

# ANGUS

## THE BUSINESS BREED

### AMERICAN ANGUS ASSOCIATION® HIGHLIGHTS OF THE MEETING OF THE BOARD OF DIRECTORS JUNE 6-9, 2022

The following is a review of topics discussed and action taken during the meeting of the Board of Directors held June 6-9, 2022, in Kansas City, Missouri.

#### ***BREED IMPROVEMENT COMMITTEE***

- The Committee reviewed communication from a member requesting that additional scores and ratios be made available in performance pedigrees. After extensive consideration and discussion, it was the consensus of the Committee to take no action at this time. It was determined, however, to add claw, angle, PAP, and hair shedding genomic ranks to DNA results.
- A report was provided on the genetic evaluation maintenance and economic assumptions as well as the release of the hair shed EPD that took place at the end of May.
- AHIR Inventory Reporting and potential enhancements were discussed. Programming for a two-season enrollment option will begin with an estimated completion of 2023.

#### ***COMMERCIAL PROGRAMS COMMITTEE***

- An update was provided on programs and initiatives. The effect of the drought in large markets as well as other factors impacting enrollments were topics of discussion.

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

- The Committee reviewed additions of learning modules to the Association's online learning platform, Angus University. This feature will provide increased educational and outreach opportunities for members and serve as an asset to the industry as a whole.
- *Powered By Angus* (PBA) campaign results and analytics were evaluated.
- The timeline for upgrades to the Association website, Angus.org were reviewed. Updates will greatly improve functionality and user experience.

#### ***EVENTS AND EDUCATION COMMITTEE***

- Jonathan Perry moved, seconded by Alan Miller, to accept Dave Nichols from Kansas as the 2023 Cattlemen's Congress open show associate judge. The motion was unanimously approved.
- Jonathan Perry moved, seconded by Smitty Lamb, to approve the nominations for the Angus Heritage Foundation. The motion was unanimously approved.
- Feedback provided by show exhibitors was reviewed and will be taken into consideration for future planning.
- A discussion was held on potential technology that could be used to mitigate issues with incorrectly aged animals in the showing.

#### ***MEMBER SERVICES COMMITTEE***

- Dave Hinman moved, seconded by Mark Ahearn, to adopt the following edits to Rule 104.f. The motion was unanimously approved.

## Rule 104: Animals eEligible for registration

**f. Gene edit policy.** (As adopted September 10, ~~2021~~2021, November 5, 2021, and June 10, 2022)  
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 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. Registration applications submitted to the American Angus Association (Association) that possess an intentional genomic alteration (IGA) produced by genome editing will be subject to the following policy. To be eligible for registration, in addition, the the IGA and/or animals possessing it the IGA must be submitted to the regulatory agency or agencies responsible for overseeing livestock genome editing (As amended November 5, 2021), 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 all descendants. Secondly, IGA registration applications will be subject to review and approval by 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. Lastly, in the sole discretion of the Association Board of Directors, the Association reserves the right to deny registration to any genome edited animal or descendant that fails to provide sufficient benefit or advancement of the Angus breed.

**Registration** – Members submitting an IGA registration application must comply with all current Association rules for registration. Additionally, all animals resulting from genome editing must be parent-verified qualifying to both sire and dam. The member applying for registration must provide documentation describing the IGA introduced and the proposed functional difference the IGA creates in the genome edited animal and confirm the IGA is present and functional in the subject animal. The Association reserves the right to deny registration to any gene edited animal or descendant that fails to provide sufficient benefit or advancement of the Angus breed.

**Designation** – Tracking the genome-gene edit within the Angus population will occur with the following designations. GEF or GED will appear in the name of all genome-gene-edited animals. GEF will indicate genome-gene edit founder and GED will indicate genome-gene edit descendant.

**Pre-approved edits** – Edits to the genome pre-approved by the Association Board of Directors will be listed and made available to the membership.

**Imports** – Registration of an animal with an IGA originally recorded in a herd book recognized by the Association and imported into the Association herd registry shall be accepted, only if details associated with the specific genome-gene edit(s) have been disclosed to the Association. Additionally, imported registrations must comply to all current Association rules and policies associated with registrations, import registrations and genome-gene editing.

**Fees** – A separate fee set by the Association Board of Directors will be assessed to each genome-edited gene edited registration application with any approved IGA.

Staff presented options regarding the use of electronic identification tags (EID) as a recognized form of identification to meet registration requirements. Mark Ahearn moved, seconded by Gerald Theis to adopt the following guidelines. The motion was unanimously approved, subject to further discussion and possible modification by the full Board.

1. Accept electronic identification (840 EID) as a form of animal identification
2. Edit current Rule 105 and each subsequent section of Rule 105, Rule 102.a., Rule 403.d., Rule 803, the definition of Permanent Identification and the Suggested Sale Terms and Conditions by changing the word 'permanent' to 'primary' as it relates to animal identification
3. Add the following sentence within Rule 105.a.:  
**If electronic identification is to be utilized by a member as the primary form of identification, it can only be used in conjunction with a secondary identifier. Acceptable secondary forms of identification will include parentage markers, tattoos, freeze brand, hot brand, and/or a dangle tag.**
4. Add electronic identification tag (EID) to the definition of Primary Identification

#### ***FINANCE AND PLANNING COMMITTEE***

- The Committee discussed the budget planning process for the Association and the four entities for fiscal year 2023 (FY23).
- Alan Miller moved, seconded by Dave Hinman, to retain CliftonLarsonAllen as the auditor of record for fiscal year 2022 (FY22). The motion was unanimously approved.
- After discussion of cash and reserves balances, Jonathan Perry moved, seconded by Alan Miller, to move \$500,000 from the Association's operating cash to the Association's Capital Replacement Reserve Fund. The motion was unanimously approved.

#### ***ANGUS FOUNDATION***

- A financial report was presented. Total assets as of April 30, 2022, were \$24,304,800, and consisted of current assets of \$534,000, and investments of \$23,570,800, of which \$22,748,000 is restricted, and long-term pledges receivable of \$200,000. Current liabilities were \$67,200 consisting of accounts payable, accounts payable intercompany, and accrued liabilities. Long-term liabilities of \$24,900 consisted of accrued health insurance benefits. Net loss for the period ending April 30, 2022, was (\$1,252,400). Financial forecasts for the fiscal year were presented as well. Mark Ahearn moved, seconded by Greg McCurry, to approve the financial report. The motion was unanimously approved.
- The Angus Foundation Board welcomed Josh Jasper, the National Junior Angus Board (NJAB) Foundation Director. Jasper provided an update and overview of NJAB activities and shared the impact of Foundation grants on Junior Angus programs.
- The Board reviewed fundraising activities from the current year and future fundraising opportunities. It was reported that the second Day of Giving campaign raised \$56,000 in unrestricted funds.
- A National Junior Angus Show (NJAS) embryo sale was postponed until 2023 to allow time for enhanced event promotion and donor recognition.

#### ***ANGUS GENETICS INC.***

- Total assets as of April 30, 2022, were \$2,149,900, and consisted of current assets of \$1,600,200, investments of \$472,000, fixed assets of \$61,200, and non-current assets of \$16,500. Current liabilities were \$1,177,900 consisting of accounts payable, accounts payable intercompany, and accrued liabilities. Long-term liabilities of \$12,900 consisted of

accrued health insurance benefits. Net income for the period ending April 30, 2022, was \$537,000. Financials forecasts for the fiscal year were presented as well. Smitty Lamb moved, seconded by Gerald Theis, to approve the financial report. The motion was unanimously approved.

- After discussion of cash and reserves balances, Paul Bennett moved, seconded by Charles Mogck, to invest \$500,000 from AGI operating cash into AGI's investment portfolio. The motion passed unanimously.
- Staff provided several research updates including genomic regions for pulmonary arterial pressures, first service conception, teat and udder scores, fertility haplotypes and functional longevity.
- Staff outlined a project proposal targeting heart health by utilizing heart scores as a tool to select for cattle that would have a lower risk of heart disease, a growing concern specifically in the feeding industry.
- A review of AGI's mission, vision, and values was discussed. AGI staff and board members will work through strategic exercises this summer with a full report at the September board meeting.

### **ANGUS PRODUCTIONS INC.**

- A financial report was presented. Total assets as of April 30, 2022, were \$3,768,000, and consisted of current assets of \$2,236,100, restricted investments of \$853,900, fixed assets of \$529,800, and non-current assets of \$148,200. Current liabilities were \$1,673,500 consisting of accounts payable, accounts payable intercompany, accrued liabilities and deferred income. Long-term liabilities of \$288,200 consisted of accrued health insurance benefits. Net income for the period ending April 30, 2022, was \$392,800. Financials forecasts for the fiscal year were presented as well. Jonathan Perry moved, seconded by Alan Miller, to accept the financial report as presented. The motion was unanimously approved.
- Darius Lane, public relations manager, small ag and turf, at John Deere, Overland Park, Kansas, was introduced as the industry representative on the Angus Productions Inc. (API) Board of Directors.
- Staff presented a preview of market research that will be used to guide Angus Media efforts and support growth.
- Jonathan Perry moved, seconded by John Dickinson, to make the following revisions to Angus Media's Sale Book Guidelines. The motion was unanimously approved.
  1. **If cattle are featured on the cover, Angus must be featured prominently on the cover, e.g., an individual Angus must be larger than the individuals of other breeds.**
  2. If Angus cattle are featured on the cover, Angus cattle must be registered.
  3. **The offering within the sale book must be predominantly Angus, through one of the following options:**
    - **~~A minimum of 51% of the cattle in the sale book must be Angus, with 75% of the Angus cattle in the sale book being registered Angus.~~ The number of Angus seedstock lots in the sale book must be larger than the number of lots of the next-largest breed represented**
    - Or
    - **Registered Angus sale offering cattle seedstock must be featured prominently in the sale book, e.g., featured first in the sale book lotting. In these cases, the number of other breed registered seedstock lots can exceed the number of Angus lots.**

- **Bull tests are excluded from this guideline.**
  - 4. Cannot use photos of the other breeds that are consistently larger than any Angus photos within the sale book.
  - 5. The API president or general manager will make the final decision on cases that fall outside the sale book guidelines.
- Darrell Stevenson moved, seconded by Alan Miller, to adopt the following guidelines for building sale books for Angus-influenced commercial females. The motion passed unanimously.
    1. Predominantly commercial female sale books will be accepted into a new section of the Angus sale books page, assuming that the sale offering appears to be predominantly Angus-sired.
    2. Animal indexes may be shown on these sale books, but Angus-appearing EPDs will disqualify a book for posting.
    3. If bulls are listed in the commercial female sale book, the majority must be registered Angus.
    4. No commercial Angus bulls can be listed.
  - Discussion regarding a policy for digital advertising was postponed until the board's virtual summer meeting.
 

Smitty Lamb moved, seconded by John Dickinson, to adopt the following policy for Creative Video. The motion was unanimously approved.

In cases where promoted to angus.org audience or traffic, a majority of animals on screen must be Angus, and in cases where individual animals are shown, a majority of time on screen must be Angus.
  - Staff introduced an initiative to work with industry partners to gather industry insights as to the future structure of the beef industry, including generational shifts, sentiments toward Angus cattle among feeders, and genetics. Estimated costs will be reviewed at the summer virtual meeting.

### ***CERTIFIED ANGUS BEEF LLC***

- A financial report was presented. Total assets as of April 30, 2022, were \$25,993,140, and consisted of current assets of \$10,495,694, investments of \$8,310,560 of which \$1,895,143 is restricted, and fixed assets of \$7,186,887. Current liabilities were \$1,645,317 consisting of accounts payable, accounts payable intercompany, and accrued liabilities. Long-term liabilities of \$793,800 consisted of accrued health insurance benefits. Net income for the period ending April 30, 2022, was \$4,809,370 of which \$1,999,500 was for the Small Business Administration (SBA) Loan Liability that was forgiven. Financials forecasts for the fiscal year were presented as well. Revenue is on track to exceed budget by \$1.0M, while spending increased to fund a national public relations campaign and travel expenses trended above budget. The budget should have a positive balance for operations of approximately \$112,000. The \$2M SBA loan forgiveness will likely offset projected investment losses and add \$1M to an anticipated final bottom line of \$1.1M. Alan Miller moved, seconded by Jim Brinkley, to approve the financial report. The motion was unanimously approved.
- An update on live cattle eligibility was provided. Certified Angus Beef will not be impacted by the USDA's allowance for Red Angus cattle to supply "Angus" brands as the G1-schedule outlining the brand's certification requirements does not allow for it.
- In the area of product sales, the brand is currently 5M behind the 2019 all-time record, with March 2022 as the best sales month in brand history and is poised to have strong summer

sales that could result in a record year. Foodservice and international continue to fuel growth while retail continues to lag behind pandemic volumes, battling against higher beef prices and reduced beef feature activity thus far.

- Certified Angus Beef brand head count is running 1.4% behind last year while A-stamped carcass volumes are up 2.3%. While % black-hided year-to-date set an all-time record at 70.7%, acceptance rates are 1.5 ppt. below a year ago at 35.9% due in part to reduced days on feed. CAB-Choice cutout increased by \$3.28 cwt. while the Choice-Select cutout decreased 18%.
- The “Certified Angus Beef Takes You There” campaign will be used to garner influencers and social media along with national publicity in major publications.
- As consumer interest in cattle care continues to rise, cattlemen can show their commitment to those initiatives through programs like the Beef Quality Assurance initiative. CAB is working to help connect that information back to consumers through the brand.
- In an effort to allow Angus breeders to further leverage the value of the brand, potential opportunities for breeders to tie directly to the Certified Angus Beef ® brand through their own beef programs were discussed.

### **AMERICAN ANGUS ASSOCIATION**

- A financial report was presented. Total assets as of April 30, 2022, were \$25,622,800, and consisted of current assets of \$3,648,300, investments of \$17,344,900 of which \$9,260,600 is restricted, and fixed assets and goodwill of \$4,629,600. Current liabilities were \$1,354,500 consisting of accounts payable, accounts payable intercompany, accrued liabilities and deferred income. Long-term liabilities of \$934,900 consisted of accrued health insurance benefits and an economic development grant liability. Net income for the period ending April 30, 2022, was \$1,533,900 of which \$1,466,300 was for the Small Business Administration Loan Liability that was forgiven. Financial forecasts for the fiscal year were presented as well with a forecasted net positive bottom line. Jonathan Perry moved, seconded by Barry Pollard, to approve the financial report. The motion was unanimously approved.
- The Board accepted Committee reports and recommendations:
  - Breed Improvement Committee report and recommendations: motion by Smitty Lamb, second by Darrell Stevenson, unanimous approval.
  - Commercial Programs Committee report and recommendations: motion by Jim Brinkley, second by Jonathan Perry, unanimous approval.
  - Communications and PR Committee report and recommendations: motion by Darrell Stevenson, second by Mark Ahearn, unanimous approval.
  - Events and Education Committee: motion by Gerald Theis, second by Alan Miller, unanimous approval.
  - Finance and Planning Committee report and recommendations: motion by Barry Pollard, second by Jonathan Perry, unanimous approval.
  - Member Services Committee report and recommendations: motion by Richard Dyar, second by Dave Hinman, unanimous approval.
- As referred by the Member Services Committee, the Board further discussed EID as an optional form of primary identification and the language of change to Rule 105.a approved by the Committee. It was the consensus of the Board to support the Rule changes and language as approved by the Committee.

- Potential revisions to the Long-Range Objectives established in 2020 were discussed. Staff collected input and will bring potential revisions to the plan back to the board in September 2022.
- Paul Bennett moved, seconded by Richard Dyar, to appoint two Association members to serve as Election Observers for the 2022 delegate election: Danny Poss of Scotia, Nebraska and Brandon New of Leavenworth, Kansas. The motion was unanimously approved. This appointment is required in the Association Bylaws in Section 3.8 Election of Delegates.
- FY 2023 budgeting details were discussed. Directors were asked to contribute input regarding market trends and the potential effect of those trends on the Association budgets for the upcoming year.

**NEXT REGULAR BOARD MEETING**

- *September 12 – 15 2022, St. Joseph, Missouri*