

NCHA EXECUTIVE COMMITTEE CONFERENCE CALL MINUTES
January 28, 2025
2:00PM Central

A conference call of the Executive Committee of the National Cutting Horse Association was held on Tuesday, January 28, 2025, beginning at 2:00PM central time.

Executive Committee members present were President Mark Senn, President Elect Barnwell Ramsey, Vice President Kathleen Moore, Les Jack, Phil Benadum, Kirby Smith, John Lavelle, Sharon Overstreet, Tommy Williams, Steve Smith, Casey Green, and Cara Brewer. NCHA Executive Director Jay Winborn, NCHA Treasurer Denise Williams, NCHA Director of Shows Shianne Megel and Cathy Marie Aleff were also in attendance from the NCHA office.

The Executive Committee meeting was called to order at 2:06PM and roll call was taken.

President Mark Senn addressed the members of the Executive Committee with the purpose of the call to review and approve the financials October through December 2024, get Super Stakes Updates, discuss WF Task Force proposal and the Calgary request to reinstate Premier show status.

EXECUTIVE DIRECTOR REPORT – JAY WINBORN

Executive Director Jay Winborn and NCHA Director of Shows Shianne Megel addressed the Executive Committee with updates from the office regarding the Super Stakes.

Super Stakes Updates

Jay shared that they met with Paula Abney last week to discuss the layout of the trade show. The only significant change regarding the Super Stakes since the previous updates is the competition will take place on the western side of the Justin Arena instead of the eastern side.

Shianne gave an update on various logistics for the upcoming Super Stakes. There will be numerous practice pen options. There will actually be more live cattle pen options than prior. Once the Circuit Championship starts, we will go down to the three (3) practice pen options in the multipurpose building. There will be multiple mechanical cows and multiple flags. We are utilizing new arena space in the cattle barns. Working really hard to make sure cutters have a quality experience.

Horses will come in from the street. Watt Drive is the covered portion of the road. That is where both the tractor and horse and foot traffic will come in. The Cattle Task Force is currently evaluating two locations for a pre-settle. All will be made available at the John Justin Arena. The two that they are evaluating are on Watt Drive, where there's an existing cattle pen, or there are some options back in the cattle pens or in the tunnel itself. There will be pre-settle options and the horses will come in from the east side of the arena. The cutting will take place on the sale arena side and the horse and foot traffic will be on the parking lot side of the arena.

Shianne shared an update on entries for the Super Stakes.

The 4 year old entries are down about 20% from the prior year and the 5/6 year old classic entries are down 13% from the previous year. Shianne does expect the margins to close as we approach the second payment as the late fees at this event are reasonable. Shianne states that she is pleased with the current entries numbers as it currently stands.

TARRANT COUNTY LOCAL ORGANIZING COMMITTEE (TCLOC) – ANGIE HIGHLAND

Executive Director Jay Winborn addressed the Executive Committee with changes in the procedures of the MERP. Jay also introduced Angie Highland, who is representing the Tarrant County Local Organizing Committee, who then gave some insight on their committee's function and what they will be doing.

Angie began by stating that the Tarrant County Local Organizing Committee is a non-profit organization and has a board consisting of three (3) members. The members are Shannon Fletcher, Kim Brimer and Joey Milner, who is the acting president of the board. TCLOC works directly with the county. The goal with this committee is to simplify the process of applying for and receiving money through the MERP.

The current procedures see the association submitting an application through the trust fund department at The City of Fort Worth who will then send it to the state to get reimbursed. A common issue presented with this method is the constant change of members in the trust fund department. This new process would see the application be submitted directly with the county who utilize a turnkey approach, meaning they will be responsible for all the aspects of the application rather than having different committees or departments handling the application.

TCLOC also has many different tools it intends to use to help the association present its events in a more complete fashion and help reach new areas within its membership and sponsorships alike.

Jay mentioned to the EC that he has already presented this information to the Finance Committee and is waiting for them to vote on a recommendation which they will then present to the Executive Committee. He stated that this new process would have a substantial increase in expenses but in turn would have a bigger potential for reimbursement from the state.

FINANCIAL REPORTS – DENISE WILLIAMS

NCHA Treasurer Denise Williams addressed the Executive Committee with our current state of the October, November, and December financials from 2024 for the association.

**National Cutting Horse Association
Finance Commentary
October 2024**

Statement of Position

The Association ended the month with total assets of \$28.4 million, which represents an increase of \$1.3 million from the previous month.

- Cash had an increase of \$1.2m in the operating account. The primary reason for the increase is due to cash receipt of Futurity and World Finals entries and Futurity box seats during the month
- The Association's short-term and long-term investment portfolios decreased in total by ~\$100k which was primarily attributable to the unrealized losses in the long term portfolios off set by interest and dividends earned in the short term portfolio.
- The stallion foal checking account decreased \$150k for the month as monies were transferred to their investment account. The investment portfolio increased \$185k which was the net of total transfers to portfolio of \$239k off set by the unrealized loss of ~\$54k for that portfolio.
- Accounts receivable decreased by \$99k which was primarily due to sponsor and box seat collections. The largest sponsor billing was \$47.5k for the Livestock Nutrition Center sponsorship.
- Prepaid expenses increased by \$210k for the month which was primarily due to an increase of \$221k in prepaid other as payments/deposits were made to vendors for the upcoming Futurity and
- Circuit finals and that increase in prepaid other was offset by a decline in prepaid insurance of \$16.5k for the monthly amortization related to insurance.

Total liabilities increased \$1.6 million from the previous month. This was primarily due to the increase in deferred event revenue which increased \$1.5 million. 2024 Futurity entries added \$1.2m and 2025 Futurity entries added \$184k. Event deferred revenue was also up by ~\$160k due to \$109k from various WF sponsors and \$44k from various Futurity sponsors.

Net assets decreased by approximately \$376k which represents the net loss for the month of October.

Statement of Activities

Before the impact of the unrealized gain/loss on investments, the Association posted a net loss of \$191,835 which is \$65,059 or 25% better than the FY 2025 budget.

From a revenue perspective, the Association surpassed budget by ~\$54k. The majority of our revenue sources saw favorable variances; the most significant of which was cash sponsorships which had a favorable variance of \$47.5k. This favorable variance was just

due to timing of the sponsor's payment. We received the Livestock Nutrition Center sponsorship in October that was planned to be received in November.

On the expense side, the Association posted total expenses of \$663k which was within \$10k of the budget. No significant items were noted

National Cutting Horse Association Finance Commentary November 2024

Statement of Position

The Association ended the month with total assets of \$29.8 million, which represents an increase of \$1.4 million from the previous month.

- Cash had an increase of \$421k in the operating account. The primary reason for the increase is due the \$225k payment from Broke Spur Ranch for the World Finals title sponsorship. Payments for box seats and ticket sales also contributed to the increase in cash.
- The Association's short-term and long-term investment portfolios increased in total by ~\$290k which was primarily attributable to the realized gain of \$215k in the long term portfolio. This gain was due to the repositioning of the portfolio. The remaining increase was due to interest and dividends earned and reinvested during the month.
- The stallion foal checking account increased \$31k for the month as foal nominations continue to come in. The investment portfolio increased \$240k which was primarily due to \$124k of transfers from the operating account from foal nominations and a \$91k realized gain due to repositioning of the portfolio.
- Accounts receivable decreased by \$236k which was primarily due to the \$225k receipt from Broke Spur Ranch for the World Finals title sponsorship.
- Prepaid expenses increased by \$706k for the month which was primarily due to an increase of \$728k in prepaid other as payments/deposits were made to vendors for the upcoming Futurity and World Finals and that increase in prepaid other was offset by a decline in prepaid insurance of \$16.5k for the monthly amortization related to insurance.

Total liabilities increased \$1.4 million from the previous month. This was primarily due to the increase in deferred event revenue which increased \$878k. 2024 Futurity entries added \$414k and 2024 World Finals entries added \$212k. Event deferred revenue was also up by ~\$196k as a result of the billing of the \$100k Great American Insurance sponsor for the 2025 Summer Spectacular and \$85k in various Futurity and World Finals sponsorships.

Net assets increased by approximately \$72k which represents the net profit for the month of November.

Statement of Activities

Before the impact of the unrealized gain/loss on investments, for the month of November, the Association posted a net profit of \$72,152 which is \$348,682 or 126% better than the FY 2025 budget. For the two months in FY 2025, the Association has posted a net loss of \$119,683 and the FY 2025 budget anticipated a net loss of \$533,424. This favorable variance is primarily attributed to managing expenses in line with budget (within 3% of budgeted expectations) and the realized gain on \$308k due to the repositioning of the investment portfolios.

For the month of November, from a revenue perspective, the Association surpassed budget by ~\$322k. The realized gain as mentioned earlier was the driver of this favorable variance. It should be noted that cash sponsorships were up slightly while we saw a slight unfavorable variance in approved shows revenue. No other significant variances were noted.

On the expense side, the Association continues to manage expenses effectively and posted total expenses of \$587k which resulted in a favorable variance to budget of \$26k.

National Cutting Horse Association Finance Commentary December 2024

Statement of Position

The Association ended the month with total assets of \$25.1 million, which represents a decrease of \$4.7 million from the previous month.

- Cash had a decrease of \$2.2m in the operating account. The primary reason for the decrease is paying premium checks related to the Futurity and World Finals shows.
- The Association's short-term investment portfolio decreased by ~\$38k which was is the net of transferring out the maturing T-bill to the operating account to cover outstanding checks and transferring in the commission check from Western Bloodstock.
- The Association's long-term investment portfolio decreased by \$181k which was primarily due to the receipt of mutual fund distributions of \$177k netted against the unrealized loss on the portfolio of \$429k.
- The stallion foal checking account decreased for the month as foal nominations receipts were transferred to the Super Stakes investment portfolio. The Super Stakes investment portfolio increased \$181k which was primarily due to \$271k of transfers from the operating account from foal nominations netted against a \$90k unrealized loss on the portfolio.

- Accounts receivable decreased by \$1.2 million which was primarily due to the \$1.3 million MERP reimbursement for the 2023 Futurity.
- Prepaid expenses decreased by \$1.2 million for the month which was primarily due to a decrease in prepaid other as prepaids related to the Futurity and World Finals were properly expensed.

Total liabilities decreased \$5.2 million from the previous month. This was the net effect of recognizing deferred revenue totaling \$6.5 million (event of \$5.7 million and sponsor of \$772k) netted against the increase in accounts payable of \$308k and accrued expenses of \$552k. All of this activity was related to the Futurity and World Finals shows. It should also be noted that deferred membership revenue increased \$203k as members paid for 2025 memberships in 2024 and the stallion foal program added \$~\$279K due to the receipt of foal nominations.

Net assets increased by approximately \$1.7 million which represents the net profit for the month of December.

Statement of Activities

Before the impact of the unrealized gain/loss on investments, for the month of December, the Association posted a net profit of \$2.3 million which is \$1.2 or 116% better than the FY 2025 budget.

This favorable variance is primarily attributed to a successful Futurity and World Finals show, the realized gain related to the annual mutual funds distribution and effectively managing expenses.

Below is a summary of each item that impacted the December financial results:

2024 Futurity

Before the MERP reimbursement, the Futurity generated a net profit of \$1,320,707 and the budget anticipated a net profit of \$522,726. The favorable variance of \$797,745 was due to higher revenues of \$331k coupled with lower expenses of \$467k.

On the revenue side, the most significant contributor to the \$331k favorable variance in total revenue was the commission on the horse sale. The Association exceeded budget by \$346k. Western Bloodstock set a new record at the 2024 Futurity sale with over \$41 million in gross sales. Jeremy Barwick contributed the success to a great group of sale horses and the positive outlook on the economy by many due to the results of the presidential election.

Cash Sponsorships showed a favorable variance of \$124k. This variance was primarily the result of higher revenue than anticipated from VIP Tables at the Futurity and new video sponsors.

NCHA Produced Show revenue had an unfavorable variance of \$137k which was primarily due to lower entries at the Futurity (\$187k) offset by higher revenue from tickets sales (\$42k).

On the expense side, the most significant contributor to total lower expenses of \$467k was the lower premiums paid (\$330k) as a result of lower entries. In addition, cattle costs were lower by \$74k due to fewer cattle and show facilities expense was lower by \$62k.

2024 World Finals

Before the MERP reimbursement, the World Finals generated a net loss of \$357,965 and the budget anticipated a net loss of \$410,293. The favorable variance of \$52,328 was primarily due to lower expenses for the show. On the revenue side, stall revenue was lower than budgeted projections by \$15k. This unfavorable variance was offset slightly by higher cash sponsorships of \$5,400. Overall, total revenue was within \$10 or 2% of budgeted revenue.

On the expense side, the most significant contributor to total lower expenses of \$63k was the lower show marketing and show operating expenses. The budget anticipated higher expenses in parties and signage. In addition, drug testing and judges show slight favorable variances.

Realized Gain on Mutual Fund Distribution

The Association posted \$260k in realized gain on investments as a result of the annual distribution on its mutual funds within each investment portfolio.

No other significant variances from budget were noted.

A MOTION was made by Steve Smith and **SECONDED** by Les Jack to approve the YTD October, November, and December Financials for 2024 as presented. **MOTION PASSED UNANIMOUSLY.**

WF TASK FORCE PROPOSED RULE CHANGES – BARNWELL RAMSEY/ CASEY GREEN

President Elect Barnwell Ramsey and Executive Committee Member Casey Green representing Region 8 presented a recap from the recent WF Regional Directors Calls regarding the proposed rule changes for the World Finals program.

WORLD CHAMPIONS

At the end of the point year, each approved class contained in Standing Rules 8 and 9 (youth), and listed below, will name a World Champion and recognize the Top Fifteen competitors during that point year based on points for Youth Class and **ELIGIBLE** earnings for all other classes.

Eligible Earnings are defined as:

1. Only earnings from shows that properly have the NCHA Championship title shall be used for determining World Champions ("NCHA Championship Shows"). In order to qualify for NCHA Championship Show designation, shows must meet all requirements for approval contained in Standing Rules 5 and 8.
2. Only earnings from classes at NCHA Championship Shows that have 3 or more legitimate* competitors, as determined by the NCHA in its sole discretion, shall be used in calculating World Champion standings. NCHA reserves the right to exclude all earnings from any classes that do not meet this requirement toward World Championship calculations.
3. ~~No more than 40% of a horse's or rider's earnings may be won at NCHA Championship Shows produced by the same affiliate, individual or organization, no matter how many different facilities those shows are held at. Earnings over the 40% threshold will not be counted in determining World Champions.~~
#3 NOT INCLUDED in MOTION and TABLED for further discussion at the 2025 Annual Convention.
4. ~~No more than 40% of a horse's or rider's earnings may be won at NCHA Championship Shows held at one facility, regardless of the number of different producers for those shows. A facility is defined as the physical location of the show, regardless of the number of arenas at that location. Earnings over the 40% threshold will not be counted in determining World Champions.~~
#4 NOT INCLUDED in MOTION and TABLED for further discussion at the 2025 Annual Convention.
5. All earnings from the go rounds during the World Finals show.
6. Eligible earnings do not apply to the Youth class, which is based on points.

Approved Classes outlined in Standing Rule 8:

- a. Open
- b. Non-Professional
- c. \$35,000 Non-Professional
- d. Unlimited Amateur
- e. \$50,000 Amateur
- f. \$15,000 Amateur
- g. \$25,000 Novice Horse
- h. \$5,000 Novice Horse
- i. \$25,000 Novice Horse / Non-Professional Rider
- j. \$5,000 Novice Horse / Non-Professional Rider
- k. 2,000 Limit Rider
- l. Youth - Points from all classes (see Standing Rule 9).

Remainder as written.

SHOW LIMITATIONS under Standing Rule 5

~~All Producers (affiliates, individuals, management companies or organizations) are limited to holding four (4) NCHA approved Championship Shows per calendar month, plus one extended Championship Event per calendar year not to exceed seven (7) consecutive Championship Shows. An extended Championship Event is any event running four (4) through seven (7) consecutive Championship Shows in the same arena. Extended Championship Events may not be held during a month that already contains three (3) approved Championship Show dates by one Producer. SPECIAL PERMISSION MAY BE GRANTED BY THE EXECUTIVE COMMITTEE, IN ITS SOLE DISCRETION, ONLY IF MORE SHOW DATES ARE REQUESTED~~

~~BY AN AFFILIATE, INDIVIDUAL OR ORGANIZATION AND PREVIOUSLY RECOMMENDED BY THE EXECUTIVE DIRECTOR.~~

SHOW LIMITATIONS NOT INCLUDED in MOTION and TABLED for further discussion at the 2025 Annual Convention.

* For this rule, a legitimate competitor is a competitor that passes through the timeline, enters the herd of cattle and attempts to cut (separate) a single cow from the herd and work the cow. Competitors will not be considered legitimate if they enact the time clock and leave the working area without entering the body of the herd/or remain in the body of the herd for the entirety of the run. All other criteria must also be met (proper attire, etc.).

After much discussion with the members of this committee, a **MOTION** was made by Barnwell Ramsey and **SECONDED** by Casey Green to accept this rule as it states for the 2026 point year. Items #1 and #2 would go into effect immediately for 2025, establishing a grievance committee to handle item #2 which would be the World Finals Task Force, implement the tracking system for items #3 and #4 with an experimental webpage for monitoring, the exact percentage or determination to keep a percentage or to eliminate items #3 and #4 altogether would be reviewed and discussed at the 2025 Convention based on real number for 2025 and voted on at the EC meeting in August post the convention.

Suggestion was made to state the rules that are identified in this motion to help simplify the message in the motion for the members. During discussion, this motion was amended to the following:

MOTION was **AMENDED** by Barnwell Ramsey and **SECONDED** by Casey Green that we implement the changes to Standing Rule 8 and Standing Rule 9 effective 2025 point year excluding items #3 and #4 as presented with the addition of adding a grievance committee World Task Force suggestion and adding a tracking system in an experimental position with review of items #3 and #4 at the 2025 Convention. **MOTION PASSED by all members of this committee.**

President Elect Barnwell Ramsey is tasking all Executive Committee members to designate an individual by Friday, January 31st from their regions to be added to the existing World Finals Task Force Committee to address protests and grievances with regards to this rule.

CALGARY REQUEST FOR REINSTATEMENT OF PREMIER STATUS – LES JACK

Region 1 Representative Les Jack addressed the committee with the request from his region on the Reinstatement of Premier Status for the Calgary Stampede Show.

Les stated that the Calgary Stampede Show lost its premier status because of the Covid pandemic which forced the show to be cancelled for that year. As a result, the show had to change the dates of its show, which then overlapped with the Cascades Futurity. Les talked about the possibility of changing Standing Rule 7.7.c.ii which reads, "threat or danger to livestock, such as we saw with the 2011 outbreak of EHV-1," to also include shows cancelled during the covid pandemic so the Calgary Stampede could regain its Premier Status.

A **MOTION** was made by Phill Benadum and **SECONDED** by John Lavelle to accept the Approved LAE show calendar for June – November as currently presented by the show department. **MOTION PASSED by majority with one (1) opposition by Les Jack.**

EASTERN NATIONALS UPDATES – SHIANNE MEGEL

NHCA Director of Shows Shianne Megel gave a quick update on entries for the Eastern Nationals. There are currently 104 total entries with the entry deadline being this Friday. That is 511 shy of the 2024 entry total.

OLD BUSINESS

At this time, there is no old business to bring before the Executive Committee for discussion.

NEW BUSINESS

Currently, there is no new business to bring before the Executive Committee for discussion.

ADJOURNMENT

There being no further business to come before the committee, a **MOTION** was made by Barnwell Ramsey and **SECONDED** by Steve Smith to adjourn the call at 4:32PM. **MOTION PASSED UNANIMOUSLY.**