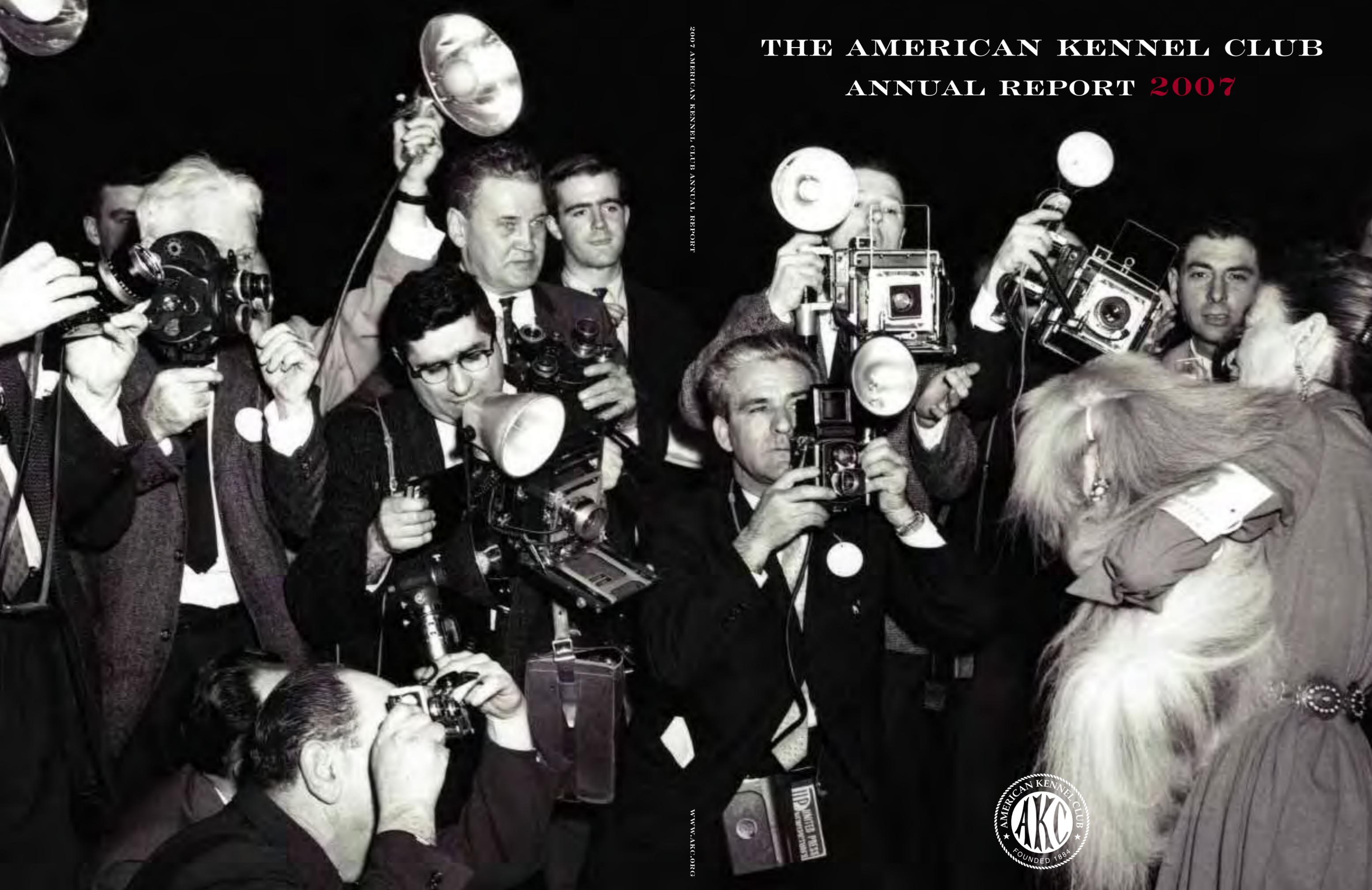


# THE AMERICAN KENNEL CLUB ANNUAL REPORT 2007

2007 AMERICAN KENNEL CLUB ANNUAL REPORT



WWW.AKC.ORG





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## MISSION STATEMENT

THE AMERICAN KENNEL CLUB IS DEDICATED TO UPHOLDING THE INTEGRITY OF ITS REGISTRY, PROMOTING THE SPORT OF PUREBRED DOGS AND BREEDING FOR TYPE AND FUNCTION. FOUNDED IN 1884, THE AKC AND ITS AFFILIATED ORGANIZATIONS ADVOCATE FOR THE PUREBRED DOG AS A FAMILY COMPANION, ADVANCE CANINE HEALTH AND WELL-BEING, WORK TO PROTECT THE RIGHTS OF ALL DOG OWNERS AND PROMOTE RESPONSIBLE DOG OWNERSHIP.

## THE AMERICAN KENNEL CLUB

**T**he American Kennel Club was founded in 1884. It operates the world's largest registry of purebred dogs and is the nation's leading not-for-profit organization devoted to the study, breeding, exhibiting, and advancement of purebred dogs. In 2007, the AKC sanctioned and regulated 21,429 competitive dog events. The AKC approves, sanctions, and regulates the events of its 603 member clubs. In addition, 4,253 licensed and sanctioned clubs hold events under AKC Rules and Regulations.

The AKC advocates canine good health and responsible ownership, and is a leader in the international canine community. It serves the "fancy"—the dedicated breeders, exhibitors, judges, handlers, Delegates, dog owners, and other enthusiasts who make the sport of dogs a cherished institution.

As a "club of clubs," the AKC has no individual members. Each member club may be represented by one voting Delegate at quarterly meetings. Staff exe-

cutes AKC policy set by a 13-member Board of Directors, elected by the Delegate Body. The Board elects a Chairman, who presides at meetings scheduled for eight times a year. The President/CEO serves as an ex officio Board Member.

The AKC provides financial and administrative support to the American Kennel Club Canine Health Foundation, which underwrites scientific research to safeguard and advance the health of purebred dogs. The American Kennel Club Museum of the Dog, also supported by the AKC, promotes knowledge and appreciation of purebred dogs through its famous collection of canine art and artifacts. American Kennel Club Companion Animal Recovery, an affiliate organization of the AKC, is dedicated to reuniting owners and lost pets.

The AKC is managed by a staff directed by the President/Chief Executive Officer. AKC Operations, in Raleigh, North Carolina, is under the direct supervision of the Chief Operating Officer.

# ONE SECOND IN TIME

EACH YEAR OUR ANNUAL REPORT IS DECORATED WITH THE BEST CANINE PHOTOGRAPHY OF THE PREVIOUS TWELVE MONTHS. THESE PHOTOS BECOME PART OF THE VISUAL RECORD OF OUR SPORT, PROVIDING INSIGHT AND INSPIRATION TO FUTURE GENERATIONS.

PHOTOGRAPHS CAPTURE LIFE FOR ONE SECOND IN TIME. AND TIME IS FLEETING. IT MOVES FORWARD WITHOUT BIAS, EMOTION, OR CARE. PERHAPS THAT'S WHY PHOTOS MEAN SO MUCH TO THE DOG FANCY: THEY PRESERVE THAT MOMENT WHEN CHAMPIONS ARE AT THEIR BEST.

IN PAST REPORTS WE'VE SALUTED THOSE GREAT CHAMPIONS, AND THE DEDICATED BREEDERS AND EXHIBITORS WHO MADE THEM GREAT. THIS YEAR WE SALUTE THE PHOTOGRAPHERS THEMSELVES, THE INTREPID VISUAL HISTORIANS WHO IMMORTALIZED FAMOUS DOGS, SHOWS, AND FANCIERS WHILE ALSO COMPILING A RICH LEGACY OF ARTISTIC BEAUTY.

WITHOUT THEM, OUR MAGIC MOMENTS WOULD BE LOST FOREVER.

*Opposite: William Brown, of New Hyde Park, New York, was for more than 30 years one of dogdom's best loved and most respected photographers. The tireless "Brownie" traveled 35,000 miles a year and, by his own estimate, took more than a million dog photos.*

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*Cover photo by Evelyn Shafer*

## BOARD OF DIRECTORS

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### CLASS OF 2008

DR. THOMAS M. DAVIES  
WALTER F. GOODMAN  
RONALD H. MENAKER

### CLASS OF 2009

DR. J. CHARLES GARVIN  
STEVEN D. GLADSTONE  
HON. DAVID C. MERRIAM  
PATRICIA C. SCULLY

### CLASS OF 2010

DAVID KEENE  
DR. WILLIAM R. NEWMAN  
NINA SCHAEFER

### CLASS OF 2011

DR. PATRICIA H. HAINES  
KENNETH A. MARDEN  
PATTI L. STRAND

DENNIS B. SPRUNG  
EX OFFICIO



*The 2007 AKC Board of Directors. Front row, left to right: Kenneth A. Marden, Hon. David C. Merriam, Ronald H. Menaker, Steven D. Gladstone; middle row: Nina Schaefer, Dr. William R. Newman, Patricia C. Scully, David Keene; back row: Patti L. Strand, Dennis B. Sprung, Dr. Thomas M. Davies, Dr. Patricia H. Haines, Walter F. Goodman, Dr. J. Charles Garvin.*

## FROM THE CHAIRMAN & PRESIDENT

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As the American Kennel Club moves forward into its second century as the nation's oldest and largest not-for-profit purebred dog registry, we pride ourselves on staying true to being an organization driven by customer service, helping AKC registrants, fanciers, and dog lovers.

This past year was, without exception, the Canine Legislation Department's busiest and most influential year. Never before in the AKC's 123-year history has it mounted such aggressive political campaigns against proposed anti-dog laws. Working in concert with AKC clubs, state federations, and breeders, the AKC has never defeated such a large number of troubling legislation which would have put dog ownership and freedom of choice regarding man's best friend at risk.

For the first time ever, the AKC hired a state lobbyist to help secure a victory against the proposed California Assembly Bill 1634, which sought the mandatory spaying and neutering of all dogs over the age of six months of age. As a result of this initiative and the need to continue our dedication to uphold dog owners' rights, the AKC formed a Political Action Committee and established the AKC Canine Legislation Support Fund to keep us on the forefront of supporting and advocating for enforceable, reasonable, and fair legislation at the federal, state, and local levels.

In 2007, we created other historic programs including the launch of the AKC Educational Match to welcome new exhibitors into the sport. Inaugural events were hosted by AKC staff in North Carolina and New Jersey and clubs in Oregon. This model gave us an opportunity to reach out to new owners while creating a template for clubs to mentor novice participants who wanted to deepen the bond with their dog through event competition in a variety of sports.

The AKC also launched the Outstanding Sportsmanship Award for member clubs to annually bestow upon one of their own.



AKC staff was also very active in preparing, planning and presenting at many seminars including the third AKC Parent Club Conference in Atlanta, nine Breeder Symposia across the country and the AKC Canine Health Foundation Parent Club Conference in St. Louis. Additionally, our army of club volunteers, such as Public Education Coordinators, Canine Ambassadors, Legislative Liaisons, and our Canine Good Citizen evaluators, worked hard in towns and cities spreading the word about responsible dog ownership.

Our fifth annual AKC Responsible Dog Ownership Day, with its two flagship events in New York City and Raleigh that entertained and educated tens of thousands of attendees, coupled with hundreds of local events hosted by our clubs, has become the benchmark for us to live up to our mission. AKC programs and services have attracted growing sponsorship, enabling our organization to reach more dog owners than ever before. Our licensed products foster

even greater awareness of the AKC brand, appearing in new categories annually in thousands of stores nationwide. Online sales of these and other dog-related products remain brisk at the AKC store through our web site at [akc.org](http://akc.org).

Advertising and public relations further enhanced our reach to the public and the fancy. With such strategies as advertisements in *USA Weekend* magazine, print and television public-service announcements, and numerous national media appearances—*The Today Show*, NPR, *USA Today*, CNN, and Fox News Channel, among many others—the AKC has influenced hundreds of millions of readers, listeners, and viewers, whether it's promoting responsible dog ownership, fighting anti-dog legislation, or celebrating the purebred dog as an icon of American popular culture.

As we embrace the 21st century, we stay committed to improving technologies that enable the public to stay connected with the American Kennel Club. We are happy to report that a majority of registrations are now completed through "My AKC" online services, Agility entries can now be completed online, and Online Record Keeping was launched with great success. Our many informational newsletters continue to be widely read from the million monthly readers of the "Your AKC" e-newsletter to the newly launched AKC Veterinary Connection.

We are very proud of our traditional publications, including the *AKC Gazette*, continuously published since 1889, and its younger sibling, *AKC Family Dog*, born in 2003, which in 2007 was named Best All-Breed Magazine by the well-respected Dog Writers Association of America. The AKC Operations Center in Raleigh won a North Carolina Award for Excellence based on the prestigious Malcolm Baldrige National Quality Program as well as completed the planning stages of the Raleigh's office move to a new streamlined efficient office space in Brier Creek Corporate Center in 2008.

Also in 2007, the AKC Humane Fund joined the AKC Canine Health Foundation, the AKC Companion Animal Recovery and the AKC Museum of the Dog, as the newest AKC-affiliated organization. The AKC Humane Fund will promote pet ownership through education, outreach, and grant making. Our support of children and young adults continues with scholarships for junior handlers and veterinary technicians, and summer internships for college students. Even as we helped the future fancy, we still preserved the past by accepting new collections from several Parent Clubs into the AKC Archives this year.

Rounding out our robust year we hosted three premier events—the AKC/Eukanuba National Championship, the AKC Agility Invitational, and the AKC National Obedience Invitational—held in Long Beach, California. This year the inaugural Eukanuba World Challenge joined the excitement, which included top dogs from 40 countries, making these events a truly international experience.

We are confident that with the leadership of the Board of Directors, the stewardship of the Delegate Body and the dedication of AKC staff, the AKC will enjoy a visionary, prosperous, and compassionate future.

A handwritten signature in black ink, appearing to read "Ron Menaker".

RON MENAKER  
CHAIRMAN OF THE BOARD

A handwritten signature in black ink, appearing to read "Dennis B. Sprung".

DENNIS B. SPRUNG  
PRESIDENT/CEO



## EVENTS

### EVENT OPERATIONS

The Event Operations department processes plans and maintains records for AKC dog shows and companion events. In 2007, the AKC sanctioned and regulated 1,548 all-breed dog shows, with 1,698,840 all-breed entries; and 2,254 specialty dog shows, with 152,625 specialty show entries. There were 21,427 conformation championships, 195 dual championships, and 6 triple championships earned.

Event Operations staff presented three show-chairman seminars, one of which was presented jointly with the Dog Judges Association of America, attended by nearly 70 show chairs, assistant chairs, and show committee members.

Event Operations worked with other departments and the licensed dog-show superintendents on strategic-planning initiatives designed to increase participation in AKC events. These initiatives include the AKC Educational Match, approval of the Amateur Owner Handler class for conformation dog shows, and other proposals to encourage outreach by show-giving clubs.

### DOG SHOW JUDGES

Judging Operations, Judges Education, the Registered Handlers Program, and the Executive Field Staff comprise the Dog Show Judges division.

Judging Operations schedules interviews and processes applications for approval to judge. Judging Operations proposed the Board-approved increase in the maximum number of breeds granted on the first application, and, effective January 1, 2007, implemented Board-approved major revisions of the judges-approval policy. The department processed approvals for 113 new judges of 214 breeds, and 343 approved judges' applications for 1,999 additional breeds. Judging Operations is responsible for the compilation of the annual *Judges Directory*.

*The Guidelines for Conformation Dog Show Judges* was updated, renamed, and published as *Rules, Policies and Guidelines for Conformation Dog Show Judges*.

The Judges Education department promotes the ongoing education of conformation judges through institutes, semi-

*An important 1948 William Brown win shot: Morris & Essex BIS Ch. Rock Ridge Night Rocket, with judge Alva Rosenberg, M&E president Geraldine Rockefeller Dodge, and handler Anthony Neary.*



nars, and the distribution of educational materials.

In 2007 the department presented three Basic Judges Institutes (Massachusetts, Oklahoma, and Oregon) and two Advanced Judges Institutes (The Non-Sporting Group, held in Chicago; and the Working Group, held in Cleveland). The department's quarterly newsletter was renamed *The Standard*.

The Registered Handlers Program promotes the health and welfare of dogs in the care of handlers, educates consumers and the fancy in general, and recognizes handlers who meet established criteria. At year-end, there were 141 fully accredited AKC Registered Handlers.

With help from the executive field representatives, AKC Registered Handlers staged Junior Showmanship clinics at 12 shows for approximately 530 young fanciers. AKC Registered Handlers held five clinics for adults, with approximately 125 total attendees.

The Oster Company continued its sponsorship of both handlers-clinic programs. Oster contributes quality grooming products to participating juniors, underwrites the cost of the Registered Handlers' annual dinner (held in 2007 at Canfield, Ohio), and contributes to the George Ward Memorial Scholarship Fund, maintained by AKC Registered Handlers. The Ward Fund helps future handlers pursue a college education while apprenticed to AKC Registered Handlers. Three 2007 Ward scholarships of \$1,000 were awarded.

Eighteen conformation field representatives covered 1,412 (91 percent) of the year's all-breed shows. The field staff helps exhibitors, show committees, and judges understand and implement AKC rules and policies. Additionally, they interview, observe, evaluate, and report on judges and prospective judges.

The director of Field Services is responsible for inspecting proposed and existing show sites for general suitability and with a special regard to the welfare and safety of dogs and exhibitors. Findings are coordinated with the Event Plans department to determine future site approvals.

## PERFORMANCE EVENTS

**F**ield trials, hunting tests, and the lure coursing, herding, earthdog, and working dog programs are practical demonstrations of the ability of purebred dogs to perform the jobs for which they were bred.

The AKC licenses or sanctions more of these events than any other dog registry. In 2007, the AKC approved 3,762 licensed performance events, with 239,786 entries and 9,900 titles earned.

Seventeen executive field representatives, each with a minimum of 20 years' experience in the sport, covered more than 830 performance events in order to answer the participants' questions and provide guidance to the hosting clubs.

Field reps led 58 seminars at various venues for event judges and participants. The seminars are meant to clarify understanding of the event rules, thus ensuring better-quality judging and greater consistency across regions. A new Spaniel Hunting Test seminar was written and presented in 2007.

The Working Dog Sport (WDS) for Bouviers des Flandres, Doberman Pinschers, German Shepherd Dogs, and Rottweilers, became an AKC event effective January 1, 2007. The Doberman Pinscher and German Shepherd Dog parent clubs held WDS events at their national specialty shows.

Three Performance Event Advisory Committee meetings were convened in 2007, covering retriever field trials, Beagle field trials, and pointing-breed hunting tests. Also, the 2006–2007 Herding Advisory Committee was formed.

Performance events were covered on the AKC web site, with results, photographs, and event coverage posted by field representatives.

The "Spotlight on Juniors" page at [akc.org](http://akc.org), unique to the Performance Events department, profiles the performance realm's top young handlers in photographs and lively text.

*Our sport's tradition of fine photography continues into the digital age. These shots were taken in 2007 at the Greenwich Kennel Club obedience trial, the National Retriever Championship, and the Poodle Club of America's 75th-anniversary national specialty.*



## COONHOUND EVENTS

The Coonhound Events department provides exciting events, a level playing field, and the opportunity for clubs to hold profitable coonhound events. This popular philosophy provided opportunities for the nation's top coonhounds to be recognized at 1,723 licensed events in 2007, an increase of 946 events, or 122 percent, over 2006. The 14,300 entries received more than doubled the previous year's number.

Major projects for 2007 included the AKC World Coonhound Championship in Greensburg, Indiana, where nearly 400 coonhounds competed, the AKC National Championship in Eufaula, Alabama, with a \$25,000 purse; the AKC St. Jude Benefit Hunt in Parsons, Tennessee, which raised more than \$200,000 for the children's research hospital; the AKC Black Gold–Gold Medal Championship; the AKC Heartland Classic in Tomah, Wisconsin; and the AKC Fall Classic in Salisbury, North Carolina.

The department also worked with sponsors to conduct the AKC Cystic Fibrosis Benefit and the AKC Juvenile Diabetes Research Foundation Benefit in Texas and North Carolina, respectively, where thousands of dollars were raised for charity.

Working with Black Gold Dog Food, the department successfully conducted the first annual AKC Black Gold Bench Show Spectacular show competition in which hundreds of coonhounds from six breeds competed nationally for \$10,000 in cash awards.

Securing corporate support was a departmental goal. Products from Remington Arms Company; Tri-tronics, Inc.; K-Lights; Wildlife Materials, Inc.; Nite Lite Company; Owens Manufacturing; SunBurst Light Company; and Valley Creek Hunting Supply provided incentives to participate in AKC coonhound events.

The field staff attended 25 state championships, as well as several major AKC coonhound events where AKC educational goals were carried forth. Department



Chairman Menaker and Vice Chairman Merriam are joined by a young patient for an April check presentation at the St. Jude Children's Research Hospital in Memphis. The AKC's benefit coon hunt raised more than \$200,000 for the hospital.

staff held regulations seminars, with the primary goal of educating event participants and club members.

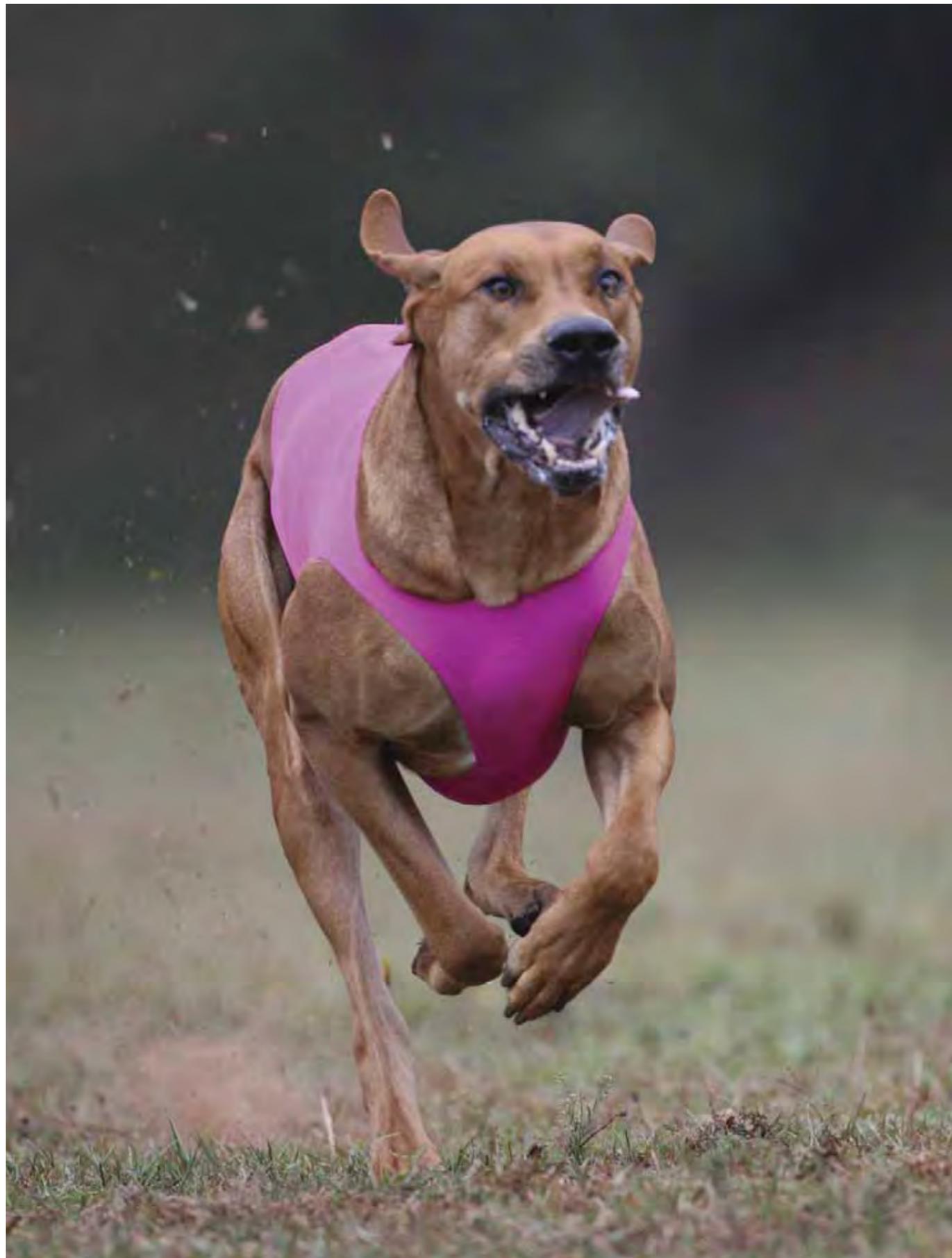
## COMPANION EVENTS

Obedience, Tracking, Agility, and Rally comprise the AKC Companion Events division. In 2007, for the first time ever, the division reported more than a million combined event entries.

There were 2,505 AKC Obedience events, with 126,826 entries and 83 Obedience Trial Champion (OTCH) titles earned. The AKC Obedience program saw the passage and implementation of the 2006–2012 AKC Obedience Business Plan. The plan established new non-regular classes and several new optional titling classes (both effective January 2009), and regional qualifying competitions (effective July 2008).

An Obedience Advisory Committee was convened. The committee of judges and competitors provides

*Among the 21,361 AKC-sanctioned and -regulated events held in 2007 were the Collie Club of America's herding trial, the AKC Agility Invitational, the Montgomery County Kennel Club terrier show, and a rally trial in Connecticut.*



input to the AKC when changes to the obedience regulations are being considered.

The 13th annual AKC National Obedience Invitational was run as part of the AKC/Eukanuba National Championship in Long Beach, California. An entry of America's 96 top OTCH-pointed dogs represented 45 breeds from 30 states and Canada.

AKC Tracking saw an increase in tests in 2007, with 171 Tracking Dog tests (833 entries), 162 Tracking Dog Excellent tests (697 entries), and 75 Variable Surface Tracking Tests (332 entries) held. The Champion Tracker title was earned by 26 dogs.

The AKC Tracking Invitational was held in September at the magnificent Biltmore Estate in Asheville, North Carolina. Entries have doubled since the first running of the biennial Tracking Invitational in 2003.

AKC Agility reports another year of growth, with 2,014 events (up 3 percent over 2006) and 826,408 entries (up 11 percent). Five hundred and twenty-four Master Agility Champion (MACH) titles were earned.

The AKC National Agility Championship was run in March at Sunbury, Ohio. The event drew 1,050 top agility dogs, the largest entry in the history of AKC Agility. Six national champions were named.

The second AKC Agility Invitational was held in December at Long Beach, California, in conjunction with the AKC/Eukanuba National Championship. The event, sponsored by Eukanuba and J&J Dog Supplies, drew top-performing agility dogs of 129 breeds representing 43 states, Canada, and Puerto Rico.

The AKC/USA World Agility Team, sponsored by Eukanuba, went to Hamar, Norway, in September to compete in the World Agility Championship, where the AKC Medium Dog team took a silver medal.

Rally continues the rapid growth in popularity it has enjoyed since becoming a titling event in 2005. In 2007, there were 2,025 rally events drawing 107,888 entries. Staff laid the groundwork for the implementa-

tion of changes from the Rally Advisory Committee and the AKC Board, effective January 2008. These changes clarify regulations and establish new non-regular rally classes.

The Versatile Companion Dog (VCD) title recognizes dogs that earn a combination of titles in obedience, agility, and tracking. In 2007, VCD titles were earned by 224 dogs.

Companion Events field representatives presented 63 well-attended seminars nationwide, covering the division's full spectrum of events.

## JUNIOR SHOWMANSHIP

**T**he National Junior Organization (NJO) fosters handling skills and sportsmanship in fanciers from 9 to 18 years old. While maintaining its longtime commitment to juniors in the conformation ring, the NJO encourages performance and companion competition. Juniors participating in AKC companion and performance events handled their dogs to 480 titles in 2007; during the year, 2,699 new juniors enrolled in the NJO.

The AKC/Eukanuba National Championship continues to be a premier showcase for juniors in conformation. There were 159 juniors entered in the 2007 National Championship.

Thirty-four students from 20 states won 2007 AKC Junior Scholarships, ranging from \$1,000 to \$5,000. A total of \$50,000 was awarded to students from high school, college, and graduate school. Awards were made based on academic achievement, financial need, and commitment to the sport. Scholarship recipients participate in the full range of dog events and activities.

"AKC Jr. News," the bimonthly Junior Showmanship online newsletter, continued to bring news and features to the youngest members of the fancy, with stories written by and for juniors. "AKC Jr. News" reports more than 11,000 active subscribers in 2007; the newsletter is archived in the Juniors pages at [akc.org](http://akc.org).

*One of the year's best performance-event photos, from October's AKC National Lure Coursing Championship in Reidsville, North Carolina. In 2007 the AKC approved 3,762 licensed performance events, more than any other registry.*



## ADMINISTRATION

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### EXECUTIVE SECRETARY

**T**he Executive Secretary is responsible for taking, maintaining, and disseminating minutes of Board of Directors meetings and quarterly Delegate meetings. On average, Delegate meetings include more than 300 attendees from the 603 AKC member clubs. Minutes of Board and Delegate meetings are published in the AKC Gazette and posted at [akc.org](http://akc.org). The December 2007 Delegate meeting was held in Long Beach, California; the June meeting was held in Las Vegas; and the March and September meetings were held in the New York City area.

The Executive Secretary oversees relations with foreign registries. In 2007, the AKC established a working relationship with the national kennel clubs of Moldavia, Puerto Rico, South Korea, and Taiwan.

The AKC Lifetime Achievement Awards, Awards for Canine Excellence (ACE), Breeder of the Year Award (BoY), and Community Achievement Awards are administered by the Executive Secretary's office. ACE and BoY recipients are honored at the AKC/Eukanuba National Championship, and ACE winners are also saluted at dog shows in their home areas.

Quarterly AKC Community Achievement Awards were given to honor outstanding public education and canine legislation efforts. The AKC donated \$1,000 to each honoree's club or federation.

The Secretary's Office maintains the Breeders department, which publishes the quarterly "AKC Breeder" newsletter and, in collaboration with the AKC Canine Health Foundation, presented nine AKC/CHF Breeders Symposia in 2007.

The Club Relations department maintains files on approximately 5,000 member, licensed, and sanctioned clubs, and hundreds of other clubs seeking permanent AKC affiliation. Club Relations manages the accreditation of these clubs and oversees their progress from sanctioned to licensed to member club status. The department assists clubs with bylaw revisions and helps clubs in resolving bylaw-related internal disputes.

AKC Disaster Preparedness provides guidance to clubs in creating their own disaster-preparedness plans for members,

*A 1938 classic by the undisputed master of canine portraiture, Rudolph Tauskey. His name is still spoken with reverence among the fancy.*

dogs, and communities, with an emphasis on increased communication between clubs and local authorities. In support of this mission, AKC Investigations and Inspections field agents are now certified in Incident Command System training. In 2007, Disaster Preparedness monitored natural disasters in Hawaii, Oklahoma, Ohio, New York, and Texas, while the AKC communicated with its constituents in these areas. Donated dog food, crates, collars, leads, and other supplies were sent in response to requests for assistance during the California wildfires in October.

AKC Archives solicits, organizes, and preserves historically significant papers, photographs, and audiovisual materials generated by the AKC and its member clubs, and assists researchers from the fancy and general public. Among the materials accepted by the Archives in 2007 were collections donated by the Portuguese Water Dog Club of America, Otterhound Club of America, and Scottish Terrier Club of America. The year also saw an increased Archives presence at *akc.org* and the beginning of a long-term digitalization of the archival photo collection and such other collections as the AKC Board Minutes.

The AKC Library collection contains more than 18,000 volumes, including bound periodicals, foreign and domestic studbooks, videos, and photographs. It is America's most comprehensive collection on the subject of domestic dogs and is considered one of New York's finest research libraries. The library's activities support the efforts of breed fanciers, field-trialers, scholars, historians, and curators. The library is open to the public five days a week (212-696-8245; *library@akc.org*); the library's online catalog can be found in the "Online Services" pages at *akc.org*.

The Event Management department coordinates the AKC/Eukanuba National Championship and assists with the AKC's televised events; the Conference and Travel department coordinates transportation, catering, and lodging for meetings and events.

## HUMAN RESOURCES

**H**uman Resources division provides a wide range of internal services to ensure that the AKC attracts and retains capable employees, and 2007 was a busy year in employment.

AKC staff represents over 3,000 years of experience. The average employee has been with the company for over seven years, and many have broadened their experience within the company through the AKC Job Posting Program, allowing employees to apply internally for an open position. In 2007, over 30 employees were promoted, many in response to applying internally for positions. At year-end, Human Resources launched its revamped employment web site at *www.akc.jobs*.

The AKC continues to invest in its staff through the AKC University program. AKC-U includes the popular "World of AKC," which in 2007 taught employees about canine anatomy, coon hunts, obedience, rally, and tracking, and breeds in the Miscellaneous class and Foundation Stock Service. Especially popular were "Beginner's Guide to Dog Shows" and AKC history classes, along with an update on canine legislation classes.

Other AKC-U classes included workplace skills, computer training, and personal development. AKC-U held over 50 classes with more than 700 participants. In addition, the AKC tuition-reimbursement program saw 12 employees enrolled in 30 college classes.

The Raleigh Community Events Team promotes the AKC as a good corporate citizen through civic and philanthropic initiatives. In 2007, the team raised funds and donated time in support of St. Jude Children's Hospital, Susan Koman Breast Cancer Foundation, Ronald McDonald House, Triangle Family Services, Pride for Parents, the Jimmy V. Foundation, NCSU Mobile Vet Unit, and Bark around the Park. Team members were once again instrumental at the Raleigh flagship Responsible Dog Ownership Day event.

The Summer Internship program welcomed seven participants to the New York and Raleigh offices. This

was the seventh year for the program that provides student fanciers "real life" work experience. Six interns have been hired as regular AKC employees over the life of the program.

## INTERNAL CONSULTING GROUP

**I**nternal Consulting works with AKC departments to develop business plans on potential new services, analyze data, evaluate product ideas, and research the needs of breeders and fanciers. ICG also serves as a management training program.

In 2007, ICG collaborated with other departments on several of the new initiatives described in detail elsewhere in this report. ICG contributed to the development and launch of the AKC Online Record Keeping service and AKC Online Entries for Agility.

ICG was instrumental in two new product offerings: Puppy Folders, an arrangement of educational brochures for breeders to provide to new puppy buyers, and the Enhanced Competition Certificate, a framed and matted display used by fanciers to feature a title or special award. Another important ICG initiative, working with the Events department, was

the creation of a business plan that will provide registration and event-processing services to international organizations.

## MARKETING AND LICENSING

**T**he AKC cultivates the value of its brand through licensing programs that result in products bearing AKC trademarks.

4sight Licensing Solutions, Inc., represents AKC properties in most merchandise categories. 4sight creates lifestyle licensing programs, for dogs and owners, that uphold AKC standards of quality and style.

In 2007, the AKC licensing program added 13 new licensees, expanding the AKC-licensee roster to 26 and taking the AKC brand into new categories, including photo albums, limited-edition replications of the AKC art collection, coloring books, and first-aid kits. These join existing licensed products available in more than 5,000 retail stores nationwide.

AKC-branded kennels continued to be an especially popular item, and JPI's new AKC "Junior Series" of toys and accessories for children and dogs, to be sold in the newly created pets section of the national Toys "R" Us chain, was prepared for a 2008 rollout.

Bayer Animal HealthCare continued its sponsorship of the AKC Canine Good Citizen program. The



*Dog beds, plush toys, and games are part of the array of AKC-licensed products available in more than 5,000 retail stores nationwide.*

AKC and Bayer joined forces to promote a campaign to encourage responsible dog ownership through the use of such products as K9 Advantix.

Two new corporate sponsors joined the AKC in presenting Responsible Dog Ownership Day. Invisible Fence Brand by PetSafe was the national sponsor of AKC RDO Day, educating the public about how to keep pets safe from harm through gentle indoor and outdoor containment systems. Nature's Recipe Dog Food by Del Monte Pet Products was the national food sponsor of AKC Responsible Dog Ownership Day. Both companies presented educational sessions and in-ring demonstrations to the public at the AKC flagship event in New York City.

The Chase AKC Rewards Visa credit card program, in which cardholders earn points redeemable at pet-supply stores and other merchants, continued in 2007. The cards bear images of popular AKC events and the top 35 breeds in registration rankings.

AKC print and television advertising, crafted by the Doner agency, is aimed at current and potential dog owners. In 2007, AKC ads placed in *USA Weekend* magazine reached over 23 million readers each Sunday in 600 newspapers across the country.

## AUDIT AND CONTROL

**V**eterinary Outreach, Business Excellence, Internal Audit, and Support Services comprise the Audit and Control division. The division is also the liaison between the AKC and PetPartners, Inc., provider of AKC Pet Healthcare.

Veterinary Outreach promotes the AKC to veterinarians and establishes alliances with universities, researchers, practitioners, and related professional organizations. New in 2007: Bayer K-9 Advantix became sponsor of the veterinary network and veterinary outreach programs; the "AKC Veterinary Connection" newsletter was established. The quarterly publication is mailed and e-mailed to veterinary practices, and is archived online at [akc.org/vetoutreach](http://akc.org/vetoutreach).



COO John Lyons (center) accepts the North Carolina Award for Excellence on behalf of AKC Operations.

Veterinarians participating in the AKC Veterinary Network are provided AKC materials on such topics as training, breeding, events, permanent identification, and pet insurance. Owners of newly registered puppies are offered certificates redeemable for a complimentary first office visit at one of more than 3,270 participating veterinary practices.

The network includes more than 549 Banfield animal hospitals and 435 VCA animal hospitals. The program has issued 783,000 certificates since its inception.

Veterinary Outreach, with support from AKC Companion Animal Recovery, awarded \$145,000 in 2007 scholarships to 23 students of veterinary medicine from AVMA-accredited schools. Awards were based on academic achievement, involvement in the sport of dogs, and financial need. Twenty awards of \$5,000 and three awards of \$15,000 were given. In addition, the department distributed copies of the AKC's *Complete Dog Book* to all graduating students of the 28 U.S. vet schools, compliments of Bayer Animal Health and the

AKC. Twenty-five qualifying students received \$1,000 AKC/Bayer K9 Advantix Veterinary Technician Scholarships, in cooperation with the National Association of Veterinary Technicians in America.

Business Excellence is committed to continuous process improvement and quality assurance. The department took the lead on a new initiative in 2007: the North Carolina Awards for Excellence (NCAfE), based on the prestigious Malcolm Baldrige National Quality Program. NCAfE provides a framework for organizations to measure their improvement in business operations.

The NCAfE award won by AKC Operations reflects the AKC commitment to creating a sustainable high-performance organization that results in improved serv-

ice for its customers.

The AKC Pet Healthcare Plan reports excellent growth under PetPartners' management in 2007, with a 22 percent increase in users over 2006.

In addition to the annual-plan customers, many thousands of registrants also apply for the complimentary 60-day trial plan, a unique benefit of AKC registration. Owners can realize savings of up to \$1,500 in veterinary bills for accidents and illnesses covered under this unique no-cost, no-obligation plan.

Support Services fulfills printing, shipping, purchasing, facility management, and other functions. In 2007, the department handled 2.5 million pieces of mail outgoing and 1.1 million pieces incoming, and processed more than 116,000 shipping orders.

## AKC OPERATIONS PREPARES TO MOVE

**In 2007, the AKC completed plans to move the Raleigh Operations Center from its Centerview Drive location to the Brier Creek Corporate Center. The move to the newly constructed building (pictured) will be made in spring 2008.**

**The lease on the Centerview facility expires August 31, 2008. The building will be over 20 years old when the lease expires and is in need of immediate significant renovations. These upgrades would be expensive and disruptive to the operation, resulting in lost productivity. This and other practical considerations were weighed before the decision to move the Operations Center was made. The site was selected after two years of planning and analysis by staff, with advice from an outside real-estate consultant, and with major decisions reviewed and approved by the Board.**



**The Brier Creek site presents an opportunity to improve work flow and business processes. AKC Operations will completely reengineer how work is accomplished. This is especially true of the data center, which, with appropriate technical assistance from expert consultants, will be custom designed to meet the high standards and specifications of the AKC for the future. The savings realized by avoiding the Centerview renovations, and the more efficient layout of the Brier Creek floor plan, will enable Operations to move into a superior new space for a cost comparable to that of the Centerview site.**



## INTEGRITY

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### REGISTRATION AND CUSTOMER SERVICES

**R**egistration, Customer Service, and Special Services comprise the Registration and Customer Services division.

The division reports that the use of Online Dog Registration continues to increase. A 2007 monthly high of 31 percent of dog registrations completed online was achieved in December. For the entire year, the percentage was better than 26 percent.

The use of Online Litter registration also continued to increase. A monthly high of 65 percent was achieved in December 2007, and the year saw approximately 60 percent of all litters registered online.

The year's top breeds in individual dog registrations were Labrador Retrievers, Yorkshire Terriers, German Shepherd Dogs, Golden Retrievers, and Beagles. The AKC reports a total 1.2 dog and litter registrations in 2007.

AKC Online Breeder Classifieds continued as an unqualified success in 2007. After three years in existence the program is still growing, and enhancements based on input from AKC Delegates, club members, and breeders are ongoing. Online Classifieds has become an important vehicle for steering prospective puppy buyers toward parent-club sites and responsible breeders.

Brisk sales of the AKC Litter Certificate were reported in 2007. The certificate is a beautiful multicolored document tracing three generations of a litter's lineage, verifying that a litter has been officially registered with the AKC. In addition to the gold-stamped, framable certificate, the breeder receives additional black-and-white copies for each puppy buyer.

In 2007, Online Record Keeping was added to the AKC online-accounts service. It allows breeders with a "My AKC" account to manage and maintain all dog-and-litter records online. Breeders can easily register their litters while logged into their account, using the dogs they already have listed. These new features allow breeders to keep all their AKC information in one place online, and has given them access to view official AKC information on their dogs and litters.

*This July 1977 AKC Gazette cover shot by the great Joan Ludwig is one of the most widely circulated dog photos of all time.*

Special Services oversees the following programs:

- AKC Direct (handling queries and requests from Delegates, club officers, judges, and others significantly involved in the sport).
- Indefinite Listing Privilege (which allows unregistrable dogs distinguishable as purebreds with full registration status or FSS eligibility to compete in companion events, some performance events, and Juniors). In 2007, staff renamed the program Purebred Alternative Listing (PAL) and will implement enhancements that give PAL/ILP enrollees added benefits similar to those received by dog registrants.
- Foundation Stock Service (reviewing requests for breeds seeking FSS recording and eventual AKC recognition). During 2007, the Beauceron, Plott, Swedish Vallhund, and Tibetan Mastiff moved from FSS to full AKC recognition; the Norwegian Buhund, Pyrenean Shepherd, and Irish Red and White Setter became eligible to compete in the Miscellaneous Class.
- Registered Kennel Names (determining an applicant's qualifications for the requested kennel name and reporting to the Executive Secretary).
- Impure-breeding case inquiries.
- The Breeder Referral program (helping potential owners to find reputable breeders).
- Breed standard revisions.

Customer Service fields an average of 40,000 calls and 9,000 e-mails a month, and representatives answer e-mail inquiries to the AKC in usually 24 hours or less.

## COMPLIANCE OPERATIONS

Compliance Operations safeguards the integrity of the AKC Stud Book, the world's largest purebred dog registry.

The Inspections and Investigations, DNA Operations and Educational Services, Case Management, and Compliance Support departments comprise Compliance Operations.

In 2007, Inspections and Investigations implemented



*Dennis Sprung accepts the Doberman Pinscher Club of America's "Friend of the Dog" from DPCA officers Jeff Helsdon and Sam Burke at the Doberman national.*

a new kennel-inspections protocol, increasing the frequency of inspection for many breeders and adding inspection of some randomly selected breeders who register less than seven litters in a year. Fourteen field inspectors completed 5,650 kennel inspections in 2007, the most productive year in the department's history.

Case Management assists individuals with such complex registration problems as chain-of-registration questions, litter corrections, forgeries, co-ownership disputes, and other cases in which the Stud Book may be compromised. Ongoing department initiatives include improving procedures and processes to resolve cases more quickly.

DNA Operations, using DNA parentage-verification technology to maintain the integrity of the Stud Book, processed 52,082 DNA samples in 2007, bringing the total in the AKC DNA database to over 475,000 DNA profiles. Also in 2007, DNA Operations implemented Conditional Registration for dogs whose pedigrees were affected by DNA cases.

## LEGAL

The Legal department was called upon by the AKC Board and staff to review, draft, and negotiate contracts—including licensing and media agreements—manage and oversee litigation, provide legal counsel and corporate advice, monitor compliance issues, and prosecute charges filed under the AKC internal disciplinary system. The Legal department is responsible for procuring, imple-

menting, and administering the AKC internal property and casualty insurance program and the club insurance program.

The department aggressively acts in instances when the AKC name and trademarks are used without proper authorization. Likewise, it pursues the unauthorized use of AKC copyrighted material.

The Compliance Operations division reports to the Legal department.

## AKC HUMANE FUND

Over the years, the sport has missed out on receiving potential gifts and contributions because AKC structure does not provide a tax incentive for donors. That changed in 2007 with the creation of the AKC Humane Fund, Inc.

The AKC Humane Fund is a distinct not-for-profit organization that plans to present educational programs, give grants to charitable foundations, and accept tax-deductible donations. The Fund's mission is to unite a broad spectrum of animal lovers in promoting the joy and value of responsible and productive pet ownership through education, outreach, and grant making.

The Humane Fund will reach out to dog lovers as well as broaden its constituent base by forging relationships with owners who do not go on to breed or exhibit their dogs.

We often hear people say they are "members of the AKC" because they own a registered dog. While we know this is technically not true (the AKC is a "club of clubs"), we also know that people have a yearning to belong to something bigger than themselves that reflects their values when it comes to their best friend.

A new independent entity, the Humane Fund will solicit tax-deductible donations in order to champion specific causes as well as offer "membership" in the Fund to those who donate. Membership in the AKC Humane Fund will be like most charities, in which a donation is considered "membership"—a way of saying, "I belong," "I agree," or "I support your mission." The Humane Fund will give dog lovers an emotional connection to others who share these values.

The Humane Fund intends to provide financial support to organizations that promote responsible pet ownership, sponsor educational programs, and create programs such as a hall of fame for the sport of dogs. In 2007, the AKC Humane Fund, Inc., applied for registration in all states and in early 2008 received 501(c) (3) status under the IRS code. The Fund began accepting inaugural membership pledges by inviting clubs, individual fanciers, and others to be the founding members of this important organization to bring its mission to life.

The Fund's founding members will be acknowledged on the permanent Wall of Honor (pictured) to be installed at AKC headquarters in New York.





## INFORMATION

### INFORMATION SERVICES

**I**nformation Services designs, implements, and maintains technical and information management systems in support of every realm of AKC activity.

“My AKC,” the AKC’s individualized web site account service was enhanced in 2007 with the launch of Online Record Keeping. Breeders who use “My AKC” can now take advantage of the updated Online Litter Registration system, which simplifies the registration of a new litter.

Popularity of online registration services continues to grow. More than 60 percent of 2007 litters were registered online, surpassing 65 percent in December. Online dog registrations grew to 31 percent in December, compared to 18.2 percent overall in 2006. An online entry system for agility events was also launched, with the first event being the 2008 National Agility Championship.

The AKC web site receives approximately two million unique visitors a month and 500,000 page views a day. In 2007, the Information Services switched to Google as the search engine for *akc.org* and made many other enhancements to the site. Fanciers and novices alike visit *akc.org* for its thousands of pages of information, and also for breaking news. Event results, legislative alerts, dog-related news items, and AKC press releases were posted throughout the year.

Sales at *akc.org* of dog-related merchandise, as well as electronic statistics packages, pedigrees, and dog-ranking and dogs-defeated reports, continue to be a source of alternative revenue.

### COMMUNICATIONS

**A**KC Communications utilizes news media to enhance the AKC’s image and raise public awareness among pet owners and the fancy.

The department creates press materials promoting major initiatives and AKC positions on important news stories. In 2007, AKC-generated material was picked up by such major print media as the *New York Times*, *New York Post*, *Los Angeles Times*, *USA Today*, *Chicago Tribune*, *Detroit Free Press*, and *Time Out New York* magazine.

*Lina Basquette gaits Ch. Honey Hollow Stormi Rudio at Westminster, 1959. This is one of many Evelyn Shafer classics in the AKC collection.*

The annual announcement of AKC registration rankings continued to be a successful outreach effort, yielding over 250 media clips and nearly 70 million impressions in 2007. Coverage of the AKC/Eukanuba National Championship appeared in over 700 media outlets, reaching approximately 168 million people in such outlets as *The Today Show*, *Saturday Night Live*, *the CBS Early Show*, CNN, FOX News, *The Tonight Show*, National Public Radio's *All Things Considered*, and the America Online homepage.

TV and print public-service announcements (PSAs) promote responsible dog ownership and position the AKC as the leading source of dog-related expertise. In 2007, print PSAs reached 10.5 million readers, and the television PSAs "Blind Date" and "Kids Promise" were seen by more than 45 million viewers. Three newly created print PSAs focused on the AKC Canine Good Citizen program, avoiding Internet puppy scams, and signing the "AKC Pet Promise." The new PSAs, along with updated versions of existing ones, were distributed to more than 5,000 newspapers.

AKC Responsible Dog Ownership Day flagship events in New York City and Raleigh drew a combined 23,500 attendees and considerable press attention. An all-time high 390 AKC clubs and other organizations celebrated RDO Day by hosting events in their communities. Coverage of RDO Day in various media reached more than 45 million people.

The Club Communications department works with AKC member and licensed clubs to communicate to the public in a unified voice. In 2007, the department hosted February's Dog Writers Association of America cocktail party in conjunction with AKC Open House; developed and distributed a "P.R. Tips & Tools" binder to almost 100 AKC clubs; and continued to work with AKC member and licensed clubs to communicate to the public. The "AKCommunicates!" e-newsletter keeps clubs apprised of new AKC initiatives and offers tools and tips for pursuing media coverage; the AKC

Syndicate, with more than 1,550 monthly subscribers, provides editorial content for newspapers and club newsletters.

To coincide with the release of the film *Firehouse Dog*, the AKC joined 20th Century Fox and the Irish Terrier Club of America to develop a web-based PSA encouraging responsible dog ownership. The AKC and the National Beagle Club designed an insert for the DVD of Disney's *Underdog*, encouraging viewers to do their research before purchasing a Beagle.

## CANINE LEGISLATION

**T**he highly publicized California Assembly Bill 1634, which would require the mandatory spaying or neutering of any dog over 6 months of age, was 2007's big story in canine legislation. The Canine Legislation department identified and contacted over 100,000 dog owners and AKC breeders in California to involve them in the fight against the bill. The letters and phone calls generated by these efforts convinced the Senate Local Government Committee not to pass the bill. The department continues to monitor the bill's possible return in 2008.

California provided an opportunity to conduct the first state-level lobby days. Staff instructed Californians on lobbying, briefing them on specifics of the legislation and providing materials to deliver to their representatives. In an AKC first, a state-level California lobbyist was retained.

Staff attended the Annual Pet Night Reception on Capitol Hill, and networked with legislators at the National Conference of State Legislatures and the American Legislative Exchange Council.

2007 also saw the formation of the AKC Political Action Committee, which will allow the AKC to collect donations from AKC club members and distribute them to key legislators, assisting the AKC in advocating for the rights of responsible dog owners.

Locally, the department assisted responsible dog owners in such major metropolitan areas as Indianapolis, Indiana; Tacoma, Washington; Hillsborough County, Florida; Wichita, Kansas; Baltimore County, Maryland; the District of Columbia, and New York City to defeat breed-specific legislation, mandatory spay/neuter ordinances, and breeder licensing, in favor of reasonable, effective legislation, such as leash and nuisance laws.

Seminars are an important Canine Legislation tool for teaching AKC constituents about legislative issues and how to effectively work with elected officials. In 2007, staff conducted 22 seminars; venues included the AKC Parent Club Conference, the CHF Parent Club Conference, AKC-CHF Breeders Symposia, the national NAIA meeting, as well as the traditional seminars held in conjunction with AKC dog shows and kennel club meetings.

## PUBLIC EDUCATION

**T**he Public Education department teaches current and future dog owners, young and old, about the advantages of purebred dogs and AKC registration.

The department supports a nationwide network of more than 4,000 volunteer educators from AKC-affiliated clubs. These Public Education Coordinators (PECs) and Canine Ambassadors visit community groups and schools, distribute AKC materials, and host responsible dog-ownership events.

In 2007, the department coordinated and promoted AKC Educational Matches: large, multi-club, multi-sport events that introduce and welcome owners of newly AKC-registered puppies to the sport of purebred dogs. The daylong events feature educational presentations followed by a match show, during which new exhibitors and future fanciers practice their newly learned skills.

In February, the AKC conducted a successful pilot

Educational Match in Raleigh. Portland-area clubs conducted a second AKC Educational Match in Hillsboro, Oregon, and the AKC, with help from New York and New Jersey clubs, conducted a third match in Clinton, New Jersey.

Public Education resources include more than 30 publications, the *AKC Best Friends* and *Safety Around Dogs* videos, teacher activity kits, elementary and middle school lesson plans, and electronic newsletters. The department provided to PECs, on request, more than 5,000 customized packages of educational materials for distribution at shows and events. New resources in 2007 included a "Booth Box Kit," containing what PECs need to create a professional, attractive educational display; Certificates of Appreciation that recognize superior efforts of clubs and their members to further the department's mission; and lapel pins and business-card templates to help distinguish PECs and Canine Ambassadors in their communities and leave a professional and lasting impression.

In 2007, staff met with fanciers at shows and events in Detroit, Raleigh, Baltimore, Seattle, Los Angeles, St. Louis, and Atlanta to inform fanciers about Public Education programs and resources, and especially to heighten the awareness of the positive impact public-education campaigns can play in heading off undesirable canine legislation and presenting alternatives.

## CLUB EDUCATIONAL SERVICES

**A**KC Information and Education Booth made appearances covering 134 days in 2007. At dog shows and other venues, knowledgeable Booth staff greeted more than 160,000 visitors nationwide. The Booth features a full menu of AKC services, products, and educational materials. Successful ongoing promotions include Canine Legislation, Canine Good Citizen, AKC credit cards, Veterinary Outreach, AKC publications, pet insur-



ance, Junior Showmanship, Puppy Kits, Online Record Keeping, and the new Enhanced Certificate Frames.

The Booth supports local educational efforts of teachers, clubs, and veterinarians. Highlights of the Booth calendar were the AKC/Eukanuba National Championship, a fourth annual visit to England for the Crufts show, and the first-ever Booth appearance at the World Show in Mexico City.

The Booth visited all four AKC Delegate meetings in 2007.

Booth staff arranged dog show tours and educational programs for the public, in partnership with local clubs. Children's education and tours continued to be a priority. In the calendar year, four Booth DNA events and two Booth ILP Live events were held at major shows.

The AKC Banner program coordinates the display of AKC-logo signage at dog events, raising AKC visibility with spectators and the media.

### CANINE GOOD CITIZEN

**A**KC Canine Good Citizen® (CGC), sponsored by K9 Advantix, is a noncompetitive certification program that actively promotes responsible dog ownership by rewarding dogs who demonstrate good manners at home and in their community.

More than 7,000 approved evaluators administered the 10-step CGC test nationwide in 2007.

The legislatures of New Mexico and Maryland passed resolutions in 2007 in support of CGC. In all, 34 states have formally endorsed CGC.

Many countries in Europe and Asia have developed CGC programs based on the AKC model. A CGC Neighborhood Model has been established, police and animal-control agencies use CGC for dealing with dog problems in communities, some therapy-dog groups use the CGC as a partial screening tool, and 4-H

groups around the country have been using the CGC as a beginning dog-training program for children.

Many parent clubs include CGC testing at their national specialties.

A contract was signed in 2007 with Petsmart, which will result in CGC classes and testing being offered in more than 900 Petsmart stores nationwide.

### PUBLICATIONS

**T**he Publications division's editors, artists, graphic and production experts, and sales and marketing professionals produce the AKC family of periodicals. The division is also responsible for AKC web site and e-mail newsletter ad sales and production.

The monthly *AKC Gazette* is the official journal for the sport of purebred dogs. Founded in 1889, the *Gazette* presents authoritative coverage of issues that matter to the fancy.

*Gazette* stories winning 2007 Dog Writers Association of America (DWAA) awards included specially voted prizes for two features by frequent contributor Matthew Schenker, whose story on DNA testing, "Clearing the Lines," was also named "Best Feature" by the Purebred Alliance of Writers (PAW). Other award winners included Alice Su's "The Dogs of Ground Zero," named PAW's "Best Special Feature"; and Kerrin Winter Churchill's coverage of the dogs and owners displaced by Hurricane Katrina, winner in the DWAA "Best Opinion/Essay" category.

New to the *Gazette* in 2007: Dr. Susan Donahue's "nutrition" column; "The Versatile Dog," celebrating dogs and owners who compete in multiple events; "Future Fancy," devoted to the achievements and goals of juniors; and "Dog People," presenting affectionate caricatures of leading figures in the sport.

In July, the *Gazette* and its indispensable supplement, *Events Calendar*, were combined into a single magazine, allowing staff to update calendar listings closer to press

*AKC outreach events: A Bulldog pup gets some face time on AKC Responsible Dog Ownership Day in Raleigh; New York RDO Day, at Madison Square Park; Board Member Dr. William R. Newman offers advice at the Raleigh Educational Match.*



time while mitigating the ever-increasing costs of paper and printing. Subscribers can now choose between receiving the *Gazette*-only magazine section or the combined *AKC Gazette & Events Calendar*.

*AKC Family Dog*, an added value to Gold Level dog registrations, is the AKC lifestyle magazine conceived for owners of pet purebreds and a valuable tool for AKC public outreach.

At less than three years old, the bimonthly publication was named America's Best All-Breed Magazine by the DWAA in February.

New in *Family Dog* for 2007 were Dr. Jeff Grognet's "Nutrition and Health" column and the "Your Family Dog" page, where readers are invited to submit photos of their dogs for publication.

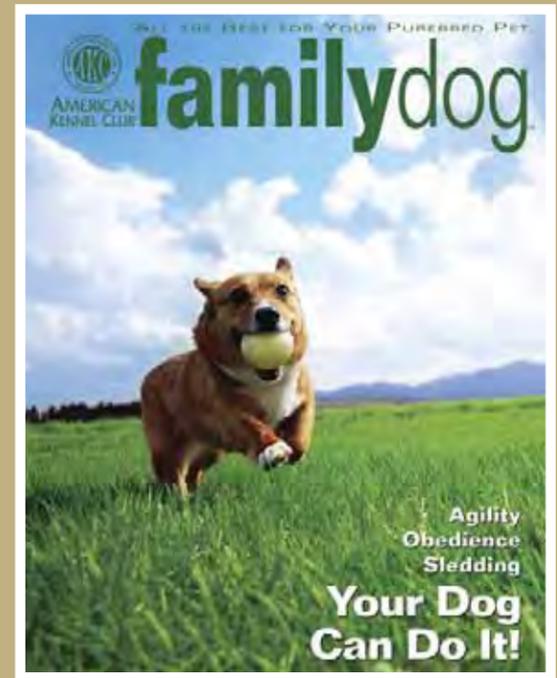
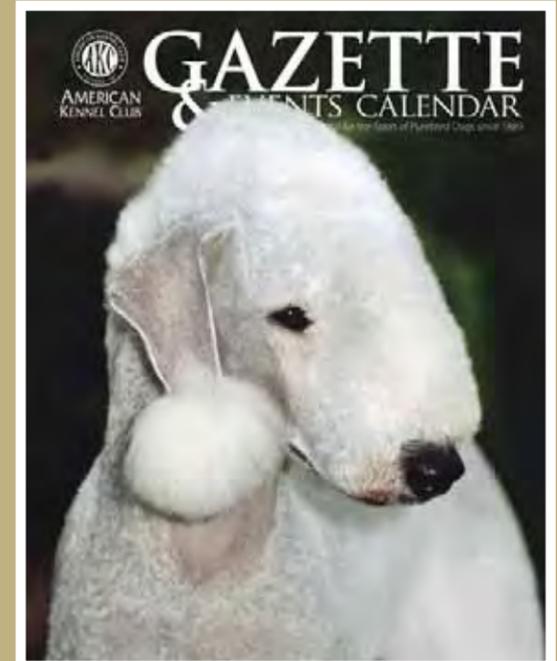
In an encouraging trend, *Family Dog's* advertising sales have achieved record growth. *Family Dog* is sent free of charge to veterinary offices, and in 2007 the magazine added professional groomers to its complimentary list.

*The AKC New Puppy Handbook*, a pocket-sized guide to puppy care and training, is sent to all new AKC registrants as an incentive to register. The colorful, practical reference guide is entirely supported by advertising.

The monthly *AKC Awards* was converted from a several-hundred-page paper edition to a user-friendly compact disc. The PDF format is easily viewed on a personal computer or Macintosh, and has the same look and format as the paper book. The conversion makes *Awards* less costly to produce, with the savings passed on to subscribers.

The "Your AKC" e-mail newsletter continued to grow in popularity. Distribution surpassed 1,000,000 monthly recipients in 2007. The AKC program for special-interest e-newsletters now delivers almost 15,000,000 e-mails annually to subscribers.

Advertising revenues for the AKC web site and e-newsletters increased 75 percent over 2006.



Opposite: This tender moment was captured at September's AKC Educational Match in Clinton, New Jersey.



## SUPPORTED AND AFFILIATE ORGANIZATIONS

### AKC COMPANION ANIMAL RECOVERY

**A**KC Companion Animal Recovery (CAR), an AKC affiliate organization, is dedicated to reuniting lost pets with their owners.

CAR, the nation's largest nonprofit recovery service, maintains a state-of-the-art international database of microchipped, tattooed, and collar-tagged pets. Skilled recovery coordinators utilize the database to provide lifetime recovery services 24 hours a day, 365 days a year, for dogs, cats, and 33 other species.

There are over 3.7 million animals enrolled in the program, which has recovered more than 333,000 animals since its inception in 1995. CAR historically recovers a lost pet every seven minutes.

The AKC CAR Canine Support and Relief Fund works with state emergency-response units, local shelters, rescue organizations, and dog clubs to provide immediate assistance for pets affected by natural disasters. The Fund provides food, water, crates, collars, leashes, and other essential supplies. The Fund also makes grants to search-and-rescue teams around the country. In 2007, CAR contributed \$100,000 to the AKC Veterinary Scholarship program.

For more information visit [www.akccar.org](http://www.akccar.org), or call 800-252-7894 to speak with a CAR representative.

### AKC MUSEUM OF THE DOG

**L**ocated in Queeny Park, St. Louis, in the historic Jarville House, The American Kennel Club Museum of the Dog maintains the nation's largest collection of dog-related fine art and artifacts.

In 2007, the museum was supported by the AKC with a grant of \$170,000, in addition to funding for the restoration of the collection.

The museum's Cam Lyman Conference Room and the Constellation Room are available for rental for events and receptions, with dog clubs given a signifi-

cant discount. The museum is open to the public year-round. In 2007, the museum presented such special-themed exhibitions as "The Dogs Came Dancing," a look at the dog's place in Native American culture, and "The Art of Harry Carl Weber," featuring bronzes by the noted sculptor and St. Louis native.

The museum hosts AKC club seminars and parties, offers educational programs for young visitors, and publishes the "Sirius" newsletter.

For information call 314-821-3647, e-mail [doga-arts@aol.com](mailto:doga-arts@aol.com), or visit [www.museumofthedog.org](http://www.museumofthedog.org).

### AKC CANINE HEALTH FOUNDATION

**T**he AKC Canine Health Foundation (CHF) develops resources for basic and applied health programs, with emphasis on canine genetics. The AKC contributed \$1.4 million to the Foundation in 2007.

Research supported by the Foundation has led to the development of the canine genome map and the creation of tests for many breed-specific diseases. Since 1995, more than \$20 million in canine health grants have been approved. In 2007, the Foundation awarded over \$2.9 million in research grants to investigators.

In recognition of administrative excellence, the CHF has earned a four-star rating from Charity Navigator, a 501(c)(3) nonprofit organization that works to guide intelligent giving (more at [www.charitynavigator.org](http://www.charitynavigator.org)). The Foundation teamed with the AKC Breeders department to present Breeders Symposia throughout the year.

The Foundation is allied with the Nestlé Purina PetCare company in a multimillion-dollar effort to further the cause of canine health. The Foundation is also allied with the Orthopedic Foundation for Animals and the Canine Health Information Center.

Contact the CHF at 888-682-9696; [akcchf@aol.com](mailto:akcchf@aol.com). For full, updated reports of Foundation activities, visit [www.akcchf.org](http://www.akcchf.org).

*A 1938 Bert Morgan portrait of Hayes Blake Hoyt (Mrs. Sherman Hoyt) and Ch. Blakeen Jung Frau. Breeder, handler, judge, writer, and television commentator, the glamorous mistress of Blakeen Kennels was among the most photographed fanciers of her era.*

## 2007 AKC/EUKANUBA NATIONAL CHAMPIONSHIP



*BIS Sealyham Terrier Ch. Efbe's Hildago at Goodspice and owner-handler Margery Good with, l. to r., Dr. Sang-Woo Park, Mayor Bob Foster, Dennis Sprung, Ron Menaker, judge Maxine V. Beam, Dan Rajczak, Leanza Cornett, Vicki Seiler, and Jason Taylor; Best Bred-by-Exhibitor Golden Retriever Ch. Easthill Broxden the Fig Is Up and breeder-owner-handler Amy Rodrigues-Booth.*



*Clockwise from top: 2007 AKC Awards for Canine Excellence (ACE) winners; judge Karl P. Reisinger (Austria) names Cocker Spaniel Ch. Very Vigie Vamos a la Playa (Switzerland) winner of the first Eukanuba World Challenge; Amy Rodrigues-Booth and Best Bred-by-Newton, Dennis Sprung, Ron Menaker, and Andrzej Mania (Poland); Vamos, handled by breeder Laurent Pichard.*



*Clockwise from top: Best Junior Handler C.T. Giese; agility winners Robin Kletke and Papillon Tigger, Suzanne Birdsall and Parson Russell Terrier Edge, Kim Simmons and Nova Scotia Duck Tolling Retriever Slyder, Linda Mecklenburg and Border Collie Stellar, and Steve Jenks and Weimaraner Booster; the obedience ring; Meet the Breeds "Best Booth": Cairn Terrier Club of America.*



*Clockwise from top left: AKC Obedience Invitational winner Golden Retriever Dreams and owner Dee Dee Anderson (far right); the World Challenge ring; AKC Agility Invitational action; 2007 AKC Breeder of the Year group winners (the names of all Breeder of the Year and ACE winners are listed on page 41); Ron Menaker and Long Beach mayor Bob Foster.*



*Clockwise from top: The Long Beach Convention Center; Best of Breed Bulldog judging; the Long Beach skyline; Animal Planet–Discovery broadcast team Edd Bivin, Bob Goen, and Lee Arnold; the “Celebration of Champions” perpetual trophy; Korea Kennel Federation president Dr. Sang–Woo Park, Mrs. Park, and Ron Menaker at the annual judges’ dinner.*

## 2007 AKC AWARD WINNERS



*Walter F. Goodman, Susan Sprung, and 2007 AKC Breeder of the Year Barbara Miller*

### AWARDS FOR CANINE EXCELLENCE (ACE)

Awards for Canine Excellence salute AKC-registered dogs that enrich, inspire, or contribute to the lives of individuals or communities.

- THERAPY: Penni (Pembroke Welsh Corgi), owned by Florence Scarinci, of Franklin Square, New York
- LAW ENFORCEMENT: Baton Rouge Police Department K-9 Division (nine German Shepherd Dogs, one Belgian Malinois), Baton Rouge, Louisiana
- EXEMPLARY COMPANION: Rumor (Rottweiler), owned by Francisco Sanguino & Steph Anderson, of South Sioux City, Nebraska
- SERVICE: Holly (Shetland Sheepdog), owned by Shanna Wilkinson, of Magna, Utah
- SEARCH AND RESCUE: Ranger (Labrador Retriever), owned by Captain Kerry W. Foster, of Shreveport, Louisiana

### BREEDER OF THE YEAR

The Breeder of the Year program honors breeders who have dedicated their lives to improving the health, temperament, and quality of purebred dogs.

- BREEDER OF THE YEAR: (representing the Terrier Group): Barbara Miller, Max-Well Norfolk Terriers
- SPORTING: Beverley & Adrian Wanjon, Russet Leather Vizslas
- HOUND: Stanley D. Petter Jr., Hewly Greyhounds
- WORKING: Jean & Wayne Boyd, Rivergroves Great Pyrenees
- TOY: Glynette Cass, Wesglyn Maltese
- NON-SPORTING: Mikki Demers, KiMik Tibetan Terriers
- HERDING: Anne Bowes, Heronsway Pembroke Welsh Corgis

### LIFETIME ACHIEVEMENT AWARDS

Lifetime Achievement Awards honor longtime fanciers of national repute who have made lasting contributions to the sport of purebred dogs.

- CONFORMATION: Damara Bolté
- COMPANION EVENTS: Mildred (Mid) Rothrock
- PERFORMANCE: Dennis Bath

### COMMUNITY ACHIEVEMENT AWARDS

Community Achievement Awards recognize exemplary efforts in public education and canine legislation.

- Andrew D’Ambrose, Elm City Kennel Club
- Janet DiNitto, Central New York Kennel Club
- Joseph Foster, Wilmington Kennel Club
- Donna & Bernard Thompson, Blue Ridge Dog Training Club
- Detroit Kennel Club
- Everglades Golden Retriever Club
- Gloucester County Kennel Club
- Northern Neck Kennel Club
- Oconee River Kennel Club
- Putnam Kennel Club
- Rapid City Kennel Club
- Susque-Nango Kennel Club



## FINANCIAL MANAGEMENT

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### 2007 FINANCIAL HIGHLIGHTS

**D**uring 2007, the American Kennel Club (AKC) and AKC Companion Animal Recovery (CAR) achieved strong financial results by generating a combined operating surplus of \$10.4 million which was comparable to 2006. The 2007 net surplus was impacted by the adoption of a new accounting pronouncement, Financial Accounting Standards Board (FASB) Statement No. 158, which increased the pension and postretirement obligations by \$16.7 million. As a result of this one-time accounting change, the combined change in net assets for 2007 was a decrease of \$6.6 million compared to an increase of \$10.2 million for 2006.

Combined total revenues of \$72.8 million in 2007 were comparable to 2006. Core registration revenues of \$34 million for dogs and litters were \$894,000 higher than the prior year. Fees and certified pedigrees of \$8.9 million were down slightly from 2006. Royalty and sponsorship income was higher due to the growth of AKC's licensing programs. Recording and event fees of \$6.6 million increased by \$394,000, primarily due to continued growth in Agility and Rally events. Videos, DNA and other product services of \$5.2 million increased by \$491,000 due to new services and products offered. CAR's enrollment revenues and microchip sales totaled \$4.3 million which was an increase of \$1.1 million. This was primarily attributable to the new microchip sales.

Revenues for 2007 and 2006 include \$1.6 million and \$3.9 million, respectively, for the approximate values of in-kind contributed services for Public Service Announcements (PSAs) received primarily in the

form of donated advertising on television, radio stations, and in print.

Total operating expenses of \$68.4 million decreased by 1% from 2006. Payroll and related benefits increased by 3.5% in 2007. All other operating expenses decreased by 5% due to a decrease in service fees and the aforementioned in-kind contributed services (PSAs) offsetting costs noted above.

AKC continued its support of the American Kennel Club Canine Health Foundation with total funding and in-kind contributions of \$1.9 million in 2007 and also provided essential financial support for the American Kennel Club Museum of the Dog.

Investment gains were \$5.9 million in 2007 compared to \$7.1 in 2006.

As of December 31, 2007, the AKC and CAR Board of Directors designated funds to support various projects for preserving the future of the organizations and the sport of purebred dogs totaling \$59 million. This included funds designated for operating reserves, the endowment fund and the North Carolina Brier Creek relocation.

The pension plan remains overfunded, despite the additional pension and postretirement liability of \$16.7 million required by adoption of FASB Statement No. 158 (noted above). The value of the Plan's assets comfortably exceeds the Plan's liabilities. Therefore, we do not anticipate a funding requirement in the foreseeable future.

During 2007, Finance established accounting, reporting and regulatory compliance requirements to support the new AKC Humane Fund, American Kennel Club Political Action Committee (AKCPAC) and various strategic initiatives.

*Top dog-show photographers are in constant demand for advertising work and magazine covers. This stunning 1986 shot by Missy Yubl, featuring the great Brussels Griffon Charlie Brown, appeared on the cover of the now-defunct Kennel Review.*



*Evelyn Shafer, along with such colleagues as Joan Ludwig and Missy Yubl, was a leading practitioner of her craft decades before the phrase "female empowerment" was coined. These talented and independent women blazed a trail for today's top female photographers.*

## REPORT OF INDEPENDENT AUDITORS

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**ERNST & YOUNG LLP**

**BOARD OF DIRECTORS  
THE AMERICAN KENNEL CLUB, INCORPORATED**

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We have audited the accompanying combined balance sheets of The American Kennel Club, Incorporated (the "Club") as of December 31, 2007 and 2006, and the related combined statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Club's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Club's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Club's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of The American Kennel Club, Incorporated as of December 31, 2007 and 2006, and the combined changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Notes 1 and 4, the Club adopted the provisions of Financial Accounting Standards Board Statement No.158, *Employers' Accounting for Defined Benefit Pension and other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106 and 132(R)*, effective December 31, 2007.

*Ernst + Young LLP*

New York, New York  
February 22, 2008

## COMBINED BALANCE SHEETS

(dollar amounts in thousands)

DECEMBER 31,	2007	2006
<b>ASSETS:</b>		
Cash	\$ 1,470	\$ 882
Investments (Notes 1 and 2)	72,454	71,294
Receivable on sale of investments	4,300	448
Accounts receivable — Less allowance for doubtful accounts of \$72 and \$76 in 2007 and 2006, respectively	1,031	663
Prepaid expenses and other	4,707	3,428
Prepaid pension cost (Note 4)	15,640	25,941
Property and equipment — net (Notes 1 and 3)	8,545	10,160
Collections (Note 1)	—	—
<b>TOTAL ASSETS</b>	<b>\$ 108,147</b>	<b>\$ 112,816</b>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 5,093	\$ 5,641
Accrued postretirement benefits payable (Notes 1 and 4)	18,698	10,783
Deferred revenue (Note 1)	1,751	5,878
Deferred lease liability (Notes 1 and 5)	2,258	2,545
Capital lease obligations (Note 6)	153	1,190
<b>TOTAL LIABILITIES</b>	<b>27,953</b>	<b>26,037</b>
Contingencies (Notes 8 and 11)		
Net assets:		
Unrestricted:		
Operating	9,856	23,598
Investment in property and equipment	8,392	8,970
Board designated (Note 9)	59,280	51,350
Total unrestricted	77,528	83,918
Temporarily restricted (Notes 1 and 10)	2,666	2,861
Total Net Assets	80,194	86,779
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 108,147</b>	<b>\$ 112,816</b>

See notes to combined financial statements.

## COMBINED STATEMENTS OF ACTIVITIES

(dollar amounts in thousands)

YEARS ENDED DECEMBER 31,	2007	2006
<b>CHANGES IN UNRESTRICTED NET ASSETS:</b>		
Operating Support, Revenues and Reclassifications (Note 1):		
Registration fees	\$ 34,032	\$ 33,138
Fees and certified pedigrees	8,912	9,081
Royalty and sponsorship income	7,644	7,323
Recording and event fees	6,584	6,190
Videos, DNA and other product services	5,175	4,684
Enrollment fees and microchip sales	4,284	3,228
Publications	3,577	3,671
Contributed air time and print space (Note 1)	1,663	3,966
Other income	364	370
Interest and dividends (Note 2)	354	325
Net assets released from restrictions (Note 10)	195	202
Contributions	40	130
<b>TOTAL UNRESTRICTED OPERATING SUPPORT, REVENUES AND RECLASSIFICATIONS</b>	<b>72,824</b>	<b>72,308</b>
Operating Costs (Note 7):		
Payroll and related benefits (Note 4)	32,948	31,834
Depreciation and amortization (Notes 1 and 3)	5,172	5,473
Communications and postage	3,547	3,409
Public education, books and videos (Note 1)	3,502	5,370
Public relations, events and programs	3,365	3,544
Professional and service fees	3,000	4,337
Travel (staff, field force and investigative divisions)	2,993	2,789
Rent (Notes 1 and 5)	2,957	2,996
Printing, paper and promotions	2,769	2,672
Maintenance, rentals and insurance	2,257	2,009
Forms and supplies	2,254	1,649
Grants and contributions (Notes 1 and 8)	2,195	1,663
Directors, delegates and committees	1,037	989
Other	391	362
<b>TOTAL OPERATING COSTS</b>	<b>68,387</b>	<b>69,096</b>
Increase in unrestricted net assets before non-operating items	4,437	3,212
Realized and unrealized gains on investments, net (Note 2)	5,939	7,151
Change in unrestricted net assets before effect of adoption of FASB Statement 158	10,376	10,363
Effect of adoption of recognition provisions of FASB Statement 158	(16,766)	—
(Decrease) increase in unrestricted net assets	(6,390)	10,363
Changes in temporarily restricted net assets:		
Contributions (Notes 1 and 10)	—	—
Net assets released from restrictions (Notes 1 and 10)	(195)	(202)
Decrease in temporarily restricted net assets	(195)	(202)
Change in net assets	(6,585)	10,161
Net assets at beginning of year	86,779	76,618
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 80,194</b>	<b>\$ 86,779</b>

See notes to combined financial statements.

# COMBINED STATEMENTS OF CASH FLOW

(dollar amounts in thousands)

YEARS ENDED DECEMBER 31,	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (6,585)	\$ 10,161
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	5,172	5,473
Realized and unrealized gains on investments, net	(5,939)	(7,151)
Effect of adoption of recognition provisions of FASB Statement 158	16,766	—
Increase in accounts receivable	(368)	(75)
Increase in prepaid expenses and other	(1,279)	(464)
Decrease in prepaid pension cost	70	815
(Decrease) increase in accounts payable and accrued expenses	(548)	958
Increase in accrued postretirement benefits payable	1,380	1,176
Decrease in deferred revenue	(4,127)	(23)
Decrease in deferred lease liability	(287)	(251)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>4,255</b>	<b>10,619</b>
Cash Flows From Investing Activities:		
Purchase of investments	(27,211)	(42,889)
Sale of investments	28,138	37,384
Purchase of property and equipment	(3,557)	(3,723)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,630)</b>	<b>(9,228)</b>
Cash Flows From Financing Activities:		
Payments made on capital lease obligations	(1,037)	(1,353)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(1,037)</b>	<b>(1,353)</b>
Net increase in cash	588	38
Cash at beginning of year	882	844
<b>CASH AT END OF YEAR</b>	<b>\$ 1,470</b>	<b>\$ 882</b>

Supplemental schedule of non-cash investing and financing activities:

During 2007 and 2006, the Club entered in capital leases for new software, hardware and equipment in the amounts of \$16 and \$344, respectively.

Cash paid for interest in 2007 and 2006 was \$22 and \$71, respectively.

See notes to combined financial statements.

# NOTES TO COMBINED FINANCIAL STATEMENTS

(dollar amounts in thousands)

## I. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

**ORGANIZATION** The American Kennel Club, Incorporated (the “Club”), established in 1884, is a not-for-profit organization (exempt from Federal income taxes under Section 501(c)(4) of the Internal Revenue Code) devoted to the advancement, study, breeding, exhibiting, and maintenance of purebred dogs. Its membership is comprised of 603 autonomous, financially independent dog clubs and over 4,000 affiliated clubs throughout the United States. The Club approves and maintains the official records of member and licensed club events. Revenues are comprised primarily of registration fees for purebred dogs and their litters, pedigree certificate fees, license fees, and AKC Companion Animal Recovery (CAR) enrollment and microchip sales. Other sources of revenue include the publication of magazines, recording and event service fees, DNA program fees, video sales, contributions and royalty and sponsorship income. CAR is a Section 501(c)(3) not-for-profit organization (exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code).

In fiscal 2007, the Club formed an organization known as The AKC Humane Fund, a Section 501(c)(3) not-for-profit organization.

**NET ASSET CLASSIFICATIONS** Unrestricted net assets consist of revenues available for the support of the Club’s operations. The unrestricted net assets may be used at the discretion of the Club and CAR’s management and Boards of Directors. Temporarily restricted net assets represent amounts restricted for specific activities of CAR to be used at some future date.

**BASIS OF ACCOUNTING** The combined financial statements of the Club have been prepared on the accrual basis and include controlled related affiliates, AKC Companion Animal Recovery and The AKC Humane Fund. All significant inter-company transactions and balances have been eliminated.

**MEASURE OF OPERATIONS** The Club includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Other transactions such as realized and unrealized gains and losses on investments are classified as non-operating in the combined accompanying statements of activities.

**USE OF ESTIMATES** The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that

affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Alternative investments are not readily marketable, their estimated fair value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Such differences could be material.

**FAIR VALUE OF FINANCIAL INSTRUMENTS** The Club’s financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued expenses.

Accounts receivable are recorded at net realizable value which approximates fair value. Investments are recorded at fair value (see below). All other financial instruments are stated at cost which approximates fair value.

**CASH AND CASH EQUIVALENTS** The Club considers highly liquid investments purchased with a maturity of three months or less, other than those held as part of the investment portfolio, to be cash equivalents.

**INVESTMENTS** Mutual fund investments are measured at fair value based on quoted market prices. Investments in limited partnerships and offshore limited liability companies, which are described as alternative investments, are stated at fair value as estimated in an unquoted market. Fair values of the alternative investments are determined based on information provided by the investment managers or general partners. Values may be based on estimates that require varying degrees of judgment and for “funds of funds” investments are primarily based on financial data supplied by the underlying investment management funds. Generally, fair value reflects net contributions to the investee and an ownership share of realized and unrealized investment income and expenses. The financial statements of the investees are audited annually by independent auditors.

**PROPERTY AND EQUIPMENT** Property and equipment are carried at cost. Depreciation is provided for over the assets’ estimated useful lives of three to five years and are computed by the straight-line method. Leasehold improvements are amortized over the remainder of the lease period (which approximates the estimated useful lives) (see Note 3). Software and website costs, which have been capitalized in accordance with the American Institute of Certified Public Accountants’ Statement of Position

98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use*, and Emerging Issues Task Force Issue No. 00-02, *Accounting for Website Development Costs*, are being amortized over a period of three years.

**COLLECTIONS** The Club maintains a library and collection of artwork, which are not recognized as assets in the combined financial statements. The Club's collection of artwork was primarily acquired through contributions since the organization's inception. Acquisitions were added to the collection during 2007 and 2006. The Club's library collection, established in 1934, was acquired through purchases and contributions since its inception. Purchases for the library's collection are expensed in the year in which the items are acquired. The items in the library are not circulated. The collections are held for public exhibition and educational and research purposes. Each of the items is preserved and cared for, and maintenance activities are performed continuously. The collections are generally not sold. However, in the event that they were, the proceeds would be reinvested to acquire other items for collections.

**DEFERRED LEASE LIABILITY** The Club expenses rent on a straight-line basis over the lease terms. The excess of rent expense over amounts paid or currently payable to landlords for such leases is included in the deferred lease liability. In addition, landlord incentives relating to construction allowances are reflected as leasehold improvements and deferred lease liability, which are both amortized over the remaining life of the lease (see Note 5). The leases are subject to annual operating expense escalations.

**POSTRETIREMENT BENEFITS OTHER THAN PENSIONS** The Club accrues postretirement benefits for retirees over the term of their employment, for those employees hired prior to July 1, 2003. No coverage is provided for employees hired after this date.

**SUPPORT, REVENUE AND DEFERRED REVENUE** Registration, recording and event fees are recorded as revenues when received. Enrollment fees pertaining to CAR are recorded as revenues when received as future costs associated with enrollment services are not significant. Microchip sales are recorded when orders are shipped. Subscriptions are reflected in revenues ratably over the period of the subscription. Advertising revenues are recognized monthly as publications are issued. Royalty and sponsorship income are accrued as earned.

**CONTRIBUTIONS** Contributions are recorded at fair value when received and are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when the stipulated purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets. Temporarily restricted support is recorded as unrestricted support if the restriction is met in the same period as the support is received.

The Club receives contributed air time and print space primarily in the form of donated advertising on television, radio stations, and in print. The value of such in-kind contributions, based upon information provided by a third party advertising service, approximated \$1,663 and \$3,966 for the years ended December 31, 2007 and 2006, respectively. Such air time and print space has been reflected in the accompanying combined statement of activities as contributed air time and print space revenue and public education expense.

**ADVERTISING EXPENSES** The Club expenses all advertising costs as incurred. Advertising expense, exclusive of contributed air time and print space, for the years ended December 31, 2007 and 2006 was \$1,536 and \$1,458, respectively.

**FUNCTIONAL EXPENSES** The majority of expenses can be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function have been allocated among program and supporting service classifications using bases determined by management to be reasonable.

**CHANGE IN ACCOUNTING PRINCIPLE** In September 2006, the Financial Accounting Standards Board ("FASB") issued FASB Statement No. 158, *Employers' Accounting For Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106 and 132(R)* ("Statement 158"). Statement 158 requires plan sponsors of defined benefit pension and other postretirement benefit plans (collectively, "postretirement benefit plans") to recognize the funded status of their postretirement benefit plans in the statement of financial position, measure the fair value of plan assets and benefit obligations as of the date of the fiscal year-end statement of financial position, and provide additional disclosures. On December 31, 2007, the Club adopted the recognition and disclosure provisions of Statement 158. The effect of adopting Statement 158 on the Club's combined financial position at December 31, 2007 has been included in the accompanying

financial statements. Statement 158's provisions regarding the change in the measurement date of postretirement benefit plans are not applicable as the Club already uses a measurement date of December 31 for its postretirement health care benefits plan. See Note 4 for further discussion of the effect of adopting Statement 158 on the Club's combined financial statements.

**NEW ACCOUNTING PRONOUNCEMENTS** In July 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48), which is currently effective for non-public companies for fiscal years beginning after December 15, 2007. FIN 48 clarifies the accounting for income taxes recognized in the financial statements in accordance with SFAS No. 109, *Accounting for Income Taxes*. This interpretation prescribes a comprehensive model for how an entity should recognize, measure, present and disclose in its financial statements uncertain tax positions that the entity has taken or expects to take on a tax return. The Club does not believe that the effect of adoption of FIN 48 in fiscal 2008 will have a material impact on its combined financial statements.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (Statement 157). Statement 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Statement 157 applies to financial statements issued for fiscal years beginning after November 15, 2007. The impact for the Club, of the adoption of Statement 157, is under evaluation.

**RECLASSIFICATIONS** Certain reclassifications have been made to the December 31, 2006 financial statements to conform to the December 31, 2007 presentation.

## 2. INVESTMENTS

A summary of the Club's investments reported at fair value is as follows:

At December 31,	2007	2006
Money market funds	\$ 7,763	\$ 3,938
Fixed income – short-term	—	4,500
Mutual funds – equities	33,621	29,231
Alternative investments:		
Market Neutral	21,675	25,385
Other	9,395	8,240
Subtotal	31,070	33,625
<b>Total investments</b>	<b>\$72,454</b>	<b>\$71,294</b>

The Club invests in certain alternative investments, through "funds of funds" investments, which employ multiple investment strategies via a variety of investment managers to provide diversification and control risk. These investments create indirect exposure to the Club through short sales of securities, trading in future and forward contracts and other derivative products. Derivatives are tools used to maintain asset mix or manage portfolio risk exposure. While these financial instruments may contain varying degrees of risk, the Club's risk with respect to such transactions is limited to its capital balance in each investment. Seventy and seventy-five percent of alternative investments are held in market neutral funds as of December 31, 2007 and 2006, respectively.

## Investment related income for the years ended

December 31,	2007	2006
Net realized and unrealized gains on investments	\$5,939	\$7,151
Interest and dividend income	354	325
<b>Total investment income</b>	<b>\$6,293</b>	<b>\$7,476</b>

## 3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

At December 31,	2007	2006
Furniture and fixtures	\$ 4,954	\$ 4,948
Computer equipment, software and telecommunications	38,581	35,207
Leasehold improvements	7,834	7,821
Total	51,369	47,976
Less accumulated depreciation and amortization	42,824	37,816
<b>Property and equipment, net</b>	<b>\$ 8,545</b>	<b>\$10,160</b>

Software development unamortized costs at December 31, 2007 and 2006 were \$4,850 and \$4,198, respectively. Software development amortization costs were \$2,099 and \$2,798 for the years ended December 31, 2007 and 2006, respectively.

#### 4. PENSIONS AND OTHER POSTRETIREMENT BENEFIT PLANS (THE "PLANS")

The Club provides certain pension benefits that cover substantially all of its full-time employees and employees of CAR and the American Kennel Club Canine Health Foundation under a multiple employer defined benefit pension plan and provides for other postretirement benefits other than pensions including certain medical and life insurance benefits for retired employees. The pension plan is administered by a trustee and has all of its past service costs funded. Benefits are based on years of service, retirement age and compensation level.

Assets of the pension plan, which are held by the trustee, are stated at fair value and are composed primarily of corporate equity securities, debt securities, equity partnerships, government securities and cash equivalents. The postretirement plan has no plan assets.

The Plan's actuary performed the computations required for financial statement disclosures as of December 31, 2007 and 2006.

On December 31, 2007, the Club adopted the recognition and disclosure provisions of Statement 158. Statement 158 required the Club to recognize any gains or losses, prior service costs or credits, and transition assets or obligations that have not yet been included in net periodic pension cost as of December 31, 2007 in the ending balance of unrestricted net assets. The adjustment to net assets at adoption represents the net unrecognized actuarial loss and unrecognized prior service cost remaining from the initial adoption of SFAS 87, *Employers' Accounting for Pensions* (Statement 87). Under Statement 158, actuarial gains and losses that arise in subsequent periods are not recognized as net periodic pension cost in the same period and will be recognized as a component of the change in net assets. Those amounts will be subsequently recognized as a component of net periodic pension cost on the same basis as the amounts recognized in the change in net assets at adoption of Statement 158.

The Club has elected to provide abbreviated disclosures under Financial Accounting Standards Board Statement No. 132(R), *Employers' Disclosures about Pensions and Other Postretirement Benefits*.

**Pension Plan** - The incremental effects of adopting the provisions of Statement 158 on the Club's combined statement of financial position at December 31, 2007 are presented in the following table:

At December 31, 2007			
	Prior to Adopting Statement No. 158	Effect of Adopting Statement No. 158	As Reported at December 31, 2007
<b>Prepaid pension cost</b>	<b>\$25,871</b>	<b>\$10,231</b>	<b>\$15,640</b>

The following table sets forth the changes in benefit obligation and the impact of the adoption of Statement 158 in fiscal 2007. Prior year amounts are reflective of Statement 87.

December 31,	2007	2006
Prepaid pension cost at beginning of year	\$ 25,941	\$26,756
Net periodic pension cost	(70)	(815)
Employer contributions	—	—
Effect of adoption of Statement 158	(10,231)	—
Prepaid benefit cost as reflected in the combined statements of financial position	\$ 15,640	\$25,941

Projected benefit obligation	\$ 65,731	\$62,563
Plan assets at fair value	81,371	77,947
Funded status	\$ 15,640	\$15,384

Accumulated benefit obligation	\$ 61,447	\$58,572
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Amounts recognized in changes in unrestricted net assets:	2007	2006
Net actuarial loss	\$ 10,197	
Net prior service cost	34	
<b>Total</b>	<b>\$ 10,231</b>	

For the years ended December 31,	2007	2006
Benefit cost	\$ 70	\$ 815
Employer contributions	—	—
Employee contributions	—	—
Benefits paid	\$3,468	\$3,402

Components of net periodic benefit cost:		
	2007	2006
Service cost	\$2,063	\$2,031
Interest cost	3,649	3,458
Expected return on plan assets	(6,088)	(5,775)
Amortization of prior service cost	38	61
Amortization of net loss	408	1,040
<b>Net periodic benefit cost</b>	<b>\$ 70</b>	<b>\$ 815</b>

Weighted average assumptions at December 31,		
	2007	2006
Discount rate	6.25%	6.00%
Rate of compensation increase	4.25%	4.25%

Weighted average assumptions during the years ended December 31,		
	2007	2006
Discount rate	6.00%	5.75%
Expected return on plan assets	8.00%	8.00%
Rate of compensation increase	4.25%	4.25%

The expected long-term rate of return on plan assets assumption of 8% was selected using the "building block" approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27 - Selection Economic Assumptions for Measuring Pension Obligations.

The percentages of the fair value of total Plan assets by asset category are as follows:

December 31,	2007	2006
Cash and money market funds	1%	—
Fixed income securities	10%	14%
Common stock	52%	56%
Alternative investments	37%	30%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Benefits which reflect expected future service, as appropriate, are expected to be paid as follows:

2008	\$ 3,758
2009	3,997
2010	4,243
2011	4,424
2012	4,670
2013-2017	25,989

The Club does not expect to contribute to the Plan in the 2008 fiscal year. The expected amortization of prior service cost and net loss to be included in the net pension cost for fiscal 2008 is approximately \$446.

**Postretirement** - The incremental effects of adopting the provisions of Statement 158 on the Club's combined statement of financial position at December 31, 2007 are presented in the following table.

At December 31, 2007			
	Prior to Adopting Statement No. 158	Effect of Adopting Statement No. 158	As Reported at December 31, 2007
<b>Postretirement liability</b>	<b>\$12,163</b>	<b>\$6,535</b>	<b>\$18,698</b>

At December 31,	2007
Amounts recognized in changes in unrestricted net assets:	
Transition obligation	\$ 913
Prior service cost	(266)
Net loss	5,888
<b>Total</b>	<b>\$6,535</b>

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. One percentage point change in assumed health care cost trend rates would have the following effects:

	1% Increase	1% (Decrease)
Effect on total service and cost component for 2007	\$ 145	\$ (125)
Effect on year-end 2007 postretirement benefit obligation	\$1,690	\$(1,470)

The following table sets forth the changes in benefit obligation and the impact of the adoption of Statement 158 in 2007. Prior year amounts are reflective of Statement 106.

December 31,	2007	2006
Accumulated postretirement benefit obligation at beginning of year	<b>\$17,282</b>	\$ 15,255
Service cost	<b>301</b>	317
Interest cost	<b>1,052</b>	964
Participant contributions	<b>144</b>	126
Actuarial net loss	<b>980</b>	1,644
Retiree benefit payments	<b>(1,061)</b>	(1,024)
<b>Accumulated postretirement benefit obligation at end of year</b>	<b>\$18,698</b>	\$ 17,282

December 31,	2007	2006
Fair value of plan assets	—	—
Funded status		\$(17,282)
Unrecognized amounts:		
Transition obligations	\$ 1,141	
Prior service cost		(680)
Net loss		5,926
Participants contributions		112
<b>Total</b>	<b>\$ 6,499</b>	

Accrued postretirement benefit as reflected in the combined statements of financial position	<b>\$18,698</b>	\$ 10,783
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#### Components of net periodic benefit cost:

December 31,	2007	2006
Service cost	<b>\$ 301</b>	\$ 317
Interest cost	<b>1,052</b>	964
Amortization of transition obligation	<b>229</b>	229
Amortization of prior service cost	<b>(414)</b>	(414)
Amortization of net loss	<b>1,018</b>	1,101
<b>Net periodic benefit cost</b>	<b>\$2,186</b>	\$2,197

The net periodic benefit cost and the accrued benefit liability as of December 31, 2007 and 2006 are reduced by \$521 and \$3,001, respectively, for future Medicare Part D subsidies. With respect to the postretirement plan, the Club has elected to continue to provide retirees with insurance coverage for prescription drugs in accordance with its medical plan's schedule of benefits. In 2005, the Club applied and was approved for the 28% drug subsidy provided under the Medicare Modernization Act of 2003 ("Medicare Part D") for plan years beginning January 1, 2006. The Medicare Plan D subsidies for 2007 and 2006 were \$55 and \$45, respectively.

Benefits which reflect expected future service, as appropriate, are expected to be paid as follows:

Fiscal Year Ending	Expected Benefit Payments	Subsidy Benefit Payments	Net Benefit Payments
2008	\$1,171	\$ 106	\$1,065
2009	1,194	121	1,073
2010	1,216	137	1,079
2011	1,244	151	1,093
2012	1,258	165	1,093
2013-2017	6,349	1,037	5,312

#### Weighted average assumptions during the years ended

December 31,	2007	2006
Discount rate	<b>6.00%</b>	5.75%
Rate of compensation increase	<b>4.25%</b>	4.25%

With respect to the postretirement plan, the health care trend rate began in 2006 at a maximum of 8% and decreases over four years to 5%.

The Club has a 401(k) defined contribution plan, which allows participants to contribute from 1% to 60% of eligible pay on a pre-tax basis, up to the annual Internal Revenue Service dollar limit, as defined in the Plan. The Club matches up to one-half of the first 6% of an employee's salary contributed on a pre-tax basis. The expense was \$511 and \$493 for 2007 and 2006, respectively. Employees may also contribute up to 100% of their net after-tax salary without a matching contribution.

The Club has a Section 457(b) of the Internal Revenue Code deferred compensation plan for certain executives. The Club can elect to make a contribution; however, no contribution was made in 2007 and 2006.

#### 5. LONG-TERM LEASES

The Club is obligated under noncancelable lease agreements, for its premises in New York and North Carolina, to make minimum annual payments (including increases for real estate taxes and maintenance expenses) as follows:

2008	<b>\$ 2,290</b>
2009	<b>1,199</b>
2010	<b>1,199</b>
2011	<b>1,199</b>
2012	<b>1,199</b>
Thereafter	<b>7,193</b>

Total rent expense was \$2,957 and \$2,996 for 2007 and 2006, respectively.

In March 2007, the Club executed a lease agreement (the "Agreement") to lease space for their North Carolina operations. The lease terms requires that a new facility be constructed by the lessor for this facility. Based on the terms of the Agreement, the Club has the right to terminate the lease, without lessor approval, provided that the construction of the premises is not substantially completed by a specific date in 2008. Upon substantial completion of the construction of the premises, the lease will commence and have a term of 12 years with total lease payments estimated at \$20 million.

Because the Club has the right to cancel the Agreement under certain conditions, the scheduled lease payments have been excluded from the table above.

#### 6. CAPITAL LEASE OBLIGATIONS

The Club has entered into several capital leases for computer software, hardware and equipment.

The following is a list of property held under capital leases:

At December 31,	2007	2006
Computer software, hardware and equipment	<b>\$4,122</b>	\$4,107
Less: accumulated amortization	<b>(3,914)</b>	(2,775)
Computer software, hardware and equipment, net	<b>\$ 208</b>	\$1,332

The Club is liable under terms of capital lease obligations for the following minimum lease commitments:

Year	2007
2008	<b>\$153</b>
2009	<b>3</b>
Total minimum lease payments	<b>156</b>
Less: amount representing interest	<b>(3)</b>
Present value of net minimum lease payments	<b>\$153</b>

#### 7. TOTAL OPERATING COSTS

The Club's operating costs are classified by program as follows:

For the years ended December 31,	2007	2006
Programs:		
Registrations	<b>\$22,343</b>	\$23,790
Dog events, performance and judging	<b>19,257</b>	18,476
Public relations and education	<b>10,721</b>	12,591
Publications	<b>6,735</b>	7,206
Companion Animal Recovery	<b>4,637</b>	2,753
Research, grants and contributions	<b>2,195</b>	1,663
Subtotal	<b>65,888</b>	66,479
Support:		
General and administrative	<b>2,499</b>	2,617
<b>Total operating costs</b>	<b>\$68,387</b>	\$69,096

# AKC OFFICERS AND STAFF (January 2008)

## 8. RELATED-PARTY TRANSACTIONS

American Kennel Club Canine Health Foundation (the "Foundation") is a not-for-profit organization tax exempt under Section 501(c)(3) of the Internal Revenue Code. Included in the Club's combined financial statements are contributions totaling \$1,750 and \$1,000 provided by the Club for 2007 and 2006, respectively. In addition the Club provided contributions-in-kind which included rent and support services in the amounts of \$208 and \$142 in 2007 and 2006, respectively, for which no amounts were charged.

The American Kennel Club Museum of the Dog (the "Museum") is a not-for-profit 501(c)(3) public-supported organization under Section 509(a)(2) of the Internal Revenue Code. The Club contributed to the Museum \$170 during 2007 and 2006. In addition, the Club has agreed to underwrite the deficits of the Museum and has appointed AKC Board and staff members to its Board. Summarized financial information for the Museum, using the latest financial statements audited by other auditors at September 30, 2007 and 2006 are as follows:

Year ended September 30,	2007	2006
<b>Total assets</b>	<b>\$7,458</b>	\$7,093
Total liabilities	\$ 31	\$ 42
Total net assets	7,427	7,051
<b>Total liabilities and net assets</b>	<b>\$7,458</b>	\$7,093
Total support and revenue	\$ 886	\$ 621
Total expenses	510	508
<b>Increase in net assets</b>	<b>\$ 376</b>	\$ 113

## 9. BOARD DESIGNATED FUNDS

The Board of Directors' designated funds at December 31, 2007 and 2006 were \$59,280 and \$51,350, respectively, for purposes noted as follows:

Research, Grants, and Education - veterinary school scholarships and the Junior Showmanship program. The Club has donated canine research funds and administrative support annually to the Foundation, since its inception in December 1994.

Operating and Endowment reserves – the Board of Directors mandated that the Club establish an operating reserve balance of fifty percent of annual operating expenses to be set aside for unforeseen contingencies. As of December 31, 2007 and 2006, this reserve balance was \$33.5 million and \$32.2 million, respectively, which was 100% of the targeted goals. The endowment fund reserve, has a balance of \$20 million and \$14.3 million at December 31, 2007 and 2006, respectively.

## 10. TEMPORARILY RESTRICTED

### NET ASSETS

Temporarily restricted net assets of \$2,666 and \$2,861 at December 31, 2007 and 2006, respectively, are restricted for the AKC CAR Canine Support and Relief Fund. These funds will support professional and volunteer search and rescue dog organizations throughout the United States. Additionally, donations will be available for veterinary units providing canine rescue teams support, not-for-profit animal shelters and organizations providing care for orphaned or displaced animals as a result of natural or civil disasters.

Temporarily restricted net assets are available for specific purposes as follows:

At December 31,	2007	2006
Canine Support and Relief Fund	\$2,377	\$2,472
Hurricane Funds	289	389
<b>Total</b>	<b>\$2,666</b>	\$2,861

## 11. CONTINGENCIES

The Club is involved in several lawsuits in the normal course of business. Management believes the outcome of such lawsuits will not have a material adverse effect on the Club's combined financial statements.

## BOARD OFFICERS

RONALD H. MENAKER CHAIRMAN OF THE BOARD	HON. DAVID C. MERRIAM VICE CHAIRMAN OF THE BOARD
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DARRELL L. HAYES DOG SHOW JUDGES	ROBIN L. STANSELL EVENT OPERATIONS
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