A close-up, sepia-toned photograph of a horse's head, focusing on the eye and the flowing mane. The horse's eye is dark and glossy, partially obscured by the thick, light-colored mane. The lighting creates a warm, golden glow, highlighting the texture of the horse's coat and the individual strands of the mane.

2017 ANNUAL REPORT

AMERICAN  
QUARTER  
**HQ**RSE  
ASSOCIATION



## C O N T E N T S

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### **Past Presidents**



### **AQHA 2017-2018 Executive Committee**

**President Ralph Seekins**, Fairbanks, Alaska

**First Vice President Dr. Jim Heird**, College Station, Texas

**Second Vice President Stan Weaver**, Big Sandy, Montana

**Member Butch Wise**, El Reno, Oklahoma

**Member Norm Luba**, Louisville, Kentucky

Dear AQHA Members,

It was an honor to serve as your 2017 AQHA president. As your leadership team, the AQHA Executive Committee was and is still determined to continue increasing transparency and involvement with our membership. Since AQHA is a member-driven organization, my goals while serving on the AQHA Executive Committee were to work with our members and focus on their priorities to improve our great Association.

I've had the opportunity to work with several individuals from different backgrounds on your behalf while serving on the Executive Committee. We worked tirelessly over the past few years for the benefit of your Association – looking at the big picture – the American Quarter Horse and AQHA.

At the 2017 AQHA Convention, I challenged our members to figure out what we need to work on as an Association and to work together to enhance AQHA. Your individual commitment is what makes our team work. You are a representative of the Association everywhere you go. You accepted my challenge, and I am proud of the work we've done over the past year to improve AQHA.



### Continuing to Put Our Horse First

The Executive Committee has continued to work with the AQHA Animal Welfare Commission to take a firm position with regard to the treatment of our horses. Animal welfare-related rule changes focused on tie-down roping classes; the use of furosemide (Lasix) in race and show horses; and tail alteration, which is now an inhumane treatment offense. We have continued to train our stewards to ensure horses at shows are treated appropriately. AQHA is also regularly teaming up with racetracks and racing commissions to deploy Racing Integrity Teams to racing events to ensure our horses are competing on a level playing field. Furthermore, we maintain an active role with the Association of Racing Commissioners International, the Racing Medication and Testing Consortium, and the various Racing Commissions themselves to endorse uniform regulations that support our constant endeavor to protect our American Quarter Horse. Animal welfare is an ongoing process, and we are dedicated to furthering the respectful and dignified use of the animals entrusted to us.

### Financial Foundation for the Future

We have continued to make several finance and business decisions throughout the year. These decisions were designed to not only support the Association's 250,000 dues-paying members, but are also key to support the massive equine industry. We raised fees, which were effective January 1, 2018, and made significant cuts to the budget in 2017. The Executive Committee, AQHA's leadership team and staff worked diligently to make better business decisions, such as culling and modifying several programs to ensure that we are best meeting the needs of our members and to ensure we have a solid foundation for the future. The Executive Committee has continued to challenge the leadership and staff to look for more ways to be both effective and efficient as a company.

### High-Caliber Experiences

We want our members to feel empowered to make positive changes. In order to do so, we provided a variety of high-caliber experiences to our industry last year. The Association held an Affiliate Workshop in Amarillo to ensure our affiliates have the tools needed to bring new people into our industry and keep our existing participants happy and engaged. For the first time ever, we offered a free live webcast of the Show Management Seminar to folks all over the world, who wanted to get certified or just learn more about putting on AQHA-approved shows. The AQHA show department also live-streamed the annual AQHA Judges Seminar for the first time, in addition to offering ring steward and show steward webinars. We are excited to see how these training tools and new technology can help educate our judges and stewards, but also educate our exhibitors to better understand the rules.

### Technology Advancements

In addition to using new technology for educational purposes, we also continued to work on the development of new computer technology that will be implemented in 2018, including an updated database. The Association has been working diligently on this project for several years; however, it was important for us to take the necessary time to ensure the new computer system and other projects aligning with the new system, including a more user-friendly website, work properly and do not hinder the way our members do business with us. It's an expensive and time-consuming process, but it will position AQHA to better serve our customers in the future. In order to become a premier customer service provider, we must invest in the technology to get us there.

### Top Moments in 2017

For AQHA, 2017 was filled with incredible moments for our industry: AQHA Ranching Heritage-bred horses competed for nearly \$115,000 in the inaugural Zoetis AQHA Ranching Heritage Challenge Finals; we approved adding seven 13-&-Under world championship core classes to the 2018 Built Ford Tough AQHYA World Championship Show; Ana Lilia Alvidrez's Magic Black lowered the 220-yard world record; the American Quarter Horse Foundation awarded more than \$365,000 to AQHYA members through scholarships; for the first time, \$5,000 in scholarships was presented to the outgoing AQHYA officer team; Ellexah Maxwell and Zips Bossy Chip smashed the 30-year record for all-time leading youth horse by points; and AQHA Professional Horseman Ross Roark won his 100th AQHA world championship title at the 2017 Lucas Oil AQHA World Championship Show.

The list of top moments goes on and on, but I can truly say my favorite moments were spending time with members from around the world, asking about their stories and how they found their passion – the American Quarter Horse.

In closing, I thank each of you for a wonderful year and continue challenging our board members, committee chairs, committee members and AQHA members to continue to strengthen as a team and to be more involved in the Association. AQHA needs your help to share our passion with horse lovers around the world. You are the driving force behind this Association. Help us continue to make AQHA better! I've enjoyed serving as your president and will continue to be AQHA proud for years to come.

Sincerely,

*Ralph C. Seekins*

Ralph C. Seekins  
2017 AQHA President

## UNITED STATES POPULATION

	HORSE POPULATION <sup>1</sup>		NEW REGISTRATIONS <sup>2</sup>	
	2017	CHANGE FROM PREVIOUS YEAR	2017	CHANGE FROM PREVIOUS YEAR
Alabama	43,358	-1,152	748	-153
Alaska	1,386	-51	12	-2
Arizona	52,250	635	1,327	54
Arkansas	53,048	-528	1,013	4
California	112,915	-1,708	2,846	-102
Colorado	80,811	-719	1,760	-46
Connecticut	2,487	-91	153	0
Delaware	1,012	-27	11-1	0
Florida	53,072	-210	1,190	100
Georgia	40,502	-1,136	708	-136
Hawaii	2,710	-59	41	-51
Idaho	61,443	-430	1,535	-67
Illinois	37,873	-506	880	-15
Indiana	34,775	-848	633	-10
Iowa	63,612	-887	1,679	-73
Kansas	71,906	-851	1,816	2
Kentucky	31,647	-758	628	-72
Louisiana	53,306	-669	1,744	79
Maine	2,418	-91	19	4
Maryland	5,606	-141	60	0
Massachusetts	2,617	-54	16	-3
Michigan	28,192	-699	460	-37
Minnesota	45,769	-513	945	-24
Mississippi	41,465	-1,181	729	-61
Missouri	94,852	-1,025	2,185	104
Montana	86,978	-440	2,299	-235
Nebraska	79,271	-343	2,514	-61
Nevada	19,626	-208	386	-46
New Hampshire	1,503	-60	8	-1
New Jersey	4,312	-137	38	-22
New Mexico	48,592	-639	1,357	5
New York	15,780	-412	138	-63
North Carolina	33,201	-863	459	-80
North Dakota	50,251	242	1,918	119
Ohio	42,308	-895	746	-39
Oklahoma	162,513	-1,752	4,698	-266
Oregon	48,521	-505	1,154	80
Pennsylvania	24,864	-601	422	-56
Rhode Island	387	-21	6	2
South Carolina	15,964	-216	319	71
South Dakota	79,743	-19	2,931	100
Tennessee	42,082	-817	773	-33
Texas	414,808	-3,441	12,613	-1,231
Utah	57,217	-299	1,677	-119
Vermont	1,863	-24	23	4
Virginia	18,578	-588	277	6
Washington	45,294	-738	959	-61
Washington D.C.	93	3	1	1
West Virginia	8,083	-212	123	-51
Wisconsin	32,739	-630	619	-64
Wyoming	56,671	-54	1,435	-61
<b>TOTAL US POPULATION</b>	<b>2,410,274</b>	<b>-27,368</b>	<b>60,893</b>	<b>-2,604</b>

## TOTAL POPULATION &amp; REGISTRATIONS

United States	2,410,274	-27,368	60,893	-2,604
Canada	245,778	-219	6,235	40
International	170,961	4,516	7,115	903
<b>GRAND TOTAL</b>	<b>2,827,013</b>	<b>-23,071</b>	<b>74,243</b>	<b>-1,661</b>

<sup>1</sup>Figures reflect elimination of all horses age 25 and over unless the owners(s) submitted documentation proving the horse is living.

<sup>2</sup>Reflects the number of American Quarter Horses registered during 2017 to residents within the state, province or country.

## CANADIAN POPULATION

	HORSE POPULATION <sup>1</sup>		NEW REGISTRATIONS <sup>2</sup>	
	2017	CHANGE FROM PREVIOUS YEAR	2017	CHANGE FROM PREVIOUS YEAR
Alberta	110,933	188	2,842	-6
British Columbia	24,499	-200	441	-35
Manitoba	24,776	33	879	29
New Brunswick	1,340	-18	26	4
Newfoundland	70	3	1	1
Northwest Territory	4	2	1	1
Nova Scotia	2,212	-7	38	0
Ontario	22,288	-451	362	-89
Prince Edward Island	436	-12	4	3
Quebec	12,510	61	305	18
Saskatchewan	46,614	182	1,336	114
Yukon	96	0		0
<b>Total Canadian Population</b>	<b>245,778</b>	<b>-219</b>	<b>6,235</b>	<b>40</b>

## INTERNATIONAL POPULATION

	HORSE POPULATION <sup>1</sup>		NEW REGISTRATIONS <sup>2</sup>	
	2017	CHANGE FROM PREVIOUS YEAR	2017	CHANGE FROM PREVIOUS YEAR
ARGENTINA	2,462	-61	30	-16
AUSTRALIA	2,570	107	135	11
AUSTRIA	5,454	97	254	37
BELGIUM	4,683	154	252	22
BRAZIL	5,707	9	416	294
CHILE	291	-5	0	-2
CHINA	90	13	0	0
COLOMBIA	1,309	71	60	-9
CROATIA	57	57	5	5
COSTA RICA	228	21	11	-3
CZECH REPUBLIC	2,586	148	162	-4
DENMARK	1,307	16	27	-6
DOMINICAN REPUBLIC	161	1	1	-13
FINLAND	370	15	1	-13
FRANCE	9,493	231	426	17
GERMANY	37,849	330	1,352	85
HUNGARY	608	43	44	12
IRELAND	126	17	1	-2
ISRAEL	2,578	69	68	48
ITALY	24,838	207	1,050	160
JAPAN	511	2	14	-1
LUXEMBOURG	359	-5	11	3
MEXICO	40,856	2,461	1,773	273
NETHERLANDS	3,851	-2	104	-11
NEW ZEALAND	457	-4	11	-7
NORWAY	473	-4	8	0
PANAMA	985	141	54	-15
PARAGUAY	529	6	9	-8
POLAND	923	96	87	32
PORTUGAL	79	-1	3	0
PUERTO RICO	121	-2	1	-2
SLOVAKIA	722	41	61	15
SLOVENIA	743	65	61	20
SOUTH AFRICA	274	14	9	-10
SPAIN	617	6	18	-7
SWEDEN	3,788	133	167	4
SWITZERLAND	3,260	54	85	11
UNITED KINGDOM	3,239	-1	86	4
URUGUAY	709	-24	7	-1
VENEZUELA	5,285	50	240	-8
<b>INTERNATIONAL POPULATION</b>	<b>170,548</b>	<b>4,566</b>	<b>7,104</b>	<b>915</b>

## INTERNATIONAL COUNTRIES WITH AMERICAN QUARTER HORSE POPULATION OF LESS THAN 50

Ashmore & Cartier Island	Cameroon	Guatemala	Namibia	Seychelles
Bahamas	Comoros	Honduras	Netherlands	Somalia
Caledonia	Croatia	Iceland	Antilles	St Pierre & Miquelon
Bassas da India	Coral Sea Islands	Isle of Man	New Caledonia	Suriname
Belize	Territory	Korea (Republic of S. Korea)	New Hebrides	Thailand
Bermuda	Cuba	Liechtenstein	Nicaragua	Turkey
Bolivia	Ecuador	Lithuania	Niue	United Arab Emirates
Bosnia-Herzegovina	El Salvador	Macau	Philippines	Virgin Islands
Bulgaria	Estonia	Madagascar	Romania	Wake Island
Cambodia	Falkland Islands	Malta	Russia	
	Georgia	Martinique	San Marino	
	Greece	Monaco	Saudi Arabia	
	Guadeloupe	Mongolia	Serbia	
	Guam		Senegal	

## Countries with less than 50 Population

413	-50	11	-12
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## TOTAL INTERNATIONAL POPULATION

170,961	4,516	7115	903
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## UNITED STATES TRANSFERS

	TO STATE	FROM STATE	WITHIN STATE
ALABAMA	611	816	628
ALASKA	38	15	35
ARIZONA	1,271	891	1,189
ARKANSAS	825	833	761
CALIFORNIA	2,078	1,501	3,367
COLORADO	1,820	1,224	1,484
CONNECTICUT	94	45	55
DELAWARE	33	18	17
FLORIDA	1,089	849	1,156
GEORGIA	739	755	650
HAWAII	65	35	58
IDAHO	963	1,079	1,086
ILLINOIS	984	801	692
INDIANA	878	717	734
IOWA	1,230	1,520	1,167
KANSAS	1,159	1,333	1,145
KENTUCKY	635	817	574
LOUISIANA	848	1,407	1,156
MAINE	68	30	46
MARYLAND	231	111	57
MASSACHUSETTS	118	44	33
MICHIGAN	781	557	771
MINNESOTA	1,068	893	982
MISSOURI	1,467	1,647	1,807
MISSISSIPPI	534	724	649
MONTANA	1,236	1,147	1,600
NEBRASKA	1,220	1,664	1,463
NEVADA	506	319	347
NEW HAMPSHIRE	56	32	21
NEW JERSEY	181	100	57
NEW MEXICO	1,052	993	1,057
NEW YORK	468	226	280
NORTH CAROLINA	716	541	682
NORTH DAKOTA	724	1,171	765
OHIO	1,251	998	1,369
OKLAHOMA	2,743	4,021	3,561
OREGON	907	762	1,114
PENNSYLVANIA	728	478	619
RHODE ISLAND	16	12	6
SOUTH CAROLINA	459	356	283
SOUTH DAKOTA	948	1,810	1,449
TENNESSEE	786	792	720
TEXAS	5,677	7,635	12,292
UTAH	1,000	782	1,474
VERMONT	67	45	31
VIRGINIA	363	298	249
WASHINGTON	835	732	1,149
WASHINGTON D.C.	4	3	0
WEST VIRGINIA	167	152	117
WISCONSIN	748	584	732
WYOMING	1,364	996	817
<b>TOTAL</b>	<b>43,849</b>	<b>45,311</b>	<b>52,553</b>



## TOP POPULATIONS BY STATE, PROVINCE AND COUNTRY

TOP FIVE STATES		TOP FIVE PROVINCES		TOP FIVE COUNTRIES	
1. Texas	414,808	1. Alberta	110,933	1. Mexico	40,856
2. Oklahoma	162,513	2. Saskatchewan	46,614	2. Germany	37,849
3. California	112,915	3. Manitoba	24,776	3. Italy	24,838
4. Missouri	94,852	4. British Columbia	24,499	4. France	9,493
5. Montana	86,978	5. Ontario	22,288	5. Brazil	5,707

\*Based on AQHA population records



INTERNATIONAL TRANSFERS			
	TO COUNTRY	FROM COUNTRY	WITHIN COUNTRY
Austria	8	2	312
Belgium	18	1	349
Brazil	47	17	15
Columbia	18	1	35
Czech Republic	9	0	179
Denmark	4	0	67
France	15	3	607
Germany	91	10	2,309
Israel	8	0	89
Italy	70	16	1,450
Mexico	1,044	101	1,084
Netherlands	19	2	200
Panama	17	17	24
Poland	4	0	75
Slovakia	1	0	51
Sweden	29	3	297
Switzerland	28	5	189
United Kingdom	26	13	147
Venezuela	76	47	92
TOTAL INTERNATIONAL TRANSFERS	1,532	238	7,571
TOTAL OTHER COUNTRIES (less than 50)	74	25	347
TOTAL U.S., CANADA & INTERNATIONAL TRANSFERS			
International Transfers	1,606	263	7,918
Canadian Transfers	2,432	2,313	5,167
U.S. Transfers	43,849	45,311	52,553
GRAND TOTAL U.S., CANADA & INTERNATIONAL TRANSFERS	47,887	47,887	65,638
*2017 COMBINED TRANSFERS 113,525			
*Calculated by combining either the "To" or "From" total of 47,887 to the "Within" total of 65,638.			

CANADIAN TRANSFERS			
	TO PROVINCE	FROM PROVINCE	WITHIN PROVINCE
Alberta	741	786	2,261
British Columbia	419	222	566
Manitoba	161	377	360
New Brunswick	31	24	20
Newfoundland	6	3	3
Nova Scotia	76	24	61
Northwest Territory	2	0	1
Ontario	385	303	651
Prince Edward Island	10	9	8
Quebec	228	96	516
Saskatchewan	369	469	719
Yukon	4	0	1
Total	2,432	2,313	5,167



## AQHA MEMBERSHIP TOTALS

	LIFE	12 MONTH	3-YEAR	AMATEUR	3-YEAR AMATEUR	YOUTH	TOTAL
2017	49,973	77,084	76,584	10,496	15,828	21,298	251,263
2016	49,351	71,314	83,332	10,205	16,974	22,403	253,579
2015	49,027	75,223	84,658	10,735	17,488	23,400	260,531
2014	48,633	75,032	86,337	10,248	18,479	24,799	263,528
2013	48,227	75,329	91,617	9,880	19,915	25,745	270,713
2012	47,879	81,562	93,329	11,008	20,508	27,277	281,563
2011	47,398	85,990	92,555	11,727	21,488	27,891	287,049
2010	46,547	89,413	100,477	11,985	22,923	28,709	300,054
2009	45,787	96,727	104,530	12,018	22,958	30,026	312,046
2008	44,793	112,011	107,812	13,097	22,470	31,011	331,194
2007	42,637	138,365	97,444	14,615	21,148	31,696	345,905
2006	40,608	147,884	90,054	15,190	20,126	31,585	345,447
2005	38,560	156,471	85,625	16,417	19,181	31,197	347,451
2004	36,565	171,432	78,123	18,594	18,173	30,720	353,607
2003	34,805	167,298	79,189	18,744	17,578	30,297	347,911
2002	32,811	166,702	76,314	19,085	16,662	29,489	341,063
2001	28,727	166,837	73,787	18,817	16,140	29,578	333,886
2000	26,043	179,639	63,010	19,972	14,173	29,071	331,908
1999	23,752	182,080	51,229	20,274	12,704	28,096	318,136
1998	22,065	172,256	51,043	19,673	13,507	27,831	306,375
1997	20,858	169,275	52,538	19,786	13,550	29,144	305,151
1996	19,823	175,841	54,471	20,147	13,297	30,622	314,201
1995	18,416	181,450	47,850	21,307	12,027	31,494	312,544
1994	14,621	192,170	35,130	23,768	9,477	30,134	305,300
1993	13,003	207,286	20,044	26,096	6,350	27,726	300,505
1992	11,696	245,488		31,452		25,161	313,797
1991	10,967	236,629		28,993		22,103	298,692
1990	10,675	234,311		27,360		18,039	290,385
1989	10,389	226,606		28,453		13,589	279,037
1988	9,894	103,767		26,778		11,905	152,344
1987	9,066	103,389		24,317		8,703	145,475
1986	8,537	118,498		22,769		8,729	158,533
1985	8,127	129,953		19,163		8,929	166,145

## TOP MEMBERSHIP STATES, PROVINCES AND COUNTRIES

## TOP FIVE STATES

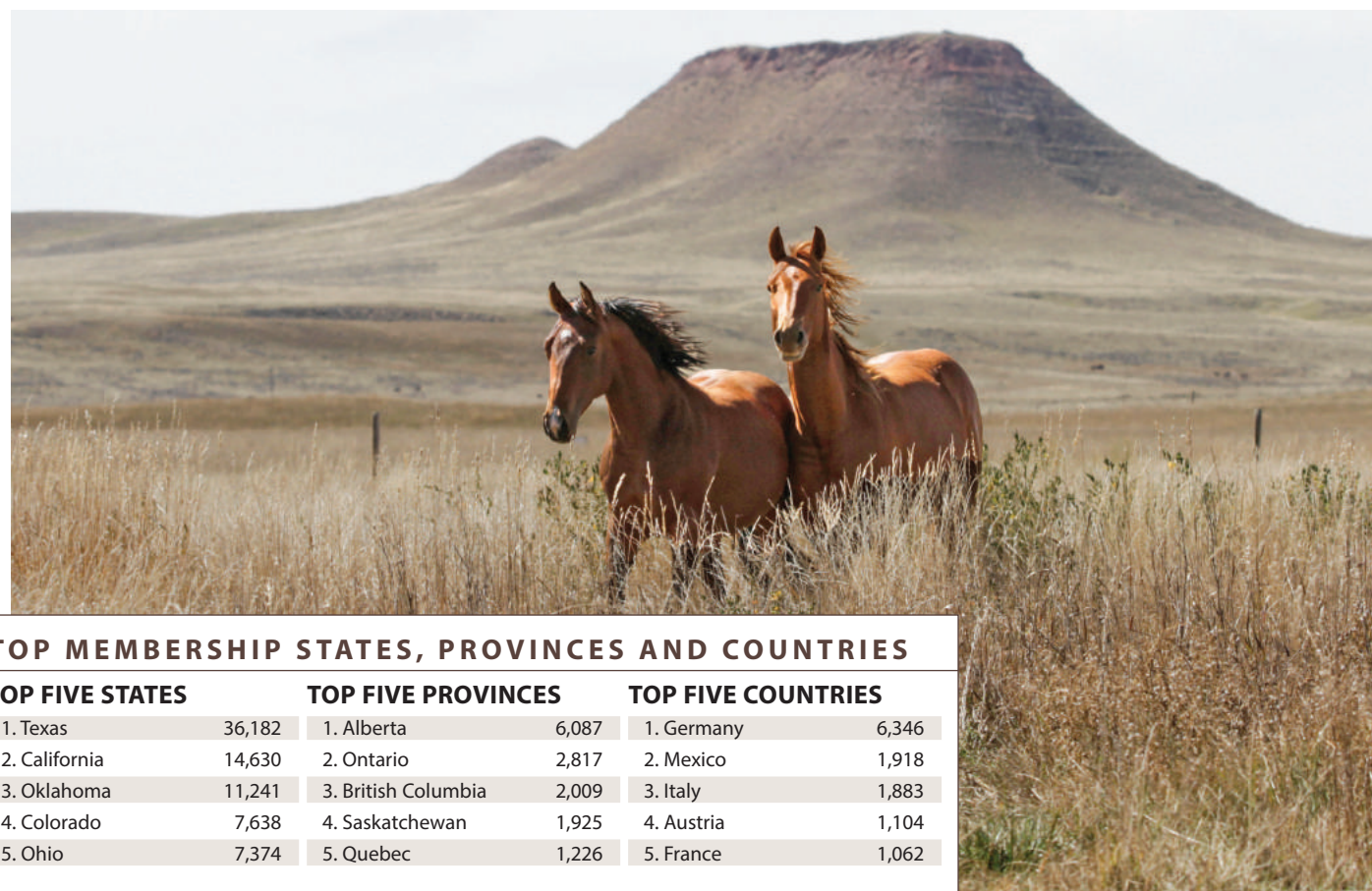
1. Texas	36,182
2. California	14,630
3. Oklahoma	11,241
4. Colorado	7,638
5. Ohio	7,374

## TOP FIVE PROVINCES

1. Alberta	6,087
2. Ontario	2,817
3. British Columbia	2,009
4. Saskatchewan	1,925
5. Quebec	1,226

## TOP FIVE COUNTRIES

1. Germany	6,346
2. Mexico	1,918
3. Italy	1,883
4. Austria	1,104
5. France	1,062





## AQHA MEMBERSHIP

UNITED STATES					INTERNATIONAL				
	ANNUAL/3 YEAR	LIFE	YOUTH	AMATEUR		ANNUAL/3 YEAR	LIFE	YOUTH	AMATEUR
Alabama	1,772	601	257	321	Brazil	235	59	56	51
Alaska	175	66	55	42	Bulgaria	2	0	0	0
Arizona	3,456	1,145	265	535	Cambodia	3	0	0	0
Arkansas	2,069	646	295	329	Cameroon	1	0	0	0
California	9,453	2,624	859	1,694	Chile	5	23	0	0
Colorado	4,750	1,527	534	827	China	67	8	2	0
Connecticut	416	103	107	149	Colombia	100	78	9	1
Delaware	105	33	25	46	Comoros	1	0	0	0
Florida	3,943	1,343	487	702	Coral Sea Islands	2	0	0	0
Georgia	2,164	709	382	364	Costa Rica	36	15	13	8
Hawaii	205	94	53	38	Croatia	11	2	0	1
Idaho	2,910	700	266	196	Czech Republic	284	78	17	37
Illinois	2,650	756	426	588	Denmark	129	61	22	119
Indiana	2,438	765	676	695	Dominican Republic	1	15	1	1
Iowa	2,750	788	385	442	Ecuador	7	1	0	0
Kansas	3,109	1,041	413	410	El Salvador	0	2	0	0
Kentucky	1,692	499	376	460	Estonia	1	1	0	1
Louisiana	3,099	926	447	241	Falkland Islands	0	1	0	0
Maine	267	52	65	59	Finland	57	16	8	33
Maryland	545	167	124	186	France	848	101	36	77
Massachusetts	476	99	93	129	Gambia	0	1	0	0
Michigan	2,290	559	579	629	Georgia	5	0	1	0
Minnesota	2,666	543	413	496	Germany	2,991	1,830	309	1,216
Mississippi	1,713	531	382	289	Guam	0	0	0	1
Missouri	3,934	1,135	513	479	Guatemala	1	3	0	0
Montana	3,466	1,024	269	180	Honduras	0	2	0	0
Nebraska	3,095	1,023	441	407	Hong Kong	0	1	0	0
Nevada	1,275	427	106	140	Hungary	72	12	9	11
New Hampshire	202	59	49	62	India	1	0	0	0
New Jersey	597	164	115	190	Ireland	17	10	8	4
New Mexico	2,822	828	200	233	Isle of Man	0	1	0	0
New York	1,752	403	383	501	Israel	100	43	21	0
North Carolina	2,203	767	450	569	Italy	1,521	212	99	51
North Dakota	1,542	356	201	208	Japan	31	219	11	39
Ohio	3,625	1,065	1,270	1,414	Korea	3	0	0	0
Oklahoma	7,022	2,554	832	833	Libya	0	2	0	0
Oregon	3,164	769	313	329	Liechtenstein	3	0	0	1
Pennsylvania	2,538	549	703	853	Luxembourg	25	48	13	40
Rhode Island	61	12	8	19	Madagascar	0	1	0	0
South Carolina	1,081	362	190	219	Malaysia	0	1	0	0
South Dakota	2,459	726	283	191	Mexico	1,028	851	25	14
Tennessee	2,202	742	409	454	Monaco	0	1	0	0
Texas	22,307	8,475	2,678	2,722	Morocco	0	1	0	0
Utah	2,932	829	163	151	Namibia	4	1	0	0
Vermont	218	47	54	65	Netherlands	382	176	52	171
Virginia	1,266	415	218	302	New Caledonia	8	4	0	1
Washington	3,378	744	363	484	New Hebrides	1	0	0	0
Washington D.C.	6	9	0	2	New Zealand	49	14	16	34
West Virginia	486	133	158	177	Nicaragua	1	1	0	0
Wisconsin	2,101	560	429	514	Norway	64	21	14	40
Wyoming	2,410	780	201	134	Pakistan	1	0	0	0
<b>TOTALS</b>	<b>133,257</b>	<b>41,274</b>	<b>18,963</b>	<b>21,699</b>	Panama	57	44	9	1
<b>CANADA</b>					Paraguay	8	22	3	0
Alberta	3,759	1,677	359	292	Philippines	1	0	0	0
British Columbia	1,219	464	162	164	Poland	102	22	28	32
Manitoba	465	154	81	79	Portugal	6	4	0	0
New Brunswick	106	22	52	52	Puerto Rico	10	11	3	0
Newfoundland	6	1	2	3	Romania	1	0	0	0
Northwest Territory	2	0	0	0	Russia	2	0	0	0
Nova Scotia	201	24	62	56	San Marino	1	0	0	0
Ontario	1,451	456	308	602	Saudi Arabia	1	1	0	0
Prince Edward Island	24	1	9	7	Serbia	2	0	0	0
Quebec	907	101	82	136	Seychelles	1	0	0	0
Saskatchewan	1,231	411	162	121	Slovakia	72	25	5	6
Yukon	8	2	0	0	Slovenia	104	6	6	2
<b>TOTALS</b>	<b>9,379</b>	<b>3,313</b>	<b>1,279</b>	<b>1,512</b>	South Africa	30	17	19	15
<b>INTERNATIONAL</b>					Spain	68	25	4	1
Argentina	28	48	0	4	Surinam	1	0	0	0
Ashmore & Cartier Islands	6	0	0	0	Sweden	475	98	38	269
Australia	279	56	43	139	Switzerland	366	277	19	145
Austria	451	357	58	238	Thailand	1	1	0	0
Belgium	406	141	26	104	Trinidad & Tobago	0	1	0	0
Belize	0	2	0	0	United Kingdom	257	83	33	202
Bermuda	1	0	0	0	Uruguay	9	17	0	0
Bolivia	0	1	0	0	Venezuela	184	206	19	3
Bosnia-Herzegovina	3	1	0	0	Virgin Islands	0	2	1	0
Botswana	0	1	0	0	Wake Island	1	0	0	0
					<b>TOTALS</b>	<b>11,032</b>	<b>5,386</b>	<b>1,056</b>	<b>3,113</b>



## 2017 AMERICAN QUARTER HORSE OWNERS

## UNITED STATES

Alabama	11,783	Botswana	1	Senegal	1
Alaska	724	Brazil	1,374	Serbia	10
Arizona	16,328	Bulgaria	10	Seychelles	4
Arkansas	12,784	Cambodia	1	Slovakia	300
California	43,137	Cameroon	1	Slovenia	278
Colorado	22,783	Cayman Islands	8	South Africa	74
Connecticut	1,621	Chile	49	Spain	249
Delaware	564	China	18	St Pierre & Miquelo	1
Florida	19,744	Colombia	224	Surinam	1
Georgia	13,147	Comoros	6	Sweden	2,175
Hawaii	1,153	Coral Sea Islands	2	Switzerland	1,847
Idaho	14,920	Costa Rica	44	Thailand	2
Illinois	13,196	Croatia	27	Turkey	1
Indiana	13,930	Czech Republic	1,122	United Arab Emirates	4
Iowa	14,714	Denmark	740	United Kingdom	1,650
Kansas	16,156	Dominican Republic	38	Uruguay	50
Kentucky	10,214	Ecuador	11	Venezuela	809
Louisiana	15,544	El Salvador	1	Virgin Islands	7
Maine	1,484	Estonia	6	Wake Island	1
Maryland	2,904	Falkland Islands	1	<b>TOTAL</b>	<b>61,702</b>
Massachusetts	1,744	Finland	213		
Michigan	13,172	France	4,532		
Minnesota	14,034	Georgia	2		
Mississippi	11,568	Germany	20,593		
Missouri	23,129	Greece	2		
Montana	16,960	Guadeloupe	1		
Nebraska	13,801	Guam	2		
Nevada	5,761	Guatemala	8		
New Hampshire	951	Honduras	1		
New Jersey	2,495	Hungary	231		
New Mexico	12,077	Iceland	2		
New York	7,965	Ireland	42		
North Carolina	13,500	Isle Of Man	1		
North Dakota	6,940	Israel	1,194		
Ohio	18,896	Italy	9,918		
Oklahoma	34,216	Japan	191		
Oregon	15,593	Korea	7		
Pennsylvania	12,288	Liechtenstein	5		
Rhode Island	264	Lithuania	3		
South Carolina	6,201	Luxembourg	183		
South Dakota	11,002	Macau	2		
Tennessee	13,729	Madagascar	1		
Texas	96,723	Malta	1		
Utah	13,863	Martinique	2		
Vermont	993	Mexico	3,738		
Virginia	7,882	Monaco	2		
Washington	16,882	Mongolia	1		
Washington D.C.	47	Namibia	6		
West Virginia	3,149	Netherlands	2,241		
Wisconsin	11,794	Netherlands Antilles	5		
Wyoming	10,882	New Caledonia	22		
<b>TOTAL</b>	<b>665,331</b>	New Hebrides	1		
		New Zealand	168		
		Nicaragua	3		
		Niue	1		
		Norway	323		
		Panama	176		
		Paraguay	47		
		Philippines	1		
		Poland	334		
		Portugal	32		
		Puerto Rico	44		
		Romania	3		
		Russia	3		
		San Marino	2		
		Saudi Arabia	1		

## INTERNATIONAL

Argentina	118
Ashmore & Cartier Islands	9
Australia	1,078
Austria	2,740
Bahamas	2
Bassas da India	1
Belgium	2,308
Belize	3
Bermuda	1
Bolivia	1
Bosnia-Herzegovina	2

## CANADA

Alberta	20,044
British Columbia	8,176
Manitoba	2,989
New Brunswick	743
Newfoundland	49
Northwest Territory	4
Nova Scotia	1,163
Ontario	9,599
Prince Edward Island	227
Quebec	5,981
Saskatchewan	6,786
Yukon	47
<b>TOTAL</b>	<b>55,808</b>

## OWNER TOTAL

United States	665,331
Canada	55,808
International	61,702
<b>TOTAL</b>	<b>782,841</b>

## TOP 5 STATES

1. Texas	96,723
2. California	43,137
3. Oklahoma	34,216
4. Missouri	23,129
5. Colorado	22,783

## TOP 5 PROVINCES

1. Alberta	20,044
2. Ontario	9,599
3. British Columbia	8,176
4. Saskatchewan	6,786
5. Quebec	5,981

## TOP 5 COUNTRIES

1. Germany	20,593
2. Italy	9,918
3. France	4,532
4. Mexico	3,738
5. Austria	2,740





## 2017 TOTAL SHOWS AND SPECIAL EVENTS AVERAGE ENTRIES PER SHOW

### UNITED STATES

	Total Shows	Average Entries	Special Events	Average Entries
Alabama	30	242		
Alaska	12	193		
Arizona	49	705	5	38
Arkansas	6	434	10	108
California	116	251	21	61
Colorado	77	256	9	74
Connecticut	17	311		
Delaware	4	252		
Florida	80	449	10	12
Georgia	55	620		
Hawaii	5	82		
Idaho	30	123	4	26
Illinois	43	556		
Indiana	69	590	4	137
Iowa	36	427	12	118
Kansas	43	159		
Kentucky	49	518	20	86
Louisiana	13	433		
Maine	4	394		
Maryland	8	269		
Massachusetts	11	1064		
Michigan	59	636		
Minnesota	64	358	51	37
Mississippi	59	437	2	222
Missouri	51	358	8	43
Montana	15	142	1	0
Nebraska	40	560	55	65
Nevada	25	882		
New Hampshire	4	276		
New Jersey	23	429		
New Mexico	33	271		
New York	66	428	3	47
North Carolina	67	265	14	23
North Dakota	17	432		
Ohio	68	858	6	68
Oklahoma	92	530	35	46
Oregon	36	456	2	27
Pennsylvania	81	415	1	17
South Carolina	30	287	1	30
South Dakota	40	286	2	173
Tennessee	68	398		
Texas	172	216	82	71
Utah	29	230		
Vermont	1	112		
Virginia	23	235	8	23
Washington	50	329	4	27
West Virginia	34	393	1	34
Wisconsin	44	385	11	20
Wyoming	6	218		

### CANADA

	Total Shows	Average Entries	Special Events	Average Entries
Alberta	25	309		
British Columbia	18	148		
Manitoba	11	294		
New Brunswick	10	347		
Nova Scotia	1	87		
Ontario	49	533	2	20
Quebec	10	327		
Saskatchewan	11	335		

### INTERNATIONAL

	Total Shows	Total Entries	Special Events	Total Entries
Argentina	3	80		
Australia	5	405		
Austria	8	1,813		
Belgium	2	190		
Brazil	4	1,082		
China	0	0	2	61
Colombia	1	158		
Costa Rica	5	166		
Czech Republic	1	122		
Denmark	9	1,400		
Finland	6	435		
France	11	1,244		
Germany	72	26,058	4	51
Hungary	5	68		
Ireland	1	16		
Israel	1	42		
Italy	7	814	3	40
Japan	1	37		
Luxembourg	3	105		
Mexico	20	831	1	30
Netherlands	6	1,163		
New Zealand	3	463		
Norway	4	155	1	24
Panama	2	51		
Paraguay	2	28		
Poland	4	337		
South Africa	5	115		
Sweden	12	1,989		
Switzerland	5	502		
United Kingdom	21	2,959	1	59

### 2017 AQHA APPROVED SHOWS/SPECIAL EVENTS

	United States	Canada	Int'l	Total
Number of shows per year	2,054	135	229	2,418
Number of special events per year	382	2	12	396
Total shows and special events	2,436	137	241	2,814





## AWARDS ISSUED

## OPEN

	2014	2015	2016
Register of Merit-Performance	1,383	1,371	1,381
Register of Merit-Halter	373	361	343
Superior Horse	442	409	407
Performance Champion	6	1	12
AQHA Champion	57	53	54
Superior All-Around	6	6	5
All-Around	1,564	1,580	1,528
All-Around Runner-Up	1,160	1,231	1,169

## AMATEUR

	2015	2016	2017
Register of Merit-Performance	1,178	1,092	1,079
Register of Merit-Halter	417	361	377
Superior Horse	397	414	393
Performance Champion	8	4	29
AQHA Champion	68	70	62
Supreme Champion	5	2	8
Superior All-Around	7	8	3
All-Around	1,812	1,810	1,766
All-Around Runner-Up	1,755	1,721	1,710
Level 1 Completion Certificates	668	586	549

## YOUTH

	2014	2015	2016
Register of Merit-Performance	506	513	528
Register of Merit-Halter	172	198	190
Superior Horse	158	170	146
Performance Champion	6	3	24
AQHA Champion	51	53	37
Supreme Champion	0	0	3
Superior All-Around	3	2	3
All-Around	1,683	1,655	1,634
All-Around Runner-Up	1,559	1,518	1,474
Level 1 Completion Certificates	415	491	483



## 2017 TOP 5 SPECIAL EVENT SHOWS

	Total Entries	Number of Shows	Average Entries Per Show
Houston Livestock & Rodeo Houston, TX	1,995	6	333
National Pole Bending Association Championship Cloverdale, IN	229	1	229
Dixie National Special Event Roping Jackson, MS	444	2	222
NPBA Championship Cloverdale, IN	196	1	196
OQHA Spring Show Roping Event Oklahoma City, OK	176	1	176

## 2017 TOP 5 SHOWS

	Total Entries	Number of Shows	Average Entries Per Show
All American Quarter Horse Congress Columbus, OH	8,131	1	8,131
Arizona Sun Country Circuit Scottsdale, AZ	18,274	10	1,827
Oklahoma QHA Redbud Spectacular Oklahoma City, OK	14,088	8	1,761
Big A Circuit Conyers, GA	9,217	6	1,536
Silver Dollar Circuit Las Vegas, NV	8,652	6	1,442

Rank based on average entries per show

## 2017 TOP 5 LEVEL 1 SHOWS

	Total Entries	Number of Shows	Average Entries Per Show
Level 1 Show Centre Hall, PA	569	1	569
NOQHA Level 1 Extravaganza Findlay, OH	424	1	424
Massachusetts QHA Level 1 Show Northampton, MA	417	1	417
Area 3 Level 1 Quarter Horse Show Orangeville, ON	379	1	379
Northern Michigan QHA Level 1 Show Midland, MI	375	1	375

**SHOW ENTRIES**

	2013	2014	2015	2016	2017
Number of Approved Shows	2,529	2,511	2,432	2,403	2,418
Number of Special Events	473	463	428	431	363
Average Entries per Show	355	370	380	385	384
Average Entries per Special Event	69	75	70	63	58
Total Show Entries	898,820	928,801	923,184	925,937	928,314
Open	283,268	296,220	285,310	281,934	283,733
Amateur*	245,486	258,417	262,981	259,483	262,074
Level 1 Amateur*	123,515	121,600	123,771	123,716	125,471
Youth	145,086	149,000	149,662	151,502	149,639
Level 1 Youth	100,530	102,053	99,072	107,014	104,811
Equestrians with Disabilities	935	1,511	2,388	2,288	2,586
Total Special Event Entries	32,613	34,724	29,802	27,342	22,964
Total Show Entries Including Special Events	934,433	963,525	952,986	953,279	951,278

\* – includes Select

**2017 EQUESTRIANS WITH DISABILITIES SHOWS**

	Total Entries	Number of Shows	Average Entries Per Show
Chisholm Challenge Fort Worth, TX	157	1	157
WPQHA Summer Celebration Harlansburg/New Castle, PA	21	1	21

**2017 TOP 5 VERSATILITY RANCH HORSE SHOWS**

	Total Entries	Number of Shows	Average Entries Per Show
Colorado State Fair Pueblo, CO	1,376	3	459
Southwestern Livestock Exposition Fort Worth, TX	454	1	454
Stock Horse of Texas (SHTX) Abilene, TX	397	1	397
Stock Horse of Texas (SHTX) Hamilton, TX (September)	369	2	369
Stock Horse of Texas (SHTX) Hamilton, TX (June)	297	2	297

**2017 TOP 5 INTRODUCTORY SHOWS**

	Total Entries	Number of Shows	Average Entries Per Show
Centre County Grange Show Centre Hall, PA	814	2	407
Mississippi Congress Canton, MS	310	1	310
Valley Riders Saddle Club Intro Franklin, IN	408	1	204
Francis Field Youth New Lenox, IL	186	1	186
Candy Apple Classic Hamburg, NY	186	1	186

**2017 MERIAL REGIONAL CHAMPIONSHIP ENTRIES**

	Total Entries	Number of Shows	Average Entries Per Show
Region 1	Monroe, WA		608
Region 2	Rapid City, SD		1,029
Region 5	Logan Township, NJ		389
Region 6	West Springfield, MA		423
Region 8	Amarillo, TX		302
Region 9	Jackson, MS		174

No shows held in Regions 3, 4, 7, 10 and 11.

**2017 TOP 5 ALLIANCE EVENTS**

	Total Entries	Number of Shows	Average Entries Per Show
NRHA Derby Oklahoma City, OK	433	2	217
Winter Slide Ardmore, OK	194	1	194
SRCHA Show (April event) Ardmore, OK	160	1	160
Rocky Mountain Columbine Classic Pueblo, CO	147	1	147
SRCHA Swing Into Spring Guthrie, OK	146	1	146

Rank based on average entries per show





## 2017 AQHA APPROVED JUDGES

	United States	International
Versatility Ranch Horse	323	23
Progressive	10	0
All-Around	294	7
<b>SPECIALIZED JUDGES</b>		
Dressage	185	8
Working Cow Horse	39	2
Team Penning	18	7
Timed Events	30	8
Roping	25	3
Halter	21	0
Reining	72	7
Level 1	47	5
Cowboy Mounted Shooting	34	2
Cutting	99	7
Over Fences	48	0
Ranch Riding	2	0
Total - Specialized	620	49
International Only	4	81
<b>Grand Total</b>	<b>1,251</b>	<b>160</b>



## PROFESSIONAL HORSEMEN MEMBERS

	MEMBERS
United States . . . . .	.747
Canada . . . . .	.27
International . . . . .	.45
Total . . . . .	.819
Racing . . . . .	.5
Show . . . . .	.814



# RANCHING



## 2017 ZOETIS AQHA RANCHING HERITAGE CHALLENGES

Fort Worth Stock Show Fort Worth, Texas . . . . .	109 entries
SDQHA Challenge Rapid City, South Dakota . . . . .	112 entries
Colorado State Fair Pueblo, Colorado . . . . .	93 entries
Tri-State Fair Amarillo, Texas. . . . .	74 entries
NRCHA Snaffle Bit Futurity Fort Worth, Texas . . . . .	74 entries
Northern International Livestock Exposition (NILE) Billings, Montana . . . . .	100 entries
<b>TOTAL ENTRIES . . . . .</b>	<b>562 entries</b>



## ZOETIS AQHA RANCHING HERITAGE CHALLENGE

Grandfathered horses (foaled 2010 and earlier are automatically enrolled in the RHC program). . . . .	76,612
RHC eligible horses (foaled 2011-2017) . . . . .	29,193
Total Ranching Heritage Challenge eligible horses (including grandfathered horses) . . . . .	105,805
2011-2017 Enrollment Payments (All Levels) . . . . .	8,021



## ZOETIS AQHA RANCHING HERITAGE BREEDERS

<b>UNITED STATES</b>	Pennsylvania . . . . .	1
Alabama . . . . .	South Dakota . . . . .	.40
Arkansas . . . . .	Tennessee . . . . .	3
Arizona . . . . .	Texas . . . . .	.96
California . . . . .	Utah. . . . .	7
Colorado . . . . .	Virginia . . . . .	1
Florida . . . . .	Washington . . . . .	5
Hawaii . . . . .	Wisconsin . . . . .	1
Iowa. . . . .	Wyoming . . . . .	.13
Idaho . . . . .		6
Illinois. . . . .		2
Kansas . . . . .	<b>CANADA</b>	.20
Louisiana. . . . .	Alberta . . . . .	.4
Minnesota . . . . .	British Columbia. . . . .	1
Mississippi. . . . .	Manitoba . . . . .	1
Missouri . . . . .	Saskatchewan . . . . .	2
Montana . . . . .		9
Nebraska. . . . .	<b>INTERNATIONAL</b>	.35
Nevada . . . . .	Germany. . . . .	3
New Mexico . . . . .	France . . . . .	.12
North Dakota . . . . .		.10
Oklahoma . . . . .	<b>TOTAL RHB MEMBERS . . . . .</b>	.22
Oregon . . . . .		9





# JOURNAL

## ONE CLASSIC BRAND, FOUR UNIQUE VERSIONS



### JOURNAL

THE AMERICAN QUARTER HORSE JOURNAL

- A monthly magazine, with 20,130 subscribers, dedicated to the most popular horse breed on earth
- Hands-on training articles, covering English and western disciplines with emphasis on rail, pattern and halter industries
- Insightful features tackling health, horse-show trends and breeding topics
- Hall of Fame and 50-year breeders profiles
- Inspirational stories about fellow amateurs, youth, professionals, owners and breeders
- Official show coverage from AQHA's leading events, such as the world championship shows
- Critical news and timely information, keeping you abreast of what's going on within your Association



### PERFORMANCE HORSE JOURNAL

- A bi-monthly magazine, with 20,000 paid and controlled circulation, published for the performance horse owner
- We cater to dedicated owners, breeders and competitors in reining, cutting, roping, barrel racing and other western horse events
- Our audience not only admires but requires well-bred horses with specialized training and skills
- Hands-on training articles and judging insights
- Intriguing stories about breeders and influential bloodlines
- Insightful health, breeding and management articles
- Official show coverage from AQHA's world championship shows



### RANCH HORSE JOURNAL

- A quarterly magazine, with 18,000 paid and controlled circulation, dedicated to the American Quarter Horse ranch horse and ranch horse competition
- Hands-on training articles specifically for ranch competitions
- Insightful health and business articles
- Coverage from ranch horse competitions and sales, including Versatility Ranch Horse, ranch riding classes, ranch rodeos, as well as stock horse and ranch horse associations
- Intriguing stories about legendary ranch horses, AQHA Ranching Heritage Breeders and ranch horse competitors



### QUARTER RACING JOURNAL

- A semi-annual print publication dedicated to the American Quarter Horse racing industry
- Unique articles packed with data and statistical analysis you can only get from AQHA
- Insightful features covering handicapping, horse health, breeding and more
- December Stallion Issue, stallion and breeding, including sire lists and successful crosses information
- March Annual Review, powerful that you'll refer to year after year, including the starters index and racing champions

## THE HORSE AMERICA MADE

The American Quarter Horse is a mystical, magical animal that brings families and like-minded owners together like no other.

"American" is part of the name because the breed was created in America – in Colonial times by our founding fathers. It's the horse our forefathers rode West. It's the horse that made America; it's the horse America made. It's *America's Horse*.

# AMERICA'S HORSE



*America's Horse* – the exclusive member magazine of AQHA – represents the heart and soul of the Association, with stories that focus on the horse-human bond, as well as on special horses and horse owners within our industry. Within these pages, you'll also find basic training tips, horse-health primers and other information that helps our members better enjoy their American Quarter Horses and the Quarter Horse lifestyle.

As the world's largest-circulation equine publication exceeding 200,000 paid readers, *America's Horse* offers the opportunity to reach more horse owners than any other outlet.

Its concise, easy-to-read format ensures optimal visibility for all advertisers. We make every page matter in *America's Horse*.

In 10 issues a year, *America's Horse* finds interesting ways to connect members with AQHA Corporate Partners, including sponsored reader-interaction contests.

When readers speak, *America's Horse* listens. Besides the reader-interaction contests, many of our regular features, such as historical articles and the popular Sage Remarks quotations page, are there because of member feedback.



## RACE PURSES

	2013	2014	2015	2016	2017
TOTAL ADDED MONEY	\$596,684,003	\$118,968,508	\$122,822,398	\$120,456,101	\$111,083,980
TOTAL PURSES	\$125,877,223	\$126,709,904	\$129,930,175	\$127,140,633	\$116,255,967
AVERAGE PURSE PER RACE	\$15,115	\$15,918	\$16,436	\$16,448	\$15,856
AVERAGE EARNINGS PER STARTER	\$7,981	\$8,104	\$8,474	\$8,599	\$8,446

## RACING STATISTICS 1970-2017

	RACES	STARTERS	PURSES	HANDLE
1970	7,438	10,493	\$9,427,886	\$102,877,409
1980	13,777	20,551	\$38,641,432	\$320,610,106
1990	13,450	20,520	\$51,210,144	\$354,208,189
2000	8,096	13,359	\$67,104,506	\$286,724,866
2001	8,239	13,596	\$73,301,410	\$318,037,079
2002	8,484	14,240	\$78,270,089	\$315,789,530
2003	8,409	14,532	\$83,726,581	\$306,786,431
2004	8,799	15,368	\$93,500,833	\$324,744,580
2005	8,799	15,833	\$98,630,441	\$343,731,326
2006	9,053	16,043	\$109,375,703	\$346,932,823
2007	9,274	16,607	\$123,042,699	\$367,626,783
2008	9,152	16,911	\$125,545,585	\$332,944,722
2009	9,113	17,180	\$127,628,434	\$328,443,262
2010	8,788	17,069	\$127,026,173	\$294,104,133
2011	8,450	16,724	\$129,282,575	\$301,354,956
2012	8,657	16,355	\$131,545,809	\$295,663,926
2013	8,328	15,761	\$125,877,223	\$289,748,484
2014	7,960	15,636	\$126,709,904	\$291,986,135
2015	7,905	15,333	\$129,930,175	\$309,356,986
2016	7,730	14,786	\$127,140,633	\$297,533,160
2017	7,332	13,764	\$116,255,967	\$283,938,345

## 2017 STARTERS IN RECOGNIZED AMERICAN QUARTER HORSE RACES

2-year-olds raced . . . . . 4,815

3-year-olds raced . . . . . 3,960

Older horses raced . . . . . 4,443

American Quarter Horse starters . . . . . 13,218

Other breeds starters . . . . . 546

**TOTAL STARTERS IN AMERICAN QUARTER HORSE RACES. . . . . 13,764**

Horses with first official start . . . . . 5,673

Horses previously raced . . . . . 8,091



## CHALLENGE ENROLLMENT BY FOAL CROP

	2011	2012	2013	2014	2015	2016	2017
WEANLING	2,851	2,555	2,604	2,596	2,440	2,373	2,100
YEARLING	486	501	555	588	577	427	360
2-YEAR-OLD	15	0	1	1	8	8	5
3-YEAR-OLD & UP	0	0	1	1	2	2	2
SOUTH AMERICA ENROLLMENTS	39	219	0	0	0	0	0
<b>TOTAL ENROLLMENT</b>	<b>3,381</b>	<b>3,275</b>	<b>3,161</b>	<b>3,186</b>	<b>3,027</b>	<b>2,810</b>	<b>2,467</b>

BANK OF AMERICA RACING CHALLENGE PROGRAM  
ENROLLMENTS, PURSES AND AWARDS HISTORY

YEAR	TOTAL HORSES ENROLLED	ENROLLMENT DOLLARS	ADDED PURSE MONEY	*TOTAL PURSES	STALLION OWNER AWARDS	NOMINATOR AWARDS	TOTAL AWARDS	GRAND TOTAL MONEY PAID OUT
2017	2,100	\$864,000	\$2,712,800	\$3,637,791	***	\$245,650	\$245,650	\$3,883,441
2016	2,810	\$1,044,600	\$3,251,600	\$4,107,481	***	\$273,948	\$273,948	\$4,381,429
2015	3,028	\$1,143,700	\$3,304,000	\$4,455,304	***	\$314,794	\$314,794	\$4,770,098
2014	3,208	\$1,167,100	\$3,768,453	\$4,829,997	***	\$321,284	\$321,284	\$4,952,841
2013	3,161	\$1,142,200	\$3,403,353	\$4,195,385	***	\$307,969	\$307,969	\$4,786,545
2012	3,275	\$1,069,200	\$3,644,753	\$4,294,101	***	\$309,023	\$309,023	\$4,950,569
2011	3,381	\$1,189,300	\$3,506,700	\$4,275,484	***	\$261,415	\$261,415	\$4,708,965
2010	3,744	\$1,304,900	\$3,497,150	\$4,176,514	***	\$258,681	\$258,681	\$4,427,660
2009	3,730	\$1,267,800	\$3,164,800	\$4,453,871	***	\$254,055	\$254,055	\$4,712,240
2008	3,760	\$1,411,900	\$3,152,100	\$4,220,141	***	\$272,461	\$272,461	\$4,895,920
2007	4,253	\$1,358,240	\$3,007,670	\$4,003,114	\$112,302	\$262,038	\$374,340	\$4,718,833
2006	4,506	\$1,380,700	\$2,959,608	\$4,286,289	\$110,572	\$258,000	\$368,572	\$4,797,796
2005	4,269	\$1,173,440	\$2,821,000	\$3,508,555	\$109,495	\$255,488	\$364,983	\$4,231,688
2004	4,474	\$1,173,100	\$2,759,500	\$3,493,520	\$108,273	\$252,636	\$360,909	\$4,007,385
2003	4,554	\$1,103,900	\$2,689,250	\$3,374,015	\$105,222	\$245,517	\$350,739	\$3,909,225
2002	4,611	\$1,067,700	\$2,450,250	\$3,526,525	\$109,736	\$256,050	\$365,786	\$3,999,295
2001	4,584	\$1,125,700	\$2,426,000	\$3,843,685	\$109,445	\$255,371	\$364,816	\$4,208,501
2000	4,297	\$1,077,000	\$2,372,172	\$3,521,755	\$96,987	\$226,303	\$323,290	\$3,845,045
1999	4,028	\$1,103,800	\$2,032,500	\$3,037,475	\$84,134	\$196,313	\$280,447	\$3,317,922
1998	3,673	\$964,300	\$1,760,000	\$2,583,000	\$78,137	\$183,432	\$261,569	\$2,844,569
1997	3,251	\$878,700	\$1,500,000	\$2,121,559	\$60,000	\$140,000	\$200,000	\$2,321,559
1996	2,896	\$798,600	\$1,232,500	\$1,569,670	\$50,796	\$118,524	\$169,320	\$1,738,990
1995	2,286	\$597,500	\$1,115,000	\$1,463,430	\$47,788	\$111,506	\$159,294	\$1,622,724
1994	1,784	\$478,800	\$859,400	\$1,045,585	\$35,935	\$79,039	\$114,974	\$1,160,559
1993	1,322	\$337,400	\$770,500	\$1,090,003	\$22,669	\$52,278	\$74,947	\$1,164,950
1992	2,756	\$867,900	N/A	N/A	N/A	N/A	N/A	N/A

## 1992-2016

TOTALS	81,803	\$24,039,180	\$54,892,659	\$72,913,673	\$1,241,491	\$4,877,383	\$6,118,874	\$81,323,781
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Total Purses = Regional Trials and Final Purses, Championship Day Purses, including undercard races, Bonus Challenge and Maiden Challenge Race Purses  
3% Stallion Awards were eliminated by the AQHA Racing Council in 2008 to provide additional money for the Championship Day Races.

**HORSEBACK RIDING PROGRAM****AMERICAN QUARTER HORSE DIVISION****2017 ENROLLMENT . . . . .14,688****ACHIEVEMENT LEVEL (HOURS)****AWARD EARNERS**

25 HOURS. . . . .	493
50 HOURS. . . . .	451
100 HOURS. . . . .	372
250 HOURS. . . . .	302
500 HOURS. . . . .	208
750 HOURS. . . . .	183
1,000 HOURS. . . . .	141
1,500 HOURS. . . . .	134
2,000 HOURS. . . . .	86
2,500 HOURS. . . . .	78
3,000 HOURS. . . . .	66
3,500 HOURS. . . . .	56
4,000 HOURS. . . . .	40
4,500 HOURS. . . . .	40
5,000 HOURS. . . . .	34

**2017 TOTAL HOURS RIDDEN . . . . . 509,667****2017 AWARDS GIVEN . . . . . 2,684****ALL-BREED DIVISION****2017 ENROLLMENT . . . . .2,459****ACHIEVEMENT LEVEL (HOURS)****AWARD EARNERS**

25 HOURS. . . . .	156
50 HOURS. . . . .	144
100 HOURS. . . . .	125
250 HOURS. . . . .	87
500 HOURS. . . . .	62
750 HOURS. . . . .	36
1,000 HOURS. . . . .	22
1,500 HOURS. . . . .	15
2,000 HOURS. . . . .	14

**2017 TOTAL HOURS RIDDEN. . . . . 83,685****2017 AWARDS GIVEN . . . . . 661****CUSTOMER SERVICE**

CALLS RECEIVED . . . . . 361,366

E-MAIL REQUESTS RECEIVED . . . . . 32,590

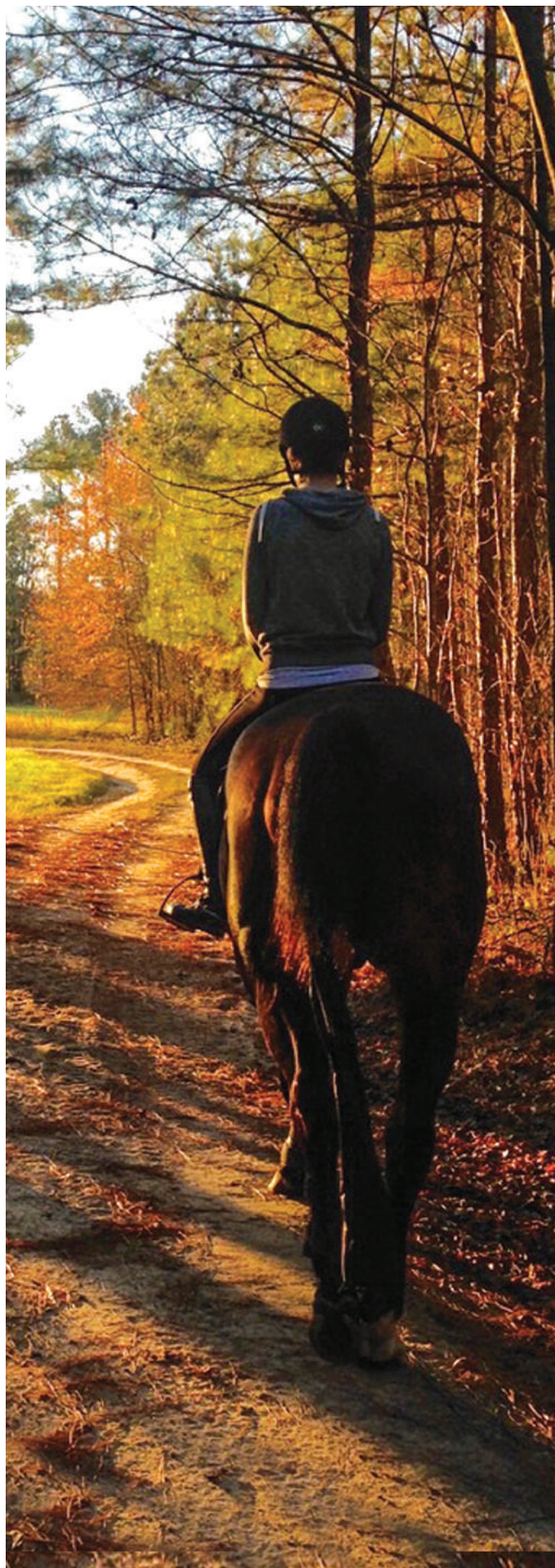
**WEB & SOCIAL MEDIA STATISTICS**

AQHA.COM UNIQUE VISITS . . . . .1,671,040

FACEBOOK likes . . . . . 982,424

TWITTER followers . . . . . 46,045

INSTAGRAM followers . . . . . 174,367







## Report of Independent Auditors

To the Board of Directors  
American Quarter Horse Association  
Amarillo, Texas

### Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the American Quarter Horse Association and American Quarter Horse Foundation (collectively, the Association), which comprise the consolidated statements of financial position as of September 30, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Association as of September 30, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Moss Adams LLP*

Albuquerque, New Mexico  
January 24, 2018

## American Quarter Horse Association

### Consolidated Statements of Financial Position

	September 30,	
	2017	2016
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 3,228,988	\$ 1,776,131
Cash and cash equivalents designated for investment	1,887,808	1,402,885
Accounts receivable, net	2,118,091	1,977,046
Contributions and pledges receivable, net	22,995	41,937
Inventory, prepaid expenses and other assets	1,834,645	2,384,755
Total current assets	9,092,527	7,582,754
<b>NONCURRENT ASSETS</b>		
Investments	63,071,440	66,166,375
Contributions and pledges receivable, net	102,530	165,757
Property and equipment, net	19,011,290	17,755,307
Other assets	1,639,436	1,568,470
Total noncurrent assets	83,824,696	85,655,909
Total assets	\$ 92,917,223	\$ 93,238,663
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Trade accounts payable and accrued expenses	\$ 4,540,789	\$ 4,222,579
Incentive Fund and Racing Challenge deferred income	6,696,618	7,673,397
Other deferred income	16,132,646	16,273,402
Current portion of notes payable	371,814	403,124
Total current liabilities	27,741,867	28,572,502
<b>LONG TERM LIABILITIES</b>		
Liability for pension benefits	6,235,175	11,931,790
Notes payable, less current portion	195,380	566,374
Total liabilities	34,172,422	41,070,666
<b>COMMITMENTS AND CONTINGENCIES (Note 11)</b>		
<b>NET ASSETS</b>		
Unrestricted	28,583,891	23,671,270
Temporarily restricted	3,869,852	2,882,901
Permanently restricted	26,291,058	25,613,826
Total net assets	58,744,801	52,167,997
Total liabilities and net assets	\$ 92,917,223	\$ 93,238,663



## American Quarter Horse Association

### Consolidated Statements of Activities

	Years Ended September 30,	
	2017	2016
<b>UNRESTRICTED NET REVENUE</b>		
Operating revenue and other support		
Memberships and member services		
Memberships	\$ 6,450,316	\$ 6,512,858
Registrations	4,707,915	4,933,390
Transfers	2,124,789	2,253,760
Stallion breeding report fees and late fees	1,401,682	1,379,098
Genotyping/blood typing	3,214,659	3,456,474
Drug testing	1,447,772	1,308,668
World Championship Shows	6,825,413	7,442,512
Sponsorships	5,369,780	5,821,616
Publication advertising	1,047,436	1,118,567
Publication circulation	777,000	923,606
Incentive Fund and Racing Challenge programs	4,272,067	4,697,738
Gift store sales	774,237	979,079
Other	5,884,009	5,040,681
Total operating revenue and other support	44,297,075	45,868,047
Net assets released from restriction	1,666,768	1,625,429
Total unrestricted net revenue	45,963,843	47,493,476
<b>OPERATING EXPENSES</b>		
Program expenses		
Shows	11,052,884	11,692,899
Publications	4,957,069	4,849,890
Racing	4,524,699	4,836,286
Marketing	4,086,032	4,446,608
Member services	4,899,097	4,643,825
Registration	5,140,020	4,982,344
Foundation program expenses	3,863,901	4,185,798
General and administrative	10,865,780	10,265,127
Fundraising	492,354	429,874
Total operating expenses	49,881,836	50,332,651
Decrease in unrestricted net assets from operations	(3,917,993)	(2,839,175)
<b>OTHER ACTIVITIES</b>		
Investment return	2,760,586	1,460,089
Pension plan actuarial gain (loss) recognized	6,160,421	(7,980,281)
Uncollectible pledges	-	29,050
Loss on pledges receivable	(90,393)	(120)
Reclassification due to change in donor designation	-	(5,000)
Total other activities	8,830,614	(6,496,262)
Increase (decrease) in unrestricted net assets	4,912,621	(9,335,437)
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	275,160	309,268
Investment return	2,432,818	903,554
Reclassification due to change in donor designation	(54,259)	-
Net assets released from restrictions and changes in donor designation	(1,666,768)	(1,625,429)
Increase (decrease) in temporarily restricted net assets	986,951	(412,607)
<b>PERMANENTLY RESTRICTED NET ASSETS</b>		
Contributions	622,973	640,085
Uncollectible pledges	-	(29,050)
Reclassification due to change in donor designation	54,259	5,000
Total permanently restricted net assets	677,232	616,035
Total permanently restricted net assets	6,576,804	(9,132,009)
Total permanently restricted net assets	52,167,997	61,300,006
Total permanently restricted net assets	\$ 58,744,801	\$ 52,167,997

## American Quarter Horse Association

### Consolidated Statements of Cash Flows

	Years Ended September 30,	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 6,576,804	\$ (9,132,009)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Uncollectible accounts and unamortized discounts	86,868	(28,180)
Depreciation and amortization	1,753,898	1,956,340
Loss (gain) on disposal of property and equipment	15,280	(5,465)
Net appreciation on investments	(5,193,404)	(2,363,643)
Change in pension liability	(5,696,615)	7,832,191
Changes in operating assets and liabilities		
Cash and cash equivalents designated for investment	(484,923)	944,411
Accounts and contributions receivable	(145,744)	(653,238)
Inventory, prepaid expenses and other assets	479,144	(634,327)
Trade accounts payable and accrued expenses	318,210	951,532
Other deferred income	(140,756)	(1,042,272)
Incentive Fund and Racing Challenge deferred income	(976,779)	(1,612,346)
Net cash used by operating activities	<u>(3,408,017)</u>	<u>(3,787,006)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(9,244,211)	(11,058,677)
Proceeds from sales and maturities of investments	17,532,550	16,934,423
Purchase of property and equipment	<u>(3,025,161)</u>	<u>(2,894,742)</u>
Net cash provided by investing activities	<u>5,263,178</u>	<u>2,981,004</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on notes payable	<u>(402,304)</u>	<u>(391,100)</u>
Net cash used by financing activities	<u>(402,304)</u>	<u>(391,100)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	1,452,857	(1,197,102)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>1,776,131</u>	<u>2,973,233</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 3,228,988</u>	<u>\$ 1,776,131</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Net cash paid for interest	<u>\$ 23,521</u>	<u>\$ 34,478</u>



## American Quarter Horse Association

### Notes to Consolidated Financial Statements

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#### Note 1 – Organization

The American Quarter Horse Association (AQHA) was formed and exists for the purpose of collecting, recording and preserving the pedigrees of Quarter Horses, and stimulating and regulating matters which pertain to the history, breeding, exhibition, publicity, racing or improvement of the Quarter Horse breed.

The American Quarter Horse Foundation (AQHF) was formed to encourage, by public contribution, support of worthwhile educational and charitable projects of interest and benefit to devotees of the American Quarter Horse. In addition, AQHF operates the American Quarter Horse Hall of Fame and Museum (the Hall of Fame), which opened in 1991. The Hall of Fame is devoted to honoring the American Quarter Horse and those responsible for the success of the breed. The Executive Committee of AQHA serves as the Board of Trustees of AQHF.

AQHA acquired Robin Glenn Pedigrees, Inc. in 2014, which produces sale catalogs and pedigrees for the industry's race sales, performance sales, as well as all facets of the Quarter Horse performance industry. Robin Glenn Pedigrees (RGP) maintains a database of horse records used to produce sale catalogs and as an information resource for the horse industry. By AQHA acquiring RGP, members will be able to track American Quarter Horse accomplishments across the equine industry, thus enhancing the overall value of American Quarter Horses and in turn rewarding the owners of American Quarter Horses.

On October 1, 2015, the Association separated its Awards Recognition Concepts department. It is now a Limited Liability Company called Awards Recognition Concepts, LLC.

#### Note 2 – Summary of Significant Accounting Policies

**Financial statements presentation** – The Association's consolidated financial statements are reflected on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The consolidated financial statements include the accounts and transactions of AQHA and AQHF (collectively, the Association). All material intercompany balances and transactions have been eliminated. The Association reports information regarding its consolidated statements of financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. AQHA has majority voting and economic interest in AQHF, and therefore the AQHF financial statements have been consolidated with the AQHA financial statements.

**Unrestricted net assets** – Unrestricted net assets are assets not subject to stipulations imposed by the donor and are currently available for expenditures. Revenues and contributions are reported as increases in unrestricted net assets unless use of the related assets is limited by explicit donor restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law.

Unrestricted net assets include net assets transferred from temporarily restricted net assets after temporary restrictions imposed by the donor have been accomplished or the stipulated time period has elapsed. A donor's restriction, however, may be released or modified by the donor, a court, or in the circumstances and manner set forth in the Uniform Prudent Management of Institutional Funds Act.

## American Quarter Horse Association

### Notes to Consolidated Financial Statements

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#### Note 2 – Summary of Significant Accounting Policies (continued)

**Temporarily restricted net assets** – Temporarily restricted net assets are assets subject to explicit restrictions imposed by the donor on the expenditure of contributions or income and gains on contributed assets. The temporary restrictions may expire due to the passage of time or the occurrence of expenditures that fulfill the restrictions. Temporarily restricted net assets also include accumulated net investment income earned by the permanently restricted net assets, except for net investment income permanently restricted by the donor.

**Permanently restricted net assets** – Permanently restricted net assets are assets subject to explicit stipulations imposed by the donor to be maintained in perpetuity. Permanently restricted net assets consist of contributions and pledges specifically restricted by the donor for the purpose of forming a permanent endowment to generate income.

**Use of estimates** – The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and cash equivalents and cash and cash equivalents designated for investment** – For purposes of the consolidated statements of cash flows, the Association considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Cash and cash equivalents available for investment are held to be redeployed in investments and held in various investment accounts. The Association maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Association has not experienced any losses related to these concentrations.

**Accounts receivable** – Accounts receivable are included in the accompanying consolidated statements of financial position at original invoice net of the allowance for doubtful accounts. The accounts receivable balance is comprised of amounts owed to the Association for trophy and record sales, sponsorships, journal advertising and other miscellaneous receivables.

The Association determines its allowance based on specific uncollectible accounts. The Association writes off receivables when they become uncollectible. The Association has had minimal losses on accounts receivable in prior years. The allowance for doubtful accounts is approximately \$4,500 and \$750 at September 30, 2017 and 2016, respectively.

**Contributions receivable** – Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of the expected future cash flows using a discount rate.

An allowance for uncollectible accounts is estimated by management based on its historical loss analysis and is adjusted for those specific contributions receivable for which collection is uncertain.



## American Quarter Horse Association

### Notes to Consolidated Financial Statements

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#### Note 2 – Summary of Significant Accounting Policies (continued)

**Inventory, prepaid expenses and other assets** – Inventories, which consist of museum store items, printed materials, trophies and print services materials are valued at the lower of cost or net realizable value, determined on the first-in, first-out basis. Prepaid expenses are recorded at cost and consist of amounts paid in advance for goods and services to be used or received in the near future, including trophy materials, insurance services, and maintenance agreements. Other assets consist of an investment in ARC and RGP; both investments were recorded at fair value.

**Investments** – Investments consist of equity mutual funds, domestic and common stock, and limited partnerships which are recorded at fair value in accordance with ASC 820 *Fair Value Measurements and Disclosures* (Note 4). Realized and unrealized gains and losses are recognized in the statement of activities.

**Property and equipment** – Property and equipment are recorded at cost or estimated fair value at the date of donation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets over their estimated service lives of approximately 35 to 40 years on buildings and improvements and 3 to 10 years on furniture and equipment on a straight-line basis.

**Collections and exhibits** – AQHF has capitalized collections since its inception. Collections and exhibits are recorded at cost or estimated fair value at the date of donation and are included in property and equipment. Collections consist primarily of donated art objects where fair value at the date of contribution is determined by appraisal. Depreciation is provided for in amounts sufficient to relate the cost of exhibits over their estimated service lives of approximately 5 to 15 years on a straight-line basis. No depreciation has been provided for collections which are limited works of a rare nature. Gains or losses on the disposition of collections and exhibits are recorded in the consolidated statement of activities at the time of disposition and are classified as unrestricted or temporarily restricted depending on donor restrictions, if any, placed on the item at the date of donation.

**Impairment of long-lived assets** – The Association reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell. As of September 30, 2017 and 2016, the Association's management has not recognized impairment on any long-lived assets.

**Income taxes** – AQHA is qualified under Section 501 of the Internal Revenue Code (IRC); therefore, the majority of its income is exempt from federal income tax under the provisions of Section 501(c)(5). Income from certain operations of AQHA, primarily advertising in its publications, is taxable for federal income tax purposes. For the years ended September 30, 2017 and 2016, AQHA did not incur any federal income tax expense. All other operations of AQHA are exempt from federal income tax. AQHF claims exemption from federal income taxes under Section 501(c)(3) of the IRC and is recognized as a public charity under Section 509(a)(3) of the IRC. AQHA's wholly owned subsidiaries, RGP and ARC, are limited liability companies and considered disregarded entities for tax purposes as of September 30, 2017; therefore, they are not subject to additional tax filings per the IRC.

## American Quarter Horse Association Notes to Consolidated Financial Statements

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### Note 2 – Summary of Significant Accounting Policies (continued)

**Inventory, prepaid expenses and other assets** – Inventories, which consist of museum store items, printed materials, trophies and print services materials are valued at the lower of cost or net realizable value, determined on the first-in, first-out basis. Prepaid expenses are recorded at cost and consist of amounts paid in advance for goods and services to be used or received in the near future, including trophy materials, insurance services, and maintenance agreements. Other assets consist of an investment in ARC and RGP; both investments were recorded at fair value.

**Investments** – Investments consist of equity mutual funds, domestic and common stock, and limited partnerships which are recorded at fair value in accordance with ASC 820 *Fair Value Measurements and Disclosures* (Note 4). Realized and unrealized gains and losses are recognized in the statement of activities.

**Property and equipment** – Property and equipment are recorded at cost or estimated fair value at the date of donation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets over their estimated service lives of approximately 35 to 40 years on buildings and improvements and 3 to 10 years on furniture and equipment on a straight-line basis.

**Collections and exhibits** – AQHF has capitalized collections since its inception. Collections and exhibits are recorded at cost or estimated fair value at the date of donation and are included in property and equipment. Collections consist primarily of donated art objects where fair value at the date of contribution is determined by appraisal. Depreciation is provided for in amounts sufficient to relate the cost of exhibits over their estimated service lives of approximately 5 to 15 years on a straight-line basis. No depreciation has been provided for collections which are limited works of a rare nature. Gains or losses on the disposition of collections and exhibits are recorded in the consolidated statement of activities at the time of disposition and are classified as unrestricted or temporarily restricted depending on donor restrictions, if any, placed on the item at the date of donation.

**Impairment of long-lived assets** – The Association reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell. As of September 30, 2017 and 2016, the Association's management has not recognized impairment on any long-lived assets.

**Income taxes** – AQHA is qualified under Section 501 of the Internal Revenue Code (IRC); therefore, the majority of its income is exempt from federal income tax under the provisions of Section 501(c)(5). Income from certain operations of AQHA, primarily advertising in its publications, is taxable for federal income tax purposes. For the years ended September 30, 2017 and 2016, AQHA did not incur any federal income tax expense. All other operations of AQHA are exempt from federal income tax. AQHF claims exemption from federal income taxes under Section 501(c)(3) of the IRC and is recognized as a public charity under Section 509(a)(3) of the IRC. AQHA's wholly owned subsidiaries, RGP and ARC, are limited liability companies and considered disregarded entities for tax purposes as of September 30, 2017; therefore, they are not subject to additional tax filings per the IRC.



## American Quarter Horse Association

### Notes to Consolidated Financial Statements

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#### Note 2 – Summary of Significant Accounting Policies (continued)

Financial Accounting Standards Board (FASB) provides guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the valuation of tax positions taken or expected to be taken in the course of preparing the Association's tax return to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense and liability in the current year. Management has determined that there are no material uncertain income tax positions.

**Revenue recognition** – The primary sources of revenue for the Association are recognized as follows:

*Contributions:* The Association recognizes contribution revenue at the time of donation or when an unconditional promise to give is made by the donor. Contributions are recorded as either unrestricted, temporarily restricted, or permanently restricted in accordance with donor restrictions, if any.

*Memberships and member services:* Association memberships are deferred and recognized as income during the membership period; lifetime memberships are amortized on a straight-line basis over an estimated life of 10 years. Amounts received for registration, transfer and other member services are reflected in income as the required process is completed.

*World Championship Show:* Income from shows is deferred and recognized as income in the period in which the show takes place.

*Sponsorships:* Sponsorship income is deferred and recognized as income in accordance with the terms of various sponsorship agreements.

*Publications, advertising and circulation:* Subscriptions for the Association's trade publications are deferred and recognized as income during the subscription period.

*Incentive Fund and Racing Challenge programs:* All Incentive Fund receipts and investment earnings (losses) are credited to deferred income until incurred. The Association recognizes revenue and expense for these programs for the amount of prize monies and purse awards paid (see Note 6).

*Gift store sales:* Gift store sales are recognized at the time of sale.

*Other:* Income from the sales of awards, show processing fees, and records and database research is recognized when earned.

**Functional allocation of expenses** – The costs of providing the activities of the Association have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

## American Quarter Horse Association

### Notes to Consolidated Financial Statements

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#### Note 2 – Summary of Significant Accounting Policies (continued)

**Recent accounting pronouncement** – The FASB issued Accounting Standards Update 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14) during August 2016. ASU 2016-14 revises the current net asset classification requirements and information presented in financial statements and notes about a non-for-profit entity's liquidity, financial performance, and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, and early adoption is permitted. Management is evaluating the effect that implementation of ASU 2016-14 will have on the consolidated financial statements of the Association.

#### Note 3 – Contributions Receivable

At September 30, contributions receivable are as follows:

	2017	2016
Within one year	\$ 68,492	\$ 69,992
One to five years	248,697	245,698
After five years	15,650	16,200
Total	332,839	331,890
Allowance for doubtful accounts	(175,719)	(85,325)
Unamortized discount	(31,595)	(38,871)
Total contributions and pledges receivable, net	<u>\$ 125,525</u>	<u>\$ 207,694</u>

#### Note 4 – Fair Value Measurements

Accounting Standard Codification 820 *Fair Value Measurements and Disclosure* establishes a fair value hierarchy that prioritized the inputs to valuation techniques used to measure fair value into three broad levels. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability.

Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The objective of the fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques used to measure fair value shall maximize the use of observable inputs and minimize the use of unobservable inputs.



## American Quarter Horse Association

### Notes to Consolidated Financial Statements

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#### Note 4 – Fair Value Measurements (continued)

The fair value hierarchy prioritizes the inputs into valuation techniques to measure fair value into three broad levels. They are as follows:

**Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

**Level 2** – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data.

**Level 3** – Unobservable inputs for the asset or liability that are inputs that reflect the Association's own assumptions about the assumptions market participants would use in pricing the asset or liability.

The fair value hierarchy gives the highest priority for quoted prices (unadjusted) in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

**Equity Mutual Funds, Bond Mutual Funds, Domestic Common Stock, Debt and Mortgage Backed Securities** – These classifications consist of investments in various funds and securities that have differing investment goals that are traded in an active market.

**Investments Measured at Net Asset Value (NAV)** – This classification includes investments in limited partnerships, whose portfolios may include real property located in the United States. The general partner of each partnership has the authority and discretion to manage and control the affairs of the partnership, including selecting real property to invest in and when to sell owned assets. Investments held by the limited partnership generally are carried at fair value as determined by the respective general partners and may be based on various pricing models. The fair values of the investments in this category have been determined using the practical expedient methodology and are therefore valued at net asset value. The ability to liquidate these investments in the limited partnerships are restricted in accordance with the provisions of the partnership agreements, which state that invested capital is not returned until the dissolution of the partnerships.

The investment policy allows for a certain range of the investment portfolio to be invested in alternative investment instruments. The Association's investments in these alternative investment instruments are carried at the aggregate net asset value of the shares held by the Association. The net asset value is based on the net market value of the alternative investment instrument's investment portfolio as determined by the management of the alternative investment instrument. The Association's investments in alternative investment instruments are in limited partnerships, which include private equity and real estate assets.

The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risks associated with investing in those instruments. Investments may be exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could affect investment balances and the amounts reported in the financial statements.

## American Quarter Horse Association

### Notes to Consolidated Financial Statements

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#### Note 4 – Fair Value Measurements (continued)

The Association assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with the Association's accounting policy regarding the recognition of transfers between levels of the fair value hierarchy. For the years ended September 30, 2017 and 2016, there were no significant transfers among fair value levels.

Investments at September 30, 2017, are as follows:

	Level 1	Level 2	Level 3	Total
Equity mutual funds	\$ 20,329,735	\$ -	\$ -	\$ 20,329,735
Bond mutual funds	6,465,550	-	-	6,465,550
Domestic common stock	7,118,555	-	-	7,118,555
Debt and mortgage backed securities	27,896,417	-	-	27,896,417
Total assets in the fair value hierarchy	<u>\$ 61,810,257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>61,810,257</u>
Investments measured at NAV				<u>1,261,183</u>
Investments at fair value				<u>\$ 63,071,440</u>

Investments at September 30, 2016, are as follows:

	Level 1	Level 2	Level 3	Total
Equity mutual funds	\$ 21,269,433	\$ -	\$ -	\$ 21,269,433
Bond mutual funds	6,617,291	-	-	6,617,291
Domestic common stock	6,406,864	-	-	6,406,864
Debt and mortgage backed securities	29,733,286	-	-	29,733,286
Total assets in the fair value hierarchy	<u>\$ 64,026,874</u>	<u>\$ -</u>	<u>\$ -</u>	<u>64,026,874</u>
Investments measured at NAV				<u>2,139,501</u>
Investments at fair value				<u>\$ 66,166,375</u>



## American Quarter Horse Association

### Notes to Consolidated Financial Statements

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#### Note 4 – Fair Value Measurements (continued)

The following table provides additional information for investments in certain entities that measure fair value using the NAV practical expedient:

	Fair Value at September 30, 2017	Redemption Frequency (if currently eligible)	Redemption Notice Period	Unfunded Commitments
JM Texas Land Fund No. 4, L.P.	\$ 320,903	N/A, redemption upon dissolution	N/A	\$ -
Harbert Credit Solutions Fund IV L.P.	431,068	N/A, redemption upon dissolution	N/A	\$ 2,608,396
Montauk Triguard Fund VII, L.P.	416,466	N/A, redemption upon dissolution	N/A	\$ 2,550,000
New Boston Institutional Fund, L.P., VI	<u>92,746</u>	N/A, redemption upon dissolution	N/A	\$ -
Ending Balance	<u><u>\$ 1,261,183</u></u>			

The following schedule summarizes the investment return and its classification in the consolidated statement of activities for the years ended September 30:

	2017	2016
Interest and dividends	\$ 1,372,656	\$ 1,437,102
Net realized and unrealized gain (loss)	<u>3,820,748</u>	<u>926,541</u>
Total return on investments	<u><u>\$ 5,193,404</u></u>	<u><u>\$ 2,363,643</u></u>

Investment expenses are \$205,057 and \$222,175 at September 30, 2017 and 2016, respectively.

## American Quarter Horse Association

### Notes to Consolidated Financial Statements

#### Note 5 – Property and Equipment

At September 30, property and equipment consisted of the following:

	2017	2016
Depreciable assets		
Building and improvements	\$ 17,272,962	\$ 17,164,871
Furniture and equipment	11,685,611	11,767,860
Collections and exhibits	4,005,415	4,005,415
Total depreciable assets	32,963,988	32,938,146
Accumulated depreciation	(21,836,959)	(21,525,621)
Total depreciable assets, net	11,127,029	11,412,525
Land	650,442	650,442
Development of property and equipment	5,259,783	3,923,596
Non-depreciable collections and exhibits	1,974,036	1,768,744
Total property and equipment, net	<u>\$ 19,011,290</u>	<u>\$ 17,755,307</u>

Depreciation and amortization expense was \$1,753,898 and \$1,956,340 at September 30, 2017 and 2016, respectively.

#### Note 6 – Incentive Fund and Racing Challenge Program Deferred Income

**Incentive fund** – The AQHA Incentive Fund is a program whereby AQHA sanctioned show participants and breeders win cash prizes based on total points accumulated during each show year. In order to be eligible, breeders must pay nomination fees for their stallions and foals. The nomination fees and the related investment income represent the source of funds for the cash prizes awarded. Nominated stallions and foals are eligible to receive payments from the Incentive Fund based on total show points earned during the previous year. In July of 2017 the Executive Committee approved the termination of the Incentive Fund. Stallion nominations were no longer accepted and foal nominations will only be accepted through 2018.

The following is a summary of activity of the Incentive Fund for the years ended September 30:

	2017	2016
Balance of fund, beginning of year	\$ 4,800,508	\$ 5,724,425
Nomination receipts	486,192	874,745
Investment income	325,061	(15,709)
Incentive fund disbursements	(1,392,268)	(1,782,953)
Balance of fund, end of year	<u>\$ 4,219,493</u>	<u>\$ 4,800,508</u>

The investment balance allocated to the Incentive Fund is included in the investment balance shown on the statements of financial position as of September 30, 2017 and 2016.

## American Quarter Horse Association

### Notes to Consolidated Financial Statements

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#### Note 6 – Incentive Fund and Racing Challenge Program Deferred Income (continued)

**Racing Challenge** – The AQHA Racing Challenge is an incentive-type program open to all registered foals. The Racing Challenge receives funds from individuals for the nomination of their horses. Nominations received are used to supplement purse awards at Challenge races and are paid to the nominators and owners as bonus awards. Race entry fees are received from individuals to enter a Challenge race and are added to the purse award, along with the amount contributed by corporate sponsors. Investment income attributable to the Racing Challenge is included in the purse awards as well.

The following is a summary of activity of the Racing Challenge for the years ended September 30:

	2017	2016
Balance of fund, beginning of year	\$ 2,872,889	\$ 3,561,318
Program receipts	2,401,079	2,492,577
Investment income	236,567	137,627
Program disbursements	(3,033,410)	(3,318,633)
Balance of fund, end of year	<u>\$ 2,477,125</u>	<u>\$ 2,872,889</u>

The investment balance allocated to the Racing Challenge is included in the investment balance shown on the statements of financial position as of September 30, 2017 and 2016.

#### Note 7 – Other Deferred Income

Deferred income, not including deferred income related to the Incentive Fund and Racing Challenge programs, consisted of the following at September 30:

	2017	2016
Deferred breeder account	\$ 2,838,538	\$ 3,116,864
Deferred membership income	7,613,711	7,402,656
Deferred publications income	544,253	610,979
Deferred World Championship Shows income (net of prepaid expense of \$449,614 and \$394,671)	2,587,264	2,716,039
Other deferred income	2,548,880	2,426,864
Total other deferred income	<u>\$ 16,132,646</u>	<u>\$ 16,273,402</u>



## American Quarter Horse Association

### Notes to Consolidated Financial Statements

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#### Note 8 – Employee Benefit Plans

**Defined benefit plan** – The Association has a noncontributory defined benefit pension plan (the Plan) limited to participants who were in the Plan as of October 31, 2003, or active employees as of October 31, 2003, that subsequently become eligible by reaching 21 years of age and completing one year of eligible service. Benefits are based on years of service and the average of each participant's highest five years of compensation out of the last fifteen calendar years.

It is the Association's policy to fund the Plan consistent with the ERISA minimum funding requirements. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future. Contributions are predominantly invested in equity securities.

The actuarial present value of benefit obligations is calculated based on certain assumptions pertaining to interest rates, inflation rates and employee compensation and demographics. Due to the uncertainties inherent in setting assumptions, it is reasonably possible that changes in these assumptions will occur in the near term and the effect of such changes could be material to the consolidated financial statements.

The Association follows FASB guidance surrounding employers' accounting for defined benefit pension and other postretirement plans, which requires companies that sponsor single-employer defined benefit plans to recognize the funded status of such plans in their statement of financial position. For pension plans, the funded status is measured as the difference between plan assets at fair value and the projected benefit obligation. Gains and losses and prior service costs that arise during the period, but are not recognized as components of net periodic benefit expense, are recognized as a separate line item or items within changes in unrestricted net assets.

#### Obligations and funded status:

	2017	2016
Cash and cash equivalents	\$ 955,531	\$ 451,431
Plan assets at fair value	<u>50,226,253</u>	<u>46,466,888</u>
 Total plan assets at September 30	 <u>\$ 51,181,784</u>	 <u>\$ 46,918,319</u>
 Projected benefit obligation at September 30	 \$ (57,416,959)	 \$ (58,850,109)
Funded status	(6,235,175)	(11,931,790)
Accrued benefit cost recognized in the consolidated statements of financial position	(6,235,175)	(11,931,790)
Benefit cost	1,663,805	1,051,909
Employer contributions	1,200,000	1,200,000
Benefits paid	2,128,382	1,844,327

The projected accumulated benefit obligation for the defined benefit pension plan was approximately \$54,094,633 and \$55,098,208 at September 30, 2017 and 2016, respectively.

## American Quarter Horse Association

### Notes to Consolidated Financial Statements

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#### Note 8 – Employee Benefit Plans (continued)

##### Assumptions:

	<u>2017</u>	<u>2016</u>
Weighted average assumptions used to determine benefit obligations at September 30:		
Discount rate	4.00%	3.80%
Rate of compensation increase	2.50%	2.50%
Weighted average assumptions used to determine net periodic benefit cost for years ended September 30:		
Discount rate	3.80%	4.90%
Expected return of plan assets	7.00%	7.00%
Rate of compensation increase	2.50%	2.50%

The Association's expected rate of return on plan assets is determined by the plan assets' historical long-term investment performance, current asset allocation and estimates of future long-term returns by asset class.

Changes in plan assets and benefit obligations recognized in changes in unrestricted net assets are as follows:

	<u>2017</u>	<u>2016</u>
Interest cost	\$ 2,173,022	\$ 2,359,483
Service cost	803,025	681,592
Expected return on plan assets	(3,256,901)	(3,134,010)
Net loss amortization	<u>1,944,659</u>	<u>1,144,844</u>
Total recognized in net periodic pension cost and unrestricted net assets (recorded in general and administrative expense)	<u>\$ 1,663,805</u>	<u>\$ 1,051,909</u>
Actuarial (gain) loss recognized in net assets not yet included in net periodic pension cost	<u>\$ (6,160,421)</u>	<u>\$ 7,980,281</u>

**Plan assets** – The Association's pension plan weighted-average asset allocations at September 30 by asset category are as follows:

## American Quarter Horse Association

### Notes to Consolidated Financial Statements

#### Note 8 – Employee Benefit Plans (continued)

	2017	2016
Asset category		
Cash	2%	1%
Bonds		
U.S. Treasury	7%	6%
Corporate	11%	7%
Asset backed securities	15%	22%
Mutual Funds		
Equity	31%	30%
Bonds	10%	10%
Real estate	14%	14%
International securities	2%	2%
Common stock	8%	8%
	<u>100%</u>	<u>100%</u>

The Association's investment policy for plan assets is to manage the portfolio to preserve principal and liquidity while maximizing the return on the investment portfolio through the full investment of available funds. The portfolio is diversified by investing in multiple types of investment-grade securities. The investment policy requires assets of the plan to be primarily invested in short-term securities with at least an investment grade rating to minimize interest rate and credit risk, as well as to provide for an immediate source of funds.

The Association attempts to mitigate investment risk by rebalancing between equity and bond asset classes periodically. Although changes in interest rates may affect the fair value of the investment portfolio and cause unrealized gains or losses, such gains or losses would not be realized unless the investments are sold.

**Cash flows** – The Association contributed \$1,200,000 more than the IRS minimum required contribution during each of the plan years ended September 30, 2017 and 2016. At this time, the Association anticipates contributing the IRS minimum required contribution for the 2017 fiscal year. This amount is not currently available, and the Association may provide additional funding for the plan.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

2018	\$ 2,258,295
2019	2,332,869
2020	2,476,557
2021	2,610,058
2022	2,784,167
2023 and Thereafter	<u>15,173,037</u>
	<u>\$ 27,634,983</u>



## American Quarter Horse Association

### Notes to Consolidated Financial Statements

#### Note 8 – Employee Benefit Plans (continued)

*Equity Mutual Funds, Balanced Mutual Funds, Bond Mutual Funds, International Common Stock, Debt Securities, and Mortgage Backed Securities* – these classifications consist of investments in various funds and securities that have differing investment goals that are traded in an active market.

*Investments Measured at Net Asset Value (NAV)* – this classification is invested in a portfolio of real property located in the United States. The General Partner of each partnership has the authority and discretion to manage and control the affairs of the Partnership, including selecting real property to invest in and when to sell owned assets. Investments held by the limited partnership generally are carried at fair value as determined by the respective general partners and may be based on various pricing models. The fair values of the investments in this category have been determined using the practical expedient methodology and are therefore valued at net asset value. The ability to liquidate these investments in the limited partnerships are restricted in accordance with the provisions of the partnership agreements, which state that invested capital is not returned until the dissolution of the partnerships.

Investments are as follows at September 30, 2017:

	Level 1	Level 2	Level 3	Total
Common stocks	\$ 4,362,284	\$ -	\$ -	\$ 4,362,284
Mutual Funds:				
Equity	15,804,774	-	-	15,804,774
Bonds	5,099,018	-	-	5,099,018
International securities	931,291	-	-	931,291
Debt Securities:				
U.S. Treasury bonds	3,723,897	-	-	3,723,897
U.S. Corporate bonds	-	5,653,920	-	5,653,920
Mortgage backed securities	-	7,707,191	-	7,707,191
Total assets in the fair value hierarchy	<u>\$ 29,921,264</u>	<u>\$ 13,361,111</u>	<u>\$ -</u>	<u>43,282,375</u>
Investments measured at NAV				<u>6,943,878</u>
Investments at fair value				<u>\$ 50,226,253</u>

Investments are as follows at September 30, 2016:

	Level 1	Level 2	Level 3	Total
Common stocks	\$ 3,875,693	\$ -	\$ -	\$ 3,875,693
Mutual Funds:				
Equity	13,896,755	-	-	13,896,755
Bonds	4,721,454	-	-	4,721,454
International securities	768,832	-	-	768,832
Debt Securities:				
U.S. Treasury bonds	3,084,858	-	-	3,084,858
U.S. Corporate bonds	-	3,407,494	-	3,407,494
Mortgage backed securities	-	10,157,081	-	10,157,081
Total assets in the fair value hierarchy	<u>\$ 26,347,592</u>	<u>\$ 13,564,575</u>	<u>\$ -</u>	<u>39,912,167</u>
Investments measured at NAV				<u>6,554,721</u>
Investments at fair value				<u>\$ 46,466,888</u>

No changes in the investment valuation techniques occurred during the periods presented.

## American Quarter Horse Association

### Notes to Consolidated Financial Statements

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#### Note 8 – Employee Benefit Plans (continued)

**Defined contribution plan** – The Association established a defined contribution 401(k) plan (the 401(k) Plan) during 1997. Employees are eligible to participate upon employment and reaching age 18. The 401(k) Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974. Under provisions of the 401(k) Plan, eligible employees are allowed to contribute up to 100% of their compensation each year, up to the maximum limits established by the Internal Revenue Service. The Association has the option to make contributions to the 401(k) Plan. The Association also provides for a 100% employer matching contribution to the 401(k) Plan as it relates to certain participants, up to a maximum matching contribution of 6% of participant deferrals. The participants covered under the matching provision are those employees not otherwise eligible for participation in the American Quarter Horse Association Employee Pension Plan (those employees hired subsequent to November 1, 2003).

For the years ended September 30, 2017 and 2016, the Association contributed approximately \$335,500 each year to the American Quarter Horse Association 401(k) Plan.

#### Note 9 – Net Assets

Restricted purposes for temporarily and permanently restricted net assets at September 30 are as follows:

	2017		2016	
	Temporarily Restricted	Permanently Restricted	Temporarily Restricted	Permanently Restricted
Operations	\$ 772,433	\$ 10,428,874	\$ 394,375	\$ 10,362,485
Research	831,501	6,446,485	469,495	6,188,436
Education	508,187	280,563	656,706	280,413
America's Horse Cares	463,331	1,981,963	375,983	1,909,840
Scholarships	1,280,316	7,153,173	972,258	6,872,652
Fundraising	14,084	-	14,084	-
	<u>\$ 3,869,852</u>	<u>\$ 26,291,058</u>	<u>\$ 2,882,901</u>	<u>\$ 25,613,826</u>

## American Quarter Horse Association

### Notes to Consolidated Financial Statements

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#### Note 10 – Endowment

**Endowment** – The AQHF endowment consists of several different individual funds established for a variety of purposes. AQHF's Board of Trustees does not have the ability to distribute any amount of the donor's initial permanently restricted contribution. In accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

**Endowment investment and spending policies** – The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. The Association's investment and spending policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to compare to a similarly weighted benchmark representing the returns of the S&P 500 Index and the Intermediate Government/Corporate Index.

The Association targets a diversified asset allocation that places a greater emphasis on asset preservation while striving to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the earnings of the Association's various endowed funds. The current spending policy is to distribute an amount equal to 5% of the trailing thirty-six-month average principal balance, limited to available undistributed earnings.



## American Quarter Horse Association

### Notes to Consolidated Financial Statements

#### Note 10 – Endowment (continued)

The changes in endowment net assets for the fiscal years ended September 30 are summarized below:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Endowment net assets at September 30, 2015	\$ (316,483)	\$ 1,374,738	\$ 24,997,791
Contributions	-	-	640,085
Pledge receivable write-off	-	-	(29,050)
Investment return on endowment assets	313,733	903,554	-
Net assets appropriated for expenditure	1,391	(910,656)	-
Net assets restricted due to donor requirements	-	-	5,000
Endowment net assets at September 30, 2016	(1,359)	1,367,636	25,613,826
Contributions	-	-	622,973
Investment return on endowment assets	-	2,432,818	-
Net assets appropriated for expenditure	1,359	(1,148,363)	-
Net assets restricted due to donor requirements	-	(54,259)	54,259
Endowment net assets at September 30, 2017	<u>\$ -</u>	<u>\$ 2,597,832</u>	<u>\$ 26,291,058</u>

All endowment net assets consist of donor-restricted endowment funds.

#### Note 11 – Commitments and Contingencies

The Association is party to certain legal proceedings and other matters arising from time to time in the normal course of business. Management believes that such legal procedures will not have a material adverse effect on the Association's financial position or activities.

#### Note 12 – Notes Payable

The Association's notes payable consist of the following at September 30:

	2017	2016
\$600,000 loan with Amarillo National Bank; monthly payments of \$10,798, interest at 3%; maturing May 1, 2018; secured by Negative Pledge Agreement.	\$ 85,571	\$ 210,124
\$1,375,000 loan with Amarillo National Bank; monthly payments of \$24,683, interest at 2.85%; maturing May 1, 2019; unsecured.	481,623	759,374
	567,194	969,498
Less current portion of long-term debt	(371,814)	(403,124)
Notes payable, net of current portion	<u>\$ 195,380</u>	<u>\$ 566,374</u>

## American Quarter Horse Association

### Notes to Consolidated Financial Statements

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#### Note 12 – Notes Payable (continued)

At September 30, 2017, aggregate future maturities on long-term debt are as follows:

2018	\$ 371,814
2019	<u>195,380</u>
	<u>\$ 567,194</u>

Interest expense was \$23,521 and \$34,748 for the years ended September 30, 2017 and 2016, respectively.

#### Note 13 – Subsequent Events

The Association has evaluated the impact of all subsequent events of the Association through January 24, 2018, the date the consolidated financial statements were available to be issued. No subsequent events were identified by management that required recording in the consolidated financial statements or notes for the year ended September 30, 2017.

## P A S T A Q H A P R E S I D E N T S

*W. B. Warren, 1940, Texas	*David M. Perkins, 1979, Louisiana
*W. B. Warren, 1941, Texas	*B. F. Phillips Jr., 1980, Texas
*J. F. Hutchins, 1942, Texas	Marten A. Clark, 1981, California
*J. F. Hutchins, 1943, Texas	Robert C. Norris, 1982, Colorado
*R. L. Underwood, 1944, Texas	*Jack Anderson, 1983, Oklahoma
*R. L. Underwood, 1945, Texas	Rick C. Johns, 1984, Arizona
*Albert Mitchell, 1946, New Mexico	Stephen J. "Tio" Kleberg, 1985, Texas
*Albert Mitchell, 1947, New Mexico	**Howard R. Weiss, 1986, California
*Albert Mitchell, 1948, New Mexico	*Gerald A. O'Connor MD, 1987, Michigan
*Robert E. Hooper, 1949, Texas	*Leo Winters, 1988, Oklahoma
*Robert E. Hooper, 1950, Texas	Brad Tate, 1989, Kansas
*Robert E. Hooper, 1951, Texas	*Sparks Rust Jr., 1990, Texas
*Robert E. Hooper, 1952, Texas	Jim Barton, 1991, New York
*Orville E. Burtis, 1953, Kansas	C. W. "Bill" Englund Jr., 1992, Arizona
*Orville E. Burtis, 1954, Kansas	*Everett Salley, 1993, Oklahoma
*Lester Goodson, 1955, Texas	*Richard "Dick" Bingham, 1994, Illinois
*Lester Goodson, 1956, Texas	R. A. "Rob" Brown, 1995, Texas
*Albert Mitchell, 1957, New Mexico	*Don Burt, 1996, California
*J. E. Browning, 1958, Arizona	**Ginger Hyland, 1997, California
*Ken Fratis, 1959, California	**Mike J. Perkins, 1998, Oklahoma
*Roy Parks, 1960, Texas	Ken T. Smith, 1999, South Carolina
*S. M. Moore, 1961, Oklahoma	Jerry Windham, 2000, Texas
*Wayne Vickers, 1962, California	*J. D. Blondin, 2001, Louisiana
*Jess L. Hankins, 1963, Texas	*Jim J. Shoemaker, 2002, Missouri
*Hugh Bennett, 1964, Colorado	R.H. "Steve" Stevens, 2003, Texas
*Bud Warren, 1965, Oklahoma	*Frank "Scoop" Vessels III, 2004, California
*J. L. "Dusty" Rhoades, 1966, Texas	*Frank Howell, 2005, Georgia
*Tom J. Finley, 1967, Arizona	Walter Fletcher, 2006, Kansas
*E. H. Honnen, 1968, Colorado	**Frank Merrill, 2007, Oklahoma
*Lee Berwick, 1969, Louisiana	Ken Mumy, 2008, Michigan
*Jay Pumphrey, 1970, Texas	Jim Helzer, 2009, Texas
*William R. Verdugo, 1971, California	Johannes Orgeldinger, 2010, Germany
*Bud Ferber, 1972, New Jersey	*Peter Cofrancesco, 2011, New Jersey
*William R. Thompson, 1973, Oklahoma	*Gene Graves, 2012, Nebraska
*Hugh Peltz, 1974, Montana	John Dobbs, 2013, Illinois
*Clarence Scharbauer Jr., 1975, Texas	Johnny Trotter, 2014, Texas
*Robert Kieckhefer, 1976, Arizona	Dr. Glenn Blodgett, 2015, Texas
*Albert C. Becker, 1977, Kansas	Sandy Arledge, 2016, California
*Bill G. Reed, 1978, New Mexico	Ralph Seekins, 2017, Alaska

\*Deceased

\*\*State of Residency During Presidential Term



AMERICAN  
QUARTER  
HORSE  
ASSOCIATION

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