



AMERICAN
KENNEL CLUB®

ANNUAL REPORT 2018



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KENNEL CLUB

ANNUAL MESSAGE

From the Chairman and President



We are happy to report that the year 2018 was a historic one for the American Kennel Club and our sport.

By every meaningful indicator, the sport of dogs enjoyed a milestone year. Both dog and litter registrations rose significantly, leading to a 10 percent increase in total registration revenue. The number of unique breeders in the AKC orbit rose 6 percent from the previous year, another indication of growing interest in purebred dogs.

Event entries boomed in 2018. Combined entries for the year soared to a record-setting 3,243,265, the highest number of entries for any year in our sport's long history. This truly is a time of growth and optimism for the AKC events we love.

2018 saw the launch of AKC.TV, a digital network offering original programming for dog lovers. Created by AKC and the production company B Live, AKC.TV gives dog lovers on-demand access to dog-related programming that can be watched on any connected device, including computers, tablets, phones, Apple TV, and Roku.

The AKC.TV online library houses hundreds of hours of video on dog-specific topics. The wider pet-owning public is well served by AKC.TV, which features puppy videos, human-interest stories, training tips, and breed-specific information.

Happily for our core constituents, AKC.TV also offers live-streaming coverage of dog shows and trials around the country, complete with expert commentary and top-quality production values. Fanciers can now watch dog shows anywhere they want, live or recorded. Early response to AKC.TV from both pet owners and fanciers has been overwhelmingly positive as the scope of our fledgling TV network continues to expand.

Another major story for 2018 was the relocation of our New York City headquarters from our home of 20 years, 260 Madison Avenue, to the Kalikow Building at 101 Park Avenue, in the heart of Midtown Manhattan, one block south of Grand Central Terminal.

The move was the culmination of two years of evaluation, consultation, and planning by the AKC Board of Directors and staff. Employees worked throughout 2018 to execute the relocation with efficiency, causing no interruption of the services that our far-flung constituents depend on.

As will be confirmed by the detailed description and photos of the facility you will see later in this report, the work paid off handsomely. Our new headquarters, with its award-winning design by the Gensler architectural firm, is a thoroughly modern, attractive, and versatile workplace built to accommodate growth and innovation for years to come.

Concurrent with the build-up and relocation of the headquarters was the move of the AKC Museum of the Dog from St. Louis to our new home at 101 Park Avenue, bringing the headquarters and Museum under one roof. While the successful New York opening of the Museum in early 2019 is a story for next year's report, that success would not have been possible without the groundwork laid in 2018. It takes a wide range of professional expertise to create a world-class museum—curating, finance, marketing, communications, technology, and more—and the AKC Board and staff rose to the occasion magnificently. During this period, significant remodeling was performed in our North Carolina operations facility.

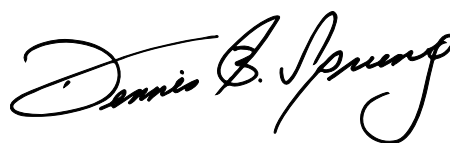
These, along with other innovations in the realms of events, legislation, marketing, and other AKC activities, will mark 2018 as a year of vital growth for our sport and our organization. We thank everyone who made this banner year possible, especially the dedicated AKC club members and Delegates who are the backbone of this cherished American institution called the sport of dogs.

We pause here to recall 2018, but with the knowledge that the past is merely prelude. A new year stretches out before us, and the horizon is limitless. If 2018 taught us anything it's that when we pull together, the American dog fancy can accomplish amazing things.

RONALD H. MENAKER
Chairman of the Board



DENNIS B. SPRUNG
President/CEO





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2018 AMERICAN KENNEL CLUB

BOARD OF DIRECTORS

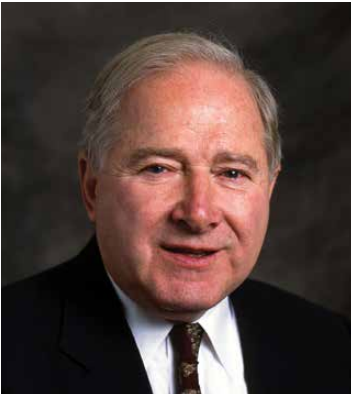


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CHAIRMAN



Dr. Thomas M. Davies
VICE-CHAIRMAN

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Dr. Carmen Battaglia



Dr. Thomas M. Davies



Ronald H. Menaker

Class of 2020



Patricia M. Cruz



William J. Feeney



Karolynne M. McAteer

Class of 2021



Rita J. Biddle



Dominic Carota



Thomas Powers



Harvey M. Wooding

Class of 2022



Christopher L. Sweetwood



Harold "Red" Tatro III



Ann Wallin



Dennis B. Sprung

EX OFFICIO



JANUARY



- The Grand Basset Griffon Vendéen (Hound Group) and the Nederlandse Kooikerhondje (Sporting Group) are admitted to the AKC Stud Book.
- The Hallmark Channel premieres a three-hour presentation of the December 2017 AKC National Championship Sponsored by Royal Canin.
- Royal Canin, a global pet-nutrition brand, signs on as the new sponsor of the [AKC Registered Handlers Program](#). The RHP strives to maintain high standards and integrity among professional handlers within the sport of dogs.



- Three police K-9s are the recipients of the first 2018 AKC Paw of Courage awards, recognizing dogs that have demonstrated heroism in the line of duty.

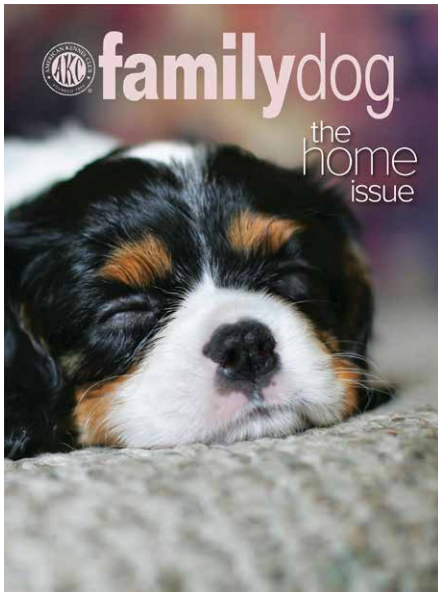
FEBRUARY



- Thousands of dog and cat lovers pack New York's Piers 92 and 94 for "Meet & Compete." The popular event combines AKC Meet the Breeds and Westminster's Masters Agility Championship. Held in conjunction with The International Cat Association, "Meet & Compete" is sponsored by Purina Pro Plan.



- [AKC.TV](#), a digital network especially for dog lovers, is launched. The network gives viewers on-demand all-day access to dog-related programming accessible on any connected device, including computers, tablets, phones, and Apple TV. AKC.TV follows the trend of more than 20 million TV viewers a year "cutting the cord" and switching to streaming channels like HULU, Netflix, Amazon Prime, and Sling TV, among others.



- *AKC Family Dog*, *AKC Gazette*, *AKC Canine Partner News*, and the new edition of *The Complete Dog Book* receive awards for excellence from the Dog Writers Association of America. In all, AKC publications garner eight DWAA awards.

- An entry of 917 agility dogs gather at Reno, Nevada, for the AKC National Agility Championship, sponsored by J&J Dog Supplies. AKC.TV presents live-stream coverage of the Sunday session.
- The AKC Pointing Breed Gun Dog Championships (horseback and walking) are held at Bloomingdale, Ohio. The event is sponsored by Purina, Sportdog, and Dogs Unlimited.
- The AKC launches its newly redesigned website at AKC.org.

MARCH



- At the Annual Meeting of the American Kennel Club, the Delegates elected Christopher L. Sweetwood Delegate (Trap Falls Kennel Club), Harold "Red" Tatro III (Fort Worth Kennel Club), and Ann Wallin (Atlanta Kennel Club) as the AKC Board of Directors Class of 2022.
- [AKC Communications](#) announces that for the 27th consecutive year the Labrador Retriever was the top breed in individual-dog registrations. The AKC's annual "[Most Popular Breeds](#)" press event garners coverage from hundreds of media outlets. In a busy year for Communications, the department reports substantial increases in positive AKC media impressions and press clips across all platforms.

- In advance of the relocation of the [AKC Museum of the Dog](#) from St. Louis to New York, Alan Fausel is hired as AKC Director of AKC Cultural Resources. Fausel, with an extensive background in the art world, leads the transport of the collection to New York, hiring of museum personnel, curation of exhibits, and all operational functions.

APRIL

- Twenty-three exceptional students from 16 states are awarded [AKC Junior Scholarships](#). The scholarships are offered to high-school, college, and graduate-school students.
- A new Schedule of Championship Points goes into effect with a realignment of divisions.

MAY



- Tryouts are held to choose members of the AKC/USA World Agility Team that will travel to Sweden to compete in the Agility World Championships.
- A new Schedule of Championship Points goes into effect, with a realignment of divisions.
- The [Government Relations](#) department announces the winners of the Companion Animal Law Writing Contest. Law-school students were asked to choose between two topics, non-economic damages relating to companion animals and pet custody law. Entries were judged by legal and public policy professionals with experience in laws impacting companion animals.

JUNE



- The AKC Education department conducts the first [AKC Education Summit](#), in Newark, New Jersey. More than 300 attendees representing parent and all-breed clubs nationwide discuss issues of interest to the dog fancy and are provided valuable information that they can take back to their clubs. Among the speakers were President/CEO Dennis Sprung and several senior staff members.

- [AKC Canine Good Citizen](#) introduces the 10-step AKC Urban Canine Good Citizen Public Access Test.
- The Greater Lafayette Kennel Club is the recipient of the inaugural AKC Public Education Award.



- Students pursuing their education in veterinary studies receive AKC Veterinary Outreach Scholarships. This scholarship program supports students with a background in AKC events and programs. A total of \$26,000 in scholarships was awarded.

JULY



- The AKC European Open Junior Agility Team travels to the Netherlands to compete in the FCI European Open Junior Agility event. classes over the weekend. Twenty-four dogs and handlers represented the AKC at the event, competing against over 500 juniors from over 25 countries and scoring several top 10 placements.



- An entry of more than 500 converges on Wilmington, Ohio, for the AKC National Obedience Championship and AKC Rally National Championship, sponsored by J&J Dog supplies and Eukanuba. The inaugural Patricia R. Krause "Soaring Eagle" Perpetual Memorial Trophy is won by Teresa Czaplinski and her Nova Scotia Duck Tolling Retriever.

AUGUST



- The AKC hosts the U.S. Detection Dog Conference in Durham, North Carolina, to address the shortage of U.S. dogs available for explosives-detection work.



- Congressman Mike Rogers, of Alabama, receives an AKC Legislator of the Year Award, given at the AKC's U.S. Dog Detection Conference.



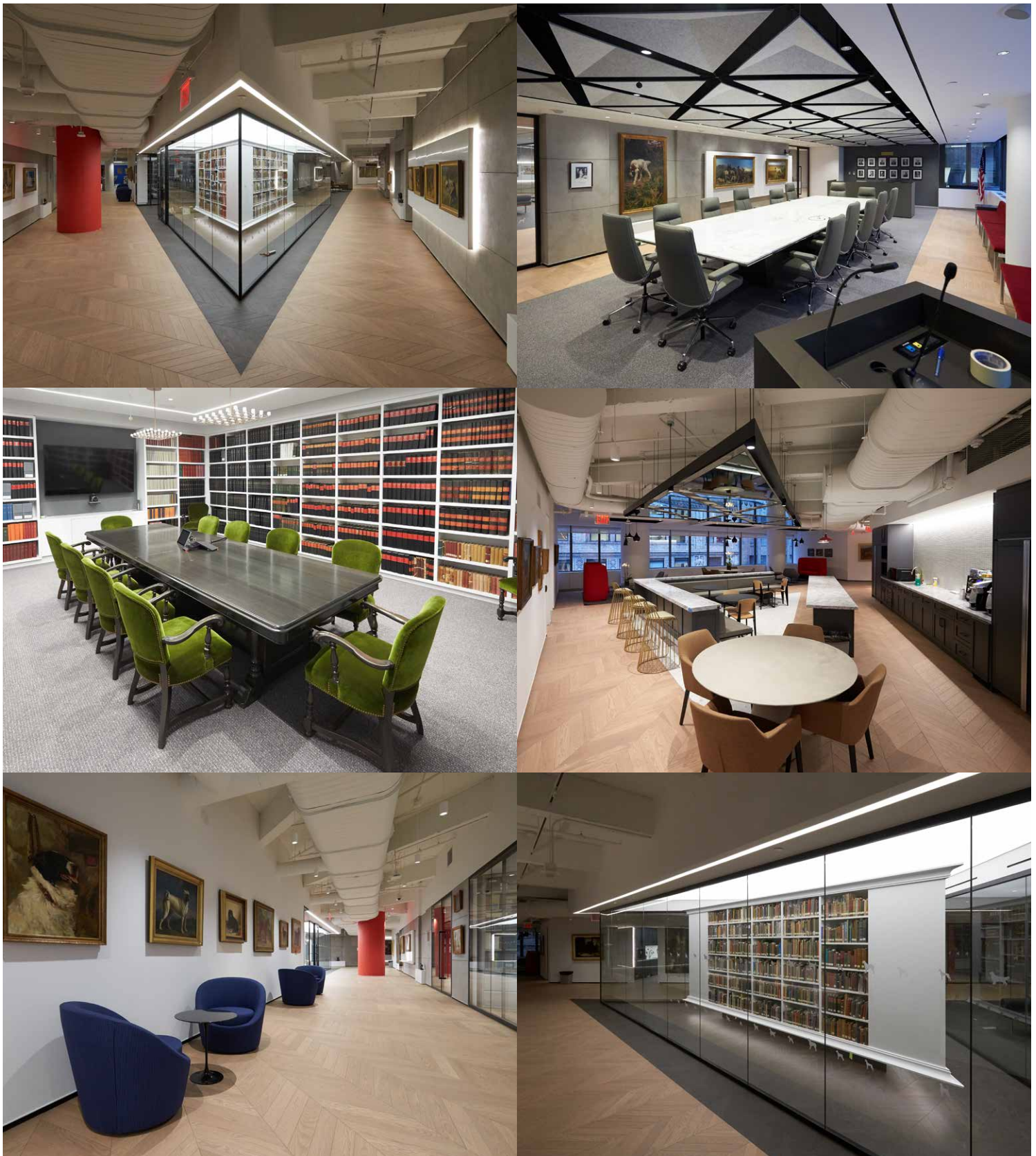
- The AKC Humane Fund announced the recipients of the 19th annual [AKC Humane Fund Awards for Canine Excellence](#), given to remarkable dogs that have significantly improved the lives of their owners and communities. Awards are given in the categories of Uniformed Service K-9, Service, Therapy, Search and Rescue, and Exemplary Companion Dog.

SEPTEMBER



- The American Kennel Club occupied its new headquarters in New York City on September 17, 2018. The 42,700-square-foot facility occupies the fifth floor of the Kalikow Building at 101 Park Avenue, in the heart of Midtown Manhattan.

The facility features all the amenities expected of a 21st-century business office. Open workspaces, ample meeting areas, and a centrally located staff café encourage collaboration and teamwork, while state-of-the-art teleconferencing systems keep New York staff in daily contact with their counterparts in the Raleigh office.



AKC history is represented throughout the offices by masterworks from the AKC art collection, a glass-enclosed library room housing some 2,000 rare and antique volumes, and fine furniture pieces retained from past headquarters the AKC has called home during its 131 years in New York. The facility's juxtaposition of old and new presents the

AKC as a forward-looking organization ever-mindful of its historic past and rich traditions.

In January 2019, the AKC Museum of the Dog relocates from St. Louis to the first two floors of the Kalikow Building, bringing our headquarters and the museum under one roof.

NOVEMBER

- [AKC Reunite](#) observes the fifth anniversary of the AKC Pet Disaster Relief Trailer program, which has donated 68 Pet Disaster Relief trailers around the country thanks to generous support from 396 dog clubs, the AKC, the AKC Reunite Canine Support and Relief Fund, and private donors.



- The flagship AKC Responsible Dog Ownership Day is held at the North Carolina State Fairgrounds in Raleigh.



- [AKC Fit Dog](#), an introductory-level incentive program that encourages canine and human fitness, is launched.

OCTOBER

- The AKC [Junior Mentor program](#) is launched. The program provides junior handlers a positive role models who will advise and guide them in the sport of dogs.
- Seven distinguished breeders representing the AKC breed groups are recognized as [AKC Breeder of the Year group honorees](#).
- The [AKC National Tracking Invitational](#), Hosted by Greater Louisville Training Club and the Mid-Kentucky Kennel Club, is held in Clermont, Kentucky. The event is recorded for a December broadcast on AKC.TV.



- A 6-year-old black Labrador Retriever named Zorro becomes the first dog to earn the AKC Rally Champion title.
- State Representative Doug Dubitsky, of Connecticut, is the recipient of an AKC Legislator of the Year Award.
- The AKC announces the deployment of Online Certificate Transfers. The new online application is an updated way for breeders and owners to easily transfer ownership of their AKC-registered dogs.



- The Wenatchee Kennel Club is the recipient of an [AKC Public Education](#) Award.
- The [AKC Humane Fund](#), a nonprofit organization committed to supporting responsible pet ownership, marks its 10-year anniversary.

DECEMBER



- At the Orange County Convention Center in Orlando, Florida, the [AKC National Championship Presented by Royal Canin](#) draws a record entry in its 18th year. On December 15 and 16, a conformation entry of more than 5,000 dogs vie for the title of National Champion. Among the events presented were the AKC Royal Canin National All-Breed Puppy and Junior Stakes, AKC Agility Invitational, AKC Obedience Classic, AKC National Owner-Handled Series Finals, NADD/AKC Diving Dogs Championship, and a full slate of Juniors events.

- The evening competition is live-streamed and available for replay at AKC.TV alongside on-demand coverage of Bred-by-Exhibitor groups, Junior Showmanship Finals, Best Miscellaneous, agility, and obedience competitions. Animal Planet records the show for a debut broadcast on New Year's Day 2019. Best in Show Whiskey, a Whippet, appears on *Good Morning America*.
- The 2018 AKC Breeder of the Year award goes to Kent Boyles and Liz Oster (Kenlyn/Marquis German Shepherd Dogs).



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2018: OUR SPORT, BY THE NUMBERS



Conformation

5,455 AKC-sanctioned events; **1,653** all-breed dog shows with **1,279,087** entries; **2,782** specialty shows with **141,011** entries; **207** Open Shows with **2,743** entries; **813** 4–6 Month Beginner Puppy competitions with **15,971** entries; **19,005** conformation championships; **6,639** Grand Championships; **99** Certificates of Merit; **196** dual championships earned.

66 new judges approved for **86** breeds; **293** judges' applications approved for **1,366** additional breeds; **415** total judges' applications processed.

77 fully accredited AKC Registered Handlers; **31** handling clinics staged by Registered Handlers; **10** Educational Seminars held by Registered Handlers; **2** \$5,000 George Ward Memorial Scholarships awarded; **13** Conformation Executive Field Representatives covering all-breed shows with **92%** of the entries.

Companion and Performance Events

2,605 obedience events with **118,316** entries and **9,194** titles earned; **70** Obedience Trial Champion (OTCH) titles earned and **3** Preferred Obedience Champion titles earned; **416** tracking trials with **1,681** entries and **441** titles earned; **35** Champion Tracker titles earned; **3,913** agility events with **1,228,520** entries and **49,495** titles earned; **743** Master Agility Champion (MACH) and **365** Preferred Agility Champion (PACH) titles earned; **2,445** rally events with **90,521**

entries and **12,439** titles earned; **33** Rally Champion (RACH) titles earned; **165** Versatile Companion Dog titles awarded; **658** Scent Work events with **79,390** entries and **13,602** titles earned; **19,290** titles earned by AKC Canine Partners; **6,153** performance events with **286,025** entries and **14,740** titles earned; **5,734** titles awarded through the AKC title recognition program (AKC-associated events); **1,960** Therapy Dog titles awarded; **24,792** Trick Dog titles awarded.

AKC Canine Good Citizen

62,648 CGC certifications/titles; **15,094** S.T.A.R. Puppies; **4,818** AKC Community Canines; **2,409** Urban CGCs, for a total of **82,969** CGC program certificates/titles.

AKC National Championship Presented by Royal Canin

4,971 entries of all **191** AKC-recognized breeds and from **49** states (largest entry: **150** Golden Retrievers); **740** National Owner-Handled Series entries; **1,292** AKC/Royal Canin National All-Breed Puppy and Junior Stakes entries; **243** AKC Obedience Classic entries; **740** AKC Agility Invitational entries; **159** conformation Junior Showmanship entries; **68** AKC Junior Agility Competition entries

25 AKC Juniors Classic Obedience Competition entries; **24** AKC Juniors Classic Rally Competition entries; **740** North American Diving Dogs/AKC National Championship entries.



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FINANCIAL REPORT AMERICAN KENNEL CLUB 2018



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

2018 was a challenging year for the organization and its affiliates. 2018's total consolidated revenues of AKC and its affiliate businesses were \$92.9 million, which was 8% greater than the \$86.0 million in 2017. Registration fees of \$33.4 million were 8.5% higher than 2017's \$30.8 million. Total consolidated operating expenses of \$100.3 million in 2018 were reasonably below the 2017 total by \$3.6 million (3.5%).

2018's operating results displayed a decrease to net assets before nonoperating items of \$7.4 million in comparison to a \$17.9 million decrease in 2017. Our consolidated loss on investments totaled \$6.9 million for 2018 which was quite unfavorable in comparison to 2017's \$12.1 million gain. These factors, in combination with our pension and postretirement medical benefit adjustments, reflect a sizeable decrease to unrestricted net assets of \$14.3 million in 2018, as compared to \$5.3 million for the 2017 year.

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

A copy of the 2018 consolidated financial statements, including auditor's unqualified independent report, will be made available upon completion, by request.

JOSEPH BAFFUTO
Chief Financial Officer

Joseph V. Baffuto, Jr.

Consolidated Balance Sheets

December 31, 2018 and 2017 (Amounts in thousands)

ASSETS

	2018	2017
Cash and cash equivalents	\$ 1,986	1,111
Accounts receivable, net of allowance for doubtful accounts of \$188 and \$187 in 2018 and 2017, respectively	3,351	4,402
Investments	110,300	122,882
Prepaid expenses and other	30,927	11,059
Property and equipment, net	17,004	11,684
Total assets	\$ 163,568	151,138

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 13,051	12,768
Deferred revenue	1,857	2,264
Deferred lease liability	7,996	1,906
Capital lease obligations and debt	22,466	—
Postretirement benefit obligations other than pensions	26,714	29,433
Pension benefits obligation	33,641	32,438
Total liabilities	105,725	78,809
Contingencies		
Net assets:		
Unrestricted:		
Operating	51,314	40,843
Investment in property and equipment	17,004	11,684
Board-designated for long-term purposes	47,984	80,105
Funded status of postretirement plans	(60,355)	(61,871)
Total unrestricted	55,947	70,761
Temporarily restricted	1,896	1,568
Total net assets	57,843	72,329
Total liabilities and net assets	\$ 163,568	151,138

Consolidated Statements of Activities

December 31, 2018 and 2017 (Amounts in thousands)

	2018	2017
Changes in unrestricted net assets:		
Operating support and revenue :		
Registration fees	\$ 33,458	30,837
Recording and event fees	11,769	10,889
Fees and certified pedigrees	7,700	7,478
Enrollment fees and microchip sales	8,770	7,503
Affiliate and other income	15,440	12,844
DNA and other product services	5,265	4,783
Royalty and sponsorship income	7,099	7,739
Interest and dividends	2,129	2,055
Publications	808	898
Net assets released from restrictions	511	1,008
Total operating support and revenue	92,949	86,034
Operating expenses:		
Payroll and related benefits	42,163	39,356
Professional and service fees	14,693	13,022
Depreciation and amortization	7,971	15,635
Rent	8,771	4,286
Forms and supplies	5,376	6,687
Communications and postage	3,732	3,203
Travel	2,508	2,747
Maintenance, rentals, and insurance	2,704	2,511
Public relations, events, and programs	3,086	2,981
Other	2,037	1,758
Printing, paper, and promotions	2,049	6,413
Grants and contributions	1,896	1,980
Public education	2,649	2,552
Directors, delegates, and committees	760	872
Total operating expenses	100,395	104,003
Decrease in unrestricted net assets before nonoperating items	(7,446)	(17,969)
Realized and unrealized gain (loss) on investments	(6,976)	12,155
Non-service pension costs	(2,637)	(432)
Net amount not yet recognized as a component of net periodic benefit cost	2,698	895
Decrease in unrestricted net assets	(14,361)	(5,351)
Changes in temporarily restricted net assets:		
Contributions	386	954
Net assets released from restrictions	(511)	(1,008)
Decrease in temporarily restricted net assets	(125)	(54)
Decrease in net assets	(14,486)	(5,405)
Net assets at beginning of year	72,329	77,734
Net assets at end of year	\$ 57,843	72,329



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Dr. Thomas M. Davies
Vice Chairman

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Gina M. DiNardo
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