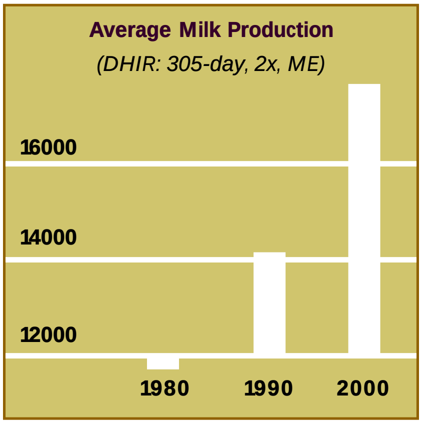
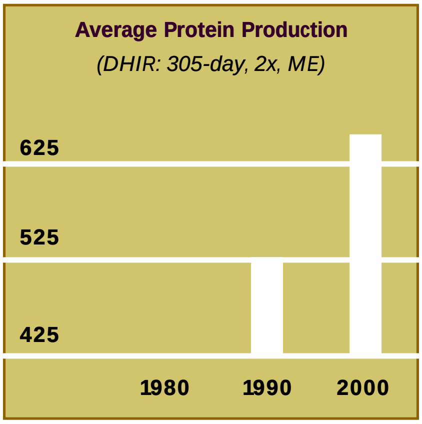
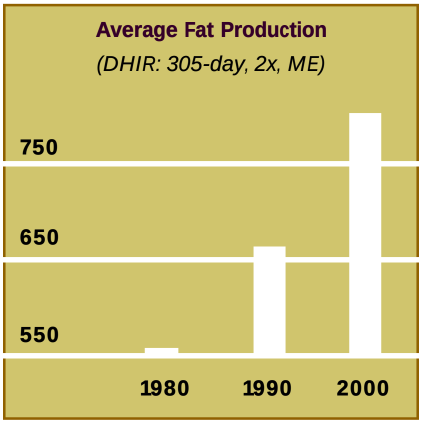
American Jersey Cattle Association
National All-Jersey Inc.
All-Jersey Sales Corporation

2000 Annual Report

In 2000, Jerseys put more money into the dairy farmer's pocket, while taking less out.







2000 was a year in which the promise of Federal Order pricing reform was realized, Jersey cows performed as they never have before, and important long-term goals of the Jersey organizations were achieved. The achievements of the year set the stage for breed growth and expansion in the new millennium.

Multiple component pricing for 85% of all Federal Order milk celebrated its first anniversary on January 1, 2001. The program was well received and supported by the large cooperatives and processors alike. We went from 53% of U.S. milk production priced on an assortment of component programs that ranged from very weak (like solids-not-fat pricing) to quite strong, to one program that priced milk using component values determined by their relationship to cheese yield.

Nationwide, the production of roughly 3.5 million cows was priced for the first time under regulated MCP. And the most dramatic effects were seen in the places that had never had MCP. Producers learned what the real difference between Jersey and Holstein milk really was: 20% to 30% more value per hundredweight.

So, despite weak milk prices across the U.S., the implementation of Federal Order MCP helped grow the market for Jerseys. Much of the new growth occurred in Texas and New Mexico, areas where producers did not demand the Jersey cow until a year ago. Almost as soon as the first milk checks landed in mailboxes, truckloads of Registered Jerseys began moving into those states. Some were sold into existing herds that were expanding. However, many of these Jerseys replaced Holsteins, or were additions to completely new Jersey herds.

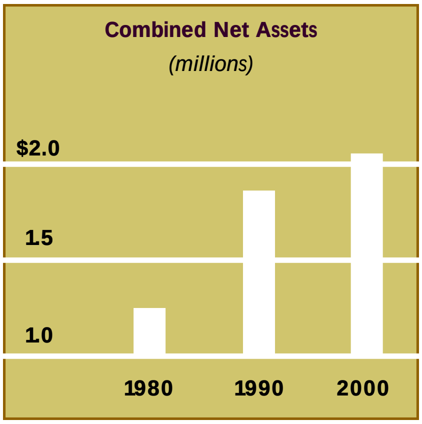
This same type of activity occurred in other areas that had not previously enjoyed the component pricing that the new Federal Orders provided, including New England, New York and parts of Pennsylvania. No longer did most of the Jersey cows move west from their regional sales; a greater percentage of them stayed within the region.

This has been a real boom for the Jersey owners enjoying real MCP for the first time, and for all Jersey breeders who have seen their markets for cattle grow and increase in price. Jersey bull sales have been very good, too. Expanding MCP has resulted in greater values for Jersey cattle—whether through milk sales, cattle sales, or through increased herd value.

Just what impact did FMMO reform have upon Jersey milk prices last year? Nationally, average Jersey milk gained 61¢ per cwt. compared to the previous assortment of FMMO MCP and fat-skim pricing programs, based on 2000 market data. These gains would be even greater with a strong cheese price. Based on the past five years of commodity prices (1996-2000), the weighted average gain for Jersey milk from FMMO reform MCP would have been more than 72¢ per cwt.

The impact is even greater when the comparison is made to original FMMO fat-skim pricing. Based on 2000 market data, the difference was $1.14. Just for the year, the average return to Jersey producers was an estimated $215 per cow per lactation, and over $75 million for the entire Jersey breed.

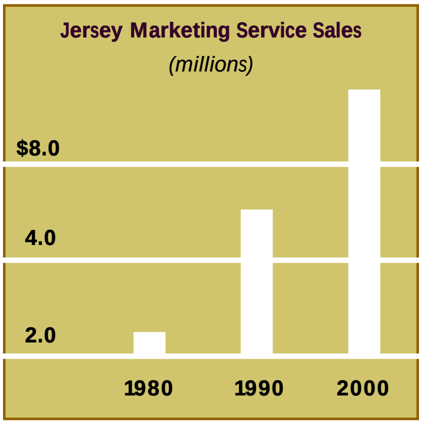
2000 was particularly meaningful for the 787 participants in National All-Jersey's Equity program. What Equity has done to increase the value of and demand for Jersey milk and Jersey cattle has been a tremendous return upon their investment last year, and the $4,175,897 which has been directed to working for fair and equitable milk pricing since 1976.



The U.S. dairy industry has new appreciation for today's Jersey.

The Jersey cow has never been more competitive, responding as never before to her owners' challenges for greater production.

For the first time in history, the breed average exceeded 17,000 lbs. milk and 800 lbs. fat—but more importantly, the Year 2000 goal of 650 lbs. protein was also exceeded. The AJCA processed 57,170 lactation records last year, averaging 654 lbs. protein, 17,680 lbs. milk and 807 lbs. fat on a 305-day, 2x mature equivalent basis.



These were the largest annual gains ever recorded for milk and fat yield (4.4% and 3.99%, respectively), with the percentage increase in protein (3.32%) being second only to 1991.

On a cheese yield basis, the breed average is now 2,127 lbs. Based upon trends of the most recent 10 years (1991 through 2000), production in 2010 is projected to be 20,917 lbs. milk, 936 lbs. fat and 771 lbs. protein—or slightly more than 2,500 lbs. Cheddar cheese.

Based upon DHI test data from USDA-AIPL, no other breed exceeds the increases for milk, protein and cheese yield that have been recorded by the Jersey breed since 1985.

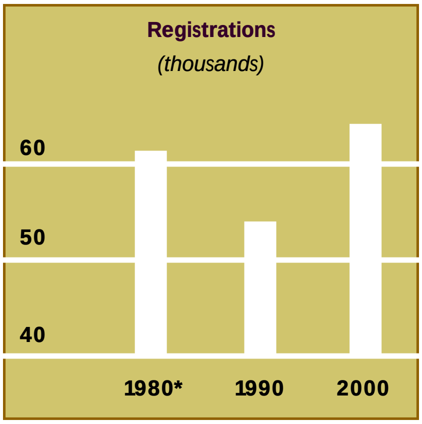
The average production of three different herds—Charles Price of Menomonie, Wis.; Melissa R. Kortus of Lynden, Wash.; and Sunny Day Farm, Chester, S.C.—reached 26,000 lbs. milk for the first time. The Priceland herd also became the first to average over 1,200 lbs. fat and 950 lbs. protein.

For the first time, a Jersey cow produced more than 40,000 lbs. milk in a single record. Greenridge Berretta Accent, owned by Jerry D. Rodeffer, Snohomish, Wash., became the new U.S. National and World Milk and Protein Champion by producing 41,610 lbs. milk and 1,501 lbs. protein in 365 days (2x, 3x). In addition, her record ranks sixth for fat production (1,943 lbs.) on the list of all-time U.S. Jersey production leaders.

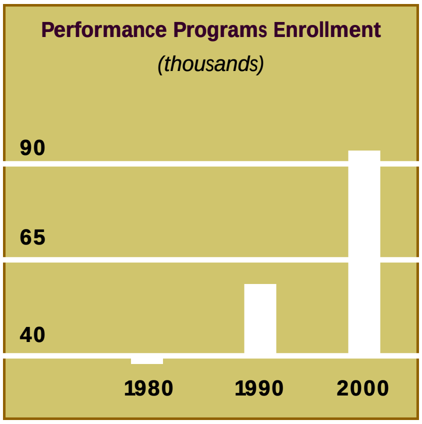
Auction sale activity was of record-setting proportions, and the average price last year approached the record levels of 1999. A total of 54 public sales were reported, with 4,792 lots bringing in receipts of $7,819,175—both records. The overall average was $1,631.71, the fourth high in history. The number of bred heifers selling increased by 30%, averaging $1,545.16, slightly under the average for cows of $1,605.98. The Priceland Jerseys Dispersal on May 26 averaged $3,577.70, the highest ever recorded from a complete dispersal in the U.S. The record for an uncalved female was broken twice during the year, and is now held by Crockett Farms Golden Betty-ET, consigned by David Franzer, Coldwater, Ohio, and purchased for $40,000 in the All American Jersey Sale on November 5 by Jacque E. Meyer, Celina, Ohio.

Industry-wide, semen sales increased by 5.1% in 2000 to 771,160 units. Domestic sales of Jersey semen have increased 40.4% since 1985. By comparison to the estimated U.S. Jersey population, and based upon reports from the field, a considerable amount of Jersey semen is being used to breed other than Jersey cows.

Featured on the cover is "Annie," the first transgenic cow clone engineered to resist mastitis. Her cells were modified with genes for producing lysostaphin, a protein that kills *S. aureus.* Photo courtesy of Agricultural Research Service, USDA.



* Fee moratorium for first three months of year



Registration and performance program enrollments grew to record levels.

The American Jersey Cattle Association recorded 63,776 animals last year. That made 1999 and 2000 the first time since 1954 and 1955 that the association has recorded more than 60,000 animals in each of two consecutive years. Growth by decades continues to be strong, increasing by more than 51% since the 1970s. During this same period, total dairy cow numbers in the United States have declined by more than one-fifth.

Enrollments in AJCA performance programs grew to record levels of 92,369 cows in 918 herds. The number of cows on REAP grew by 7.7%, indicating that this bundle of registration, appraisal, testing, and Equity services is meeting the needs of Jersey owners. Compared to 1999, the number of cows evaluated under the linear type traits appraisal program increased by almost 20%.

Use of Internet-based services continued to grow, with 408 different customers doing online work. Last year, 14.0% of registrations were submitted over the InfoJersey website, even though it was not available for the entire year.

The *Jersey Journal* printed 1,040 pages in 2000, an increase of 7.88% over 1999. Advertising sales increased by 6.43%, building upon the previous year's growth of 10.5%. The number of advertisers also increased (1.64%). The third Great Cow Contest was followed by 3,358 subscribers from the United States and across the world.

Simply stated, 2000 was the best year in Jersey Marketing Service history.

Jersey Marketing Service (JMS), a wholly owned subsidiary of National All-Jersey Inc., marketed 7,198 animals in 2000 with a value of $9,807,687. Sales were $2.4 million greater than the record set in 1999, with the number of animals sold increasing by 21.7% over the previous year.

Public sales accounted for the majority of the company's growth; 27 sales were managed by JMS, moving 4,486 lots for $6,617.370. JMS also handled private treaty transactions of 2,712 animals from 110 sellers to 52 buyers in 24 states. In the buyer's column, the top states were New Mexico (572 head), California (566 head), and Texas (535 head).

2000 was also a notable year for achievements in basic research, as well as investments to apply what we've already learned.

At the end of August, researchers at the University of Tennessee, Knoxville, announced the birth of a Jersey calf, cloned from adult somatic cells using standard cell-culturing techniques. Several months later, researchers at the U.S. Department of Agriculture and the University of Vermont revealed the birth on March 3, 2000 of another Jersey clone. She is the first transgenic cow clone engineered to resist mastitis. Her cells were modified with genes for producing lysostaphin, a protein that kills *Staphylococcus aureus* bacteria.

While such genetic engineering will undoubtedly affect dairy cattle breeding in the future, today's needs are for selection tools that maximize profitability in the next calf crop while also dealing with the problem of a narrowing genetic base. At its March meeting, the AJCC Board of Directors instructed the staff to develop a mating service to improve upon the Jersey Mating Program. It did so by directing $7,500 from the AJCC Research Foundation to the project, allowing staff to apply the results of a 1999 study by Kent A. Weigel of the University of Wisconsin that was funded by the Research Foundation. At the end of 2000, the final touches were being put on JerseyMate™, which was released after the February genetic evaluations.

The AJCC Research Foundation appropriated $41,500 to fund eight projects of special import for Jerseys. Foundation net assets at the end of 2000 were $999,294.

Operations of the Jersey organizations showed a positive income.

The AJCA and NAJ had combined net income of $44,934 for the year ended December 31, 2000 before net realized and unrealized loss on investments, which are explained in the financial statements. The balance sheet of the organizations is strong with combined net assets of $2,097,176.

The long-term challenge is to address our core goals and remain competitive.

These organizations were created by Jersey owners, to serve the needs of Jersey owners. You make your living from the milk check. Your loyalty comes because, on the whole, the AJCA and NAJ services help you increase your income. Year after year, our goals have been simply to provide programs and services that:

- Increase profitable milk production;
- Increase the value of and demand for Jersey milk; and
- Increase the value of and demand for Jersey cattle.

In response to the first goal, the American Jersey Cattle Association offers identification services, performance programs and genetic selection tools that are proven to increase herd profits. We have a highly accurate and dependable database, and now a computer platform that will make it easier to provide more services. Jersey A.I. sires are the best in our history and an outstanding value. We are responding to the challenge to improve our young sire development efforts so that we can continue to make that claim.

We need National All-Jersey Inc. to achieve the second goal. Change in the dairy industry occurs quickly, many times with unanticipated consequences. For example, the way that milk pricing was re-structured in the 1940s appeared innocuous to many. But fat-skim pricing and provisions of the Federal Order system were not kind to the Jersey breed. While most of the industry appreciates and supports multiple component pricing today, it is not their priority. Equitable milk pricing is our priority.

There are still plenty of opportunities to improve pricing of Jersey milk. Those who said that MCP would end protein premiums were wrong. The cheesemaker wants the highest yielding milk, and is willing to pay to get it. Increased competition for high protein milk is the reason that some protein premium programs are now being expanded. NAJ staff will continue to lend their expertise to such efforts.

Every person on this staff works to achieve our third goal. Their accumulated knowledge, experience and understanding of the Jersey business helps increase the value of and demand for Jersey cattle. All of our services sell Jerseys, whether by getting a registration in the database, promoting a consignment in a *Journal* ad, or marketing a truckload of cows through Jersey Marketing Service.

Has the Jersey cow met the challenges of the competitive dairy industry? Yes. It's obvious to me that we had an outstanding cow from the beginning. She always produced the best milk and she has always been the most efficient. Last year, we saw how low milk prices make the efficiency of the Jersey cow even more valuable.

The time has come to take full advantage of the opportunities we have before us. I'm just naturally optimistic and hope that you will also adopt that attitude as we tackle the challenges that are facing us. Let's work together as a team to make the Jersey cow and the Jersey business as good as they possibly can be.

Neal Smith

Executive Secretary and Chief Executive Officer

Neal Smith
Executive Secretary and
Chief Executive Officer

Management Team

Accounting
Vickie J. White

Communication
Cherie L. Bayer, Ph.D.

Jersey Marketing Service
Owen Bewley

National All-Jersey Inc.
Michael Brown

Records and Performance
Erick Metzger

Research and Genetic Development
Cari W. Wolfe

Type Appraisal
Michael Hurst

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 of $44,934 for the year ended December 31, 2000 before net realized and unrealized loss on investments.

Revenues and cost of operations for each company for the year ended December 31, 2000 are summarized as follows:

American Jersey Cattle Association

Revenues	$2,068,425
Expenditures	2,065,826
Increase in Net Assets Before All American and Net Realized and Unrealized Loss on Investments	$ 2,599

National All-Jersey Inc. and Subsidiary

Revenues	$ 980,895
Expenditures	938,560
Increase in Net Assets Before Net Realized and Unrealized Loss on Investments	$ 42,335

The organizations' marketable securities are reported at market value of $1,656,513. At year-end, the marketable securities were in a state of transition. All securities were converted to cash in preparation to move investments to a new investment manager. The AJCA and NAJ and Subsidiary are required by Accounting Standards to report marketable securities at market value. An unrealized loss occurs when market values are lower at December 31, 2000 when compared to January 1, 2000; it is not the direct result of actual sales of securities.

The companies continue to maintain financial soundness. Net assets, reported at market value, represent approximately eight (8) months of total operating costs. As of December 31, 2000, net assets were recorded as follows:

American Jersey Cattle Association	$1,455,812
National All-Jersey Inc. and Subsidiary	641,364
Total Net Assets	$2,097,176

The AJCC Research Foundation reported net assets of $999,294 at year-end December 31, 2000. The Research Foundation funded eight projects totaling $41,500 in 2000. In addition, the six scholarship funds administered by the AJCA provided nine scholarships totaling $6,900 awarded in 2000. Total assets in the scholarship funds at December 31, 2000 were $159,906.

We encourage the membership to review the financial statements and accompanying footnotes prepared by our certified public accountants, Hausser + Taylor LLP. These statements clearly state the financial position of the companies at December 31, 2000.

Respectfully submitted,

Vickie J. White

Vickie J. White
Treasurer

To the Board of Directors
American Jersey Cattle Association

Independent Auditors' Report

We have audited the accompanying statements of financial position of American Jersey Cattle Association as of December 31, 2000 and 1999, and the related statements of activities and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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, 2000 and 1999, and the changes in its net assets and cash flows for the years then ended in conformity with generally accepted accounting principles.

Hausser + Taylor LLP
Columbus, Ohio
February 26, 2001

STATEMENTS OF FINANCIAL POSITION

December 31, 2000 and 1999

ASSETS	2000	1999
CURRENT ASSETS		
Cash and cash equivalents	$ 1,500	$ —
Investments (Note 10)	220,490	236,115
Accounts receivable, net of allowance for doubtful accounts of $46,465 and $46,000, respectively	177,157	181,344
Advances due from National All-Jersey Inc. and All-Jersey Sales Corporation	46,811	45,147
Supplies and inventories, at cost	15,022	16,274
Prepaid expenses and other assets	53,732	54,738
Total current assets	514,712	533,618
PROPERTY AND EQUIPMENT, AT COST (Notes 7 and 8)		
Land	68,000	68,000
Building	429,060	429,060
Operating equipment	1,192,056	1,139,389
Software development	504,568	504,568
	2,193,684	2,141,017
Less accumulated depreciation	1,306,417	1,193,692
	887,267	947,325
OTHER ASSETS		
Investments:		
Building fund (Notes 6, 7 and 10)	955,579	1,028,449
Deferred compensation plan (Note 3)	2,935	11,174
Prepaid expenses and other assets	—	1,628
Deferred costs, net of accumulated amortization of $104,865 and $77,211, respectively	33,408	61,062
Total other assets	991,922	1,102,313
	$2,393,901	$2,583,256

LIABILITIES AND NET ASSETS	2000	1999
CURRENT LIABILITIES		
Current portion of long-term debt (Note 7)	$51,346	$51,257
Current portion of capital lease obligation (Note 8)	—	3,760
Current portion of unexpired subscriptions and directory listings	25,504	30,300
Current portion of deferred compensation plans (Note 3)	9,155	6,355
Accounts payable	59,195	31,996
Accrued expenses	37,739	39,660
Awards, All American Show and Sale	35,989	32,972
Awards, Jersey Jug	10,017	10,423
Unearned fees and remittances	184,400	274,315
Total current liabilities	413,345	481,038
NONCURRENT LIABILITIES		
Accrued pension obligation (Note 4)	151,903	129,411
Long-term debt (Note 7)	375,153	426,500
Capital lease obligation (Note 8)	—	3,760
Unexpired subscriptions and directory listings	63,761	70,350
Deferred compensation plans (Note 3)	19,932	26,309
	610,749	656,330
Less current portion	86,005	91,672
	524,744	564,658
Total liabilities	938,089	1,045,696
NET ASSETS		
Unrestricted:		
Designated (Note 6)	1,034,962	1,107,832
Undesignated	420,850	429,728
Total net assets	1,455,812	1,537,560
	$2,393,901	$2,583,256

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

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended December 31, 2000 and 1999

	2000	1999
REVENUES		
Fees	$1,579,146	$1,564,448
Jersey Journal advertising and subscriptions	429,640	395,864
Investment income (Note 10)	40,942	39,627
Other	18,697	18,804
Total revenues	2,068,425	2,018,743
COST OF OPERATIONS (Note 2)		
Salaries, service, and administrative	1,522,874	1,484,462
Jersey Journal publishing	397,449	382,268
Depreciation	110,728	126,101
Interest expense	34,775	28,294
Total cost of operations	2,065,826	2,021,125
INCREASE IN NET ASSETS FROM OPERATIONS	2,599	(2,382)
OTHER INCOME (EXPENSE)		
Net loss from All American Show and Sale	(5,006)	(8,544)
Net realized and unrealized gain (loss)	(79,341)	3,805
Total other income (expense)	(84,347)	(4,739)
DECREASE IN NET ASSETS BEFORE EXPENDITURES FROM DESIGNATED NET ASSETS	(81,748)	(7,121)
EXPENDITURES FROM DESIGNATED NET ASSETS (Note 6)		
Computer Capital Fund	—	9,524
Total expenditures from designated net assets	—	9,524
DECREASE IN NET ASSETS	(81,748)	(16,645)
NET ASSETS—Beginning of year	1,537,560	1,554,205
NET ASSETS—End of year	$1,455,812	$1,537,560

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

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

Note 1. Significant Accounting Policies

A. Organization and Purpose. In 1868, The American Jersey Cattle Club was organized. The American Jersey Cattle Club was incorporated under a charter granted by 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.

B. Basis of Accounting. The accrual basis of accounting has been used in the preparation of the financial statements. Revenues for services provided to members are recognized in the period in which the services are performed. Subscription and directory listing revenues are recognized in the period earned.

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

D. Property and Equipment. 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	Estimated Useful Lives
Building	31 1/2 years
Operating equipment	3 - 10 years
Software development	15 years

Software development represents costs incurred as part of the Member Services Processing System (MSPS).

E. 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 Statement of Activities and Changes in Net Assets of AJCA are net of reimbursements of $77,280 and $56,708 for 2000 and 1999, respectively, from the above-mentioned affiliated companies for these jointly incurred costs. Also, AJSC has available a $175,000, due on demand, line of credit which is collateralized by investments held by AJCA. No funds were drawn on the line as of December 31, 2000 or 1999.

F. 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 2000 and 1999 these activities include primarily magazine advertising. Costs associated with this activity are in excess of revenues.

G. Concentration of Credit Risk. The Association maintains its demand deposits in a financial institution which is insured by the Federal Deposit Insurance Corporation up to $100,000. Cash equivalents and investments are maintained in trust accounts with a trust company. Additionally, AJCA's trade receivables result from registrations and related fees due from members who are located throughout the United States.

H. Deferred Costs. The Association has capitalized certain costs, amounting to $138,273, associated with the development of a long term strategic information system plan and a business re-engineering project. These costs are being amortized over a five year period utilizing the straight-line method. Amortization expense amounted to $27,654 in 2000 and $30,654 in 1999.

I. Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles 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.

J. Investments. The Association utilizes Statement of Financial Accounting Standards (SFAS) No. 124, "Accounting for Certain Investments Held by Not-For-Profit Organizations." Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the Statement of Activities and Changes in Net Assets. See Note 10 for further discussion with respect to investments.

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

L. Reclassifications. Certain 1999 items have been reclassified to conform with the 2000 presentation.

Note 2. Functional Expenses

The Association's operating expenses by functional classification for 2000 and 1999 are as follows:

	2000	1999
Records	$ 353,616	$ 318,113
Data Processing	267,290	263,719
Performance	379,137	345,164
Jersey Journal	397,449	382,268
Information	105,454	84,481
Field	268,581	319,475
Accounting, Administration and General	294,299	307,905
Total cost of operations	$2,065,826	$2,021,125

Note 3. Investments Restricted for Deferred Compensation

AJCA has entered into a deferred compensation plan with a former executive. An investment trust has been established to fund the plan. At December 31, 2000 and 1999, the balances in the trust, at fair market value, are $2,935 and $11,174, respectively. The cost of the plans is shared by National All-Jersey Inc. and American Jersey Cattle Association.

Note 4. Pension Plans

AJCA and National All-Jersey Inc. and Subsidiary have a non-contributory defined benefit pension plan covering substantially all employees 21 years of age or older, who have been employed for one year with at least 1,000 hours of service. AJCA's funding policy is to contribute such amounts as are necessary on an actuarial basis to provide the plan with sufficient assets to meet the benefits payable to plan participants. The plan assets are stated at fair value and primarily consist of bond and stock funds. The 2000 pension report is not complete. Therefore, for purposes of reporting and recording pension information, AJCA and National All-Jersey Inc. and Subsidiary are utilizing the projected 2000 information contained in the pension report as of December 31, 1999. At December 31, 1999, the pension administrator reported a requirement for an accrued pension liability of $186,201 and as a result, AJCA and NAJ and Subsidiary have adjusted their financial statements at December 31, 2000 to reflect this liability resulting in pension expense of $28,442 for 2000. In 1999, the entities recorded pension expense of $24,730. AJCA's portion of pension expense amounted to $22,492 and $19,696, respectively for 2000 and 1999, which includes amortization of past service costs over 30 years.

The projected status of accumulated plan benefits for the combined entities as of December 31, 2000 and 1999 is as follows:

Net periodic pension cost for 2000 and 1999 includes the following components:

	2000	1999
Service cost - benefits earned during the period	$ 65,162	$ 58,103
Interest cost on projected benefit obligation	77,007	69,920
Expected return on assets	(102,826)	(93,943)
Net amortization and deferral	(10,901)	(9,350)
Net periodic pension cost for the plan	28,442	24,730
Less net periodic pension cost of NAJ and Subsidiary	(5,950)	(5,034)
Net periodic pension cost	$ 22,492	$ 19,696

Assumptions used in the accounting as of December 31, 2000 and 1999 were:

	2000	1999
Discount rate	7.50%	7.50%
Rate of increase in compensation levels	5.50%	5.50%
Long-term rate of return	9.00%	9.00%

The following table sets forth the plan's funded status and amounts recognized in AJCA's Statement of Financial Position at December 31, 2000 and 1999 for its pension plan.

	2000	1999
Actuarial present value of benefit obligation:		
Vested benefit obligation	$ 878,918	$ 804,154
Accumulated benefit obligation	$ 921,083	$ 843,328
Projected benefit obligation	$1,168,932	$1,060,291
Plan assets at fair value	(1,245,336)	(1,137,756)
Plan assets in excess of projected benefit obligation	(76,404)	(77,465)
Unrecognized net asset at transition	19,704	21,346
Unrecognized net gain	242,901	213,878
Accrued pension obligation for the plan	186,201	157,759
Less accrued pension obligation of NAJ and Subsidiary	(34,298)	(28,348)
Accrued pension obligation	$ 151,903	$ 129,411

The Association maintains a 401(k) plan covering substantially all employees. The plan allows for a matching contribution of 25% of employees' contributions. Contributions for 2000 and 1999 amounted to $11,740 and $13,352, respectively.

Note 5. Operating Lease

AJCA is obligated under certain lease agreements, for office equipment, which are classified as operating leases. Minimum future payments under the leases are as follows:

Year Ending December 31	Amount
2001	$ 45,408
2002	33,288
2003	31,198
2004	6,409
	$116,303

Lease expense for 2000 and 1999 amounted to $31,971 and $28,230, respectively.

Note 6. Designation of Net Assets

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

	2000	1999
Building - established with original proceeds from sale of former operating facility; invested in securities and used as collateral for building loan (see Notes 7 and 10)	$ 955,579	$1,028,449
Research and development - 50% of American Jersey Cattle Association's excess of revenues over cost of operations after preceding appropriations - established in 1987	79,383	79,383
	$1,034,962	$1,107,832

In 1999, $9,524 was paid from the computer capital net assets for interest expense on a capital lease for computer equipment and on long-term debt for the financing of software. This expenditure is from amounts designated in previous years.

Note 7. Long-Term Debt

Liability for long-term debt on the building is shared jointly by AJCA and NAJ. The Board of Directors of AJCA and NAJ have agreed to reflect the building and debt on a ratio of 85% to AJCA and 15% to NAJ, based on the occupancy being utilized by the respective organizations.

AJCA's share consists of a fifteen year variable rate note, amounting to $56,079 and $82,436 at December 31, 2000 and 1999, respectively, with fixed principal payments which total $26,357 annually. Interest is equal to prime (9.5% and 8.5% at December 31, 2000 and 1999, respectively). Final payment is due November 2003. The note is collateralized by the building and AJCA's investment securities obtained from the proceeds of the sale of a former operating facility (see Notes 6 and 10).

Long-term debt was obtained in the amount of $441,000, for financing of the development of computer software. At December 31, 2000 and 1999, the note has an outstanding balance of $375,380 and $404,781, respectively. Liability for this debt is shared jointly by AJCA, National-All Jersey Inc. and All-Jersey Sales Corp. The Board of Directors of AJCA and NAJ have agreed to allocate the cost of the software and applicable debt at a ratio of 85% to AJCA, 7.5% to NAJ, and 7.5% to AJSC, based on expected utilization by the respective organizations. AJCA's share amounts to $319,074 and $344,064 at December 31, 2000 and 1999, respectively, with monthly principal payments of $2,083 due plus interest at 7.90%. Final payment is due May 2013. This loan is collateralized by the building and the building fund investments (see Note 10).

Principal payments required on these long-term notes are summarized as follows:

Year Ending December 31	Amount
2001	$ 51,346
2002	51,346
2003	28,355
2004	24,990
2005	24,990
Thereafter	194,126
	$375,153

Note 8. Capital Lease Obligation

During 1994, AJCA incurred a note payable for computer equipment that management converted to a capital lease in 1995. The capital lease obligation requires monthly payments of $1,737, including interest at 10.895% through April 2000. At December 31, 1999, the equipment was included in property and equipment at a cost of $80,583 less accumulated depreciation of $76,823 at December 31, 1999. In 2000, the capital lease obligation was paid in full.

Note 9. Line of Credit

At December 31, 2000, the Association has available a $100,000, due on demand, line of credit with interest payable monthly at prime. The line is collateralized by the investment securities obtained from proceeds of the sale of a former operating facility (Notes 6 and 10). No funds were drawn on the line as of December 31, 2000 or 1999.

Notes continued on following page.

Note 10. Investments

Investment securities are carried at fair market value, based on market quotes, at December 31, 2000 and 1999 and are composed of the following:

	2000		1999	
	Cost	Fair Value	Cost	Fair Value
Investments included in:				
Current assets:				
Cash	$ —	$ —	$ 22,727	$ 22,727
Money market	220,490	220,490	—	—
Monitor funds	—	—	60,728	58,275
Government securities	—	—	24,896	25,220
Corporate stocks	—	—	100,865	129,893
	220,490	220,490	209,216	236,115
Building fund:				
Cash	—	—	23,184	23,184
Money market	955,579	955,579	—	—
Monitor funds	—	—	322,000	307,730
Government securities	—	—	84,854	85,795
Corporate stocks	—	—	483,567	611,740
	955,579	955,579	913,605	1,028,449
	$1,176,069	$1,176,069	$1,122,821	$1,264,564

During December 2000, the Association liquidated its investment portfolio held at Huntington Trust. In January 2001, the Association transferred its investment funds to Banc One Securities.

Investment income for 2000 and 1999 consists of the following:

	2000	1999
Interest and dividend income	$ 40,942	$ 39,627
Net realized gain (loss) on sale of investments	(84,189)	105,226
Net unrealized loss on investments	—	(101,421)
	$ (43,247)	$ 43,432

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

Independent Auditors' Report

We have audited the accompanying consolidated statements of financial position of National All-Jersey Inc. and Subsidiary as of December 31, 2000 and 1999, and the related consolidated statements of activities and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of National All-Jersey Inc. and Subsidiary as of December 31, 2000 and 1999, and the changes in their consolidated net assets and cash flows for the years then ended in conformity with generally accepted accounting principles.

Hausser + Taylor LLP
Columbus, Ohio
February 26, 2001

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2000 and 1999

ASSETS	2000	1999
CURRENT ASSETS		
Cash and cash equivalents	$ 72,038	$ 212,804
Custodial cash	1,484,416	730,945
Investments (Note 10)	480,444	480,358
Accounts receivable, net of allowance for doubtful accounts of $6,500 and $66,500, respectively	272,837	286,941
Recoverable income taxes (Note 8)	941	2,056
Interest receivable	895	1,986
Prepaid expenses	1,643	—
Deferred income taxes (Note 8)	6,050	14,600
Total current assets	2,319,264	1,729,690
PROPERTY AND EQUIPMENT, AT COST (Note 7)		
Land	12,000	12,000
Building	75,717	75,717
Software development	79,652	79,652
	167,369	167,369
Less accumulated depreciation	41,909	34,193
	125,460	133,176
OTHER ASSETS		
Investments restricted for deferred compensation plans (Note 3)	3,163	5,909
	3,163	5,909
	$2,447,887	$1,868,775

LIABILITIES AND NET ASSETS	2000	1999
CURRENT LIABILITIES		
Current portion of long-term debt (Note 7)	$ 9,061	$ 9,151
Current portion of deferred compensation plans (Note 3)	2,307	2,141
Accounts payable	4,934	4,046
Advances due to American Jersey Cattle Association	46,811	45,147
Fees due consignors	1,554,216	984,296
Accrued expenses	44,376	36,165
Advances and reserves for advertising (Note 4)	31,828	31,757
Deferred income	12,997	11,680
Total current liabilities	1,706,530	1,124,383
NONCURRENT LIABILITIES		
Deferred income taxes (Note 8)	2,050	3,300
Accrued pension obligation (Note 6)	34,298	28,348
Long-term debt (Note 7)	66,204	75,265
Deferred compensation plans (Note 3)	8,809	10,924
	111,361	117,837
Less current portion	11,368	11,292
	99,993	106,545
Total liabilities	1,806,523	1,230,928
NET ASSETS		
Unrestricted:		
Designated (Note 5)	63,355	63,355
Undesignated	578,009	574,492
Total net assets	641,364	637,847
	$2,447,887	$ 1,868,775

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended December 31, 2000 and 1999

	2000	1999
REVENUES		
All-Jersey fees	$ 2,292	$ 3,704
Equity project fees	338,247	314,227
Commissions	559,279	349,664
Interest and dividend income	53,919	33,139
Other	27,158	24,662
Total revenues	980,895	725,396
COST OF OPERATIONS (Note 2)		
Salaries	345,955	299,577
Supplies, service, and administration	489,082	353,517
Field services	50,508	37,659
Bad debt expense	39,419	4,377
Depreciation	7,716	5,061
Interest	5,880	6,343
Total costs of operations	938,560	706,534
INCREASE IN NET ASSETS BEFORE OTHER INCOME AND INCOME TAXES	42,335	18,862
OTHER INCOME (EXPENSE)		
Net realized and unrealized loss on investments	(30,261)	(2,175)
INCREASE IN NET ASSETS BEFORE INCOME TAXES	12,074	16,687
INCOME TAX EXPENSE (Note 8)	8,557	361
INCREASE IN NET ASSETS	3,517	16,326
NET ASSETS - Beginning of year	637,847	621,521
NET ASSETS - End of year	$641,364	$637,847

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

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

Notes To Financial Statements

Note 1. Significant Accounting Policies

A. Organization and Purpose. 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.

B. 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.

C. Basis of Accounting. The accrual basis of accounting has been used in the preparation of the consolidated financial statements.

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

E. Custodial Cash. The Company maintains cash due consignors in separate custodial cash accounts. See Note 1K for further discussion.

F. 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 and Changes in Net Assets of the Company for 2000 and 1999 include reimbursements of $77,280 and $56,708, respectively, paid to the Association for these jointly incurred costs.

G. Property and Equipment. 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	Estimated Useful Lives
Building	31 1/2 years
Software development	15 years

Software development represents costs incurred as part of the Member Services Processing System (MSPS).

H. Concentration of Credit Risk. The Company maintains its demand deposits in one financial institution which is insured by the Federal Deposit Insurance Corporation up to $100,000. Cash equivalents and investments are maintained in trust accounts with a trust company. 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.

I. Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles 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.

J. Income Taxes. National All-Jersey Inc. is 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.

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

L. Accounts Receivable. During 1997, the Company arranged a sale of cattle to Brazil. The sale was made in Brazil's currency (Real). At December 31, 1997, accounts receivable from the sale amounts to approximately $104,000 based on an exchange rate of Brazil Real's of 1.15 to United States $1.00. At December 31, 1999, an allowance for doubtful accounts of $60,000 had been recorded for the receivable. At December 31, 2000, the receivable and related allowance were written off.

M. Investments. The Company utilizes Statement of Financial Accounting Standards (SFAS) No. 124, "Accounting for Certain Investments Held by Not-For-Profit Organizations". Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the Consolidated Statement of Financial Position. Unrealized gains and losses are included in the Statement of Activities and Changes in Net Assets. See Note 10 for further discussion with respect to investments.

N. Reclassifications. Certain 1999 items have been reclassified to conform with the 2000 presentation.

Note 2. Functional Expenses

The Company's operating expenses by functional classifications for 2000 and 1999 are as follows:

	2000	1999
National All-Jersey Equity program	$283,620	$275,628
Accounting, administration, general and field service	103,494	66,221
All-Jersey Sales (JMS)	551,446	364,685
Total cost of operations	$938,560	$706,534

Note 3. Investments Restricted for Deferred Compensation

National All-Jersey Inc. has entered into a deferred compensation plan with a former executive. At December 31, 2000 and 1999, the balances in the trust at fair market value are $3,163 and $5,909, respectively. The cost of the plan is shared by National All-Jersey Inc. and American Jersey Cattle Association.

Note 4. Advances and Reserves for Advertising

	December 31, 2000	December 31, 1999
5% National - represents funds accumulated as a percentage of member advances to be applied to the cost of national or regional advertising for the benefit of all members	$31,828	$31,757

Note 5. Designation of Net Assets

The Board of Directors have designated net assets for the following:

	December 31, 2000	December 31, 1999
Research and development: Approximately 2.5% of annual gross revenues and 50% of National All-Jersey excess revenues over cost of operations after 2.5% appropriation. In 2000, no appropriations were made	$63,355	$ 63,355

Note 6. Pension Plans

The Company and Subsidiary and American Jersey Cattle Association have a non-contributory defined benefit pension plan covering substantially all employees 21 years of age or older, who have been employed for one year with at least 1,000 hours of service. The Company's funding policy is to contribute such amounts as are necessary on an actuarial basis to provide the plan with sufficient assets to meet the benefits payable to plan participants. The plan assets are stated at fair value and primarily consist of bond and stock funds. The 2000 pension report is not complete. Therefore, for purposes of reporting and recording pension information, the Company and Subsidiary and American Jersey Cattle Association are utilizing the projected 2000 information contained in the pension report as of December 31, 1999. At December 31, 2000, the pension administrator reported a requirement for an accrued pension liability of $186,201 and, as a result, the Company and Subsidiary and American Jersey Cattle Association have adjusted their financial statements at December 31, 2000 to reflect this liability resulting in pension expense of $28,442 for 2000. In 1999, the entities recorded pension expense of $24,730. The Company's portion of pension expense amounts to $5,950 and $5,034, respectively for 2000 and 1999, which includes amortization of past service costs over 30 years.

The projected status of accumulated plan benefits for the combined entities as of December 31, 2000 and 1999 is as follows:

Net periodic pension cost for 2000 and 1999 includes the following components:

	2000	1999
Service cost - benefits earned during the period	$ 65,162	$ 58,103
Interest cost on projected benefit obligation	77,007	69,920
Expected return on assets	(102,826)	(93,943)
Net amortization	(10,901)	(9,350)
Net periodic pension cost for the plan	28,442	24,730
Less net periodic pension cost of AJCA	(22,492)	(19,696)
Net periodic pension cost	$ 5,950	$ 5,034

Assumptions used in the accounting as of December 31, 2000 and 1999 were:

	2000	1999
Discount rate	7.50%	7.50%
Rate of increase in compensation levels	5.50%	5.50%
Long-term rate of return	9.00%	9.00%

The following table sets forth the plan's funded status and amounts recognized in the Company's Statement of Financial Position at December 31, 2000 and 1999 for its pension plan.

	2000	1999
Actuarial present value of benefit obligation:		
Vested benefit obligation	$ 878,918	$ 804,154
Accumulated benefit obligation	$ 921,083	$ 843,328
Projected benefit obligation	$1,168,932	$1,060,291
Plan assets at fair value	(1,245,336)	(1,137,756)
Plan assets in excess of projected benefit obligation	(76,404)	(77,465)
Unrecognized net asset at transition	19,704	21,346
Unrecognized net gain	242,901	213,878
Accrued pension obligation for the plan	186,201	157,759
Less accrued pension obligation of AJCA	(151,903)	(129,411)
Accrued pension obligation	$ 34,298	$ 28,348

The Company maintains a 401(k) plan covering substantially all employees. The plan allows for a matching contribution of 25% of employees' contributions. Contributions for 2000 and 1999 amounted to $4,908 and $3,078, respectively.

Note 7. Long-Term Debt

Liability for long-term debt on the building is shared jointly by the Company and American Jersey Cattle Association. The management of the Company and AJCA have agreed to reflect the building and debt on a ratio of 15% to the Company and 85% to American Jersey Cattle Association, based on the occupancy being utilized by the respective organizations.

The Company's share consists of a fifteen year variable rate note, amounting to $9,896 and $14,548 at December 31, 2000 and 1999, respectively, with fixed principal payments which total $4,651 annually. Interest is equal to prime (9.5% and 8.5% at December 31, 2000 and 1999, respectively). Final payment is due November, 2003. The note is collateralized by the building and American Jersey Cattle Association's investment securities obtained from the proceeds of the sale of a former operating facility.

Long-term debt was obtained in the amount of $441,000 for the financing of the development of computer software. At December 31, 2000 and 1999, the note has an outstanding balance of $375,381 and $404,781, respectively. Liability for this debt is shared jointly by AJCA, National All-Jersey Inc. and All-Jersey Sales Corporation. The Board of Directors of AJCA and NAJ have agreed to allocate the cost of the software and applicable debt at a ratio of 85% to AJCA, 7.5% to NAJ and 7.5% to AJSC, based on expected utilization by the respective organizations. NAJ's and AJSC's share amounts to $56,308 and $60,717 at December 31, 2000 and 1999, respectively, with monthly principal payments of $368 plus interest at 7.9%. Final payment is due May 2013. The long-term debt is collateralized by the building and AJCA's investment securities obtained from the proceeds of the sale of a former operating facility.

Principal payments required on these long-term notes are summarized as follows:

Year Ending December 31,	Amount
2001	$ 9,061
2002	9,061
2003	5,004
2004	4,410
2005	4,410
Thereafter	34,258
	$66,204

Note 8. Income Taxes

Deferred tax assets and liabilities result from temporary differences in the recognition of income and expense for tax and financial reporting purposes. The deferred tax asset results from allowance for doubtful accounts, and a net operating loss carryforward for tax purposes. The deferred tax liability results from different depreciation lives for software for tax and financial reporting purposes.

Recoverable income taxes at December 31, 2000 and 1999 primarily represent overpayments of estimated federal and city income taxes for 2000 and 1999.

The provision (benefit) for income taxes for the years ended December 31, 2000 and 1999 consists of the following:

2000	Federal	State and Local	Total
Current	$ 716	$ 541	$ 1,257
Deferred	4,580	2,720	7,300
	$5,296	$3,261	$ 8,557

1999	Federal	State and Local	Total
Current	$ (501)	$ (238)	$ (739)
Deferred	750	350	1,100
	$ 249	$ 112	$ 361

The Company's effective income tax rate for 2000 is higher than what would be expected if the federal statutory rate were applied to income from continuing operations primarily because of exempt activities from not-for-profit activities.

At December 31, 2000, the Company has federal and state net operating loss carryforwards amounting to approximately $33,000 which expire in 2020.

Note 9. Line of Credit

The Company had available a $175,000, due on demand, line of credit with interest payable monthly at prime at December 31, 2000 and 1999. The line is collateralized by investment securities held by American Jersey Cattle Association. No funds were drawn on the line at December 31, 2000 or 1999.

Note 10. Investments

Investment securities are carried at fair value, based on market quotes at December 31, 2000 and 1999 and are composed of the following:

	2000		1999	
	Cost	Fair Value	Cost	Fair Value
Cash	$ —	$ —	$ 52,362	$ 52,362
Money market	480,444	480,444	—	—
Monitor funds	—	—	121,803	116,883
Government securities	—	—	49,935	50,585
Corporate stocks	—	—	202,305	260,528
	$480,444	$480,444	$426,405	$480,358

During December 2000, the Company liquidated its investment portfolio held at Huntington Trust. In January 2001, the Company transferred its investment funds to Banc One Securities.

Investment income for 2000 and 1999 consists of the following:

	2000	1999
Interest and dividend income	$53,919	$33,139
Net realized gain (loss) on sale of investments	(30,261)	42,002
Net unrealized loss on investments	—	(44,177)
	$23,658	$30,964

Research is all about finding the differences that make a difference.

Research and development is the lifeblood of a growing, competitive business. The Jersey breed and the Jersey organizations owe their current vitality in large degree to strategic investments in basic research by the AJCC Research Foundation.

Dairy scientists have long approached their work assuming that dairy cows are equal, regardless of breed. Studies focused on Jersey cattle—their breeding and management, and the marketing of their milk—have rarely been a priority of U.S. ag institutions. Even after it was shown at places like the University of Tennessee Dairy Experiment Station in Lewisburg and Randleigh Farm at North Carolina State University that the Jersey cow is different, because less than 4% of the total U.S. dairy cow population is Jersey, the majority of basic and applied research has been directed to concerns of the majority breed.

Since 1967, the AJCC Research Foundation has provided the seed money for well-designed projects related to high-priority areas that affect the Jersey breed. In the '70s and early '80s, the Boards of Directors were concerned with four questions:

- What is unique and valuable about Jerseys?
- What will be the effect of new technology in Jersey herds?
- What research will be the most helpful to Jersey breeders?
- What programs should take priority for Jersey breeders?

The Foundation funded studies that helped produce better sire evaluation programs, determine the genetic basis of two economically important physical abnormalities, tackle the problem of milk fever, and provide the information used to convince cheesemakers that they should be buying Jersey milk:

- Correlation of production, type and herd life (Cornell University, 1979-1982)
- Increasing the accuracy of sire evaluations for type (USDA-ARS, Animal Improvement Programs Laboratory, 1980)
- Use of linear type evaluations to increase profitability (Virginia Polytechnic State University, 1983)
- Inheritance of Limber Legs (Utah State University, 1971)
- Description and inheritance of Rectovaginal Constriction (Kansas State University, 1976-1984)
- Requirements for certain minerals to prevent milk fever (University of Kentucky, 1968-1971)
- Development of predictive cheese yield formula (Utah State University, 1980)

By the mid-'80s, the needs were clearer and more specific research priorities had been developed. With additional funding from Jersey breeders for the Research Foundation, the number of projects increased dramatically. For the past 10 years, $400,996 has been directed for funding 83 studies, continuing to document the biological and economic efficiencies of Jerseys, along with practical research on:

The AJCC Research Foundation provided funding for a 1999 project to develop methods for controlling inbreeding by using computerized mating programs. The findings were used to develop JerseyMate™, introduced in early 2001.

Breeding plans to optimize genetic gain while maintaining genetic diversity:

- Use of computerized mate selection programs to control inbreeding of Jersey cattle in the next generation (University of Wisconsin, Madison, 1999)
- Assessment of genetic diversity in American Jersey bulls (Michigan State University, 2000)

Factors affecting net income, longevity, and lifetime profit:

- Calculation of Production Type Index formula (Virginia Polytechnic Institute and State University, 1990-1991)
- Influence of clinical mastitis on reproductive performance of Jersey cows (University of Tennessee, Knoxville, 1999)
- Identification of factors in Jersey milk associated with mastitis resistance (University of Tennessee, Knoxville, 2000)

Nutrition of high-producing Jerseys, particularly practical feeding methods to maximize production of valuable milk components:

- Effects of dietary cation-anion balance and the incidence of milk fever (USDA-ARS, National Animal Disease Center, 1992)
- Tissue Vitamin D receptor concentration: A possible explanation for increased susceptibility of Jerseys to milk fever (USDA-ARS, National Animal Disease Center, 1994)
- Calcium proprionate as a feed additive to combat ketosis and subclinical hypocalcemia (USDA-ARS, National Animal Disease Center, 1996)
- Copper toxicity in Jersey cattle (University of Kentucky, 1994)
- Body condition and energy balance in Jersey cows (University of Connecticut, 1998)
- Facility design for large Jerseys dairies (University of Arizona, 1999)

Factors affecting yield of products manufactured from Jersey milk:

- Comparison of cheese manufacturing properties and cheese yield from Jersey and Holstein milk of similar protein genetic variants (California Polytechnic State University, 1993)

and, factors affecting management of Jersey calves:

- Development of standards of weight and wither height for Jersey heifers (Pennsylvania State University, 1988)
- Heifer mortality and viability (North Carolina State University, 1991)
- Neonatal morbidity and mortality in Jersey calves (University of Tennessee, 1992)
- Effects of inbreeding on survival of the embryo in Jerseys (North Carolina State University, 2000).

These are just examples of the studies that have provided direct and immediate benefits to Jersey herd owners. Some of this research has prevented economic losses, while other studies have produced thousands in additional income.

As important as it has been to date, the AJCC Research Foundation will only become more important to the Jersey breed and the Jersey organizations in the years ahead. In contrast to a long period of studies in population genetics and applied management conducted at land grant universities and through USDA and its agencies, today's research is increasingly focused at the cell level and on the frontier of genetic engineering. Agricultural research is also more grant driven than it has ever been. Research is an expensive undertaking and universities are requiring their faculties to generate external sources of funding. The days of discretionary research—studies conducted because the researcher finds them interesting and important on merit alone—are gone. If some problem is going to be studied, it will only be studied if, and when, the researcher obtains the money to do so.

If the future holds research of a practical bent to improve the profitability of the Jersey breed, it is going to be only because Jersey breeders encourage it and provide the money to make it happen through the AJCC Research Foundation.

American Jersey Cattle Association
National All-Jersey Inc.
All-Jersey Sales Corporation

Leading Indicators of Jersey Breed Growth and Improvement

	2000	1990	1980	Change ('00 v. '80)
Identification				
Animals recorded *(* fee moratorium year)*	63,776	53,547	60,975*	+ 4.6%
Animals transfered	20,691	26,851	22,626	- 8.5%
Performance Programs				
Herds enrolled	918	842	595	+ 54.3%
Cows enrolled	92,369	58,846	39,587	+ 133.4%
Production (DHIR: 305-day, 2x, ME)				
Protein	654	524	—	
Milk	17,680	14,091	11,599	+ 52.4%
Fat	807	662	559	+ 44.4%
Equity Investment	$338,247	$189,380	$76,242	+ 343.6%
Jersey Marketing Service				
Gross for private treaty sales	$3,190,317	$1,507,300	$1,248,450	+ 155.5%
Gross for public sales	6,617,370	4,401,484	1,123,776	+ 488.9%
Combined Net Assets	$2,097,176	$1,848,851	$1,259,937	+ 66.4%

American Jersey Cattle Association Board of Directors

Paul C. Chittenden
President

Paul C. Chittenden
President
Schodack Landing, New York

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