



Board Action

► Highlights of the June 5-7, 2013, 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 5-7, 2013, in Bolton Landing, N.Y. The following officers and directors were present: Phil Trowbridge, president and chairman of the board; Gordon Stucky, vice president and vice chairman of the board; Cathy Watkins, treasurer; Charlie Boyd II; Scott Foster; John Elbert Harrell; Phil Howell; Leo McDonnell; Vaughn Meyer; John Pfeiffer Jr.; Jim Rentz; Chris Sankey; Arlen Sawyer; Don Schiefelbein; Doug Schroeder; Darrell Silveira; Jim Sitz; and Kevin Yon. Highlights of the meeting are as follows.

FINANCE & PLANNING COMMITTEE

Total assets on the consolidated financial report were \$42,970,000 and consisted of current assets of \$10,728,000, investments of \$26,655,000, property and equipment of \$5,383,000 and noncurrent assets of \$204,000. Current liabilities were \$2,936,000, consisting of accounts payable, notes payable, accrued liabilities and deferred income. Long-term liabilities of \$1,450,000 consisted of notes payable, accrued awards, accrued health-insurance benefits and deferred compensation. Net income for the period ending April 30, 2013, was \$6,240,000.

Financial projections of the American Angus Association and its subsidiaries were reviewed for the current fiscal year that will end Sept. 30, 2013. The net income for the Association is projected to be \$674,000, supported by investment income and an anticipated reduction in expenses.

Budget considerations for fiscal 2014 were discussed, including revenue projections and program costs.

ANGUS FOUNDATION

The financial status of the Angus Foundation was reviewed for the seven-month period ending April 30, 2013. Financials included total cash of \$144,895,

investments of \$6,336,545, total assets of \$6,613,546, current liabilities of \$53,654 and net income for the fiscal year-to-date of \$749,957.

The *Building an Angus Legacy!* fundraising drive will renovate the American Angus Association building's west entry walkway with permanently engraved granite planters and pavers that can be purchased by members, allied industry interests and friends of the Angus breed. More information and order forms can be found at www.angusfoundation.org. The deadline is July 15.

Staff announced that 2014 scholarship awards totaling more than \$225,000 will be made at the 2013 National Junior Angus Show (NJAS) in Kansas City, Mo., in July. This includes \$26,575 from the "Faces of Progress" Annual Fund Drive.

The Angus Foundation's newly created Lifetime Giving Supporter Recognition Program will be revealed in early August. Recognition at Louisville in November will be provided for accumulative giving of \$25,000 or more since 1980. For this year's recognition, supporters will have until Sept. 30 to reach this giving level.

Spruce Mountain Ranch owners Tom and Lois Ames, Larkspur, Colo., will again host and underwrite a fundraising event during the 2014 National Western Stock Show (NWSS) in Denver next January.

ANGUS GENETICS INC. (AGI)

Staff summarized company activities, including business interactions with GeneSeek and Zoetis. The testing volumes for SNP parentage and genomic trait tests were reported. The GeneSeek high-density product, GGP-HD, can now be ordered and

has replaced the previously offered Igenity 384 panel.

AGI and Certified Angus Beef LLC (CAB) staff reported on GeneMax™ projects, sire assignment benefits, advertising and outreach programs. A progress report on the University of Missouri genome-sequencing project was provided, as Angus bulls are in the pipeline for sequencing and analysis. The genetic evaluation services provided to breed organizations were summarized.

Recent additions to AAA Login that provide customized intake analysis to Angus breeders submitting feed-intake phenotypic data to the Association were displayed. More than 10,000 individual feed-intake records are currently incorporated into weekly residual average daily gain (RADG) expected progeny differences (EPDs).

The AGI intern, Heather Bradford from Kansas State University, began working at the Association office in May.

ANGUS PRODUCTIONS INC. (API)

The financial report for the period ending April 30, 2013, was reviewed, with total revenue of \$5,185,800 and expenses of \$4,710,200. An unrealized gain of \$10,000 resulted in excess revenue over expenses of \$480,200.

The status of www.angustradingpost.com was reviewed. The site will be closed down temporarily to explore the potential to rebrand it by working with an established company.

2014 will be the 35th anniversary of the Association's ownership of the *Angus Journal*. Ideas for a 35th Anniversary Special Edition are being considered.

CERTIFIED ANGUS BEEF LLC (CAB)

Staff reviewed the projected fiscal 2013 year-end numbers, which reflected an expected surplus due to controlled expenses and sales growth that was stronger than expected when the budget was established.

The president's report reviewed current acceptance rates and sales trends. Highlights included a 3.4% increase in cattle meeting the *Certified Angus Beef*® (CAB®) specifications and a sales increase approaching 6% year-to-date. The focus on genetics within the Angus



breed has clearly had a positive impact on supply. Also reported was potential licensing of some regional packers, as well as an industry issue update on beta-agonists.

International sales have continued to show dramatic growth with significant gains in Canada, Mexico, Hong Kong, Taiwan and Japan. Based on total export numbers, the brand has gained market share of U.S. exports.

All divisions of the program are up a combined 28 million pounds (lb.) year-to-date. Foodservice has continued to compete with other proteins for the center-of-the-plate position. As disposable income has decreased, diners have become more selective than ever in their choice of products and establishments, which has benefited the consistent high quality of the CAB-branded product.

Licensee growth at retail has continued, while unlicensed retail buyers volume has

continued to shrink. Also reviewed were various growth strategies being utilized moving forward, as well as some of the new account opportunities to grow retail branded sales.

The “Best of 2013” marketing projects in the areas of education, public relations and sales initiatives were highlighted. Included were the specialist seminar hosted in Wooster, Ohio, along with the numerous customer events hosted at the Education & Culinary Center (ECC). Additional highlights included the new mobile sales application, foodservice testimonial video, the engagement of consumer media, a National Press Club Dinner and the new Farm to Table trade ad campaign.

Staff efforts have continued toward developing a quality-assurance control plan looking at the critical control points that influence CAB product quality and consistency. Examples were cited, along with

some initial data that looked at tenderness of product within a large population of samples.

Information was presented regarding Russia’s progress in developing a beef supply system, centering on the broad impact this emerging and important market has and will continue to have on the Angus business and the brand.

BOARD OF DIRECTORS

Steve Houston, Missouri, and Richard Hollman, Nebraska, were appointed to serve as Election Observers to oversee the counting of ballots to elect delegates and alternates to the 2013 Annual Convention of Delegates.

The Board approved the 2014 Advertising and Marketing Plan.

NEXT BOARD MEETING

Sept. 10-12, 2013, Saint Joseph, Mo.

