

# ANGUS

## THE BUSINESS BREED

### AMERICAN ANGUS ASSOCIATION® HIGHLIGHTS OF THE MEETING OF THE BOARD OF DIRECTORS JUNE 3-6, 2024

The following is a review of topics discussed and action taken during the meeting of the Board of Directors held June 3-6, 2024, in Oklahoma City, OK.

#### **AMERICAN ANGUS ASSOCIATION**

- Total assets at April 30, 2024 were \$27,682,400 and consisted of current assets of \$3,463,100, investments of \$19,491,500 of which \$10,545,600 is restricted, and fixed assets and goodwill of \$4,727,800. Current liabilities were \$1,161,800 consisting of accounts payable, accounts payable intercompany, accrued liabilities and deferred income. Long-term liabilities of \$1,012,200 consisted of accrued health insurance benefits and a forgivable economic development grant from Buchanan County. Net income for the period ending April 30, 2024 was \$3,200,200.
- Jonathan Perry moved, seconded by Art Butler to accept the finance report. The motion passed unanimously.
- The Board approved Committee reports as follows:
  - The Board heard a report from the Executive Committee regarding a member disciplinary complaint.
  - Breed Improvement Committee report and recommendations: motion by Darrell Stevenson, second by John Dickinson, unanimous approval.
  - Commercial Programs Committee report and recommendations: motion by John Dickinson, second by Jonathan Perry, unanimous approval.
  - Communications and PR Committee report and recommendations: motion by Charles Mogck, second by Art Butler, unanimous approval.
  - Events and Junior Activities Committee: motion by Greg McCurry, second by Jonathan Perry, unanimous approval.
  - Finance and Planning Committee report and recommendations: motion by Jim Brinkley, second by Darrell Stevenson, unanimous approval.
  - Member Services Committee report and recommendations: motion by Jerry Theis, second by Henry Smith, unanimous approval.
- The Board reviewed terms for industry representatives and at-large Board members and discussed upcoming vacancies.
- The Board discussed our advertising products backed by first-party data and how we can provide a competitive advantage to our members.
- A member presented a proposed research project with the USDA.
- The Board heard a presentation from Dale Woerner, Ph.D from Texas Tech on red meat yield research.

- An invitation for the Board to participate in the Producer Profitability Initiative was discussed. The consensus was supportive and interested in learning more.
- Jonathan Perry moved, seconded by Jim Brinkley, to appoint Landi McFarland from Iowa and Bill Bowman of Missouri to serve as Election Observers overseeing the counting of the delegate election ballots in the office in August. Motion passed unanimously.
- Board members Darrell Stevenson and Mark Ahearn declared their candidacy for the 2025 Board treasurer.
- The Board was reminded of the upcoming review process for the CEO and entity presidents to be conducted at the next regular Board meeting to be held in September.
- The Board discussed a reported instance of fraudulent transfers and discussed safeguards that could be implemented in the future.

#### ***EXECUTIVE COMMITTEE***

- The Executive Committee met to address an allegation of misconduct. An investigation was conducted. Allegations were not substantiated, and complainant was informed.

#### ***BREED IMPROVEMENT COMMITTEE***

- Staff reviewed the updates going into effect alongside the Fall Sire Evaluation Report. These updates included main/supplemental sire lists, breed averages, percentile ranks, genomic scores, economic assumptions, updates to heifer pregnancy contemporary group, CORE24, updates to the carcass weight, ribeye area, and fat model, and bolding of phenotypes in the evaluation.
- Staff presented the overview of the plan for communicating information for three new traits including functional longevity, teat size, and udder suspension via regional meetings this summer on Zoom. These traits would also be incorporated into \$M in the future.
- Staff presented an update to the MaternalPlus® logo, which includes the word “Herd” in the logo to help designate it is a herd logo, displayed on active, enrolled females. Darrell Stevenson moved to accept the new logo, seconded by Jerry Theis. There was discussion if the logo could be moved closer to the members name on EPD/Pedigree Look-up. Motion passed unanimously.
- A timeline was shared on progress for teat size and udder suspension research. Staff anticipate a release in late summer/early fall for these research EPDs.

#### ***COMMERCIAL PROGRAMS COMMITTEE***

- The AngusLink program continues to experience strong momentum, with the first 5 months of the year each hitting record enrollments.
- Staff reported on the AngusLink announcement of National Beef adding GMS premiums to their grid and the media mentions this announcement has earned.
- Staff reported on the progress of adding a maternal score to the AngusLink Genetic Merit Scorecard. The maternal score is reflective of \$Maternal Weaned Calf Value and will aid commercial producers who are marketing replacement females. The new value will be available in June.

#### ***COMMUNICATIONS AND PR COMMITTEE***

- The content development for the Angus.org website continues in earnest. Staff reported on progress and shared the beta versions of several high-traffic pages and new pages. Plans are to launch the new site later this summer.
- Finishing touches on the first module of BEEF Academy was presented and staff shared plans to launch during the National Junior Angus Show the first week in July. The interactive module on Beef Industry Segments is ready and the team continues to work on the next two modules, Beef Science and Genetics.
- Staff shared their different methods of establishing and maintaining relationships with key ag media, with an end goal to have a mutually beneficial relationship.

#### **EVENTS AND JUNIOR ACTIVITIES COMMITTEE**

- Recognition of the selection for 2024 Young Breeder of the Year, Cody Quam from Wisconsin, and Angus Ambassador, Mark McGuire from Alabama.
- Discussion was held on the rising cost of the National Junior Angus Show and ways to control costs in the future.
- Discussion was also had on plans being made for the 2025 Angus Convention in Kansas City.
- Mark Ahearn moved to approve Scott Foster as the associate judge for the 2025 Cattleman's Congress Super ROV Show. Loran Wilson second. Motion passed unanimously.

#### **MEMBER SERVICES COMMITTEE**

- Staff presented the following proposed rule updates for consideration.
  - **Rule 104 Animals Eligible for Registration**
    - d. Calves produced by embryo transplant**
      1. The Sire must be DNA-marker-typed or must have been blood-typed before January 1, 2001.
      2. The Embryo Transfer Donor Dam must be DNA-marker- typed or must have been blood-typed before January 1, 2001. The full suite of known commercially available tests for the genetic conditions monitored by the American Angus Association will be required for all donor dams, born on or after January 1, 2023, used for the purpose of Embryo Transfer. **In the event DNA is unavailable from the donor dam for genetic condition testing, the full suite of known commercially available tests for the genetic conditions monitored by the American Angus Association will be required for all offspring applying for registration.** (As amended June 8, 2023)
  - A motion was made by Paul Bennett to adopt the proposed rule update as presented, seconded by Loran Wilson. Motion passed unanimously.
  - **Rule 202 Registration of Foreign Animals**
    - Foreign embryos**
    - Rule 202: Application for Registration
    - The request to import a registration into the American Angus Association registry shall come from or be approved by a member of the American Angus Association entitled to registration privileges. If the request is not from the breeder or a current owner, the request to import the registration will need to include written authorization from the breeder or a current owner. The animal being imported into the American

- Angus Association registry must first be recorded within the registry of an Association or Society recognized by the American Angus Association as a member of the World Angus Secretariat. **Imported animals resulting from embryo transfer** ~~Imported embryos~~ (born in US, conceived in a foreign country) must first have the sire and the dam registered with the American Angus Association prior to being registered in the American Angus Association Herd Book. **In addition, to be eligible for registration these animals must have a genomic profile and the full suite of known commercially available tests for the genetic conditions monitored by the American Angus Association.** Registration will be issued subject to a fee established by the Board of Directors (As amended September 15, 2022, and February 8, 2024)
- A motion was made by Henry Smith to adopt the proposed rule update as presented, seconded by Paul Bennett. Motion passed unanimously.
  - Online Membership Application
    - Staff presented the development of an Online Membership Application form as an option to apply for membership in addition to the current paper form used today.
    - Staff reported that they would work with legal counsel for the necessary language along with Information Systems to develop the online form should the committee want to pursue this option.
    - A motion was made by Paul Bennett to move forward with the online electronic membership application process, seconded by Loran Wilson. Motion passed unanimously.
  - Number of owners for transfer of registered animals
    - Following a member letter and discussion in the February board meeting, staff presented to the committee the rules regarding the number of owners allowed on a registration paper. Staff also shared data on the prevalence of multi-owner registrations along with considerations for modifying the current rule. After discussion of the benefits and disadvantages of making a rule change, the committee chose to take no action and leave the rule as-is.

## **FINANCE AND PLANNING**

- Balance Sheets and Income Statements for the period ending April 30, 2024 were reviewed. The financial review included the consolidated financial reports and the financial reports of each entity.
- Total assets on the consolidated financial report were \$87,220,100, consisting of current assets of \$18,003,300, investments of \$54,958,800, property and equipment of \$13,908,400 and non-current assets of \$349,600. Current liabilities were \$5,945,500, consisting of accounts payable, accrued liabilities and deferred income. Long-term liabilities of \$2,222,000 consisted of accrued health insurance benefits and a forgivable economic development grant. Consolidated net income for the period ending April 30, 2024 was \$11,335,200. The financials through April 30, 2024, for each entity were reviewed and presented on as well.
- Staff reported on the return of the investment portfolio. Fiscal year to date, through April 30, 2024, the balanced portfolio had a positive return of 11.00%. The fixed income portfolio had a positive return of 6.57%. The consolidated investment income is a positive \$4,918,100 year to date through April 30, 2024. Year to date, through April 30,

2024, there were withdraws, totaling \$722,800, out of the portfolio of the Association and its Subsidiaries.

- Projections of the financial results for the fiscal year that will end September 30, 2024, were also presented for the Association, and its subsidiaries.
- Staff reported the progress of being able to accept ACH as a payment option for members. It was reported that the option is currently being tested with anticipation of making it available in June 2024.

#### **ANGUS FOUNDATION**

- Total assets at April 30, 2024 were \$25,899,400, and consisted of current assets of \$625,100, and investments of \$25,174,300, of which \$24,250,100 is restricted, and long term pledges receivable of \$100,000. Current liabilities were \$25,900 consisting of accounts payable, accounts payable intercompany, and accrued liabilities. Long-term liabilities of \$29,200 consisted of accrued health insurance benefits. Net income for the period ending April 30, 2024 was \$2,180,700.
- Tom McGinnis moved, seconded by Henry Smith, that the financial report be approved. Motion passed unanimously.
- An update on current activities and fundraising events for the summer months were presented.
- Current campaigns were reviewed and discussed for promotion and uptake by membership.

#### **ANGUS GENETICS INC.**

- Total assets at April 30, 2024 were \$2,750,300, and consisted of current assets of \$1,529,300, investments of \$1,108,800, fixed assets of \$67,400, and non-current assets of \$44,800. Current liabilities were \$1,635,700 consisting of accounts payable, accounts payable intercompany, and accrued liabilities. Long-term liabilities of \$23,200 consisted of accrued health insurance benefits. Net income for the period ending April 30, 2024 was \$466,700.
- Darrell Stevenson moved, seconded by Art Butler, that the financial report be approved. Motion passed unanimously.
- The GeneMAX re-launch strategy was presented
- Information was given on the upcoming ImAGIne genetics forum
- Updates were giving on the following research and development projects:
  - Genetic evaluation optimization
  - \$Maternal weaned calf value
  - Angus-On-Dairy Index Values
  - Red meat yield RFP exploration

#### **ANGUS PRODUCTIONS INC.**

- Total assets at April 30, 2024 were \$3,815,600, and consisted of current assets of \$2,334,200, restricted investments of \$940,400, fixed assets of \$336,200, and non-current assets of \$204,800. Current liabilities were \$1,584,800 consisting of accounts payable, accounts payable intercompany, accrued liabilities and deferred income. Long-

term liabilities of \$301,700 consisted of accrued health insurance benefits. Net income for the period ending April 30, 2024 was \$777,000.

- Rob Adams moved, seconded by Roger Wann to accept the finance report. The motion passed unanimously.
- Strategies to improve audiences and digital advertising evolutions were discussed.
- The preferred method for presenting parent average EPDs on embryos was presented.

### ***CERTIFIED ANGUS BEEF LLC***

- Financials: Total assets on April 30, 2024, were \$27,540,900, and consisted of current assets of \$10,520,100, investments of \$8,243,800 of which \$2,128,000 is restricted, and fixed assets of \$8,777,000. Current liabilities were \$2,005,900 consisting of accounts payable, accounts payable intercompany, accrued liabilities, and deferred income. Long-term liabilities of \$855,700 consisted of accrued health insurance benefits. Net income for the period ending April 30, 2024, was \$4,710,600.
- Approval of the Financial Report was moved and seconded by Jim Brinkley and Jerry Theis, respectively, and passed unanimously.
- Supply: Although fed-cattle harvest at licensed plants has been down almost 3%, certified head count is actually up nearly 1% due to continued increase in the presence of Angus-influenced cattle in the mix and a record trending acceptance rate (37.4%) thus far this fiscal year.
- Product Sales: Due in large part to a 7.4% increase in international business, overall Certified Angus Beef® brand sales are running 1.3M lbs. (0.2%) above prior year through May in spite of high prices and tightening supplies.
- Brand Production: Investigation into the merit and practicality of expanded international brand production continues as a means to potentially service markets with high demand for the brand and inadequate access to North American product.
- Strategic Partnerships: A strategic partnership has been established with the Vidalia® Onion Committee to use and promote Vidalia® onions at the Culinary Center and on brand social channels, creating a model for how the brand may approach strategic partnerships with other aligned brands/organizations moving forward.
- Sustainability: Complimenting ongoing collaborations with Ducks Unlimited and Beef Quality Assurance, the brand will be working with the Noble Research Institution to offer farmers and ranchers an online resource focused on regenerative ranching and grazing practices.
- Targeting the Brand™: During the 2023-2024 bull sale season, the Certified Angus Beef® Targeting the Brand™ logo was leveraged at 307 sales with 13,616 bulls identified, representing 57% of bulls offered in those sales.
- Colvin Scholarship: 186 Colvin Scholarship applications were received with \$100,000 to be awarded in 2024.
- Renovation: The remodel of the brand's old point-of-sale warehouse into a repurposed space to meet the increasing demand among partners for brand education and sales training is expected to be complete by the end of August.

### ***NEXT REGULAR BOARD MEETING***

September 9-12, 2024, St. Joseph, Missouri