

Canadian Sheep Breeders Association

Financial Statements  
as at  
31st. December, 2016

Glen L. Williams  
Chartered Accountant  
Magrath, Alberta

# GLEN L. WILLIAMS

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## AUDITOR'S REPORT

To the Members of

Canadian Sheep Breeders Association

I have audited the Balance Sheet of the Canadian Sheep Breeders Association as at 31st. December, 2016 and the Statement of Operations and net assets and cash flow for the year then ended. These financial statements are the responsibility of the association's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. These standards require that I perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amount 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 over all financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the association as at 31st. December, 2016 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

3<sup>rd</sup> March, 2017

Magrath, Alberta



Glen L. Williams

Chartered Accountant

## Canadian Sheep Breeders Association

Balance Sheet as at 31st. December, 2016

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
<u>Current</u>		
Cash	\$ 81,861	\$ 91,116
Accounts receivable and prepaid expenses	<u>351</u>	<u>194</u>
	\$ <u>82,212</u>	\$ <u>91,310</u>
Investments (Note 2)	\$ <u>427,792</u>	\$ <u>418,894</u>
	<u>\$ 510,004</u>	<u>\$ 510,204</u>
<u>Liabilities</u>		
<u>Current</u>		
Accounts payable and accrued liabilities	\$ 40,213	\$ 39,140
Members' accounts payable (Note 5)	<u>14,710</u>	<u>12,566</u>
	\$ <u>54,923</u>	\$ <u>51,706</u>
<u>Net Assets</u>		
Restricted for research	\$ 45,904	\$ 45,791
Unrestricted	<u>409,177</u>	<u>412,707</u>
	\$ <u>445,081</u>	\$ <u>458,498</u>
	<u>\$ 510,004</u>	<u>\$ 510,204</u>

Approved on behalf of the Board:

\_\_\_\_\_  
Director

## Canadian Sheep Breeders association

Statement of Operations  
for the year ended 31st. December, 2016

	<u>2016</u>	<u>2015</u>
<u>Revenue</u>		
Registrations, transfer fees and memberships	\$ 234,630	\$ 215,125
Investment income	10,792	10,096
Other income	<u>173</u>	<u>22</u>
	\$ <u>245,595</u>	\$ <u>225,243</u>
<u>Expenses</u>		
Office and administration	\$ 50,330	\$ 52,079
Directors" and committees	5,094	5,198
Other	<u>193,588</u>	<u>159,177</u>
	\$ <u>249,012</u>	\$ <u>216,454</u>
Excess of revenue over expenses	\$ <u>(3,417)</u>	\$ <u>8,789</u>

## Canadian Sheep Breeders Association

Statement of Changes in Net Assets  
for the year ended 31st. December, 2016

	<u>2016</u>			<u>2015</u>
	Restricted for <u>Research</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of the year	\$ 45,791	\$ 412,707	\$ 458,498	\$ 449,709
Transfer to restricted for research	10,113	(10,113)		
Revenue over expenditures	<u>(10,000)</u>	<u>6,583</u>	<u>(3,417)</u>	<u>8,789</u>
Balance, end of the year	<u>\$ 45,904</u>	<u>\$ 409,177</u>	<u>\$ 455,081</u>	<u>\$ 458,498</u>

Statement of Cash Flow  
for the year ended 31st. December, 2016

	<u>2016</u>	<u>2015</u>
Cash provided by: (Used for:)		
Operating activities		
Excess of revenue over expenses	\$ (3,413)	\$ 8,789
Changes in non-cash working capital (Note 4)	<u>3,056</u>	<u>24,186</u>
	\$ <u>(357)</u>	\$ <u>32,975</u>
Investing activities		
Sale (purchase) of investments - net	\$ <u>(8,898)</u>	\$ <u>7,536</u>
Increase (decrease) in cash during the year	\$ (9,255)	\$ 40,511
Cash, beginning of the year	<u>91,116</u>	<u>50,605</u>
Cash, end of the year	<u>\$ 81,861</u>	<u>\$ 91,116</u>

## Canadian Sheep Breeders Association

Notes to the Financial Statements  
as at 31st. December, 2016

## 1). Summary of significant accounting policies:

## Nature of Business

The organization is incorporated under the Laws of Canada. The primary purposes of the organization is to provide a system of registration for purebred sheep in Canada, including establishing standards, assisting breeders and maintaining breeding records.

The organization is a non-profit organization and is exempt from income tax under the Income Tax Act.

## Revenue recognition

The association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received if the amount to be received can reasonable be estimated and collected is reasonable assured. Endowment contributions are recognized as direct increase in net assets. Restricted investment income is recognized as revenue in the year in which related expenses are incurred. Unrestricted investment income is recognized when earned.

## Investments

Investments are carried at the lower of cost and net realizable value.

## Financial Instruments

The association's financial instruments consist of cash, short term investments, accounts receivables, investments and accounts payable. Unless otherwise noted, it is management's opinion that the association is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair market value of these financial instruments approximate their carrying value, unless otherwise noted.

## 2). Investments

	<u>2016</u>	<u>2015</u>
Steinback Credit Union GIC @ 1.90% per annum matures October 11, 2019	\$ 25,000	\$ 25,000
CIBC GIC @ 1.00% per annum matures March 24, 2017	26,224	25,990
Steinback Credit Union term deposit @ 1.95% per annum, matures August 12, 2019	106,909	104,557
Steinback Credit Union term deposit @ 2.25% per annum, matures April 16, 2018	127,828	125,000
Steinback Credit union term deposit @ 2.60% per annum, matures March 1, 2017	137,096	133,612

## Canadian Sheep Breeders Association

Notes to the Financial statements  
as at 31st. December, 2016

## 2). Investments continued

	<u>2016</u>	<u>2015</u>
Canadian Co-operative Wool Growers Ltd 460 common shares	\$ 4,600	\$ 4,600
Credit Union Shares	<u>135</u>	<u>135</u>
	<u>\$ 427,792</u>	<u>\$ 418,894</u>

## 3). Restricted for research

Balance, beginning of the year	\$ 45,791	\$ 45,160
<u>Add:</u> transfer for research	10,113	11,631
<u>Deduct:</u> research expense	<u>10,000</u>	<u>11,000</u>
Balance, end of the year	<u>\$ 45,904</u>	<u>\$ 45,160</u>

## 4). Statement of cash flow

Changes in non-cash working capital balance  
is made as follows:

Decrease (increase) in accounts receivables and prepaid expenses	\$ (157)	\$ 271
Increase (decrease) in accounts payable	1,073	21,995
increase (decrease) in Members' account payable	<u>2,140</u>	<u>1,920</u>
	<u>\$ 3,056</u>	<u>\$ 24,186</u>

## 5). Members' accounts payable

This account represented amounts received by CLRC from Association members for which transfers or registrations have not been processed as of the year end.



## Canadian Sheep Breeders Association

Schedule of Expenses  
for the year ended 31st. December, 2016

	<u>2016</u>	<u>2015</u>
<u>Office and administration</u>		
General manage contract	\$ 39,996	\$ 39,996
Office and other	3,477	3,654
Telephone	421	722
Postage and courier	984	766
Insurance	3,191	3,124
Audit	1,550	1,550
Bank service charges	711	691
Office travel	<u>          </u>	<u>1,576</u>
	<u>\$ 50,330</u>	<u>\$ 52,079</u>
 <u>Directors and committees</u>		
Director expenses	<u>\$ 5,094</u>	<u>\$ 5,198</u>
 <u>Other</u>		
Record levy CLRC	\$ 133,502	\$ 98,815
Annual meeting	31,170	30,319
Parentage testing	5,247	3,835
Sheep Classic - net	(5,084)	(4,904)
Research expenses	10,000	11,000
Market development and promotion	6,520	9,497
Website	2,702	1,462
Classic grant	5,000	5,000
Classic commission	<u>4,531</u>	<u>4,153</u>
	<u>\$ 193,588</u>	<u>\$ 159,177</u>