

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S
REPORT

American Boer Goat Association

December 31, 2021 and 2020

**American Boer Goat Association
December 31, 2021 and 2020**

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Independent Auditor's Report

Board of Directors
American Boer Goat Association
San Angelo, Texas

Opinion

We have audited the accompanying financial statements of American Boer Goat Association (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Boer Goat Association as of December 31, 2021 and 2020, and the changes in its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Boer Goat Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about American Boer Goat Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of American Boer Goat Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Boer Goat Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Oliver, Rainey & Wojtek, LLP

August 14, 2023

**AMERICAN BOER GOAT ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020**

ASSETS

	2021	2020
Current Assets:		
Cash and Cash Equivalents	\$ 865,919	\$ 1,108,021
Restricted Cash	170,840	153,708
Accounts Receivable	30,554	20,454
Certificates of Deposit: Short-term	109,330	109,089
Investments Available for Sale	320,279	314,578
Prepaid Expenses	8,487	27,160
Total Current Assets	1,505,409	1,733,010
Noncurrent Assets		
Certificates of Deposit: Long-term	370,094	369,906
Property and Equipment, Net	682,059	667,663
Total Noncurrent Assets	1,052,153	1,037,569
TOTAL ASSETS	\$ 2,557,562	\$ 2,770,579

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable	\$ 102,182	\$ 65,603
Credit Card Payables	2,054	29,050
Accrued Liabilities	61,288	169,152
Deposits	174,144	170,033
Deferred Revenue	169,710	95,938
Note Payable-Current Portion	-	43,129
Total Current Liabilities	509,378	572,905
Total Liabilities	509,378	572,905
Net Assets:		
Without Donor Restrictions		
Undesignated	1,195,285	1,376,303
Board Designated	124,825	146,311
Property and Equipment	682,059	667,663
Total Without Donor Restrictions	2,002,169	2,190,277
With Donor Restrictions	46,015	7,397
Total Net Assets	2,048,184	2,197,674
TOTAL LIABILITIES AND NET ASSETS	\$ 2,557,562	\$ 2,770,579

See accompanying notes to the financial statements.

AMERICAN BOER GOAT ASSOCIATION
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Support			
Donations and Bequest	\$ 1,890	\$ 15,916	\$ 17,806
Sponsorships	18,131	-	18,131
Total Support	<u>20,021</u>	<u>15,916</u>	<u>35,937</u>
Revenue			
Registrations	510,754	23,618	534,372
Memberships	424,011	-	424,011
Transfer of Ownership Registration	157,408	-	157,408
DNA Evaluations	147,297	-	147,297
National Show Income	185,495	-	185,495
Junior Regional Show Income	27,417	-	27,417
Member Services	38,014	-	38,014
EHB Program	8,090	-	8,090
Investment Income, Net	12,220	-	12,220
Other Income	44,379	-	44,379
Total Revenue	<u>1,555,085</u>	<u>23,618</u>	<u>1,578,703</u>
Net Assets Released from Restriction	916	(916)	-
Total Support and Revenue	<u>1,576,022</u>	<u>38,618</u>	<u>1,614,640</u>
Expenses:			
Program Services	1,380,912	-	1,380,912
Management and General	383,218	-	383,218
Fundraising	-	-	-
Total Expenses	<u>1,764,130</u>	<u>-</u>	<u>1,764,130</u>
Change in Net Assets	(188,108)	38,618	(149,490)
Net Assets, Beginning of Year	<u>2,190,277</u>	<u>7,397</u>	<u>2,197,674</u>
Net Assets, End of Year	<u>\$ 2,002,169</u>	<u>\$ 46,015</u>	<u>\$ 2,048,184</u>

See accompanying notes to the financial statements.

AMERICAN BOER GOAT ASSOCIATION
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Support			
Donations and Bequest	\$ 24,220	\$ 1,048	\$ 25,268
Total Support	<u>24,220</u>	<u>1,048</u>	<u>25,268</u>
Revenue			
Registrations	411,971	-	411,971
Memberships	373,685	-	373,685
Transfer of Ownership Registration	125,324	-	125,324
DNA Evaluations	128,767	-	128,767
Junior Regional Show Income	13,061	-	13,061
Member Services	44,270	-	44,270
EHB Program	6,750	-	6,750
Investment Income, Net	32,693	-	32,693
Other Income	399	-	399
Total Revenue	<u>1,136,920</u>	<u>-</u>	<u>1,136,920</u>
Net Assets Released from Restriction	416	(416)	-
Total Support and Revenue	<u>1,161,556</u>	<u>632</u>	<u>1,162,188</u>
Expenses:			
Program Services	725,026	-	725,026
Management and General	386,931	-	386,931
Fundraising	-	-	-
Total Expenses	<u>1,111,957</u>	<u>-</u>	<u>1,111,957</u>
Change in Net Assets	49,599	632	50,231
Net Assets, Beginning of Year	<u>2,140,678</u>	<u>6,765</u>	<u>2,147,443</u>
Net Assets, End of Year	<u>\$ 2,190,277</u>	<u>\$ 7,397</u>	<u>\$ 2,197,674</u>

See accompanying notes to the financial statements.

AMERICAN BOER GOAT ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	Program Services				Supporting Services		
	Membership Services	Junior Support	Boer Goat Industry Promotion	Total	Management and General	Fundraising	Total
Advertising	\$ 9,899	\$ 2,735	\$ 391	\$ 13,025	\$ -	\$ -	\$ 13,025
Awards	-	10,317	60,143	70,460	163	-	70,623
Bad Debts Expense	3,273	-	-	3,273	-	-	3,273
Bank/Credit Card Processing Fees	17,358	-	-	17,358	3,541	-	20,899
Board Meetings	-	-	-	-	3,065	-	3,065
Contract Labor	7,502	2,073	296	9,871	9,870	-	19,741
Merchandise - Cost of Goods Sold	-	1,935	15,880	17,815	-	-	17,815
Depreciation Expense	22,151	6,121	874	29,146	5,552	-	34,698
DNA Testing	84,369	23,313	3,330	111,012	-	-	111,012
Employee Benefits	27,677	7,648	1,092	36,417	6,425	-	42,842
Internet Expense	-	-	-	-	-	-	-
Judges Expenses	1,776	-	-	1,776	-	-	1,776
Magazine Expense	15,221	4,206	600	20,027	-	-	20,027
Meals	-	907	29,774	30,681	5,660	-	36,341
Miscellaneous Expenses	44,064	4,467	-	48,531	367	-	48,898
Occupancy	35,864	9,910	1,416	47,190	8,989	-	56,179
Office Expenses	47,257	13,058	1,865	62,180	3,273	-	65,453
Payroll Expenses	329,379	91,013	13,002	433,394	76,459	-	509,853
Payroll Taxes	35,929	9,928	1,418	47,275	8,340	-	55,615
Postage and Shipping	67,317	27	-	67,344	-	-	67,344
Premiums	-	17,681	-	17,681	-	-	17,681
Professional Fees	-	-	-	-	122,489	-	122,489
Rentals	(1,292)	-	48,792	47,500	2,592	-	50,092
Scholarships	-	10,000	-	10,000	-	-	10,000
Show Expenses	-	17,385	34,940	52,325	2,000	-	54,325
Software Support	52,129	14,404	2,058	68,591	22,864	-	91,455
Travel	38,968	32,442	46,630	118,040	101,569	-	219,609
Total Expenses	\$ 838,841	\$ 279,570	\$ 262,501	\$ 1,380,912	\$ 383,218	\$ -	\$ 1,764,130

See accompanying notes to the financial statements.

**AMERICAN BOER GOAT ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020**

	<u>Program Services</u>				<u>Supporting Services</u>		<u>Total</u>
	<u>Membership Services</u>	<u>Junior Support</u>	<u>Boer Goat Industry Promotion</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	
Advertising	\$ 4,288	\$ 1,185	\$ 169	\$ 5,642	\$ -	\$ -	\$ 5,642
Awards	-	10,316	31,085	41,401	-	-	41,401
Bank/Credit Card Processing Fees	22,526	-	-	22,526	3,544	-	26,070
Board Meetings	-	-	-	-	3,589	-	3,589
Contract Labor	17,785	4,914	702	23,401	23,401	-	46,802
Depreciation Expense	23,421	6,471	924	30,816	1,284	-	32,100
DNA testing	70,634	19,517	2,788	92,939	-	-	92,939
Employee Benefits	3,414	943	135	4,492	4,492	-	8,984
Judges Expenses	1,120	-	1,798	2,918	-	-	2,918
Magazine Expense	6,104	1,687	240	8,031	-	-	8,031
Meals	-	-	609	609	1,558	-	2,167
Occupancy	24,441	6,753	965	32,159	1,693	-	33,852
Office Expenses	39,959	11,041	1,577	52,577	2,767	-	55,344
Payroll Expense	194,375	53,709	7,673	255,757	196,959	-	452,716
Payroll Taxes	12,263	3,389	484	16,136	16,136	-	32,272
Postage and Shipping	31,787	3,662	-	35,449	101	-	35,550
Professional Fees	-	-	-	-	55,400	-	55,400
Rentals	9,073	-	-	9,073	886	-	9,959
Scholarships	-	3,000	-	3,000	-	-	3,000
Show Expenses	-	37,220	1,500	38,720	6,156	-	44,876
Software Support	34,897	9,642	1,377	45,916	15,305	-	61,221
Telephone	-	-	-	-	11,155	-	11,155
Travel	-	3,464	-	3,464	42,505	-	45,969
Total Expenses	\$ 496,087	\$ 176,913	\$ 52,026	\$ 725,026	\$ 386,931	\$ -	\$ 1,111,957

See accompanying notes to the financial statements.

AMERICAN BOER GOAT ASSOCIATION
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in Net Assets	\$ (149,490)	\$ 50,231
Adjustments to reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	34,698	32,100
Net Unrealized/Realized Gain on Investments	8,071	(10,732)
Change in Assets and Liabilities:		
Accounts Receivable	(10,100)	(8,632)
Prepaid Expenses	18,673	(24,805)
Deposits	4,111	37,114
Accounts Payable and Credit Card Payable	9,583	13,946
Accrued Expenses	(107,864)	88,901
Deferred Revenue	73,772	(3,795)
Net Cash Provided by Operating Activities	(118,546)	174,328
Cash Flows from Investing Activities		
Purchases of Certificates of Deposit	(429)	(3,277)
Purchases of Investments	(13,772)	(10,857)
Purchases of Property and Equipment	(49,094)	-
Net Cash Used in Investing Activities	(63,295)	(14,134)
Cash Flows from Financing Activities		
Advances on PPP Loan	-	43,129
Forgiveness on PPP Loan	(43,129)	-
Net Cash Provided by Financing Activities	(43,129)	43,129
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	(224,970)	203,323
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	1,261,729	1,058,406
Cash, Cash Equivalents, and Restricted Cash - End of Year	\$ 1,036,759	\$ 1,261,729
Supplemental Disclosures of Cash Flow Information		
Cash Paid During the Year for:		
Interest	\$ -	\$ -
Federal Income Taxes	\$ -	\$ -
Non-Cash Activities:		
Forgiveness of Debt	\$ 43,129	\$ -

See accompanying notes to the financial statements.

AMERICAN BOER GOAT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The American Boer Goat Association (the Association) is a non-profit organization chartered by the State of Texas and maintains its corporate office in San Angelo, Texas. The Board of Directors consists of volunteer members who direct the operations of the Association. The Association's purpose is to provide registry services and promote the Boer goat industry in America. Annual membership dues are collected to help defray the costs associated with membership services and the costs of maintaining the Association's animal registry records. The Association's support and revenue comes primarily from membership fees, animal registrations, transfers of ownership registration, and donations.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with principles generally accepted in the United States of America. Under this basis of accounting, revenues are recognized when earned, and expenses are generally recognized when incurred.

Basis of Presentation

The Association reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions. These classifications of net assets are described as follows:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets that affect the financial statements. Accordingly, actual results could differ from those estimates.

Advertising Costs

The Association does not engage in any direct-response advertising. Advertising costs are expensed as incurred and no advertising costs have been capitalized.

Accounts Receivable and Bad Debts

Receivables are considered delinquent when collection is not made in accordance with contractual terms. Bad debts are recognized using the direct charge-off method and are written off only after all reasonable collection efforts have failed. Since historical experience indicates that very few accounts prove to be uncollectible, the use of the direct charge-off method does not produce results significantly different from results obtained by using the allowance method. The opening balance in receivables from customers on January 1, 2020 was \$11,822.

AMERICAN BOER GOAT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Years Ended December 31, 2021 and 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Property and Equipment

Property and equipment are recorded at cost if purchased and at fair value if contributed. The cost of betterments and renewals in excess of \$5,000 are capitalized while expenditures for repairs and maintenance are expensed in the period incurred. Depreciation is computed using the straight-line method over the useful life of the assets. The useful lives of property and equipment for purposes of depreciation are 5 years for vehicles, furniture, and equipment.

Federal Income Tax

Under Section 501(c)(5) of the Internal Revenue Code, the Association would be exempt from federal income tax on all income except unrelated business income as noted under Section 511 of the Internal Revenue Code. However, income from certain activities not directly related to the Association's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Association has been classified as an organization other than a private foundation under Section 509 (a)(2).

The Association's Form 990s, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after they are filed.

Functional Allocation of Expenses

The costs of providing program and supporting service activities have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present the natural classification detail of the expenses by function. Expenses identified with a specific program or supporting service are reported accordingly. Other expenses common to several functions are allocated between program, and administrative activities based on estimates of time and effort.

Revenue With and Without Donor Restrictions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets with donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

Deferred Revenue

Deferred revenue represents membership fees collected in advance. Renewals collected in November and December are typically for memberships covering the following calendar year and will be recognized as revenue ratably during the subsequent year. The opening balance in deferred revenue on January 1, 2020 was \$99,733.

AMERICAN BOER GOAT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Years Ended December 31, 2021 and 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Donated Services and Gifts-in-Kind

Donated services and gifts-in-kind are reported as contributions and expenses in amounts equal to their estimated fair value on date of receipt.

No amounts for donated services or gifts-in-kind have been reflected in the financial statements for the years ended December 31, 2021 and 2020. The Association generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the association during the National Show. These services do not meet the criteria for recognition in accordance with U.S. generally accepted accounting principles and are not recorded in the accompanying financial statements.

Investments

The Association classifies its mutual fund investments as available for sale and they are carried in the financial statements at market value. Realized and unrealized gains and losses are included in the Statements of Activities.

Compensated Absences

Employees eligible for vacation leave include full-time employees that have been employed by the Association for one year. After the first year of service, a full-time employee accrues five days of vacation leave per year. After two years of service, a full-time employee accrues ten days of vacation leave per year. All vacation time will be computed from the date of employment and on each anniversary date thereafter.

Vacation time is not cumulative and must be taken within the year accrued. If a full-time employee's employment is terminated and that employee has accrued vacation time to their credit, the employee loses (is not paid for) that vacation time. Because the Association does not pay out vacation time for terminated employees, the Association does not accrue a liability for unpaid vacation.

In addition to accruing vacation time, all full-time employees accrue one day of personal time off every quarter, beginning after the first three months of employment. The same policies that apply to vacation time also apply to personal time off.

Revenue Recognition from Exchange Transactions

The Association has multiple revenue streams that are accounted for as exchange transactions including membership dues, show fees and income, and services income.

Revenue from contracts with members for dues is reported at the amount that reflects the consideration to which the Association expects to be entitled in exchange for providing the membership to its members. Revenue is recognized as performance obligations are satisfied, which is ratably over the membership term, January through December. Membership dues are refundable but are rarely refunded.

Revenue from shows held such as the National Show and Regional Shows are not recognized as revenue until the revenue is earned, which is when the show occurs. Sponsorship tables are sold for the National Show in which the customer receives commensurate value for the tables they are renting.

Revenue from services income, which include registrations, transfer of ownership registrations, and DNA evaluations are recognized as revenue when the certificates have been issued.

AMERICAN BOER GOAT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Years Ended December 31, 2021 and 2020

NOTE 2: CASH AND RESTRICTED CASH

The Association considers cash and cash equivalents to include cash on hand, cash in demand accounts, and certificates of deposit with original maturities of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Statements of Financial Position that sum to the amounts shown in the Statements of Cash Flows:

	2021	2020
Cash and Cash Equivalents	\$ 865,919	\$ 1,108,021
Restricted Cash	170,840	153,708
	\$ 1,036,759	\$ 1,261,729

NOTE 3: CONCENTRATIONS OF RISK

Membership fees, registrations, transfers or ownership and DNA evaluations generate approximately 80% and 91%, respectively, of the Association's total revenue for the years ended December 31, 2021 and 2020. In addition, miscellaneous types of other income are indirectly related to the Boer goat industry through the common interest of participants. The Association is therefore dependent upon the continued growth and success of the Boer goat industry. The majority of the Association's registry is located within the State of Texas. The Association would experience an economic loss of \$30,554 and \$20,454, respectively, as of December 31, 2021 and 2020, if all of its debtors failed to perform according to the provisions of their obligations.

NOTE 4: DEPOSITS

The Association maintains its cash balances with several financial institutions, which includes a trust department in interest-bearing accounts. These balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, per financial institution. At December 31, 2021 and 2020, the Association's uninsured cash balances total \$598,622 and \$565,788, respectively.

The Association also maintains accounts with a brokerage firm containing cash and securities. Balances are insured at up to \$500,000, with a limit of \$250,000 for cash, by the Securities Investor Protection Corporation (SIPC). At December 31, 2021 and 2020, the Association's balances were fully covered by the SIPC.

NOTE 5: PREPAID EXPENSES

Prepaid expenses consist of prepaid insurance and prepaid breed registry support. Prepaid expenses of \$8,487 and \$27,160, respectively, are shown net of amortization incurred during the years ended December 31, 2021 and 2020.

AMERICAN BOER GOAT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Years Ended December 31, 2021 and 2020

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land	\$ 50,815	\$ 50,815
Building and Improvements	576,145	576,145
Furniture and Fixtures	58,841	32,630
Equipment	248,051	225,168
Software	10,000	10,000
	<u>943,852</u>	<u>894,758</u>
Less: Accumulated Depreciation	<u>(261,793)</u>	<u>(227,095)</u>
Property and Equipment, Net	<u>\$ 682,059</u>	<u>\$ 667,663</u>

Depreciation expense on property and equipment totaled \$34,698 and \$32,100, respectively, for the years ended December 31, 2021 and 2020.

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
NSIIP Grant	\$ 3,231	\$ 3,231
Boer Goat Reserve Fund	4,166	4,166
Carcass Class - Held 6/12/22	2,000	-
BGYF Scholarship Fund	15,000	-
BGYF JABGA Carcass Class	5,000	-
BGYF Jr Leadership Confernece	16,618	-
	<u>\$ 46,015</u>	<u>\$ 7,397</u>

NOTE 8: BOARD DESIGNATED NET ASSETS

The governing board of the Association has designated all funds associated with the Junior American Boer Goat Association (JAGBA), with the exception of donor restricted amounts, as net assets without donor restrictions which represent resources currently available for use, but expendable only for purposes related to JAGBA. As of December 31, 2021 and 2020, board designated net assets totaled \$124,825 and \$146,311, respectively.

AMERICAN BOER GOAT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2021 and 2020

NOTE 9: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2021	2020
Cash, Cash Equivalents and Restricted Cash	\$ 1,036,759	\$ 1,261,729
Accounts Receivable	30,554	20,454
Certificates of Deposit: Short-term	109,330	109,089
Investments Available for Sale	320,279	314,578
Financial Assets, at Year End	1,496,922	1,705,850
Less Those Unavailable for General Expenditures Within One Year, Due to:		
Donor-restricted for NSIIP Grant	3,231	3,231
Donor-restricted for Boer Goat Reserve Fund	4,166	4,166
Donor-restricted for Carcas Class	2,000	-
Donor-restricted for BGYF Scholarship Fund	15,000	-
Donor-restricted for BGYF JABGA Carcass Class	5,000	-
Donor-restricted for BGYF Leadership Conference	16,618	-
Board Designated for Junior American Boer Goat Association	124,825	146,311
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	\$ 1,326,082	\$ 1,552,142

Financial assets subject to donor or other contractual restrictions are subject to board approved projects and expenditures. All board approved expenditures and financial assets without restrictions are available to meet the cash needs of the Association in the next twelve months.

As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Association maintains certificates of deposit with terms of one year and investments available for sale, which it could redeem or sell. Cash needs of the Association are expected to be met on a monthly basis from membership dues, animal registrations and transfers, and DNA evaluations. In general, the Association maintains sufficient financial assets on hand to meet 180 days normal operating expenses.

NOTE 10: FAIR VALUE MEASUREMENTS

The Association's financial instruments consist principally of cash and cash equivalents, restricted cash, certificates of deposit, accounts receivable, accounts payable, and deferred revenue. The fair value of a financial instrument is the amount that would be received in an asset sale or paid to transfer a liability in an orderly transaction between unaffiliated market participants. Assets and liabilities measured at fair value are categorized based on whether the inputs are observable in the market and the degree the inputs are observable. The categorization of financial statements within the valuation hierarchy is based on the lowest level of input significant to the fair value measurement. The hierarchy is prioritized into three levels (with Level 3 being the lowest) defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities the entity has the ability to access.

Level 2: Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.

AMERICAN BOER GOAT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Years Ended December 31, 2021 and 2020

NOTE 10: FAIR VALUE MEASUREMENTS – CONTINUED

Level 3: Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques using significant unobservable inputs.

There have been no changes in Level 1, Level 2, or Level 3 and no changes in valuation techniques for these assets or liabilities for the years ended December 31, 2021 and 2020.

The Association uses the following methods and assumptions to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Certificates of deposit: Long-term – The Association holds certificates of deposit with maturity dates greater than twelve months. These certificates are carried at cost, which approximates fair value.

Investments available for sale - The carrying amount approximates fair value because of the short maturity of those investments, and is based on quoted prices in active markets for identical assets.

At December 31, 2021 and 2020, the Association carried the following financial assets at fair value:

	Fair Value	Quoted Prices (Level 1)
<u>December 31, 2021</u>		
Certificates of Deposit: Long-term	\$ 370,094	\$ 370,094
Investments available for sale	320,279	320,279
<u>December 31, 2020</u>		
Certificates of Deposit: Long-term	\$ 369,906	\$ 369,906
Investments available for sale	314,578	314,578

NOTE 11: PAYCHECK PROTECTION PROGRAM

On April 15, 2020, the Association was granted a loan from First Financial Bank in the amount of \$43,129 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, mortgage interest, rent, and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The Association was legally released from being the primary obligor by the bank for the PPP loan on July 23, 2021. The amount of this loan is displayed on the Statements of Financial Position in Current Liabilities for the year ended December 31, 2020 and as other income in the Statement of Activities for the year ended December 31, 2021.

AMERICAN BOER GOAT ASSOCIATION
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For the Years Ended December 31, 2021 and 2020

NOTE 12: RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU 2016-02 "Leases (Topic 842)." The FASB issued ASU 2016-02 to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under ASU 2016-02, a lessee will recognize in the statement of financial position a liability to make lease payments and a right-to-use asset representing its right to use the underlying asset for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from current GAAP. ASU 2016-02 retains a distinction between finance leases (i.e. capital leases under current GAAP). The amendments of this ASU are effective for reporting periods beginning after December 15, 2021, with early adoption permitted. An entity will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. Management is currently assessing the impact the adoption of ASU 2016-02 will have on its financial statements.

NOTE 13: DATE OF MANAGEMENT'S REVIEW

The Organization has evaluated subsequent events through August 14, 2023, the date which the financial statements were available to be issued.