4. Overall year-end high point standings will be calculated for all ApHC-approved **and –sponsored** shows.

**Motion made by:** Ken Johnson, seconded by Sean Schembri.

**Motion passed unanimously**

**BOD Motion 07-09-19:** The 2019 ApHC Board of Directors moved to approve the amended version of **BOD Motion 09-04-19**.

**Motion made by:** Ken Johnson, seconded by Sean Schembri.

**Motion passed unanimously**

*This rule change will be included in the 2021 ApHC Handbook.*

**BOD Motion 08-09-19:** The 2019 ApHC Board of Directors moves to table **BOD Motion 15-04-19** and send it to the Breeders/Sale/SSA and Finance committees for further research and proper wording. These committees to report their findings to the ApHC Board of Directors by the spring 2020 meeting.

**BOD Motion 15-04-19:** The 2019 ApHC Board of Directors accepts Breeders/Sale/SSA Committee Recommendation and moves to amend ApHC Rules 200 and 225 to require all ApHC eligible foals born on or after January 1, 2022 to be parentage verified through DNA testing by an ApHC approved laboratory in order to be registered.

**Motion made by:** Ray Burchett, seconded by Sean Schembri

**Motion passed unanimously**

**Motion made by:** Leslie Foxvog, seconded by Ken Johnson.

**Motion passed unanimously**

**BOD Motion 09-09-19:** The 2019 ApHC Board of Directors moves to approve **BOD motion 16-04-19** and include these rule amendments in our 2020 ApHC Handbook with the rule amendment wording provided by the Rules Committee.

**BOD Motion 16-04-19:** The 2019 ApHC Board of Directors accepts Trail Committee Recommendation and moves to allow unregistered mares with visible Appaloosa coat pattern to pay \$200.00 in addition to regular fees for the Chief Joseph Trail Ride for Annual Permission to participate on the ride, provided such horses and riders will not be eligible for Chief Joseph Trail Ride awards.

**Motion made by:** Kristen Reiter, seconded by Luke Northway

**Motion passed unanimously**

459. TRAIL RIDE CLASSIFICATIONS:

4. On the Chief Joseph Trail Ride, participants are required to ride ApHC-registered Appaloosas.
- a. **Unregistered mares may be allowed to participate in the Chief Joseph Trail ride upon acceptance of photographic evidence of an obvious Appaloosa coat pattern in photographs taken at a minimum of 10 feet as long as the obvious Appaloosa pattern is not accompanied**

by any of the characteristics described in rule 205. A or 205. B and who pay an addition to the regular fees for the Chief Joseph Trail Ride for Annual Permission to participate on the ride. No unregistered appaloosa colored horses nor their riders or owners shall be eligible for any of the Chief Joseph Trail Ride awards.

#### 457. CHIEF JOSEPH TRAIL RIDE MEDALLION

C. All horses eligible for the Chief Joseph Trail Ride Medallion must be registered with the Appaloosa Horse Club. No unregistered appaloosa colored horses nor their riders or owners shall be eligible for any of the Chief Joseph Trail Ride awards.

#### 458. RECREATIONAL TRAIL RIDING AWARDS

B. In order to earn miles toward recreational trail riding awards and to earn credit toward the Trail Rider Hall of Fame, riders must **submit mileage from riding a horse registered by the ApHC** and proof of attendance by submitting a properly completed mileage report form signed by the ride manager within 30 days of the ride, but not later than December 15 of the year in which the ride was held in order to count toward any awards.

#### 702. NATIONAL AWARDS

##### I. Medallion Awards System

4.

c. Beginning in 1993, a medallion will be awarded to horses completing 10 consecutive years of each entire annual Chief Joseph Trail Ride. Medallions will be awarded to the first-listed owner according to ApHC records at the time the 10-year requirement is completed. **All horses eligible for the Chief Joseph Trail Ride Medallion must be registered with the Appaloosa Horse Club. No unregistered appaloosa colored horses nor their riders or owners shall be eligible for any of the Chief Joseph Trail Ride awards.**

**Motion made by:** Ray Burchett and seconded by Leslie Foxvog.

Dena Raggio – President	Sean Schembri –Yes	Tom Hodges – Yes
Paula Gatewood – Yes	Leslie Foxvog – Yes	Luke Northway - Yes
Ray Burchett –Yes	Christina Ottersbach - Yes	Ken Johnson - Yes
Kevin Griner - No	Megan Disselkoen – Yes	Kristen Reiter - Yes
Billy Ready – Yes		

**Motion passed**

**BOD Motion 10-09-19:** The 2019 ApHC Board of Directors moves to adopt **BOD Motion 16-04-19** amending Rules 459 4 a., 457 C, 458 B, and 702 I 4c, to take effect immediately based on Rule 70.D and without following the procedures in Rule 70.C. based upon the finding that immediate implementation is essential to the orderly administration of the ApHC in that these amendments benefit the Chief Joseph Trail Ride.

**Motion made by:** Ray Burchett and seconded by Leslie Foxvog.

Dena Raggio – President	Sean Schembri –Yes	Tom Hodges – Yes
Paula Gatewood – Yes	Leslie Foxvog – Yes	Luke Northway - Yes
Ray Burchett –Yes	Christina Ottersbach - Yes	Ken Johnson - Yes
Kevin Griner - No	Megan Disselkoen – Yes	Kristen Reiter - Yes
Billy Ready – Yes		

**Motion passed**

*This rule change will be included in the 2020 ApHC Handbook.*

**BOD Motion 11-09-19:** The 2019 ApHC Board of Directors moves to table and refer to the Show committee the following proposal from the Rules committee for further research. Show committee shall report their findings to the Spring 2020 ApHC Board of Directors meeting.

The Rules committee moves to send the following rule changes and ask that they be considered along with the Rule 70 D Statement that they will benefit the ApHC by potentially bringing more income to the Appaloosa National/Youth World Show and the Appaloosa World Championship show.

#### RULE 801

A.

1. In order to receive points in the youth division, the horse exhibited by a youth or youth in youth shows and/or events must be owned or co-owned by such youth exhibitor or exhibitors or youth handler or handlers and/or any such youth exhibitor's or exhibitors' or youth handler's or handlers' spouse, legally recognized domestic partner, child, step-child, legal ward, father, mother, stepparent, sister, brother, aunt, uncle, niece, nephew grandparent, grandchild, legal guardian, in-laws of the same relationship as stated above or solely family owned business entity, it being the express intent of this rule to allow any such owned or co-owned horse to receive points in the youth division if exhibited in ApHC approved youth shows and/or events by as many youth exhibitors and handlers who meet the membership and ownership qualifications of this rule, provided that any such horse shall not be exhibited by more than one youth in any class, and further provided that no horse shall be exhibited at the ApHC-sponsored World Championship Youth Show by more than ~~one~~ **two unrelated youth or by more than one unrelated youth and one unrelated non pro, each of whom must meet the youth or non pro membership and ownership qualifications of Rules 800 and 801 and 900 and 907**, unless the horse exhibited by such youth exhibitor or youth handler at the World Championship Youth Show is owned by such youth exhibitor's or youth handler's spouse, or legally recognized domestic partner, child, step-child, legal ward, father, mother, stepparent, sister, brother, aunt, uncle, niece, nephew, grandparent, grandchild, legal guardian, in-laws of the same relationship as stated above or solely family owned business entity, in which event any such related youth may exhibit any such horse at the ApHC –sponsored World Championship Youth Show, provided that any such horse shall not be exhibited by more than one youth in any class at the ApHC-sponsored World Championship Youth Show. Any youth placing below a youth who does not meet the above will not be moved up in placings. All entries in the youth classes shall count toward the overall class points.

#### RULE 802 ELIGIBILITY FOR WORLD CHAMPIONSHIP YOUTH SHOW

B. No horse shall be exhibited at the ApHC-sponsored World Championship Youth Show ~~by more than one unrelated youth, who must meet the youth membership and ownership qualifications of Rule 800 and 801, by~~

**more than two unrelated youth or by more than one unrelated youth and one unrelated non pro, each of whom must meet the youth or non pro membership and ownership qualifications of Rules 800 and 801 and 900 and 907** unless the horse exhibited by such youth exhibitor or youth handler is owned by such youth exhibitor's or youth handler's spouse, or legally recognized domestic partner, child, step-child, legal ward, father, mother, stepparent, sister, brother, aunt, uncle, niece, nephew, grandparent, grandchild, legal guardian, in-laws of the same relationship as stated above or solely family owned business entity, in which event any such related youth may exhibit any such horse at the ApHC-sponsored World Championship Youth Show, provided that any such horse shall not be exhibited by more than one youth in any class at the ApHC-sponsored World Championship Youth Show.

#### RULE 900

- J. In order to receive points in the non-pro division, the horse exhibited by a non-pro or non-pros in non-pro shows and/or events must be owned or co-owned by such non-pro exhibitor or exhibitors or non-pro handler or handlers and/or any such non-pro exhibitor's or exhibitors' or non-pro handler's or handlers' spouse, legally recognized domestic partner, child, step-child, legal ward, father, mother, stepparent, sister, brother, aunt, uncle, niece, nephew, grandparent, grandchild, legal guardian, in-laws of the same relationship as stated above or solely family owned business entity, it being the express intent of this rule to allow any such owned or co-owned horse to receive points in the non-pro division if exhibited in ApHC-approved non-pro shows and/or events by as many non-pro exhibitors and handlers who meet the membership and ownership qualifications of this rule, provided that any such horse shall not be exhibited by more than one non-pro in any class, and further provided that no horse shall be exhibited at the ApHC-sponsored National Show and World Show by more than **one two unrelated non-pro or by more than one unrelated non-pro and one unrelated youth, each of whom must meet the non-pro or youth membership and ownership qualifications of Rules 800 and 801 and 900 and 907**, unless the horse exhibited by a non-pro exhibitor or non-pro handler at the ApHC-sponsored National Show and/or World Show is owned by such non-pro exhibitor's or non-pro handler's spouse, or legally recognized domestic partner, child, step-child, legal ward, father, mother, stepparent, sister, brother, aunt, uncle, niece, nephew, grandparent, grandchild, legal guardian, in-laws of the same relationship as stated above or solely family owned business entity, in which event any such related non-pro may exhibit any such horse at the ApHC-sponsored National Show and World Show, provided that any such horse shall not be exhibited by more than one non-pro in any class at the ApHC-sponsored National Show and World Show. Any non-pro placing below a non-pro who does not meet the above will not be moved up in placings. All entries in the non-pro classes shall count toward the overall class points.

#### RULE 907 ELIGIBILITY FOR NATIONAL AND WORLD SHOWS

- C. No horse shall be exhibited at the ApHC sponsored National Show and/ or World Show by ~~more than one unrelated non pro, who must meet the non pro membership and ownership qualifications of Rule 900,~~ **more than two unrelated non-pro or by more than one unrelated non-pro and one unrelated youth, each of whom must meet the non-pro or youth membership and ownership qualifications of Rules 800 and 801 and 900 and 907**, unless the horse exhibited by a non-pro exhibitor or non-pro handler is owned by such non-pro exhibitor's or non-pro handler's spouse, or legally recognized domestic partner, child, step-child, legal ward, father, mother, stepparent, sister, brother, aunt, uncle, niece, nephew, grandparent, grandchild, legal guardian, in-laws of the same relationship as stated above or solely family owned business entity, in which event any such related non-pro may exhibit any such horse at the ApHC-sponsored National Show and World Show, provided that any such horse shall not be exhibited by more than one non-pro in any class at the ApHC-sponsored National Show and World Show.

**Motion made by:** Ken Johnson, seconded by Billy Ready

Dena Raggio - President	Sean Schembri - Yes	Tom Hodges - Yes
Paula Gatewood - Yes	Leslie Foxvog - Yes	Luke Northway - No
Ray Burchett - Yes	Christina Ottersbach - Yes	Ken Johnson - Yes
Kevin Griner - Yes	Megan Disselkoen - Yes	Kristen Reiter - Yes
Billy Ready - Yes		

**Motion passed**

**BOD Motion 12-09-19:** (Per **BOD Motion 27-04-17** the following recommendation has been deemed by the ApHC Executive Committee to be necessary and essential to the immediate welfare and orderly administration of the ApHC, its programs and or policies.)

The 2019 ApHC Board of Directors moves to amend rule 40 c. by deleting part 12, thereby allowing the use of Omeprazole.

#### RULE 40.

##### C.—ADMINISTRATION GUIDELINES

~~12. Omeprazole (CastroCard or UlcerCard) — No part of a dose should be administered within 24 hours prior to competition.~~

**Motion made by:** Sean Schembri and seconded by Megan Disselkoen.

**Motion padded unanimously.**

**BOD Motion 13-09-19:** The 2019 ApHC Board of Directors moves to adopt **BOD Motion 11-09-19** amending Rules 40 to take effect immediately based on Rule 70.D and without following the procedures in Rule 70.C. based upon the finding that immediate implementation is essential to the orderly administration of the ApHC in that these amendments benefit and the Appaloosa horse by allowing a drug that decreases the production of stomach acid to be used in a more effective way. Rule to take effect January 1, 2020.

**Motion made by:** Sean Schembri and seconded by Megan Disselkoen.

**Motion padded unanimously.**

*This rule change will be included in the 2020 ApHC Handbook.*

**BOD Motion 14-09-19:** (Per **BOD Motion 27-04-17** the following recommendation has been deemed by the ApHC Executive Committee to be necessary and essential to the immediate welfare and orderly administration of the ApHC, its programs and or policies.)

The 2019 ApHC Board of Directors moves to add Rule 454 M to read as follows:

454.

**M. A National Championship Competitive Trail Ride will be approved. The championship ride may be held in conjunction with an existing approved ride. The ApHC will award a championship trophy and the horse will be titled a National Champion.**

**Motion made by:** Ray Burchett and seconded by Leslie Foxvog.

**Motion passed unanimously.**

**BOD Motion 15-09-19:** The 2019 ApHC Board of Directors moves to adopt **BOD Motion 14-09-19** adding Rule 454 to take effect immediately based on Rule 70.D and without following the procedures in Rule 70.C. based upon the finding that immediate implementation is essential to the orderly administration of the ApHC in that these amendments benefit the Appaloosa horse by allowing the ApHC members who strive for excellence in Competitive Trail Riding a goal to work toward and will give them additional recognition by the Appaloosa Horse Club. Rule to take effect January 1, 2020.

**Motion made by:** Ray Burchett and seconded by Leslie Foxvog.

**Motion passed unanimously.**

**BOD Motion 16-09-19:** (Per **BOD Motion 27-04-17** the following recommendation has been deemed by the ApHC Executive Committee to be necessary and essential to the immediate welfare and orderly administration of the ApHC, its programs and or policies.)

The 2019 ApHC Board of Directors moves to amend Rule 778 C 1 to read as follows:

778

C.

1. ~~The first fence may be 2' 0", 2' 3" or 2' 6" (60.96 cm, 68.58 cm, 76.20 cm), but in no event more than 3 inches (7.62 cm) lower than the second fence. The second fence may be 2' 3", 2' 6" or 2' 9" (68.58 cm, 76.20 cm or 83.82 cm). The fence height at any ApHC-sponsored event must be 2' 6" 2' 3" (76.20 cm) (68.58cm) for the first fence and 2' 9" 2' 6" (83.82 cm) (76.20cm) for the second fence.~~

**Motion made by:** Leslie Foxvog and seconded by Billy Ready.

**Motion passed unanimously.**

**BOD Motion 17-09-19:** The 2019 ApHC Board of Directors moves to adopt **BOD Motion 15-09-19** amending Rule 778 C 1 to take effect immediately based on Rule 70.D and without following the procedures in Rule 70.C. based upon the finding that immediate implementation is essential to the orderly administration of the ApHC in that these amendments benefit the ApHC by making Hunter Hack more consistent for exhibitors from show to show and will also make holding the class easier for show committees by making the heights consistent from class to class. Rule to take effect January 1, 2020.

**Motion made by:** Leslie Foxvog and seconded by Billy Ready.

**Motion passed unanimously.**

**Board Motion 18-09-19:** The 2019 ApHC Board of Directors requests that the show committee do a review of the point system and suggest changes that will encourage more participation at the regional level. Report of findings and suggestions due at Spring 2020 Board meeting.

**Motion made by:** Ken Johnson and seconded by Sean Schembri.

**Motion passed unanimously.**

**Board Motion 19-09-19:** The 2019 ApHC Board of Directors moves to set an ApHC Board meeting for January 15, 2020 at 10 a.m. Pacific time.

**Motion made by:** Ray Burchett and seconded by Leslie Foxvog

**Motion passed unanimously.**

**Board Motion 20-09-19:** The 2019 ApHC Board of Directors moves to set the dates of the ApHC 2020 election as October 1, 8 a.m. Pacific Daylight Time thru October 31, 8 p.m. Pacific Daylight Time.

**Motion made by:** Ray Burchett and seconded by Leslie Foxvog

**Motion passed unanimously.**

**Board Motion 20-09-19:** The 2019 ApHC Board of Directors moves to adjourn.

**Motion made by:** Billy Ready seconded by Paula Gatewood.

**Motion passed unanimously.**

# Attachment 1

For September 26, 2019 Meeting

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## 420. APPALOOSA COMPETITIVE ALL-BREED ACTIVITIES PROGRAM (ACAAP)

ACAAP is a program designed to promote and reward ApHC registered Appaloosa horses and those who use them for competition outside of ApHC approved or sponsored shows through yearly high point awards and lifetime recognition for excelling in all-breed competition.

This program is a self-reported program with the ApHC recording the resulting merit points. Owners, designated owner representative of horses, and or rider/handlers enrolled in ACAAP may be asked to provide information about associations or organizations that approve/sponsor events in which the owner is participating.

### A. APPROVED ACAAP AWARD CATEGORIES

Listed below are the award categories approved for competition in ACAAP. If the owner/exhibitor competes in an award category not included below, a request may be made that the award category be included by writing to the ApHC Show Department. If request is granted, the award category will not be added until the following year.

The following ACAAP Award Categories

1. Barrel racing – Restricted to cloverleaf. Includes WPRA and NBHA approved events or events sponsored by your local amateur association.
2. Combined Training – Includes USCTA-approved events.
3. Dressage – Includes USDF and USEF-approved events.
4. Driving – Includes pleasure driving and ADS-approved events.
5. English Pleasure – Includes pleasure classes ridden Hunter seat and Saddle seat and English Style Lounge Line.
6. Games – Includes local, state or national gaming events including pole bending, stakes race, flag picking, speed (straight) barrels, keyhole, ring race and other gaming events. Limited to one-person events. Team events are not included. (Cloverleaf barrels do not count in the games category).
7. Halter – Includes halter and in-hand classes judged on conformation.
8. Judged Trail Riding – Includes all non-breed association-sponsored competitions. Includes judged trail rides and hunter pace competitions of at least 3 miles length.
9. Over Fence – Includes hunter hack, working hunter, cavaletti, and all variations of jumping except equitation over fences.
10. Ranch Competition – Includes ranch riding, ranch rail, ranch trail, ranch reining and ranch conformation classes from open and/or ranch association sanctioned shows.
11. Reining – Includes snaffle bit, hackamore, open, and NRHA-approved events or events sponsored by your local amateur association.
12. Team Penning/Team Sorting – Includes all non-breed association sponsored events. Includes penning and sorting.
13. Trail – Includes all non-breed association-sponsored arena trail class competition, and in-hand trail.
14. Western Dressage – Includes WDAA and USEF approved events.
15. Western Pleasure – Includes all non-breed association-sponsored western pleasure classes and Western style longe-line.
16. Western Riding – Includes all non-breed association-sponsored competition.
17. Working Cow Horse – Includes all non-breed association-sponsored competition.
18. Cutting – Includes all non-breed association-sponsored competition.
19. Roping – Includes all non-breed association-sponsored competition.
20. English Equitation – Includes equitation classes ridden Hunter seat and Saddle seat, English style equitation, English horsemanship, and equitation over fences.
21. Western Equitation – Includes equitation classes ridden under western tack, western horsemanship, and western reinsmanship.
22. Showmanship – Includes English and western style showmanship and fitting & showing.
23. 4-H – Includes all classes restricted to 4-H members.
24. Walk Trot – Includes all classes for that are restricted to Walk-Trot.

The following ACAAP Award Category is for Challenged Riders Only

Challenged Riders – Includes all judged classes and/or exhibition only shows and events designated exclusively for the disabled rider and sanctioned or approved by a nationally recognized organization such as NARHA. Horses in exhibition-only classes will receive 1 merit for participation. Horses in judged classes will be awarded merits based upon their placing and total number of entries according to the sliding scale in J.1.

- B. The ApHC may recognize and awards merit points from any event or individual class that is sanctioned or supervised by an established group who keeps the records for said event or class for a minimum of at least 1 year and can be contacted easily for verification of merit points reported by owner, rider or designated owner representative. If this verification is not available, no merit points shall be counted for that show or class.
1. Owners or designated owner representative of horses or enrolled in ACAAP may be asked to provide information about associations or organizations that approve/ sponsor events in which the horse or rider is participating.
  2. Show – the term used to describe a group of classes held for the awarding of points by one judge. One judge is one show. Multiple judges at the same event constitute multiple shows.
- C. Events that may be recognized include, but are not limited to, those sponsored or sanctioned by the  
National Cutting Horse Association (NCHA),  
Canadian Cutting Horse Association (CCHA),  
National Reining Horse Association (NRHA),  
National Reined Cow Horse Association (NRCHA),  
Women’s Professional Rodeo Association (WPRA),  
Professional Rodeo Cowboys Association (PRCA),  
National High School Rodeo Association (NHSRA),  
National Intercollegiate Rodeo Association (NIRA),  
United States Equestrian Federation Shows (USEF),  
United States Combined Training Association (USCTR),  
United States Dressage Federation (USDF), and national, regional or local 4-H events, or horse show associations, etc.
- D. Merit points will not be awarded to futurities, maturities, or classes where entries are restricted to select horses or exhibitors, example- classes restricted to horses who are sired by or out of certain stallions or mares or classes where the horse or exhibitor is required to go in a prior class to qualify for the class.
- E. Merit points may be given to classes restricted due to age, experience level or money earnings as long as those classes are open to all horses/riders entered at that event that qualify for that class.
- F. Merit points may not be earned in any breed association/registry approved show class, including ApHC, which is restricted to an individual breed. If any breed association or registry show offers a class that is open to all breeds of horses, those classes may count for ACAAP merit points.
- G. Any ApHC registered Appaloosa (regardless of registration type) is eligible to sign up for ACAAP merits awards.
1. The ACAAP Year End High Merit Point Master Horse, if they receive 15 ACAAP merit points within that year, may be eligible to show in specific classes for the following year’s ApHC World Championship show. All horses shown at the ApHC World Championship Show must be ApHC registered with Regular (#) or CPO (CN) registration classification, or have been issued a Performance Permit in the qualifying year. See part T of this rule for more explanation of which classes can be qualified for via this rule.
- H. Horses registered in any other appaloosa registry either in the United States or in any other country are not eligible, unless also registered with the Appaloosa Horse Club, Inc.
- I. An enrollment form must be completed annually for each horse by the owner or designated owner representative of horses enrolled in ACAAP. The annual enrollment fee allows participation from January 1 through December 31. Horses must be owned by a current ApHC member. If the horse is jointly owned or owned by a syndicate, one owner must be a current ApHC member to enroll. The first listed owner according to ApHC records will be listed on the enrollment card.
1. ACAAP Open Horse enrollment fee is \$40 for up to 5 ACAAP award categories. A fee of \$5 each will be accessed on each category enrolled in after the first 5.
- J. Before any merit points will be awarded to horses, the enrollment application and annual enrollment fee must be received by the ApHC. Upon receipt, an enrollment card and exhibitor forms will be forwarded to the horse’s owner or the exhibitor.
1. Should a horses owner or an exhibitor wish to sign up for ACAAP while at an open competition, they must make sure the show secretary/manager signs and dates the enrollment form at the bottom, and the enrollment form and enrollment fees MUST be submitted (postmarked) together along with the ACAAP exhibitors report within 20 days of the last day of that show. Enrollments without the signature of the show secretary or manager will not be accepted.
- K. The enrollment card, or ApHC membership card, of the owner or designated owner representative of horses enrolled in ACAAP along with a copy of the horses Certificate of Registration must be available at the show for the show secretary/manager to inspect to verify the exhibitor’s participation on a registered Appaloosa. The show secretary/manager must sign the exhibitors report form on the last day of competition after the class is complete verifying the exhibitors placing and the number of entries actually shown in the class.
1. The exhibitor, rider and owner must also sign the completed report form and return it to the ApHC postmarked within thirty (30) days of the show to avoid late fees. A copy of the official show premium including the class list and show officials must be included with the report form.



2. Late fees for results are-
  - a. \$10 per judge if results postmarked between 31 and 45 days after the last day of the show.
  - b. \$25 per judge postmarked after 46 days after the show.
  - c. Results will not be accepted if postmarked more than 150 days after the last day of the show.
  - d. All the years results must be in the ApHC office by December 31 of the year competing.
  - e. Merits will not be awarded until late fees are paid in full.

L. Horses may compete in more than one ACAAP award category per show

1. In multi-judged events in which more than one judge places the entire class or ride and placings are given for each judge, not all combined; placings may be turned in under each judge.
2. In multi-judged events where scores are combined for one overall set of placings, submit only the overall placing.
3. Merit points cannot be earned by using the same class in more than one ACAAP award category unless the classes are run concurrently.

M. Horses will earn merit points based upon the number of entries exhibited in a class, whether or not an elimination round is held. Example: If 50 horses are entered and exhibited in elimination rounds with only 15 advancing to the final round, merit points are based upon the total number of entries; in this case, 50.

N. Corrections to merit point's tabulations must be made by Dec. 31 and can only be made for merit points earned in the current year and if all late fees were paid on time.

O. Team Penning/Team Sorting: merit points will be calculated for all ACAAP-enrolled horses on each team. Exhibitors may only submit results for up to three goes on any one day. Exhibitors competing in this category should request a revised exhibitor report form and submit results on the current form.

P. At the ApHC's discretion, some events may warrant merit points being earned for completion only. Other criteria for earning merit points may be established or amended by the ApHC Show Department. For details contact the ApHC Show Department.

Q. ACAAP AWARDS

ACAAP awards will be mailed to the first-listed owner as evidenced by ApHC records on December 31 of the qualifying year.

1. ACAAP Year End High Merit Point Master — The ApHC will present annual awards based upon the number of merit points earned by any individual horse during the calendar year from January 1 through December 31 in each individual ACAAP award category of approved events. The horse that earns more merit points than any other horse competing in that ACAAP award category will be named the ACAAP Year End High Merit Point Master for that ACAAP award category for that year.
  - a. To qualify for any ACAAP Year End High Merit Point Master title, the horse must have earned at least ten (10) merit points in that award category during the year.
  - b. Ties for ACAAP Year End High Merit Point Master in each ACAAP award category will be broken in the following manner: 1) the horse competing in the greatest number of shows, then 2) the horse defeating the greatest number of entries, then 3) the horse competing in the greatest number of ACAAP award categories.
2. Certificate of Achievement (COA) — Horses are awarded the COA when they have earned 20 merit points in any one ACAAP award category. Only one will be awarded per horse per award category.
3. Certificate of Superior Achievement (COSA) — Horses are awarded the COSA when they have earned 60 merit points in any one ACAAP award category. Only one will be awarded per horse per ACAAP award category.
4. Certificate of Lifetime Achievement (COLA) — Horses are awarded the COLA when they have earned the prescribed number of merit points listed below in any one ACAAP award category. Only one will be awarded per horse per ACAAP award category. Awards shall not be awarded retroactively.

Barrel Racing.....	400
Combined Training.....	300
Cutting.....	300
Dressage.....	300
Driving.....	200
English Equitation.....	300
English Pleasure.....	300
Games.....	500
Halter.....	300
Judged Trail Riding.....	300
Over Fence.....	300
Reining.....	200
Roping.....	200
Showmanship.....	300

Team Penning.....	500
Trail.....	300
Western Equitation.....	300
Western Pleasure.....	500
Western/Ranch Riding.....	200
Working Cow Horse.....	100
4-H.....	300
Challenged Riders.....	100

5. A certificate for ACAAP versatility champion will be awarded when a horse has earned five Certificates of Superior Achievement (COSAs) in five different ACAAP award categories. Awards shall not be awarded retroactively.

**R. Production Awards**

Production records will be kept on any breed of horse that appears on the approved list by the ApHC to produce an Appaloosa.

1. ACAAP Performance Dam - A certificate for ApHC Performance Dam will be awarded when three of a mare's produce have earned an ACAAP Versatility Champion award.
2. ACAAP Performance Sire - A certificate for ACAAP Performance Sire will be awarded when eight of a stallion's get have earned an ApHC Versatility Champion award.

**S. OFFICIAL PERFORMANCE RECORD**

Merit points earned through ACAAP will be added to the performance record of the competing horse.

**T. Qualifying for the ApHC World Championship Show thru ACAAP Points**

1. In the following ACAAP award categories, the ACAAP Year End High Merit Point Master Horse for the year, if they receive 15 ACAAP merit points within that year, will be eligible to show in specific classes for the following year's ApHC World Championship show. All horses shown at the ApHC World Championship Show must be ApHC registered with Regular (#) or CPO (CN) registration classification, or have been issued a Performance Permit in the qualifying year. To be clear, only the Year End High Merit Point winner in each category will qualify for the next years ApHC World Championship Show, i.e. 2019 winner qualifies for the 2020 World Championship Show.

Category	Classes
Barrel Racing .....	Open Camas Prairie Stump Race and Barrel Racing
Cutting .....	All Open
Driving.....	All Open Pleasure Driving
English Pleasure .....	All Open English Pleasure
Games .....	All Open Games excluding Camas Prairie Stump Race and Barrel racing
Halter.....	Any age group of Mares, Open or Hunter in Hand Any age group of Stallions, Open or Hunter in Hand Any age group of Geldings, Open or Hunter in Hand
Over Fence Classes.....	All Open over fence classes including Hunter Hack
Ranch Classes.....	All Open
Reining .....	All Open
Roping.....	All Open both Team and Tie Down
Trail.....	All Open
Western Pleasure .....	All Open Western Pleasure
Western Riding .....	All Open
Working Cow Horse .....	All Open and Boxing

2. In the following ACAAP award categories ONLY, the ACAAP Horse, if they receive 25 ACAAP merit points within the year, will be eligible to show in specific classes for the following year's ApHC World Championship show, i.e. 2019 merit points will qualify for 2020 World Championship Show. All horses shown at the ApHC World Championship Show must be ApHC registered with Regular (#) or CPO (CN) registration classification, or have been issued a Performance Permit in the qualifying year.

In designating these specific classes, the ApHC, has found that many ApHC shows are not able to offer these classes due to lack of facilities and/or readily available equipment or cattle.

Category	Classes
Working Cow Horse .....	All Open and Boxing
Cutting .....	All Open
Roping.....	All Open both Team and Tie Down
Over Fence Classes.....	All Open Working Hunter, Hunter and Jumping, does not include Hunter Hack

U. Any member, non-member, owner or exhibitor who gives false information to the ApHC may be subject to disciplinary action, and may be denied all privileges of membership associated with the ApHC and/or denied right to any and all awards earned in ACAAP.

V. The Appaloosa Horse Club reserves the right of final approval of all events and/or classes merit points.

W. Merit point tabulating methods:

1. Merit point tabulation for all award categories except those detailed in W.2-W.5:

# of horses	1st	2nd	3rd	4th	5th	6th	7th
2	.5						
3-7	1	.5					
8-12	2	1	.5				
13-17	3	2	1	.5			
18-22	4	3	2	1	.5		
23-27	5	4	3	2	1	.5	
28 & Over	6	5	4	3	2	1	.5

2. Merit point tabulation for 4-H classes if judged Danish:

- Purple ribbon ..... 2 merit points \*
- Blue ribbon ..... 1 merit point
- Red ribbon ..... 1/2 merit point
- White ribbon ..... 0 merit point

If the 4-H Danish System does not apply, merit points are earned using the table based on the number of entries. However, merit points cannot be earned under both systems for the same class.

\* Medallion classes will not replace purple ribbons.

3. Merit points tabulation for Combined Training and Combined Driving:

Merit points may only be earned at combined training and combined driving events when there are three or more entries. In order to earn merit points for any placing, you must place above at least one other entry.

**TRIALS (or One-Day Events)**

- 1st place..... 5 merit points
- 2nd place..... 4 merit points
- 3rd place..... 3 merit points
- 4th place..... 2 merit points
- 5th place..... 1 merit point

**TWO-DAY EVENTS**

- 1st place..... 12 merit points
- 2nd place..... 9 merit points
- 3rd place..... 7 merit points
- 4th place..... 5 merit points
- 5th place..... 4 merit points
- 6th place..... 3 merit points
- 7th place..... 2 merit points
- 8th place..... 1 merit point

**THREE-DAY EVENTS**

- 1st place..... 16 merit points
- 2nd place..... 12 merit points
- 3rd place..... 10 merit points
- 4th place..... 7 merit points
- 5th place..... 6 merit points
- 6th place..... 5 merit points
- 7th place..... 4 merit points
- 8th place..... 3 merit points

4. Merit points tabulation for Judged Trail Rides:

# of horses	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th
2	.5									
3	1	.5								
4	1.5	1	.5							
5	2	1.5	1	.5						
6	2.5	2	1.5	1	.5					
7	3	2.5	2	1.5	1	.5				
8	3.5	3	2.5	2	1.5	1	.5			
9	4	3.5	3	2.5	2	1.5	1	.5		
10	4.5	4	3.5	3	2.5	2	1.5	1	.5	
11+	5	4.5	4	3.5	3	2.5	2	1.5	1	.5

5. Merit points tabulation for Dressage/Western Dressage Introductory, Training, First and Second Levels (including Musical Freestyle)

This system is used regardless of the number of entries, but in order to receive credits, the horse must receive a score of at least 55%.

USEF/USDF/WDAA	Other Shows	Recognized Shows
80-100% .....	6 merit points .....	3 merit points
75-79.9% .....	5 merit points .....	2.5 merit points
70-74.9% .....	4 merit points .....	2 merit points
65-69.9% .....	3 merit points .....	1.5 merit points
60-64.9% .....	2 merit points .....	1 merit point
55-59.9% .....	1 merit point .....	5 merit points

Third and Fourth Levels (including Musical Freestyle)

This system is used regardless of the number of entries, but in order to receive credits, the horse must receive a score of at least 55%.

USEF/USDF/WDAA	Other Shows	Recognized Shows
80-100% .....	8 merit points .....	4 merit points
75-79.9% .....	7 merit points .....	3.5 merit points
70-74.9% .....	6 merit points .....	3 merit points
65-69.9% .....	5 merit points .....	2.5 merit points
60-64.9% .....	4 merit points .....	2 merit points
55-59.9% .....	3 merit points .....	1.5 merit points

FEI Levels

(Prix St. Georges, Intermediate I and II, USEF International Tests, Grand Prix, Grand Prix Special and Musical Freestyle at these levels. This is to include all FEI Young Riders tests.)

This system is used regardless of the number of entries, but in order to receive merit points, the horse must receive a score of at least 55%.

USEF/USDF/WDAA	Other Shows	Recognized Shows
80-100% .....	10 merit points .....	5 merit points
75-79.9% .....	9 merit points .....	4.5 merit points
70-74.9% .....	8 merit points .....	4 merit points
65-69.9% .....	7 merit points .....	3.5 merit points
60-64.9% .....	6 merit points .....	3 merit points
55-59.9% .....	5 merit points .....	2.5 merit points

In addition, the ApHC will recognize the highest placing horse within the Dressage (not including Western Dressage) category competing at 1) Introductory, Training, First and Second Levels; 2) Third and Fourth Levels; 3) FEI Levels

# Report of the ApHC Interim CEO

September 2019

## State of 2021 National show negotiations

Based on the availability of all parties, a phone meeting with the officials from the Indiana State Fair Commission has been set for September 30, 2019. After carefully reading the new Indiana State Fair Commission Facility Use Agreement provided to me by the Commission, which is actually the same agreement provided to the board earlier with no changes, the Venue Guidelines referred to in the agreement, the proposal to hold the National Show at the Indianapolis State Fairgrounds and the document on rental inclusions, I have quite a few questions that need to be answered by the officials at the facility. Some of this information needs to be included in the final contract. To avoid as much controversy as possible about this contract, it needs to be as clear as possible. My first obligation is to the membership and to the ApHC Board of Directors and to obtain a contract that is the most advantageous for the ApHC membership.

We will also discuss the possibility of changing the dates to avoid the NASCAR race and concerts that will be held in Indianapolis July 1st-4th. Overlapping these dates is making rooms in Indianapolis more expensive for the membership and the club.

## State of 2019 World show

September 26 is the deadline for hard copy entries to the World Show and October 2 is the online deadline.

4,494 individual Non-Pro class invitations were sent out—1,899 of those being regionally nominated, 2,444 qualifying through the national point system, 119 receiving invitations as last year's class winners, and 32 were granted variances.

2,680 individual open class invitations were sent out—1,607 of those being regionally nominated, 982 qualifying through the national point system, 75 receiving invitations as last year's class winners and 16 were granted variances.

## Regional shows: late payments, incomplete results

In 2019 shows have sent the ApHC show results late, incomplete, with no judges' cards, with wrong results, with no registration or membership numbers, with wrong horse owners listed, and/or with no point payment. Some were simply not decipherable as to how the horse placed under which judge as they have two judges listed on the result sheet. Some shows add classes to the shows just days before the show but do not pay the fee for doing so prior to the show. Some also do not pay enough for their approval fees according to the rulebook deadlines. One show allowed a non-registered horse to compete and another allowed a horse with no performance permit to show.

Rules 601 and 605 cover all these infractions and will be imposed on 2020 shows. I have already sent two letters to show secretaries this year that invoked rule 605 H. These shows had been contacted several times about paying the point fees and did not do so, so I sent a letter to them. Payment for each show was made to the ApHC within four days of the letters being received.

As I have only been here since August, for the rest of this year I will send out letters if the show point fee payment is 60 or more days past due.

Beginning January 1, 2020, the ApHC will begin to invoke all the rules in 601 and 605. Between now and November 11, letters will be sent to all regional clubs informing them that these rules will be enforced and a copy of the letter will be put in the *Journal* and also on the Regional Portal.

## Regional clubs with late or no reports

The ApHC is in the process of contacting all the Regional Clubs/International Partners who have filed no reports 2017, 2018 and/or 2019. Lauren has done some and Jenny is continuing the process.

## Breeders Choice Stallion Service Auction

The Breeders Choice Stallion Service Auction for 2019 is in the process of recruiting stallions. For this auction to be distinctive and have its own brand, the name "Breeders Choice" has been implemented. There are also some changes that should be made to improve this program and those will be discussed in the meeting.

Contracts from stallions must be received by the office December 1, 2019, by 5 p.m. EST or they will not be accepted. The auction this year will take place December 6 - December 9 at 8 p.m. EST. If service is not purchased, the service will be available for a "Buy It Now" price from December 16, 2019, through February 15, 2020, 5 p.m. EST. If not sold by then, stallion owner may purchase through March 1, 2020, 5 p.m. EST.

## International activities

In 2019 the ApHC sent judges to Australia, Argentina, United Kingdom, and The Netherlands. These judges have also provided clinics and other learning experiences for the members who attended. Two youth participated in the Youth Exchange to the Youth World Show. In October we are sending judges to France. ApHC staff and members also were in Guadalajara, Mexico, and worked on the relationship between the countries. Several gentlemen from Guadalajara and the president of the Italian club are planning to attend the World Show and will be looking for horses to import to their respective countries.

## **Suggested changes in deadline dates for approval of National and World show schedules**

One request often heard from our membership is the timely release of show schedules to enable them to make plans and request vacation time. To facilitate this, I propose that the dates for FINAL approval of the National class schedule be February 15 of the year and FINAL approval of the World class schedule be June 10.

## **Suggested changes to policies on adding non-ApHC-approved classes to the ApHC-sponsored shows**

All ApHC-approved classes should have priority on time slots in the class schedule. Non ApHC approved classes (including specialty association classes) should fill spots after we have determined the schedule for our classes. These classes should also pay for all their associated costs. At this point our class schedule is totally at capacity. If the ApHC adds a class, a non-approved class must be deleted.

## **Chief Joseph Trail Ride**

Work has already begun on the 2020 Chief Joseph Ride. The ride crew has taken ATV's and horses over the proposed route of the 2020 ride and have begun talks with the Forest Service on where and when the route can be held. The 2020 route is particularly tricky as many of the roads and camping locations we have used in the past received devastating weather damage during the spring of 2019. The ride will also change dates to August this year at the request of the Forest Service. That also creates a greater potential for problems caused by fires.

## **Work on redesigning the ApHC ROM certificates**

The ApHC ROM certificates are being redesigned to provide a more up-to-date look, one that members will be proud to display.

## **Journal APEX Award**

The *Appaloosa Journal* team has again earned a 2019 APEX Award for Publication Excellence for its 2018 World Show Event Program. Winning among 53 one-of-a-Kind Publications, the *2018 World Championship Appaloosa Show Event Program* captured the excitement of the event and was organized in a way that achieved overall communications effectiveness.

This is the eighth year in a row our *Journal* team has achieved APEX recognition.

Now in its 31st year, the APEX competition is sponsored by Communications Concepts, Inc., which advises publishing, PR, and marketing professionals on best practices in print, web, and publishing.

## **ApHC calendar of important dates and deadlines**

In the next month I will be putting together a calendar of dates and deadlines for the ApHC. Included will be deadlines for all programs, dates to have show schedules done, dates to have news to members about important events and any other important dates, including ApHC board meeting dates.

I also would like deadlines to be actual deadlines, not suggestions.

## **Ideas to renew the ApHC National and Youth World Show**

Many agree that simply moving the show from Texas will not be enough to make the show a monetary success. That will take a lot of innovation, much restructuring and a good dose of marketing. The staff has already begun thinking along these lines and will in the next couple of months get those thoughts more fleshed-out and ready to present.

**—Lynette Thompson, Interim ApHC CEO**

# Independent Auditor Report

**Appaloosa Horse Club**

*Financial Report*

**March 31, 2019**

**Appaloosa Horse Club  
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## Report of Independent Auditor

Board of Directors  
Appaloosa Horse Club  
Moscow, Idaho

We have audited the accompanying financial statements of Appaloosa Horse Club (a nonprofit organization), which are comprised of the statements of financial position as of March 31, 2019 and 2018, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Appaloosa Horse Club as of March 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*DeCoria & Company, PC*

DeCoria & Company, PC  
Afton, Wyoming

July 31, 2019

**Appaloosa Horse Club**  
**Statements of Financial Position**  
**March 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents (Note 4)	\$ 422,045	\$ 404,338
Temporary investments (Note 5)	239,985	200,997
Accounts receivable	172,443	152,841
Inventories	25,263	30,772
Prepaid expenses	<u>53,730</u>	<u>37,391</u>
Total current assets	<u>913,466</u>	<u>826,339</u>
<b>Noncurrent assets:</b>		
Property and equipment, net (Note 6)	239,252	256,841
Art and artifacts	64,441	64,441
Assets held in trust (Note 7)	<u>93,506</u>	<u>112,949</u>
Total noncurrent assets	<u>397,199</u>	<u>434,231</u>
Total assets	<u>\$ 1,310,665</u>	<u>\$ 1,260,570</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 103,145	\$ 44,224
Accrued taxes and expenses	16,377	15,253
Deferred revenue (Note 8)	355,557	374,601
Monies held for special services	<u>22,290</u>	<u>20,119</u>
Total current liabilities	497,369	454,197
<b>Noncurrent liabilities:</b>		
Liability for assets held in trust (Note 7)	<u>93,506</u>	<u>112,949</u>
Total liabilities	<u>590,875</u>	<u>567,146</u>
Commitments and contingencies (Notes 10 and 12)		
<b>Net assets (Note 9):</b>		
Without donor restrictions	541,559	515,581
With donor restrictions	<u>178,231</u>	<u>177,843</u>
Total net assets	<u>719,790</u>	<u>693,424</u>
Total liabilities and net assets	<u>\$ 1,310,665</u>	<u>\$ 1,260,570</u>

*The accompanying notes are an integral part of the financial statements.*

**Appaloosa Horse Club**  
**Statements of Activities and Changes in Net Assets**  
**Years Ended March 31, 2019 and 2018**

	2019	2018
<b>Changes in Net Assets Without Donor Restrictions:</b>		
<b>Operating revenues:</b>		
Memberships	\$ 321,130	\$ 340,383
Registrations	455,770	486,798
Journal	285,465	345,333
Show	258,256	265,634
Sponsored events	1,870,852	1,835,010
Trail and distance	96,920	116,690
Racing	3,920	4,080
Marketing	42,611	28,926
Administration	25,747	17,134
	<u>3,360,671</u>	<u>3,439,988</u>
Net assets released from donor restrictions	39,002	37,035
	<u>3,399,673</u>	<u>3,477,023</u>
<b>Operating expenses:</b>		
Program services:		
Memberships	28,182	32,529
Registrations	204,662	197,615
Journal	303,454	349,857
Show	245,037	251,927
Sponsored events	1,595,609	1,663,488
Trail and distance	87,908	88,616
Racing	6,635	6,206
Marketing	107,710	114,173
Museum support (Note 11)	30,000	29,500
Support activities:		
General and administrative	764,498	818,186
	<u>3,373,695</u>	<u>3,552,097</u>
Changes in net assets without donor restrictions	<u>25,978</u>	<u>(75,074)</u>
<b>Changes in Net Assets With Donor Restrictions:</b>		
License plate revenue	39,390	37,265
Net assets released from donor restrictions	<u>(39,002)</u>	<u>(37,035)</u>
Changes in net assets with donor restrictions	<u>388</u>	<u>230</u>
Changes in total net assets	26,366	(74,844)
Net assets, beginning of year	<u>693,424</u>	<u>768,268</u>
Net assets, end of year	<u>\$ 719,790</u>	<u>\$ 693,424</u>

*The accompanying notes are an integral part of the financial statements.*

**Appaloosa Horse Club**  
**Statements of Cash Flows**  
**Years Ended March 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities:</b>		
Changes in total net assets	\$ 26,366	\$ (74,844)
Adjustments to reconcile changes in total net assets to net cash provided by operating activities:		
Depreciation	23,445	22,132
Change in:		
Accounts receivable	(19,602)	166,409
Inventories	5,509	6,709
Prepaid expenses	(16,339)	26,045
Accounts payable	58,921	3,357
Accrued taxes and expenses	1,124	(100)
Deferred revenue	(19,044)	(13,784)
Monies held for special services	2,171	8,179
	<u>62,551</u>	<u>144,103</u>
Net cash provided by operating activities		
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(5,856)	(26,571)
Change in temporary investments, net	(38,988)	(100,456)
	<u>(44,844)</u>	<u>(127,027)</u>
Net cash used by investing activities		
Net increase in cash and cash equivalents	17,707	17,076
Cash and cash equivalents, beginning of year	404,338	387,262
	<u>404,338</u>	<u>387,262</u>
Cash and cash equivalents, end of year	<u>\$ 422,045</u>	<u>\$ 404,338</u>

*The accompanying notes are an integral part of the financial statements.*

**Appaloosa Horse Club**  
**Notes to Financial Statements**  
**March 31, 2019 and 2018**

**1. Organization**

The Appaloosa Horse Club (“the ApHC”) is a tax-exempt organization under Internal Revenue Code Section 501(c)(5) that is headquartered in Moscow, Idaho.

The Appaloosa Horse Club is the international breed registry serving an association of members throughout the world dedicated to collecting, recording and preserving the history and integrity of the breed; improving, enhancing and promoting the Appaloosa; and honoring the tradition, history and heritage of the breed.

The primary activity of the ApHC is to maintain the official registry of the Appaloosa Horse which includes recordkeeping of horse registrations, transfers, and stallion breedings. Although the ApHC was formed principally as a registry, it is also involved in many other aspects of promoting the breed. The ApHC publishes the *Appaloosa Journal*, sanctions regional Appaloosa horse shows around the world, and sponsors a national show, a world show and the Chief Joseph Trail Ride.

**2. Summary of Significant Accounting Policies**

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and the American Institute of Certified Public Accountants’ *Audit and Accounting Guide for Not-for-Profit Organizations*. Under the accrual basis of accounting, revenues are recognized when they are earned and expenses are recognized as incurred.

Accounting Standards Codification (ASC) Topic 605, *Revenue Recognition*, requires that unconditional promises to give (i.e., pledges) be recorded as receivables and revenue and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

Accounting Standards Codification (ASC) Topic 958, *Not-For-Profit Entities*, establishes standards for external financial statements of not-for-profit organizations. These standards require classification of net assets and revenues, expenses, gains and losses into two categories, based on the existence or absence of donor-imposed restrictions. The categories are net assets without donor restriction and net assets with donor restriction (see Note 8). In addition, the organization is required to present a statement of cash flows.

**Appaloosa Horse Club**  
**Notes to Financial Statements**  
**March 31, 2019 and 2018**

**2. Summary of Significant Accounting Policies, Continued**

Recent Accounting Pronouncements

New accounting standards are issued by the Financial Accounting Standards Board (FASB) through Accounting Standards Updates (ASUs) to the FASB Accounting Standards Codification (ASC). The FASB does not consider the updates authoritative on a standalone basis; they become authoritative when incorporated into the ASC.

In February 2016, the FASB issued ASU No. 2016-02, which created a new ASC Topic 842, *Leases*. This standard requires a lessee to recognize the lease assets and lease liabilities arising from operating leases in the Statement of Financial Position. Qualitative and quantitative disclosures are required by lessees and lessors to meet the objective of enabling users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018. The ApHC is currently evaluating the financial statement impact of adopting this ASU.

In November 2016, the FASB issued ASU No. 2016-18, which amended ASC Topic 230, *Statement of Cash Flows – Restricted Cash*. This update requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the Statement of Cash Flows. ASU 2016-18 is effective for fiscal years beginning after December 15, 2018. ApHC is currently evaluating the financial statement impact of adopting this ASU.

In August 2016, the FASB issued ASU No. 2016-14, which amended ASC Topic 958, *Presentation of Financial Statements of Not-for-Profit Entities*, with the stated purpose of improving financial reporting by not-for-profit entities. Among other provisions, ASU 2016-14 reduced the number of classes of net assets from three to two; requires the presentation of expenses in both natural and functional classifications; requires investment return to be reported net of external and direct internal investment expenses; and eliminates the requirement to prepare a reconciliation in the statement of cash flows when applying the direct method. It also revises the definitions of certain terms, and provides enhanced disclosures including amounts and purposes of any governing board designations; the composition of net assets with donor restrictions; qualitative and quantitative information on liquid resources and the availability of financial assets to meet cash needs for general expenditures; method(s) used to allocate costs among program and support functions; and underwater endowments. The adoption of ASU 2016-14 became effective in the fiscal year ended March 31, 2019. Implementation required the retrospective application to all prior periods presented (see Note 3 and 9).

**Appaloosa Horse Club**  
**Notes to Financial Statements**  
**March 31, 2019 and 2018**

**2. Summary of Significant Accounting Policies, Continued**

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits in banks and other highly liquid investments which have original maturities of three months or less when purchased. Funds in assets held in trust are not included in cash and cash equivalents.

Temporary Investments

Temporary investments, if any, consist of certificates of deposit with various interest rates and maturity dates ranging from more than three months to twelve months at the time of original purchase, are held with high quality credit investment companies, and are generally carried at amortized cost.

Accounts Receivable

Accounts receivable are stated at the amount that management of the ApHC expects to collect from outstanding balances. Management has elected to record bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America require that the allowance method be used to record bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been used. For the year ended March 31, 2019, the ApHC had no direct write-offs and no recoveries of amounts previously written off. For the year ended March 31, 2018, the ApHC had direct write-offs of \$1,045 and no recoveries of amounts previously written off.

Inventories

Inventories consist of merchandise, awards, computer supplies and office supplies and are reported at the lower of cost (first-in, first-out method) or net realizable value.

Property and Equipment

Purchased property and equipment are carried at cost. Donated property and equipment, if any, are carried at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the ApHC reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.



**Appaloosa Horse Club**  
**Notes to Financial Statements**  
**March 31, 2019 and 2018**

**2. Summary of Significant Accounting Policies, Continued**

Property and Equipment, Continued

Expenses for repairs and maintenance that represent betterments or substantially prolong the useful lives of assets are also capitalized. Only assets with a useful life of five years or greater and a cost or value of \$1,000 or greater are capitalized as property and equipment. Normal maintenance and repairs are charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gains or losses are recognized in the Statements of Activities and Changes in Net Assets.

Depreciation is computed using the straight-line method over the estimated useful lives of the associated assets, which range from 5 to 40 years.

Art and Artifacts

The ApHC owns certain art and artifacts, which are valued at cost and are classified as noncurrent because management intends to retain them longer than one year. These amounts are recognized in the Statements of Financial Position, with a \$64,441 balance at both March 31, 2019 and 2018. Additionally, the ApHC owns other works of art, historical treasures, and similar items that are considered to be part of a collection, and are on display in the Appaloosa Museum and Heritage Center Foundation (Appaloosa Museum). The items on display include original oil paintings; bronzes; an eagle feather bonnet, and fans; various Native American ceremonial clothing; antique rifles, guns and tools; and other artifacts commonly affiliated with the Appaloosa breed. As permitted by ASC Topic 958, *Not-for-Profit Entities*, the ApHC has elected to not capitalize the items included in this collection. Accordingly, no amount has been recognized in these financial statements for collection items held for display at the Appaloosa museum.

Valuation of Long-Lived Assets

Management of the ApHC periodically reviews the net carrying value of its assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset might not be recoverable. These reviews consider the net realizable value of each asset to determine whether an impairment in value has occurred, and whether there is a need for an asset impairment write-down. Impaired assets are reported at the lower of cost or fair value. At March 31, 2019 and 2018, no assets were considered to be impaired.

Financial Instruments

ASC Topic 825, *Financial Instruments*, permits entities to choose to measure many financial assets and liabilities at fair value. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. At March 31, 2019 and 2018, the carrying value of financial instruments, such as receivables, accounts payable and other current liabilities, approximated their fair values based on the short-term maturities of these instruments.

**Appaloosa Horse Club**  
**Notes to Financial Statements**  
**March 31, 2019 and 2018**

**2. Summary of Significant Accounting Policies, Continued**

Fair Value Measurements

ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy for those assets and liabilities measured at fair value, that distinguishes between assumptions based on market data (observable inputs) and the organization's own assumptions (unobservable inputs). The hierarchy consists of: Level 1 – quoted market prices in active markets for identical instruments; Level 2 – inputs other than Level 1 inputs that are observable; and Level 3 – unobservable inputs developed using estimates and assumptions determined by the organization. At March 31, 2019 and 2018, there were no assets or liabilities that were measured at fair value on a recurring basis.

Certain assets are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis, but are subject to fair value adjustments only in certain circumstances (for example, when there is evidence of impairment). The ApHC had no assets measured at fair value on a nonrecurring basis during 2019 and 2018.

Revenue Recognition

Revenue is recognized when services have been provided and collectability is reasonably assured.

Deferred Revenue

Deferred revenue consists of funds received for registrations, transfers and other customer services which are in the process of completion. These amounts are recognized as revenues when the work is completed. Deferred revenue also includes funds received for future magazine subscriptions, advertising, memberships and ApHC-sponsored events. Subscription and advertising revenues are recognized as publications are issued. Membership revenues are recognized over the applicable membership period. Event revenues are recognized as the events occur and contracts are fulfilled.

Income Taxes

ApHC is qualified under Section 501(c)(5) of the Internal Revenue Code (IRC); therefore, the majority of its income is exempt from federal income taxes. Income from certain operations of ApHC, primarily advertising in the *Appaloosa Journal*, is taxable for federal income tax purposes. For the years ended March 31, 2019 and 2018, Appaloosa Horse Club did not incur federal income tax expense. All other operations of the ApHC are exempt from federal income tax.

At March 31, 2019, Appaloosa Horse Club had tax basis net operating loss carryforwards of approximately \$565,270. ApHC has not recognized a deferred tax asset associated with the net operating loss carryforwards as management believes that it is more likely than not that such future tax benefits will not be realized.

**Appaloosa Horse Club**  
**Notes to Financial Statements**  
**March 31, 2019 and 2018**

**2. Summary of Significant Accounting Policies, Continued**

Income Taxes, Continued

Accounting principles generally accepted in the United States of America provide guidance related to uncertainties in income taxes recognized in an organization’s financial statements and provides guidance on financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The ApHC has evaluated state, federal and foreign tax positions taken in the current year, for which the statute of limitations is still open, and determined that it is more likely than not that each position would be sustained upon examination. Accordingly, management has determined that it does not have any unrecognized tax liabilities or benefits for the year ended March 31, 2019 that need to be recognized in the financial statements.

Credit Risk

Financial instruments which potentially subject the ApHC to concentration of credit risk consist primarily of cash and cash equivalents and temporary investments. The ApHC maintains its cash and cash equivalents with high quality financial institutions, and at times, balances in these financial institutions may exceed federally insured limits. The ApHC maintains temporary investments, if any, with high quality investment companies. The ApHC has not experienced any losses in such accounts and management believes the ApHC is not exposed to any significant credit risk on cash and cash equivalents and temporary investments.

Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management of the ApHC to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates and affect the amounts reported in the financial statements.

Subsequent Events

The ApHC has evaluated subsequent events through July 31, 2019, the date on which these financial statements were available to be issued. No material subsequent events have occurred since March 31, 2019 that required recognition or disclosure in these financial statements.

**3. Liquidity and Availability of Funds**

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 422,045	\$ 404,338
Accounts receivable	172,443	152,841
Less: Funds restricted for license plate program (Note 8)	<u>(178,230)</u>	<u>(177,843)</u>
Financial assets available to meet general expenditures	<u>\$ 416,258</u>	<u>\$ 379,336</u>

**Appaloosa Horse Club**  
**Notes to Financial Statements**  
**March 31, 2019 and 2018**

**4. Cash and Cash Equivalents**

Cash and cash equivalents consist of deposits held in checking accounts and cash equivalents held in investment accounts. Custodial credit risk is the risk that in the event of a bank failure, the ApHC's deposits may not be returned to it. Deposits held in checking accounts and cash equivalents held in investment accounts at banks and financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each financial institution.

The carrying amount of cash and cash equivalents on the ApHC's books at March 31, 2019 was \$422,045 and cash and cash equivalents held in bank and investment account totaled \$465,996. The differences between the carrying amount of cash and cash equivalents on the ApHC's books and the amounts held in bank and investment account balances consisted of outstanding checks and deposits not processed by the bank and investment company as of March 31, 2019. All amounts deposited in checking accounts and cash equivalents held in investment accounts were fully insured as of March 31, 2019.

**5. Temporary Investments**

Temporary investments at March 31, 2019 consisted of certificates of deposit held with an investment company with various interest rates and maturity dates ranging from more than three months to twelve months at the original time of purchase.

**6. Property and Equipment**

Property and equipment at March 31, 2019 and 2018 are summarized as follows:

	<u>2019</u>	<u>2018</u>
Land and improvements	\$ 203,587	\$ 199,676
Buildings and improvements	734,124	732,179
Office equipment and furniture	128,893	128,893
Auto and trucks	26,534	26,534
Journal equipment	<u>67,867</u>	<u>67,867</u>
	1,161,005	1,155,149
Less accumulated depreciation	<u>(921,753)</u>	<u>(898,308)</u>
	<u>\$ 239,252</u>	<u>\$ 256,841</u>

Depreciation expense for the years ended March 31, 2019 and 2018 was \$23,445 and \$22,132, respectively.

**Appaloosa Horse Club**  
**Notes to Financial Statements**  
**March 31, 2019 and 2018**

**7. Assets Held in Trust**

Appaloosa Breeders' Trust Incentive Fund and Liability for Assets Held in Trust

This program is an investment and incentive program that provides awards based on established criteria. The purpose of the program is to promote Appaloosa stallions. Cash awards are offered for stallions and their offspring that earn points in ApHC-approved shows. All funds received, less a 5% administrative charge, are maintained in a separate account and subsequently distributed back to the horse owners, in direct proportion to ApHC-sanctioned points earned by the foals. A liability, equal to the funds held in the separate account, is recognized in the noncurrent liabilities section of the Statements of Net Assets.

Details of the activity in the Appaloosa Breeders' Trust Incentive Fund during the year ended March 31, 2019 are as follows:

<u>Breeding Year</u>	<u>Foal Crop</u>	<u>March 31, 2018</u>	<u>Pay-ins</u>	<u>Pay-outs</u>	<u>March 31, 2019</u>
2012	2013	\$ 7,659	\$ --	\$ (7,659)	\$ --
2013	2014	16,731	--	(8,199)	8,532
2014	2015	22,105	500	(7,561)	15,044
2015	2016	24,713	700	(6,604)	18,809
2016	2017	24,782	4,500	(7,504)	21,778
2017	2018	10,157	9,050	(27)	19,180
2018	2019	6,802	800	(512)	7,090
2019	2020	--	3,073	--	3,073
		<u>\$ 112,949</u>	<u>\$ 18,623</u>	<u>\$ (38,066)</u>	<u>\$ 93,506</u>

**8. Deferred Revenue**

Deferred revenue at March 31, 2019 and 2018 is summarized as follows:

	<u>2019</u>	<u>2018</u>
Registration and other work-in-process	\$ 86,238	\$ 93,346
Subscriptions	65,886	76,740
Memberships	<u>203,433</u>	<u>204,515</u>
	<u>\$ 355,557</u>	<u>\$ 374,601</u>

**Appaloosa Horse Club**  
**Notes to Financial Statements**  
**March 31, 2019 and 2018**

**9. Net Assets**

During 2018, the Organization adopted ASU 2016-14, which consolidated the previous three classification of net assets into two classifications. The standard requires retrospective adoption to all prior periods reported upon. A summary of the net assets reclassifications as of March 31, 2018 are as follows:

As Previously Reported:

Unrestricted	\$ 590,655
Temporarily restricted	<u>177,613</u>
Total net assets, beginning of year 2018	<u>\$ 768,268</u>
Unrestricted	\$ 515,581
Temporarily restricted	<u>177,843</u>
Total net assets, end of year 2018	<u>\$ 693,424</u>

As Restated:

Without donor Restrictions	\$ 590,655
With donor Restrictions	<u>177,613</u>
Total net assets, beginning of year 2018	<u>\$ 768,268</u>
Without donor Restrictions	\$ 515,581
With donor Restrictions	<u>177,843</u>
Total net assets, end of year 2018	<u>\$ 693,424</u>

Net Assets Without Donor Restrictions

Net assets without donor restrictions include assets not subject to donor-imposed restrictions, either temporary or permanent, and consist of net assets received that are general in nature as to use and operating purposes. Gifts of long-lived assets without donor-imposed stipulations about how long the assets must be used are classified as unrestricted net assets.

Net Assets With Donor Restrictions

Net assets with donor restrictions are those net assets that either have temporary or permanent restrictions placed upon them. Temporarily restricted assets primarily consist of funds relating to the Organization’s license plate program through the State of Idaho. Individuals have the option of purchasing Appaloosa license plates for an additional fee, through the Idaho Department of Licensing, a portion of which is provided to the Organization as additional funding. The Organization must use these proceeds exclusively for the purpose of funding youth horse programs within the State of Idaho. Contributions of cash and other assets with donor-imposed temporary restrictions, where the restrictions have been satisfied in the same reporting period as received, are reported as increases in net assets without donor restriction. Net assets with donor restriction at March 31, 2019 and 2018 totaled \$178,230 and \$177,843, respectively.

**Appaloosa Horse Club**  
**Notes to Financial Statements**  
**March 31, 2019 and 2018**

**10. Retirement Plan**

The ApHC has a defined contribution 401(k) plan covering substantially all eligible, full-time employees. Contributions by employees are on a voluntary basis. Discretionary contributions by the ApHC are based on eligibility requirements that include attaining the age of 21, having worked for at least one year and having worked at least 1,000 hours during the plan year. For the plan years ended December 31, 2018 and 2017, there were no discretionary contributions.

**11. Related Parties**

Appaloosa Youth Foundation

The Appaloosa Horse Club is related to the Appaloosa Youth Foundation through common memberships and interest. The ApHC has donated significant amounts of time for various services to the Appaloosa Youth Foundation. No amounts have been included in the financial statements for donated services since they did not meet the criteria for recognition under accounting principles generally accepted in the United States of America. The Appaloosa Youth Foundation is a separate entity, operated by its own board of directors, and is therefore, not included in these financial statements.

Appaloosa Foundation

The Appaloosa Horse Club is related to the Appaloosa Foundation through common interests. The Appaloosa Foundation is a separate entity, operated by its own board of directors and is therefore, not included in these financial statements. Members of the ApHC may choose to make contributions to the Appaloosa Foundation along with other payments made to the ApHC.

Appaloosa Museum and Heritage Center Foundation

The Appaloosa Horse Club is related to the Appaloosa Museum through common location and interests. During the fiscal years ended March 31, 2019 and 2018, the Appaloosa Horse Club contributed \$30,000 and \$29,500, respectively, for Museum operations and has an agreement with the Appaloosa Museum to provide building space at an annual rental rate of \$1. The Appaloosa Museum is a separate entity, operated by its own board of directors and is therefore, not included in these financial statements.

**12. Commitments and Contingencies**

Show Facilities

During June 2018, the ApHC entered into contracts with the City of Fort Worth, Texas and the Will Rogers Memorial Center to hold the National and World Appaloosa Horse Shows at the Will Rogers Memorial Center through the 2020 calendar year. In connection with these agreements, the City of Fort Worth has contractually committed to make certain payments to the ApHC in recognition of the economic benefit of having the shows held in the City.

**Appaloosa Horse Club**  
**Notes to Financial Statements**  
**March 31, 2019 and 2018**

**12. Commitments and Contingencies, Continued**

Operating Leases

The ApHC leases certain office equipment under agreements which are accounted for as operating leases, in accordance with accounting principles generally accepted in the United States of America. The leases require monthly payments ranging from \$50 to \$433 and have remaining terms of 7 months to 43 months. Scheduled future minimum payments due under these non-cancelable leases are as follows:

Year Ending March 31,

2020	\$ 11,151
2021	6,538
2022	5,196
2023	3,031

Annual rent expense under these agreements was \$12,080 and \$7,586 for 2019 and 2018, respectively.

Insurance

The ApHC is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the ApHC carries commercial insurance. Settled claims did not exceed coverage during any of the past three fiscal years.

Litigation

The ApHC occasionally encounters disagreements arising principally in the normal course of operations and, if not resolved, may result in litigation. The ultimate outcome of these issues is not determinable. However, it is the opinion of the ApHC's management that any resulting liability which is not covered by insurance would not have a materially adverse effect on the ApHC's financial position and results of operations and, accordingly, no provision for loss has been recorded.