

Canadian Sheep Breeders Association

Financial Statements
as at
31st. December, 2017

Glen L. Williams
Chartered accountant
Magrath, Alberta

GLEN L. WILLIAMS

CHARTERED ACCOUNTANT

P.O. BOX 32
MAGRATH, ALBERTA
TOK 1J0
PHONE 758-3847
758-6005

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, 2017 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 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.

In my opinion, these Financial Statements present fairly, in all material respects the financial position of the association as at 31st. December, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

9th. March, 2018
Magrath, Alberta



Glen L. Williams
Chartered Accountant

Canadian Sheep Breeders Association

Balance Sheet as at 31st. December, 2017

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
<u>Current</u>		
Cash	\$ 87,579	\$ 81,861
Accounts receivable	<u>1,913</u>	<u>351</u>
	\$ <u>89,491</u>	\$ <u>82,212</u>
Investments (Note 2)	\$ <u>402,925</u>	\$ <u>427,792</u>
	<u>\$ 492,416</u>	<u>\$ 510,004</u>
<u>Liabilities</u>		
<u>Current</u>		
Accounts payable and accrued liabilities	\$ 31,919	\$ 40,213
Members' accounts payable (Note 5)	<u>21,685</u>	<u>14,710</u>
	\$ <u>53,604</u>	\$ <u>54,923</u>
<u>Net assets</u>		
Restricted for Research	\$ 32,781	\$ 45,904
Unrestricted	<u>406,031</u>	<u>409,177</u>
	\$ <u>438,812</u>	\$ <u>445,081</u>
	<u>\$ 492,416</u>	<u>\$ 510,004</u>

Approved on behalf of the Board:

Bruce Sinclair Director

Canadian Sheep Breeders Association

Statement of Operations
for the year ended 31st, December, 2017

	<u>2017</u>	<u>2016</u>
<u>Revenue</u>		
Registrations, transfer fees and memberships	\$ 281,369	\$ 234,630
Investment income	8,724	10,792
Other income	<u>9,748</u>	<u>173</u>
	\$ <u>299,841</u>	\$ <u>245,595</u>
<u>Expenses</u>		
Office and administration	\$ 54,397	\$ 50,330
Directors and committees	10,809	5,094
Other	<u>250,904</u>	<u>193,588</u>
	\$ <u>316,110</u>	\$ <u>249,012</u>
Excess of revenue over expenses	\$ <u>(16,269)</u>	\$ <u>(3,417)</u>

Canadian Sheep Breeders Association

Statement of Changes in Net Assets
for the year ended 31st. December, 2017

	<u>2017</u>			<u>2016</u>
	Restricted for <u>Research</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of the year	\$ 45,904	\$ 409,177	\$ 455,081	\$ 458,498
Transfer, restricted for research	12,877	(12,877)		
Revenue over expenditures	<u>(26,000)</u>	<u>9,731</u>	<u>(16,269)</u>	<u>(3,417)</u>
Balance, end of the year	\$ <u>32,781</u>	\$ <u>406,031</u>	\$ <u>438,812</u>	\$ <u>455,081</u>

Canadian Sheep Breeders Association

Statement of Cash Flow
for the year ended 31st. December, 2017

	<u>2017</u>	<u>2016</u>
Cash Provided by: (Used for:)		
Operating activities		
Excess of revenue over expenses	\$ (16,269)	\$ (3,413)
Changes in non-cash working capital (Note 4)	<u>(2,881)</u>	<u>3,056</u>
	\$ <u>(19,150)</u>	\$ <u>(357)</u>
Investing activities		
Sale (purchase) of investments - net	\$ <u>24,868</u>	\$ <u>(8,898)</u>
Increase (decrease) in cash during the year	\$ 5,718	\$ (9,255)
Cash, beginning of the year	<u>81,861</u>	<u>91,116</u>
Cash, end of the year	\$ <u><u>87,579</u></u>	\$ <u><u>81,861</u></u>

Canadian Sheep Breeders Association

Notes to the Financial Statements
as at 31st. December, 2017

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>2017</u>	<u>2016</u>
Steinback Credit Union GIC @1.90% per annum matures October 11, 2019	\$ 25,000	\$ 25,000
CIBC GIC @ .50% per annum matures March 26, 2018	26,486	26,224
Steinback Credit Union term deposit @ 1.95% per annum, matures August 12, 2019	109,000	106,909
Steinback Credit Union term deposit @ 2.25% per annum, matures April 16, 2018	130,704	127,828
Steinback Credit Union term deposit @ 2.00% per annum, matures March 23, 2020	107,000	137,096

Canadian Sheep Breeders Association

Notes to the Financial Statements
as at 31st. December, 2017

2). Investments continued

	<u>2017</u>	<u>2016</u>
Canadian Co-operative Wool Growers Ltd. 460 common shares	\$ 4,600	\$ 4,600
Credit Union Shares	<u>135</u>	<u>135</u>
	<u>\$ 402,925</u>	<u>\$ 427,792</u>

3). Restricted for Research

Balance, beginning of the year	\$ 45,904	\$ 45,791
<u>Add:</u> Transfer for research	12,877	10,113
<u>Deduct:</u> Research expenses	<u>(26,000)</u>	<u>(10,000)</u>
Balance, end of the year	<u>\$ 32,781</u>	<u>\$ 45,904</u>

4). Statement of Cash Flow

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

Decrease (increase) in accounts receivable	\$ (1,562)	\$ (157)
Increase (decrease) in accounts payable	(8,294)	1,073
Increase (decrease) in Members' accounts payable	<u>6,975</u>	<u>2,140</u>
	<u>\$ (2,881)</u>	<u>\$ 3,056</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, 2017

	<u>2017</u>	<u>2016</u>
<u>Office and Administration</u>		
General manager's contract	\$ 39,996	\$ 39,996
Office supplies	1,868	1,070
Telephone	355	421
Postage and courier	1,325	984
Insurance	3,260	3,191
Audit	1,925	1,550
Bank service charges	861	711
Office travel	199	
Translations and bookkeeping	<u>4,608</u>	<u>2,407</u>
	<u>\$ 54,397</u>	<u>\$ 50,330</u>
<u>Directors and committees</u>		
Director expenses	<u>\$ 10,809</u>	<u>\$ 5,094</u>
<u>Other</u>		
Record levy CLRC	\$ 152,598	\$ 133,502
Annual meeting	32,115	31,170
Parentage testing	3,255	5,247
Sheep Classic - net	(1,697)	(5,084)
Research expenses	26,000	10,000
Market development and promotion	25,115	6,520
Website	2,011	2,702
Classic grant	5,000	5,000
Classic commission	<u>6,507</u>	<u>4,531</u>