

CANADIAN GOAT SOCIETY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

(Unaudited - See Independent Practitioner's Review Engagement Report)

CANADIAN GOAT SOCIETY

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YEAR ENDED DECEMBER 31, 2019

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Chartered
Professional
Accountants

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the members of Canadian Goat Society

We have reviewed the accompanying financial statements of Canadian Goat Society that comprise the statement of financial position as at December 31, 2019 and the statements of revenues and expenditures, changes in unrestricted net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not for profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of the financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Canadian Goat Society as at December 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

A handwritten signature in black ink that reads 'RLB LLP'.

Guelph, Ontario
June 29, 2020

Chartered Professional Accountants
Licensed Public Accountants

CANADIAN GOAT SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

(Unaudited - See Independent Practitioner's Review Engagement Report)

	2019	2018 (note 6)
ASSETS		
CURRENT		
Cash	\$ 14,377	\$ 22,719
Accounts receivable	20,533	15,653
Prepaid expenses	<u>2,393</u>	<u>0</u>
	<u>\$ 37,303</u>	<u>\$ 38,372</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 14,410	\$ 6,795
Government remittances payable	9,971	11,078
CGS Youth Scholarship payable	3,421	3,321
Deferred income	<u>0</u>	<u>1,838</u>
	<u>27,802</u>	<u>23,032</u>
NET ASSETS		
UNRESTRICTED NET ASSETS	<u>9,501</u>	<u>15,340</u>
	<u>\$ 37,303</u>	<u>\$ 38,372</u>

CANADIAN GOAT SOCIETY
STATEMENT OF CHANGES IN UNRESTRICTED NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

(Unaudited - See Independent Practitioner's Review Engagement Report)

	2019 <i>(12 months)</i>	2018 <i>(4 months)</i> (note 6)
UNRESTRICTED NET ASSETS, beginning of year	\$ 15,340	\$ 27,328
Net deficit for the year	<u>(5,839)</u>	<u>(11,988)</u>
UNRESTRICTED NET ASSETS, end of year	<u>\$ 9,501</u>	<u>\$ 15,340</u>

CANADIAN GOAT SOCIETY
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2019

(Unaudited - See Independent Practitioner's Review Engagement Report)

	2019 <i>(12 months)</i>	2018 <i>(4 months)</i> <i>(note 6)</i>
REVENUES		
Membership fees and registrations	\$ 111,634	\$ 32,739
Dairy classifications	14,467	0
Milk testing	7,056	83
Shows	6,721	4,632
Judges' training	2,513	0
Advertising	1,125	200
Semen sales	0	840
	<u>143,516</u>	<u>38,494</u>
EXPENDITURES		
Salaries and benefits	47,789	17,913
Canadian Livestock Record Corporation - levy	41,238	17,391
Dairy classification expenses	26,239	0
Genetic evaluation - C.C.S.I.	7,000	0
Canadian Livestock Record Corporation - other	6,734	1,383
Quarterly magazine expenses	6,448	2,115
Office	3,754	1,752
Professional fees	2,600	2,650
Rent	2,273	0
Judges' training	1,871	0
Telephone	1,076	260
Annual meeting	1,015	5,865
Shows	815	1,014
Interest and bank charges	503	139
	<u>149,355</u>	<u>50,482</u>
NET DEFICIT for the year	<u>\$ (5,839)</u>	<u>\$ (11,988)</u>

CANADIAN GOAT SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

(Unaudited - See Independent Practitioner's Review Engagement Report)

	2019 <i>(12 months)</i>	2018 <i>(4 months)</i> <i>(note 6)</i>
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net deficit for the year	\$ (5,839)	\$ (11,988)
Changes in non-cash working capital		
Accounts receivable	(4,880)	(2,123)
Inventories	0	680
Prepaid expenses	(2,393)	0
Accounts payable and accrued liabilities	7,615	(875)
Government remittances payable	(1,107)	4,804
CGS Youth Scholarship payable	100	0
Deferred income	<u>(1,838)</u>	<u>(1,425)</u>
NET DECREASE IN CASH	(8,342)	(10,927)
NET CASH, BEGINNING OF YEAR	<u>22,719</u>	<u>33,646</u>
NET CASH, END OF YEAR	<u><u>\$ 14,377</u></u>	<u><u>\$ 22,719</u></u>

CANADIAN GOAT SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

(Unaudited - See Independent Practitioner's Review Engagement Report)

1. NATURE OF ORGANIZATION

Canadian Goat Society is a not for profit organization incorporated under the Livestock Pedigree Act, Canada without share capital. Canadian Goat Society is exempt from income tax. Its purpose is to promote good breeding of goats to obtain higher standards. The majority of revenue for the Society is from membership fees paid by Canadian goat farmers and fees for registering a goat with the Society.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations and include the following significant accounting policies:

(a) **INVENTORIES**

Inventories are measured at the lower of cost and replacement value.

(b) **USE OF ESTIMATES**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for not for profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant areas requiring management's estimates include accrued liabilities. Actual results could differ from those estimates.

(c) **FINANCIAL INSTRUMENTS**

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in net surplus. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net surplus.

Transaction costs

The organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

CANADIAN GOAT SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

(Unaudited - See Independent Practitioner's Review Engagement Report)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) CONTRIBUTED MATERIALS AND SERVICES

During the year, a number of organizations and individuals donate materials to the organization and a number of volunteers contribute a significant amount of their time. Because of the difficulty in determining the fair value, contributed materials and services are not recorded in the financial statements.

(e) REVENUE RECOGNITION

The organization follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Shows revenue is recognized as revenue when these events occur.

Membership fees are recognized as revenue proportionately over the fiscal year to which they relate.

All other revenue is recognized when earned.

3. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from the financial instruments.

The extent of the organization's exposure to these risks did not change in 2019 compared to the previous period.

The organization does not have a significant exposure to any individual customer or counterpart.

4. CANADIAN LIVESTOCK RECORDS CORPORATION

The organization engages the Canadian Livestock Records Corporation (CLRC) as a management service for their membership and registration fees. As of year-end, CLRC has a net balance of \$22,046 (2018 - \$4,488) of credits held for the organization's members.

5. SUBSEQUENT EVENTS

Subsequent to year end, the Novel Coronavirus (COVID-19) significantly impacted the economy in Canada and globally. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. This may impact the timing and amounts realized on the organization's assets and its future ability to deliver all services.

6. CORRESPONDING FIGURES

During the current year, it was noted that there was an adjustment to accounts receivable to correct the prior year membership fees and registration revenue. The net effect of this adjustment to the accounts receivable and total assets at December 31, 2018 is a decrease of \$12,241. The net effect of this adjustment to the membership fees and registrations and the net surplus (deficit) at December 31, 2018 is a decrease \$12,241.