

Champions
VISION 

ANGUS FOUNDATION

2011 Annual Report

Angus
Foundation
EDUCATION • YOUTH • RESEARCH



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Mission Statement: The Angus Foundation, the 501(c)(3) not-for-profit affiliate of the American Angus Association®, secures and stewards charitable gifts to cultivate and foster the advancement of education, youth and research activities benefiting the Angus breed.

This report was designed by Bradley Redmond, Angus Productions Inc. Stories written and produced by Katie Allen, Angus Foundation.

Foundation Focus

*“I am a member of a team, and I rely on the team;
I defer to it and sacrifice for it, because the team, not
the individual, is the ultimate champion.”*

– Mia Hamm,

*American women’s soccer player,
two-time Olympic gold medalist*

Life is about taking chances. It is especially those chances you take when it is the right thing to do that inspire and lead others to take chances as well.

The *Vision of Value: Campaign for Angus* has stood as an ambitious \$11 million fundraising goal on which Angus breeders and supporters took a chance, all to raise enough money to support the future of their livelihoods.

Now in the final year of the campaign, we look back on what has been accomplished. Through fundraising events, donations, gifts, pledges and the efforts of many, the Angus team can be proud of the “Champions” who stepped up to the plate to help the campaign prosper. This annual report is for our “Champions” who not only support the Angus Foundation, but who also carry the Foundation’s mission forward through education, youth and research. We are truly one Angus team of “Champions,” growing and working together with a Vision of gold.

Using QR Codes:

In an effort to increase the amount of information the Angus Foundation provides to Angus breeders and friends, you will find quick-response (QR) codes throughout this Annual Report. Using QR codes is simple with your smartphone.

First, download a free QR-code reader app from your mobile provider. Once it is downloaded, open up the QR-code reader app on your phone, point its camera at the barcode graphic and you’ll be taken to a specific Web page.

As an example, when scanned with your phone, the QR code at the left will take you to the Angus Foundation’s website. Other QR codes in this report will take you to various videos of individuals who are “Champions of the Vision,” and telling their stories as they relate to the Angus Foundation’s efforts for education, youth and research. We hope you enjoy learning more about your Angus Foundation in more ways than ever before!



“Champions” Never Quit


Five years ago, the Angus Foundation embarked on a campaign with an \$11-million goal in mind. Due to many selfless acts—volunteerism at many Angus Foundation fundraising events and on the Leadership Cabinet for the *Vision of Value: Campaign for Angus* and financial contributions of all sizes and amounts—it is clear the Angus breed has achieved many wonderful things throughout the duration of the campaign and will continue to do so in the future.

“Champions of the Vision” is the theme we are using this year to recognize those selfless acts and the hard work and dedication of our Angus breeders, allied industry partners and Angus Foundation staff in creating the starting point for many even better things to come for the Angus breed. Throughout this report, you will have the opportunity to read stories of those donors who have served as “Champions” of our *Vision of Value: Campaign for Angus* and why they have given of themselves through time and financial dedication to the Angus Foundation. It is because of people like these that many others have been able to improve their Angus operations and fulfill their dreams on their farms and ranches and in their careers.

Let me count the ways we have achieved remarkable strides throughout the campaign:

- At the beginning of the campaign in 2006, the Angus Foundation gave \$25,000 in undergraduate youth scholarships. At the most recent National Junior Angus Show in July 2011, the Angus Foundation gave away more than \$210,000 in undergraduate and graduate student scholarships.
- Since 2006, we have expanded financial support for educational conferences. The Angus Foundation now offers support to two to four Cattlemen’s Boot Camps, one BLI and sponsors one YCC participant annually.
- Research support was practically non-existent in 2006. Your Angus Foundation is now able to invest \$200,000-\$250,000 annually in cutting-edge research projects for the Angus breed’s benefit. The growing research needs in the beef cattle industry will demand significantly higher investments in the future.

We have much to celebrate considering all that we have accomplished, and we could not have reached these milestones without the support of our “Champions.” However, the game isn’t over. We will continue to build on what we have started in this campaign. I look forward to working with all of you and watching our Angus Foundation grow and achieve even more in the future.



Bryce Schumann, Chief Executive Officer, American Angus Association®



Maintain the “Champion” Spirit

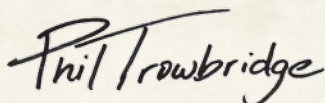
Throughout my time on the Angus Foundation Board of Directors, I have seen many great things in people. All of the Angus Foundation events, volunteers and efforts of many people have gotten the Angus Foundation to more than \$7 million. We have reached this milestone collectively as a team with a mission to improve and better the Angus breed.

Different people probably have different reasons why they support the Angus Foundation. Some are advocates of youth programs and want to provide an investment in scholarships or youth events. Some are proponents of the research sector. Some appreciate the educational conferences the Angus Foundation supports for breeders. Some have been helped by the Angus Foundation personally and feel the need to give back, while some give because the Foundation is such a well-rounded and efficient not-for-profit organization.

Whatever the reason, the spirit of giving has been alive during these past few years. It’s this spirit that has allowed us to reach milestones we never dreamed we could.

Personally, I am not a believer in the Angus Foundation solely because of my leadership on the Angus Foundation Board of Directors. I am a believer in the Angus Foundation, because I am an Angus breeder. I know that my future depends on education, youth and research.

We have only begun to scratch the surface for what’s in store for your Angus Foundation, and I know we can achieve even more if we just keep focused on continuing the great things the Foundation is currently doing and looking for other opportunities to advance the Angus breed. I encourage you to keep this spirit alive as the Angus Foundation continues to build even more for education, youth and research.



Phil Trowbridge, Chairman, Angus Foundation



President's Report

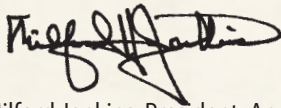
A "Champion" can be described as a person who has defeated opponents in a competition or series of competitions, so as to hold first place. When I think of "Champions," I don't think about winning so much as I think about the competitive spirit. I think about the drive that leads human beings to accomplish greater things than they could have ever imagined.

"Champions" are leaders, who by their giving, as well as in their receiving, inspire others to selfless acts evidenced by the countless cards and letters from lives touched by the Angus Foundation. Thus, our generous financial supporters are the real "Champions of the Vision" and for their support, this year's annual report is dedicated to them!

Our "Champions" have enabled us to award record numbers of scholarships, provide educational opportunities for members and invest in critical research for the advancement of the Angus breed. Our "Champions" have changed lives, brought dreams to reality, solutions to problems and created opportunities that didn't exist before. Our "Champions" have inspired Angus youth to believe in themselves and become leaders in the Angus breed, beef cattle and agricultural industries.

Thanks to our "Donor Champions," several more "Angus Champions" have been born. Many scholarship recipients are taking on careers to improve our beef cattle and agricultural industries. Many people who have been supported by the Angus Foundation to attend a Cattlemen's Boot Camp, Young Cattlemen's Conference or Beef Leaders Institute are applying what they have learned from the events on their farms and ranches and are likewise helping fellow breeders produce the best Angus cattle possible. Many researchers are advancing our Angus breed through science and innovation thanks to the support of the Angus Foundation.

When combining our "Donor Champions" with the "Angus Champions" they have helped create, the Angus breed will continue to leave footprints for others to aspire to fill. It is only because of the efforts of many throughout the *Vision of Value: Campaign for Angus* that the scope of your Angus Foundation's outreach in education, youth and research exists today. Our "Champions" have indeed made an indelible difference in the Angus breed, our Angus family and for that, we say thank you for helping all of us more clearly see the Vision!



Milford Jenkins, President, Angus Foundation



The 2011 Angus Foundation Board of Directors includes (front row, from left) Laurie Widdowson, Neb.; Cathy Watkins, Ind.; Phil Trowbridge, N.Y.; Bryce Schumann, Mo.; Milford Jenkins, Mo.; (back row, from left) Charlie Boyd II, Ky.; Darrell Silveira, Calif.; Scott Foster, Mich.; Doug Schroeder, Iowa; Rich Wilson, Mo.

Championing the Vision

“BLACKONTRACK! Angus Magic at Churchill Downs” Grosses More Than \$330K to Benefit the Angus Foundation



BLACKONTRACK!, the Angus Foundation biennial gala and auction on Nov. 13, 2010, raised more than \$330,000 in gross income to support the Angus Foundation's *Vision of Value: Campaign for Angus* goal of raising \$11 million by Dec. 31, 2011.

Held at the prestigious home of the Kentucky Derby, Churchill Downs in Louisville, Ky., the magical night drew nearly 400 Angus supporters from across the country who gathered for fine dining, horse racing entertainment and a live auction featuring elite Angus genetics and other unique items.

Angus Foundation events during the *Vision of Value: Campaign for Angus*, have generated nearly \$1 million for education, youth and research. Those events include:

“That Old Black Magic,” hosted by Fred and Betty Johnson of Summitcrest Farms in 2004

“Magic of the Vine,” hosted by Jim and Sue Coleman of Vintage Angus Ranch in 2006

“That Old West Magic,” hosted by Bob Funk of Express Ranches in 2008

“BLACKONTRACK! Angus Magic at Churchill Downs” in 2010

Providing entertainment for the guests was the first-ever mock horse race, titled the Angus Steaks Race. Eight corporate entities sponsored horses to run in the mock race and dinner stations for event guests. These \$5,000 sponsors included: Boehringer Ingelheim Vetmedica, Igenity, INTRUST Bank, Pfizer Animal Health, Superior Livestock, Sysco Specialty Meat Companies, TransOva Genetics and VitaFerm.

New to the Angus Foundation Gala and Auction was the *Vision of Value: Elite Heifer Genetics Offering*. Donating heifer genetics and also serving as the hosts of the evening were: 44 Farms, Texas; Basin Angus Ranch, Montana; Champion Hill, Ohio; Daltons on the Sycamore, Virginia; Deer Valley Farm, Tennessee; Evans Farms, Texas; Express Ranches, Oklahoma; Gardiner Angus Ranch, Kansas; SandPoint Cattle Co., Nebraska; Schaff Angus Valley, North Dakota; Southern Cattle Co., Florida; Sydenstricker Genetics, Missouri; Thomas Angus Ranch, Oregon; Three Trees Ranch, Georgia; Vintage Angus Ranch, California; and Wehrmann Angus, Virginia.

To provide leadership to the elite heifer genetics offering, a committee of Angus leaders was formed. Members were Ryan Cotton, Cotton & Associates; John Dickinson, Parnell-Dickinson; Rance Long, American Angus Hall of Fame; representing the *Vision of Value: Campaign for Angus* Leadership Cabinet, Dick Beck, Three Trees Ranch; Mark Gardiner, Gardiner Angus



Ranch; and representing the Angus Foundation Board of Directors, Phil Trowbridge of Trowbridge Angus Farms.

Welcoming guests to the event, co-emcee Ryan Cotton stated, "On behalf of the Angus Foundation, I'm honored to welcome you to this beautiful venue. With your support tonight, we will advance the future of the Angus breed by increasing the funds available to the Foundation's education, youth and research programs."

Auction items donated ranged from art to jewelry to exclusive trips to Angus collectibles.

Donated by Wehrmann Angus, Lot 13 of the Elite Genetics Offering was the top-selling item. Half-interest in a bull pregnancy by GAR Progress and Rita 5M46 of 2536 PRED sold for \$43,000 to Belle Point Ranch of Lavaca, Ark., and Express Ranches, Yukon, Okla.

Wehrmann Angus will retain possession through weaning and yearling carcass scan collection.

"We're extremely grateful to the various Angus breeders and friends from across the country who supported the auction and other aspects of the event," says Milford Jenkins, Angus Foundation president. "We also wish to express our heartfelt appreciation to the dedicated team of volunteers who unselfishly invested an enormous amount of time and effort in making BLACKONTRACK! a success."

The event steering committee was led by co-chairs Julie McMahon French of Beaverton, Mich., and Wynn Dalton Herbers of Lynchburg, Va., and included Betsie Michaels of Staunton, Va.; Teresa Mrocka of Howell, Mich.; and Lynn Hill of Bidwell, Ohio.



Championing the Vision through...

Research

No One Wants a High-Maintenance Girl *Easy maintaining cows increase producer profitability*



Across the U.S., we've seen it all in 2011. The unusual weather patterns this year have caused many Angus breeders more hardships than ever before on their farms and ranches. Forage continues to be scarce as the winter nears, and breeders are identifying with the need to have an easy maintaining herd.

Researchers at North Carolina State University (NCSU) and the University of Illinois (U of I) are working on just that. Starting in 2011, the Angus Foundation provided these universities with a \$350,000, multi-year investment to research Angus beef cow biological efficiency. This project is a continuation of research already funded by the Angus Foundation and American Angus Association® (AAA) in estimating feed efficiency in Angus cattle at both universities. Both NCSU and the U of I have purebred Angus herds and use similar sires, so it made sense to collaborate and share data.

"It doesn't make sense not to work together," says Dr. Joe Cassady, associate professor of animal science at NCSU. "Instead of small data sets from each university, we can get better answers based on a combination data set, which really helps the American Angus Association."

Start with the basics

Feed efficiency means trying to get more profit out of the same set of resources while facing higher production cost. Prior research in feed efficiency has been heavily focused on terminal

cattle rather than the lactating female. Feedlot cattle efficiency is important, but it is also much easier for researchers to collect data on these cattle versus the female herd. As Cassady explains, when feeders are buying corn, there is an immediate reaction to reduce the amount of corn to make more profit. Most cow-calf producers are not writing checks for semi-loads of corn.

"As soon as they have to start buying hay, efficiency starts to become more real," he says.

Dr. Dan Shike, assistant professor of animal sciences at the U of I, says it is hard to define an "efficient cow," as so many factors are considered for efficiency. An efficient cow is one that makes the most of the nutrients she consumes. She's one that gets pregnant every year, successfully delivers and weans a calf, and is able to utilize her nutrients to maintain herself in all kinds of weather conditions and environments.

The feed conversion, residual feed intake and residual gain predictors all take into account in some form

the three measures that determine nutrient utilization in cows: feed intake, average daily gain (ADG) and body weight or body composition. But, there is still not a clear-cut way to select females for efficiency.

Work through the challenges

Although researchers have attempted to determine efficiency and nutrient utilization in cows, there are many challenges to overcome.

"We know there are differences in efficiency in genetic lines in the same environment. We just cannot look over the fence and make that determination—that one is efficient, and that one is not."

— Dr. Doug Parrett,
professor emeritus, extension specialist
University of Illinois

“There is no genetic information today I’m confident in saying is a good tool for predicting cow efficiency,” Shike says. “We can’t find low-input, efficient cattle based on phenotype. Small-frame, low-input cattle are often low-producing and have less growth potential.”

“We know there are differences in efficiency in genetic lines in the same environment,” says Dr. Doug Parrett, professor emeritus of animal sciences and extension specialist for beef and performance testing at the U of I. “We just cannot look over the fence and make that determination—that one is efficient, and that one is not.”

Additionally, it is hard to determine efficiency when we don’t know what the cows are eating.

“When you put cows in a pasture, they don’t all eat the same thing; they select the clover or timothy, whatever is available,” Cassidy says. “We need to not only understand their feed intake, we need to also understand the forages they are selecting.”

Look at potential relationships

Two aims make up the current collaborative study: post-weaning assessment and brood cow performance assessment. In the post-weaning assessment, measures of growth, feed intake, feed efficiency, ultrasound backfat and ribeye area are taken in developing heifers. Post-weaning efficiency is important, Shike explains, because that is when most replacement selection is done.

For the brood cow performance aim, data on cow milk production, based on the growth performance of their calves, and dry matter intake are taken from first lactation up until cows are 5 years old.

“Our goal is to develop methods that will allow producers to identify the females who will become the most efficient cows and the sires whose daughters will become the most efficient cows,” Cassidy says. “At this time, little is known about the relationship between heifer performance during the post-weaning developmental period and her performance as a brood cow.”

Genomic professors will also be involved in the evaluation of efficiency to find genomic indicators or tests to aid in selection.

“I hope when we’re done, we will come up with information producers need to select for efficiency without having to impact the other traits,” Parrett says.

Finding that information will likely take some time based on the amount of data collection needed, and the Angus Foundation has funded the project for five years.

“On the feedlot side, researchers are able to generate a lot of data,” Shike says. “When you’re talking about retaining replacements and taking data on cows up to 5 years of age, it takes a lot of time.”

Despite the challenges, studying brood cow efficiency and the potential relationships between post-weaning and lactating cow performance has merit that Cassidy, Shike, Parrett and other researchers at the two universities have recognized. They know the need to have efficient cows will never go away.

“While recent weather conditions and feed prices have heightened producers’ concerns regarding feed utilization, the challenges have not changed,” Cassidy says. “Producers need to identify females that will utilize resources efficiently.”

Supported Research Projects

Completed Research Projects

- A \$140,000 multi-year, multi-disciplinary research study in feed efficiency at the U of I aimed to discover and document detailed information about sire differences in feed efficiency and carcass traits, and the genetic parameters used to measure these traits.
- In early 2010, \$30,000 was committed to NCSU to fund the fifth year of a multi-disciplinary research project designed to gain further information on estimating feed efficiency of Angus cattle.
- With more than \$19,000 in support, Iowa State University looked at enhancing biological efficiency in beef cattle. The project studies the relationship between feed efficiency measures during the heifer development stage and first lactation.
- In 2005, the Angus Foundation invested \$24,000 in the Bovine Genome Project conducted by the USDA-ARS to assist the beef industry in finding potential application of DNA technology.

Research Projects In-Progress

- **Beef Cow Biological Efficiency:** Starting in 2011, the Foundation invested \$350,000 in multi-year feed efficiency research on Angus females. This joint project between the U of I and NCSU will further build upon the feed efficiency research already funded.
- **History of Inbreeding in Angus:** The Foundation is providing \$4,800 to North Dakota State University to fund a research study on the history of inbreeding and its relationship in Angus cattle.
- **Development and Evaluation of Hair Shedding:** More than \$20,000 was provided to NCSU and Mississippi State University (MSU) to fund a project aimed at characterizing Angus cattle for hair shedding differences, while developing genetic parameters, a subjective scoring system and data collection protocol that could be used by producers to collect hair shedding data for use in future national cattle evaluations.
- **Regulation of Marbling Development in Beef Cattle by Specific Fatty Acids:** A multi-university research project with Texas A&M, Texas Tech University and University of Idaho is addressing marbling on the cellular level. A Foundation contribution of \$50,000 over three years will augment this recently funded NCBA Product Enhancement priority.
- **Genetic Evaluation and Methodology:** The Foundation committed \$300,000 over five years to the University of Georgia to conduct genetic evaluation methodology and implementation, as well as the potential for new trait development.
- **Validating Genomic and Proteomic Markers for Angus Bull Fertility:** MSU received \$25,000 to conduct DNA research on high and low fertility bulls. This project was renewed with an additional commitment of \$15,000.

Information you can use:

- Choosing the right sire is critical, as the saying goes, “The sire is half of your herd.” Breeders also need replacement females that will improve herd efficiency.
- Maintenance costs and body weight are related. The increase in cow size must be accompanied with an increase in calf performance to maintain efficiency.
- The Cow Energy Value (\$EN) can be used to help reduce herd inputs. According to the AAA, \$EN is expressed in dollars savings per cow per year and assesses differences in cow energy requirements as an expected dollar savings difference in daughters of sires. A larger value is more favorable when comparing two animals (more dollars saved on feed energy expenses).
- Research at NCSU has found that calmer heifers have lower feed intake but similar ADGs compared to more excitable heifers. Therefore, calmer heifers have a better feed conversion ratio. Selecting more docile cattle will help herd efficiency.
- NCSU researchers also found that feed intake can be determined for total lactation (112 days) in a 42-day window. This finding has allowed NCSU to analyze feed intake data on more cows during calving season.

Championing the Vision through...

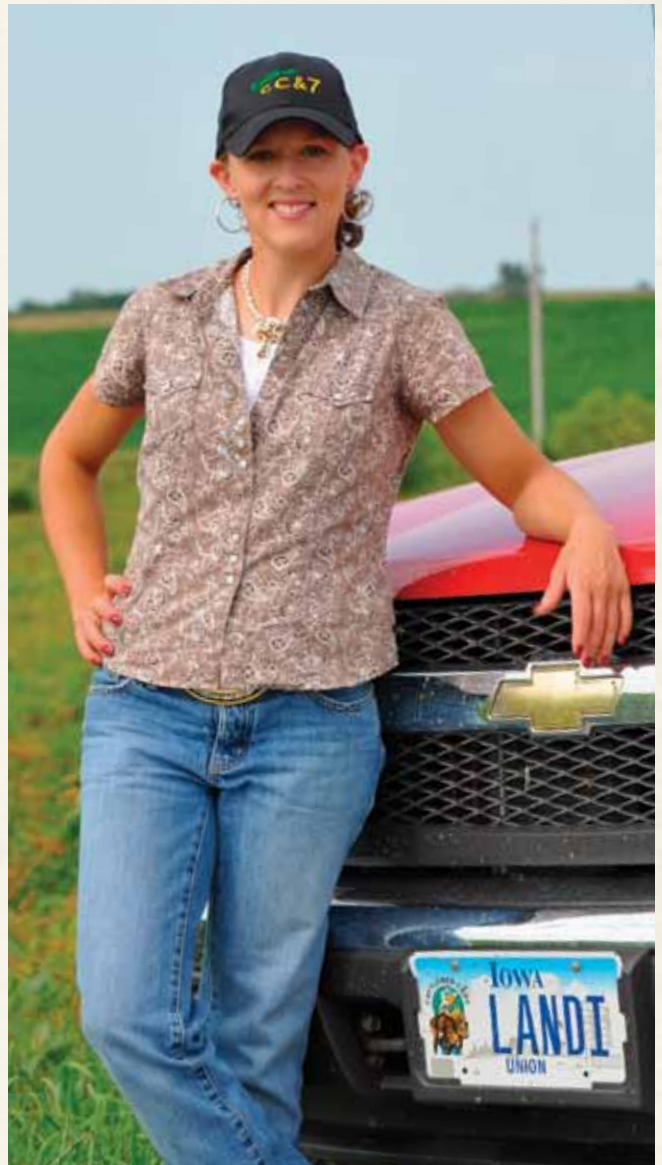
Education

Landi McFarland, Young Cattlemen's Conference participant

Landi McFarland has two goals in mind when she logs into her Facebook page: advocate for her business and advocate for her industry. Luckily, those two goals go hand-in-hand. McFarland is the herd improvement manager for her family's 83-year-old Angus operation, Hoover Angus Farm, in Ellston, Iowa. She is also a fourth-generation Angus breeder and graduate of Iowa State University with a degree in agricultural studies and minor in animal science. McFarland's desire to learn more outside of her cattle operation led her to attend the 2011 Young Cattlemen's Conference (YCC), a nationwide tour of the beef production chain hosted by the National Cattlemen's Beef Association. McFarland is the ninth American Angus Association® member who has been sponsored to attend YCC by the Angus Foundation.

"YCC was a phenomenal experience for me to broaden my horizons about the beef industry and learn from pasture to plate, from beginning to end, what goes on," McFarland says. "I also learned how we need to be more effective in educating consumers about what we do, why we do it and how we do it in a consumer-friendly manner."

Since YCC, McFarland has been more active on her personal and Hoover Angus Farm Facebook accounts by posting comments about the beef industry and animal agriculture and sharing her passion about what she does with others. Young cattle enthusiasts and agricultural industry supporters like McFarland benefit from the Angus Foundation's



support, as the educational conferences they attend, including YCC, help give them the tools they need to carry the industry forward in a variety of ways.

"It's difficult for farmers and ranchers to come back to the farm, to get involved," McFarland says. "Through these types of opportunities, we can learn, grow and be more involved in beef production."

Myron Kennedy, BLI and Cattlemen's Boot Camp participant

Brookeville, Md. native Myron Kennedy has a yearning to learn more about Angus cattle. On top of managing his own 25 Angus cows, he works with the Moxley family, who runs about 150 cows in West Friendship, Md. The operation breeds for and keeps several replacements and sends about a dozen bulls to Midland Bull Test each year, as well as exhibits cattle in Louisville and Denver. Kennedy keeps himself busy by raising quality Angus cattle but makes it a priority to attend as many educational conferences and events as possible to keep up on what's going on in the breed. He has attended two educational events supported by the Angus Foundation: Cattlemen's Boot Camp and Beef Leaders Institute (BLI).

Kennedy says he was humbled to be selected for BLI.

"The wealth of information provided and the environment with which you are exposed makes the experience extraordinary. In addition, the opportunity to meet people in the industry to share ideas and experiences makes it an invaluable event," Kennedy says. "You can take things back to your own segment. Much of what I learned could apply to any region of the country."

At both BLI and Cattlemen's Boot Camp, Kennedy says he not only learned about handling and management practices,



but he also learned a great deal about cattle after they leave the farm.

"The information you learn in the feedyards and what the cattle are doing on the rail is very informative—there's just an incredible amount of information you can pick up," he says.

Kennedy says the true benefit of educational events is the sharing of information with others and strengthening of the industry. He believes the Angus Foundation's educational support allows breeders to help one another face challenges and know what's on the horizon to make them more informed producers.

"The Angus Foundation benefits the younger culture coming up in the way it provides opportunity to learn, meet other people in the industry and collaborate on ideas," Kennedy says. "The tools and the information it gives is extremely beneficial to people who want to be in the cattle business and want to serve the future and move the whole industry forward."

Donna Malone, Cattlemen's Boot Camp participant

Donna Malone's grandfather raised Hereford cattle near Madisonville, Texas, a small town about 100 miles north of Houston. From her grandfather's farm, Malone learned that raising cattle meant rounding them up in the spring, steering the bull calves, branding each animal and making sure the herd had enough feed in the winter. Malone always had a respect for cows, but she didn't always believe she would be raising them herself.

"As my husband and I got older and the children were gone, I was ready for a condo," she says. "We ended up buying a place in Arkadelphia and raising cattle."

Arkadelphia, Ark., is now home to Malone Supreme Angus, where Donna and Percy Malone raise about 500 head of purebred Angus cows.

"I wanted to raise carcass cattle with a good looking phenotype and also the right numbers," Malone says. "We decided I would learn the cattle, genetics and diseases. My husband would deal with the financials behind it."

While her husband, an Arkansas state senator, manages the financials along with his pharmacy business, Malone has put focus on educating herself on the cattle. She operates a low-stress handling ranch in a corral structure designed by Temple Grandin. Learning sires and cow families, cattle diseases and expected progeny differences (EPDs), artificial insemination

(AI) and embryo transfer (ET), has taken a lot of ambition for a woman who grew up just knowing the basics of cattle production.

Thanks to the Angus Foundation, Malone has had the opportunity to get the education she's needed to be a great Angus producer, and she has gotten that education by attending two Cattlemen's Boot Camps.

Not only does she apply what she's learned at the Boot Camps



on her own ranch, Malone says just as importantly, she's shared in what she's learned with other breeders, particularly when she conducts tours of her operation.

The Angus Foundation, in her mind, allows people like her and the younger generation find what they need to be successful from both a business and an advocate standpoint.

"I've used a lot of resources from the Angus Foundation and am very supportive of the Angus Foundation because of the youth," Malone says. "We have to support and educate young people, or we won't have agriculture anymore."



Scan the code!

Scanning the code with your smartphone will take you to our YouTube page where you can watch interviews of these participants.

Championing the Vision through...

Scholarship

Cody Sankey, beef manager and livestock judging team coach



"I placed the class of performance Angus heifers" is something Cody Sankey hears often as the livestock judging coach at Michigan State University in East Lansing, Mich. Even more often is Sankey's interaction with beef cattle and youth in agriculture. He also oversees a 150-cow operation as the purebred beef barn manager at MSU and is responsible for teaching and mentoring about 20 students who are employed there each year.

Sankey grew up on his family's Angus operation in Council Grove, Kan. His family has raised Angus cattle since 1900, and he is a fifth-generation Angus breeder.

Sankey was an active member in the National Junior Angus Association and attended the National Junior Angus Show and Leaders Engaged in Angus Development (LEAD) conference on a regular basis. Additionally, Sankey was president of the Kansas Junior Angus Association. His experiences in the Angus business made him a great candidate for scholarship support from the Angus Foundation when he completed his post-secondary education at Butler Community College and Oklahoma State University (OSU).

"The Angus Foundation Scholarship allowed me to attend college out of state at OSU," Sankey says. "I wanted to go to a college that had a strong livestock judging team, strong beef cattle program and a university that in my mind had the best Angus cattle teaching herd."

Now Sankey has a B.S. in animal science and M.S. in ruminant nutrition from OSU. He has continued to be involved in the Angus breed not only in his career, but also in serving as

a board member for the Michigan Angus Association, a voting delegate for his state at the American Angus Association® annual meeting in Louisville and in attending the Beef Leaders Institute, which the Angus Foundation also supports.

Sankey's Angus story is a great one, and he says the Angus Foundation is helping ensure these great stories continue in the future.

"It's important for Angus breeders, organizations and corporations to continue to support the Foundation, because it is a great way for our Angus youth to receive scholarships to help pay for their education at quality universities," Sankey says. "It's important that these youth are highly educated, because they are the ones who will have to tell the great story of agriculture to a public that is becoming farther removed from the farm or ranch."



Tom Patterson, agricultural sales manager

The Angus Foundation helped Tom Patterson, originally from Columbus, Mont., achieve great things beyond his family's nearly 100-year-old Angus ranch. Although Patterson still has females in his family's purebred herd and markets a few bulls each year, he now lives near Strong City, Kan., and serves as the national sales manager for Agtech, Inc., where he is responsible for all domestic sales of the company's embryo transfer (ET) and artificial insemination (AI) products and also coordinates monthly training courses that provide producers and veterinarians the opportunity to learn ET and AI in a hands-on environment.

Patterson says the Angus Foundation scholarship he received while working toward his B.S. in animal science and industry from Kansas State University helped him attend a university outside of his home state.

"Saving enough money to pay for living expenses and out-of-state tuition was a challenge for me, and for many others, past and present," Patterson says. "The Angus Foundation scholarship helped ease the financial pressure on me and allowed me to reach my goal of attending an elite animal science program."

In addition to his career in agribusiness, Patterson and his wife, Corinne, are both involved in the cattle business, and he says they are working on transitioning into a larger role



in her family's stocker and backgrounding operation in the Kansas Flint Hills. Through working and being involved on the ranch, Patterson has made many contacts in the industry, and he says the best advice he can provide Angus youth interested in pursuing agricultural related careers is to network.

"The U.S. cattle industry, while very large, is still a very tightly connected network of people," Patterson says. "Make sure you get to know as many people as you can in the segment of the industry you are interested in. It will pay off in many ways as your career matures."

Angus breeders and agribusinesses, likewise, should get to know these young people and help them achieve their goals.

"Preparing the next generation of stockmen and women to take the reins of agribusinesses and ranches takes a great deal of time and financial investment," Patterson says. "By supporting the Angus Foundation, corporations and individuals are placing a down payment on the future of our industry."

Rebecca (Tokach) Acheson, meat science researcher

Rebecca (Tokach) Acheson has been involved in the Angus business since the day she was born. The St. Anthony, N.D., native became active in her state Angus association as a child, and at age 13, she participated in her first National Junior Angus Show in Des Moines, Iowa. Her Angus résumé goes on to include serving on the National Junior Angus Association Board of Directors in 2006 and 2007, receiving scholarship support from the Angus Foundation, and in the past few years, researching issues in meat science to improve the beef and agricultural industries.

"My parents gave me my first Angus heifer calf a few weeks after I was born, and she served as the foundation female of my own herd," Acheson says. "My grandparents and parents have been active in both the state and national Angus associations, so it was only natural that I would follow in their footsteps."

Acheson received both undergraduate and graduate scholarships from the Angus Foundation while completing her B.S. in animal sciences and industry at Kansas State University and M.S. in meat science and muscle biology at Texas Tech University. Acheson is currently completing her Ph.D. in meat science at Colorado State University, where she is researching the nutrient composition of retail beef cuts from the loin and round.



Her research is very important, because starting January 1, 2012, retailers will be required to include nutrient labels on certain beef cuts.

The scholarships Acheson was awarded from the Angus Foundation allowed her to participate in extra-curricular activities and study abroad programs, as well as get into great graduate programs that will hopefully help her land her dream job.

"During my time on the junior board, I had the opportunity to serve as the Foundation director and help raise money for an organization that had a huge impact on my life," Acheson says. "As funding for land grant educational intuitions continues to decrease, foundations like the Angus Foundation will be increasingly looked upon to provide funding for and doing research in cutting-edge projects that will benefit the entire beef industry."

Championing the Vision through...

Donations

Fred and Shirley Williams, Fort Smith, Ark.



Creativity lives at Fair Oaks Farm, home of Fred and Shirley Williams of Fort Smith, Ark. It's at the farm where Shirley, with the help of one hired hand, manages all of the cattle in a beautiful Arkansas setting. The farm provides creative inspiration for Fred and his advertising business, Williams/Crawford & Associates, Inc. And, the same creativity goes into the Williams' dedication and contributions to the Angus Foundation.

"When Fred and I first got involved with the Angus Foundation and watched what was going on from afar, it just seemed so overwhelming, because the donations were huge," Shirley says. "We really didn't think we could play that game, so we started looking at other options and ways to be involved."

Fred and Shirley can be found nearly everywhere supporting the Angus Foundation, from the fundraising events and galas, to bidding on items in Angus Foundation silent auctions, to sponsoring the awards for the graphic design contest at the National Junior Angus Show.

"I have an advertising agency, and for us, it's an extension of what we already do," Fred says. "If we can help kids get more involved in graphic design and commercial art, it's just the right thing to do. We love it. We make a living at it. It's been very good to us."

Additionally, Shirley says another great way to get involved in the Angus Foundation is encouraging state junior and adult associations to consider putting their fundraising dollars into the Angus Foundation to allow the money to gain interest and build endowments.

"You have transient membership and officers trying to manage monies in those associations, but the Foundation is a great place to put those monies and get a better return," Shirley says.

In whatever way Fred and Shirley Williams are creatively investing in the Angus Foundation, they know their time and money is going toward supporting three entities they believe in. They have seen the benefits of the Angus Foundation's youth efforts through their daughter, Elizabeth, who received two scholarships totaling \$6,000 from the Angus Foundation. The Williams family believes education and research support are equally as important.

"The Foundation I think had been known primarily before as part of our junior association and scholarship program," Shirley says. "It is so much more than that with education and research. Everyone now knows if we want to stay progressive as a breed association, we have to be ahead of the curve in research and the education of our members."

Clearly, the *Vision of Value: Campaign for Angus* has benefited from the support of donors like Fred and Shirley Williams.

"The goal the Angus Foundation tried to reach, at first I said there is no way in the world we'll reach it, especially in these tough economic conditions that we're in right now," Fred says. "But we're doing it, and we're doing it through hard work, and we're doing it through dedication, and we're doing it through a vision that we have something to get done. We're not doing it for ourselves; we're doing it for the generations that are coming up. It's a worthy cause, and I'm so glad that the Foundation and its board are supporting this, and in turn, small breeders like ourselves can be involved and help too."

Murl and Lucian Richardson, Fort Worth, Texas

The front license plate on Lucian Richardson's white SUV reads "Angus." Every time she and her husband, Murl, go out for a steak dinner, Murl is certain to ask the waiter if he's serving Angus steak. If it's not Angus, he will lecture to the waiter why Angus beef is, in his mind, the best out there.

"Angus is simply a better breed of cattle," Lucian says. "I don't think Murl and I have any friends who don't know we are involved in Angus."

Lucian's father, Luther McClung, was a businessman in the oil industry who was also a rancher with a passion for Angus cattle.

"He didn't start out in Angus, but he learned very quickly that was the breed to have," Lucian says.

Murl got involved in the Angus breed when he and Lucian started dating more than 60 years ago. He learned the business through Lucian's father at the McClung Ranch, which operated at the time in southern Oklahoma and central Texas. The ranch just west of Fort Worth in Rising Star, Texas, is currently home to 400 Angus cows. The Richardsons, along with their family members, ranch manager, Howard Lawrence, and his wife, Caryl, take pride in continuing to improve their Angus operation.

"We study all the information we can get from the American Angus Association® to try to improve the breed and put the taste that the consumer wants in the steak he's eating," Murl says.

Striving for improvement on the ranch has made Murl and Lucian realize that making strides is only possible through research and development and supporting young people who will one day take over the breed.



"Going back to the '50s when Angus was really getting started, if it hadn't have been for some good ranchers and smart cattlemen who studied the cattle and spent money on research and development, we wouldn't have the cattle we're able to work with today," Murl says. "I feel the Angus Foundation is doing similar work. It's funding research and development and training the young people to take over when we finally give up and let them have it."

Murl knows first-hand the importance of research and development, as he has been in the manufacturing and oil drilling business his entire life. He believes that research opportunities in Angus are endless.

"There's a lot more out there we can learn that we don't know today," Murl says. "We need to keep funding the Angus Foundation so that work can continue."

Annie Viator, Bryan, Texas

Annie Viator's life is like an Angus storybook. She and her daughter, Cheramie, have been involved in the Angus breed for many years.

One such story Cheramie told on her scholarship applications prior to attending college. Annie says that Cheramie talked about a national show the two of them attended in the early 1980s in Nashville.

"We went with a bucket and a comb, maybe a brush," Annie says. "Someone else hauled the heifer and the feed. You know, you can feed with the bucket and water with the bucket. We didn't need much else. My involvement and her involvement just expanded from there until we were both very involved, her on the junior board and me on the Angus Auxiliary board."

Annie is a life member of the American Angus Auxiliary and has served on several committees, one being the scholarship committee. She says through the Auxiliary she has worked with the Angus Foundation in securing funds for the American Angus Auxiliary Scholarship Endowment Fund, which annually provides scholarships at the National Junior Angus Show (NJAS) to five young men and five young women.

Annie says people who want to support the American Angus Auxiliary Scholarship Endowment Fund can simply inform the Angus Foundation on their check that they want their contribution to go to this fund.

"The scholarship fund being managed by the Angus Foundation is a good thing. It's well-managed," Annie says. "But, people really don't know that when they make a donation to the Foundation, they need



to specify whether or not that money goes to the Angus Auxiliary scholarship fund."

Annie remembers when the Auxiliary scholarships were the only ones handed out to youth each year. Now these scholarships are handed out with a number of other

Angus Foundation scholarships supported by other endowments and donations.

Cheramie won several Angus scholarships to help her through college. Now she is the marketing and genetics manager for Silver Spur Ranches, which has operations in Wyoming, Colorado, New Mexico and Nebraska. Cheramie says the scholarship support, her involvement in showing cattle and her service on the National Junior Angus Association (NJAA) Board of Directors propelled her into a successful career in agriculture.

"It (NJAA) was more than showing cattle to me," Cheramie says. "It was about the things I learned in terms of communication skills, work ethic, getting to travel, going to junior nationals and going to the leadership conferences. Those were the things that helped me as an individual to evolve into who I am today."



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Developing and maintaining excellence in the Angus Foundation's efforts to advance the Angus breed can be credited to private gift support. This list recognizes supporters from Oct. 1, 2010, through Sept. 30, 2011. Their commitment to education, youth and research further strengthened the Angus Foundation's service to the Angus breed. The Angus Foundation extends its sincere appreciation to the following:

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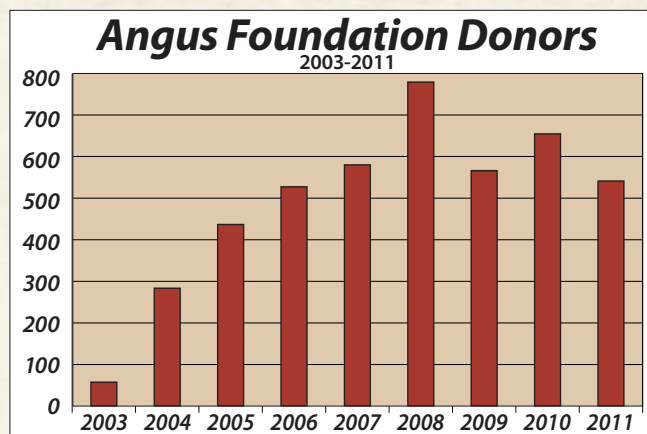
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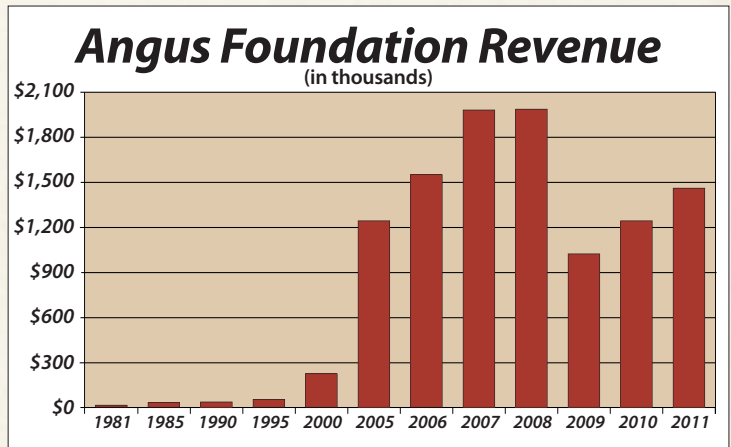
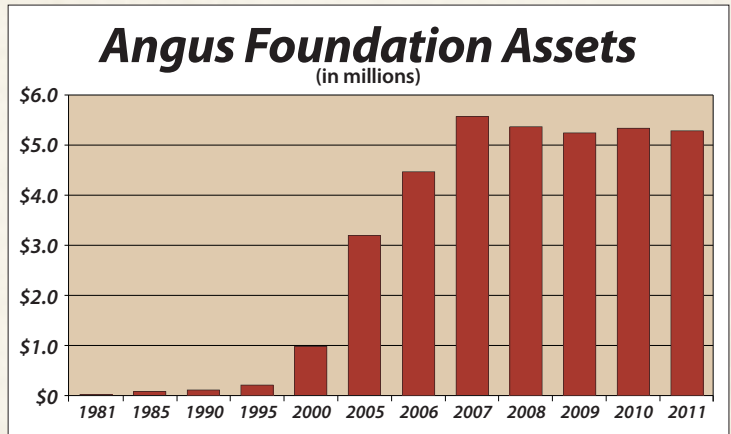
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Growth of the Vision

With the help of its “Champions,” the Angus Foundation continues to see stability, gradual growth and sustainment of supporter levels in the face of economic adversity in this current fiscal year.

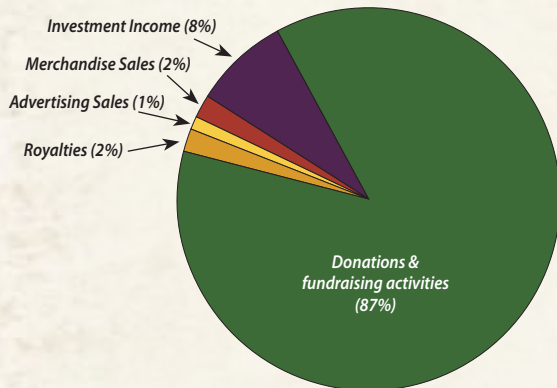
With total revenue of \$1,413,048, this fiscal year ranks in the top five years for the Angus Foundation since its inception in 1980. Total assets of \$5,301,544 rank this year in the top five as well.

Through generous charitable gifts from Angus breeders, allied industry interests and friends, the vision of next fiscal year promises to be even more prosperous for the Angus Foundation!



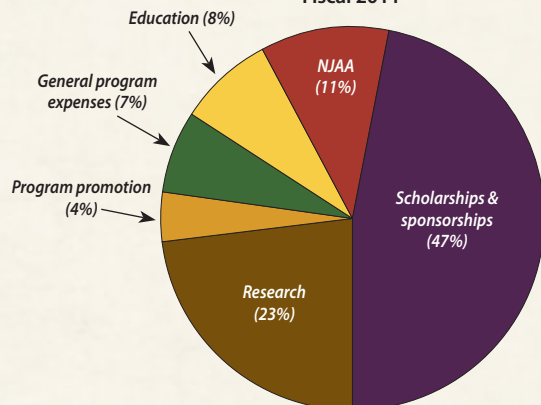
Foundation Revenue Sources

Fiscal 2011



Programs Funded by Foundation

Fiscal 2011



Financial Statements

Independent Auditor's Report

Board of Directors
Angus Foundation
Saint Joseph, Mo.

We have audited the accompanying statements of financial position of Angus Foundation (the Foundation) as of September 30, 2011 and 2010, and the related statements of activities and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Angus Foundation as of September 30, 2011 and 2010, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Clifton Gunderson LLP

Saint Joseph, Mo.
October 20, 2011

Angus Foundation Statements of Financial Position

September 30, 2011 and 2010

	2011	2010
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 68,087	\$ 23,193
Accounts receivable	106,369	41,285
Pledges receivable, net - current portion	1,436	55,915
Interest receivable	1,523	3,171
Inventories	104,566	104,801
Prepaid expenses	11,650	20,022
Total current assets	<u>293,631</u>	<u>248,387</u>
Investments		
Unrestricted	1,339,350	1,431,457
Board designated	966,933	1,008,903
Temporarily restricted	2,039,763	2,063,700
Permanently restricted	661,634	596,756
Total investments	<u>5,007,680</u>	<u>5,100,816</u>
Long-term pledges receivable - net	<u>233</u>	<u>11,730</u>
Total Assets	<u>\$ 5,301,544</u>	<u>\$ 5,360,933</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable - trade	\$ 92,445	\$ 32,201
Accounts payable - affiliate	---	37,471
Accrued liabilities	36,176	21,420
Deferred income	21,308	52,358
Total current liabilities	<u>149,929</u>	<u>143,450</u>
Long-term Liabilities		
Accrued postretirement benefits	17,000	15,000
Accrued awards	2,200	2,200
Total long-term liabilities	<u>19,200</u>	<u>17,200</u>
Total liabilities	<u>169,129</u>	<u>160,650</u>
Net Assets		
Unrestricted:		
Operating	1,293,520	1,436,149
Board designated	1,072,820	1,021,468
Temporarily restricted	2,081,431	2,096,315
Permanently restricted	684,644	646,351
Total net assets	<u>5,132,415</u>	<u>5,200,283</u>
Total Liabilities and Net Assets	<u>\$ 5,301,544</u>	<u>\$ 5,360,933</u>

The accompanying notes are an integral part of the financial statements.

Angus Foundation Statements of Activities and Changes in Net Assets

Years Ended September 30, 2011 and 2010

	2011				2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains and Other Support								
Contributions	\$ 589,419	\$ 576,861	\$ 48,964	\$ 1,215,244	\$ 203,948	\$ 669,663	\$ 86,803	\$ 960,414
Royalties	34,480	349	—	34,829	58,669	635	—	59,304
Other revenue	4,497	—	—	4,497	1,712	—	—	1,712
Merchandise sales	25,731	—	—	25,731	23,100	—	—	23,100
Net investment income	46,488	64,985	—	111,473	52,612	68,606	—	121,218
Advertising	15,650	—	—	15,650	31,782	—	—	31,782
Support fees	5,624	—	—	5,624	35,980	—	—	35,980
	721,889	642,195	48,964	1,413,048	407,803	738,904	86,803	1,233,510
Net assets released from restrictions:								
Satisfaction of purpose restrictions	570,119	(570,119)	—	—	638,154	(638,154)	—	—
Change of donor restrictions	18,052	(7,381)	(10,671)	—	26,784	(27,539)	755	—
Total revenues, gains and other support	1,310,060	64,695	38,293	1,413,048	1,072,741	73,211	87,558	1,233,510
Expenses								
Program services	751,221	—	—	751,221	735,746	—	—	735,746
Marketing and promotions	371,875	—	—	371,875	321,408	—	—	321,408
Operations and general expenses	225,712	—	—	225,712	336,769	—	—	336,769
Total expenses	1,348,808	—	—	1,348,808	1,393,923	—	—	1,393,923
Changes in net assets before provision for postretirement benefits and net unrealized gain (loss) on investments	(38,748)	64,695	38,293	64,240	(321,182)	73,211	87,558	(160,413)
Provision for Postretirement Benefits	(2,000)	—	—	(2,000)	(2,000)	—	—	(2,000)
Net Unrealized Gain (Loss) on Investments	(50,529)	(79,579)	—	(130,108)	140,437	130,495	—	270,932
Changes in Net Assets	(91,277)	(14,884)	38,293	(67,868)	(182,745)	203,706	87,558	108,519
Net Assets, Beginning of the Year	2,457,617	2,096,315	646,351	5,200,283	2,640,362	1,892,609	558,793	5,091,764
Net Assets, End of Year	<u>\$ 2,366,340</u>	<u>\$ 2,081,431</u>	<u>\$ 684,644</u>	<u>\$ 5,132,415</u>	<u>\$ 2,457,617</u>	<u>\$ 2,096,315</u>	<u>\$ 646,351</u>	<u>\$ 5,200,283</u>

The accompanying notes are an integral part of the financial statements.

Angus Foundation Statements of Cash Flows

Years Ended September 30, 2011 and 2010

	2011	2010
Cash Flows From Operating Activities		
Changes in net assets	\$ (67,868)	\$ 108,519
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Net realized gains on investments	(6,590)	(11,982)
Net unrealized (gains) losses on investments	130,108	(270,932)
Effect of changes in operating assets and liabilities:		
Accounts and interest receivable	(63,436)	49,937
Pledges receivable - net	65,976	337,904
Inventories	235	2,101
Prepaid expenses	8,372	(3,189)
Accounts payable - trade	60,244	(2,060)
Accounts payable - affiliate	(37,471)	37,471
Accrued liabilities, deferred income, postretirement benefits, and accrued awards	(14,294)	(16,150)
Net cash provided by operating activities	<u>75,276</u>	<u>231,619</u>
Cash Flows From Investing Activities		
Proceeds from investments	702,458	896,716
Purchases of investments	<u>(732,840)</u>	<u>(1,183,258)</u>
Net cash used in investing activities	<u>(30,382)</u>	<u>286,542</u>
Net Increase (Decrease) in Cash and Cash Equivalents	44,894	(54,923)
Cash and Cash Equivalents, Beginning of Year	<u>23,193</u>	<u>78,116</u>
Cash and Cash Equivalents, End of Year	<u>\$ 68,087</u>	<u>\$ 23,193</u>

The accompanying notes are an integral part of the financial statements.

Angus Foundation Notes to Financial Statements

September 30, 2011 and 2010

NOTE 1 – Summary of Significant Accounting Policies

Angus Foundation (the Foundation) is a not-for-profit 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.

Use of Estimates in Preparing Financial Statements

The preparation of 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 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 Foundation's financial statements include: the allocation factors used to allocate costs among the various programs and supporting services of the Foundation, the estimated collectability and discounts applicable to pledges receivable, and the required liability for postretirement benefits. Actual results could differ from those estimates.

Net Assets

Financial statement presentation follows the recommendations of Accounting Standards Codification (ASC) 958-205, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958-205, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: Unrestricted net assets; temporarily restricted net assets; and permanently restricted net assets.

Unrestricted

Unrestricted net assets include all net assets which are neither temporarily nor permanently restricted. This category includes board designated assets.

Temporarily Restricted

Temporarily restricted net assets include contributed net assets for which donor imposed time and purpose restrictions have not been met and the ultimate purpose of the contribution is not permanently restricted.

Permanently Restricted

Permanently restricted net assets include contributed net assets, which require by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents generally include cash on hand and 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 Foundation's investment program and are, accordingly, recognized as a component of investments on the statement of financial position.

Angus Foundation Notes to Financial Statements *(continued)*

September 30, 2011 and 2010

Contributions

Contributions are recognized as revenues in the period received or promised. Conditional contributions are recorded when the donor's conditions are met.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Amounts received which are designated for future periods or restricted by the donor for specific purposes, are reported as temporarily restricted or permanently restricted, and increase those net assets classes.

Pledges and Accounts Receivable

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

Accounts receivable relate to products and services, and are generally due within 30 days of the invoice date. As the receivables tend to be small and are generally collectible, no valuation allowance is deemed by management to be necessary.

Inventories

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

Investments

Investments include fixed income and equity mutual funds, government bonds, 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 deposits and money market accounts are carried at cost, which approximates fair value.

Postretirement Benefits

The Foundation provides certain health care benefits for retired employees who meet eligibility requirements. The estimated cost of the benefits to be paid after retirement is accrued by charges to expense, based upon the actuarial life expectancy of each eligible employee, and the current cost of the covered benefits, discounted to present value.

Deferred Revenue

The Foundation occasionally receives pledges that include a provision calling for the Foundation to provide certain services to be acquired from affiliate organizations. The revenue related to these future services is deferred until future years when the services are to be provided.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the U.S. Internal Revenue Code, and is not considered to be a private foundation. The Foundation is subject to income taxes on unrelated business income.

The federal tax and information returns of the Foundation for 2007, 2008 and 2009 remain subject to examination by the IRS taxing authority, generally for three years after they were filed.

Description of Programs

The Foundation develops, assists, and sponsors educational programs, supports youth programs, and sponsors scientific research on topics related to agriculture.

Functional Allocation of Expenses

The indirect functional costs of providing the various programs and activities of the Foundation 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.

Angus Foundation Notes to Financial Statements

September 30, 2011 and 2010

NOTE 2 – Fair Value of Financial Instruments

In determining fair value, the Foundation uses various valuation approaches within the ASC 820-10 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 820-10 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 820-10 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.

Investments

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 or 2 of the valuation hierarchy, as appropriate.

Pledges receivable

Fair value for pledges receivable is determined by calculating the present value of future cash flows as expected to be received by management, using a discount rate of 5% based on treasury bills for the beginning period of the campaign gift (2007). These are classified as level 3 within the valuation hierarchy.

Postretirement benefits

Fair value for post retirement benefits is determined using the accrual amount 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. The discount rate used was 6% and the expected return on plan assets was estimated at 8% using weighted average assumptions. These are classified as level 3 within the valuation hierarchy.

Fair values of other assets and liabilities measured on a recurring basis, as of September 30, 2011 and 2010, are as follows:

September 30, 2011				
Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	
Investments:				
Equity Securities:				
Mutual funds:				
Large cap equity	\$ 2,478,358	\$ 2,478,358	\$ —	\$ —
Mid cap equity	115,104	115,104	—	—
Small cap equity	67,367	67,367	—	—
International	260,250	260,250	—	—
Fixed income:				
Mutual funds:				
Short term	111,808	111,808	—	—
Government	162,646	162,646	—	—
Corporate	1,369,521	1,369,521	—	—
High yield	32,657	32,657	—	—
Government bonds	100,434	—	100,434	—
Pledges receivable	1,669	—	—	1,669
Post retirement benefits	(17,000)	—	—	(17,000)
Total assets and liabilities	\$ 4,682,814	\$ 4,597,711	\$ 100,434	\$ (15,331)

September 30, 2010				
Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	
Investments				
Equity Securities:				
Mutual funds:				
Large cap equity	\$ 2,430,000	\$ 2,430,000	\$ —	\$ —
Mid cap equity	156,714	156,714	—	—
Small cap equity	75,971	75,971	—	—
International	206,320	206,320	—	—
Fixed income:				
Mutual funds:				
Short term	117,945	117,945	—	—
Government	176,375	176,375	—	—
Corporate	1,531,683	1,531,683	—	—
High yield	46,697	46,697	—	—
Pledges receivable	67,645	—	—	67,645
Postretirement benefits	(15,000)	—	—	(15,000)
Total assets and liabilities	\$ 4,794,350	\$ 4,741,705	\$ —	\$ 52,645

The following is a reconciliation of the beginning and ending balance of assets and liabilities, measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the years ended September 30, 2011 and 2010:

	Pledges Receivable	Postretirement Benefits
Balance, September 30, 2009	\$ 405,549	\$ (13,000)
New pledges received	146,281	—
Collections on pledges	(358,751)	—
Amounts written off	(44,000)	—
Change in allowance	(90,230)	—
Change in fair value	8,796	(2,000)
Balance, September 30, 2010	\$ 67,645	\$ (15,000)
New pledges received	323,672	—
Collections on pledges	(382,232)	—
Amounts written off	(92,600)	—
Change in allowance	84,306	—
Change in fair value	878	(2,000)
Balance, September 30, 2011	\$ 1,669	\$ (17,000)

Angus Foundation Notes to Financial Statements (continued)

September 30, 2011 and 2010

NOTE 3 – Investments

The value of investments at September 30, 2011 consist of the following:

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Held at cost:				
Certificates of deposit	\$ 116,448	\$ —	\$ —	\$ 116,448
Money market accounts	193,087	—	—	193,087
Held at fair value:				
Equity security funds	3,356,578	—	435,499	2,921,079
Fixed income funds	1,615,916	60,716	—	1,676,632
Government bonds	100,000	434	—	100,434
Total investments	<u>\$ 5,382,029</u>	<u>\$ 61,150</u>	<u>\$ 435,499</u>	<u>\$ 5,007,680</u>

Investment returns for the year ended September 30, 2011 consist of the following:

Interest income	\$ 112,695
Net realized gains	6,590
Investment fees	(7,812)
Net investment income	111,473
Net unrealized losses	(130,108)
Total investment returns	<u>\$ (18,635)</u>

The value of investments at September 30, 2010 consist of the following:

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Held at cost:				
Certificates of deposits	\$ 309,905	\$ —	\$ —	\$ 309,905
Money market accounts	49,206	—	—	49,206
Held at fair value:				
Equity security funds	3,230,147	—	361,142	2,869,005
Fixed income funds	1,755,799	116,901	—	1,872,700
Total investments	<u>\$ 5,345,057</u>	<u>\$ 116,901</u>	<u>\$ 361,142</u>	<u>\$ 5,100,816</u>

Investment returns for the year ended September 30, 2010 consist of the following:

Interest income	\$ 115,417
Net realized gains	11,982
Investment fees	(6,181)
Net investment income	121,218
Net unrealized gains	270,932
Total investment returns	<u>\$ 392,150</u>

NOTE 4 – Pledges Receivable

Pledges receivable contain the following:

	<u>2011</u>	<u>2010</u>
Total pledges receivable	\$ 101,060	\$ 252,220
Less: allowance for uncollectible pledges	99,374	183,680
Less: unamortized discount	17	895
Net pledges receivable	1,669	67,645
Less: pledges receivable, net- current portion	1,436	55,915
Long-term pledges receivable, net	<u>\$ 233</u>	<u>\$ 11,730</u>

The pledges receivable are expected to mature according to the following schedule:

2012	100,810
2013	250
Total	<u>\$ 101,060</u>

Interest was imputed at a rate of 5% in discounting long-term pledges receivable.

The Foundation has been informed of multiple donors naming the Angus Foundation as a charitable beneficiary in their revocable wills. A donor has also made a contingent challenge grant for \$200,000 that is subject to the challenge being met. Since these gifts are revocable, they are not reflected within the accompanying financial statements due to their conditional nature.

NOTE 5 – Pension and Postretirement Benefit Plans

The Foundation 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 and are discretionary. Contributions to the Plan are based upon eligible employee salaries and years of service. During the fiscal years ended 2011 and 2010, the Foundation contributed \$9,769 and \$13,055, respectively.

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 Internal Revenue Code. Eligible employees may contribute a percentage of their eligible salary subject to federal statutory limits.

Angus Foundation Notes to Financial Statements

September 30, 2011 and 2010

The Foundation 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 Foundation as they are incurred. The following is information about the benefit obligation and assumptions related to this benefit plan as of September 30:

	<u>2011</u>	<u>2010</u>
Accrued benefit obligation:		
Long-term liability	\$ 17,000	\$ 15,000
Change in obligation for postretirement benefits	\$ 2,000	\$ 2,000

Weighted average assumptions:		
Discount rate	6%	6%
Expected return on plan assets	8%	8%

Note 6 – Allocation of Joint Costs

The costs associated with fundraising have been specifically identified by function and include a total of \$613,031 and \$565,537 of joint costs, which were not specifically attributable to particular components for the years ending September 30, 2011 and 2010, respectively. The joint costs were allocated as follows:

	<u>2011</u>	<u>2010</u>
Program services	\$ 117,889	\$ 125,357
Marketing and promotions	367,951	309,171
Operations and general expenses	127,191	131,009
Total	\$ 613,031	\$ 565,537

NOTE 7 – Board Designated, Temporary and Permanent Restrictions

Included in unrestricted net assets are the following board designations:

	<u>2011</u>	<u>2010</u>
Youth, research, and education programs	\$ 1,072,820	\$ 1,021,468

The temporarily restricted net assets include restrictions for:

	<u>2011</u>	<u>2010</u>
Research	\$ 4,735	\$ 10,485
Youth programs	278,505	213,014
Education	122,650	168,711
Future operations	1,675,541	1,704,105
Total temporarily restricted assets balance	\$ 2,081,431	\$ 2,096,315

Permanently restricted net assets represent endowments totaling \$684,644 for 2011 and \$646,351 for 2010, which are invested in perpetuity and the income from which is temporarily restricted support for the Angus Foundation programs. Investment losses relative to donor restricted funds are born by the individual funds.

NOTE 8 – Endowments

The Foundation's endowments consist of 36 funds established to support a variety of scholarships and programs. Its endowments consist of both donor-restricted endowment funds and funds designated by the Board of Directors (the Board) to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the 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. Consequently, the Foundation classifies permanently restricted net assets as:

- The original value of gifts donated to the permanent endowment, and
- The original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted endowment fund not classified as permanently restricted is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board. 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

Angus Foundation Notes to Financial Statements *(continued)*

September 30, 2011 and 2010

is intended to produce results similar to the composite index relevant to the investment allocation, while assuming a moderate level of investment risk.

Spending Policy

The Foundation has a policy of appropriating a distribution percent each year of its endowment fund's average balance over the prior three years preceding the fiscal year in which the distribution is budgeted. Because this amount is calculated for a future year, any amount appropriated for the following fiscal years is added to temporarily restricted net assets in the current year.

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.

2011 Endowment Net Asset Composition by Type of Fund as of September 30, 2011:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	\$ (33,435)	\$ 29,502	\$ 661,634	\$ 657,701
Board designated endowment funds	940,131	—	—	940,131
Total funds	<u>\$ 906,696</u>	<u>\$ 29,502</u>	<u>\$ 661,634</u>	<u>\$1,597,832</u>

Changes in Endowment Net Assets for the Fiscal Year Ended September 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	\$ 932,141	\$ 23,656	\$ 596,756	\$1,552,553
Investment return:				
Investment income	23,868	15,660	—	39,528
Net appreciation:				
Board designated	(32,983)	—	—	(32,983)
Donor restricted	—	(25,844)	—	(25,844)
Transfer of temporary restricted investment	(19,398)	19,398	—	—
Total	<u>\$ (28,513)</u>	<u>\$ 9,214</u>	<u>\$ —</u>	<u>\$ (19,299)</u>
Contributions	52,174	28,427	64,878	145,479
Appropriation of endowment assets for expenditure	(49,106)	(31,795)	—	(80,901)
Net assets, end of year	<u>\$ 906,696</u>	<u>\$ 29,502</u>	<u>\$ 661,634</u>	<u>\$1,597,832</u>

Angus Foundation Notes to Financial Statements

September 30, 2011 and 2010

2010 Endowment Net Asset Composition by Type of Fund as of September 30, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	\$ (14,037)	\$ 23,656	\$ 596,756	\$ 606,375
Board designated endowment funds	946,178	—	—	946,178
Total funds	<u>\$ 932,141</u>	<u>\$ 23,656</u>	<u>\$ 596,756</u>	<u>\$1,552,553</u>

Changes in Endowment Net Assets for the Fiscal Year Ended September 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	\$ 824,118	\$ 16,062	\$ 503,183	\$1,343,363
Investment return:				
Investment income	23,172	13,712	—	36,884
Net appreciation:				
Board designated	53,763	—	—	53,763
Donor restricted	—	29,128	—	29,128
Transfer of temporary restricted investment	26,895	(26,895)	—	—
Total	<u>103,830</u>	<u>15,945</u>	<u>—</u>	<u>119,775</u>
Contributions	<u>70,554</u>	<u>15,415</u>	<u>84,743</u>	<u>170,712</u>
Prior year pledges fulfilled	—	—	8,830	8,830
Appropriation of endowment assets for expenditure	<u>(66,361)</u>	<u>(23,766)</u>	<u>—</u>	<u>(90,127)</u>
Net assets, end of year	<u>\$ 932,141</u>	<u>\$ 23,656</u>	<u>\$ 596,756</u>	<u>\$1,552,553</u>

NOTE 9 – Related Parties

The Foundation paid an affiliated organization \$39,000 for rent of facilities and equipment, and administrative services, for each of the years ended September 30, 2011 and 2010.

The Foundation received a pledge that includes a provision calling for the Foundation to provide certain services to be acquired from affiliated organizations. The expense related to these services was \$15,000 for the year ended September 30, 2011 and \$31,400 for the year ended September 30, 2010.

The Foundation paid affiliated organizations \$65,038 and \$65,729 for sponsorships of events and shows provided during the years ended September 30, 2011 and 2010, respectively.

An affiliated organization contributed \$350,000 and \$335,000 to cover current and future administrative services and donor relations for the years ended September 30, 2011 and 2010, respectively.

The same affiliated organization made a conditional pledge for fiscal year 2012 of \$300,000 earmarked for 2012 administrative and promotional costs. Due to its conditional nature, this pledge has not been reflected in these financial statements.

NOTE 10 – Fluctuation in Investment Values

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

NOTE 11 – Contingencies

The Foundation has approved various grants for specific research projects. The grants are contingent upon the researchers agreeing to final agreements and meeting other requirements established by the Foundation. Due to their conditional nature, the financial statements do not reflect a commitment for these grants.

NOTE 12 – Subsequent Events

Management evaluated subsequent events through October 20, 2011, the date the financial statements were available to be issued. Events or transactions occurring after September 30, 2011, but prior to October 20, 2011 that provided additional evidence about conditions that existed at September 30, 2011, have been recognized in the 2011 financial statements. Events or transactions that provided evidence about conditions that did not exist at September 30, 2011, but arose before the financial statements were available to be issued, have not been recognized in the 2011 financial statements.

This information is an integral part of the accompanying financial statements.

In the news...

Since its beginning in 1980, the Angus Foundation has worked to advance the Angus breed and agricultural industry through education, youth and research. The not-for-profit affiliate of the American Angus Association® has helped countless youth afford a college education, achieve their goals and become advocates for the industry. In addition, the Angus Foundation has provided funds for both youth- and adult-oriented educational programs, as well as many research projects taking place at colleges and universities across the country.

The following are highlights achieved during the fiscal year 2011.

- **BLACKONTRACK!**, the Angus Foundation biennial gala and auction held on Nov. 13, 2010, raised more than \$330,000 in gross income to support the Angus Foundation's *Vision of Value: Campaign for Angus*.



- Fifty-seven participants learned about various aspects of the beef industry at a Cattlemen's Boot Camp held Nov. 29-30, 2010, at The Samuel Roberts Noble Foundation in Ardmore, Okla. The Angus Foundation supports Cattlemen's Boot Camp events.

- Dr. Curtis and Ann Long, owners of Briarwood Angus Farm of Butler, Mo., bid \$50,000 to purchase the 2011 Angus Foundation Heifer Package, donated by Camron "Cam" Cooper, owner of Talon Ranch, Twin Bridges, Mont.

- Angus producers from 12 states gathered in Saint Joseph, Mo., on June 20-23, 2011, for the fourth annual Beef Leaders Institute (BLI). The educational event is hosted by the American Angus Association® and supported by the Angus Foundation.



- Katie Allen, a native of Marceline, Mo., joined the Angus Foundation staff in June 2011 as the new marketing and public relations assistant. Katie completed her B.S. in agricultural journalism, with a double minor in animal sciences and agricultural economics from the University of Missouri-Columbia, and she finished her M.S. in agricultural communications at Texas Tech University in Lubbock.



- The Angus Foundation introduced the "Treasure Chest" project, a fundraising initiative geared toward Angus breeders wishing to take part in the unique opportunity of donating cull cow proceeds to benefit the Angus breed and agricultural industry.

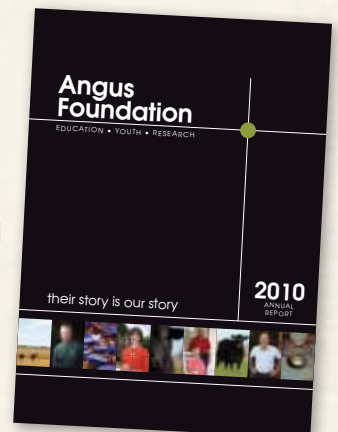
Turn your cull cows into Treasure!



- The Arkansas Angus Auxiliary's ambition to create more scholarship opportunities for Angus youth from Arkansas led to its donation of \$10,000 to the Angus Foundation to establish the Arkansas Angus Auxiliary Scholarship Endowment Fund.



- The Angus Foundation was honored June 13, 2011, with 1st and 2nd place winning communication entries at the annual meeting of the National Agricultural Alumni and Development Association (NAADA) in Lubbock, Texas.



2010 Annual Report
First place
NAADA Publication Contest



- Because of their generosity to Angus youth and the Angus Foundation, Dr. Curtis and Ann Long of Briarwood Angus Farms, Butler, Mo.; Camron "Cam" Cooper of Talon Ranch, Twin Bridges, Mont.; and Bob and Margaret Duprey of Cherry Knoll Farm, West Grove, Pa., were inducted to the Honorary Angus Foundation at the 2011 National Junior Angus Show in Harrisburg, Pa.

- Also at the 2011 National Junior Angus Show, more than \$210,000 was awarded in undergraduate and graduate student scholarships. The Angus Foundation Golf Tournament grossed \$10,640, and Silent Auction grossed \$9,488, all for education, youth and research.



- Bob and Margaret Duprey of Cherry Knoll Farm, West Grove, Pa., matched \$25,000 to the \$25,000 raised by National Junior Angus Association members, supporters and friends to total more than \$50,000 in pledges and outright cash gifts to go toward "Green Gives Back," the NJAA Alumni and Friends Scholarship Endowment Fund.



- The Indiana Angus Association donated \$50,000 to the Angus Foundation to help support Angus youth during a future Indiana hosting of the National Junior Angus Show.

- Annual investment earnings will be available to states hosting the National Junior Angus Show in the future thanks to the \$10,000 "Rush to the Rockies" donation by the 2010 NJAS to the NJAS Support Endowment Fund.

- The 2011 Leaders Engaged in Angus Development (LEAD) Conference, themed "Meat Me in St. Louie," Aug. 4-7 in Saint Louis, Mo., brought together 144 Angus juniors from 33 states and Canada. The conference is supported by the Angus Foundation.





VISION
of **VALUE**
CAMPAIGN FOR ANGUS

Angus Foundation

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