

AMERICAN SIMMENTAL ASSOCIATION

**Consolidated Financial Statements
with
Independent Auditors' Report**

June 30, 2024 and 2023

AMERICAN SIMMENTAL ASSOCIATION
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RUDD & COMPANY^{INC.}

certified public accountants | business consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
American Simmental Association

Opinion

We have audited the accompanying consolidated financial statements of American Simmental Association (the "Association") (a nonprofit organization) and its subsidiary and affiliate, which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Simmental Association and its subsidiary and affiliate as of June 30, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of American Simmental Association and its subsidiary and affiliate and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 American Simmental Association and its subsidiary and affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit 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 auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 American Simmental Association and its subsidiary and affiliate'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 American Simmental Association and its subsidiary and affiliate'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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 26 to 52 is presented for purposes of additional analysis and is 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 audit 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Rudd & Company, PLLC

Bozeman, Montana
March 19, 2025

CONSOLIDATED FINANCIAL STATEMENTS

AMERICAN SIMMENTAL ASSOCIATION
Consolidated Statements of Financial Position
As of June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,200,789	\$ 2,414,056
Accounts receivable, net of allowance for doubtful accounts of \$11,037 and \$11,038, respectively	875,493	770,221
Prepaid expenses	130,148	130,975
Prepaid income tax	4,519	4,895
Total Current Assets	<u>3,210,949</u>	<u>3,320,147</u>
Foundation Investments	<u>672,638</u>	<u>638,473</u>
Investments	<u>16,665,029</u>	<u>14,978,888</u>
Property and Equipment		
Land	374,412	374,412
Building and improvements	2,956,056	2,956,056
Computer hardware	120,019	120,019
Office furniture and fixtures	141,335	141,335
Less: Accumulated depreciation	<u>(1,346,245)</u>	<u>(1,208,289)</u>
Total Property and Equipment, Net	<u>2,245,577</u>	<u>2,383,533</u>
Operating lease right-of use asset	<u>42,094</u>	<u>53,229</u>
Other Assets		
Deferred income tax assets, noncurrent	60,024	55,831
Cross-Breed Development	80,268	13,333
Computer software, net of accumulated amortization of \$824,618 and \$784,350, respectively	<u>21,917</u>	<u>59,274</u>
Total Other Assets	<u>162,209</u>	<u>128,438</u>
Total Assets	<u>\$ 22,998,496</u>	<u>\$ 21,502,708</u>

The Notes to the Consolidated Financial Statements are an integral part of these statements.

AMERICAN SIMMENTAL ASSOCIATION
Consolidated Statements of Financial Position (continued)
As of June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 186,930	\$ 518,601
Due to members	68,203	66,928
Wages, commissions and payroll taxes payable	34,114	35,044
Accrued annual leave	273,073	282,524
Income taxes payable	1,547	-
Deferred revenue	329,662	348,034
Advertising received in advance	10,876	10,789
Operating lease liability, current portion	11,569	11,136
Total Current Liabilities	<u>915,974</u>	<u>1,273,056</u>
Long-Term Liabilities		
Operating lease liability, net of current portion	29,831	41,399
Total Long-Term Liabilities	<u>29,831</u>	<u>41,399</u>
Total Liabilities	<u>945,805</u>	<u>1,314,455</u>
Net Assets		
Without donor restrictions		
Parent company's net assets	21,050,250	18,917,876
Subsidiary's accumulated equity (deficit)	(290,942)	67,688
Foundation's net assets	658,039	608,357
With donor restrictions		
Foundation's net assets	635,344	594,332
Total Net Assets	<u>22,052,691</u>	<u>20,188,253</u>
Total Liabilities and Net Assets	<u>\$ 22,998,496</u>	<u>\$ 21,502,708</u>

The Notes to the Consolidated Financial Statements are an integral part of these statements.

AMERICAN SIMMENTAL ASSOCIATION
Consolidated Statements of Activities
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Change in Net Assets Without Donor Restrictions		
Operating Revenue Without Donor Restrictions		
Membership fees and registrations	\$ 1,792,255	\$ 1,781,960
Annual service fees	717,615	702,274
Total herd enrollment	1,376,005	1,387,389
Advertising income	554,371	581,888
Production income	77,217	73,555
Transfers	78,160	77,345
Subscriptions	1,500	1,800
DNA revenue	1,908,394	1,874,913
Foundation support	83,290	112,071
Other operating revenue	466,630	220,970
Total Operating Revenue Without Donor Restrictions	<u>7,055,437</u>	<u>6,814,165</u>
Release of Program Restrictions	<u>40,789</u>	<u>42,253</u>
	7,096,226	6,856,418
Operating Expenses		
Program activities	3,612,824	3,392,003
General and administrative	2,371,078	2,409,511
ASA Publication	1,009,576	1,012,025
Total Operating Expenses	<u>6,993,478</u>	<u>6,813,539</u>
Change in Net Assets from Operations	<u>\$ 102,748</u>	<u>\$ 42,879</u>

The Notes to the Consolidated Financial Statements are an integral part of these statements.

AMERICAN SIMMENTAL ASSOCIATION
Consolidated Statements of Activities (continued)
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Other Income		
Interest and dividend income	\$ 686,825	\$ 378,026
Unrealized gain on investments	<u>1,033,984</u>	<u>763,529</u>
Total Other Income	<u>1,720,809</u>	<u>1,141,555</u>
Income before provision for income taxes	1,823,557	1,184,434
(Provision)/ Benefit for Income Taxes	<u>(131)</u>	<u>19,668</u>
Change in Net Assets Without Donor Restrictions	<u>1,823,426</u>	<u>1,204,102</u>
Donor Restricted Support		
Foundation support	81,801	102,412
Release of program restrictions	<u>(40,789)</u>	<u>(42,253)</u>
Change in Net Assets With Donor Restrictions	<u>41,012</u>	<u>60,159</u>
Total Change in Net Assets	<u>\$ 1,864,438</u>	<u>\$ 1,264,261</u>

The Notes to the Consolidated Financial Statements are an integral part of these statements.

AMERICAN SIMMENTAL ASSOCIATION
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2024

	Program Activities	General and Administrative	ASA Publications	Total
Advertising	\$ 284,467	\$ -	\$ -	\$ 284,467
Amortization	-	39,837	-	39,837
Bad debt	-	2,749	-	2,749
Depreciation	-	137,956	-	137,956
Dues and subscriptions	-	12,836	-	12,836
Event	41,838	-	-	41,838
Insurance	-	69,470	-	69,470
Maintenance and repairs	-	42,451	-	42,451
Office expense	-	37,363	52,613	89,976
Personnel	1,005,153	1,640,038	302,915	2,948,106
Postage and freight	-	62,043	227,351	289,394
Printing	-	44,589	-	44,589
Production expenses	-	-	332,111	332,111
Professional fees	207,930	104,027	79,053	391,010
Property taxes	-	24,865	-	24,865
Scholarships and youth	60,650	-	-	60,650
Services	1,395,546	104,813	-	1,500,359
Telephone	-	33,051	-	33,051
Travel	617,240	-	15,533	632,773
Utilities	-	14,990	-	14,990
Total	\$ 3,612,824	\$ 2,371,078	\$ 1,009,576	\$ 6,993,478

The Notes to the Consolidated Financial Statements are an integral part of these statements.

AMERICAN SIMMENTAL ASSOCIATION
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Activities	General and Administrative	ASA Publications	Total
Advertising	\$ 252,126	\$ -	\$ -	\$ 252,126
Amortization	-	53,825	-	53,825
Bad debt	-	1,591	-	1,591
Depreciation	-	145,892	-	145,892
Dues and subscriptions	-	8,997	-	8,997
Event	38,973	-	-	38,973
Insurance	-	57,216	-	57,216
Maintenance and repairs	-	44,708	-	44,708
Miscellaneous	-	352	317	669
Office expense	-	33,811	52,004	85,815
Personnel	955,682	1,685,469	338,934	2,980,085
Postage and freight	-	59,719	183,459	243,178
Printing	-	25,509	-	25,509
Production expenses	-	-	381,954	381,954
Professional fees	187,802	74,869	47,750	310,421
Property taxes	-	18,732	-	18,732
Scholarships and youth	76,702	-	-	76,702
Services	1,436,559	141,551	-	1,578,110
Telephone	-	37,389	-	37,389
Travel	444,159	47	7,607	451,813
Utilities	-	19,834	-	19,834
Total	\$ 3,392,003	\$ 2,409,511	\$ 1,012,025	\$ 6,813,539

The Notes to the Consolidated Financial Statements are an integral part of these statements.

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AMERICAN SIMMENTAL ASSOCIATION
Consolidated Statements of Net Assets
For the Years Ended June 30, 2024 and 2023

	Parent Company's Net Assets	Subsidiary's Retained Earnings	Foundation's Net Assets	Total
Net Asset Balances				
June 30, 2022	<u>\$ 17,418,313</u>	<u>\$ 406,799</u>	<u>\$ 1,098,880</u>	<u>\$ 18,923,992</u>
Change in net assets without donor restrictions	1,499,563	(339,111)	43,650	1,204,102
Change in net assets with donor restrictions	<u>-</u>	<u>-</u>	<u>60,159</u>	<u>60,159</u>
Total Change in Net Assets	<u>1,499,563</u>	<u>(339,111)</u>	<u>103,809</u>	<u>1,264,261</u>
Net Asset Balances				
June 30, 2023	<u>18,917,876</u>	<u>67,688</u>	<u>1,202,689</u>	<u>20,188,253</u>
Change in net assets without donor restrictions	2,132,374	(358,630)	49,682	1,823,426
Change in net assets with donor restrictions	<u>-</u>	<u>-</u>	<u>41,012</u>	<u>41,012</u>
Total Change in Net Assets	<u>2,132,374</u>	<u>(358,630)</u>	<u>90,694</u>	<u>1,864,438</u>
Net Asset Balances				
June 30, 2024	<u>\$ 21,050,250</u>	<u>\$ (290,942)</u>	<u>\$ 1,293,383</u>	<u>\$ 22,052,691</u>

The Notes to the Consolidated Financial Statements are an integral part of these statements.

AMERICAN SIMMENTAL ASSOCIATION
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Cash received from customers	\$ 6,843,370	\$ 6,705,573
Cash received from contributions	192,753	154,229
Cash paid to suppliers and employees	(7,072,277)	(6,321,788)
Investment income	686,825	378,026
Income taxes (paid) refunded	(1,678)	19,981
Support paid	<u>(106,523)</u>	<u>(194,603)</u>
Net Cash Flows From Operating Activities	<u>542,470</u>	<u>741,418</u>
Cash Flows Used By Investing Activities		
Purchases of investments	(686,322)	(1,476,931)
Purchases of property and equipment	-	(8,966)
Purchases of computer software	(2,480)	(4,999)
Purchase of cross-breed development	<u>(66,935)</u>	<u>(13,333)</u>
Net Cash Flows Used by Investing Activities	<u>(755,737)</u>	<u>(1,504,229)</u>
Net Change in Cash and Cash Equivalents	(213,267)	(762,811)
Cash and Cash Equivalents at Beginning of Year	<u>2,414,056</u>	<u>3,176,867</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,200,789</u>	<u>\$ 2,414,056</u>

The Notes to the Consolidated Financial Statements are an integral part of these statements.

AMERICAN SIMMENTAL ASSOCIATION
Consolidated Statements of Cash Flows (continued)
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of change in equities and net assets to net cash flows from operating activities		
Change in equities and net assets	\$ 1,864,438	\$ 1,264,261
Adjustments to reconcile change in equities and net assets to net cash flows from operating activities:		
Depreciation and amortization	177,793	199,717
Unrealized and realized gain on investments	(1,033,984)	(763,529)
Changes in operating assets and liabilities:		
Accounts receivable	(105,272)	(59,580)
Prepaid expenses	827	(3,806)
Prepaid taxes	376	196
Deferred income tax assets	(4,193)	(21,281)
Trade accounts payable	(331,671)	(8,654)
Due to members	1,275	(13,807)
Wages, commissions and payroll taxes payable	(930)	(3,305)
Accrued annual leave	(9,451)	(9,792)
Deferred revenues	(18,372)	161,485
Advertising received in advance	87	520
Income taxes payable	1,547	(313)
Operating lease right-of-use asset	11,135	(53,229)
Operating lease liability	(11,135)	52,535
Total Adjustments	<u>(1,321,968)</u>	<u>(522,843)</u>
Net Cash Flows From Operating Activities	<u>\$ 542,470</u>	<u>\$ 741,418</u>

The Notes to the Consolidated Financial Statements are an integral part of these statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AMERICAN SIMMENTAL ASSOCIATION
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2024 and 2023

1. Summary of Significant Accounting Policies

Nature of Activities

The American Simmental Association (the "Association", the "Parent", "ASA") is a Montana nonprofit corporation. The primary objectives of the Association are the development, registration and promotion of the Simmental and Simbrah breeds of cattle in the United States. During 1987, the Association formed a wholly-owned for-profit subsidiary, ASA Publication, Inc., a Montana corporation. ASA Publication, Inc. (the "Subsidiary") is a publishing company promoting and advertising the Simmental and Simbrah breeds. During 1995, the Association formed a nonprofit organization, the American Simmental/Simbrah Foundation, Inc. (the "Foundation" and the "Affiliate"). The Foundation was organized to stimulate and support research, youth programs, and education in the beef industry.

Basis of Presentation and Consolidation

The accompanying consolidated financial statements have been prepared in accordance with accounting standards generally accepted in the United States of America ("GAAP"), as codified by the Financial Accounting Standards Board ("FASB").

The accompanying consolidated financial statements include the accounts of the parent company, American Simmental Association, its wholly owned subsidiary, ASA Publication, Inc., and affiliate, American Simmental/Simbrah Foundation, Inc. The parent company has the power to appoint board members of the Foundation and has effective control. Intercompany transactions and balances have been eliminated in the presentation of the consolidated financial statements.

Classification of Net Assets

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Accordingly, net assets of the Foundation and changes therein are classified as follows:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. The Board of Trustees may designate net assets without donor restrictions for specific purposes or programs.
- Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Association or Foundation and/or the passage of time.

Cash and Cash Equivalents

The Association considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

AMERICAN SIMMENTAL ASSOCIATION
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2024 and 2023

1. Summary of Significant Accounting Policies (continued)

Accounts Receivable

ASA has the ability to suspend membership if accounts are not paid so it does not provide for an allowance for doubtful accounts. ASA Publication, Inc., however, does provide for an allowance. This estimate is based on historical collection experience and a review of the current status of accounts receivable.

Accounts receivable are uncollateralized customer obligations under normal trade terms requiring payment within 30 days from the invoice date. It is the policy of ASA Publication, Inc. to assess interest on accounts receivable 30 days past due at a rate of 1.5% per month. If accounts receivable related to the advertising of a sale are paid within 60 days of the sale date, interest charges are reversed. Management individually reviews all delinquent accounts receivable balances. Accounts are written off against the allowance when deemed uncollectible. Recoveries of accounts previously written off are recognized as income when received.

As of July 1, 2022, accounts receivable that fall under Accounting Standards Update (ASU) 2014-09 (Topic 606) were \$74,017, net of allowance for doubtful accounts of \$11,037.

Investments

Investments in marketable debt and equity securities with readily determinable fair values are stated at their fair values based on quoted prices in active markets. Unrealized gains and losses are included in the change in equities or net assets.

Property and Equipment

Property and equipment acquisitions and expenditures for betterments, with a cost of \$2,000 or greater and an expected life of at least two years, are recorded at cost. Depreciation of property and equipment is computed using the straight-line method based on estimated useful lives ranging from three to thirty-one and a half years.

The Association reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment, there was no impairment at June 30, 2024 and 2023.

Computer Software

Computer software costs are amortized using the straight-line method over the estimated useful life of the software, ranging from four to seven years.

AMERICAN SIMMENTAL ASSOCIATION
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2024 and 2023

1. Summary of Significant Accounting Policies (continued)

Accrued Annual Leave

The Association records a liability for vacation leave earned by employees. Vacation leave is awarded for employees working one-half time or greater on a prorated basis equivalent to the percent of time they are employed. Employees are allowed to carry up to a maximum of 400 hours and are paid 100 percent of their accrued vacation upon termination.

Deferred Revenue

Recognition of revenue associated with work-in-progress at June 30, 2024 and 2023 is deferred in the accompanying consolidated financial statements until services have been performed.

Fair Value

Fair value is defined as the exchange 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. Valuation techniques used to measure fair value maximize the use of observable inputs and minimize the use of unobservable inputs, using the market value approach. GAAP established a fair value hierarchy which prioritizes the valuation inputs into three broad levels:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets without restrictions or liabilities;

Level 2: Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The Association and Foundation's policy for determining the timing of significant transfers between levels 1, 2 and 3 is at the end of the reporting period.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023.

Mutual funds: Valued at the net asset value (NAV) of shares held at year end.

Certificates of deposits: Approximate fair value based on estimates using current market rates offered for deposits with similar remaining maturities.

AMERICAN SIMMENTAL ASSOCIATION
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2024 and 2023

1. Summary of Significant Accounting Policies (continued)

Fair Value (continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association and Foundation believe their valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Membership Dues and Annual Service Fees

There is a one-time setup fee of \$50 for all new adult members. In addition, there is an annual service fee of \$110, based on the Association's fiscal year of July 1 – June 30. If a member joins ASA in the second half of the fiscal year (January 1 – June 30), the member is charged \$55, half of the service fee. The Association also offers junior memberships which charge an annual service fee of \$40. Annual service fees are billed to active members at the start of the fiscal year on July 1.

Foundation Support

Contributions of cash and other assets are reported as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from program restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Affiliate reports that support as without donor restrictions.

Total Herd Enrollment

Total Herd Enrollment ("THE") is a reporting program, designated for seedstock and commercial members, that provides production, longevity, and fertility performance data on the whole cow herd. Revenue is recognized in the period in the time of herd enrollment each year, during the spring and/or fall.

Transfers

The Association performs online transfer services, matching buyer information to ASA memberships, completing the transfers and updating owner of record. Revenue is recognized at the time of transfer submittal request.

DNA Revenue

ASA offers various DNA testing services to members, including genetic defect testing, genomic data and parent validation. Revenue is recognized at the time of DNA kit purchase.

AMERICAN SIMMENTAL ASSOCIATION
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2024 and 2023

1. Summary of Significant Accounting Policies (continued)

Advertising Income and Production Income

The Association's services that fall within the scope of ASU 2014-09 (Topic 606) are presented within advertising income and production income on the consolidated statements of activities. Advertising and production sales are considered exchange transactions in which members, non-members, and corporate entities may advertise and promote their products in the Association's print media, digital platforms, booths and presentations. Advertising sales are recorded in the month of issue and production sales are recognized as income when the promotion services have been performed. Payments received in advance are recorded as deferred revenue and classified as a current liability. As of July 1, 2022, advertising income received in advance was \$10,269.

Advertising Costs

Advertising costs are charged to expense when incurred.

Functional Allocation of Expenses

Functional expenses are allocated according to the nature of each expense for the Parent Company and the Affiliate Company. The for-profit Subsidiary Company's expenses are categorized independently as operating expenses.

Certain expenses relate directly to program activities such as travel for the Parent Company and regional classic support expenses and scholarships paid for the Affiliate Company. Fundraising expense is the only expense directly related to fundraising. Other expenses, such as personnel, professional fees, services, advertising, event, and accounting expenses were broken out specifically between program activities and general and administrative based on the nature of the expenses relating directly to the respective category.

The remaining expenses, amortization, bad debt, depreciation, dues and subscriptions, insurance, maintenance and repairs, miscellaneous, office, postage and freight, printing, property taxes, telephone, and utilities were solely general and administrative.

Income Taxes

The Association is exempt from income taxes pursuant to Section 501(c)(5) of the Internal Revenue Code. The Foundation is exempt from income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Association's or Foundation's tax-exempt purpose is subject to taxation as unrelated business income. ASA Publication, Inc. does not file a consolidated federal income tax return with the Association, as the Association is a tax exempt corporation.

AMERICAN SIMMENTAL ASSOCIATION
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2024 and 2023

1. Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

With respect to ASA Publication, Inc., income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of current and deferred income taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the statutory income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. When applicable, a valuation allowance is established to reduce any deferred income tax asset when it is determined that it is more likely than not that some portion of the deferred income tax asset will not be realized.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through March 19, 2025, the date which the consolidated financial statements were available for issue.

Adoption of New Accounting Standard

In June 2016, the Financial Accounting Standards Board (FASB) issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by ASA that are subject to the guidance in FASB ASC 326 were accounts receivable.

ASA adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the consolidated financial.

AMERICAN SIMMENTAL ASSOCIATION
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2024 and 2023

1. Summary of Significant Accounting Policies (continued)

Risk and Uncertainty

The Association is exposed to various risk of loss related to torts, damage or loss of assets, errors or omissions, arbitrations, economic conditions and other legal, regulatory or governmental actions. In many proceedings, it is inherently difficult to determine whether any loss is probable or even reasonably possible or to estimate the size or range of the possible loss, and accruals for legal matters are not recorded until a loss for a particular matter is considered probable and reasonably estimable. Given the nature of legal matters and the complexities involved, it is often difficult to predict and determine a meaningful estimate of loss or range of loss until management knows, among other factors, the particular claims involved, the likelihood of success of our defenses to those claims, the damages or other relief sought, how discovery or other procedural considerations will affect the outcome, the settlement posture of other parties and other factors that may have a material effect on the outcome. For these matters, unless otherwise specified, management does not believe it is possible to provide a meaningful estimate of loss at this time. Moreover, it is not uncommon for legal matters to be resolved over many years, during which time relevant developments and new information must be continuously evaluated.

2. Cash and Cash Equivalents

Cash and cash equivalents as of June 30, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents - Association	\$ 1,435,910	\$ 1,688,878
Cash and cash equivalents - Subsidiary	217,519	264,086
Cash and cash equivalents - Foundation	<u>547,360</u>	<u>461,092</u>
	<u>\$ 2,200,789</u>	<u>\$ 2,414,056</u>

The Association, the Subsidiary, and the Foundation maintain cash balances at several banks. The non-interest and interest bearing accounts were insured up to \$250,000 by the FDIC. For the year ended June 30, 2024, the Association, the Subsidiary and the Affiliate held \$952,899, \$0, and \$324,087, respectively, in excess of the federally insured limits. For the year ended June 30, 2023, the Association, the Subsidiary and the Affiliate held \$1,338,063, \$0, and \$313,207, respectively, in excess of the federally insured limits.

3. Investments

The Association and Foundation maintain investments with a financial institution under the management of third parties in accordance with its investment policy.

AMERICAN SIMMENTAL ASSOCIATION
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2024 and 2023

3. Investments (continued)

The following tables represents the Association's and Foundation's investment assets measured at fair value on a recurring basis as of June 30, 2024:

Description	2024		
	Fair Value	Level 1 Inputs	Level 2 Inputs
Mutual funds			
Conservative Growth	\$ 7,520,177	\$ 7,520,177	\$ -
Growth	7,396,437	7,396,437	-
Income	1,895,839	1,895,839	-
Certificate of deposits	525,214	-	525,214
Total investments at fair value	<u>\$ 17,337,667</u>	<u>\$ 16,812,453</u>	<u>\$ 525,214</u>

The following tables represents the Association's and Foundation's investment assets measured at fair value on a recurring basis as of June 30, 2023:

Description	2023		
	Fair Value	Level 1 Inputs	Level 2 Inputs
Mutual funds			
Conservative Growth	\$ 6,898,727	\$ 6,898,727	\$ -
Growth	6,427,105	6,427,105	-
Income	1,787,999	1,787,999	-
Certificates of deposits	503,530	-	503,530
Total investments at fair value	<u>\$ 15,617,361</u>	<u>\$ 15,113,831</u>	<u>\$ 503,530</u>

4. Due to Members

Due to members consists of member accounts with credit balances. Most of these balances are due to voluntary deposits placed by the members for future services. Other credit balances are due to incomplete services in progress. Pursuant to Rule V of the Association's Rules and Bylaws, any request for services must be accompanied by the appropriate fee payment. Due to incomplete documents, unqualified animals and other reasons, the Association may not be able to render the service requested. If the service cannot be rendered, the fees are credited to the member's account and the papers returned to the member for appropriate action. It is the Association's policy to retain such fees as a credit in the member's account unless a refund is requested.

AMERICAN SIMMENTAL ASSOCIATION
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2024 and 2023

5. Deferred Revenues

Deferred revenues as of June 30, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Total herd enrollment payments for fall	\$ 166,602	\$ 156,409
Conference revenue	141,760	166,425
DNA testing kits	<u>21,300</u>	<u>25,200</u>
	<u>\$ 329,662</u>	<u>\$ 348,034</u>

6. Operating Lease Obligations

ASA Publications, Inc. assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Right-of-use (ROU) assets and the lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. ASA elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate.

ASA Publications, Inc. entered into a five year operating lease agreement for a copier in January 2014. In February 2018, the lease terms were changed and monthly payments decreased from \$585 to \$475. In December of 2022, ASA Publications, Inc. entered into a new operating lease agreement for a copier, increasing the monthly payments to \$1,077. The lease expires on December 20, 2027.

The copier operating lease expense is included in Operating Expenses – ASA Publications on the schedule of revenue and expenses.

ASA Publications, Inc. also has a lease agreement with ASA that does not have stated terms or rates. Management evaluated and determined that these lease agreements are not legally enforceable contracts and therefore determined that ASU 2016-02, *Leases*(Topic 842), does not apply.

Total cash paid to meet rental obligations during the years ended June 30, 2024 and 2023 was \$14,814 and \$10,889, respectively.

AMERICAN SIMMENTAL ASSOCIATION
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2024 and 2023

6. Operating Lease Obligations (continued)

The following summarizes the weighted-average remaining lease term and weight-average discount rate at June 30, 2024:

Weighted-average remaining lease term in years for operating leases	3.48
Weighted-average discount rate for operating leases	3.78%

Future minimum operating lease payments are as follows:

<u>Year Ended June 30,</u>		
	2025	\$ 12,924
	2026	12,924
	2027	12,924
	2028	<u>5,385</u>
Total undiscounted cash flows		\$ 44,157
Less: present value discount		<u>(2,757)</u>
Present value of operating lease liability		<u>\$ 41,400</u>

AMERICAN SIMMENTAL ASSOCIATION
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2024 and 2023

7. Foundation Donor Restricted Net Assets

The Foundation's net assets with donor restrictions are restricted for the following programs:

Program restrictions:	<u>2024</u>	<u>2023</u>
AJSA - General	\$ 49,042	\$ 17,342
Bob Walton Scholarship	26,906	26,906
Dawn Ann White Memorial	-	1,971
Eastern Regional	54,800	63,729
Education - General	35,723	35,723
Fall Focus - Educational	12,650	8,400
Herdman of the Year	-	2,800
JW Brune Scholarship	1,000	1,000
Jim Bloomberg Memorial	1,525	4,525
Legacy Lot	7,300	7,300
Merit Awards	147,815	149,328
National Classic Facility	95,396	63,252
National Classic Golf	4,506	9,336
Research & Technology	66,426	60,126
Ronald G Miller Memorial	17,303	22,003
Sammi Long Memorial	35,169	46,585
Scholarships	2,205	2,734
Steer Profitability Competition	-	1,100
Summit Youth Fund	15,903	15,903
Youth - General	61,675	54,269
Total	<u>\$ 635,344</u>	<u>\$ 594,332</u>

8. Retirement Plan

The Association has a contributory retirement plan covering substantially all of its permanent employees. ASA Publication, Inc., through the Association, sponsors a contributory retirement plan that covers employees who work at least 500 hours per calendar year. Contributions are determined annually by the Board of Trustees and totaled \$135,362 and \$139,969 for the years ended June 30, 2024 and 2023, respectively.

AMERICAN SIMMENTAL ASSOCIATION
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2024 and 2023

9. Income Taxes

The Association's provision for income taxes differs from applying the statutory U.S federal income tax rate to income before taxes. The primary differences result from providing for state income taxes and from deducting certain expenses for financial statement purposes but not for federal income tax purposes. A provision for income taxes has been presented in the accompanying consolidated financial statements as a result of the operations of ASA Publication, Inc. and the unrelated business activities of the Association.

The components of the provision/ benefit from continuing operations for income taxes for the years ended June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Current income tax expense		
Federal	\$ (3,234)	\$ (1,541)
State	<u>(1,090)</u>	<u>(72)</u>
Total current	<u>(4,324)</u>	<u>(1,613)</u>
Deferred income tax expense		
Federal	3,173	16,105
State	<u>1,020</u>	<u>5,176</u>
Total deferred	<u>4,193</u>	<u>21,281</u>
Total (provision) benefit for income taxes	<u>\$ (131)</u>	<u>\$ 19,668</u>

Deferred income tax assets consist of the following as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Deferred income tax assets		
Accrued annual leave	\$ 5,426	\$ 5,431
Allowance for doubtful accounts	3,063	3,063
Net operating loss	<u>51,535</u>	<u>47,337</u>
	<u>\$ 60,024</u>	<u>\$ 55,831</u>

The deferred tax provisions as of June 30, 2024 and 2023 relate to the cumulative timing differences for accrued annual leave, the allowance for doubtful accounts, and net operating loss. The Subsidiary did not make estimated payments in fiscal year 2024 or 2023, however there were overpayments of \$3,493 for federal and \$1,026 for state applied forward from fiscal year 2020. Subsidiary overpayments are included in prepaid income taxes.

AMERICAN SIMMENTAL ASSOCIATION
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2024 and 2023

9. Income Taxes (continued)

The Association paid estimates of \$1,800 for federal and \$600 for state for fiscal year 2024. The Association paid estimates of \$1,763 for federal and \$127 for state taxes for fiscal year 2023. At June 30, 2024, the Association had payments due of \$1,212 for federal and \$335 for state included in income taxes payable. At June 30, 2023, the Association had an overpayments of \$222 and \$105 for state included in prepaid income taxes

Management has determined no valuation allowance related to deferred tax assets is necessary at June 30, 2024 and 2023. The deferred tax asset for accrued annual leave and the allowance for doubtful accounts is expected to be realized. The net operating losses may be carried forward indefinitely. The tax net operating loss from the years ended June 30, 2024 and 2023 are \$15,126 and \$90,229. The cumulative net operating losses as of June 30, 2024 and 2023 are \$185,711 and \$170,586 respectively.

The reconciliation of income tax attributable to operations computed at the U.S. Federal statutory income tax rate of 21% for and state tax rate of 6.75% to income tax expense is as follows:

	<u>2024</u>	<u>2023</u>
Statutory federal rate	\$ (3,192)	\$ (16,105)
State income taxes	(1,026)	(5,177)
MT minimum filing fee	50	50
Meals and entertainment	(25)	-
Rate adjustment/other/tax credits	-	1
UBIT from related organization	<u>4,324</u>	<u>1,563</u>
Actual tax	<u>\$ 131</u>	<u>\$ (19,668)</u>

10. Customers and Credit Concentrations

Substantially all of ASA Publication, Inc.'s subscription revenue, and a portion of its advertising and catalog and brochure revenue are derived from sales to the Association. The intercompany revenue has been eliminated and is not reflected in the accompanying consolidated financial statements. Except for these transactions, no ASA Publication customer accounted for 10% or more of the net revenues earned during the years ended June 30, 2024 and 2023. Concentration of credit risk with respect to receivables is limited due to the large number of customers comprising the customer base. Since the Association's objective is the development, registration, and promotion of Simmental and Simbrah breeds of cattle, fluctuations in the cattle market can affect revenue and receivables.

AMERICAN SIMMENTAL ASSOCIATION
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2024 and 2023

11. Liquidity and Availability of Resources

Financial assets available for general expenses (without donor or other restrictions limiting their use), within one year of the consolidated statement of financial position date, comprise the following:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,200,789	\$ 2,414,056
Accounts receivable, net	875,493	770,221
Foundation investments	672,638	638,473
Investments	16,665,029	14,978,888
Less: With donor restrictions	<u>(635,344)</u>	<u>(594,332)</u>
Total Financial Assets Available	<u>\$ 19,778,605</u>	<u>\$ 18,207,306</u>

The Association has various sources of liquidity at its disposal, including cash and investments. The Association strives to maintain sufficient operating reserves. This allows the Association to appropriately respond to emergency or unforeseen situations. Furthermore, reserve funds allow the Association to maintain needed cash flow throughout the fiscal year. The Association invests excess cash in accordance with its investment policy in order to manage investment risk and optimize investment returns within acceptable parameters.

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American Simmental Association

Supplementary Schedules I-VII

Parent Company

AMERICAN SIMMENTAL ASSOCIATION
Schedule I – Schedules of Financial Position
As of June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,435,910	\$ 1,688,878
Accounts receivable	735,872	589,218
Due from subsidiary	19,085	82,700
Prepaid expenses	124,564	125,067
Prepaid income tax	-	327
Total Current Assets	<u>2,315,431</u>	<u>2,486,190</u>
Investments	<u>16,665,029</u>	<u>14,978,888</u>
Property and Equipment		
Land	374,412	374,412
Building and improvements	2,956,056	2,956,056
Computer hardware	120,019	120,019
Office furniture and fixtures	107,125	107,125
Less: Accumulated depreciation	<u>(1,312,035)</u>	<u>(1,174,079)</u>
Total Property and Equipment, Net	<u>2,245,577</u>	<u>2,383,533</u>
Other Assets		
Investment in subsidiary company	176,000	176,000
Cross-Breed Development	80,268	13,333
Computer software, net of accumulated amortization of \$803,346 and \$763,509	<u>21,917</u>	<u>59,274</u>
Total Other Assets	<u>278,185</u>	<u>248,607</u>
Total Assets	<u>\$ 21,504,222</u>	<u>\$ 20,097,218</u>

See Independent Auditors' Report

AMERICAN SIMMENTAL ASSOCIATION
Schedule I – Schedules of Financial Position (continued)
As of June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Liabilities and Net Assets		
Current Liabilities		
Trade accounts payable	\$ 177,195	\$ 518,621
Due to affiliate	10,997	15,154
Due to members	68,203	66,928
Income tax payable	1,547	-
Wages and payroll taxes payable	28,290	29,924
Accrued annual leave	232,575	241,995
Deferred revenues	<u>329,662</u>	<u>348,034</u>
Total Current Liabilities	<u>848,469</u>	<u>1,220,656</u>
Net Assets		
Without Donor Restrictions	<u>20,655,753</u>	<u>18,876,562</u>
Total Net Assets	<u>20,655,753</u>	<u>18,876,562</u>
Total Liabilities and Net Assets	<u>\$ 21,504,222</u>	<u>\$ 20,097,218</u>

See Independent Auditors' Report

AMERICAN SIMMENTAL ASSOCIATION
Schedule II – Schedules of Activities
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Change in Net Assets Without Donor Restrictions		
Operating Revenue		
Membership fees	\$ 77,860	\$ 72,900
Simmental and Simbrah registration	1,623,020	1,618,540
Transfers	78,160	77,345
Registrations, other breeds, foreign	35,025	33,085
Registration related income	56,350	57,435
Other operating revenue	(129,449)	(119,805)
Annual service fees	717,615	702,274
DNA revenue	1,908,394	1,874,913
Youth program revenue	219,504	15,451
Genetic evaluation services	332,110	311,627
Carcass merit	30,750	19,257
Total herd enrollment	1,376,005	1,387,389
	<u>6,325,344</u>	<u>6,050,411</u>
Operating Expenses		
Program activities	3,761,254	3,528,116
General and administrative	2,502,231	2,474,976
	<u>6,263,485</u>	<u>6,003,092</u>
Change in Net Assets From Operations	<u>61,859</u>	<u>47,319</u>
Other Income		
Interest and dividend income	661,876	367,255
Rent income	35,000	35,000
Unrealized gain on investments	1,024,730	762,288
	<u>1,721,606</u>	<u>1,164,543</u>
Income before provision for income taxes	1,783,465	1,211,862
Provision for Income Taxes	<u>(4,274)</u>	<u>(1,563)</u>
Change in Net Assets Without Donor Restrictions	<u>\$ 1,779,191</u>	<u>\$ 1,210,299</u>

See Independent Auditors' Report

AMERICAN SIMMENTAL ASSOCIATION
Schedule III – Schedule of Functional Expenses
For the Year Ended June 30, 2024

	Program Activities	General and Administrative	Total
Advertising and promotions	\$ 538,436	\$ 150,000	\$ 688,436
Maintenance and repairs	-	42,451	42,451
Office expenses	-	479,749	479,749
Personnel	1,005,153	1,618,640	2,623,793
Professional fees	207,930	103,527	311,457
Services	1,395,546	104,813	1,500,359
Travel	614,189	3,051	617,240
Total	<u>\$ 3,761,254</u>	<u>\$ 2,502,231</u>	<u>\$ 6,263,485</u>

See Independent Auditors' Report

AMERICAN SIMMENTAL ASSOCIATION
Schedule III – Schedule of Functional Expenses
For the Year Ended June 30, 2023

	Program Activities	General and Administrative	Total
Advertising and promotions	\$ 503,914	\$ 150,000	\$ 653,914
Maintenance and repairs	-	44,708	44,708
Office expenses	-	462,515	462,515
Personnel	955,682	1,602,333	2,558,015
Professional fees	187,802	73,869	261,671
Services	1,436,559	141,551	1,578,110
Travel	444,159	-	444,159
Total	<u>\$ 3,528,116</u>	<u>\$ 2,474,976</u>	<u>\$ 6,003,092</u>

See Independent Auditors' Report

AMERICAN SIMMENTAL ASSOCIATION
Schedule IV – Schedules of Changes in Net Assets
For the Years Ended June 30, 2024 and 2023

	Without Donor Restrictions	Total
Net Assets, June 30, 2022	\$ 17,666,263	\$ 17,666,263
Change in Net Assets	<u>1,210,299</u>	<u>1,210,299</u>
Net Assets, June 30, 2023	18,876,562	18,876,562
Change in Net Assets	<u>1,779,191</u>	<u>1,779,191</u>
Net Assets, June 30, 2024	<u>\$ 20,655,753</u>	<u>\$ 20,655,753</u>

See Independent Auditors' Report

AMERICAN SIMMENTAL ASSOCIATION
Schedule V – Schedules of Cash Flows
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Cash received from customers	\$ 6,178,690	\$ 6,054,947
Cash paid to suppliers and employees	(6,391,887)	(5,664,428)
Investment income	661,876	367,255
Cash received for rent	35,000	35,000
Income taxes paid	(5,821)	(1,250)
	<u>477,858</u>	<u>791,524</u>
Net Cash Flows From Operating Activities		
	<u>477,858</u>	<u>791,524</u>
Cash Flows Used By Investing Activities		
Purchases of investments	(661,411)	(1,216,485)
Purchases of property and equipment	-	(8,966)
Purchase of computer software	(2,480)	(4,999)
Purchase of cross-breed development	(66,935)	(13,333)
	<u>(730,826)</u>	<u>(1,243,783)</u>
Net Cash Flows Used By Investing Activities		
	<u>(730,826)</u>	<u>(1,243,783)</u>
Net Change in Cash and Cash Equivalents	(252,968)	(452,259)
Cash and Cash Equivalents at Beginning of Year	<u>1,688,878</u>	<u>2,141,137</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,435,910</u>	<u>\$ 1,688,878</u>

See Independent Auditors' Report

AMERICAN SIMMENTAL ASSOCIATION
Schedule V – Schedules of Cash Flows (continued)
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of Change in Net Assets Without Donor		
Restrictions to Net Cash Flows from Operating Activities		
Change in net assets without donor restrictions	\$ 1,779,191	\$ 1,210,299
Adjustments to reconcile change in net assets without donor		
restrictions to net cash flows from operating activities:		
Depreciation and amortization	177,793	199,717
Net unrealized and realized gain on investments	(1,024,730)	(762,288)
Changes in operating assets and liabilities:		
Accounts receivable	(146,654)	4,536
Due from subsidiary	63,615	(82,700)
Due from affiliate	-	69,819
Prepaid expenses	503	(4,586)
Prepaid income taxes	327	146
Trade accounts payable	(341,426)	(86)
Due to members	1,275	(13,807)
Due to subsidiary	(4,157)	(2,805)
Wages and payroll taxes payable	(1,634)	(3,792)
Accrued annual leave	(9,420)	15,899
Deferred revenues	(18,372)	161,485
Income taxes payable	1,547	(313)
Total Adjustments	<u>(1,301,333)</u>	<u>(418,775)</u>
Net Cash Flows From Operating Activities	<u>\$ 477,858</u>	<u>\$ 791,524</u>

See Independent Auditors' Report

AMERICAN SIMMENTAL ASSOCIATION
Schedule VI – Schedules of Revenues
For the Years Ended June 30, 2024 and 2023

	2024	2023
Operating Revenue		
Membership fees	\$ 77,860	\$ 72,900
Simmental registration-domestic:		
Purebred males	179,470	175,901
Purebred females	440,466	418,977
Percentage males	330,474	319,642
Percentage females	639,588	666,962
	<u>1,589,998</u>	<u>1,581,482</u>
Simbrah registration:		
Purebred males	4,560	6,366
Purebred females	17,594	21,686
Percentage males	1,748	2,218
Percentage females	9,120	6,788
	<u>33,022</u>	<u>37,058</u>
Transfers-ASA	<u>78,160</u>	<u>77,345</u>
Registrations-other breeds:		
Foundation males	800	950
Foundation females	425	365
Male foreign herdbook	23,275	18,725
Female foreign herdbook	10,525	13,045
	<u>35,025</u>	<u>33,085</u>
Registration related income:		
Animal name change	9,335	4,475
Database entry fee	170	885
Corrections or duplicates	11,025	10,495
Priority handling	34,950	41,000
Miscellaneous	870	580
	<u>\$ 56,350</u>	<u>\$ 57,435</u>

See Independent Auditors' Report

AMERICAN SIMMENTAL ASSOCIATION
Schedule VI – Schedules of Revenues (continued)
For the Years Ended June 30, 2024 and 2023

	2024	2023
Other Operating Revenue (Expense)		
Membership lists	\$ 3,192	\$ 4,685
Herd letter prefix	8,130	7,630
Credit card discount fee	(138,081)	(132,854)
Conference registrations	250	-
Miscellaneous	(2,940)	734
	<u>(129,449)</u>	<u>(119,805)</u>
Annual Service Fees	<u>717,615</u>	<u>702,274</u>
DNA Revenue		
DNA analysis-voluntary	53,488	59,018
DNA - horn polled	178,977	170,547
DNA - dilutor	6,519	12,928
DNA - coat color	155,701	114,622
DNA - genetic defect test	92,881	154,519
SNP analysis	180	(130)
Other testing	1,420,648	1,363,409
	<u>1,908,394</u>	<u>1,874,913</u>
Youth Program Revenue		
Youth and education programs	<u>219,504</u>	<u>15,451</u>
Genetic Evaluation Services	<u>332,110</u>	<u>311,627</u>
Carcass Merit	<u>30,750</u>	<u>19,257</u>
Total Herd Enrollment	<u>1,376,005</u>	<u>1,387,389</u>
Total Operating Revenue	<u>6,325,344</u>	<u>6,050,411</u>
Other Revenue		
Interest and dividend income	661,876	367,255
Rent income	35,000	35,000
Unrealized gain on investments	1,024,730	762,288
Total Other Revenue	<u>1,721,606</u>	<u>1,164,543</u>
Total Revenue	<u>\$ 8,046,950</u>	<u>\$ 7,214,954</u>

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AMERICAN SIMMENTAL ASSOCIATION
Schedule VII – Schedules of Expenses
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Expenses		
Personnel		
Salaries	\$ 2,072,731	\$ 2,023,066
Services provided to ASA Publication, Inc.	(21,398)	(72,695)
Health, life, LTD insurance	298,937	321,285
Payroll taxes	163,336	152,982
Retirement contributions and other employee benefits	119,607	117,477
Annual leave	(9,420)	15,900
	<u>2,623,793</u>	<u>2,558,015</u>
Services		
DNA-50k/HD	715,005	797,541
DNA analysis	680,541	639,018
DNA/hair sample collectors	97,288	134,500
Software expense	7,525	7,051
	<u>1,500,359</u>	<u>1,578,110</u>
Professional Fees		
Accounting	32,825	33,235
Legal	59,598	33,465
Research	106,188	64,898
Professional	112,846	130,073
	<u>\$ 311,457</u>	<u>\$ 261,671</u>

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AMERICAN SIMMENTAL ASSOCIATION
Schedule VII – Schedules of Expenses (continued)
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Office Expenses		
Bad debt	\$ 2,749	\$ 1,591
Dues and subscriptions	12,836	8,997
Insurance	69,470	57,216
Office expense	37,363	33,811
Postage and freight	62,043	59,719
Printing	44,589	25,509
Property tax	24,865	18,732
Telephone	33,051	37,389
Utilities	14,990	19,834
Depreciation	137,956	145,892
Amortization	39,837	53,825
	<u>479,749</u>	<u>462,515</u>
Maintenance and Repairs		
Building and ground	30,540	20,469
Equipment	11,911	24,239
	<u>42,451</u>	<u>44,708</u>
Travel		
Meals, lodging, transportation and facilities	<u>617,240</u>	<u>444,159</u>
Advertising and Promotions		
Advertising	302,396	287,569
Gifts and awards	48,880	11,856
Carcass Merit Project	3,854	7,083
State check-off and cost share dollars	97,369	110,198
Advertising and promotion development	85,937	87,208
Subscriptions	150,000	150,000
	<u>688,436</u>	<u>653,914</u>
Total Operating Expenses	<u>\$ 6,263,485</u>	<u>\$ 6,003,092</u>

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ASA Publications, Inc.

Supplementary Schedules VIII-XIII

Subsidiary Company

AMERICAN SIMMENTAL ASSOCIATION
Schedule VIII – Schedules of Assets, Liabilities, and Equity
Subsidiary Company
As of June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 217,519	\$ 264,086
Accounts receivable, net of allowance for doubtful accounts of \$11,037 and \$11,038	75,156	93,033
Prepaid expenses	2,049	5,908
Prepaid income tax	4,519	4,568
Total Current Assets	<u>299,243</u>	<u>367,595</u>
Property and Equipment		
Office furniture and fixtures and computer hardware	34,210	34,210
Less: Accumulated depreciation	<u>(34,210)</u>	<u>(34,210)</u>
Total Property and Equipment, Net	<u>-</u>	<u>-</u>
Operating lease right-of-use asset	<u>42,094</u>	<u>53,229</u>
Other Assets		
Deferred income tax assets, noncurrent	60,024	55,831
Computer software, net of accumulated amortization of \$21,272 and \$21,272	<u>-</u>	<u>-</u>
Total Other Assets	<u>60,024</u>	<u>55,831</u>
Total Assets	<u>\$ 401,361</u>	<u>\$ 476,655</u>

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AMERICAN SIMMENTAL ASSOCIATION
Schedule VIII – Schedules of Assets, Liabilities, and Equity (continued)
Subsidiary Company
As of June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Liabilities and Equity		
Current Liabilities		
Accounts payable	\$ 9,735	\$ (20)
Due to parent company	19,085	82,700
Wages, commissions and payroll taxes payable	5,824	5,120
Accrued annual leave	40,498	40,529
Advertising received in advance	10,876	10,789
Operating lease liability, current portion	11,569	11,136
Total Current Liabilities	<u>97,587</u>	<u>150,254</u>
Long-Term Liabilities		
Operating lease liability, net of current portion	<u>29,831</u>	<u>41,399</u>
Total Liabilities	<u>127,418</u>	<u>191,653</u>
Equity		
Common stock, \$1 par value; 50,000 shares authorized; 1,000 shares issued and outstanding	1,000	1,000
Paid-in capital	175,000	175,000
Retained earnings	97,943	109,002
Total Equity	<u>273,943</u>	<u>285,002</u>
Total Liabilities and Equity	<u>\$ 401,361</u>	<u>\$ 476,655</u>

See Independent Auditors' Report

AMERICAN SIMMENTAL ASSOCIATION
Schedule IX – Schedules of Revenues and Expenses
Subsidiary Company
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenue		
Subscriptions	\$ 151,500	\$ 151,800
Advertising income	460,531	487,237
Production income	77,217	73,555
Advertising income, other publications	347,809	346,439
Other operating revenue, net of discounts	13,715	(5,560)
	<u>1,050,772</u>	<u>1,053,471</u>
Operating Expenses		
Personnel	324,313	422,070
Professional fees	79,053	47,750
Office expenses	52,613	52,004
Rent	35,000	35,000
Travel	15,533	7,607
Production expenses	332,111	381,954
Mailing expenses	227,351	183,459
Other operating expenses	-	317
	<u>1,065,974</u>	<u>1,130,161</u>
Operating Loss	<u>(15,202)</u>	<u>(76,690)</u>
Loss before provision for income taxes	(15,202)	(76,690)
Benefit for Income Taxes	<u>4,143</u>	<u>21,231</u>
Net Loss	<u>\$ (11,059)</u>	<u>\$ (55,459)</u>

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AMERICAN SIMMENTAL ASSOCIATION
Schedule X– Schedules of Changes in Equity
Subsidiary Company
For the Years Ended June 30, 2024 and 2023

	<u>Capital Stock</u>	<u>Paid-in Capital</u>	<u>Accumulated Earnings</u>	<u>Total</u>
Balance, June 30, 2022	\$ 1,000	\$ 175,000	\$ 164,461	\$ 340,461
Net Loss	<u>-</u>	<u>-</u>	<u>(55,459)</u>	<u>(55,459)</u>
Balance, June 30, 2023	1,000	175,000	109,002	285,002
Net Loss	<u>-</u>	<u>-</u>	<u>(11,059)</u>	<u>(11,059)</u>
Balance, June 30, 2024	<u>\$ 1,000</u>	<u>\$ 175,000</u>	<u>\$ 97,943</u>	<u>\$ 273,943</u>

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AMERICAN SIMMENTAL ASSOCIATION
Schedule XI– Schedules of Cash Flows
Subsidiary Company
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows Used By Operating Activities		
Cash received from customers	\$ 1,068,649	\$ 1,052,414
Cash paid to suppliers and employees	(1,119,359)	(1,094,148)
Income taxes (paid)	<u>4,143</u>	<u>21,231</u>
Net Cash Flows Used By Operating Activities	<u>(46,567)</u>	<u>(20,503)</u>
Net Change in Cash and Cash Equivalents	(46,567)	(20,503)
Cash and Cash Equivalents at Beginning of Year	<u>264,086</u>	<u>284,589</u>
Cash and Cash Equivalents at End of Year	<u>\$ 217,519</u>	<u>\$ 264,086</u>
Reconciliation of Net Loss to Net Cash Flows		
Used By Operating Activities		
Net Loss	\$ (11,059)	\$ (55,459)
Adjustments to reconcile change in equity		
to net cash flows from operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	17,877	(19,016)
Due from parent company	-	17,959
Prepaid expenses	3,859	780
Prepaid taxes	49	50
Deferred tax asset	(4,193)	(21,281)
Trade accounts payable	9,755	(858)
Due to parent company	(63,615)	82,700
Wages, commissions and payroll taxes payable	704	487
Accrued annual leave	(31)	(25,691)
Advertising received in advance	87	520
Operating lease right-of-use asset	11,135	(53,229)
Operating lease liability	<u>(11,135)</u>	<u>52,535</u>
Total Adjustments	<u>(35,508)</u>	<u>34,956</u>
Net Cash Flows Used By Operating Activities	<u>\$ (46,567)</u>	<u>\$ (20,503)</u>

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AMERICAN SIMMENTAL ASSOCIATION
Schedule XII– Schedules of Revenues
Subsidiary Company
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenue		
Subscriptions		
Domestic - parent company	\$ 148,000	\$ 148,000
Foreign - parent company	2,000	2,000
Domestic - other	1,500	1,800
	<u>151,500</u>	<u>151,800</u>
Advertising Income		
AD - 1 page	160,720	150,360
AD - 2/3 page	-	600
AD - 1/2 page	13,320	16,274
AD - 1/3 page	8,100	7,491
AD - 1/4 page	2,220	4,426
AD - 1 inch	26,780	25,390
AD - 2 inch	4,775	5,325
AD - cover, preferential pages	53,830	58,130
Advertising income non-space	84,856	89,949
Buyers guide	49,610	55,762
Calendar	60	330
Catalogs and brochures	14,960	14,000
Advertising packages	41,300	59,200
	<u>460,531</u>	<u>487,237</u>
Production Income	<u>77,217</u>	<u>73,555</u>
Advertising Income, Other Publications	<u>347,809</u>	<u>346,439</u>
Other Operating Revenue		
Internet advertising	29,692	18,032
Late fees	5,837	-
Reversed charges and discounts	(23,747)	(24,618)
Interest income	26	32
Other	1,907	994
	<u>13,715</u>	<u>(5,560)</u>
Total Revenue	<u>\$ 1,050,772</u>	<u>\$ 1,053,471</u>

See Independent Auditors' Report

AMERICAN SIMMENTAL ASSOCIATION
Schedule XIII– Schedules of Expenses
Subsidiary Company
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Expenses		
Personnel		
Salaries	\$ 245,472	\$ 303,747
Salaries provided by American Simmental Association	21,398	72,695
Health, life and LTD insurance	20,914	25,070
Payroll taxes	20,805	23,756
Retirement contributions	15,755	22,492
Annual leave	(31)	(25,690)
	<u>324,313</u>	<u>422,070</u>
Professional Fees		
Accounting	5,000	5,500
Legal	73,503	41,500
Other	550	750
	<u>79,053</u>	<u>47,750</u>
Office Expenses		
Dues and subscriptions	-	1,550
Equipment maintenance and rent	14,814	12,855
Insurance	10,449	11,887
Office expense	14,829	15,741
Postage and freight	796	787
Software	3,208	4,968
Printing	3,860	301
Telephone	4,657	3,915
	<u>52,613</u>	<u>52,004</u>
Rent	<u>35,000</u>	<u>35,000</u>
Travel		
Meals	183	-
Lodging	4,594	1,737
Transportation	8,327	5,870
Telephone and miscellaneous - sales	2,429	-
	<u>\$ 15,533</u>	<u>\$ 7,607</u>

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AMERICAN SIMMENTAL ASSOCIATION
Schedule XIII– Schedules of Expenses (continued)
Subsidiary Company
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Production of Magazine		
Printing	\$ 332,111	\$ 381,954
Postage	<u>227,351</u>	<u>183,459</u>
	<u>559,462</u>	<u>565,413</u>
Other Operating Expenses		
Internet/web services	-	198
Property taxes	<u>-</u>	<u>119</u>
	<u>-</u>	<u>317</u>
Total Expenses	<u>\$ 1,065,974</u>	<u>\$ 1,130,161</u>

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American Simmental/Simbrah Foundation, Inc.

SUPPLEMENTARY SCHEDULES XIV-XVII

Affiliate Company

AMERICAN SIMMENTAL ASSOCIATION
Schedule XIV– Schedules of Financial Position
Affiliate Company
As of June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 547,360	\$ 461,092
Accounts receivable	64,465	87,970
Prepaid expenses	3,535	-
Due from parent company	<u>10,997</u>	<u>15,154</u>
Total Current Assets	626,357	564,216
Investments	<u>672,638</u>	<u>638,473</u>
Total Assets	<u>1,298,995</u>	<u>1,202,689</u>
Liabilities and Net Assets		
Net Assets		
Without donor restrictions	663,651	608,357
With donor restrictions	<u>635,344</u>	<u>594,332</u>
Total Net Assets	<u>1,298,995</u>	<u>1,202,689</u>
Total Liabilities and Net Assets	<u>\$ 1,298,995</u>	<u>\$ 1,202,689</u>

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AMERICAN SIMMENTAL ASSOCIATION
Schedule XV – Schedule of Activities and Changes in Net Assets
Affiliate Company
For the Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue			
Contributions	\$ 83,290	\$ 81,801	\$ 165,091
Investment income	24,949	-	24,949
Unrealized gain on investment	9,254	-	9,254
	<u>117,493</u>	<u>81,801</u>	<u>199,294</u>
Satisfaction of Program Restrictions	<u>40,789</u>	<u>(40,789)</u>	<u>-</u>
Expenses			
Program activities	102,488	-	102,488
General and administrative	500	-	500
	<u>102,988</u>	<u>-</u>	<u>102,988</u>
Change in Net Assets	55,294	41,012	96,306
Net Assets at Beginning of Year	<u>608,357</u>	<u>594,332</u>	<u>1,202,689</u>
Net Assets at End of Year	<u>\$ 663,651</u>	<u>\$ 635,344</u>	<u>\$ 1,298,995</u>

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AMERICAN SIMMENTAL ASSOCIATION
Schedule XV – Schedule of Activities and Changes in Net Assets
Affiliate Company
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions	\$ 112,071	\$ 102,412	\$ 214,483
Investment income	10,771	-	10,771
Unrealized loss on investment	1,241	-	1,241
	<u>124,083</u>	<u>102,412</u>	<u>226,495</u>
Satisfaction of Program Restrictions	<u>42,253</u>	<u>(42,253)</u>	<u>-</u>
Expenses			
Program activities	115,675	-	115,675
General and administrative	1,399	-	1,399
	<u>117,074</u>	<u>-</u>	<u>117,074</u>
Change in Net Assets	49,262	60,159	109,421
Net Assets at Beginning of Year	<u>559,095</u>	<u>534,173</u>	<u>1,093,268</u>
Net Assets at End of Year	<u>\$ 608,357</u>	<u>\$ 594,332</u>	<u>\$ 1,202,689</u>

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AMERICAN SIMMENTAL ASSOCIATION
Schedule XVI – Schedule of Functional Expenses
Affiliate Company
For the Year Ended June 30, 2024

	Program Activities	General and Administrative	Total
Accounting expense	\$ -	\$ 500	\$ 500
Event expense	20,745	-	20,745
Regional Classic support	21,093	-	21,093
Scholarships paid	60,650	-	60,650
Total	<u>\$ 102,488</u>	<u>\$ 500</u>	<u>\$ 102,988</u>

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AMERICAN SIMMENTAL ASSOCIATION
Schedule XVI – Schedule of Functional Expenses
Affiliate Company
For the Year Ended June 30, 2023

	<u>Program Activities</u>	<u>General and Administrative</u>	<u>Total</u>
Accounting expense	\$ -	\$ 1,000	\$ 1,000
Event expense	27,422	-	27,422
Junior travel expenses	-	47	47
Miscellaneous expenses	-	352	352
Regional Classic support	11,551	-	11,551
Scholarships paid	76,702	-	76,702
Total	<u>\$ 115,675</u>	<u>\$ 1,399</u>	<u>\$ 117,074</u>

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AMERICAN SIMMENTAL ASSOCIATION
Schedule XVII – Statements of Cash Flows
Affiliate Company
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows Used By Operating Activities		
Cash received from contributions	\$ 192,753	\$ 154,229
Investment income	24,949	10,771
Support paid	<u>(106,523)</u>	<u>(194,603)</u>
Net Cash Flows From (Used By) Operating Activities	<u>111,179</u>	<u>(29,603)</u>
Cash Flows Used By Investing Activities		
Purchases of investments	<u>(24,911)</u>	<u>(260,446)</u>
Net Cash Flows Used By Investing Activities	<u>(24,911)</u>	<u>(260,446)</u>
Net Change in Cash and Cash Equivalents	86,268	(290,049)
Cash and Cash Equivalents at Beginning of Year	<u>461,092</u>	<u>751,141</u>
Cash and Cash Equivalents at End of Year	<u>\$ 547,360</u>	<u>\$ 461,092</u>
Reconciliation of Change in Net Assets to		
Net Cash Flows Used By Operating Activities		
Change in net assets	\$ 96,306	\$ 109,421
Adjustments to reconcile change in net assets		
to net cash flows used by operating activities:		
Net unrealized and realized gain on		
investments	(9,254)	(1,241)
Changes in operating assets and liabilities:		
Accounts receivable	23,505	(45,100)
Prepaid expenses	(3,535)	-
Due from parent company	4,157	(15,154)
Accounts payable	-	(7,710)
Due to parent company	<u>-</u>	<u>(69,819)</u>
Net Cash Flows From (Used By) Operating Activities	<u>\$ 111,179</u>	<u>\$ (29,603)</u>

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American Simmental Association

SUPPLEMENTARY SCHEDULE XVIII

Intercompany Balances and Transactions

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AMERICAN SIMMENTAL ASSOCIATION
Schedule XVIII – Intercompany Balances and Transactions
As of and For the Years Ended June 30, 2024 and 2023

Balances	2024	2023
American Simmental Association		
Accounts receivable due from ASA Publications, Inc.	\$ 19,085	\$ 82,700
American Simmental/Simbrah Foundation, Inc.		
Accounts receivable due from American Simmental Association	\$ 10,997	\$ 15,154
American Simmental Association		
Investment in ASA Publication, Inc.	\$ 176,000	\$ 176,000
Transactions		
ASA Publication, Inc. revenue from		
American Simmental Association:		
Subscription	\$ 150,000	\$ 150,000
Advertising	\$ 253,969	\$ 251,788
American Simmental Association		
revenue from ASA Publication, Inc.:		
Personnel services	\$ 21,398	\$ 83,136
Rent income	\$ 35,000	\$ 35,000

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