

THE AMERICAN KENNEL CLUB

ANNUAL REPORT 2006



AMERICAN MOSAIC

THE AMERICAN KENNEL CLUB



The 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 2006, the AKC sanctioned and regulated 20,039 competitive dog events. The AKC approves, sanctions, and regulates the events of its 594 member clubs. In addition, 4,162 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. AKC policy is 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. The American Kennel Club Companion Animal Recovery Corporation, 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.

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.





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AMERICAN MOSAIC



This report refers frequently to the “sport of purebred dogs.” It’s a handy phrase that invokes what the American Kennel Club is all about, but it’s a bit of a misnomer.

The sport of purebred dogs is actually many sports: a prestigious big-town dog show conducted in black tie and formal wear, a coon hunt in the backwoods of Tennessee, a herding event on a remote Montana cattle ranch, an agility trial in a suburban park, and many other venues designed to suit any inclination, both human and canine.

Those who participate in our events represent a similar diversity. The nation’s purebred dog fancy encompasses 50 states and Puerto Rico, and people from all walks of life and every age group fit comfortably beneath the AKC banner. We dedicate our report to this far-flung and varied constituency, especially the individuals who have made a lasting impact on their chosen realm. We can present just a few of these leaders here. Behind them stand thousands of others whose passionate interest in dogs is as divergent as the breeds they love.

Whether they pursue their avocation in tuxedos or in overalls, they all play a vital part in the preservation and advancement of a diverse yet cohesive institution—an American mosaic called the sport of purebred dogs.

The dog show, or “conformation show,” has been the AKC’s signature event since the club’s founding in 1884. In 2006, the AKC sanctioned and regulated 1,519 all-breed dog shows with 1,710,625 entries. A total 22,164 conformation champion titles were earned.

BOARD OF DIRECTORS



CLASS OF 2007

Dr. Carmen L. Battaglia
Dr. Patricia H. Haines
Patti L. Strand

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

Dennis B. Sprung
EX OFFICIO

The 2006 AKC Board of Directors at the Long Beach Convention Center for the December AKC/Eukanuba National Championship. Left to right: Dr. Patricia H. Haines, Steven D. Gladstone, Dr. Carmen L. Battaglia, David Keene, Patti L. Strand, Hon. David C. Merriam, Ronald H. Menaker, Dr. William R. Newman, Walter F. Goodman, Dr. Thomas M. Davies, Patricia C. Scully, Nina Schaefer, Dennis B. Sprung, and Dr. J. Charles Garvin.

MESSAGE FROM THE CHAIRMAN AND PRESIDENT



The American Kennel Club began as a “club of clubs” 122 years ago as the governing body of dog shows and field trials, and as the national registry of purebred dogs. Today’s AKC, the largest and oldest not-for-profit all-breed registry, encompasses a community of nearly 5,000 affiliated clubs, tens of thousands of dedicated volunteer club members, and millions of purebred dog enthusiasts. Serving this wide and varied constituency is a hard-working, talented staff of 437 employees in our corporate headquarters in Manhattan, operations center in Raleigh, and in the field across the country.

In 2006, the AKC sanctioned more than 20,000 conformation, companion, and performance events. Nearly 3.1 million entries in titling events represented an increase of 11 percent over 2005. The AKC-sanctioned 2006 Decatur County World’s Largest Coon Hunt, held in Tennessee, raised a record-breaking \$208,000 for the St. Jude Children’s Research Hospital.

Breeders embraced AKC web-based services. In December, online litter registration reached an all-time

high of 60 percent of total litters registered. Dogs registered online comprised almost 25 percent of dogs registered for that month. Breeders also enjoyed new services such as the Full Litter Registration option and continuing education with the AKC Breeders’ Symposia. We invited our clubs to send historic items or collections to our archives, now managed by a full-time archivist.

We continued to develop unique programs and public-service initiatives in the interest of all American dog owners. Our Canine Legislation department monitored more than 650 federal, state, and municipal bills and ordinances, including more than 80 cities and counties considering breed-specific legislation. The AKC hosted a fourth Lobby

Day on Capitol Hill to further educate federal decision-makers about the rights of dog owners.

We met with leaders of such like-minded organizations as the American Veterinary Medical Association on endorsing the federal Pets Evacuation and Transportation Standards Act (PETS) and other initiatives that benefit dog owners. PETS, requiring that pet-owning households be included in emergency-preparedness plans, passed in Congress and was signed by President Bush. To bolster our support of disaster readiness, the AKC worked with the U.S. Department of Homeland Security on its pet-related “Ready” brochure. In cooperation with AKC Companion Animal Recovery, we created a staff position to coordinate efforts among local clubs and state and federal authorities during times of disaster.

Our commitment to public education advances responsible dog ownership in many ways, from sending the AKC Information Booth to 122 venues in 2006 to releasing the 20th edition of *The Complete Dog Book*. The AKC also provided 4,000 public-education volunteers with specialized training and materials.

The AKC Veterinary Network Certificate program now offers all newly registered puppies a complimentary first visit to one of more than 2,700 participating veterinary practices.

Our Communications department reached millions through our public-service announcements, working diligently with the media, and promoting our programs and services to the nation's dog owners. The department also coordinated September's fourth annual AKC Responsible Dog Ownership Day, where 360 AKC-affiliated clubs and other dog organizations held local celebrations in conjunction with flagship events in Raleigh and New York.

Through the generous support of the Iams Company, we held two AKC/Eukanuba National Championships in 2006: at Tampa, Florida, in January and at Long Beach, California, in December. These invitation-only events, with their unique Bred-by-Exhibitor competition, were simulcast live to millions of dog lovers on Animal Planet and the Discovery Channel. Animal Planet taped the AKC Agility National Championship and the inaugural AKC National Agility Invitational for later broadcast. These televised events, and the AKC National Obedience Invitational, promoted the canine-human bond, showcased the excitement of AKC events, and celebrated responsible breeders all in one venue.

Our brightest stars competed on the world stage: An AKC team member earned a silver medal at the Agility World Championship in Switzerland, and the AKC/USA World Team traveled to England to compete in the Obedience World Cup, held in conjunction with Crufts.

Our marketing efforts strengthened public awareness of the AKC brand. The Steiff toy collection now boasts the new "My AKC Puppy Vet Kit" and plush toys depicting 14 breeds. Such retail giants as Wal-Mart, PETCO, Target, and PetSmart sell an extensive line of AKC-licensed products.

Other thriving marketing programs include the Chase AKC Visa Card, Bayer Animal Healthcare as the new sponsor of AKC Canine Good Citizen, and a registration-incentive program sponsored by dog.com. More than 850,000 subscribers received the complimentary monthly e-newsletter "Your AKC," offering quality resources to enhance the dog-and-owner relationship, and 100,000 breeders received "AKC Breeder," our new publication serving those who make it possible for us to love and own purebred dogs.

Future professionals—veterinarians, veterinarian technicians, and junior handlers—received a total \$232,000 in scholarships. Juniors seminars, presented by our Registered Handlers and sponsored by Oster, nurtured young fanciers.

Our commitment to health research continued in 2006 with a donation to the AKC Canine Health Foundation of \$1.2 million, bringing our to-date total contributions to \$15 million. Our \$170,000 donation to the AKC Museum of the Dog helped preserve the history of the purebred dog.

None of this critical and important work we do daily for purebred dogs and their owners would be possible without the shared vision of the AKC Board of Directors, staff, and Delegate Body.

With the support of the millions of owners of AKC registered dogs, we look forward to continuing to create a positive future for The American Kennel Club and its core constituency and to secure a treasured place for the dog in American society.



Ron Menaker
Chairman of the Board



Dennis B. Sprung
President/CEO



AKC/Eukanuba National Championship

December 2 & 3, 2006 • Long Beach, California

EVENTS

EVENT OPERATIONS

A conformation dog show concentrates on the distinctive features of purebred dogs and helps preserve them by providing a forum for the evaluation of breeding stock.

The Event Operations department processes plans and maintains records for AKC dog shows and companion events. In 2006, the AKC sanctioned and regulated 1,519 all-breed dog shows, with 1,710,625 all-breed entries; and 2,225 specialty dog shows, with 157,724 specialty-show entries. There were 22,164 conformation championships, 208 dual championships, and 3 triple championships earned.

Event Operations staff presented five show-chairman seminars, two of which were presented jointly with the Dog Judges Association of America, attended by 130 show chairs, assistant chairs, and show committee members.

Event Operations worked in 2006 with the Audit and Control department and the director of Business Excellence to develop methods to monitor the department's production and quality of service.

DOG SHOW JUDGES

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

Judging Operations schedules interviews and processes applications for approval to judge. Judging Operations processed 357 approved-breed judges' applications and 129 new-breed applications in 2006. Staff worked on a major revision of the judging-approval process to ensure that AKC judges meet the highest standards of expertise. The revisions received Board approval in June, effective January 1, 2007.

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

WALTER F. GOODMAN



Among the fancy, it's impossible to think of Skye Terriers without thinking of Walter F. Goodman. Glamour Kennels, established by Mr. Goodman and his mother, Mrs. Adele Goodman, produced generations of influential Skye champions, including Ch. Glamour Good News, handled by Mr. Goodman in 1969 to the only Westminster Best in Show in the breed's history.

He has played many roles in life—World War II veteran, successful businessman, world traveler, philanthropist, esteemed judge, AKC Board Member—but like many top dog people he remains, at heart, a breeder. “Nothing,” he says after more than 50 years in the sport, “is more exciting than the whelping of a litter.”

Artist Kathryn Rutherford, of Sevierville, Tennessee, won the December 2006 AKC/Eukanuba National Championship commemorative poster art contest with a design called *Best in Show*, representing the breed-group winners from the previous National Championship. Proceeds from the sale of the poster benefited the Take the Lead foundation, which assists veteran dog fanciers in need.



seminars, and the distribution of printed and online materials. In 2006 the department presented eight procedural seminars, six Junior Showmanship seminars, and a fully enrolled Judges Institute at Fitchburg, Massachusetts.

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 149 fully accredited AKC Registered Handlers.

With help from the field staff, AKC Registered Handlers staged Junior Showmanship clinics at eight shows, attended by approximately 375 young fanciers. 2006 was a year of exciting growth for this program, as the Oster Company, maker of quality grooming tools and products, signed on as official sponsor. Oster contributes a full range of its products to participating juniors, underwrites the cost of the Registered Handlers' annual dinner, 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. In 2006, three Ward scholarships of \$1,000 were awarded. The Junior Showmanship clinics have proved so popular, the program expanded in December to accommodate adults who wish to polish their handling and grooming skills.

Eighteen conformation field representatives covered 1,405 (97 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.

Top: September's Central New Jersey Hound Association show was one of more than 20,000 AKC events held in 2006.

Bottom: Vice President of Performance Events Bill Speck gives Chairman of the Board Ron Menaker the lay of the land at the Del Bay Retriever Club trial in Elkton, Maryland. The AKC licenses or sanctions more field events than any other registry.

Other Dog Show Judges activity for 2006 included the annual compilation of the *Judges Directory*; an ongoing revision of the *Guidelines for Conformation Dog Show Judges*, pending Board approval; and the rewriting and reformatting of the judging application-process manual.

PERFORMANCE EVENTS

Field 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 2006, the AKC approved 4,157 performance events, with 278,784 entries and 9,921 titles earned. Seventeen executive field representatives, each with a minimum of 20 years in the sport, covered more than 865 performance events.

Performance events were covered on the AKC web site, with reports and photos posted by field reps. New online in 2006 was a “Spotlight on Juniors” page, unique to the Performance Events department. The page profiles top junior handlers in photographs and lively text.

In 2006, the Board of Directors approved the new Working Dog Sport (WDS) for Bouviers des Flandres, Doberman Pinschers, German Shepherd Dogs, and Rottweilers, effective January 1, 2007. The program was developed to reward the desired traits of courage, reliability, service, and soundness of mind and body, required to perform scent and detection work while maintaining a high level of control and a strong degree of obedience. The program provides a test for a dog’s suitability for serving mankind (police work, narcotics detection, homeland defense, and other vital functions), and offers an extremely valuable tool for breeders who wish to maintain these characteristics in all working breeds.

Three Performance Event Advisory Committee meetings were held in 2006, covering retriever field trials,



AKC Performance events test a dog's ability to do the job it was bred to do. This diverse family of dog sports, including herding and earthdog trials, accounted for 4,157 total events and 278,784 total entries in 2006.



Beagle field trials, and spaniel hunting tests. Also, the 2006–2007 Herding Advisory Committee was formed.

Judges and exhibitors attended 63 AKC Performance Events Judges Seminars, full-day presentations conducted by the field staff.

COONHOUND EVENTS

Coonhound bench shows, field trials, “nite” hunts, and water races are competitive events that allow owners and

breeders to demonstrate the abilities and physical structure required of the six AKC coonhound breeds to pursue and tree their natural quarry, the raccoon. No firearms are permitted, nor is any game taken during AKC events.

There are 245 clubs approved to hold AKC coonhound events nationwide, holding 775 events with 6,626 entries in 2006. Coonhound entries and registrations have increased dramatically with the ongoing revitalization of the AKC coonhound program.

AKC events sampler, clockwise from top left: April's Decatur County World's Largest Coon Hunt Benefit for St. Jude Children's Research Hospital, raised \$208,000 for the Memphis, Tennessee, facility; Rally, the newest AKC companion event, drew 104,700 entries in 2006; At December's AKC/Eukanuba National Championship in Long Beach, various breeds maintain a “sit” during the National Obedience Invitational and an Afghan Hound soars at the inaugural Agility Invitational.

The AKC-sanctioned Decatur County World's Largest Coon Hunt Benefit for St. Jude Children's Research Hospital, was held in April at Parsons, Tennessee, and raised a record \$208,000 for the pediatric cancer facility in Memphis. Over the years, the annual hunt has raised more than \$3,000,000 for the hospital.

The 2006 AKC World Coonhound Nite Hunt and Bench Show Championships were held in September at Warsaw, Indiana. The event featured 193 of America's top coonhounds over six days of competition, with a live play-by-play of the final round posted at akccoonthounds.org. The National Coonhound Youth Championship was held during the event's final two days, and an awards dinner was hosted by Black Gold Dog Food.

The inaugural AKC Heartland Classic was held in July at Tomah, Wisconsin, the first major event of any coonhound registry to be held in the upper Midwest. Planning has begun for similar AKC "signature" coonhound events to debut in 2007.

AKC field representatives met with coonhound club members throughout the year to educate them on the benefits of AKC affiliation.

COMPANION EVENTS

The Obedience, Tracking, Agility, and Rally departments comprise the Companion Events division.

There were 2,456 AKC Obedience events and 122,251 entries in 2006, a slight increase in events over 2005.

The annual AKC National Obedience Invitational is run as part of the AKC/Eukanuba National Championship, and two National Obedience Invitationals were run in the 2006 calendar year.

An entry of America's 134 top OTCH-pointed dogs represented 56 breeds from 31 states at the January Invitational in Tampa, Florida; the December event, in Long Beach, California, drew an entry of 97, representing 50 breeds from 31 states.

C. FRANK GIDDINGS



Champion coon hunter C. Frank Giddings, of Twin Lake, Michigan, is an acknowledged master breeder of Treeing Walker Coonhounds, and is a staunch supporter of the World's Largest Coon Hunt, held annually to benefit the St. Jude Children's Research Hospital. His Rock River hounds have had a profound influence on Treeing Walkers and figure prominently in the studbooks of many of today's top breeders.

After 50 years in coonhounds, with many Hall of Fame champions and lifetime honors to his credit, Mr. Giddings knows that building a line of top performance dogs is a long-term commitment.

To the young, he counsels patience: "Always work toward the future. Try to always be thinking about the crosses that you will be making a couple of generations from now, not just the cross you can make right now."

In March the AKC/USA World Team returned to Birmingham, England, to compete at the third annual Obedience World Cup competition, held in conjunction with the Crufts dog show.

Staff laid the groundwork for the Obedience Advisory Committee meeting scheduled for spring 2007. The committee of judges and competitors meets every four years to help shape the sport's future by providing input to the AKC when changes to the obedience regulations are being considered.

Rally, in which a dog-and-handler team navigate a course of exercises according to sequentially numbered signs, is run in conjunction with obedience trials. Rally continues the rapid growth in popularity it has enjoyed since becoming an AKC event two years ago. In 2006, there were 1,708 rally events, drawing 104,700 entries.

The first Rally Advisory Committee since rally became a titling event was convened in March.

AKC Agility reported another year of growth, with events up 8 percent. There were 1,956 AKC Agility events, and the year's 745,853 entries represent a 9.6 percent increase over 2005. Five hundred and twenty Master Agility Champion (MACH) titles were earned.

The AKC National Agility Championship was run in conjunction with the January AKC/Eukanuba National Championship at Tampa, drawing an entry of 686. Animal Planet taped the event for several airings throughout 2006.

The AKC Agility Invitational made its debut at the December AKC/Eukanuba National Championship in Long Beach. Sponsored by Eukanuba, Clean Run Productions, and J&J Dog Supplies, it was the first-ever

international AKC agility competition. Top-performing dog and handler teams representing 128 breeds from 42 states received invitations, as did dogs and handlers from Argentina, Canada, Puerto Rico, and the United Kingdom.

The AKC/USA World Agility Team went to Basel, Switzerland, in September to compete in the annual FCI World Agility Championship, where Jennifer Crank and Guess, her Shetland Sheepdog, took a silver medal in individual competition. Eukanuba and Clean Run Productions sponsored the team.

AKC Tracking saw an increase for the year in both



Junior Showmanship fosters handling skills, good sportsmanship, and responsibility in the fancy's youngest members. Inset: AKC Executive Field Representative and one-time junior handler Tom Glassford teaches at an AKC Junior Showmanship clinic.

events and entries. The AKC sanctioned 392 tracking events in 2006, with 1,851 entries. The Champion Tracker title was earned by 24 dogs.

The Versatile Companion Dog (VCD) title recognizes dogs that earn a combination of titles in obedience, agility, and tracking. In 2006, VCD titles were earned by 202 dogs, representing 54 breeds.

Companion Events field representatives presented 120 well-attended seminars nationwide, covering the division's full spectrum of events.

JUNIOR SHOWMANSHIP

The National Junior Organization (NJO) fosters handling skills and sportsmanship in fanciers from 9 to 18 years old. The NJO encourages performance and companion competition, while maintaining its longtime commitment to juniors in the conformation ring. Juniors have handled dogs to the highest possible titles in nearly every event category.

Thirty-three students from 26 states won 2006 AKC Junior Scholarships, ranging from \$1,000 to \$5,000. A total of \$50,000 was provided 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.

The AKC/Eukanuba National Championship continues to be a premier showcase for juniors in conformation. One hundred sixty-four juniors entered the December 2006 National Championship at Long Beach.

"AKC Jr. News," the bimonthly Junior Showmanship online newsletter, continued to bring the latest news to the youngest members of the fancy, with stories written by and for juniors. "AKC Jr. News" reported 11,314 active subscribers in 2006, more than double the previous year's number.

CORKY VROOM



Third-generation dog fancier Corky Vroom, of Denton, Texas, is one of the most accomplished and respected professional handlers of his generation, with more than one thousand all-breed Bests in Show, two *Kennel Review* Handler of the Year awards, and two Gaines Fido Handler of the Year awards among his many distinctions.



Mr. Vroom learned his trade as a junior handler and during an eight-year apprenticeship with Harry Sangster, "one of the most talented sportsmen our sport has ever had."

A great strength of the American purebred dog fancy is its continuity, with skills and standards handed from one generation to the next for more than a hundred years. Mr. Vroom is proud to be a link in this long, unbroken chain.

"I would like to believe that I have left each of my apprentices the same positive professional ethics that were taught to me by Harry."



ADMINISTRATION

EXECUTIVE SECRETARY



The 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 594 AKC member clubs. Minutes of Board and Delegate meetings are published in the AKC GAZETTE and posted at akc.org. The December 2006 Delegate meeting was held in Long Beach, California; the June meeting was held in Raleigh, North Carolina; and the March and September meetings were held in the New York City area.

Among the major Board actions taken in 2006 were the granting of the request of four parent clubs to approve the Working Dog Sport; a restructuring of the Trial Board system; and, in the belief that it is useful to articulate the fundamentals of the sport of dogs, the unanimous adoption of a Code of Sportsmanship.

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 saluted also at dog shows in their home areas. Staff coordinated the National Championship poster-art contest. Prints of the winning design were sold at the show, to benefit the Take the Lead foundation.

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 six AKC/CHF Breeders Symposia in 2006.

The Executive Secretary directs the activities of the Club Relations department, which 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.

The Executive Secretary oversees relations with foreign registries. In 2006, the AKC established a working relationship with the national kennel club of Bulgaria.

The AKC Archives seek and identify historically significant papers, photographs, and audio-visual materials generated by the AKC and its member clubs. The archivist solicits, organizes, and preserves such items, and assists researchers from the fancy and general public.

The AKC Library collection—more than 18,000 volumes, bound periodicals, foreign and domestic study books, videos, bookplates, and photographs—is



Opposite: New to the AKC art collection in 2006 was *Ch. John's Big Ben of Pouch Cove*, by Stefanie Lieberman. The oil portrait depicts a prominent Newfoundland from the line of David and Peggy Helming, 2005 AKC Breeders of the Year. Above: Lifetime Achievement Award honorees Kenneth A. Marden, Jane Kamp Forsyth, and Marian Mason Hodesson with, left to right, Hon. David C. Merriam, Bill Speck, John Lyons, Ron Menaker, Dennis B. Sprung, and Curt Curtis, at the December 2006 Delegate Meeting in Long Beach.

America's most comprehensive of its kind and considered to be one of New York's finest private research libraries. The library is open to the public five days a week (212-696-8245; library@akc.org).

The Executive Secretary directs the Conference and Travel department, which coordinates transportation, catering, and lodging for meetings and events.

INTERNAL CONSULTING GROUP

The Internal Consulting Group, a six-member employee team, works with AKC departments to solve problems, develop business plans, increase registrations, and generate revenue. The ICG also serves as a management-training program.

In 2006, ICG collaborated with other departments on several of the new initiatives described in detail elsewhere in this report. They include the April launch of Online Accounts, enabling fanciers to monitor their AKC business information via the Internet; working with the Customer Service department to develop the Online Answer Center that allows customers to more quickly and efficiently get answers to their questions at akc.org instead of through telephone or e-mail correspondence; and implementing Full Litter Registration.

Another important ICG initiative, working with the Companion Events department, was the creation of an Obedience business plan that will help to best serve veteran competitors while attracting new people to the Companion Events realm.

MARKETING AND LICENSING

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

4Kids Entertainment represents AKC properties in every merchandise category. 4Kids creates lifestyle



licensing-programs for dogs and their enthusiasts that uphold AKC standards of quality, tradition, and style.

New for 2006 were "Outdoor Series" AKC dog toys, produced by JAKKS Pacific. AKC-licensed puppy toys, treats, and accessories by JAKKS Pacific were distributed exclusively at Target, where brisk sales have spurred the 1,500-store retailer to give AKC products additional shelf space and prominent display.

By popular demand, the line of AKC-licensed Steiff plush toys, sold by FAO Schwarz at their in-store "AKC Boutiques" in New York and Las Vegas, continues to expand. The Steiff collection now features 14 AKC breeds. The "My AKC Puppy Vet Kit by Steiff," containing a plush toy and accessories, was introduced for the 2006 holiday season.

In addition to the above-mentioned retailers, a wide range of AKC-licensed products is sold nationwide at over 4,700 retail outlets, including Costco, Home Depot, PETCO, PetSmart, Sam's Club, Walgreens, Wal-Mart, supermarkets, and independent pet boutiques. During 2006, the AKC signed new licensing

The AKC's popular line of plush toys was expanded in 2006 to include 14 breeds. The line is produced by the world-famous toymaker Steiff for sale by the equally well-known merchant FAO Schwarz at "AKC Boutiques" in New York City and Las Vegas.

agreements with Eternal Image urns, Paramount Chemical stain removers, Dakota Collectibles, Giant T-shirts, and Sababa Toys.

It was a busy year for AKC sponsorships. Bayer Animal HealthCare entered into a two-year sponsorship agreement with the AKC Canine Good Citizen program. The AKC and Bayer are teaming to promote a campaign to encourage responsible dog ownership through the use of such products as K9 Advantix.

Chase and Nestlé Purina each sponsored an AKC summer intern dedicated to project-specific assignments, and Pup-Peroni dog treats sponsored the AKC Responsible Dog Ownership event in New York.

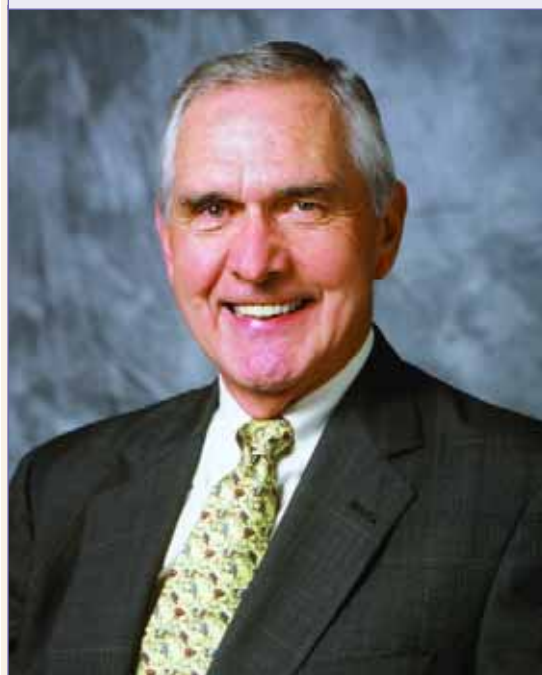
The new sponsor of the AKC Registered Handlers program is Oster, maker of high-quality grooming tools and products. The company donates these implements in support of the AKC handlers' popular Juniors clinics and contributes to the George Ward Scholarship Fund.

The AKC and Buena Vista Home Entertainment, a division of Disney, joined forces in 2006 to include breed-education inserts in the DVD packages of three dog-themed films: *Eight Below* (Siberian Huskies), *The Shaggy Dog* (Bearded Collies), and *Air Buddies* (Golden Retrievers). The inserts, approved by the breeds' AKC parent clubs, teach audiences about breed characteristics and responsible ownership.

The Chase AKC Rewards Visa credit card program, in which cardholders earn points redeemable at pet-supply stores and other merchants, continued in 2006. The cards bear images of popular AKC events and the top 35 breeds in registration rankings. New for the year was a card featuring terriers, the first in a series saluting the AKC breed groups.

AKC print and television advertising, crafted by the Doner agency, is aimed at current and potential dog owners. Publications carrying AKC ads in 2006 included *The New York Times Magazine* and *O: Oprah*

KENNETH A. MARDEN



Ken Marden, of Whitefield, Maine, has had a profound impact on the sport of dogs. As AKC President in the late 1980s, Mr. Marden brought agility, lure coursing, herding, and earthdog trials into the AKC family of events. As an AKC Board Member (1986–2006) and long-time Delegate from the German Shorthaired Pointer Club of America, his experience and knowledge of performance events has proved invaluable in charting the future of these sports. And as a distinguished sportsman, judge, and breeder, he has led by sterling example.

The AKC event realms have expanded dynamically over the past 20 years, and Mr. Marden, our most recent Lifetime Achievement Award winner in the Performance category, has been a driving force behind this growth.

Magazine. AKC commercials, aired during the 11 televised AKC events appearing on five networks in 2006, reached an estimated household viewership of over 68 million. Print and TV advertising created a combined 257,326,302 U.S. media impressions for the year.

AUDIT AND CONTROL

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

Veterinary Outreach promotes the AKC to the veterinary community and establishes alliances with universities, researchers, practitioners, and such related professional organizations as the American Veterinary Medical Association. AVMA leaders visited AKC headquarters twice to meet with staff and Board members, and the AKC made a reciprocal visit to the AVMA Illinois offices

and hosted a booth at the AVMA national convention.

2006 was the first full year of the AKC Veterinary Network. Veterinarians in the network are provided a customized packet of AKC materials on such topics as training, breeding, events, permanent identification, and pet insurance. In August, the AKC launched the Veterinary Network Certificate program, in which owners of newly registered puppies, who provide a valid e-mail address upon registration, are offered a complimentary first office visit at one of more than 2,700 participating veterinary practices.

Veterinary Outreach, with support from AKC Companion Animal Recovery, awarded \$145,000 in 2006 scholarships to 23 veterinary students from AVMA-accredited schools. Awards were based on academic achievement, involvement in the sport of purebred dogs, and financial need. Twenty awards of \$5,000 and three awards of \$15,000 were given.

The AKC, in conjunction with the National

Association of Veterinary Technicians in America, awarded 31 AKC Veterinary Technician Scholarships in 2006. A total of \$37,000 in scholarships was awarded to students from 26 accredited schools of veterinary technology. Six awards of \$2,000 and 25 awards of \$1,000 were made.

Business Excellence is dedicated to continuing business improvement, and maintains the AKC Dashboard, a tool which allows managers to review departmental quality, and production measures and metrics, daily.

The Internal Audit department



In December, the AKC Community Events Team made its annual holiday visit to the Durham Ronald McDonald House. The facility is a home-away-from-home for seriously ill children and their families visiting the area for medical treatment.

provides an independent examination and evaluation of the adequacy and effectiveness of the AKC system of internal and generational controls and operating procedures. The department reviews procedures and tests controls, concludes as to their adequacy, and makes recommendations for improvements.

The Support Services department fulfills printing, shipping, purchasing, inventory, facility management, mail, and other vital functions. In 2006, Support Services handled over 6 million pieces of mail outgoing and 1.25 million pieces incoming, and processed 115,000 shipping orders. Ongoing quality-control initiatives and technology upgrades in this area enhance customer service by allowing the AKC to efficiently fulfill and track orders. In 2006, the department began converting the AKC line of educational videos to a DVD format.

HUMAN RESOURCES

The Human Resources division provides a wide range of internal services to ensure that the AKC attracts and retains capable employees.

A key element in the company's investment in its staff is the AKC University program. AKC U includes the popular "World of AKC" that in 2006 taught employees about Agility and the breeds in the Herding, Terrier, Toy, and Non-Sporting groups. Other AKC U classes included workplace skills and personal development. In total, AKC U held over 60 classes with more than 700 participants. In addition, the AKC's tuition-reimbursement program saw 22 employees enrolled in 43 college classes. The Raleigh Community Events Team promotes the AKC as a good corporate citizen through civic and philanthropic initiatives. In 2006, the team raised funds and donated time in support of the St. Jude Children's Research Hospital, Ronald McDonald House, the Susan Koman Breast Cancer Foundation, and the North Carolina State University College of Veterinary Medicine.

DR. M. JOSEPHINE DEUBLER



If anyone can lay claim to the title "fancier's fancier," it is Dr. M. Josephine Deubler, of Philadelphia. A second-generation veterinarian, Dr. Deubler was the first female graduate of the University of Pennsylvania School of Veterinary Medicine. She served on the faculty until 1987, and the school's genetic laboratory is named in her honor.

In the show ring, she made her mark as the exhibitor of Dandie Dinmont Terrier Ch. Salismore Silversand, one of the breed's top-winning dogs of the 1950s. She has served as show chair for the Montgomery County and Bucks County kennel clubs and has been an AKC judge since 1960. Along the way, she earned three Gaines Fido awards and an AKC Lifetime Achievement Award for her dedication to the sport.

Even fellow show-ring legends are awed by her contributions. "She is a role model of dedication and perfection," says Walter F. Goodman.



INTEGRITY

REGISTRATION AND CUSTOMER SERVICES

The Registration, Customer Service, and Special Services departments comprise the Registration and Customer Services division.

Thanks to an enhanced and streamlined process introduced last year, the popularity of online dog-registration services increased significantly in 2006. Currently, 18.2 percent of all individual dog registrations are done online, an increase of approximately 15 percent over 2005. Registration staff reports that 51 percent of all litters in 2006 were registered online, and that customer response to the process continues to be positive.

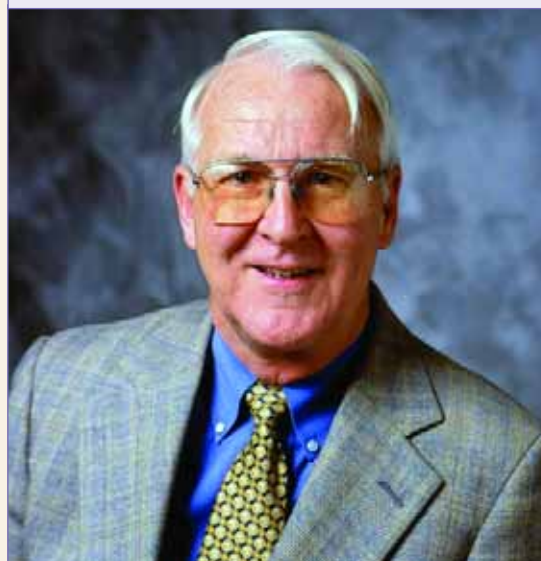
In August, the AKC introduced the Full Litter Registration process. This allows a breeder to register entire litters to themselves and then transfer ownership to puppy buyers, with a savings in registration fees.

The year's top breeds in individual dog registrations were Labrador Retrievers, Yorkshire Terriers, German Shepherd Dogs, Golden Retrievers, and Beagles. The AKC registered 870,192 dogs and 413,957 litters in 2006. In March, the AKC enhanced its registration package of goods and services by offering dog and litter registrants "e-certificates," good for purchases at the popular online merchant dog.com.

The Customer Service department fields an average of 50,000 calls and 10,000 e-mails a month. Customer Service representatives answer e-mail inquiries to the AKC in usually 24 hours or less.

The AKC Answer Center came online in September. The new interactive service allows registrants to get answers to a wide range of questions about AKC programs and procedures without interacting with an AKC employee. Preparatory work was conducted throughout the year for the 2007 expansion of the customer Online Accounts system to include online recordkeeping. These self-service options provide registrants quicker, easier access to and maintenance of their AKC information.

HON. DAVID C. MERRIAM



Former AKC Chairman and current Vice Chairman David Merriam, of Bonsall, California, began breeding and showing Bull Terriers at age 15.

In the more than 50 years since, his passion and knowledge of the breed has made him one of our most respected terrier men. He is one of the rare fanciers to earn the title "judge" both at work and in the ring: An AKC judge since 1966, Mr. Merriam spent 20 years as a trial court judge after a distinguished career as an assistant district attorney and trial lawyer.

As Chairman (1996–2002), Mr. Merriam was esteemed as a consensus-builder and "healer" who during turbulent times reached out to every segment of the fancy. But those who share his love for Bull Terriers are especially proud to call him one of their own. The name of the highest honor bestowed by the breed's AKC parent club says it all: the David Merriam Lifetime Achievement Award.

I Didn't Do It (detail), by Anita Baarns, was part of the 2006 Artists' Registry exhibition at the AKC Museum of the Dog, in St. Louis.

The Special Services department 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 (issuing ILP numbers that qualify purebreds without pedigrees to compete in AKC companion and performance events);
- Foundation Stock Service (reviewing requests for breeds seeking FSS recording and eventual AKC recognition—in 2007, four FSS breeds will join the AKC Stud Book);
- 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);
- The 2006 Summer Intern program (overseeing the

interns selected for project-specific assignments in Raleigh and New York).

COMPLIANCE OPERATIONS

The Compliance Operations division 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.

Fourteen field inspectors completed 4,768 kennel inspections in 2006. The AKC created the role of breeder field representative, who reaches out to breeders to educate them on AKC policies and informs them of AKC services and programs.

Case Management assists individuals to resolve 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. The department was charged with the implementation of the enforcement policy behind the AKC Code of Sportsmanship approved by the Board in 2006.

DNA Operations, using DNA parentage-verification technology to maintain the integrity of the Stud Book, processed more than 54,000 DNA samples, bringing the total in the AKC DNA database to over 425,000 DNA profiles. The



Her Royal Highness Princess Anne and AKC Chairman Ron Menaker with Maud Earl's *Silent Sorrow* (1910), loaned by the AKC to the Kennel Club (England) for "Royal Dogs," an art exhibition commemorating Elizabeth II's 80th birthday in May. The famous painting depicts Caesar, Edward VII's Wire Fox Terrier, mourning the sudden death of his royal master.



DNA department implemented a Board mandate that requires an AKC DNA profile for imported breeding stock registered on or after March 1, 2006. The Compliance Audit program, in which DNA samples are collected during routine kennel inspections, continued to detect incorrectly registered litters, and to verify and correct the registry.

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 department is responsible for procuring, implementing, and administering the AKC internal property and casualty insurance program and the club insurance program. The Compliance Operations division reports to the Legal department.

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.

ROBERT T. SELF, SR.



The sport of obedience has no greater advocate than Robert T. Self, of Wataga, Illinois. Mentored by such obedience legends as Bill Worley and Alma Rosser, Self has helped to shape the sport as we know it today. A top trainer-handler, co-founder of *Front and Finish* magazine, author of four books on dog training, and a member of every AKC Obedience Advisory Committee between 1966 and 2003, his impact on obedience during the last 50 years is incalculable. Among the honors that crowd his trophy shelf are the first Richard D'Ambrisi Award, a Gaines Fido Award, and an AKC Lifetime Achievement Award. When asked what advice he gives young trainers, Self wisely replies, "I try not to give advice, only encouragement."

In November, AKC Assistant Executive Secretary and second-generation fancier Gina DiNardo Lash provided TV color commentary for the Mohegan Sun AKC Challenge Dog Show—Kenilworth Kennel Club of Connecticut, co-hosted by the Farmington Valley Kennel Club. Lash was joined in the booth by announcer John Nicholson.



INFORMATION

INFORMATION SERVICES

The Information Services division designs and maintains technical systems in support of every realm of AKC activity, and defines and implements information-management strategies.

Among many such projects in 2006 were solving the technical requirements of the web-based Veterinary Network, which connects AKC veterinary-coupon holders with participating practitioners in their area, and the implementation of the Online Accounts service. Online Accounts is the foundation of the customer Online Recordkeeping system to be rolled out in early 2007. Modifications were made to several information-management systems to accommodate new agility classes and the introduction of four new breeds into the AKC Stud Book in 2007. Enhancements to the Events and Awards online search mechanisms were ongoing.

Popularity of online registration services continues to grow. More than 51 percent of 2006 litters were registered online. Online dog registrations grew to 24.3 percent in December and averaged 18.2 percent of all registrations for the year, as compared to an overall online registration rate of 4.5 percent in 2005.

The AKC web site receives approximately 2 million visitors a month and 500,000 page views a day. Fanciers and novices alike visit the site for its thousands of pages of general information and news. Event results, legislative alerts, dog-related news items, and AKC press releases were posted throughout the year.

Sales of electronic statistics packages, pedigrees, and dog-ranking and dogs-defeated reports continue to be of great value to AKC clubs and fanciers.

COMMUNICATIONS

The Communications division utilizes the news media to enhance the AKC's image and further public aware-

WENDELL J. SAMMET



The words "responsible breeder" mean a lot to serious fanciers, and few personify the phrase as well as Wendell J. Sammet, of Bryantville, Massachusetts. For decades, His Ale Kai kennel name has

been synonymous with top-winning Standard Poodles of grace and beauty that have been carefully bred for soundness of mind and body.

"For me, it's all about temperament and health," says Mr. Sammet, who is proud of producing sound, healthy pets as well as highly sought-after show dogs. It was this philosophy, backed by 50 years of responsible breeding, which led the AKC in 2003 to name Mr. Sammet its first-ever Breeder of the Year.

Says judge Frank Sabella, "He is a breeder who is not necessarily interested in a dog that wins but in a dog that is correct."

AKC mascot Bailey the Beagle makes a new friend at the AKC Responsible Dog Ownership Day flagship event in New York City. RDO Day, administered by the Communications division, is a key component of AKC public education. Three hundred and sixty AKC member clubs and other organizations nationwide held local RDO Day events in 2006.



ness among pet owners and the fancy.

Communications creates press materials to promote major initiatives and to put forth AKC positions on important news stories. AKC-generated features were picked up by such major newspapers as the *New York Times*, *Los Angeles Times*, and *Washington Post*. Coverage of January's AKC/Eukanuba National Championship appeared in over 700 media outlets, reaching approximately 168 million people.

TV and print public service announcements (PSAs) put forth various responsible dog-ownership messages and burnish the AKC's reputation as the leading source of dog-related expertise. Print PSAs

port of AKC programs and the sport of dogs.

The Club Communications department works with AKC-member and -licensed clubs to communicate to the public in a unified voice. The department's web pages and "AKC Communicates!" e-newsletter keep clubs apprised of new AKC initiatives and offer tools and tips for pursuing media coverage.

A major 2006 initiative in Club Communications was the launch of the web-based AKC Syndicate. The Syndicate provides free and regularly updated editorial content utilized by more than 250 media outlets, including club newsletters and leading American newspapers.

In other 2006 Communications news: The position of

reached approximately 7.8 million readers in 2006; video PSAs, including a spot called "Kids Promise," were seen by a television audience of more than 131.7 million viewers.

AKC Responsible Dog Ownership Day flagship events in New York City and Raleigh were well attended and drew considerable press attention. Three hundred and sixty AKC clubs and other organizations nationwide held local RDO Day events. Communications staff recruits volunteer fanciers and their dogs for TV appearances and print interviews in sup-

The AKC was invited to decorate one of the Empire State Building display windows devoted to the Westminster Kennel Club show. The presentation, built around the 2006 AKC registration rankings, was a joint effort of the Communications and Publications divisions.

corporate project manager was created to coordinate disaster-relief efforts and other special projects; fanciers attended two Communications seminars to learn how to better serve as press spokespersons for their clubs.

CANINE LEGISLATION

The Canine Legislation department monitored more than 650 federal, state, and municipal bills and ordinances in 2006. The department posted important victories at the state level, including the defeat of a California bill that would have criminalized participation in AKC Beagle and Basset Hound field trials, a Vermont ban on ear cropping, and other such cropping and docking bans.

Locally, the department helped owners to oppose breed-specific legislation in more than 80 cities and counties. Opposition led to 69 percent of local governments rejecting such legislation in favor of dangerous-dog ordinances.

Believing it would protect hobby breeders and their dogs from oppressive regulation, the AKC worked closely with Members of Congress in support of the Pet Animal Welfare Statute (PAWS). The proposed federal law would strengthen the Animal Welfare Act to address such recent market trends as the importation of puppies for resale and the sale of purebred puppies and dogs online.

In September, Canine Legislation staff hosted the fourth annual Lobby Day in Washington, D.C. The program includes a full day of issue briefing and education. AKC personnel and concerned fanciers visited Capitol Hill to meet with legislators and staff.

Key agenda points were PAWS, open access to microchip animal identification, and support for the passage of the Pets Evacuation and Transportation Standards Act (PETS), which requires provisions for pet-owning households in emergency-

DR. JAMES S. HOLT



Who better to represent the fancy's interests in the nation's capital than Dr. Holt, a 36-year member of the English Cocker Spaniel Club of America who spent 25 years as a labor and government consultant in Washington, D.C.

Dr. Holt, of Arlington, Virginia, is AKC Federal Legislation Liaison. He holds a Ph.D. from The Pennsylvania State University, where he served on the faculty for 16 years, and is a former AKC Board Member. A man of accomplishment in several realms, Dr. Holt is a shrewd and vigorous advocate for the rights of the national fancy.

He says, "I hope that my efforts to help the AKC, the fancy, and the sport of purebred dogs become influential agents in effecting public policy for the benefit of dogs and dog people will endure and grow."



preparedness planning.

“Pet Night,” hosted by the Animal Health Institute, with the AKC as a co-sponsor, is an annual reception in Washington, D.C., where the fancy and AKC staff mingle informally with more than 500 Members of Congress, their aides, and representatives from such

co-sponsors as the American Veterinary Medical Association, American Animal Hospital Association, and the Hartz Mountain Corporation.

Staff conducted Empowered Action seminars at three show sites; attended the National Conference of State Legislators and the National Association of Counties meeting; and produced a dangerous-dog law CD for localities fighting breed-specific bills.

Ongoing were the newsletter “Taking Command,” the *doglaw* e-mailbox, and alerts and breaking news posted at akc.org.

PUBLIC EDUCATION

The 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 and Canine Ambassadors visit community groups and schools, distribute AKC materials, and host responsible dog-ownership events.

Public Education introduced a new training program at four show sites. The sessions were devoted to public-education strategies in support of different types of events, and how to present an effective

public-education and information booth.

Public education’s role in the fight for fair legislation was discussed in a special presentation at AKC Lobby Day in Washington, D.C. Public Education staff attended three major groomer expositions and the 4-H Club national conference.

At September’s AKC Responsible Dog Ownership Day flagship event in Raleigh, a Nova Scotia Duck Tolling Retriever became one of the 30,000 well-behaved dogs to pass the 10-step Canine Good Citizen test in 2006.

Popular educational materials include lesson plans, the "Safety Around Dogs" DVD, the "Best Friends" teacher's kit, and the "Kid's Corner" online newsletter.

CLUB EDUCATIONAL SERVICES

The AKC Information and Education Booth made appearances covering 122 days in 2006. At dog shows and other venues, knowledgeable Booth staff greeted more than 150,000 visitors nationwide. The Booth features a full menu of AKC services, products, and educational materials. Successful ongoing promotions include the Registered Handlers program, Canine Good Citizen, AKC credit cards, Veterinary Outreach, DOGNY, AKC publications, and Junior Showmanship. The Booth also supports local educational efforts of teachers, clubs, and veterinarians. Highlights of the Booth calendar were the AKC/Eukanuba National Championship, and a third annual visit to Birmingham, England, in March, for the Crufts show.

The AKC Booth staff arranged dog show tours and educational programs for the public, specifically relating to the sport of dogs, in partnership with local clubs.

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

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

The 10-step CGC test was passed by approximately 30,000 dogs in 2006.

State legislatures have long known the value of CGC training, and more than half the states in the union have formally endorsed CGC. In 2006, Connecticut, Hawaii,

JANE KAMP FORSYTH



This year's AKC Lifetime Achievement Award winner Jane Kamp Forsyth, of Pinehurst, North Carolina, was one of the busiest and most successful handlers of all times on the American show scene. Mrs. Forsyth, who was a polished handler in her teens, guided hundreds of top show dogs to the winner's circle with style and seeming effortlessness. Before she hung up her show lead for good in 1981, Mrs. Forsyth had won three *Kennel Review* Handler of the Year awards and three Gaines Fido awards.

She married fellow handler Robert S. Forsyth in 1967. Both Mr. and Mrs. Forsyth have handled Best in Show winners at Westminster, the only married couple to do so. Today, both are internationally known all-breed judges. Handler Peter Green expresses the sentiments of their peers when he says of the Forsyths, "The more I got to know them, the more I came to respect them."



Indiana, Minnesota, Mississippi, South Carolina, South Dakota, Tennessee, West Virginia, and Wisconsin joined the list of states to have passed CGC resolutions.

Many countries—Australia, Canada, Denmark, England, Finland, Hungary, Japan, and Sweden among them—have developed CGC programs based on the AKC program. 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 specialty dog clubs give CGC testing at their national shows. Veterinarians have recognized the benefits of well-trained dogs, and there are CGC programs in place in some veterinary hospitals.

PUBLICATIONS

Publications division 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. Revenue from these digital media showed major growth in 2006.

The monthly AKC GAZETTE is the official journal for the sport of purebred dogs. Since 1889, it has been the home of authoritative coverage of issues that matter to the core fancy. Highlights of the 2006 editorial calendar included July's "The Dog in America" issue, September's look back at the dogs of 9/11, and an October issue devoted to dogs around the world.

The Foundation for Bio-Medical Research gave its 2006 Michael E. DeBakey Award for Excellence in Science Journalism to the GAZETTE story "Starve a Tumor, Save a Dog," written by Publications features editor Mara Bovsun.

The bimonthly AKC FAMILY DOG magazine reported a combined paid and controlled circulation of 175,000. FAMILY DOG was conceived for the broader purebred pet-owning public and is an added value to Gold Level dog registrations. Increased ad revenue led the magazine to its most successful year.

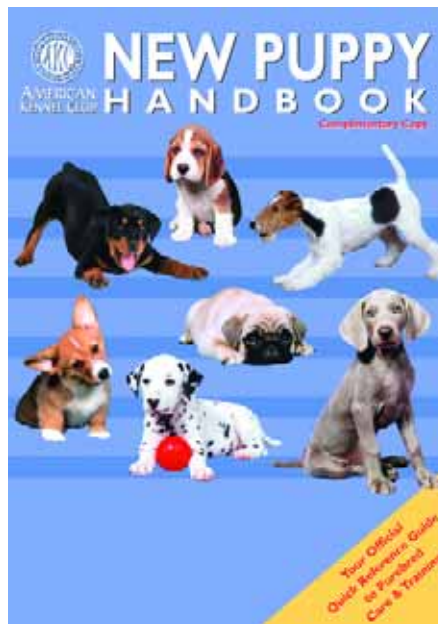
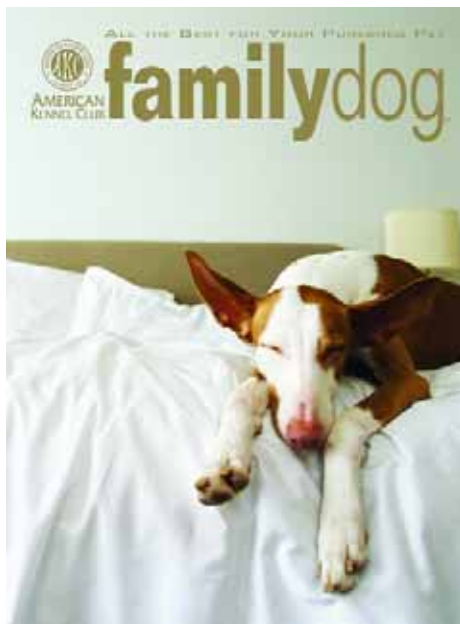
The GAZETTE and FAMILY DOG holiday-gift guides have become a popular annual event for readers and merchants alike.

International outreach: The AKC information booth made its annual visit to England in March for Crufts, the world's largest dog show. Left to right are AKC President Dennis Sprung, Kennel Club Chairman Ronnie Irving, Anne Braue and her Border Collie Spree (U.S. representatives at the Crufts international agility competition), and AKC Chief Operating Officer John Lyons. In December, the Crufts booth made a reciprocal visit to the AKC/Eukanuba National Championship in Long Beach, California.

The AKC NEW PUPPY HANDBOOK, a colorful pocket-sized guide to puppy care and training, is sent to all new AKC registrants. Its wide circulation and long shelf life have proved attractive to advertisers.

Other publications include AKC AWARDS and the monthly GAZETTE supplement, EVENTS CALENDAR.

Also in 2006: Staff trained in a specialized software system to better utilize advertising information; a reorganization and digitalization of the massive AKC photo archive was begun; and, armed with the results of a comprehensive Readex reader survey, staff met off site in November for a daylong planning and brainstorming summit.



Charles Guthrie III, of Orlando, Florida, won first prize (Color category) in the AKC Publications 27th annual photography contest for this shot of his high-flying Border Collie. All the winning pictures were published in the AKC GAZETTE and AKC FAMILY DOG.

NEW YORK
11 September 2001



LONDON
July 2005



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SUPPORTED AND AFFILIATE ORGANIZATIONS

AKC COMPANION ANIMAL RECOVERY



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

AKC/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 three million animals enrolled in the program, which has recovered more than 314,000 animals since its inception in 1995. AKC/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 2006, AKC/CAR contributed \$100,000 to the AKC Veterinary Scholarship program. For in-depth information on these and other activities, visit www.akccar.org, or call 800-252-7894 to speak with an AKC/CAR representative.

AKC MUSEUM OF THE DOG

Located 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.

The museum is supported by the AKC with an annual 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. It presents such special-themed exhibitions as the 2006 Artists' Registry Exhibition, featuring three of America's finest artists of canine subjects. Additionally, 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 to dogarts@aol.com, or visit the museum's new web site at www.museumofthedog.org.

AKC CANINE HEALTH FOUNDATION

The AKC Canine Health Foundation (CHF) develops resources for basic and applied health programs, with emphasis on canine genetics. The AKC contributed \$1.2 million to the Foundation in 2006.

Research supported by the Foundation have led to the development of the canine gene map and the creation of tests for many breed-specific diseases. Since 1995, nearly \$17 million in canine health grants have been approved. In 2006, the Foundation awarded over \$2.2 million in research grants to investigators.

In recognition of administrative excellence, The CHF regularly earns high ratings from Charity Navigator, a 501(c)(3) nonprofit organization that works to guide intelligent giving (more at www.charitynavigator.org). The Foundation teamed with the AKC Breeders department to present Breeders Symposia throughout the year.

The Foundation is allied with the Purina company in a multimillion-dollar effort to further the cause of canine health. They have developed creative funding concepts benefiting the Foundation, from dog show benefits to the popular Parent Club Partnership program. The Foundation is allied with the Orthopedic Foundation for Animals and the Canine Health Information Center.

Call the CHF at 888-682-9696 or e-mail to akc-chf@aol.com. For full, updated reports of Foundation activities, visit www.akcchf.org.

The AKC arranged the loan of DOGNY statues to England's Imperial War Museum for its "The Animals' War" exhibition, which opened in July. AKC DOGNY supports search-and-rescue organizations with donations to the AKC/CAR Canine Support and Relief Fund.

AKC EUKANUBA NATIONAL CHAMPIONSHIP



DECEMBER 2006 AKC/EUKANUBA NATIONAL CHAMPIONSHIP, LONG BEACH, CALIFORNIA—Clockwise from top left: Judge Michele Billings and Ron Menaker with Best Bred-by-Exhibitor in Show Golden Retriever Ch. Shalimar's Sports Illustrated, CD (Houston), and breeder-owner-handler Laurie Jordan-Fenner; Best in Show English Springer Spaniel Ch. Felicity's Diamond Jim (James) and handler Kellie Fitzgerald; Win shot—James and Fitzgerald with Dennis Sprung, Federacion Cinologica Argentina president Dr. Nestor Fracino, Mayor Bob Foster of Long Beach, Ron Menaker, BIS judge Robert Forsyth, Dan Rajczak of P&G Pet Care, Leanza Cornett of Animal Planet, and Vicki Seiler and Amy Newkirk of Iams; Jordan-Fenner and Houston.



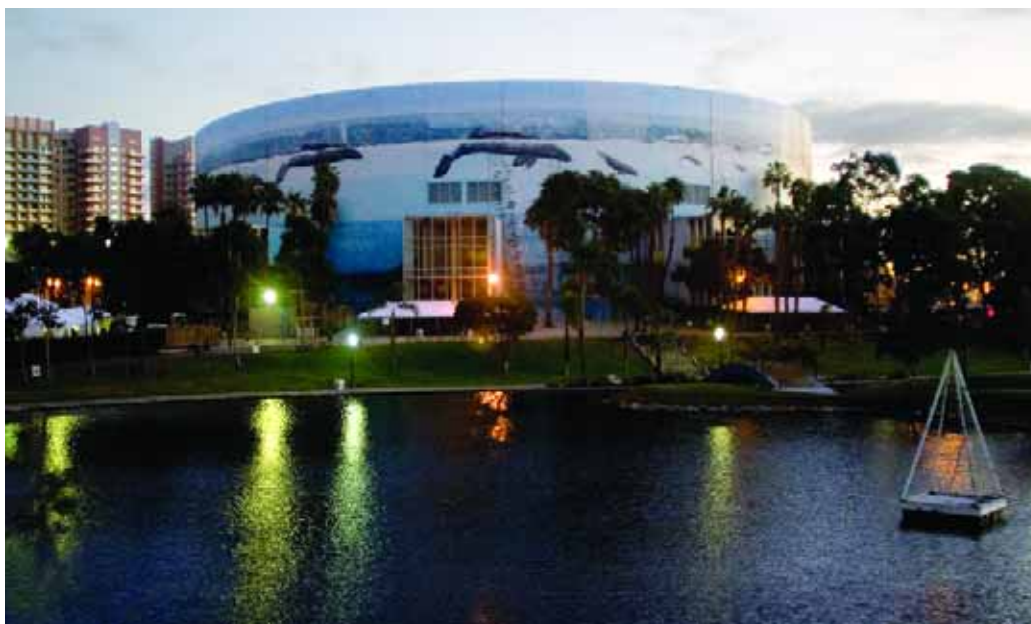
Top breeders from the seven AKC groups await the announcement of the AKC Breeder of the Year winner: Judy Colan (Colsidex Weimaraners), Susan LaCroix Hamil (Quiet Creek Bloodhounds), Sandra D'Andrea (Nanuke Alaskan Malamutes), Beverly Verna (Regency Miniature Schnauzers), Jose Cabrera and Fabian Arienti (Starfire Pomeranians), Kathy and George Beliew (Imagine Chow Chows), and Douglas and Michaelanne Johnson (Bugaboo Old English Sheepdogs), with Patti Strand and Walter F. Goodman; The Johnsons react as they are named Breeders of the Year; Dennis Sprung presents the Best Bred-by-Exhibitor Ronald H. Menaker Perpetual Trophy; 2006 AKC Awards for Canine Excellence winners.



The nation's top obedience dogs converged on Long Beach for the 12th AKC National Obedience Invitational; 147 parent clubs presented their breeds to the public at AKC Meet the Breeds, where the Cavalier King Charles Spaniel Club going "Best Booth in Show"; Best Junior Handler Lauren House with Saluki Ch. Srinagar Raga Bahar.



A ringside scrapbook of show shots, including the Obedience Invitational winners (Paula McCollum and Bluetick Coonhound Jeb, Dave Gannon and Golden Retriever Skater, Bridget Carlsen and Golden Retriever Soupy, and two-time National Obedience Champion Labrador Retriever Simba and Renate Van Allen); the Agility Invitational winners (kneeling, front: Simon Peachy and Border Collie Turbo of the United Kingdom, Jane Simmons-Moake and Golden Retriever Susie, standing, l to r: Sierra Schmidt and Bichon Frise Balto, AKC Agility Director Sharon Anderson, judge Marq Cheek, Michelle Beardsley and Australian Shepherd Willow, and Ashley Deacon and Pyrenean Shepherd Luka); and art contest winner Kathryn Rutherford signing posters.



Clockwise from top left: Bred-by Toy Group judge David A. Ojalvo, of Argentina, signs the judge's book; the AKC Delegates reception at the Long Beach Aquarium of the Pacific; Chairman Ron Menaker and Best in Show judge Robert S. Forsyth; a premier show site, the Long Beach Convention Center; esteemed fanciers Edd Bivin and Lee Arnold of the Animal Planet-Discovery Channel broadcast team; winners of the children's dog-art contest sponsored by the Long Beach Kennel Club and other community leaders; Sporting Group judging.

2006 AKC AWARD WINNERS

THE BREEDER OF THE YEAR program honors breeders who have dedicated their lives to improving the health, temperament, and quality of purebred dogs.

BREEDERS OF THE YEAR: DOUGLAS & MICHAELANNE JOHNSON, BUGABOO OLD ENGLISH SHEEPDOGS (FROM THE HERDING GROUP)

- **SPORTING:** JUDY COLAN, COLSIDEX WEIMARANERS
- **HOUND:** SUSAN LACROIX HAMIL, QUIET CREEK BLOODHOUNDS
- **WORKING:** SANDRA D'ANDREA, NANUKE ALASKAN MALAMUTES
- **TERRIER:** BEVERLY J. VERNA, REGENCY MINIATURE SCHNAUZERS
- **TOY:** JOSE A. CABRERA & FABIÁN ARIENTI, STARFIRE POMERANIANS
- **NON-SPORTING:** KATHY & GEORGE BELIEW, IMAGINE CHOW CHOWS

LIFETIME ACHIEVEMENT AWARDS honor longtime fanciers of national repute who have made lasting contributions to the sport of purebred dogs.

- **CONFORMATION:** JANE K. FORSYTH
- **COMPANION EVENTS:** MARIAN MASON HODESSON
- **PERFORMANCE:** KENNETH A. MARDEN

AWARDS FOR CANINE EXCELLENCE salute AKC-registrable dogs that enrich, inspire, or contribute to the lives of individuals or communities.

- **THERAPY:** ABBY (CHIHUAHUA), OWNED BY CATHY ALBRECHT OF LA PORTE, INDIANA
- **LAW ENFORCEMENT:** REX (GERMAN SHEPHERD DOG), OWNED BY JAMIE DANA OF SMETHPORT, PENNSYLVANIA
- **EXEMPLARY COMPANION:** KD (GOLDEN RETRIEVER), OWNED BY RON HELLER OF CARLISLE, PENNSYLVANIA
- **SERVICE:** ASPEN (LABRADOR RETRIEVER), OWNED BY KATHERINE R. HUGGINS OF ENID, OKLAHOMA
- **SEARCH AND RESCUE:** MORGAN (ENGLISH SPRINGER SPANIEL), OWNED BY KATRENE JOHNSON OF LEBANON, NEW JERSEY

COMMUNITY ACHIEVEMENT AWARDS recognize exemplary efforts in public education and canine legislation.

- ANTELOPE VALLEY KENNEL CLUB
- EDWARD PETERSON (VERMONT FEDERATION OF DOG CLUBS)
- HOLLY STUMP (MASSACHUSETTS FEDERATION OF DOG CLUBS)
- WILLIAM AND DONNA WELTY (NEW BRUNSWICK KENNEL CLUB)
- CHERYL COSTELLO (WILMINGTON KENNEL CLUB)
- PAMELA DUKE AND CAROL LINGER (SANTA MARIA KENNEL CLUB)
- TAMPA BAY KENNEL CLUB
- OSHKOSH KENNEL CLUB
- LAKE CUMBERLAND KENNEL CLUB
- GREATER PANAMA CITY DOG FANCIERS ASSOCIATION

SUSAN LACROIX HAMIL



Susan LaCroix Hamil, of Laguna Beach, California, is a breeder-exhibitor with a keen interest in canine health. As an AKC Delegate, a board member of the AKC/CHF and the Orthopedic Foundation for Animals, and a registered veterinary technician, she has promoted veterinary research in word and deed. She knows that “once you can predict health issues you can begin to screen for them in a breeding population and select away from undesirable traits.”

Mrs. Hamil, an Honorary Life Member of the Bloodhound Club of America, and the 2006 AKC Hound Group Breeder of the Year, is famous for producing generations of top-winning Bloodhounds, but she says, “There are very few breeds I would not want to own; I regret life is too short to own one of each!”



FINANCIAL MANAGEMENT

2006 FINANCIAL HIGHLIGHTS

During 2006, the American Kennel Club (AKC) and AKC Companion Animal Recovery (CAR) achieved strong financial results by generating a combined net surplus of \$10.2 million. This was 12% below the prior year's results of \$11.5 million. However, 2005 was the second best financial performance in AKC's history.

Total revenues of \$72.3 million in 2006 were comparable to 2005. Core registration revenues for dogs and litters were \$2.3 million lower than the prior year. Royalty and sponsorship income was higher by \$1.3 million or 21% due to the success of AKC's licensing programs. Recording and event fees rose by 9% primarily due to increased entries in Agility and Rally. CAR's enrollment revenues declined by \$1.1 million or 25% from 2005. Revenues for 2006 and 2005, respectively, include \$3.9 million and \$3.2 million for the approximate values of in-kind contributed services received primarily in the form of donated advertising on television, radio stations, and in print, which is included in operating costs related to public education. Interest and dividend income for 2006 increased 41%, primarily due to higher dividends received from investments.

Operating expenses of \$69.1 million increased by 6% from 2005. Payroll and related benefits rose by 5% over 2005, primarily due to changes in actuarial assumptions associated with the pension and other postretirement benefit plans. All other operating expenses increased by 6.6% to support program costs.

AKC continued its support of the American Kennel Club Canine Health Foundation with total funding and in-kind contributions of \$1.1 million in 2006 and also provided essential financial support for the American Kennel Club Museum of the Dog.

Investment gains of \$7.1 million in 2006 established a new record and were approximately twice the amount of the prior year.

As of December 31, 2006, the AKC and CAR Boards of Directors designated funds to various projects for preserving the future of the organizations and the sport of purebred dogs totaling \$51 million. This included funds designated for operating reserves and a newly established endowment fund.

The pension plan remains over funded, despite the fact that many other companies today are facing serious problems with the financial viability of their pension plans. 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.

FINANCE AND ADMINISTRATION AT AKC

During 2006, the financial system's major upgrade was completed in collaboration with the Information Services Division which has provided significant benefits and further training for the financial staff. Corynn Jones was promoted to senior manager responsible for internal and external financial reporting.

Administration implemented a new security system for the New York office which has significantly improved access control and office security.

AKC events are held in every region of the continental United States, and in Alaska and Hawaii. To find an upcoming event in your area, or to see the results of past events, visit www.akc.org and select the "Events" tab.

Hound Group winners at
December's AKC/Eukanuba
National Championship. We hope
you'll join us at Long Beach for
the next National Championship,
December 1 and 2, 2007.



REPORT OF INDEPENDENT AUDITORS



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

We have audited the accompanying combined balance sheets of The American Kennel Club, Incorporated (the "Club") as of December 31, 2006 and 2005, 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, 2006 and 2005, and the combined changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

New York, New York
February 9, 2007

COMBINED BALANCE SHEETS

(dollar amounts in thousands)

DECEMBER 31,	2006	2005
Assets:		
Cash	\$ 882	\$ 844
Investments (Notes 1 and 2)	71,294	59,086
Accounts receivable — Less allowance for doubtful accounts of \$76 and \$87 in 2006 and 2005, respectively	1,111	588
Prepaid expenses and other	3,428	2,964
Prepaid pension cost (Note 4)	25,941	26,756
Property and equipment — net (Notes 1 and 3)	10,160	11,566
Collections (Note 1)	—	—
Total Assets	\$ 112,816	101,804
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 5,641	\$ 4,683
Accrued postretirement benefits payable (Notes 1 and 4)	10,783	9,607
Deferred revenue (Note 1)	5,878	5,901
Deferred lease liability (Notes 1 and 5)	2,545	2,796
Capital lease obligations (Note 6)	1,190	2,199
Total Liabilities	26,037	25,186
Contingencies (Notes 8 and 11)		
Net assets:		
Unrestricted:		
Operating	23,598	25,168
Investment in property and equipment	8,970	9,367
Board designated (Note 9)	51,350	39,020
Total unrestricted	83,918	73,555
Temporarily restricted (Notes 1 and 10)	2,861	3,063
Total Net Assets	86,779	76,618
Total Liabilities and Net Assets	\$ 112,816	\$ 101,804

See notes to combined financial statements.

COMBINED STATEMENTS OF ACTIVITIES

(dollar amounts in thousands)

YEARS ENDED DECEMBER 31,	2006	2005
Changes in unrestricted net assets:		
Operating Support, Revenues and Reclassifications (Note 1):		
Registration fees	\$ 33,138	\$ 35,465
Fees and certified pedigrees	9,081	8,397
Royalty and sponsorship income	7,323	6,047
Recording and event fees	6,190	5,685
Videos, DNA and other product services	4,402	4,119
Contributed air time and print space	3,966	3,218
Publications	3,671	3,626
Enrollment fees	3,228	4,311
Other income	652	393
Interest and dividends (Note 2)	325	230
Net assets released from restrictions (Note 10)	202	130
Contributions	130	605
Total unrestricted Operating Support, Revenues and Reclassifications	72,308	72,226
Operating Costs (Note 7):		
Payroll and related benefits (Note 4)	31,834	30,264
Depreciation and amortization (Notes 1 and 3)	5,473	5,422
Public education, books and videos (Note 1)	5,370	4,917
Professional, service and royalty fees	4,337	3,195
Public relations, events and programs	3,544	3,302
Communications and postage	3,409	3,491
Rent (Notes 1 and 5)	2,996	2,838
Travel (staff, field force, and investigative divisions)	2,789	2,564
Printing, paper, and promotions	2,672	2,491
Maintenance, rentals and insurance	2,009	1,976
Grants and contributions (Notes 1 and 8)	1,663	2,212
Forms and supplies	1,649	1,391
Directors, delegates, and committees	989	770
Other	362	401
Total operating costs	69,096	65,234
Increase in unrestricted net assets before non-operating items	3,212	6,992
Realized and unrealized gains on investments, net (Note 2)	7,151	3,624
Increase in unrestricted net assets	10,363	10,616
Changes in temporarily restricted net assets:		
Contributions (Notes 1 and 10)	—	1,025
Net assets released from restrictions (Notes 1 and 10)	(202)	(130)
(Decrease) Increase in temporarily restricted net assets	(202)	895
Increase in net assets	10,161	11,511
Net assets at beginning of year	76,618	65,107
Net assets at end of year	\$ 86,779	\$ 76,618

See notes to combined financial statements.

COMBINED STATEMENTS OF CASH FLOWS

(dollar amounts in thousands)

YEARS ENDED DECEMBER 31,	2006	2005
Cash Flows From Operating Activities:		
Increase in net assets	\$ 10,161	\$ 11,511
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	5,473	5,422
Realized and unrealized gains on investments, net	(7,151)	(3,624)
(Increase) decrease in accounts receivable	(523)	978
Increase in prepaid expenses and other	(464)	(576)
Decrease in prepaid pension cost	815	288
Increase (decrease) in accounts payable and accrued expenses	958	(746)
Increase in accrued postretirement benefits payable	1,176	469
(Decrease) increase in deferred revenue	(23)	223
Decrease in deferred lease liability	(251)	(229)
Net cash provided by operating activities	10,171	13,716
Cash Flows From Investing Activities:		
Purchase of investments	(42,889)	(33,000)
Sale of investments	37,832	24,069
Purchase of property and equipment	(3,723)	(2,828)
Net cash used in investing activities	(8,780)	(11,759)
Cash Flows From Financing Activities:		
Payments made on capital lease obligations	(1,353)	(1,251)
Net cash used in financing activities	(1,353)	(1,251)
 Net increase in cash	 38	 706
Cash at beginning of year	844	138
Cash at end of year	\$ 882	\$ 844

Supplemental schedule of non-cash investing and financing activities:

During 2006 and 2005, the Club entered in capital leases for new software, hardware, and equipment in the amounts of \$344 and \$611, respectively.

Cash paid for interest in 2006 and 2005 was \$71 and \$93, respectively.

See notes to combined financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

(dollar amounts in thousands)

1. 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 594 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 fees. 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).

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 the Club and 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 a controlled related affiliate, AKC Companion Animal Recovery. 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 accounting principles generally accepted in the United States 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 2006 and 2005. 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. 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 \$3,966 and \$3,218 for the years ended December 31, 2006 and 2005, 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, 2006 and 2005 was \$1,458 and \$1,456.

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.

NEW ACCOUNTING PRONOUNCEMENT In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 158 ("SFAS 158"), "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106, and 132(R). This statement requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its combined balance sheet and to recognize changes in that funded status in the year in which the changes occur through the statement of activities. SFAS 158 is effective for the fiscal year ending December 31, 2007. The Club has not yet determined the impact of SFAS 158 on its combined financial statements.

RECLASSIFICATIONS Certain reclassifications have been made to the December 31, 2005 financial statements to conform to the December 31, 2006 presentation.

2. INVESTMENTS

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

At December 31,	2006	2005
Money market funds	\$3,938	\$2,480
Fixed income – short-term	4,500	5,298
Mutual funds – equities	29,231	23,282
Alternative investments:		
Market Neutral	25,385	21,340
Other	8,240	6,686
Subtotal	33,625	28,026
Total investments	\$71,294	\$59,086

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-six percent of alternative investments are held in market neutral funds as of December 31, 2006 and 2005, respectively.

Investment related income for the years ended

December 31,	2006	2005
Net realized and unrealized gains		
on investments	\$7,151	\$3,624
Interest and dividend income	325	230
Total investment income	\$7,476	\$3,854

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

At December 31,	2006	2005
Furniture and fixtures	\$4,948	\$4,961
Computer equipment, software		
and telecommunications	35,207	32,923
Leasehold improvements	7,821	7,765
Total	47,976	45,649
Less accumulated depreciation		
and amortization	37,816	34,083
Property and equipment, net	\$10,160	\$11,566

Software development unamortized costs at December 31, 2006 and 2005 were \$4,198 and \$4,047, respectively. Software development amortization costs were \$2,798 and \$2,515 for the years ended December 31, 2006 and 2005, 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, 2006 and 2005.

The following table presents the Plan’s abbreviated disclosures, available to nonpublic entities under the provisions of Statement of Financial Accounting Standards No. 132 and No. 132(R), Employers’ Disclosures about Pensions and Other Postretirement Benefits, as accounted for under Statement of Financial Accounting Standards No. 87, Employers’ Accounting for Pensions, and Statement of Financial Accounting Standards No. 106, Employers’ Accounting for Post-retirement Benefits Other than Pensions:

Pension Plan at December 31,	2006	2005
Projected benefit obligation	\$62,563	\$61,240
Fair value of plan assets	77,947	73,984
Funded status	\$15,384	\$12,744
Prepaid benefit cost recognized in		
the combined balance sheets	\$25,941	\$26,756
Accumulated benefit obligation	\$58,572	\$57,085

For the years ended December 31,	2006	2005
Benefit cost	\$815	\$288
Employer contributions	—	—
Employee contributions	—	—
Benefits paid	\$3,932	\$3,491

Components of net periodic benefit cost:

	2006	2005
Service cost	\$2,031	\$1,868
Interest cost	3,458	3,352
Expected return on plan assets	(5,775)	(5,673)
Amortization of prior service cost	61	71
Amortization of net loss	1,040	670
Net periodic benefit cost	\$815	\$288

In 2005, the Plan updated the mortality table utilized in their actuarial calculation.

Weighted average assumptions at

December 31,	2006	2005
Discount rate	6.00%	5.75%
Rate of compensation increase	4.25%	4.25%

Weighted average assumptions during the years ended

December 31,	2006	2005
Discount rate	5.75%	6.00%
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:

At December 31,	2006	2005
Cash and money market funds	—	2%
Fixed income securities	14%	18%
Common stock	56%	54%
Alternative investments	30%	26%
Total	100%	100%

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

2007	\$ 3,490
2008	3,679
2009	3,849
2010	4,034
2011	4,163
2012-2016	\$23,083

The Club does not expect to contribute to the Plan in the 2007 fiscal year.

Postretirement at December 31,	2006	2005
Projected benefit obligation	\$17,312	\$ 15,282
Fair value of plan assets	—	—
Funded status	\$(17,312)	\$(15,282)

Accrued benefit liability recognized in the combined balance sheets **\$(10,783)** \$ (9,607)

For the years ended December 31,	2006	2005
Benefit cost	\$1,176	\$469
Employer contributions	—	—
Employee contributions	—	—
Benefits paid	\$1,031	\$1,032

Components of net periodic benefit cost:

	2006	2005
Service cost	\$ 324	\$ 303
Interest cost	965	777
Amortization of transition (asset) obligation	229	229
Amortization of prior service cost	(414)	(404)
Amortization of net loss	1,103	596
Net periodic benefit cost	\$2,207	\$1,501

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

2007	\$1,143
2008	1,177
2009	1,187
2010	1,191
2011	1,207
2012-2016	\$6,073

The net periodic benefit cost and the accrued benefit liability as of December 31, 2006 are reduced by \$680 and \$2,923, respectively, for future Medicare 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 2006 were \$45 and none for 2005.

In 2005, the Plan updated the mortality table utilized in their actuarial calculation. The impact of this change increased the accumulated postretirement benefit obligation by \$750 at December 31, 2005 and the net periodic benefit cost by \$150 for the year then ended.

Weighted average assumptions at December 31,

	2006	2005
Discount rate	6.00%	5.75%
Rate of compensation increase	4.25%	4.25%

Weighted average assumptions during the years ended December 31,

	2006	2005
Discount rate	5.75%	6.00%
Rate of compensation increase	4.25%	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 \$493 and \$475 for 2006 and 2005, 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 2006 and 2005.

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:

2007	\$2,799
2008	2,290
2009	1,199
2010	1,199
2011	1,199
Thereafter	\$8,392

Total rent expense was \$2,996 and \$2,838 for 2006 and 2005, respectively.

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,	2006	2005
Computer software, hardware and equipment	\$4,107	\$3,763
Less: accumulated amortization	(2,775)	(1,444)
Computer software, hardware and equipment, net	\$1,332	\$2,319

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

Year	2006
2007	\$1,053
2008	151
2009	11
Total minimum lease payments	1,215
Less: amount representing interest	(25)
Present value of net minimum lease payments	\$1,190

7. TOTAL OPERATING COSTS

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

For the years ended December 31,	2006	2005
Programs:		
Registrations	\$23,790	\$22,574
Dog events, performance and judging	18,476	17,264
Public relations and education	12,591	10,921
Publications	7,206	6,690
Companion Animal Recovery	2,753	3,183
Research, grants and contributions	1,663	2,212
Subtotal	66,479	62,844
Support:		
General and administrative	2,617	2,390
Total operating costs	\$69,096	\$65,234

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 \$1,000 and \$1,295 provided by the Club for 2006 and 2005, respectively. In addition the Club provided contributions-in-kind which included rent and support services in the amounts of \$142 and \$145 in 2006 and 2005, respectively, for which no amounts were charged.

The American Kennel Club Museum of the Dog (the “Museum”) The Club contributed to the Museum \$170 during 2006 and 2005. 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, 2006 and 2005 are as follows:

Year ended September 30,	2006	2005
Total assets	\$7,093	\$7,018
Total liabilities	\$ 42	\$ 80
Total net assets	7,051	6,938
Total liabilities and net assets	\$7,093	\$7,018
Total support and revenue	\$ 621	\$ 861
Total expenses	508	542
Increase in net assets	\$ 113	\$ 319

9. BOARD DESIGNATED FUNDS

The Board of Directors’ designated funds at December 31, 2006 and 2005 were \$51,350 and \$39,020, 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, 2006 and 2005, this reserve balance was \$32.2 million and \$33 million, respectively, which was 100% of the targeted goals.

The endowment fund reserve, which was established during 2006, has a balance of \$14.3 million at December 31, 2006.

10. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$2,861 and \$3,063 at December 31, 2006 and 2005, 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,	2006	2005
Canine Support and Relief Fund	\$2,472	\$2,558
Hurricane Funds	389	505
Total	\$2,861	\$3,063

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.

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