



**NCHA EXECUTIVE COMMITTEE MEETING MINUTES  
JUNE 2, 2022  
MARRIOTT AT CHAMPION'S CIRCLE – FORT WORTH, TX**

A meeting of the Executive Committee of the National Cutting Horse Association was held prior to the Convention on Thursday, June 2, 2022 beginning 8:00AM central time.

Executive Committee members present were: President Ora Diehl, President-Elect Ted Sokol, Vice President Toddy Pitard, Vice President-Elect Mark Senn, Kristen York, Rock Hedlund, Kirby Smith, Byron Green, Sharon Overstreet, Tommy Williams, Skip Jones, Matt Miller, Casey Green and Ernie Beutenmiller. Executive Committee member excused was Tatum Rice. NCHA Executive Director Jay Winborn, NCHA Treasurer Denise Seiz, Director of Shows Shianne Megel and Cathy Marie Aleff were also in attendance for this meeting. NCHA Legal Counsel Jim Morris attended for a portion of the meeting.

The Executive Committee meeting was called to order at 8:07AM and roll call was taken.

President Ora Diehl kicked off the meeting by expressing her gratitude for the opportunity to work with this Executive Committee. Ora welcomed our newly elected Vice President Mark Senn to the board.

President Ora Diehl led the members of this committee in a heartfelt prayer that emphasized the need for peace that included a reading from Book of John 16:33.

Immediately following the invocation, Vice President-Elect Mark Senn recited 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.*

**APPROVAL OF MINUTES**

A **MOTION** was made by Matt Miller and **SECONDED** by Skip Jones to approve the minutes from the May 6, 2022 Executive Committee call. **MOTION CARRIED.**

A **MOTION** was made by Casey Green and **SECONDED** by Byron Green to approve the minutes from the May 10, 2022 Executive Committee call. **MOTION CARRIED.**

A **MOTION** was made by Sharon Overstreet and **SECONDED** by Toddy Pitard to approve the minutes from the May 20, 2022 Executive Committee call. **MOTION CARRIED.**



## **PRESIDENT'S REPORT – ORA DIEHL**

President Ora Diehl made some adjustments to the NCHA Executive Committee Liaisons assignments as we navigate through the convention meetings with increased officer attendance. The Committee worked through some scheduling conflicts to ensure that all meetings are fully covered.

All Standing Committee meetings are encouraged to begin each by reading the mission statement and purpose with that committee's responsibilities. As the Standing Committees prepare recommendations for the August Executive Committee meeting, we ask that they prioritize for increased productivity.

In addition to the standing committees' format, Ora highlighted all the events for the convention weekend.

The Past President's seminar was put in place as a means to recruit and inform any interested parties that may want to run for office and to engage a history lesson from our past presidents during their terms.

## **EXECUTIVE DIRECTOR'S REPORT – JAY WINBORN**

Executive Director Jay Winborn addressed the members of the Executive Committee by keeping his report brief with focus on the recent events and NCHA issues.

Jay addressed a recent meeting in the office with a select group of trainers that was quite constructive to help understand the concerns and needs of that group.

In addition to Jay's updates, Jay also tasked the Executive Committee to read and sign the provided Confidentiality Agreement with one of our major sponsors.

A suggestion was made by members of the Executive Committee to provide these confidentiality agreements earlier to have proper time to review all the details before executing.

Jay provided an update to a recent meeting that he and Director of Shows Shianne Megel attended with the Houston Livestock Show and Rodeo Committee. Shianne and Jay opened this discussion with some requests for variances to our rules for the Houston Livestock Show and Rodeo for the Executive Committee to consider as they look at enhancing the cutting at their event. After much discussion, Jay and Shianne have been asked by the members of the Executive Committee to circle back with the Houston Livestock Show and Rodeo for more clarification.

## **FINANCIAL REPORTS – DENISE SEIZ**

NCHA Treasurer Denise Seiz reported the March and April financial summaries to the members of the Executive Committee along with a recap of the Eastern Nationals and the Super Stakes.

## National Cutting Horse Association Finance Commentary March 2022

### Statement of Position

The Association ended the month with total assets of \$23.1 million which represents an increase of around \$161K from the previous month. Below is a summary of what constitutes this increase:

- Cash had a decrease of \$338K in Operating and an increase of \$10K in Stallion Foal
- The primary reason for the decrease in operating cash is due to the premium payouts for Eastern Nationals. The primary reason for the increase in Stallion Foal cash is foal & stallion nominations coming in during the month.
- Accounts receivable decreased by \$24K
- The decrease in accounts receivable is primarily due to sponsors from the prior month paying their balances (largest was \$15K from Livestock Nutrition) due as well as the Foundation paying us for their monthly expenses by the end of the month.
- Prepaid expenses increased by \$513K
- The increase in prepaid expenses is primarily due to purchasing items for Super Stakes. The largest purchases were \$73K in awards, \$236K in cattle, \$74K in dirt, & \$66K in judges labor.

Total liabilities increased \$291K from the previous month. The majority of the increase was noted in Accounts Payable due to a large batch of checks that were processed at the end of the month related to Super Stakes expenses (the largest being cattle). There were also increases noted in Accrued Expenses, Sponsorship Deferred Revenue, & Stallion Foal Deferred Revenue. Accrued expenses were up due to the accrual of the Easterns' Facility Bill (98K). Sponsorship Deferred Revenue was up due to the \$100K TQHA funds for Super Stakes. The Stallion Foal deferred revenue accounts were up \$11K due to receiving nominations for stallions & foals. There was a \$203K decrease in the Event Deferred Revenue accounts due to recognizing entry fees and other event fees for Eastern Nationals.

Net assets decreased by approximately \$129K which represents the net loss for the month of March.

### Statement of Activities

Through six months of FY 2022, the Association has posted net income of \$1,835,275 which is \$1,393,535 or 315.46% better than budgeted YTD income of \$441,740.

For the month of March, the Association posted a net loss of \$129,442 while the budget anticipated a net loss of \$43,846. As such, the Association's net loss for the month was less favorable than the budget by \$85,596.

The unfavorable position for the month was driven by a couple of things. First, sponsorship

revenue had an unfavorable variance of \$83,330 mainly due to the fact we were anticipating an additional \$30K in sponsorships for Eastern Nationals that we did not end up obtaining and then not receiving an expense allowance from West Monroe like we had in Jackson. There was also an unfavorable variance in membership revenue of \$49K. This is due to the fact we budgeted for a 5% increase in membership. However, due to the free memberships from the Yellowstone commercial special we aren't capturing revenue there. There are also quite a few non-renewals from prior year that may just not have renewed yet. We did see a favorable variance in entry fees due to the fact entry fees were increased from \$650 to \$750. Additionally, we saw an increase in stall & shavings revenue due to the fact that we charged more per stall and more per bag of shavings. The remaining revenue streams remained fairly consistent with our original budgeted expectations.

From an expense standpoint, there were a few variations from budget. Premiums expense was larger than budget due to \$50K in additional added money, as well as the \$11K favorable variance in entry fees. There was also \$25K promised from Discover West Monroe to go towards added money for the show which was netted here. Awards expense showed a favorable variance of \$10K due to the timing of purchasing circuit awards. Cattle expenses were more favorable than budget by \$11K due to there being few entries so less cattle were used. Show facilities expenses were up by \$38K due to the change in venue for Eastern Nationals. Show marketing expenses show a favorable variance of \$43K mainly due to photography expenses that we did not incur due to a change in photographer. Show operating expenses show a favorable variance of \$23K mainly due to the fact West Monroe comped our staff and judges hotels for Eastern Nationals. Legal expenses show an unfavorable variance of \$14K which was due to budgeted expectations of reducing legal fees each month. However, the amount paid is the same retainer we have been paying. Bank charges showed a favorable variance of 17K. This is due to changes in the payment schedules for Super Stakes so we had less credit card transactions during the month than planned. Lastly, there was an unfavorable variance in committees expense due to the Simply Voting invoice that we paid. This is just due to timing of paying the invoice.

## **National Cutting Horse Association Finance Commentary April 2022**

### **Statement of Position**

The Association ended the month with total assets of \$20.7 million which represents a decrease of around \$2.5 million from the previous month. Below is a summary of what constitutes this decrease:

- Cash had a decrease of \$1.4M in Operating and a decrease of \$762K in Stallion Foal
- The primary reason for the decrease in operating cash is due to the net effect of the premium payouts for Super Stakes and the intake of entry fees for Summer Show. The primary reason for the decrease in Stallion Foal cash is the transfer to the operating account to cover stallion & foal expenses related to Super Stakes.
- Accounts receivable increased by \$231K

- The increase in accounts receivable is primarily due to the recording of our MERP receivable from Super Stakes.
- Prepaid expenses decreased by \$550K
- The decrease in prepaid expenses is primarily due to the recognition of all prepaid expenses for Super Stakes.

Total liabilities decreased \$3 million from the previous month. The majority of the decrease was due to the recognition of all deferred revenue related to Super Stakes (sponsorships, entry & show fees, stallion & foal nomination fees, PAC fees, etc.). Accrued Expenses were up mainly due to the accrual of the Super Stakes facility bill (342K) as well as a few other Super Stakes related expenses. There was also an increase in Accounts Payable due to a batch of checks processed to pay some remaining Super Stakes expenses as well as a \$90K invoice to pay for awards for Summer Show.

Net assets increased by approximately \$546K which represents the net income for the month of April.

### **Statement of Activities**

Through seven months of FY 2022, the Association has posted net income of \$2,524,692 which is \$1,524,573 or 152.44% better than budgeted YTD income of \$1,000,119.

For the month of April, the Association posted net income of \$546,499 while the budget anticipated net income of \$558,379. As such, the Association's net income for the month was less favorable than the budget by \$11,880.

The unfavorable position for the month was driven by a couple of things. First, sponsorship revenue had an unfavorable variance of \$115,125 due to the fact we did not receive sponsorships we were anticipating (including a \$30K photography sponsor for Super Stakes). There was also an unfavorable variance in membership revenue of \$25K. This is due to the fact we budgeted for a 5% increase in membership. However, due to the free memberships from the Yellowstone commercial special we aren't capturing revenue there. There are also quite a few non-renewals from prior year that may just not have renewed yet. While entry fees show an unfavorable variance, if you compare total entry fees & show fees together it is actually a positive variance. This was due to a change in allocation that was made after the budget was completed as well as an increase in entry fee prices. Additionally, we saw an increase in practice pen, foal & stallion nominations, and stall & shavings revenue due to higher activity in those areas. The remaining revenue streams remained fairly consistent with our original budgeted expectations.

From an expense standpoint, there were a few variations from budget. Premiums expense was larger than budget due to the addition of semi-finals in some classes that had not previously occurred. Awards expense showed an unfavorable variance of \$40K due to the timing of purchasing circuit awards and a large amount of ties at Super Stakes that cost around \$24K. Cattle expenses were less favorable than budget by \$163K due to a few things. First, the \$5 increase per head of cattle which accounts for \$58K of the difference. Additionally, during budget we decreased the amount from prior year assuming we would use less cattle this year (due to the extra age division last year), however we actually used more cattle (70 more) due to

the extra semi-finals that were added. Show facilities expenses were up by \$30K due to \$4K for electrical cost in exhibit space that used to be coded in marketing cost center as well as more dirt expense due to an increase in the amount invoiced by the vendor. Show marketing expenses show a favorable variance of \$23K mainly due to cheaper photography expenses due to a change in photographer and a lower invoice from our webcast vendor due to not being charged for days in the Watt. Show operating expenses show a favorable variance of \$63K for a few reasons. Drug testing & judges were both down due to not taking into consideration there was an extra age division in the prior year when doing our budget. As such, we ordered less tests and used less judges in the current year. Practice pen labor was down due to not having a mechanical cow. Security expenses were down due to not having to have security at all entrances/exits due to covid restrictions like we did in FY 21. Legal expenses show an unfavorable variance of \$14K which was due to budgeted expectations of reducing legal fees each month. However, the amount paid is the same retainer we have been paying. Lastly, bank charges showed an unfavorable variance of \$16K due to changes in the payment schedule for Summer Show.

In addition to the financial summaries, Denise provided a recap of the two most recent NCHA produced shows. The Eastern Nationals was budgeted to make a profit of \$30,679 and only made \$10,348. A variety of factors played a part on this decrease in profit, with the most impactful being the change in venue and entries being down. The Super Stakes brought in a profit of \$345,583 before any reimbursement from the MERP program.

In closing, the National Cutting Horse Association is financially sound, we have no debt and not needed to borrow against our line of credit.

Denise also provided the committee with some recent discussions from the Finance and Audit Committee on the increased cost of cattle as the cost of fuel continues to rise and a suggestion for the Executive Committee to consider adopting.

After an extensive cattle discussion, a **MOTION** was made by Skip Jones and **SECONDED** by Byron Green to increase the cost allowed per head to \$65 for the Summer Spectacular only. This amount has been reviewed and approved by the Finance and Audit Committee. **MOTION CARRIED by majority with two (2) opposed.**

### **NCHA FOUNDATION UPDATE**

Director of the NCHA Foundation Julia Buswold provided the Executive Committee with the resume of a candidate in Dustin Ewing out of Douglas, Wyoming who is currently the General Manager of Wagonhound Land & Livestock as their selection to become a new trustee. The NCHA Foundation is respectfully requesting the ratification of this newest trustee to their board by the Executive Committee.

A **MOTION** was made by Rock Hedlund and **SECONDED** by Kristen York to ratify the Foundation's selection for a new trustee. **MOTION CARRIED.**

### **PROPOSED PAYOUT CHANGES – EL RANCHO SHOW**

Executive Committee Region 2 Member Rock Hedlund introduced Scott Rossman and Kathy Cardon. Scott and Kathy addressed the Executive Committee offering some suggestions to the payout structure with regards to the 2022 El Rancho Spring Show.

**Once again, the Executive Committee decided to take NO ACTION on this request and the results of the show will remain the same.**

### **AMERICAN HORSEMAN – JAY WINBORN**

Executive Director Jay Winborn led the Executive Committee in a discussion regarding future opportunities with the American Horseman.

After discussions, a **MOTION** was made by Kirby Smith and **SECONDED** by Matt Miller to approve the NCHA's participation with the American Horseman and that the money counts towards lifetime earnings for the horse and the rider. **MOTION CARRIED.**

### **JUDGES CERTIFICATION PROGRAM (YOUTH)**

An individual member has come forward asking for a variance to continue and to be grandfathered in allowing him/her to judge youth cuttings without having earned the necessary \$10K as stated in the rulebook.

A **MOTION** was made by Rock Hedlund and **SECONDED** by Ernie Beutenmiller to send this request to the Judges Rules Committee to investigate and offer a solution reporting back to the Executive Committee with their findings. **MOTION CARRIED.**

### **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, a **MOTION** was made by Matt Miller and **SECONDED** by Toddy Pitard to adjourn the meeting. **MOTION CARRIED UNANIMOUSLY.**