



AMERICAN
KENNEL CLUB



ANNUAL REPORT 2017

Lynda Beam



ANNUAL MESSAGE

from the Chairman & President



2017 was a year of ardent focus on a cornerstone of our mission: the suite of events—across nearly all canine disciplines—that bring joy and fulfillment to breeders and exhibitors everywhere.

Over the course of the year, we developed and implemented multiple tactics to bring us closer to achieving our long-term goal of increasing participation in AKC Sports and Events.

A retention strategy was created with efforts to build a lifetime of participation through the expansion of existing sports. We launched the Conformation Puppy of Achievement pilot program to encourage exhibitors to show young dogs and the Achiever Dog pilot to recognize versatility and support transitions to other sports. For those just starting out with their dogs in basic training, we executed email marketing campaigns to AKC S.T.A.R. Puppy and AKC Canine Good Citizen test graduates with words of congratulations and a glimpse into what else AKC has in store.

We also sought to attract new participants to our events with an emphasis on education and communications. A series of teaser videos was rolled out to introduce and offer deeper understanding of conformation, companion events classes and new performance programs. We expanded our youth outreach with a Juniors Recognition program and Junior Versatility scholarships that celebrate Juniors' achievements across all sports. A revised search feature for events and CGC on AKC.org was launched with new participants in mind. Promotion of specialty shows and B matches by e-mail and welcome messages to puppy registrants became new practices as well.


To broaden our base further, we introduced novel activities that offer new challenges to dog lovers. The success of the AKC Tricks and AKC Scent Work programs have shown us that our dogs' innate abilities and desire to please can be nurtured through a variety of pursuits that are engaging for dogs as well as their handlers. Today, the entrée into AKC events comes in many more forms than before.

In an effort to confront and resolve the challenges that many clubs face today, we initiated a number of positive procedural changes. Most notable was our creation of the Club Development department. The new department offers administrative support and insight to clubs and helps them to enhance their events in a variety of ways. Club Development has already played a role in increased entries and improved exhibitor experiences for some clubs and intends to assist as many clubs as possible.

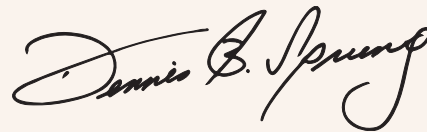
2017 was also a year of great strides in the realm of education. The judges' approval process saw key evolutionary changes that will achieve improvements for judges, exhibitors and event-hosting clubs. Our new AKC Canine College initiative became the home of a diverse set of online continuing-education courses, first for judges and later for breeders and groomers. Our goal is to equip purebred dog lovers with the knowledge and skills they need on an ongoing basis to meet their objectives, whether in the ring, the whelping box or in service to the general public.

It is most encouraging to know that the year's efforts to nurture our events will benefit not only our core constituents but also those who are increasingly joining us. For our Registry is indeed growing: The number of unique breeders producing AKC registered litters increased nearly nine percent in 2017. These gains contributed to the admirable rise in both litters and dogs by seven percent in the past year, with each category posting gains for the third and fourth year in a row, respectively. The groundwork we laid in the past years has set us on a path to increases that we will carry onward for Sports and Events. Such work is our mandate, now more than ever before, as our sphere widens at a new pace. To expert fanciers, prospective dog owners and everyone in between, AKC's message is *"Come play and learn with us."*

RONALD H. MENAKER
Chairman of the Board



DENNIS B. SPRUNG
President/CEO





2018 THE AMERICAN KENNEL CLUB

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Dr. Thomas M. Davies



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Dominic P. Carota



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Class of 2022



Christopher L.
Sweetwood



Harold "Red" Tatro III



Anne Wallin



Dennis B. Sprung
EX OFFICIO



2017: AKC YEAR IN REVIEW

January

- Bill Heath, a Georgia state senator, accepts the [Government Relations](#) department's AKC Legislator of the Year Award at the state capitol in Atlanta.
- The online store [AKC Shop](#) is relaunched, and philanthropic campaigns supporting [AKC Reunite](#) are incorporated into its marketing efforts.
- The [AKC Canine Health Foundation](#) announces its schedule of 2017 CHF/VetVine webinars, live educational opportunities conducted by leading veterinary professionals.
- [AKC Canine College](#) begins its first full year. By year end, the online educational program hosts more than 322 courses and exams, and provides training for over 11,000 learners.
- The Hallmark Channel presents a three-hour taped broadcast of the December 2016 AKC National Championship presented by Royal Canin.



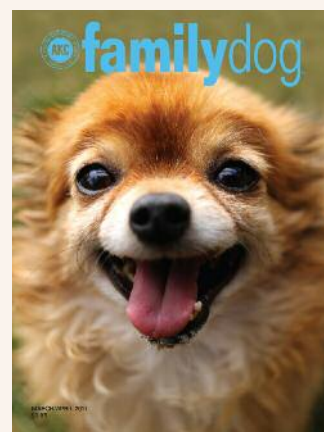
February

- Thousands of dog and cat lovers pack New York's Piers 92 and 94 for "Meet & Compete." The popular event combines AKC Meet the Breeds and Westminster's Masters Agility Championship. "Meet & Compete" is sponsored by Purina Pro Plan.
- [AKC Canine Retreat](#), a dog-care facility in New York City, opens.
- The first recipient of the [Westminster Kennel Club Cup](#) is a German Shorthaired Pointer named Nova, winner of the AKC Pointing Breed Gun Dog Championship held in Mayflower, Arkansas.
- At the Dog Writers Association of America's annual awards ceremony, AKC Board Member Patricia Cruz is inducted into the DWAA Hall of Fame. Also honored are the [AKC Gazette](#) (Best Online Magazine) and [AKC Family Dog](#) (Best All-Breed Magazine). In all, AKC Publications wins six DWAA awards, including two for the video [My Buddy: The](#)



Dogs of World War II.

- The AKC launches “Pupdate,” a weekly newsletter for new puppy owners. The newsletter generates more than 8 million communications in 2017.



March

- The AKC announces that the Labrador Retriever was 2016’s top breed in individual registrations. The AKC’s **Most Popular Breeds** press conference, held at AKC Canine Retreat in New York, garners coverage from more than 300 national and local media outlets.



- At the Annual Meeting of the American Kennel Club, the Delegates elect Rita J. Biddle (Ingham County Kennel Club), Dominic P. Carota (Pharaoh Hound Club of America), Thomas Powers (Kennel Club of Beverly Hills), and Harvey M. Wooding (Westminster Kennel Club) to the AKC Board of Directors Class



of 2021. At a meeting of the Board convened after the Delegate Meeting, Ronald H. Menaker (Memphis Kennel Club) is elected Chairman of the Board and Dr. Thomas M. Davies (Springfield Kennel Club) was elected Vice Chairman.

- The **AKC Trick Dog** titling program is launched, attracting thousands of new dog lovers to AKC events.
- An entry of more than 1,900 of America’s best companion-event dogs and handlers converge on Perry, Georgia, to compete in the **AKC National Obedience, Rally, and Agility championships**.
- The announcement of the plan to relocate the **AKC Museum of the Dog** from St. Louis to New York City gains wide media coverage.
- The Ladies Kennel Association of America donates an AKC Reunite disaster-relief trailer, equipped with everything needed to care for 65 animals during an emergency, to the Nassau County SPCA.

April

- The AKC Board reelects President/CEO Dennis B. Sprung and Chief Financial Officer Joseph V. Baffuto, Jr.,

and elects Executive Secretary Gina M. DiNardo.

May

- AKC staff and legislative liaisons, federation leaders, and dog owners and advocates spend May 1, [National Purebred Dog Day](#), at the U.S. Capitol Visitor's Center in Washington, D.C., meeting with legislators and their staffs. The AKC delegation is led by President Dennis Sprung and Government Relations VP Sheila Goffe. Also in attendance is German Shepherd Dog "Rumor," 2017 Westminster Best in Show winner.
- The AKC awards a total of \$26,000 in [2017 Veterinary Outreach Scholarships](#) to support young fanciers and dog-sport enthusiasts pursuing veterinary studies.
- Twenty-four high-school, college, and graduate-school students receive [2017 AKC Junior Scholarships](#), ranging from \$500 to \$2,000.



June

- At the June Delegate Meeting, the AKC presents a Walter Bebout Memorial Award for Leadership in Canine Legislation to Ann Lettis, president of Responsible Dog Owners Association of New York.
- Canine College rolls out the "Safety in the Salon" course for groomers and salon owners, and integrates the offering with ["Find-a-Groomer"](#) at Marketplace.
- The fancy mourns the death of Board Member Steven D. Gladstone, Esq.



July

- AKC Chief Veterinary Officer Dr. Jerry Klein speaks on the topic "Why Purebred Dogs? Purpose-Bred Dogs in Today's Society" at the American Veterinary Medical Association Conference.
- Twenty-three agility teams travel to Luxembourg to represent the United States and the AKC at the European Agility Open.
- Ann Wallin, Delegate from the Atlanta Kennel Club, is named to the AKC Board in a special election to fill the seat left vacant upon the death of Steven D. Gladstone, Esq.



August

- In the days after Hurricane Harvey devastated parts of Texas and Louisiana, the AKC, AKC Reunite, the [AKC Humane Fund](#), and AKC clubs take the lead in funding and coordinating relief efforts for pets and their owners.
- The AKC announces that AKC headquarters and



the AKC Museum of the Dog will relocate to the [Kalikow Building](#) (101 Park Avenue, at 40th Street).

- The [AKC Puppy of Achievement](#) program is launched, creating incremental steps of success for those participating in dog shows with their puppies.
- The AKC Canine Health Foundation hosts the [National Parent Club Canine Health Conference](#) in St. Louis.

September

- The 15th annual [AKC Responsible Dog Ownership Days](#) flagship event is held in Raleigh.
- The AKC announces its [2017 Breeder of the Year](#) honorees representing the seven breed groups.
- The AKC Humane Fund names recipients of the 18th annual AKC Humane Fund Awards for Canine Excellence ([ACE](#)). The awards honor five dogs who have significantly improved the lives of their owners and communities.



October

- [AKC Scent Work](#), a titling event open to all dogs, is launched. The event mimics the tasks of working detection K-9s, such as narcotics or explosives dogs.
- The AKC continues to match all donations to the AKC Canine Health Foundation [Epilepsy Initiative](#), up to \$250,000.
- Rover.com, the nation's largest network of pet sitters and dog walkers, joins our roster of advertisers, increasing the pet services available at [AKC Marketplace](#). At year end, 22,000 breeders are listed on AKC Marketplace, a 75 percent increase over 2016.
- During Domestic Violence Awareness Month, the AKC Humane Fund starts a crowdfunding campaign supporting domestic-violence shelters that accept abuse victims and their pets.



November

- Dr. Claudia Orlandi (Conformation), Patricia R. Krause (Companion Events, posthumous), and Judy Powers (Performance Events) are the recipients of the 2018 [AKC Lifetime Achievement Awards](#).
- The AKC introduces Advanced Levels of Recognition for Breeders of Merit to acknowledge breeders who have produced numerous titled dogs. The program is sponsored by Royal Canin USA.
- AKC Reunite donates \$150,000 to a joint effort with the Theriogenology Foundation to sponsor research for The Working Dog Project, exploring the use of cutting-edge genetics in breeding military K-9s and service dogs.





December

- At the Orange County Convention Center in Orlando, Florida, the [AKC National Championship](#) presented by Royal Canin draws a record entry in its 17th year. On December 16 and 17, a conformation entry of 4,803 dogs vie for the title of National Champion. Combined with the inaugural AKC Royal Canin National All-Breed Puppy and Junior Stakes, AKC Agility Invitational, AKC Obedience Classic, AKC National Owner-Handled Series Finals, NADD/AKC Diving Dogs Championship, and a full slate of Juniors events, the entry tops 8,600, making it the largest dog show held in the United States since the 1984 AKC Centennial Show. Animal Planet tapes the show for a debut broadcast on New Year's Day 2018.
- [Helyne Medeiros](#), of Seasyde Pointers, is named AKC Breeder of the Year.
- Four junior handlers receive inaugural [AKC Junior Versatility Award](#) scholarships through the [AKC Junior Recognition Program](#). To qualify, juniors must compete in at least three AKC sports.
- In support of pets and owners in areas affected by natural disasters, the AKC Humane Fund's "[Sandy Fund](#)" makes donations of \$10,000 each to The Sato Project, The Houston SPCA, Napa Humane, and Sonoma Humane Society.





2017: OUR SPORT, BY THE NUMBERS



Conformation

5,142 AKC-sanctioned events; **1,650** all-breed dog shows with **1,286,123** entries; **2,709** specialty shows with **138,897** entries; **105** Open Shows with **2,062** entries; **678** 4-6 Month Beginner Puppy competitions with **12,096** entries; **18,147** conformation championships, **6,070** Grand Championships, **106** Certificates of Merit, and **222** dual championships earned

73 new judges approved for **86** breeds; **875** judges' applications approved for **4,775** additional breeds; **395** total judges' applications processed

77 fully accredited AKC Registered Handlers; **33** handling clinics staged by Registered Handlers; **12** Educational Seminars held by Registered Handlers; **2** \$5,000 George Ward Memorial Scholarships awarded; **13** Conformation Executive Field Representatives covering **86 percent** of all-breed shows.

Companion and Performance Events

2,567 obedience events with **121,980** entries and **9,738** titles earned; **90** Obedience Trial Champion (OTCH) titles earned; 431 tracking trials with **1,836** entries and **657** titles earned; **54** Champion Tracker titles earned; **3,806** agility events with **1,215,476** entries and **48,609** titles earned; **785** Master Agility Champion (MACH) and **394** Preferred Agility Champion (PACH) titles earned; **2,325** rally events with **76,381** entries and **10,608** titles earned

203 Versatile Companion Dog titles awarded; **142** Scent Work events with **12,369** entries and **1,602** titles earned; **14,708** titles earned by AKC Canine Partners
5,688 performance events with **280,429** entries and **15,344** titles earned; **4,149** titles awarded through the AKC title-recognition program (AKC-associated events); **1,849** Therapy Dog titles and **18,086** Trick Dog titles awarded.

AKC Canine Good Citizen

47,641 CGC certifications, **11,233** S.T.A.R. Puppies, **3,668** AKC Community Canines, and **1,428** Urban CGCs, for a total of **63,970** certifications; 6,112 CGC titles earned.

AKC National Championship presented by Royal Canin

4,803 entries of all 190 AKC-recognized breeds and from all 50 states (largest entry: **138** Golden Retrievers); **705** National Owner-Handled Series entries; **1,228** AKC/Royal Canin National All-Breed Puppy and Junior Stakes entries; **235** AKC Obedience Classic entries; **716** AKC Agility Invitational entries; **162** conformation Junior Showmanship entries; **78** AKC National Juniors Agility Competition entries; **35** AKC Juniors Classic Obedience Competition entries; **33** AKC Juniors Classic Rally Competition entries; **700** North American Diving Dogs/AKC National Championship entries.



FINANCIAL REPORT AMERICAN KENNEL CLUB 2017



The following financial summaries have been extracted from the drafted consolidated financial statements of the American Kennel Club, Inc.

2017, was once again, from a financial perspective, a sound year for the organization and its affiliates. 2017's total consolidated revenues of AKC and its affiliate businesses were \$87.8 million which was 20% greater than the \$72.7 million in 2016. Dog and litter registrations of \$30.8 million were 7% higher than 2016's \$28.8 million. Total consolidated operating expenses of \$97.0 million in 2017 were significantly above the 2016 total by \$26.9 million (38%) as new business opportunities were incubated and developed to market during the fiscal year.

2017's operating results displayed a decrease to net assets before nonoperating items of \$9.1 million in comparison to a \$2.6 million increase in 2016. With near record results in the financial markets, our consolidated gain on investments totaled \$12.1 million for 2017 which was notably more favorable than 2016's \$3.2 million. These factors, combined with our deficient postretirement contribution and net periodic pension benefit costs, reflect a reasonable increase to unrestricted net assets of \$2.3 million in 2017, as compared to \$3.8 million for the 2016 year.

The AKC Board's Audit Committee meets regularly with senior management along with our external auditors to ensure we fulfill our responsibility for maintaining sufficient accounting controls and the accuracy of the consolidated financial statements.

A copy of the 2017 consolidated financial statements, including auditor's unqualified independent report, will be made available upon completion, by request.

Joseph V. Baffuto, Jr.
CHIEF FINANCIAL OFFICER

CONSOLIDATED BALANCE SHEETS

December 31, 2017 and 2016 (In thousands)

Assets		2017	2016
Cash and cash equivalents	\$	787	1241
Accounts receivable, net of allowance for doubtful accounts of \$187 in both 2017 and 2016, respectively		2,865	4,119
Investment receivable		—	3,797
Investments		123,003	119,964
Prepaid expenses and other		6,831	6,641
Property and equipment, net		21,874	13,823
Total assets	\$	158,775	148,577
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	\$	11,977	6,777
Deferred revenue		2,145	906
Deferred lease liability		2,810	2,005
Postretirement benefit obligations other than pensions		29,433	28,220
Pension benefits obligation		32,438	32,935
Total liabilities		78,803	70,843
Contingencies			
Net assets:			
Unrestricted:			
Operating	\$	43,961	35,855
Investment in property and equipment		21,874	13,823
Board-designated for long-term purposes		74,440	87,589
Funded status of postretirement plans		(61,871)	(61,155)
Total unrestricted		78,404	76,112
Temporarily restricted		1,568	1,622
Total net assets		79,972	77,734
Total liabilities and net assets	\$	158,775	148,577

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years ended December 31, 2017 and 2016 (In thousands)

	2017	2016
Changes in unrestricted net assets:		
Operating support and revenue :		
Registration fees	\$ 30,848	28,806
Recording and event fees	11,734	11,553
Fees and certified pedigrees	7,515	7,034
Enrollment fees and microchip sales	7,283	6,426
Affiliate and other income	13,845	5,626
DNA and other product services	8,028	5,101
Royalty and sponsorship income	4,525	4,762
Interest and dividends	2,055	1,842
Publications	1,043	998
Net assets released from restrictions	990	636
Total operating support and revenue	87,866	72,784
Operating expenses:		
Payroll and related benefits	39,351	31,528
Professional and service fees	13,195	9,472
Depreciation and amortization	8,787	6,924
Rent	4,736	3,155
Forms and supplies	6,663	3,113
Communications and postage	3,155	2,630
Travel	2,397	2,055
Maintenance, rentals, and insurance	2,500	2,053
Public relations, events, and programs	1,982	2,950
Other	2,485	721
Printing, paper, and promotions	6,356	1,710
Grants and contributions	1,983	1,545
Public education	2,552	1,494
Directors, delegates, and committees	871	744
Total operating expenses	97,013	70,094
(Decrease) increase in unrestricted net assets before nonoperating items	(9,147)	2,690
Realized and unrealized gain (loss) on investments	12,155	3,288
Deficiency of postretirement contribution over expense	(1,610)	(1,507)
Net amount not yet recognized as a component of net periodic benefit cost	894	(643)
Increase in unrestricted net assets	2,292	3,828
Changes in temporarily restricted net assets:		
Contributions	936	378
Net assets released from restrictions	(990)	(636)
Decrease in temporarily restricted net assets	(54)	(258)
Increase in net assets	2,238	3,570
Net assets at beginning of year	77,734	74,164
Net assets at end of year	\$ 79,972	77,734



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Dr. Thomas M. Davies
VICE CHAIRMAN

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