

# ANGUS

## THE BUSINESS BREED

### AMERICAN ANGUS ASSOCIATION®

#### HIGHLIGHTS OF THE MEETING OF THE BOARD OF DIRECTORS

JUNE 6-9, 2023

The following is a review of topics discussed and action taken during the meeting of the Board of Directors held June 6-9, 2023, in Blacksburg, Virginia.

#### **ACTIVITIES COMMITTEE**

- Jonathan Perry moved, seconded by John Dickinson, that all judges selected for the National Junior Angus Show (NJAS), Super Roll of Victory (ROV) open show or junior show held in conjunction with a Super ROV will be required to sign and return an expectations contract. The motion was unanimously approved.
- John Dickinson moved, seconded by Jonathan Perry, to allow for the selection of a Champion and Reserve Champion Bred and Owned Phenotype and Genotype Show (PGS) Female during the NJAS PGS Show beginning in 2023. The motion was unanimously approved.
- Jonathan Perry moved, seconded by John Dickinson, to approve adding PGS Bred and Owned Bulls to the 2024 NJAS schedule. The motion was unanimously approved.
- The Committee discussed PGS next steps, particularly additions to open shows. The Committee recommended revisiting the topic after the implementation of bred and owned bulls at the 2024 NJAS PGS.

#### **BREED IMPROVEMENT COMMITTEE**

- A gene edit application for prolactin receptor protein (PRLR)-SLICK was reviewed. After thorough review and discussion, no action was taken.
- Staff reviewed feedback from member focus groups on data collection and submission. While most feedback was positive, areas that would offer immediate improvements for data submission are being considered.
- Annual updates taking place on June 2, 2023, were presented for the national cattle evaluation. Included are genomic scores, foot score model, and economic assumptions. These assumptions are based on a seven-year rolling average provided by CattleFax.
- Staff shared a timeline for updates on the global evaluation which was approved by the Association Board of Directors in February 2022. Smitty Lamb moved, seconded by Jim Brinkley, to release the global evaluation alongside the 2024 Spring Sire Evaluation Report. The motion was unanimously approved.

#### **COMMERCIAL PROGRAMS COMMITTEE**

- Representatives from IMI Global presented information and answered questions related to the new collaboration with the Association providing verification services for AngusLink<sup>SM</sup> customers.
- Enrollment and program updates were provided. April enrollments for AngusLink were the second highest in history, while May enrollments were the highest since the inception of the program.
- Key goals for the upcoming year were shared.
- Highlights of the API/CattleFax Feeder Survey were discussed as they relate to positioning and acceptance of the AngusLink program.

## **COMMUNICATIONS AND PR COMMITTEE**

- The Committee discussed progress on the update to Angus.org. The timeline and next steps for the project were also reviewed.
- The Committee discussed BEEF Academy, the online learning platform for juniors.
- Reports of breeder use of the *Powered By Angus* materials were reviewed.

## **MEMBER SERVICES COMMITTEE**

- Staff reviewed progress related to parent verification protocol. Options for improved verification were presented for high impact animals, increased educational efforts through membership communication, and proposed rule updates addressing parent verification.
- Staff presented the following proposed rule updates for consideration.
  - a. Rule 102.d.1.**

The Association reserves the right to change the name assigned to an animal on an application for registry **at the time of registration or any time thereafter**. Motion to approve by Jerry Theis, second by Paul Bennett, unanimous approval.
  - b. Rule 103.b.**

Uncertain or unknown parentage. Whenever the eligibility for registration of any animal is in doubt because of uncertain or unknown parentage, DNA-marker-typing or blood-typing by the Association shall be required. If through DNA-marker-typing or blood-typing the animal is found to have incorrectly listed parentage, the animal will not be eligible for registration unless parentage is confirmed. **In the case of multi-sire pastures, parentage testing and sire verification is required for all subsequent offspring born on or after January 1, 2024**. Motion to approve by Loran Wilson, second by Jerry Theis, unanimous approval.
  - c. Rule 104.d.2.**

The Embryo Transfer Donor Dam must be DNA-marker- typed or must have been blood-typed before January 1, 2001. **The full suite of known commercially available tests for the genetic conditions monitored by the American Angus Association will be required for all donor dams, born on or after January 1, 2023, used for the purpose of Embryo Transfer**. Motion to approve by Paul Bennett, second by Jerry Theis, unanimous approval.
  - d. Rule 104.e.2.**

The cell-donor animal and the cell-cloned animal must be DNA-marker-typed. **The full suite of known commercially available tests for the genetic conditions monitored by the American Angus Association will be required for all cell cloned animals, born on or after January 1, 2024**. Motion to accept by Loran Wilson, second by Jerry Theis, unanimous approval.
  - e. Rule 104.f.**

Proposed revisions to the gene edit policy were discussed. The Committee directed staff to continue exploring updates and present potential revisions at the next scheduled meeting.
  - f. Rule 805.b.**

Exhibitors, individuals assisting exhibitors or member owners who participate in shows that are administered by or receive premium support from the American Angus Association shall not be allowed to use any form of coloring agent at such show on any animal exhibited.

Jerry Theis moved, seconded by Loran Wilson to approve the proposed rule updates as presented. The motion was unanimously approved.

- Discussion was held addressing member correspondence regarding imposing a fee for EPDs to replace registration fees. No action was taken.
- Discussion was held addressing member correspondence regarding the re-implementation of ET authorization protocol. No action was taken.

### **FINANCE AND PLANNING**

- Balance sheets and income statements for the period ending April 30, 2023, were reviewed. The financial review included the consolidated financial reports and the financial reports of each entity. Total assets on the consolidated financial report are \$79,200,000, consisting of current assets of \$14,900,000, investments of \$51,000,000, property and equipment of \$12,800,000 and non-current assets of \$500,000. Current liabilities are \$4,700,000 consisting of accounts payable, accrued liabilities and deferred income. Long-term liabilities of \$2,200,000 consist of accrued health insurance benefits and a refundable economic development grant. Consolidated net income for the period ending April 30, 2023, is \$10,128,000. The financials through April 30, 2023, for each entity were presented as well.
- Staff reported on the return of the investment portfolio. Fiscal year to date, through April 30, 2023, the balanced portfolio had a positive return of 11.00%. The fixed income portfolio had a positive return of 5.9%. The consolidated investment income was a positive \$4,793,100 year to date through April 30, 2023. There have been withdrawals for capital purchases out of the portfolio of \$982,000 and new money added to the portfolio totaling \$328,600.

### **ANGUS FOUNDATION**

- A financial report was presented. Total assets as of April 30, 2023, were \$24,443,000, and consisted of current assets of \$563,700, and investments of \$23,729,300, of which \$22,898,600 is restricted, and long-term pledges receivable of \$150,000. Current liabilities were \$88,300 consisting of accounts payable, accounts payable intercompany, and accrued liabilities. Long-term liabilities of \$27,300 consisted of accrued health insurance benefits. Net income for the period ending April 30, 2023, was \$2,213,600 of which \$1,938,200 represents investment returns generated through the investment portfolio. Financials forecasts for the fiscal year were presented as well with a forecasted net positive bottom line. Mark Ahearn moved, seconded by Tom McGinnis, to approve the financial report. The motion was unanimously approved.
- Ranchers' Revelry, an Angus Foundation fundraising event, hosted by Audley Farm in Berryville, Virginia, was an immense success with \$80,000 raised for the Angus Fund.
- The Angus Foundation raised over \$160,000 towards the Angus Fund through "A Legacy Built" campaign and fundraising activities.

### **ANGUS GENETICS INC.**

- A financial report was presented. Total assets as of April 30, 2023, were \$2,269,100, and consisted of current assets of \$1,166,900, investments of \$991,900, fixed assets of \$58,800, and non-current assets of 51,500. Current liabilities were \$1,329,600 consisting of accounts payable, accounts payable intercompany, and accrued liabilities. Long-term liabilities of \$16,900 consisted of accrued health insurance benefits. Net income for the period ending April 30, 2023, was \$457,800 of which \$100,600 represents investment returns generated through the investment portfolio. Financial forecasts for the fiscal year were presented as well with a forecasted net positive bottom line. Paul Bennett moved, seconded by Darrell Stevenson to approve the financial report. The motion was unanimously approved.
- Research updates were provided including a report on the progress of the ongoing heart health initiative. It was shared that additional heart data will be available from a large group originating from a producer-led structured sire evaluation. Staff updated the Board on the progress of the functional longevity evaluations with the aim to release a research EPD for the trait by summer.
- Staff outlined possible opportunities and limitations of utilizing beef-on-dairy data inside of Angus's national cattle evaluation. AGI is actively pursuing relationships with potential partners to collect beef-on-dairy data which will then be utilized to explore modelling capabilities.

### **ANGUS PRODUCTIONS INC.**

- A financial report was presented. Total assets as of April 30, 2023, were \$3,668,300, and consisted of current assets of \$2,138,300, restricted investments of \$860,300, fixed assets of \$423,200, and non-current assets of \$246,500. Current liabilities were \$1,488,300 consisting of accounts payable, accounts payable intercompany, accrued liabilities and deferred income. Long-term liabilities of \$289,900 consisted of accrued health insurance benefits. Net income for the period ending April 30, 2023, was \$779,900 of which \$92,700 represents investment returns generated through the investment portfolio. Darrell Stevenson moved, seconded by Jerry Theis, to approve the financial report. The motion was unanimously approved.
- Clay Zwilling provided an overview of his first month as President of API.
- The Board discussed strengths and areas of improvement for the organization, with Zwilling offering his assessment and requesting Board input.
- Staff presented an overview of the survey initiative with CattleFax to gather data regarding industry structure and sentiment toward Angus, results of which were shared with the Association Board following the API meeting.

### **CERTIFIED ANGUS BEEF LLC**

- A financial report was presented. Total assets as of April 30, 2023, were \$23,850,000, and consisted of current assets of \$8,206,400, investments of \$7,421,100 of which \$1,915,600 is restricted, and fixed assets of \$8,222,500. Current liabilities were \$1,154,100, consisting of accounts payable, accounts payable intercompany, and accrued liabilities. Long-term liabilities of \$884,000 consisted of accrued health insurance benefits. Net income for the period ending April 30, 2023, was \$4,030,800 of

which \$918,200 represents investment returns generated through the investment portfolio. Financial forecasts for the fiscal year were presented as well with a forecasted net positive bottom line. Mark Ahearn moved, seconded by Charles Mogck, to accept the financial report. The motion was unanimously approved.

- The brand is involved in two industry groups focused on advancing the beef carcass grading system. Both comprised of people representing all production sectors with one focused on working with industry and USDA to continue to progress the use and adoption of objective grading technologies to further strengthen the grading system and the second focused on modernizing the industry's approach to predict carcass red meat yield.
- Although fed-cattle harvest was down, the total number of certified carcasses through May had increased 0.5% due to increases in both the percentage of Angus-influenced cattle (71.5%) in the mix and the percentage of those cattle meeting brand carcass specifications (36.4%) compared to last year.
- Through May, brand sales were down 0.6% compared to a year ago. While foodservice and international sales show robust growth, higher beef prices and tightening supplies negatively impacted front-page feature activity. Yet, both Certified Angus Beef ® Prime and Value-added product categories continue to grow compared to last year.
- A new 30-second grilling commercial has been completed and will be heavily leveraged during the summer grilling season.
- Details around the Certified Angus Beef ® Ranch to Table program continue to develop as the program is near the stage to expand breeder participation beyond the original pilot program. The limiting factor continues to be access to USDA grading/certification services. Yet, USDA continues to make progress toward offering solutions that could leverage technologies supportive of a remote grading provision, dramatically broadening the potential reach of Ranch to Table.
- The Certified Angus Beef ® Grass-Fed line extension has been launched in collaboration with Niman Ranch. The program maintains the same ten science-based carcasses specifications as traditional Certified Angus Beef ® and has been well received by brand partners to simply expand the consumer choices available under the brand.
- With sales opportunities in EU going unfulfilled by our existing production, the brand will be following up on requests to pursue access to the EU market via local production.
- Jonathan Perry moved, seconded by Mark Ahearn, to approve a variety of construction improvements over the next two years that will further the flexibility to host an increased number of brand partners at the Culinary Center and farm as well as conduct simultaneous training sessions across the facilities. The motion was unanimously approved.

#### **AMERICAN ANGUS ASSOCIATION**

- A financial report was presented. Total assets as of April 30, 2023, were \$25,391,600, and consisted of current assets of \$3,248,200, investments of \$17,985,100 of which \$8,519,100 is restricted, and fixed assets and goodwill of \$4,158,300. Current liabilities were \$1,101,100 consisting of accounts payable, accounts payable intercompany, accrued liabilities and deferred income. Long-term liabilities of \$997,400 consisted of accrued health insurance benefits and an economic development grant liability. Net income for the period ending April 30, 2023, was \$2,645,800 of which \$1,790,000 represents investment returns generated through the investment portfolio. Financials

forecasts for the fiscal year were presented as well with a forecasted net positive bottom line. Mark Ahearn moved, seconded by Darrell Stevenson, to approve the financial report.

- The Board approved Committee reports and recommendations:
  - Activities Committee: motion by Mark Ahearn, second by Henry Smith, unanimous approval.
  - Breed Improvement Committee report and recommendations: motion by Charles Mogck, second by Paul Bennett, unanimous approval.
  - Commercial Programs Committee report and recommendations: motion by Jim Brinkley, second by Roger Wann, unanimous approval.
  - Communications and PR Committee report and recommendations: motion by Darrell Stevenson, second by Jerry Theis, unanimous approval.
  - Finance and Planning Committee report and recommendations: motion by Jim Brinkley, second by Smitty Lamb, unanimous approval.
  - Member Services Committee report and recommendations: motion by John Dickinson, second by Loran Wilson, unanimous approval.
- Smitty Lamb moved, seconded by Roger Wann, to appoint two Association members to serve as Election Observers for the 2023 delegate election: Brandon New of Kansas and Landi McFarland of Iowa. The motion was unanimously approved.

This appointment is required in the Association Bylaws in Section 3.8 Election of Delegates.

- Paul Bennett moved, seconded by Darrell Stevenson, to approve moving forward with a process that provides eligible voting members the option to vote for delegates electronically.
- The Board discussed matters related to gene editing and developed a public statement regarding the topic. Statement follows.

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

- August 28 - 31, 2023, St. Joseph, Missouri

Date: June 9, 2023

To: The American Angus Association Membership

From: American Angus Association Board of Directors

RE: Current Status of Accepting Gene Editing into the Angus Herd Registry

During the past seven years the American Angus Association Board of Directors has been learning about gene editing from subject experts and other provided resources. In 2021, U.S. breeders began using gene-editing technology and it became apparent this technology would have some level of adoption in the U.S. beef industry. As a result, the Board determined it was prudent the Association have policies and rules to address it.

For the past three years, the goal has been to design policies and a framework to consider the acceptance of a gene edit (also called Intentional Genomic Alteration – IGA), on a case-by-case basis, and establish Association rules and policies for any approved edits. The first policy was adopted in September 2021, and revisions occurred in November 2021, and June 2022. Additional revisions are still under consideration. The current policy can be found in the Breeders Reference Guide under Registration Rules as Rule 104.f.

In February 2023, a member brought forward an application for approval of the PRLR-SLICK IGA. This IGA is a modification of the prolactin receptor gene that allows for better regulation of internal body temperature with an increased capacity to sweat.

The Board reviewed the application but chose to take no action. This technology is still in its infancy, and we believe there are currently too many unanswered questions to sufficiently and confidently assess the potential benefits and risks of the PRLR-SLICK IGA to the Angus breed. There are no plans to reconsider this application until:

- more is known about the PRLR-SLICK IGA
- data on edited cattle in production can potentially be obtained
- additional input from Association members and Angus industry stakeholders can be collected
- more is understood about potential patents, licensing and breeder access
- more is known in general about gene editing adoption, FDA approval process and overall acceptance by consumers

The Board is committed to objective, progressive and open-minded discussions, and decisions on behalf of the Angus breed and Association membership, yet avoiding abrupt action when questions and concerns are left unanswered around a technology like gene editing.

As always, the Board invites questions, input and feedback on this topic and all significant industry topics that relate to the governance of the Association. We need your input as we navigate these new territories.

For additional information, visit [Angus Journal's website](#) to catch up on the previously published resources surrounding gene editing.