



Board Action

► Highlights of the Feb. 23-25, 2005, meeting of the American Angus Association Board of Directors

Board conducts business in February

Pursuant to notice, the meeting of the American Angus Association Board of Directors was called to order in the boardroom of the American Angus Association, Saint Joseph, Mo., Feb. 23-25, 2005. The following officers and directors were present: Minnie Lou Bradley, president; Ben Eggers, vice president; Jot Hartley, treasurer; Leo Baker; Gregg Blythe; Jarold Callahan; Bill Davis; Al DeClerk; Norman Garton; Joe Hampton; Paul Hill; Jay King; Robert "Bob" Schlutz; John Schurr; Dave Smith; Richard "Dick" Tokach; Rob Thomas; and Phil Trowbridge. Highlights of the meeting are as follows.

ACTIVITIES & EVENTS COMMITTEE

The auctioneer and judges for the 2006 National Western Stock Show (NWSS) Angus Bull Sale were chosen. John Dickinson and David Gazda will be the sale managers.

The breeder/first owner eligibility rule in carload and pen shows for the National Western will remain as it currently reads:

Animals must be entered and shown by the original breeder or by first owner. Animals entered and exhibited in this division must be owned by an individual corporation, partnership, and/or working family unit. Animals or interest in animals sold by the original breeder or first owner may be entered and shown by the original breeder or first owner after transfer of ownership.

Judges for the 2005-2006 Roll of Victory (ROV) show season were selected and will be forwarded to the respective shows for final selection.

The National Angus Conference & Tour is Sept. 27-29 in Kansas City, Mo.

The American Angus Auxiliary will have its Excellence — No Exception II conference May 19-22 at Association headquarters.

All news releases and show results are now being distributed electronically to media.

FINANCE & PLANNING COMMITTEE

Balance sheets and income statements were reviewed during the open forum attended by members of the Board of Directors of the American Angus Association, Angus Productions Inc. (API), the Angus Foundation and Certified Angus Beef LLC (CAB). The financial review included consolidated financial reports and

the financial reports of each entity for the four-month period ending Jan. 31, 2005.

The cash balance on the consolidated financial report is \$3,401,000. The investment portfolio of \$15,415,000 consists of government and agency notes, money market accounts, bank certificates of deposit, bond and equity mutual funds, and stocks managed by Chase Investment Counsel Corp. The total of all assets is \$25,757,000. Current liabilities are \$2,005,000, consisting of accounts payable, accrued liabilities and deferred income. Long-term debt consists of \$789,000 for accrued health insurance benefits and \$290,000 for the deferred compensation liability. The net income for the period is \$2,394,000.

The Finance & Planning Committee reviewed investment policy and activity in the investment portfolio during the current fiscal year. There are different reserve accounts in four different companies: the American Angus Association, API, the Angus Foundation and CAB. Each company is unique with its respective needs for reserve funds and its own sources for accumulating balances in reserve accounts.

Historical uses of reserve funds were discussed, including funding capital expenditures, debt obligations, funding specific programs, endowments and general reserves.

The funds in reserve accounts are the result of conservative budgeting policies, appreciation of assets, cash flow management and fund transfers. It was noted that the Association does not set fees

for services or adopt operating budgets for the purpose of accumulating reserve funds.

Gary Frazer was present to discuss the fiscal year (FY) 2004 audit of the financial records and addressed questions of the Finance Committee. Frazer is a partner of the Certified Public Accountant (CPA) firm Clifton Gunderson LLP, which performs the financial audit for the Association.

The committee received a report on progress toward the five basic core strategies established in the 2003 strategic plan and noted significant progress has been achieved toward these initiatives.

The committee discussed various technologies and issues evolving in the beef industry that could affect how the Association will service the needs of its membership and how these issues could affect future revenue sources. The discussion was comprehensive, and the staff was encouraged to continue exploring concepts, including innovative or nontraditional initiatives, that will keep the Association in a leadership position in the beef industry.

INDUSTRY RELATIONS COMMITTEE

AngusSourceSM is a common law "service mark," pending granting of federal registration. At that time the ® classification may be used.

Staff is working on preparing AngusSource for application to the U.S. Department of Agriculture (USDA) for recognition as a Process-Verified Program (PVP). Development of a Quality System Assessment (QSA) concerning AngusSource is being discussed.

The Association will soon be offering an alternative radio frequency identification (RFID) tag and an RFID matched pair set for registered and commercial producers wishing to use RFID technology when identifying individuals in their herds not targeted for the AngusSource program.

RFID-TV's "The Cattle Show" will be



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airing an episode featuring Angus during its July-August "Bulls, Bulls, Bulls" series.

Interactive educational modules focusing on registration processes and the Angus Herd Improvement Records (AHIR) program are being developed.

INFORMATION & DATA MANAGEMENT COMMITTEE

Optimal milk module. The methodology and development behind the Angus Optimal Milk Module was presented. This educational Internet tool, designed primarily for commercial cow-calf producers, allows the user to select cow size, current milking ability, and estimated pasture and feed costs to arrive at a milk expected progeny difference (EPD) range matched to their needs. The Angus Optimal Milk Module will be made available online.

Interactive weaned calf value (Custom \$W). The May 2005 release of the customized \$W as an addition to the interactive \$Values already available through AAA Login was outlined. Economic assumptions that can be modified by users for Custom \$W include weaned calf price, cow-heifer ratio and feed energy costs.

Reproductive studies report. Preliminary research results on Angus calving intervals were discussed. Age at first calving and calving interval traits were

related to existing EPDs, such as ultrasound fat thickness, scrotal circumference (SC) and weight traits. A continuation of research pursuing reproductive trait genetic parameters, as well as potential EPD and index development, will be reported at the June Board Meeting.

Outreach Seminar summary. The completed Outreach Seminars, including meeting locations, attendance and discussion topics, were reviewed. A total of 530 persons participated in the 15 seminars, which included two meetings for artificial insemination (AI) companies and a National Cattlemen's Beef Association (NCBA) outreach presentation.

National Beef Cattle Evaluation Consortium (NBCEC) update. A summary of NBCEC activities prepared by consortium board member Jim Reedy of Iowa State University was distributed. The consortium progress report included work on DNA-validation protocol, educational program development, targeted workshops and multibreed genetic evaluation (MBE). The report noted the NBCEC set a goal to complete the MBE, including all participating breeds, by summer 2006 by diverting resources away from other projects if necessary.

DNA parent-verification program. The DNA parent-verification testing statistics for

calendar year 2004 were reviewed. There were 9,809 animals added to the Association's DNA database, which was a 27.14% increase from 2003 DNA-testing activity.

Electronic registration certificate storage. A review of the free conversion from paper to electronic registration certificate storage indicated that from June 1 to Sept. 30, 2004, some 64,697 paper registrations were converted to electronic storage. For FY 2005 to date, 14.6% of new registrations are stored electronically. Approval was given to provide a period for free conversions to electronic storage of existing registration certificates from June 1 to Sept. 30, 2005.

Angus Information Management Software (AIMS) 2.4 update. The release of the AIMS upgrade (version 2.4) was reviewed and is the fifth major upgrade since AIMS was first created in 2000. Key additions to the software include the fields necessary to make AIMS compatible with the Beef Record Service (BRS) system. Other improvements involved a more comprehensive transfer process, including an additional field to store customer names. Several other improvements and changes were also accomplished in this upgrade, and additional enhancements will continue to be added as ideas and relevant features are identified.

Information Systems (IS) project update. An IS update of current and recently completed main projects was reviewed. Initial planning for a future project involving redesigning the current in-house, Web and AIMS systems using the latest development tools was previewed.

Proposal for an international Angus genetic evaluation center in Australia. A request was reviewed from the New Zealand Angus Association that will be presented at the 2005 World Angus Secretariat Meeting in South Africa. This request proposed that the Australian Agricultural Business Research Institute (ABRI) be accepted as the central global genetic evaluation provider for the Angus breed worldwide. It was unanimously opposed.

CERTIFIED ANGUS BEEF LLC

Jim Riemann reported on recent Supply Development activities, including the National Angus Carcass Challenge (NACC) results, product sampling at the NWSS and joint marketing efforts between CAB and the

The screenshot shows the American Angus Association website in a Netscape browser window. The address bar displays "http://www.angus.org/". The page features a large image of a black Angus bull with the text "ANGUS THE BUSINESS BREED" and "AMERICAN ANGUS ASSOCIATION" below it. The contact information is "3201 Frederick Avenue • St. Joseph, MO 64506 • (816) 389-5100 • Fax (816) 288-9700 • E-mail: angus@angus.org". A navigation menu on the left includes "AAA Login", "Angus Home", "AAA Login", "Angus Registration", "Angus Info", "AHIR/Regis. Journal", "AIMS", "Auxiliary", "Certified Angus Beef", "Commercial Programs", "Data Searches", "Junior Activities/AJAA", "Links/Associations", "Marketing Tools", "News Room", "Performance/AHR", "Search Site", "Shop Online", "News and Events", "Statistics", "Web Sites", and "Join the Association". The main content area has a search bar and several news items, including "Angus News You Can Use", "Spring 2005 Publisher Report online", "AngusSource™ tagging program now available", and "Mature size data and body condition score".

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Association at the Cattle Industry Annual Convention & Trade Show.

A supply update reflects an approximate 9% increase in both identified and certified cattle, along with a year-to-date increase in

sales of approximately 6% during the previous year.

Recent staff changes include the promotion of John Stika to vice president of business development,

working with regional account managers and providing direction for the Retail, Foodservice, International and Value-Added Product divisions. Mark McCully was promoted to Supply Development director and will focus on programs for commercial producers; the date of this transition is March 1.

John Stika reviewed the Brand Builder's Committee report (a joint effort of CAB staff and Board, along with Association staff) and discussed various recommendations. He also reviewed current programs to communicate with commercial producers, along with some possible options for stepping up these efforts during the next year.

Riemann and Stika shared the progress on the "no internal hemorrhages" specification as applied to various branded programs, including the CAB Program. Stika shared that the new specification of

"practically free (not detracting from visual quality) of capillary rupture in the ribeye" was being implemented by USDA as of Feb. 28.

ANGUS PRODUCTIONS INC.

Circulation for the *Angus Journal* has increased 436 subscriptions from September 2004.

Regular advertising pages in the *Angus Journal* show an increase from FY 2004 for the same period. The largest decrease is in sale book pages, which accounts for a negative balance.

The Web Marketing Department is exploring the possibility of redirecting more emphasis on information by the expansion of Web sites and news e-lists. This expansion will increase revenue and, at the same time, continue to grow breeder Web site and banner advertising.

ANGUS FOUNDATION

Director of Development Milford Jenkins reported on numerous Angus Foundation activities.

More than 375 people attended "That Old Black Magic" Gala and Auction, which grossed an excess of \$73,000.

The 15 millionth Association Registration Number sold for \$25,000 to Belle Point Ranch, Lavaca, Ark.; Express Angus Ranches, Shawnee, Okla.; and Circle

A Ranch, Iberia, Mo., at the second annual Angus Foundation event in Louisville, Ky., with more than 150 donors and guests in attendance.

The 2005 Angus Foundation Heifer Package sold for \$97,500 to Duane Pankratz, LaGrand Angus and Hereford Ranch,

Freeman, S.D. The heifer was donated by Stan Thomas of Three Trees Ranch, Sharpsburg, Ga.

Current and past donors and buyers of the Angus Foundation Heifer Package attended a social reception at

Denver, Colo., jointly sponsored by the Angus Foundation and Sugar Hill Farms, Fort Smith, Ark.

Angus breeders continue to generously support the newly introduced Annual Fund, which now totals more than \$9,000 for FY 2005.

The North Dakota Angus Association contributed more than \$5,000 to their existing endowment, which now surpasses the \$28,500 level.

A comprehensive informational Angus Foundation Reference Guide for

Directors was developed by staff and provided to

directors of both the American Angus Association and the Angus Foundation.

Revisions to the Angus Foundation's previously approved gift acceptance policies and guidelines were presented and accepted.

A planned gift management fee policy was approved.

In coordination with the Association's Industry Relations Committee and respective staff, a new and exciting educational activity being planned for Angus breeders was proposed and approved for funding by the Angus Foundation with opportunities for corporate sponsorship included.

Excitement and anticipation are mounting as the development of a strategic fund-raising planning process continues with the ultimate goal to advance programs for education, youth and research.



NEXT BOARD MEETING

June 8-10, 2005

