

JERSEY CANADA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

JERSEY CANADA

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YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of: Jersey Canada

Opinion

We have audited the accompanying financial statements of Jersey Canada, which comprise the statement of financial position as at December 31, 2023 and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Jersey Canada as at December 31, 2023 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.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Jersey Canada in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

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 from 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 a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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 override of internal control.
- 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 the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Guelph, Ontario
February 21, 2024

Chartered Professional Accountants
Licensed Public Accountants

JERSEY CANADA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 99,270	\$ 160,159
Investments	375,658	302,328
Accounts receivable	81,709	63,316
Inventory	8,054	5,620
Prepaid expenses	18,216	18,348
Due from Jersey Canada Youth Fund, interest free, unsecured	<u>41,433</u>	<u>37,221</u>
	<u>624,340</u>	<u>586,992</u>
TANGIBLE CAPITAL ASSETS (note 4)	<u>120,255</u>	<u>129,138</u>
OTHER		
Registry system development cost	92,175	92,175
System enhancements	10,435	10,435
Less: accumulated amortization	<u>(102,610)</u>	<u>(102,610)</u>
	<u>0</u>	<u>0</u>
RESTRICTED JERSEY CANADA YOUTH FUND (note 5)		
Investments	44,861	42,513
Due to Jersey Canada operating, interest free, unsecured	<u>(41,433)</u>	<u>(37,221)</u>
	<u>3,428</u>	<u>5,292</u>
	<u>\$ 748,023</u>	<u>\$ 721,422</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 90,543	\$ 91,930
Government remittances payable	3,078	2,047
Prepaid subscription revenue	4,057	3,810
Registry advances	19,558	20,121
Deferred government grant (note 8)	<u>3,336</u>	<u>5,170</u>
	<u>120,572</u>	<u>123,078</u>
NET ASSETS		
Net assets invested in tangible capital assets	120,255	129,138
Restricted for Jersey Canada Youth	3,427	5,292
Unrestricted net assets	<u>503,769</u>	<u>463,914</u>
	<u>627,451</u>	<u>598,344</u>
	<u>\$ 748,023</u>	<u>\$ 721,422</u>

APPROVED ON BEHALF OF THE BOARD:

_____ **Director**

_____ **Director**

JERSEY CANADA**STATEMENT OF CHANGES IN NET ASSETS****FOR THE YEARS ENDED DECEMBER 31, 2023**

	Invested in Tangible Capital Assets	Internally Restricted for Jersey Canada Youth	Unrestricted	Total 2023	Total 2022
BALANCE , beginning of year	\$ 129,138	\$ 5,292	\$ 463,914	\$ 598,344	\$ 649,806
(Shortfall) surplus for the year	<u>(8,883)</u>	<u>(1,865)</u>	<u>39,855</u>	<u>29,107</u>	<u>(51,462)</u>
BALANCE , end of year	<u>\$ 120,255</u>	<u>\$ 3,427</u>	<u>\$ 503,769</u>	<u>\$ 627,451</u>	<u>\$ 598,344</u>

JERSEY CANADA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023 BUDGET (note 7)	2023 ACTUAL	2022 ACTUAL
REVENUES			
Registrations, transfers and memberships	\$ 401,500	\$ 425,950	\$ 395,808
Magazine / publications revenues (schedule 2)	106,200	115,063	120,363
Investment income	10,000	12,474	1,582
D.N.A. testing	17,000	10,223	14,138
Market development	4,000	8,424	5,150
Pedigrees / catalogues / reports	2,000	5,634	2,444
Interest on overdue accounts	3,000	4,763	3,300
Rental	4,172	4,172	1,811
Other	<u>200</u>	<u>275</u>	<u>300</u>
	<u>548,072</u>	<u>586,978</u>	<u>544,896</u>
EXPENSES			
Salaries and benefits (schedule 1)	174,094	180,979	180,880
Administration (schedule 1)	115,906	127,164	120,647
Magazine / publications expenses (schedule 2)	104,231	102,693	102,890
Meetings (schedule 1)	44,000	55,747	37,327
Building (schedule 1)	32,060	33,129	34,281
National extension program	50,000	22,418	27,737
Market development	19,200	13,707	12,792
RAWF activities	16,000	10,433	12,204
D.N.A. testing	9,000	5,447	7,181
Staff travel	3,500	2,663	2,508
Special grants and memberships	<u>2,500</u>	<u>1,189</u>	<u>2,425</u>
	<u>570,491</u>	<u>555,569</u>	<u>540,872</u>
(SHORTFALL) SURPLUS before the following:	<u>(22,419)</u>	<u>31,409</u>	<u>4,024</u>
Amortization (schedule 1)	(8,382)	(8,883)	(8,868)
Unrealized gain (loss) on investments	0	6,723	(33,456)
Gain on foreign exchange	<u>1,000</u>	<u>1,723</u>	<u>0</u>
	<u>(7,382)</u>	<u>(437)</u>	<u>(42,324)</u>
(SHORTFALL) SURPLUS from operations for the year	(29,801)	30,972	(38,300)
JERSEY CANADA YOUTH FUND SHORTFALL (note 5)	<u>0</u>	<u>(1,865)</u>	<u>(13,162)</u>
(SHORTFALL) SURPLUS for the year	<u>\$ (29,801)</u>	<u>\$ 29,107</u>	<u>\$ (51,462)</u>

JERSEY CANADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Surplus (shortfall) for the year from operations	\$ 29,107	\$ (51,462)
Add items not requiring an outlay of cash		
Amortization	8,883	8,868
Unrealized (gain) loss on investments	<u>(6,723)</u>	<u>33,456</u>
	<u>31,267</u>	<u>(9,138)</u>
Changes in non-cash working capital balances related to operations:		
Accounts receivable	(18,393)	(4,689)
Due from Jersey Canada Youth Fund	(4,212)	(8,271)
Inventory	(2,434)	(1,901)
Prepaid expenses	132	(10,549)
Restricted Jersey Canada Youth Fund	1,864	13,162
Accounts payable and accrued liabilities	(1,387)	34,138
Government remittances payable	1,031	672
Prepaid subscription revenue	247	633
Registry advances	(563)	(35,228)
Deferred government grant	<u>(1,834)</u>	<u>(7,762)</u>
	<u>(25,549)</u>	<u>(19,795)</u>
	<u>5,718</u>	<u>(28,933)</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Investments	(66,607)	2,609
Purchase of tangible capital assets	<u>0</u>	<u>(8,638)</u>
	<u>(66,607)</u>	<u>(6,029)</u>
DECREASE IN CASH for the year	(60,889)	(34,962)
CASH, beginning of year	<u>160,159</u>	<u>195,121</u>
CASH, end of year	<u>\$ 99,270</u>	<u>\$ 160,159</u>

JERSEY CANADA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. PURPOSE OF ASSOCIATION

Jersey Canada is a not for profit organization whose mission is to increase the profitability of Jersey owners and to enhance the footprint of Canadian Jerseys. The organization is incorporated under the Animal Pedigree Act and is exempt from tax under Section 149 (1)(e) of the Income Tax Act.

2. SUMMARY OF 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:

(a) REVENUE RECOGNITION

The organization follows the restricted fund method of accounting for contributions. Restricted contributions related to general operations are recognized as revenue of the Unrestricted Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate fund.

Unrestricted contributions are recognized as revenue of the Unrestricted Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(b) INVENTORY

Inventory is recorded at the lower of cost and replacement cost. Cost is calculated on the first in, first out basis.

(c) TANGIBLE CAPITAL ASSETS

Tangible capital asset purchases are recorded at cost. Amortization is recorded using the declining balance method at the following rates:

Office furniture and fixtures	- 20% declining balance basis
Computer equipment	- 30% declining balance basis
Building	- 2.5% declining balance basis
Model cow mould	- 5 years straight-line
Computer software	- 20% declining balance basis
Server equipment	- 3 years straight-line

(d) IMPAIRMENT OF LONG LIVED ASSETS

Long lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

(e) REGISTRY DEVELOPMENT COSTS

Registry development costs and system enhancements are recorded at cost. Amortization is claimed on a straight line basis at a rate of 20% per year. In 2008, the new registry system was installed and began being used in operations. Registry development costs have been fully amortized.

JERSEY CANADA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) **FINANCIAL INSTRUMENTS**

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which are measured at fair value. Changes in fair value are recognized in net surplus.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in net surplus. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net surplus.

Transaction costs

The organization recognizes its transaction costs in net surplus in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(g) **USE OF ESTIMATES**

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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. The principal estimates used in the preparation of these financial statements are the determination of the estimated useful lives of tangible capital assets and accrued charges. Actual results could differ from those estimates.

3. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit or currency risks arising from the financial instruments.

The extent of the organization's exposure to these risks did not change in 2023 compared to the previous period.

The organization does not have a significant exposure to any individual customer or counterpart.

JERSEY CANADA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2023	Net 2022
Office furniture and fixtures	\$ 52,104	\$ 46,621	\$ 5,483	\$ 6,960
Computer equipment	123,954	113,379	10,575	15,309
Building	240,992	136,795	104,197	106,869
Model cow mould	11,000	11,000	0	0
Computer software	42,175	42,175	0	0
Server equipment	<u>18,235</u>	<u>18,235</u>	<u>0</u>	<u>0</u>
	<u>\$ 488,460</u>	<u>\$ 368,205</u>	<u>\$ 120,255</u>	<u>\$ 129,138</u>

5. RESERVE FUNDS

Jersey Canada Youth Fund is an internally restricted fund. The fund's purpose is to encourage youth programs to involve and encourage young people to work with Jersey cattle within Canada. The fund's continuity is as follows:

	2023	2022
BALANCE, beginning of year	\$ <u>5,292</u>	\$ <u>18,454</u>
ADD: Revenue	4,701	1,640
LESS: Expenses	<u>6,566</u>	<u>14,802</u>
	<u>(1,865)</u>	<u>(13,162)</u>
BALANCE, end of year	<u>\$ 3,427</u>	<u>\$ 5,292</u>

6. LEASE OBLIGATIONS AND COMMITMENTS

The organization is committed to paying monthly condominium fees for the office building, estimated at \$961/month. With the ABRI system, the organization is committed to paying an annual computer support fee of \$27,500, expiring June 30, 2024. Future minimum lease and commitment payments are estimated as follows:

2024	\$ 25,282
2025	11,532
2026	11,532
2027	11,532
2028	<u>11,532</u>
	<u>\$ 71,410</u>

7. BUDGET FIGURES

The budgeted figures are presented for comparison purposes as prepared and approved by the Board of Directors, reclassified to conform to the current financial statement presentation. They have not been audited or reviewed by the auditor.

JERSEY CANADA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

8. DEFERRED GOVERNMENT GRANT

The deferred government grant represents the unexpended portion of the government grant. The activity is as follows:

	2023	2022
Balance, beginning of year	\$ 5,170	\$ 12,932
Amounts received during the year	35,529	32,748
Less: Amount recognized as revenue during the year	<u>(37,363)</u>	<u>(40,510)</u>
Balance, end of year	<u>\$ 3,336</u>	<u>\$ 5,170</u>

9. BANK OVERDRAFT

Jersey Canada has a TD business line of credit on its Canadian business chequing account up to a maximum of \$50,000, unsecured, with an interest rate of prime plus 3.85% per annum. At year end, they have utilized \$0 (2022 - \$0).

JERSEY CANADA

SCHEDULE OF EXPENSES

Schedule 1

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023 BUDGET (note 7)	2023 ACTUAL	2022 ACTUAL
ADMINISTRATION			
ABRI technical support	\$ 30,000	\$ 32,709	\$ 28,190
Professional fees	14,000	20,885	22,346
Office	14,000	17,408	16,002
Postage, fax and courier	15,400	11,564	14,134
Bank, interest and credit charges	11,000	10,341	10,405
Internet	8,000	9,880	8,927
Insurance	8,956	9,246	8,490
Computer maintenance	5,900	6,800	6,300
Telephone	4,600	4,558	4,127
Translation	1,500	3,334	646
Operating leases	600	662	599
Staff training	600	301	299
Commission on collections	0	0	425
Subscription	350	0	0
Bad debts (recovery)	<u>1,000</u>	<u>(524)</u>	<u>(243)</u>
	<u>\$ 115,906</u>	<u>\$ 127,164</u>	<u>\$ 120,647</u>
BUILDING			
Taxes	\$ 12,000	\$ 11,389	\$ 11,052
Condominium costs	10,500	11,316	11,362
Light, heat and water	4,400	5,344	4,395
Janitor	1,920	1,920	1,920
Maintenance	1,800	1,693	4,120
Insurance	<u>1,440</u>	<u>1,467</u>	<u>1,432</u>
	<u>\$ 32,060</u>	<u>\$ 33,129</u>	<u>\$ 34,281</u>
MEETINGS			
Annual and mid-year meetings	\$ 42,000	\$ 53,312	\$ 35,810
President's travel	1,000	1,555	666
Committee and special meetings	<u>1,000</u>	<u>880</u>	<u>851</u>
	<u>\$ 44,000</u>	<u>\$ 55,747</u>	<u>\$ 37,327</u>
SALARIES AND BENEFITS			
Salaries	\$ 174,094	\$ 158,984	\$ 163,126
Benefit plan	0	9,917	7,334
Canada pension plan	0	8,196	7,396
Employment insurance	0	3,009	2,582
Workplace safety insurance	<u>0</u>	<u>873</u>	<u>442</u>
	<u>\$ 174,094</u>	<u>\$ 180,979</u>	<u>\$ 180,880</u>
AMORTIZATION			
Computer	\$ 4,339	\$ 4,734	\$ 928
Building	2,672	2,672	2,740
Furniture and fixtures	<u>1,371</u>	<u>1,477</u>	<u>5,200</u>
	<u>\$ 8,382</u>	<u>\$ 8,883</u>	<u>\$ 8,868</u>

JERSEY CANADA

SCHEDULE OF MAGAZINE/PUBLICATIONS REVENUES AND EXPENSES

Schedule 2

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023 BUDGET (note 7)	2023 ACTUAL	2022 ACTUAL
REVENUES			
Advertising, photographs, and colour separations	\$ 30,700	\$ 34,840	\$ 33,538
Less: Discounts	<u>(4,000)</u>	<u>(5,144)</u>	<u>(3,598)</u>
	26,700	29,696	29,940
Publication grant revenue	30,000	37,364	40,510
Membership subscriptions	29,500	31,380	33,760
All Canadian	7,000	7,900	6,575
Internet	7,000	5,285	5,526
Subscriptions	<u>6,000</u>	<u>3,438</u>	<u>4,052</u>
	<u>106,200</u>	<u>115,063</u>	<u>120,363</u>
EXPENSES			
Salary and benefits	53,931	52,594	49,212
Printing, photographs, and colour separations	30,200	29,250	32,085
Postage	8,200	9,202	9,614
Freelance/translation	8,700	8,371	10,039
All Canadian	800	1,219	1,139
Internet services	1,250	952	0
Travel	500	865	393
Telephone	<u>650</u>	<u>240</u>	<u>408</u>
	<u>104,231</u>	<u>102,693</u>	<u>102,890</u>
NET REVENUES OVER EXPENSES for magazine and publications	<u>\$ 1,969</u>	<u>\$ 12,370</u>	<u>\$ 17,473</u>