



# AMERICAN KENNEL CLUB 2021 ANNUAL REPORT

*Hand Earle*

## **ANNUAL REPORT OF FINANCIAL RESULTS**

*Overall, 2021 was an outstanding financial success for AKC, setting a record for operating revenues! Net operating income of \$29 million primarily resulted from registration revenues, recording and service fees and solid control over operating expenses.*

*Litter and Dog Registrations posted double digit gains over 2020 totaling 325,390 and 801,985, respectively. Despite a slow start to 2021, pre-pandemic activity levels for events and entries returned in the last three fiscal quarters. Events held in 2021 totaled 22,411; the second highest in AKC's history! Entries totaled 3.2 million or 73%, higher than 2020.*

*The Audit Committee follows best practices and meets regularly with management and our independent auditors for the annual review of the financial statements.*

*Operating revenues totaled \$105 million, a 23% increase over 2020. Registration & Event Service Fees total \$75 million or 71% of operating revenue. Recording and service fees significantly increased in 2021 to \$11 million from \$7.1 million in 2020 due activity. Advertising, Sponsorship, and Royalty Revenues represent 16% of operating revenues and are developing into a significant business line. **(See Chart 1)***

*Operating expenses total \$76 million, which is 7% higher than 2020 due to increased levels of business activity. Staff expenses were consistent with the prior year and totaled \$32 million. Business activity returned to pre-pandemic levels for product fulfillment, professional and service fee expense. These areas total \$22 million which is an 18% increase over 2020.*

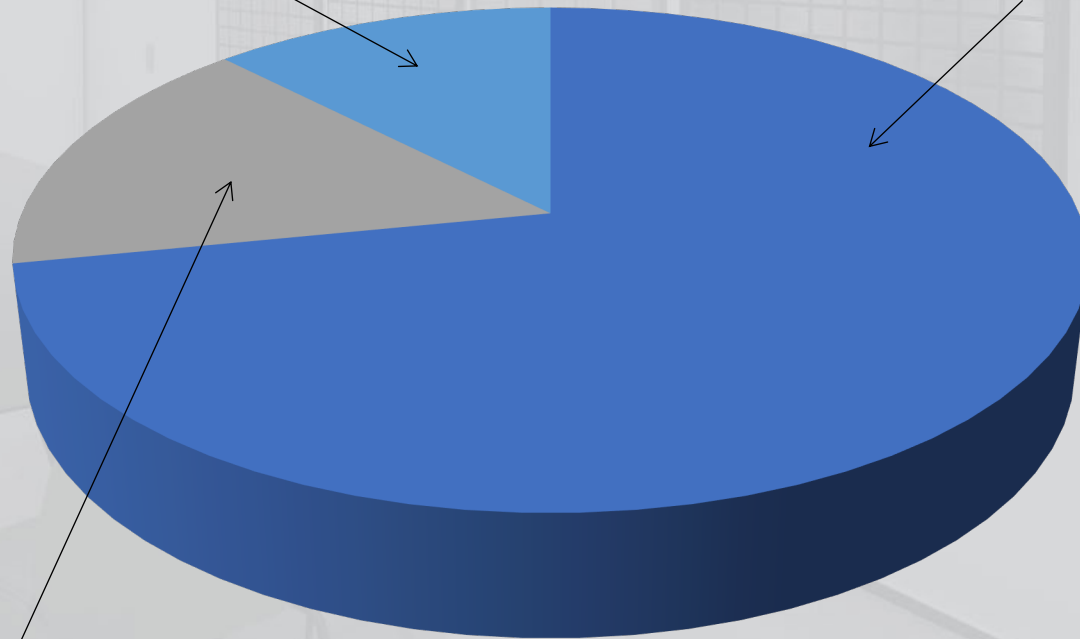
*AKC Philanthropic Giving continues to support our Charitable Affiliates through donations that equal \$4.7 million or 4.5% of Operating Revenues. **(See Chart 2)***

*The Statement of Financial Position as of December 31, 2021, reports Total Assets of \$198 million. AKC's largest balance sheet asset is marketable investments which posted a 13% portfolio return for the year. AKC's largest obligations on the balance sheet are Pension and Post-Retirement Obligations totaling \$78 million. **(See Chart 3)***

# OPERATING REVENUES \$105 MIL.

■ Product & Service Sales: \$12.8 mil.

■ Registration & Event Fees: \$75 mil.

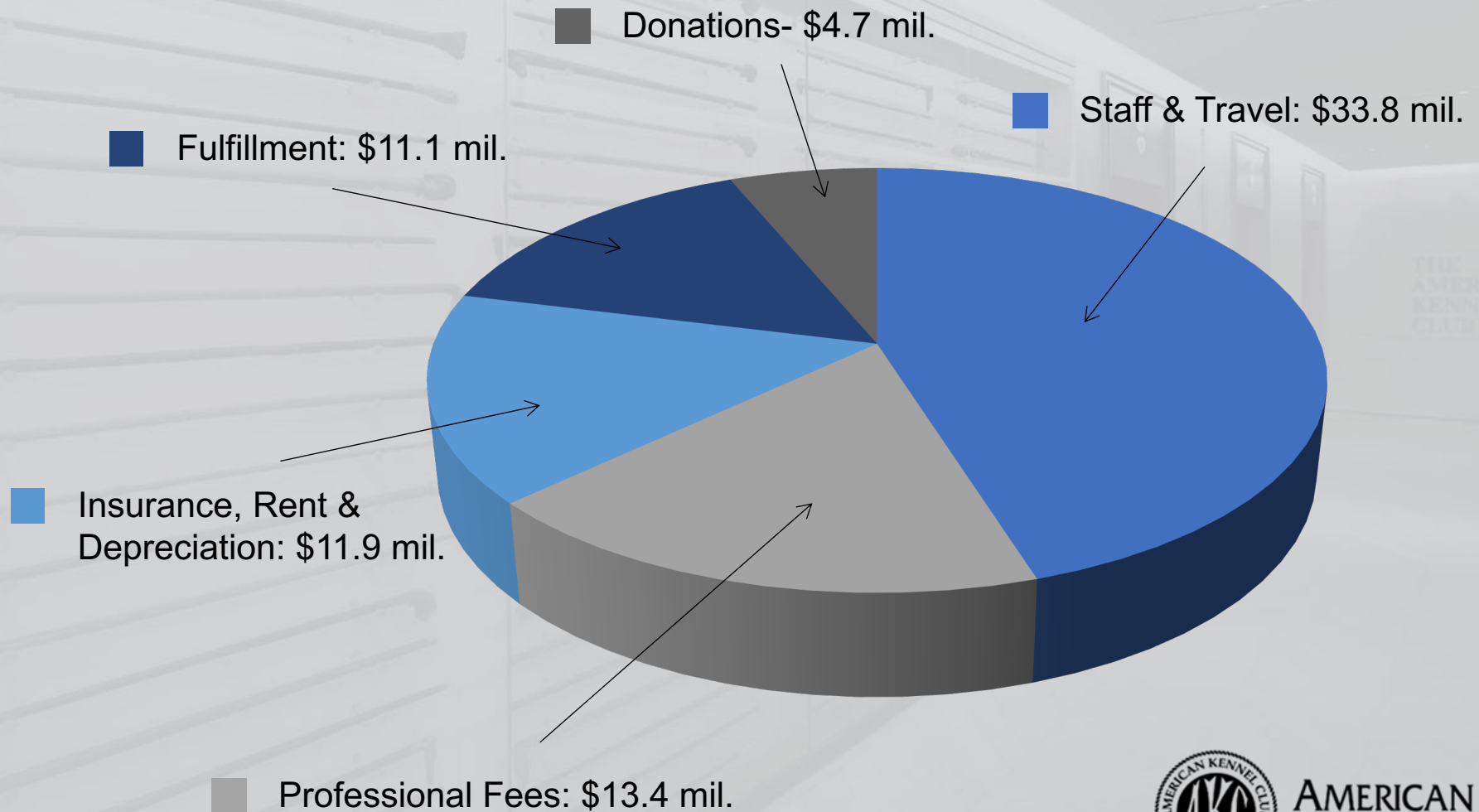


■ Advertising, Media Sponsorship & Royalties: \$16.5 mil.



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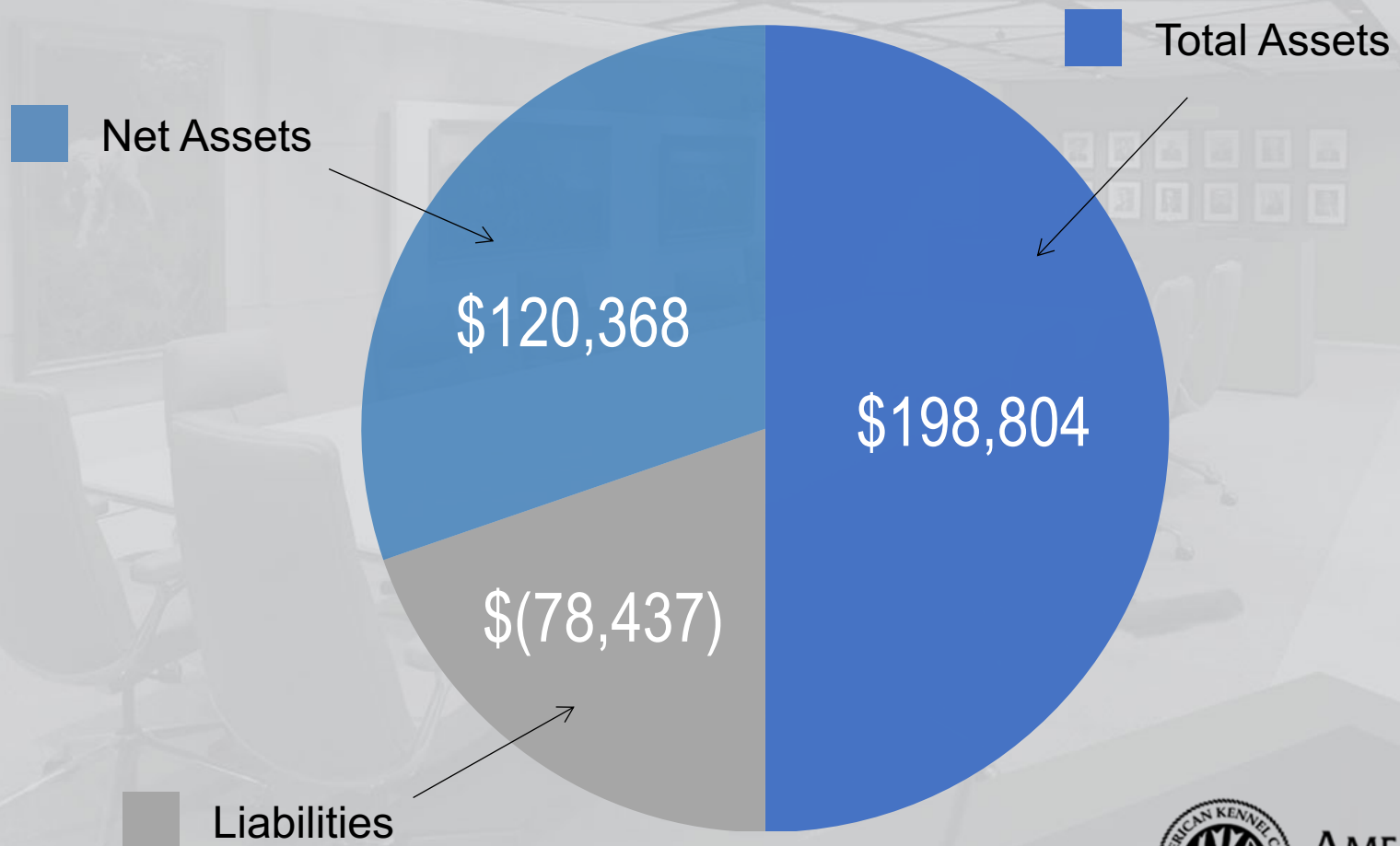
# OPERATING EXPENSES \$76 MIL.



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# FINANCIAL POSITION in 000's

Dec. 31, 2021



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# 2021 AKC ROUNDUP

## SPORTS & EVENTS

2021 was a year of transition for Sports & Events. The year started slowly but quickly ramped up after the first quarter. Bringing staff back and filling empty positions to keep up with the rapidly increasing activity level was challenging. The ramp-up peaked in October, which was the largest single month in terms of events and entries in AKC's history. The staff across all sports was kept busy assisting clubs as they continued to grapple with holding events in a changing regulatory environment.

During the pandemic, over 40 actions were taken to temporarily modify sport Regulations or policies to provide clubs, participants and judges the flexibility to safely hold events. As the sports returned, these actions were repeatedly reviewed. Some of the temporary actions were made permanent, and some reverted to pre-COVID policies.

Sports & Events expanded its offerings of virtual activities in 2021. New virtual classes were added for Agility ACT Jumpers, Rally Advanced and Excellent levels, Obedience Beginner Novice and Novice, and the Virtual Scent Work test. The total family of virtual activities allowed owners to participate with their dogs in the safety of their own homes and reached a new segment of the dog-owning public who, due to their lifestyles or location, were previously unable to enjoy AKC sports.

Sports & Events in conjunction with the Information Technology Department launched a monthly "Events in Your Area" email blast to new dog owners that identifies events within 120 miles of a dog owner's home. This makes owners aware of activities in their area which may be of interest to them and their dogs.

2021 proved how anxious owners are to participate in fun activities with their dogs. AKC clubs demonstrated their passion by holding events to meet the demand. Even with the slow start to the year, the number of AKC events held in 2021 was the second highest in AKC's 136-year history.



*December 18 and 19, 2021: AKC National Championship Presented by Royal Canin, Orange County Convention Center, at Orlando, Florida. Best in Show: Giant Schnauzer GCh.G Lagniappe's from the Mountains to the Bayou. (Total entry 5,051)*

## REGISTRATION AND CUSTOMER DEVELOPMENT

The Registration and Customer Development Division includes Registration, AKC Customer Service Call Center, Breeder Relations, Breeder Development, AKC DNA Program, AKC Canine

Partners, and AKC GoodDog Helpline. The division primarily helps breeders and pet owners seeking to register their litters and dogs, enabling the formation of lifelong relationships between AKC and people who love dogs.

As well publicized in the popular press, pandemic-related lifestyle changes drove sharp increases in demand for pets in 2021, especially dogs. As a registry, we also observed a strong correlation between consumer demand for pets and the registration of litters and dogs. However, 2021 was less a watershed moment than the continuation of growth enabled by a decade of investment in people, processes, and technology focused on supporting AKC breeders and pet owners. 2021 was in fact the eighth consecutive year of increases in Dog Registration, after the nearly two decades of continuous decline that ended in 2013. Last year more than 800,000 purebred dogs were registered with AKC, and more than 75,000 mixed-breed and non-AKC purebred dog owners signed up their dogs with AKC.

The AKC Call Center provided much of the 1:1 support AKC offered its customers, handling nearly 60,000 customer interactions per month in 2021. The AKC Call Center is open Monday through Friday, 8:30 A.M. to 8:00 P.M. Eastern. Additionally, Breeder Relations Representatives and Breeder Development field reps worked directly with breeders to help them access AKC services and improve their breeding programs. Meanwhile, the AKC GoodDog Helpline provided live telephone support to dog households seven days a week, assisting them with common behavior and training issues, such as potty training, crate training, chewing, jumping, and barking.

The AKC's commitment to customer service and support was recognized in 2021 by CCW, the world's largest customer-contact conference and expo, winning CCW's Honorable Mention: Best in Class Training and Development award and CCW's Finalist: Best in

Class Remote Contact Center, 1-to-99 Seats award. This external recognition is benchmarked against some of the best companies in the world.

The AKC DNA program also saw significant growth in 2021, adding another 45,000 DNA profiles to the more than 600,000 already on file. The breeders and dog owners who submit their dogs' DNA to AKC are helping to build a powerful toolbox for academic canine health research comprised of genotypes, phenotypes, and pedigrees.

AKC Executive Vice President Mark Dunn was invited to speak on this topic at the National Academies of Sciences, Engineering and Medicine at Washington, D.C., in December 2021. His talk "Accelerating Cross-Species Comparisons: Opportunities and Challenges in Data Sources, Collection, Storage, Modeling and Sharing" was well received by hundreds of researchers seeking to improve the health of dogs and humans, providing a template for data collaboration between the registry and academic halls of science.

## MARKETING

In 2021, the Marketing department worked across the organization to support key AKC initiatives. In close collaboration with Sports & Events, Marketing led the ongoing promotion of AKC sports and virtual sport programs, helping to drive awareness and participation in newer titling programs like Virtual Scentwork and Virtual Rally.

To better support breeders and new puppy owners, Marketing worked closely with Registrations to promote the AKC Bred with H.E.A.R.T. program, as well as completely refresh the popular AKC Puppy Folders. These AKC-branded folders are purchased by breeders to provide important information to their puppy buyers, covering topics like puppy health, registration, and house training.

Marketing supported AKC's high-visibility ESPN partnership with digital and social campaigns around our nationally televised ESPN events, as well as the AKC National Championship on ABC. The department also collaborated with Sales to produce and promote AKC Bark in the Park, a two-hour dog sporting event that aired on ESPN2.

Throughout 2021, Marketing also focused on important AKC touch points to better serve dog owners. The department fully launched the new Retrievist affiliate commerce content site, continued affiliate commerce content support on AKC.org, and drove \$226,928.80 of affiliate commission from Chewy and \$128,127 affiliate commission from Amazon.

Marketing relaunched the popular Pupdate newsletter, improving the visual design and including even more breed personalization to nurture new puppy owners. By year-end 2021, Pupdate had nearly 750,000 subscribers—and by July 2022, the number of total subscribers had reached 3,050,072. The Pupdate newsletter provides personalized training, health, and other expert advice to new puppy owners. The first-ever GoodDog Helpline training webinars launched in 2021 to support the service, a live telephone consult that offers individualized training advice for dog owners.

Marketing also explored new ways to interact with dog lovers by bringing AKC into the conversation on TikTok, a social video platform. AKC's TikTok account now has 195,000 followers and authentically engages Generation Z with breed knowledge, dog sports, and a good dose of fun.

## PUBLIC RELATIONS AND COMMUNICATIONS

The AKC Public Relations and Communications department had a productive year in 2021, educating the public about the AKC mis-

sion and positioning the AKC as the authority on all things dog. The department distributed 110 press release to national, regional, and local media outlets and 52 original weekly articles to 600 local and national newspapers.

In 2021, there were a total of 27,531 media clips evaluated across digital, television, radio, and OTT outlets. The total audience reach and for those outlets exceeded 35 billion people. Key announcements included the AKC National Championship winner, new breeds recognition, AKC Meet the Breeds on Tour, ACE Award winners, and others.

Top-tier media outlets to feature AKC expertise included *Good Morning America*, *Associated Press*, *Fox News*, *Reuters*, *Time*, *the New York Times*, among many others.



*Among the most popular public-relations stories of 2021 was the Biewer Terrier's entry into the Toy Group as the 197th AKC-recognized breed.*

## MEDIA/SPONSORSHIP/LICENSING

Bolstered by its growing audience and the uptick in media consumption and ecommerce catalyzed by the pandemic, AKC's sponsorships and media department achieved unprecedented expansion in 2021. New sponsors were added to the portfolio in both endemic and non-endemic categories, proving the value of AKC's brand well beyond the pet industry. Sponsorship programs continued to integrate interdepartmental assets and deliverables, including AKC's digital, cable and OTT media platforms, Registration channels, events and services. These programs provide unique touchpoints for sponsors, foster collaboration across our enterprise and generate mission-critical revenue for AKC.

In Broadcasting, AKC delivered six events to ESPN networks, which resulted in more than 168 hours of airtime for AKC. The Productions team developed original content highlighting dogs in competition in a variety of AKC sports as well as flyball, K-9 detection work, and more. The AKC National Championship aired on ABC television for the second year in a row and was enjoyed by more than a million viewers. AKC's delivery of a female audience for ESPN2 resulted in an expanded plan for more AKC programming on ESPN networks in subsequent years.

In the face of pandemic-related challenges, AKC pivoted its licensing strategy successfully toward intellectual property rights and affiliate marketing. AKC welcomed its first licensee in the dog-joint supplements category and broadened new sponsorship agreements to include licensing of intellectual property rights. Key renewals were achieved in this area for CGC training, pet insurance, hospitality and ecommerce. Sponsors leveraged their licenses in the retail setting, giving AKC incremental exposure to consumers of pet products at the point of sale and reaffirming our position as the leading authority on dogs in America.



*The 2021 Agility Premier Cup was among six AKC events broadcast by ESPN.*

## EDUCATION

In 2021, AKC Education accomplished much and made significant strides forward in the areas of AKC Canine College, AKC Public Education, and the AKC Webinar Series.

AKC Canine College now has over 44,000 learner accounts, with 10,000 new learners added in 2021. There were 680 courses and exams made available for conformation and performance judges, breeders, groomers, and the general public. Learners spent more than 52,000 hours on AKC Canine College in 2021, a 200% increase over 2020. Finally, 3,200 breed courses and exams were ordered in 2021.

In 2021, AKC Public Education began offering interactive online classes on the teaching platform Outschool. Offerings include a

Meet the Breed series with classes on the Golden Retriever, Alaskan Malamute, and Pug. The AKC page on Outschool has received 5-star reviews.

New programs in 2021: *AKC Canine Corner*, an online newsletter packed with resources and content for teachers and educators. Since its launch in quarter one, there has been a 257% increase in subscribers. Subscribers make up teachers/educators in all grade levels (K-12). The average open rate for the newsletter is 34.18%, compared to an industry standard of 18% to 20%. The average clicks to links opened within the email is 12.3%, compared to an industry standard of 10%.

In 2021, AKC Education hosted 157 webinars for 10,510 participants, bringing the total number of participants to 53,501 since March 2020. Some of those webinars included “Getting Puppies Started Right for Detection: Experts Compare and Contrast Successful Approaches” in collaboration with Government Relations, and “Puppy Training During COVID-19: Advice and Best Practices” and “Breeding Success Starts with Managing Your Brood Bitch” hosted by Dr. Marty Greer in collaboration with AKC staff.



*The Pug is among the AKC breeds profiled on the Outschool teaching platform.*

## GOVERNMENT RELATIONS

2021 was a busy year for AKC Government Relations (GR). The team monitored approximately 3,000 legislative and regulatory proposals on the federal, state, and local levels in all 50 states. Although COVID remained a primary focus for many state legislatures, the introduction and advancement of major animal legislation in 2021 demonstrated a continued and significant interest in animal policy among lawmakers.

GR published some 300 legislative and regulatory alerts, provided written or oral testimony/official commentary on more than 250 measures, and published 90 policy blogs in the course of its day-to-day advocacy. This combined advocacy engagement represents an increase of more than 60% over 2020.

Oversight and jurisdiction of animal issues differs at the federal, state, and local level.

*At the federal level*, the most common categories of legislative proposals in 2021 related to working dogs (including detection and service dogs), the Animal Welfare Act (including breeder regulation and dog importation), and animal research/testing.

Additionally, the Healthy Dog Importation Act (H.R. 4239/S. 2597) was reintroduced in both Houses of Congress, and GR worked with bipartisan House and Senate Armed Services Committee members and staff to secure a provision in the FY 2022 National Defense Authorization Act, H.R. 4350, that sets up a \$5 million pilot program to boost the supply of domestically available explosive-detection dogs and Military Working Dogs.

*At the state level across all 50 states*, the most common categories of legislation impacting dogs and dog owners in 2021 were related to COVID, animal cruelty (increasingly, breeder licensing and rules fall into this category), working dogs, animal control,

rescues/shelters, veterinary issues, and performance events.

*At the local level*, the most common proposals involved retail pet sales, animal control, breeder licensing/rules, breed specific/dangerous-dog laws, animal cruelty (which can include breeding, temperature, and tethering proposals), and dogs in public.

The GR team is divided into regional and cross-functional divisions to provide policy and advocacy expertise and direct outreach to both lawmakers and constituents, including members of AKC's 5,000 clubs who are the foundation of GR's grassroots advocacy model.

Highlights of 2021's new advocacy resources include text alerts that allow for one-click advocacy to contact lawmakers directly

from a constituent's mobile device; webinars for engagement in specific legislation and policy issues; newly-redesigned, easy-to-understand one-page policy fact sheets; brief, animated policy explainer videos; updated issue analyses and key issues webpages; and much more. GR resources are available at the Legislative Action Center microsite at [www.akcgr.org](http://www.akcgr.org).

GR administers the AKC Political Action Committee, AKC's leadership in the American Service Dog Access Coalition Service Dog Pass® initiative, and the AKC Detection Dog Task Force and Patriotic Puppy Program.



# 2021 AMERICAN KENNEL CLUB

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*Cover art: Maud Earl, "Most Potent, Grave, and Reverend Seigniors (The Surrey Staghounds)," 1902, oil on canvas, AKC Museum of the Dog, gift of the Honorable David C. Merriam*