

**THE AMERICAN DRIVING SOCIETY, INC.  
BOARD OF DIRECTORS' MEETING  
September 28, 2012 – Fitchburg, Wisconsin**

President Freiburger called the meeting of The American Driving Society, Inc. Board of Directors to order at 8:40AM CDT.

**Roll Call**

The roll call was taken:

Present: John Freiburger, Mary Jo Stockman, Bill Lawson, Ann Davis, Jessica Axelsson, Myrna Rhinehart, Veronica Campbell, Francine Arrington, Ruthie Graves, Elaine Kendig, Dana Bright, Maureen Harkcom, Jeff Morse, Amanda Horton, Merridy Hance, Mike Arnold, and Audrey Bostwick.

Present by telephone: Gina Handy, Claire Reid, and Simon Rosenman.

Also present was Honorary Director Natasha Grigg

The Secretary announced that there were twenty members present or on the telephone out of the thirty-one Board of Directors members, meeting the required one-third for a quorum to hold a legal meeting.

**Agenda Review**

The President stated that there were three additional items to be added to the published agenda: 14. Breed Partnership Special Committee: 15. Changes in membership dues and fees; and 16. Resignation letter from Mary Winters, Chair Recreation Committee.

He then asked if there were any other changes. There were none.

**Approval of the minutes**

Minutes from the May 24 Webinar Board of Directors Meeting were available to the members prior to the meeting.

President Freiburger asked three times if there were any corrections or changes. Hearing none, ***the President declared that the minutes were approved with unanimous consent.***

**Treasurer's Report**

Treasurer Lawson stated that he had sent up to date financials for the period of January through August 2012 to all Board members prior to the meeting (see attachments) and had available a written report (see attachments). He gave a brief summary of the reports, focusing upon membership as a problem for further analysis.

**President's Report**

President Freiburger focused upon two subjects:

1. Partnerships through the USEF: He has been active on the Board of Directors, technical committees, and the Affiliated Group. Further he has been active in applying for USAET grants to support driving activities.
2. He is asking the Governance and Bylaws Committee to draft procedures for grant funding opportunities.

## **Executive Director's Report**

Executive Director Susie Koos Acker stated that there is a written report (see attachments). In summary, she made these points:

1. At this time, the ADS is trending 296 fewer members
2. Members, particularly non-competing, appreciate ADS webinars. The office has been actively seeking presenters for additional webinars, particularly those that will donate their time.
3. The ADS currently is updating the website using newly purchased software.
4. Young Drivers Clinic curriculum was developed for a Young Drivers Camp held in Wisconsin during the summer. The model and curriculum are available to other regions.

At the end of this report the subject of Membership and the need for an action plan was discussed. President Freiburger stated that he would like a working group to develop a White Paper. He asked for volunteers with this results: the working group will consist of Jeff Morse (Chair), John Freiburger, Susie Koos Acker, Francine Arrington, Ruthie Graves, and Bill Lawson as counsel.

## **Old Business**

There was none

## **New Business**

Appointment of Northwest Regional Director

***Ann Davis moved acceptance of the resignation of Peter Lofgren as Northwest Regional Director, with a second by Ruthie Graves. The President asked if there were any objections. Hearing none, he declared that the motion was approved with unanimous consent.***

***Elaine Kendig moved the appointment of Lori Hanes to fill the remainder of the term, which expires 12/31/12. The President asked if there were any objections. Hearing none, he stated that the motion passed with unanimous consent.*** (Secretary's note: This action required a majority vote, and with 20 members present, this criterion was met.)

Approval of next Board of Directors Meeting

***Dana Bright moved that the next Board of Directors Meeting be held October 25, 2012 at 7:00PM CDT, a webinar for Rules approval. Ruthie Graves seconded it. The President asked if there were any objections. Hearing none, the motion passed with unanimous consent.***

Approval of the February/March Board of Directors Meeting date in Florida

The Board of Directors had approved a motion at the May 24, 2012 Board of Directors Meeting to hold the winter Board of Directors Meeting at the Licensed Officials Super Clinic being held February 28-March 3, 2013 in Florida.

***Merridy Hance moved that the Board of Directors Meeting be held Sunday March 3, with a second by Amanda Horton.***

After a discussion, ***Merridy Hance, with a second by Amanda Horton, moved an amendment that the meeting be held on Thursday February 28 from 12:00 to 5:00PM ET. President***

***Freiburger asked three times if there were any objections. Hearing none the President declared that the amendment passed.***

The Board of Directors returned to the original motion, which read the same as the amendment. ***The President asked three times if there were any objections. Hearing none, the President declared that the motion passed.***

Approval of 2013 Members Meeting Date and Location

***Mary Jo Stockman moved that the Members Meeting be held September 27-29, 2013 in Aiken, SC. Audrey Bostwick seconded it. President Freiburger asked three times if there were any objections. Hearing none, he declared that the motion passed with unanimous consent.***

Appointment of Ann Leck to the Endowment Fund Advisory Committee

***Claire Reid moved that the Board of Directors appoint Ann Leck to the Endowment Fund Advisory Committee, with a second by Audrey Bostwick.***

President Freiburger explained that there are three members, himself as President, Bill Lawson as Treasurer, and Claire Reid as Chair of the Development Committee, and that Ann Leck has a background that will make her an excellent fourth member.

***The President asked three times if there were any objections to the motion. Hearing none, he declared that the motion was approved with unanimous consent.***

Endowment Fund – report

President Freiburger summarized a written report (see attachments).

Breed Partners Special Committee

The following motion was read by Keith Yutzy: ***“Whereas as of January 1, 2013, the ADS will lack a Marketing Committee, and the Breed Partnership Program, which has been part of that committee, is important to ADS; he moved that a special committee shall be formed to manage the Breed Partnership until a permanent situation is established. Maureen Harkcom seconded the motion. After a brief discussion, the President asked three times if there were any objections. Hearing none, he declared that the motion passed with unanimous approval.***

Changes in membership dues and fees

***The following motion was made by Mike Arnold: Except in the case of emergency for those measures that affect membership dues or fees, the Board of Directors will publish such measures for comment on the ADS website, at least sixty (60) days prior to enactment. Members will be notified by email and encourages to comment. The measure will be automatically adopted/effected unless 10% of the entire membership (determined at the end of the comment period) provides a negative written or electronic response to the ADS. If 10% of the membership responds in the negative, the measure will be reconsidered by the Board of Directors.***

***Mary Jo Stockman seconded the motion***

***Amanda Horton moved to amend: I move to amend the motion to replace the words “enactment” with “effective date”. Veronica Campbell seconded the amendment. After***

discussion, ***the President asked three times if there were any objections. Hearing none, he declared that the amendment passed with unanimous consent.***

***Jeff Morse made a second amendment: to substitute “for those revenues that change the cost of membership dues or fees” for “for those measures that affect membership dues or fees”. Dana Bright seconded the motion. The President asked three times if there were any objections. Hearing none, he declared that the amendment passed with unanimous consent.***

The Board of Directors returned to the original motion which now reads: ***Except in the case of emergency, for those revenues that change the cost of membership dues or fees, the Board of Directors will publish such measures for comment on the ADS website, at least sixty (60) days prior to effective date. Members will be notified by email and encouraged to comment. The measure will be automatically adopted/effected unless 10% of the entire membership (determined at the end of the comment period) provides a negative written or electronic response to the ADS. If 10% of the membership responds in the negative, the measure will be reconsidered by the Board of Directors.***

After a discussion, a hand vote was taken ***with these results: Yes - 7; and No - 11. The amended motion was defeated.***

***A motion was made to suspend the Rules to allow open discussion regarding the manner in which change in membership dues and fees would be handled. The President asked three times if there were any objections to the motion. Hearing none, the motion passed.***

Following the discussion, the meeting was resumed.

***Veronica Campbell made this motion: The Board of Directors will publish such measures for comment on the website at least 30 days prior to Board’s vote on those measures that change the cost of membership dues or fees. Elaine Kendig seconded that motion.***

After a discussion, a hand count was taken ***with these results: Yes - 12; and No - 5. The motion was adopted..***

Resignation letter from Mary Winters, Chair Recreation Committee

The President has received a letter of resignation from Mary Winters. She has health issues that make it difficult to attempt duties as the recreational chair. The President has sent to her warm thanks for her service

***Elaine Kendig made this motion: I move that if a candidate can be found to be an acting Chair the Recreational Driving Committee, he/she be appointed by the President to fill this position until the end of the current term which is December 31, 2012. Merridy Hance seconded the motion. The President asked three times if there were any objections. Hearing none, he declared that the motion was approved with unanimous consent.***

## **Adjournment**

The President asked if there was further business. Hearing none, he asked if there was a motion to adjourn. ***Myrna Rhinehart moved adjournment, with a second by Audrey***

***Bostwick. The President asked if there were any objections. Hearing none, he declared the meeting adjourned at 11:50AM***

**Attachments:**

Treasurers Report

ADS Financials, January through August 2012

Executive Directors Report

Endowment Fund Report

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**Submitted by: Ann Davis, Secretary**

**Approved: October 25, 2012**

TREASURERS REPORT TO THE MEMBERSHIP  
2012 Annual Meeting  
Fitchburg, Wisconsin

One year ago I reported that 2011 was proving to be both a promising and a challenging year. In many respects 2012 is following a similar pattern. Looking at things through eight months, earned annual membership revenue is down about 8%, Show fees and licensed officials fees are holding close to even while advertising income is up over a year ago. Looking at things after separating out activity in the ADS Fund, total revenue is nearly equal to a year ago and expenses are slightly down. We still show the promise of maintaining member services while continuing to face the challenge of revenues close to but below budget. The decline in membership revenue is very troublesome and will receive a very close review towards year end

One year ago I reported that we needed to take a creative look at income sources as we felt there was little room left to cut expenses. One result is the competition fee enacted this past January and being phased in during this year. This has generated revenue through eight months of \$1,175. In 2013 on a full annual basis the fee should offset about one half of the cost of insurance provided to recognized competitions as planned.

One year ago I reported that the Development committee was considering the establishment of an endowment fund to strengthen our financial future. I am pleased to say that the endowment has been established and initially funded with proceeds received from a most generous bequest from the Estate of Louisa Plummer. Other reports to the membership will provide more details but through this approach of preserving the principle and generating income through investments we have taken a first step towards strengthening the financial future of the ADS.

One year ago I reported that the ADS had contracted for fully audited financial statements for 2010. This was a necessary part of the ongoing process of registering with various states as an organization receiving donated funds. This was also done for 2011 and is expected to continue each year going forward. Based on recommendations from the auditors we have documented a formal Whistler Blower Policy and updated our Accounting Procedures Manual. These reviews also gives us a reality check on our procedures and provides needed professional advice about ever changing regulations and reporting requirements.

The 2013 budget process will begin in a few weeks starting with a detailed review of 2012. While predicting future financial results is never an exact science, budgets do provide a framework for comparison. If actual results begin to differ significantly from budget it triggers a closer look to see if corrective action may be required.

Promises and challenges will continue but I am excited to see the potential of building a secure financial future for the ADS. The Endowment fund together with planned growth over time provides a new element in our financial makeup as we pursue the sport of carriage driving.

William W. Lawson Jr.  
Treasurer

#### ADJUSTMENT TO THE AUG INCOME STATEMENT TO SEPARATE ADS FUND ACTIVITY

Eight months loss per statement		-19,116.08
Remove all ADS Fund Activity		
Donations	4,395.00	
Grants	-8,920.56	
Operating Costs	-1,855.54	
ADS Fund deficit	-6,381.10	6,381.10
Net Operating 8 Months loss (excl. ADS Fund)		-12,734.98

#### ADJUSTMENT TO THE BUDGET vs. ACTUAL STATEMENT TO SEPARATE ADS FUND ACTIVITY

	AUGUST	BUDGET \$ OVER / UNDER	
Per Report	-19,116.08	3,782.15	-22,898.23
Remove ADS Fund Activity	6,381.10		
Entry for budgeted Fund support for operations not yet booked	13,333.28		
Adjusted Operating Results	598.30	3,782.15	-3,183.85

#### GENERAL NOTES

Both the Income statement and the budget comparison as printed from Quickbooks includes ADS Fund activity. There are no estimates in the Budget for the ADS Fund. The calculations above adjusts the bottom lines to adjust.

As of 08/31/2012 the proceeds from the Plummer estate is found on the balance Sheet showing a current value of \$441,818.67. As previously reported the estate proceeds received were held temporarily in interest bearing accounts in Wells Fargo Bank. In April the funds were transferred to a brokerage account with Morgan Stanley/Smith Barney and invested in the common stock of seven companies. As of 08/31/2012 we have received \$4,434.60 in stock dividends and \$384.07 in interest adding value to the account.

The 2012 budget plans the use of ADS Fund donations for general operations. The entry to reflect this has not been entered. On a prorated basis it would add 13,333.28 to the 8 month results. An adjustment for this entry is shown above for Budget comparison purposes.

After adjustments we maintain a small operating gain for 8 months but this includes 11,000 revenue for the for the annual membership meeting. This is, however, about 3,200. below budget expectations.

Annual memberships are running below expectations by about 11,000.

Competition Fees received are 1,175. 4,000 is budgeted for the full year as the fee is phased in.

Advertising revenue remains 2,500 better than budget and show fees are ahead of budget due to early collection. We have not yet realized any revenue from webinars.

After adjusting out the ADS Fund actual gross profit is about 2,000 better than budget.

Expenses are running about 5,000 over budget but this will get worse as additional expenses for the annual meeting are booked. Contributing to this is 3,100. for member recognition pins that was not budgeted and higher than expected accounting fees running 2,800. over budget. This all combines to the below budget results mentioned above af about 3,200.

Respectively submitted,

William W Lawson Jr.  
Treasurer



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September 21, 2012  
Accrual Basis

**American Driving Society**  
**Profit & Loss**  
January through August 2012

	Jan - Aug 12
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
Midwest Young Driver's Camp	2,100.00
<b>Advertising Income</b>	
Whip Advertising	22,221.00
Omnibus Advertising	6,093.00
Buyers Guide Advertising	460.00
Web Site Advertising	2,845.00
<b>Total Advertising Income</b>	31,619.00
Show Fee Income	12,650.00
Competition Support Fees	1,175.00
<b>Clinic income</b>	
Licensed Officials	1,430.00
<b>Total Clinic income</b>	1,430.00
<b>ADS Fund Donations</b>	
ADS Fund - Unrestricted	4,295.00
ADS Fund - Operating Expenses	100.00
<b>Total ADS Fund Donations</b>	4,395.00
<b>Direct Donations</b>	
Donation for ADS Operations	10.00
For Annual Meeting	1,600.00
Memorials	0.00
<b>Total Direct Donations</b>	1,610.00
Interest Received	77.33
<b>Licensed Officials Fees</b>	
Combined Driving	2,380.00
Pleasure Driving	2,160.00
Coaching	250.00
Dressage	650.00
Learner	370.00
Guest Card	10.00
Licensed Officials Fees - Other	40.00
<b>Total Licensed Officials Fees</b>	5,860.00
<b>Meeting Income</b>	
Annual Meeting Income	11,064.00
<b>Total Meeting Income</b>	11,064.00
<b>Membership</b>	
Annual Earned Portion	105,437.91
Life Earned Portion	8,154.24
Prospective	2,910.00
<b>Total Membership</b>	116,502.15
<b>Other Types of Income</b>	
Miscellaneous Revenue	62.98
<b>Total Other Types of Income</b>	62.98

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September 21, 2012  
Accrual Basis

**American Driving Society**  
**Profit & Loss**  
January through August 2012

	<u>Jan - Aug 12</u>
<b>Sales</b>	
Rulebook Sales	5,136.00
Sales Discounts	(160.20)
Shipping Charges	336.95
Non-Inventory	64.04
Inventory - Clothing	383.93
Inventory - Miscellaneous	386.98
Inventory - Publications	1,249.82
Inventory - Video/DVD	239.80
<b>Total Sales</b>	<u>7,637.32</u>
<b>Total Income</b>	196,182.78
<b>Cost of Goods Sold</b>	
Cost of Goods Sold	949.12
Cost of Goods	
Cost of Good sold	88.62
<b>Total Cost of Goods</b>	<u>88.62</u>
<b>Cost of Sales</b>	
Shipping & handling	(22.10)
<b>Total Cost of Sales</b>	<u>(22.10)</u>
<b>Total COGS</b>	<u>1,015.64</u>
<b>Gross Profit</b>	195,167.14
<b>Expense</b>	
Midwest Young Driver's Camp Exp	4,332.39
Advertising/Promotion	660.44
Marketing	2,775.00
ADS Fund Grants	
Grants - Young Drivers	3,825.00
Grants - Education	2,503.90
Grants - Regional Development	2,591.66
<b>Total ADS Fund Grants</b>	<u>8,920.56</u>
<b>ADS Fund Operating Costs</b>	
ADS Fund Other Expenses	1,855.54
<b>Total ADS Fund Operating Costs</b>	<u>1,855.54</u>
<b>Bank Charges</b>	
Credit Card Fees	4,885.00
Service Fees	269.25
<b>Total Bank Charges</b>	<u>5,154.25</u>
<b>Clinic Expense</b>	1,104.11
<b>Communications</b>	
Webinars	758.00
Cell Phone	692.40
Internet	843.92
Telephone	1,200.55
Website	110.97
<b>Total Communications</b>	<u>3,605.84</u>
<b>Insurance</b>	
Insurance - Property & Casualty	11,435.02
<b>Total Insurance</b>	<u>11,435.02</u>

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September 21, 2012  
Accrual Basis

**American Driving Society**  
**Profit & Loss**  
**January through August 2012**

	Jan - Aug 12
<b>Meeting Expenses</b>	
Annual Meeting Expense	454.79
Winter meeting	846.68
<b>Total Meeting Expenses</b>	1,301.47
<b>Publications Expenses</b>	
Omnibus Expenses	
mailing services	299.82
postage & handling	745.26
printing	4,495.58
<b>Total Omnibus Expenses</b>	5,540.66
Wheelhorse Expenses	
Wheelhorse Editorial Consulting	2,566.64
<b>Total Wheelhorse Expenses</b>	2,566.64
Whip Expenses	
Whip Editorial Consulting	10,633.36
AD Commission	0.00
Design	12,538.50
mailing services	1,403.26
postage & handling	2,115.67
Printing	17,458.53
<b>Total Whip Expenses</b>	44,149.32
<b>Total Publications Expenses</b>	52,256.62
<b>Awards and Recognition</b>	
Member Recognition	3,081.45
Volunteer Expenses	23.04
<b>Total Awards and Recognition</b>	3,104.49
<b>Contract Services (External)</b>	
Accounting Fees	4,799.00
Contract Services - LOC	2,059.51
<b>Total Contract Services (External)</b>	6,858.51
<b>Facilities and Equipment</b>	
Equipment Rental and Repair	4,042.38
Rent, Parking, Utilities	5,250.00
<b>Total Facilities and Equipment</b>	9,292.38
<b>Operations</b>	
Education & Training	300.00
Books, Subscriptions, Reference	107.90
Hardware	64.93
Professional Memberships	65.00
Postage, Mailing Service	4,886.23
Printing and Copying	1,654.81
Software	2,266.71
Office Supplies	735.39
Competition Supplies	1,981.17
<b>Total Operations</b>	12,062.14
<b>Other Types of Expenses</b>	
Miscellaneous	83.33
<b>Total Other Types of Expenses</b>	83.33

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September 21, 2012

Accrual Basis

**American Driving Society**  
**Profit & Loss**  
January through August 2012

	<u>Jan - Aug 12</u>
<b>Employment Expenses</b>	
Salary Pay	56,375 .04
Hourly Pay	13,996 .50
Payroll Taxes	6,787 .42
Health Insurance	9,825 .00
SIRA contribution	1,691 .20
Payroll Processing Expenses	416 .73
<b>Total Employment Expenses</b>	<u>89,091 .89</u>
<b>Travel and Meetings</b>	
Conferences & Convention Travel	389 .24
<b>Total Travel and Meetings</b>	<u>389 .24</u>
<b>Total Expense</b>	<u>214,283 .22</u>
<b>Net Ordinary Income</b>	<u>(19,116 .08)</u>
<b>Net Income</b>	<u><u>(19,116 .08)</u></u>

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September 21, 2012

Accrual Basis

# American Driving Society

## Balance Sheet

As of August 31, 2012

	Aug 31, 12
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
Petty Cash Drawer	49.25
Cash	
Wells Fargo-Checking	14,579.00
Wells Fargo-Savings	11,039.93
MSSB - 224904	63,262.51
MSSB - 224905	40,359.56
MSSB - ***16-457	441,818.67
<b>Total Cash</b>	<u>571,059.67</u>
<b>Total Checking/Savings</b>	571,108.92
<b>Accounts Receivable</b>	
<b>Accounts Receivable</b>	
Open Credit on Account	(3.00)
Membership Invoice	1,565.00
Product Invoices	351.58
Advertising Invoices	13,476.85
Accounts Receivable - Other	(97.85)
<b>Total Accounts Receivable</b>	<u>15,292.58</u>
<b>Total Accounts Receivable</b>	15,292.58
<b>Other Current Assets</b>	
<b>Inventory Asset</b>	
Clothing	1,050.98
Publications	10,231.59
Video's and DVD's	536.90
Miscellaneous	699.29
<b>Total Inventory Asset</b>	<u>12,518.76</u>
<b>Prepaid Expenses</b>	
Service Contracts	1,400.00
Rent / Damage deposits	750.00
Insurance	8,513.30
<b>Total Prepaid Expenses</b>	<u>10,663.30</u>
<b>Total Other Current Assets</b>	<u>23,182.06</u>
<b>Total Current Assets</b>	609,583.56
<b>Fixed Assets</b>	
<b>Fixed Assets</b>	
Furniture and Equipment	51,029.07
Accum Depr - Furn and Equip	(50,872.26)
Vehicles	1,100.00
<b>Total Fixed Assets</b>	<u>1,256.81</u>
<b>Total Fixed Assets</b>	<u>1,256.81</u>
<b>TOTAL ASSETS</b>	<u><u>610,840.37</u></u>

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September 21, 2012  
Accrual Basis

**American Driving Society**  
**Balance Sheet**  
As of August 31, 2012

	<u>Aug 31, 12</u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
Accounts Payable	
A/P Transactions	7,445.31
<b>Total Accounts Payable</b>	<u>7,445.31</u>
<b>Total Accounts Payable</b>	7,445.31
<b>Other Current Liabilities</b>	
<b>Accrued Funds</b>	
Mid-Atlantic Region	4,452.75
<b>Total Accrued Funds</b>	<u>4,452.75</u>
<b>Education Committee Fund</b>	6,342.38
<b>Payroll Liabilities</b>	
Simple IRA Payable	475.08
941 Payable	1,854.30
State Withholding (WI)	473.78
State Unemployment Payable	1,562.49
<b>Total Payroll Liabilities</b>	<u>4,365.65</u>
<b>Sales Tax Payable</b>	
Webstore Tax Collected	31.78
Sales Tax Payable - Other	8.25
<b>Total Sales Tax Payable</b>	<u>40.03</u>
<b>Unearned Memberships</b>	
2013 Memberships	954.00
2012 Memberships	65,506.25
Life Memberships	126,439.51
<b>Total Unearned Memberships</b>	<u>192,899.76</u>
<b>Unearned Show Fees</b>	
2013 Show Fees	2,500.00
<b>Total Unearned Show Fees</b>	<u>2,500.00</u>
<b>Total Other Current Liabilities</b>	<u>210,600.57</u>
<b>Total Current Liabilities</b>	<u>218,045.88</u>
<b>Total Liabilities</b>	218,045.88
<b>Equity</b>	
<b>Opening Bal Equity</b>	2,757.55
<b>ADS Fund</b>	
President's Discretion	1,800.00
Scott Shinn Memorial	5,850.00
Unrestricted	76,938.80
Young Drivers	34,352.98
Education	1,659.75
International Opportunity (IOI)	4,641.69
Arena Trials	750.00
World Championship - Single	4,815.00
World Championship - Pony	432.00
World Championship - Pair	27.00
<b>Total ADS Fund</b>	<u>131,267.22</u>

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September 21, 2012

Accrual Basis

**American Driving Society**  
**Balance Sheet**  
As of August 31, 2012

	<u>Aug 31, 12</u>
ADS Reserve Funds	
Region - Central	1,797.32
<b>Total ADS Reserve Funds</b>	<u>1,797.32</u>
Endowment Fund	441,818.67
Unrestricted Net Assets	(165,730.19)
Net Income	(19,116.08)
<b>Total Equity</b>	<u>392,794.49</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>610,840.37</u></u>

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September 21, 2012

Accrual Basis

**American Driving Society  
Profit & Loss Budget vs. Actual  
January through August 2012**

	Jan - Aug 12	Budget	\$ Over Budget
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
Midwest Young Driver's Camp	2,100.00		
<b>Advertising Income</b>			
Whip Advertising	22,221.00	21,750.00	471.00
Omnibus Advertising	6,093.00	6,500.00	(407.00)
Wheelhorse Advertising	0.00	166.64	(166.64)
Classified Advertising	0.00	33.28	(33.28)
Buyers Guide Advertising	460.00		
Web Site Advertising	2,845.00	666.64	2,178.36
<b>Total Advertising Income</b>	31,619.00	29,116.56	2,502.44
Show Fee Income	12,650.00	8,333.28	4,316.72
Competition Support Fees	1,175.00	4,000.00	(2,825.00)
<b>Clinic Income</b>			
Licensed Officials	1,430.00		
<b>Total Clinic income</b>	1,430.00		
<b>ADS Fund Donations</b>			
ADS Fund - Unrestricted	4,295.00		
ADS Fund - Operating Expenses	100.00		
<b>Total ADS Fund Donations</b>	4,395.00		
<b>Direct Donations</b>			
Donation for ADS Operations	10.00	2,000.00	(1,990.00)
For Annual Meeting	1,600.00	3,000.00	(1,400.00)
Memorials	0.00		
<b>Total Direct Donations</b>	1,610.00	5,000.00	(3,390.00)
Interest Received	77.33	333.28	(255.95)
<b>Licensed Officials Fees</b>			
Combined Driving	2,380.00		
Pleasure Driving	2,160.00		
Coaching	250.00		
Dressage	650.00		
Learner	370.00		
Guest Card	10.00		
Licensed Officials Fees - Other	40.00	5,000.00	(4,960.00)
<b>Total Licensed Officials Fees</b>	5,860.00	5,000.00	860.00



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September 21, 2012

Accrual Basis

**American Driving Society  
Profit & Loss Budget vs. Actual  
January through August 2012**

	Jan - Aug 12	Budget	\$ Over Budget
<b>Meeting Income</b>			
Annual Meeting Income	11,064.00		
<b>Total Meeting Income</b>	11,064.00		
<b>Webinar Income</b>	0.00	2,000.00	(2,000.00)
<b>Membership</b>			
Annual Earned Portion	105,437.91	116,666.64	(11,228.73)
Life Earned Portion	8,154.24	8,000.00	154.24
Prospective	2,910.00	2,333.28	576.72
<b>Total Membership</b>	116,502.15	126,999.92	(10,497.77)
<b>Other Types of Income</b>			
Wheelhorse Mailing Fees	0.00	1,333.28	(1,333.28)
Miscellaneous Revenue	62.98		
<b>Total Other Types of Income</b>	62.98	1,333.28	(1,270.30)
<b>Sales</b>			
Rulebook Sales	5,136.00	4,333.33	802.67
Sales Discounts	(160.20)		
Shipping Charges	336.95		
Non-Inventory	64.04		
Inventory - Clothing	383.93		
Inventory - Miscellaneous	386.98		
Inventory - Publications	1,249.82		
Inventory - Video/DVD	239.80		
Sales - Other	0.00	6,666.64	(6,666.64)
<b>Total Sales</b>	7,637.32	10,999.97	(3,362.65)
<b>Total Income</b>	196,182.78	193,116.29	3,066.49
<b>Cost of Goods Sold</b>			
Cost of Goods Sold	949.12	4,000.00	(3,050.88)
Cost of Goods			
Cost of Good sold	88.62		
<b>Total Cost of Goods</b>	88.62		

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September 21, 2012

Accrual Basis

**American Driving Society  
Profit & Loss Budget vs. Actual  
January through August 2012**

	Jan - Aug 12	Budget	\$ Over Budget
<b>Cost of Sales</b>			
Shipping & handling	(22.10)		
<b>Total Cost of Sales</b>	(22.10)		
<b>Total COGS</b>	1,015.64	4,000.00	(2,984.36)
<b>Gross Profit</b>	195,167.14	189,116.29	6,050.85
<b>Expense</b>			
Midwest Young Driver's Camp Exp	4,332.39		
Advertising/Promotion	660.44	1,000.00	(339.56)
Marketing	2,775.00	2,666.64	108.36
<b>ADS Fund Grants</b>			
Grants - Young Drivers	3,825.00		
Grants - Education	2,503.90		
Grants - Regional Development	2,591.66		
<b>Total ADS Fund Grants</b>	8,920.56		
<b>ADS Fund Operating Costs</b>			
ADS Fund Other Expenses	1,855.54		
<b>Total ADS Fund Operating Costs</b>	1,855.54		
<b>Bank Charges</b>			
Credit Card Fees	4,885.00	5,000.00	(115.00)
Service Fees	269.25	333.28	(64.03)
<b>Total Bank Charges</b>	5,154.25	5,333.28	(179.03)
<b>Clinic Expense</b>	1,104.11	400.00	704.11
<b>Communications</b>			
Webinars	758.00	533.28	224.72
Cell Phone	692.40	600.00	92.40
Internet	843.92	846.64	(2.72)
Telephone	1,200.55	1,200.00	0.55
Website	110.97		
<b>Total Communications</b>	3,605.84	3,179.92	425.92
<b>Insurance</b>			
Insurance - Property & Casualty	11,435.02		
Insurance - Other	0.00	12,666.64	(12,666.64)
<b>Total Insurance</b>	11,435.02	12,666.64	(1,231.62)

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September 21, 2012

Accrual Basis

**American Driving Society  
Profit & Loss Budget vs. Actual  
January through August 2012**

	Jan - Aug 12	Budget	\$ Over Budget
<b>Meeting Expenses</b>			
Annual Meeting Expense	454.79		
Winter meeting	846.68		
<b>Total Meeting Expenses</b>	1,301.47		
<b>Publications Expenses</b>			
<b>Omnibus Expenses</b>			
mailing services	299.82		
postage & handling	745.26	675.00	70.26
printing	4,495.58	5,000.00	(504.42)
<b>Total Omnibus Expenses</b>	5,540.66	5,675.00	(134.34)
<b>Wheelhorse Expenses</b>			
Wheelhorse Editorial Consulting	2,566.64	2,640.00	(73.36)
postage & handling	0.00	187.50	(187.50)
printing	0.00	875.00	(875.00)
<b>Total Wheelhorse Expenses</b>	2,566.64	3,702.50	(1,135.86)
<b>Whip Expenses</b>			
Whip Editorial Consulting	10,633.36	10,560.00	73.36
AD Commission	0.00		
Design	12,538.50	13,125.00	(586.50)
mailing services	1,403.26	2,475.00	(1,071.74)
postage & handling	2,115.67	3,600.00	(1,484.33)
Printing	17,458.53	19,500.00	(2,041.47)
<b>Total Whip Expenses</b>	44,149.32	49,260.00	(5,110.68)
<b>Total Publications Expenses</b>	52,256.62	58,637.50	(6,380.88)
<b>Awards and Recognition</b>			
Member Recognition	3,081.45		
Other Recognitions	0.00	333.28	(333.28)
Volunteer Expenses	23.04	66.64	(43.60)
<b>Total Awards and Recognition</b>	3,104.49	399.92	2,704.57
<b>Contract Services (External)</b>			
Accounting Fees	4,799.00	2,000.00	2,799.00
Legal Fees	0.00	666.64	(666.64)
Contract Services - LOC	2,059.51	1,333.28	726.23
Contract Services (External) - Other	0.00	500.00	(500.00)
<b>Total Contract Services (External)</b>	6,858.51	4,499.92	2,358.59

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September 21, 2012

Accrual Basis

**American Driving Society**  
**Profit & Loss Budget vs. Actual**  
 January through August 2012

	Jan - Aug 12	Budget	\$ Over Budget
<b>Facilities and Equipment</b>			
Equipment Rental and Repair	4,042.38	4,333.28	(290.90)
Rent, Parking, Utilities	5,250.00	6,400.00	(1,150.00)
<b>Total Facilities and Equipment</b>	9,292.38	10,733.28	(1,440.90)
<b>Operations</b>			
Education & Training	300.00	333.28	(33.28)
Books, Subscriptions, Reference	107.90	200.00	(92.10)
Hardware	64.93	666.64	(601.71)
Professional Memberships	65.00	333.28	(268.28)
Postage, Mailing Service	4,886.23	5,333.28	(447.05)
Printing and Copying	1,654.81	2,000.00	(345.19)
Software	2,266.71	2,000.00	266.71
Office Supplies	735.39	1,333.28	(597.89)
Competition Supplies	1,981.17		
<b>Total Operations</b>	12,062.14	12,199.76	(137.62)
<b>Other Types of Expenses</b>			
Miscellaneous	83.33		
<b>Total Other Types of Expenses</b>	83.33		
<b>Employment Expenses</b>			
Salary Pay	56,375.04	56,380.00	(4.96)
Hourly Pay	13,996.50	14,666.64	(670.14)
Payroll Taxes	6,787.42	6,237.28	550.14
Health Insurance	9,825.00	7,666.64	2,158.36
SIRA contribution	1,691.20	2,000.00	(308.80)
Payroll Processing Expenses	416.73		
<b>Total Employment Expenses</b>	89,091.89	86,950.56	2,141.33
<b>Travel and Meetings</b>			
Conferences & Convention Travel	389.24		
<b>Total Travel and Meetings</b>	389.24		
<b>Total Expense</b>	214,283.22	198,667.42	15,615.80
<b>Net Ordinary Income</b>	(19,116.08)	(9,551.13)	(9,564.95)

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September 21, 2012  
Accrual Basis

**American Driving Society**  
**Profit & Loss Budget vs. Actual**  
January through August 2012

	<u>Jan - Aug 12</u>	<u>Budget</u>	<u>\$ Over Budget</u>
Other Income/Expense			
Other Income			
ADS Fund Grant	0.00	13,333 .28	(13,333 .28)
Total Other Income	0.00	13,333 .28	(13,333 .28)
Net Other Income	0.00	13,333 .28	(13,333 .28)
Net Income	<u>(19,116 .08)</u>	<u>3,782 .15</u>	<u>(22,898 .23)</u>



September, 28 2012, 8:30 am -11:30 am  
Fitchburg, Wisconsin

### Executive Director's Report

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Overall our membership is lagging behind last year's numbers by 296 memberships at \$75.00 per membership that is \$22,200.00 in lost revenue. We send e-mail reminders and one paper reminder but these don't seem to be effective enough. According to some of our breed partner organizations, one of the most effect ways to renew memberships is to have Board of Director members do direct calls to members to remind them of their renewal and provide personal contact from their organization. If the Board was willing to do this, divided amongst 34 Board members would mean approximately 9 calls per person.

Overall membership stands at:

	<b>May 11</b>	<b>Oct. 11</b>	<b>Jan. 12</b>	<b>Sept. 12</b>
Individual:	1614	1655	1393	1428
Family:	498	510	456	476
Junior:	45	43	39	31
Life:	281	282	278	287
Club:	88	91	76	72
Commercial:	3	5	6	3
<b>TOTAL</b>	<b>2529</b>	<b>2593</b>	<b>2248</b>	<b>2297</b>

We continue to try and find presenters for Webinars and are finding it exceedingly difficult. Shelly Temple has agreed to do a fee based webinar in November of this year. The tentative agreement with her is to divide the revenue evenly. Shelly has been our most popular presenter and does a wonderful professional job and will be a great first presenter for our fee presentations. Jeff Morse has agreed to do his presentation on "From the Breed Ring to the ADS Ring" we have just been unable make the schedules work. Cathy Thomas has agreed to turn her presentation "How to Compete at a CDE without your Spouse" into a webinar. We are hoping to air that sometime in October. We also hope to turn a few more of the presentations from this weekend into free webinars for the driving community.

We received an upgrade to the My ADS side of our web site. Stacy and I have completed all the initial training to run the new features of the web site as well and upgrade some of the other features all ready found on the existing site. The most exciting new feature available to members will be the new ADS library. We have currently uploaded more that 150 past Whip articles to the site. These .pdf documents are now searchable and download able for member use. Another feature that we hope will increase the transparency of the ADS is a community section which will give us the ability to create groups that can be accessed and updated by a non-staff person. These groups can be monitored by a subject matter expert who can upload resources to their group pages such as documents, pictures, and video clips. Jeff Morse (ADS BOD member from Massachusetts) has agreed to monitor a group for new pleasure drivers and Al Bulgawicz (Texas) has agreed to be a monitor for of a group for mini drivers. We have also started setting up a committee group for Dressage. The Dressage Committee page will allow each member to contribute to a live document (The Manual for Driven Dressage) and each be able to contribute and change the document as well as post comments on the changes. We are still in the testing phase of these new features but they are showing great promise for enabling member participation and for the ADS to provide great access to its education resources.

We have continued to work towards our goal of a national calendar by using Googles calendar feature. The Central Region Director Dave Sadler and I got his regions information to display on the central regions web page.

If we can get each region to put their information into an ADS Google calendar then we can effectively pull all the information together into one place to have a comprehensive calendar for all of North America.

**Report of the Board of Governors as to the  
Condition of the ADS Fund Investments  
September 24, 2012**

**1. Condition of the investments:**

1.1 The ADS Endowment remains in management with Morgan Stanley Smith Barney. This report is based upon the MSSB Client Statement provided August 31, 2012. This entire statement is a public record of the American Driving Society Inc and may be requested as a PDF by email either from the ADS office of from John Freiburger at frei@chorus.net.

1.2 No changes have been made in the equities originally purchased. The companies and the number of shares held remain the same as the initial purchase. The total value of the portfolio has grown to \$465,455.09. Of that amount, the value of the equities is \$460,940.20 and the cash balance as of the August 31, 2012 statement was \$4,614.89. Additional cash to be received in September through the end of 2012 is \$7,532.00. Thus the end of year cash balance is projected to be \$12,137.89. This amount is held by MSSB in the Morgan Stanley Active Assets Money Trust.

1.3 The value of the equities and the unrealized gain or loss changes on a daily basis. There is an unrealized gain of \$23,736.42 in equity value as of August 31, 2012. This was expected as our investments are in equities whose price changes with the market. It is comforting to see that the portfolio has gained more than five percent in value since the initial purchase, but this should not be considered available money nor does it indicate future equity prices or future performance. The portfolio was designed as an income producing low risk holding, not a capital growth portfolio.

1.4 The current equities and values are as follow

Abbot Laboratories	1025 shares	\$ 67,178.50
AT&T Inc	2000 shares	\$ 73,280.00
Johnson & Johnson	975 shares	\$ 65,744.25
Norfolk and Sothern Corp	900 shares	\$ 65,214.00
Pfizer Inc.	2750 shares	\$ 65,615.00
Royal Dutch Shell	875 shares	\$ 63,166.25
Southern Co	1340 shares	\$ 61,764.60
Total		\$460,940.20

**2. 2013 Funds Available**

2.1 2013 will not be a usual year as the income earning by the equities in 2012 can be carried over into 2013 and added to the income expected to be received within the twelve months of 2013. That may result in the total funds available in 2013 being greater than the funds that will be available in 2014, unless additional investments are made to earn additional income. The Development Committee and the ADS Board will need to keep this in mind for forward planning.

2.2 We will start 2013 on January 1 with \$12,137. The available money will grow as dividends are received. The dividends below are the expected amounts based on 2012 payments per share, but increases or decreases may be expected.

January	\$12137	August	\$22466
February	\$13540	September	\$25526
March	\$16600	November	\$26929
May	\$18003	December	\$29989
June	\$21063		



### **3. General Comments**

- 3.1 The 2014 income available to the ADS Fund is estimated at \$18,350 due to some projected growth in dividends.
- 3.2 The value of our equities has been increased due to the market wide search for blue chip income. With bond prices low, equities such as those owned by the ADS are attracting more attention from those seeking safe income.
- 3.3 The cash return on investment is currently 3.87295% using the current equity value. This is down from the 4.1% projected by the Governors, but is due to the increased value of the equities. Based on investments made, the ADS return is 4.0832% AT&T and Shell return 4.80% and 4.76% at their current valuations with Norfolk Southern returning 2.76%.
- 3.4 If capital fundraising is carried out, we believe additional equities can be purchased, with the same low risk level, with an anticipated goal for return on investment of 4%.
- 3.5 The Governors of the ADS Fund are neither professional investors or investment advisors and rely upon the advice of Patrick O Rindfleish and others at Morgan Stanley Smith Barney. Their service to the ADS is as non-professionals. They receive no compensation.
- 3.6 DISCLOSURE: Some of the Governors may own equities in some of the companies in which the ADS owns stock, but there is no reasonable benefit accruing to the Governors, as the small scale investments by the ADS can not affect the value of any commonly held equities.

This concludes the September 2012 Governors' report.

Claire Reid  
John Freiburger  
William Lawson