



**NCHA EXECUTIVE COMMITTEE
MEETING MINUTES
JUNE 20, 2024 ** 8:00 AM – 12:00 PM
OCEAN WAY ROOM
NASHVILLE, TENNESSEE ** LOEWS VANDERBILT**

A meeting of the Executive Committee of the National Cutting Horse Association was held Thursday, June 20, 2024, at the Loews Vanderbilt Hotel in Nashville, Tennessee at the 2024 NCHA Annual Convention.

All Executive Committee members were present President Toddy Pitard, President-Elect Mark Senn, Vice President Barnwell Ramsey, Kristen York, Phil Benadum, Kirby Smith, John Lavelle, Sharon Overstreet, Tommy Williams, Skip Jones, Kathleen Moore, Casey Green, and Cara Brewer. NCHA Executive Director Jay Winborn, NCHA Treasurer Denise Williams, Director of Shows Shianne Megel, and Cathy Marie Aleff were also in attendance for this meeting.

The Executive Committee meeting was called to order at 8:19AM due to some administrative obstacles and roll call was taken.

President Toddy Pitard welcomed the members of the Executive Committee and led the group in a heartfelt and encouraging prayer to guide the EC as they make decisions for the association and its members.

Regional Director Kirby Smith of Region 3 addressed the members of the Executive Committee by reciting the NCHA mission statement.

Mission Statement

The National Cutting Horse Association promotes and celebrates the cutting horse, whose origin on Western ranches allows us to support ranching and its Western heritage. By establishing rules for the conduct of cutting horse shows, NCHA strives to give cutters a level playing field and a progressive class structure which accommodates everyone from the beginner to the advanced competitor. NCHA draws on the diverse talents and background of its members and encourages their participation in helping it achieve these goals.

President Toddy Pitard welcomed Kathleen Moore as the newly elected Vice President of the association. Toddy was pleased as to how well this election process went this year, there were two very qualified candidates that represented and addressed the questions on the campaign calls with confidence.

APPROVAL OF MINUTES – TODDY PITARD

A **MOTION** was made by Barnwell Ramsey and **SECONDED** by Skip Jones to approve and accept both sets of minutes from the May 22 and 30, 2024 (combined series) and the June 14, 2024, Executive Committee conference calls. **MOTION PASSED.**

PRESIDENT'S REPORT – TODDY PITARD

Gratitude and Appreciation

President Toddy Pitard opened his report by expressing gratitude to Jay Winborn and his working staff for their assistance and ease these past few years as he served an officer and now as President. Toddy gave an example of a conversation with a well-known member in Las Vegas who would regularly call him to offer suggestions and comment about actions within the association. Lately that individual member has refrained from calling him due to the fact that things seem better, and the association doesn't have as many problems as before. Toddy credited that to all members of the EC and those in the room during this meeting. The association has come a long way, and he was pleased to be a part of that success.

EXECUTIVE DIRECTOR'S REPORT – JAY WINBORN

Appreciation of Staff and Members of the EC

Executive Director Jay Winborn echoed what Toddy mentioned and extended his appreciation for staff and continues to support the efforts of his team. He acknowledged and gave thanks to Kristen York, Skip Jones and Casey Green as they are terming off the Executive Committee.

Amateur Horse Hall of Fame

Member EJ Huntley approached Jay with a suggestion to review and possibly implement a HOF for the Amateur/Non Pro Horses into the Hall of Fame. We honor Open Horses and Horses of the Year but nothing is currently available to recognize these hard-working horses in the Amateur and Non Pro divisions.

Judges Department

Jay announced some changes within the Judges department with regards to reclassifying Judges by proposing a 5A designation down through 3A, eliminating 1A and 2A designations. This reclassification will help streamline the quality of our available judges.

Show Approvals

The Executive Director Jay Winborn requested guidance from the Executive Committee on implementing a rule or changes to the existing rule that could be enforced to discontinue questionable activity with shows produced by individuals where entries are limited, but still count towards world standings. The office has received multiple complaints from surrounding members who feel that certain events are not representing the association fairly and are affecting earnings in the World Finals standings.

FINANCIAL REPORTS – DENISE WILLIAMS

NCHA Treasurer Denise Williams addressed the Executive Committee with our current state of the May and April financials for the association.

National Cutting Horse Association Finance Commentary May 2024

Statement of Position

The Association ended the month with total assets of \$26.8 million, which represents an increase of \$1.1 million from the previous month. Below is a summary of what constitutes this increase:

- Cash & Investments for the Association had an increase of \$2.4 million which was primarily due to the entry fees collected for the Summer Spectacular and the MERP reimbursement for the 2023 Super Stakes show. The Association also had an unrealized gain of \$227k in the long-term investment portfolio.
- Cash & Investments for the Stallion Foal Program had a decrease of \$921k which was the net of funding the 2024 Super Stakes added money of \$1,030,000 and the unrealized gain of \$84k in the Stallion Foal investment portfolio.
- Accounts receivable decreased by \$475k. This decrease was primarily due to receipt of the 2023 Super Stakes MERP.
- Prepays increased \$117k primarily as a result of items prepaid for the upcoming NCHA Convention.

Total Liabilities increased \$722k from the prior month. This increase was primarily due to receipt of entry fees for the Summer Spec show (\$1.8 million) offset by payment of accounts payable and accrued expenses, most notably the WRMC facility bill for the 2024 Super Stakes and National Circuit Championship shows.

Net assets increased \$344k which represents the net profit for the month of May.

Statement of Activities

Before the impact of the unrealized gain/loss on investments, the Association posted a YTD net profit of \$2,811,749 which is \$1,564,625 better than budgeted YTD net profit.

For the month of May, before the impact of the unrealized gain/loss on investments, the Association reported a net profit of \$23,609 while the budget anticipated a loss of \$112,862. As such, the Association had a favorable variance of \$136,471 for the month of May.

From a revenue perspective, the Association posted \$41k more than budgeted. This increase was primarily due to higher cash sponsorship revenue (\$20k), investment portfolio income (\$17k), Chatter advertising revenue (\$11k) and other income (\$5k) netted against a budget shortfall in approved show fees (\$12k). Nothing of significance to note of these variances as most of which is just due to timing of actual cash receipts versus what was projected in the budget.

From an expense perspective, the Association continues to do a good job managing expenses. In total, the Association was \$15k or 3% higher than what was anticipated in the budget. The unfavorable variance was due to the timing of payments for marketing projects and committee related expenses that were planned in June but were paid in May. Those unfavorable variances were

then netted against favorable variances primarily in awards and show marketing expenses. All other expense categories were within reasonable variances from budgeted projections.

As noted earlier, the MERP funds for the 2023 Super Stakes was received in May. The total monies received was \$553k which was \$110k more than what was accrued for. For budgetary purposes and to be conservative, the Association historically accrues MERP at 80% of the approved MERP application; as such, the additional money received (\$110k) is shown as additional revenue in the month of May.

National Cutting Horse Association Finance Commentary April 2024

Statement of Position

The Association ended the month with total assets of \$25.6 million which represents a decrease of \$5 million from the previous month. Below is a summary of what constitutes this decrease:

- Cash & Investments for the Association had a decrease of \$3.2 million which was primarily due to the premium checks paid out for the 2024 Super Stakes and 2024 National Circuit Championship shows.
- Cash & Investments for the Stallion Foal Program had a decrease of \$84k which was primarily due to the unrealized loss on their investment portfolio netted against the cash receipts from foal nominations.
- Accounts receivable increased by \$685k. This increase was primarily due to recording the 2024 Super Stakes MERP receivable of \$583k and other sponsorship billings, most notably the Beechfork Ranch sponsorship of \$41,667.
- Prepays decreased \$2.5 million primarily as a result of premium checks being recognized as expense since the Super Stakes and National Circuit Championship shows concluded in April.

Total Liabilities decreased \$6 million from the prior month. This decrease was primarily due to the recognition of Super Stakes and National Circuit Championship entry fees (\$4.2 million) and recognition of sponsorship revenue for each show (\$173k), both of which were deferred revenue. In addition, the added money for the 2024 Super Stakes (\$1 million) was posted to revenue which resulted in the decline in the stallion foal deferred revenue account. It should also be noted that accounts payable decreased by \$700k as a result of Super Stakes and National Circuit Championship show related payments.

Net assets increased \$900k which represents the net profit for the month of April.

Statement of Activities

Before the impact of the unrealized gain/loss on investments, the Association posted a YTD net profit of \$2,797,255 which is \$1,428,155 better than budgeted YTD net profit.

For the month of April, before the impact of the unrealized gain/loss on investments, the Association reported a net profit of \$1,276,941 while the budget anticipated a profit of \$1,120,803. As such, the

Association had a favorable variance of \$156,138 for the month of April.

The 2024 Super Stakes show, and the first National Circuit Championship show concluded in the month of April and therefore are reflected in the April Statement of Activities. These two shows were the primary drivers of the favorable variance in budget for the month of April.

In summary, the 2024 Super Stakes showed a net profit (before MERP) of \$1,167,287 while the budget anticipated a net profit of \$1,190,269. As such, the 2024 Super Stakes missed the budget by \$22,982 or 1.93%. The first National Circuit Championship (NCC) show posted a net loss of \$359,886 while the budget anticipated a net loss of \$485,425. As such, the NCC show had a favorable variance of \$125,539 or 25.86%.

Overall, from a revenue perspective, the Association posted \$28k less than budgeted. This decrease was the net result of the following items:

An unfavorable variance in NCHA Produced Show Revenue of ~ \$103k.

The primary reason was the lower entries at the National Circuit Championship show. The budget anticipated 60 entries in each class (excluding youth) and entries averaged 43 in those classes. The youth classes were expected to have 10 in each youth class and averaged 28. It should also be noted that the 2024 Super Stakes had 2,465 total entries compared to 2,587 entries in 2023. This represented a decline of 122 entries or 4.72%.

On a positive note, the revenue from the practice pen for those shows exceeded the budget by ~ \$94k.

A favorable variance in Investment Portfolio Income of ~ \$50k.

This increase was due to a higher cash balance in the Invesco MMA as well as a higher interest rate on that account.

A favorable variance in Sponsorship Cash Revenue of ~ \$25k.

This increase is primarily due to new sponsorship with Ranch Fuel Energy.

A favorable variance in Other Income of ~ \$15k.

This increase is due to the hotel rebate of \$13,430 for the 2024 Super Stakes.

The remaining revenue sources (Approved Shows Revenue, Membership Revenue and Youth Activity Revenue) each posted a slight unfavorable variance of ~ \$5k.

From an expense perspective, the Association continues to do a great job managing expenses. In total, the Association was \$185k or 2% lower than what was anticipated in the budget. The primary reason for this was lower costs associated with the two produced shows as a result of lower entries. All other expense categories that were not show related were within reasonable variances from budgeted projections.

REINSTATEMENT OF LEVELING SUBCOMMITTEE – SHIANNE MEGEL

Director of Shows Shianne Megel addressed the Executive Committee by following up on a previous directive to reinstate the former leveling subcommittee. Shianne Megel agreed to reach out to each of the individuals that previously served via email to verify that they would be willing to continue to serve by reviewing the current leveling system as it has evolved to what it is today. The previous subcommittee members consisted of Sherry Cowan, Kristen York, Brad Wilson, Ora Diehl, Sherry Graham, Casey Green, Phil Benadum, John Lavelle, Denise Williams and Katherine Van Boekel. Denise Williams will serve in the capacity as an advisor moving forward due to her workload as Treasurer.

SHOW SECRETARIES MEET AND GREET DINNER – SHIANNE MEGEL

Director of Shows Shianne Megel advised the Executive Committee members of a planned dinner during the convention to help introduce show secretaries attending to the show department staff and develop those lasting relationships.

REQUEST FOR EXEMPTION TO STANDING RULE 5

Director of Shows Shianne Megel approached the Executive Committee with two different show applications that are requesting an exemption to Standing Rule 5 in the show rules allowing them to make changes within the 30 days by adding youth classes.

After much discussion, the Executive Committee made a **MOTION** by Skip Jones and **SECONDED** by Tommy Williams to **DENY** these two (2) requests to add youth classes to the shows and instruct the show department to enforce what is stated in the show rules. **A roll call vote was taken that resulted in seven (7) members IN FAVOR of denying these rule exemptions and five (5) members OPPOSED listed as follows: Kristen York, Casey Green, John Lavelle, Kathleen Moore, and Cara Brewer.**

Skip Jones and Tommy Williams WITHDREW the previous MOTION to deny the requested variance in changes to the 30 day show rule.

Regional Director Phil Benadum of Region 2 referenced the rule book and mentioned that there are a lot of other secretaries that have made mistakes in the past on their show applications but honored the rule book as printed and never asked for an exemption.

A **MOTION** was made by Skip Jones and **SECONDED** by Tommy Williams to take **NO ACTION** on the two requests presented for an exemption to a show rule where no changes can be made within 30 days of a show. **MOTION PASSED by majority vote as nine (9) members were IN FAVOR and three (3) OPPOSED listed as follows: Kathleen Moore, Casey Green, and Cara Brewer.**

As this discussion came to an end, another **MOTION** was made by Skip Jones and **SECONDED** by Phil Benadum to send a directive to the Weekend Show and Affiliate Officers/Secretaries Committees to review and evaluate the show approval timeline in Standing Rule 5. **MOTION PASSED UNANIMOUSLY.**

TRIPLE CROWN UPDATES – SHIANNE MEGEL

Director of Shows Shianne Megel updated the Executive Committee members with a report of the entries for the upcoming Summer Spectacular and the Futurity.

Summer Spectacular

Currently, there are 1,794 entries which is 6% down from the prior year. The 5/6 year olds and the Non Pro entries are up with the decline found in the 4 year old classes.

Futurity

There are currently 772 entries in the Open vs. 620 prior year, 134 in the Non Pro vs. 328 prior year with the next payment due August 16th.

EXECUTIVE SESSION

President Toddy Pitard placed the meeting into executive session to discuss ongoing action items.

GENERAL SESSION

President Toddy Pitard placed the meeting back into general session.

OLD BUSINESS

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

NEW BUSINESS

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

ADJOURNMENT

There being no further business to come before the committee, President Toddy Pitard adjourned the meeting at 12:13AM.