

**THE CANADIAN HIGHLAND CATTLE SOCIETY /
LA SOCIÉTÉ CANADIENNE DES ÉLEVAGEURS DE BOVINS HIGHLAND**

Financial Statements

Year Ended December 31, 2023

THE CANADIAN HIGHLAND CATTLE SOCIETY /
LA SOCIÉTÉ CANADIENNE DES ÉLEVAGEURS DE BOVINS HIGHLAND

Index to Financial Statements

Year Ended December 31, 2023

	Page
INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT	3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 11

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of
The Canadian Highland Cattle Society / La Société Canadienne Des Éleveurs De Bovins Highland

We have reviewed the accompanying financial statements of The Canadian Highland Cattle Society / La Société Canadienne Des Éleveurs De Bovins Highland which comprise the statement of financial position as at December 31, 2023 and the statements of operations, changes in 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 for the Financial Statements

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 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 these financial statements do not present fairly, in all material respects, the financial position of The Canadian Highland Cattle Society / La Société Canadienne Des Éleveurs De Bovins Highland as at December 31, 2023, 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.



CHARTERED PROFESSIONAL ACCOUNTANTS

Edmonton, Alberta
July 5, 2024

THE CANADIAN HIGHLAND CATTLE SOCIETY /
 LA SOCIÉTÉ CANADIENNE DES ÉLEVAGEURS DE BOVINS HIGHLAND

Statement of Financial Position

December 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 22,680	\$ 57,485
Short-term deposits	64,682	24,254
Accounts receivable	3,322	3,691
Inventory	6,090	3,103
Prepaid expenses	359	-
	<hr/> 97,133	88,533
EQUIPMENT <i>(Note 3)</i>	<hr/> 211	300
	<hr/> \$ 97,344	\$ 88,833
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities <i>(Note 4)</i>	\$ 15,616	\$ 15,156
Deferred revenue <i>(Note 5)</i>	<hr/> 191	3,712
	<hr/> 15,807	18,868
NET ASSETS		
Unrestricted	<hr/> 81,537	69,965
	<hr/> \$ 97,344	\$ 88,833

APPROVED BY THE BOARD

Director

Director

THE CANADIAN HIGHLAND CATTLE SOCIETY /
 LA SOCIÉTÉ CANADIENNE DES ÉLEVAGEURS DE BOVINS HIGHLAND

Statement of Operations

Year Ended December 31, 2023

	2023	2022
REVENUE		
Animal related revenue	\$ 47,594	\$ 36,276
Membership income	13,478	12,612
Promotional income	7,284	1,605
Other income	2,671	194
Annual general meeting income	<u>937</u>	<u>3,676</u>
	<u>71,964</u>	<u>54,363</u>
EXPENSES		
Animal related expenses	32,894	24,334
Kyloe Cry	7,253	5,163
Contract fees (Note 6)	6,007	8,042
Annual general meeting expenses	5,374	2,275
Professional fees	3,400	5,537
Kyloe shop cost of sales	3,274	268
Operating expenses	1,751	1,900
Interest and bank charges	350	197
Amortization	<u>89</u>	<u>126</u>
	<u>60,392</u>	<u>47,842</u>
REVENUE OVER EXPENSES	\$ 11,572	\$ 6,521

THE CANADIAN HIGHLAND CATTLE SOCIETY /
LA SOCIÉTÉ CANADIENNE DES ÉLEVAGEURS DE BOVINS HIGHLAND
Statement of Changes in Net Assets
Year Ended December 31, 2023

	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 69,965	\$ 63,444
Revenue over expenses	<u>11,572</u>	6,521
NET ASSETS - END OF YEAR	<u>\$ 81,537</u>	<u>\$ 69,965</u>

THE CANADIAN HIGHLAND CATTLE SOCIETY /
LA SOCIÉTÉ CANADIENNE DES ÉLEVAGEURS DE BOVINS HIGHLAND

Statement of Cash Flows

Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Revenue over expenses	\$ 11,572	\$ 6,521
Item not affecting cash:		
Amortization	<u>89</u>	<u>126</u>
	<u>11,661</u>	<u>6,647</u>
Changes in non-cash working capital:		
Accounts receivable	369	(2,567)
Inventory	(2,987)	268
Prepaid expenses	(359)	202
Accounts payable and accrued liabilities	460	364
Deferred revenue	<u>(3,521)</u>	<u>2,410</u>
	<u>(6,038)</u>	<u>677</u>
	<u>5,623</u>	<u>7,324</u>
FINANCING ACTIVITIES		
Redemption of short-term deposits	24,254	24,162
Purchase of short-term deposits	<u>(64,682)</u>	<u>(24,254)</u>
	<u>(40,428)</u>	<u>(92)</u>
(DECREASE) INCREASE IN CASH	(34,805)	7,232
Cash - beginning of year	<u>57,485</u>	<u>50,253</u>
CASH - END OF YEAR	<u>\$ 22,680</u>	<u>\$ 57,485</u>

**THE CANADIAN HIGHLAND CATTLE SOCIETY /
LA SOCIÉTÉ CANADIENNE DES ÉLEVAGEURS DE BOVINS HIGHLAND**

Notes to Financial Statements

Year Ended December 31, 2023

1. NATURE OF OPERATIONS

The Canadian Highland Cattle Society / La Société Canadienne Des Élevageurs De Bovins Highland (Society) was incorporated in 1964 under the Animal Pedigree Act. The Society is a not-for-profit for income tax purposes and is not subject to income taxes.

The objective of the Society is to regulate, develop and encourage the breeding of purebred Highland cattle in Canada.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Cash

Cash is defined as cash on hand and cash on deposit, net of cheque's issued and outstanding at the reporting dates.

Short-term deposits

Short-term term deposits are those with maturity dates less than one year from the year end.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Equipment

Equipment is stated at cost less accumulated amortization. Equipment is amortized over their estimated useful lives on a declining balance basis at the following rates:

Office equipment	30%
Computer software	20%

Contributed goods and services

Goods and services were contributed to the Society during the year. Due to the difficulty in determining their fair value, contributed goods and services are not recognized in the financial statements.

(continues)

THE CANADIAN HIGHLAND CATTLE SOCIETY /
LA SOCIÉTÉ CANADIENNE DES ÉLEVAGEURS DE BOVINS HIGHLAND

Notes to Financial Statements

Year Ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The Society follows the deferral method of accounting for contributions. Contributions, including grants, are included in revenue in the year in which they are received or receivable, with the exception that contributions to fund a specific future period's expenses are included in revenue in that later period.

Membership fees, annual general meeting income, animal related income, promotional income and other income are recognized as revenue in the fiscal year in which services are provided and when collection is reasonably assured.

Deferred membership fees represent membership fees for the service period after the Society's fiscal year end.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations, requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Significant estimates include useful life of equipment, accrued liabilities and deferred revenue. By their nature, these estimates are subject to measurement uncertainty and actual results could differ.

3. EQUIPMENT

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Office equipment	\$ 1,958	\$ 1,757	\$ 201	\$ 287
Computer software	231	221	10	13
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 2,189	\$ 1,978	\$ 211	\$ 300

THE CANADIAN HIGHLAND CATTLE SOCIETY /
LA SOCIÉTÉ CANADIENNE DES ÉLEVAGEURS DE BOVINS HIGHLAND
Notes to Financial Statements
Year Ended December 31, 2023

4. GOVERNMENT REMITTANCES

The Society is not in compliance with sales tax remittance requirements as at December 31, 2023 as filings are outstanding since 2013. The Society's records show a cumulative net tax payable balance of \$2,794 (2022--\$1,085), which is included in accounts payable and accrued liabilities.

5. DEFERRED REVENUE

Deferred revenue consists of:

	2023	2022
Membership services	\$ 191	\$ 3,712

The deferred revenue represents membership services for the period January 1 to December 31, 2024.

6. RELATED PARTY TRANSACTIONS

The Society paid contract fees to board members of \$5,602 (2022--\$7,900).

7. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, short-term deposits, accounts receivable, and accounts payable and accrued liabilities.

The Society is exposed to the following risks through its financial instruments:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society's main credit risk relates to accounts receivable. The Society's accounts receivable are generally the result of services to its members and amounts receivable from government grants. The Society's members are numerous which reduces concentration risk. It is management's opinion that there is no significant credit risk as of December 31, 2023.

Liquidity risk

Liquidity risk arises from the possibility that the Society might encounter difficulty in settling its debts or in meeting its obligations related to financial liabilities. It is management's opinion that there is no significant liquidity risk as of December 31, 2023.

(continues)

THE CANADIAN HIGHLAND CATTLE SOCIETY /
LA SOCIÉTÉ CANADIENNE DES ÉLEVAGEURS DE BOVINS HIGHLAND

Notes to Financial Statements

Year Ended December 31, 2023

7. FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk arising on its interest bearing assets. This risk is mitigated by entering into fixed rate short-term deposits.

Canadian Highland Cattle Society

Balance Sheet As at 2024-06-30

ASSET

Current Assets

Chequing Account (CIBC)	38,574.67
Total Cash	38,574.67
CHCS Sales	0.00
CLRC Overage	0.00
Members Receivable	17.00
Accrued Interest	0.00
Subtotal Receivable	17.00
Accounts Receivable	0.00
GIC - 00299	8,937.42
GIC - 00329	10,727.03
GIC - 00388	5,865.49
GIC - 00353	20,844.80
GIC - 00396	20,900.37
Short Term Investment	67,275.11
Kyloe Shop Inventory	5,956.76
Total Inventory	5,956.76
Prepaid Expenses	179.28
Loans Receivable	0.00
Total Current Assets	112,002.82

Capital Assets

Office Equipment	1,958.05
Accum. Amort. Office Equipment	-1,757.21
Net - Office Equipment (30%)	200.84
Computer Software	231.06
Accum. Amort. Computer Software	-220.68
Net - Computer Software (20%)	10.38
Office Furniture & Equipment	0.00
Accum. Amort. Furn & Equip.	0.00
Net - Furniture & Equipment	0.00
Total Capital Assets	211.22

TOTAL ASSET

112,214.04

LIABILITY

Current Liabilities

Deposits & Prepaid Orders	0.00
Accounts Payable	9,767.67
CLRC Work In Progress	190.80
CLRC Breeder Account Balance	2,621.24
Net CLRC Breeder Account Balance	2,812.04
AP Accruals	3,250.00
EI Payable	0.00
CPP Payable	0.00
Federal Income Tax Payable	0.00
Total Receiver General	0.00
WCB Payable	0.00
GST Charged on Sales - 5%	27,723.14
HST Charged on Sales - 13% (ON)	0.00
HST on Sales - 15% (NB, NL, NS, PE)	49.42
HST Charged on Sales - 14.975% (QC)	0.00
GST Paid on Purchases - 5%	-23,932.19
HST Paid on Purchases - 13% (ON)	0.00
HST Paid - 15% (NB, NL, NS, PE)	-1,300.03
HST Paid on Purchase - 14.975% (QC)	-1,047.60
GST/HST Owing (Refund)	1,492.74
Total Current Liabilities	17,322.45

TOTAL LIABILITY

17,322.45

Printed On: 2024-07-16

Canadian Highland Cattle Society
Balance Sheet As at 2024-06-30

EQUITY

Retained Earnings

Net Assess - Previous Year	79,814.77
Current Earnings	15,076.82
Total Retained Earnings	94,891.59

TOTAL EQUITY

94,891.59

LIABILITIES AND EQUITY

112,214.04

Canadian Highland Cattle Society
Income Statement 2024-01-01 to 2024-06-30

REVENUE

Revenue	
Annual Membership Renewals	0.00
Purebred Registrations	0.00
Purebred Transfers	0.00
Duplicate Certificates	0.00
Herd Name Registrations	0.00
Tattoo Letter Registrations	0.00
DNA Genotype Kit	0.00
Animal Leases	0.00
Re-Issued Certificates	0.00
Follow Up on Overdue Accounts	0.00
CLRC Deposit Holding Account	36,271.89
Total Revenue	<u>36,271.89</u>
 AGM Revenue	
AGM Fees Collected	300.00
AGM Sales	0.00
Total AGM Revenue	<u>300.00</u>
 Breed Promotional Income	
Postage Received on Sales	0.00
Postage Paid for Shipping	3.11
Kyloe Shop Sales	140.00
Net Kyloe Shop Income	143.11
Internet/Web Ad Sales	510.00
CHCS Semen Sales	0.00
Total Promotional Income	<u>653.11</u>
 Kyloe Cry Magazine Revenue	
Kyloe Ad Sales	1,133.00
Total Kyloe Cry Magazine Revenue	<u>1,133.00</u>
 Other Income	
Investment Interest	2,593.32
Donations Received	0.00
Other Income	0.00
Total Other Income	<u>2,593.32</u>
 TOTAL REVENUE	<u>40,951.32</u>

EXPENSE

Kyloe Cry/Newsletter Expenses	
Kyloe Cry/Newsletter Postage	754.76
Kyloe Cry/Newsletter Printing	2,637.71
Total Kyloe Cry/Newsletter Expenses	<u>3,392.47</u>
 CLRC Administration Expense	
Memberships and Renewals	0.00
Purebred Registrations	0.00
Purebred Transfers	0.00
Herd Name Registrations	0.00
Tattoo Letter Registrations	0.00
DNA Genotype Kit/Applications	0.00
DNA Test Reports	0.00
Re-Issued Certificates	0.00
Applications Held	0.00
Duplicate Certificates	0.00
Credit Card Administration	954.03
Lists & Labels	75.00
Membership Invoicing	0.00
Postage & Courier	6.38

Printed On: 2024-07-16

Canadian Highland Cattle Society
Income Statement 2024-01-01 to 2024-06-30

Account Entries/Follow Ups	0.00
Special Computer Services	0.00
Miscellaneous	0.00
Animal Leases	0.00
Member Based Service Fee	600.00
Information for Breed Office	0.00
Ancestry Update	0.00
Tabulated Pedigrees	0.00
Rush Fees	0.00
CLRC Levy Holding Account	14,353.88
Total CLRC Admin. Expense	15,989.29
Animal Related Expenses	
DNA Analysis (Genserve Direct)	2,964.00
Total Animal Related Expenses	2,964.00
Wage Expense	
Secretary Manager	1,439.90
Editor	883.30
Treasurer	0.00
Wage Expense	2,323.20
Total Payroll Expense	2,323.20
Breed Promotional Expenses	
Sponsored Shows	0.00
Advertising & Promotions	0.00
Merchandise Purchases	0.00
Square Discount Fee	50.20
Kyloe Shop COGS	145.16
Semen Storage	0.00
Total Breed Promotional Expenses	195.36
General & Administrative Expenses	
Accounting	0.00
Legal	0.00
Rush & Late Fees	0.00
Bank Fees & Charges	30.22
Office Supplies	459.85
Postage & Courier	330.74
Special Computer Services	0.00
Website Management	179.28
Office Equipment Depreciation	0.00
Office Equipment Write Off	0.00
Computer Software Depreciation	0.00
Computer Software Write Off	0.00
DNA Analysis (Non-CLRC)	0.00
Pedigree Committee Expenses	10.09
Total General & Admin. Expenses	1,010.18
AGM Expenses	
AGM Expenses	0.00
Total AGM Expenses	0.00
TOTAL EXPENSE	25,874.50
NET INCOME	15,076.82