AMERICAN HEREFORD ASSOCIATION

ANNUAL REPORT







RISE UP

Market share always matters in business. It matters even more when faced with fewer potential customers.

U.S. Hereford breeders continue to market more bulls for higher average prices year over year, even as the number of commercial cow-calf producers declines with the fewest beef cow numbers in decades. Toward the end of Fiscal Year 2025 (FY25), American Hereford Association (AHA) field staff had reported 5,531 bulls selling at auction for an average price of $8,621. That was $1,300 more than the previous year's average price on more bulls sold at the time.

Growing commercial demand for Hereford genetics is due to many reasons. Chiefly, I believe it is due to Hereford breeders' commitment to listening to their customers, maintaining the breed's inherent genetic strengths and making genetic improvements where needed.

Breeders are embracing the opportunity afforded by more commercial producers searching for ways to increase production efficiency and predictability while reducing risk. A growing number of commercial producers are adding heterosis to their herds and view Hereford as the essential crossbreeding component.

As for the AHA's role in providing breed improvement tools and market opportunity, I believe increasing Hereford demand stems from the foresight of current and past leaders who navigated a path to the current course.

The AHA continued to make remarkable strides in FY25 toward fulfilling the vision defined by its 2022-2027 long-range Strategic Plan. It did so while increasing operational efficiency and maintaining a high level of cost efficiency and fiscal strength.

Commercial interest in Hereford genetics is on the rise, along with the breed's visibility across the beef cattle industry, thanks to AHA members' collective efforts over time.

Regards,



Jack Ward
Executive Vice President
American Hereford Association

INTENTIONAL *progress*

On time and on target aptly describe the American Hereford Association's (AHA) steps taken in Fiscal Year 2025 (FY25) to accomplish the specific goals of its strategic plan, guided by the crystalline vision: Establish Hereford genetics as the essential component of the U.S. beef cowherd.

COMMERCIAL CONNECTIONS

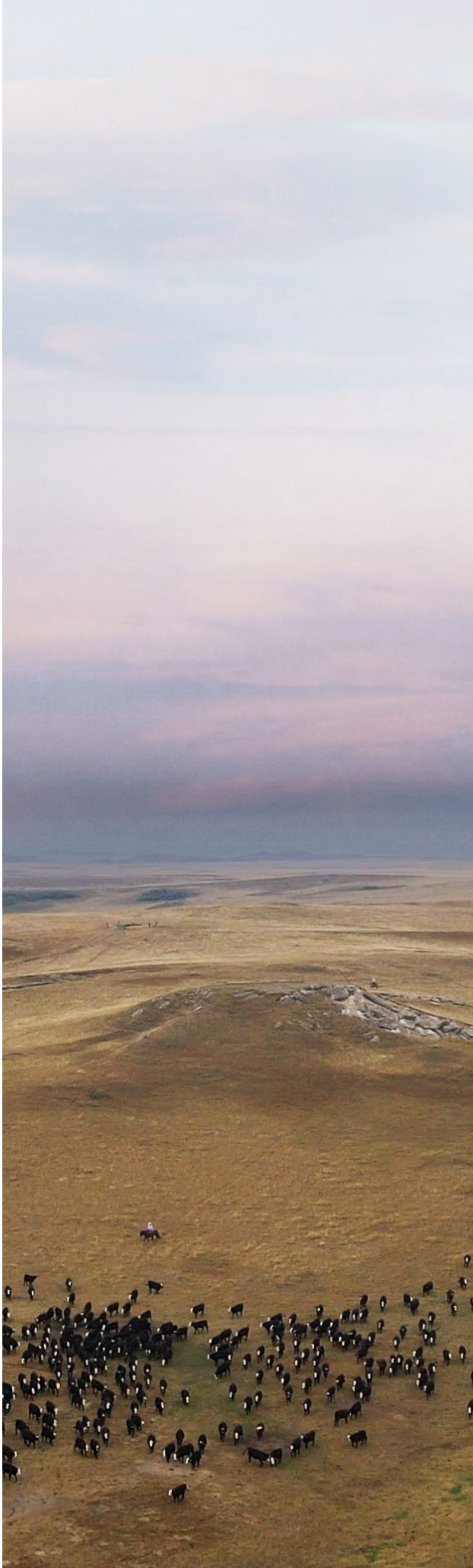
AHA continued increasing Hereford visibility in the commercial sector through a variety of efforts, driven by the enthusiastic participation of breeders, commercial users of Hereford genetics and allied partners. Examples of the Association's initiatives created to further bolster Hereford's influence in the commercial cattle industry include:

- Elevated communication with feedlots through a direct-mail campaign, which emphasized the breed's extraordinary progress in carcass quality, as well as its advantage in maintaining feed efficiency across longer cattle feeding periods.
- Increased participation in Hereford Feedout Programs and the National Junior Hereford Association (NJHA) Fed Steer Shootout with 129 participants from 27 states enrolling 1,309 head. Part of the growth came from a new opportunity that allowed adult AHA members to provide steers for NJHA members to enter in the program who wanted to participate but didn't have their own eligible feeder cattle. More than 100 young people from coast to coast attended the educational Fed Steer Shootout Field Day in April.

Thanks to the ongoing, generous efforts of HRC Feed Yards LLC, Scott City, Kan., both Hereford Feedout Programs strengthen the breed's connection to the cattle feeding and beef packing sectors, while broadening breeder insights about the merits of their genetics.

- Helped broaden the reach of Hereford-influenced calf, feeder cattle and replacement female sales. There were 34 Hereford-influenced special sales in 13 states featuring 25,861 head. Additionally, 84 Hereford breeders from 26 states sold 6,223 Hereford-influenced commercial replacement females in their production sales.
- Highlighted video auction demand for Hereford-influenced cattle. Across seven summer video sales between June and August, Hereford-influenced cattle comprised the top-selling lots by weight class and delivery period.
- Recognized progressive commercial cow-calf producers who utilize Hereford genetics in strategic, complementary crossbreeding systems. This included feature stories in *Baldy Advantage*, compelling videos providing producer

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TOP 10 REGISTRATIONS

State		Breeders	
Texas	8,885	**Upstream Ranch,** *Taylor, Neb.*	921
Nebraska	5,718	**Rausch Herefords,** *Hoven, S.D.*	903
South Dakota	4,359	**Topp Herefords,** *Grace City, N.D.*	783
Oklahoma	4,231	**GKB Cattle,** *Desdemona, Texas*	754
Kansas	4,120	**Van Newkirk Herefords,** *Oshkosh, Neb.*	603
Missouri	3,677	**Shaw Cattle Co. Inc,** *Caldwell, Idaho*	496
North Dakota	3,361	**W4 Ranch,** *Morgan, Texas*	446
Montana	2,909	**Alexander D and Alison Mih,** *Chanute, Kan.*	419
Tennessee	2,074	**Fawcett's Elm Creek Ranch,** *Ree Heights, S.D.*	394
Wyoming	1,943	**Churchill Cattle Co,** *Manhattan, Mont.*	375

2024-2025 Registrations, Transfers and Memberships

State	Registrations	Transfers	Cow Inventory	Adult Members	Juniors	Registration Rank
Alabama	1,453	1,080	2,214	81	43	18
Arizona	34	42	45	10	8	44
Arkansas	1,062	753	1,312	84	85	23
California	1,065	378	1,632	64	88	22
Colorado	962	400	1,449	68	52	24
Connecticut	62	49	111	10	11	41
Delaware	12	5	12	4	3	46
Florida	236	123	261	34	20	39
Georgia	1,454	955	2,716	78	49	17
Idaho	1,644	543	2,534	65	37	13
Illinois	1,881	1,605	3,639	197	257	12
Indiana	1,225	984	1,805	164	253	20
Iowa	1,886	1,494	2,326	191	241	11
Kansas	4,120	1,860	6,728	129	152	5
Kentucky	1,489	1,036	2,226	115	66	16
Louisiana	632	543	531	71	97	32
Maine	84	22	42	12	16	40
Maryland	429	392	636	48	103	36
Massachusetts	24	18	18	5	9	45
Michigan	586	441	850	88	42	34
Minnesota	1,599	846	2,483	145	108	14
Mississippi	1,353	1,087	1,840	94	65	19
Missouri	3,677	2,009	5,556	228	155	6
Montana	2,909	1,364	4,142	59	30	8
Nebraska	5,718	1,968	9,234	146	157	2
North Carolina	866	718	1,361	67	38	27
North Dakota	3,361	944	4,292	65	30	7
Nevada	373	120	799	12	1	37
New Hampshire	41	16	31	10	3	42
New Jersey	36	28	96	6	13	43
New Mexico	958	413	1,950	29	19	25
New York	321	231	642	59	56	38
Ohio	1,096	1,008	1,405	165	168	21
Oklahoma	4,231	3,059	5,878	193	321	4
Oregon	812	503	1,215	70	60	28
Pennsylvania	662	423	1,112	98	68	31
Rhode Island	0	10	0	0	1	48
South Carolina	470	166	620	37	15	35
South Dakota	4,359	1,715	7,541	108	104	3
Tennessee	2,074	1,847	2,903	149	97	9
Texas	8,885	6,532	12,977	498	641	1
Utah	589	123	1,089	43	0	33
Vermont	2	6	13	2	0	47
Virginia	717	622	1,266	75	57	30
Washington	881	310	1,280	60	53	26
West Virginia	757	488	1,281	70	33	29
Wisconsin	1,562	1,203	2,298	173	138	15
Wyoming	1,943	713	3,349	47	31	10
Total	**70,592**	**41,195**	**107,740**	**4,226**	**4,094**	

testimony on the value of Hereford-fueled heterosis and naming Groendyke Ranch, Nash, Okla., the AHA Commercial Producer of the Year.
- Expanded potential to qualify more cattle for Hereford beef programs by developing an affidavit system to verify Hereford influence in fed cattle unable to meet the brand's live visual specification.

CHB VALUE FOCUS

Certified Hereford Beef® celebrated its 30th anniversary in FY25, gaining momentum, even amid historically high consumer beef prices. Throughout FY25 the brand hit strategic guideposts to continue to drive consumer demand into the coming year, such as:

- Strengthened customer relationships and consumer loyalty through CHB staff's innovative efforts, which emphasized the brand's consistent value, taste and compelling story anchored by local Hereford producers and ranchers.
- Offered in-person visits, ranch tours, effective training sessions and engaging, market-specific social media campaigns that generated strong sales momentum, including an expected 5% volume increase.
- Strategically managed CHB's product mix with a clear focus on high-demand, high-margin cuts, such as middle meats and grinds, to improve carcass utilization and profitability.
- Aligned the program and brand offering with customer preferences to further boost sales efficiency and tonnage.
- Unveiled new, innovative retail and foodservice training materials, videos and promotional tools to expand CHB's reach and recognition.
- Developed a new website and marketing platform that aligned with the brand's updated messaging and visual identity.
- Recognized the dedicated efforts of key CHB partners. Rancho Markets was named CHB Retailer of the Year. U.S. Foods-Atlanta received the CHB Foodservice Distributor of the Year award. Miller's Markets earned the Rising Star Retailer of the Year award.

IMPROVED DNA COST AND CONFIDENCE

The AHA Board's FY25 designation of Weatherbys Scientific as the Association's DNA lab secured both short-term and long-term benefits for members.

The more favorable DNA testing cost is apparent, but additional price reductions were made possible over the previous year through the adoption of the age-based pricing structure, which rewards breeders for submitting an animal's DNA earlier in its life. In fact, today's AHA member price of utilizing a 100K density genotype chip — considered the gold standard for genotype panels — is 70% less than it was in 2012.

Less apparent is the culmination of a year's long process of developing a genomic pipeline, which enabled AHA to make the transition. Rather than needing a DNA service provider to run the tests and interpret the resulting data, as in the past, this new pipeline means the AHA needs a DNA lab to run the tests, but the Association can now interpret the raw data itself. While this might seem like a subtle difference, it gives AHA members independence and autonomy, rather than relying on DNA service providers.

Keep in mind, DNA transitioned from a parentage tool to a necessary breed improvement tool. Its evolution meant moving beyond the assumption that every progeny inherited the same genetic makeup from the same parents. Breeders have moved away from testing only top-end bull prospects to testing entire calf crops; this is where the true value of genomics have merit.

By embracing the most advanced technology to aid genetic evaluation and selection, AHA members continue making significant genetic improvement. Consider maternal traits as one example. Over the last decade, the genetic trend increased 27% for Sustained Cow Fertility (SCF), 15% for TEAT and UDDR and 23% for the Baldy Maternal Index (BMI). During the same time, the genetic trend for the Certified Hereford Beef Index (CHB$) increased by 16%.

PRACTICAL AND PIONEERING RESEARCH

AHA members have always prized objective, collaborative research as requisite guideposts for breed improvement.

In FY25, the Association continued to document and validate Hereford's inherent genetic advantages through pioneering, multi-year collaborative research projects. These projects strategically build upon previous research, and they're grounded in the unmatched power of the AHA's National Reference Sire Program.

For instance, research with the University of Illinois tracks the value of maternal heterosis across generations in Hereford-sired black baldy females, compared to commercial Angus females. It is an industry-first comprehensive quantification and analysis that holds great promise for Hereford breeders and their commercial customers.

Likewise, research with Colorado State University and AgNext, a U.S. beef breed first, explores genetic differences for greenhouse gas emissions, its association with production efficiency and potential selection tools.

Results of this research serve as cornerstones to the Educational Forum held in conjunction with the World Hereford Conference (see Highlighting Global Hereford Impact).

DEVELOPING AGRICULTURAL LEADERS

Participation in NJHA events and activities continued to grow in 2025, supported mightily by the Hereford Youth Foundation of America (HYFA). Backed by stalwart industry partners and Hereford breeders from around the country, the NJHA continued toward its goal to build a pipeline of future agricultural leaders by providing unparallelled opportunities for young people, such as:

- HYFA provided $230,000 to support Hereford youth, thanks in part to generous industry supporters and endowments. The Foundation has awarded more than $2.25 million in scholarships since its inception.
- Hereford juniors once again had access to top-tier leadership development opportunities. The Faces of Leadership conference in Missouri hosted 84 NJHA members from 21 states. Twenty college-aged NJHA

members from across the nation were selected to attend the elite Building on Leadership Development (BOLD) conference at GKB Cattle in Desdemona, Texas.
- The NJHA extended these opportunities with inaugural Meet-Ups Powered by Sure Champ® held during junior events across the country.
- The 2025 VitaFerm® Junior National Hereford Expo (JNHE) in Louisville, Ky., included more than 700 exhibitors from 41 states and Canada, which exhibited 1,215 Hereford steers, bred-and-owned females, bred-and-owned bulls, cow-calf pairs and owned females. Nearly 600 young exhibitors competed in four showmanship divisions to highlight their stockmanship.
- The AHA hosted the third annual Hereford Seedstock Academy. Eight young breeders from six states were chosen to attend the intensive, four-day learning experience carefully designed to provide participants with insights to all industry sectors from thought leaders and industry influencers. Participants started at the AHA headquarters in Kansas City, Mo., and then made stops in Colorado, Nebraska and Wyoming.

The Hereford Seedstock Academy also serves as a key tactic for developing future leaders within the Association, which is a core strategy of the AHA Strategic Plan.

SUPERCHARGING INTEREST AND ENTHUSIASM

National Hereford shows and sales provided a public showcase for the breed's genetics. Excitement generated by the cattle shown and sold at FY25 events was unmatched as viewers saw the epitome of phenotype melded with the type of performance commercial producers seek. For instance, some of the champion and reserve champion females at the 2025 JNHE ranked in the top 30% of the breed or higher for more than 10 performance traits. In addition to these top-performing champions, Hereford highlights in the show and sale ring during FY25, include:

- Hereford Night in OKC — the National Hereford Sale — averaged $19,878 on 27.50 lots ($546,650). Herefords in the Yards at the National Western Stock Show (NWSS) averaged $19,302 on 43 lots ($830,000). Hereford Eve in OKC grossed $388,250 on semen, embryos and flushes.
- Hereford influence also rose to the top with F1 black and red baldies dominating prices in the Best of the Best Maternal Merit Sale held during the NWSS.
- Hereford breeders exhibited 506 head at the 2025 Cattlemen's Congress and 365 head at the NWSS — two of the largest national Hereford shows.

TELLING HEREFORD'S STORY

AHA communications staff continued to share the breed's success and commercial opportunities in both print publications and through compelling digital media, such as videos, social campaigns and podcasts. New print and digital assets were also shared with AHA members through the Association's online media library. Additionally, Hereford's story resonated with cattlemen and women from around the country due in part to these efforts from AHA staff, such as:

- AHA social media followers grew by 3,100 to almost 76,000 followers, and the Association's website views totaled nearly 500,000.
- The 38th episode of the Association's popular podcast, 1881 aired. More than 46,000 listeners have downloaded the podcast.
- *Hereford World* continued serving its loyal readership as a reliable voice and connecting point with coverage of the people, news, genetics and events shaping the breed. *Baldy Advantage* earned industry accolades as it expanded the breed's commercial presence with relevant analysis, management information and profiles of producers using Hereford genetics to improve and sustain their operations.
- Hereford Publications Inc. (HPI) helped individual Hereford operations tell their stories and promote their genetics through a variety of marketing materials and expertise offered by its creative services department. Six AHA field representatives and the director of seedstock marketing connect AHA members with the HPI team and brand building opportunities. These opportunities range from advertising design and sale book creation to designing and executing geo-targeted digital campaigns.
- HPI also developed a new strategic plan aimed at creating added value for clients.

HIGHLIGHTING GLOBAL HEREFORD IMPACT

AHA, its members and staff devoted much time and expertise in preparation for hosting the World Hereford Conference (WHC) in October of Fiscal Year 2026. These efforts extend back several years but were prioritized in the months leading up to the event. The Oct. 22-26, 2025, event in Kansas City, Mo. — held in conjunction with the AHA Annual Membership Meeting — was designed to showcase AHA members and genetics, while providing a rare opportunity to exchange ideas across continents.

The WHC takes place every four years when delegates of the World Hereford Council meet to conduct official business aimed at breed improvement and opportunity development. The first conference was held in Herefordshire, England, in 1951. The United States first hosted the conference in 1960, in Kansas City, Mo. The U.S. also hosted the 12th annual conference in Fort Collins, Colo., in 1996.

In addition to the WHC itself, tours before and after the event showcased 18 Hereford operations in five states, their genetics and cutting-edge production technology.

The Young Breeders Competition took place in conjunction with the WHC. Teams, comprised by four members from the ages of 18-26, compete in real-world competitions related to day-to-day beef cattle production along with Hereford seedstock production and marketing. Eleven teams from seven countries were expecting to compete. This includes two teams from the U.S., which received travel scholarships from HYFA, through the OXO World Traveler Scholarship Fund and the Cottonwood Springs Farm Global Education and Leadership Endowment.

AMERICAN HEREFORD ASSOCIATION AND SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT

To the Board of Directors, American Hereford Association, Kansas City, Missouri

Opinion

We have audited the consolidated financial statements of American Hereford Association; Hereford Publications, Inc.; Certified Hereford Beef, LLC; American Beef Records Association; and Hereford Legacy Fund, LLC (collectively, the Association), which comprise the consolidated statements of financial position as of August 31, 2025 and 2024; the related consolidated statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Association as of August 31, 2025 and 2024,and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Consolidated Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

-K. Coe Isom, LLP, October 8, 2025, Lenexa, Kansas

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - August 31

ASSETS	2025	2024
Current Assets		
Cash and cash equivalents	$1,105,330	$419,662
Short-term investments	378,319	286,806
Accounts receivable – net	576,446	628,555
Prepaid expenses	53,468	48,106
Inventories	166,650	165,749
Income tax receivable	6,239	6,371
Total Current Assets	2,286,452	1,555,249
Property and Equipment – Net	439,169	541,421
Noncurrent Assets		
Investments	19,099,483	18,192,506
Operating lease right-of-use assets	671,080	923,163
Deferred income tax	216,000	182,000
Total Noncurrent Assets	19,986,563	19,297,669
TOTAL ASSETS	$22,712,184	$21,394,339
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$157,277	$301,508
Checks written in excess of deposits	4,423	165,383
Accrued expenses	812,091	327,045
Prepayments from breeders	81,328	77,913
Prepayments for advertising and subscriptions	133,339	138,844
Due to Hereford Youth Foundation of America	9,968	10,303
Due to Junior National Hereford Expo	49,720	5,480
Long-term debt - current portion	-	110,377
Operating lease liabilities - current portion	273,021	259,649
Total Current Liabilities	1,521,167	1,396,502
Noncurrent Liabilities		
Operating lease liabilities - less current portion	432,704	705,725
Total Liabilities	1,953,871	2,102,227
Net Assets		
Without donor restrictions	20,758,313	19,292,112
TOTAL LIABILITIES AND NET ASSETS	$22,712,184	$21,394,339

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF ACTIVITIES - Years Ended August 31

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	2025	2024
Revenue and Support		
Services	$4,532,499	$4,818,845
Advertising and subscriptions	2,125,851	2,142,459
Program revenues	517,602	489,093
Other revenue	969,125	836,983
Total Revenue and Support	8,145,077	8,287,380
Expenses		
Program expenses	6,316,798	6,381,987
General and administrative expenses	2,169,824	2,320,993
Total Expenses	8,486,622	8,702,980
Other Income (Expense)		
Gain on sale of investments	546,037	451,713
Gain (Loss) on sale of property and equipment	(162)	17,935
Net appreciation in fair value of investments	1,036,174	2,158,406
Other income	192,222	155,974
Total Other Income (Expense)	1,774,271	2,784,028
Change in Net Assets Without Donor Restrictions Before Tax	1,432,726	2,368,428
Income tax benefit	33,475	33,475
Net Change in Net Assets	1,466,201	2,401,903
Net Assets - Beginning of Year	19,292,112	16,890,209
Net Assets - End of Year	$20,758,313	$19,292,112

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES - Year Ended August 31, 2025

	2025			2024		
	Program Expenses	General and Administrative	Total	Program Expenses	General and Administrative	Total
Salaries and wages	$1,603,457	$1,188,279	$2,791,736	$1,528,014	$1,205,002	$2,733,016
Employee benefits	307,947	205,521	513,468	277,941	208,046	485,987
Accounting and professional fees	23,365	106,552	129,917	83,026	142,769	225,795
Supplies	15,862	19,774	35,636	11,116	16,340	27,456
Telephone and utilities	-	34,894	34,894	-	38,473	38,473
Postage and shipping	117,649	49,589	167,238	100,294	59,385	159,679
Equipment rental	1,995	14,769	16,764	2,404	17,978	20,382
Printing	286,075	14,645	300,720	343,479	16,410	359,889
Travel	459,243	136,238	595,481	402,802	143,221	546,023
Office rent	245,193	27,244	272,437	243,849	27,094	270,943
Meeting and conferences	184,741	4,696	189,437	182,602	1,793	184,395
Dues and subscriptions	33,897	38,123	72,020	28,222	42,079	70,301
Insurance	26,868	50,005	76,873	22,757	46,845	69,602
Publicity and promotional materials	126,322	-	126,322	150,481	-	150,481
Credit card fees	-	114,434	114,434	-	157,530	157,530
Maintenance and repairs	93,270	85,730	179,000	48,430	116,756	165,186
DNA testing	1,327,162	-	1,327,162	1,613,685	-	1,613,685
Advertising	310,088	-	310,088	202,567	-	202,567
Premiums	10,453	-	10,453	8,000	-	8,000
Genetic evaluation	121,587	-	121,587	119,414	-	119,414
Research and development	4,693	-	4,693	-	-	-
Miscellaneous	14,379	74,901	89,280	11,486	75,998	87,484
National Junior Hereford Assn. expenses	57,827	-	57,827	66,504	-	66,504
Creative services	576,339	-	576,339	577,701	-	577,701
Consumer marketing	146,325	-	146,325	131,383	-	131,383
Export	7,281	-	7,281	9,900	-	9,900
Depreciation expenses	211,882	-	211,882	212,995	-	212,995
Taxes	2,898	4,430	7,328	2,935	5,274	8,209
Total Functional Expenses	$6,316,798	$2,169,824	$8,486,622	$6,381,987	$2,320,993	$8,702,980

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS - Years Ended August 31

CASH FLOWS FROM OPERATING ACTIVITIES	2025	2024
Cash received from members and subscribers	$7,807,660	$8,282,410
Cash paid to vendors and employees	(7,832,952)	(8,691,828)
Interest and dividends received	509,191	432,020
Income taxes paid	(393)	(525)
Interest paid	(429)	(1,987)
NET CASH PROVIDED BY OPERATING ACTIVITIES	483,077	20,090
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(2,293,585)	(3,009,475)
Purchases of property and equipment	(112,295)	(180,344)
Proceeds from sales of investments	2,877,306	2,806,369
Proceeds from sales of property and equipment	2,502	26,802
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	473,928	(356,648)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(110,377)	(164,256)
Check written in excess of deposits	(160,960)	165,383
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(271,337)	1,127
Net Change in Cash and Cash Equivalents	685,668	(335,431)
Cash and Cash Equivalents - Beginning of Year	419,662	755,093
Cash and Cash Equivalents - End of Year	$1,105,330	$419,662

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 — NATURE OF ORGANIZATION AND OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation The accompanying consolidated financial statements include the accounts of American Hereford Association (AHA) and its wholly owned subsidiaries: Hereford Publications, Inc. (HPI); Certified Hereford Beef, LLC (CHB); American Beef Records Association (ABRA); and Hereford Legacy Fund, LLC (HLF). All significant intercompany transactions have been eliminated in the consolidation. Collectively, the consolidation is hereafter referred to as the Association.

Nature of Organization and Operations AHA is a not-for-profit association that conducts research and experiments in the breeding of Hereford cattle; compiles and preserves pedigree records for owners and breeders; participates in and promotes the arrangement of fairs, exhibitions, and cattle shows to encourage the breeding of Hereford cattle; and assists with the promotion of the end product produced from Hereford cattle on behalf of CHB.

Members and subscribers of AHA are primarily owners and breeders of Hereford cattle. The members and subscribers are located world-wide; however, the largest concentration is within the United States.

HPI is a for-profit corporation that provides publication services to Hereford cattle ranches and publishes a magazine periodically.

CHB is a not-for-profit association whose sole member is AHA. CHB strives to increase demand for Hereford cattle by promoting Hereford beef as a premium beef product under the Certified Hereford Beef® trademark. CHB was formed as a limited liability company on September 27, 2000. Prior to that date, CHB's activities were performed and accounted for within the Association. The duration of CHB is perpetual.

ABRA is a not-for-profit association that is wholly owned by AHA. ABRA provides computer consultation in herd planning and management, breeding services, and marketing for commercial livestock of various breeds. ABRA ceased operations on November 11, 2022, and the entity dissolved on August 31, 2024.

HLF is a not-for-profit association whose sole member is AHA. HLF holds the proceeds from the sale of AHA's building in 2018 and makes distributions to the parent for a portion of its investment income to pay for the rent of the consolidated Association. HLF was formed as a limited liability company on April 12, 2018. The duration of HLF is perpetual.

A majority of the Association's business activities are with customers in the cattle industry. Therefore, a substantial portion of its customers' ability to honor their commitments is dependent upon the cattle economic sector.

Consolidated Financial Statement Presentation The Association classifies its information regarding net assets and revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets in this category are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association's management and the Board of Directors.

Net Assets With Donor Restrictions: Net assets in this category are subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities. The Association has no net assets with donor restrictions.

Measure of Operations The consolidated statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Association's ongoing animal services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Basis of Accounting The accrual method of accounting is used, which recognizes income in the period earned and expenses in the period incurred.

Cash and Cash Equivalents For purposes of the consolidated statements of cash flows, the Association considers all money market investments and highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Investments amounting to $740,455 and $374,344 were considered to be cash equivalents at August 31, 2025 and 2024, respectively.

The Association maintains cash on deposit in various financial institutions. Due to the nature of the Association's cash flow, amounts on deposit in individual banks may temporarily exceed the applicable coverage of the Federal Deposit Insurance Corporation throughout the year.

Accounts Receivable and Allowance for Credit Losses Accounts receivable are stated at the amount the Association expects to collect. The Association maintains allowances for credit losses for estimated losses resulting from the inability of

its customers to make required payments. Management considers the following factors when determining the collectability of specific customer accounts: customer creditworthiness, past transaction history with customer, current economic industry trends, forecast of future events, and changes in customer payment terms. Past due balances of 90 days and other higher risk amounts are reviewed individually for collectability. If the financial condition of the Association's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Association provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. The Association's receivables are considered past due based upon contractual terms and are automatically charged off after three years. HPI's policy states that accounts with outstanding balances beyond 60 days will accrue interest at 1.5% per month; balances beyond 90 days will no longer be provided with services; and balances beyond 120 days may be turned over to a collection agency.

Management believes the compiled historical-loss information is a reasonable base on which to determine expected credit losses for trade receivables held at August 31, 2025 and 2024, because the composition of the trade receivables at that date is consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). Management has determined that the current, reasonable, and supportable forecasted economic conditions are similar to the economic conditions included in the historical information.

Inventories Inventories are stated at the lower of cost or net realizable value, with cost determined on the first-in, first-out method.

Investments The Association's investment portfolio is subject to the investment policy set forth by the Board of Directors. Investments are comprised of debt and equity securities and are carried at fair value. The fair value of investments is based on quoted fair prices for those investments or similar investments at August 31, 2025 and 2024. Gains or losses on sales of investments are determined on a specific-cost identification method. Unrealized gains and losses are determined based on year-end market values and are reported on the consolidated statements of activities as increases or decreases in net assets.

Fair Value Measurement Accounting standards generally accepted in the United States of America (GAAP) define a fair value as the price that would be received for an asset, or paid to transfer a liability, in an orderly transaction between market participants on the measurement date.

The Association determines the fair value of investments using three broad levels of input as defined by related accounting standards.

Level 1: Observable inputs - unadjusted quoted prices in active markets for identical assets and liabilities;

Level 2: Observable inputs - other than quoted prices included in level 1 that are observable for the asset or liability through corroboration with market data; and

Level 3: Unobservable inputs - include amounts derived from valuation models where one or more significant inputs are unobservable.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the years ended August 31, 2025 and 2024.

Equity Securities: Equity securities are valued at the closing price reported on the active market on which the individual securities are traded.

Fixed-Income Securities: Corporate, government, agency, and municipal bonds and fixed- income securities are generally valued by a computerized pricing service or, for less actively traded issues, by utilizing a yield-based matrix system to arrive at an estimated market value.

Mutual Funds: Each investor in the mutual fund will typically receive units of participation in the mutual fund. These units are valued daily, based on the underlying securities owned by the mutual fund, which are usually publicly traded debt or equity securities.

Revenue Recognition Revenues from member dues, advertising and subscription, and hosting database services are recognized over the term of the contract. The contracts are generally for a term of one to three years. Advertising and subscription revenue is deferred and included in prepayments for advertising and subscription on the consolidated statements of financial position. Revenue is deferred at the time of sale to the customer and is recognized monthly, as outlined in the contract. At the end of the subscription period, the remaining balance is recognized as revenue, and reported as advertising and subscription revenue on the consolidated statements of activities. The balances of the prepayments for advertising and subscription revenues were $133,339 and $138,844 for the years ended August 31, 2025 and 2024, respectively.

Publication and advertising, genetic services, creative services, retail, and marketing services are recognized when the service is provided.

A five-step model is used to determine the amount and timing of revenue recognized. The Association's additional disclosures are included in note 12.

Property and Equipment Property and equipment are stated at cost and depreciated using the straight- line method over the estimated useful life of each asset. The estimated useful lives of assets range from 3 to 30 years for consolidated financial statement purposes. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the consolidated statements of activities for the period. The Association capitalizes all assets, major replacements, and betterments with a useful life greater than one year and cost in excess of $1,000. Maintenance and repairs are charged to expenses as incurred.

Long-lived assets to be held and used in the course of business are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount of an asset may not be recoverable. When required, impairment losses on assets to be disposed of by sales are reported at the lower of carrying amount or fair value, less cost to sell.

Operating Lease Right-of-Use Assets and Liabilities The Association obtains the right to control the use of various assets under long-term agreements. The Association evaluates contracts to determine whether they include lease and nonlease components. The Association has elected to exclude any variable payments for nonlease components, such as maintenance and insurance, from lease expense. Leases are recognized on the consolidated statements of financial position as operating lease right-of- use (ROU) assets with a corresponding lease liability.

Compensated Absences Employees are entitled to one week of paid time off each year. Unused paid time off cannot be carried over from one year to the next and is not paid out upon termination. Accordingly, no liability for accrued paid time off has been recorded. The Association's policy is to recognize the costs of compensated absences when actually used by employees.

Functional Expenses The costs of providing program and other activities have been summarized on a functional basis on the consolidated statements of activities. The presentation of expenses by function and nature is included on the consolidated statements of functional expenses. The Association charges direct expenses incurred for a specific function directly to the program or supporting service category. These costs can be specifically identified as being incurred for the activities of that program or supporting service. Other costs that are incurred by the Association that benefit more than one program or supporting service are allocated on a reasonable basis that is consistently applied. Payroll and related costs are allocated based on estimates of time and effort; other costs, including depreciation, certain occupancy and office costs, and consulting, are allocated based on estimates of usage or benefit received by each function. The Association reevaluates its allocation method each year to determine if there are adjustments that are necessary to the allocation method based on actual activities conducted during the year.

Advertising Costs Advertising costs are charged to expense when incurred. The amounts expensed during the years ended August 31, 2025 and 2024, were $310,088 and $202,567, respectively.

Income Taxes AHA, ABRA, CHB, and HLF are exempt from federal income tax under section 501(c)(5) of the Internal Revenue Code; therefore, no provision for federal or state income taxes has been made on the accompanying consolidated financial statements. However, AHA, ABRA, CHB, and HLF are subject to income taxes on any net income from unrelated business activities. AHA, ABRA, CHB, and HLF have been classified by the Internal Revenue Service as organizations that are not private foundations under Section 509(a)(2).

HPI is a taxable entity, and is therefore subject to federal and state income taxes. Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards; deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. HPI includes interest and penalties related to income tax liabilities, if any, in income tax expense. Income tax credits are accounted for by the flow-through method, which recognizes the credits as reductions of income tax expense in the year utilized.

Use of Estimates The preparation of consolidated financial statements in conformity with GAAP requires the use of estimates and assumptions that affect certain amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, the reported amounts of revenues and expenses during the reporting period, and the disclosures in the consolidated financial statements. Actual results could differ from those estimates.

Evaluation of Subsequent Events The Association has evaluated subsequent events through October 8, 2025, the date the consolidated financial statements were available to be issued.

2 — AVAILABILITY AND LIQUIDITY

The Association is substantially supported by the services it provides its members. Revenue from services provided can be affected by the number of registered cattle and current economic conditions. The following represents the Association's financial assets:

August 31	2025	2024
Financial Assets - End of Year		
Cash and cash equivalents	$1,105,330	$419,662
Accounts receivable – net	576,446	628,555
Investments	19,477,802	18,479,312
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$21,159,578	$19,527,529

The Association has $21,159,578 available for general expenditures. This would cover approximately two years of expenses, even without the income it has budgeted.

3 — ACCOUNTS RECEIVABLE - NET

Accounts receivable consisted of the following:

August 31	2025	2024
Trade receivables	$523,589	$577,563
Allowance for credit losses	(5,194)	(4,088)
Subtotals	518,395	573,475
Other receivables	58,051	55,080
Total Accounts Receivable – Net	$576,446	$628,555

The accounts receivable, net of the allowance for credit losses of $3,970 was $629,975 at August 31, 2023.

4 — FAIR VALUE MEASUREMENTS

The following tables set forth by level, within the fair value hierarchy, the Association's assets at fair value:

August 31, 2025	Level 1	Level 2	Level 3	Total
Equity securities	$12,956,456	$ -	$ -	$12,956,456
Government and agency bonds	-	3,078,351	-	3,078,351
Corporate bonds	2,666,050	-	-	2,666,050
Fixed-income securities	776,945	-	-	776,945
Total	$16,399,451	$3,078,351	$-	$19,477,802

August 31, 2024	Level 1	Level 2	Level 3	Total
Mutual funds	$722,656	$ -	$ -	$722,656
Equity securities	11,558,002	-	-	11,558,002
Government and agency bonds	-	2,933,331	-	2,933,331
Corporate bonds	2,491,000	-	-	2,491,000
Fixed-income securities	774,323	-	-	774,323
Total	$15,545,981	$2,933,331	$ -	$18,479,312

5 — PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

August 31	2025	2024
Leasehold improvements	$100,356	$91,773
Furniture and fixtures	329,714	325,377
Vehicles	326,791	307,791
Data processing equipment	273,740	253,183
Software	484,194	464,194
Equipment	295,540	295,540
Subtotals	1,810,335	1,737,858
Accumulated depreciation	(1,371,166)	(1,196,437)
Total Property and Equipment – Net	$439,169	$541,421

6 — LEASE OBLIGATIONS

The Association leases a copier from an unrelated third party under an operating lease. The lease requires monthly lease payments of $306, with a termination or renewal date in December 2028.

The Association leases a postage machine from an unrelated third party under an operating lease. The lease requires monthly lease payments of $491, with a termination or renewal date in November 2028.

The Association leases an office building from an unrelated third party under an operating lease. The lease requires monthly lease payments that increase each March, according to a set payment schedule based on a price per square footage rented. The monthly lease payments through August 31, 2025 and 2024, were $22,946 and $22,638, respectively, with a termination or renewal date in March 2028.

Generally, the Association has elected to exclude any variable payments for nonlease components, such as maintenance and insurance, from lease expense. The operating lease does not specify an implicit interest rate. Therefore, the incremental borrowing rate was used, based on information available at the commencement date, to determine the present value of future payments when capitalizing the operating lease ROU assets and operating lease liabilities.

The Association's lease expense was as follows:

Years Ended August 31	2025	2024
Operating leases	$275,498	$276,430
Short-term leases	13,703	14,895
Total Lease Expense	$289,201	$291,325

Amounts paid through cash were $283,064 and $295,191 respectively, for the years ended August 31,2025 and 2024.

The aggregate minimum annual lease payments under operating lease arrangements and discount factors used in calculating minimum lease payments on ROU assets are as follows:

Years Ending August 31	
2026	$286,765
2027	290,466
2028	150,939
2029	2,697
Subtotal	730,867
Less: Amount representing interest	25,142
Present Value of Minimum Lease Payments	705,725
Less: Current portion of lease liabilities	273,021
Lease Liabilities - Less Current Portion	$432,704

Years Ending August 31	2025	2024
Weighted-average remaining lease term	2.45 years	3.45 years
Weighted-average discount rate	2.84%	2.84%

7 — LONG-TERM DEBT

On April 21, 2020, the Association received a loan pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration (SBA) under the CARES Act (Coronavirus Aid, Relief, and Economic Security Act) for an aggregate principal amount of $535,600. The PPP loan bears interest at a fixed rate of 1% per annum, with the first 10 months of interest deferred, and has a term of five years.

The Association applied for forgiveness of the PPP loan on November 30, 2020, with respect to these covered expenses, but was not granted forgiveness by the SBA. On November 11, 2021, the Association renewed the PPP loan with UMB Bank for the principal amount of $535,600. The note was paid in full on April 21, 2025, and had a fixed rate of 1% per annum.

Interest expense on long-term debt was $429 and $1,987 for the years ended August 31, 2025 and 2024, respectively.

8 — LINE OF CREDIT

The Association has an unsecured line of credit with UMB Bank, which provided a maximum available amount of $250,000 at August 31, 2025. The balance on the line of credit at August 31, 2025, was $-0-. The line of credit matures on November 30, 2025, and has a variable interest rate of 7.75% at August 31, 2025. Interest expense during the year ended August 31, 2025, was $-0-.

The Association had an unsecured line of credit with UMB Bank which provided a maximum available amount of $250,000 at August 31, 2024. The balance on the line of credit at August 31, 2024, was $-0-. The line of credit matured on November 30, 2024, and had a variable interest rate of 8.50% at August 31, 2024. Interest expense during the year ended August 31, 2024, was $-0-.

9 — INCOME TAXES

The provisions for income taxes consisted of the following components:

Years Ended August 31	2025	2024
Current Income Tax Benefit		
Federal	$ -	$ -
State	(525)	(525)
City	-	-
Total Income Current Tax Benefit	(525)	(525)
Deferred Income Tax Benefit (Expense)		
Relating to:		
Net operating loss	30,000	38,000
Depreciation	4,000	(4,000)
Total Deferred Income Tax Benefit (Expense)	34,000	34,000
Total Provision for Income Tax Benefit (Expense)	$33,475	$33,475

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of HPI's assets and liabilities.

The tax provision differs from the expense that would result from applying statutory rates to income before income taxes because of the valuation allowance applied against the deferred income tax assets. The components of the deferred tax assets were as follows:

Years Ended August 31	2025	2024
Deferred Tax Assets		
Net operating loss	$198,000	$168,000
Depreciation	18,000	14,000
Net Deferred Tax Asset	$216,000	$182,000

10 — COLLECTION OF ARTWORK

The Association has a collection of artwork, appraised at approximately $639,200 at August 31, 2025 and 2024, that is on public display at the Association's headquarters. The most recent appraisal is as of April 2015 for new pieces added in 2015, and as of August 2011 for the rest of the collection. The Association has adopted a policy of not capitalizing the collection of artwork on its consolidated financial statements. Accordingly, no collection items are recognized as assets, whether they are purchased or received as a donation. Purchases of collection items are charged to expenses in the period when purchased. Proceeds from the sale of collection items are used to purchase new collection items. The Association plans to hold the collection items indefinitely.

There were no pieces added to the collection or disposed of during the years ended August 31, 2025 and 2024.

The Association insures the collections with a policy that has a face value consistent with the appraised values.

11 — RETIREMENT PLAN

The Association provides eligible employees with a 401(k) qualified retirement plan. The Association also established a profit sharing plan for all eligible employees. The plan provides for employer and employee contributions based upon a percentage of annual compensation. Employer contributions for the years ended August 31, 2025 and 2024, were $108,914 and $102,430, respectively.

12 — REVENUE RECOGNITION

The Association's major revenues are all within the United States of America and recognized as follows:

Membership Services: Membership services include registrations, dues, and service fees that fund research, advertising, and software development, as well as discounts for subscriptions and genetic services for the current fiscal year. Revenues are recognized over the term of the contract.

Advertising and Subscriptions: Advertising and subscriptions include revenues earned from catalog and magazine subscriptions and advertising, generally for a term of 12 months. Revenues are recognized over the term of the contract.

Publication and Advertising Services: Publication and advertising services include fees from advertising in Hereford World, as well as annual publications and banner ads on the website. Revenues are recognized as the services are performed at a point in time.

Genetic Services: Genetic services includes revenues from improving the Hereford breed, DNA testing, blood typing, and genomic services. Revenues are recognized as the services are performed at a point in time.

Hosting Database Services: Hosting database services include fees from hosting database services on the Association's servers, generally for a term of one to three years. Revenues are recognized over the term of the contract.

Creative Services: Creative services include revenues from promotional media services. Revenues are recognized as the services are performed at a point in time.

Marketing Services: Marketing services include revenues from certifications and retail sales. Revenues are recognized as the services are performed at a point in time.

AMERICAN HEREFORD ASSOCIATION

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