
2008 NCHA Financial Report



Weathering The Storm

NCHA Member/Show Info





Member Benefit Summary (Comparing 2000 to 2008)

	<u>2000</u>	<u>2007</u>	<u>2008</u>	<u>2000 to 2008</u>
▪ Members	13,357	17,514	20,056	50%
▪ Affiliates	118	138	132	12%
▪ Weekend Shows	1,314	1,526	1,454	11%
▪ Weekend Entries	125,538	141,913	128,791	3%
▪ Weekend Purses	\$9,475,382	\$13,254,334	\$12,798,505	35%
▪ Approved LAE Shows (Major)	34	48	48	41%
▪ Approved LAE Shows (W/E LAE)	106	745	805	659%
▪ Approved LAE Shows (Total)	140	793	853	509%
▪ Approved LAE Entries (Major)	9,930	16,793	16,611	67%
▪ Approved LAE Entries (W/E)	1,753	19,378	19,145	992%
▪ Approved LAE Entries (Total)	11,683	36,171	35,756	206%
▪ Approved LAE Purses	\$8,613,968	\$19,045,617	\$18,145,597	111%

How are we doing this decade?



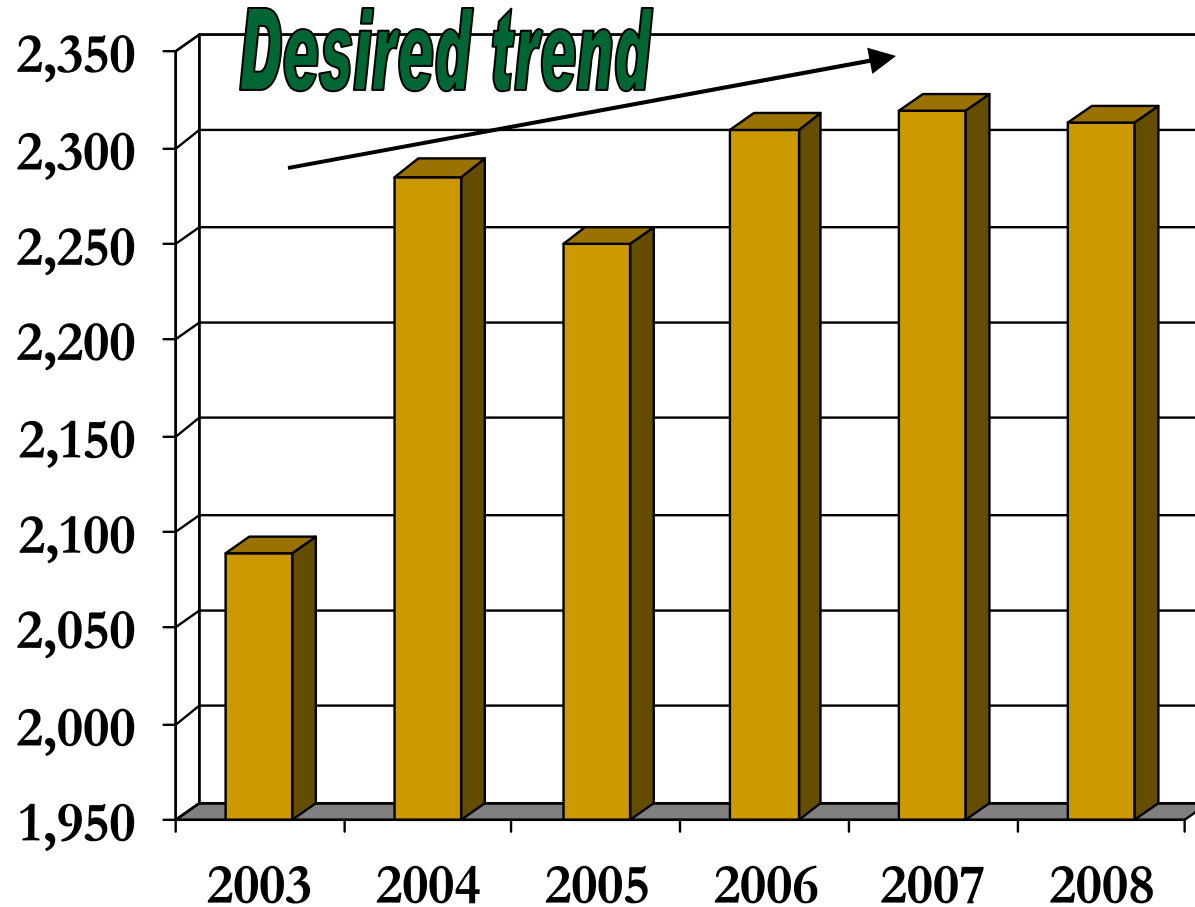
Member Benefit Summary (Comparing 2000 to 2008)

	<u>2000</u>	<u>2007</u>	<u>2008</u>	<u>2000 to 2008</u>
▪ 6 NCHA Show Entries	3,802	5,237	5,645	48%
▪ 6 NCHA Show Purses	\$5,846,004	\$11,125,550	\$11,187,236	91%
▪ Total Approved Shows	1,454	2,319	2,313	59%
▪ Total Approved Entries	141,023	183,321	170,192	21%
▪ Total Purses (All Shows)	\$24,672,222	\$43,425,501	\$42,131,338	71%
▪ Total Purses Per Member	\$1,791	\$2,408	\$2,101	17%
▪ Number of Employees	31	33	33	6%
▪ Members Per Employee	431	531	608	41%

How are we doing this decade?

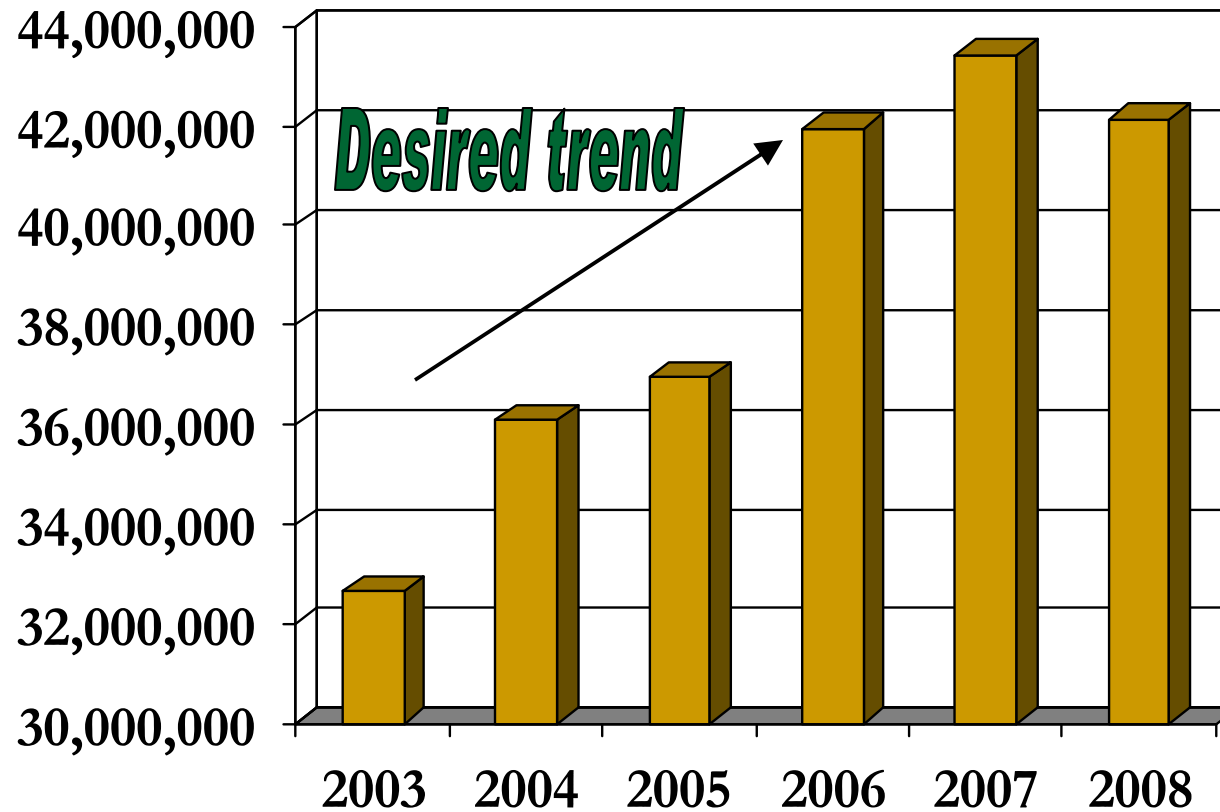


Total Approved NCHA Events





Total Approved Purses (All Approved Shows)



2008 NCHA Financial Data





2007 vs. 2008 Balance Sheet (Assets)

	<u>2007</u>	<u>2008</u>
Net Cash	1,451,499	1,601,841
Accounts Receivable	1,552,638	1,531,751
Investments, At Market Value	6,719,925	6,808,503
Other Current Assets	311,633	336,800
Building (Net of Depreciation)	1,787,769	1,722,745
Other Net Fixed Assets	<u>546,933</u>	<u>560,900</u>
Total Assets	<u>12,370,397</u>	<u>12,562,540</u>

Cost of Bond Investments as of June 12, 2009 = \$6,529,958

Value of Bond Investments as of June 12, 2009 = \$6,631,381

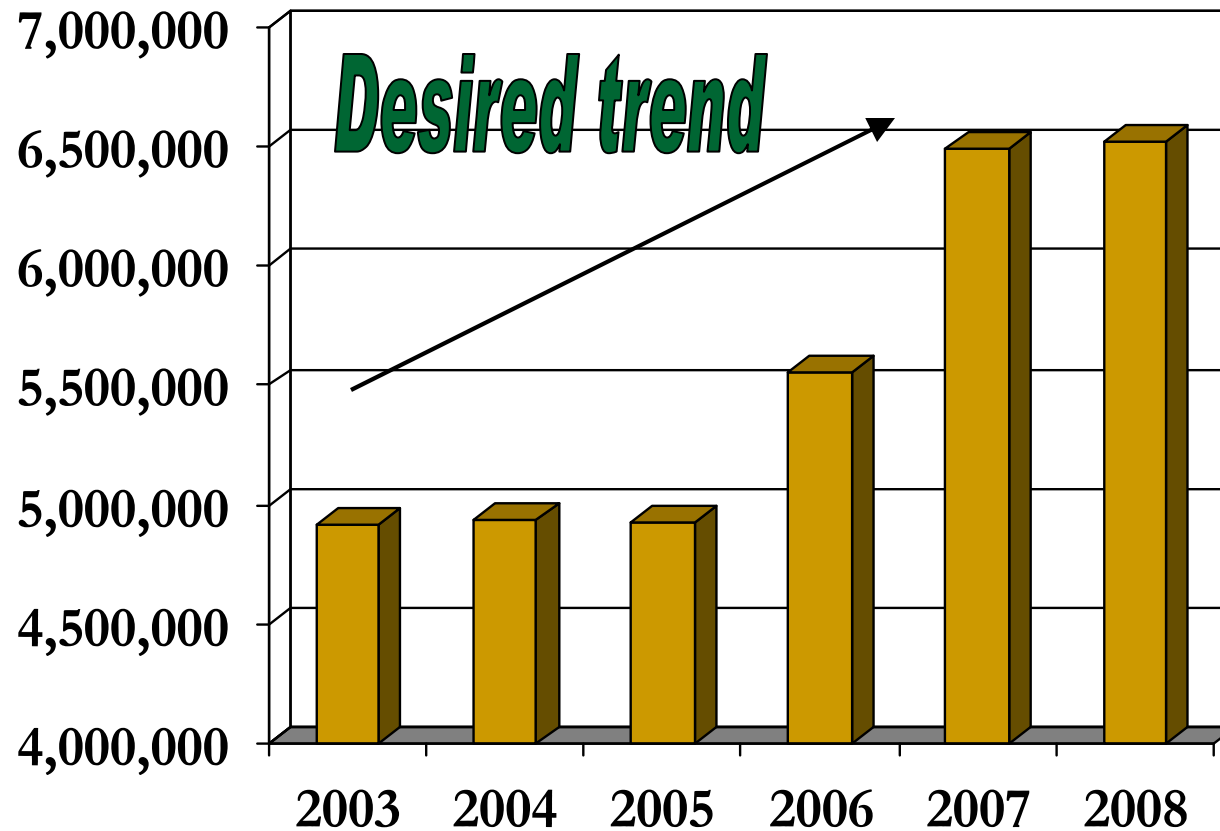


2007 vs. 2008 Balance Sheet (Liabilities and Net Assets)

	<u>2007</u>	<u>2008</u>
Accounts Payable	1,330,723	1,913,482
Deferred Revenue	3,265,648	2,933,112
Scholarships Payable	382,817	438,687
Stated Pension Liability	849,782	680,303
Other Liabilities	<u>54,002</u>	<u>82,977</u>
Total Liabilities	<u>5,882,972</u>	<u>6,048,561</u>
Net Assets	<u>6,487,425</u>	<u>6,513,979</u>
Liabilities and Net Assets	<u>12,370,397</u>	<u>12,562,540</u>



Audited Net Assets Trend (Total Assets Less Liabilities)

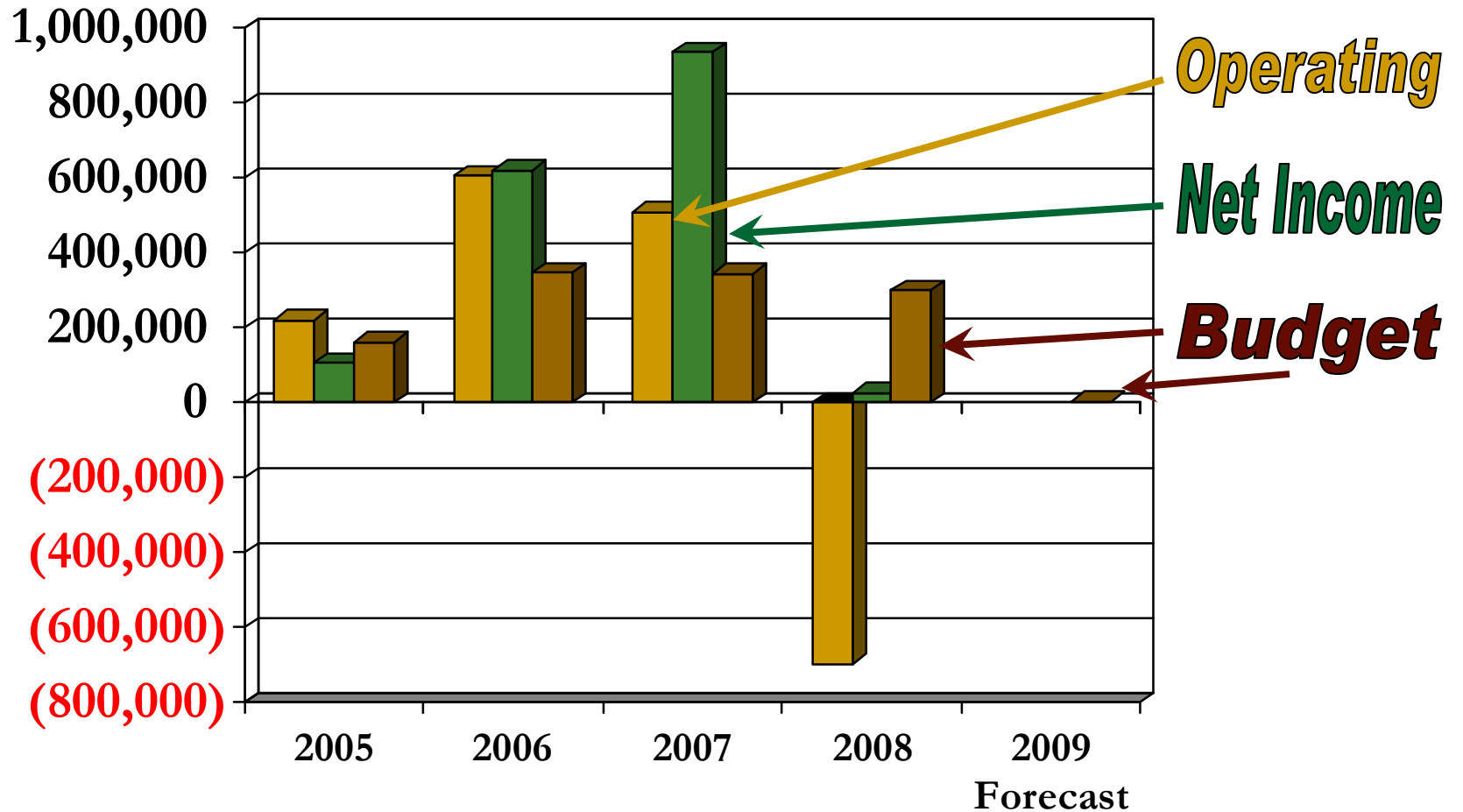


Net Assets for 2008 = \$6,513,979

Liquid Net Assets Represent 61% of Net Assets



Audited Operating/Net Income (Budget in Brown)



Operating Net Income Excludes Recognized and Unrealized Gains and Purse Reserve



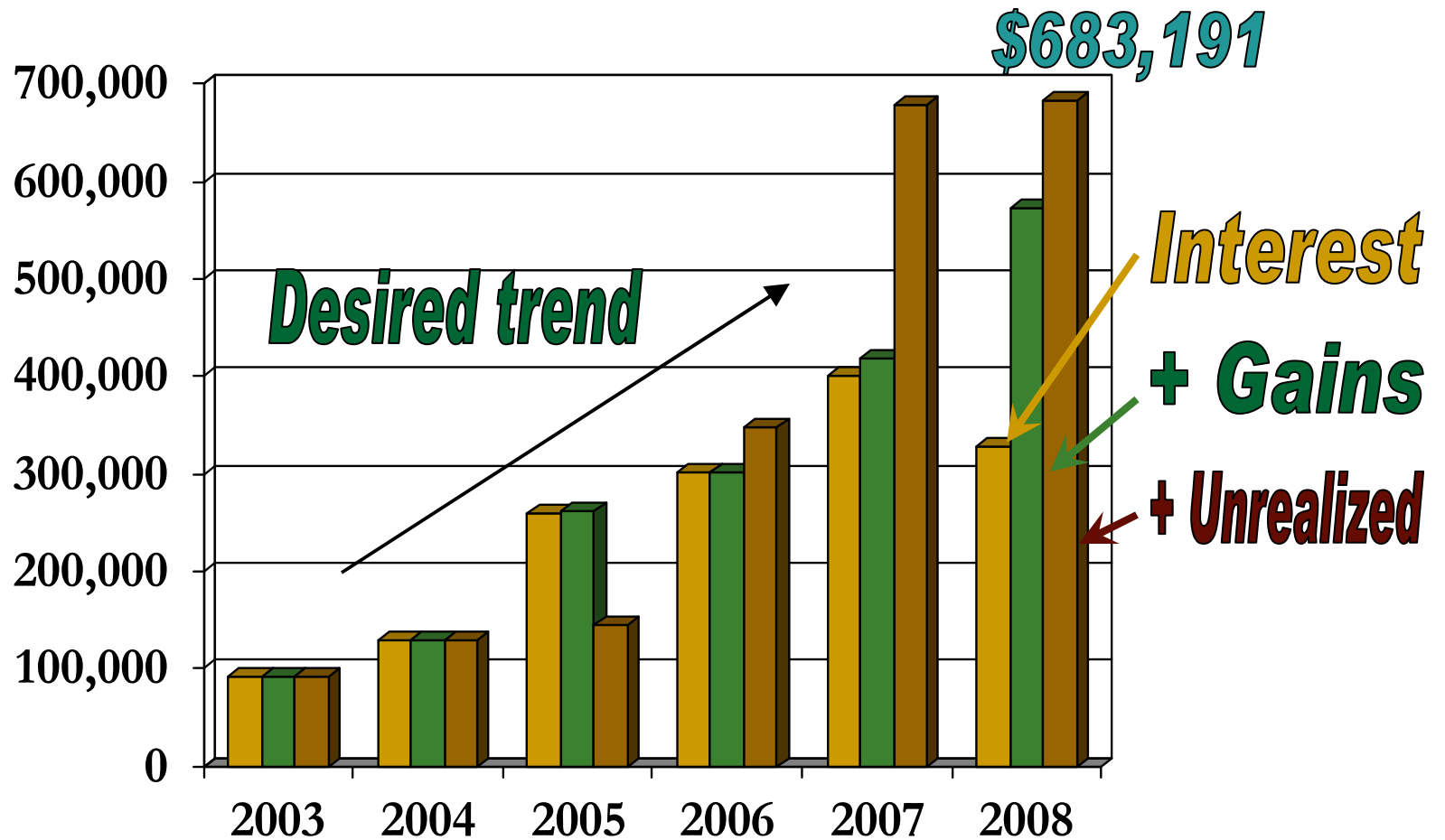
Reconciliation of Budget to Audited Net Income

Budgeted Operating Income	300,345
Advertising Revenue Less Than Budget (w/ Sponsor Ads)	(468,128)
NCHA Show Revenues (Excluding Entries) Less Than Budget	(165,638)
Horse Sale Commission Less Than Budget	(75,000)
Cattle Costs More Than Budget	(132,702)
Legal Fees More Than Budget	(113,745)
Other Variances (Net)	(41,647)
Actual Operating Loss	<u>(696,515)</u>
Non-Operating Gains / Purse Reserve	<u>723,069</u>
Audited Net Income	<u>26,554</u>



Audited Investment Revenue Trend

**8.2%
Net
Yield
in 2008**



Unrealized gains = Market value increase / decrease of investments that have not been sold



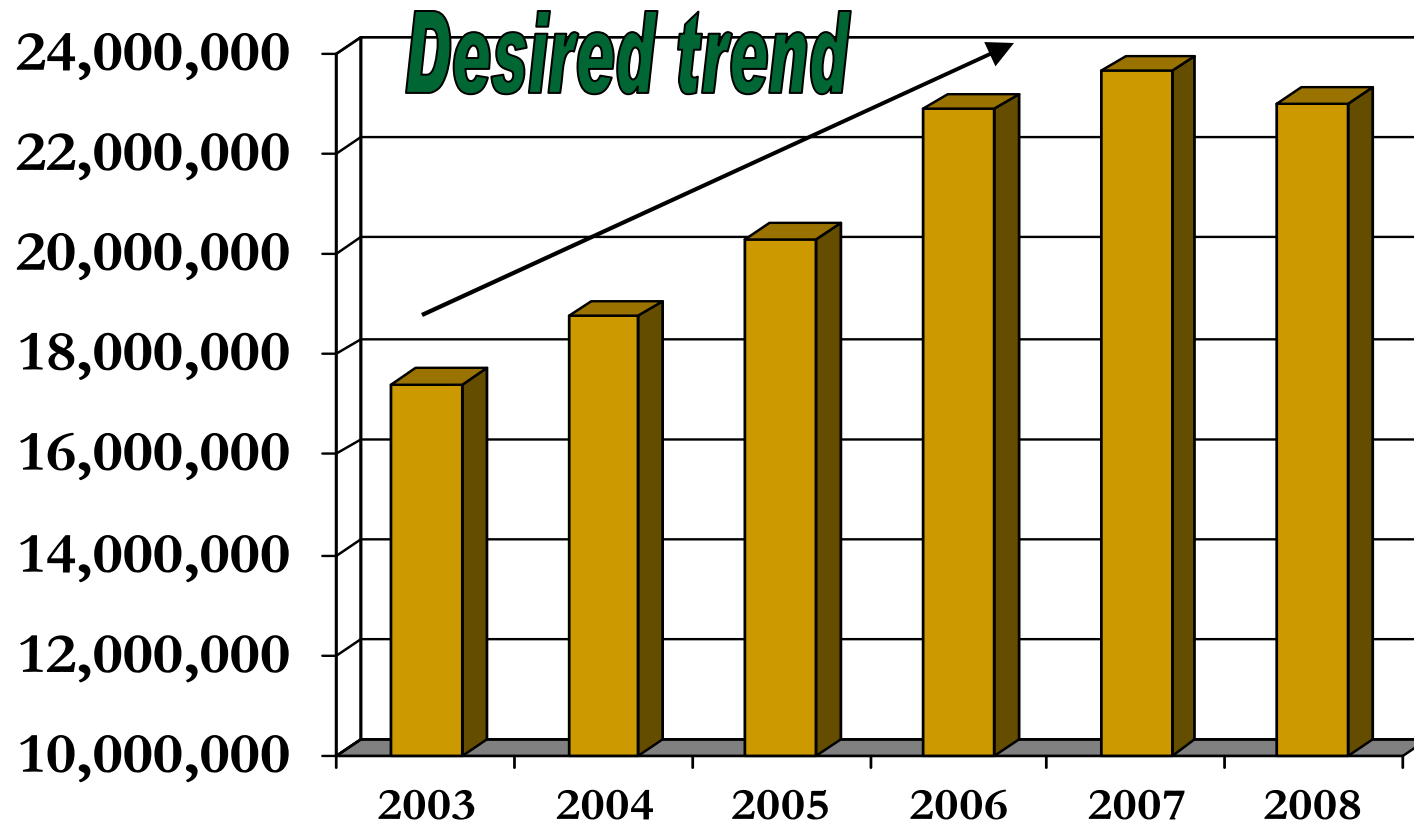
Non-Operating Items

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Gains on Investments			
Realized Gains	19,424	244,673	104,058
Unrealized Gains	259,848	111,033	142,920
Purse Reserve	142,119	424,314	141,777

Purse Reserve Fund Total as of June, 2009 = \$708,210

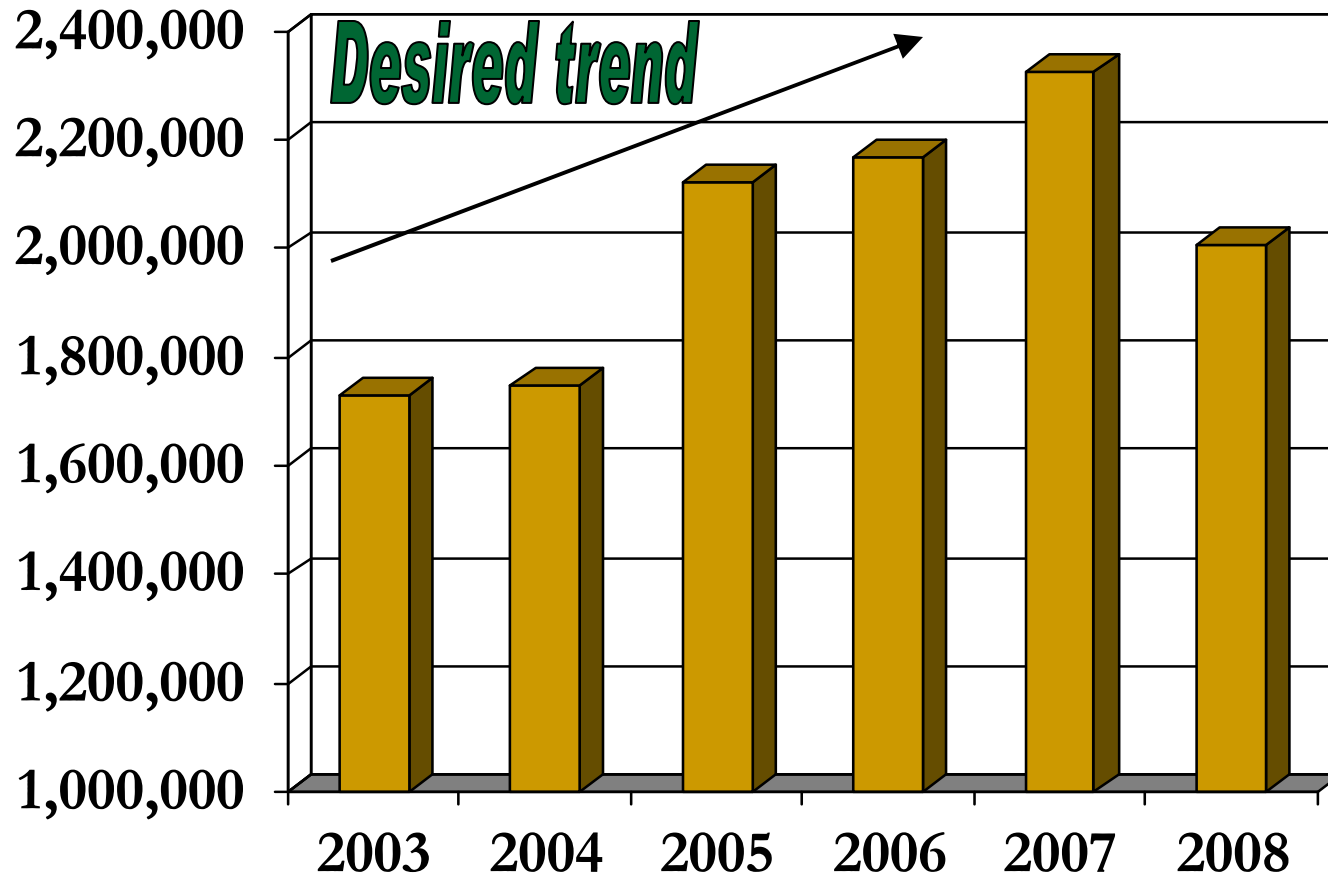


Audited Operating Gross Revenue Trend





Audited Advertising Revenue Trend



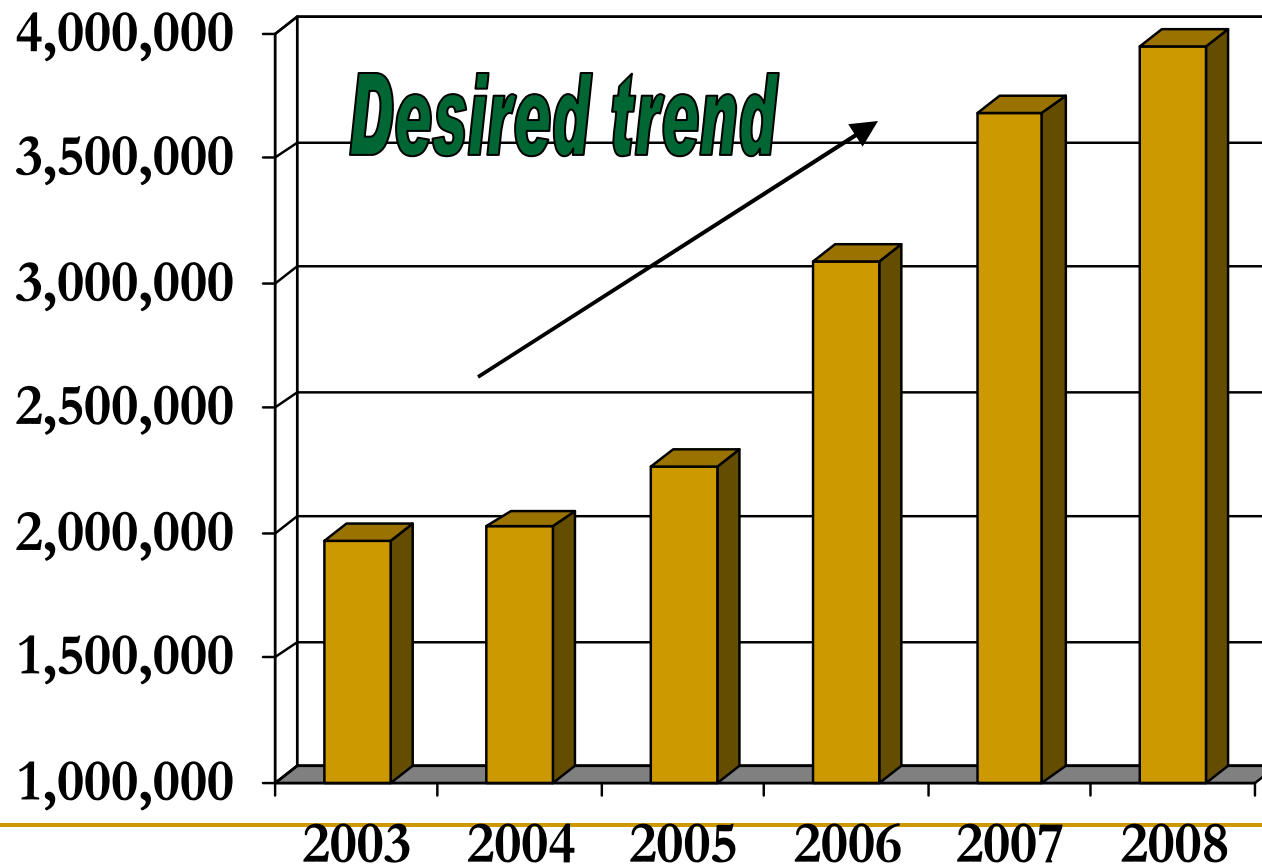


Audited Sponsor Revenue Trend

* Corp. Sponsors (Cash and In-Kind)

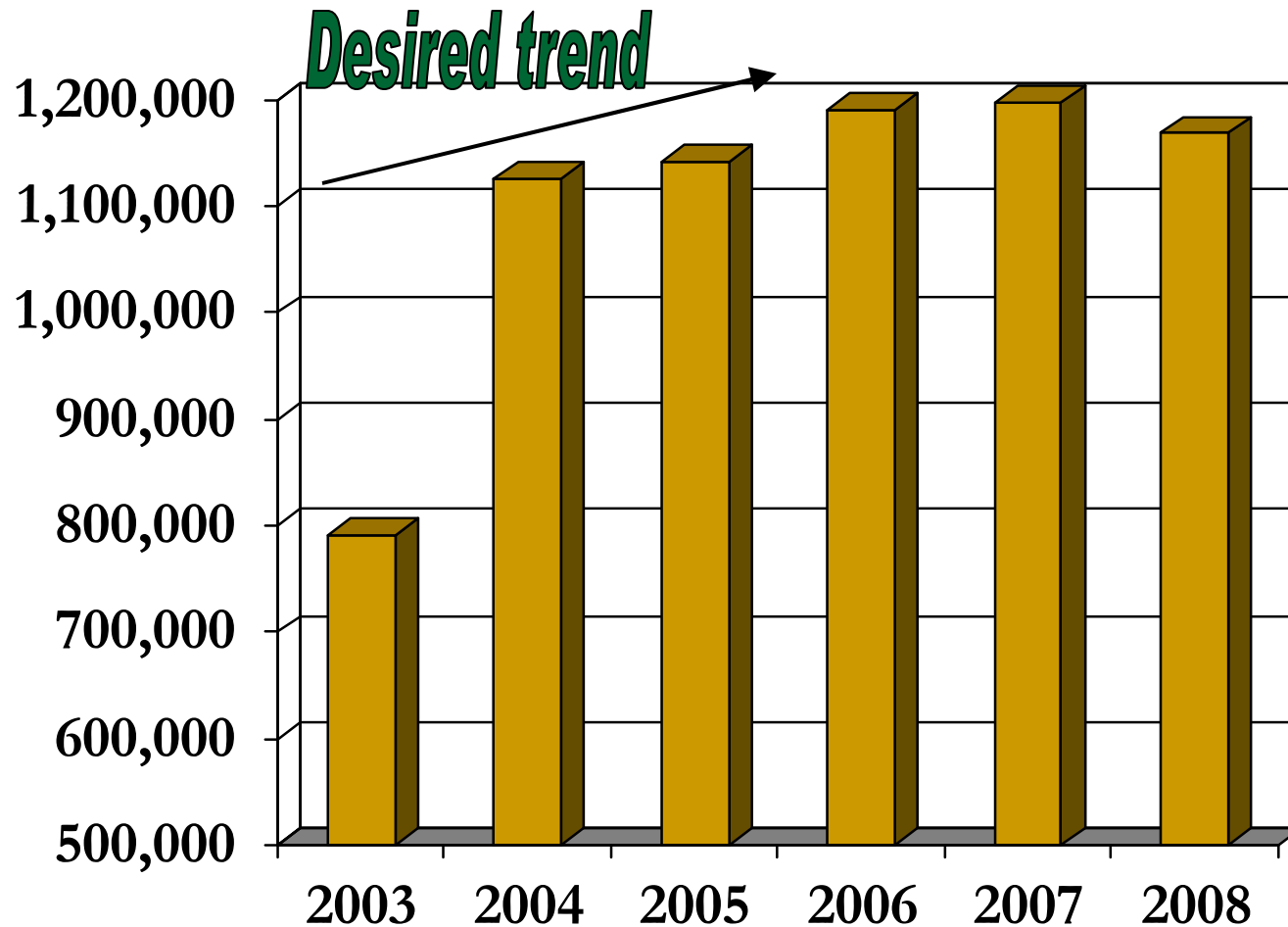
* NCHA Purse Enhancement Revenues

(Including State Tax Revenues)



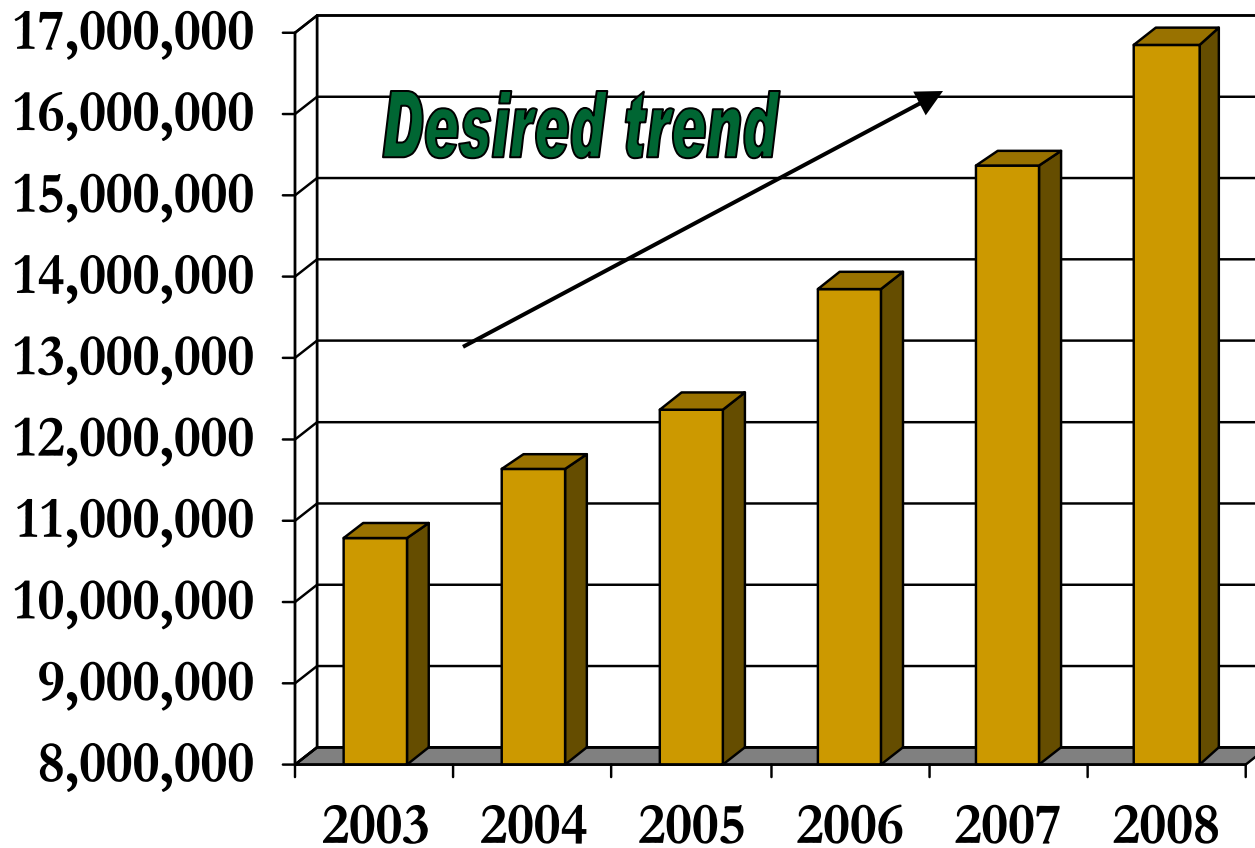


Audited Affiliate Revenue Trend (Weekend, LAE and Finals \$2 Fees)



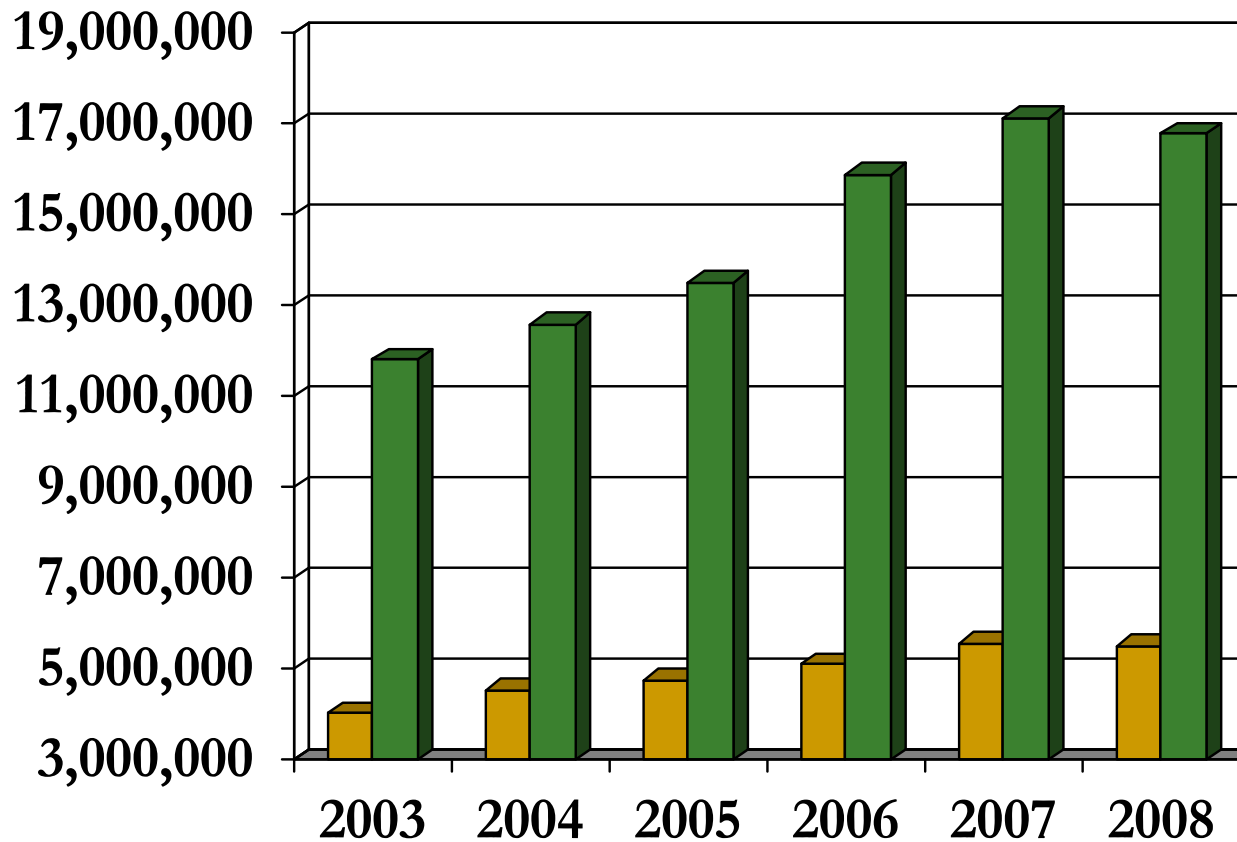


Audited Show Gross Revenue Trend (World Finals, EAWO, WAWO, Futurity, Super Stakes, Summer Show)





Audited Show Expense (World Finals, EAWO, WAWO, Futurity, Super Stakes, Summer Show)

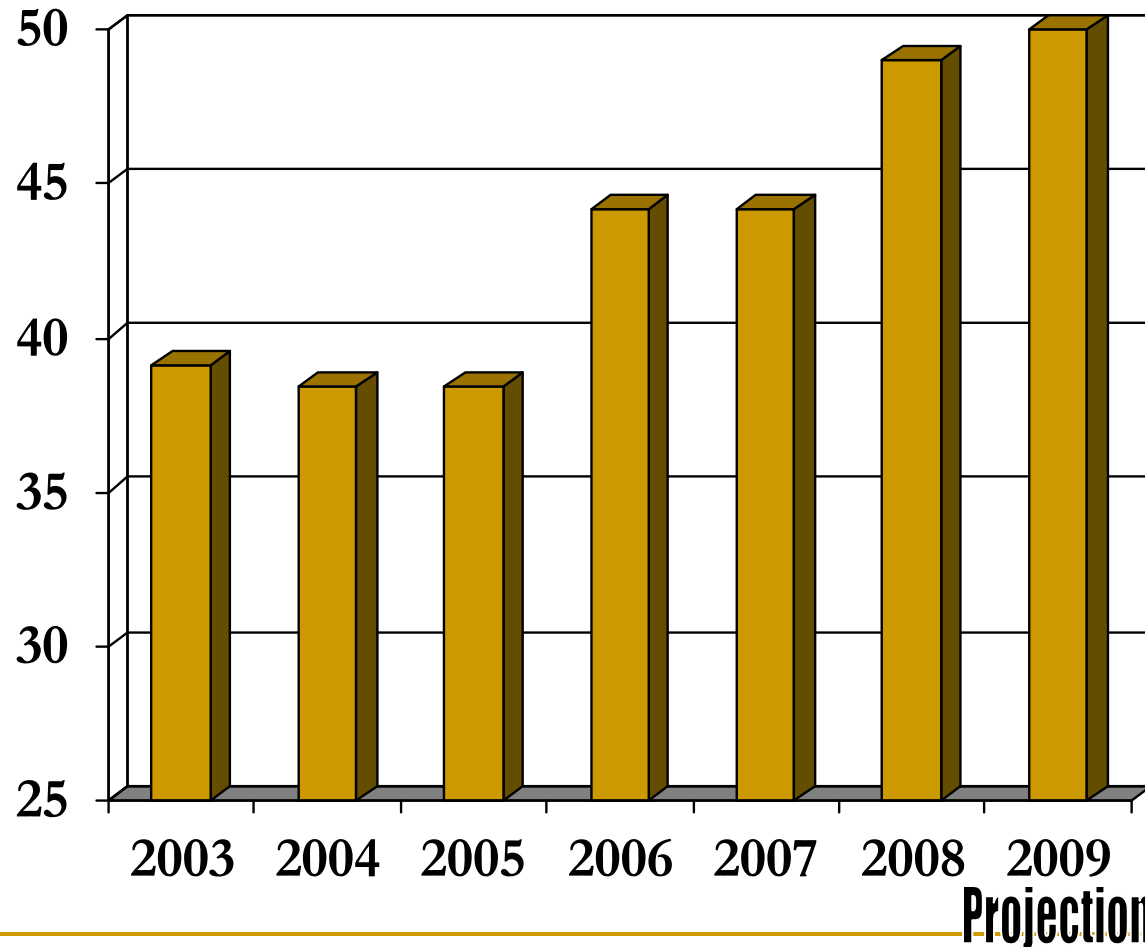


Light Excludes Purses

Dark Includes Purses



Cost Per Head of Cattle at (World Finals, EAWO, WAWO, Futurity, Super Stakes, Summer Show)

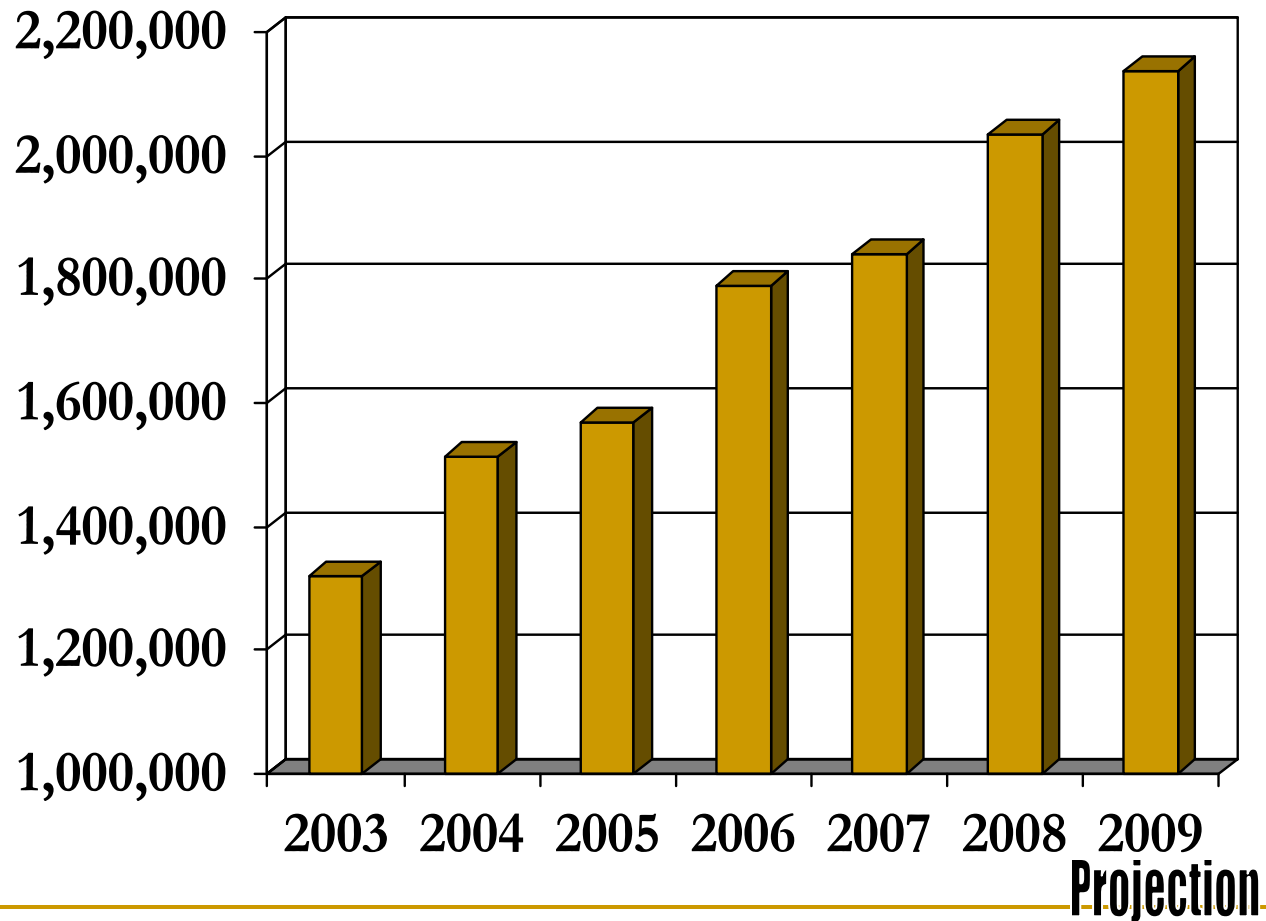


Cost includes head cost, trucking, feed, labor and handling expenses 21



Audited Cattle Expense Trend

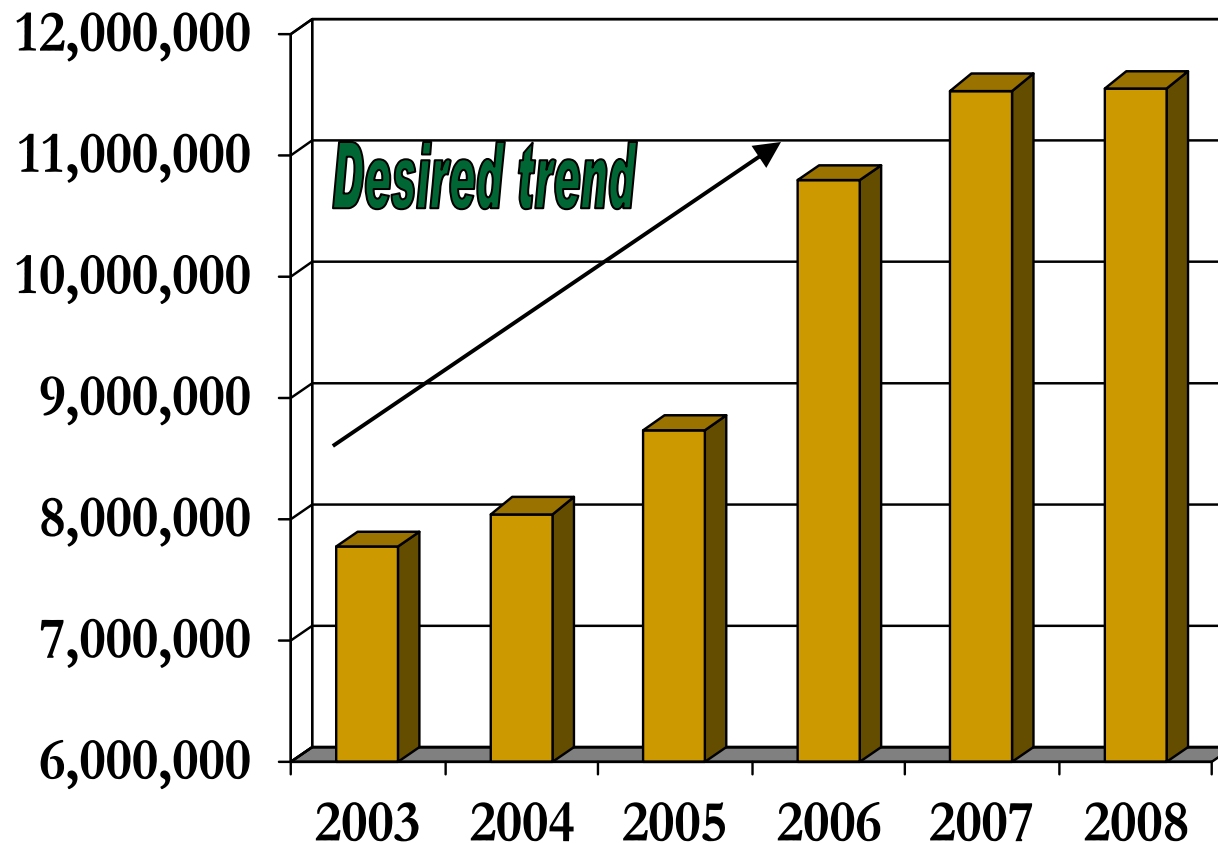
(World Finals, EAWO, WAWO, Futurity, Super Stakes, Summer Show)





Audited Purse Expense Trend

(World Finals, EAWO, WAWO, Futurity, Super Stakes, Summer Show, NCHA Day, Affil. Chal.)

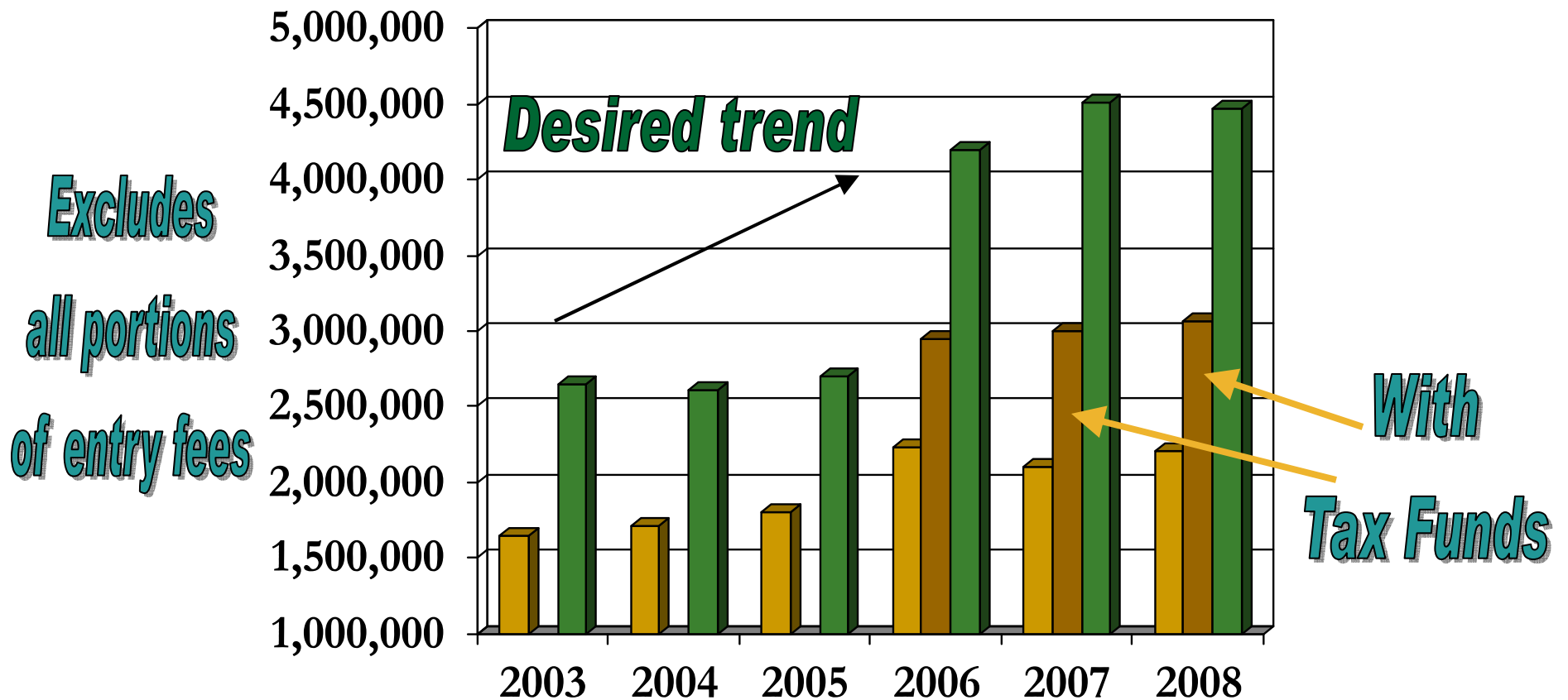


Includes Premiums, Sire Awards, NCHA Day and Affiliate Challenge



NCHA Added Money Trend

(World Finals, EAWO, WAWO, Futurity, Super Stakes, Summer Show, NCHA Day)



Dark Includes Penalty Money (NCHA Adds Late Fees to Purse)



2008/2009 Weekend Added Money

	<u>2008</u>	<u>Forecast 2009</u>
✓ World Finals - Amarillo	\$ 330,000	\$ 330,000
✓ World Finals – Fort Worth	0	200,000
✓ Eastern Championship	120,000	120,000
✓ Western Championship	120,000	120,000
✓ World Series of Cutting	0	200,000
✓ NCHA Weekend	<u>75,000</u>	<u>75,000</u>
✓ Total Weekend Added	<u>645,000</u>	<u>1,045,000</u>
✓ World Finals Sponsors	50,000	50,000
✓ Eastern/Western Sponsors	70,000	70,000
✓ World Series Sponsor/Hosts	0	200,000
✓ NCHA Weekend Sponsors	25,000	25,000
✓ \$2 Fees Collected	<u>272,000</u>	<u>263,000</u>
✓ Total Sponsors/Collections	<u>417,000</u>	<u>608,000</u>
✓ Amount Funded by the NCHA	\$ <u>228,000</u>	<u>437,000</u>

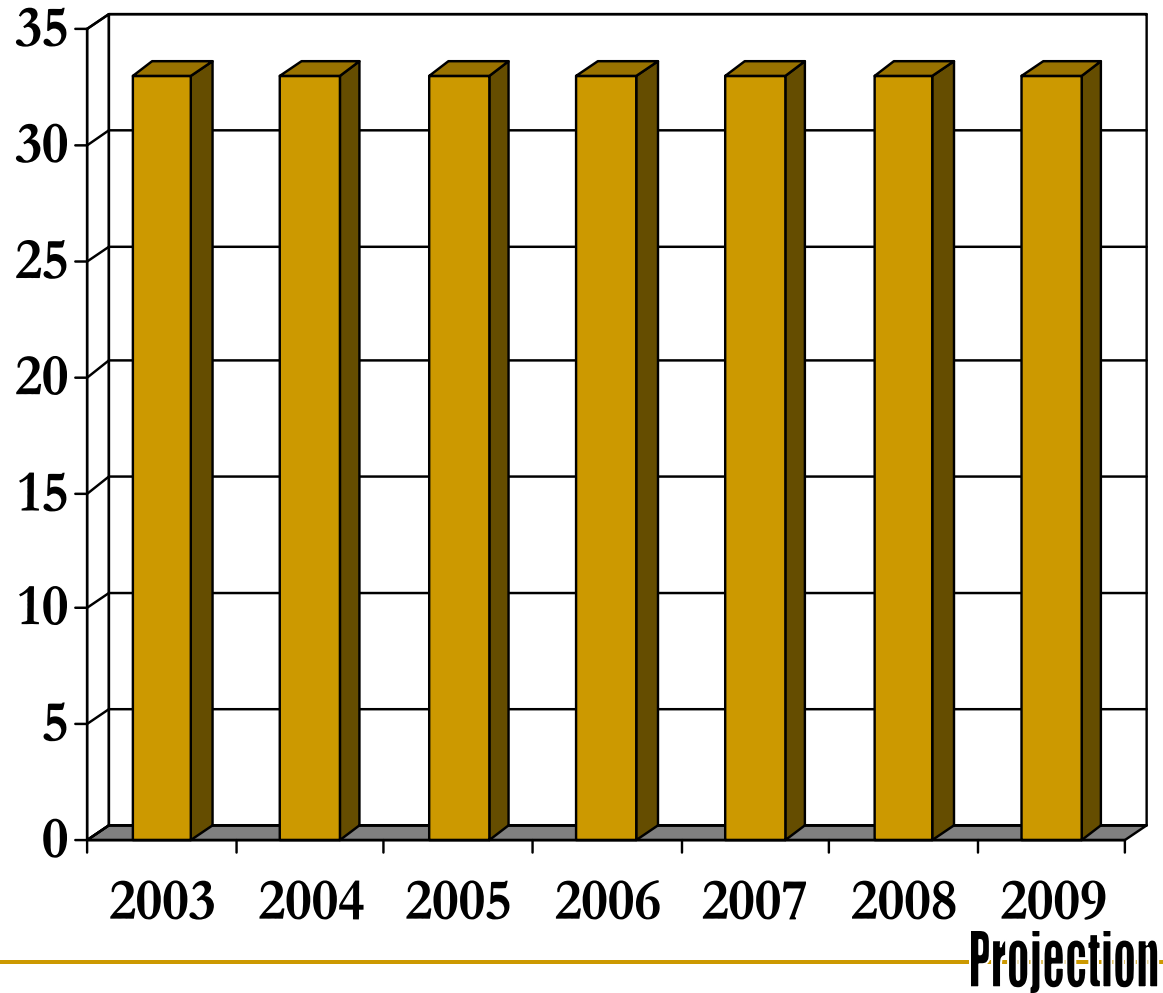


2008/2009 Triple Crown Added Money

	<u>2008</u>	Forecast <u>2009</u>
✓ Futurity	\$1,000,000	\$1,000,000
✓ Super Stakes	1,000,000	1,000,000
✓ Summer Show	<u>400,000</u>	<u>400,000</u>
✓ Total Triple Crown Added	<u>2,400,000</u>	<u>2,400,000</u>
✓ State of Texas	882,712	980,662
✓ City of Fort Worth	350,000	350,000
✓ Stallion Owners	545,021	535,208
✓ Box Seats	137,267	144,130
✓ Corporate Sponsors	<u>295,000</u>	<u>200,000</u>
✓ Total Sponsors/Collections	<u>2,210,000</u>	<u>2,210,000</u>
✓ Amount Funded by the NCHA \$	<u>190,000</u>	<u>190,000</u>

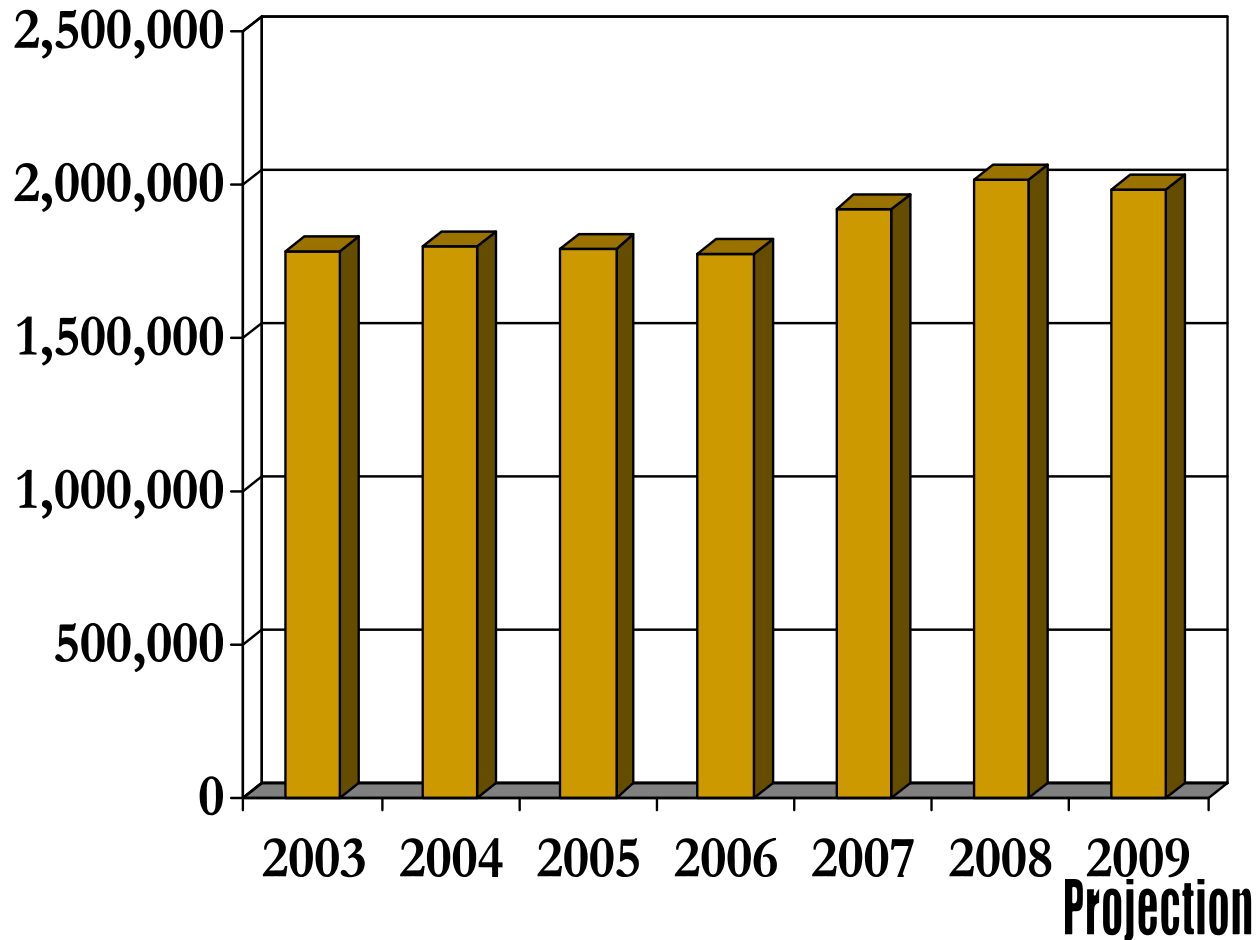


Number of Employees (At December 31 of each year)





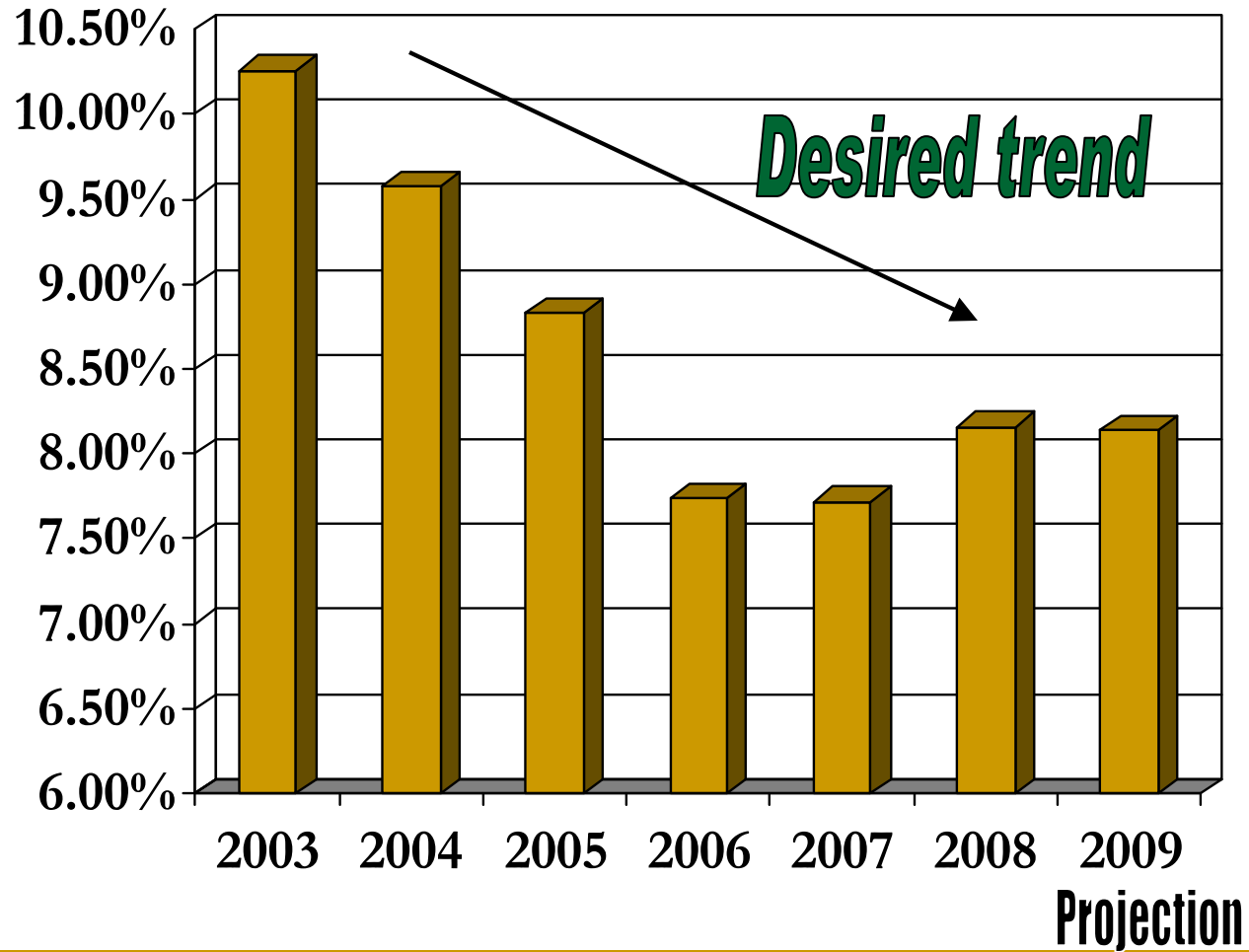
Audited Salary Expense Trend



11% total increase in salaries from 2003 to 2009



Audited Salary Dollars as a Percentage of Revenue Trend

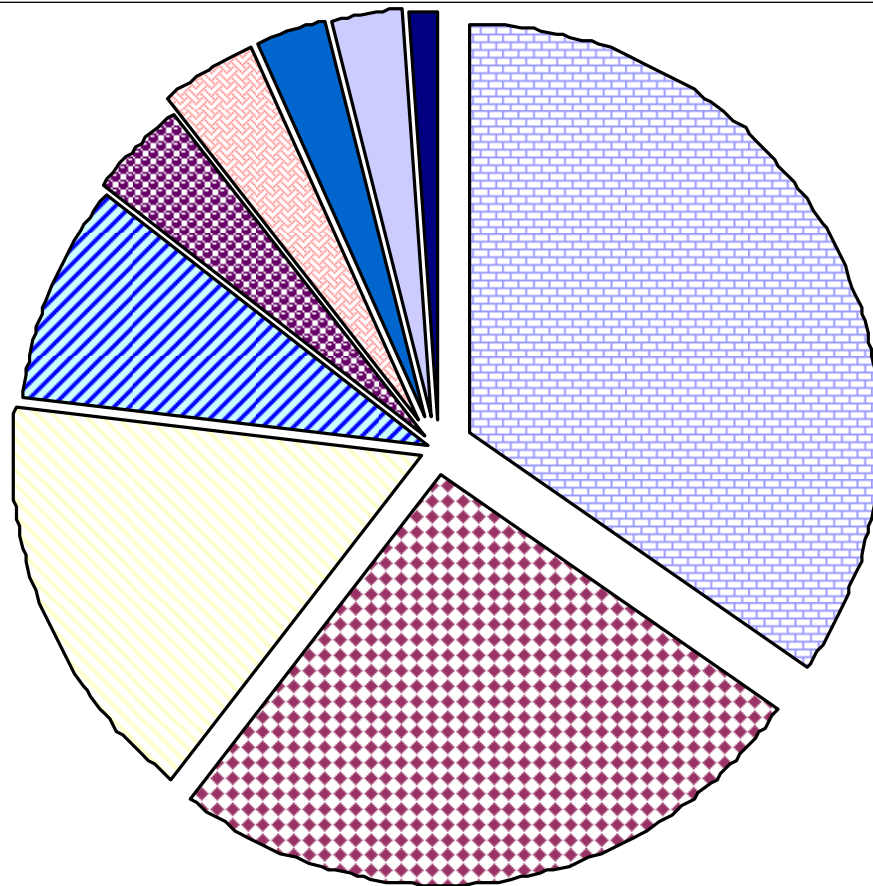


NCHA Sources and Uses





2008 Sources of Cash

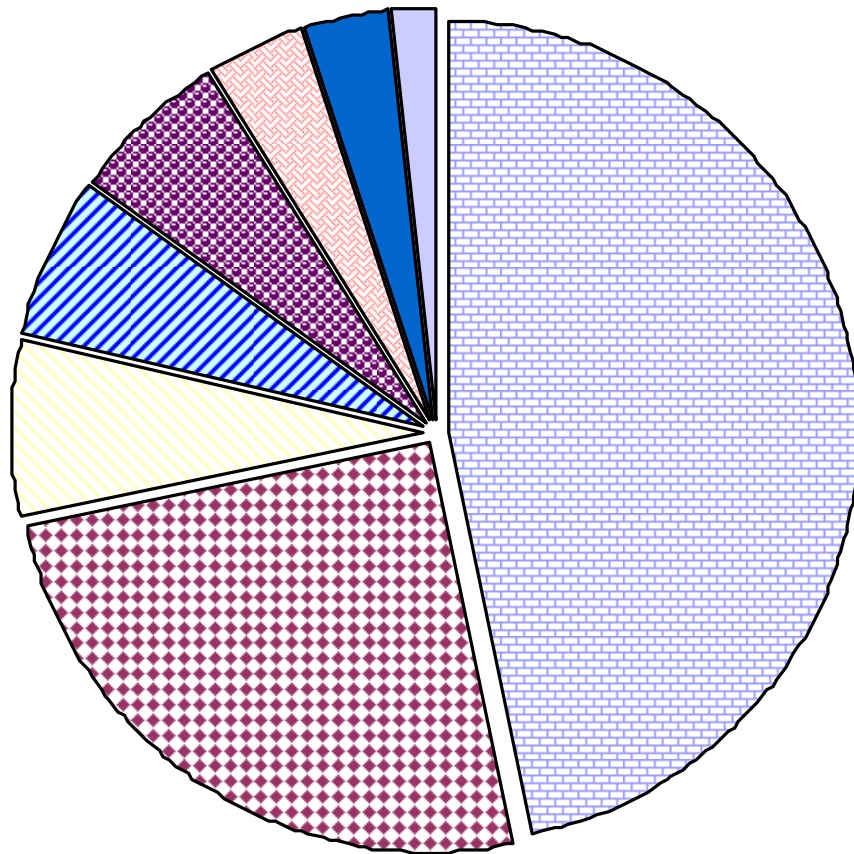


- Entry Fees - 35%
- Other Show Rev - 26%
- Sponsorships - 16%
- Chatter Ads - 8%
- Member Dues - 4%
- Weekend Shows - 4%
- Horse Sales - 3%
- Administrative - 3%
- LAE Shows - 1%

61% of Revenue is related to Produced Shows 31



2008 Uses of Cash



- Premiums - 47%
- Other Show Exp - 25%
- Overhead - 7%
- Marketing - 6%
- Chatter - 6%
- Weekend Shows - 4%
- Membership - 3%
- LAE Shows - 2%



2008 Sources and Uses

	<u>2008</u>
✓ Triple Crown Event total	\$ (279,698)
✓ World Finals, EAWO, WAWO total	(314,209)
✓ Western Horseman Cup	(24,907)
✓ NCHA support of weekend (6%) shows	(110,745)
✓ NCHA support of LAE shows	(164,801)
✓ Youth	(74,127)
✓ General Sponsorships less Marketing costs	490,288
✓ Chatter	14,462
✓ Horse Sales	675,000
✓ Membership	262,888
✓ Overhead	<u>(1,170,666)</u>
<hr/>	
✓ Net Operating	\$ (696,515)



2007 to 2009 Sources and Uses (NCHA Produced Shows)

	<u>2007</u>	<u>2008</u>	<u>2009</u>
✓ Futurity	\$ 59,032	27,890	?
✓ Super Stakes	(76,901)	(134,377)	(145,497)
✓ Summer Show	11,916	<u>(173,211)</u>	<u>_____?</u>
✓ Triple Crown Total	<u>(5,953)</u>	<u>(279,698)</u>	
✓ World Finals - Amarillo	(33,829)	(119,859)	(121,314)
✓ World Finals – Ft Worth	0	0	?
✓ EAWO	(29,947)	(94,699)	(57,998)
✓ WAWO	<u>(66,268)</u>	<u>(99,651)</u>	<u>(78,362)</u>
✓ NCHA National Events	<u>(130,044)</u>	<u>(314,209)</u>	



2007/2008 Sources and Uses (Support of Weekend {6%} Shows)

	<u>2007</u>	<u>2008</u>
✓ Affiliate Show Fees	\$ 668,721	\$ 625,547
✓ Affiliate Software Fees	32,925	32,495
✓ Sponsorships	171,134	175,975
✓ Advertising	27,755	25,025
✓ Other	<u>7,000</u>	<u>16,682</u>
✓ Sources	<u>907,535</u>	<u>875,724</u>
✓ Payments to Affiliates	193,185	189,980
✓ Awards	300,537	312,647
✓ Personnel Costs	160,348	179,744
✓ Office Costs	76,917	70,992
✓ Monitoring Costs	61,375	61,200
✓ Sponsor Ads (Non Cash)	27,755	25,025
✓ Professional Fees (Mostly Legal)	14,709	48,422
✓ Grass Roots Clinics	62,720	38,850
✓ Other Costs	<u>36,301</u>	<u>59,609</u>
✓ Uses	<u>933,847</u>	<u>986,469</u>
✓ Net	<u>(26,312)</u>	<u>(110,745)</u>



2007/2008 Sources and Uses (Support of LAE {2%} Shows)

	<u>2007</u>	<u>2008</u>
✓ Affiliate Show Fees	\$ 228,620	\$ 234,233
✓ Affiliate Software Fees	3,658	3,610
✓ Other	<u>0</u>	<u>0</u>
✓ Sources	<u>232,278</u>	<u>237,843</u>
✓ Awards	173,191	130,196
✓ Personnel Costs	55,058	54,987
✓ Office Costs	46,416	44,399
✓ Monitoring Costs	84,500	92,500
✓ Legal / Consulting	14,709	48,422
✓ Affiliate Software	5,465	5,220
✓ Other Costs	<u>8,860</u>	<u>26,920</u>
✓ Uses	<u>388,199</u>	<u>402,644</u>
✓ Net	<u>(155,921)</u>	<u>(164,801)</u>

Weathering The Storm





Major Influences for 2009 and Beyond

MAJOR INFLUENCES

- ✓ Major Show Entries
- ✓ Horse Sale Market
- ✓ Advertising
- ✓ Sponsorships

CURRENT RESULT

Comparable to 2008

Unknown?

Forecasting Improvement Over 08

Cautiously Optimistic

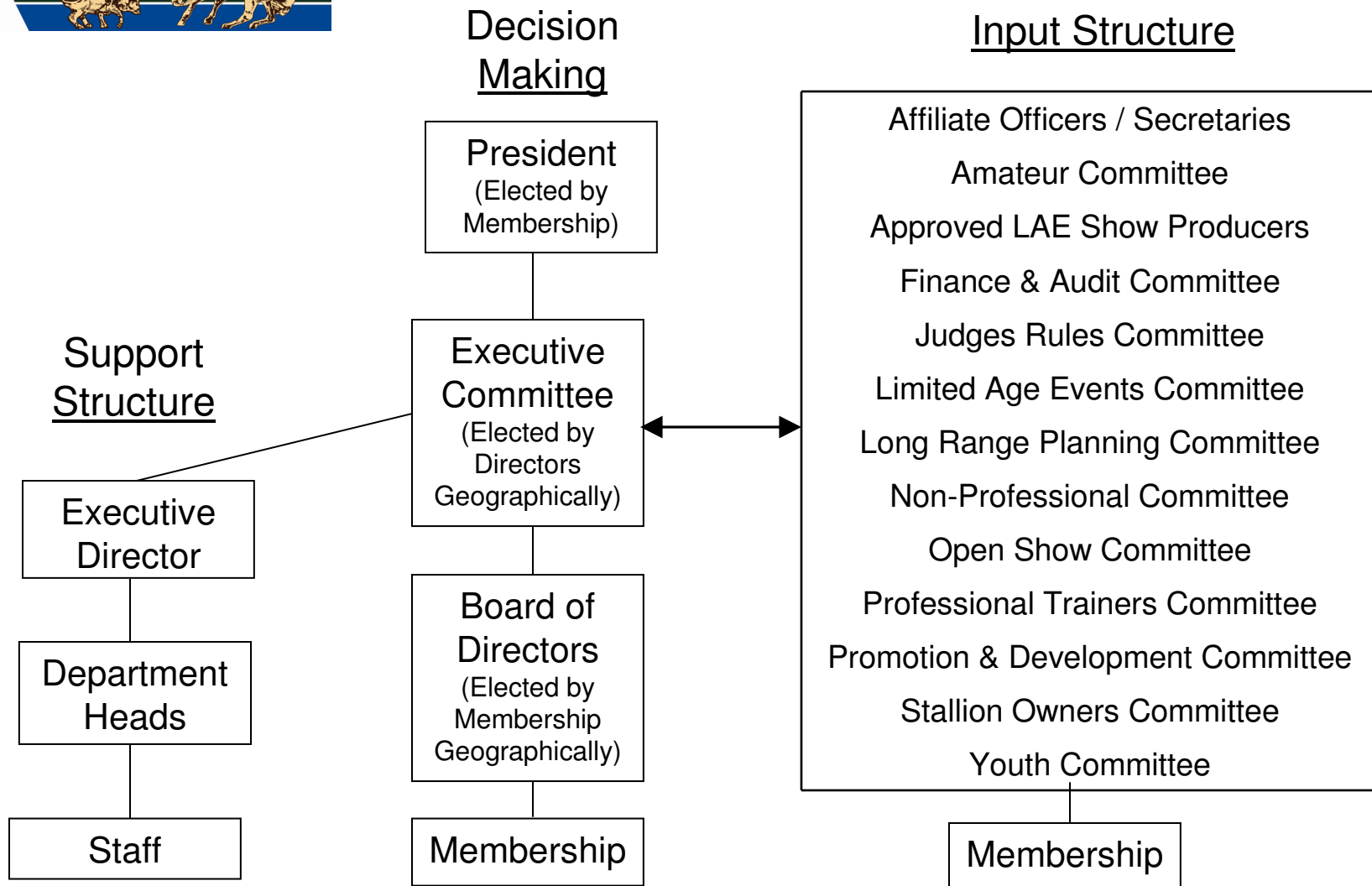
Liquid Balance Sheet is the Key

NCHA Decision Making





Governance Structure



2008 NCHA Financial Report



Weathering The Storm