

**ALBERTA LAMB PRODUCERS
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2016**

ASSETS

	2016	2015
CURRENT ASSETS		
Cash and short term deposits (note 3)	\$ 255,185	\$ 293,624
Deposits (note 4)	21,573	8,242
Accounts receivable	<u>18,672</u>	<u>31,092</u>
	295,430	332,958
 PROPERTY AND EQUIPMENT (note 5)	 1,203	 1,532
 OTHER ASSETS	 <u>10,000</u>	 <u>10,000</u>
	<u><u>\$ 306,633</u></u>	<u><u>\$ 344,490</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 11,815	\$ 10,977
Source deductions payable	1,810	-
Goods and services tax payable	<u>3,104</u>	<u>8,527</u>
	16,729	19,504
 DEFERRED CONTRIBUTIONS (note 6)	 <u>28,100</u>	 <u>33,857</u>
	44,829	53,361
 NET ASSETS		
Net assets invested in capital assets	1,203	1,532
Net assets restricted (note 7)	47,956	50,415
Net assets unrestricted	<u>212,645</u>	<u>239,182</u>
	<u>261,804</u>	<u>291,129</u>
	<u><u>\$ 306,633</u></u>	<u><u>\$ 344,490</u></u>

Commitments (note 9)

Approved on Behalf of the Board

Erin Yaremko

Bill Gibson

ALBERTA LAMB PRODUCERS
STATEMENT OF (DEFICIENCY) / EXCESS OF REVENUE OVER EXPENSES
YEAR ENDED AUGUST 31, 2016

	2016	2015
REVENUE		
<u>Checkoff Revenue</u>		
Checkoff - Sheep	\$ 177,113	\$ 216,390
Checkoff - Wool	5,907	5,650
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	183,020	222,040
<u>Grant Revenue</u> (note 6)	83,798	143,400
<u>Other Revenue</u>		
Honorarium	-	108
Advertising	11,502	10,040
Recoveries	1,797	1,474
Interest	1,603	1,364
Manuals, programs and courses	279	291
SheepBytes	7,960	8,172
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	23,141	21,449
TOTAL REVENUE	<u><u>\$ 289,959</u></u>	<u><u>\$ 386,889</u></u>
EXPENSES		
<u>Checkoff Expenses</u>		
Checkoff refunds	11,785	21,860
<u>Grant Expenses</u> (note 6)		
Livestock welfare (Growing Forward 2)	87,296	18,143
Viability and sustainability (ALMA)	-	102,720
Workshops (ALMA)	-	12,020
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	87,296	132,883
<u>Advocacy</u>		
CSF fees and expenses	25,367	33,063
Industry liaison	7,080	3,580
Regional development	4,709	3,837
Research projects	5,070	3,227
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	42,226	43,707

	2016	2015
<u>Extension</u>		
Newsletter and advertising	18,413	25,873
Advertising and promotion	4,595	3,393
Education	231	954
Alberta Farm Animal Care (AFAC)	4,708	5,028
SheepBytes	<u>2,584</u>	<u>3,884</u>
	30,531	39,132
 <u>Operating Expenses</u>		
Salaries and wages	87,735	82,831
Directors expenses	33,835	25,713
Audit and legal	8,726	9,450
Administration and communications	11,916	12,300
Insurance	2,271	1,590
Zone meeting expenses	2,634	7,855
Amortization	<u>329</u>	<u>475</u>
	147,446	140,214
 TOTAL EXPENSES	 <u>\$ 319,284</u>	 <u>\$ 377,796</u>
 (DEFICIENCY) /EXCESS OF REVENUES OVER EXPENDITURES	 <u>(29,325)</u>	 <u>9,093</u>
 NET ASSETS, beginning of year	 <u>291,129</u>	 <u>282,036</u>
 NET ASSETS, end of year	 <u><u>\$ 261,804</u></u>	 <u><u>\$ 291,129</u></u>

**ALBERTA LAMB PRODUCERS
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED AUGUST 31, 2016**

	Invested in Capital Assets	Restricted (note 7)	Unrestricted	Total 2016	2015
Net assets, beginning of year	\$ 1,532	\$ 50,415	\$ 239,182	\$ 291,129	\$ 282,036
(Deficiency) / Excess of revenues over expenses	(329)	(2,459)	(26,537)	(29,325)	9,093
Net assets, end of year	\$ 1,203	\$ 47,956	\$ 212,645	\$ 261,804	\$ 291,129

**ALBERTA LAMB PRODUCERS
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2016**

	2016	2015
CASH PROVIDED BY OPERATING ACTIVITIES		
(Deficiency) / Excess of revenues over expenditures	\$ (29,325)	\$ 9,093
Items not affecting cash		
Amortization	329	476
	<u>(28,996)</u>	<u>9,569</u>
 Changes in non-cash working capital		
Decrease (increase) in accounts receivable	12,420	(8,521)
Increase (decrease) in goods and services tax	(5,423)	8,267
Decrease (increase) in deposits	(13,331)	(8,240)
Increase (decrease) in source deductions payable	1,810	-
Increase (decrease) in accounts payable	838	(1,117)
Increase (decrease) in deferred contributions	(5,757)	(106,199)
	<u>(38,439)</u>	<u>(106,241)</u>
 CASH (USED FOR) INVESTING ACTIVITIES		
Purchase of property and equipment	<u>-</u>	<u>-</u>
	-	-
 NET (DECREASE) INCREASE IN CASH	(38,439)	(106,241)
 CASH, beginning of year	<u>293,624</u>	<u>399,865</u>
 CASH, end of year	<u>\$ 255,185</u>	<u>\$ 293,624</u>
 CASH CONSISTS OF:		
Producer funds	\$ 213,344	\$ 248,679
SheepBytes funds	13,741	11,088
Project funds	<u>28,100</u>	<u>33,857</u>
	<u>\$ 255,185</u>	<u>\$ 293,624</u>

**ALBERTA LAMB PRODUCERS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2016**

1. Nature of operations:

Alberta Lamb Producers (the "Organization") is a producer supported organization that operates under regulation of the Marketing of Agricultural Products Act of the Province of Alberta. Its mandate is the promotion and enhancement of the sheep and wool industry in Alberta.

2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations ("CASNFPO"). The following are the accounting policies that management believe are significant to the Organization.

(a) Cash

Cash is made up of balances held with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

(b) Property and equipment

Purchased property and equipment is recorded at cost less accumulated amortization. Contributed property and equipment is recorded at fair value at the date of contribution less accumulated amortization. All leases are reviewed to determine if they are operating or capital in nature. Property and equipment is amortized over their estimated useful lives at the following rates and methods:

<u>Assets</u>	<u>Methods</u>	<u>Rate</u>
Office Equipment	diminishing balance	20%
Computer Equipment	diminishing balance	30%
Leasehold Improvements	diminishing balance	20%

(c) Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Contributions that are restricted by the funder, are recognized as revenue in the year in which the related expense is 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.

(d) Contributed materials and services

The Organization records the value of donated materials and services when the fair value can be reasonably estimated and when the material and services are used in the normal course of the Organization's operations and would otherwise have been purchased. Because of the difficulty in determining their fair value, contributed services are not recognized within the financial statements.

(e) Other Assets

Other Assets are valued at the lower of cost and net realizable value and are not expected to be realized over the upcoming year.

(f) Financial instruments

The Organization has classified the following financial assets and liabilities as held for trading: unrestricted cash, restricted cash, accounts receivable and accounts payable and accrued liabilities. It is management's opinion that the Organization is not exposed to significant interest, currency, or credit risk arising from these financial instruments. The fair value of these financial instruments approximate their carrying value due to their short term nature.

(g) Use of estimates

The preparation of the financial statements in accordance with CASNFPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and revenue 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. Amortization is based on the estimated useful lives of property and equipment.

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

(h) Income taxes

The Organization is a non-taxable entity under the Income Tax Act (the "Act") and as such, is exempt from filing an income tax return.

3. Cash:

	2016	2015
Unrestricted funds - general operating account	\$ 139,875	\$ 182,497
Unrestricted funds - short term investments (GIC's)	101,569	100,039
Total Unrestricted Funds	\$ 241,444	\$ 282,536
Restricted funds - Sheepbytes	\$ 13,741	\$ 11,088
Total cash and cash equivalents	\$ 255,185	\$ 293,624

4. Deposits

The Organization spent funds in respect of a new Alberta Lamb website and related promotion materials. The website and related work has not been completed by end of the fiscal year.

5. Property and equipment:

	Cost	Accumulated Amortization	Net 2016	Net 2015
Office furniture and equipment	\$ 5,590	\$ 5,086	\$ 504	\$ 631
Computer equipment	5,874	5,297	577	749
Leasehold improvements	2,154	2,032	122	152
	\$ 13,618	\$ 12,415	\$ 1,203	\$ 1,532

6. Deferred contributions:

Deferred contributions represent unspent funds received by the Organization designated by the funder for a specific purpose.

	2016	2015
Beginning balance	\$ 33,857	\$ 140,056
Contributions recognized as revenue in the year	(33,857)	(101,577)
Contributions paid back to funders in the year	-	(29,622)
Contributions received relating to current and future years	28,100	25,000
Ending balance	\$ 28,100	\$ 33,857

Deferred contributions are comprised of the following:

	2016	2015
Alberta Lamb Webiste and Promotion	\$ 10,000	\$ -
Traceability Training	18,100	-
Livestock Welfare - Growing Forward 2	-	33,857
Ending balance	\$ 28,100	\$ 33,857

7. Restricted net assets

The Board of Directors has internally restricted funds to provide producer education in the future (\$31,215), for future maintenance of the Sheep Centre (\$3,000) and servicing the SheepBytes website and program (\$13,741).

8. Capital management

The Organization's objective in managing capital is to ensure that necessary funds are in place to provide continued promotion and enhancement of the sheep and wool industry. The Organization manages capital through annual budgeting techniques, and by continuously monitoring the need for funding of various expenditures. The Organization's capital is maintained through revenue generating activities and through funding and grants.

The Organization's capital is defined as net assets and deferred contributions which at August 31, 2016 total \$292,404 (August 31, 2015 - \$324,986).

All funding received which has not been spent on eligible expenses has been deferred.

9. Commitments and contracts

The 2002, the Organization signed an agreement (along with other provincial sheep associations) which permits the Canadian Sheep Federation to administer the Canadian Sheep Identification Program. The purpose of this agreement is to govern the distribution and sale of approved tags to sheep producers across Canada. Alberta Lamb Producers has contracted with the Canadian Co-Operative Wool Growers Ltd. to act as exclusive distributor and agent of the approved tags in Alberta. The agreement is automatically renewed every year unless the contract is renegotiated or terminated by either party.

10. Related party transactions

During the year, the Organization paid fees and reimbursed expenses to directors totalling \$33,855 (2015 - \$25,713)

11. Comparative information

Certain comparative information has been restated to be consistent with current year presentation.