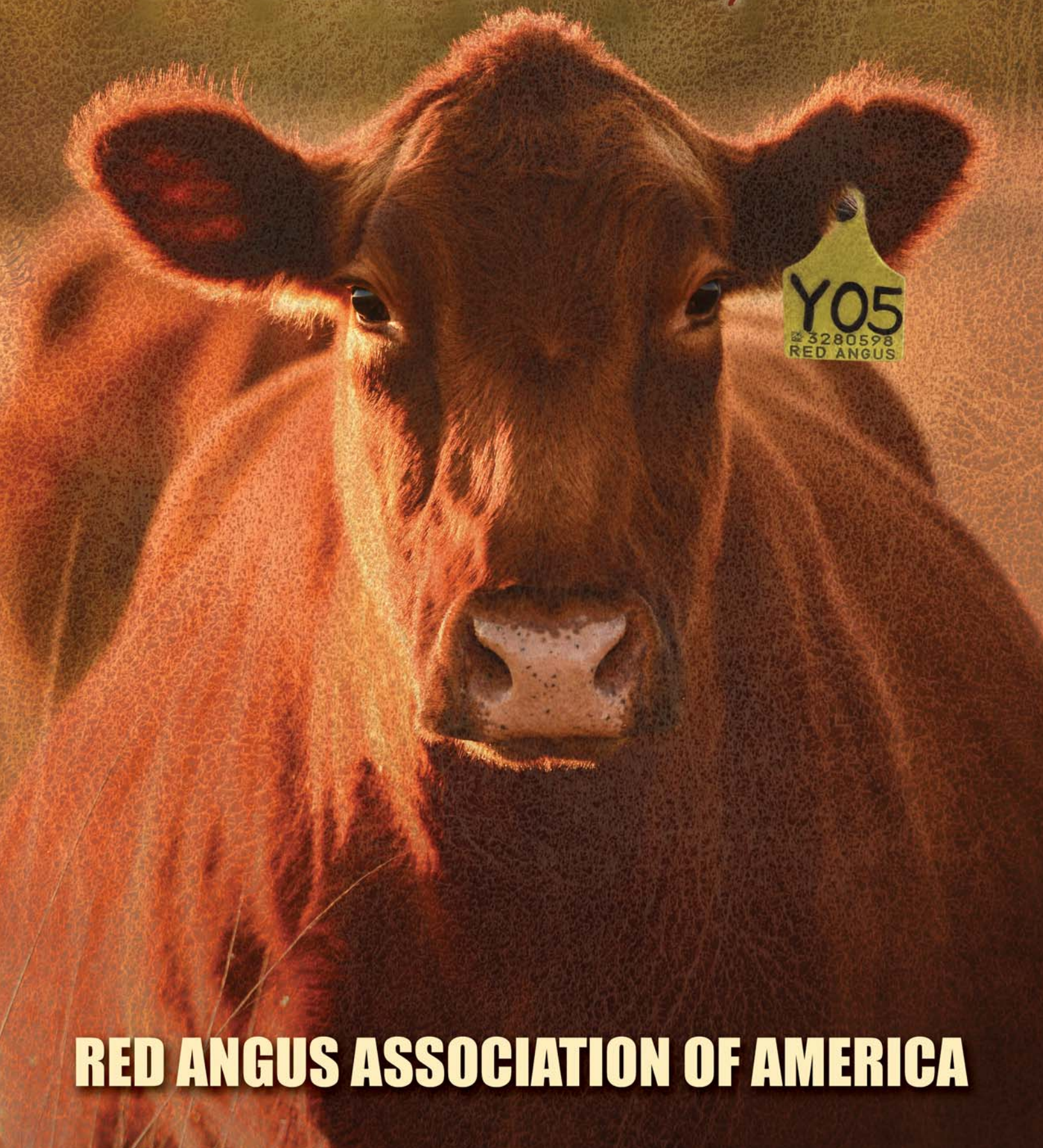


2018 *Annual Report*



RED ANGUS ASSOCIATION OF AMERICA



Red Angus Marks Terrific Year of Growth and Progress

By Tom Brink, RAAA Chief Executive Officer

In the very competitive arena of U.S. beef breeds, Red Angus continues to grow its market share. We can be confident of this because RAAA memberships and registrations (among other key metrics) increased yet

again during the 2017-18 fiscal year, which ended June 30, 2018. Cattle producers demand multi-trait genetic excellence that simultaneously addresses the needs of all beef industry segments. Red Angus delivers exactly that from cow to carcass. Yet our breeders continue to work hard to improve the next generation, staying focused on economically relevant traits along with phenotypic excellence and functionality. They are making a great product even better and positioning the breed for future advancement.

The commercial cattle market has tremendous affinity for Red Angus females. Premiums on Red Angus heifers selling at auc-

tion range from \$4 to \$11 per hundredweight over other breeds (Superior Livestock/KSU data). Why? It's because they make great stock cows. We often say that Red Angus females are the most favored in the business, and that is a documented fact. Past and current advertising campaigns will continue to leverage the very positive position the Red Angus female enjoys.

From an Association standpoint, 2017-18 was a very strong year of growth and progress. The new office in Colorado is up and running and looks great, plus, we have many new staff members who are doing a super job serving Red Angus customers.

REDSPro, our software system and database, was rolled out for full use by RAAA members in August 2017. The number of customers using the system continues to grow and members appreciate the benefits of being better able to control their data and complete work whenever they choose on a 24/7 basis. RAAA also has a new website which was launched in March. Along with a more professional look, the site is better designed to serve all Red Angus stakeholders, helping them quickly get the information they need, while providing easier access to the Association's services and programs. We also enjoyed growth in the breed's social media following, and in the world of "likes and shares," Red Angus has a greater presence than ever before.

Red Angus also leads the industry in value-added feeder calf programs. Our flagship FCCP tagging program grew 5 percent, and marketplace and breed-identity premiums were strong in most geographies again this past year. Top Dollar Angus grew as well, seeing 35 percent more feeder cattle enrollments in addition to a sizable jump in Seedstock Partnership participants.

Spring 2018 Red Angus bull prices increased by just over \$250 per head, and the breed enjoyed marketing a large number of bulls from \$5,000 per head and above. Quality and balanced performance traits are in high demand with no sign of letting up. Red Angus breeders are answering the call in that regard, and they will benefit further from the recent release of BOLT-generated EPDs, which represent a significant advancement in genetic prediction technology.

Taken together, that's a lot of positive news, and we can add that RAAA financial position is the best ever in its 64-year history. Most important of all is that the outlook for continued Red Angus growth and progress is extremely favorable. There will always be challenges, but we have the right cattle and right programs to continue the Red Angus advance.





Exponential Growth and Improvement Ahead for Red Angus

By Bob Morton, RAAA President

Reflecting on the past year, I cannot help but compare it to the previous eight years when I served on the Board of Directors. The rate of improvement we have seen this past fiscal year is greater than any other year in recent memory. As my presidential term expires, I am very confident that the Red Angus Association of America will continue to grow exponentially with the leadership of a great Board of Directors and staff.

Fiscal year 2017-18 has been a very productive and rewarding year. Here's a sampling of our greatest accomplishments:

Finalization of Office Relocation

As you will recall, last year in September we were in the process of moving into our new office space in Commerce City, Colorado. The move is now fully complete and staff is more efficient than ever. There was an open house with a formal ribbon cutting in early January at the new office. If you haven't seen the office in person, it is definitely worth the stop when in the Denver area. The building is only 10 minutes from the Denver International Airport.

REDSPro Improvement

REDSPro has been released for almost three years now and although there were significant challenges early in the release, the program is working extremely well. In the last year members have continued to increase utilization of REDSPro, averaging nearly 300 unique users per week as of early August. As members get more accustomed to using the program, this number will rise even more.

Two New EPDs Added to the Red Angus Suite

After careful consideration by the Technical Committee, the Red Angus Board of Directors voted to add Dry Matter Intake (DMI) and Average Daily Gain (ADG) EPDs to the Red Angus suite. They are designed to help producers improve growth and feed efficiency. Both the DMI and ADG EPDs will help Red Angus breeders and commercial producers enhance their ability to select cattle that will perform more efficiently while growing at desirable rates.

Premium Red Baldy Program

In February at the Cattle Industry Convention and NCBA Tradeshow in Phoenix, Arizona, the RAAA and the American Hereford Association introduced the Premium Red Baldy program. Premium Red Baldy is a tagging program designed to take advantage of hybrid vigor by maximizing the best traits of both breeds and providing commercial producers with premium replacement females. This program, targeting only heifers, was developed to generate females for the commercial producer by emphasizing longevity, fertility, adaptability and efficiency. Premium Red Baldy aims to invigorate sales of Red Angus bulls to Hereford producers who want to capitalize on the outstanding female-producing ability of Red Angus.

Biometric Open Language Tools (BOLT)

Red Angus EPDs are now calculated using the recently developed computer software called Biometric Open Language Tools (BOLT). This has allowed us to further improve the accuracy of our EPDs. Utilizing this new technology may well be the biggest advancement ever in EPD calculation. BOLT is able to more quickly and more directly combine information to make reliable predications of the EPD accuracies. BOLT will afford more confidence in your genetic decisions, especially when you're dealing with young sires, unproven animals or animals with parents or grandparents from other breeds in their pedigrees.

Congratulations, Red Angus breeders, on another banner year for Red Angus!



Red Angus Mission Statement

Our mission statement outlines the purpose towards which we commit our work life. These are the reasons for the existence of the Red Angus Association of America and it clearly describes who our customers are and what we produce as outcome benefits for them.

Our Mission is to provide our members and their customers with innovative programs and services, to continue advancing the quality, reliability and value of Red Angus and Red Angus-influenced seedstock used in the commercial beef industry.

We pursue this mission to promote the economic well-being and satisfaction of our members and their customers, and to equip them to be progressive cattle producers.

Red Angus Vision

The Red Angus Association of America provides visionary leadership and innovation to enhance the beef industry's profitability through the competitive advantages of Red Angus and Red Angus-influenced cattle.

Red Angus Core Policies

1. It is the RAAA's primary role to create an environment that promotes the financial stability of its members.
2. The RAAA supports the development and use of membership-driven strategic planning.
3. The RAAA creates marketing tools for commercial bull customers, creating more demand for Red Angus and Red Angus-influence genetics.
4. The RAAA is committed to objectively describing and recording cattle, utilizing economically sound scientific principles with the least number of prediction values. Furthermore, the RAAA encourages good stockmanship and sound visual appraisal in seedstock selection.
5. Since its establishment, the RAAA has understood and accepted economic value of heterosis through planned crossbreeding.
6. The RAAA does not take a role in the marketing of an individual member's cattle, therefore, the ARA Magazine editorial content has a commercial and technical focus. Individual seedstock supplier articles are avoided.
7. It is the duty of the RAAA to proactively communicate with its membership, therefore, proxy voting is not allowed. This policy was established in the Constitution and Bylaws of the Association at its inception to ensure that voting members are current on all pertinent information.

Historical Perspective

"The decision to form an association was based on the feeling among the breeders that there should be a herd book for these animals in order to perpetuate Red Angus as a useful breed of cattle. The members also felt that there was an opportunity with a relatively small group such as this to incorporate into the structure of the association itself, rules and standards for the selection and registration which would accelerate the improvement of the breed by taking advantage of some of the more recent advances in animal breeding research.

In general then, the policy of the [Red Angus] Association is to discourage the more artificial practices in purebred cattle production, and to place its faith instead in objective test, consisting for the most part of comparisons within herds of factors of known economic importance and known heritability. By making it an integral part of the registration system, the Red Angus breeders feel that even faster progress can be made toward the ultimate goal of more efficient beef production."

– Waldo Forbes, founding member and first President, August 1954



RAAA Founding Board, 1954



67,495
Head
Registered



172,150
Head Enrolled in FCCP



21,200
Head
Enrolled in
Allied Access



97,678
THR Cow
Inventory



2.4 Million
Head Enrolled
in FCCP & AA
Since 1995



2,856
RAAA
Members



15,420
Bulls
Transferred



946
JRA
Members



2,246
Commercial
Females Tested



Ranch Tested. Rancher Trusted.
Red Angus

Commercial Marketing Programs Help Stakeholders Achieve Success

By Chessie Mitchell, Tag Programs Coordinator

Feeder Calf Certification Program and Allied Access

The Red Angus Feeder Calf Certification Program, the longest-running and best-recognized USDA Process Verified Program in the beef industry, continued to shatter calf enrollment records this past fiscal year. The FCCP grew total enrollments by more than 5 percent and enrolled more than 172,000 high quality Red Angus-influenced feeder calves during fiscal year 2017-18.

Red Angus commercial producers recognize the value of the yellow FCCP tag and continue to see market-topping premiums for a minimal investment in enrollment. The 99-cent tag returns, on average, a \$2.80 per hundredweight premium, which equates to more than \$16 on a 600-pound Red Angus feeder calf – a calf which most often sells at or near the top of the market. Compound that figure across truckloads of calves, and beef producers are quick to realize the value of Red Angus genetics guaranteed by the yellow tag. The marketing team is continuing to build its marketing suite with tools and strategies for the commercial producer. Additionally, they are striving to reach tag sales in excess of 250,000 by 2020.

Premium Red Baldy

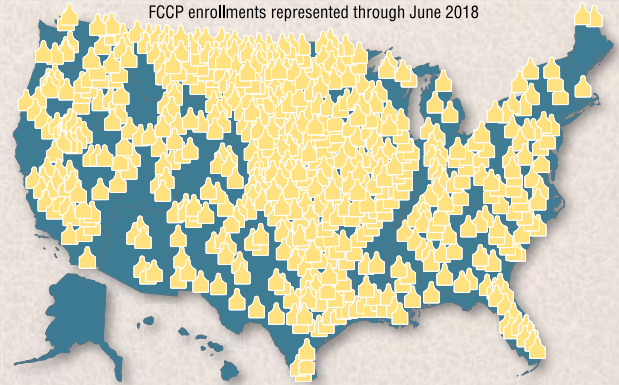
The RAAA and the American Hereford Association were proud to introduce the “Premium Red Baldy” program in February 2018 at the Annual Cattle Industry Convention and NCBA Trade Show in Phoenix, Arizona. Premium Red Baldy was designed to capitalize on the best traits from both breeds while developing supreme quality commercial females. The program was developed as a tagging program designed to take advantage of hybrid vigor by maximizing the best traits of both breeds and providing commercial producers with premium replacement females. This program, targeting only heifers, is to generate females for the commercial producer by emphasizing longevity, fertility, adaptability and efficiency.



The Tag that Covers the Nation

The Red Angus Feeder Calf Certification Program Yellow Tag

FCCP enrollments represented through June 2018



Bull Sale Season

The Red Angus marketing team makes a strong effort to attend as many bull sales across the nation as possible in order to represent the Association and promote Red Angus marketing programs to commercial bull customers. Bull sales attended by staff during this fiscal year were met with solid demand and the mood was positive for the future of the breed. During the fall of 2017 staff attended 20 bull sales, where they saw 1,785 bulls marketed for an average price of \$4,978. During the busiest spring bull sale season Red Angus staff can recall, the marketing team attended 85 sales and viewed 5,928 bulls marketed. From January 1 to May 10, 2018, the marketing team traveled a total of 26,780 air miles, 40,414 road miles and spent 143 combined nights away from their homes. The average price across the 85 sales attended was \$4,784, which was an increase of more than \$250 from the prior spring bull sale season.

On May 29, 2018, the marketing team presented a town hall meeting via webinar to summarize the spring bull sale season, providing metrics and observations from what they witnessed at bull sales throughout the spring. The presentation showed that bull customers continue to select on both EPDs and



Gary D. Fike
Director of
Commercial Marketing



Harold Bertz
Commercial Marketing
Programs Coordinator



Katie Ochsner
Commercial
Marketing Specialist

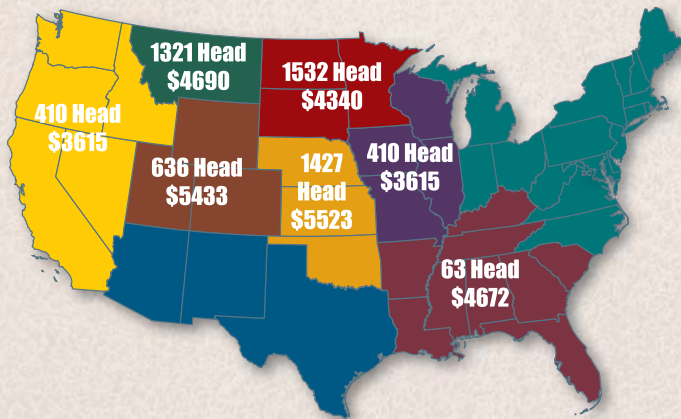


Chessie Mitchell
Tag Programs
Coordinator



Nolan Woodruff
Commercial
Marketing Specialist

Spring 2018 Sale Averages by Region



phenotype when selecting sires, and customer service pays for seedstock producers. With the busiest year of bull sales yet in the Red Angus business, the marketing team looks forward to seeing the continued growth of the breed as an increasing number of commercial producers choose Red Angus as their genetic provider.

Feeder Calf Sales and Video Auctions

Last fall, the Red Angus marketing team arranged a record number of special Red Angus FCCP sales across the nation. A total of 34 FCCP sales were held in 20 sale barns across 10 states. Along with their other travel obligations, marketing staff attended a dozen special FCCP sales and, when given the opportunity, spoke ahead of those sales to promote Red Angus marketing programs. In addition to arranging and providing support for these special sales held at auction barns across the country, RAAA also maintains a strong relationship with various video auction companies. RAAA sponsors summer video auction sales for Superior Livestock Auction, Northern Livestock Video Auction, Western Video Market and Cattle Country Video. This year marketing staff have attended all of the major Superior summer sales including the Corn Belt Classic, Big Sky Roundup, Week in the Rockies, Video Royale and Big Horn Classic. Katie Ochsner attended the Northern Livestock Video Auction Early Summer special, Summertime Classic and Early Fall preview. The Red Angus marketing team was also represented at the Western Video Market auction in Cheyenne, Wyoming, and the Cattle Country Video Oregon Trail Classic in Gering, Nebraska.

Trade Shows, Producer Meetings and Field Days

The Red Angus marketing staff promotes the Red Angus breed and marketing programs at various trade shows, producer meetings and state association field days throughout the year. Some of the major beef industry trade shows and meetings that have been attended by staff this fiscal year include the Range Beef Cow Symposium, Cattle Industry Convention and NCBA Trade Show and the Beef Improvement Federation

convention. Marketing staff participated in numerous speaking engagements to educate cattlemen and women on the opportunities available through Red Angus marketing programs. Gary Fike, Harold Bertz and Katie Ochsner spoke at 21 producer meetings. Other notable speaking engagements include presentations at the Hemphill County Beef Conference in Canadian, Texas, and the American National CattleWomen's event in Burlington, Colorado. Additionally, staff have provided support for Red Angus state affiliate groups by attending and presenting at affiliate meetings and field days in Oregon, Montana, North Dakota, South Dakota, Nebraska, Iowa, Missouri, Kansas, Oklahoma, Virginia and the Carolinas. Other state or regional events attended by staff included the Missouri Livestock Symposium, Kansas Livestock Association convention, Nebraska Beef Summit, Texas A&M Beef short course and the Florida Cattlemen's Association convention.

Young Guns

The longstanding Red Angus Young Guns program, designed to introduce young breeders and commercial cattlemen and women to industry innovation, was held June 25 – 26, 2018, at the Big Horn Resort in Billings, Montana. This year's event attracted 38 producers from 14 states. Speakers included Dr. Robin Falkner, Cattle Technical Services Veterinarian with Zoetis, Ryan Boldt, RAAA Director of Breed Improvement, Forrest Roberts, CEO of AgStrata, and Daryl Winter, Beef Procurement Manager for the Windmill Restaurant. Participants also toured ORigen Beef in Huntley, Montana, and the GrowSafe system at Weschenfelder Feedlot in Shepherd, Montana. The Red Angus Young Guns Program continues to be recognized as an opportunity to bring young producers together to gain knowledge of the competitive beef business.

Red Navigator

Red Navigator is a DNA test designed for use on commercial females with at least 75 percent Red Angus breed influence. Results for females tested with Red Navigator include sire verification as well as a percentile rank for all EPDs and indices in the Red Angus database. During fiscal year 2017-18, 2,246 commercial Red Angus-influenced females were tested with Red Navigator. Those females brought the total number of females tested with Red Navigator to 6,090. Seventy different commercial operations have utilized the Red Navigator test to improve their herds, and many are repeat customers. Katie Ochsner conducts follow-up calls with all producers who order the Red Navigator test to provide support as they interpret the results of the test and ensure they are reaping the full value of their investment. Commercial producers who have used Red Navigator have commented that the results of the test have been very useful to their operations and have provided important information to help them make management and breeding decisions.



Communications Team Shares Red Angus Story

By Brandi Buzzard Frobose, Director of Communications

Red Angus has been center stage in the beef industry during the past year. Communications and marketing staff have shared news of the growth and popularity of the breed on multiple media outlets including press releases, trade media, television and social media.

In fiscal year 2017-18, RAAA distributed 22 press releases on a plethora of topics ranging from breed growth to genetic updates to new marketing ventures. Overall, these releases reached more than 500,000 industry audience members and stakeholders. Additionally, Red Angus editorial from staff was reprinted in many industry publications including (but not limited to): Beef Magazine, High Plains Journal, Farm & Ranch Resource Guide, Joplin Regional Stockyards Cattleman's News, Missouri Beef Cattleman, The Stock Exchange News and Western Livestock Journal.

Social media has been a valuable tool for RAAA this year, as it aids the Association in reaching a wide audience who may not already be involved in Red Angus. In the past fiscal year,

the Red Angus Facebook page grew by 45 percent, enabling communications staff to reach more beef industry stakeholders with marketing, genetics and Association news. Additionally, both the Red Angus Instagram and Twitter accounts have grown substantially (roughly 84 percent and 37 percent, respectively). Branching out on these platforms widens the reach of Red Angus messaging and ensures that any producer who may be searching for news or updates about Red Angus will be able to find it on at least one medium.

As in the past, Red Angus continues to partner with Superior Livestock to produce two American Rancher television episodes on RFD-TV each year. In September 2017, the episode featured Northern Lites Ranch of Opheim, Montana. In January 2018, following the RAAA's relocation to Colorado, the American Rancher episode highlighted the new RAAA headquarters, as well as insight in to the LiveWiRED project; an EPD exploration project conducted by the Junior Red Angus Association of America.

A new office and many new staff members in fiscal year 2017-18 went hand-in-hand with a new website for staff and Red Angus producers. The new RedAngus.org launched in early March 2018, and in response to feedback from members, board and staff, the site is easy to navigate, eye-appealing, functional and organized. The fresh, exciting design matches the vigor of the exciting and quickly expanding breed.



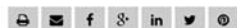
LIVESTOCK > FEEDLOTS

Cattle industry insight from Lee Borck: Big risks, bigger rewards, best decisions

Lee Borck has been disrupting the cattle feeding status quo for three decades. He shares his insights and best decisions with BEEF readers in this unique interview.

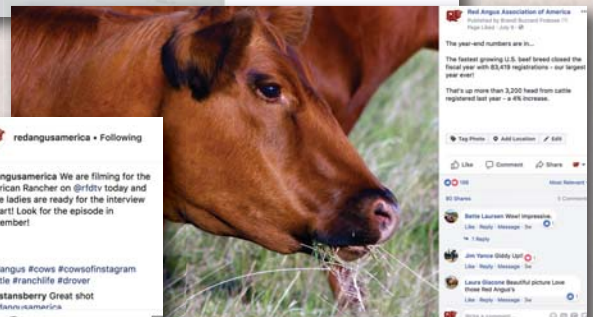
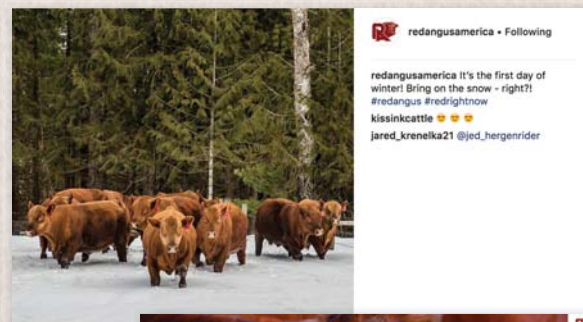
"One of the reasons quality has improved is selling on a grid for what you produce. We have improved the industry to where we sell 75-80% Choice beef." Lee Borck offers thoughts and advice on success in the cattle business.

May 31, 2018



By Brandi Buzzard

Editor's Note: This is Part 1 in a two-part series. Read great cattle feeding insight in part two.



ARA Magazine Reaches Expanding Audience

By Tracey Koester, ARA Editorial Coordinator



Tracey Koester
Editorial Coordinator

The American Red Angus Magazine, now in its 54th year of print, continues to reach Red Angus stakeholders, sharing RAAA updates, advertising and features each issue.

The glossy magazine is the official publication of the RAAA, serving as the communication vehicle to members, bull buyers and the beef cattle industry. It is published 10 times a year with May/June and July/August issues combined. The January and September issues are expanded mailings, going to additional Red Angus bull buyers.

The editorial focus of the magazine, as outlined in Core Policy No. 6, is to maintain a commercial and technical focus, avoiding editorial features on seedstock suppliers. Therefore, editorial staff strives to feature stories on commercial producers who are enjoying success with Red Angus genetics, and management stories that are educational to cow-calf operators. Each issue focuses on a unique editorial theme.

Bull buyers receive a free one-year subscription to ARA and will continue to receive the magazine at no charge each year a bull is transferred to them. This unique practice ensures Red Angus bull customers are connected and receiving the most-current information the Association has to offer. The magazine's readership is 75 percent commercial cow-calf producers and 25 percent RAAA members.

In addition to hitting mailboxes, each issue is published online at redangus.org and can be viewed digitally on the Issuu app. Past issues are also archived online.

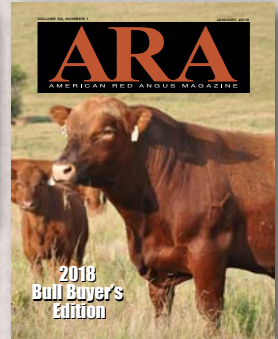
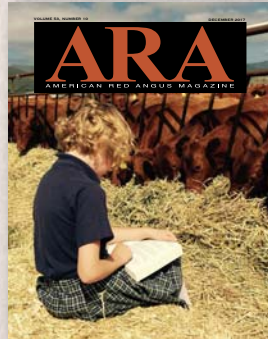
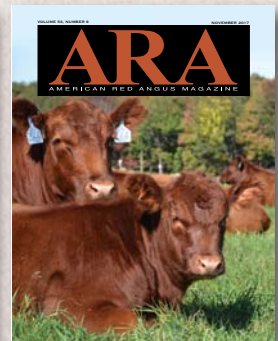
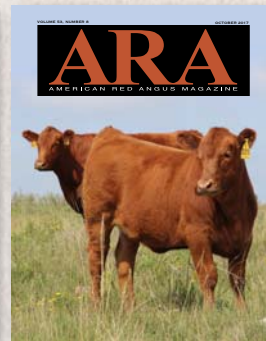
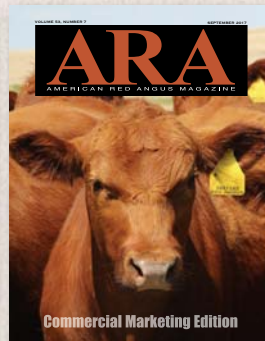
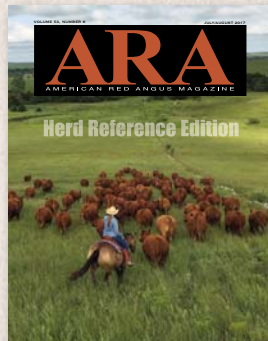


Kevin LeMaster
ARA Publisher &
Advertising Director

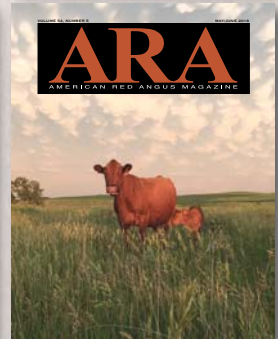
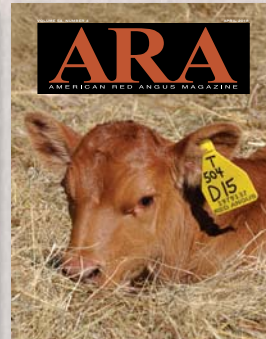
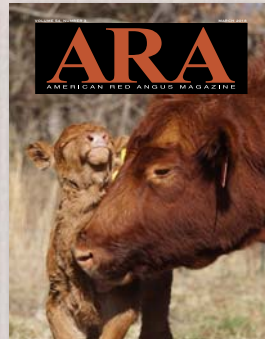
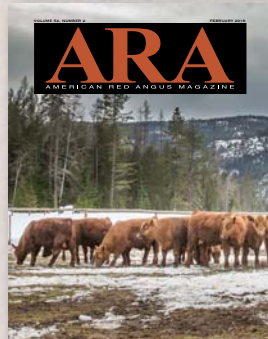


Halla Pfeiff
Manager of
Membership

The magazine continues to grow in page scope and readership, bragging over 1,000 pages of content delivered in fiscal year 2017-18 mailing to more than 14,500 Red Angus stakeholders.



Fiscal Year 2017- 2018
1,000+ Pages hitting 14,500+ Mailboxes



Phenomenal Growth Trends Continue

By Gary D. Fike, Director of Commercial Marketing

RAAA witnessed phenomenal growth this year breaking records in registrations, FCCP enrollment and bull transfers. Registration numbers reached 67,495 in fiscal year 2017-18, the best year ever for Red Angus. Twenty-five years ago, our breed wasn't even ranked in the top 10 beef breeds in the U.S. for the number of registered animals. Today, we rank in the top five. This must be gratifying for breeders who have known all along that persistent, steady growth is the road to success.

The latest data from Superior Livestock Auction shows that Red Angus commercial heifer calves bring between \$5 and \$11 more per hundredweight than any other breed type, confirming Red Angus cattle have great maternal and carcass traits that cattlemen will pay for.

FCCP enrollments set another record with over 172,000 cattle enrolled and tagged – and we are aiming higher with a goal of 250,000 cattle enrolled by the end of the 2020 fiscal year. Eight year's worth of data from Superior Livestock sales (2010-2017) shows that Red Angus calves that have the FCCP tag carry a \$2.80-per-hundredweight premium over Red Angus calves that do not wear the tag.

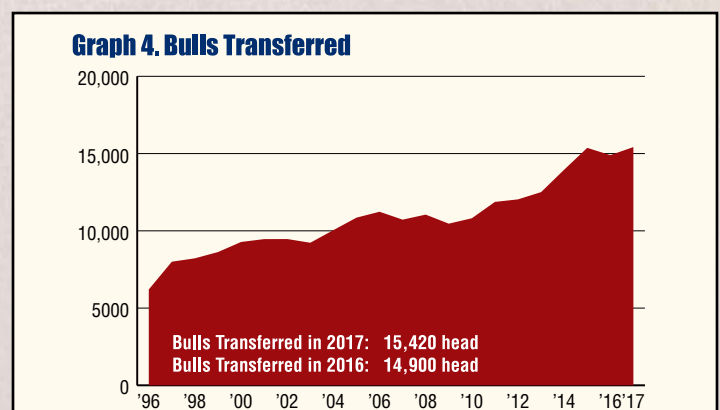
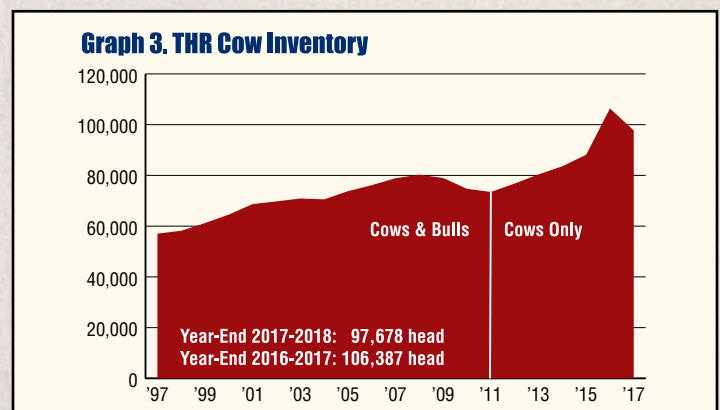
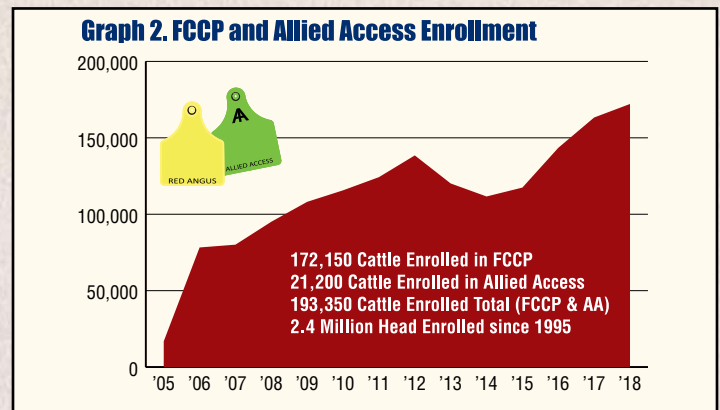
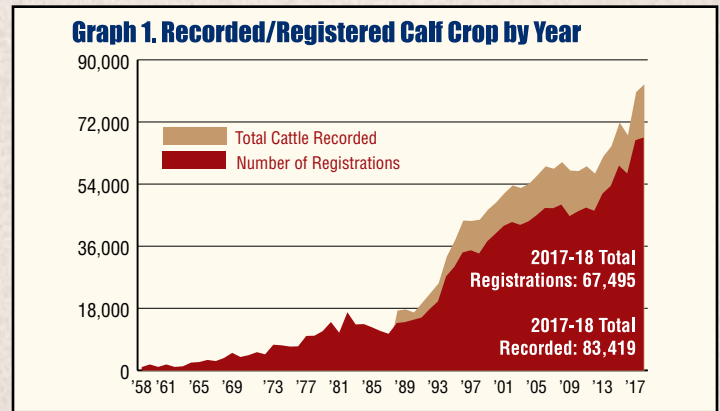
Finally, bull transfers topped 15,000, and breeders should be commended for their commitment in transferring bulls.

Top 10 RAAA Members by Cow Inventory

5L Ranch, Montana.....	1,954
LN Cattle Co., Montana	1,716
Beckton Red Angus, Wyoming.....	1,105
Bieber Red Angus, South Dakota	864
Sutherlin Farms, Montana.....	829
Silver Spur Ranches, Wyoming	806
Schuler-Olsen Ranches, Inc., Nebraska	803
Mushrush Red Angus, Kansas	668
Pieper Red Angus, Nebraska.....	665
Choat Cattle Co., Nebraska.....	616

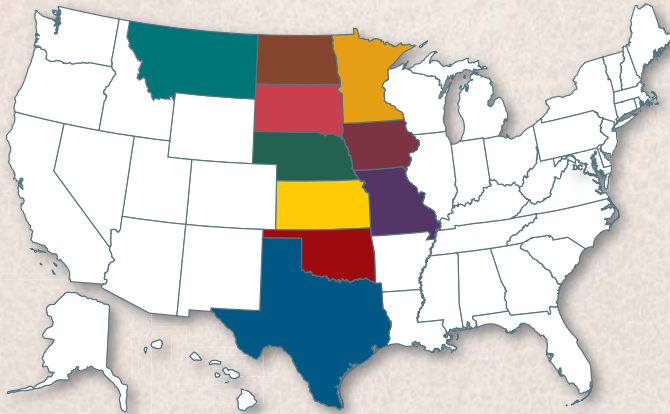
Top 10 RAAA Members by Registrations

5L Ranch, Montana.....	1,406
LN Cattle Co., Montana	1,290
Silver Spur Ranches, Wyoming	1,186
Bieber Red Angus, South Dakota	1,014
Beckton Red Angus, Wyoming.....	986
Gill Red Angus, South Dakota	808
Schuler-Olsen Ranches, Inc., Nebraska	771
Mushrush Red Angus, Kansas	681
Crump Red Angus, Wyoming.....	634
Sutherlin Farms, Montana.....	507



Members by State

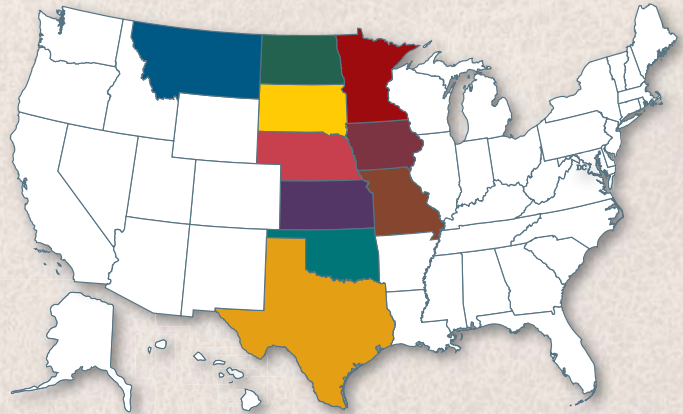
Total number of members in 2017-18 Fiscal Year – 2,856



1. Texas	274	6. Nebraska	142
2. Oklahoma	170	7. Minnesota	141
3. Kansas	150	8. South Dakota	126
4. Iowa	149	9. Montana	117
5. Missouri	149	10. North Dakota	104

Transfers by State

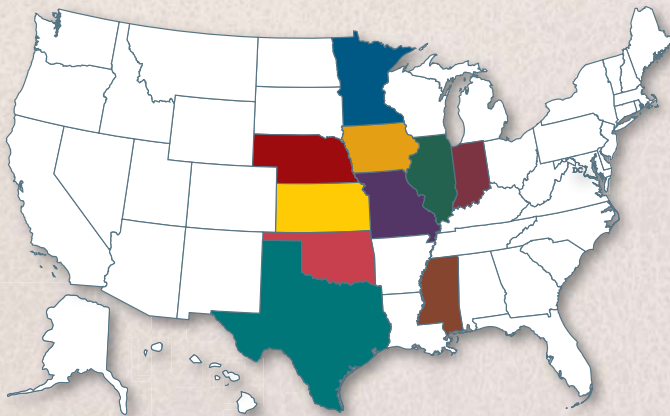
Number of transfers per each of the top 10 states



1. Montana	3,711	6. North Dakota	1,941
2. Nebraska	3,192	7. Minnesota	1,706
3. South Dakota	3,113	8. Missouri	1,701
4. Kansas	2,559	9. Oklahoma	1,603
5. Texas	2,510	10. Iowa	1,572

JRA Members by State

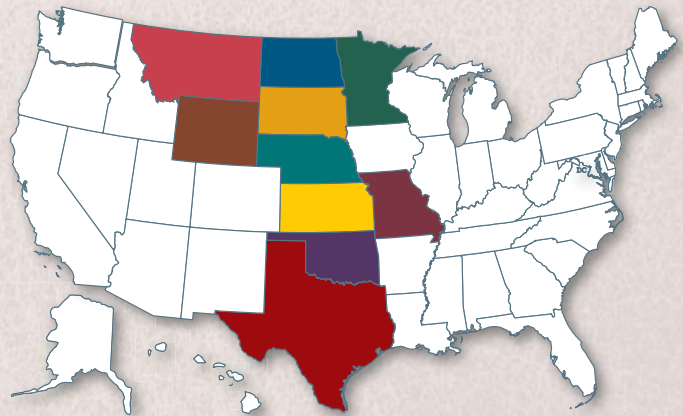
Total number of members in 2017-18 Fiscal Year – 946



1. Texas	168	6. Nebraska	43
2. Oklahoma	106	7. Missouri	38
3. Iowa	81	8. Illinois	38
4. Minnesota	54	9. Mississippi	33
5. Kansas	52	10. Indiana	31

Registrations by State

Number of animals registered per each of the Top 10 states.



1. Montana	9,698	6. North Dakota	4,356
2. Nebraska	6,427	7. Wyoming	4,099
3. South Dakota	6,070	8. Missouri	3,183
4. Kansas	5,378	9. Minnesota	3,154
5. Texas	5,237	10. Oklahoma	2,642

Name	# Progeny	HB	GM	CED	BW	WW	YW	ADG	DMI	MILK	ME	HPG	CEM	STAY	MARB	YG	CW
BROWN JYJ REDEMPTION Y1334	1166	191	53	17	-5.2	63	111	0.30	1.55	20	-7	9	12	14	0.73	0.06	29
H2R PROFITBUILDER B403	1092	197	57	2	-3.5	78	128	0.31	0.63	17	1	13	1	19	0.87	0.16	41
ANDRAS NEW DIRECTION R240	928	64	50	4	-2.7	63	109	0.28	1.44	12	-6	12	4	4	0.49	0.23	31
5L INDEPENDENCE 560-298Y	781	200	55	16	-5.9	62	109	0.29	1.38	23	-4	12	14	14	0.79	-0.12	27
5L BOURNE 117-48A	502	193	55	15	-4.4	76	116	0.25	0.49	15	-3	16	4	14	0.81	0.05	32
5L DEFENDER 560-30Z	501	133	54	9	-5.1	58	97	0.24	1.59	12	-2	17	3	9	1.13	-0.11	20
BROWN PREMIER X7876	476	218	56	13	-4.7	70	116	0.29	1.12	14	-3	14	16	16	0.96	0.05	32
BROWN AA PRESTIGIOUS B5153	461	169	52	4	-1.4	68	108	0.25	1.42	19	4	18	3	16	0.71	-0.05	32
BIEBER HARD DRIVE Y120	430	141	57	5	-1.4	87	136	0.30	1.36	19	-1	13	2	11	0.79	-0.10	48
ANDRAS FUSION R236	424	106	55	17	-3.8	45	86	0.26	0.57	20	6	7	4	5	1.05	-0.03	17
Avg. EPD "Weighted" by Registration Count		163	54	10	-4.0	67	113	0.28	1.18	17	-2	13	7	13	0.80	0.04	31
Average Percentile Rank		12%	15%	25%	22%	25%	17%	20%	77%	60%	35%	35%	30%	15%	7%	55%	26%



Advancements Through New EPDs and Evaluation Process

By Ryan Boldt, Director of Breed Improvement

Several notable changes have taken place in fiscal year 2017-18 in regard to describing Red Angus cattle genetically. In April 2017, the Dry Matter Intake (DMI) and Average Daily Gain (ADG) EPDs were released. The DMI

EPD predicts an animal's average daily intake during the post weaning period and ADG represents the amount of average daily growth that an animal has during the same time period.

These EPDs were designed to be used in tandem to allow producers to select for cattle that are more feed efficient. Data for the feed intake EPD had been collected over the last several years and enough data had been accumulated to predict EPDs. Currently there are more than 6,000 records for individual feed intake in the Red Angus database. Many of these tested animals are progeny of high-use sires and dams. Within the database 197,313 animals are full or half siblings to an animal with a feed intake genotype. For animals that do not have a feed intake phenotype, measurements of growth are used to help with the prediction of their intake. Currently the DMI EPD is not genomically enhanced but efforts over the coming year will be made to include genomic information in those predictions.

Another major milestone was reached near the end of the fiscal year when the Red Angus Board of Directors voting to adopt International Genetic Solutions' Multi-Breed Evaluation powered by BOLT™. The adoption of these new EPDs positions Red Angus to offer its members the most advanced genetic predictions available to the beef industry. Steps to make the transition will occur during the first few months of fiscal year 2018-19.



Currently, the IGS database represents pedigree and performance records on more than 17 million animals. This represents the largest database available for beef cattle to calculate genetic predictions. In addition, the models used in the BOLT evaluation have the ability to utilize more of the available data compared to previous models. Under the new system genetic evaluations will be conducted on a weekly basis. This allows for an animal's EPDs to be updated as more information becomes available.

In addition, the new evaluation will be "single step" which allows for genomic information to be included simultaneously into genetic predictions. Previously, RAAA used a system that calculated an animal's genetic merit using a separate step and this information was "blended" into an animal's EPDs. By including this information into predictions simultaneously more information is obtained from each genotype. Another added advantage is the accuracy calculation within BOLT. This system uses a more advanced method that allows for the ability to calculate the true accuracy value for each animal. This eliminates the overestimation of accuracy that was commonly seen using previous techniques for calculating accuracy. These changes will cause animals to re-rank under the new evaluation system, however, this will be a one-time occurrence and changes will be similar to what was seen with the previous evaluation system.

This transition to the new evaluation system will be another milestone in the history of National Cattle Evaluation. Over the next year we are excited for the opportunity to allow our members to use these new genetic predictions to make the most informed breeding decisions.



Junior Leadership Focuses on Future of Beef Business

By Kim Heller, Junior Programs Coordinator



The Junior Red Angus Association of America focuses on equipping and preparing JRA members to be leaders, innovators, stewards and advocates for the Red Angus breed, the beef industry and agriculture. The

2017-18 fiscal year was full of big events and leadership for JRA members. Throughout the year, members took part in several leadership and growth events to help them grow as future beef business leaders.



Members attended the Young Stockman Program in March 2018 in Kansas City, Missouri, to take part in hands-on educational activities focused on nutrition, animal handling and

cattle health. They also gained exposure to real-life EPD application through live evaluations of the calves in the LiveWiRED project. The Red Angus Foundation, Inc. and the JRA have partnered up to conduct this project to explore the accuracy of EPDs and genetic testing.

A single Gelbvieh cow was flushed to two low-end bell curve Red Angus bulls and three high-end bell curve Red Angus bulls. These calves were born in August 2017 and the projected harvest of the calves is December 2018; therefore, we anticipate a preliminary report of results including carcass data in January 2019 plus a full report on the project in the 2018-19 fiscal year.

RAAA and the JRA are proud to provide scholarships to junior members that are active in the association, as well as in their communities and the beef industry. This year, six recipients proved their leadership and professionalism are a step above the crowd and received official JRA scholarships. Those individuals receiving scholarships were: Kaitlin Geyer, Tyler Griffith, Amber Johnson, Cooper Dale Rogers, Andrea Rutledge and Shaye Koester.

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These students are recognized at the JRA annual summer event, Round-Up. In fiscal year 2017-18, Round-Up took place in Arkansas, where members engaged in competitions, toured local agricultural operations such as the Tyson Discovery Center and the University of Arkansas Fruit Research Station, completed team-building exercises and listened to beef industry stakeholders share insight. Additionally, attendees elected the 2018-19 JRA Board of Directors: Madison Adams, Shaye Koester, Kaitlyn Templeton, Genna VanWye, Carson Ballinger and Brock Fitzgerald.

Another avenue of participation for JRA members takes place in the show arena. The 2018 National Western Stock Show was home to the Red Angus Junior National in fiscal year 2017-18 and it was one for the books. A record number of Red Angus exhibitors paraded through the ring January 5-6, 2018, to present the animals they have spent countless hours raising, training and grooming. When not in the show ring, JRA members were also able to participate in educational tours of the NWSS Complex, tour the new RAAA headquarters and network with each other during a hot chocolate social.

Other show opportunities for JRA members included the 13th annual North American Junior Red Angus Event in Hutchinson, Kansas, June 17-23, 2018, where more than 200 Junior Red Angus members and their families flooded the halls and arenas of the Kansas State Fairgrounds. Events for the week included a public speaking contest, livestock judging contest, queen and princess selection, herdsman contest and fitting clinic, in addition to performance classes and showmanship.

In addition to competition events, the NAJRAE also awarded more than \$5,000 in scholarships to Junior Red Angus members who exhibited exemplary leadership qualities.

Junior Red Angus members are an asset to the Red Angus Association of America and will continue to work closely with RAAA staff and stakeholders to build young leaders that will move the Red Angus breed forward.

RED ANGUS ASSOCIATION OF AMERICA INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

	2018	2017
CURRENT ASSETS		
Cash and Cash Equivalents	\$661,080	\$370,939
Restricted Cash	0	275,000
Accounts Receivable, Net	98,253	145,180
Prepaid Expenses and Supplies	21,503	20,028
Receivable – Foundation – Affiliate	0	1,566
Deposits	2,619	3,832
Total Current Assets	<u>783,455</u>	<u>816,545</u>
 PROPERTY AND EQUIPMENT		
Land	125,000	8,665
Building and Improvements	703,380	370,411
Furniture and Equipment	104,245	66,810
Computer Equipment	95,944	85,624
Automobile	52,417	52,417
	1,080,986	583,927
Less Accumulated Depreciation	(199,171)	(495,043)
Net Property and Equipment	<u>881,815</u>	<u>88,884</u>
 OTHER ASSETS		
Construction in Progress – Denver Building	0	449,019
Investment in Closely Held Corporation	260,000	150,000
Investments	2,443,925	1,963,128
Computer Software	1,608,064	1,606,375
Less Accumulated Amortization	(575,090)	(349,704)
Total Other Assets	<u>3,736,899</u>	<u>3,818,818</u>
 Total Assets	<u>\$5,402,169</u>	<u>\$4,724,247</u>

**A full copy of the financial statements and the independent accountant's review report
and accompanying notes are available upon request.**

**RED ANGUS ASSOCIATION OF AMERICA INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017**

	2018	2017
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	\$35,232	\$25,559
Accounts Payable	160,857	139,111
Accrued Expenses	188,895	111,095
Deferred Revenue	114,560	69,600
Due to Members	46,246	59,262
Total Current Liabilities	<u>545,790</u>	<u>404,627</u>
LONG TERM DEBT		
Mortgage Note Payable	386,506	550,000
Less Current Portion	<u>(35,232)</u>	<u>(25,559)</u>
Net Long Term	<u>351,274</u>	<u>524,441</u>
Total Liabilities	<u>897,064</u>	<u>929,068</u>
REVENUE AND SUPPORT		
Member Servicing	\$3,676,750	\$3,716,106
Magazine	741,467	751,571
Juniors	99,912	73,484
Investment Return	241,375	224,666
Gain on Sale of Texas Property	469,801	0
Other	<u>20,000</u>	<u>2,735</u>
Total Revenues and Support – Unrestricted	<u>5,249,305</u>	<u>4,768,562</u>
EXPENSES		
Member Services	3,616,413	3,662,740
Magazine	850,874	885,156
Junior Activities	<u>72,092</u>	<u>82,560</u>
Total Expenses – Unrestricted	<u>4,539,379</u>	<u>4,630,456</u>
Increase in Net Assets	709,926	138,106
Unrestricted Net Assets, Beginning of Year	<u>3,795,179</u>	<u>3,657,073</u>
Unrestricted Net Assets, End of Year	<u>4,505,105</u>	<u>3,795,179</u>

**A full copy of the financial statements and the independent accountant's review report
and accompanying notes are available upon request.**



National Office Relocation Financial Summary

By Johnny Rogers, Region C Director and Chairman, RAAA Finance Committee

The RAAA National Office relocation is complete and now is a good time to review the financial aspects of this event. The Board approved a \$775,000 budget for the new facility purchase and, after several options were explored,

it was determined that the Commerce City property offered the best solution for our needs. The partially finished office space required further buildout/finishing, and after receiving bids from three contractors, the choice was made to use CODA Construction Group, LLC to complete the facility. Before the selection, numerous CODA clients were interviewed regarding their quality of work and overall satisfaction. The Finance Committee reviewed three loan options and recommended the property be purchased with a \$550,000 15-year mortgage from Great Plains State Bank with a 4.375 percent interest rate. It should be understood that RAAA did not need to borrow any funds for this transaction but chose to do so because (1) interest rates are relatively low, and (2) there was a desire to leave our long-term investment portfolio in place.

Table 1 illustrates the transaction details and you will notice that the Commerce City property purchase was slightly over budget (\$4,516.50). The primary reason for this overture was the HVAC system cost. While reviewing bids it was noticed that the selected contractor submitted a much lower price for the HVAC system. The Executive Committee and CEO questioned CODA and they assured us the current system would handle the new addition. However, it was later discovered that a larger unit did in fact need to be purchased. CODA and RAAA ultimately shared the cost of the mistake.

An additional \$180,000 was allocated for setting up the new office and those items are listed separately in the table below. Actual moving expenses from Denton were kept manageable by RAAA staff doing much of the packing and loading. In addition, the older Denton office furniture and other items were either sold or dis-

carded. New office furnishings were purchased in Commerce City which provides more functionality in the new space and provides Red Angus with a more professional setting for its national headquarters. Table 1 also shows the moving and new office items came in under budget and helped to bring the total relocation expenses well under the Board-approved target.

The value of the Denton property surprised us, with total proceeds after commissions equaling \$509,441.61. That facility served the Association well for nearly 50 years and those funds gave us a great start in our new location. Prior to the sale, the Executive Committee and CEO solicited two independent opinions on the tax implications of this event and we were prepared to pursue a 1031 exchange if needed. However, given our non-profit status, both external parties agreed this was not a taxable event and a standard sale was executed.

The Finance Committee, in cooperation with the Board of Directors, carefully considered how to use the funds from the Denton property liquidation. Generally speaking, the Committee does not like holding debt especially when we have the funds available to pay off the existing note. However, maintaining a strong cash position would allow us to pay for unexpected expenses or to weather short-term cash flow issues should they arise. After much discussion, the decision was made to invest the funds in the following manner: (1) High Yield Corporate Bond \$100,000; (2) Increase holdings in Washington Mutual Fund \$150,000; (3) Certificate of Deposit \$150,000; and (4) Pay down Great Plains State Bank debt \$100,000. We believe this strategy provides a balanced approach and allows us to capture potential investment gains while retiring some of our financial obligations. Furthermore, the Finance Committee has recommended paying an additional \$15,000 quarterly to our regular debt payment schedule, which will accelerate the payoff while keeping cash on hand for unforeseen expenses. This plan will be continually reviewed during quarterly Finance Committee conference calls and adjustments made as necessary.

The RAAA headquarters relocation was an opportunity for us to move to a great, central U.S. location and into a new facility that will serve us well for many years. The new space is located in a growing community and its value should increase over time. Being located near Colorado State University, which has a long history with RAAA, has advantages as well. Furthermore, Denver is a major livestock industry hub giving us the opportunity to stay abreast of industry trends and to recruit high quality employees. These transactions were well planned with supervision from the Board, Finance Committee and Staff, and the results have been favorable in keeping us in a strong financial position as well as substantially improving our National Office.

Table 1	Actual Cost	Approved Budget
Purchase cost (physical facility)	\$430,046.50	
Complete buildout cost	\$349,470.00	
Sub Total	\$779,516.50	\$775,000.00
Actual vs. Budget	\$4,516.50	
Relocation Expenses		
Relocation Expenses	\$77,428.21	
Furniture and Shutters	\$56,119.86	
Cabling/IT Setup	\$11,206.29	
Sub Total	\$144,754.36	\$180,000.00
Actual vs. Budget	(\$35,245.64)	
Total Relocation Outlays		
Total Relocation Outlays	\$924,270.86	\$955,000.00
Actual vs. Budget	(\$30,729.14)	