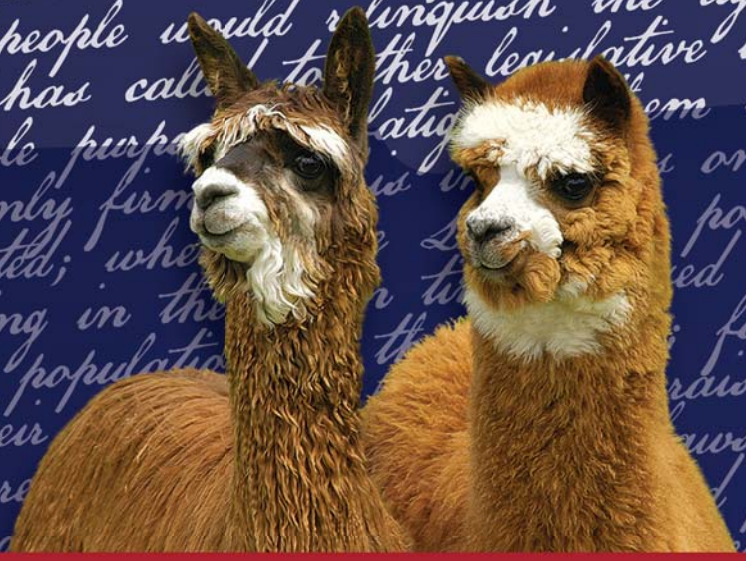
ALPACA

Owners Association Inc

— History In The Making —



2013 Annual Report

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ALPACA Owners Association Inc



Presidents' Messages



Dear AOA Members,

I find it hard to believe that it is already time for another Annual Meeting, but that is because this year our meeting is in March instead of May! As the merger of AOBA and ARI was the big event that we ended the year with, I will end with comments about the merger, but I want to begin with what happened with ARI during 2013. I am happy to report that we had another successful year!

We knew that ARI would continue to be impacted by the financial pressures faced by everyone in the industry. When planning the budget for 2013, we anticipated that registrations would continue to be down because many of our members are doing less breeding, and transfers might also be down if fewer animals were being sold. As it turned out, our projections were accurate, and both registrations and transfers were slightly less in 2013 than in 2012. Anticipating less revenue, we continued to reduce expenses where possible, such as in making the decision to move the office to reduce rental expenses. As a result, we were able to end the year with a healthy bottom line while continuing to provide excellent customer service to our members.

One of our key objectives is to "ensure state-of-the-art technology, methodology, capability, and robustness of ARI's scientific parentage validation testing." Our statistics show that more than 15% of the time, members submit incorrect herdsire information when registering a cria, and at times it is the dam information that is incorrect! This demonstrates the tremendous value in DNA validation to ensure accurate parentage information and I encourage you to register every eligible alpaca. This past year we recognized that many of you had older alpacas that you had not registered, and may not register, because of the higher cost. As a result, we offered a discount period where all alpaca registrations were the same price, regardless of age, and we were pleased at how many of you took advantage of the discount. We also saw that more members took advantage of our low-cost non-breeder option which is available for only $20 if you are not sure if a cria is of breeding quality, or for your non-breeding fiber or gelded alpacas. If you initially register an alpaca as a non-breeder, you may upgrade your registration at a later date if you decide the alpaca is of breeding quality.

Member feedback led to the development of the Alpaca Registry EPD (ariEPD) program many years ago and we have now done our 6th calculation! I am pleased to report that we have close to 23,000 alpacas with EPD trait data submitted and over 52,000 alpacas with EPDs. (Alpacas that have had no trait data submitted, but are related to alpacas with data, will have ariEPDs recorded. EPDs are calculated up to four generations back from an alpaca with submitted data.) These numbers illustrate the industry's commitment to improving future generations of alpacas. ariEPDs set ARI registered alpacas apart from others around the world, providing information that helps our members make breeding and buying decisions that support rapid and effective genetic gain. The advancements realized through the use of EPDs also promote a successful fiber market by guiding owners in producing even higher quality fleece with desirable characteristics. The ariEPD program is helping the alpaca industry become recognized as a viable livestock industry.

We also have some exciting new EPD tools that provide opportunities to showcase your alpacas utilizing their EPDs. Our EPD Trait Leader display was very successful at Nationals last year, and EPD ranks have been published in the most recent calculation. You can also utilize the new Mate Selector tool to improve your herd and promote your alpacas' EPDs with the new Alpaca Promo Sheet! As you are deciding what to do with your fleece this year, I hope you will consider submitting data for the next calculation. I encourage you to visit the EPD page on ariACADEMY to learn more about EPDs and the EPD program.

More than two years ago, the ARI and AOBA Board of Directors began meeting to address the challenges both organizations were facing. Both boards agreed that to grow a sustainable industry we must have a unified vision and focus, and the resources to fund programs that would benefit all alpaca owners. As both organizations were seeing declining revenues, and had been cutting expenses in response, we looked at many things, including how we could achieve cost savings by reducing duplication of services, while providing better services to our members. Several different models of cooperation were discussed, including Strategic Partnering and Merger. To further explore these models, the Board formed a Joint Planning Committee. In January of 2013, the Joint Planning Committee recommended that the two organizations continue a discussion of merger. After careful review of the committee's recommendation, the AOBA Board and a majority of the ARI Board voted to pursue due diligence for potential merger. We spent several months working through the due diligence process, and determining what the legal and tax implications of such a move would be. Once our remaining questions were answered, and a Plan of Merger and Potential Bylaws were developed, a majority of the ARI Board voted to adopt an Agreement and Plan of Merger with AOBA and to send the Agreement and Plan of Merger to the ARI membership for a vote. (The ARI Board voted on several important steps throughout this process, the results of which were published to ARI members in various eBlasts and can be found on ARI's website.) The recommendation was put to a vote of both memberships in November, and on December 17, 2013, it was announced that a majority of members of both organizations voted to approve the merger of AOBA and ARI. On January 14, 2014, the merger became effective and the new organization is called Alpaca Owners Association, Inc. (AOA). The initial steps taken included the merger of Alpaca Owners & Breeders Association, Inc. into Alpaca Registry, Inc., and Alpaca Registry, Inc. was renamed as

continued page 2

Alpaca Owners Association, Inc. (AOA). ARI's Bylaws have been amended to those approved in the merger vote and AOBA's subsidiary Alpaca Livestock Company, Inc. is now a subsidiary of AOA. The first Board of AOA has been seated and officers have been elected, and I am honored to have been elected to serve as the first President of the Board of Directors of AOA.

Although the merger of AOBA and ARI was effective in mid-January, it will take many months to transition all of the elements, including the websites of the two organizations, into one—but the ultimate result will be a stronger organization that will better serve our members in the long run. I am really excited about the merger and the opportunities it presents. Forming a single organization eliminates duplication in office staff, technology, insurance, elections, financial audits, office space, and other areas. Equally important for our members is having a single organization to call to get all questions answered and a single internet gateway where members and the public can access information about alpaca farms, alpaca shows, and other aspects of our industry. By combining the strengths and resources of both organizations into one, we can ensure a higher level of service. Additionally, having a single Board of Directors provides a single, unified voice for the alpaca industry, so we are represented the way other livestock industries are.

The Board of Directors and AOA management are committed to finding ways to continue to provide the highest level of service at the lowest cost possible for the benefit of our members. We have talented and dedicated volunteers that serve on our committees and on the Board, and I thank every one of you for your service and your time commitment. We also have a very hard working, dedicated, and caring staff in our Lincoln and Nashville offices led by our outstanding Executive Director, Darby Vannier. With so many dedicated individuals working together as a team for the betterment of our members and our industry, I have no doubt that AOA will be successful in meeting the needs of our members and the alpaca industry. I hope you will give us your input, feedback and support.

Sincerely,

Bonnie B. Potter
AOA President
Past ARI President



Dear AOA Members,

On behalf of the members of the past AOBA Board of Directors I welcome you to the first annual Alpaca Owners Association (AOA) National Show and Conference. The name may have changed but the events and activities planned during this jam-packed weekend remain the same.

Participants and exhibitors, in spite of a very busy schedule, we hope you are able to take in the entire experience offered by this event. From the Thursday night Betsy Ross Meet and Greet through Sunday afternoon checkout there is something available for everyone. Valuable educational sessions are planned and you will find them sprinkled in among the various activities. Throughout the weekend an excellent selection of goods and services will be offered by a variety of vendors. Friday morning you are invited to join us for breakfast and stay for the first annual AOA membership meeting. This informative presentation will provide a recap of the 2013 industry organization highlights and give you a look into the future of the newly formed Alpaca Owners Association, Inc.

Immediately following the membership meeting a select group of outstanding alpacas donated for the 2014 AOA National Auction will be available for preview. Proceeds from the sale of these outstanding alpacas will be used for membership marketing. The auction is scheduled to start at 1:00 p.m. immediately following the preview.

Are you looking for that special herdsire to enhance or expand your breeding program? Check out the lineup of impressive herdsires offered in the Herdsire Breeding Auction. Do you like to shop? Take time to peruse and bid on the great and varied selection of silent auction items. Proceeds from both of these auctions also support the funding needed to enable AOA to raise alpaca awareness and promote our industry through marketing.

We invite you to take time to amble through three popular exhibits: the photo, fiber arts, and handcrafters spin-off competitions. From the focus on crias to the computer enhanced pictures, the Photo Contest presents "snapshots in time" of life with these beautiful animals. The Fiber Arts exhibit displaying the talents of the creative fiber artists demonstrates the versatile use of alpaca fiber. The Handcrafter's Spinoff results demonstrate the qualities handcrafters seek when working with alpaca fiber. Speaking of fiber, the results of the 2014 World Fleece Show will be available Sunday afternoon. Stop by to take a look at the fleeces the highly acclaimed judges have honored as the best of the best.

A special thank you goes out to our many Benefactors and Show Sponsors, the AOBA staff and Board and members of the 2014 AOBA National Conference Planning Committee for supporting the National Conference and Auction with your ideas, energy, and ongoing enthusiasm. And last, but certainly not least, I want to offer a heartfelt thank you to the many volunteers who work tirelessly before, during, and after an event of this magnitude. Without your support, dedication, and attention to detail this event could not happen.

Best wishes for a successful show,

Dianna Jordan
AOA Vice President
Past AOBA President

Office Messages



Dear AOA Members,

This year's annual report is a bit different because of the merger between ARI and AOBA. While this report is primarily about 2013, in which ARI and AOBA were still separate, it is important to present some joint information to you. As such, you will see that throughout this report we have a mix of ARI, AOBA, and AOA information.

ARI had another busy year. We completed our 6th EPD calculation and with that added Birth Weight to our list of calculated EPD traits. New features were developed and added to the ARI online software. These included additional EPD tools, an easier to use design, and a brand new option to generate and print a full color promotional sheet for your alpacas. The promotional sheet includes your alpaca's registration information, pedigree, photo, and EPDs if available. In addition, you can add your farm information, making it easy to promote your alpacas on your farm, at a show, online, or even by mailing a copy to someone.

We also not only gave you access to you EPD ranks, we began recognizing the Top 1% of alpacas in most of the EPD traits. If your alpaca's EPDs are marked "Public" and has a trait in the top 1%, the alpaca page will feature a Top 1% shield that really stands out for all to see. The shield will also print on the promotional sheet I mentioned previously.

As in past years, I was also able to represent ARI at many alpaca shows, conferences, and affiliate meetings in 2013. I truly appreciate how gracious you all are in providing space for a booth and time to speak. Your support is appreciated.

I wanted to take an opportunity to thank both the Lincoln and Nashville staffs. I am very lucky to work with such great individuals. The merger transition has already been a lot of extra hours and will continue to be for some time, but everyone on the staffs is committed to the success of AOA and the alpaca industry and I am proud to call them coworkers.

In 2014, I hope to be able to keep up my visits to shows and I look forward to communicating with you about the merger transition and activities of AOA.

Sincerely,

Darby A. Vannier, MBA
AOA Executive Director
Past ARI Executive Director

Dear AOA Members,



The AOBA office team has enjoyed another year of working with and supporting member programs. Each member of the AOBA team is committed through their time and energy in keeping AOBA at the highest level in response to member needs. For member services, Kate Eggleston continued in her role of Member Marketing Coordinator supporting the Marketing Team in service endeavors for members. Kate resigned in the May of 2013 after 5 years of service to AOBA to stay home and care for her growing family. Becky Farley took over the benefactor program, online shopping, and the eblast program after Kate's departure and has done an excellent job supporting those programs. Melanie Jones joined the staff in the role of AOBA Fulfillment and is the friendly voice that answers when you call the AOBA office. Conference Manager for AOBA is Andrea Harrington and her duties include management of the national show, student design, and other wonderful alpaca events.

The Show System office continues year after year to stay busy responding to exhibitor questions and assisting event managers and show superintendents with show needs. I continue to oversee the show system along with the help of the entire staff. The AOBA Show System is revered as the premier alpaca show system due to the excellent network set in place and the hard working AOBA volunteers. Apprentices come from all over the world to train through AOBA's judge training program.

This is a terrific industry and the AOBA staff has enjoyed another year of working with the wonderful members of the Alpaca Owners and Breeders Association and is looking forward to the year ahead for AOA.

Sincerely,

Margie Ault

Margie Ault
AOA Show and Marketing Division Administrator
Past AOBA Office Administrator



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Darby Vannier
Executive Director



Margie Ault
Show & Marketing Division Administrator



Andrea
Conference Manager



Becky
Online Member Manager



Dan
Customer Service Manager



De
IT Manager



Holly
Office Assistant



Jo
Registration Specialist



Linda
Transfers Specialist



Lisa
Account Specialist



Marie
External Business and Lab Specialist



Melanie
Member Marketing Coordinator



Robert
IT Manager

Registry Statistics

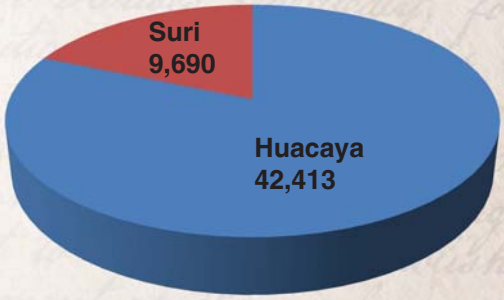
Accounts—U.S.

State	# of Accounts
Alabama	87
Alaska	52
Arizona	249
Arkansas	48
California	985
Colorado	928
Connecticut	141
Delaware	27
District of Columbia	1
Florida	355
Georgia	214
Hawaii	15
Idaho	179
Illinois	312
Indiana	360
Iowa	139
Kansas	158
Kentucky	210
Louisiana	26
Maine	163
Maryland	232
Massachusetts	190
Michigan	535
Minnesota	238
Mississippi	35
Missouri	273
Montana	111
Nebraska	76
Nevada	82
New Hampshire	126
New Jersey	241
New Mexico	185
New York	681
North Carolina	289
North Dakota	14
Ohio	1,080
Oklahoma	125
Oregon	566
Pennsylvania	735
Puerto Rico	1
Rhode Island	31
South Carolina	106
South Dakota	15
Tennessee	210
Texas	448
Utah	121
Vermont	153
Virginia	495
Washington	750
West Virginia	97
Wisconsin	398
Wyoming	71
Unknown	114

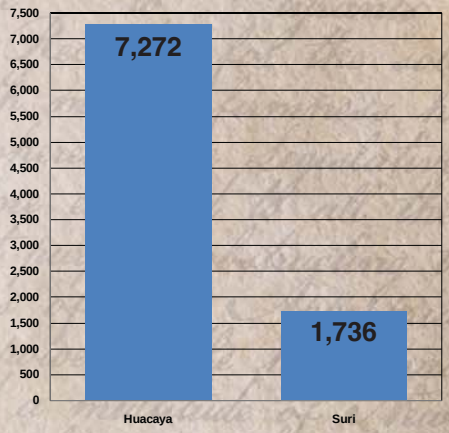
Accounts—Canada

Province	# of Accounts
Alberta	181
British Columbia	121
Manitoba	34
New Brunswick	6
Newfoundland	2
Nova Scotia	22
Ontario	147
Prince Edward Island	4
Quebec	116
Saskatchewan	79
Yukon	2
Unknown	14

Number of Alpacas with EPDs by Breed

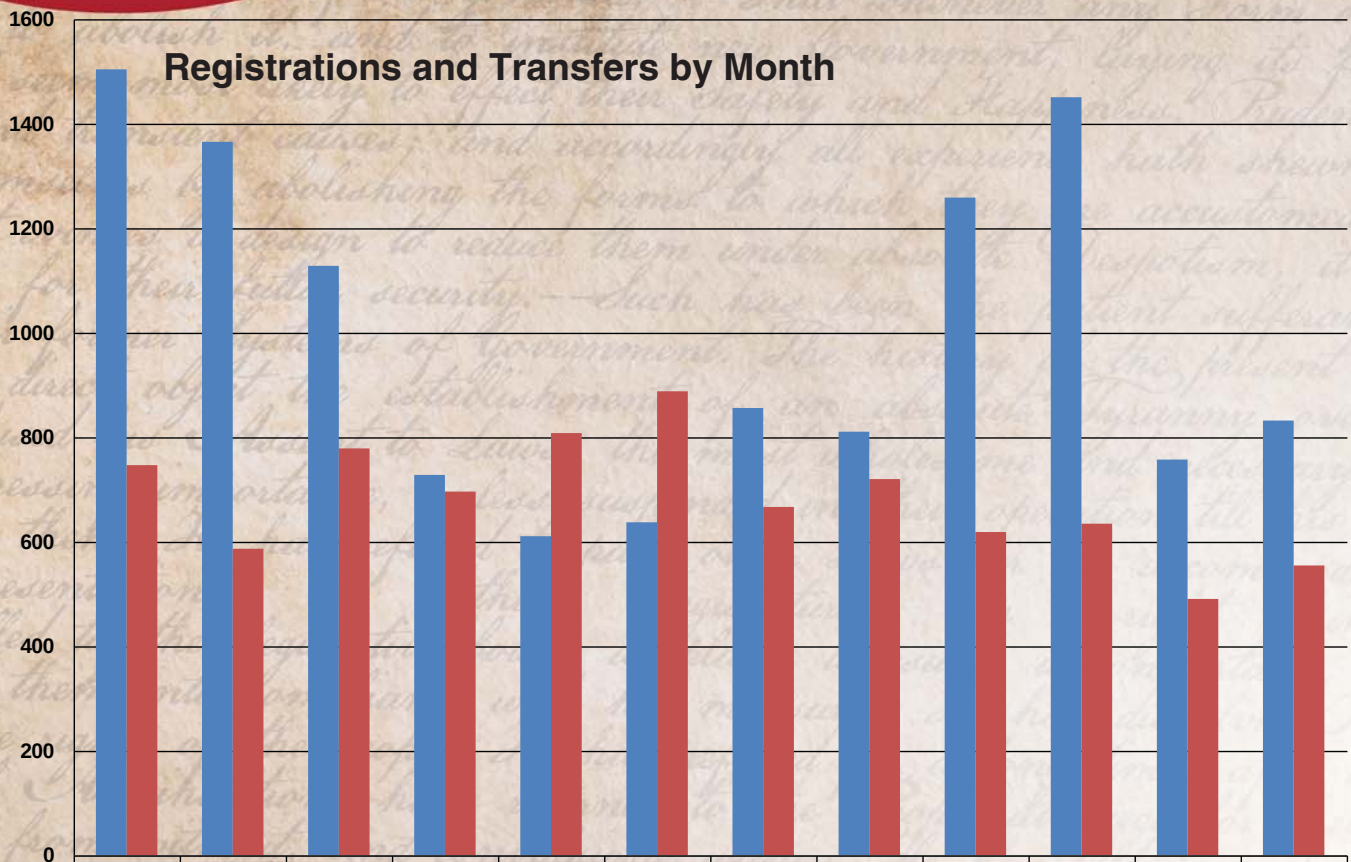


Number of Accounts Participating in EPDs by Breed

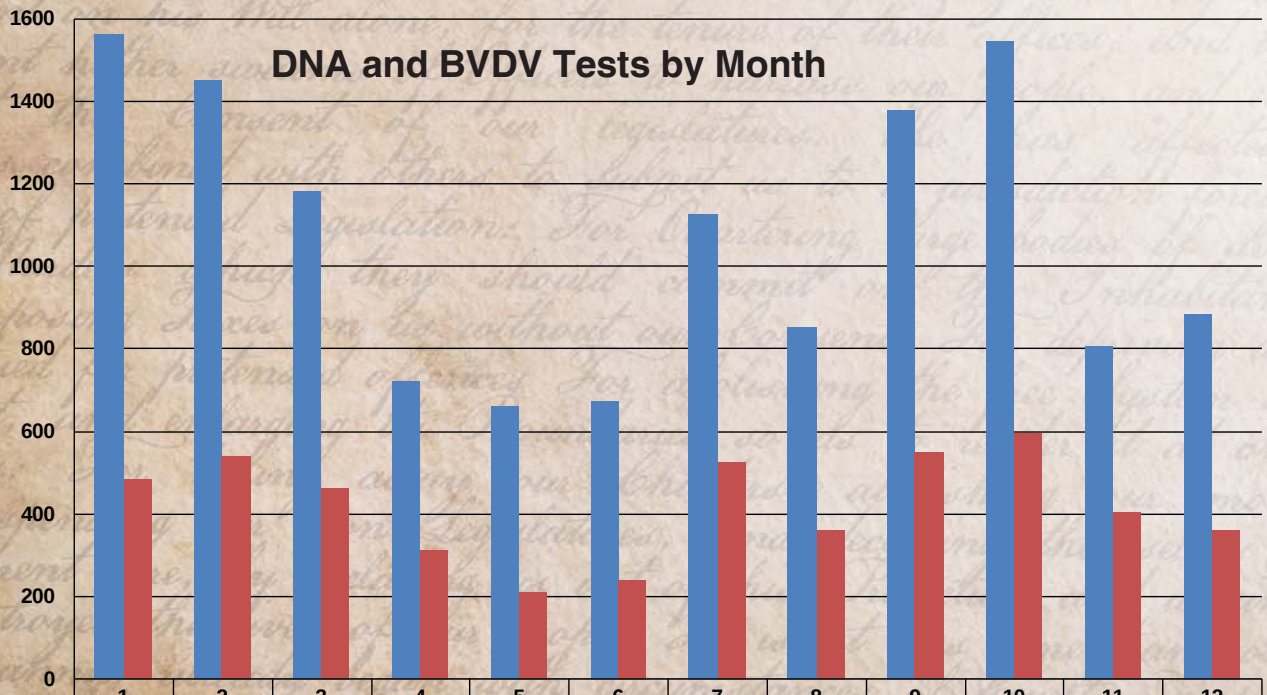


Number of Data Points (Observations) by Trait, by Breed Type

	Huacaya		Suri	
Trait Name	Observations	Average	Observations	Average
Average Fiber Diameter (microns-µ)	15,397	23.7	2,561	26.8
Standard Deviation (AFD; µ)	15,395	5.1	2,555	6.3
Spin Fineness (µ)	15,396	23.2	2,560	26.7
Percent of Fibers larger than 30 microns	15,397	13.9	2,535	26.6
Fleece Weight	15,334	6.0	2,752	5.4
Mean Curvature (deg/mm)	14,513	37.6	2,493	11.0
Standard Deviation of Curvature	14,511	23.3	2,493	14.2
Percent Medullation	6,885	18.1	1,187	17.4
Mean Staple Length (mm)	13,692	92.3	2,403	149.9
Birth Weight	7,394	16.7	1,902	17.4

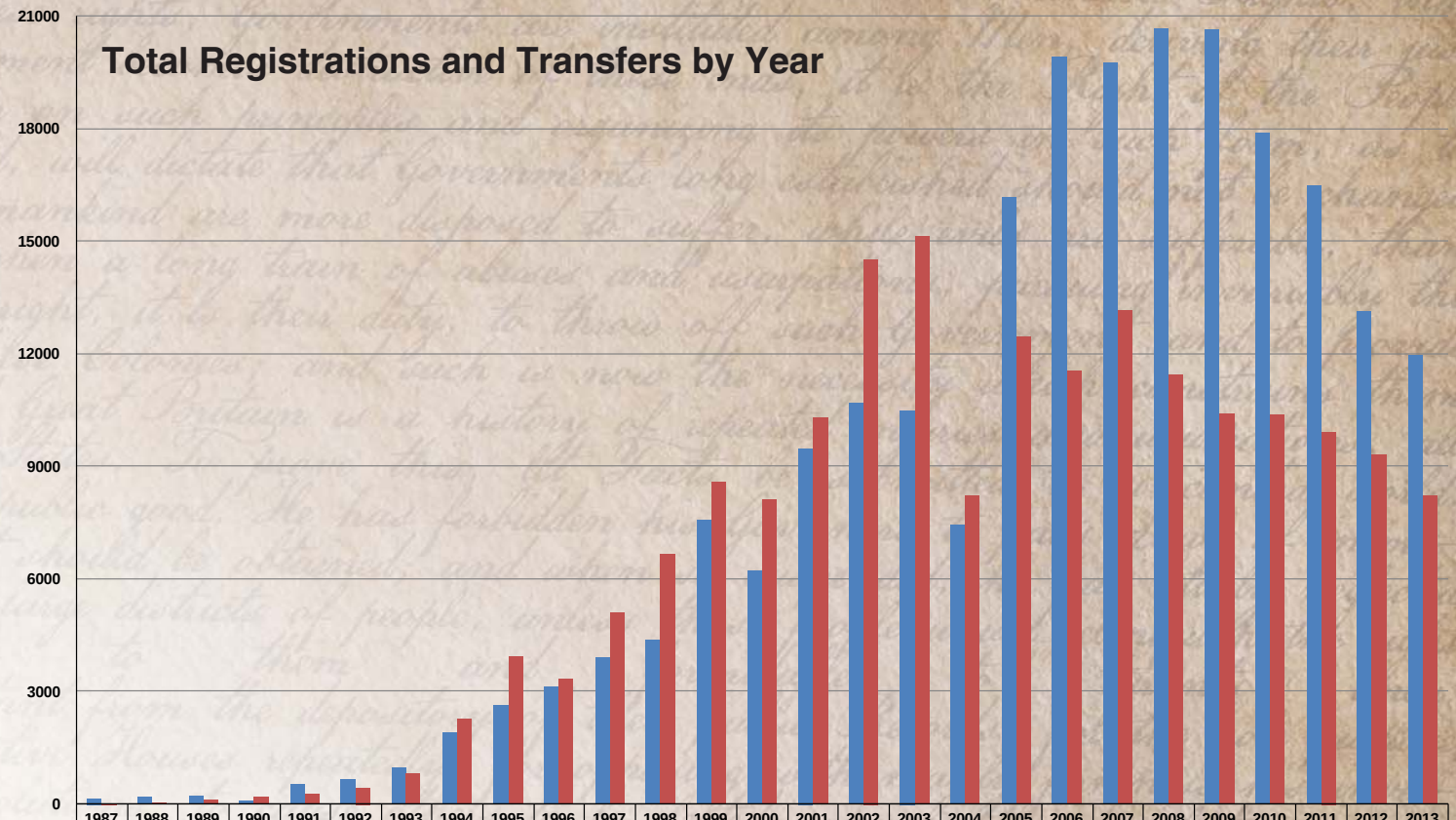


	1	2	3	4	5	6	7	8	9	10	11	12
Registrations	1505	1366	1129	727	612	638	855	810	1258	1451	756	833
Transfers	747	587	778	696	809	889	667	721	618	636	491	554



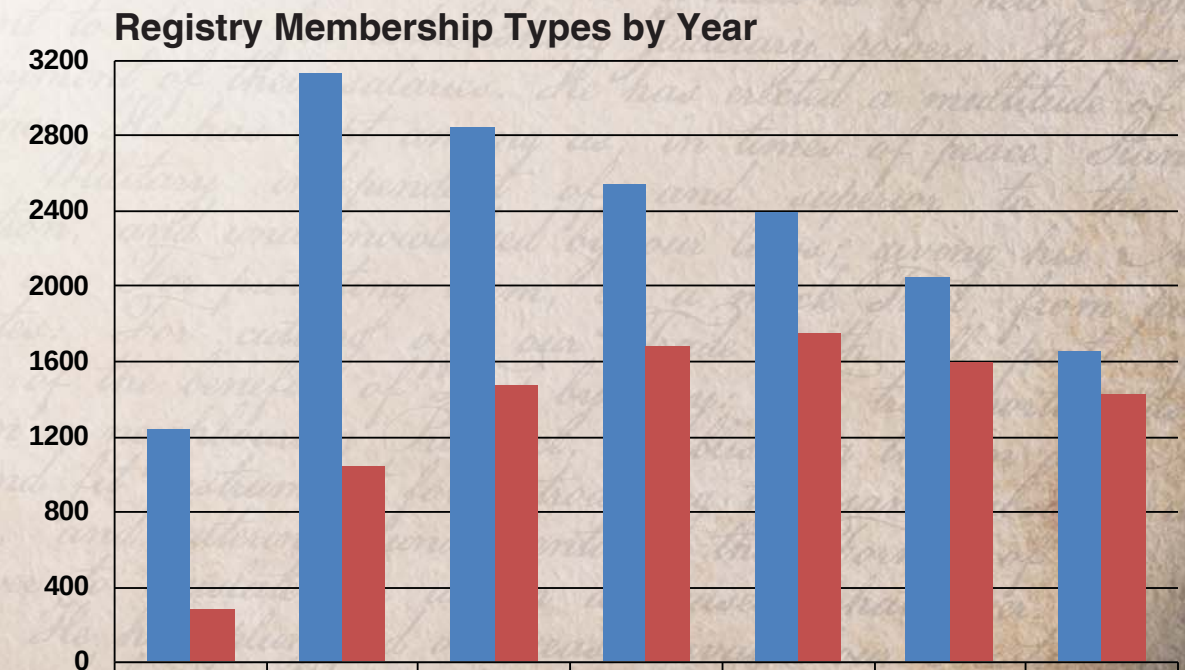
	1	2	3	4	5	6	7	8	9	10	11	12
DNA	1563	1452	1182	723	663	676	1127	855	1379	1546	808	885
BVDV	486	540	462	312	213	241	526	360	550	598	405	360

Registry Statistics by Year



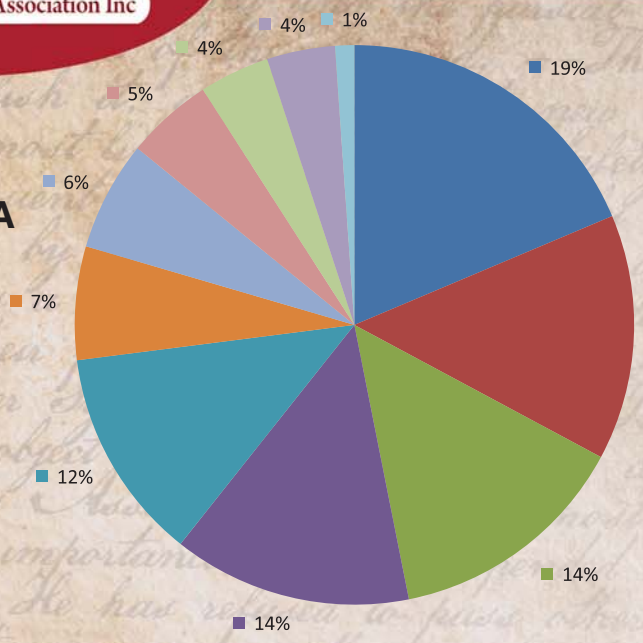
	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Registrations	148	181	202	90	543	644	978	1886	2617	3141	3893	4367	7561	6205	9477	10670	10502	7441	16183	19923	19760	20679	20645	17885	16478	13121	11940
Transfers	7	10	109	188	287	420	804	2283	3939	3307	5084	6655	8588	8122	10310	14534	15129	8209	12455	11527	13170	11438	10404	10358	9907	9312	8193

Please Note: Because there is up to a 4 year lag in transfer submission due to purchasing on time and buyer submissions, the 2013 number is currently up to 8,193.



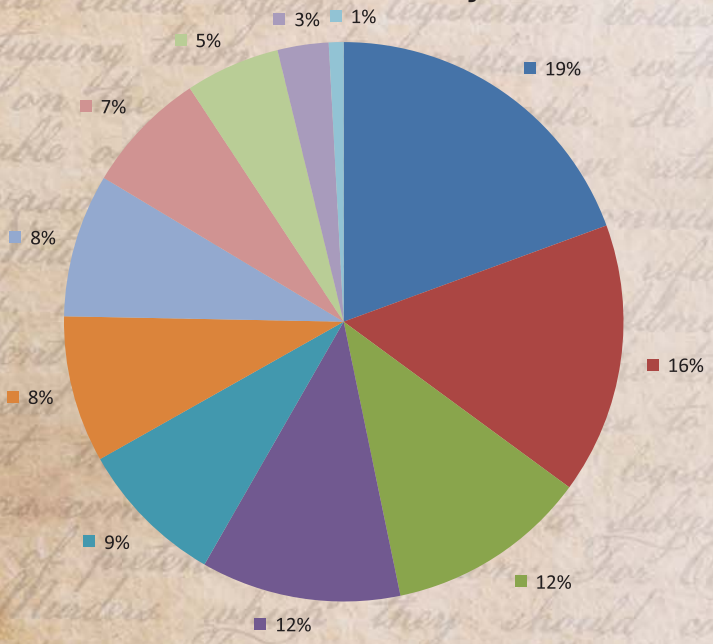
	2007	2008	2009	2010	2011	2012	2013
Voting	1235	3137	2847	2544	2395	2051	1653
Associate	282	1037	1477	1682	1751	1589	1421

2013 AOBA Members by State



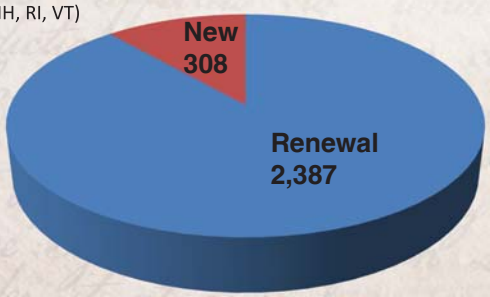
- 19% East North Central (IL, IN, MI, OH, WI)
- 14% South Atlantic (DC, DE, FL, GA, MD, NC, SC, VA, WV)
- 14% Pacific (AK, CA, HI, OR, WA)
- 14% Middle Atlantic (NJ, NY, PA)
- 12% Mountain (AZ, CO, ID, MT, NM, NV, UT, WY)
- 7% West North Central (IA, KS, MN, MO, ND, NE, SD)
- 6% New England (CT, MA, ME, NH, RI, VT)
- 5% West South Central (AR, LA, OK, TX)
- 4% Foreign
- 4% East South Central (AL, KY, MS, TN)
- 1% Canada

2013 AOBA Enthusiasts by State



- 19% South Atlantic (DC, DE, FL, GA, MD, NC, SC, VA, WV)
- 16% East North Central (IL, IN, MI, OH, WI)
- 12% Pacific (AK, CA, HI, OR, WA)
- 12% Middle Atlantic (NJ, NY, PA)
- 9% Mountain (AZ, CO, ID, MT, NM, NV, UT, WY)
- 8% West South Central (AR, LA, OK, TX)
- 8% West North Central (IA, KS, MN, MO, ND, NE, SD)
- 7% East South Central (AL, KY, MS, TN)
- 5% New England (CT, MA, ME, NH, RI, VT)
- 3% Foreign
- 1% Canada

2013 AOBA Membership

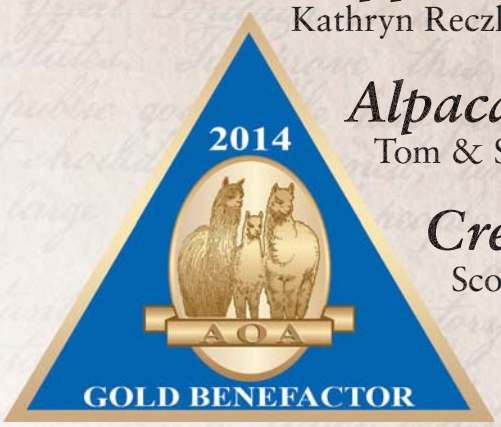


	AlpacaInfo.com	AlpacaOwners.com	NationalAlpacaFarmDays.com	AlpacaShows.com
Visitor Total	86,640	60,856	50,459	37,488
Page Visits	611,391	210,644	166,100	188,077
Pages Per Visit	7.06	4.15	3.29	5.02
Time on Site	4:40	5:44	2:45	6:48
Unique Visits	62,764	29,793	39,030	16,495
New Visitors	70.87%	47.63%	76.71%	42.62%

ALPACA Owners Association Inc 2014 Benefactors

We Would Like to Acknowledge the Extraordinary Generosity of our Benefactors:

Gold Benefactors



Acappella Alpaca Farm
Kathryn Reczko

Alpacas All Around
Tom & Susan Petersen

Crescent Moon Ranch
Scott & Debbie Miller

M & M Alpaca Farm of NC, LLC
Maurice & Mary Raynor

Tierra Prometida
Drs. Kern & Rhonda Deschner

Silver Benefactors



Greenbriar Farm — MAM Consulting Associates, Inc.
Michael & Margery Morack

Rock Creek Alpaca Farm
Mark & Lori Cross

Stillmeadow Farm
Pamela Brewster

Our Profound Thanks for Your Donation.



Alpaca Owners Association, Inc. is now the proud home of ARI and AOBA.

ALPACA Owners Association Inc

ALPACA • OWNERS • AND • BREEDERS ALPACAS ASSOCIATION

ari® alpaca registry inc

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