

GLEN L. WILLIAMS

CHARTERED ACCOUNTANT

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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, 2018 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, 2018 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

15th. March, 2019
Magrath, Alberta



Glen L. Williams
Chartered Accountant

Canadian Sheep Breeders Association

Balance Sheet as at 31st. December, 2018

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
<u>Current</u>		
Cash	\$ 67,696	\$ 87,579
Accounts receivable		1,913
Prepaid expenses	<u>5,000.</u>	<u> </u>
	\$ <u>72,696</u>	\$ <u>89,491</u>
Investments (Note 2)	\$ <u>440,831</u>	\$ <u>402,925</u>
	<u>\$ 513,527</u>	<u>\$ 492,416</u>
<u>Liabilities</u>		
<u>Current</u>		
Accounts payable and accrued liabilities	\$ 48,540	\$ 31,919
Members' account payable (Note 5)	<u>16,740</u>	<u>21,685</u>
	\$ <u>65,280</u>	\$ <u>53,604</u>
<u>Net assets</u>		
Restricted for Research	\$ 26,439	\$ 32,781
Unrestricted	<u>421,808</u>	<u>406,031</u>
	\$ <u>448,247</u>	\$ <u>438,812</u>
	<u>\$ 513,527</u>	<u>\$ 492,416</u>

Approved on behalf of the Board:

Bruce Sinclair

Director

Canadian Sheep Breeders Association

Statement of Operations
for the year ended 31st. December, 2018

	<u>2018</u>	<u>2017</u>
<u>Revenue</u>		
Registrations, transfer fees and memberships	\$ 297,452	\$ 281,369
Investment income	11,746	8,724
Other income	<u> </u>	<u>9,748</u>
	\$ <u>309,198</u>	\$ <u>299,841</u>
<u>Expenses</u>		
Office and administration	\$ 47,324	\$ 54,397
Directors and committees	2,313	10,809
Other	<u>250,126</u>	<u>250,904</u>
	\$ <u>299,763</u>	\$ <u>316,110</u>
Excess of revenue over expenses	\$ <u>9,435</u>	\$ <u>(16,269)</u>

Canadian Sheep Breeders Association

Statement of Changes in Net Assets
for the year ended 31st. December, 2018

	<u>2018</u>			<u>2017</u>
	Restricted for <u>Research</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of the year	\$ 32,781	\$ 406,031	\$ 438,812	\$ 455,081
Transfer, restricted for research	11,658	(11,658)		
Revenue over expenditures	<u>(18,000)</u>	<u>27,435</u>	<u>9,435</u>	\$ <u>(16,269)</u>
Balance, end of the year	\$ <u>26,439</u>	\$ <u>421,808</u>	\$ <u>448,247</u>	\$ <u>438,812</u>

Canadian Sheep Breeders Association

Statement of Cash Flow
for the year ended 31st. December, 2018

	<u>2018</u>	<u>2017</u>
Cash provided by: (Used for:)		
Operating activities		
Excess of revenue over expenses	\$ 9,435	\$ (16,269)
Changes in non-cash working capital (Note 4)	<u>8,589</u>	<u>(2,881)</u> ⁽¹⁾
	\$ <u>18,024</u>	\$ <u>(19,150)</u>
Investing activities		
Sale (purchase) of investments - net	\$ <u>(37,907)</u>	\$ <u>24,868</u>
Increase (decrease) in cash during the year	(19,883)	\$ 5,718
Cash, beginning of the year	\$ <u>87,579</u>	<u>81,861</u>
Cash, end of the year	\$ <u><u>67,696</u></u>	\$ <u><u>87,579</u></u>

Canadian Sheep Breeders Association

Notes to the Financial Statements
as at 31st. December, 2018

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 collection is reasonable assured. Endowment contributions are recognized as direct increase in Net Assets. Restricted investment income is recognized as revenue on 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>2018</u>	<u>2017</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
Steinback Credit Union term deposit @ 1.95% per annum, matures August 12, 2019	111,125	109,000
Steinback Credit Union regular savings account @ 2.45% per annum	190,825	130,704
Steinback Credit Union term deposit @ 2.00% per annum, matures March 23, 2020	109,146	107,000

Canadian Sheep Breeders Association

Notes to the Financial Statements
as at 31st. December, 2018

	<u>2018</u>	<u>2017</u>
2). Investments continued		
Canadian Co-operative Wool Growers Ltd. 460 common shares	\$ 4,600	\$ 4,600
Credit union Shares	<u>135</u>	<u>135</u>
	<u>\$ 440,831</u>	<u>\$ 402,925</u>
3). Restricted for Research		
Balance, beginning of the year	\$ 32,781	\$ 45,904
<u>Add</u> : Transfer for research	11,658	12,877
<u>Deduct</u> : Research expenses	<u>(18,000)</u>	<u>(26,000)</u>
Balance, end of the year	<u>\$ 26,439</u>	<u>\$ 32,781</u>
4). Statement of Cash Flow		
Changes in non-cash working capital balance is made up as follows:		
Decrease (increase) in accounts receivable	\$ 1,913	\$ (1,562)
Increase (decrease) in prepaid expenses	(5,000)	
Increase (decrease) in accounts payable	16,621	(8,294)
Increase (decrease) in Members' accounts payable	<u>(4,945)</u>	<u>6,975</u>
	<u>\$ 8,589</u>	<u>\$ (2,881)</u>
5). Members' Accounts Payable		

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

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Schedule of Expenses
for the year ended 31st. December, 2018

	<u>2018</u>	<u>2017</u>
<u>Office and Administration</u>		
General manager's contract	\$ 33,500	\$ 39,996
Office supplies	2,324	1,868
Telephone	309	355
Postage and courier	874	1,325
Insurance	3,634	3,260
Audit	2,175	1,925
Bank service charges	493	861
Office travel	2,035	199
Translation and bookkeeping	<u>1,980</u>	<u>4,608</u>
	<u>\$ 47,324</u>	<u>\$ 54,397</u>
<u>Directors and committees</u>		
Directors expenses	<u>\$ 2,313</u>	<u>\$ 10,809</u>
<u>Other</u>		
Record levy CLRC	\$ 180,874	\$ 152,598
Annual meeting	32,863	32,115
Parentage testing	3,472	3,255
Sheep Classic - net	(3,872)	(1,697)
Research expenses	18,000	26,000
Market development and promotion	9,151	25,115
Website	680	2,011
Classic grant	5,000	5,000
Classic commission	<u>3,958</u>	<u>6,507</u>
	<u>\$ 250,126</u>	<u>\$ 250,904</u>