

# Town Hall Meeting on the Proposed Merger Between ASHA and ASR

WEDNESDAY, JANUARY 27 AT 5:00 PM ET



# Town Hall Meeting Panel

- Katriona Adams, Interim Registrar
- Allen Bosworth, Joint Merger Task Force Member
- Rachel Chamberlain, ASR Attorney
- Sandy Currier, ASR President
- Ed Glasscock, ASR Attorney
- Anna Marie Knipp, Joint Merger Task Force Co-Chair
- David Mount, Moderator and ASHA Executive Director
- Marty Schaffel, ASHA President
- Chris Schubert, Joint Merger Task Force Co-Chair
- Rachel Seifert, Attorney and Joint Merger Task Force Member
- Stephen Sherman, ASHA Attorney
- Missy Smith, Joint Merger Task Force Member



# Opening Statements

**MARTY SCHAFFEL AND SANDY CURRIER**



# History Behind the Merger

**DAVID MOUNT AND SANDY CURRIER**



# History Behind the Merger

- One Association and Registry (1891-2005)
- Reasons Behind Previous Reorganization (2005)
- What Changed?
- ASHA Strategic Plan (2018)
- ARGI Financial Analysis (2018)
- Organizational Committee (2019)
  - Other Breed Association and Registry Research
  - AMHA Registry Trust Presentation
- Joint Merger Task Force (2020)



# Joint Merger Task Force

**CHRIS SCHUBERT AND ANNA MARIE KNIPP**



# Joint Merger Task Force

- Organized to Investigate Potential Merger, Concerns and Solutions
- Committee Recommendations
- Benefits of Merger from ASHA Perspective
- Benefits of Merger from ASR Perspective



# Joint Merger Task Force: Vision Committee

**MISSY SMITH AND ALLEN BOSWORTH**





# Vision Committee: New Brand & Identity

- Proposed new brand and identity including new logo and website
- Would create excitement and new opportunities for combined organization, including new fundraising opportunities



# Vision Committee: New Mission Statement

*“The mission of the **New Organization** is to promote and protect the American Saddlebred Horse with the highest standards of integrity and guarantee the purity of the breed through the recording of pedigrees and the transfer of ownership of the American Saddlebred Horse.”*



# Vision Committee: New Name

- *1891 – National Saddle Horse Breeders Association*
- *1931 – American Saddle Horse Breeders Association*
- *1980 – American Saddlebred Horse Association*
- *2005 – American Saddlebred Registry*
- ***2021 – American Saddlebred Horse and Breeders Association***



# Joint Merger Task Force: Policy and Procedure Committee

**KATRIONA ADAMS**



# Policy and Procedure Committee

- Customer Service and Office Efficiency Focus
- Upon merger, recommend committees (human resource, operations or new) in conjunction with the executive director review all documents and develop recommendations for comprehensive policies & procedures, with particular reference to:
  - BOD/Volunteer Handbook
  - Office Workflow
  - Social Media
  - Member Advocate/Services
  - Online Services
  - Employee Review Process



# Joint Merger Task Force: Finance Committee

**ALLEN BOSWORTH**



# Finance Committee: Registry Trust

ASR Current  
Retained Earnings

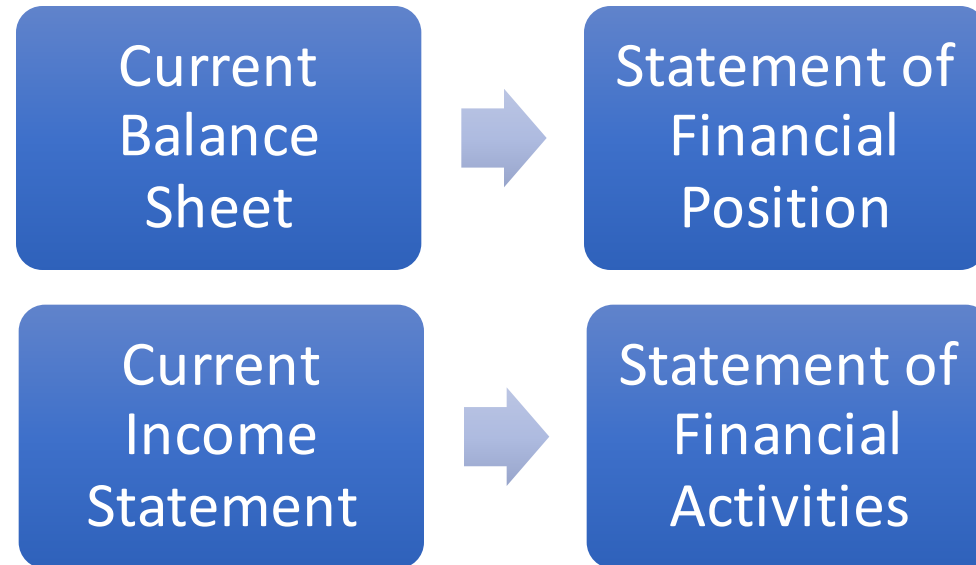


Registry Trust

- The proposed Registry Trust based on AMHA Registry Trust
- The intent of the trust is provide protection for the Registry to continue in the event of a catastrophic loss. The trust will have safeguards to protect dispersal of the funds.



# Finance Committee: Simplification of Statements



- Funds that exist “outside” of the general operating expenses would be separated and accounted for on their own for clarity (prize programs, scholarships, etc.)





# Finance Committee: Financial Review

- It was generally agreed that we should not be in the business of “making a profit” but meeting the mission and purpose of the organizations by serving our members and growing our industry through responsible budgeting and expenditures.
- Committee reviewed 2018-2020 ASHA and ASR financial statements
- Committee reviewed 2020 ASHA board approved budget cuts of \$166,558
- Committee reviewed 2020 ASHA contributions of \$216,838
- Committee reviewed 2018-2020 ASR Prize Program statements



# Joint Merger Task Force: Bylaws Committee

RACHEL SEIFERT



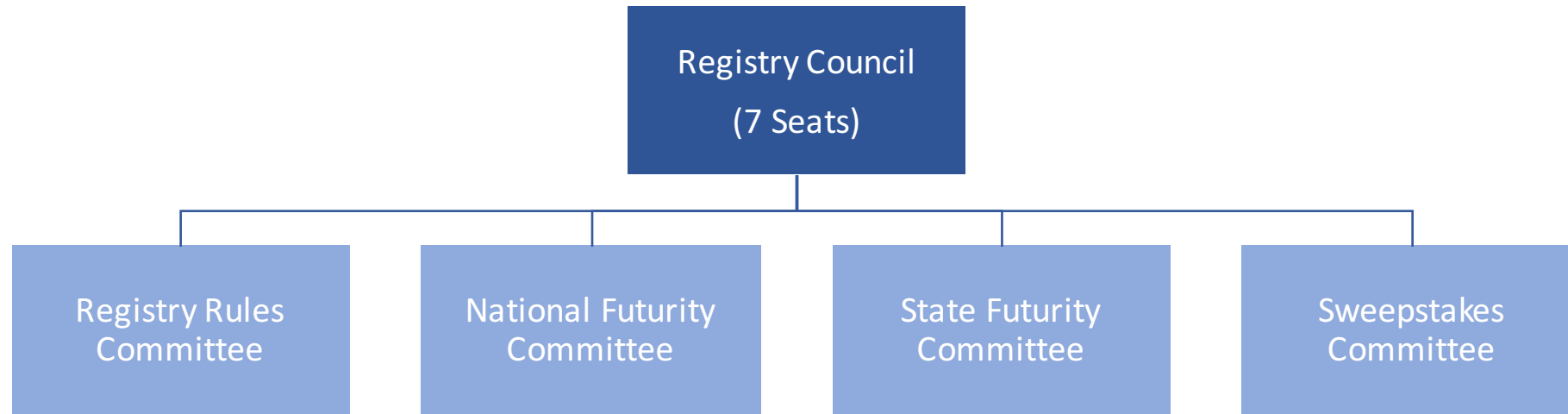
# Bylaws Committee: New Board of Directors



- Board reduced to 18 members over three years through the expiration of terms



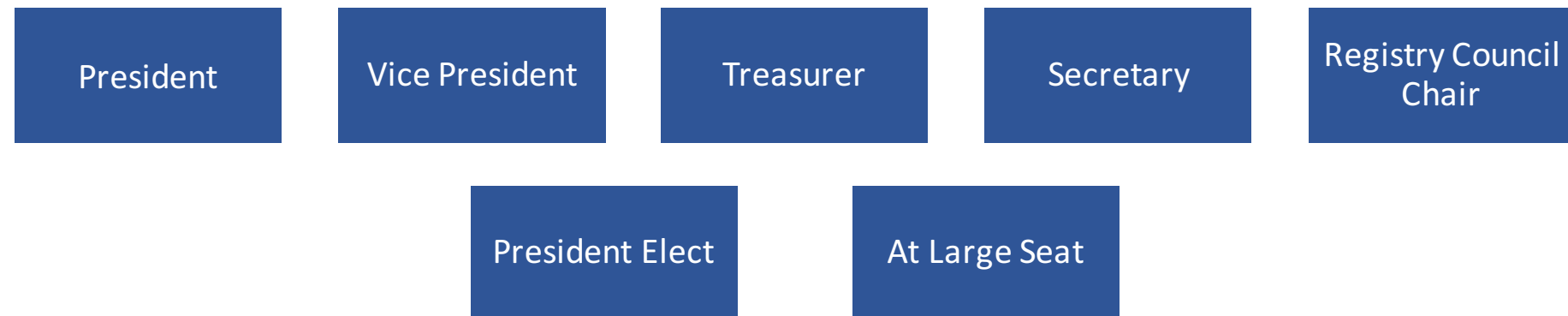
# Bylaws Committee: New Registry Council



- Registry Council initially populated by the 7 current ASR independent directors who will also sit on the new ASHBA Board of Directors



# Bylaws Committee: New Executive Leadership Committee



- Executive Committee comprised of 6 officers and 1 at large seats
- Registry Council Chair will be a new officers position in the new combined organization and will also have a seat on the Finance Committee to ensure a broad perspective for fiscal needs



# Concerns and Proposed Solutions

**TOWN HALL MEETING PANEL**



# Concerns and Proposed Solutions

## 1. Is Serving on the Boards of Both ASHA and ASR (and Voting on a Merger Transaction) a Conflict of Interest?

Because Board members of each nonprofit association receive no personal benefit (directly or indirectly) from their position as Board members (distinct from the benefits accruing to *all members*), and if they conduct themselves in accordance with their fiduciary duties, the merger transaction is not a conflict-of-interest transaction.



# Concerns and Proposed Solutions

2. If funds of the two organizations are comingled, funds may not be available to ensure that registry functions can continue.

The Finance Reorganization Committee has proposed that a separate trust fund be established (similar to that of the AMHA) for this contingency. ASR's current retained earnings will be placed in this trust. Provision will be made to add to the trust to the extent it is underfunded. The trust document will contain explicit language on the disbursement and uses of the trust's funds.





# Concerns and Proposed Solutions

## 3. The ASR Board is concerned about the loss of autonomy.

The Board of Directors Reorganization Committee has proposed an organizational structure that will preserve much of the desired input into registry matters.

- The overall Board will be comprised of all current members of both boards (27). The Board size will gradually be reduced to 18 as director terms expire.
- The current ASR board members will become a committee of the Board and renamed “Registry Council.” The Registry Council will select a “Registry Chair” who will assume the duties of the current Registry President. The Registry Chair will sit on both the Executive Leadership Committee and the Finance Committee of the Board of Directors.



# Concerns and Proposed Solutions

## 3. The ASR Board is concerned about the loss of autonomy. (continued)

- Much of the current ASR committee structure will be combined with similar functions of ASHA committees, except that the current “Registry Committee” will become the “Registry Rules Committee” and will continue to handle those critical functions (rule interpretation and hearing complaints of rules violations).
- Registry Council membership will require direct involvement in breeding American Saddlebred horses.



# Concerns and Proposed Solutions

## 4. Can privacy concerns within Registry records be maintained?

Kentucky law permits nonprofit corporations to limit members' rights of inspection of the nonprofit corporation's records, by setting forth the limitation in the nonprofit corporation's articles of incorporation or bylaws. (KRS § 273.233)



# Concerns and Proposed Solutions

5. The ASR is tax-exempt under IRC §501(c)(5) and ASHA is tax-exempt under IRC §501(c)(3) – what are the differences and how will this be resolved if the nonprofit corporations combine?

501(c)(5) tax-exempt entities are limited to labor and agricultural organizations that exist for the “betterment of persons engaged in [the activity].” 501(c)(3) tax-exempt entities can engage in broader, mission-focused activities, such as scientific, charitable, educational, etc. The primary benefit to 501(c)(3) status is that donations are **tax-deductible** by the donors (not so for 501(c)(5)). Another important benefit to the entity is that with a broader mission, the “business” activities will be more likely be “related to” the mission, avoiding risks that income becomes taxable (to the entity) as “unrelated business income.”



# Concerns and Proposed Solutions

## 6. Will USEF govern Registry activities if the two organizations merge?

USEF will not prohibit individuals on the banned or suspended list from doing business with the Registry as long as the individual is not a member of the affiliate (ASHA). The individuals can continue to do business with the Registry using existing non-member fees.



# Concerns and Proposed Solutions

## 7. Why do I have to vote for the merger via proxy and not by directly voting? Will my vote count?

ASHA bylaws state, “each member entitled to vote shall be entitled to one vote either in person or by proxy on each matter submitted to a vote of members.” When you vote by proxy you are authorizing the proxy to vote on your behalf. The proxy cannot change your vote only deliver your vote in your absence.



# Concerns and Proposed Solutions

## 8. How will votes be verified?

The ASHA attorney will verify the votes to ensure that all votes were counted and only eligible members voted. Please remember that you must be a member by Monday, February 15 to be eligible to vote.



# Concerns and Proposed Solutions

## 9. How will information flow to members prior to the Annual Meeting?

After the ASR Board (on 1/31/21) and ASHA Board (on 2/1/21) approves the final merger documents, the documents will be posted on the ASHA website. Town Hall slides and a recap, along with other important information will be sent to members and posted on the website.





# Legal Perspective of Merger

**ED GLASSCOCK, RACHEL CHAMBERLAIN AND STEPHEN SHERMAN**



# Additional Questions

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# Closing Statements

**MARTY SCHAFFEL AND SANDY CURRIER**

