# American Boer Goat Association

Consolidated Financial Statements

For the Year Ended December 31, 2018

Together with Independent Auditors' Report

Chilton, Wilcox & Fortenberry
Certified Public Accountants
San Angelo, Texas

# American Boer Goat Association
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MEMBERS
American Institute of CPA's
Texas Society of CPA's

*Independent Auditors' Report*

Board of Directors
American Boer Goat Association

We have audited the accompanying consolidated financial statements of the American Boer Goat Association (a Texas nonprofit organization) and its affiliate, the Junior American Boer Goat Association, which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of activities and changes in net assets, consolidated functional expenses and consolidated cash flows for the year then ended, and the related notes to the consolidated financial statements.

***Management's Responsibility for the Consolidated Financial Statements***
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Boer Goat Association as of December 31, 2018, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note J to the financial statements, in 2018, the entity adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplemental information on pages 20-21 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements of the Association. Such information is the responsibility of the management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Chilton Wilcox & Fortenberry

Certified Public Accountants
San Angelo, Texas
November 10, 2020

# American Boer Goat Association
## Consolidated Statement of Financial Position
## December 31, 2018

| | | |
|---|---|---|
| **ASSETS** | | |
| **Current Assets:** | | |
| Cash and Cash Equivalents | $ | 1,089,782 |
| Certificate of Deposits: Short-Term | | 105,196 |
| Accounts Receivable | | 20,148 |
| Investments Available for Sale | | 265,916 |
| Other Receivables | | 420 |
| Prepaid Expenses | | 4,534 |
| Total Current Assets | | 1,485,996 |
| | | |
| **Property and Fixed Assets:** | | |
| Property and Fixed Assets at Cost | | 587,911 |
| Less: Accumulated Depreciation | | (184,811) |
| Net Property and Fixed Assets | | 403,100 |
| | | |
| **Other Assets:** | | |
| Certificate of Deposits: Long-Term | | 367,092 |
| Total Other Assets | | 367,092 |
| | | |
| Total Assets | $ | 2,256,188 |

*See accompanying notes.*

# American Boer Goat Association
## Consolidated Statement of Financial Position *(Continued)*
## December 31, 2018

| | | |
|---|---|---|
| **LIABILITIES AND NET ASSETS** | | |
| **Current Liabilities:** | | |
| Accounts Payable | $ | 21,704 |
| Accrued Liabilities | | 15,503 |
| Due to Others | | 6,242 |
| Credit Balances-Accounts Receivable | | 128,037 |
| Deferred Revenue | | 112,078 |
| Total Current Liabilities | | 283,564 |
| Total Liabilities | | 283,564 |
| **Net Assets:** | | |
| With Donor Restrictions | | 167,674 |
| Without Donor Restrictions | | 1,804,950 |
| Total Net Assets | | 1,972,624 |
| Total Liabilities and Net Assets | $ | 2,256,188 |

*See accompanying notes.*

# American Boer Goat Association
## Consolidated Statement of Activities and Changes in Net Assets
## For the Year Ended December 31, 2018

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **Operating Revenues:** | | | |
| Bequests | $ - | $ 300 | $ 300 |
| Donations | 155 | 81,782 | 81,937 |
| DNA Evaluations | 130,961 | - | 130,961 |
| EHB Program | 10,680 | - | 10,680 |
| Junior Regional Show Income | - | 91,187 | 91,187 |
| Regional Show Non-Cash Donations | - | 38,068 | 38,068 |
| Member Services | 85,444 | - | 85,444 |
| Memberships | 384,960 | - | 384,960 |
| National Show Income | 127,290 | 40,715 | 168,005 |
| Registrations | 461,885 | - | 461,885 |
| Transfers of Ownership Registration | 150,751 | - | 150,751 |
| Total Operating Revenue before Releases | 1,352,126 | 252,052 | 1,604,178 |
| Net Assets Released from Restriction | 182,423 | (182,423) | - |
| Total Operating Revenues | 1,534,549 | 69,629 | 1,604,178 |
| **Operating Expenses:** | | | |
| Program Services: | | | |
| Membership Services | 792,128 | - | 792,128 |
| Junior Support | 179,999 | - | 179,999 |
| Regional Show Non-Cash Expense | 38,068 | - | 38,068 |
| Show Support | 28,817 | - | 28,817 |
| Total Program Services | 1,039,012 | - | 1,039,012 |
| Supporting Services: | | | |
| Management and General | 259,594 | - | 259,594 |
| Total Supporting Services | 259,594 | - | 259,594 |
| Total Operating Expenses | 1,298,606 | - | 1,298,606 |
| Change in Net Assets from Operating Activities | 235,943 | 69,629 | 305,572 |
| **Nonoperating Revenues (Expenses):** | | | |
| Interest Income | 14,448 | - | 14,448 |
| Investment Return, net | (3,523) | - | (3,523) |
| Recoveries of Bad Debt | 81 | - | 81 |
| Total Nonoperating Revenues (Expenses) | 11,006 | - | 11,006 |
| **Change in Net Assets** | 246,949 | 69,629 | 316,578 |
| **Net Assets at Beginning of Year (Note J)** | 1,558,001 | 98,045 | 1,656,046 |
| **Net Assets at End of Year** | $ 1,804,950 | $ 167,674 | $ 1,972,624 |

*See accompanying notes.*

## American Boer Goat Association
### Consolidated Statement of Functional Expenses
### For the Year Ended December 31, 2018

| | Program Services | Supporting Service | Total |
|---|---|---|---|
| **Compensation:** | | | |
| Wages | $ 227,873 | $ 130,193 | $ 358,066 |
| Health Insurance | 21,146 | 12,081 | 33,227 |
| Payroll Taxes | 16,918 | 9,666 | 26,584 |
| Total Compensation | 265,937 | 151,940 | 417,877 |
| **Other Expenses:** | | | |
| Advertising | 7,147 | - | 7,147 |
| Annual Meeting Support | - | 170 | 170 |
| Board Meetings | - | 16,119 | 16,119 |
| Contract Labor | 1,140 | 651 | 1,791 |
| Depreciation | 7,604 | 317 | 7,921 |
| DNA Testing | 95,534 | - | 95,534 |
| Internet Expense | - | 3,036 | 3,036 |
| Jr. Support | 26,106 | 6,527 | 32,633 |
| Magazine | 71,399 | - | 71,399 |
| National Show | 144,121 | - | 144,121 |
| Occupancy | 44,121 | 1,838 | 45,959 |
| Office Expense | 116,075 | 4,836 | 120,911 |
| Professional Fees | - | 35,432 | 35,432 |
| Regional Shows | 153,893 | - | 153,893 |
| Regional Show Non-Cash Expense | 38,068 | - | 38,068 |
| Sanction Show | 28,817 | - | 28,817 |
| Software Support | 29,408 | 9,803 | 39,211 |
| Travel | 9,642 | 28,925 | 38,567 |
| Total Other Expenses | 773,075 | 107,654 | 880,729 |
| **Total Functional Expenses** | $ 1,039,012 | $ 259,594 | $ 1,298,606 |

*See accompanying notes.*

# American Boer Goat Association
## Consolidated Statement of Cash Flows
## For the Year Ended December 31, 2018

| | | |
|---|---|---|
| **Cash Flows from Operating Activities:** | | |
| Change in Net Assets | $ | 316,578 |
| Adjustments to Reconcile Change in Net Assets to | | |
| Net Cash Provided (Used) by Operating Activities: | | |
| Depreciation | | 7,921 |
| (Gain) Loss on Investments | | 13,755 |
| Dividends Reinvested (Net of Investment Fees) | | (10,232) |
| (Increase) Decrease in: | | |
| Accounts Receivable | | 601 |
| Other Receivables | | 90 |
| Prepaid Expenses | | (16) |
| Increase (Decrease) in: | | |
| Accounts Payable | | (19,303) |
| Accrued Liabilities | | 15,300 |
| Due to Others | | 6,242 |
| Credit Balances-Accounts Receivable | | 7,021 |
| Deferred Revenue | | (6,180) |
| Contributions Restricted for Long-Term Purposes: | | |
| Contributions | | (301) |
| Net Cash Provided (Used) by Operating Activities | | 331,476 |
| **Cash Flows from Investing Activities:** | | |
| Additions to Fixed Assets | | (317,284) |
| Proceeds from Redemptions of Certificates of Deposit | | 105,102 |
| Purchases of Certificates of Deposit | | (107,846) |
| Net Cash Provided (Used) by Investing Activities | | (320,028) |
| **Cash Flows from Financing Activities:** | | |
| Proceeds from Contributions Restricted for: | | |
| Research Donations-Boer Goat | | 300 |
| Net Cash Provided (Used) by Financing Activities | | 300 |
| **Net Increase (Decrease) in Cash** | | 11,748 |
| **Cash at Beginning of Year** | | 1,078,034 |
| **Cash at End of Year** | $ | 1,089,782 |

*See accompanying notes.*

# American Boer Goat Association
## Consolidated Statement of Cash Flows *(Continued)*
## For the Year Ended December 31, 2018

| | | |
|---|---|---|
| **Supplemental Disclosures of Cash Flow Information:** | | |
| Cash Paid During the Year for: | | |
| Interest | $ | - |
| Taxes | $ | - |
| **Supplemental Schedule of Non-Cash Investing and Financing Activities:** | | |
| Non-Cash Donations: | | |
| Regional Show Non-Cash Fund Raising Expense | $ | 38,068 |
| Regional Show Non-Cash Donations | | (38,068) |
| | $ | - |
| Investment Activities: | | |
| Investments Available for Sale | $ | (3,523) |
| Unrealized Gain on Investments | | 13,755 |
| Dividend and Capital Gain Income | | (11,810) |
| Investment Expense | | 1,578 |
| | $ | - |

*See accompanying notes.*

## Note A: Organization and Summary of Significant Accounting Policies

**Organizational History and Nature of Operations**

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 board has accepted oversight responsibility of the financial operations of the Junior American Boer Goat Association (the Junior Association). The accompanying financial statements are consolidated statements and report the financial position and activities and changes in net assets of both entities. The accompanying supplemental information on pages 20-21 reflects the financial position and activities and changes in net assets of the Junior Association as of and for the year ended December 31, 2018.

**Basis of Accounting**

The accompanying consolidated financial statements were prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned rather than when collected and expenses are recognized when incurred rather than when paid.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification Topic 958, *Not-For-Profit Entities*. Under ASC Topic 958, *Not-For-Profit Entities*, the Association is required to report information regarding its financial position and activities according to two classes of net assets: With Donor Restrictions and Without Donor Restrictions. Net Assets with Donor Restrictions include assets with purpose restrictions satisfied by the actions of the Association consisting of donations for scholarships, research and support of the Junior American Boer Goat Association (Note H).

**Deferred Income**

Deferred income represents Association and Junior Association membership fees collected in advance. Renewals collected in November and December are for memberships covering the following calendar year and will be recognized as income ratably during the subsequent year.

## Note A: Organization and Summary of Significant Accounting Policies *(Continued)*

**Public Support and Revenue**
The Association's support and revenue comes primarily from membership fees, animal registrations and transfers of ownership registration. All revenue (including contributions) is considered to be available for unrestricted use unless specifically restricted by the donor. Assets received with donor restrictions that limit the use of the donated assets are reported as net assets with donor restrictions.

**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 (5) days of vacation leave per year. After two years of service, a full-time employee accrues ten (10) 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 (1) 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.

**Fixed Assets and Depreciation**
Property, plant 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, plant and equipment for purposes of depreciation is 5 years for vehicles, furniture, and equipment. Since maintenance costs are not material, the Association has not adopted a formal policy for planned major maintenance activities.

**Date of Management Review**
Management has evaluated subsequent events through November 10, 2020, the date the financial statements were available to be issued. As a result of the COVID-19 pandemic, adverse economic conditions have arisen which present uncertainty and risk with respect to the Association, its performance and financial results. Management continues to monitor the impact of the COVID-19 outbreak, however the full extent to which operations or financial results will be affected cannot reasonably be estimated at this time.

## Note A: Organization and Summary of Significant Accounting Policies *(Continued)*

**Accounting Estimates**
The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly sensitive because of their significance to these consolidated financial statements are accumulated depreciation (Note D).

**Advertising**
The Association does not engage in any direct-response advertising. All 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 the results obtained by using the allowance method.

**Income Taxes**
The Association and the Junior Association are exempt from federal income taxes on all income related to its tax-exempt status under Section 501(c)(5) of the Internal Revenue Code. The Association and the Junior Association have been determined by the Internal Revenue Service not to be private foundations within the meaning of Section 509(a) of the Internal Revenue Code.

For federal income tax purposes the tax returns essentially remain open for possible examination for a period of three years after the date on which those returns are filed.

**Cash and Cash Equivalents**
For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, cash in demand accounts, and certificates of deposit with original maturities of three months or less.

**Allocated Expenses**
The costs of providing program and administrative activities have been summarized on a functional basis in the statement of activities and categorized in the statement of functional expenses.

## Note A: Organization and Summary of Significant Accounting Policies *(Continued)*

**Allocated Expenses *(Continued)***
Expenses identified with a specific program or supporting service are reported accordingly. Other expenses common to several functions are allocated between program, fundraising and administrative activities based on estimates of time and effort.

**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.

For the year ended December 31, 2018 the Association received gifts-in-kind for fundraising valued at approximately $38,068.

No amounts have been reflected in the consolidated financial statements for donated services. 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, but 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 consolidated financial statements.

**Pension and Profit Sharing Plans**
The Association maintains no pension or profit sharing plans.

**Investments**
The Association classifies its mutual fund investments as available for sale and they are carried in the consolidated financial statements at market value. Realized and unrealized gains and losses are included in the consolidated statement of activities and changes in net assets.

## Note B: Concentrations of Risk

Membership fees, registrations, transfers of ownership and DNA evaluations generate approximately 70% of the Association's total revenue. 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 $20,148 if all of its debtors failed to perform according to the provisions of their obligations.

## Note C: Deposits

The Association’s deposits are with several financial institutions and a trust department in interest-bearing accounts, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to the balance of $250,000, per bank. At December 31, 2018, the Association’s cash account balances with the institutions and a trust department totaled $1,328,659, of which two accounts were in excess of FDIC insured limits by a total of $115,433.

The Association also maintains accounts with two brokerage firms containing cash and securities. Balances are insured at both firms up to $500,000, with a limit of $250,000 for cash, by the Securities Investor Protection Corporation (SIPC). At December 31, 2018, the Association had a balance of $291,301 with one brokerage firm, of which $41,301 was in excess of SIPC insured limits. Another brokerage firm provides coverage above SIPC coverage on total brokerage account assets up to $24.5 million per client (excluding market losses). At December 31, 2018, the Association’s balance of $265,916 with this brokerage firm was within coverage limits.

The following is a summary of the Association’s deposits at December 31, 2018.

| | | |
|---|---|---|
| Carrying amount and bank balances | | |
| Carrying amount of the Association's deposits | $ | 1,827,986 |
| Bank balance of the Association's deposits | $ | 1,885,876 |
| Deposit coverage | | |
| FDIC coverage - depository accounts | $ | 727,486 |
| FDIC coverage - Certificate of Deposits | | 601,173 |
| SIPC coverage - brokerage accounts | | 557,217 |
| | $ | 1,885,876 |

## Note D: Property, Plant and Equipment

A summary of the Association’s property, equipment and accumulated depreciation at December 31, 2018 is as follows:

| | | |
|---|---|---|
| Land | $ | 50,815 |
| Construction in Progress | | 335,103 |
| Furniture and Fixtures | | 2,165 |
| Equipment | | 189,828 |
| Software | | 10,000 |
| Total Property and Fixed Assets at Cost | | 587,911 |
| Less: Accumulated Depreciation | | (184,811) |
| Net Property and Fixed Assets | $ | 403,100 |

## Note D: Property, Plant and Equipment *(Continued)*

The Association purchased land in 2013 for a new building and construction costs of $306,145 were incurred in 2018, bringing the total recorded on the consolidated balance sheet to reflect costs incurred toward the construction of a new building on the land purchased to $335,103. Depreciation expense on property and equipment totaled $7,921 for the year. No interest cost has been capitalized.

## Note E: Prepaid Expenses

Prepaid expenses consist of prepaid insurance and prepaid software support. Prepaid expenses of $4,534 are shown net of amortization incurred during the year ended December 31, 2018.

## Note F: Functional Expenses

During the year, the Association incurred program expenses of $1,039,012 and supporting services expenses of $259,594.

## Note G: Operating Lease

The Association has a quarter to quarter lease with Pitney Bowes Credit Corporation covering leased equipment. The Association is currently renting the equipment on a quarterly basis for $942 per quarter, including sales tax and fees.

The Association has a month-to-month lease for the Treyex office building with Steve Eustis Realtors that covers the office building currently occupied by the Association. This lease requires monthly payments of $2,373.

The Association has a month-to-month lease for a storage unit with Buick Street Storage. In July 2009, the Association began another month-to-month lease with Highview Storage. The leases require monthly payments of $55 and $35, respectively.

Rent expense for the year totaled $34,113 and is included in office and occupancy expenses on the consolidated statement of activities and changes in net assets.

## Note H: Net Assets with Donor Restrictions

The balance in Net Assets with Donor Restrictions at year-end represents the unexpended portion of a grant received in a previous year, donated funds for board approved research projects, as well as funds designated for the support of the Junior American Boer Goat Association (JABGA). The grant specifies the funds are to be used (1) to develop a

## Note H: Net Assets with Donor Restrictions *(Continued)*

national genetic evaluation program for meat goats, (2) to estimate genetic parameters for evaluation, and (3) to educate producers in using genetic evaluation information. The research fund is restricted for board approved projects. JABGA net assets are considered restricted for JABGA programs and show expenses.

Restricted net asset activity for 2018 is summarized below:

| | Grants | Research | Awards and Scholarship | JABGA | Total |
|---|---|---|---|---|---|
| Beginning of Year Balance | $ 3,231 | $ 3,024 | $ - | $ 91,790 | $ 98,045 |
| Current Year Income | | 300 | 6,525 | 245,227 | 252,052 |
| Current Year Expense | | | (6,525) | (175,898) | (182,423) |
| End of Year Balance | $ 3,231 | $ 3,324 | $ - | $ 161,119 | $ 167,674 |

No further grant or research expenses have been incurred for the year 2018 through November 10, 2020, the date the consolidated financial statements were issued.

## Note I: Fair Value Measurement

The Association's financial instruments consist principally of cash and cash equivalents, 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 instruments 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.

## Note I: Fair Value Measurement *(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.

The fair value of the Association's cash equivalents and certificates of deposit was determined based on Level 1 inputs. The Association does not have any Level 2 or Level 3 inputs. The Association believes the recorded values of all the other financial instruments approximate their current fair values because of their nature and relatively short maturity dates or durations.

There have been no changes in Level 1, Level 2, and Level 3 and no changes in valuation techniques for these assets or liabilities for the period ended December 31, 2018.

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:

*Certificate of deposits: Long-term* – The Association holds certificates of deposits 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 instruments, and is based on quoted prices in active markets for identical assets.

At December 31, 2018, the Association carried the following financial assets at fair value:

| Recurring fair value measurements | Level 1 Inputs | Level 2 Inputs | Level 3 Inputs | Total at December 31, 2018 |
|---|---|---|---|---|
| Certificate of Deposits: Long-Term | $ 367,092 | $ - | $ - | $ 367,092 |
| Investments Available for Sale | 265,916 | - | - | 265,916 |
| Total recurring fair value assets | $ 633,008 | $ - | $ - | $ 633,008 |

## Note J: Change in Accounting Policy

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities* (Topic 958)*: Presentation of Financial Statements of Not-for-Profit Entities.* ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions. The ASU also

## Note J: Change in Accounting Policy *(Continued)*

requires changes in disclosures about liquidity and availability of resources and increased disclosures on functional expenses. This ASU is effective for the annual reporting period beginning after December 15, 2017 and thereafter and must be applied on a retrospective basis. The Association adopted the ASU effective January 1, 2018. Adoption of the ASU resulted in the retrospective reclassification of JABGA net assets.

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Net Assets at December 31, 2017 | $ 1,649,791 | $ 6,255 | $ 1,656,046 |
| Reclassification of JABGA Support | (91,790) | 91,790 | - |
| Net Assets, as adjusted, at January 1, 2018 | $ 1,558,001 | $ 98,045 | $ 1,656,046 |

The FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope for Accounting Guidance for Contributions Received and Contributions Made*. This statement is intended to clarify and improve the scope and accounting guidance for contributions received and contributions made. This ASU is effective for the annual reporting period beginning after December 15, 2019. The Association is currently evaluating the effect the implementation of the new standard will have on its financial position, results of operations and cash flows.

The FASB issued ASU 2018-13, *Fair Value Measurement* (Topic 820)*: Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. This statement is intended to clarify and improve the effectiveness of disclosures in the notes to financial statements. This ASU is effective for the annual reporting period beginning after December 15, 2019. The Association is currently evaluating the effect the implementation of the new standard will have on its financial position, results of operations and cash flows.

The FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). This statement clarifies principles for recognizing revenue for U.S. GAAP and International Financial Reporting Standards. The Association elected to defer adoption of the ASU to the annual reporting period beginning after December 15, 2019. The Association is currently evaluating the effect the implementation of the new standard will have on its financial position, results of operations and cash flows.

The FASB issued ASU 2016-02, *Leases* (Topic 842). This guidance is designed to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing agreements. This ASU is effective for the annual reporting period beginning after December 15, 2021. The Association is currently evaluating the effect the implementation of the new standard will have on its financial position, results of operations and cash flows.

## Note K: Liquidity

At December 31, 2018, the Association's financial assets available within one year of the balance sheet date for general expenditures are as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Cash and Cash in Banks | $ 928,663 | $ 161,119 | $ 1,089,782 |
| Certificate of Deposits: Short-Term | 105,196 | - | 105,196 |
| Accounts Receivable | 20,148 | - | 20,148 |
| Investments Available for Sale | 265,916 | - | 265,916 |
| | $ 1,319,923 | $ 161,119 | $ 1,481,042 |

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 12 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.

# Supplemental Information

# American Boer Goat Association
## Schedule I
## For the Year Ended December 31, 2018

Junior American Boer Goat Association
Statement of Financial Position
December 31, 2018

| | |
|---|---|
| **ASSETS** | |
| **Current Assets:** | |
| Cash and Cash Equivalents | $ 161,119 |
| Total Current Assets | 161,119 |
| Total Assets | $ 161,119 |
| **LIABILITIES AND NET ASSETS** | |
| **Liabilities:** | |
| None | $ - |
| Total Liabilities | - |
| **Net Assets:** | |
| With Donor Restrictions | 161,119 |
| Without Donor Restrictions | - |
| Total Net Assets | 161,119 |
| Total Liabilities and Net Assets | $ 161,119 |

*See accompanying notes and independent auditors' report.*

# American Boer Goat Association
## Schedule I *(Continued)*
## For the Year Ended December 31, 2018

Junior American Boer Goat Association
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2018

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **Operating Revenues:** | | | |
| JABGA Donations | $ - | $ 75,257 | $ 75,257 |
| JABGA Regional Show Income | - | 91,187 | 91,187 |
| JABGA Regional Show Non-Cash Income | - | 38,068 | 38,068 |
| JABGA Fundraisers | - | 40,715 | 40,715 |
| Total Operating Revenue before Releases | - | 245,227 | 245,227 |
| Net Assets Released from Restriction | 175,898 | (175,898) | - |
| Total Operating Revenues | 175,898 | 69,329 | 245,227 |
| **Operating Expenses:** | | | |
| Program Services: | | | |
| JABGA Program Support | 26,500 | - | 26,500 |
| JABGA Regional Show Support | 110,818 | - | 110,818 |
| JABGA Regional Show Non-Cash Expense | 38,068 | - | 38,068 |
| Total Program Expenses | 175,386 | - | 175,386 |
| Supporting Services: | | | |
| Management and General | 512 | - | 512 |
| Total Supporting Services | 512 | - | 512 |
| Total Operating Expenses | 175,898 | - | 175,898 |
| **Change in Net Assets** | - | 69,329 | 69,329 |
| **Net Assets at Beginning of Year** | - | 91,790 | 91,790 |
| **Net Assets at End of Year** | $ - | $ 161,119 | $ 161,119 |

*See accompanying notes and independent auditors' report.*