



Board Action

► Highlights of the June 6-8, 2012, meeting of the American Angus Association Board of Directors

Board convenes for June meeting

Pursuant to notice, the meeting of the American Angus Association Board of Directors was convened June 6-8, 2012, in Squaw Valley, Calif. The following officers and directors were present: Jarold Callahan, president and chairman of the Board; Phil Trowbridge, vice president and vice chairman of the Board; Gordon Stucky, treasurer; Charlie Boyd II; Scott Foster; John Elbert Harrell; Leo McDonnell; Vaughn Meyer; Steve Olson; John Pfeiffer Jr.; Jim Rentz; Chris Sankey; Arlen J. Sawyer; Doug Schroeder; Darrell L. Silveira; Jim Sitz; Cathy Watkins; and Kevin Yon. Highlights of the meeting are as follows.

ACTIVITIES COMMITTEE

A committee was appointed to develop recommendations for the hosting states to use when selecting National Junior Angus Show (NJAS) judges.

COMMUNICATIONS & PUBLIC RELATIONS COMMITTEE

Angus TV viewership has continued to exceed expectations despite seasonal fluctuations. Through the end of April 2012, more than 1.2 million viewers had watched *The Angus Report*. YouTube views mirrored the Nielsen trends, with the online channel recently exceeding 1 million lifetime views.

A historical review of Association advertising since the mid-1980s was presented. The ads showed a strong orientation toward the use of straightbred Angus.

Staff reviewed seven new two-page, four-color advertisements along with similar one-page ads. The advertising concepts are built on themes developed in the recent white paper, *Crossbreeding: Considerations and Alternatives in an Evolving Market*, authored by Nevil Speer of Western Kentucky University.

Several new print brochures and flyers have been developed that will provide underlying support to the new print advertising campaign.

New TV commercials will be aired on Angus TV programming this fall. They reflect themes developed in the print advertising campaign.

Angus Talk, a new in-depth radio program, will be made available to the public via YouTube and podcasts this fall.

FINANCE & PLANNING COMMITTEE

Consolidated financial reports and the financial reports of each entity were reviewed

through April 30, 2012. Total assets on the consolidated financial report were \$38,705,000, consisting of current assets of \$9,953,000, investments of \$23,287,000, property and equipment of \$5,252,000 and non-current assets of \$212,000. Current liabilities were \$2,893,000, consisting of accounts payable, accrued liabilities and deferred income. Long-term liabilities of \$1,450,000 consisted of accrued awards, accrued health insurance benefits and deferred compensation. Net income for the period ending April 30, 2012, was \$6,358,000.

Financial projections of the American Angus Association and its subsidiaries were reviewed for the current fiscal year that will end Sept. 30, 2012. The net income for the Association is projected to be \$2,117,000, supported by investment income and an anticipated reduction in expenses.

Budget considerations for fiscal 2013 were discussed, including revenue projections and program costs.

The Finance Committee reviewed the investment portfolio of the Association and its subsidiaries. Investment income for the fiscal year was \$3,186,000. The total return for the trailing 12 months was a gain of 2.9%. The total return for the fiscal year-to-date was 16.8%.

The history, purpose and designated uses of the investment portfolio of the Association and its subsidiaries were reviewed and discussed, including investment policy guidelines and the diversification of the investment portfolio.

ANGUS FOUNDATION

Financial status of the Angus Foundation for the seven-month period ending April 30, 2012, was reviewed. Financials included total cash of \$36,386, investments of \$5,766,636, total assets of \$5,924,665, current liabilities of

\$45,382 and net income for the fiscal year-to-date of \$746,871.

Results of the recently completed electronic survey were presented. Responses to the survey were received from 1,224 Angus breeders, allied industry interests and friends of the Angus Foundation.

Unrestricted gift revenue to the 2012 Angus Foundation Annual Fund mail solicitation Champions of the Vision will be utilized for general undergraduate and graduate student scholarships. Those will be announced at the 2012 NJAS.

Opportunities for a fundraising event during the 2013 National Western Stock Show (NWSS) in Denver were reviewed.

ANGUS GENETICS INC. (AGI)

The addition of Brian Brigham to the AGI staff as the genetic systems director was announced. Brigham will be working on a wide array of AGI projects, including new trait development, genomic research and data collection systems.

A summary of the 2012 Beef Improvement Federation (BIF) Annual Meeting in Houston, Texas, was provided. The BIF event included staff presentations at a breakfast meeting hosted jointly by Pfizer Animal Genetics, Certified Angus Beef LLC (CAB) and AGI.

An overview of DNA technology was provided, including uses of the technology and the evolution of platforms used for parent verification, genetic conditions and quantitative traits. The future use of newly developed panels, whole genome sequencing, and the considerations for further advance of genetic selection tools were discussed.

ANGUS PRODUCTIONS INC. (API)

The financial and budget reports were presented, with \$4,765,582 total revenue, total expenses of \$4,399,496, unrealized gain of \$28,374 and income tax of minus \$6,008, resulting in excess revenue over expenses of \$400,468.

The annual subscription fee for the digital replica of the *Angus Journal* was set at \$50. Subscribers to the print edition of the *Angus Journal* will receive the digital edition at no additional cost.

The API Board approved the following guidelines for ring service at breeders' sales:

The minimum requirement for ring service at a breeder sale is two pages of advertising in the Angus Journal or the equivalent. The minimum requirement for ring service at a state association sale is one page in the Angus Journal or the equivalent. Co-op ad space does not count toward minimum for sale.

CERTIFIED ANGUS BEEF LLC (CAB)

Despite the seasonally high prices for the

brand and reduced availability, equity in the *Certified Angus Beef*® (CAB®) brand may be as high as it has ever been. Overall cattle harvest is down 2.5%, and overall supply is down 10.9% year-to-date. Current CAB sales are up almost 1% compared to the prior year through May. Sales should exceed 800 million pounds (lb.) for the year and, depending on available supplies, could eclipse the 807 million lb. sold last year.

The media grand opening of the CAB Education & Culinary Center was a huge success that garnered good media coverage. Fifty-eight different customers have been impacted by the Center since its opening in February.

The most recent Master of Brand Advantages (MBA) class and VIP Chef Tour produced some great results. Interest in the MBA program continues to grow. Highlights were presented of the recent rollout of the locally produced campaign for an Oklahoma retailer. There was some concern over fall cattle supplies and what that may hold for the start of fiscal 2013.

An update on the GeneMax™ (GMX) program was provided. The partnership with AGI and the lab was proceeding very positively. Based on initial results, GMX has some real commercial viability as a heifer selection tool. The test has received good

support from academia, and several field days and educational events have been hosted to educate producers about the test.

A sales update reflected nice growth in foodservice and international. Higher prices and reduced availability have continued to affect retail features and volume. The CAB Foodservice Division has outpaced industry trends in the segment. CAB product continues to gain market share internationally, but a stronger U.S. dollar will affect the remainder of the year's international business.

CAB value-added product sales are up 15% for the year and should eclipse 20 million lb. this year.

A recap of pertinent industry issues included the effect of the media hype surrounding the production of lean, finely textured beef (LFTB) and its effect on CAB; the issue of the most recent case of bovine spongiform encephalopathy (BSE); the use of meat glue; and the industry's use of beta-agonists and the upcoming National Cattlemen's Beef Association (NCBA) meeting June 28 that will further explore the issue. All of these are industry issues that will have a much greater effect on the overall industry than they will on the CAB program specifically.

Regarding heavy carcass weights, the

current upper limit on carcass weights for the program is 1,000 lb. Given the current industry trend, further research needs to be conducted on how larger weights are affecting supply and subprimal yields.

BOARD OF DIRECTORS

A committee was appointed to address the definition of Angus and its verification.

Gerald Theis, Kansas, and Steve Houston, Missouri, were appointed to serve as election observers to oversee the counting of ballots to elect delegates and alternates to the 2012 Annual Convention of Delegates.

A new Angus ad campaign was approved.

The Board reviewed and adopted a new, updated version of the Suggested Sales Terms & Conditions that became effective June 7, 2012 (copy available online at www.angus.org/Pub/suggested_sale_terms.pdf).

A research project from Kansas State University Department of Animal Sciences and Industry was approved for partial funding by the Association. The project will study phenotypic and genetic relationships between docility and reproduction in Angus females.

NEXT BOARD MEETING

Sept. 11-13, 2012, Saint Joseph, Mo.

