

**NCHA EXECUTIVE COMMITTEE CONFERENCE CALL MINUTES**  
**MARCH 11, 2024**  
**2:00PM Central**

A conference call of the Executive Committee of the National Cutting Horse Association was held on Monday, March 11, 2024, beginning at 2:00PM central time.

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 Director of Shows Shianne Megel, NCHA Director of Membership Julie Davis, NCHA National Circuit Program Manager Allison Walker, NCHA Treasurer Denise Seiz and Cathy Marie Aleff were also in attendance from the NCHA office.

The Executive Committee meeting was called to order at 2:04PM and roll call was taken.

President Toddy Pitard addressed the members of the Executive Committee with the purpose of the call to get updates from the NCHA office on Circuit Finals entries, December Financials and more.

**NATIONAL CIRCUIT FINALS ENTRY UPDATES**

Director of Shows Shianne Megel presented a suggested schedule change to consider for the Circuit Finals due to the entry count of 515. The tentative schedule was built to the expectation of over 600 which would replicate the size of the Eastern Nationals.

After consideration, the Executive Committee made a **MOTION** by Skip Jones and **SECONDED** by Phil Benadum to keep the original schedule for the National Circuit Finals and **DENY** the proposed change in schedule presented by the show department. **MOTION PASSED.**

**TRAINER/CLIENT CIRCUIT ENTRY RULE EXCEPTION**

In addition to the scheduling discussion, Executive Director Jay Winborn informed the Executive Committee of a situation where a trainer has been riding a horse that qualified in a circuit under previous owner and when the transfer completed on October 20, 2023, the horse defaulted to the home circuit of the new owners and the horse was no longer eligible for an invitation. If granted permission, this would be in advance of the rule change already approved to address these types of issues. As an effort to support the new owners' interest, the Executive Committee made a one-time **MOTION** made by John Lavelle and **SECONDED** by Barnwell Ramsey to allow this horse to receive an invitation to compete in the \$5K Novice class at the Circuit Finals without disrupting the year end awards for that circuit. **MOTION PASSED by majority with two (2) oppositions.**

## **ALLOWANCE OF MEMBER NUMBER TRANSFER**

NCHA has had a request to have a membership number transferred to another member in the family to carry on the legacy. There are no earnings associated with the membership in question.

**The Executive Committee made the decision to let NCHA office management handle this operational request as needed.**

## **REVIEW LEVELING MANDATES FOR APPROVED SHOWS**

After much discussion with the recommendation that was brought before the Executive Committee last August from the Approved LAE Show Producers from their committee meeting in Las Vegas, the Executive Committee has made decisions appropriately.

The Approved LAE Show Producers are requesting time on the next EC Agenda to continue this topic of discussion.

**The Executive Committee made the decision to table this topic of discussion and invite the entire Approved LAE Show Producers Committee to the next in person EC meeting which will be held at the NCHA Office in Fort Worth on April 29-30, 2024. This in-person discussion is important to understand all positions before decisions are finalized.**

## **FINANCIAL REPORT**

NCHA Treasurer Denise Seiz addressed the Executive Committee with the findings of the 2023 Audit Report and presented the 2023 December financials.

### **2023 Audit Report**

The 2023 Audit report was clean with no infractions. The management letter from Sutton Frost Cary reflects that there were no issues or adjustments needed to complete the process. The Finance and Audit Committee has reviewed these reports and will suggest posting them to the website post this meeting with the Executive Committee.

### **National Cutting Horse Association Finance Commentary December 2023**

#### **Statement of Position**

The Association ended the month with total assets of \$22.1 million, which represents a decrease of \$2.9 million from the previous month. Below is a summary of what constitutes this decrease:

Cash had an increase of \$1.9 million in Operating and an increase of \$432K in Stallion Foal

The primary reason for the increase in operating cash is the receipt of show-related payments during the month, including stalls & practice pen, as well as the receipt of entry fee payments for the 2024 Futurity. The reason for the increase in Stallion Foal cash is the receipt of foal nominations & stallion subscriptions during the month.

Accounts receivable increased by \$1.3 million.

The increase in accounts receivable is primarily due to the recording of the 2023 Futurity/World Finals MERP receivable of \$1,089,376. The rest of the increase is made up of various other show-related receivables.

Prepaid expenses decreased by \$1.9 million.

The decrease in prepaid expenses is due to the recognition of all show-related expenses for the 2023 Futurity & World Finals shows.

Total liabilities decreased by \$4.9 million from the previous month. Most of the decrease is in Event Deferred Revenue (\$5.5 million) and Sponsorship Deferred Revenue (\$716K) due to the recognition of 2023 Futurity & World Finals revenue items in those categories. An increase was noted in Accounts Payable of \$338K which was due to having larger batches of AP subsequent to month end that included show-related expenses for the 2023 Futurity/WF shows. An increase of \$563K was noted in Accrued Expenses which was primarily due to accruing for the Will Rogers facility bill of \$571K. An increase of \$163K was noted in membership deferred revenue due to membership renewals for 2024 that occurred during the month. Stallion & Foal deferred revenue is up \$413K due to the receipt of foal nominations & stallion subscriptions during the month. Lastly, the PAC Fund receivable was down \$90K due to the transfer of the 2023 Futurity PAC funds from our operating bank account to the PAC bank account.

Net assets increased by approximately \$2 million, which represents the net profit for the month of December.

### **Statement of Activities**

Before the impact of the unrealized gain/loss on investments, the Association has posted a YTD net profit of \$1,276,980 which is \$1,246,698 better than the budgeted YTD net profit.

For the month of December, before the impact of the unrealized gain/loss on investments, the Association reported a net profit of \$1,782,639 while the budget anticipated a net profit of \$637,208. As such, the Association had a favorable variance to budget of \$1,145,431. The favorable position for the month was driven primarily by the success of the 2023 Futurity show. Futurity had a net profit of \$1,828,765 which was \$740,498 better than the budgeted net profit for the show. Starting with revenue, there was a slightly unfavorable variance in produced show revenue which was primarily due to there being slightly less entries than in the prior year, which is what was used for the FY24 budget. However, there were favorable variances noted in practice pen, stalls, & box seat/ticket sales which can be contributed to higher usage in the practice pen & stalls as well as increased ticket sales. A favorable variance of \$18K was noted in sponsorship revenue which was due to bringing in more sponsors than in the prior year. Lastly, there was a \$271K favorable variance in the Western Bloodstock commissions due to the success of the horse sale.

There were also variances to note in expenses for the show. Premiums expense was more favorable than budget due to lower entries. This helps to offset the unfavorable variance in entry fee revenue. Awards expenses were slightly more than budget by \$9K which was due to the increased cost of awards. Cattle expenses were more favorable than the budget by \$236K primarily due to having less entries than anticipated. The budget reflected a total of 12,061 cows while only 9,683 ended up being purchased for the show. Show facilities expenses were less favorable than budget by \$30K which was due to the facility bill being higher than anticipated. The major driver of the increased facility bill cost was a \$1 per bag of shavings increase that was put in place at the 2023 Super Stakes that did not make it into the budget for the 2023 Futurity due to us thinking it had already been in place for the 2022 Futurity (which it had not). Show marketing expenses were more favorable than budget by \$44K. The biggest favorable variance being in parties. This favorable variance was due to the budget including a sponsor party & tailgate, which the Association did not end up having to pay for. Show promotions were more favorable than budget as well due to cutting back on radio ads. There was also a favorable variance in signage of \$10K due to the marketing team not having to reprint as many signs as they thought they would have to. Lastly, an unfavorable variance was noted in show operating expenses of \$21K. The majority of this unfavorable variance was in Security & Paramedics due to per hour rate increases to the Fort Worth police officers and an increase in our Pro Vision bill which is for the remote surveillance units.

A favorable variance was also noted in the World Finals cost center. The net loss for World Finals was \$133,059 which was \$97,011 better than the budgeted net loss for the show. The main reason for this favorable variance was due to the Association getting a title sponsor for the show, which explains the \$216K favorable variance in sponsorship cash. There were also variations to note in the expenses for the show. Premiums expenses were less favorable than budget by \$78K which was due to the World Finals team payouts that were not included in the budget. Awards expenses were also less favorable than the budget by \$22K which was due to purchasing extra awards for the finalists & champions that were not budgeted for as well as slight pricing increases in other awards. Cattle expenses were higher than budget due to the allocation of cattle from Futurity to WF. There were less cattle at Futurity this year, so World Finals got a slightly higher percentage of the mileage stipend that we allocate since World Finals cattle numbers stayed the same. Show marketing expenses were slightly higher than budget due to \$5,000 paid for a Haulers Hangout event which was coded to Parties and \$2,000 for backdrop World Finals photos that were not budgeted for. The remaining expense categories remained fairly consistent with budgeted expectations.

There are a few remaining variations to note in all departments statement of activities that were not addressed above. From a revenue perspective, the main favorable variance was in investment portfolio income for \$305K. This variance was due primarily to large capital gains distributions in the investment accounts totaling \$288K. Lastly for revenue, a favorable variance was noted in youth activity revenue due to a successful youth stallion auction that brought in more than what was included in the budget.

From an expense standpoint, personnel expenses were slightly higher than budget by \$7K. This variance was caused by a higher cost for the staff Christmas party as well as a special gift to a staff member. An unfavorable variance was also noted in professional fees of \$5K. This was due to the legal bill being higher than budget which was caused by the medication review issues (made up \$15,570 of the legal bill). Office expenses were also unfavorable by \$5K which was due to printing expenses being high. This was mainly caused by the timing of printing within

the membership department. The only other expense variance to note was in other expenses where there is a \$8K unfavorable variance. This is due to how the marketing department budgeted for a pilot episode for a special project they are working on. \$50K was budgeted for in November for this project, but they appear to be paying the project out over time. The remaining expense categories remained consistent with our budgeted expectations.

In closing the financial portion of this meeting, NCHA Treasurer Denise Seiz stated that this is one of the healthiest statements of position she has witnessed for the association.

### **DIRECTOR ELECTION RESULTS**

Director election results from Simply Voting were shared with the Executive Committee. There were contested elections in North Texas, Oklahoma and Utah. Formal letters will be distributed from the NCHA Office within the next couple of weeks so directors can plan to attend the annual meeting in Nashville, TN, as required. Results are listed below for the three contested district areas:

#### **North Texas (18)**

Ben Roberson  
Bruce Morine  
Cameron Thompson  
Casey Green  
Cody Hedlund  
Jeremy Barwick  
Kelle Earnheart  
Ken Mock  
Kody Porterfield  
Mary Ann Rapp  
Mary Bradford  
Matt Gaines  
Matt Miller  
Michael Wood  
Rick Mowery  
RL Chartier  
Sarah Morine  
Tarin Rice

#### **Oklahoma (2)**

Brandon Dufurrena  
Kathleen Moore

#### **Utah (2)**

Steve Williams  
TBD RUNOFF (March 13-27)

### **ADDED \$ FOR WORLD FINALS**

The Finance and Audit Committee has allowed a match up to \$100K for additional money towards the 2024 World Finals purse. The NCHA office would like to present this announcement to the membership in the near future.

After much discussion, a **MOTION** was made by Casey Green and **SECONDED** by Barnwell Ramsey to announce that the NCHA is scheduled to match sponsorship efforts by Elizabeth Quirk up to \$100K towards the 2024 World Finals. **PASSED UNANIMOUSLY.**

## **EXECUTIVE SESSION**

President Toddy Pitard placed the meeting into executive session to discuss a NCHA personnel issue.

## **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, a **MOTION** was made by Barnwell Ramsey and **SECONDED** by Skip Jones to adjourn the call at 3:55PM. **MOTION PASSED UNANIMOUSLY.**