

**NCHA ANNUAL BOARD OF DIRECTORS KICK-OFF MEETING MINUTES
JUNE 23, 2023
SOUTH POINT HOTEL AND CASINO – LAS VEGAS, NV**

The 2023 NCHA Annual Convention began with a kick-off meeting for Board of Directors held at 7:00am on Friday, June 23, 2023, at the South Point Hotel and Casino in Las Vegas, Nevada.

President Ted Sokol called the meeting to order at 7:03am and welcomed everyone back to the Annual Convention.

Roll was called with a quorum of 131 (in-person and virtual) Board of Directors were in attendance.

Those attendees (in person and virtually) and those unable to attend are on record with the NCHA Office in the Annual Meeting files.

Purpose of this kick-off meeting was to provide some opening remarks for the annual convention by welcoming the Board of Directors and establishing a quorum before each report to their respective regional meetings.

Before adjourning, President Ted Sokol thanked all for attending and dismissed the NCHA Board of Directors to their respective breakout rooms at the South Point Hotel and Casino.

President Ted Sokol adjourned the meeting.

**NCHA ANNUAL BOARD OF DIRECTORS 1st SESSION MEETING MINUTES
JUNE 23, 2023
SOUTH POINT HOTEL AND CASINO – LAS VEGAS, NV**

The first session of the 2023 NCHA Annual Board of Directors meeting was held at 5:30pm on Friday, June 23, 2023, at the South Point Hotel and Casino in Las Vegas, Nevada.

President Ted Sokol called the meeting to order at 5:34pm central standard time.

Roll was called with a quorum of 131 (in-person and virtual) Board of Directors were in attendance.

Those attendees (in person and virtually) and those unable to attend are on record with the NCHA Office in the Annual Meeting files.

Ted welcomed Past President Steve Norris to the podium to lead the meeting in prayer. Steve message was based from Proverbs 15:22 and the ability to lead our members and owners into the perfect equine world with strength and guidance.

Ted expressed thanks to Past President Steve Norris.

MISSION STATEMENT

At Large Executive Committee Member Ernie Beutenmiller, Jr. addressed the Board of Directors by reciting the NCHA 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 MESSAGE

President Ted Sokol began his message with the current positive state of the association. This 2023 Annual Convention is one of the highest attended conventions since 2015. Our association is strong and headed down an exciting path. Ted stated that he was very fortunate to lead the organization on this journey and thanks the members for the support they have provided himself, our Executive Director and the entire Executive Committee.

President Ted Sokol introduced our parliamentarian who is attending the meetings this weekend to help keep us in order.

PROOF OF DUE NOTICE

A **MOTION** was made by Frank Merrill and **SECONDED** by Rock Hedlund to accept the proof of due notice that was emailed to all Board of Directors on May 19, 2023, from the NCHA Office. **MOTION PASSED.**

DISPOSAL OF MINUTES

A **MOTION** was made by Casey Green and **SECONDED** by Cara Brewer to accept the minutes from *(Annual Meeting of the Board of Directors – June 3-5, 2023 – August 5, 2023)* that appeared in Fall issue of *The Cutting Horse Chatter in 2022*. **MOTION PASSED.**

An additional **MOTION** was made by Marcea DeGregorio and **SECONDED** by Ben Roberson to address a typo in the first agenda with regards to the disposal of the minutes, correcting the date to June 3-5, 2023. **MOTION PASSED.**

Past President Phil Rapp addressed the members of the meeting with an adjustment needed to the printed agenda on the duration of the dates being proposed to approve

the Executive Committee minutes which should be corrected to read June 2, 2022 – April 12, 2023.

A **MOTION** was made Phil Rapp and **SECONDED** by Frank Merrill to approve the Executive Committee minutes with the corrected dates of June 2, 2022 – April 12, 2023. **MOTION PASSED.**

BOD PRESENTATION – FRANK MERRILL

Region 8 Board of Director Frank Merrill requested time on the agenda to address the entire Board of Directors about some concerns being raised on the lack of power being given to the Board of Directors. The concern is with the levels of governance this association adheres to and the result of the August 2021 meeting where the membership was able to overturn the decision bestowed by the Board of Directors. Why are the Board of Directors elected and who do they serve if they have no authority?

Past President Ora Diehl addressed the members in attendance in the Board of Directors Session One meeting with a rebuttal to Frank Merrill’s speech.

NCHA Legal Counsel Jim Morris came forward to address these concerns and reiterated the process of the association as written in the constitution and bylaws on how that August 2021 meeting was handled which supports the actions.

EXECUTIVE COMMITTEE ELECTIONS

It was reported that the following regions met and voted on Executive Committee representatives for each region and are committed to serve a three-year term scheduled to expire at the annual convention in 2026. The newly elected regional members to serve on the Executive Committee for Regions IV, V and VIII are as follows:

Region II: Phil Benadum

Region III: Kirby Smith ran unopposed and was reinstated

Region VI: Tommy Williams

The existing Executive Committee members congratulated and welcomed them all to their new positions on the committee.

NCHA FINANCIAL REPORT

NCHA Treasurer Denise Seiz, addressed the Board of Directors with the positive financial status of the association.

**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.

OLD BUSINESS

At this time, there is no old business to be addressed by the Board of Directors for discussion.

NEW BUSINESS

At this time, there is no new business to bring before the Board of Directors for discussion.

ADJOURNMENT

There being no further business, **MOTION** was made by Casey Green and **SECONDED** by Skip Jones to adjourn the meeting. The Board of Directors will reconvene on Sunday morning at 9:00am on June 25, 2023.