

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S
REPORT

American Boer Goat Association

December 31, 2020 and 2019

American Boer Goat Association
December 31, 2020 and 2019

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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, 2020 and 2019, and the related statements of activities and changes in net assets, 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, 2020 and 2019, and the changes in its net assets 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

October 11, 2022

AMERICAN BOER GOAT ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

ASSETS

Current Assets:	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 1,107,811	\$ 890,065
Restricted Cash	153,918	168,341
Accounts Receivable	20,454	11,822
Certificates of Deposit: Short-term	109,723	107,576
Investments Available for Sale	314,578	292,989
Prepaid Expenses	<u>27,160</u>	<u>2,355</u>
Total Current Assets	<u>1,733,644</u>	<u>1,473,148</u>
Noncurrent Assets		
Certificates of Deposit: Long-term	369,272	368,142
Property and Equipment, Net	<u>667,663</u>	<u>699,763</u>
Total Noncurrent Assets	<u>1,036,935</u>	<u>1,067,905</u>
TOTAL ASSETS	<u><u>\$ 2,770,579</u></u>	<u><u>\$ 2,541,053</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable	\$ 65,603	\$ 70,148
Credit Card Payables	29,050	10,559
Accrued Liabilities	169,152	80,251
Deposits	170,033	132,919
Deferred Revenue	95,938	99,733
Note Payable-Current Portion	<u>43,129</u>	<u>-</u>
Total Current Liabilities	<u>572,905</u>	<u>393,610</u>
Total Liabilities	<u>572,905</u>	<u>393,610</u>
Net Assets:		
Without Donor Restrictions		
Undesignated	1,376,303	1,279,342
Board Designated	146,311	161,573
Property and Equipment	<u>667,663</u>	<u>699,763</u>
Total Without Donor Restrictions	2,190,277	2,140,678
With Donor Restrictions	<u>7,397</u>	<u>6,765</u>
Total Net Assets	<u>2,197,674</u>	<u>2,147,443</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,770,579</u></u>	<u><u>\$ 2,541,053</u></u>

See accompanying notes to the financial statements.

AMERICAN BOER GOAT ASSOCIATION
STATEMENT OF ACTIVITES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue			
Support			
Donations and Bequest	\$ 24,220	\$ 1,048	\$ 25,268
Total Support	24,220	1,048	25,268
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	1,136,920	-	1,136,920
Net Assets Released from Restriction	416	(416)	-
Total Support and Revenue	1,161,556	632	1,162,188
Expenses:			
Program Services	725,026	-	725,026
Management and General	386,931	-	386,931
Fundraising	-	-	-
Total Expenses	1,111,957	-	1,111,957
Change in Net Assets	49,599	632	50,231
Net Assets, Beginning of Year	2,140,678	6,765	2,147,443
Net Assets, End of Year	\$ 2,190,277	\$ 7,397	\$ 2,197,674

See accompanying notes to the financial statements.

AMERICAN BOER GOAT ASSOCIATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2019

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue			
Support			
Donations and Bequest	\$ 55,853	\$ 1,040	\$ 56,893
Sponsorships	47,118	-	47,118
Total Support	102,971	1,040	104,011
Revenue			
Registrations	439,236	-	439,236
Memberships	388,799	-	388,799
Transfer of Ownership Registration	146,232	-	146,232
DNA Evaluations	137,392	-	137,392
National Show Income	111,981	-	111,981
Junior Regional Show Income	76,758	-	76,758
Member Services	67,769	-	67,769
EHB Program	10,020	-	10,020
Investment Income, Net	44,035	-	44,035
Total Revenue	1,422,222	-	1,422,222
Net Assets Released from Restriction	830	(830)	-
Total Support and Revenue	1,526,023	210	1,526,233
Expenses:			
Program Services	993,489	-	993,489
Management and General	364,001	-	364,001
Fundraising	-	-	-
Total Expenses	1,357,490	-	1,357,490
Change in Net Assets	168,533	210	168,743
Net Assets, Beginning of Year - As Previously Stated	1,804,950	167,674	1,972,624
Prior Period Adjustment - Net Assets Improperly Classified	161,119	(161,119)	-
Prior Period Adjustment - Accounts Receivable Overstated	(10,311)	-	(10,311)
Prior Period Adjustment - Invalid Duplicated Checks	16,387	-	16,387
Net Assets, Beginning of Year - As Restated	1,972,145	6,555	1,978,700
Net Assets, End of Year	\$ 2,140,678	\$ 6,765	\$ 2,147,443

See accompanying notes to the financial statements.

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

	Program Services				Supporting Services		
	Membership Services	Junior Support	Boer Goat Industry Promotion	Total	Management and General	Fundraising	Total
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 Expenses	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
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019

	<u>Program Services</u>				<u>Supporting Services</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>	<u>Total</u>
Advertising	\$ 5,942	\$ 1,642	\$ 235	\$ 7,819	\$ -	\$ -	\$ 7,819
Awards	1,000	18,595	41,630	61,225	702	-	61,927
Bank/Credit Card Processing Fees	30,174	-	-	30,174	1,375	-	31,549
Board Meetings	-	-	-	-	6,368	-	6,368
Contract Labor	4,400	1,215	174	5,789	5,790	-	11,579
Depreciation Expense	7,431	2,053	293	9,777	407	-	10,184
DNA testing	81,893	22,629	3,233	107,755	-	-	107,755
Employee Benefits	9,234	2,551	364	12,149	12,150	-	24,299
Judges Expenses	3,415	-	17,368	20,783	-	-	20,783
Magazine Expense	49,417	13,655	1,950	65,022	-	-	65,022
Meals	-	-	16,200	16,200	6,960	-	23,160
Miscellaneous Expenses	-	6,212	11,836	18,048	-	-	18,048
Occupancy	36,694	10,139	1,448	48,281	2,541	-	50,822
Office Expenses	51,163	14,137	2,020	67,320	3,543	-	70,863
Payroll Expense	120,092	33,184	4,741	158,017	196,959	-	354,976
Payroll Taxes	9,967	2,754	393	13,114	13,115	-	26,229
Postage and Shipping	47,849	-	5,357	53,206	-	-	53,206
Premiums	-	22,625	-	22,625	-	-	22,625
Professional Fees	-	-	-	-	55,144	-	55,144
Rentals	3,535	-	52,878	56,413	-	-	56,413
Scholarships	-	9,000	-	9,000	-	-	9,000
Show Expenses	-	79,614	43,566	123,180	-	-	123,180
Software Support	26,880	7,427	1,061	35,368	11,790	-	47,158
Telephone	-	-	-	-	6,087	-	6,087
Travel	-	18,763	33,461	52,224	41,070	-	93,294
Total Expenses	\$ 489,086	\$ 266,195	\$ 238,208	\$ 993,489	\$ 364,001	\$ -	\$ 1,357,490

See accompanying notes to the financial statements.

AMERICAN BOER GOAT ASSOCIATION
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in Net Assets	\$ 50,231	\$ 168,743
Adjustments to reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	32,100	10,184
Net Unrealized/Realized Gain on Investments	(10,732)	(15,588)
Change in Assets and Liabilities:		
Accounts Receivable	(8,632)	(1,565)
Prepaid Expenses	(24,805)	2,179
Deposits	37,114	4,882
Accounts Payable and Credit Card Payable	13,946	52,761
Accrued Expenses	88,901	64,748
Deferred Revenue	(3,795)	(12,345)
Net Cash Provided by Operating Activities	174,328	273,999
Cash Flows from Investing Activities		
Purchases of Certificates of Deposit	(3,277)	(3,430)
Purchases of Investments	(10,857)	(11,485)
Purchases of Property and Equipment	-	(306,847)
Net Cash Used in Investing Activities	(14,134)	(321,762)
Cash Flows from Financing Activities		
Advances on PPP Loan	43,129	-
Net Cash Provided by Financing Activities	43,129	-
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	203,323	(47,763)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year, as Previously Stated	1,058,406	1,089,782
Prior Period Adjustment - Invalid Duplicated Checks	-	16,387
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year, as Restated	1,058,406	1,106,169
Cash, Cash Equivalents, and Restricted Cash - End of Year	\$ 1,261,729	\$ 1,058,406
Supplemental Disclosures of Cash Flow Information		
Cash Paid During the Year for:		
Interest	\$ -	\$ -
Federal Income Taxes	\$ -	\$ -

See accompanying notes to the financial statements.

AMERICAN BOER GOAT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

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, 2019 was \$20,148.

AMERICAN BOER GOAT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Years Ended December 31, 2020 and 2019

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 and Changes in Net Assets. 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 and Changes in Net Assets 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, 2019 was \$112,078.

AMERICAN BOER GOAT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Years Ended December 31, 2020 and 2019

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, 2020 and 2019. 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 and Changes in Net Assets.

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, 2020 and 2019

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:

	2020	2019
Cash and Cash Equivalents	\$ 1,108,021	\$ 890,068
Restricted Cash	153,708	168,338
	\$ 1,261,729	\$ 1,058,406

NOTE 3: CONCENTRATIONS OF RISK

Membership fees, registrations, transfers or ownership and DNA evaluations generate approximately 91% and 78%, respectively, of the Association's total revenue for the years ended December 31, 2020 and 2019. 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 \$20,454 and \$11,666, respectively, as of December 31, 2020 and 2019, 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, 2020 and 2019, the Association's uninsured cash balances total \$565,788 and \$445,420, 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, 2020 and 2019, 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 \$27,160 and \$2,355, respectively, are shown net of amortization incurred during the years ended December 31, 2020 and 2019.

AMERICAN BOER GOAT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Years Ended December 31, 2020 and 2019

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2020 and 2019:

	2020	2019
Land	\$ 50,815	\$ 50,815
Building and Improvements	576,145	576,145
Furniture and Fixtures	32,630	32,630
Equipment	225,168	225,168
Software	10,000	10,000
	894,758	894,758
Less: Accumulated Depreciation	(227,095)	(194,995)
Property and Equipment, Net	\$ 667,663	\$ 699,763

Depreciation expense on property and equipment totaled \$32,100 and \$10,184, respectively, for the years ended December 31, 2020 and 2019.

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2020 and 2019:

	2020	2019
NSIIP Grant	\$ 3,231	\$ 3,231
Boer Goat Reserve Fund	4,166	3,534
	\$ 7,397	\$ 6,765

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, 2020 and 2019, board designated net assets totaled \$146,311 and \$161,573, respectively.

AMERICAN BOER GOAT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2020 and 2019

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:

	<u>2020</u>	<u>2019</u>
Cash, Cash Equivalents and Restricted Cash	\$ 1,261,729	\$ 1,058,406
Accounts Receivable	20,454	11,822
Certificates of Deposit: Short-term	109,723	107,576
Investments Available for Sale	<u>314,578</u>	<u>292,989</u>
Financial Assets, at Year End	1,706,484	1,470,793
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	3,534
Board Designated for Junior American Boer Goat Association	<u>146,311</u>	<u>161,573</u>
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	<u><u>\$ 1,552,776</u></u>	<u><u>\$ 1,302,455</u></u>

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.

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.

AMERICAN BOER GOAT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Years Ended December 31, 2020 and 2019

NOTE 10: FAIR VALUE MEASUREMENTS - CONTINUED

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, 2020 and 2019.

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, 2020 and 2019, the Association carried the following financial assets at fair value:

	Fair Value	Quoted Prices (Level 1)
<u>December 31, 2020</u>		
Certificates of Deposit: Long-term	\$ 369,272	\$ 369,272
Investments available for sale	314,578	314,578
 <u>December 31, 2019</u>		
Certificates of Deposit: Long-term	\$ 368,142	\$ 368,142
Investments available for sale	292,989	292,989

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. As of December 31, 2020, the Association had not been legally released from being the primary obligor. The amount of this loan is displayed on the Statements of Financial Position in Current Liabilities.

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.

AMERICAN BOER GOAT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Years Ended December 31, 2020 and 2019

NOTE 13: NEW ACCOUNTING GUIDANCE IMPLEMENTATION

FASB ASC 606

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, Other Assets and Deferred Costs— Contracts with Customers, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. Collectively, we refer to the new Topic 606 and Subtopic 340-40 as the "new guidance."

The Association adopted the requirements of the new guidance as of January 1, 2019 using the modified retrospective method. As part of this adoption, the Association elected to use the portfolio basis as a practical expedient because the financial statement effect would not differ materially from using the individual contract or portfolio basis. This is because there are sufficient similarities among the portfolio contracts which include similarity among customers, contract terms, and services. The effect of applying this guidance was not significant to the financial statements.

ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made

The FASB issued this update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this Update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Association adopted the requirements of the new guidance as of January 1, 2019. The effect of applying this guidance was not significant to the financial statements.

ASU 2016-18, Statement of Cash Flows (Topic 230) – Restricted Cash

In November 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-18, Statement of Cash Flows (Topic 230) – Restricted Cash ("ASU 2016-18") to address diversity in practice with respect to the cash flows presentation of changes in amounts described as restricted cash and cash equivalents. ASU 2016-18 requires a reporting entity to include amounts described as either restricted cash or restricted cash and cash equivalents (collectively referred to as "restricted cash" herein) when reconciling beginning and ending balances in its statement of cash flows. The update also amends Topic 230 to require disclosures about the nature of restricted cash and provide a reconciliation of cash, cash equivalents and restricted cash between the statement of financial position and the statement of cash flows. The reconciliation of cash, cash equivalents, and restricted cash reported within the Statement of Financial Position that sum to the amounts shown in the Statement of Cash Flows is provided at Note 2. The Association adopted the requirements of the new guidance as of January 1, 2019. The effect of applying this guidance was not significant to the financial statements.

ASU 2018-13, Fair Value Measurement (Topic 820) Disclosure Framework-Changes to Disclosure Requirements for Fair Value Measurement

In August of 2018, the FASB issued Accounting Standards Update 2018-13. This Standard modifies the disclosure requirement for fair value measurements. For nonpublic entities certain disclosure requirements for fair value measurements will be modified or eliminated. The standard is effective for annual and interim periods beginning after December 15, 2019. Certain amendments in the standard should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments of the standard should be applied retrospectively to all periods presented upon their effective date. Early adoption is permitted. The effect of applying this guidance was not significant to the financial statements.

AMERICAN BOER GOAT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Years Ended December 31, 2020 and 2019

NOTE 14: PRIOR PERIOD ADJUSTMENTS

Errors resulting in the misstatement of cash, accounts receivable, and net assets were discovered as of December 31, 2018. Net adjustments totaling \$167,195 and \$161,119 were recorded to restate net assets without donor restrictions and net assets with donor restriction, respectively, as of December 31, 2018.

NOTE 15: DATE OF MANAGEMENT'S REVIEW

The Organization has evaluated subsequent events through October 11, 2022, the date which the financial statements were available to be issued.

As a result of the spread of COVID-19 Coronavirus, economic uncertainties have arisen which could negatively impact the operating results of the Association. Future potential impacts could include a decline in revenue from productions and ticket sales.

On July 23, 2021, the Association was legally released from being the primary obligor on the PPP loan by the bank. The PPP loan was forgiven in full.