

ALPACA®
Owners Association Inc

ANNUAL REPORT 2017

PRESIDENT'S MESSAGE



AOA Members,

Within the covers of this annual report, you have a review "by the numbers" of another sound, positive year for the association. But, it's the people behind the numbers who give us our strength and propel the association forward.

Within these pages you see the faces of eight talented people that comprise the staff of AOA. They keep the engine running smoothly and know just how to fine tune adjustments with any squeaky parts. We appreciate their dedication to their work on everyone's behalf, the support that they render to all members, the contributions that they make to helping improve revenue and control costs, and the insights that they offer for new ways of doing things to benefit our membership.

Executive Director Bud Synhorst steers the ship with his team leadership, his constant interaction with members coast-to-coast, and his keen awareness of threats in troubled waters that would have negative impact on our members. Bud is a welcomed and appreciated asset for the association and the alpaca industry.

Our many benefactors, sponsors and vendors provide the fuel for the AOA engine with their support of our shows, events, and operating needs. Special recognition goes to Red Granite Ranch for its sponsorship of the 2017 AOA National Halter Show in Denver and to Epic Alpacas for its sponsorship of the National Fleece Show in Sacramento, both of which were successful events for the association.

Our volunteers, in the many hundreds, are the ballast that not only keep us afloat, but also enable us to thrive. Again, two recognitions for 2017 are in order: Faye Farley of Majestic Meadows, recipient of the AOA Shining Star Award, and Shauna Brummet of Hobby Horse Farm, the James G. King Industry Recognition Award recipient.

Your Board of Directors charts the association's annual and multi-year course, and makes adjustments in compass readings as necessary. For example, in 2017, AOA Directors made a long-term decision to hold the National Halter Show in Denver and Ft. Wayne, alternating years through 2024 with Denver the host city in 2019.

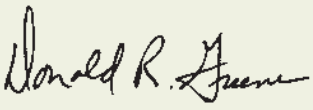
During the year, we celebrated the first recorded registration of an alpaca born as a result of embryo transfer following the board's and members' approval of this practice. HHS Independence ET, born on the Fourth of July, was registered by Scott and Leslie Robtoy of Healing Springs Suris.

The Board set a future course with its work plan to review membership fee structures and incentives, focus on fiber including a revamped annual fleece event, pursue more industry marketing, discuss an open registry for imports, make improvements in the association's IT system, and develop the next iteration of our strategic plan.

AOA would not exist were it not for you – our members. We appreciate each and every one of you, and the alpaca herds—large and small -- that you own, manage and care for. Thank you for your support of the association.

Alpaca people are special. You help one another in times of distress and disaster. You lend a helping hand to get fleeces from one show to the next. You open up your farms to board alpacas in between shows that are miles apart. You demonstrate, in countless ways, that we are, indeed, a community and therein lays our collective strength and success.

Sincerely,



Don Greene
AOA President

EXECUTIVE DIRECTOR'S MESSAGE



Dear AOA Members,

Thank you for everything you do for the Alpaca Industry! Your national association remains strong and successful because of your dedication and commitment! The AOA staff continues working hard each day to support you and advance the industry.

The last year was strong for AOA because of you, our members. The organization is financially strong; we listened to our members — opening the office on Friday during show season, changing back the certificate to what the membership liked, and offering some changes in who receives email certificates. Without your input, those changes may not have come about so quickly. We appreciate your input and look forward to more of your ideas moving forward.

AOA is focused on building brand awareness for Alpaca — to educate the public about alpaca products; to help grow demand, while sharing stories of the alpaca lifestyle to draw new breeders to the industry. This focus will help all breeders enhance their alpaca business. We will continue to invest our resources in bringing attention to all facets of the industry — fiber, breeding, alpaca sales, the show system, alpaca products, and more.

The best resource for promotion of AOA is you, our members. When new owners join the industry, it is you who are the ones who mentor them and provide valuable guidance on succeeding as alpaca breeders. Compared to other associations, our members are the top of the class in helping new breeders. When you are working with new breeders, please encourage them to do a few things: (1) join AOA and support their national association; (2) join their local affiliate to help support our affiliates and keep them vibrant; and (3) register and complete transfer paperwork on all alpacas they own. All of these are important for the continued health of the industry — supporting AOA and the local affiliate helps provide support systems for our members and an accurate registry helps provide for the betterment of the entire Alpaca Industry.

We hope you will continue promoting alpacas in your local communities. We hear stories every day of the great work our members are doing to raise awareness of alpacas. Please continue sharing your stories with AOA. One great opportunity to promote your farm is to participate in National Alpaca Farm Days in September. Watch for more details and participate to bring the public to your farm and educate them on alpacas and alpaca products.

It is our honor to serve the membership of AOA! Your hard work, dedication, and passion are contagious. We feel these things when we work for you every day.

Thank you for everything you do for the Alpaca Industry!

Best Regards,



Bud Synhorst
Executive Director

2017 – 2018 BOARD OF DIRECTORS

DON GREENE (PRESIDENT)
Snow Diamond Alpacas

MIKE VIGUS (VICE PRESIDENT)
West Penn Alpacas

JEFF WILLIAMSON (SECRETARY)
Liberty Alpacas

JOSEPH R. CROCCO (TREASURER)
Copper Star Alpaca Farm

VERN BUTLER
Morning Beckons Farm LLC

PATTY HASSELBRING
Hasselbring's Harmony Ranch

STEVE HULL, PH.D.
TimberLake Farms, Inc.

D. ANDREW MERRIWETHER, PH.D.
Nyala Farm Alpacas

LAUREL SHOUVLIN
Bluebird Hills Farm

NORM JOHNSON (IMMEDIATE PAST PRESIDENT)
Chimera Ranch

AOA STAFF AND CONTACT INFORMATION



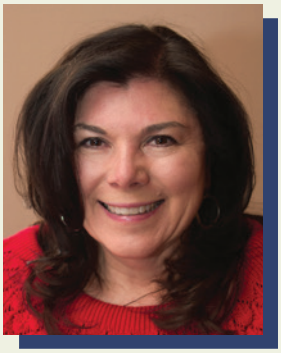
ALPACA OWNERS ASSOCIATION, INC.
8300 Cody Dr, Ste A
Lincoln, NE 68512

phone 402.437.8484

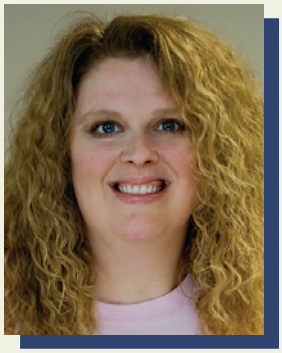
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BUD SYHORST
Executive Director



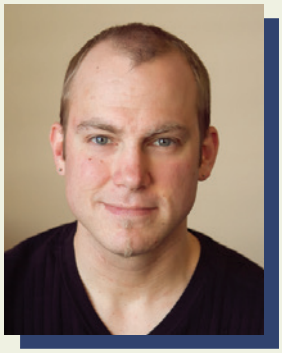
MARGIE AULT
Show & Marketing
Division Administrator



JO ASHLEY
Registration Specialist and
Magazine Ad Sales



LISA HAAS
Account Specialist



DAN HUNTLEY
Customer Service Manager



DE MONSON
IT Manager



ANGELA NOSAL
Event & Member
Services Coordinator



MARIE SCHLATER
Lab and Transfer Specialist

2017 IN REVIEW

JANUARY
- Walking Fleece released as a competition in the AOA Show System Handbook
- Ad hoc Membership Committee formed to evaluate current AOA membership levels
- Ad hoc Auction Committee formed to provide recommendations for future National Shows
- Linda Spilker, an AOA employee for 12 years, retires

FEBRUARY
- AOA's Election Committee begins search for Board candidates

MARCH
- Herdsire issue of *Alpacas Magazine* ships
- AOA National Show held in Denver, Colorado
- Faye Farley wins the Shining Star Award
- AOA holds the 2nd National Supreme Championship Competition
- Feel The Difference ad launches in *USA Today USDA Special Edition*

APRIL
- AOA successfully combats negative PR generated by Senator Flake
- AOA Board updates ET and AI policies

MAY
- AOA signs agreement with American Farmer to produce a program on the Alpaca Industry
- AOA's election opens using online voting for the first time

JUNE
- Summer issue of *Alpacas Magazine* ships
- 2017 AOA Election results announced to membership
- CBS This Morning airs a segment on the alpaca industry
- GIRCom publishes information on hurricane preparedness

JULY
- AOA Fleece Conference held in Sacramento, California
- AOA Board elects officers for 2017 – 2018
- 2017 AOA Annual Meeting held
- Shauna R. Brummet, PhD wins James G. King Award
- The 14th annual Student Design Competition announces scholarship winners
- GIRCom notifies members of conferences around the country for local veterinarians

AUGUST
- The AOA Board and FiberCom Committee works to redefine the AOA Fleece Conference event
- Becky Farley, an AOA employee for 4 years, resigns

SEPTEMBER
- 207 farms participate in National Alpaca Farm Days
- Autumn issue of *Alpacas Magazine* ships

OCTOBER
- AOA opens office on Fridays during show season
- GIRCom educates members on disaster preparedness
- Senator Flake attacks the alpaca industry again
- First registration completes for a suri alpaca born as a result of ET
- The 2017 *Alpaca Owners Guide* ships

NOVEMBER
- Angela Nosal hired as the new Event and Member Services Coordinator
- The American Farmer segment on the alpaca industry airs

DECEMBER
- Winter issue of *Alpacas Magazine* ships
- Membership renewal opens
- 2017 EPD calculation is completed
- GIRCom publishes an Estate Planning Guide for members
- First registration completes for a huacaya alpaca born as a result of ET

2017 AUDITED FINANCIALS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
Alpaca Owners Association, Inc. and Subsidiary
Lincoln, Nebraska

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Alpaca Owners Association, Inc. and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Alpaca Owners Association, Inc. and Subsidiary as of December 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

2017 AUDITED FINANCIALS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,

ASSETS

	2017	2016
CURRENT ASSETS		
Cash and cash equivalents (note A)	$ 385,726	$ 363,870
Certificates of deposit	822,050	800,107
Accounts receivable (note A)	26,721	38,453
Prepaid expenses	23,673	3,464
Total current assets	1,258,170	1,205,894
PROPERTY AND EQUIPMENT, net (notes A and B)	13,577	19,968
OTHER ASSETS		
Association software costs, less accumulated amortization of $1,270,702 (2017) and $1,188,486 (2016) (notes A and C)	232,678	298,335
Deposits	3,490	3,490
Total other assets	236,168	301,825
Total assets	$ 1,507,915	$ 1,527,687

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	$ 23,793	$ 28,685
Accrued payroll	4,226	3,393
Accrued vacation (note A)	32,345	32,345
Deferred revenue (note A)	75,892	89,097
Total current liabilities	136,256	153,520
NET ASSETS (note A)		
Unrestricted	1,371,659	1,374,167
Total liabilities and net assets	$ 1,507,915	$ 1,527,687

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years ended December 31,

	2017	2016
CHANGES IN UNRESTRICTED NET ASSETS		
REVENUE		
Registry income	$ 619,995	$ 686,955
National show	280,924	296,078
Show system	165,671	172,866
Member marketing	25,465	25,195
Membership and voting rights	147,410	184,090
Product income	55,913	57,582
Other member services	110,022	93,917
Other business income	15	-
Advertising income	141,564	130,583
Interest	6,672	10,663
Total revenue	1,553,651	1,657,929
EXPENSES (note D)		
Program services		
DNA testing and registration services	279,351	334,434
National show	246,326	228,418
Show system	139,723	169,750
Products	12,696	12,465
Other member services	203,306	241,211
Other AOA	14,101	50,574
Publication service	98,693	108,419
Total program services	994,196	1,145,271
Management and general		
Management and general before depreciation and amortization	473,356	456,260
Depreciation and amortization	88,607	98,287
Total management and general	561,963	554,547
Total expenses	1,556,159	1,699,818
DECREASE IN NET ASSETS	(2,508)	(41,889)
Net assets at beginning of year	1,374,167	1,416,056
Net assets at end of year	$ 1,371,659	$ 1,374,167

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,

	2017	2016
Cash flows from operating activities		
Cash received from members	$ 1,448,689	$ 1,543,658
Cash paid to suppliers and employees	(1,505,025)	(1,653,152)
Miscellaneous services income	110,022	93,917
Investment income	6,672	9,696
Net cash provided (used) by operating activities	60,358	(5,881)
Cash flows from investing activities		
Purchases of certificates of deposit	(671,943)	(450,000)
Proceeds from maturity or sale of certificates of deposit	650,000	600,000
Purchase of equipment	-	(8,897)
Purchase of association software	(16,559)	(29,473)
Net cash provided (used) by investing activities	(38,502)	111,630
Net increase in cash and cash equivalents	21,856	105,749
Cash and cash equivalents at beginning of year	363,870	258,121
Cash and cash equivalents at end of year	$ 385,726	$ 363,870
Reconciliation of decrease in net assets to net cash provided (used) by operating activities		
Decrease in net assets	$ (2,508)	$ (41,889)
Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities		
Depreciation	6,391	5,501
Amortization	82,216	92,786
Reinvested interest	-	(967)
(Increase) decrease in assets		
Receivables	11,732	(9,691)
Prepaid expenses	(20,209)	3,536
Increase (decrease) in liabilities		
Accounts payable	(4,892)	(18,077)
Accrued payroll	833	(3,200)
Deferred revenue	(13,205)	(33,880)
Total adjustments to decrease in net assets	62,866	36,008
Net cash provided (used) by operating activities	$ 60,358	$ (5,881)

Full audit can be downloaded at www.alpacainfo.com/members/organization/reports

2018 AOA BUDGET

	TOTAL JAN – DEC 18
ORDINARY INCOME/EXPENSE	
INCOME	
Registry Income	$602,452.11
National Conferences Income	$359,548.00
Show System Income	$140,613.00
Advertising Income	$143,257.90
Product Income	$50,812.50
Member Marketing Income	$19,588.00
Benefactor Income	$52,500.00
Student Design Income	$7,650.00
Membership Income	$132,979.50
Misc. Services Income	$63,546.00
Total Income	**$1,572,947.01**
EXPENSE	
Registry Expense	$158,600.49
National Conferences Expense	$263,955.00
Judge Clinic	$25,000.00
Other Conference Expense	$900.00
Board Expense	$12,750.00
Insurance Expense	$16,300.00
Alpacas Magazine Expense	$76,500.00
Accounting Fees	$10,900.00
Legal Fees	$24,000.00
Marketing & PR Expense	$80,000.00
Student Design	$10,940.00
AOG Expense	$10,000.00
Printing	$27,500.00
Mailing & Shipping	$25,000.00
Technology Services	$133,546.00
Employee Expense	$543,998.00
Building Expense	$62,233.00
Bank Service Fees	$32,096.00
Equipment Expense	$11,534.00
Other Expenses	$39,501.00
Total Expense	**$1,565,253.49**
Net Ordinary Income	**$7,693.52**

ACTIVE AOA ACCOUNTS

UNITED STATES

STATE	# OF ACCOUNTS	STATE	# OF ACCOUNTS
Alabama	25	Montana	43
Alaska	10	Nebraska	93
Arizona	99	Nevada	39
Arkansas	34	New Hampshire	74
California	449	New Jersey	132
Colorado	508	New Mexico	80
Connecticut	61	New York	336
Delaware	17	North Carolina	151
District Of Columbia	3	North Dakota	2
Florida	178	Ohio	514
Georgia	121	Oklahoma	77
Hawaii	5	Oregon	301
Idaho	95	Pennsylvania	386
Illinois	173	Rhode Island	24
Indiana	125	South Carolina	43
Iowa	67	South Dakota	20
Kansas	68	Tennessee	103
Kentucky	111	Texas	266
Louisiana	8	Utah	68
Maine	82	Vermont	76
Maryland	113	Virginia	280
Massachusetts	86	Washington	342
Michigan	236	West Virginia	45
Minnesota	129	Wisconsin	175
Mississippi	13	Wyoming	32
Missouri	147	Unknown	45

CANADA

PROVINCE	# OF ACCOUNTS
Alberta	74
British Columbia	43
Manitoba	12
New Brunswick	7
Northwest Territories	1
Nova Scotia	5
Ontario	90
Prince Edward Island	4
Quebec	92
Saskatchewan	30
Unknown	5

WORLDWIDE

COUNTRY	# OF ACCOUNTS
Australia	8
Canada	363
France	1
Germany	7
Ireland	2
Japan	5
Netherlands	1
Norway	1
Peru	3
United Kingdom	6
United States	6,711

2017 EPD STATISTICS

The 2017 EPD calculation included observations for at least one trait on 29,955 Huacaya and 7,035 Suri animals. The greatest increases in number of observations for the Huacaya population was for medullation which increased by over 18.6%; with all traits increasing in number of observations by over 10.5%. In Suri, the greatest increase in observations was for staple length and standard deviation of staple length with over a 15.4% increase in observation numbers. All other trait observations grew by at least 15% excepting fleece weight and birth weight which increased by 12.1 and 9.4% respectively in the Suri population.

For an animal to receive an EPD, it must have been within 4 generations of an animal with an observation and have an accuracy greater than 0 for fiber diameter.

Read Dr. Enns full report at www.AlpacaInfo.com/report.

8.24 %
INCREASE IN HUACAYA EPDS

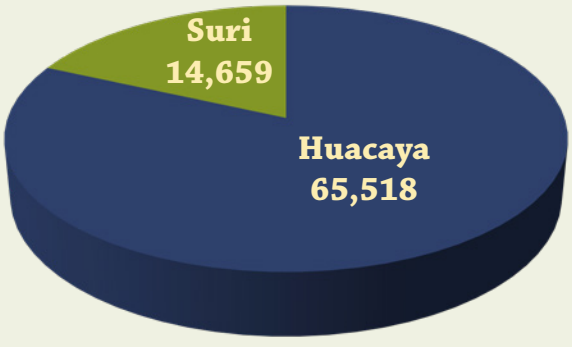
15.3 %
INCREASE IN SURI EPDS

August 3
2018 DEADLINE TO SUBMIT TRAIT DATA

NUMBER OF DATA POINTS (OBSERVATIONS) BY TRAIT, BY BREED TYPE

	HUACAYA		SURI	
Trait Name	**Observations**	**Average**	**Observations**	**Average**
Average Fiber Diameter (microns-μ)	31,943	22.9	6,363	26.2
Standard Deviation (AFD; μ)	31,941	4.9	6,357	6.1
Spin Fineness (μ)	31,942	22.4	6,362	26.0
Percent of Fibers larger than 30 microns	31,939	11.7	6,274	23.9
Fleece Weight	29,266	6.1	6,277	5.5
Mean Curvature (deg/mm)	30,738	39.5	6,231	10.8
Standard Deviation of Curvature	30,736	23.7	6,231	13.7
Percent Medullation	14,570	14.8	2,608	14.9
Mean Staple Length (mm)	29,692	89.3	6,116	149.0
Birth Weight	15,228	16.5	3,567	17.3

ALPACAS WITH EPDS BY BREED



EPDS BY THE NUMBERS

29,705 Alpacas Marked Public

10,476 Accounts that have alpacas with EPDs

5,183 Accounts that have alpacas with trait data

2017 NATIONAL ALPACA FARM DAYS (NAFD)

While the number of participating farms was down in 2017, reports on the public attendance at participating farms was positive. The NAFD website page alone logged 19,467 visits in September. 94% of participants plan to participate again in 2018.

More farms took advantage of Cindy Berman Morrow's — AOA's public relations expert — services in 2017 than 2016, but the number is still low. Reports back from these farms said she was an immense help. Cindy's guidance and recommendations for PR is just one of the benefits of registering for NAFD through our website.

Our members continue to amaze us with their creativity at planning their farm days event. Just some of the kid activities offered were pumpkin bowling, make your own alpaca face with paper plates and fleece, coloring pages, decorating sugar cookies to look like your favorite alpaca, hayrack rides, special craft corner for kids, and the list goes on. Adults were offered knitting, crocheting, felting, spinning, and dyeing classes along with demonstrations. Photo booths and alpaca selfies were offered and 4-H clubs showed off their obstacle courses. Many farms brought in outside vendors for their own Farmers Market and others had live music. National Alpaca Farm Days is an opportunity to involve your whole community and promote the alpaca industry and alpaca products!

NAFD BY THE NUMBERS

207	Registered Farms
11%	Utilized Free PR Assistance
94%	Plan to Participate Again in 2018
19,467	Visits to the NAFD Website



MEMBERSHIP BY THE NUMBERS

954	Registry Members
1,226	Association Members
985	Show Members
30	Basic Marketing Packages
14	Advanced Marketing Packages
27	Silver Benefactor Packages
4	Gold Benefactor Packages
3	Platinum Benefactor Packages

2017 MEMBERSHIP BENEFITS

Paid members received a great many benefits from the website in 2017. The most visited pages provided exposure to paid members while the entire industry benefited from the education offered on Alpaca Academy.

Benefactors are listed on the number one page while the 2nd most visited page has the benefactor and advanced marketing members' stories front and center.

The 3rd and 4th pages allows members to search the alpaca pedigree database and also the online member directory. The 5th most popular page allows the public to search for alpaca shows in their area while the 9th page promotes the National Show.

All paid members can list their alpacas for sale or stud on the 8th most popular page and their farm on the 10th most visited page, both searchable by the public.

Renew your membership in 2018 to take advantage of these member benefits and get on the AOA website!

SHOW SYSTEM BY THE NUMBERS

31	Halter Shows
15	Fleece Shows
17	Walking Fleece Shows
9	Handcrafter's Spin-Off Shows
6	Cottage Fleece Shows
6	Hand-Spun Skein Shows
5	Mill-Spun Skein Shows
9	Fiber Arts Shows
26	AOA Certified Judges
8	Accredited Spin-Off Judges
3	Show System Committees

2017 TOP 10 VISITED PAGES

1. Members Login Page
2. Home Page
3. Registry Search Page (Members Only)
4. Member Search Page (Members Only)
5. Certified Show Page
6. About Alpacas on Alpaca Academy
7. National Alpaca Farm Days
8. Alpaca Catalog Search Page
9. AOA National Show Page
10. Farm & Ranch Locator Search Page

1.6 Million

WEBSITE PAGE VIEWS IN 2017

2017 AOA SHOW SYSTEM

The 2017 show season was another successful and busy year for AOA with a total of 98 official competitions! A very strong year for fiber competitions with a total of 38 shows in the fleece, walking fleece, and cottage fleece categories. The walking fleece competition grew from one pilot show in 2016 to 17 full Walking Fleece Shows in 2017. Halter competitions remained strong with 31 shows spanning from California to New York.

The AOA Show System office would like to thank the Judge Training and Certification (JTCC), Judges Advisory Committee (JAC), and the Show Rules Committee (SRC) for the tremendous amount of time and work they give to the AOA Show System! These committees are dedicated to researching judging practices used both internationally and in the US to ensure that the AOA Show System maintains the most accurate judging possible.

18.9 %

INCREASE IN SURIS SHOWN

5.97 %

INCREASE IN HUACAYAS

4.97 %

INCREASE IN NUMBER OF ENTRIES



ALPACA Owners Association Inc

8300 Cody Dr, Ste A
Lincoln, NE 68512
402.437.8484
www.AlpacaInfo.com



photo by Taylor Sherry

cover photo by Megan Kukla