

Brewers Association

# 2009 Stewardship Report



One of the Brewers Association's goals is to be a transparent organization. This stewardship report serves as a summary of Brewers Association board, committee, staff and member activities related to the Brewers Association in the calendar year 2009. The Brewers Association is a 501(c)(6) not-for-profit trade association.

## OUR PURPOSE

To promote and protect small and independent American brewers, their craft beers and the community of brewing enthusiasts.

## OUR MISSION

By 2013, America's craft brewers will have more than five percent market share, will be recognized as making the best beer in the world, will be able to obtain the ingredients and materials needed and will be politically influential enough to secure fair legislative and regulatory treatment for craft brewers.

As American Craft Brewers, our commitment to quality, vitality and diversity will continue to invigorate our country's impressive brewing culture. Consumers will understand and support craft beer from true craft brewers. Our efforts will not only aid existing craft brewers, but also those who would come after, ensuring the continuing contribution of new ideas and individuals committed to a living and active beer culture.

## OUR CORE VALUES AND BELIEFS

At the Brewers Association we believe in:

- Promoting and celebrating the small, independent and traditional culture of American craft brewers.
- Vigorously defending our industry.
- Supporting and encouraging the responsible enjoyment of beer.
- Providing stewardship for 10,000 years of brewing history.
- Educating brewers and consumers about the diversity, flavor and quality of beer.
- Improving the economic health of American craft brewers.
- Working to build a community of brewers and brewing enthusiasts to provide them with a unified voice.
- Promoting ethical and legal trade practices.
- Building relationships and collaborating with our industry partners.
- Fostering transparency within our own organization.

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## Board of Directors Elections

- Eligible brewery members of the Brewers Association elected two packaging brewery board members, two pub brewery members and appointed one (of two) at-large positions in December 2008.
- AHA governing committee members selected one of their membership-elected representatives in 2008. Approximately one-third of board seats are up for election each year.

## Brewers Association Board of Directors / February 2009 – February 2010

- John Bryant, Oskar Blues Brewery (CO)
- Sam Calagione, Dogfish Head Craft Brewery (DE)
- Dick Cantwell, Elysian Brewing Company (WA)
- Richard Doyle, Harpoon Brewery (MA), Chairman
- Mark Edelson, Iron Hill Brewery & Restaurant (DE), Treasurer, Secretary
- Gary Fish, Deschutes Brewery (OR)
- Chris Graham, MoreFlavor (CA), AHA Representative
- Ken Grossman, Sierra Nevada (CA)
- Kim Jordan, New Belgium Brewing Co. (CO)
- Greg Koch, Stone Brewing Co. (CA)
- Jim Koch, Boston Beer (MA)
- Nick Matt, Matt Brewing Company (NY), Vice Chairman
- Randy Mosher, Randy Mosher Design (IL), AHA Representative
- John Pinkerton, Moon River Brewing Co. (GA)
- Zac Triemert, Upstream Brewing Company (NE), Lucky Bucket Brewing Company (NE)

### Government Affairs Committee

- **Sergio Barrios**, Mark Anthony Brands (NY)
- **John Bryant**, Oskar Blues Brewery (CO)
- **Sam Calagione**, Dogfish Head Craft Brewery (DE)
- **John Carlson**, Colorado Brewers Guild (CO)
- **Rich Doyle**, Harpoon Brewery (MA)
- **Gary Fish**, Deschutes Brewery (OR)
- **Tim Herzog**, Flying Bison Brewing Co. (NY)
- **Steve Hindy**, Brooklyn Brewery (NY)
- **Kim Jordan**, New Belgium Brewing Co. (CO)
- **Martin Kelly**, Magic Hat Brewing Co. (VT)
- **Greg Koch**, Stone Brewing Co. (CA)
- **Jim Koch**, Boston Beer Co. (MA)
- **Nick Matt (Chair Person)**, F.X. Matt Brewing Co. (NY)
- **Tom McCormick**, California Small Brewers Association (CA)
- **Gene Muller**, Flying Fish Brewing Co. (NJ)
- **Scott Newman-Bale**, Shorts Brewing Co. (MI)
- Staff Liaisons: **Paul Gatzka**, **Pete Johnson**, **Charlie Papazian**, **Bob Pease**

### American Homebrewers Association Governing Committee

- **Chris P. Frey**, Chair
- **David Logsdon**, Vice Chair
- **Susan Ruud**, Secretary
- **Drew Beechum**
- **Denny Conn**
- **Chris Graham**
- **Harold Gulbransen**
- **David Houseman**
- **Bob Kauffman**
- **Randy Mosher**
- **Jeff Renner**
- **Curt Stock**
- **Gordon Strong**
- **Roxanne Westendorf**
- **Jamil Zainasheff**

- Staff Liaisons: **Gary Glass**, **Janis Gross**, **Kathryn Porter**
- Members Emeritus: **Fred Eckhardt**, **Ray Daniels**

### Events Committee

- **Greg Koch**, Stone Brewing Co. (CA) Chair
- **Steve Bradt**, Free State Brewing Co. (KS), Vice Chair
- **Chris Black**, Falling Rock Taphouse (CO)
- **Fred Bueltmann**, New Holland Brewing Co. (MI)
- **Sam Calagione**, Dogfish Head Craft Brewery (DE)
- **Jeff Mendel** (CO)
- **Eddie Miller**, Priority Brands Beverage (CO)
- **Garrett Oliver**, Brooklyn Brewery (NY)
- Staff Liaisons: **Nancy Johnson**, **Bradley Latham**, **Charlie Papazian**, **Bob Pease**

### Communications Committee

- **Dick Cantwell**, Elysian Brewing Company (WA), Chair
- **Fred Czuba**, Saxco Pacific Coast, LLC (CA)
- **Gary Fish**, Deschutes Brewery (OR)
- **Stan Hieronymus**, Beer Travelers & Labinsky
- **Steve Hindy**, Brooklyn Brewery (NY)
- **David Logsdon**, Wyeast Laboratories, Inc. (OR)
- **Randy Mosher**, Randy Mosher Designs (IL)
- **Susan Ruud**
- Staff Liaisons: **Paul Gatzka**, **Gary Glass**, **Cindy Jones**, **Charlie Papazian**, **Bob Pease**, **Jill Redding**, **Kristi Switzer**

### Governance Committee

- **Gary Fish**, Deschutes Brewery (OR), Chair
- **Steve Bradt**, Free State Brewing Co., LLC (KS)
- **Kim Jordan**, New Belgium Brewing Co. (CO)

### Public Relations & Marketing Committee

- **Kim Jordan**, New Belgium Brewing Co. (CO), Chair
- **Tomme Arthur**, Port Brewing Co./Pizza Port (CA)
- **Vinnie Cilurzo**, Russian River Brewing Co. (CA)
- **John Cochran**, Terrapin Beer Company (GA)
- **Sierra Grossman**, Sierra Nevada Brewing Co. (CA)
- **Steve Hindy**, Brooklyn Brewery (NY)
- **Jack Joyce**, Rogue Ales (OR)
- **Brett Joyce**, Rogue Ales (OR)
- **Greg Koch**, Stone Brewing Co. (CA)
- **Jim Koch**, Boston Beer Co. (MA)
- **Liz Melby**, Harpoon Brewery (MA)
- **Randy Mosher**, Randy Mosher Designs (IL)
- **Greg Owsley**, New Belgium Brewing Co. (CO)
- **Jeremy Ragonese**, Boulevard Brewing Co. (MO)
- **Hugh Sission**, Clipper City Brewing Co. (MD)
- **Mark Stutrud**, Summit Brewing Co. (MN)
- **Michelle Sullivan**, Boston Beer (MA)
- **Mike Vitale**, Brooklyn Brewery (NY)
- **Brock Wagner**, Saint Arnold Brewing Co. (TX)
- Staff Liaisons: **Paul Gatzka**, **Julia Herz**, **Bob Pease**, **Charlie Papazian**, **Andy Sparhawk**

### Market Development Committee

- **John Bryant**, Oskar Blues Brewery (CO), Chair
- **Arlan Arnsten**, Stone Brewing Co. (CA)
- **Nick Benz**, Dogfish Head Craft Brewery (DE)
- **Adam Lambert**, Dogfish Head Craft Brewery (DE)

- **Fred Matt**, F.X. Matt Brewing Co. (NY)
- **Russ Melton**, Diamond Bear Brewing Co. (AR)
- **Jonathan Schwartz**, Harpoon Brewery (MA)
- **Eric Smith**, Odell Brewing Company (CO)
- **Rob Tod**, Allagash Brewing Co. (ME)
- **Mike Vitale**, The Brooklyn Brewery (NY)
- **George Ward**, Boston Beer Co. (MA)
- **Ted Whitney**, Avery Brewing Company (CO)
- Staff Liaisons: **Paul Gatzka**, **Julia Herz**, **Bob Pease**, **Andy Sparhawk**

### Pipeline Committee

- **Dick Cantwell**, Elysian Brewing Co. (WA), Chair
- **John Bryant**, Oskar Blues Brewery (CO)
- **Vinnie Cilurzo**, Russian River Brewing Co. (CA)
- **Ken Grossman**, Sierra Nevada Brewing Co. (CA)
- **Jim Koch**, Boston Beer Co. (MA)
- **Zac Triemert**, Lucky Bucket Brewing Co. (NE)
- Staff Liaisons: **Paul Gatzka**, **Pete Johnson**, **Bob Pease**, **Charlie Papazian**, **Chris Swersey**

### Export Development Program Sub Committee

- **Brett Joyce**, Rogue Ales (OR), Chair
- **Sam Calagione**, Dogfish Head Craft Brewery (DE)
- **Mattson Davis**, Kona Brewery LLC (HI)
- **Bruce Forsley**, Shipyard Brewing Co. (ME)
- **Ron Jeffries**, Jolly Pumpkin Artisan Ales (MI)
- **Adam Lambert**, Dogfish Head Craft Brewery (DE)
- **Fred Mendes**, Boston Beer Co. (MA)
- **Eric Rosenberg**, Bryant Christie, Inc. (WA)

- **Eric Wallace**, Left Hand Brewing Co. (CO)
- Staff Liaisons: **Charlie Papazian**, **Bob Pease**, **Mark Snyder**

### Technical Committee

- **Ken Grossman**, Sierra Nevada Brewing Co., Chair
- **Rob Gerrity**, Sierra Nevada Brewing Co. (CA)
- **Steve Hindy**, Brooklyn Brewery (NY)
- **Kim Jordan**, New Belgium Brewing Co. (CO)
- **Charles Kyle**, Sierra Nevada Brewing Co. (CA)
- **Geoff Larson**, Alaskan Brewing Company (AK)
- **John Mallett**, Bell's Brewery, Inc. (MI)
- **Matt Meadows**, New Belgium Brewing Co. (CO)
- **Doug Odell**, Odell Brewing Company (CO)
- **John Pinkerton**, Moon River Brewing Co. (GA)
- **Zac Triemert**, Lucky Bucket Brewing Co. (NE)
- **Neil Witte**, Boulevard Brewing Co. (MO)
- Staff Liaisons: **Paul Gatzka**, **Tim Sloan**, **Chris Swersey**

### Finance Committee

- **Mark Edelson**, Iron Hill Brewery & Restaurant (DE), Chair
- **Steve Bradt**, Free State Brewing Co. (KS)
- **John Bryant**, Oskar Blues Brewery (CO)
- **Scott Metzger**, Free Tail Brewing Company (TX)
- **Brock Wagner**, Saint Arnold Brewing Co. (TX)
- Staff Liaisons: **Tom Clark**, **Bob Pease**

# BREWERS ASSOCIATION

## Professional Membership & Membership Education

As of December 31, 2009, 48 of the 50 largest craft brewers were Brewers Association members.

Annual membership mailing included member window sticker, North American Brewery Update, Craft Brewing Fact Sheet and Craft Brewers Conference preliminary information.

### Membership Development

U.S. operating brewery members of the Brewers Association grew from 995 to 1,082 in 2009. The percentage of U.S. operating breweries that are part of the BA grew from 67% to 70%.

### The New Brewer

The Brewers Association produced six bi-monthly issues focused on technical brewing, government affairs, operations and marketing and management features. The communications committee developed a *The New Brewer* content and sponsorship subcommittee to discuss the long-term magazine direction.

### 2009 Advertising Revenue +5% over 2008

Circulation: 4,294 (8% increase from 2008)

### Brewers Association Forum

3,806 participants (18% increase from 2008)

### Beer Industry Statistics

1,089 breweries responded to the Beer Industry Production Survey. In 2009, the craft beer industry showed 7.2% growth on 9.1 million barrels to grow to 4.4% market share by volume.



**American Craft Brewer:** An American craft brewer is small, independent and traditional.

**Small:** Annual production of beer less than 2 million barrels. Beer production is attributed to a brewer according to the rules of alternating proprietorships. Flavored malt beverages are not considered beer for purposes of this definition.

**Independent:** Less than 25% of the craft brewery is owned or controlled (or equivalent economic interest) by an alcoholic beverage industry member who is not themselves a craft brewer.

**Traditional:** A brewer who has either an all malt flagship (the beer which represents the greatest volume among that brewers brands) or has at least 50% of it's volume in either all malt beers or in beers which use adjuncts to enhance rather than lighten flavor.

## Brewers Association Website

BrewersAssociation.org was launched in the fall of 2009. This new website was created to be the online source for Brewers Association and craft brewing community information, serving professional craft brewers, media and beer industry organizations. The website provides statistics, updates on industry growth and information on government affairs—both legislative and regulatory—to the media, members and potential new members.

BA Members can log in and access a members-only online forum to post questions or comments and have them published immediately. In 2010, BrewersAssociation.org will also feature more technical information written by our new Technical Brewing Projects Coordinator Chris Swersey.

## Power Hour Professional E-Conference Series



The Brewers Association presented five hour-long educational seminars in 2009 for members, featuring guests: Dan Wandel (Information Resources, Inc.), Ken Grossman (Sierra Nevada Brewing Co.), Gary Fish (Deschutes Brewery), Marc Sorini (McDermott, Will and Emery) and Ian Ward (Brewers Supply Group).

Topics covered in 2009 included:

- Year-End 2008 Sales Recap
- Draught Beer Quality Manual Overview
- Federal Trade Commission Small Brewer Advertising Audits
- IRI Mid-Year 2009 Sales Numbers
- State of the Crop: Barley and Malt Insights—2009 and Beyond

## Craft Brewers Conference

More than 2,300 Craft Brewers Conference attendees in Boston networked and attended some of the 44 seminars and keynote session featuring Greg Koch of Stone Brewing Co. Thanks to Boston-area members for their hospitality.

The Brewers Association members meeting drew record attendance and featured board of directors committee reports, member commentary and a question and answer period.

Steve Parkes was awarded the Russell Schehrer Award for Innovation in Craft Brewing. Ken Allen was presented with the Brewers Association Recognition Award. Eric Wallace was presented with the F.X. Matt Defense of the Small Brewing Industry Award.

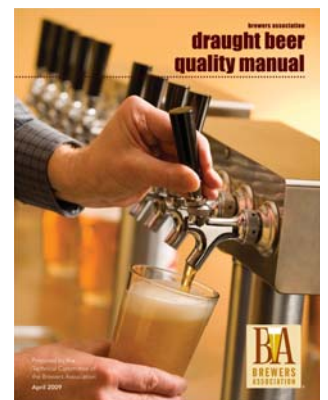
Boston area members served as exceptional and generous hosts for the 2009 Craft Brewers Conference & BrewExpo America.

## Draught Beer Quality Manual

The technical committee working group of craft, small, large and foreign brewers finalized a manual for draught beer line cleaning, system design and specifications, gas dispense, proper serving and glassware cleaning. The manual is available for free download online at DraughtQuality.org or highly produced copies are for sale through the Brewers Association.



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# BREWERS ASSOCIATION

## (Professional Membership & Membership Education)

### Export Development Program

In 2009, the Brewers Association received \$440,351 from two USDA programs to promote the export of American craft beer:

- \$353,351 from the Market Access Program
- \$87,000 from the Emerging Markets Program

The Brewers Association's Export Development Program (EDP) began in 2004 with a grant from the United States Department of Agriculture's Market Access Program. Since its inception, objectives for the EDP have remained unchanged. These include the following:

- Educating international consumers, distributors, retailers and media about the qualities and diversity of products offered by the U.S. craft beer industry and about U.S. craft beer culture.
- Informing member breweries about opportunities for promoting American craft beer in international markets.
- Complementing the industry's own efforts to increase international distribution.



### Activities

- **Brasil Brau**—The BA took part in the Brasil Brau trade show in Sao Paolo, Brazil. This marked the association's first EDP activity targeting that country. The BA coordinated with the Hop Growers of America to showcase American craft beers at the HGA booth and to jointly host a reception for beer trade and media
- **Great British Beer Festival**—The BA shipped samples of American craft beer for display and tasting at the GBBF's Bieres Sans Frontieres bar. In addition, the BA hosted a beer dinner at The Pembroke restaurant in London and a reception for trade and media at The Porterhouse.
- **Stockholm Beer & Whiskey Festival**—The BA coordinated the presence of 120 different beer brands from 24 BA EDP members at the Brewers Association/Oliver Twist Pub booth. The BA also conducted beer and food educational seminars for festival attendees.
- **Canada Trade Mission**—The BA hosted a beer dinner for trade and media at the beerbistro in Toronto. Sixty guests attended the dinner including top beer category officials from the LCBO, leading licensees in the market, and media contacts. Robin Tillsworth, Minister Counselor for Agriculture at the U.S. Embassy in Ottawa, also attended on behalf of the U.S. Department of Agriculture.
- **China Trade Mission**—The BA visited China for American Craft Beer School seminars in Shanghai, Beijing and Shenzhen and seminars for trade, media and import companies in Shenzhen and Hong Kong.



Photo © 2009 Mitch Steele

### Informing Member Breweries

- **Craft Brewers Conference Speakers with Glenn McDonald, Rick Kempen and Scott Kerkmans**—At the 2009 Craft Brewers Conference, the BA's EDP offered presentations on Canada, European Market and the Four Points by Sheraton Craft Beer Program.
- **Great American Beer Festival Seminar with Marcelo Stein and Winston Kwang**—At the 2009 Great American Beer Festival, the BA's EDP offered presentations on Brazil and on Singapore and Indonesia.



Photo © 2009 Jason E. Kaplan

### Complementing Industry Export/Marketing Efforts

- **International Beer Competitions**—In 2009, the BA participated in four international beer competitions (the Australian International Beer Awards Australia, Brew New Zealand beer competition, Stockholm Beer and Whisky Festival Sweden and the European Beer Star Germany).

- **Trade Lead Update United Kingdom and Sweden**—The EDP’s market development efforts in the United Kingdom resulted in a trade lead issued from Vertical Drinks, which is looking to expand its portfolio of American craft beers. Galatea in Sweden also issued a trade lead; that resulted in agreements to represent three American craft breweries during test marketing.
- **Brazil Research Report**—The BA commissioned a market research study of the Brazilian beer market. The study serves as a useful guide for BA Export Development Program members interested in exporting to Brazil.
- **BA Supports USDA-Organized Retail Promotions in China**—The EDP sponsored a promotion with the City Shop retail chain in China.
- **BA Wins 2008 USDA Honorary Award**—In 2009 the BA was notified that it was selected as 2008 United States Department of Agriculture Honorary Award recipient.
- **USDA Foreign Agricultural Service Administrator Visits BA**—USDA Foreign Agricultural Service (FAS) Administrator

## GOVERNMENT AFFAIRS

### Legislative

- H.R. 4278, the graduated small brewer excise tax reduction legislation introduced late in 2009, incorporates the small brewer excise tax reduction contained in H.R. 836 (see below) and also provides for reducing the upper tax rate to \$16 per barrel on beer production above 60,000 barrels up to 2 million barrels for brewers with an annual production of less than 6 million barrels. A campaign asking BA member breweries to contact their representatives with a request to cosponsor H.R. 4278 is ongoing.
- Prior to the introduction of H.R. 4278, companion legislation H.R. 836 and S. 1058, the Brewers Excise and Economic Relief Act of 2009, were introduced respectively in the U.S. House of Representatives and U.S. Senate. The bills seek to reduce the tax burden for all brewers, specifically reducing the small brewer rate by 50% to \$3.50 a barrel.
- Early in the legislative session, the Senate Finance Committee considered a proposal to increase and equalize the excise tax for alcohol beverages (\$16.00/proof gallon) as part of healthcare reform deliberations. This proposal would have tripled the excise tax for 4.5% ABV beer and imposed even higher excise tax rates for higher ABV beers. Brewers Association brewery members contacted their senators to express their opposition to this proposal, and BA leaders were actively engaged in building the case against an excise tax increase, which ultimately was not included in the legislation.



### House Small Brewers Caucus

- A Caucus meeting was held in June at which BA Board members were featured. The Caucus requested information from BA on how an excise tax hike would impact small brewers for inclusion in communications with House tax writing committees.
- A December Caucus meeting featured Nick Matt, BA Government Affairs Committee chair, speaking on excise tax reduction implications for small breweries.



Charlie Papazian (middle) with Representatives DeFazio and Rehberg. Photo courtesy of National Beers Wholesalers Association.

# GOVERNMENT AFFAIRS

## State Brewers Associations

The Brewers Association continued its support of state associations with annual meetings at the Great American Beer Festival (GABF) and Craft Brewers Conference, as well as through the “Keep It Local Across America” dedicated state guilds area at GABF.

There are 35 active state brewers associations/guilds in the U.S. The Brewers Association supported state association legislative efforts in California, Colorado, Massachusetts, Michigan, Montana, New York, North Carolina and Wisconsin, and assisted other state organizations on a variety of issues.

## Legislative Receptions

- A joint Beer Institute/Brewers Association reception to welcome the 111th Congress and introduce H.R. 836 was held on February 5th.
- The Brewers Association held a beer and food pairing reception in June for members of Congress and staffers in the Cannon House Office Building. Twenty-seven BA member breweries poured beer.
- The Brewers Association and National Beer Wholesalers Association held an educational tasting event in December for members of Congress and staffers. Thirty-one BA member breweries poured beer.



## Support Your Local Brewery

Support Your Local Brewery is a communication network that informs beer enthusiasts about issues that impact small brewers, and organizes grassroots activity to defend the interests of small brewers. The network grew to more than 35,000 direct contacts and almost 830,000 indirect contacts by the end of 2009.

## 2009 Support Your Local Brewery Issue Alerts

- *Nationwide*: An alert was issued on a federal alcohol excise tax increase proposal under consideration by the Senate Finance Committee.
- *Nationwide*: Another nationwide alert was issued urging network members to ask their representatives to join the House Small Brewers Caucus. As a result of this campaign, seven new members were added to the roster.
- *Alabama*: Network members were asked to make contacts concerning S.B. 492, homebrew legalization legislation.
- *Colorado*: Network members received several contacts concerning H.B. 1192 (full strength beer sales in grocery stores) in support of the Colorado Guild’s position on the bill.
- *Massachusetts*: At the request of the Massachusetts Brewers Guild, the network was activated in opposition to the legislature approving an increase in the sales tax and removing alcohol sales’ exemption from that tax.
- *New York*: The network was activated in opposition to an onerous provision requiring a New York-specific UPC code contained in bottle bill legislation.
- *Texas*: Activists were asked to support H.B. 2094, authorizing certain brewers and manufacturers to conduct tours of their premises after which tour attendees would be allowed to purchase beer for off-premise consumption.
- *Utah*: Beer activists received a series of alerts concerning committee hearings and votes on the homebrewing legalization legislation, which eventually was signed into law by the Governor.
- *Washington*: Activists were alerted regarding legislation allowing the transportation of homebrew out of homes for private use and for use at competitions.
- *Wisconsin*: Network members were asked to contact their state representatives in support of Wisconsin Brewers Guild members’ testimony at a public hearing opposing A.B. 287, legislation seeking to raise the tax on breweries under 50,000 BBLs of production from \$1.00 to \$10.00 per barrel. Following the hearing, the bill failed to move out of committee.

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## Regulatory

### Tax and Trade Bureau (TTB)—Budget Funding Proposal

- Brewers Association was a signatory to an industry letter sent to legislators detailing opposition to the provision in the president's proposed Fiscal Year 2010 Budget authorizing TTB to impose fees on the companies it regulates for purposes of funding the majority of its \$109 million budget. The proposal was removed in the Senate.
- The Brewers Association continued monitoring TTB serving facts and allergen labeling proposals. Final rulings have not been issued.

### Occupational Safety and Health Administration—Occupational Exposure to Diacetyl

- Based on an OSHA request for comment on workplace exposure to food flavorings containing diacetyl, BA staff worked with Beer Institute, Wine Institute and the Distilled Spirits Council to investigate potential alcohol-related exposure issues. Although no final determination has been made, a preliminary report referencing the low amounts of naturally occurring diacetyl and the enclosed nature (no exposure) of the brewing process, may lead to an exemption for instances of naturally occurring diacetyl.

## Food and Drug Administration—Food Safety Legislation

- BA members in three targeted Congressional districts were asked to contact their representatives concerning H.R. 2749, the Food Safety Enhancement Act of 2009, which sought to require the Food and Drug Administration to assume responsibilities and impose substantial fees in areas already regulated by TTB. The legislation was successfully amended in committee, although annual registration requirements (without fee) and provisions concerning misbranding remain.
- The Brewers Association continued monitoring issues relating to caffeine in alcohol and the labeling of non-malt beers.

## Other

### National Beer Wholesalers Association (NBWA)/Brewers Joint Legislative Conference

- BA Board members, brewery members and staff made Capitol Hill office visits to discuss issues of importance to small brewers.
- A reception featuring BA members' craft beer was held. Attendees included members of Congress and staff, small brewers, Brewers Association staff, NBWA executives and wholesalers.

### Federal Trade Commission Advertising Audits

- A Power Hour presentation was conducted to educate members about the BA Ad Code, the complaint process and FTC's role with respect to small brewers.

# CRAFT BEER PROGRAM

In 2009, the Craft Beer Program worked to increase market share for American craft beer through media relations and member programs. The BA gained national and international attention for craft brewers from several major media outlets including: The Associated Press, *Food & Wine Magazine*, *Newsweek.com*, *New York Times*, *Wine Enthusiast* and thousands of newspapers and websites. The division coordinated the following Craft Beer Programs for BA members.

## CraftBeer.com

The Brewers Association launched a new consumer facing website, CraftBeer.com, in December 2009. The website exists to communicate the passion, authenticity, excitement, creativity, camaraderie and joy of the craft brew community. The website energizes and engages visitors with stories and videos about real craft breweries, independent brewers and even beer enthusiasts. The romance of these stories will connect the visitor to the beer, helping them make their beer-buying choices in the marketplace.

Through the contribution of visitors and brewing experts, the website will be a primary resource for information on beer, beer styles, beer and food pairings, the history and innovation of craft brewing, upcoming events and activities and news and trends in the world of beer. Through the use of interactive tools, visitors can contribute their comments, stories, videos and craft beer and food experiences, letting the site evolve with the beer enthusiast community.



## American Craft Beer Week: May 11 – 17, 2009

The Mother of All Beer Weeks! A record 212 breweries hosting more than 500 events signed up in 2009 to participate and support this national program. Plus, 10,000 fans signed the Declaration of Beer Independence on Facebook.

## SAVOR: An American Craft Beer & Food Experience

The Craft Beer Program generated national and international media coverage for SAVOR. SAVOR has quickly established itself as the premier beer and food pairing event in the U.S.

## Great American Beer Festival<sup>SM</sup>

In 2009, 200 media representatives attended the festival. The Craft Beer Program also organized a strategic craft beer and food pairing luncheon for journalists. Public relations efforts from the Craft Beer Program utilized the festival as a powerful vehicle to help spread the word about small and independent craft brewers.

## On- and Off-Premise Sell Sheets

These documents, available free to BA members from BrewersAssociation.org, highlight the strength of craft beer sales in the marketplace and are tools members use when selling to retailers and restaurants.

## Media Database for Brewery Members

This Craft Beer Program offers media lists to our brewery members in order to assist them with more effective outreach to the media



(savor)

an american craft beer & food experience



## Craft Brewers Pavilion

Showcasing 25 member craft brewers, the Brewers Association's Craft Brewers Pavilion once again made its mark on the National Beer Wholesaler Association Convention and Tradeshow in Las Vegas. Participating brewery members found the Pavilion to be a chance not only to feature their craft beer to potential wholesalers, but also to thank current distributors that carry their brands.

## Media Events

The Craft Beer Program conducted several tastings with food, beverage, lifestyle and business media journalists to further their understanding of craft beer and to emphasize craft beer and food pairings. Tastings were conducted in Vail, Miami, Boston, Washington, D.C., Chicago, Denver and New York.

## Presentations in the Marketplace

The Craft Beer Program helps further the marketplace understanding about the successes and challenges of craft brewers by giving presentations at various conferences. Outreach in 2009 included presentations at the Big Beers, Belgians and Barleywines Festival, Cheers Beverage Conference, Craft Brewers Conference, SAVOR and the Great American Beer Festival.



# EVENTS



## Great American Beer Festival<sup>SM</sup>

Attendance for the 2009 Great American Beer Festival was more than 49,000. Judges evaluated 3,308 beers from 495 breweries entered in the competition in 78 categories. The public had the opportunity to sample 2,100 beers on the festival floor. The festival hall was expanded by 40% to 289,000 s.f. to create a better Festival experience. The Farm to Table Pavillion and a members entrance were also added.

### Small Brewing Company and Small Brewing Company Brewer of the Year

Dry Dock Brewing Co., Brewing Team

### Mid-Size Brewing Company and Mid-Size Brewing Company Brewer of the Year

Flying Dog Brewery, Robert Malone

### Large Brewing Company and Large Brewing Company Brewer of the Year

Coors Brewing Co., Dr. David Ryder

### Small Brewpub and Small Brewpub Brewer of the Year

Chuckanut Brewery, Will Kemper

### Large Brewpub and Large Brewpub Brewer of the Year

Pizza Port, Carlsbad Brew Guys



Photos ©2009 Jason E. Kaplan

## SAVOR: An American Craft Beer & Food Experience

SAVOR was created to raise the image of craft beer and specifically to produce a BA event focused on craft beer and food pairings. Additional goals were to create a small, high-end event on the East Coast and to generate mainstream media interest. The next SAVOR takes place June 5, 2010 at the National Building Museum in Washington, D.C. Tickets for the event sold out in days.

(savor)

an american craft beer & food experience



Photos ©2009 Eddia Arrossi

# OUR ALLIED TRADE PARTNERS

## Contributions to the Brewers Association

The Allied Trade contributes significant financial support and technical expertise to the Brewers Association.

- Membership dues in the Brewers Association.
- Advertising in *The New Brewer*, *Zymurgy*, Craft Brewers Conference Program, Great American Beer Festival program and National Homebrewers Conference programs.
- Sponsorship of the Great American Beer Festival, World Beer Cup, Craft Brewers Conference and American Homebrewers Association (AHA) Conference, AHA National Homebrew Competition and several other programs and services.
- Participation in technical forums, Power Hour presentations, Craft Brewers Conference seminars and technical content of magazines.
- Helping brewers to make better beer and better manage their companies.

## BrewExpo America®

- North America's largest beer industry trade show.
- One hundred and eighty exhibitors present at the BrewExpo America, providing direct customer access to products, demonstrations and representatives.
- Held in conjunction with the Craft Brewers Conference.

# BREWERS PUBLICATIONS

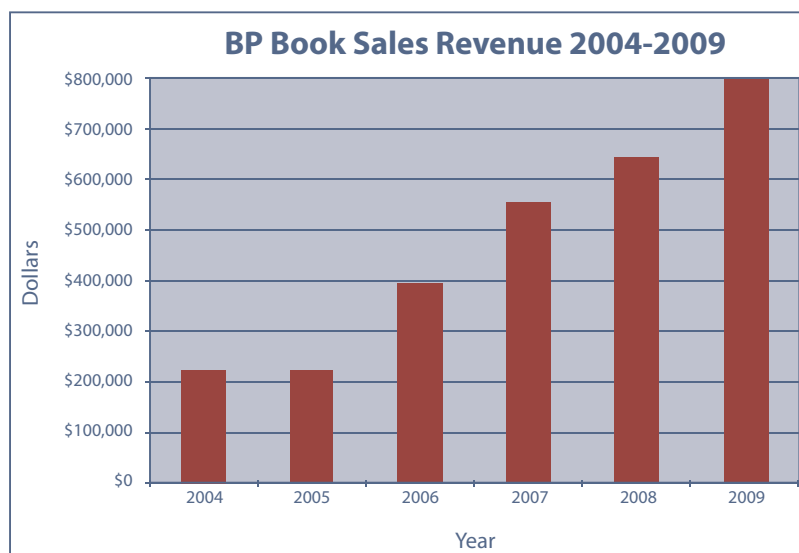
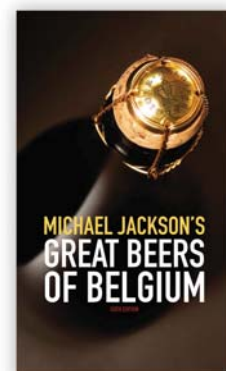
Brewers Publications (BP) supports the mission of the Brewers Association by publishing books of enduring value for amateur and professional brewers as well as titles that promote understanding and appreciation of American craft beer by consumers.

BP had another record year in 2009 thanks to strong sales of previously published titles. At year-end, revenue generated by these BP titles exceeded forecasts by coming in at over \$715,000. Strong sales during December 2009 netted BP one of the biggest months on record, with more than \$99,000 in inventory sold.

Overall sales are led by the 2006 publication of John Palmer's *How to Brew*, currently in its fourth printing. The sales of this title continue to grow with its reputation as a trusted resource for new and established homebrewers. The overall strength of the Brewers Publications catalog is supported by the fact that Brewers Publications titles regularly dominate the top 10 list of beer books on Amazon.com with *How to Brew* consistently sitting in the #1 slot.

Six BP titles hit the top 101 on National Book Network's list of overall sales to Amazon.com: *How to Brew* by John Palmer (8, up from 13), *Designing Great Beers* by Ray Daniels (29, up from 38), *Radical Brewing* by Randy Mosher (35, up from 56), *Brew Like a Monk* by Stan Hieronymus (87, up from 89), *Brewing Classic Styles* by John Palmer and Jamil Zainasheff (74, up from 90) and *The Compleat Meadmaker* by Ken Schramm (81, up from 101).

Brewers Publications will release its first new title in two years in spring 2010. With a fall title also scheduled to be released, BP is poised to continue growing both in revenue contribution and reputation.



# AMERICAN HOMEBREWERS ASSOCIATION®

Membership in the American Homebrewers Association finished the year at the highest level since 1997, up more than 13% in 2009. Membership was at 19,562 at the end of the year.

## AHA Rallies

AHA Rallies are an effective membership generator for the AHA. These rallies are hosted by BA member breweries; current AHA members get in free, while non-members get in for the price of a discounted AHA membership. In 2009, the AHA held 13 rallies across the country, bringing in 568 memberships, 75% of which were new memberships.

## Zymurgy®

The Brewers Association produced six issues of *Zymurgy* magazine in 2009. Circulation finished the year at more than 22,000 copies per issue, which is more than 2,000 copies per issue over 2008 year-end circulation. Distribution includes AHA members, BA brewery and allied trade members, and newsstands and homebrew supply shops.

## HomebrewersAssociation.org

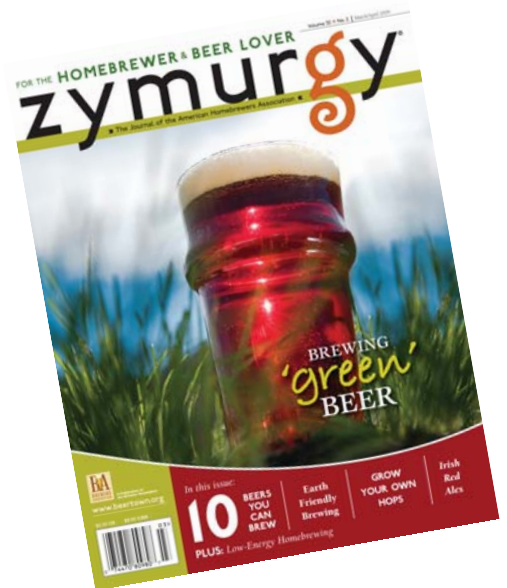
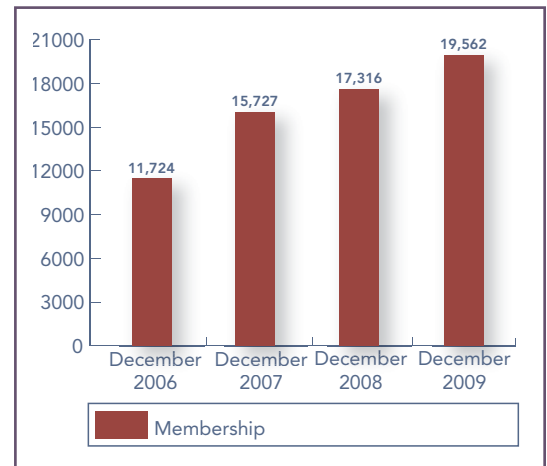
The American Homebrewers Association website, HomebrewersAssociation.org, was launched in November 2009 with the modern homebrewing community in mind. This new website was created to provide a fun, rich user experience through accessible, informative content and community tools that allow users to learn from each other and share their own knowledge. The website connects visitors with homebrew clubs and lets them expand their creativity with Pimp My System, a feature that showcases homebrewing systems. The site also profiles several homebrewers each month, putting a face on the community. Website visitors can easily find recipes and search the encyclopedia of all things homebrewing in the Homebrewopedia.

## AHA Forum

One of the most popular features right from the launch was the online AHA Forum. The AHA Forum is open to all homebrewers. Forum participants can interact in any of dozens of brewing-related subject areas, post pictures and help each other learn more about their hobby. Forum registration quickly rose to more than 1,000 in less than a month and is expected to grow immensely in 2010. The Forum is monitored by a dedicated group from the AHA Governing Committee.

## AHA National Homebrew Competition

The 2009 National Homebrew Competition had 5,166 entries from 1,310 homebrewers. The competition is annually the largest beer competition in the world.



## AHA National Homebrewers Conference

The 2009 AHA National Homebrewers Conference held in June in Oakland, California, drew a record 1,200 attendees. Attendees enjoyed 27 educational presentations, highlighted by keynote speaker Ken Grossman of Sierra Nevada Brewing Co. The National Homebrewers Conference is the only event of its kind, drawing homebrewers from across the nation and around the world to learn, exchange ideas, share homebrew and to have fun.

The 2010 conference is scheduled for June 17-19 in Minneapolis. Mark Stutrud of Summit Brewing Co. is the scheduled keynote speaker.

## AHA Governing Committee

The AHA Governing Committee is made up of 15 members elected by the AHA membership. Two Governing Committee members are selected from the group to serve as AHA representatives on the Brewers Association Board of Directors.

## Brewers Association Pub Discount Program

At the end of 2009, there were 430 participating BA member breweries/pubs offering discounts on food, beer and/or merchandise to card-carrying AHA members. The AHA markets those participating breweries and pubs in *Zymurgy* and in the Directories section of HomebrewersAssociation.org.

## Great American Beer Festival

The 2009 Great American Beer Festival included the fourth annual GABF Pro-Am Competition, in which Brewers Association member breweries entered commercial versions of award-winning AHA member homebrew recipes. The competition was another great success with 72 entries submitted, an increase of 25% over 2008. All of the entered beers were also featured on the festival floor at the GABF Pro-Am booth, which is always very popular with festival attendees.

## Government Affairs

- The AHA worked with homebrewers in Utah on a successful campaign to legalize homebrewing in that state.
- The AHA continues to work with homebrewers in Alabama, Mississippi and Oklahoma in support of efforts to legalize homebrewing in the last three states that have not yet done so.
- The AHA continues to work with the BA Government Affairs Committee on federal legislation dealing with the shipment of homebrew for competitions.
- AHA members form the foundation of the Support Your Local Brewery network, taking action as necessary on state and federal issues of interest to craft brewers and beer connoisseurs.



Photo ©2009 Ed Bronson

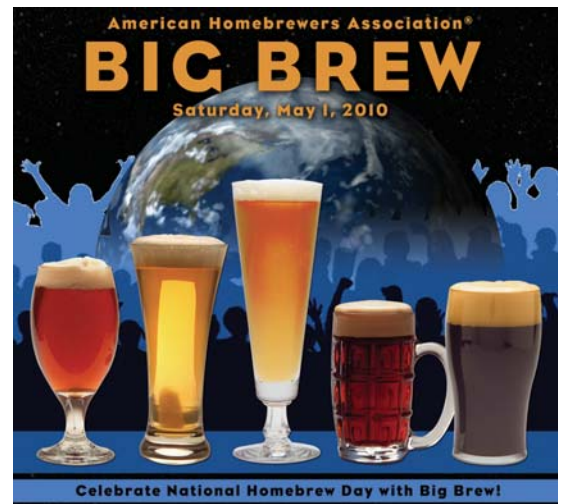
# AMERICAN HOMEBREWERS ASSOCIATION®

## Other AHA Programs

- Retail Membership Sales Program: Allows businesses to sell pre-paid AHA membership cards. The program generated 315 memberships in 2009.
- In 2009, the AHA launched an addition to the Retail Sales program with web banners, allowing businesses and homebrew clubs to sell AHA memberships via web banner ads. The participating websites receive a portion of the dues for each membership their sites generate. The AHA web banners generated 246 memberships in 2009.
- Liaison "Evang-Ale-ist" Program: 50 AHA member representatives from around the U.S. and Canada help to promote the AHA and generate AHA memberships. AHA Liaisons brought in 78 memberships in 2009.
- Big Brew: A simultaneous world-wide brewing event held on the first Saturday of May.
- Mead Day: A national event to celebrate the art of mead making held the first Saturday of August.
- Teach a Friend to Homebrew Day: A day to train new homebrewers on the first Saturday of November.
- AHA/BJCP Sanctioned Competition Program: The AHA and Beer Judge Certification Program work together on a joint program to sanction and promote homebrew competitions.
- AHA Clubs Programs: The AHA maintains a database of registered homebrew clubs and organizes six Club-Only Competitions each year. The AHA also awards the annual AHA Homebrew Club of the Year and Gambrinus Club Awards.

## Education

Homebrewers play a key role in educating the public about locally-produced beer and beer styles. They are the most knowledgeable craft beer enthusiasts.



# FINANCIALS

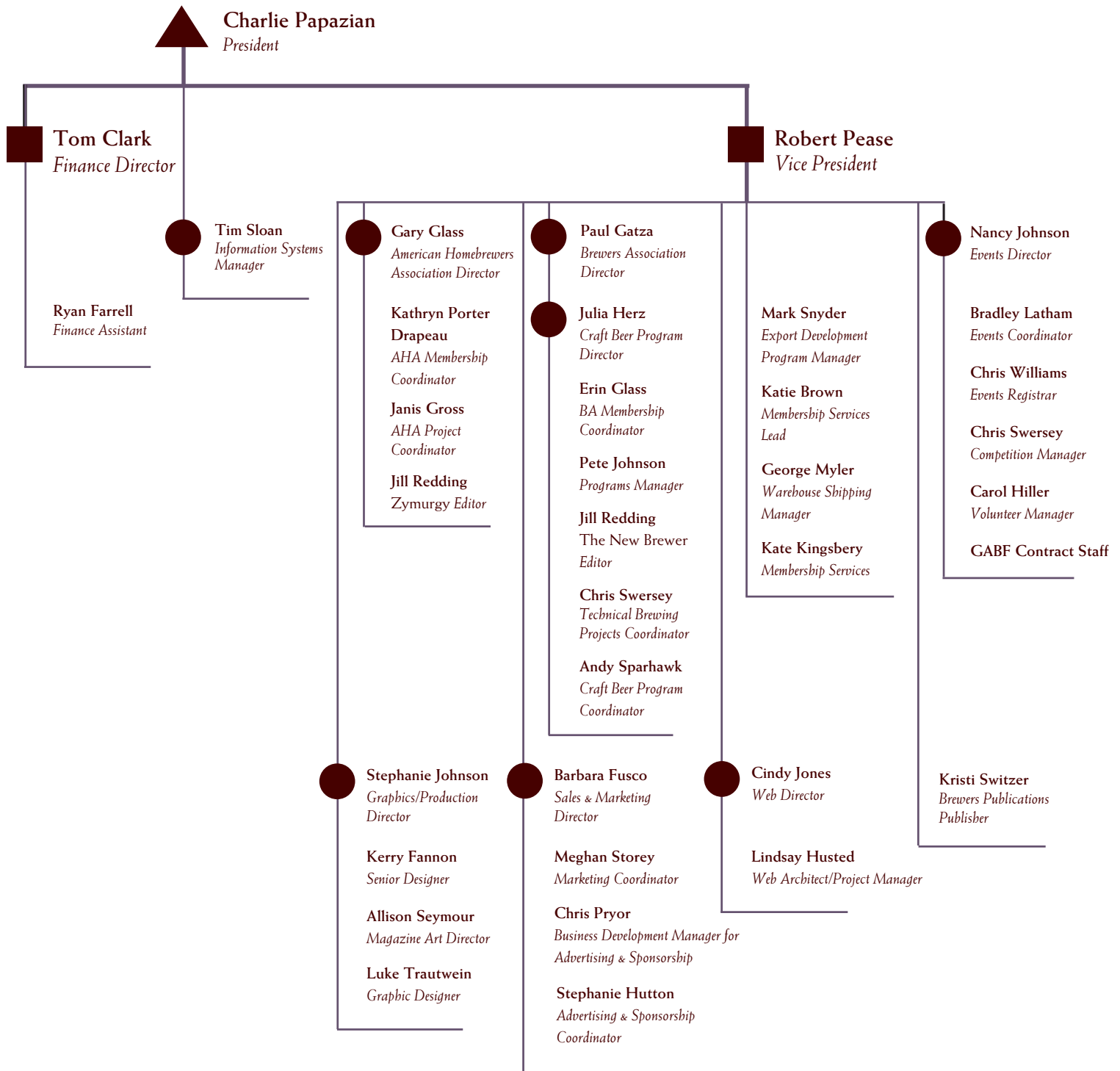
## 2009 Financial Statement (Consolidated)

	2009	2008
	<u>ACTUAL</u>	<u>ACTUAL</u>
<b>REVENUE:</b>		
ADVER. & SPONS. REVENUE	1,292,236	1,123,007
BOOK/MERCH. SALES	1,005,764	931,939
MEMBERSHIP REVENUE	1,382,454	1,282,966
EVENT REVENUE	3,438,336	3,367,969
GOV'T GRANT FUNDING	408,446	342,380
ALL OTHER REVENUE	123,035	125,457
<b>TOTAL REVENUE</b>	<b>\$7,751,272</b>	<b>\$7,173,718</b>
<b>EXPENSES:</b>		
GEN. OFFICE/ADMIN. EXP.	-226,153	-230,707
DEPREC. & AMORT.	-66,882	-43,393
SALARIES & BENEFITS	-2,104,665	-2,009,848
INSURANCE & LEGAL	-235,378	-141,701
RENT EXPENSE	-133,051	-124,663
EVENT OPERATIONS	-1,700,091	-1,489,258
SALES & MARKETING	-333,701	-348,042
PRINTING	-255,769	-243,373
POSTAGE & SHIPPING	-286,775	-287,195
COST OF GOODS SOLD	-331,926	-298,663
TRAVEL	-317,230	-365,067
OUTSIDE SERVICES	-748,470	-491,582
ALL OTHER EXPENSES	-304,772	-245,296
<b>TOTAL EXPENSES</b>	<b>(\$7,044,863)</b>	<b>(\$6,318,790)</b>
<b>NET SURPLUS</b>	<b>\$706,409</b>	<b>\$854,928</b>

## December 31st, 2009 abbv. Balance Sheet

<b>ASSETS:</b>	<u>12/31/09</u>	<u>12/31/08</u>
CASH	\$182,823	\$9,460
RESERVES	\$3,544,630	\$2,831,419
ACCOUNTS REC.	\$767,821	\$590,719
INVENTORY	\$393,171	\$303,401
PREPAID EXPENSES/OTHER	\$115,966	\$76,749
<b>TOTAL CURRENT ASSETS:</b>	<b>\$5,004,411</b>	<b>\$3,811,747</b>
LONG-TERM ASSETS	\$19,252	\$13,268
FIXED ASSETS	\$121,643	\$120,144
<b>TOTAL ASSETS:</b>	<b>\$5,145,307</b>	<b>\$3,945,159</b>
<b>LIABILITIES:</b>	<u>12/31/09</u>	<u>12/31/08</u>
ACCOUNTS PAYABLE	\$222,246	\$292,280
DEFERRED DEPOSITS	\$1,641,230	\$1,106,470
OTHER	\$127,129	\$98,116
<b>TOTAL CURRENT LIAB.</b>	<b>\$1,990,605</b>	<b>\$1,496,866</b>
RETAINED EARNINGS	\$2,448,292	\$1,593,364
CURRENT YR. EARNINGS	\$706,409	\$854,928
<b>TOTAL LIABILITIES:</b>	<b>\$5,145,307</b>	<b>\$3,945,159</b>

# OUR STAFF





Katie Brown



Tom Clark



Kerry Fannon



Ryan Farrell



Barbara Fusco



Paul Gatza



Erin Glass



Gary Glass



Janis Gross



Julia Herz



Carol Hiller



Lindsay Husted



Stephanie Hutton



Nancy Johnson



Pete Johnson



Stephanie Johnson



Cindy Jones



Kate Kingsbery



Bradley Latham



George Myler



Charlie Papazian



Bob Pease



Kathryn Porter-Drapeau



Chris Pryor



Jill Redding



Allison Seymour



Tim Sloan



Mark Snyder



Andy Sparhawk



Meghan Storey



Chris Swersey



Kristi Switzer



Luke Trautwein



Chris Williams

# UPCOMING EVENTS

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## BREWERS ASSOCIATION PROFESSIONAL DIVISION

### 2010

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**NBWA/Brewers Joint Legislative Conference**  
April 18 – 21, 2010, Washington DC

**Craft Brewers Conference & BrewExpo America**  
April 7 – 10, 2010, Chicago, IL

**American Craft Beer Week**  
May 17 – 23, 2010

**Savor: An American Craft Beer & Food Experience**  
June 5, 2010, Washington, DC

**Great American Beer Festival<sup>SM</sup>**  
September 16 – 18, 2010, Denver, CO

### 2011

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**Craft Brewers Conference & BrewExpo America<sup>®</sup>**  
March 23 – 26, 2011 / San Francisco, CA

**NBWA/Brewers Legislative Conference (tentative)**  
March 27 – 30, 2011, Washington, DC

**American Craft Beer Week**  
May 16 – 22, 2011

**Great American Beer Festival<sup>SM</sup>**  
September 29 – October 1, 2011, Denver, CO

## AMERICAN HOMEBREWERS ASSOCIATION<sup>®</sup>

### 2010

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#### Membership Rallies

- February 28: Saint Arnold Brewing Co., Houston, TX
- March 13: Stone Brewing Co., Escondido, CA
- March 27: Abita Beer, Abita Springs, LA
- May 15: Upland Brewing Co., Bloomington, IN
- May 21: Allagash Brewing Co., Portland, ME
- July 29: Boston Beer Co., Boston, MA
- July 30: Goose Island Brewing Co., Chicago, IL
- August 7: Natty Greene Brewing Co., Raleigh, NC
- November 6: Maui Brewing Co., Maui, HI
- TBD: Avery Brewing Co., Boulder, CO
- TBD: Naked City Brewing Co., Seattle, WA
- TBD: Northern Brewer Ltd., Minneapolis, MN

**National Homebrew Competition—First Round**  
April 10-24, 2010

**National Homebrew Day (Big Brew)**  
May 1, 2010

**National Homebrewers Conference**  
June 17 – 19, 2010 / Minneapolis, MN

**Mead Day**  
August 7, 2010

**Learn to Homebrew Day**  
November 6, 2010

### 2011

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**National Homebrew Competition**  
April 2011

**National Homebrew Day (Big Brew)**  
May 7, 2011

**National Homebrewers Conference**  
June 2011

**Mead Day**  
August 6, 2011

**Learn to Homebrew Day**  
November 7, 2011

Brewers Association  
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BrewersAssociation.org • info@brewersassociation.org

Brewers Association  
www.BrewersAssociation.org



The logo features the letters 'BA' in a large, stylized font, with 'BREWERS ASSOCIATION' written in a smaller font below it, all enclosed in a square border.