

ANGUS

THE BUSINESS BREED

AMERICAN ANGUS ASSOCIATION®

HIGHLIGHTS OF THE MEETING OF THE BOARD OF DIRECTORS FEBRUARY 21-24, 2023

The following is a review of topics discussed and action taken during the meeting of the Board of Directors held February 21-24, 2023, in St. Joseph, Missouri.

BREED IMPROVEMENT COMMITTEE

- Patrick Wall, Executive Director of the Ultrasound Guidelines Council gave an update on their work and answered questions about differences between ultrasound equipment and labs.
- Member input was discussed regarding printed Pathfinder certificates. The Committee directed staff to explore options to have Pathfinder certificates available in both paper and electronic formats.
- Member input was considered on current research for Bovine Leukemia Virus (BLV). Staff will continue to monitor research in this area.
- The Committee discussed ways to recognize breeders committed to data collection and submission. Staff presented several ideas and will continue to explore options.

COMMERCIAL PROGRAMS COMMITTEE

- An in-depth discussion was held regarding the working relationship with IMI Global for the AngusLink value added programs.
- Discussion was held on strategies and long-term goals to increase widespread adoption of the genetic merit scorecard (GMS) throughout the industry. Messaging was also discussed for the primary target audiences.
- At the direction of the Committee, staff will continue to work to identify methods to improve the enrollment process.
- An enrollment update shows that the Association has enrolled just short of 14,000 head since the start of the fiscal year, and just short of 5,000 head since the inception of the working relationship with IMI Global.

COMMUNICATIONS AND PUBLIC RELATIONS COMMITTEE

- The Committee discussed progress for the design and build phase of the Angus.org project. The timeline and next steps for the project were also reviewed.
- The Committee discussed BEEF Academy, the new online learning platform for juniors.

ACTIVITIES COMMITTEE

- Jonathan Perry moved, seconded by John Dickinson, to approve the following shows as Super Roll of Victory (ROV) shows: Atlantic National, North American International Livestock Show, Western National Angus Futurity, Cattlemen's Congress, National Western Stock Show and American Royal. The motion was unanimously approved.
- The Committee reviewed ROV and Super ROV show eligibility.
- Greg McCurry moved, seconded by Jonathan Perry, to approve an update to the Committee description and a change of the name to Activities Committee. The motion was unanimously approved.
- Jonathan Perry moved, seconded by John Dickinson, to approve Phil and Ruth

Abrahamson, Jerry and Sharon Connealy, Ben and Darla Eggers and Doug Parrett (posthumously) as inductees to the Angus Heritage Foundation. The motion was unanimously approved.

- Jonathan Perry moved, seconded by Henry Smith, to remove the suggested judges list provided on Angus.org and publish the ROV judges list once approved. The motion was unanimously approved.
- The current judge selection process was reviewed. Work will continue to evaluate and finalize the process, with a focus on gathering exhibitor feedback.
- Jonathan Perry moved, seconded by Greg McCurry, that any individual serving as a Super ROV junior show judge will be ineligible to serve as a judge for Super ROV, Super ROV junior show or National Junior Angus Show (NJAS) for the following show year. The motion was unanimously approved.
- Judges were selected for the 2023 NJAS, 2023 Eastern Regional Junior Angus Show and the 2023-2024 ROV show season.

FINANCE AND PLANNING COMMITTEE

- Balance sheets and income statements for the period ending January 31, 2023, were reviewed. Total assets on the consolidated financial report were \$77,419,300, consisting of current assets of \$13,249,800, investments of \$51,901,400, property and equipment of \$11,686,800 and non-current assets of \$581,300. Current liabilities were \$5,927,100, consisting of accounts payable, accrued liabilities and deferred income. Long-term liabilities of \$2,215,500 consisted of accrued health insurance benefits and a forgivable economic development grant. Net income for the period ending January 31, 2023, was \$7,159,500. The financials through January 31, 2023, for each entity were reviewed and presented on as well. Those financials will be presented in each entity's minutes.
- Staff presented an overview of the portfolio. Staff reviewed the investment policy and reported on diversification of the portfolio. The investment portfolio consisted of 60.6% equities and 39.4% fixed income securities. Consolidated investment income year to date through January 31, 2023, was \$5,074,000. Staff reported on the performance of the portfolio pointing out the volatility that may occur month to month. The return on the consolidated investments fiscal year to date was a positive 10.88%. Year to date, through January 31, 2023, there were zero withdrawals out of the portfolio of the Association and its subsidiaries.
- The Committee discussed the annual audit of Association records. Staff reported the history of costs related to the audit, tax returns and 401k audit performed by the current auditor, CliftonLarsonAllen. As there have been no issues with the current partner and a request for proposal was completed the prior year it was recommended by staff that the Association continue its relationship for FY2023 with CliftonLarsonAllen. Mark Ahearn moved, seconded by Barry Pollard to retain CliftonLarsonAllen as the auditors for the Association for the current fiscal year. The motion was unanimously approved.

MEMBER SERVICES COMMITTEE

- Member input was discussed relating to archiving DNA samples as well as parentage requirements of AI sires and donor dams. The Committee directed staff to increase awareness by communicating best practices associated with DNA samples and parentage testing, and to research the viability over time of tissue sampling unit (TSU) samples.
- The gene edit fee was discussed and it was moved by Jerry Theis, seconded by Rob Adams, to assess a gene edit fee of \$500 for registration of any approved intentional genomic alteration (IGA) founder animal. The motion was unanimously approved.

- The Committee directed staff to explore options for improving the parent verification protocol, and present findings to the Association Board at the upcoming February meeting.
- Staff presented updates on electronic identification (EID) used as primary identification, phenotypes listed on paper copies of the registration certificate, and language added to the election process eligibility checkbox on member Login.
- Discussion was held regarding AI certificates. No action was taken.

ANGUS FOUNDATION

- A financial report was presented. Total assets as of January 31, 2023, were \$24,516,300, and consisted of current assets of \$872,600, and investments of \$23,493,700, of which \$22,657,900 is restricted, and long-term pledges receivable of \$150,000. Current liabilities were \$41,400 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 January 31, 2023, was \$2,333,900. Mark Ahearn moved, seconded by Loran Wilson, to approve the financial report. The motion was unanimously approved.
- The Angus Foundation Board welcomed Marcie Harward, National Junior Angus Board (NJAB) Foundation Director. Harward provided an update and overview of the NJAB's activities and shared the impact of Foundation grants on Junior Angus programs.
- The Board reviewed fundraising activities for the current year and discussed future activities including the heifer package, sale of pregnancies and the Angus Celebration event.
- Ranchers' Revelry, an Angus Foundation fundraiser, will be hosted by Audley Farm, Berryville, Virginia on May 19, 2023.

ANGUS GENETICS INC.

- A financial report was presented. Total assets as of January 31, 2023, were \$2,267,500, and consisted of current assets of \$1,152,600, investments of \$998,100, fixed assets of \$65,400, and non-current assets of \$51,400. Current liabilities were \$1,429,600 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 January 31, 2023, was \$356,200. Paul Bennett moved, seconded by Charles Mogck, to approve the financial report. The motion was unanimously approved.
- A report was provided on the progress of the ongoing heart health initiative. Partners in the initiative include AGI, Angus Foundation, CAB, Colorado State University, USMARC, Cargill, and Five Rivers Cattle Feeding.
- Staff outlined updates taking place to the genetic evaluation in June 2023. This will include annual updates to economic assumptions and genomic scores as well as genetic evaluation maintenance. Further discussion ensued around joint evaluations among the American Angus Association, Canadian Angus Association and Angus Australia for more traits beyond the current foot score evaluation. Staff will continue to pursue testing to determine the efficacy of this type of evaluation.
- Staff updated the Board on the progress of the Functional Longevity evaluations with hopes of releasing a research expected progeny difference (EPD) for the trait by mid-summer.

ANGUS PRODUCTIONS INC. d.b.a ANGUS MEDIA

- A financial report was presented. Total assets on January 31, 2023, were \$3,730,900, and consisted of current assets of \$2,161,900, restricted investments of \$869,100, fixed assets of \$453,400, and non-current assets of \$246,500. Current liabilities were \$2,211,900 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 January 31, 2023, was \$118,900. John Dickinson moved, seconded by Darrell Stevenson, to approve the financial report.

- Staff presented a manager's report covering open positions and departmental updates.
- Recent enhancements to Pasture-to-Publish were reviewed.
- An update on the status of the bull-buyer survey summary and the feedyard/cow-calf data initiative being conducted through CattleFax was provided. The survey is designed to measure perceptions of the Angus breed and the industry structure.
- Current initiatives of the digital team were discussed.
- The Board was updated on the search for the next Angus Media president.

CERTIFIED ANGUS BEEF LLC

- A financial report was provided. Total assets as of January 31, 2023, were \$22,216,500, and consisted of current assets of \$6,473,900, investments of \$8,422,000 of which \$1,920,600 is restricted, and fixed assets of \$7,320,600. Current liabilities were \$1,858,000 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 January 31, 2023, was \$1,693,400. Mark Ahearn moved, seconded by Jonathan Perry, to approve the financial report. The motion was unanimously approved.
- Certified Angus Beef ® brand sales have remained strong and relatively steady with last year at 401 million lbs. through January, down less than 4 million lbs. (-1.0%). Retail, foodservice, and international sales are running -1.6%, +3.9% and +5.9% compared to 2022.
- Thus far, the supply of Certified Angus Beef ® brand carcasses has been supportive of sales in large part due to the fact that 71% of all cattle processed at licensed plants have been eligible for Angus programs and acceptance rates have been near 34%. Moving forward, supply is expected to tighten and the percentage of Angus-influenced cattle in the mix and acceptance rates will have an even larger influence on brand supply.
- While significant improvements in marbling have been made, the 2022 Certified Angus Beef Consist Study indicated that 83.2% of eligible carcasses that fail to meet brand specifications did not have enough marbling (modest or higher marbling score). This percentage is down from 94% in 2008 but still represents a significant opportunity for added value. A record 23% of eligible carcasses that did not certify into the brand had a ribeye area that was too large. Work is being done to evaluate how these carcasses might fit into the brand to benefit producers while not eroding brand consistency and relevance to end-users.
- The 2023 Certified Angus Beef ® Foodservice Leaders Summit was held at Kiawah Island, SC, February 20-22, with a record number of brand licensed distributors in attendance from 11 countries to learn more about the marketing and educational tools available to them along with the most successful approaches to drive brand sales in the coming year.
- The brand's focus on promoting Angus producer's commitment to cattle care continues with the CUT THE BULL – Get BQA'd campaign. American Angus Association members should continue to look for opportunities to win a vaccine cooler or other items for completing Beef Quality Assurance training and submitting a copy of their certificate to Certified Angus Beef.
- The CAB Board approved purchase of 4.5 acres adjoining the brand's existing warehouse property was finalized in February. Although there are no immediate plans to develop the property, the purchase affords many options supportive to the future growth of the brand.
- The Certified Angus Beef ® Ranch to Table program continues to progress through its pilot test phase with plans to expand beyond the three existing Angus breeders involved come

late spring/early summer 2023.

- Consumer research has been completed to finalize logo and tagline options related to the Certified Angus Beef ® Grassfed line extension that will be added to the brand's offering and available in the marketplace later this spring. Carcasses qualifying for this product offering will be required to meet all 10 of the brand's existing carcass quality specifications.

AMERICAN ANGUS ASSOCIATION

- A financial report was presented. Total assets as of January 31, 2023, were \$25,727,100, and consisted of current assets of \$3,627,900, investments of \$18,118,500 of which \$9,518,100 is restricted, and fixed assets and goodwill of \$3,980,700. Current liabilities were \$1,425,300 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 a forgivable economic development grant from Buchanan County. Net income for the period ending January 31, 2023, was \$2,657,100. Darrell Stevenson moved, seconded by Jim Brinkley, to approve the financial report. The motion was unanimously approved.
- A breeder presented information on gene editing and submitted an IGA application to the Board. The Breed Improvement Committee will review the information and report back to the Board at the June Board meeting.
- The Board approved committee reports and recommendations:
 - Breed Improvement Committee report and recommendations: motion by Charles Mogck, second by Jim Brinkley, unanimous approval.
 - Commercial Programs Committee report and recommendations: motion by Jim Brinkley, second by Darrell Stevenson, unanimous approval.
 - Communications and Public Relations Committee report and recommendations: motion by Darrell Stevenson, second by Jerry Theis, unanimous approval.
 - Activities Committee report and recommendations: motion by Mark Ahearn, second by Henry Smith, unanimous approval.
 - Finance and Planning Committee report and recommendations: motion by Jim Brinkley, second by Barry Pollard, unanimous approval.
 - Member Services Committee report and recommendations: motion by John Dickinson, second by Loran Wilson, unanimous approval.
 - Special Committee on Registration Eligibility: motion by Smitty Lamb, second by Paul Bennett, unanimous approval.
- NJAB Chair Nicole Stevenson, reported on the group's activities including Raising the Bar and LEAD conferences, the NJAS and service to schools.
- President Grove reported that the minutes of the November 4, 2022, regular Association Board meeting and November 7, 2022, annual meeting of the Association Board were unanimously approved in OnBoard on January 19, 2023.
- A discussion was held on future locations and priorities for the Angus Convention and Annual Meeting. Rising costs were acknowledged with consideration given to the need to control expenses. Also discussed were potential methods to improve interaction between attendees and candidates for the Board of Directors.

NEXT REGULAR BOARD MEETING

- June 5-8, 2023, Blacksburg, Virginia