

**NCHA EXECUTIVE COMMITTEE
MEETING MINUTES
JUNE 22, 2023
SOUTH POINT HOTEL • LAS VEGAS, NEVADA**



A meeting of the Executive Committee of the National Cutting Horse Association was held Thursday, June 22, 2023, beginning 9:00AM central time daily at the South Point Hotel and Casino in Las Vegas, Nevada as we get ready to kick-off the 2023 NCHA Annual Convention.

Executive Committee members present: President Ted Sokol, President-Elect Toddy Pitard, Vice President Mark Senn, Vice President-Elect Barnwell Ramsey, Kristen York, Rock Hedlund, Kirby Smith, John Lavelle, Sharon Overstreet, Tommy Williams, Skip Jones, Kathleen Moore, Ernie Beutenmiller, Cara Brewer, and Casey Green. NCHA Executive Director Jay Winborn, NCHA Treasurer Denise Seiz, Director of Judges Andy Adams, Director of Shows Shianne Megel, Cathy Marie Aleff and Anna Laurent were also in attendance for this meeting. NCHA Legal Counsel Jim Morris (via phone) along with a Registered Parliamentarian Joannah Schumacher out of Reno, Nevada for a portion of the meeting.

The Executive Committee meeting was called to order at 9:01AM and roll call was taken.

President Ted Sokol welcomed the members of the Executive Committee and led us in a heartfelt prayer thanking all our service men and women along with first responders.

At Large Director Ernie Beutenmiller 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'S REPORT – TED SOKOL

President Ted Sokol highlighted the current registration numbers for the annual convention which are the largest since NCHA convention was held in Nashville in 2015 and shared the overall feel of excitement amongst the members to be in a new destination and venue with a lot of opportunities for family activities.

Ted also expressed thanks to the current Executive Committee members for their hard work and dedication they have put in over the past year as he served the association as President. He wished continued success for Toddy Pitard and the upcoming NCHA Officers to keep the momentum moving forward. Ted closed his report by presenting all members on the committee with a gift of appreciation.

EXECUTIVE DIRECTOR'S REPORT – JAY WINBORN

Executive Director Jay Winborn updated the members of the Executive Committee with a status of the MERP reimbursement of which the process has undergone some changes recently and been stalled in Austin. The State of Texas is working through a packed agenda in legislature sessions and main focus has been on elimination of property taxes and increased funding for the school boards. There have been some staff changes in the Governor's office as well. Jay has a trip planned in July to visit with the new Chief of Staff for the Governor to get a current update. We currently have not received reimbursement from the applications that served the NCHA 2022 Super Stakes, 2022 Summer Spectacular, 2022 Futurity and the 2023 Super Stakes events which encompass a little over \$2M in reimbursements. Jay also has plans to meet with the Governor later in the year. There is no need for concern, it is just waiting out for the final processing out of Austin.

Shianne Megel and Jay Winborn along with some other equine associations had a meeting with Will Rogers to discuss some renovations with the architect hired to complete the job which alluded to the fact that he brought back some design plans that were on the table at previous meetings and not yet implemented. The management of Will Rogers is going to be turned over to the Fort Worth Stock Show staff. Our relationship is good with Fort Worth Stock Show, and they are willing to work with NCHA to make the schedule as compatible as possible. We are contracted with Will Rogers through 2025.

Recently, NCHA released a Weatherford Project video that displayed concerns from both sides for and against considering the project. The City of Weatherford has already purchased the land and is moving forward with this project with or without NCHA's involvement. The question now is whether NCHA wants to be involved, which will be addressed during the general membership meeting. The membership will be asked for their show of support to move forward. We will have representatives from the City of Weatherford and Will Rogers at this convention, no one plans on attending from the City of Fort Worth.

JUDGES DEPARTMENT UPDATES – ANDY ADAMS

Director of Judges Andy Adams joined the Executive Committee Meeting to provide an update with some emphasized structure changes with the Judges department and program for our cutters. These changes will refine the process of communications, collaboration, education, and recruitment for the department in the future of the NCHA. This will involve some rule changes and clarifications. The Judges department is working on a monitors protocol for the weekend show program with a tracking system for the judges to measure accountability with a grading system to establish an incentive for judges to work harder. The A system in progress that will be rolling out soon to evaluate judges vs the protest system that is in place now.

At this convention, the Judges department will offer a Back Gate Conversations Seminar. This seminar has been presented a few times and has been well received. All are encouraged to attend and participate in the conversations.

Recertifications have been completed for the year and unfortunately, we lost some judges that were not eligible to be recertified. Good news is that we gained 40 new judges through this year's process. There are 259 judges, and last year 17 judges worked 40% of our weekend shows.

President Elect Toddy Pitard challenged Andy Adams and his department to look into handling the approvals for judges selections at the shows or at the very least become more involved in that process.

Andy closed his updates with an announcement about some upcoming changes to the videographers selection process and criteria that must be met for our shows.

FINANCIAL REPORTS – DENISE SEIZ

NCHA Treasurer Denise Seiz presented the 2023 May and April Financial Reports to the Executive Committee members during the meeting and expanded on the details in the Finance and Audit Committee meeting June 22, 2023 due to a shortfall of time. All EC Members were present immediately following the Executive Committee meeting.

National Cutting Horse Association Finance Commentary May 2023

Statement of Position

The Association ended the month with total assets of \$22.8 million, which represents an increase of \$634K from the previous month. Below is a summary of what constitutes this increase:

Cash had a decrease of \$363K in Operating and an increase of \$19K in Stallion Foal

The primary reason for the decrease in operating cash is due to the Association paying the facility bill from Super Stakes of approximately \$358K. The primary reason for the increase in Stallion Foal cash is the receipt of foal nominations & stallion subscriptions during the month.

Accounts receivable decreased by \$32K.

The decrease in accounts receivable is primarily due to the receipt of the \$37,500 sponsorship payment from Beechfork Ranch that was sitting in accounts receivable at the end of April. The rest of the change is due to normal monthly activity.

Prepaid expenses increased by \$85K.

The increase in prepaid expenses is primarily due to \$52K paid in producer subsidies for NCHA Weekend as well as \$16K paid in awards for Youth World Finals & Youth

Scholarship Cutting at Summer Spectacular. The additional increase also includes a \$15K sponsorship of the Run for a Million in August.

Total liabilities increased \$822K from the previous month. The majority of the increase is in Event Deferred Revenue which relates to the receipt of entry fees for the 2023 Summer Spectacular. A large decrease was noted in accounts payable due to not having a large batch of show related expenses to process subsequent to month end. The decrease in accrued expenses was primarily due to the payment of the Super Stakes facility bill of approximately \$358K. Sponsorship deferred revenue is up \$47K due to the receipt of youth wall sign sponsors, the sale of gala tickets, and the receipt of part of the Holy Cow sponsorship for Youth World Finals. Stallion & Foal deferred revenue is up \$21K due to the receipt of foal nominations & stallion subscriptions during the month. Lastly, the PAC fund liability is up \$57K due to the receipt of PAC payments through Summer Spectacular entry fees.

Net assets decreased by approximately \$188K, which represents the net loss for the month of May.

Statement of Activities

Before the impact of the unrealized gain/loss on investments, the Association has posted a YTD net profit of \$2,070,326 which is \$882,035 or 74.23% better than the budgeted YTD net profit.

For the month of May, before the impact of the unrealized gain/loss on investments, the Association reported a net loss of \$111,940 while the budget anticipated a net loss of \$42,646. As such, the Association had an unfavorable variance to budget of \$69,294.

There are a few variations to note for May that caused this unfavorable variance. First, there was an unfavorable variance of \$41K in sponsorship cash which was due to some sponsorships that had not yet renewed by the end of the month including \$25K from Billy Wolf and \$25K from Manion – Smooth as a Cat that had been budgeted for. There was a favorable variance in interest income primarily related to interest earned on the short-term investment account that was not budgeted for.

From an expense standpoint, awards were slightly less favorable than budget due to postage/shipping of circuit awards as well as a change in the plans on what awards were being given out for youth circuit year end which resulted in a higher cost. Marketing expenses were slightly less favorable than budget by \$12K due to the timing of the marketing department's spending on promotional items. Professional fees are more favorable than budget due to the new agreement with Jim Morris which caused a favorable variance in legal fees of \$6K. Office expenses were less favorable than budget by \$31K which was due to having more credit card charges for the month than we had budgeted for because the effective date for the 3% fee being charged on credit card transactions is expected to be July 15th. The remaining expense categories remained fairly consistent with our budgeted expectations.

**National Cutting Horse Association
Finance Commentary
April 2023**

Statement of Position

The Association ended the month with total assets of \$22.1 million, which represents a decrease of \$3.1 million from the previous month. Below is a summary of what constitutes this decrease:

Cash had a decrease of \$5.6 million in Operating and a decrease of \$149K in Stallion Foal

The primary reason for the decrease in operating cash is due to the Association moving \$4 million in cash to the Invesco money market fund in the short-term investment account which also accounts for \$4 million of the increase in investments. In order to maximize our return on cash, the Association replaced its repurchase agreement strategy with this short-term investment account. Additionally, the Association paid out premium expense from Super Stakes as well as other show related expenses. The primary reason for the decrease in Stallion Foal cash is the transfer of stallion/foal added money from the stallion/foal cash and investment accounts to the NCHA operating account to cover the added money and awards for Super Stakes related to the stallion/foal program.

Accounts receivable increased by almost \$338K.

The increase in accounts receivable is primarily due to the recording of the MERP receivable from Super Stakes of \$442K.

Prepaid expenses decreased by \$763K.

The decrease in prepaid expenses is due to the reclassing of all Super Stakes prepaid expenses to actual expense accounts to close out the show.

Total liabilities decreased \$4.1 million from the previous month. The majority of the decrease relates to the recognition of all Super Stakes deferred revenue, including sponsorship cash, entry fees, & stallion subscription and foal nomination fees. The PAC fund liability is down \$89K due to the transfer of Super Stakes PAC funds from the NCHA operating account to the PAC cash account. An increase was noted in accounts payable due to a large batch of Super Stakes related expenses that were processed subsequent to month end. Accrued expenses also increased, which was primarily due to the recording of the facility bill of approximately \$358K. Net assets increased by approximately \$1.07 million, 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 has posted a YTD net profit of \$2,182,266 which is \$951,329 or 77.28% better than the 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 \$996,165 while the budget anticipated a net profit of \$561,909. As such, the Association had a favorable variance to budget of \$434,256. This is 77.28% more favorable than our budgeted net profit for the month.

First, we will go over the performance of Super Stakes. Total revenue was better than budget by \$1.3 million which is primarily attributed to the higher number of entries this year as compared to 2022 (almost 19% increase in total entries). A breakdown of entries by class and division is included in your reports. Additionally, due to the higher entries there was an increase in some expense line items. Premiums expense was more than budget by \$715K due to the higher number of entries, as well as the increased stallion/foal added money that was put into the purse. Cattle expenses were also higher than budget by \$175K due to having more cows and paying a mileage stipend to the cattle suppliers that was not budgeted for (approximately \$100K just for the stipend). Show facilities expenses were more favorable than budget by \$12K primarily due to the cost savings of doing the dirt work in house. The unfavorable variance in facilities & stalls expense was due to there being 2 days added to the show as well as additional stalls we had to pay for due to the higher number of entries. Show operating expenses were less favorable than budget by \$69K which can also be attributed to the additional 2 days that were added on the show. This includes extra days paid to judges and show staff, including their hotel expenses. Practice pen labor is less favorable than budget by \$25K which relates to the increase in practice pen revenue as practice pen labor is based on volume in the practice pen. Net profit for the show was \$1,172,192 which was \$381K more favorable than our budgeted expectations of \$792K.

There are a few other items to note for April. There was a favorable variance in approved shows revenue of \$11K mainly due to the timing of receipt of the approved show fees. Membership revenue was more than budget by almost \$7K due to timing of membership renewals. Advertising revenue for the Super Stakes program was less than budget by almost \$11K due to the Association putting the program together in house and only including existing sponsors in the program. There was a favorable variance in interest income due to the repo agreement and money market account for stallion foal.

From an expense standpoint, there were a few budget variations to note. Awards were slightly less favorable than budget due to postage/shipping of circuit awards. Marketing expenses were slightly less favorable than budget due to the timing of the marketing department's spending on promotional items. Personnel expenses were less favorable than budget by \$19K primarily due to a confidential legal settlement for a former employee. Professional fees are more favorable than budget due to putting together the Super Stakes program in house and not incurring the total publisher fees of almost \$20K that was quoted by Texas Monthly if they had put it together. Also, the printing fees related to the Super Stakes program were accidentally expensed in March, so they've already been accounted for. Due to the new agreement with Jim Morris, legal fees are also down for the second month in a row (\$4k for the month of April). Office expenses were less favorable than budget by \$15K which was due to having more credit card charges for the month than we had budgeted for due to the high activity of credit card transactions from the show. The remaining expense categories remained fairly consistent with our budgeted expectations.

SHOW DEPARTMENT UPDATES – SHIANNE MEGEL

Director of Shows Shianne Megel updated the members of the Executive Committee with the latest news from the Show Department.

Shianne mentioned that we have reapplied for the grant with the State of Louisiana as we did last year for the Eastern Nationals.

The next Futurity payment is coming up on August the 9th and currently we have 740 entered for the Open vs. 622 entries last year. The Non-Pro has 167 entered vs. 326 NP entries last year.

The Summer Spectacular numbers are looking positive as well with none of the days on the schedule too drastic. There are some nine set days but not much and no ten set days unless we gain a lot more between now and the draw which is scheduled for June the 28th. Currently the event overall is up 13 percent. There are 58 more 4YO Open entries as compared to last year and the Derby is up 10 percent with the Classic being up just over 15%.

The Limited Aged Events Committee has included an item on their agenda to discuss options for a second practice pen set up and location for the Summer Spectacular.

The Western Bloodstock Summer Sale will be an online event only this summer.

As Shianne wrapped up her update, there was discussion to re-evaluate the NCHA Weekend dates for the Texas Circuits as they are in direct conflict with the Texas High School Rodeo Association which for a lot of trainers and their kids takes precedence over our circuit shows. Shianne also wanted the members of the committee to be aware that the 2024 point year is currently aligned with the beginning of the Futurity which is cause for concern as well.

PARLIAMENTARIAN PROCEDURES – JOANNAH SCHUMACHER

A Registered Parliamentarian with the State of Nevada Joannah Schumacher joined us from Reno, Nevada. Joannah was asked to come in and assist during the 2023 NCHA Annual Convention to ensure that all actions during the meetings are compliant with Robert's Rules of Order. This was requested by the Executive Committee and the NCHA Officers to eliminate any confusion of order.

Joannah provide some great tips on basics and suggestions on how to carry out agenda items, keep the meetings moving forward the finalize motions from within the meetings.

In addition to Joannah Schumacher, our legal counsel Jim Morris advised the committee on parliamentary procedures that should be followed in order to proceed with the agenda items for the convention. There was also mention of some additional language to be considered for review and proposed amendments to the bylaws for the association as we prefer to adopt these parliamentary meeting procedures.

OLD BUSINESS

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

NEW BUSINESS

There is no new business to discuss with the Executive Committee at this time.

ADJOURNMENT

There being no further business to come before the committee, a **MOTION** was made by Mark Senn and **SECONDED** by Ernie Beutenmiller to adjourn the meeting at 12:04PM.
MOTION PASSED UNANIMOUSLY.