

**AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2025 AND 2024**



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**AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES**  
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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, 2025 and 2024, 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, 2025 and 2024, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Kansas City, Missouri  
October 17, 2025

**AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 6,393,179	\$ 8,242,807
Agency Cash	43,054	-
Accounts Receivable, Net	5,069,239	4,886,242
Pledges Receivable, Net - Current Portion	114,022	208,250
Income Tax Receivable	-	7,146
Inventories	2,908,237	2,356,510
Prepaid Expenses	1,437,228	1,041,542
Total Current Assets	<u>15,964,959</u>	<u>16,742,497</u>
<b>INVESTMENTS</b>		
Without Donor Restrictions - Association	10,872,234	9,945,305
Without Donor Restrictions - Subsidiaries	12,022,674	9,010,418
Board-Designated	25,800,562	23,383,780
Donor Restricted - Purpose	4,652,509	3,979,546
Donor Restricted - Perpetually Restricted	13,597,571	13,622,572
Total Investments	<u>66,945,550</u>	<u>59,941,621</u>
<b>PROPERTY AND EQUIPMENT</b>		
Buildings and Land Improvements	16,144,409	14,844,924
Furniture, Fixtures, and Equipment	3,872,331	3,781,250
Electronic Data Processing Equipment	9,705,531	9,886,703
Work in Process	1,942,757	1,927,527
Total, at Cost	<u>31,665,028</u>	<u>30,440,404</u>
Less: Accumulated Depreciation	<u>16,474,615</u>	<u>15,818,094</u>
Total Property and Equipment	15,190,413	14,622,310
<b>OTHER ASSETS</b>		
Deferred Income Taxes	188,508	212,931
Long-Term Pledges Receivable - Net	1,212,500	50,000
Total Other Assets	<u>1,401,008</u>	<u>262,931</u>
Total Assets	<u><u>\$ 99,501,930</u></u>	<u><u>\$ 91,569,359</u></u>

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**SEPTEMBER 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable - Trade	\$ 2,781,648	\$ 2,519,810
Accrued Liabilities	7,439,660	4,905,648
Agency Donation Liability	43,054	-
Taxes Payable	15,745	-
Deferred Income	1,797,571	1,848,140
Total Current Liabilities	<u>12,077,678</u>	<u>9,273,598</u>
<b>LONG-TERM LIABILITIES</b>		
Accrued Postretirement Benefits	<u>2,177,972</u>	<u>2,020,906</u>
Total Long-Term Liabilities	<u>2,177,972</u>	<u>2,020,906</u>
Total Liabilities	14,255,650	11,294,504
<b>NET ASSETS</b>		
Without Donor Restrictions:		
General Operating	41,334,599	39,415,172
Board-Designated	<u>25,699,256</u>	<u>23,382,880</u>
Total Without Donor Restrictions	<u>67,033,855</u>	<u>62,798,052</u>
With Donor Restrictions:		
Purpose Restrictions	4,528,621	3,854,232
Perpetual in Nature	<u>13,683,804</u>	<u>13,622,571</u>
Total With Donor Restrictions	<u>18,212,425</u>	<u>17,476,803</u>
Total Net Assets	<u>85,246,280</u>	<u>80,274,855</u>
Total Liabilities and Net Assets	<u><u>\$ 99,501,930</u></u>	<u><u>\$ 91,569,359</u></u>

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, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>		
Royalties	\$ 33,688,290	\$ 34,111,877
Advertising Income	9,603,164	9,431,543
Registrations	6,130,452	5,974,744
Transfers	920,241	932,682
Artificial Insemination Certificates	1,513,140	1,534,430
Memberships	1,358,100	1,338,310
Performance Programs	1,139,543	1,133,862
Commercial Programs	417,757	395,368
DNA Tests and Genetic Evaluations	10,417,459	9,536,189
Digital Marketing and Web Services	1,862,440	1,621,563
Subscriptions	423,483	459,184
Angus Foundation Donations and CAB Partnership Income	6,372,261	1,264,109
In-Kind Contributions	41,331	57,573
Merchandise Sales	1,061,136	1,449,820
Event and Show Income	1,110,342	846,177
Other Income	413,347	380,372
Net Investment Income	4,274,222	1,937,567
Total Revenues, Gains, and Other Support	<u>80,746,708</u>	<u>72,405,370</u>
<b>EXPENSES</b>		
<b>Program Services:</b>		
Certified Angus Beef	29,336,627	27,305,125
Angus Media	9,892,406	9,786,043
Angus Genetics	8,190,236	7,534,005
Angus Foundation	5,283,089	685,318
Member Services	1,556,307	1,662,470
Commercial Programs	522,942	496,654
Member and Industry Communications	1,660,365	1,552,019
Field Services	2,391,454	2,368,513
Events and Education	2,712,325	2,446,000
Total Program Services	<u>61,545,751</u>	<u>53,836,147</u>
<b>Support Services:</b>		
Management and General	14,919,461	14,023,099
Fundraising	394,644	320,332
Total Support Services	<u>15,314,105</u>	<u>14,343,431</u>
<b>TOTAL EXPENSES</b>	<u>76,859,856</u>	<u>68,179,578</u>

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, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>CHANGES IN NET ASSETS BEFORE OTHER PROVISIONS AND NET UNREALIZED GAIN ON INVESTMENTS</b>	\$ 3,886,852	\$ 4,225,792
<b>PROVISION FOR TAXES</b>	(56,600)	(83,400)
<b>PROVISION FOR POSTRETIREMENT BENEFITS</b>	(304,687)	(13,905)
<b>NET UNREALIZED GAIN ON INVESTMENTS</b>	<u>1,536,702</u>	<u>8,520,282</u>
<b>CHANGES IN NET ASSETS BEFORE INCOME TAXES</b>	5,062,267	12,648,769
<b>PROVISION FOR INCOME TAXES</b>	<u>(90,842)</u>	<u>(91,260)</u>
<b>CHANGES IN NET ASSETS</b>	<u><u>\$ 4,971,425</u></u>	<u><u>\$ 12,557,509</u></u>
<b>CHANGES IN:</b>		
Net Assets Without Donor Restrictions	\$ 4,235,803	\$ 10,368,343
Net Assets With Donor Restrictions:		
Purpose Restrictions	674,389	2,094,432
Perpetual in Nature	<u>61,233</u>	<u>94,734</u>
<b>CHANGES IN NET ASSETS</b>	4,971,425	12,557,509
Net Assets - Beginning of Year	<u>80,274,855</u>	<u>67,717,346</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 85,246,280</u></u>	<u><u>\$ 80,274,855</u></u>

*See accompanying Notes to Consolidated Financial Statements.*

**AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2025**

	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	
<b>EXPENSES</b>														
Personnel	\$ 14,911,748	\$ 2,991,174	\$ 1,205,378	\$ -	\$ 1,398,648	\$ 221,492	\$ 933,478	\$ 1,873,162	\$ 354,746	\$ 23,889,826	\$ 10,138,112	\$ 207,499	\$ 10,345,611	\$ 34,235,437
Travel	1,850,384	161,814	79,025	-	10,270	37,456	132,808	498,650	111,735	2,882,142	653,874	44,596	698,470	3,580,612
Meetings and Conferences	104,148	4,775	32,260	-	-	938	43,234	6,542	16,231	208,128	417,673	1,464	419,137	627,265
Scholarships	-	-	-	384,250	-	-	-	-	-	384,250	-	-	-	384,250
Promotions and Public Relations	8,481,222	2,324	26,900	1,640	21,500	74,646	385,058	428	11,212	9,004,930	25,867	11,701	37,568	9,042,498
Sponsorship and National Junior Angus Association	-	-	-	144,828	-	-	-	-	114,766	259,594	-	-	-	259,594
Shows and Events	1,524,868	-	-	-	-	-	76,262	-	2,095,371	3,696,501	1,415	-	1,415	3,697,916
Research	51,345	-	177,367	4,679,750	88,633	-	-	-	-	4,997,095	-	-	-	4,997,095
Professional Fees	-	9,309	496,166	-	81	-	50,538	1,977	54	558,125	613,921	-	613,921	1,172,046
DNA Lab Tests	-	-	5,750,341	-	-	-	-	-	-	5,750,341	-	-	-	5,750,341
Production	180,256	3,537,953	39,153	72,384	17,990	187,953	-	-	-	4,035,689	325	116,801	117,126	4,152,815
Postage	8,504	3,012,789	21,176	-	329	417	6,821	1,581	4,716	3,056,333	135,941	2,898	138,839	3,195,172
General Operating and Supplies	1,698,725	203,777	440,290	237	18,856	40	32,166	9,114	3,484	2,406,689	1,989,698	224	1,989,922	4,396,611
Depreciation and Amortization	465,332	-	22,743	-	-	-	-	-	-	488,075	874,986	-	874,986	1,363,061
Adjustments and Write Offs	-	-	-	-	-	-	-	-	-	-	-	9,000	9,000	9,000
Miscellaneous	60,095	15,471	(101)	-	-	-	-	-	10	75,475	67,649	461	68,110	143,585
Total Expenses	29,336,627	9,939,386	8,290,698	5,283,089	1,556,307	522,942	1,660,365	2,391,454	2,712,325	61,693,193	14,919,461	394,644	15,314,105	77,007,298
Less: Provisions for Taxes and Income Taxes	-	46,980	100,462	-	-	-	-	-	-	147,442	-	-	-	147,442
Total Expenses Included in the Expense Section of the Statement of Activities and Changes in Net Assets	<u>\$ 29,336,627</u>	<u>\$ 9,892,406</u>	<u>\$ 8,190,236</u>	<u>\$ 5,283,089</u>	<u>\$ 1,556,307</u>	<u>\$ 522,942</u>	<u>\$ 1,660,365</u>	<u>\$ 2,391,454</u>	<u>\$ 2,712,325</u>	<u>\$ 61,545,751</u>	<u>\$ 14,919,461</u>	<u>\$ 394,644</u>	<u>\$ 15,314,105</u>	<u>\$ 76,859,856</u>

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	
<b>EXPENSES</b>														
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 Conferences	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 and Events	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 STATEMENTS OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ 4,971,425	\$ 12,557,509
Adjustments to Reconcile Changes in Net Assets to Net		
Cash Provided by Operating Activities:		
Depreciation	1,363,061	1,223,437
Gains on Sale of Equipment	(23,440)	(27,610)
Net Realized (Gain) Loss on Investments	(966,314)	587,689
Net Unrealized Gains on Investments	(1,536,702)	(8,520,282)
Deferred Income Taxes	24,423	36,673
Contributions Restricted for Long-Term Purposes	(86,233)	(94,734)
Effect of Changes in Operating Assets and Liabilities:		
Accounts and Interest Receivable	(182,997)	(63,911)
Pledges Receivable - Net	(1,068,272)	105,162
Income Taxes Receivable	7,146	(2,934)
Inventories	(551,727)	(155,262)
Prepaid Expenses	(395,686)	158,712
Accounts Payable - Trade	261,838	(1,950,593)
Accrued Liabilities, Deferred Income, Refundable		
Grant, Postretirement Benefits	2,640,509	1,241,304
Taxes Payable	15,745	-
Net Cash Provided by Operating Activities	<u>4,472,776</u>	<u>5,095,160</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Equipment	37,311	68,600
Proceeds from Sale of Investments	573,234	761,461
Purchases of Property and Equipment	(1,945,035)	(2,861,684)
Purchases of Investments	(5,074,147)	(2,007,022)
Net Cash Used by Investing Activities	<u>(6,408,637)</u>	<u>(4,038,645)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Contributions for Investment in		
Permanent Endowment	<u>86,233</u>	<u>94,734</u>
Net Cash Provided by Financing Activities	<u>86,233</u>	<u>94,734</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(1,849,628)	1,151,249
Cash and Cash Equivalents - Beginning of Year	<u>8,242,807</u>	<u>7,091,558</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 6,393,179</u></u>	<u><u>\$ 8,242,807</u></u>

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025 AND 2024**

**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, 2025 AND 2024**

**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**  
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**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, 2025 AND 2024**

**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, 2025 AND 2024**

**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, 2025 AND 2024**

**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, 2025 AND 2024**

**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, 2025. The Association has no material tax positions at September 30, 2025 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, 2025 and 2024.

**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, 2025 AND 2024**

**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, 2025 AND 2024**

**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:

	2025	2024
Cash	\$ 6,393,179	\$ 8,242,807
Investments	66,945,550	59,941,621
Accounts Receivable - Net	5,069,239	4,886,242
Pledges Receivable - Net - Current Portion	114,022	208,250
Income Tax Receivable	-	7,146
Total Financial Assets	<u>78,521,990</u>	<u>73,286,066</u>
Contractual or Donor Imposed Restrictions	(18,311,359)	(17,444,805)
Board-Designated Assets	<u>(25,833,153)</u>	<u>(23,475,362)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u><u>\$ 34,377,478</u></u>	<u><u>\$ 32,365,899</u></u>

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:

	2025	2024	2023
Trade Receivables	\$ 4,076,412	\$ 3,872,103	\$ 4,058,092
Royalty Receivables	992,827	1,014,139	764,239
Total	<u><u>\$ 5,069,239</u></u>	<u><u>\$ 4,886,242</u></u>	<u><u>\$ 4,822,331</u></u>

**AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025 AND 2024**

**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.

**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.

**AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025 AND 2024**

**NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

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

		2025			
		Total Fair Value	Level 1	Level 2	Level 3
Investments:					
Equity Securities:					
Mutual Funds:					
Large Cap Equity	\$ 21,977,280	\$ 21,977,280	\$ -	\$ -	
Mid Cap Equity	2,795,674	2,795,674	-	-	
Small Cap Equity	1,755,314	1,755,314	-	-	
International	6,234,890	6,234,890	-	-	
Fixed Income:					
Mutual Funds:					
Short-Term	1,214,176	1,214,176	-	-	
Corporate	18,130,087	18,130,087	-	-	
Preferred Stock	2,727,190	2,727,190	-	-	
Convertible Bonds	1,317,911	1,317,911	-	-	
Long-Term Government	379,823	379,823	-	-	
Non-Traditional Bond	4,271,977	4,271,977	-	-	
High Yield Bond	759,478	759,478	-	-	
Emerging Markets					
Bonds	1,472,374	1,472,374	-	-	
World Bond	703,692	703,692	-	-	
Total Assets	<u>\$ 63,739,866</u>	<u>\$ 63,739,866</u>	<u>\$ -</u>	<u>\$ -</u>	

		2024			
		Total Fair Value	Level 1	Level 2	Level 3
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, 2025 AND 2024**

**NOTE 5 INVESTMENTS**

The value of investments at September 30, 2025 consists of the following:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Held at Cost:				
Certificates of Deposit	\$ 100,000	\$ -	\$ -	\$ 100,000
Money Market Accounts	3,105,684	-	-	3,105,684
Held at Fair Value:				
Equity Security Mutual Funds	22,077,275	10,685,883	-	32,763,158
Fixed Income Mutual Funds	32,749,409	-	1,772,701	30,976,708
Total Investments	<u>\$ 58,032,368</u>	<u>\$ 10,685,883</u>	<u>\$ 1,772,701</u>	<u>\$ 66,945,550</u>

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>

Investment returns for the years ended September 30, 2025 and 2024 consist of the following:

	2025	2024
Interest Income	\$ 3,434,706	\$ 2,642,163
Net Realized Gain (Loss)	966,314	(587,689)
Investment Fees	(126,798)	(116,907)
Net Investment Income	4,274,222	1,937,567
Net Unrealized Gains	1,536,702	8,520,282
Total Investment Returns	<u>\$ 5,810,924</u>	<u>\$ 10,457,849</u>

**AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025 AND 2024**

**NOTE 6 PLEDGES RECEIVABLE**

Pledges receivable are scheduled to be collected as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2026	\$ 114,022
2027	1,212,500
Total	<u>\$ 1,326,522</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.

**NOTE 7 CONTRIBUTIONS IN-KIND**

During the years ended September 30, 2025 and 2024, the Association received the following non-cash donations:

<u>Item Donated</u>	<u>Program Utilization</u>	<u>2025</u>	<u>2024</u>
Auction Items	Fundraising	\$ 35,906	\$ 56,873
Other	Fundraising	5,425	700
		<u>\$ 41,331</u>	<u>\$ 57,573</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.

**AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025 AND 2024**

**NOTE 8 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 2025 and 2024, the Association contributed \$1,950,069 and \$1,834,376, 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.

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>2025</u>	<u>2024</u>
Accrued Benefit Obligation:		
Current Liability	\$ 132,828	\$ 114,794
Long-Term Liability	2,177,972	2,020,906
Total	<u>\$ 2,310,800</u>	<u>\$ 2,135,700</u>
Benefit Expense (Includes Benefits Paid of \$129,587 and \$117,505 for the Years Ended September 30, 2025 and 2024, Respectively)	<u>\$ 304,687</u>	<u>\$ 13,905</u>
Weighted-Average Assumptions:		
Discount Rate	6%	6%
Expected Return on Plan Assets	8%	8%
Benefit Obligation - Beginning of Year	\$ 2,135,700	\$ 2,239,300
Benefits Paid	(129,587)	(117,505)
Benefit Expense	304,687	13,905
Benefit Obligation - End of Year	<u>\$ 2,310,800</u>	<u>\$ 2,135,700</u>

**AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES**  
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**NOTE 9 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.

Partnership income revenue is earned when the events included in the contract have occurred. Revenue is recognized ratably as events occur.

The following table provides information about significant changes in deferred revenue for the years ended September 30, 2025 and 2024:

	Memberships	Convention	Subscriptions	Advertising	Web Services Hosting	Partnership Income	Total
Deferred Revenue as of 10/1/2023	\$ 55,760	\$ 411,223	\$ 249,906	\$ 110,277	\$ 69,992	497,333	\$ 1,394,491
Amount Collected	1,335,950	969,676	429,962	9,429,189	1,628,633	850,000	14,643,410
Revenue Recognized	(1,338,310)	(841,828)	(459,184)	(9,431,543)	(1,621,563)	(497,333)	(14,189,761)
Deferred Revenue as of 9/30/2024	53,400	539,071	220,684	107,923	77,062	850,000	1,848,140
Amount Collected	1,365,720	809,876	415,709	9,847,925	1,856,564	850,000	15,145,794
Revenue Recognized	(1,358,100)	(1,099,177)	(423,483)	(9,603,164)	(1,862,439)	(850,000)	(15,196,363)
Deferred Revenue as of 9/30/2025	\$ 61,020	\$ 249,770	\$ 212,910	\$ 352,684	71,187	850,000	\$ 1,797,571

**NOTE 10 PROVISION FOR TAXES**

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

	2025	2024
Deferred Tax Assets:		
Depreciation Differences	\$ (33,112)	\$ (50,045)
Unrealized Gains on Investments	(125,715)	(84,538)
Difference in Revenue and Expense Recognition	317,776	297,990
Allowance for Doubtful Accounts	28,854	28,854
Net Operating Loss	705	20,670
Net Deferred Tax Asset	<u>\$ 188,508</u>	<u>\$ 212,931</u>

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**NOTE 10 PROVISION FOR TAXES (CONTINUED)**

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

	2025	2024
Current Deferred Tax Asset	\$ -	\$ -
Long-Term Deferred Tax Asset	188,508	212,931
Net Deferred Tax Asset	<u>\$ 188,508</u>	<u>\$ 212,931</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:

	2025	2024
Computed at Federal Statutory Rates	\$ 76,186	\$ 74,039
Increase (Decrease) in Income Taxes Resulting from:		
State Income Taxes, Net of Federal Benefit	11,308	11,601
Nontaxable Income and Nondeductible Expenses	4,441	2,951
Adjustment on Deferred Tax Balances	(1,127)	(5,215)
Miscellaneous Other Adjustments	34	7,884
Total Provision for Income Taxes	<u>\$ 90,842</u>	<u>\$ 91,260</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, 2022.

The Association's operations and activities occur, depending upon the specific year, in a variety of states. A provision of \$56,600 and \$83,400 has been established for sales and use taxes that may potentially be due to these taxing jurisdictions for the years ended September 30, 2025 and 2024, respectively. The total liability booked is \$1,095,172 and \$1,038,572 and is reflected as a component of accrued liabilities at September 30, 2025 and 2024, 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**  
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**NOTE 11 NET ASSETS**

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

	2025	2024
Research for Breed Improvements	\$ 2,907,461	\$ 2,624,550
Marketing	1,701,878	1,559,317
Information Systems	4,021,400	3,630,097
Technology Innovations	2,124,469	1,918,647
Supplemental Health Benefits	3,490,621	3,165,230
Capital Replacement	2,257,830	2,041,616
Youth, Research, and Education Programs	4,582,238	4,245,857
Donor Relations and General Administration	4,613,359	4,197,566
Total Board-Designations	<u>\$ 25,699,256</u>	<u>\$ 23,382,880</u>

Net assets were restricted by donors for the following:

	2025	2024
Purpose Restrictions:		
Research	\$ 153,572	\$ 113,813
Youth Programs	2,240,341	1,902,056
Education	<u>2,134,708</u>	<u>1,838,363</u>
Total Purpose Restrictions	4,528,621	3,854,232
Perpetual in Nature:		
Research	65,241	65,241
Youth Programs	2,506,045	2,444,909
Education	<u>11,112,518</u>	<u>11,112,421</u>
Total Perpetual in Nature	13,683,804	13,622,571
Total Net Assets with Donor Restrictions	<u>\$ 18,212,425</u>	<u>\$ 17,476,803</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:

	2025	2024
With Donor Restrictions:		
Contributions	\$ 4,834,072	\$ 158,199
Net Investment Income	993,560	636,730
Net Unrealized Gain (Loss) on Investments	129,404	1,891,688
Satisfaction of Purpose Restrictions	<u>(5,221,414)</u>	<u>(497,451)</u>
Net Change in Net Assets with Donor Restrictions	<u>\$ 735,622</u>	<u>\$ 2,189,166</u>

**AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES**  
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**NOTE 12 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, 2025 and 2024, 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 \$11.9 million was invested in fixed income type investments as of September 30, 2025.

**AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES**  
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**NOTE 12 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 2025 and 2024).

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, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted:			
Original Donor Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ 13,708,805	\$ 13,708,805
Endowment Earnings	-	4,139,083	4,139,083
Board-Designated Endowment Funds	4,486,758	-	4,486,758
Total Funds	<u>\$ 4,486,758</u>	<u>\$ 17,847,888</u>	<u>\$ 22,334,646</u>

Changes in endowment net assets for the fiscal year ended September 30, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets - Beginning of Year	\$ 4,093,829	\$ 17,108,666	\$ 21,202,495
Investment Return:			
Investment Income	346,723	974,559	1,321,282
Net Appreciation:			
Board-Designated	65,063	-	65,063
Donor Restricted	-	123,422	123,422
Total	<u>411,786</u>	<u>1,097,981</u>	<u>1,509,767</u>
Contributions	141,338	86,733	228,071
Appropriation of Endowment Assets for Expenditure	<u>(160,195)</u>	<u>(445,492)</u>	<u>(605,687)</u>
Net Assets - End of Year	<u>\$ 4,486,758</u>	<u>\$ 17,847,888</u>	<u>\$ 22,334,646</u>

**AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES**  
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**NOTE 12 ENDOWMENTS (CONTINUED)**

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

	Without Donor Restrictions	With Donor Restrictions	Total
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:

	Without Donor Restrictions	With Donor Restrictions	Total
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>

**NOTE 13 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 34% of the Association's total revenues, gains, and other support and 26% of the Association's receivables for the year ended September 30, 2025. 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.

**NOTE 14 SUPPLEMENTAL CASH FLOW DISCLOSURES**

There was \$43,302 and \$57,521 paid for income taxes in 2025 and 2024, respectively. There was no cash paid for interest in 2025 and 2024.

**AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES**  
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**NOTE 15 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, 2025, there were no material claims filed subsequent to year-end that related to the respective fiscal year. An accrual of \$234,202 and \$408,186 at September 30, 2025 and 2024, respectively, is included in Accrued Liabilities on the consolidated statements of financial position. The expense was \$1,695,771 and \$1,627,318 for the years ended September 30, 2025 and 2024, respectively.

**NOTE 16 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 17 CONTINGENCIES**

The Association has budgeted \$197,000 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 18 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 \$5,570,140 and \$7,859,745 of collected balances in excess of FDIC limits at September 30, 2025 and 2024, respectively.

Approximately 91% of the Association's pledges receivable at September 30, 2025 was from one donor. Approximately 92% of the Association's pledges receivable at September 30, 2024 was from three donors.

**NOTE 19 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 20 SUBSEQUENT EVENTS**

Management evaluated subsequent events through October 17, 2025, the date the consolidated financial statements were available to be issued. Events or transactions occurring after September 30, 2025, but prior to October 17, 2025 that provided additional evidence about conditions that existed at September 30, 2025, have been recognized in the 2025 consolidated financial statements.



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