

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023



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**AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
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YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
American Angus Association and its Subsidiaries
St. Joseph, Missouri

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of American Angus Association and its Subsidiaries (the Association), which comprise the consolidated statements of financial position as of September 30, 2024 and 2023, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Angus Association and its Subsidiaries as of September 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of American Angus Association and its Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about American Angus Association and its Subsidiaries' ability to continue for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 American Angus Association and its Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Angus Association and its Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

Board of Directors
American Angus Association and its Subsidiaries

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Kansas City, Missouri
October 18, 2024

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2024 AND 2023

| ASSETS | 2024 | 2023 |
|---|---------------|---------------|
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 8,242,807 | \$ 7,091,558 |
| Accounts Receivable, Net | 4,886,242 | 4,822,331 |
| Pledges Receivable, Net - Current Portion | 208,250 | 263,412 |
| Income Tax Receivable | 7,146 | 4,212 |
| Inventories | 2,356,510 | 2,201,248 |
| Prepaid Expenses | 1,041,542 | 1,200,254 |
| Total Current Assets | 16,742,497 | 15,583,015 |
| INVESTMENTS | | |
| Without Donor Restrictions - Association | 9,945,305 | 8,581,396 |
| Without Donor Restrictions - Subsidiaries | 9,010,418 | 7,346,106 |
| Board-Designated | 23,383,780 | 19,016,402 |
| Donor Restricted - Purpose | 3,979,546 | 2,508,820 |
| Donor Restricted - Perpetually Restricted | 13,622,572 | 13,310,743 |
| Total Investments | 59,941,621 | 50,763,467 |
| PROPERTY AND EQUIPMENT | | |
| Buildings and Land Improvements | 14,844,924 | 14,279,708 |
| Furniture, Fixtures, and Equipment | 3,781,250 | 3,679,957 |
| Electronic Data Processing Equipment | 9,886,703 | 8,152,252 |
| Work in Process | 1,927,527 | 1,831,499 |
| Total, at Cost | 30,440,404 | 27,943,416 |
| Less: Accumulated Depreciation | 15,818,094 | 14,918,363 |
| Total Property and Equipment | 14,622,310 | 13,025,053 |
| OTHER ASSETS | | |
| Deferred Income Taxes | 212,931 | 249,604 |
| Long-Term Pledges Receivable - Net | 50,000 | 100,000 |
| Total Other Assets | 262,931 | 349,604 |
| Total Assets | \$ 91,569,359 | \$ 79,721,139 |

See accompanying Notes to Consolidated Financial Statements.

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
SEPTEMBER 30, 2024 AND 2023

| | 2024 | 2023 |
|-----------------------------------|---------------|---------------|
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts Payable - Trade | \$ 2,519,810 | \$ 4,470,403 |
| Accrued Liabilities | 4,905,648 | 4,016,902 |
| Deferred Income | 998,140 | 897,158 |
| Refundable Grant | 850,000 | 497,333 |
| Total Current Liabilities | 9,273,598 | 9,881,796 |
| LONG-TERM LIABILITIES | | |
| Accrued Postretirement Benefits | 2,020,906 | 2,121,997 |
| Total Long-Term Liabilities | 2,020,906 | 2,121,997 |
| Total Liabilities | 11,294,504 | 12,003,793 |
| NET ASSETS | | |
| Without Donor Restrictions: | | |
| General Operating | 39,415,172 | 33,269,148 |
| Board-Designated | 23,382,880 | 19,160,561 |
| Total Without Donor Restrictions | 62,798,052 | 52,429,709 |
| With Donor Restrictions | | |
| Purpose Restrictions | 3,854,232 | 1,759,800 |
| Perpetual in Nature | 13,622,571 | 13,527,837 |
| Total With Donor Restrictions | 17,476,803 | 15,287,637 |
| Total Net Assets | 80,274,855 | 67,717,346 |
| Total Liabilities and Net Assets | \$ 91,569,359 | \$ 79,721,139 |

See accompanying Notes to Consolidated Financial Statements.

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
AND CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

| | 2024 | 2023 |
|---|-------------------|-------------------|
| REVENUES, GAINS, AND OTHER SUPPORT | | |
| Royalties | \$ 34,111,877 | \$ 32,812,251 |
| Advertising Income | 9,431,543 | 9,479,052 |
| Registrations | 5,974,744 | 5,848,738 |
| Transfers | 932,682 | 911,723 |
| Artificial Insemination Certificates | 1,534,430 | 1,512,450 |
| Memberships | 1,338,310 | 1,338,000 |
| Performance Programs | 1,133,862 | 1,132,336 |
| Commercial Programs | 137,390 | 257,341 |
| DNA Tests and Genetic Evaluations | 9,536,189 | 8,980,678 |
| Digital Marketing and Web Services | 1,621,563 | 1,634,507 |
| Subscriptions | 459,184 | 490,368 |
| Angus Foundation Donations and CAB Partnership Income | 1,264,109 | 1,097,960 |
| In-Kind Contributions | 57,573 | 143,717 |
| Merchandise Sales | 1,449,820 | 1,218,390 |
| Ranch Tags and Accessories | 257,978 | 149,353 |
| Event and Show Income | 846,177 | 1,113,473 |
| Other Income | 380,372 | 392,856 |
| Net Investment Income | 1,937,567 | 2,487,624 |
| Total Revenues, Gains, and Other Support | 72,405,370 | 71,000,817 |
| EXPENSES | | |
| Program Services: | | |
| Certified Angus Beef | 27,305,125 | 27,061,374 |
| Angus Media | 9,786,043 | 9,692,362 |
| Angus Genetics | 7,534,005 | 6,774,945 |
| Angus Foundation | 685,318 | 622,157 |
| Member Services | 1,662,470 | 1,818,262 |
| Commercial Programs | 496,654 | 1,507,658 |
| Member and Industry Communications | 1,552,019 | 1,453,534 |
| Field Services | 2,368,513 | 2,214,186 |
| Events and Education | 2,446,000 | 2,352,035 |
| Total Program Services | 53,836,147 | 53,496,513 |
| Support Services: | | |
| Management and General | 14,023,099 | 13,485,579 |
| Fundraising | 320,332 | 395,249 |
| Total Support Services | 14,343,431 | 13,880,828 |
| TOTAL EXPENSES | 68,179,578 | 67,377,341 |

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
AND CHANGES IN NET ASSETS (CONTINUED)
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

| | 2024 | 2023 |
|---|---------------|---------------|
| CHANGES IN NET ASSETS BEFORE OTHER PROVISIONS AND NET UNREALIZED GAIN ON INVESTMENTS | \$ 4,225,792 | \$ 3,623,476 |
| PROVISION FOR TAXES | (83,400) | (16,500) |
| PROVISION FOR POSTRETIREMENT BENEFITS | (13,905) | (131,487) |
| NET UNREALIZED GAIN ON INVESTMENTS | 8,520,282 | 2,216,550 |
| CHANGES IN NET ASSETS BEFORE INCOME TAXES | 12,648,769 | 5,692,039 |
| PROVISION FOR INCOME TAXES | (91,260) | (91,912) |
| CHANGES IN NET ASSETS | \$ 12,557,509 | \$ 5,600,127 |
| CHANGES IN: | | |
| Net Assets Without Donor Restrictions | \$ 10,368,343 | \$ 5,077,474 |
| Net Assets With Donor Restrictions: | | |
| Purpose Restrictions | 2,094,432 | 409,098 |
| Perpetual in Nature | 94,734 | 113,555 |
| CHANGES IN NET ASSETS | 12,557,509 | 5,600,127 |
| Net Assets - Beginning of Year | 67,717,346 | 62,117,219 |
| NET ASSETS - END OF YEAR | \$ 80,274,855 | \$ 67,717,346 |

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2024**

| | Program Services | | | | | | | | | Support Services | | | Total Expenses | |
|---|----------------------|---------------------|---------------------|-------------------|---------------------|---------------------|------------------------------------|---------------------|----------------------|------------------------|------------------------|-------------------|----------------------|------------------------|
| | Certified Angus Beef | Angus Media | Angus Genetics | Angus Foundation | Member Services | Commercial Programs | Member and Industry Communications | Field Services | Events and Education | Total Program Services | Management and General | Fundraising | | Total Support Services |
| EXPENSES | | | | | | | | | | | | | | |
| Personnel | \$ 14,001,096 | \$ 3,115,203 | \$ 1,320,052 | \$ - | \$ 1,501,366 | \$ 211,212 | \$ 850,324 | \$ 1,842,532 | \$ 300,412 | \$ 23,142,197 | \$ 9,436,780 | \$ 162,534 | \$ 9,599,314 | \$ 32,741,511 |
| Travel | 1,705,639 | 144,670 | 35,759 | - | 35,033 | 30,461 | 100,163 | 512,796 | 110,773 | 2,675,294 | 613,361 | 43,429 | 656,790 | 3,332,084 |
| Meetings and Events | 100,955 | 6,582 | 45,010 | - | 178 | - | 40,099 | 1,084 | 22,050 | 215,958 | 420,606 | 549 | 421,155 | 637,113 |
| Scholarships | - | - | - | 388,500 | - | - | - | - | - | 388,500 | - | - | - | 388,500 |
| Promotions and Public Relations | 7,824,128 | 5,014 | 12,588 | 76 | 21,901 | 69,386 | 421,807 | 2,098 | 6,408 | 8,363,406 | 24,112 | 6,009 | 30,121 | 8,393,527 |
| Sponsorship and National Junior Angus Association | - | - | - | 177,794 | - | - | - | - | 118,965 | 296,759 | - | - | - | 296,759 |
| Shows | 1,760,490 | - | - | - | - | - | 77,673 | 24 | 1,877,607 | 3,715,794 | 543 | - | 543 | 3,716,337 |
| Research | 32,954 | - | 155,515 | 36,000 | 68,498 | - | - | - | - | 292,967 | - | - | - | 292,967 |
| Professional Fees | - | 2,293 | 136,062 | 16,850 | 27 | - | 16,753 | - | - | 171,985 | 508,732 | - | 508,732 | 680,717 |
| DNA Lab Tests | - | - | 5,422,993 | - | - | - | - | - | - | 5,422,993 | - | - | - | 5,422,993 |
| Production | 158,929 | 3,588,350 | 37,885 | 64,895 | 21,914 | 184,291 | 2,300 | - | - | 4,058,564 | 8,029 | 105,329 | 113,358 | 4,171,922 |
| Postage | 5,976 | 2,877,844 | 16,507 | - | - | 31 | 10,436 | 1,276 | 4,386 | 2,916,456 | 114,793 | 1,483 | 116,276 | 3,032,732 |
| General Operating and Supplies | 1,254,237 | 36,336 | 436,888 | 855 | 13,553 | 1,273 | 32,464 | 8,703 | 5,327 | 1,789,636 | 2,083,226 | 999 | 2,084,225 | 3,873,861 |
| Depreciation and Amortization | 407,538 | - | 22,817 | - | - | - | - | - | - | 430,355 | 793,082 | - | 793,082 | 1,223,437 |
| Miscellaneous | 53,183 | 9,751 | - | 348 | - | - | - | - | 72 | 63,354 | 86,424 | - | 86,424 | 149,778 |
| Total Expenses | 27,305,125 | 9,786,043 | 7,642,076 | 685,318 | 1,662,470 | 496,654 | 1,552,019 | 2,368,513 | 2,446,000 | 53,944,218 | 14,089,688 | 320,332 | 14,410,020 | 68,354,238 |
| Less: Provisions for Taxes and Income Taxes | - | - | 108,071 | - | - | - | - | - | - | 108,071 | 66,589 | - | 66,589 | 174,660 |
| Total Expenses Included in the Expense Section of the Statement of Activities and Changes in Net Assets | <u>\$ 27,305,125</u> | <u>\$ 9,786,043</u> | <u>\$ 7,534,005</u> | <u>\$ 685,318</u> | <u>\$ 1,662,470</u> | <u>\$ 496,654</u> | <u>\$ 1,552,019</u> | <u>\$ 2,368,513</u> | <u>\$ 2,446,000</u> | <u>\$ 53,836,147</u> | <u>\$ 14,023,099</u> | <u>\$ 320,332</u> | <u>\$ 14,343,431</u> | <u>\$ 68,179,578</u> |

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2023**

| | Program Services | | | | | | | | | Support Services | | | | |
|---|----------------------|---------------------|---------------------|-------------------|---------------------|---------------------|------------------------------------|---------------------|----------------------|------------------------|------------------------|-------------------|------------------------|----------------------|
| | Certified Angus Beef | Angus Media | Angus Genetics | Angus Foundation | Member Services | Commercial Programs | Member and Industry Communications | Field Services | Events and Education | Total Program Services | Management and General | Fundraising | Total Support Services | Total Expenses |
| EXPENSES | | | | | | | | | | | | | | |
| Personnel | \$ 13,540,390 | \$ 2,840,813 | \$ 957,515 | \$ - | \$ 1,644,436 | \$ 255,869 | \$ 799,131 | \$ 1,710,874 | \$ 251,402 | \$ 22,000,430 | \$ 8,940,267 | \$ 120,159 | \$ 9,060,426 | \$ 31,060,856 |
| Travel | 1,717,886 | 142,692 | 49,006 | - | 46,841 | 34,970 | 97,270 | 489,477 | 127,786 | 2,705,928 | 581,394 | 30,478 | 611,872 | 3,317,800 |
| Meetings and Events | 150,499 | 6,925 | 10,433 | - | 705 | 622 | 41,992 | 2,260 | 13,788 | 227,224 | 390,879 | 2,774 | 393,653 | 620,877 |
| Scholarships | - | - | - | 350,625 | - | - | - | - | - | 350,625 | - | - | - | 350,625 |
| Promotions and Public Relations | 7,906,722 | 4,557 | 452 | - | 25,886 | 81,489 | 390,592 | 845 | 40 | 8,410,583 | 23,006 | 22,420 | 45,426 | 8,456,009 |
| Sponsorship and National Junior Angus Association | - | - | - | 93,462 | - | - | 425 | - | 97,555 | 191,442 | - | - | - | 191,442 |
| Shows | 1,769,953 | - | - | - | - | - | 85,751 | - | 1,852,497 | 3,708,201 | 195 | - | 195 | 3,708,396 |
| Research | 15,802 | - | 188,398 | 112,610 | 69,544 | - | - | - | - | 386,354 | - | - | - | 386,354 |
| Professional Fees | - | - | 62,428 | 2,000 | - | 5,600 | 5,456 | - | - | 75,484 | 671,511 | 350 | 671,861 | 747,345 |
| DNA Lab Tests | - | - | 5,113,901 | - | - | - | - | - | - | 5,113,901 | - | - | - | 5,113,901 |
| Production | 251,533 | 3,880,931 | 37,919 | 42,547 | 11,435 | 280,049 | - | - | - | 4,504,414 | 4,703 | 209,059 | 213,762 | 4,718,176 |
| Postage | 8,599 | 2,715,170 | 24,542 | - | 498 | 577 | 5,598 | 836 | 2,167 | 2,757,987 | 139,856 | 5,830 | 145,686 | 2,903,673 |
| General Operating and Supplies | 1,146,236 | 47,203 | 369,247 | 913 | 18,917 | 482 | 27,319 | 9,894 | 6,800 | 1,627,011 | 1,961,446 | 4,179 | 1,965,625 | 3,592,636 |
| Depreciation and Amortization | 400,939 | - | 25,703 | - | - | 848,000 | - | - | - | 1,274,642 | 768,164 | - | 768,164 | 2,042,806 |
| Miscellaneous | 152,815 | 54,071 | (5,403) | 20,000 | - | - | - | - | - | 221,483 | 53,374 | - | 53,374 | 274,857 |
| Total Expenses | 27,061,374 | 9,692,362 | 6,834,141 | 622,157 | 1,818,262 | 1,507,658 | 1,453,534 | 2,214,186 | 2,352,035 | 53,555,709 | 13,534,795 | 395,249 | 13,930,044 | 67,485,753 |
| Less: Provisions for Taxes and Income Taxes | - | - | 59,196 | - | - | - | - | - | - | 59,196 | 49,216 | - | 49,216 | 108,412 |
| Total Expenses Included in the Expense Section of the Statement of Activities and Changes in Net Assets | <u>\$ 27,061,374</u> | <u>\$ 9,692,362</u> | <u>\$ 6,774,945</u> | <u>\$ 622,157</u> | <u>\$ 1,818,262</u> | <u>\$ 1,507,658</u> | <u>\$ 1,453,534</u> | <u>\$ 2,214,186</u> | <u>\$ 2,352,035</u> | <u>\$ 53,496,513</u> | <u>\$ 13,485,579</u> | <u>\$ 395,249</u> | <u>\$ 13,880,828</u> | <u>\$ 67,377,341</u> |

See accompanying Notes to Consolidated Financial Statements.

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

| | 2024 | 2023 |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Changes in Net Assets | \$ 12,557,509 | \$ 5,600,127 |
| Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities: | | |
| Depreciation | 1,223,437 | 1,842,806 |
| Amortization | - | 200,000 |
| Gains on Sale of Equipment | (27,610) | (26,332) |
| Net Realized (Gain) Loss on Investments | 587,689 | (305,047) |
| Net Unrealized Gains on Investments | (8,520,282) | (2,216,550) |
| Deferred Income Taxes | 36,673 | 48,393 |
| Contributions Restricted for Long-Term Purposes | (94,734) | (268,361) |
| Effect of Changes in Operating Assets and Liabilities: | | |
| Accounts and Interest Receivable | (63,911) | (503,374) |
| Pledges Receivable - Net | 105,162 | 129,268 |
| Income Taxes Receivable | (2,934) | (4,212) |
| Inventories | (155,262) | 43,355 |
| Prepaid Expenses | 158,712 | (24,576) |
| Accounts Payable - Trade | (1,950,593) | 968,965 |
| Accrued Liabilities, Deferred Income, Refundable Grant, Postretirement Benefits | 1,241,304 | (154,541) |
| Taxes Payable | - | (31,872) |
| Net Cash Provided by Operating Activities | 5,095,160 | 5,298,049 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from Sale of Equipment | 68,600 | 56,276 |
| Proceeds from Sale of Investments | 761,461 | 784,671 |
| Purchases of Property and Equipment | (2,861,684) | (2,996,004) |
| Purchases of Investments | (2,007,022) | (2,178,651) |
| Net Cash Used by Investing Activities | (4,038,645) | (4,333,708) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from Contributions for Investment in Permanent Endowment | 94,734 | 268,361 |
| Net Cash Provided by Financing Activities | 94,734 | 268,361 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 1,151,249 | 1,232,702 |
| Cash and Cash Equivalents - Beginning of Year | 7,091,558 | 5,858,856 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 8,242,807 | \$ 7,091,558 |

See accompanying Notes to Consolidated Financial Statements.

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

American Angus Association (the Association) is a nonprofit organization incorporated in the state of Illinois in 1883. The Association's principal activities include maintaining pedigree and performance information, and the promotion of the Angus breed for its members, a majority of whom are located throughout the United States.

These consolidated financial statements include the Association's wholly owned subsidiaries, Angus Productions, Inc., DBA Angus Media, a for-profit corporation incorporated on May 11, 1979 in the state of Illinois, and Angus Genetics, Inc., a for-profit corporation incorporated in the state of Missouri in 2007. Angus Media's principal activities are publishing the Angus Journal®, a magazine for the Angus industry, and other related business activities. Angus Genetics, Inc.'s principal activity is genetic research and technology development for the beef industry.

The consolidated financial statements also include Angus Foundation (the Foundation) and Certified Angus Beef, LLC (CAB). The Association has a controlling financial interest in both the Foundation and CAB, including a majority voting interest in their boards of directors. The Foundation is a nonprofit organization incorporated in the state of Illinois in 1980. The Foundation's principal activities are to secure, manage, and steward charitable gifts for the purpose of cultivating and fostering the advancement of education, youth, and research activities related to the Angus breed and the agricultural industry. CAB was incorporated as a nonprofit organization in the state of Delaware in 2000, and its principal business activity is to operate the Certified Angus Beef Program, and thereby promote the Angus breed of cattle by increasing the demand for registered Angus seedstock in the commercial beef industry.

All material intercompany accounts and transactions are eliminated in the consolidation process.

Use of Estimates in Preparing Consolidated Financial Statements

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Significant estimates incorporated into the Association's consolidated financial statements include: the royalty income due from meat packers; the allocation factors used to allocate costs among the various programs and supporting services of the Association; the estimated timing and collectability applicable to pledges receivable and accounts receivable; the potential for state and local tax liabilities; the required liability for postretirement benefits; and the estimated final distribution of an estate. Actual results could differ from those estimates.

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Financial statement presentation follows the recommendations of Financial Accounting Standards Board ASC 958-205, *Financial Statements of Not-for-profit Organizations*. Under ASC 958-205, the Association is required to report information regarding its financial position and activities according to two classes of net assets. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets designated to be maintained as an operating reserve and a quasi-endowment for future need.

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and liquid investments with banks, mutual funds, certificates of deposit, and money market accounts with an initial maturity date of three months or less. Certain cash equivalents are considered to be an integral part of the Association's investment program and are, accordingly, recognized as a component of investments in the consolidated statements of financial position.

Accounts and Pledges Receivable

A portion of the receivables represents royalty income to be paid by meat packers for the sale of Certified Angus Beef product. The receivable is calculated using royalty estimates derived from unreported sales, estimated from historical sales information.

All other accounts receivable are uncollateralized customer obligations that generally require payment within 30 days from the invoice date. Accounts receivable are stated at the invoice amount. Interest may be charged on past due balances, but is not recognized until collected.

Account balances with invoices over 30 days old are considered delinquent. Payments of accounts receivable are applied to the specific invoices identified on the customer's remittance advice or, if unspecified, to the earliest unpaid invoices.

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts and Pledges Receivable (Continued)

The carrying amount of accounts receivable has been reduced for delinquent accounts and estimated uncollectible invoices through maintenance of an allowance for credit losses. If there is a deterioration of a major customer's credit worthiness or actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due the Association could be adversely affected. An allowance for credit losses has been provided based on management's assessment of the collectability of receivables based on historical experience, current economic conditions, and certain forward-looking information.

Pledges receivable represent unconditional promises to give that are due within 1 to 4 years. Pledges receivable are stated at the pledged amount, with the exception of long-term promises to give which are discounted to reflect their present value. Management has also established a valuation allowance that reflects management's best estimate of amounts that may not be collected.

Inventories

Inventories consist primarily of promotional, educational, and support items, including genetic testing supplies. Inventories are stated at the lower of cost or net realizable value with cost being determined on the first-in, first-out (FIFO) basis of accounting.

Investments

Investments include fixed income and equity security mutual funds, certificates of deposit, and money market accounts. Investments in fixed income and equity mutual funds are carried at fair value, with unrealized and realized gains and losses reported as an increase or decrease in the appropriate category of net assets. Certificates of deposit and money market accounts are carried at cost, which approximates fair value.

Impairment of Long-Lived Assets

The Association reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

The Association's property is carried at cost if purchased, or fair value if contributed. The cost of property in excess of \$1,000 is capitalized. Work in process is not depreciated until placed in service. Property and equipment is depreciated on the straight-line basis over the estimated useful lives of the assets as follows:

| | |
|--------------------------------------|----------------|
| Land Improvements | 7 to 20 Years |
| Buildings and Building Improvements | 10 to 50 Years |
| Furniture, Fixtures, and Equipment | 5 to 10 Years |
| Electronic Data Processing Equipment | 5 to 10 Years |

Included in furniture, fixtures, and equipment are vehicles used by regional managers. These vehicles are depreciated using an estimated cost per mile driven for each vehicle.

Goodwill

Beginning in 2019, the Association adopted the accounting alternative offered to nonpublic entities and nonprofit organizations for the subsequent measurement of goodwill. In accordance with this alternative, the Association amortizes goodwill over five years, on the straight-line basis and only evaluates goodwill for impairment at the entity level when a triggering event occurs. A period of five years has been utilized to equal the life of the related assets acquired in the purchase transaction.

Deferred Income

Advertising revenue is recognized as income when the magazine issue is published to which the revenue is related. Revenue from magazine subscriptions is recognized proportionately over the life of the subscription.

Revenue Recognition

Royalty revenue associated with Certified Angus Beef is a sales-based royalty with variable consideration based on pounds of product sold. CAB's performance obligation is to provide licensing of the CAB logo and revenue is recognized at a point in time when the underlying product is sold.

Advertising income is primarily associated with the operations of API. Livestock breeders and allied industry partners will purchase advertisements in the Angus Journal and Beef Bulletin in addition to having sale catalogs produced. Revenue is recognized once the publication is distributed.

Registrations and transfers are revenue associated with the registration of angus cattle with the Association. Breeders will provide certain information such as the gender, birth date, sire, and dam of the animals for tracking by the Association. Transfers of registrations occur when an animal is bought or sold and information is transferred to another individual or entity. Revenue is recognized at a point in time once an application for entry has been submitted to the Association.

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Artificial insemination (AI) certificates are purchased to carry the registration information of bulls to then be used for registration of the progeny where the progeny were conceived by artificial insemination. Revenue is recognized at the point in time in which the member purchases the certificate.

Membership revenues are charged on an annual basis, determined on the anniversary date of the application for membership. The membership benefit is that breeders are allowed to register animals and conduct other business with the Association. The performance obligations connected with these benefits are recognized over time as the benefits are delivered to members. The Association believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligations.

Performance and commercial program revenues are primarily fees associated with Angus Herd Improvement Records (AHIR) and Beef Record Service (BRS), which includes recording of birth or weaning weights and other statistics. Data submitted is released by members, and then can be used by the Association for breed improvement programs or research. Members receive the benefit of receiving expected progeny differences (EPDs) which are scores that estimate how future progeny are expected to perform in several trait categories. Revenue is recognized at the point in time in which weights are submitted or the cow is enrolled in inventory reporting.

Also included in commercial program revenues is AngusLink. AngusLink has two offerings. The first is AngusVerified which is administered by IMI. This is a USDA Process Verified Program, that verifies that the sires of the enrolled calves are sired by Registered Angus bulls. The second program of AngusLink is the Genetic Merit Scorecard (GMS) which characterizes the feeding and carcass merit of a group of calves based upon genetic information provided on the bulls and cows. The AngusVerified certification and the GMS are then available to producer use once the cattle are marketed. Revenues are recognized at the time of providing the AngusVerified marketing certificate or GMS, and there are typically no deferred revenues.

DNA testing provides trait and parentage testing and genetic conditions testing for cattle. Revenue is recognized when an order is submitted as the time period between the ordering of a test and issuance of the results is short, and any deferred revenues are not considered to have a material impact.

Web Services revenue are earned through the promoting of upcoming livestock sales through the building of websites for the customer or the hosting of an existing site. This also includes digital advertisements and posting of sale books on the Angus Journal website. Revenue is primarily recognized over a period of time that the website is hosted, or advertisement is posted.

Subscription revenues are associated with the Angus Journal. Revenue is recognized ratably over the subscription period as the Angus Journal is published monthly.

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Account and merchandise sales revenue is primarily associated with the operations of CAB and includes promotional materials, branded merchandise, and shipping of these items. Revenue is earned when merchandise or promotional materials are shipped to the customer.

Support fees are associated with the Association's annual convention and other events and shows. The support fees include registration to attend, entry fees to exhibit, and sponsorship of the event, which includes advertising. With a sponsorship, a number of registrations are included. Deferred revenue is recorded when payment is received for any of the fee types. Revenue is recognized upon completion of the event.

The Association recognizes contributions when cash, securities, other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met.

All contributions are considered to be without donor restriction unless specifically restricted by the donor or by law. Contributions designated by the donor are classified as revenues with donor restriction for specific purpose or time requirement and increase net assets with donor restrictions. When a donor-restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statements of activities and changes in net assets as Net Assets Released from Restrictions.

Advertising Costs

The Association expenses advertising costs as incurred.

Functional Allocation of Expenses

The indirect functional costs of providing the various programs and activities of the Association have been allocated amongst those programs and activities according to allocation principles believed to be most representative by management of the actual efforts required by those programs. Program expenses include both these allocated costs and the direct costs of providing each program or activity.

Management takes into account estimated employee hours spent per category and professional judgement when determining how much of the few allocable indirect costs to allocate to each expense classification.

Postretirement Benefits

The Association provides certain health care benefits for retired employees who meet eligibility requirements. The value for postretirement benefits is determined based on employee census information and estimates of the actuarial lifespan of potentially eligible individuals, the current year cost of supplemental health insurance, and certain assumptions related to discount rates and expected return on investments.

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Association and Certified Angus Beef, LLC are nonprofit organizations exempt from income taxes under Section 501(c)(5) of the Internal Revenue Code (IRC). Angus Foundation is exempt from income taxes under Section 501(c)(3) of the IRC, and is not considered to be a private foundation. These entities are subject to income taxes on unrelated business income. Angus Media and Angus Genetics, Inc. are not tax-exempt organizations.

Deferred income taxes are provided on temporary differences between financial statement and income tax reporting. Temporary differences are differences between the amounts of assets and liabilities reported for financial statement purposes and their tax basis.

Deferred tax assets are recognized for temporary differences that will be deductible in future years' tax returns and for operating loss and tax credit carryforwards. Deferred tax assets are recognized only if it is more likely than not that a tax position will be realized or sustained upon examination by the relevant taxing authority. A tax position that meets the more likely than not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information.

Deferred tax assets are reduced by a valuation allowance if it is deemed more likely than not that some or all of the deferred tax assets will not be realized. Deferred tax liabilities are recognized for temporary differences that will be taxable in future years' tax returns.

The Association follows the provisions for uncertain tax positions as addressed in Financial Accounting Standards Board ASC 740. The Association recognized no liability for unrecognized tax benefits at September 30, 2024. The Association has no material tax positions at September 30, 2024 for which the ultimate deductibility is highly certain, but for which there is uncertainty about the timing of such deductibility. The Association had no accruals for interest and penalties at September 30, 2024 and 2023.

Description of Programs

The Association operates the following programs:

Certified Angus Beef

Certified Angus Beef administers the national branded beef program with the goal of improving demand for registered Angus cattle.

Angus Media

Angus Media publishes the *Angus Journal*®, the official publication of the American Angus Association, the *Angus Beef Bulletin* and other materials, and provides services in support of the Angus industry.

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Programs (Continued)

Angus Genetics

Angus Genetics provides services to the beef industry including the genetic evaluation of cattle traits, the development, and implementation of technology, such as DNA data, along with conducting research on new science to benefit all beef producers.

Member Services

The Member Services department maintains membership records and registered Angus cattle pedigree information, and services other membership needs.

AIMS – The Angus Information Management Software (AIMS) department develops, maintains, and distributes AIMS computer software used by members to maintain records on their Angus herds.

Performance Programs – The Performance Programs department provides genetic information to members by processing animal birth, weaning and yearling weights, and other information useful in genetic evaluation of beef cattle.

Commercial Programs

The Commercial Programs department coordinates the Association's current work with commercial operations, as well as the development of new programs to assist commercial beef cattle producers using Angus genetics.

Industry and Member Communications

The Industry and Member Communications department provides national advertising and national public relations programs, as well as member information and education programs.

Field Services

The Field Services department reaches all corners of Association membership through its team of regional managers who attend Angus events, and work with members and commercial cattle producers.

Conferences and Events

The Activities department coordinates and assists with the Association's events, shows and other activities, and provides show premiums and attendance at Angus shows and events.

Junior Activities – The Junior Activities department oversees and conducts all development and activities regarding Angus youth and the National Junior Angus Association.

Angus Foundation

The Angus Foundation develops, assists, and sponsors educational programs, supports youth programs, and supports scientific research on related beef industry topics.

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

The Association has adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Association adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Association’s financial statements but did change how the allowance for credit losses is determined.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Association regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Association has various sources of liquidity at its disposal, including cash and cash equivalents, investments, accounts receivable, and pledges receivable.

In addition to financial assets available to meet general expenditures over the next 12 months, the Association anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the consolidated statements of cash flows which identify the sources and uses of the Association’s cash.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise of the following:

| | <u>2024</u> | <u>2023</u> |
|--|----------------------|----------------------|
| Cash | \$ 8,242,807 | \$ 7,091,558 |
| Investments | 59,941,621 | 50,763,467 |
| Accounts Receivable - Net | 4,886,242 | 4,822,331 |
| Pledges Receivable - Net - Current Portion | <u>208,250</u> | <u>263,412</u> |
| Total Financial Assets | 73,286,066 | 62,944,980 |
| Contractual or Donor Imposed Restrictions | (17,444,805) | (15,270,887) |
| Board-Designated Assets | <u>(23,475,362)</u> | <u>(19,187,933)</u> |
| Financial Assets Available to Meet Cash | | |
| Needs for Expenditures Within One Year | <u>\$ 32,365,899</u> | <u>\$ 28,486,160</u> |

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

The endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

Board-designated amounts could be made available for operations with a board action.

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|---------------------|---------------------|---------------------|---------------------|
| Trade Receivables | \$ 3,872,103 | \$ 4,058,092 | \$ 3,839,907 |
| Royalty Receivables | 1,014,139 | 764,239 | 479,050 |
| Total | <u>\$ 4,886,242</u> | <u>\$ 4,822,331</u> | <u>\$ 4,318,957</u> |

NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS

In determining fair value, the Association uses various valuation approaches within the ASC 820 fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs, by requiring that the most observable inputs be used when available. ASC 820 defines levels within the hierarchy based on the reliability of inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets; and

Level 2 – Valuations based on quoted prices for similar assets or liabilities, or identical assets or liabilities in less active markets, such as dealer or broker markets; and

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs, or significant value drivers, are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

Following is a description of the valuation methodologies used for instruments measured at fair value and their classifications in the valuation hierarchy.

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Equity and Fixed Income Mutual Funds

Securities listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified within Level 1 of the valuation hierarchy.

Fair values of assets measured on a recurring basis, as of September 30, are as follows:

| | 2024 | | | |
|----------------------|-------------------------|----------------------|----------------|----------------|
| | <u>Total Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Investments: | | | | |
| Equity Securities: | | | | |
| Mutual Funds: | | | | |
| Large Cap Equity | \$ 19,856,894 | \$ 19,856,894 | \$ - | \$ - |
| Mid Cap Equity | 2,763,992 | 2,763,992 | - | - |
| Small Cap Equity | 1,602,720 | 1,602,720 | - | - |
| International | 5,216,512 | 5,216,512 | - | - |
| Fixed Income: | | | | |
| Mutual Funds: | | | | |
| Short-Term | 1,165,832 | 1,165,832 | - | - |
| Corporate | 17,189,680 | 17,189,680 | - | - |
| Preferred Stock | 2,555,293 | 2,555,293 | - | - |
| Intermediate Core | | | | |
| Bond | 130,740 | 130,740 | - | - |
| Convertible Bonds | 1,081,031 | 1,081,031 | - | - |
| Long-Term Government | 416,925 | 416,925 | - | - |
| Non-Traditional Bond | 3,531,536 | 3,531,536 | - | - |
| High Yield Bond | 708,543 | 708,543 | - | - |
| Emerging Markets | | | | |
| Bonds | 1,163,459 | 1,163,459 | - | - |
| World Bond | 670,831 | 670,831 | - | - |
| Total Assets | <u>\$ 58,053,988</u> | <u>\$ 58,053,988</u> | <u>\$ -</u> | <u>\$ -</u> |

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

| | 2023 | | | |
|----------------------|----------------------|----------------------|-------------|-------------|
| | Total Fair Value | Level 1 | Level 2 | Level 3 |
| Investments: | | | | |
| Equity Securities: | | | | |
| Mutual Funds: | | | | |
| Large Cap Equity | \$ 14,055,418 | \$ 14,055,418 | \$ - | \$ - |
| Mid Cap Equity | 2,102,813 | 2,102,813 | - | - |
| Small Cap Equity | 1,273,916 | 1,273,916 | - | - |
| International | 6,062,429 | 6,062,429 | - | - |
| Fixed Income: | | | | |
| Mutual Funds: | | | | |
| Short-Term | 1,584,718 | 1,584,718 | - | - |
| Corporate | 15,079,158 | 15,079,158 | - | - |
| Preferred Stock | 2,033,768 | 2,033,768 | - | - |
| Intermediate Core | | | | |
| Bond | 121,406 | 121,406 | - | - |
| Convertible Bonds | 1,080,167 | 1,080,167 | - | - |
| Government | 376,933 | 376,933 | - | - |
| Non-Traditional Bond | 2,591,034 | 2,591,034 | - | - |
| High Yield Bond | 616,615 | 616,615 | - | - |
| Emerging Markets | | | | |
| Bonds | 812,061 | 812,061 | - | - |
| World Bond | 583,563 | 583,563 | - | - |
| Total Assets | <u>\$ 48,373,999</u> | <u>\$ 48,373,999</u> | <u>\$ -</u> | <u>\$ -</u> |

NOTE 5 INVESTMENTS

The value of investments at September 30, 2024 consists of the following:

| | Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
|------------------------------|----------------------|------------------------------|-------------------------------|----------------------|
| Held at Cost: | | | | |
| Certificates of Deposit | \$ 237,926 | \$ - | \$ - | \$ 237,926 |
| Money Market Accounts | 1,649,707 | - | - | 1,649,707 |
| Held at Fair Value: | | | | |
| Equity Security Mutual Funds | 20,062,677 | 9,377,441 | - | 29,440,118 |
| Fixed Income Mutual Funds | 30,614,831 | - | 2,000,961 | 28,613,870 |
| Total Investments | <u>\$ 52,565,141</u> | <u>\$ 9,377,441</u> | <u>\$ 2,000,961</u> | <u>\$ 59,941,621</u> |

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 5 INVESTMENTS (CONTINUED)

The value of investments at September 30, 2023 consists of the following:

| | <u>Cost</u> | <u>Gross Unrealized Gains</u> | <u>Gross Unrealized Losses</u> | <u>Fair Value</u> |
|------------------------------|----------------------|---------------------------------------|--|-----------------------|
| Held at Cost: | | | | |
| Certificates of Deposit | \$ 100,000 | \$ - | \$ - | \$ 100,000 |
| Money Market Accounts | 2,289,468 | - | - | 2,289,468 |
| Held at Fair Value: | | | | |
| Equity Security Mutual Funds | 20,497,393 | 2,997,183 | - | 23,494,576 |
| Fixed Income Mutual Funds | 29,020,408 | - | 4,140,985 | 24,879,423 |
| Total Investments | <u>\$ 51,907,269</u> | <u>\$ 2,997,183</u> | <u>\$ 4,140,985</u> | <u>\$ 50,763,467</u> |

Investment returns for the years ended September 30, 2024 and 2023 consist of the following:

| | <u>2024</u> | <u>2023</u> |
|--------------------------|----------------------|---------------------|
| Interest Income | \$ 2,642,163 | \$ 2,317,884 |
| Net Realized Gain (Loss) | (587,689) | 305,047 |
| Investment Fees | (116,907) | (135,307) |
| Net Investment Income | 1,937,567 | 2,487,624 |
| Net Unrealized Gains | 8,520,282 | 2,216,550 |
| Total Investment Returns | <u>\$ 10,457,849</u> | <u>\$ 4,704,174</u> |

NOTE 6 PLEDGES RECEIVABLE

Pledges receivable are scheduled to be collected as follows:

| <u>Year Ending September 30,</u> | <u>Amount</u> |
|----------------------------------|-------------------|
| 2025 | \$ 208,250 |
| 2026 | 50,000 |
| Total | <u>\$ 258,250</u> |

The Association has been informed of multiple donors naming Angus Foundation as a charitable beneficiary in their revocable wills or trusts. Since these gifts are revocable, they are not reflected within the accompanying consolidated financial statements due to their conditional nature and lack of support provided by the donor until the contribution becomes unconditional. The Foundation has estimated the amount of the conditional receivables could approximate \$3,215,000.

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 7 CONTRIBUTIONS IN-KIND

During the years ended September 30, 2024 and 2023, the Association received the following non-cash donations:

| <u>Item Donated</u> | <u>Program Utilization</u> | <u>2024</u> | <u>2023</u> |
|--------------------------|----------------------------|------------------|-------------------|
| Auction Items | Fundraising | \$ 56,873 | \$ 112,324 |
| Donated Event Facilities | Fundraising | - | 30,000 |
| Other | Fundraising | 700 | 1,393 |
| | | <u>\$ 57,573</u> | <u>\$ 143,717</u> |

Auction items were valued at fair value, determined by the sales price of the item. Donated event facilities were valued based on estimated third-party cost for utilization of the space. All items were considered revenue without donor restrictions.

NOTE 8 REFUNDABLE GRANT

During the year ended September 30, 2023, the Association received a grant for \$600,000 to further sustainability initiatives and Beef Quality Assurance (BQA) Certification programs. Due to barriers to recording the grant revenue included in the agreement, and right-of-return of any unspent funds, the grant has been recorded as a liability, and revenue has been recognized to the extent that qualified expenses have been incurred. The remaining liability at September 30, 2024 was \$850,000.

NOTE 9 PENSION AND POSTRETIREMENT BENEFIT PLANS

The Association sponsors a qualified noncontributory defined contribution plan (the Plan), which covers substantially all full-time eligible employees. Contributions are established by the board of directors (the board) and are discretionary. Contributions to the Plan are based upon eligible employee salaries and years of service. During the fiscal years ended 2024 and 2023, the Association contributed \$1,834,376 and \$1,757,201, respectively, to this Plan.

During the fiscal year ended September 30, 1997, the Plan was amended to include a supplemental savings and retirement plan qualified under Section 401(k) of the IRC. Eligible employees may contribute a percentage of their eligible salary, subject to federal statutory limits.

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 9 PENSION AND POSTRETIREMENT BENEFIT PLANS (CONTINUED)

The Association provides supplemental postretirement health care benefits to employees who meet certain years of service requirements. This plan is not available for employees hired after March 1, 2006. This benefit is to be funded from the general assets of the Association as they are incurred. The following is information about the benefit obligation and assumptions related to this benefit plan as of September 30:

| | <u>2024</u> | <u>2023</u> |
|---|----------------------|-----------------------|
| Accrued Benefit Obligation: | | |
| Current Liability | \$ 114,794 | \$ 117,303 |
| Long-Term Liability | 2,020,906 | 2,121,997 |
| Total | <u>\$ 2,135,700</u> | <u>\$ 2,239,300</u> |
| Benefit Expense (Includes Benefits Paid of \$117,505 and \$110,787 for the Years Ended September 30, 2024 and 2023, Respectively) | <u>\$ 13,905</u> | <u>\$ 131,487</u> |
| Weighted-Average Assumptions: | | |
| Discount Rate | 6% | 6% |
| Expected Return on Plan Assets | 8% | 8% |
| Benefit Obligation - Beginning of Year | \$ 2,239,300 | \$ 2,218,600 |
| Benefits Paid | (117,505) | (110,787) |
| Benefit Expense | 13,905 | 131,487 |
| Benefit Obligation - End of Year | <u>\$ 2,135,700</u> | <u>\$ 2,239,300</u> |

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 10 DEFERRED REVENUE

Membership revenues are charged on an anniversary date basis and are recognized as earned. Benefits offered to members include the ability to register cattle and conduct business with the Association. There are no other benefits such as conference discounts. Revenue is recognized ratably over the membership period.

Registration fees, entry fees, and sponsorships received prior to the annual convention are recorded as deferred revenue until commencement of the convention, at which time they are recognized as revenue. The fees and sponsorships are earned once the convention is held.

Subscriptions to print or digital versions of the Angus Journal are recognized ratably over the subscription period. The revenue is earned upon publishing the monthly Angus Journal.

Advertising revenue is earned upon issuance of the print or digital publication the advertisement is printed in. Revenue is recognized over the contract period that the advertisement is set to be printed.

Web services revenue is earned over the time that a website is hosted or through the period an advertisement or sale is posted. This is typically recognized on a monthly basis.

The following table provides information about significant changes in deferred revenue for the years ended September 30, 2024 and 2023:

| | Memberships | Convention | Subscriptions | Advertising | Web Services Hosting | Total |
|----------------------------------|-------------|-------------|---------------|-------------|-------------------------|--------------|
| Deferred Revenue as of 10/1/2022 | \$ 58,880 | \$ 599,458 | \$ 257,517 | \$ 157,078 | \$ 61,349 | \$ 1,134,282 |
| Amount Collected | 1,334,880 | 874,037 | 482,757 | 9,513,035 | 1,562,415 | 13,767,124 |
| Revenue Recognized | (1,338,000) | (1,062,272) | (490,368) | (9,559,836) | (1,553,772) | (14,004,248) |
| Deferred Revenue as of 9/30/2023 | 55,760 | 411,223 | 249,906 | 110,277 | 69,992 | 897,158 |
| Amount Collected | 1,335,950 | 918,187 | 429,962 | 9,503,609 | 1,555,113 | 13,742,821 |
| Revenue Recognized | (1,338,310) | (790,339) | (459,184) | (9,505,963) | (1,548,043) | (13,641,839) |
| Deferred Revenue as of 9/30/2024 | \$ 53,400 | \$ 539,071 | \$ 220,684 | \$ 107,923 | \$ 77,062 | \$ 998,140 |

NOTE 11 PROVISION FOR TAXES

The sources of deferred tax assets and liabilities, and the tax effect of each, are as follows:

| | 2024 | 2023 |
|---|-------------------|-------------------|
| Deferred Tax Assets: | | |
| Depreciation Differences | \$ (50,045) | \$ (73,018) |
| Unrealized Gains on Investments | (84,538) | (2,003) |
| Difference in Revenue and Expense Recognition | 297,990 | 280,497 |
| Allowance for Doubtful Accounts | 28,854 | 24,159 |
| Net Operating Loss | 20,670 | 19,969 |
| Net Deferred Tax Asset | <u>\$ 212,931</u> | <u>\$ 249,604</u> |

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 11 PROVISION FOR TAXES (CONTINUED)

The net deferred tax assets are presented in the accompanying consolidated statements of financial position as follows:

| | <u>2024</u> | <u>2023</u> |
|------------------------------|-------------------|-------------------|
| Current Deferred Tax Asset | \$ - | \$ - |
| Long-Term Deferred Tax Asset | 212,931 | 249,604 |
| Net Deferred Tax Asset | <u>\$ 212,931</u> | <u>\$ 249,604</u> |

The long-term deferred tax asset results from an allowance for sales and use tax liability recognized for financial accounting purposes and from using different depreciation methods and useful lives for financial accounting and income tax purposes, difference in revenue recognition for deferred compensation and differences for postretirement benefits.

A reconciliation of the provision for income taxes at the federal statutory tax rates, to the Association's actual provision for income taxes, is as follows:

| | <u>2024</u> | <u>2023</u> |
|---|------------------|------------------|
| Computed at Federal Statutory Rates | \$ 74,039 | \$ 61,684 |
| Increase (Decrease) in Income Taxes Resulting from: | | |
| State Income Taxes, Net of Federal Benefit | 11,601 | 11,513 |
| Nontaxable Income and Nondeductible Expenses | 2,951 | 2 |
| Adjustment on Deferred Tax Balances | (5,215) | 18,703 |
| Miscellaneous Other Adjustments | 7,884 | 10 |
| Total Provision for Income Taxes | <u>\$ 91,260</u> | <u>\$ 91,912</u> |

The Association files income tax returns in the U.S. federal jurisdiction and various states. The Association is no longer subject to U.S. federal or state income tax examinations by tax authorities for years ended before September 30, 2021.

The Association's operations and activities occur, depending upon the specific year, in a variety of states. A provision of \$83,400 and \$16,500 has been established for sales and use taxes that may potentially be due to these taxing jurisdictions for the years ended September 30, 2024 and 2023, respectively. The total liability booked is \$1,038,572 and \$955,172 and is reflected as a component of accrued liabilities at September 30, 2024 and 2023, respectively. Changes in sales and use tax nexus criteria may impact the taxing jurisdictions in which the Association and its Subsidiaries are required to collect and remit taxes. While the Association and its Subsidiaries may be subject to further requirements to collect and remit sales and use taxes in additional jurisdictions, an amount cannot be reasonably estimated. The Association is under examination by one taxing authority for sales tax collection. While the results from the examination have not been received, the Association believes that any additional liability would not be material as the Association is currently collecting and remitting sales tax to that taxing authority.

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 12 NET ASSETS

Net assets without donor restriction considered board-designated, were available for the following purposes:

| | <u>2024</u> | <u>2023</u> |
|--|----------------------|----------------------|
| Research for Breed Improvements | \$ 2,624,550 | \$ 2,157,702 |
| Marketing | 1,559,317 | 1,268,124 |
| Information Systems | 3,630,097 | 2,984,385 |
| Technology Innovations | 1,918,647 | 1,578,845 |
| Supplemental Health Benefits | 3,165,230 | 2,599,371 |
| Capital Replacement | 2,041,616 | 1,684,197 |
| Youth, Research, and Education Programs | 4,245,857 | 3,471,751 |
| Donor Relations and General Administration | 4,197,566 | 3,416,186 |
| Total Board-Designations | <u>\$ 23,382,880</u> | <u>\$ 19,160,561</u> |

Net assets were restricted by donors for the following:

| | <u>2024</u> | <u>2023</u> |
|--|----------------------|----------------------|
| Purpose Restrictions: | | |
| Research | \$ 113,813 | \$ 88,525 |
| Youth Programs | 1,902,056 | 1,161,181 |
| Education | 1,838,363 | 510,094 |
| Total Purpose Restrictions | <u>3,854,232</u> | <u>1,759,800</u> |
| Perpetual in Nature: | | |
| Research | 65,241 | 65,241 |
| Youth Programs | 2,444,909 | 2,388,092 |
| Education | 11,112,421 | 11,074,504 |
| Total Perpetual in Nature | <u>13,622,571</u> | <u>13,527,837</u> |
| Total Net Assets with Donor Restrictions | <u>\$ 17,476,803</u> | <u>\$ 15,287,637</u> |

Net assets with donor restrictions that are perpetual in nature consist of endowments, which are invested in perpetuity, the income from which is expendable to support specified Foundation programs.

The changes in net assets with donor restrictions for the years ended September 30 are as follows:

| | <u>2024</u> | <u>2023</u> |
|--|---------------------|-------------------|
| With Donor Restrictions: | | |
| Contributions | \$ 158,199 | \$ 104,831 |
| Net Investment Income | 636,730 | 637,381 |
| Net Unrealized Gain (Loss) on Investments | 1,891,688 | 177,649 |
| Satisfaction of Purpose Restrictions | (497,451) | (397,208) |
| Net Change in Net Assets with Donor Restrictions | <u>\$ 2,189,166</u> | <u>\$ 522,653</u> |

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 13 ENDOWMENTS

The Association's endowments consist of various funds established within the Foundation to support a variety of scholarships and programs. Its endowments consist of both donor-restricted endowment funds and funds designated by the Foundation's board of directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Foundation's board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board has interpreted Missouri's enactment of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. At September 30, 2024 and 2023, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowments. The endowment assets are invested in a manner that is intended to produce results similar to the S&P 500 index while assuming a moderate level of investment risk. Due to the specific investment guidelines required by a significant endowment donor, approximately \$11.8 million was invested in fixed income type investments as of September 30, 2024.

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 13 ENDOWMENTS (CONTINUED)

Spending Policy

The Foundation has a policy of appropriating a distribution percentage each year of its endowment fund's average balance over the prior three years preceding the fiscal year in which the distribution is budgeted (4% for 2024 and 2023).

In establishing this policy, the Foundation considered the long-term expected returns on its endowment investments. Accordingly, over the long-term, the Foundation expects the current spending policy will allow its endowment to retain the original corpus of the gift.

Strategies Employed for Achieving Objectives

The Foundation relies on a total return strategy in which investment returns are achieved through capital appreciation and current yield (interest and dividends). The Foundation targets a diversified asset allocation that emphasizes fixed income securities to achieve its long-term objectives within prudent risk constraints.

Endowment net asset composition by type of fund as of September 30, 2024:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|----------------------|
| Donor Restricted: | | | |
| Original Donor Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor | \$ - | \$ 13,622,572 | \$ 13,622,572 |
| Endowment Earnings | - | 3,486,094 | 3,486,094 |
| Board-Designated Endowment Funds | 4,093,829 | - | 4,093,829 |
| Total Funds | <u>\$ 4,093,829</u> | <u>\$ 17,108,666</u> | <u>\$ 21,202,495</u> |

Changes in endowment net assets for the fiscal year ended September 30, 2024:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|----------------------|
| Net Assets - Beginning of Year | \$ 3,269,172 | \$ 14,912,899 | \$ 18,182,071 |
| Investment Return: | | | |
| Investment Income | 101,172 | 632,650 | 733,822 |
| Net Appreciation: | | | |
| Board-Designated | 699,670 | - | 699,670 |
| Donor Restricted | - | 1,863,465 | 1,863,465 |
| Total | <u>800,842</u> | <u>2,496,115</u> | <u>3,296,957</u> |
| Contributions | 201,092 | 96,734 | 297,826 |
| Appropriation of Endowment Assets for Expenditure | <u>(177,277)</u> | <u>(397,082)</u> | <u>(574,359)</u> |
| Net Assets - End of Year | <u>\$ 4,093,829</u> | <u>\$ 17,108,666</u> | <u>\$ 21,202,495</u> |

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 13 ENDOWMENTS (CONTINUED)

Endowment net asset composition by type of fund as of September 30, 2023:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|----------------------|
| Donor Restricted: | | | |
| Original Donor Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor | \$ - | \$ 13,527,838 | \$ 13,527,838 |
| Endowment Earnings | - | 1,385,061 | 1,385,061 |
| Board-Designated Endowment Funds | <u>3,269,172</u> | <u>-</u> | <u>3,269,172</u> |
| Total Funds | <u>\$ 3,269,172</u> | <u>\$ 14,912,899</u> | <u>\$ 18,182,071</u> |

Changes in endowment net assets for the fiscal year ended September 30, 2023:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|----------------------|
| Net Assets - Beginning of Year | \$ 2,891,910 | \$ 14,320,275 | \$ 17,212,185 |
| Investment Return: | | | |
| Investment Income | 143,719 | 632,730 | 776,449 |
| Net Appreciation: | | | |
| Board-Designated | 217,780 | - | 217,780 |
| Donor Restricted | <u>-</u> | <u>172,504</u> | <u>172,504</u> |
| Total | 361,499 | 805,234 | 1,166,733 |
| Contributions | 143,762 | 276,098 | 419,860 |
| Appropriation of Endowment Assets for Expenditure | <u>(127,999)</u> | <u>(488,708)</u> | <u>(616,707)</u> |
| Net Assets - End of Year | <u>\$ 3,269,172</u> | <u>\$ 14,912,899</u> | <u>\$ 18,182,071</u> |

NOTE 14 ROYALTIES

Royalties relate primarily to CAB and represent payments made by meat packers to CAB for the sale of CAB licensed product. Royalties from four customers represented 35% of the Association's total revenues, gains, and other support and 32% of the Association's receivables for the year ended September 30, 2024. Royalties from four customers represented 38% of the Association's total revenues, gains, and other support and 34% of the Association's receivables for the year ended September 30, 2023.

NOTE 15 SUPPLEMENTAL CASH FLOW DISCLOSURES

There was \$57,521 and \$79,600 paid for income taxes in 2024 and 2023, respectively. There was no cash paid for interest in 2024 and 2023.

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 16 SELF-INSURED INSURANCE

Effective January 1, 2016, CAB elected to be self-insured for medical, dental, and vision claims, subject to certain stop-loss coverage premiums. CAB's annual claims exposure is limited to \$150,000 per employee. At September 30, 2024, there were no material claims filed subsequent to year-end that related to the respective fiscal year. An accrual of \$408,186 and \$194,765 at September 30, 2024 and 2023, respectively, is included in Accrued Liabilities on the consolidated statements of financial position. The expense was \$1,980,429 and \$1,480,384 for the years ended September 30, 2024 and 2023, respectively.

NOTE 17 ECONOMIC RISKS

The Association's investment portfolio is subject to significant fluctuations in value. Because the values of individual investments fluctuate with market conditions, the amount of investment gains or losses that the Association may recognize in its future consolidated financial statements, if any, cannot be determined.

NOTE 18 CONTINGENCIES

The Association has budgeted \$305,000 for research projects. The grants are contingent upon the researchers accepting final agreements and meeting other requirements established by the Association. Due to their conditional nature, the consolidated financial statements do not reflect a commitment for these grants.

NOTE 19 CONCENTRATIONS OF RISK

The Association maintains cash in commercial banks located in the United States. The balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured. There was approximately \$7,859,745 of collected balances in excess of FDIC limits at September 30, 2024.

Approximately 92% of the Association's pledges receivable at September 30, 2024 was from three donors. Approximately 94% of the Association's pledges receivable at September 30, 2023 was from three donors.

NOTE 20 RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the current year presentation. Reclassifications had no effect on the change in net assets for the years presented.

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES
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NOTE 21 SUBSEQUENT EVENTS

Management evaluated subsequent events through October 18, 2024, the date the consolidated financial statements were available to be issued. Events or transactions occurring after September 30, 2024, but prior to October 18, 2024 that provided additional evidence about conditions that existed at September 30, 2024, have been recognized in the 2024 consolidated financial statements.



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