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Management's Responsibility

To the Board of Directors of Canadian Cattlemen's Association:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors are composed of Directors who are neither management nor employees of the Association. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Association's external auditors.

MNP LLP is appointed by the Board of Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

October 29, 2020



David Moss,
General Manager

Independent Auditors' Report

To the Board of Directors of Canadian Cattlemen's Association:

Opinion

We have audited the financial statements of Canadian Cattlemen's Association (the "Association"), which comprise the statement of financial position as at June 30, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at June 30, 2020, 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 for 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 the Association 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.

Other Matter - Unaudited schedules and Supplementary Information

Our audit of Canadian Cattlemen's Association's financial statements for the year ended June 30, 2020 was not directed to the determination of the accuracy of the information included in Schedules 1 to 9. While such information has been subjected to the auditing process applied in the audit of the financial statements as a whole, we do not express a separate opinion on Schedules 1 to 9.

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 Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 judgment 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 the 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 Association'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 Association'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 Association 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.

Calgary, Alberta
October 29, 2020



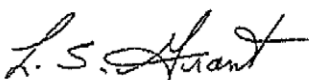
Chartered Professional Accountants

Statement of Financial Position

As at June 30, 2020

	2020	2019
Assets		
Current		
Cash	8,114,392	8,719,264
Accounts receivable (Note 3)	3,100,179	3,117,585
Goods and services tax recoverable	1,277	1,883
Note receivable (Note 4)	500,000	-
Prepaid expenses	93,323	111,824
	11,809,171	11,950,556
Property and equipment (Note 5)	37,460	29,949
Investments (Note 6)	5,260,774	2,666,489
	17,107,405	14,646,994
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 7)	1,063,086	3,070,386
Deferred contributions (Note 8)	3,376,728	3,092,967
	4,439,814	6,163,353
Commitments (Note 9)		
Contingency (Note 8(d))		
Subsequent event (Note 17)		
Significant event (Note 18)		
Net Assets		
Invested in property and equipment	37,460	29,949
Unrestricted	9,615,431	6,117,836
Restricted - Beef Cattle Research Council	2,000,000	2,000,000
Restricted - Marketing Assessment	647,055	315,856
Restricted - Canadian Roundtable for Sustainable Beef	125,000	
Restricted - Public and Stakeholder Engagement	40,000	20,000
Restricted - Special Projects Fund	202,645	
	12,667,591	8,483,641
	17,107,405	14,646,994

Approved on behalf of the Board



Lynn Grant
Director



Bob Lowe
Director

Statement of Operations

For the year ended June 30, 2020

	2020	2019
Revenue		
Canadian Cattlemen's Association Segment (Schedule 1)	3,983,201	4,430,763
Canfax Market Analysis Division (Schedule 3)	469,803	431,525
Canfax Research Services Division (Schedule 5)	246,155	236,346
Beef Cattle Research Council (Schedule 6)	7,227,068	7,548,721
Beef Science Cluster (Schedule 7)	2,882,536	2,695,542
Canadian Roundtable for Sustainable Beef (Schedule 8)	1,214,718	1,299,030
Public and Stakeholder Engagement (Schedule 9)	849,206	-
	16,872,687	16,641,927
Expenses		
Canadian Cattlemen's Association Segment	3,138,597	3,995,755
Canfax Market Analysis Division	429,425	447,448
Canfax Research Services Division	250,906	169,510
Beef Cattle Research Council	4,346,318	4,466,657
Beef Science Cluster	2,882,536	2,695,542
Canadian Roundtable for Sustainable Beef	1,083,645	1,187,930
Public and Stakeholder Engagement	537,051	-
Amortization	20,259	25,657
	12,688,737	12,988,499
Excess of revenue over expenses before other items	4,183,950	3,653,428
Premium on redemption of shares (Schedule 1) (Note 16)	-	249,975
Excess of revenue over expenses	4,183,950	3,903,403

Statement of Changes in Net Assets

For the year ended June 30, 2020

	Invested in property and equipment	Unrestricted	Restricted	2020	2019
Net assets, beginning of year	29,949	6,117,836	2,335,856	8,483,641	4,580,238
Excess (deficiency) of revenue over expenses	(20,259)	4,251,539	(47,330)	4,183,950	3,903,403
Reserve allocation (Note 10)	-	(726,174)	726,174	-	-
Invested in property and equipment	27,770	(27,770)	-	-	-
Net assets, end of year	37,460	9,615,431	3,014,700	12,667,591	8,483,641

Statement of Cash Flows

For the year ended June 30, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	4,183,950	3,903,403
Amortization	20,259	25,657
Premium on redemption of shares	-	(249,975)
Dividends reinvested	(127,649)	-
Gain on sale of investments	(666)	-
Unrealized gain on investment	(160,639)	-
Changes in working capital accounts	3,915,255	3,679,085
Accounts receivable	17,406	(1,503,467)
Goods and services tax recoverable	606	3,995
Prepaid expenses	18,501	(61,784)
Accounts payable and accrued liabilities	(2,007,300)	2,319,691
Deferred contributions	283,761	2,070,579
	2,228,229	6,508,099
Investing		
Purchase of property and equipment	(27,770)	(13,410)
Purchase of investments	(2,330,750)	(2,666,489)
Proceeds on redemption of shares	-	250,000
Issuance of note receivable	(500,000)	-
Management fees	25,419	-
	(2,833,101)	(2,429,899)
(Decrease) increase in cash	(604,872)	4,078,200
Cash, beginning of year	8,719,264	4,641,064
Cash, end of year	8,114,392	8,719,264

Notes to the Financial Statements

For the year ended June 30, 2020

1. DESCRIPTION OF BUSINESS

The Canadian Cattlemen's Association (the "Association" or "CCA") was incorporated in March 1932. Under the Income Tax Act (Canada), the Association is classified as a not-for-profit organization and, accordingly, is not subject to income taxes. The Association's mandate is to represent the interests of Canadian beef producers for the enhancement of the beef industry. The Association undertakes its activities through a number of divisions.

The Canadian Cattlemen's Association Segment ("CCA Segment") funds specific projects and organizational operations through provincial assessments.

The Canfax Market Analysis provides market intelligence services and up to the minute information to its members, who are primarily feedlot, cow-calf and backgrounding operators.

The Canfax Research Services provides a market research service that is used by provincial cattlemen's association and government.

The Beef Cattle Research Council ("BCRC") sets priorities and contributes funding to national beef research and development projects in specific research areas.

The Beef Science Cluster is a contribution agreement between the Canadian Cattlemen's Association and Agriculture and Agri-Food Canada. This initiative is administered by the Beef Cattle Research Council. It is intended to fund practical, applied research to improve the competitiveness of Canada's beef value chain, and to encourage continued investment in infrastructure and human capital in strategically important areas of beef and cattle research.

The Canadian Roundtable for Sustainable Beef ("CRSB") was set up as a division of CCA to engage a broad range of stakeholders to promote sustainability throughout the Canadian beef industry through three pillars of focus – Certified Sustainable Beef Framework, Sustainability Benchmarking, and Sustainability Projects.

The Public and Stakeholder Division ("PSE") was set up as a division of CCA with the goal of increasing consumer confidence, trust, and support of Canadian beef production practices, which will result in increased beef demand over competing proteins.

2. 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:

Divisional reporting

These financial statements have been prepared to include the results of the following Association divisions: the Canadian Cattlemen's Association Segment, the Canfax Market Analysis Division, the Canfax Research Services Division, the Beef Cattle Research Council, the Beef Science Cluster, the Canadian Roundtable for Sustainable Beef, and Public and Stakeholder Engagement.

For presentation purposes, amortization expense has not been segregated on the Schedule of Operations and changes in Net Assets for the Canadian Cattlemen's Association Segment, the Canfax Market Analysis Division, the Canfax Research Services Division, the Beef Cattle Research Council, the Beef Science Cluster, the Canadian Roundtable for Sustainable Beef, and Public and Stakeholder Engagement.

Expenditures

The expense categories on the Schedule of Operations for the Canadian Cattlemen's Association Segment have been grouped by department.

The expense categories on the Schedules of Operations and Net Assets for the CCA Segment, the Canfax Market Analysis Division, the Canfax Research Services Division, the BCRC Division, the Beef Science Cluster, the Canadian Roundtable for Sustainable Beef, and Public and Stakeholder Engagement have been grouped by type of expense.

Cash

Cash includes bank balances and deposits with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Property and equipment

Purchased property and equipment are recorded at cost.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Computer equipment	3 years
Furniture and fixtures	5 years
Office equipment	10 years

Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Subscription and assessment revenues that meet the definition of a liability are deferred and recognized on a pro-rata basis over the subscription and assessment period. Interest income is recognized as revenue in the year in which it is earned.

Contributed service and materials

Contributions of services and materials are recognized both as contributions and expenses in the Statement of Operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Association's operations and would otherwise have been purchased.

Investments

Investments are recorded at fair value for those with prices quoted in an active market, and cost less impairment for those that are not quoted in an active market.

Measurement uncertainty (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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of property and equipment.

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

Allocation of expenses

The Association follows CPA Handbook Section 4470 Disclosure of Allocated Expenses, which establishes disclosure standards for not-for-profit organizations that classify their expenses by function and allocate their expenses to a number of functions to which the expenses relate. The Association has allocated administrative expenses, primarily salaries and office expense, to the Canadian Cattlemen's Association Segment, Canfax Market Analysis Division and Beef Cattle Research Council Division. The expenses are allocated based on budgeted figures and are disclosed in the accompanying schedules. The Association does not engage in any fundraising activities.

Restricted net assets

Restricted net assets represent amounts set aside to finance future operating and capital expenditures. Restrictions are established at the discretion of the Association. Increases to and/or from the restricted net assets are reflected as an adjustment to the respective division.

Financial instruments

The Association recognizes its financial instruments when the Association becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Handbook Section 3840 Related Party Transactions.

At initial recognition, the Association may irrevocably elect to subsequently measure any financial instrument at fair value. The Association has not made such an election during the year.

The Association's financial assets and liabilities are subsequently measured at amortized cost.

Financial asset impairment

The Association assesses impairment of all of its financial assets measured at cost or amortized cost. The Association groups assets for impairment testing when there are numerous assets affected by the same factors. When there is an indication of impairment, the Association determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Association reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment which is not considered temporary is included in current year excess of revenue over expenses.

The Association reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenue over expenses in the year the reversal occurs.

3. ACCOUNTS RECEIVABLE

	2020	2019
Canadian Cattlemen's Association Segment	958,242	870,110
Canfax Market Analysis Division	168,276	64,306
Beef Science Cluster	1,843,638	2,075,421
Canadian Roundtable for Sustainable Beef	126,351	89,467
Other receivables	3,672	18,281
	3,100,179	3,117,585

4. RELATED PARTY TRANSACTIONS

During the year, the Association provided a loan to VBP+ Delivery Services Inc., a party related through significant influence due to a common director. The loan is non-interest bearing and there are no principal repayments due within the first five years. Repayments of \$100,000 per year will commence in 2023.

	2020	2019
Note receivable	500,000	-

These transactions were in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer equipment	120,662	91,115	29,547	19,190
Furniture and fixtures	10,984	6,075	4,909	6,753
Office equipment	10,015	7,011	3,004	4,006
	141,661	104,201	37,460	29,949

6. INVESTMENTS

	2020	2019
Canadian Cattlemen's Association Segment - Mawer Balanced Pooled Funds, at fair market value (cost - \$751,839 (2019 -\$401,968))	774,143	421,024
Beef Cattle Research Council Division - Mawer Balanced Pooled Funds, at fair market value (cost - \$4,348,297 (2019 - \$2,143,30))	4,486,631	2,245,465
	5,260,774	2,666,489

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Canadian Cattlemen's Association Segment	771,649	2,709,089
Beef Science Cluster	291,437	361,297
	1,063,086	3,070,386

Canadian Cattlemen's Association Segment accounts payable in 2020 included \$nil accrued for third party grants (2019 - \$1,126,829), \$408,481 of general accounts payable (2019 - \$1,198,307), \$100,611 of GST Payable (2019 - \$41,377), \$70,850 of payroll liabilities (2019 - \$66,496) and \$191,707 of other accruals (2019 - \$276,080).

8. DEFERRED CONTRIBUTIONS

Deferred contributions consist of the following:

	2020	2019
Beef Science Cluster (a)	1,877,006	1,748,419
Beef Cattle Research Council Division (b)	237,053	146,234
Canfax Marketing (c)	120,653	112,672
Legal Contingency (d)	500,000	500,000
Young Leaders Development Program (e)	248,374	227,363
Canadian Roundtable for Sustainable Beef (f)	325,689	87,935
Canfax Research Services Division (g)	63,760	16,523
Town Halls (h)	-	16,458
National Beef Strategy (i)	4,193	2,138
Public and Stakeholder Engagement (j)	-	235,225
	3,376,728	3,092,967

- a) During the year, interest of \$16,779 (2019 - \$21,147) was earned on the grant, and grant income allocations for the year totalled \$3,810,507 (2019 - \$3,651,135). Expenditures totalled \$1,933,501 (2019 - \$1,910,958) resulting in a deferred balance for the Beef Science Cluster of \$1,877,006 (2019 - \$1,748,419).
- b) During 2020, the Beef Cattle Research Council received \$500,343 (2019 - \$348,258) including interest earned of \$92,892 (2019 - \$89,052) as funding for Canadian Integrated Program for Antimicrobial Resistance Surveillance (CIPARS), Surveillance of antimicrobial use and resistance in Canadian feedlot cattle, Developing a Canadian Tool Quality Management System for Beef Processing, and VBP+ Industrial and Market Alignment. As at June 30, 2020 the Beef Cattle Research Council has spent \$421,654 (2019 - \$297,284) on qualifying activities and the balance of unexpended funds is \$237,053 (2019 - \$146,234) which has been deferred.
- c) These balances represent the unearned portion of yearly subscriptions billed for Canfax Marketing.
- d) The balance represents the unearned portion of funds received from the provincial members to help support legal costs. A standing policy is on record that the Canadian Cattlemen’s Association retain a cap of \$500,000 in the legal reserve with a special assessment triggered quarterly for all legal costs incurred.
- e) During the 2020 fiscal year, the Association received industry sponsorship of \$149,000 (2019 - \$168,500). In the 2020 fiscal year, the Association spent \$127,989 (2019 - \$131,847) in qualifying expenses. The balance of unexpended funds is \$248,374 (2019 - \$227,363) and this amount has been deferred.
- f) During the 2020 fiscal year, the Association received \$1,452,472 (2019 - \$1,144,133) in industry sponsorship and government funding for the Sustainable Beef Program. As of June 30, 2020, the Association has spent \$1,083,740 (2019 - \$1,303,614), resulting in deferred contributions of \$325,689 (2019 - \$87,935).
- g) During the 2020 fiscal year, the Association received \$293,393 (2019 - \$248,546) in contracts for the Canfax Research Services Division. As of June 30, 2020, the Association has spent \$252,342 (2019 - \$242,023), resulting in deferred contributions of \$63,760 (2019 - \$16,523).
- h) During the 2020 fiscal year, the Association received \$nil (2019 - \$nil) in sponsorships for the Town Halls Division. As of June 30, 2020, the Association has spent \$16,458 (2019 - \$nil), resulting in deferred contributions of \$nil (2019 - \$16,458).
- i) During the 2020 fiscal year, the Association received \$22,400 (2019 - \$23,485) in contributions for the National Beef Advisors. As of June 30, 2020, the Association has spent \$20,345 (2019 - \$27,332), resulting in deferred contributions of \$4,193 (2019 - \$2,138).
- j) During the 2020 fiscal year, the Association received \$nil (2019 - \$590,400) in sponsorships for the development and advertising of public engagement programs. As of June 30, 2020, the PSE Division has spent \$235,225 (2019 - \$355,175), resulting in deferred contributions of \$nil (2019 - \$235,225). During the year, the Association transferred the public engagement program from a project into a division of the Association.

9. COMMITMENTS

The Association has annual lease commitments for office space in Calgary and Ottawa. The Calgary lease expires May 31, 2024 and the Ottawa lease expires August 31, 2027. The Association has entered into various lease agreements with estimated minimum annual payments as follows:

2021	178,295
2022	179,876
2023	180,866
2024	176,382
2025	28,455
Thereafter	65,446
	<hr/>
	809,320

In addition, the Association is obligated to pay common area costs under certain leases.

10. NET ASSETS

	Invested in property and equipment	Unrestricted	Restricted	2020	2019
Canadian Cattlemen's Association Segment	17,493	1,292,264	647,055	1,956,812	1,361,913
Canfax Market Analysis Division	4,792	88,742	-	93,534	59,847
Canfax Research Services Division	1,267	182,259	-	183,526	189,716
Beef Cattle Research Council	7,250	7,316,114	2,000,000	9,323,364	6,447,683
Beef Science Cluster	-	-	-	-	-
Canadian Roundtable for Sustainable Beef	2,236	428,319	125,000	555,555	424,482
Public and Stakeholder Engagement	4,422	307,733	40,000	352,155	-
Special Projects Fund	-	-	202,645	202,645	-
	37,460	9,615,431	3,014,700	12,667,591	8,483,641

During 2020, the CCA Segment increased its restricted assets from \$335,856 to \$647,055, the CRSB increased its restricted assets from \$nil to \$125,000, the Special Projects Fund increased its restricted net assets from \$nil to \$202,645, and the Public and Stakeholder Engagement fund increased its restricted assets from \$nil to \$40,000.

11. BUDGET INFORMATION

Budget figures shown on the divisional supplementary schedules have not been audited. They were approved by the Board of Directors.

12. ECONOMIC DEPENDENCE

The Canadian Cattlemen's Association Segment receives a significant amount of its revenue from assessments received from various provincial associations. Each member province is assessed by the Association according to its relative marketing. The Association received \$3,530,214 (2019 - \$3,353,978) in assessments and \$nil (2019 - \$387,245) in legal assessments; during the year, \$nil (2019 - \$214,773) of legal assessments previously received and deferred were recognized as revenue. The Canfax Market Analysis Division received \$469,803 (2019 - \$431,525) in subscriptions. The Beef Cattle Research Council received \$5,756,444 (2019 - \$5,851,923) of funds from the Canadian Beef Cattle Check-Off Agency.

13. FINANCIAL INSTRUMENTS

All significant financial assets, financial liabilities and equity instruments of the Association are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk, credit risk, currency risk, liquidity risk and other price risk.

14. INDEMNIFICATIONS

In the ordinary course of operations, the Association enters into grant and contribution agreements which contain indemnification provisions. In such contracts, the Association may indemnify counter parties to the contracts if certain events occur. These indemnification provisions vary on an agreement by agreement basis. In some cases, there are no pre-determined amounts or limits included in the indemnification provisions and the occurrence of contingent events that will trigger payment under them is difficult to predict. Therefore, the maximum potential future amount that the Association could be required to pay cannot be reasonably estimated, and no amounts have been recorded in these financial statements.

15. COMPENSATION

The remuneration and benefits paid to all members of the Board of Directors (on an individual basis by title) are as follows:

	2020	2019
President	30,000	30,000
Vice-President	15,000	15,000
	45,000	45,000

16. INVESTMENT IN BIXSCO INC.

On April 20, 2018, the Association entered into an agreement with ViewTrak Technologies Ltd. (“ViewTrak”) to convert the 25 common shares it owned of BIXSCO Inc. (“BIXSCO”) to 250,000 preferred shares with a redemption value of \$1.00 per share. The preferred shares had voting rights. Property with an agreed upon value of \$250,000 but with a value of \$nil on these financial statements was transferred to BIXSCO. As the transaction was between related parties, it was measured at the carrying amount.

On May 1, 2019, the Association redeemed the 250,000 BIXSCO preferred shares in exchange for \$250,000 cash. This resulted in a premium on redemption of shares of \$249,975 which has been included in Canadian Cattlemen’s Association Segment income for the year.

17. SUBSEQUENT EVENT

During the year, the Association voted to integrate the Canadian Beef Breeds Council as a division of the Association. This integration came into effect on July 1, 2020.

18. SIGNIFICANT EVENT

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Association as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

Auditors' Communication on Supplementary Information

To the Board of Directors of Canadian Cattlemen's Association:

We have the following comments with respect to the supplementary information included in the attached schedules of the Canadian Cattlemen's Association for the year ended June 30, 2020.

Management's Responsibility for the Schedules and Supplementary Information

Management is responsible for the preparation of these schedules, which are presented for the purposes of additional analysis and are not a required part of the Canadian Cattlemen's Association's general purpose financial statements.

Auditors' Responsibility

Our audit dated October 6, 2020 of the Canadian Cattlemen's Association's financial statements for the year ended June 30, 2020 was not directed to the determination of the accuracy of the information included in the attached schedules. While such supplementary information has been subjected to the auditing process applied in the audit of the general purpose financial statements as a whole, we do not express a separate opinion on the attached schedules.

Calgary, Alberta
October 29, 2020

MNP LLP

Chartered Professional Accountants

Schedule of Operations and Net Assets

For the year ended June 30, 2020

(Unaudited)

	2020 Budget	2020 Actual	2019 Budget	2019 Actual
Revenue				
Assessments (Schedule 2)	3,530,214	3,530,214	3,289,136	3,353,978
Legal assessments	600,000	-	600,000	214,773
Sponsorship	46,000	43,000	10,000	10,000
Interest	12,000	14,726	4,800	37,478
Other	-	-	-	-
CCA Associate Membership	-	-	18,000	21,000
Mastercard program	14,000	14,448	15,000	14,084
Young Leaders program	140,000	99,724	109,000	67,347
Young Cattlemen's Council	42,100	28,266	46,600	64,500
Town halls	-	16,458	12,000	12,000
International Beef Alliance	-	31	145,000	107,519
National Beef Strategy	22,400	20,344	23,485	23,485
Public and Stakeholder Engagement	-	-	486,239	355,175
Investment revenue	-	22,014	-	19,079
General revenue	-	-	-	130,345
Domestic agriculture policy	-	193,976	-	-
	4,406,714	3,983,201	4,759,260	4,430,763
Expenses				
Canadian Cattlemen's Foundation	-	55	-	52
CCA Segment services	299,426	250,688	327,785	368,049
Calgary office	1,138,131	1,116,379	1,327,715	1,255,148
Ottawa office	442,197	427,786	349,695	416,486
Legal reserve	600,000	-	600,000	214,773
Communications	62,000	46,769	55,651	51,009
Conventions	-	-	16,000	21,667
Town halls	12,000	-	12,000	6,066
Executive and finance	177,675	192,102	123,113	207,761
Advocate services	350,739	309,296	300,168	397,805
Annual meetings	90,000	117,212	87,800	92,603
Semi-annual meetings	92,000	82,775	67,200	60,692
Animal health and meat inspection	110,400	116,171	83,641	91,968
Animal care committee	-	-	19,704	29,023
Value creation and competitiveness	-	-	4,081	3,513
Foreign trade committee	74,100	40,047	72,100	67,890
Domestic agriculture policy	16,800	199,566	16,460	8,779
Young Cattlemen's Council	44,735	28,266	43,735	34,730
International Beef Alliance	51,500	13,763	196,500	152,408
Young Leaders development	95,300	99,724	90,000	97,116
Environment	41,730	35,225	36,930	53,017
National Beef Strategy	28,650	20,343	16,850	21,347
Public and Stakeholder Engagement	-	-	427,100	355,174
Food Policy	32,400	2,160	-	-
Special Projects	-	47,330	-	-
	3,759,783	3,145,657	4,274,228	4,007,076
Excess of revenue over expenses before other items	646,931	837,544	485,032	423,687
Premium on redemption of shares	-	-	-	249,975
Excess of revenue over expenses	646,931	837,544	485,032	673,662
Net assets, beginning of the year		1,361,913		688,251
Special Projects reserve allocation		(202,645)		-
Public Stakeholder and Engagement reserve allocation (Schedule 9)		(40,000)		-
Net assets, end of the year		1,956,812		1,361,913

Schedule of Assessment Revenue

For the year ended June 30, 2020

(Unaudited)

	2020 Budget	2020 Actual	2019 Budget	2019 Actual
Revenue				
British Columbia	152,446	152,446	138,940	138,944
Alberta	1,735,847	1,735,847	1,835,700	1,835,700
Saskatchewan	722,400	722,400	599,540	599,540
Manitoba	308,355	308,355	271,920	258,001
Ontario	466,939	466,939	411,140	411,142
Quebec	115,488	115,488	-	90,824
New Brunswick	11,184	10,468	10,057	10,057
Nova Scotia	9,233	9,721	12,069	-
Prince Edward Island	8,322	8,550	9,770	9,770
	3,530,214	3,530,214	3,289,136	3,353,978

Schedule 3 – Canfax Market Analysis Division

Schedule of Operations and Net Assets

For the year ended June 30, 2020

(Unaudited)

	2020 Budget	2020 Actual	2019 Budget	2019 Actual
Revenue				
Subscriptions (Schedule 4)	259,920	256,814	251,400	243,715
Market information system – Alberta Beef Producers	42,600	42,600	42,600	42,600
Canadian Cattlemen's Association Segment dues	15,000	15,000	15,000	15,000
Alberta Beef Producers dues	21,000	21,000	21,000	21,000
Newswires	21,600	22,423	21,600	22,184
Interest	1,800	5,664	1,800	5,430
Grading Agency contract	2,160	2,852	2,400	2,400
Sponsorships	18,000	5,000	30,000	5,000
Miscellaneous	74,240	98,450	63,360	74,196
	456,320	469,803	449,160	431,525
Expenses				
Salaries and benefits	355,575	356,787	348,800	348,444
Travel, promotion and meetings	8,280	1,352	8,160	2,771
Postage	3,480	1,520	3,000	1,763
Telephone	4,800	3,638	4,200	3,363
Rent 39,540	38,011	39,540	38,792	
Office supplies, printing, computer and other	34,920	25,866	34,660	47,540
Newswires	3,600	3,477	6,600	3,323
Resource information	1,680	1,423	1,680	1,357
Amortization	6,690	3,061	7,275	8,676
Consulting fees	1,500	981	1,500	95
	460,065	436,116	455,415	456,124
Excess (deficiency) of revenue over expenses	(3,745)	33,687	(6,255)	(24,599)
Net assets, beginning of the year		59,847		84,446
Net assets, end of the year		93,534		59,847

Schedule of Subscription Revenue

For the year ended June 30, 2020

(Unaudited)

	2020 Budget	2020 Actual	2019 Budget	2019 Actual
Revenue				
Feedlot yearly	57,600	61,785	55,200	57,822
Feedlot monthly/quarterly	21,000	20,632	21,000	21,393
Associate/producer East	18,000	16,106	16,800	14,113
Associate West	102,000	100,105	100,800	95,098
Cow/calf	54,000	50,807	50,400	47,902
Trends	7,320	7,379	7,200	7,387
	259,920	256,814	251,400	243,715

Schedule 5 – Canfax Research Services Division

Schedule of Operations and Net Assets

For the year ended June 30, 2020

(Unaudited)

	2020 Budget	2020 Actual	2019 Budget	2019 Actual
Revenue				
CCA dues	25,000	25,000	25,000	25,000
Canada Beef Contract	56,500	57,875	56,500	56,500
Projects	75,500	130,839	80,500	90,020
Investment income	-	3,863	-	4,444
Other income	28,250	28,578	25,250	60,382
	185,250	246,155	187,250	236,346
Expenses				
Salaries and benefits	181,435	177,782	120,140	117,467
Rent	21,600	20,649	21,540	20,817
Office	8,070	9,224	7,830	10,414
Travel	8,040	6,931	8,040	6,894
Consultant	6,000	8,162	6,000	11,511
Amortization	1,440	676	120	215
Registrations	2,400	1,300	2,400	2,407
Projects	-	27,621	-	-
	228,985	252,345	166,070	169,725
Excess (deficiency) of revenue over expenses	(43,735)	(6,190)	21,180	66,621
Net assets, beginning of the year		189,716		123,095
Net assets, end of the year		183,526		189,716

Schedule of Operations and Net Assets

For the year ended June 30, 2020

(Unaudited)

	2020 Budget	2020 Actual	2019 Budget	2019 Actual
Revenue				
Canadian Beef Check-Off (Rate of \$2.50 per head for 2020 and \$2.50 per head for 2019)	5,100,000	5,756,444	5,000,000	5,851,923
Interest	30,000	92,892	30,000	89,052
Cluster projects	569,856	558,253	660,923	775,652
Grants	165,125	169,042	241,000	312,405
Enhanced Verified Beef Production+	34,170	39,497	129,925	120,762
Verified Beef Production+ industry and market alignment	356,757	346,827	155,000	149,001
Investment income	-	264,113	-	249,926
	6,255,908	7,227,068	6,216,848	7,548,721
Expenses				
BCRC Division Services	990,104	956,942	831,745	724,836
Projects	2,332,633	1,291,873	1,945,273	2,012,604
Cluster projects	1,326,719	1,302,147	1,125,389	1,067,890
Enhanced Verified Beef Production+	629,748	452,938	604,860	520,665
Verified Beef Production+ industry and market alignment	356,757	347,487	155,000	146,107
	5,635,961	4,351,387	4,662,267	4,472,102
Excess of revenue over expenses	619,947	2,875,681	1,554,581	3,076,619
Net assets, beginning of the year		6,447,683		3,371,064
Net assets, end of the year		9,323,364		6,447,683

Schedule 7 – Beef Science Cluster

Schedule of Operations and Net Assets

For the year ended June 30, 2020

(Unaudited)

	2020	2019
Revenue		
Agriculture and Agri-Food Canada funding	2,865,757	2,674,395
Interest	16,779	21,147
	2,882,536	2,695,542
Expenses		
Administrative	233,104	255,204
Beef quality	-	-
Feed efficiency	531,231	527,072
Animal health and production limiting diseases	993,375	636,328
Project management	-	-
Forage and grassland productivity	480,544	435,317
Food safety	147,228	216,624
Technology transfer and information dissemination	235,145	356,163
Environmental foot print	261,909	268,834
	2,882,536	2,695,542
Excess of revenue over expenses	-	-
Net assets, beginning of the year	-	-
Net assets, end of the year	-	-

Schedule of Operations and Net Assets

For the year ended June 30, 2020

(Unaudited)

	2020 Budget	2020 Actual	2019 Budget	2019 Actual
Revenue				
Membership	252,000	307,331	224,000	290,347
Agriculture and Agri-Food Canada	600,000	488,597	600,000	605,397
Provincial Canadian Agricultural Partnership	350,000	339,516	250,000	250,000
Federal Canadian Agricultural Partnership	138,600	79,274	116,600	153,286
	1,340,600	1,214,718	1,190,600	1,299,030
Expenses				
Administration and membership	247,210	176,258	395,472	179,247
Multisar	600,000	488,596	600,000	605,397
Provincial Canadian Agricultural Partnership	350,000	339,517	250,000	250,000
Federal Canadian Agricultural Partnership	138,600	79,274	116,600	153,286
	1,335,810	1,083,645	1,362,072	1,187,930
Excess (deficiency) of revenue over expenses	4,790	131,073	(171,472)	111,100
Net assets, beginning of the year		424,482		313,382
Net assets, end of the year		555,555		424,482

Schedule 9 - Public and Stakeholder Engagement

Schedule of Operations and Net Assets

For the year ended June 30, 2020

(Unaudited)

	2020 Budget	2020 Actual	2019 Budget	2019 Actual
Revenue				
National checkoff	520,000	613,981	-	-
Deferred revenue recognized in current year	200,000	235,225	-	-
	720,000	849,206	-	-
Expenses				
Salaries and benefits	315,000	252,898	-	-
Rent	14,160	19,073	-	-
Office	130,295	57,346	-	-
Travel	25,250	23,461	-	-
Consulting / projects	70,295	69,006	-	-
Amortization	1,000	2,496	-	-
Communication	160,000	109,196	-	-
Registrations	4,000	3,575	-	-
	720,000	537,051	-	-
Excess of revenue over expenses	-	312,155	-	-
Net assets, beginning of the year		-		-
Transfer from unrestricted assets of Canadian Cattlemen's Association Segment (Schedule 1)		40,000		-
Net assets, end of year		352,155		-