

# ANGUS

## THE BUSINESS BREED

### AMERICAN ANGUS ASSOCIATION® HIGHLIGHTS OF THE MEETING OF THE BOARD OF DIRECTORS FEBRUARY 5-8, 2024

The following is a review of topics discussed and action taken during the meeting of the Board of Directors held February 5-8, 2024, in St. Joseph, Missouri.

#### **AMERICAN ANGUS ASSOCIATION**

- Total assets at December 31, 2023 were \$26,095,500 and consisted of current assets of \$2,437,300, investments of \$19,035,600 of which \$10,298,900 is restricted, and fixed assets and goodwill of \$4,622,600. Current liabilities were \$1,023,800 consisting of accounts payable, accounts payable intercompany, accrued liabilities and deferred income. Long-term liabilities of \$1,012,200 consisted of accrued health insurance benefits and a forgivable economic development grant from Buchanan County. Net income for the period ending December 31, 2023 was \$1,751,300.
- Jim Brinkley moved, seconded by Paul Bennett to accept the finance report. The motion passed unanimously.
- The Board approved Committee reports as follows:
  - Breed Improvement Committee report and recommendations: motion by Paul Bennett, second by Darrell Stevenson, unanimous approval.
  - Commercial Programs Committee report and recommendations: motion by John Dickinson, second by Jonathan Perry, unanimous approval.
  - Communications and PR Committee report and recommendations: motion by Charles Mogck, second by Art Butler, unanimous approval.
  - Events and Junior Activities Committee: motion by Greg McCurry, second by Loran Wilson, unanimous approval.
  - Finance and Planning Committee report and recommendations: motion by Jim Brinkley, second by Darrell Stevenson, unanimous approval.
  - Member Services Committee report and recommendations: motion by Jerry Theis, second by Henry Smith, unanimous approval.
- The Board heard a presentation from National Junior Angus Board Chairman Jack Dameron.
- The Board discussed the Red Angus Association actions related to accessing Angus branded beef programs and their Genetic Merit Pricing Task Force.
- John Dickinson moved, seconded by Loran Wilson, to discontinue the use of photos in pedigree lookup. Motion passed.
- The recent NCBA convention and committee topics were discussed.
- A member request to increase the number of listed owners on a registered animal was discussed. It was noted that this topic was discussed by the board in the past two years

with ultimately a decision to leave the policy as-is. Art Butler moved, 2<sup>nd</sup> by Greg McCurry, that the request be referred back to the Member Services Committee to reevaluate. Motion failed.

- An inquiry regarding genotyping and registering embryos was discussed.

#### **BREED IMPROVEMENT COMMITTEE**

- Phenotypic traits submitted to AHIR have been listed on pedigrees since June 2021. To continue to recognize members dedicated to collecting phenotypes, the board decided to explore options to denote phenotypes listed on the pedigree that are included in the National Cattle Evaluation.
- An update on the Structured Sire Evaluation was shared. There is growing interest in breeder-nominated sires. We are putting an emphasis on locating more cooperator commercial cowherds that artificially inseminates and retain ownership on calves.
- An update was provided on the World Angus Evaluation and user-requested improvements to the search capabilities, including percentile ranks.
- With the cumulative growth of both genotypes and phenotypes in our database, we discussed strategies to improve the efficiency and accuracy of the weekly evaluation. This included reviewing changes to how contemporary groups are established for heifer breeding records to improve accuracy. In May, we will implement the second Core update since implementing Single Step. The first update was completed in May of 2021.
- Research is ongoing for teat size and udder suspension traits.

#### **COMMERCIAL PROGRAMS COMMITTEE**

- AngusLink update:
  - January was the one-year anniversary of the collaboration between AngusLink and IMI.
  - For the calendar year enrollments exceeded 210,000, the best 12-month period in the history of the program.
  - Analytics indicate that our social media reach increased 829% over the last six months.
  - Total premiums earned by AngusLink in the last fiscal year were \$17.8 million.
  - Total premiums earned by AngusLink customers now exceed \$33 million dollars.
- The staff presented a timeframe and plan for introducing an additional maternal scorecard to AngusLink to better characterize potential replacement heifers and bred females. To qualify for the program all females must be 100% Angus sired and enrolled in the AngusVerified program. The program is scheduled to be rolled out on May 15th.
- Discussion was held on market dynamics, and sale premiums. Program cattle in general experienced strong premiums despite historically high average prices. Angus genetics continue to enjoy a significant premium as well. We continue to see premiums being paid for all cattle that have a Genetic Merit Scorecard but are seeing increased differentiation based on scores as well.
- Discussions were held on potentially incorporating GeneMax<sup>®</sup> Advantage<sup>™</sup> into the scorecard in the future.
- The staff was directed to create an advisory group to gather insight from industry segments and to increase the feedback mechanism between the AAA and the end users

of Angus genetics. The committee elected to pursue conducting a series of focus groups throughout the year while simultaneously looking to formalize an advisory group that would meet on a more regular basis.

- The staff was directed, after a robust discussion of opportunities and challenges, to:
  - Continue to work to identify and reduce pain points within the enrollment process.
  - Capitalize on program momentum, continuing to expand the customer base regionally with a special emphasis on IMI's current customer base, cattle not currently enrolling in PVP programs, and cattle not eligible for AngusVerified but are eligible to have the GMS.
  - Establish promotional materials for breeders that specifically want to promote AngusVerified.

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

- The committee heard an update on the Angus.org project and viewed a demonstration of part of the updated website. The committee heard progress on BEEF Academy, the online learning platform that will initially focus on juniors, and saw examples of the curriculum.
- Staff reviewed the national ad campaign, *Powered by Angus*, and the focus on differentiating registered Angus bulls. They reported on owned, paid and earned media and their progress on expanding reach.

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

- Jonathon Perry moved, seconded by Mark Ahearn 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 passed unanimously.
- Mark Ahearn moved and Henry Smith seconded to approve the following shows as regular ROV's for the 2024-2025 show year: All American Futurity, Dixie National, Fort Worth Stock Show, Illinois State Fair, Keystone, Minnesota State Fair, New York State Fair, Northern International Livestock Expo, Tennessee State Fair, and World Beef Expo. Motion passed unanimously.
- Mark Ahearn motioned and Jonathan Perry second the motion to approve the following names brought forward by the 2024 Angus Heritage Foundation nominating committee: Dave and Yvonne Hinman, Bill and Sally Northcutt Bowman, Jim and Bob Sitz, and Harlan Ritchie (posthumously). Motion passed unanimously.
- Jonathan Perry moved and Loran Wilson seconded to include the full suite of EPDs available to the Phenotype and Genotype Show judge. Motion passed unanimously.
- Discussion was held on requiring all NJAS exhibitors to have completed BQA or an equivalent program (YQCA). With numerous county and state fairs requiring a similar certification, the requirement will be implemented for 2025.
- Judges were selected for the 2024 National Junior Angus Show, 2024 Eastern Regional Junior Angus Show and the 2024-2025 ROV Show Season.

#### **MEMBER SERVICES COMMITTEE**

- Staff presented the following proposed rule updates for consideration:

- a. **Rule 104.f. Gene edit policy.** (As adopted September 10, 2021, November 5, 2021, June 9, 2022, and August 31, 2023) Members may submit specific Intentional Genomic Alterations (IGA) to the American Angus Association (Association). The member applying for IGA approval must provide documentation describing the IGA and the proposed functional difference the IGA produces in the gene edited animal. Approval of each specific IGA will be based on the IGA's ability to potentially provide sufficient benefit to or advancement of the Angus breed. Approval of the IGA and subsequent registration eligibility will be at the sole discretion of the Association Board of Directors, who will consider factors including the impact of introducing the IGA into the purebred Angus population. This approval process may also include direction from the scientific community and related industry perspective at the time the application is reviewed. In addition, the IGA and/or animals possessing the IGA must be submitted to **and approved by** the regulatory agency or agencies responsible for overseeing livestock genome editing and IGA commercialization. **The regulatory agency or agencies will determine the functional claims of the IGA and/or the animals possessing the IGA. A commercial test will be utilized to confirm if the IGA is present in the gene edited animal and descendants.**

**Registration** – Members submitting **an IGA** a registration application **for an animal containing an IGA** must comply with all current Association rules for registration. Both the sire and dam of any animal applying for registration must be registered with the American Angus Association. Additionally, all animals resulting from genome editing must be disclosed to the Association and parent-verified qualifying to both sire and dam. The member applying for registration **for a gene edit founder animal** must confirm with an available commercial test whether or not the IGA is present and functional in the subject animal. Testing requirements for **gene edit** descendant animals will be ~~subject to~~ **determined based on** the specific edit. The Association reserves the right to deny or cancel registration to any gene edited animal or descendant that fails to provide sufficient benefit or advancement of the Angus breed or is later discovered to possess traits or characteristics deemed undesirable to the Angus breed.

**Approved edits** – **Edits to the genome** Any IGA approved by the Association Board of Directors will be listed and **described for** the membership.

b. **Rule 102: Registration — Form, Content and Methods**

The sire and the dam of any domestically bred animal, for which application for registration is made, must be registered with the American Angus Association. In the event the sire and/or dam of an animal originally recorded in a Herd Book recognized by the American Angus Association is domestically bred but is not registered with the American Angus Association, the animal must conform to the requirements of Rule 103.c and Rule 202 and be registered in a Herd Book recognized by the American Angus Association. **In the event an animal has foreign parents and is not registered in a foreign herd book, the sire and the dam must be registered with the American Angus Association prior to registration.** (As amended June 10, 2021, and September 15, 2022)

c. **Rule 202: Application for Registration**

The request to import a registration into the American Angus Association registry shall come from or be approved by a member of the American Angus Association entitled to registration privileges. ~~The request will need to be either from the breeder, first owner or current owner of the animal.~~ If the request is not from **the breeder or a current owner**, the request **to import the registration** will need to include written

authorization from the breeder or a current owner. ~~along with the request to import the registration.~~ The animal being imported into the American Angus Association registry must first be recorded within the registry of an Association or Society recognized by the American Angus Association as a member of the World Angus Secretariat. **Imported embryos (born in US, conceived in a foreign country) must first have the sire and the dam registered with the American Angus Association prior to being registered in the American Angus Association Herd Book.** Registration will be issued subject to a fee established by the Board of Directors (As amended September 15, 2022).

**d. Rule 410: No Responsibility for Legal Title or IP Rights**

A transfer of registration entered on an application or a Certificate of Registration, or on the records of the Association, shall not be construed as the conveyance of legal title by the Association. The Association shall in no way be involved in or assume liability for the purchase, sale, or terms of sale of registered animals (including intellectual property rights, if any), or for the passage of legal title thereto.

**e. Rule 904: Membership Name Change**

In the event a member requests to change the name of a membership for any reason and would like to retain the original member code, a membership name change fee established by the Board of Directors will be assessed to the member at the time of the name change. (As adopted September 11, 2020) *In the case of a non-transferable Life Membership, if originally issued as a personal name that is changed (in the case of marriage, divorce, adoption, etc.), a one-time no-fee name change will be permitted upon the Association's receipt of legal name change documents directing the Association to change the name. Should the personal name of the non-transferable Life Member legally change more than once, a membership name change fee established by the Board of Directors will be assessed to the member at the time of the name change.*

- A motion was made by Paul Bennett to adopt the proposed rule updates as presented, seconded by Loran Wilson. Motion passed unanimously.
- Staff reviewed protocol relating to parentage testing and parent verification. Discussion included options for additional verification for high impact animals and continued educational efforts through membership communication.
- Staff reviewed the success of the pedigree lookup image feature, and direction was given by the committee to increase awareness of this feature and edit the fee structure to encourage uptake from the membership. Discussion and action to eliminate the feature took place later in the full board meeting.
- Staff presented several protocol changes to increase efficiency and improve workflow through automation within the member services department.

## **FINANCE AND PLANNING**

- Staff presented a financial report. Total assets on the consolidated financial report were \$81,712,700, consisting of current assets of \$13,763,000, investments of \$54,217,900, property and equipment of \$13,382,200 and non-current assets of \$349,600. Current liabilities were \$5,406,600, consisting of accounts payable, accrued liabilities and deferred income. Long-term liabilities of \$2,222,000 consisted of accrued health insurance benefits and a forgivable economic development grant. Net income for the period ending December 31, 2023 was \$6,366,700. Investment portfolio returns account for \$4,214,700 of the \$6,366,700 bottom line.

- Staff presented an overview of the portfolio. Staff reviewed the investment policy and reported on diversification of the portfolio. The investment portfolio consisted of 61.6% equities and 38.4% fixed income securities. Consolidated investment income year to date through December 31, 2023 was \$4,214,700. 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 8.55%. Year to date, through December 31, 2023, there were withdraws, totaling \$722,800, out of the portfolio of the Association and its Subsidiaries.
- Charles Mogck made the motion to retain CliftonLarsonAllen as the auditors for the Association for the current fiscal year, Smitty Lamb seconded the motion. Motion passed unanimously.
- Staff discussed the progress of being able to accept ACH as a payment option for members. It was reported that the option is currently being tested with anticipation of making it available in March 2024.

### **ANGUS FOUNDATION**

- Total assets at December 31, 2023 were \$25,672,700, and consisted of current assets of \$471,400, and investments of \$25,101,300, of which \$24,195,800 is restricted, and long term pledges receivable of \$100,000. Current liabilities were \$26,800 consisting of accounts payable, accounts payable intercompany, and accrued liabilities. Long-term liabilities of \$29,200 consisted of accrued health insurance benefits. Net income for the period ending December 31, 2023 was \$1,953,000.
- Loran Wilson moved, seconded by Larry Gossen, that the financial report be approved. Motion passed unanimously.
- Outcomes from the Angus Foundation strategic planning session held in December was reviewed and discussed.
- The board reviewed fundraising activities from the current year and discussed the future for the heifer package, sale of pregnancies and Angus Celebration event.
- Current campaigns were reviewed and discussed for promotion and uptake by membership.

### **ANGUS GENETICS INC.**

- Total assets at December 31, 2023 were \$2,407,000, and consisted of current assets of \$1,234,100, investments of \$1,081,200, fixed assets of \$46,900, and non-current assets of \$44,800. Current liabilities were \$1,398,000 consisting of accounts payable, accounts payable intercompany, and accrued liabilities. Long-term liabilities of \$23,200 consisted of accrued health insurance benefits. Net income for the period ending December 31, 2023 was \$361,000.
- Art Butler moved, seconded by Darrell Stevenson, that the financial report be approved. Motion passed unanimously.
- Staff reported on the progress and timeline of the addition of Angus \$Values to GeneMax® Advantage™. This upgrade is slated for the end of FY24.
- Discussion ensued around the current status of the WAE and planned annual updates in May 2024 including moving to Core 24.
- The board reviewed several other research updates around heifer pregnancy, haplotypes affecting fertility, immune competency, functional longevity, teat size and udder suspension, \$ Maternal Weaned Calf Value, and heart health.

### **ANGUS PRODUCTIONS INC.**

- Total assets at December 31, 2023 were \$3,028,000, and consisted of current assets of \$1,533,700, restricted investments of \$919,500, fixed assets of \$370,000, and non-current assets of \$204,800. Current liabilities were \$1,527,400 consisting of accounts payable, accounts payable intercompany, accrued liabilities and deferred income. Long-term liabilities of \$301,700 consisted of accrued health insurance benefits. Net income for the period ending December 31, 2023 was \$46,800.
- Darrell Stevenson moved, seconded by Rob Adams to accept the finance report. The motion passed unanimously.
- A President's report was given highlighting the recent new hires, current initiatives, metric analysis, customer relationship package considerations, and publication pricing.
- A discussion was held regarding excessive and unethical photo editing with the direction to continue using the standards established by the Livestock Publications Council.
- An update was provided on the search process and timeline for a new Angus Media President.

### **CERTIFIED ANGUS BEEF LLC**

- Total assets at December 31, 2023 were \$25,133,200, and consisted of current assets of \$8,710,200, investments of \$8,080,300 of which \$2,085,800 is restricted, and fixed assets of \$8,342,700. Current liabilities were \$2,054,300 consisting of accounts payable, accounts payable intercompany, and accrued liabilities. Long-term liabilities of \$855,700 consisted of accrued health insurance benefits. Net income for the period ending December 31, 2023 was \$2,254,500.
- One major packing plant has implemented the brand's alternative REA specification and has experienced a 5% increase in weekly supply. Established by the Board in 2020, the specification allows eligible carcasses with a ribeye measuring 16.1 to 19.0 in<sup>2</sup> to be certified into the brand. To address potential end-user concerns related to consistency in the size of cut steaks, the ribeye, striploin and shortloin subprimals from these carcasses are not allowed to be packaged and sold under the brand.
- Although fed-cattle harvest was down 2.7% through the first four months of the fiscal year, certified carcass volume posted an increase of 1.4% due to improvements in quality grade and growth in the number of Angus-influenced cattle harvested.
- *Certified Angus Beef*® brand fiscal year product sales through December trailed the prior year by 1.4% or nearly 5 million lbs. However, the brand had its second-best December ever, posting sales in excess of 101 million lbs. With January sales nearly par with last year at 100 million, there is strong momentum heading into February.
- USDA recently announced the launch of the Remote Grading Pilot Project, an initiative the brand has been engaged with since originally conceptualized. Remote grading and certification is currently being used by some Angus breeders to implement the Certified Angus Beef Ranch to Table program and stands to support the growth of Ranch to Table and its benefit to Association members.
- As part of the ongoing Brand the Barn campaign, the *Certified Angus Beef*® brand logo will be painted on an additional 8 barns in 2024.

### **NEXT REGULAR BOARD MEETING**

June 3 - 6, 2024, Oklahoma City, Oklahoma