ANNUAL REPORT
2021

USJersey

AMERICAN JERSEY CATTLE ASSOCIATION
NATIONAL ALL-JERSEY INC. | ALL-JERSEY SALES CORPORATION

1851 First dairy cow registered in America, a Jersey, Lily No. 1, born.

1853 First recorded butter test of Jersey cow, Flora 113, 511 lbs., 2 oz. in 50 weeks.

1868 The American Jersey Cattle Club organized, the first national dairy cattle registration organization in the United States.

1869 First Herd Register published and Constitution adopted.

1872 First Scale of Points for evaluating type adopted.

1880 The AJCC incorporated April 19, 1880 under a charter granted by special act of the General Assembly of New York. Permanent offices established in New York City.

1892 First 1,000-lb. churned butterfat record made (Signal's Lily Flag).

1893 In competition open to all dairy breeds at the World's Columbian Exposition in Chicago, the Jersey herd was first for economy of production; first in amount of milk produced; first in amount of butter; first in amount of cheese; required less milk to make a pound of butter or a pound of cheese; and made the highest quality of butter and cheese.

1903 Register of Merit (ROM) testing established, with the Babcock test used to determine fat content.

1917 First Jersey Calf Clubs organized to encourage interest of boys and girls in the Jersey breed.

1918 First 1,000-lb. fat ROM record (Sophie's Agnes).

1927 Jersey Creamline milk program established and copyrighted.

1928 Herd Improvement Registry (HIR) testing adopted.

1929 Tattooing required of all Jerseys to be registered.

1932 Type classification program initiated, as were Tested Sire and Tested Dam ratings and Superior Sire awards.

1933 Female registration number 1000000 issued.

1941 By-law amendment providing for selective registration of bulls approved by membership.

1942 The Victory Bull Campaign results in 1,000 Registered Jersey bulls being donated by AJCC members to American farmers.

1944 The Sale of Stars held in Columbus, Ohio, consisting entirely of donated cattle, the proceeds of which were used to purchase a building site for new office headquarters.

1946 Debut of the All American Jersey Show and Junior Jersey Exposition. The Sale of Stars is established as an annual national consignment sale, eventually to be renamed The All American Sale.

1948 Transfers for fiscal year 1947-48 establish all-time record at 58,708. Research Department created and cooperative research projects undertaken with Iowa, Kansas, and Ohio State colleges of agriculture. Special research committee named to review Club's research.

1949 Research project on "Relation Between Heifer Type and Type and Production of Cows" undertaken.

1950 The 104 cows owned by E. S. Brigham of Vermont, average 11,703 lbs. milk and 616 lbs. butterfat to become the first herd of 100 or more cows, of any breed, to average more than 600 lbs. on official test.

1953 The AJCC launches ***Jersey Journal*** on October 5. Registrations total 87,682, setting all-time record.

1955 The All-Jersey® milk program, originated in Oregon and Washington, goes national.

1956 A second all-donation sale, the All-American Sale of Starlets, raises funds for an expanded youth program.

1957 National All-Jersey Inc. organized.

1958 The All American Jersey Show and Sale revived after seven-year hiatus, with the first AJCC-managed National Jersey Jug Futurity staged the following year.

1959 Dairy Herd Improvement Registry (DHIR) adopted to recognize electronically processed DHIA records as official. All-Jersey® trademark sales expand to 28 states.

1960 National All-Jersey Inc. initiates the 5,000 Heifers for Jersey Promotion Project, with sale proceeds from donated heifers used to promote All-Jersey® program growth and expanded field service.

1964 Registration, classification and testing records converted to electronic data processing equipment.

1967 AJCC Research Foundation created as 501(c)(3) charitable trust sponsoring scientific research.

1968 USDA Predicted Difference sire evaluations, which also introduced concept of repeatability, implemented. Official Performance Certificate introduced. AJCC Centennial annual meeting held in conjunction with the International Conference of the World Jersey Cattle Bureau and The All American Show & Sale. The All American Sale averages $4,198.21, highest average ever recorded for a Jersey sale.

1969 First 1,500-lb. fat record (The Trademarks Sable Fashion).

1970 Jersey Marketing Service formed as subsidiary of National All-Jersey Inc., and the next year manages National Heifer, Pot O'Gold, and All American sales.

1973 Registered Jerseys on official test average 10,304 lbs. milk and 514 lbs. fat (305-day, 2x, m.e.).

1974 Genetic Recovery program approved by membership.

1975 First 30,000-lb. milk record (Basil Lucy Minnie Pansy).

1976 Equity Project launched to advocate for component-based milk pricing and higher minimum standards.

1978 First multi-trait selection tool, Production Type Index (PTI), introduced. For first time, Jerseys selling at auction average more than $1,000 per head ($1,026.51).

1980 Registrations total 60,975, of which 11,529 are from Genetic Recovery. Linear functional type traits appraisal program replaces classification. Young Sire Program introduced. "800 in '80" results in 813 Equity Investors.

1982 DHIR lactation average reaches 12,064 lbs. milk and 578 lbs. fat. First 1,000-lb. protein record made (Rocky Hill Silverlining Rockal).

1983 Five bulls enrolled in the Young Sire Program receive USDA summaries. All are plus.

1984 Jersey milk producers receive additional income estimated at $16 million due to Equity market development. The first Jersey Directory is published.

1985 First breeder-directed regional young sire proving group, Dixieland Jersey Sires, Inc., organized.

1986 Jersey Mating Program implemented.

1987 For first time, 50,000 cows enrolled on performance programs. Campaign beings to increase AJCC Research Foundation endowment to $1 million. The largest All American Jersey Show in history is completed, with 617 head exhibited.

1988 USDA issues decision implementing multiple component pricing in the Great Basin Federal Order. DHIR lactation average reaches 13,068 lbs. milk and 616 lbs. fat. The new AJCC-NAJ headquarters building is completed. Laurence and Mary French Rockefeller of The Billings Farm donate $100,000 to the AJCC Research Foundation.

1989 AJCC and NAJ Boards adopt challenge of increasing protein production in relation to butterfat production.

1990 DHIR lactation average reaches 14,091 lbs. milk, 662 lbs. fat and 524 lbs. protein. The National Jersey Jug Futurity has its largest show ever, with 62 exhibited.

1991 REGAPP software introduces paperless registration. Sunny Day Farm and Meri-Acres become the first Jersey herds to average over 20,000 lbs. milk per cow.

1993 DHIR lactation average reaches 15,231 lbs. milk, 706 lbs. fat and 564 lbs. protein.

1994 The Club is reincorporated in the State of Ohio and its name changed to American Jersey Cattle Association.

1995 REAP—bundling registration, Equity/NAJ membership, performance evaluation and type appraisal—introduced.

1996 After USDA calls for proposals on Federal Order pricing reform, NAJ among first to respond, recommending use of end-product pricing for all classes of milk. Breed averages reaches 16,051 lbs. milk, 737 lbs. fat and 591 lbs. protein.

1997 Genetic Diversity Program is introduced. Performance program enrollments exceed 75,000 cows for first time.

1998 Introduction of internet-intranet data processing system delivers real-time registration service and on-demand pedigree information 24/7. Net assets of the AJCC Research Foundation reach $1 million.

1999 On March 31, USDA issues final rule applying multiple component pricing to 85% of Federal Order production, effective January 1, 2000. Jersey Expansion program is introduced. First 2,000-lb. fat record (Golden MBSB of Twin Haven-ET).

2000 Official production average exceeds 17,000 pounds for first time, with 57,170 records averaging 17,680 lbs. milk, 807 lbs. fat and 644 lbs. protein. First 40,000-lb. milk and 1,500-lb. protein record (Greenridge Berretta Accent).

2001 The 5-millionth animal is registered. Equity's 25 years celebrated and the 171 Charter Investors recognized. Performance program enrollments exceed 100,000 for the first time. JerseyMate™ is introduced.

2002 DHIR lactation average increases to 18,039 lbs. milk, 823 lbs. fat and 641 lbs. protein. Rules are expanded to allow use of approved eartags for registration ID. Jersey Performance Index™ implemented, with 70% emphasis on production and 30% on fitness traits. The All American Jersey Show & Sale celebrates 50th anniversary, and All American Junior Show largest in history with 333 head.

2003 NAAB reports domestic sales of Jersey semen exceed 1 million units for the first time. ***Jersey Journal*** celebrates 50th anniversary of publication.

2004 Equity membership grows to 1,000 for the first time in history. Jersey Marketing Service completes first $10 million year for public auction and private treaty sales.

2005 The 95 heifers donated to the National Heifer Sale average $3,626.11, with proceeds to the AJCC Research Foundation and national Jersey youth programs. REAP program completes first decade with record 108,786 cows in 728 herds. Royalties paid to five regional young sire groups since inception tops $1 million.

2006 USDA-AIPL revision of Productive Life evaluations shows Jerseys have 183-day advantage over industry average. 2010 goal of 90,000 registrations adopted.

2007 First 2,500-lb. fat record (Norse Star Hallmark Bootie). Mainstream Jerseys becomes first Jersey herd to average over 30,000 lbs. milk per cow. Jersey Marketing Service posts best year in its history with gross sales of $13,089,073. Commercial genotyping test (Illumina BovineSNP50 chip) released. Jersey Udder Index™ implemented.

2008 Registrations exceed 90,000 for first time. Equity membership grows to record of 1,135. Queen of Quality® brand program introduced to complement All-Jersey® fluid milk marketing program. First 50,000-lb. milk and 1,750-lb. protein record (Mainstream Barkly Jubilee). JerseyLink™ is introduced.

2009 Genomic evaluations become official. First North American Jersey Cheese Awards conducted. Inaugural class of Jersey Youth Academy.

2010 Combined domestic–export Jersey semen sales exceed 3 million units for first time in history. First-generation low-density genomic test released. Pot O'Gold Sale is first auction of any breed featuring entirely genotyped offering. Ratliff Price Alicia is first cow selected National Grand Champion for three consecutive years. NAJ-funded and peer-reviewed research determines that the carbon footprint from production of Jersey milk is 20% less than that of Holsteins, measured per unit of cheese yield.

2011 Fundraising goal exceeded as 73 donated heifers drive Vision Gift campaign for Jersey Youth Academy. Domestic Jersey semen sales exceed 2 million units for first time in history.

2012 For first time, association records 100,000 animals (December 27) and processes 100,000 lactations. Record average set at Pot O'Gold Sale ($5,331.67).

2013 For the first time, over 100,000 cows scored in type appraisal program and combined domestic–export Jersey semen sales exceed 4 million units.

2014 Through 40 years of Genetic Recovery, 508,112 females recorded, 19.5% of all registrations. Jersey Performance Index™ is revised with weights of 58% production, 20% udder health, 11% herd life and 11% fertility. Record established for series average at The All American Sale ($11,972.78).

2015 New records set for all performance programs enrollment (169,913 cows), REAP enrollment (164,118 cows, 986 herds) and linear type evaluation (119,545 scores). Mainstream Jace Shelly sets all-time record for lifetime protein production. Domestic semen sales exceed 3 million units for first time. U.S. Jersey auction sales average of $2,691.44 sets all-time record.

2016 Genetic Recovery and Jersey Expansion programs retired and replaced by Generation Count recording system. Equity's 40th anniversary celebrated; total program investment reaches $13,845,893. Domestic market share for semen sales increases to 13.0%. All-time record set for lifetime milk production (Mainstream Jace Shelly).

2017 Registration record broken July 26, year ends with 184,957 animals recorded. New milestone for production is 20,150 lbs. milk, 985 lbs. fat, and 743 lbs. protein, 2,529 lbs. cheese yield. Second 50,000-lb. milk and 1,750-lb. protein record (K&K Impact Olga). Record set for Jersey***Tags*** sales at 581,866 tags.

2018 Celebrated 150 years of the association. "The Jersey" portrait was unveiled. 49,067 females genotyped with an increase of 91.68% from 2017.

2019 Second highest registration year in history with 132,318. Wetumpka Viceroy Java-P becomes the all-time high selling heifer in the breed through public auction at $103,000. Record set for series average at National Heifer Sale ($10,308). First 3,000-lb. fat record (Lyon Renegade Barb).

2020 The year of COVID-19. AJCA, NAJ offices closed for seven weeks admist pandemic while staff worked from home. Fifth high year of registrations recorded at 121,724. Jersey Neuropathy with Splayed Forelimbs (JNS) identified as an undesirable genetic factor. Updated Jersey Performance Index$_{2020}$.

2021 REAP Registration Incentive

AMERICAN JERSEY CATTLE ASSOCIATION

Treasurer's Report • Independent Auditors' Report

To the Members of:
American Jersey Cattle Association and National All-Jersey Inc.

The American Jersey Cattle Association (AJCA), National All-Jersey Inc. (NAJ) and its subsidiary All-Jersey Sales Corporation (AJSC), reported a combined net income from operations of $295,362 for the year ended December 31, 2021.

American Jersey Cattle Association

Revenues	$ 3,231,786
Expenditures	$ 3,056,407
Net Income from Operations (Before All American and Other Income and Expense)	$ 175,379

National All-Jersey Inc. and Subsidiary

Revenues	$ 1,005,318
Expenditures	$ 885,335
Net Income from Operations (Before Other Income and Expense)	$ 119,983

The companies combined revenue sources are as follows:

Identification Services	42%
Performance Services	18%
Equity	18%
Jersey Journal	6%
Cattle Marketing Services	3%
Other	13%

The organizations' marketable securities are reported at market value of $2,899,117. Due to the increase in market values compared to 2020, an unrealized gain was recorded on December 31, 2021 to reflect the variance in cost versus fair market value of the companies' investments.

The companies reported net assets at December 31, 2020 of:

American Jersey Cattle Association	$ 3,202,371
National All-Jersey Inc. and Subsidiary	$ 1,844,801
Total (combined) Net Assets	$ 5,047,172

The AJCC Research Foundation reported net assets of $3,022,633 at year-end December 31, 2021. The Research Foundation supported four (4) projects totaling $60,981. The scholarship funds administered by the AJCA awarded fifteen (15) scholarships totaling $30,600. Total combined net assets in the scholarship funds as of December 31, 2021 were $875,406. Net assets held in the Jersey Youth Academy Fund on December 31, 2021 were $571,839.

We encourage the membership to review the financial statements and accompanying footnotes prepared by our certified public accounting firm, Tidwell Group, LLC. These statements clearly state the financial position of the companies on December 31, 2021 and are presented in conformity with accounting principles generally accepted in the United States of America.

Respectfully submitted,

Vickie J. White

Vickie J. White
Treasurer

To the Board of Directors – American Jersey Cattle Association

We have audited the accompanying financial statements of American Jersey Cattle Association which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Jersey Cattle Association, as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

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 Financial Statements section of our report. We are required to be independent of American Jersey Cattle 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.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about American Jersey Cattle Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Our objectives are to obtain reasonable assurance about whether the 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 due to fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 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 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 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 Jersey Cattle 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Jersey Cattle 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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Tidwell Group, LLC

Columbus, Ohio | March 26, 2021

AMERICAN JERSEY CATTLE ASSOCIATION

Statements of Financial Position • Statements of Activities

STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

ASSETS	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	$ 214,366	$ 341,471
Investments, at fair value	392,787	358,750
Accounts receivable, net	285,174	329,264
Advances due from National All-Jersey Inc. and All-Jersey Sales Corporation	981,563	885,919
Supplies and inventories	21,655	25,481
Prepaid expenses and other assets	111,967	76,086
Total current assets	2,007,512	2,016,971
PROPERTY AND EQUIPMENT		
Land	68,000	68,000
Building	494,448	494,448
Operating equipment	1,738,989	1,772,268
Software development	117,700	117,700
	2,419,137	2,452,416
Less accumulated depreciation and amortization	(2,264,840)	(2,261,134)
Total property and equipment, net	154,297	191,282
OTHER ASSETS		
Investments, at fair value	1,718,514	1,569,091
Total other assets	1,718,154	1,569,091
	3,880,323	$ 3,777,344
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of unexpired subscriptions and directory listings	$ 7,906	$ 12,367
Accounts payable	142,510	186,721
Accrued expenses	61,551	171,439
Awards, The All American Show & Sale	42,943	43,138
Awards, National Jersey Jug Futurity	13,437	13,493
Unearned fees and remittances	373,925	433,512
Total current liabilities	642,272	860,670
NONCURRENT LIABILITIES		
Unexpired subscriptions and directory listings, net of current portion	35,680	36,626
	35,680	36,626
Total liabilities	677,952	897,296
NET ASSETS		
Without donor restrictions:		
Board Designated	1,978,531	1,765,963
Undesignated	1,223,840	1,114,085
Total net assets	3,202,371	2,880,048
	3,880,323	$ 3,777,344

See Notes to the Financial Statements.

STATEMENTS OF ACTIVITIES
Years Ended December 31, 2021 and 2020

	2021	2020
REVENUES		
Fees	$ 2,824,094	$ 2,980,786
Jersey Journal advertising and subscriptions	285,281	294,279
Interest and dividend income	76,628	51,529
Other	45,783	117,478
Total revenues	3,231,786	3,444,072
COST OF OPERATIONS		
Salaries, service, and administrative	2,645,327	2,917,097
Jersey Journal publishing	364,794	361,147
Depreciation and amortization	46,286	60,718
Interest expense	–	469
Total cost of operations	3,056,407	3,339,431
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	175,379	104,641
OTHER (EXPENSE) INCOME		
Net (loss) gain from The All American Show and Sale	20,334	(16,705)
Net realized and unrealized (loss) gain on investments	(22,812)	(1,531)
Total other (expense) income	(2,478)	(18,236)
Board authorized appropriation from undesignated to designated	(100,000)	–
Board authorized appropriation from designated to undesignated	36,854	–
CHANGE IN NET ASSETS BEFORE EXPENDITURES FROM DESIGNATED NET ASSETS	109,755	86,405
EXPENDITURES FROM DESIGNATED NET ASSETS		
Research and development	–	(645)
Net realized and unrealized gain on investments	149,422	113,255
Board authorized appropriateion from undesignated to designated100,000	100,000	–
Board authorized appropriation from designated to undesignated	(36,854)	–
Total expenditures from designated net assets	212,568	112,610
CHANGES IN NET ASSETS	322,323	199,015
NET ASSETS, beginning	2,880,048	2,681,033
NET ASSETS, ending	$ 3,202,371	$ 2,880,048

See Notes to the Financial Statements.

Statements of Cash Flows have not been included with these reports.
A copy is available upon request.

Note 1. Nature of Organization and Significant Accounting Policies

Nature of business: In 1868, The American Jersey Cattle Club was organized. The American Jersey Cattle Club was incorporated under a charter granted by a special act of the General Assembly of New York on April 19, 1880. On July 1, 1994, the Club was reincorporated in the State of Ohio, and the name was changed to American Jersey Cattle Association (AJCA or the Association).

The purposes of the American Jersey Cattle Association, an association of Jersey breeders, are to improve and promote the breed of Jersey cattle in the United States and to maintain such records and activities as the Association deems necessary or conducive to the best interests of the breeders of Jersey cattle. The American Jersey Cattle Association's objective is to provide programs and services to its members that increase the profitability of Jersey cattle.

Basis of presentation. The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes in net assets are classified and reported as follows:

Without donor restrictions: Net assets available for use in general operation and not subject to donor restrictions. Included in without donor restrictions net assets are Board of Directors' designated net assets for a building fund and research and development which totaled $1,718,514 and $260,017 for 2021 and $1,569,092 and $196,871 for 2020, respectively.

With donor restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in net assets without donor restrictions. Expirations of restrictions on net assets are reported as reclassifications between applicable net asset classes.

Use of estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents. For purposes of the statements of cash flows, the Association considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Investments. Investments consist of money market and mutual funds. Money market funds are carried at cost. Mutual funds are carried at fair value on the statement of financial position, with the change in fair value included in the statements of activities.

Revenue recognition. Revenues for services provided to members represent exchange transactions and are recognized in the period in which the services are performed and/or earned. Membership, subscription and directory listing revenues are recognized pro-rata over the one year membership as exchange transactions as the fees are refundable if the membership is cancelled prior to the one year contract.

Accounts receivable. AJCA extends unsecured credit to members under normal terms. Unpaid balances begin accruing interest 30 days after the invoice date at a rate of 1 ½% per month. Payments are applied first to the oldest unpaid invoice. Accounts receivable are presented at the amount billed plus any accrued and unpaid interest. Management estimates an allowance for doubtful accounts, which was $46,000 as of December 31, 2021 and 2020. The estimate is based upon management's review of delinquent accounts and an assessment of the Association's historical evidence of collections. Bad debt expense of $6,408 and $11,826 was recognized for the years ended December 31, 2021 and 2020, respectively, as a result of this estimate. Specific accounts are charged directly to the reserve when management obtains evidence of a member's insolvency or otherwise determines that the account is uncollectible.

Valuation of long-lived assets. The Association reviews long-lived assets and certain identifiable intangible assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. There were no impairment losses recognized in 2021 or 2020.

Income taxes. AJCA is exempt from Federal taxes on income under Section 501(c)(5) of the Internal Revenue Code, except for income derived from unrelated business activities, as defined in the Code. For 2021 or 2020 these activities include primarily magazine advertising. There was no income tax expense for 2021 or 2020 relating to Jersey Journal publishing.

The Association follows ASC guidance on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. The Association has not recorded a reserve for any tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. Examples of tax positions include the tax-exempt status of the Association, and various positions related to the potential sources of unrelated business taxable income (UBIT). The Company files tax returns in all appropriate jurisdictions. For the years ended December 31, 2021 or 2020, management has determined that there are no material uncertain tax positions. The Association files Forms 990 and 990T in the U.S. federal jurisdiction.

Concentrations of credit and market risk. The Association maintains its demand deposits and temporary cash investments with one financial institution. Balances may at times exceed federally insured limits. Cash equivalents and investments are maintained in trust accounts with a trust company. The Association continually monitors its balances to minimize the risk of loss.

AJCA's trade receivables result from registrations and related fees due from members who are located primarily in the United States.

AJCA also invests funds in a professionally managed portfolio that contains various securities detailed in Note 10. Such investments are exposed to various risks, such as fluctuations in market value and credit risk. The investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

Property and equipment. Property and equipment are stated at cost. Expenditures which materially increase values or extend useful lives are capitalized. Routine maintenance and repairs are charged to expense as incurred. The cost of assets sold or retired and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Any gains or losses resulting from property disposals are included in income.

AJCA provides for depreciation in amounts adequate to amortize cost over the estimated useful lives of the assets, utilizing the straight-line method, generally as follows:

Class of Assets	Useful Lives
Building	31½ years
Operating equipment	3–10 years
Software development	3 years

Affiliated company. AJCA is affiliated with National All-Jersey Inc. (NAJ) and its wholly-owned subsidiary, All-Jersey Sales Corporation (AJSC). These entities conduct operations from the same facility and have certain common directors, officers, and staff. Therefore, it is necessary to allocate jointly incurred expenses, such as salaries, rents, utilities, depreciation, and other costs of service and administration. The costs of operations reflected in the Statements of Activities of AJCA are net of reimbursements of $209,458 and $220,730 for 2021 or 2020, respectively, from the above-mentioned affiliated companies for these jointly incurred costs.

AJSC has a $175,000 line of credit due which is collateralized by investments held by AJCA and NAJ. No funds were drawn on this line of credit as of December 31, 2021 or 2020.

Unearned fees and remittances. Unearned fees and remittances represent amounts received in advance for registrations, transfers and total performance evaluation.

Supplies and inventories. Supplies and inventories consist of office supplies and promotional items available for sale which are valued at the lower of cost or net realizable value.

Advertising. The Association's advertising efforts are associated with nondirect-response programs. The costs are expensed in the period of the related advertisement. The Association expensed $6,051 and $4,410 for the years ended December 31, 2021 or 2020, respectively.

Note 2. Revenue from Contracts with Customers (Members)

Fees revenue from its members, disaggregated by type, during the years ended

December 31, 2021 or 2020 are as follows:

	2021	2020
Registrations	$ 232,972	$ 263,468
Herd Transfers	126,300	119,902
JerseyTags	544,685	566,285
Genome Testing	430,618	564,113
REAP	1,343,712	1,322,424
Other	145,807	144,594
	$ 2,824,094	$ 2,980,786

The following table provides information about significant changes in contract liabilities (unearned fees) for the year ended December 31, 2021:

Unearned fees, beginning of year	$ 433,512
Revenue recognized that was included in unearned fees at the beginning of the year	(433,512)
Increase in unearned fees due to cash received during the year	373,925
	$ 373,925

Note 3. Expenses by Cost of Operations Classification

The Association's operating expenses by cost of operations classification for December 31 are as follows:

	2021	2020
Herd Services	$ 965,151	$ 1,162,398
Information Technology	222,528	292,830
Performance	602,610	619,919
Jersey Journal	365,432	361,147
Development	83,778	89,004
Field	381,210	535,234
Accounting, administration, and general	435,698	278,899
Total cost of operations	$ 3,056,407	$ 3,339,431

Note 4. Lines of Credit

At December 31, 2021 or 2020, the Association has available a $100,000 line of credit due on demand with interest payable monthly at prime (3.25% at 2021 or 2020, respectively). The line is collateralized by investments held by AJCA. No funds were drawn on the line as of 2021 or 2020.

At December 31, 2021 or 2020, AJSC has available a $175,000 line of credit due on demand with interest payable monthly at prime. The line is collateralized by investments held by AJCA and NAJ (Note 1). No funds were drawn on the line as of December 31, 2021 or 2020.

Note 5. Note Payable

In June 2015, the Association entered into a note payable agreement with a bank for $380,000 bearing interest at 3.18%. The note requires monthly payments of $6,975, including principal and interest. The note was paid in full in June 2020. The note was collateralized by all property of the Association.

Note 6. Operating Lease Obligations

In 2018, the Association entered into a lease for equipment under an operation lease which expires in 2023. Lease expense for the years ended December 31, 2021 or 2020 totaled $29,028. Future minimum lease payments for the next 2 years are approximately as follows:

Years Ending:	2022	29,028
	2023	16,933

Note 7. Employee Benefit Plan

The Association maintains a 401(k) plan covering substantially all employees who have been employed for one year with at least 1,000 hours of service. The plan allows for a matching contribution of 25% of employees' contributions up to a maximum contribution of 15% of salary. Matching contributions for 2021 or 2020 amounted to $26,530 and $28,688, respectively.

Note 8. Designation of Net Assets

The Board of Directors has designated net assets for the following at December 31:

	2021	2020
Building - established with original proceeds from sale of former operating facility; invested in securities (see Note 8)	$ 1,718,514	$ 1,569,092
Research and development - increased annually on a discretionary basis	260,017	196,871
	$ 1,978,531	$ 1,765,963

In 2021 and 2020, there were expenditures/releases of $36,854 and $645, respectively, from the research and development designated net assets. In 2021 and 2020, the Board of Directors authorized appropriation from undesignated to designated for research and development of $100,000 and $0, respectively.

Note 9. Investments

Investments consist of the following at December 31:

	2021	2020
Money market	$ 44,341	$ 116,240
Mutual funds	2,066,960	1,811,601
	$ 2,111,301	$ 1,927,841

Total investment income consists of the following at December 31:

	2021	2020
Interest and dividend income	$ 81,500	$ 54,804
Net realized and unrealized (loss) gain on investments	134,660	118,813
	$ 216,160	$ 173,617

The investment income attributable to The All American Show and Sale is as follows and has been reflected in the "Net gain from The All American Show and Sale" on the Statements of Activities and in the above schedule.

	2021	2020
Interest and dividend income	$ 4,872	$ 3,275
Net realized and unrealized (loss) on investments	8,050	7,089
	$ 12,922	$ 10,364

Note 10. Fair Value Measurements

The Association uses fair value measurements to record fair value adjustments to certain assets and liabilities. The FASB established a framework for measuring fair value, established a three-level valuation hierarchy for disclosure of fair value measurement and enhanced disclosure requirements for fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The Association uses various valuation approaches, including market, income and/or cost approaches. The framework establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Association. Unobservable inputs are inputs that reflect the Association's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs, as follows:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Investments: The fair values of investments are based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, due to the limited market activity of the instrument, fair value is based upon externally developed models that use unobservable inputs.

The following tables set forth by level within the fair value hierarchy the Association's financial assets and liabilities that were accounted for at a fair value on a recurring basis as of December 31, 2021 or 2020. The financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Association's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and their placement within the fair value hierarchy levels. The tables do not include cash on hand or other assets and liabilities that are measured at historical cost or any basis other than fair value.

December 31, 2021				
Asset Category	Total	Level 1	Level 2	Level 3
Equity mutual funds:				
U.S. large-cap core	$ 357,135	$ 357,135	$ –	$ –
U.S. large-cap growth	250,884	250,884	–	–
International	166,866	166,866	–	–
Multi-sector	319,884	319,884	–	–
US Mid Cap	41,775	41,775	–	–
US Small Cap	41,737	41,737	–	–
Emerging	40,892	40,892	–	–
Fixed income mutual funds:				
Short-term	232,751	232,751	–	–
High-yield	63,631	63,631	–	–
Intermediate	506,872	506,872	–	–
Real estate securities fund	44,533	44,533		
Total Assets	$ 2,066,960	$ 2,066,960	$ –	$ –

December 31, 2020				
Asset Category	Total	Level 1	Level 2	Level 3
Equity mutual funds:				
U.S. large-cap core	$ 281,184	$ 281,184	$ –	$ –
U.S. large-cap growth	230,615	230,615	–	–
International	155,196	155,196	–	–
Multi-sector	212,774	212,774	–	–
Fixed income mutual funds:				
Short-term	249,768	249,768	–	–
High-yield	48,180	48,180	–	–
Intermediate	557,452	557,452	–	–
Real estate securities fund	76,432	76,432		
Total Assets	$ 1,811,601	$ 1,811,601	$ –	$ –

Note 11. Functional Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the tables below. Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Association.

December 31, 2021	Herd Services	Performance	*Jersey Journal*	Total Program	Administrative	TOTAL
Salaries and benefits	$ 417,793	$ 608,713	$ 247,281	$ 1,273,787	$ 142,538	$ 1,416,325
Program services	742,008	37,685	2,179	781,872	8,638	790,510
Occupancy and general	75,174	77,785	38,790	191,749	20,210	211,959
Depreciation	4,831	10,597	690	16,118	2,760	18,878
Office supplies	56,194	66,509	21,927	144,630	26,246	170,876
Postage and printing	24,445	10,517	104,564	139,526	2,585	142,111
Information technology	6,776	7,744	968	15,488	3,872	19,360
Travel	19,706	214,759	3,561	238,026	11,260	249,286
Auto expense	11,430	17,507	1,633	30,570	6,532	37,102
Net loss from All American Show and Sale	(20,334)	–	–	(20,334)	–	(20,334)
Research and development	–	–	–	–	–	–
Net realized and unrealized gain on investments	–	–	–	–	(126,610)	(126,610)
	$ 1 ,338,023	$1,051,816	$ 421,593	$ 2,811,432	$ 98,031	$ 2,909,463

December 31, 2020	Herd Services	Performance	*Jersey Journal*	Total Program	Administrative	TOTAL
Salaries and benefits	$ 421,572	$ 643,007	$ 250,465	$ 1,315,044	$ 152,315	$ 1,467,359
Program services	943,390	41,260	2,235	986,885	8,239	995,124
Occupancy and general	79,081	80,104	40,034	199,219	20,985	220,204
Depreciation	6,636	12,660	948	20,244	3,792	24,036
Office supplies	65,157	72,143	22,146	159,446	28,369	187,815
Postage and printing	24,483	9,264	96,464	130,211	2,257	132,468
Information technology	7,446	8,510	1,064	17,020	4,255	21,275
Travel	19,594	212,520	5,643	237,757	11,195	248,952
Auto expense	13,463	18,649	1,923	34,035	7,694	41,729
Interest expense	164	188	23	375	94	469
Net loss from All American Show and Sale	16,705	-	-	16,705	-	16,705
Research and development	645	-	-	645	-	645
Net realized and unrealized gain on investments	-	-	-	-	(111,724)	(111,724)
	$ 1 ,598,336	$1,098,305	$ 420,945	$ 3,117,586	$ 127,471	$ 3,245,057

Note 12. Liquidity and Availability of Resources

The Association has financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. This amount consists of cash and accounts receivable as presented on the accompanying statements of financial position. None of these amounts are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position.

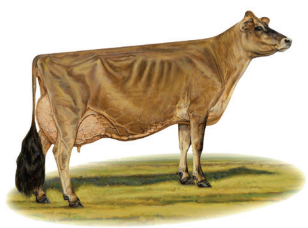
The Association manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. The Association maintains financial assets on hand to meet normal operating expenses. As more fully described in Note 3, the Association also has committed lines of credit, which it could draw upon in the event of an unanticipated liquidity need.

Note 13. Uncertainties due to COVID-19

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) emerged, and has since spread around the globe to affect many countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, the federal government, and many state and local jurisdictions in the U.S. have declared states of emergency. It is anticipated that these impacts will continue for some time. During 2021 and 2020, the impact to the Company included reduced events and auctions and reduction in costs primarily in travel costs and other costs associated with these events and auctions. Future potential impacts may include disruptions or restrictions on the employees' ability to work, reduction in some revenue producing activities, and the ability of the Company's customers to pay outstanding accounts receivable balances and fluctuations in the stock market.. Changes to the operating environment may increase operating costs. The future effects of these issues are unknown.

Note 14. Subsequent Events

Events that occur after the Statement of Financial Position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Financial Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Financial Position date require disclosure in the accompanying notes. Management evaluated the activity of American Jersey Cattle Association through March 30, 2022 (the date the Financial Statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.



To the Board of Directors
National All-Jersey Inc. and Subsidiary

Opinion

We have audited the accompanying consolidated financial statements of National All-Jersey Inc. and Subsidiary which comprise the consolidated statements of financial position, as of December 31, 2021 and 2020, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of National All-Jersey Inc. and Subsidiary, as of December 31, 2021 and 2020, and the statements of activities and changes in net assets and its 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 Financial Statements section of our report. We are required to be independent of National All-Jersey Inc. and Subsidiary 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.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about National All-Jersey Inc and Subsidiary's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 due to fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 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 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 National All-Jersey Inc. and Subsidiary'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about National All-Jersey Inc. and Subsidiary'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.

Tidwell Group, LLC

Columbus, Ohio
March 30, 2022

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

ASSETS	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	$ 2,039,917	$ 1,935,961
Custodial cash	156,964	86,460
Investments, at fair value	787,816	719,550
Accounts receivable, net	149,402	58,086
Total current assets	3,134,099	2,800,057
PROPERTY AND EQUIPMENT		
Land	12,000	12,000
Building	87,256	87,256
Furniture and equipment	21,973	21,973
Vehicles	124,091	124,091
	245,320	245,320
Less accumulated depreciation and amortization	(228,718)	(227,039)
Total property and equipment, net	16,602	18,281
	$ 3,150,701	$ 2,818,338
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 6,453	$ 327
Advances due to American Jersey Cattle Association	981,562	885,919
Fees due consignors	162,382	100,964
Accrued expenses	44,700	21,707
Accrued payroll and related benefits	12,201	15,610
Advances and reserves for advertising	31,828	31,828
Deferred income	66,774	56,165
Total current liabilities	1,305,900	1,112,520
NET ASSETS		
Without donor restrictions:		
Board Designated	459,373	390,623
Undesignated	1,385,428	1,315,195
Total net assets	1,844,801	1,705,818
	$ 3,150,701	$ 2,818,338

See Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended December 31, 2021 and 2020

	2021	2020
REVENUES		
Equity project fees	$ 806,280	$ 877,541
Commissions	152,838	142,740
Interest and dividend income	30,420	20,457
Other	15,780	34,071
Total revenues	1,005,318	1,074,809
COST OF OPERATIONS		
Salaries, service, and administrative	784,473	813,303
Field services	97,058	100,190
Bad debt expense	2,125	1,647
Depreciation and amortization	1,679	3,210
Total costs of operations	885,335	918,350
CHANGES IN NET ASSETS FROM OPERATIONS	119,983	156,459
OTHER INCOME (EXPENSE)		
Net realized and unrealized gain (loss) on investments	50,250	44,251
Total other income (expense)	50,250	44,251
Board authorized appropriation from undesignated to designated	(100,000)	–
CHANGES IN NET ASSETS BEFORE EXPENDITURES FROM DESIGNATED NET ASSETS	70,233	200,710
DECREASE FROM DESIGNATED NET ASSETS		
Research and development	(31,250)	(322)
Board authorized appropriation from undesignated to designated	100,000	–
Total decrease from designated net assets	68,750	(322)
CHANGES IN NET ASSETS	138,983	200,388
NET ASSETS, beginning	1,705,818	1,505,430
NET ASSETS, ending	$ 1,844,801	$ 1,705,818

See Notes to the Consolidated Financial Statements.

Statements of Cash Flows have not been included with these reports.
A copy is available upon request.

Note 1. Nature of Organization and Significant Accounting Policies

Nature of business: National All-Jersey Inc. (NAJ) (the Company) was incorporated in the State of Ohio in 1957. Its purpose is to promote the increased production and sale of Jersey milk and milk products, and to promote Jersey cattle and the interests of breeders of Jersey cattle.

All-Jersey Sales Corporation (AJSC) (Subsidiary), a wholly-owned subsidiary of National All-Jersey Inc. was incorporated in the State of Ohio in 1961. It is a for-profit corporation with the original purpose of developing and selling All-Jersey milk advertising materials. In 1970, the corporation started a cattle marketing service, Jersey Marketing Service (JMS). The purpose of Jersey Marketing Service is to provide marketing assistance to buyers and sellers of Jersey cattle and embryos.

The objectives of both National All-Jersey Inc. and All-Jersey Sales Corporation are to increase the value of and demand for Jersey milk and cattle.

Principles of consolidation. The consolidated financial statements include the accounts of NAJ and its wholly-owned subsidiary, AJSC. All significant intercompany accounts and transactions have been eliminated.

Basis of presentation. The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes in net assets are classified and reported as follows:

Without Donor Restrictions: Net assets available for use in general operation and not subject to donor restrictions. The Board of Directors has designated assets for research and development which totaled $459,373 and $390,623 for 2021 and 2020, respectively.

With Donor Restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in net assets without donor restrictions. Expirations of restrictions on net assets are reported as reclassifications between applicable net asset classes.

Use of estimates. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments. Investments consist of money market and mutual funds. Money market funds are carried at cost which represents fair value. Mutual funds are carried at fair value on the statement of financial position, with the change in fair value included in the statement of activities and changes in net assets.

Cash and cash equivalents. For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Cash and custodial cash as of December 31, 2021 and 2020 consisted of the following:

	2021	2020
Cash and cash equivalents	$ 2,039,917	$ 1,935,961
Custodial Cash	156,964	86,460
	$ 2,196,881	$2,022,421

Custodial cash. The Company maintains cash due consignors in a separate custodial cash account.

Revenue recognition. Equity project fees are contributions from individual producers or producer organizations. The money is used to develop markets and to promote multiple component pricing. Equity project revenue is recognized in the period earned. However, equity fees received as annual Registration, Equity, Appraisal, Performance (REAP) payments are an exchange transaction and are recognized over a 12 month period using straight-line amortization.

Jersey Marketing Service recognizes public sale commissions in the period in which the sale is held and private sale commissions in the period in which the exchange transaction has been performed.

Accounts receivable. JMS extends credit to buyers of cattle at public auction sales. JMS typically does not pay sellers of cattle until collection from buyers has occurred for dispersal auction sales, per the sales contract. JMS typically guarantees payment to consignors of public consignment auction sales based on the selling price of the consignment. Accounts receivable are reflected at their billed amount. Management estimated an allowance for doubtful accounts, which was $7,500 and $11,000 as of December 31, 2021 and 2020, respectively. Bad debt expense of $2,125 and $1,647 was recognized for 2021 and 2020, respectively, as a result of this estimate. Specific accounts are charged directly to the reserve when management obtains evidence that the account is uncollectible.

Affiliated company. National All-Jersey Inc. and its wholly-owned subsidiary, All-Jersey Sales Corporation, are affiliated with American Jersey Cattle Association (AJCA) (the Association). These entities conduct operations from the same facility and have certain common directors, officers, and staff. Therefore, it is necessary to allocate jointly incurred expenses, such as salaries, rents, utilities, depreciation, and other costs of services and administration. The cost of operations reflected in the Consolidated Statements of Activities for 2021 and 2020 include reimbursements of $209,458 and $220,730, respectively, incurred to the Association for these jointly incurred costs.

Valuation of long-lived assets. The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. There were no impairment losses recognized in 2021 and 2020.

Income taxes. National All-Jersey Inc. has been recognized by the Internal Revenue Service as an organization exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. All-Jersey Sales Corporation is not exempt from income taxes.

AJSC accounts for income taxes using the liability approach. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

The Company follows ASC guidance on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. The Company has not recorded a reserve for any tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. The Company files tax returns in all appropriate jurisdictions. For the years ended December 31, 2021 and 2020, management has determined that there are no material uncertain tax positions.

While no tax returns are currently being reviewed by the Internal Revenue Service, tax years since 2018 remain open

Concentration of credit and market risk. The Company maintains its demand deposits and temporary cash investments with one financial institution. Balances may at times exceed federally insured limits. Cash equivalents and investments are maintained in trust accounts with a trust company. The Company continually monitors its balances to minimize the risk of loss. As of December 31, 2021 and 2020, bank balances totaling $1,855,429 and $1,653,264, respectively, which were exposed to custodial credit risk as uninsured and uncollateralized. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

The Company's cattle sales are primarily to domestic buyers. The Company minimizes credit risk with foreign buyers by requiring irrevocable letters of credit or cash upon sale until they have established a business relationship and understanding with the buyer.

The Company also invests in a professionally managed portfolio that contains various securities as detailed in Note 10. Such investments are exposed to various risks, such as fluctuations in market value and credit risk. The investment balances in the accompanying consolidated financial statements may not be reflective of the portfolio's value during subsequent periods:

Property and equipment: Property and equipment are stated at cost. Expenditures which materially increase values or extend useful lives are capitalized. Routine maintenance and repairs are charged to expense as incurred. The cost of assets sold or retired and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Any gains or losses resulting from property disposals are included in income.

The Company provides for depreciation in amounts adequate to amortize cost over the estimated useful lives of the assets, utilizing the straight-line method, generally as follows:

Class of Assets	Useful Lives
Building	31½ years
Furniture and equipment	10 years
Vehicles	3–5 years

Fees due consignors. Fees due consignors represent amounts due to sellers of Jersey cattle from public auctions and private treaty sales managed by JMS.

Advertising. The Company's advertising efforts are associated with nondirect-response programs. The costs are expensed in the period of the related advertisement. The Company expensed $2,544 and $7,054 for the years ended December 31, 2021 and 2020, respectively.

Note 2. Revenue from Contracts with Customers (Members)

Equity project fees revenue consists of the following categories for the years ended December 31, 2021 and 2020:

	2021	2020
Equity project fee–contributions	$ 220,029	$ 315,507
Equity project fee–Registration, Equity, Appraisal Performance (REAP)	586,251	562,034
	$ 806,280	$ 877,541

The following table provides information about significant changes in contract liabilities (deferred income) for the year ended December 31, 2021:

Deferred income, beginning of year	$ 56,165
Revenue recognized that was included in deferred income at the beginning of the year	(56,165)
Increase due to cash received during the year	66,774
Deferred income, end of year	$ 66,774

Note 3. Expenses by Cost of Operations Classification

The Company's operating expenses by cost of operations for December 31 are as follows:

	2021	2020
National All-Jersey Equity program	$ 483,150	$ 518,250
Accounting, administration, general and field service	221,466	245,284
All-Jersey Sales (JMS)	180,719	154,816
Total cost of operations	$ 885,335	$ 918,350

Note 4. Advances and Reserves for Advertising

	2021	2020
5% National - represents funds accumulated as a percentage of member advances to be applied to cost of national or regional advertising for benefit of all members	$ 31,828	$ 31,828

Note 5. Designation of Net Assets

The Board of Directors has designated net assets for the following at December 31:

	2021	2020
Research and development: In 2021 and 2020, there were expenditures of $31,250 and $322, respectively, from research and development designated net assets. In 2021 and 2020, there were authorized designations to research and development net assets totaling $100,000 and $0, respectively.	$ 459,373	$ 390,945

Note 6. Income Taxes

Deferred income taxes arise from temporary differences resulting from income and expense items reported for financial accounting and tax reporting purposes in different periods. Deferred taxes are classified as current or long-term, depending on the classification of the assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or long-term depending on the periods in which the temporary differences are expected to reverse.

Net deferred tax assets in the accompanying balance sheet include the following components at December 31:

Deferred Tax Assets	2021	2020
Provision for doubtful accounts	$ 1,280	$ 2,000
Net operating loss	151,120	147,100
Gross deferred tax assets	152,400	149,100
Less valuation allowance	(152,400)	(149,100)
Net deferred tax assets	$ –	$ –

For the year ended December 31, 2021, AJSC incurred a net operating loss and the future deductible net operating loss carry forward was increased. In addition, no benefit for income taxes has been recorded due to the uncertainty of the realization of any tax assets. At December 31, 2021, the Company had approximately $888,000 of federal net operating loss carryforwards. The net operating loss carry forwards, if not utilized, will begin to expire in 2030.

Note 7. Lines of Credit

At December 31, 2021 and 2020, the Company has available a $175,000, due on demand, line of credit with interest payable monthly at prime (3.25% at December 31, 2021 and 2020, respectively). The line is collateralized by investments held by NAJ and AJCA. NAJ is a guarantor on the line of credit. No funds were drawn on the line at December 31, 2021 and 2020.

Note 8. Benefit Plan

The Company maintains a 401(k) plan covering substantially all employees, who have been employed for one year with at least 1,000 hours of service. The plan allows for a matching contribution of 25% of employees' contributions up to a maximum contribution of 15% of salary. Matching contributions for 2021 and 2020 amounted to $7,838 and $10,021, respectively.

Note 9. Investments

Investments consisted of the following at December 31:

	2021	2020
Money market	$ 16,580	$ 43,404
Mutual funds	771,236	676,146
	$ 787,816	$ 719,550

Investment income consists of the following:

	2021	2020
Interest and dividend income	$ 30,420	$ 20,457
Net realized and unrealized gain on investments	50,250	44,251
	$ 80,670	$ 64,708

Note 10. Fair Value Measurements

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities. The FASB established a framework for measuring fair value, established a three-level valuation hierarchy for disclosure of fair value measurement and enhanced disclosure requirements for fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The Company uses various valuation approaches, including market, income and/or cost approaches. The framework establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs, as follows:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Investments: The fair values of investments are based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, due to the limited market activity of the instrument, fair value is based upon externally developed models that use unobservable inputs.

The following tables set forth by level within the fair value hierarchy the Company's financial assets and liabilities that were accounted for at a fair value on a recurring basis as of December 31, 2021 and 2020. The financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and their placement within the fair value hierarchy levels. The table does not include cash on hand or other assets and liabilities that are measured at historical cost or any basis other than fair value.

December 31, 2021				
Asset Category	Total	Level 1	Level 2	Level 3
Equity mutual funds:				
U.S. large-cap core	$ 133,263	$ 133,263	$ –	$ –
U.S. large-cap growth	93,624	93,624	–	–
U.S. mid-cap	15,588	15,588		
U.S. small-cap	15,574	15,574		
International	62,266	62,266	–	–
Emerging Markets	15,248	15,248		
Multi-Sector	119,363	119,363	–	–
Fixed income mutual funds:				
Short-term	86,812	86,812	–	–
High-yield	23,743	23,743	–	–
Intermediate	189,138	189,138	–	–
Real estate securities fund	16,617	16,617	–	–
Total Assets	$ 771,236	$ 771,236	$ –	$ –

December 31, 2020				
Asset Category	Total	Level 1	Level 2	Level 3
Equity mutual funds:				
U.S. large-cap core	$ 104,950	$ 104,950	$ –	$ –
U.S. large-cap growth	86,065	86,065	–	–
International	57,926	57,926	–	–
Multi-Sector	79,409	79,409	–	–
Fixed income mutual funds:				
Short-term	93,224	93,224	–	–
High-yield	17,982	17,982	–	–
Intermediate	208,063	208,063	–	–
Real estate securities fund	28,527	28,527	–	–
Total Assets	$ 676,146	$ 676,146	$ –	$ –

Note 11. Functional Expenses

The cost of providing the various programs have been summarized on a functional basis in the table below. Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Association.

December 31, 2021					
	Equity	Public Sales	Total Program	Administrative	TOTAL
Salaries and benefits	$247,261	$74,295	$321,556	$218,032	$539,588
Field	87,024	57,496	144,520	–	144,520
Occupancy and general	6,161	6,161	12,322	49,288	61,610
Depreciation	554	554	1,108	571	1,679
Office supplies	14,266	4,818	19,084	68,003	87,087
Travel and auto expense	9,065	5,530	14,595	9,355	23,950
Board and annual meetings	13,451	–	13,451	13,450	26,901
Research and development	31,250	–	31,250	–	31,250
Net realized and unrealized gain on investments	–	–	–	(50,250)	(50,250)
	$409,032	$148,854	$557,886	$308,449	$866,335

December 31, 2020					
	Equity	Public Sales	Total Program	Administrative	TOTAL
Salaries and benefits	$268,868	$64,284	$333,152	$238,350	$571,502
Field	90,415	45,786	136,201	-	136,201
Occupancy and general	6,670	6,670	13,340	53,356	66,696
Depreciation	1,059	1,059	2,118	1,092	3,210
Office supplies	18,592	4,346	22,938	71,828	94,766
Travel and auto expense	8,107	7,028	15,135	8,476	23,611
Board and annual meetings	11,182	–	11,182	11,182	22,364
Research and development	322	–	322	–	322
Net realized and unrealized gain on investments	–	–	–	(44,251)	(44,251)
	$405,215	$129,173	$534,388	$340,033	$874,421

Note 12. Liquidity and Availability of Resources

The Company has financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. This amount consists of cash and accounts receivable as presented on the accompanying statements of financial position. None of these amounts are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position.

The Company manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. The Company maintains financial assets on hand to meet normal operating expenses. As more fully described in Note 7, the Company also has committed lines of credit, which it could draw upon in the event of an unanticipated liquidity need.

Note 13. Uncertainty due to COVID-19

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) emerged, and has since spread around the globe to affect many countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, the federal government, and many state and local jurisdictions in the U.S. have declared states of emergency. It is anticipated that these impacts will continue for some time. During 2020 and 2021, the impact to the Company included reduced events and auctions and reduction in costs primarily in travel costs and other costs associated with these events and auctions. Future potential impacts may include disruptions or restrictions on the employees' ability to work, reduction in some revenue producing activities, investment volatility, and the ability of the Company's customers to pay outstanding accounts receivable balances. Changes to the operating environment may increase operating costs. The future effects of these issues are unknown.

Note 14. Subsequent Events

Events that occur after the Statement of Financial Position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Financial Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Financial Position date require disclosure in the accompanying notes. Management evaluated the activity of National All-Jersey Inc. and Subsidiary through March 30, 2022 (the date the Financial Statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.

AMERICAN JERSEY CATTLE ASSOCIATION
NATIONAL ALL-JERSEY INC.
ALL-JERSEY SALES CORPORATION

LEADING INDICATORS OF JERSEY BREED GROWTH AND IMPROVEMENT

	2021	2011	2001	Change ('21 v. '01)
Identification				
Animals recorded	129,213	96,174	67,727	90.79%
Animals transferred	37,620	17,936	21,663	73.66%
Performance Programs				
Herds enrolled	1,088	1,085	879	23.78%
Cows enrolled	158,374	137,999	101,607	55.87%
Jersey Tags	292,332	168,934		
Production (AJCA lactations, 305-day, 2x, ME)				
Protein, true (*reported as total protein)	756	676	634	19.24%
Milk	20,321	18,633	17,720	14.68%
Fat	995	889	808	23.14%
Equity Investment	$ 806,280	$ 705,966	$ 337,194	139.11%
Jersey Marketing Service				
Gross for private treaty sales	$ 1,143,940	$ 2,233,630	$ 2,049,532	(44.19%)
Gross for public sales	$ 2,973,485	$ 6,454,235	$ 7,263,315	(59.06%)
Combined Net Assets	$ 5,047,172	$ 2,387,167	$ 1,950,128	158.81%

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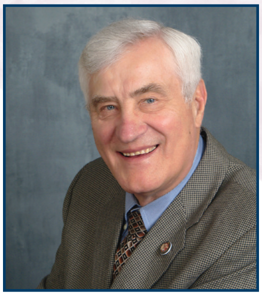

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