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July 25, 2020, 1 pm MST

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PRESIDENTS OF THE CANADIAN SIMMENTAL ASSOCIATION

1969 - 70	Travers Smith, Cardston, Alberta
1970 - 71	Dr. Allan Dixon, Calgary, Alberta
1971 - 72	LeRoy Barry, Carivale, Saskatchewan
1972 - 73	Ross Mitchell, Douglas, Manitoba
1973 - 74	Jack Ball, Brant, Alberta
1974 - 75	Dr. Allan Dixon, Calgary, Alberta
1975 - 75	Gerry Kaumeyer, Calgary, Alberta
1976 - 77	Stan Church, Calgary, Alberta
1977 - 78	Keith Sveinson, Calgary, Alberta
1978 - 80	Jim Shaw, Edmonton, Alberta
1980 - 82	Mel Wolfe, Douglas, Manitoba
1982 - 84	John Draper, Douglas, Manitoba
1984 - 86	Stan Church, Calgary, Alberta
1986 - 87	Dick Stoddard, Waterloo, Quebec
1987 - 88	Bill Small, Craven, Saskatchewan
1988 - 89	Ralph Whitfield, Souris, Manitoba
1989 - 91	Roger Deeg, Lyalta, Alberta
1991 - 93	Barry LaBatte, Gladmar, Saskatchewan
1993 - 94	Allan Preston, Hamiota, Manitoba
1994 - 96	Michael Burns, King City, Ontario
1996 - 97	Miles Glasman, Russell, Manitoba
1997 - 98	Ken Lewis, Spruce Grove, Alberta
1998 - 99	Yves Gagnon, Vinoy, Quebec
1999 - 00	Tracy Graf, Edmonton, Alberta
2000 - 01	Ron Wooddisse, Palmerston, Ontario
2001 - 02	Ian Mitchell, Barriere, British Columbia
2002 - 04	Brian McCarthy, Moosomin, Saskatchewan
2004 - 06	Bruce Holmquist, Kinistino, Saskatchewan
2006 - 08	Dr. Murray Jacobson, Shaughnessy, Alberta
2008 - 10	Dr. Everett Hall, Owen Sound, Ontario
2010 - 11	Rick McIntyre, Churchbridge, Saskatchewan
2011 - 13	Ron Nolan, Markdale, Ontario
2013 - 14	Fraser Redpath, Mather, Manitoba
2014 - 15	Kelly Ashworth, Oungre, Saskatchewan
2015 - 16	Lacey Fisher, Amherst, Nova Scotia
2016 - 18	Lee McMillen, Carievale, Saskatchewan
2019 -	Garth Rancier, Killam, Alberta

CSA BOARD OF DIRECTORS / 2019 - 2020

Garth Rancier
President
Killam, AB

Blair McRae
1st Vice-President
Brandon, MB

Marlin LeBlanc
2nd Vice-President
Estevan, SK

Roger Deeg
Strathmore, AB

Byron Johnson
Amisk, AB

Lee McMillen
Carievale, SK

Shane Williams
East Garafraxa, ON

Francis Gagnon
Cheneville, QC

Frank Robblee
Crapaud, PEI

THE FRIENDS OF CANADIAN SIMMENTAL FOUNDATION BOARD OF DIRECTORS / 2019 - 2020

Ken Lewis
President
Spruce Grove, AB

Brian Bouchard
Vice-President
Crossfield, AB

Marlin LeBlanc
Treasurer
Estavan, SK

Deanne Young
Director
Breton, AB

Mark Shologan
Director
Westlock, AB

Ron Nolan
Director
Markdale, ON

Roger Deeg
Director
Strathmore, AB

Glenn Wotten
Director
Little Brittain, ON

Scott Matthews
Director
Compton, ON

Garth Rancier
Director
Killam, AB

CSA STAFF & CONSULTANTS

Bruce Holmquist
General Manager

Barb Judd
Office Manager

Sue Giles
Programs Coordinator

Devra Leavitt
Reception & Member Services

Perry Welygan
Registry & Member Services

Laurie Macdonald
Registry & Member Services

Dallas Wise
Registry & Member Services

Rae-Lee Erickson
Administrative Assistant

Kelsey Manske
YCSA Coordinator

iSmart Consulting / Ian Yin
Network Support

Michael Brooks
CSA Registry Software Support

Absolute Business Solutions
Rita Ricioppo
Bookkeeping Services

Ranching Systems Ltd
Sean McGrath
Breed Improvement Consulting

CANADIAN SIMMENTAL ASSOCIATION PRESIDENT'S REPORT

Garth Rancier

On behalf of the CSA and its' Board of Directors, welcome to the 2020 Canadian Simmental Association Virtual AGM. While it wasn't what we had planned for in 2020, we are all looking forward to the 2021 AGM being better than ever in Manitoba.

2019 was another very strong year for the Simmental breed in Canada and the progressiveness and forward thinking of the membership has put our breed in a very enviable position within the industry. The continued growing interest in the Simmental breed across the country led to another very successful year of both bull and female sales. We need to celebrate and appreciate what got us to this point and focus what will elevate us higher in the future.

Financially our association is on very solid ground showing a profit again in 2019. This is thanks to continual increases in memberships, transfers, registrations, and combined with prudent budgeting. This has allowed us to offer continued support to the provincial associations, subsidize genetic testing and regular improvements without increasing fees to our membership. Thanks to Marlin Leblanc for being our Finance Chair.

I would also like to thank New Holland for their continued support and sponsorship of the CSA. Their contribution to the CSA and the YCSA and partnership with our breed is greatly appreciated.

The CSA board meets spring and fall for board meetings, as well as conference calls where needed. Our committees are made up of elected directors and appointed delegates. I would like to personally thank all of our committee members for all of the time they volunteer to the Simmental breed and the CSA. The breed improvement committee was chaired by Roger Deeg this past year and deals with matters pertaining to the advancement of the Simmental breed in Canada. We are very fortunate to have a wealth of knowledge from many spectrums, and perspectives of the breed and the beef industry in Canada around the committee table.

The promotion committee, chaired by Francis Gagnon, had a busy year and continues to promote and advertise the breed to the commercial producers across the country.

The YCS program is as strong as it's ever been and if you had a chance to attend any YCSA events in 2019 you will see that the future looks very bright. Thank you to Kelsey Manske for all the work you do as the YCSA coordinator as well as Blair McRae and everyone else that is working with the YCS program and the future of the Simmental breed.

The CSA continues to work closely with the Friends of Canadian Simmental Foundation board of directors to ensure that the foundation continues to grow and benefits the membership and its youth and future for generations to come. Big thanks to Foundation Chairman Ken Lewis, the Foundation board, and its members for their dedication and commitment to the foundation and its future.

Our staff at the CSA is second to none and we are very fortunate to have the huge amount of dedication and experience in our office. The behind the scenes work day in, and day out, is something that is taken for granted and I would like to thank our staff for keeping our association running so efficiently and so cost effectively for our membership. Bruce Holmquist, General Manager, Barb Judd, Office Manager, Perry Welygan, Laurie Macdonald, Devra Leavitt, Rae-Lee Erickson, Kelsey Manske, Sue Giles and Dallas Wise.

We would like to welcome Blair McIntosh from Saskatchewan, Bill Biglieni from Manitoba, and Jennie Mutch from Prince Edward Island. Huge thank you to our outgoing directors Lee McMillen, Blair McRae, and Frank Robblee. We appreciate your commitment to the Simmental breed and your input around the board table. You have been huge assets and you will be missed on the board.

It has been an honor to serve as CSA President this past year. I would like to thank the CSA board of directors for their contributions in helping to keep our breed moving forward. It has taken the contributions of many to make our breed the success that it has, and it will take the contributions of many more to keep growing our breed in the future.

GENERAL MANAGER'S REPORT

Bruce Holmquist

A lot of thoughts and emotions run through our minds as we are preparing for the first online Annual General Meeting (AGM) of the Canadian Simmental Association (CSA). Cancelling the CSA AGM due to the Covid-19 Virus and the resulting health restrictions put in place by Government Health Agencies was something no one envisioned as we began a new decade full of promise just a few short months ago. As we participate in this year's CSA AGM from the comfort of our own homes it is important to recognize the efforts and organization that was done by the Manitoba Simmental Association. This work will not be in vain as we plan to be in Portage la Prairie next year for the 2021 Canadian Simmental Convention.

Reporting on CSA operations for fiscal year 2019 is the focus of this AGM and it was another very successful year for the CSA and Simmental in Canada. Simmental bull sales continued to be strong, especially when compared to the other beef cattle breeds in Canada. This is the result of the hard work of our members and the acceptance that Simmental has in commercial cowherds across the country. Strong prices were again received for Simmental females throughout the fall sales as we saw new Simmental breeders begin their herds, as well as established breeders making purchases to strengthen their programs. A major concern for the industry is that the overall Canadian cowherd numbers continues to trend downwards, however the demand for Simmental genetics continues to grow.

CSA staff members worked together to provide attendance at the many sales and events throughout the year as we covered as many of them as possible through our available resources. Sue Giles, Rae-Lee Erickson and Randy Bollum continued to play the lead roles in our marketing efforts. Our registry and office staff changed slightly with the retirement of Beth Rankin. Beth's work with the CSA for over two decades is greatly appreciated and we wish her well in her well-deserved retirement. We welcome Laurie MacDonald to our Registry staff who year after year under the guidance of CSA Office Manager Barb Judd continue to deliver exceptional service to our members. The registry and "On Farm" software programs continue to be improved to enhance ease of use as well as convenience. We appreciate both the CSA membership and our staff for their patience as we strive to provide the best service possible. We may not always have the answer right at hand in every situation, however I know that our problem solving is thorough and it is not often that we are not able to find solutions to our member's issues in a timely fashion. The decades of knowledge and experience that your CSA staff possesses is invaluable and as strong as any breed Association in Canada

This past year the CSA executive Committee was comprised of President Garth Rancier, 1st Vice President Marlin Leblanc, and 2nd Vice President Blair McRae. Past President Lee McMillen remained on the board as he serves the remainder of his term as Director. Shane Williams joined the CSA board as the director from Ontario and we thanked Larry Barkley for his commitment to the CSA for the past three years. Thank you to the entire CSA board for their leadership, contributions and commitment to the CSA and its members. Your interest in all areas of CSA activities has guided and allowed us to build upon the strong foundation that past CSA boards of directors have developed. CSA directors all have their own operations to run however they take time out of their hectic schedules to volunteer and provide direction to the CSA. It is not an easy task serving as a director of a national organization and it is sometimes challenging to ensure regional interests do not overshadow the big picture.

The CSA's financial position remains very strong as we realized an operational surplus in 2019 as a result of increased registry activity combined with a careful eye towards additional spending. This has allowed us to maintain our services without increasing fees or costs to you the member. Another success that has contributed is the partnership we have continued with New Holland Agriculture. This relationship provides funding to the CSA that is outside our traditional revenue streams; we thank New Holland for their confidence and are committed to growing both the Simmental and New Holland brands. When you get a chance stop in at your local New Holland Dealer and thank them for their commitment to Simmental.

CSA programming focuses primarily into three categories: breed improvement, promotion, and youth. Through these committees, non-board members join CSA directors to provide direction and input to CSA staff. The dedication from all who are involved is very much appreciated. Full reports from these committees will be given by the respective committee chairs. On your behalf, the CSA also supports numerous relationships within the entire beef industry. As a result of this mandate, we have been part of several

industry committees and working groups which deal with topics such as animal health, livestock traceability, trade, as well as many other industry issues. It is important that the seed-stock sector has a voice at these tables and CSA has taken a leadership role in covering many bases on your behalf. The CSA is also an active part of the Canadian Beef Industry Conference, Canadian Beef Breeds Council meetings, Beef Improvement Federation and Livestock Markets Association of Canada Convention.

Over the past several years we have also worked hard on growing the Friends of Canadian Simmental Foundation. As a result of those efforts from both the CSA and FCSF boards, we have realized the original vision that the CSA had in establishing a charitable Foundation that benefits the Beef industry and society through the Simmental breed.

The CSA continues to work on new initiatives and as a result is among the leaders of beef breed associations in Canada. Simmental has become the second most widely used breed in Canada and is slowly gaining ground towards being number one. Change does not come without its critics; however it is hard to deny the inroads that the Canadian Simmental Association and its members have made over the past decade, and the successes that have been achieved on many fronts because of that change. This progress will continue as long as the CSA and its members focus on programming that is relative to improving the economics and sustainability of the Canadian Beef industry.



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REVIEW ENGAGEMENT REPORT

To the Members of the Canadian Simmental Association:

We have reviewed the accompanying consolidated financial statements of the Canadian Simmental Association which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations, changes in net assets, 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

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Our responsibility is to express a conclusion on the accompanying consolidated 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 consolidated financial position of Canadian Simmental Association as at December 31, 2019, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta
June 24, 2020

CANADIAN SIMMENTAL ASSOCIATION
Consolidated Statement of Financial Position
As at December 31, 2019
(Unaudited)

	2019	2018
Assets		
Current		
Cash and cash equivalents	\$ 465,341	\$ 349,824
Marketable securities (Note 3)	1,733,495	1,769,713
Accounts receivable	32,398	37,459
Prepaid expenses	4,905	6,349
	<u>2,236,139</u>	<u>2,163,345</u>
Property and equipment (Note 4)	<u>58,460</u>	<u>71,909</u>
	<u>\$ 2,294,599</u>	<u>\$ 2,235,254</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 30,581	\$ 39,811
Goods and services tax payable	16,516	26,012
Deferred revenue (Note 5)	19,588	108,159
	<u>66,685</u>	<u>173,982</u>
Net assets		
Unrestricted net assets	2,169,454	1,989,363
Invested in property and equipment	58,460	71,909
	<u>2,227,914</u>	<u>2,061,272</u>
	<u>\$ 2,294,599</u>	<u>\$ 2,235,254</u>

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

_____ Director

_____ Director

CANADIAN SIMMENTAL ASSOCIATION
Consolidated Statement of Operations
For the Year Ended December 31, 2019
(Unaudited)

	2019	2018
Revenue		
Total herd enrolment	\$ 755,315	\$ 753,404
Simmental Country Magazine (Schedule 2)	340,736	372,188
Registrations	223,260	224,730
Lab services	182,197	197,864
CBBC project income	-	54,707
Memberships	84,260	81,225
Other services	40,245	39,578
Young Canadian Simmental Association ("YCSA")(Schedule 3)	37,443	67,406
Transfers	39,130	42,915
AMP reimbursements	17,923	12,056
New Holland sponsorship	20,000	20,000
	<u>1,740,509</u>	<u>1,866,073</u>
Expenses		
Simmental Country Magazine (Schedule 2)	375,627	386,505
Salaries and employee benefits	494,057	452,839
Lab service	168,234	157,347
Advertising and promotion	55,069	46,520
Provincial promotion funding	112,092	119,973
Travel	86,752	86,893
YCSA (Schedule 3)	50,150	67,711
Breed improvement	53,569	57,341
Computer	41,072	41,387
Bank charges	41,522	45,899
Utilities, property taxes and insurance	37,494	38,616
Postage and freight	28,556	23,754
Office	34,001	30,648
Professional fees	9,500	14,900
Amortization	18,017	17,287
Sponsorship to YCSA	16,225	13,500
Annual general meeting	9,498	9,357
Repairs and maintenance	12,214	13,404
Telephone	9,188	9,688
	<u>1,652,837</u>	<u>1,633,569</u>
Other income		
Interest	25,136	18,912
Realized loss on marketable securities	(13,033)	(6,464)
Unrealized gain (loss) on marketable securities	66,867	(6,059)
	<u>78,970</u>	<u>6,389</u>
Excess of revenue over expenses	<u>\$ 166,642</u>	<u>\$ 238,893</u>

The accompanying notes are an integral part of these financial statements

CANADIAN SIMMENTAL ASSOCIATION
Consolidated Statement of Changes in Net Assets
For the Year Ended December 31, 2019
(Unaudited)

	Unrestricted net assets	Invested in property and equipment	2019 Total	2018 Total
Net assets - beginning of year	\$ 1,989,363	\$ 71,909	\$ 2,061,272	\$ 1,822,379
Investment in property and equipment	(4,567)	4,567	-	-
Excess (deficiency) of revenue over expenses	184,658	(18,016)	166,642	238,893
Net assets - end of year	\$ 2,169,454	\$ 58,460	\$ 2,227,914	\$ 2,061,272

The accompanying notes are an integral part of these financial statements

CANADIAN SIMMENTAL ASSOCIATION
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2019
(Unaudited)

	2019	2018
Operating activities		
Excess of revenue over expenses	\$ 166,642	\$ 238,893
Items not affecting cash:		
Amortization	18,016	17,287
Realized loss on marketable securities	13,033	6,464
Unrealized (gain) loss on marketable securities	<u>(66,867)</u>	<u>6,059</u>
	130,824	268,703
Changes in non-cash operating working capital:		
Accounts receivable	5,061	69,634
Prepaid expenses	1,444	(2,680)
Accounts payable and accrued liabilities	(9,230)	(111,405)
Goods and services tax payable	(9,496)	8,400
Deferred revenue	<u>(88,570)</u>	<u>76,598</u>
Cash flows from operating activities	<u>30,033</u>	<u>309,250</u>
Investing activities		
Purchase of property and equipment	(4,567)	(4,118)
Purchases of marketable securities	(792,541)	(830,638)
Proceeds on disposal of marketable securities	<u>882,592</u>	<u>538,818</u>
Cash flows from (used by) investing activities	85,484	(295,938)
Increase in cash and cash equivalents	115,517	13,312
Cash and cash equivalents, beginning of year	<u>349,824</u>	<u>336,512</u>
Cash and cash equivalents, end of year	<u>\$ 465,341</u>	<u>\$ 349,824</u>
Consisting of:		
Operating account	\$ 344,905	\$ 342,585
Broker account	<u>120,436</u>	<u>7,239</u>
	<u>\$ 465,341</u>	<u>\$ 349,824</u>

The accompanying notes are an integral part of these financial statements

CANADIAN SIMMENTAL ASSOCIATION
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2019

1. Description of organization

The Canadian Simmental Association (the "Association" or "CSA") was formed for the encouragement, development and regulation of breeding of Simmental cattle in Canada. The Association was incorporated under the Federal Animal Pedigree Act on February 20, 1969 which imposes rules of conduct on the Association and its members acting as purebred livestock breeders. The Association is a not-for-profit organization under section 149.1(l) of the Income Tax Act and is therefore not subject to income taxes as long as it maintains its not-for-profit status.

2. Significant accounting policies

Management has prepared the consolidated financial statements of the Association in accordance with Canadian Accounting Standards for Not-for-Profit Organizations ("ASNPO") in Part III of the CPA Canada Handbook. The consolidated financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality and within the framework of significant accounting policies summarized below.

Controlled entities

Controlled not-for-profit are consolidated in the Association's financial statements.

The Association controls Simmental Country (1997) Ltd and The Young Canadian Simmental Association ("YCSA") which are wholly owned subsidiaries.

Simmental Country (1997) Ltd is incorporated under the Federal Animal Pedigree Act for the purpose of publishing a regular magazine addressing various Simmental cattle topics and is exempt from income tax under S149.1(l) of the Income Tax Act.

YCSA is incorporated under the Federal Animal Pedigree Act which is a youth program designed to assist with the development of helping youth understand the regulations of Simmental cattle, and is exempt from income tax under S149.1(l) of the Income Tax Act.

All inter-company balances and transactions have been eliminated.

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 or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Total herd enrolment, transfers, CBBC project income, memberships, registration and subscription revenue is recognized in the period to which it relates. Payments in advance for memberships and subscription are recorded as deferred income and classified as a current liability.

Revenue for service is recognized when the services are rendered.

Advertising revenue is recorded in the month of the issue. Payments in advance are recorded as deferred income and classified as a current liability.

Cash and cash equivalents

The Association considers all investments with maturities at the date of purchase of three months or less to be cash and cash equivalents.

CANADIAN SIMMENTAL ASSOCIATION
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2019

Marketable securities

Marketable securities include bonds, T-bills, term deposits, preferred shares and common shares of publicly traded entities. These investments are classified as held for trading and therefore measured at fair value.

Property and equipment

Property and equipment are stated at cost less accumulated amortization. Amortization is provided on a straight line basis over their estimated useful lives as follows:

Condominium	20 years
Condominium improvements	10 years
Computer equipment & software	3 years
Furniture & fixtures	10 years
Publishing rights	10 years

The Association regularly reviews its property and equipment to eliminate obsolete items.

Contributed services

The Board of Directors volunteer their time to attend board meetings and represent the Association at events. Members also volunteer their time to organize and operate the provincial association and represent the Association at events. Due to the difficulty of determining the fair value of volunteer hours, contributed services are not recognized in the financial statements.

Measurement uncertainty

The preparation of consolidated financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Examples of such estimates include amortization of property and equipment, estimated useful life of capital assets, application of revenue recognition policies and accrued liabilities.

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. Cash and cash equivalent and marketable securities are measured at fair value. All other financial instruments are measured at amortized cost. The financial instruments measured at amortized cost include accounts receivable and accounts payable and accrued liabilities. The amounts due to/from related parties are measured at the exchange amount.

The fair value of a financial instrument is the estimated amount that the Association would receive or pay to settle a financial asset or financial liability as at the reporting date. The fair values of accounts receivable and accounts payable approximate their carrying values due to their short term nature.

3. Marketable securities

Marketable securities include bonds, T-bills, term deposits, preferred shares and common shares of publicly traded entities and are reported at fair values. In the current year, marketable securities consisted of bonds and T-bills. In the prior year, investment consisted of bonds, T-bills and term deposits earning interest at rates which vary from 1.75% to 4.30%.

CANADIAN SIMMENTAL ASSOCIATION
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2019

4. Property and equipment

	Cost	Accumulated amortization	Net 2019	Net 2018
Condominium	\$ 235,999	\$ 235,999	\$ -	\$ -
Publishing rights	233,000	233,000	-	-
Computer equipment & software	275,314	260,744	14,570	19,289
Furniture & fixtures	169,372	169,372	-	1,663
Condominium improvements	124,056	80,166	43,890	50,957
	\$ 1,037,741	\$ 979,281	\$ 58,460	\$ 71,909

As of December 31, 2019, the City of Calgary property assessment value of the condominium was \$1,020,000 (2018: \$936,000).

5. Deferred revenue

	2019	2018
Member deposits	10,985	19,546
Advertisements	2,600	82,428
Magazine subscriptions	6,003	6,185
	\$ 19,588	\$ 108,159

6. Financial instruments

The Association's financial instruments include cash and cash equivalents, marketable securities, accounts receivable and accounts payable and accrued liabilities. It is management's opinion, that the Association is not exposed to significant risks arising from these financial instruments with the exception of the risks noted below.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from its members and customers. Its customers are primarily in the agricultural industry. In order to reduce its credit risk, the Association conducts regular reviews of its existing members and customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Association has a significant number of members and customers which minimizes concentration of credit risk.

Interest risk

Interest risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount with changes to interest rates. The Association manages its portfolio investments based on its cash flow needs and with a view of optimising its interest income.

Currency risk

Currency risk is the risk to the Association's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Association is exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable held in U.S. dollars. The Association does not use derivative instruments to reduce its exposure to foreign currency risk.

CANADIAN SIMMENTAL ASSOCIATION
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2019

7. Contractual obligations

The Association has entered into a contract with a publishing company for the production of Simmental Country magazine and Commercial Country magazine. The contract is effective from June 1, 2012 to May 31, 2017. In 2017 there was an addendum to the original contract extending the term five years commencing on June 1, 2017 to May 31, 2021.

8. Comparative Figures

Some of the comparative figures have been reclassified to confirm to the current year presentation.

9. Subsequent Events

The global pandemic has disrupted economic activities. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of the disruption and the related financial impact cannot be reasonably estimated at this time. Management is currently assessing the impact this may have on the Association's 2020 operations.

CANADIAN SIMMENTAL ASSOCIATION
Schedule 1 - Canadian Simmental Association
Non-Consolidated Schedule of Operations
For the Year Ended December 31, 2019
(Unaudited)

	<u>2019</u>	<u>2018</u>
Revenue		
Total herd enrolment	\$ 755,315	\$ 753,404
Registrations	223,260	224,730
Lab services	182,197	197,864
CBBC project income	-	54,707
Memberships	84,260	81,225
Other services	40,245	39,578
Transfers	39,130	42,915
AMP reimbursements	17,923	12,056
New Holland sponsorship	20,000	20,000
	<u>1,362,330</u>	<u>1,426,479</u>
Direct expenses		
Salaries and employee benefits	494,057	452,839
Lab service	168,234	157,347
Advertising and promotion	85,069	66,520
Provincial promotion funding	112,092	119,973
Travel	86,752	86,893
Breed improvement	53,569	57,341
Computer	41,072	41,387
Bank charges	41,522	45,899
Utilities, property taxes and insurance	37,494	38,616
Postage and freight	28,556	23,754
Office	34,001	30,648
Professional fees	9,500	14,900
Amortization	17,196	16,668
Sponsorship to YCSA	21,225	18,500
Annual general meeting	9,498	9,357
Repairs and maintenance	12,214	13,404
Telephone	9,188	9,688
	<u>1,261,239</u>	<u>1,203,734</u>
Other income		
Interest	25,136	18,912
Unrealized gain (loss) on marketable securities	66,867	(6,059)
Realized loss on marketable securities	(13,033)	(6,464)
	<u>78,970</u>	<u>6,389</u>
Excess of revenue over expenses	<u>\$ 180,061</u>	<u>\$ 229,134</u>

CANADIAN SIMMENTAL ASSOCIATION
Schedule 2 - Simmental Country Magazine
Non-Consolidated Schedule of Operations
For the Year Ended December 31, 2019
(Unaudited)

	<u>2019</u>	<u>2018</u>
Revenue		
Advertising	\$ 310,450	\$ 341,836
Subscriptions	30,286	29,610
Other	30,000	20,742
	<u>370,736</u>	<u>392,188</u>
 Direct expenses		
Printing	187,584	196,012
Salaries and employee benefits	96,132	87,760
Magazine postage	59,797	67,300
Travel & promotion	27,375	30,646
Telephone	3,168	2,458
Office postage	1,266	1,746
Office and miscellaneous	137	170
Bank charges	168	412
Amortization	821	620
	<u>376,448</u>	<u>387,124</u>
 Excess (deficiency) of revenue over expenses	 <u>\$ (5,712)</u>	 <u>\$ 5,064</u>

CANADIAN SIMMENTAL ASSOCIATION
Schedule 3 - Young Canadian Simmental Association
Non-Consolidated Schedule of Operations
For the Year Ended December 31, 2019
(Unaudited)

	2019	2018
Revenue		
Auction	\$ 15,000	\$ 20,000
Donations	1,000	-
National classic	15,695	31,311
Allflex fundraiser	1,300	-
New Holland sponsorship	5,000	5,000
AJSA CSA reimbursement	3,000	3,000
Team conference registrations/sponsorship	-	6,650
Online auction	1,348	6,405
Promotional Items	100	40
	42,443	72,406
Direct expenses		
National YCSA show	23,764	25,069
Travel	24,503	27,380
Office	620	599
National board jackets	202	401
Advertising and promotion	-	45
Bank charges	61	60
Team conference	1,000	14,157
	50,150	67,711
Excess (deficiency) of revenue over expenses	\$ (7,707)	\$ 4,695

ADVERTISING/PROMOTION AND SIMMENTAL COUNTRY REPORT

Francis Gagnon - Committee Chair

Committee members – Francis Gagnon, Frank Robblee, Blair McRae and Garth Rancier. CSA staff support Sue Giles, Rae-Lee Erickson, Bruce Holmquist

The 2019 Simmental Promotion and Advertising committee had another positive year.

- We are very lucky to work with a great and professional team.
- We met twice in Calgary at the CSA office and I would like to thank everyone for their dedication and time
- Any recommendations passed by this committee is voted on by the board of directors for further approval.
- We would like to thank New Holland for their continue support and generosity since 2013 and appreciate their support which came to completion December 31, 2019.

Old Business

- The response for the new CCIA blue buttons has exceeded our expectations.
- We have put a hold on the ATQ program in Quebec due to the cost of having to carry inventory which is not the case with CCIA.
- We still work hard to improve the Award of Excellence program.
- Our promotions items are well accepted and stock is current

New Business

- Datamar “Comfort Tags” are now available through CCIA.
- Dangle tags are available to CSA in same blue as the RFID tags through Norheim Ranching.
- We are reviewing the calving books.
- We are developing a strategy to have a bigger share of the dairy industry, mainly in the AI market.
- Website revamp will be up and running by fall of 2020

Simmental Country and Commercial Country

- These Magazines are still some of our strongest promotion and marketing items
- The postage cost remains one of our biggest expenses
- We again offered our Spring Sale Thank you Ad Special

The promotion and advertising of the Simmental breed is a great success mainly because of you, the members, who dedicate your time and market quality Simmental or influence Simmental cattle through your bull sales, female sales and feeder sales.

BREED IMPROVEMENT COMMITTEE REPORT

Roger Deeg - Committee Chair

Committee Members – Roger Deeg, Garth Rancier, Marlin LeBlanc, Byron Johnson, Lee McMillen, Ken Lewis, Brian Bouchard, Troy Drake, Mike McDonald and Scott Matthews. CSA consulting/staff support – Sean McGrath, Bruce Holmquist, Barb Judd.

Thank you to all members of BIC, your insight and input is valuable and appreciated.

Thank you to Sean McGrath for his deciphering of the numbers and his continued education for our members through Simmental and Commercial County articles and e-news.

AI Sire permits were implemented over the last year and DNA parentage verification was made mandatory on embryo transplant calves. This represents a continuing effort of the breed to ensure that pedigree integrity is maintained, which is the primary mandate of the CSA. Also, as of February, online Simmental.com members were able to order their DNA tests online, which has been well received.

A DNA rebate program was introduced in 2019 to encourage members to provide high density DNA on more animals. This program had limited uptake but has been extended through 2020 and is a good program to take advantage of.

Simmental was the first breed to make a financial commitment to Canadian Beef Industry Information Network (CBIN). This initiative is a joint effort of Canadian beef breeds and is designed to help empower genetic evaluation in the commercial industry and to reinforce our genetic evaluation through access to commercial industry data.

We continue to work with American Simmental Association through International Genetic Solutions (IGS) to grow genetic evaluation of our seedstock. Our genetic evaluation is the largest beef cattle evaluation in the world with over 18 million animals and their data evaluated each week. Work continues through our collaboration to continually improve the science behind the evaluation, including things such as enhancing the power of our genomic tools to increase EPD accuracy and the addition of new traits and data to the evaluation. The IGS group has also moved in the last year to share educational resources and build materials for use by all participants in the evaluation to help educate those involved in the genetic evaluation. Good information on the efforts at IGS can be found at www.internationalgeneticsolutions.com and on their YouTube channel where a lot of educational materials are available.

CSA also participated in various industry events including the Beef Improvement Federation which is the North American Standards organization for beef cattle performance testing and evaluation, and in workshops with our evaluation service providers and other support entities such as our DNA testing labs.

- Thank you to committee members and support staff for efforts encouraging breed improvement
- AI Sire permits were implemented and DNA Parentage made mandatory on ET Calves
- DNA rebate program created and available to members through 2020
- CSA committed to CBIN initiative to engage commercial genetics
- CSA works with IGS to conduct and continually improve genetic evaluation
- CSA is part of the IGS education committee to develop and share extension efforts and resources with participating breeds
- CSA is represented in industry including BIF, IGS and other genetic evaluation partners.

YOUNG CANADIAN SIMMENTAL ASSOCIATION REPORT

Krista Whalen - National YCSA President

- 2019 was a whirlwind but it was full of ambition from all of our members across the country. It marked a year full of events and changes within the program that were made possible through the dedication of our YCSA Coordinator Kelsey Manske, CSA Staff and most importantly the YCSA Board of Directors. A board that is eager and willing to take on challenges and make this great program that much better. This group of Simmental youth enthusiasts continues to represent this program the highest standards.
- The 2019 National Board of Directors consisted of the following:
 - Krista Whalen – President & Quebec Director
 - Mackenzie Skeels – 1st Vice- President & Director at Large
 - Katie Elmhirst – 2nd Vice- President & Ontario Director
 - Jessie Swinamer – Maritimes
 - Gracie Falconer – Manitoba
 - Dayne Whelan – Saskatchewan
 - Jade Noiseux – Director at Large – Quebec
 - Travis Edwards – Alberta
- Retiring directors in 2019 were Lisa Reich, Alberta, Montana Stillman-Loyst, Ontario and Allison Booth, Maritimes. Thank you to them for their dedication and efforts put forward with this program.
- There were 5 provincial classics held across Canada in 2019.
 - Tiger Lily Classic in Prince Albert, Saskatchewan
 - Quebec Junior Beef Show in Cookshire, Quebec
 - Ontario Trillium Classic in Lindsay, Ontario
 - Manitoba Youth Beef Roundup in Neepawa, Manitoba
 - Maritime Classic in Windsor, Nova Scotia
 - Wild Rose Classic in Stettler, Alberta
- The 2019 National Classic was held in St-Hyacinthe, Quebec in conjunction with the Canadian Simmental Association's Annual General Meeting. The success of this show is due to the commitment and passion of this group of directors. With 90 head and roughly 70 members entered at this show, it is very clear the future for the Simmental breed is quite bright.
- First off I'd like to congratulate Ryan Edwards and Morgan Macintyre for being our high point aggregates in 2018. Both of them represented Canada very strongly in Kentucky at the American Junior Simmental National Classic. Also I would like to congratulate Terry Ennis and Lucas Williams for being our 2019 high point aggregates at the National.
- In 2020 we had decided to take a break on hosting the T.E.A.M Conference as it will resume next spring in Ontario.
- The YCSA program is a prominent youth beef breed association in Canada. The board of directors would like to thank our YCSA Coordinator Kelsey Manske for her continued guidance and efforts. The CSA and the Simmental Country for their endless contributions. The CSA board for their guidance when needed. To Blair McRae for his contributions and efforts put forward year after year. The YCSA program would not be possible without some key individuals and organizations.
- To New Holland and all our generous sponsors, thank you for all your support allowing the YCSA program to put on the events we do to grow the great Simmental Breed and shape it for the future. Most importantly, a big Thank You to the Friends of the Canadian Simmental Foundation for providing continuous support over the past several years. This year and going forward the YCS board has made efforts to work closer in our fundraising efforts with the Foundation. Our program has been made one of the most outstanding youth beef programs due to their generosity.

FRIENDS OF CANADIAN SIMMENTAL FOUNDATION REPORT

Ken Lewis – FCSF President

August 2019-

- 2019 Foundation Auction was held in Saint- Hyacinthe, Quebec on August 10th.
 - Raised a total of \$100,916
 - \$15,000 of that was presented to the YCSA on the Sunday August 11th during their YCSA Classic for on-going activities

September 2019-

- FCSF received a total of 18 scholarship applications
- Congratulations to 2019-2020 winners- Katie Maxwell, Tia Schram, Carissa Geddes Bryce Maxwell and Cassidy Pinkham.

October 2019-

- Due to a unseasonable wet fall the FCSF board meeting was postponed in October so that the board members were able to get harvest done

November 2019-

- Scholarship presentations were made to the winners that could attend during the Simmental shows at Farm Fair, the Royal and Agribition.

December 2019-

- Foundation Board held their fall board meeting via conference call on December 9th
- FCSF created a transportation subsidy program to help support YCSA members travel to the biannual TEAM Leadership Conference and National Classic.
- Tax receipts were issued to everyone that donated to the Foundation auction in 2019.

February 2020-

- Crowe Bros of Gilbert Plains, Manitoba agreed to be the 2020 Friend of the Foundation, meaning they would donate lot 1 (bred heifer) to the annual auction

March 2020-

- 2020 Spring Board meeting was held via conference call due to Covid-19

April 2020-

- Still hopeful for a 2020 Auction the FCSF sent out a flyer in the CSA mail out promoting the 2020 Auction. The mail out also included promotion for the 2020 Scholarships and Bursary

May 2020-

- 2020 Scholarships made available May 1st. They are on the FSCF and CSA websites
- After much discussion the FCSF made the difficult decision to postpone the 2020 Auction to July 2021 in Manitoba to correspond with the CSA. The Crowe Bros will be the 2021 Friend.
- FCSF will still hold their AGM via Zoom as part of the CSA's AGM.

June 2020-

- Because we are not having an auction in 2020 the Foundation thought this is the perfect time to thank everyone who has donated, volunteered and purchased items from all of our auctions going back to 2007. A letter went out in the June mail corresponding with this message and a list of all the supporters has been put on the Foundation website.

July 2020-

- We would like to thank Ron Nolan for his many years of service to the Foundation.
- 2019 the Foundation introduced the Advancing Education Bursary. Eligible for any CSA members 25 years of age and younger. Money must be put towards training for conferences and Agriculture events to further knowledge in the Ag industry. Application deadlines are twice a year March 1st and October 1st. Applications are available on the Foundation and CSA website



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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of The Friends of the Canadian Simmental Foundation

We have reviewed the accompanying financial statements of The Friends of the Canadian Simmental Foundation, that comprise the statement of financial position as at December 31, 2019 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

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 Friends of the Canadian Simmental Foundation 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.

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta

June 24, 2020

THE FRIENDS OF THE CANADIAN SIMMENTAL FOUNDATION

Statement of Financial Position

As at December 31, 2019

(Unaudited)

	2019	2018
Assets		
Current		
Cash and cash equivalents	\$ 92,459	\$ 25,341
Marketable securities <i>(Note 3)</i>	27,584	27,584
Accounts receivable	200	300
Goods and services tax recoverable	376	304
	<u>120,619</u>	53,529
Long term investments <i>(Note 4)</i>	<u>382,896</u>	340,951
	<u>\$ 503,515</u>	<u>\$ 394,480</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	<u>\$ 5,297</u>	<u>\$ 5,123</u>
Net assets		
General		
(Schedule 1)	467,523	347,170
Scholarships	30,695	42,187
(Schedule 2)	<u>498,218</u>	389,357
	<u>\$ 503,515</u>	<u>\$ 394,480</u>

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

_____ *Director*

_____ *Director*

THE FRIENDS OF THE CANADIAN SIMMENTAL FOUNDATION**Statement of Operations****For the Year Ended December 31, 2019***(Unaudited)*

	2019	2018
Revenue		
Foundation auction	\$ 100,916	\$ 127,356
Donations	10,635	2,404
Interest income	9,814	6,888
	<u>121,365</u>	<u>136,648</u>
Expenses		
Sponsorship	15,000	20,000
Scholarships	12,000	12,000
Foundation auction	9,697	5,854
Bank charges	5,543	1,735
Professional fees	5,020	4,270
Advertising and marketing	1,399	1,831
Donation	1,000	-
Travel and meeting costs	676	751
Scholarship recognition gifts	300	-
Telephone and conference calls	53	101
Office supplies and postage	24	43
Bad debts	-	140
	<u>50,712</u>	<u>46,725</u>
Other income		
Unrealized gain (loss) on marketable securities	32,944	(19,945)
Realized gain on marketable securities	5,264	7,704
	<u>38,208</u>	<u>(12,241)</u>
Excess of revenue over expenses	<u>\$ 108,861</u>	<u>\$ 77,682</u>

THE FRIENDS OF THE CANADIAN SIMMENTAL FOUNDATION

Statement of Changes in Net Assets

For the Year Ended December 31, 2019

(Unaudited)

	General (Schedule 1)	Scholarships (Schedule 2)	Total	Total
	2019	2019	2019	2018
Net assets - beginning of year	\$ 347,170	\$ 42,187	\$ 389,357	\$ 311,675
Excess of revenue (deficiency) over expenses	120,353	(11,492)	108,861	77,682
Net assets - end of year	\$ 467,523	\$ 30,695	\$ 498,218	\$ 389,357

THE FRIENDS OF THE CANADIAN SIMMENTAL FOUNDATION

Statement of Cash Flows

For the Year Ended December 31, 2019

(Unaudited)

	2019	2018
Operating activities		
Excess of Revenue over Expenses	\$ 108,861	\$ 77,682
Items not affecting cash:		
Unrealized gain (loss) on marketable securities	(32,944)	19,945
Loss on marketable securities	(5,264)	(7,704)
	<u>70,653</u>	<u>89,923</u>
Changes in non-cash working capital:		
Accounts receivable	100	390
Accounts payable and accrued liabilities	173	(2,425)
Goods and services tax recoverable	(72)	45
	<u>201</u>	<u>(1,990)</u>
Cash flows from operating activities	<u>70,854</u>	<u>87,933</u>
In resting activities		
Purchase of investments	(3,736)	(364,597)
Proceeds on disposal of investments	-	24,926
Dividend reinvestment	-	246
	<u>(3,736)</u>	<u>(339,425)</u>
Cash flows used by investing activities	<u>(3,736)</u>	<u>(339,425)</u>
Increase (decrease) in cash and cash equivalents	67,118	(251,492)
Cash and cash equivalents- beginning of year	<u>25,341</u>	<u>276,833</u>
Cash and cash equivalents- end of year	<u>\$ 92,459</u>	<u>\$ 25,341</u>

THE FRIENDS OF THE CANADIAN SIMMENTAL FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2019

(Unaudited)

1. Description of organization

The Friends of Canadian Simmental Foundation (the "Foundation" or "FCSF") is a not-for-profit organization federally incorporated under the Canada Corporations Act on November 18, 2008. The Foundation qualified as a registered charity under the Income Tax Act commencing August 2010. The Foundation is a not-for-profit organization under section 149.1 of the Income Tax Act and is therefore not subject to income taxes as long as it maintains its not-for-profit status.

The Foundation's objectives are to educate young Canadians through the provision of scholarships, development of leaders in youth and to benefit the community by enabling improvements in agriculture through cattle husbandry research. In response to this, the Foundation operates three specific programs: research and development, scholarships, and youth development.

2. Summary of significant accounting policies

Management has prepared the financial statements of the Foundation in accordance with Canadian Accounting Standards for Not-for-Profit Organizations ("ASNPO") in Part III of the CPA Canada Handbook. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of significant accounting policies summarized below.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Under this method, restricted contributions for expenses of one or more future periods are deferred and recognized as revenue in the same period or periods as the related expenses are recognized.

Unrestricted contributions are recognized as revenue of the general fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue for service and investments is recognized when pervasive evidence of an arrangement exists, services have been rendered, the amounts received can be reasonably estimated and collection is reasonably assured.

Foundation auction and proceeds are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Cash and cash equivalents

The Foundation considers all investments with maturities at the date of purchase less than three months to be cash and cash equivalents.

Marketable securities

Marketable securities consist of guaranteed investment certificates and are actively traded in the market and therefore measured at fair value.

Unrestricted investments owned by the Foundation and managed by The Calgary Foundation are comprised of Canadian equities, fixed income securities, and investment and are carried at fair value.

THE FRIENDS OF THE CANADIAN SIMMENTAL FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2019

(Unaudited)

2. Summary of significant accounting policies (*continued*)

Fund accounting

The General operating fund, non-restricted, reports revenues and expenses related to general and administrative matters, restricted, reports revenues and expenses related to youth development programs.

The Scholarships funds consisting of the Dr. Dixon scholarship fund, Trevor Vance scholarship fund and FCSF scholarship fund are internally restricted and reports revenues and expenses related to administrating the scholarship in recognition of the scholastic achievement of youth in the beef cattle industry.

Measurement uncertainty

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Examples of such estimates include application of revenue recognition policies and accrued liabilities.

Financial instruments policy

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. Cash and marketable securities are measured at fair value. All other financial instruments are measured at amortized cost. The financial instruments measured at amortized cost include accounts receivable, accounts payable and accrued liabilities.

The fair value of a financial instrument is the estimated amount that the Foundation would receive or pay to settle a financial asset or financial liability as at the reporting date. The fair values of accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to their short term nature.

Contributed services

The Board of Directors volunteer their time to attend board meetings and represent the Foundation at events. Members also volunteer their time to organize and operate the provincial association and represent the Foundation at events. Due to the difficulty of determining the fair value of volunteer hours, contributed services are not recognized in the financial statements.

THE FRIENDS OF THE CANADIAN SIMMENTAL FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2019

(Unaudited)

3. Marketable securities

	<u>2019</u>	<u>2018</u>
Dr. Dixon investments	\$ 13,585	\$ 13,646
Trevor Vance investments	9,485	9,525
FCSF Scholarships	2,541	2,480
General investments	1,973	1,933
	<u>\$ 27,584</u>	<u>\$ 27,584</u>

The marketable securities are composed of the following accounts held by Calgary Foundation and Raymond James. The Raymond James investments consist of fixed income investments earnings interest between 2.05% to 2.25% (2018: 1.96% to 2.25%). The investments mature between January 2020 to January 2021.

4. Long term investments

	<u>2019</u>	<u>2018</u>
Calgary Foundation	<u>\$ 382,896</u>	<u>\$ 340,951</u>

The Calgary Foundation investment consists of Canadian equities, fixed income securities, and short term investments. In 2018, the Foundation opened an investment account with the Calgary Foundation. Amounts invested in the Foundation include Canadian equities, fixed income securities, and investments.

5. Financial instruments

The Foundation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. It is management's opinion that the Foundation is not exposed to significant credit, currency or price risks arising from these financial instruments. The following analysis provides information about the Foundation's risk exposure as of December 31, 2019.

(a) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Foundation manages its portfolio investments based on its cash flow needs and with a view of optimizing its interest income.

6. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation. The reclassification has no impact on prior year's revenue over expenses.

THE FRIENDS OF THE CANADIAN SIMMENTAL FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2019

(Unaudited)

7. Subsequent events

Subsequent to the year end, the impact of COVID-19 on the global economy increased significantly. The Foundation has experienced losses in sources of funding and is working to reduce expenditures accordingly. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of the business disruption and its related financial impact cannot be reasonably estimated at this time.

THE FRIENDS OF CANADIAN SIMMENTAL FOUNDATION
Schedule 1 General Statement of Operations and Net Assets
For the Year Ended December 31, 2019
(Unaudited)

	2019	2018
Revenue		
Foundation auction	\$ 100,916	\$ 127,356
Interest income	14,529	13,804
Donations	10,635	2,404
	126,080	143,564
Expenses		
Sponsorship - Young Canadian Simmental Association	15,000	20,000
Foundation auction	9,697	5,854
Professional fees	5,020	4,270
Bank charges	5,543	1,735
Advertising and marketing	1,399	1,831
Donation	1,000	-
Travel and meeting costs	676	751
Scholarship recognition gifts	300	-
Telephone and conference calls	53	101
Office supplies and postage	24	43
Bad debt	-	140
	38,712	34,725
Excess of revenue over expenses from operations	87,368	108,839
Other income		
Unrealized gain (loss) on marketable securities	32,985	(20,012)
Excess of revenue over expenses	120,353	88,827
Net assets, beginning of year	347,170	258,343
Net assets, end of year	\$ 467,523	\$ 347,170

THE FRIENDS OF CANADIAN SIMMENTAL FOUNDATION
Schedule 2 Scholarship Statement of Operations and Net Assets
For the Year Ended December 31, 2019
(unaudited)

	2019	2019	2019	2019	2018
	Dr. Dixon	Trevor Vance	FCSF	Total	
Revenue					
Interest income	\$ 288	\$ 209	\$ 51	\$ 548	787
Expenses					
Scholarships	4,000	2,000	6,000	12,000	12,000
Other income					
Unrealized gain (loss) on marketable securities	(61)	(40)	61	(40)	68
Deficiency of revenue over expenses	(3,773)	(1,831)	(5,888)	(11,492)	(11,145)
Net assets, beginning of year	24,569	7,758	9,860	42,187	53,332
Net assets, end of year	\$ 20,796	\$ 5,927	\$ 3,972	\$ 30,695	\$ 42,187

2018-2019 ACTIVE MEMBERS
Life, Annual and YCS

As of December 31, 2019

Province	2018				2019			
	Life	Annual	YCS	Total	Life	Annual	YCS	Total
British Columbia	34	9	10	53	35	10	4	49
Alberta	344	87	194	625	359	87	158	604
Saskatchewan	196	51	98	345	204	52	66	322
Manitoba	143	21	59	223	141	20	41	202
Ontario	166	65	130	361	170	70	105	345
Quebec	54	41	24	119	51	39	30	120
Nova Scotia	23	12	32	67	24	13	17	54
New Brunswick	8	7	6	21	5	7	4	16
P.E.I.	9	4	8	21	9	4	3	16
Other	7	3	7	17	5	3	3	11
Total	984	300	568	1852	1003	305	431	1739

2015 - 2019
TOTAL HERD ENROLLMENTS BY PROVINCE

	2015	2016	2017	2018	2019
Province					
B.C.	865	926	856	886	871
Alberta	13,861	15,023	15,4588	15,917	16,199
Saskatchewan	9,233	10,045	10,328	10,222	10,274
Manitoba	3,945	4,300	4,592	4,699	4,626
Ontario	1,470	1,606	1,496	1,509	1,652
Quebec	857	948	927	1,046	1,000
New Brunswick	150	154	163	152	137
Nova Scotia	71	67	57	85	77
P.E.I.	106	117	132	59	67
U.S.A.	0	0	0	0	0
Total	30,558	33,186	34,009	34,575	34,903

**2015 – 2019
REGISTRATIONS BY PROVINCE**

	2015		2016		2017		2018		2019	
Province	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
B.C.	276	350	264	309	236	236	203	291	293	350
Alberta	4076	4909	3815	5194	4470	5598	3969	5502	4215	5220
Saskatchewan	2508	2849	2495	3201	3155	3465	2886	3657	3110	3573
Manitoba	1081	1607	1340	1931	1369	1943	1459	1906	1266	1825
Ontario	313	944	342	920	305	991	371	988	288	872
Quebec	281	425	282	509	256	407	326	503	284	453
New Brunswick	17	51	19	41	41	89	11	29	23	61
Nova Scotia	45	109	47	121	45	103	38	92	46	155
P.E.I.	21	50	21	63	27	52	9	35	29	38
U.S.A.	0	0	10	41	28	40	19	65	46	52
	8,618	11,294	8,635	12,330	9,932	12,924	9291	13,068	9600	12,599
Total	19,912		20,965		22,856		22,359		21,199	

**2015 - 2019
TRANSFERS BY PROVINCE**

	2015		2016		2017		2018		2019	
Province	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
B.C.	173	66	168	178	180	40	132	22	148	27
Alberta	2491	1264	2359	975	2302	1130	2398	1426	2395	1627
Saskatchewan	1789	842	1707	721	1600	616	1767	734	1959	931
Manitoba	844	739	874	683	920	571	911	619	859	763
Ontario	170	539	149	521	116	486	144	568	118	517
Quebec	190	214	150	194	199	158	159	186	162	180
New Brunswick	11	13	12	14	29	24	19	1	16	17
Nova Scotia	26	56	30	37	27	36	25	37	30	50
P.E.I.	21	42	11	34	12	22	18	11	9	17
U.S.A.	0	4	3	14	7	5	6	25	19	72
	5,715	3,779	5,463	3,371	5,392	3,088	5579	3629	5715	4201
Total	9,494		8,834		8,480		9,208		9,916	