

Saskatchewan Cattle Feeders Association
Financial Statements
September 30, 2021
(Unaudited)

Saskatchewan Cattle Feeders Association Contents

For the year ended September 30, 2021
(Unaudited)

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Management's Responsibility

To the Members of Saskatchewan Cattle Feeders Association:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Association. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external accountants. The Board is also responsible for recommending the appointment of the Association's external accountants.

MNP LLP is appointed by the members to review the financial statements and report directly to them; their report follows. The external accountants have full and free access to, and may meet periodically and separately with, both the Board and management to discuss their review engagement results.

December 9, 2021



Director

To the Members of Saskatchewan Cattle Feeders Association:

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 the financial statements do not present fairly, in all material respects, the financial position of Saskatchewan Cattle Feeders Association as at September 30, 2021, 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.

Saskatoon, Saskatchewan

December 9, 2021



Chartered Professional Accountants

Saskatchewan Cattle Feeders Association Statement of Financial Position

As at September 30, 2021
(Unaudited)

| | 2021 | 2020 |
|---------------------------------|----------------|----------------|
| Assets | | |
| Current | | |
| Cash | 43,377 | 12,296 |
| Accounts receivable (Note 4) | 2,682 | 25,486 |
| Portfolio investments (Note 5) | 374,781 | 325,268 |
| | 420,840 | 363,050 |
| Liabilities | | |
| Current | | |
| Accounts payable and accruals | 4,964 | 9,740 |
| Deferred contributions (Note 3) | 45,850 | 46,060 |
| | 50,814 | 55,800 |
| Net Assets | | |
| Unrestricted | 370,026 | 307,250 |
| | 420,840 | 363,050 |

Approved on behalf of the Board



Director

Director

Saskatchewan Cattle Feeders Association Statement of Operations and Changes in Net Assets

*For the year ended September 30, 2021
(Unaudited)*

| | 2021 | 2020 |
|------------------------------------------------------------------------|----------------|----------------|
| Revenues | | |
| Feedlot school - sponsorships | 40,000 | 34,660 |
| Feedlot school - registrations | 17,000 | 22,185 |
| Investment income | 15,221 | 2,456 |
| Memberships | 3,800 | 4,600 |
| Sponsorships | 1,500 | 2,500 |
| Office operations grant | 210 | 1,351 |
| | 77,731 | 67,752 |
| Expenses | | |
| Feedlot school | 31,125 | 41,712 |
| Contracted services | 8,845 | 13,680 |
| Investment management fees | 3,774 | 3,247 |
| Professional fees | 3,608 | 3,497 |
| Advertising | 1,397 | 1,301 |
| Rent | 1,200 | 1,200 |
| Membership fees | 1,000 | 1,015 |
| Bank charges and interest | 774 | 718 |
| Office supplies | 376 | 720 |
| Board costs | 210 | 1,351 |
| | 52,309 | 68,441 |
| Excess (deficiency) of revenue over expenses before other items | 25,422 | (689) |
| Other items | | |
| Unrealized gain on portfolio investments | 37,354 | - |
| Excess (deficiency) of revenues over expenses | 62,776 | (689) |
| Net assets, beginning of year | 307,250 | 307,939 |
| Net assets, end of year | 370,026 | 307,250 |

The accompanying notes are an integral part of these financial statements

Saskatchewan Cattle Feeders Association

Statement of Cash Flows

For the year ended September 30, 2021

(Unaudited)

| | 2021 | 2020 |
|-------------------------------------------------------------|---------------|-----------------|
| Cash provided by (used for) the following activities | | |
| Operating | | |
| Excess (deficiency) of revenues over expenses | 62,776 | (689) |
| Unrealized gain on portfolio investments | (37,354) | - |
| | 25,422 | (689) |
| Changes in working capital accounts: | | |
| Accounts receivable | 22,805 | (22,466) |
| Accounts payable and accruals | (4,776) | 3,324 |
| Deferred contributions | (210) | (1,351) |
| | 43,241 | (21,182) |
| Investing | | |
| Decrease (increase) in portfolio investments, net | (12,160) | 2,630 |
| Increase (decrease) in cash resources | 31,081 | (18,552) |
| Cash resources, beginning of year | 12,296 | 30,848 |
| Cash resources, end of year | 43,377 | 12,296 |

The accompanying notes are an integral part of these financial statements

Saskatchewan Cattle Feeders Association

Notes to the Financial Statements

For the year ended September 30, 2021
(Unaudited)

1. Incorporation and nature of the organization

Saskatchewan Cattle Feeders Association Inc. (the "Association") is incorporated under the Not-Profit Corporations Act of Saskatchewan to serve, represent and provide direction and leadership to its members and the agriculture sector.

Impact on operations of COVID-19 (coronavirus)

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine order.

The Company's operations were impacted by COVID-19 as the feedlot school was held using an online platform compared to in-person.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may continue to cause customer demand and supply chain disruptions, both of which could negatively impact the company's business and financial condition.

2. 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:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions*.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value.

The Association subsequently measures portfolio investments at fair value. Fair value is determined by published price quotations. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenue over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Saskatchewan Cattle Feeders Association

Notes to the Financial Statements

For the year ended September 30, 2021
(Unaudited)

2. Significant accounting policies (Continued from previous page)

Financial asset impairment

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. The Association groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether the issuer is having significant financial difficulty in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Association determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Association reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenue over expenses in the year the reversal occurs.

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.

Investment income is recognized as revenue when earned.

Grants are recognized as revenue in the year in which the related expenses are incurred.

Membership revenue is recognized in the year in which the membership dues are collected.

Sponsorship revenue is not restricted and is recognized in the year in which it is received.

Contributed materials

Contributions of materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Organization's operations and would otherwise have been purchased.

Measurement uncertainty

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Saskatchewan Cattle Feeders Association

Notes to the Financial Statements

For the year ended September 30, 2021
(Unaudited)

3. Restricted cash and deferred contributions

Contributions are received from contributors who have restricted their use for operating purposes. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

| | 2021 | 2020 |
|---------------------------------|---------------|---------------|
| Balance, beginning of the year | 46,060 | 47,411 |
| Office operations grant | (210) | (1,351) |
| Balance, end of the year | 45,850 | 46,060 |

Cash and portfolio investments include \$45,850 (2020 - \$46,060) of restricted cash to be used on program expenditures.

4. Accounts receivable

| | 2021 | 2020 |
|-----------------------------------|--------------|---------------|
| Accounts receivable - funding | 1,500 | 23,905 |
| Goods and Services Tax receivable | 1,182 | 1,580 |
| | 2,682 | 25,485 |

5. Portfolio investments

| | 2021 | 2020 |
|------------------------------------------------|----------------|----------------|
| Fixed income securities and fixed income funds | 57,442 | 145,098 |
| Equities and equity funds | 173,391 | 108,299 |
| Other investment funds | 143,948 | 71,871 |
| | 374,781 | 325,268 |

The adjusted cost base of portfolio investments measured at fair value on the face of the financial statements is \$325,342 (2020 - \$314,778).

6. Income taxes

The Association meets the qualifications of an agricultural organization as defined in paragraph 149(1)(e) of the Income Tax Act (the "Act") and as such is exempt from income taxes.

Saskatchewan Cattle Feeders Association

Notes to the Financial Statements

For the year ended September 30, 2021
(Unaudited)

7. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Association's investments in publicly-traded securities and corporate bonds exposes the Association to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets.

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. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Association is exposed to interest rate price risk on its short term investments as they fluctuate with market value interest rates.

Credit concentration

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of trade accounts receivable. The Organization's revenue is concentrated in the agricultural sector; however, credit exposure is limited due to the Organization's large customer base.

A credit concentration exists related to accounts receivable as one (1) customer accounts for 100% of receivables (2020 - 84%). The organization believed that there was no unusual exposure associated with the collection of those receivables.