

GEORGIA CATTLEMEN'S ASSOCIATION, INC.
AND AFFILIATE

COMBINED FINANCIAL STATEMENTS

Year Ended September 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Georgia Cattlemen's Association, Inc. and Affiliate
Macon, Georgia

We have audited the accompanying financial statements of Georgia Cattlemen's Association, Inc. (a nonprofit organization) and Affiliate, which comprise the combined statement of financial position as of September 30, 2019, and the related combined statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Georgia Cattlemen's Association, Inc. and Affiliate as of September 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Howard, Moore & McDuffie, P.C.

December 17, 2019

Macon, Georgia

GEORGIA CATTLEMEN'S ASSOCIATION, INC. AND AFFILIATE

COMBINED STATEMENT OF FINANCIAL POSITION

September 30, 2019

	Georgia Cattlemen's Association, Inc.				Georgia Cattlemen's Foundation, Inc.	
	General Fund	Bull Test Fund	Herd Test Fund	Other		Total
ASSETS						
Cash and cash equivalents	\$ 274,401	\$ 231,762	\$ 7,708	\$ 57,950	\$ 70,924	\$ 642,745
Cash - Georgia Forage and Grassland Council	-	-	-	50,560	-	50,560
Cash - PAC fund	17,048	-	-	-	-	17,048
Cash - restricted	-	-	-	-	30,109	30,109
Total cash	291,449	231,762	7,708	108,510	101,033	740,462
Accounts receivable, net	72,529	15,757	20,855	-	-	109,141
Promises to give receivable	-	-	-	-	20,000	20,000
Investments	236,584	-	-	-	11,804	248,388
Prepaid expenses	32,157	67,324	10,205	-	-	109,686
Utility deposits	450	-	-	-	-	450
Property, plant and equipment, net	261,072	16,840	5,117	-	-	283,029
TOTAL ASSETS	\$ 894,241	\$ 331,683	\$ 43,885	\$ 108,510	\$ 132,837	\$ 1,511,156
LIABILITIES AND NET ASSETS						
LIABILITIES						
Accounts payable	\$ 21,616	\$ 19,074	\$ 9,880	\$ 205	\$ 61	\$ 50,836
Local and national dues payable	3,050	-	-	-	-	3,050
Accrued vacation	12,404	-	-	-	-	12,404
Other accrued liabilities	8,841	-	-	-	-	8,841
Due to PAC fund	17,048	-	-	-	-	17,048
Due to Georgia Forage & Grassland Council	-	-	-	50,560	-	50,560
Deferred revenue	67,866	197,640	7,400	-	-	272,906
TOTAL LIABILITIES	130,825	216,714	17,280	50,765	61	415,645
NET ASSETS						
Without donor restrictions	763,416	114,969	26,605	57,745	71,416	1,034,151
With donor restrictions	-	-	-	-	61,360	61,360
TOTAL NET ASSETS	763,416	114,969	26,605	57,745	132,776	1,095,511
TOTAL LIABILITIES AND NET ASSETS	\$ 894,241	\$ 331,683	\$ 43,885	\$ 108,510	\$ 132,837	\$ 1,511,156

The accompanying notes are an integral part of these financial statements.

GEORGIA CATTLEMEN'S ASSOCIATION, INC. AND AFFILIATE

COMBINED STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2019

	Georgia Cattlemen's Association, Inc.				Georgia	Total
	General Fund	Bull Test Fund	Herd Test Fund	Other	Cattlemen's Foundation, Inc.	
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS						
Revenues, gains and other support:						
Contributions	\$ -	\$ -	\$ -	\$ 3,000	\$ 4,380	\$ 7,380
Membership dues	225,868	-	-	8,940	-	234,808
Entry fees, net of refunds	-	660,146	412,090	3,265	-	1,075,501
Consignor payments	-	(415,910)	(245,640)	-	-	(661,550)
Advertising and publication sales	395,898	-	-	-	-	395,898
Convention exhibits and registration	104,141	-	-	1,130	-	105,271
Management services	140,552	-	-	-	-	140,552
Fundraising income	-	-	-	-	2,415	2,415
Interest	3,983	-	-	16	70	4,069
Gain (loss) on investments	(1,835)	-	-	-	-	(1,835)
Other	31,035	-	5,706	11,610	-	48,351
	899,642	244,236	172,156	27,961	6,865	1,350,860
NET ASSETS RELEASED FROM DONOR RESTRICTIONS						
Released by payment	-	-	-	-	100,767	100,767
Total revenues, gains, and other support without donor restrictions	899,642	244,236	172,156	27,961	107,632	1,451,627
EXPENSES AND LOSSES:						
Program services						
General	116,132	237,996	161,550	29,168	102,767	647,613
Magazine	349,023	-	-	-	-	349,023
Convention	127,725	-	-	-	-	127,725
Management services	114,266	-	-	-	-	114,266
Juniors	18,469	-	-	-	-	18,469
Total program services	725,615	237,996	161,550	29,168	102,767	1,257,096
Administration	175,256	3,990	2,940	1,650	123	183,959
	900,871	241,986	164,490	30,818	102,890	1,441,055
NET INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS						
	(1,229)	2,250	7,666	(2,857)	4,742	10,572
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS						
Contributions	-	-	-	-	84,712	84,712
Interest income	-	-	-	-	12	12
Net assets released from donor restrictions	-	-	-	-	(100,767)	(100,767)
NET INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS						
	-	-	-	-	(16,043)	(16,043)
INCREASE (DECREASE) IN NET ASSETS						
	(1,229)	2,250	7,666	(2,857)	(11,301)	(5,471)
NET ASSETS - BEGINNING						
	764,645	112,719	18,939	60,602	144,077	1,100,982
NET ASSETS - ENDING						
	\$ 763,416	\$ 114,969	\$ 26,605	\$ 57,745	\$ 132,776	\$ 1,095,511

The accompanying notes are an integral part of these financial statements.

GEORGIA CATTLEMEN'S ASSOCIATION, INC. AND AFFILIATE

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2019

	Program Services					Total Program Services	General and Administrative	Total
	General	Magazine	Convention	Management Services	Juniors			
GENERAL FUND								
Salaries	\$ 52,649	\$ 74,660	\$ 27,236	\$ 87,171	\$ 9,591	\$ 251,307	\$ 81,164	\$ 332,471
Employee benefits	5,384	7,635	2,771	-	981	16,771	8,300	25,071
Payroll taxes	5,629	7,982	2,897	-	1,025	17,533	8,677	26,210
Professional fees	-	1,112	-	-	-	1,112	12,175	13,287
Supplies	4,375	7,423	3,091	980	562	16,431	6,175	22,606
Telephone	1,544	3,701	795	2,642	281	8,963	2,380	11,343
Postage and shipping	2,483	40,842	1,445	151	452	45,373	3,769	49,142
Occupancy	5,336	7,567	2,746	9,132	807	25,588	8,226	33,814
Equipment rental	2,021	2,866	1,040	3,458	368	9,753	3,115	12,868
Printing and publications	6,833	120,740	4,438	-	174	132,185	1,635	133,820
Travel	8,499	19,162	4,374	-	1,548	33,583	13,102	46,685
Membership dues	984	1,590	506	-	179	3,259	1,517	4,776
Convention and workshop	6,121	12,955	72,060	-	1,115	92,251	14,682	106,933
Awards and grants	4,220	538	195	-	69	5,022	585	5,607
Taxes and fees	409	580	211	700	239	2,139	631	2,770
Other	1,995	2,954	1,853	3,157	346	10,305	2,930	13,235
Depreciation	7,650	5,697	2,067	6,875	732	23,021	6,193	29,214
Income tax	-	31,019	-	-	-	31,019	-	31,019
	116,132	349,023	127,725	114,266	18,469	725,615	175,256	900,871
BULL TEST FUND								
Casual labor	5,040	-	-	-	-	5,040	-	5,040
Professional fees	8,122	-	-	-	-	8,122	-	8,122
Management services	-	-	-	-	-	-	3,990	3,990
Supplies	144,627	-	-	-	-	144,627	-	144,627
Postage and shipping	2,277	-	-	-	-	2,277	-	2,277
Occupancy	386	-	-	-	-	386	-	386
Printing and publications	10,814	-	-	-	-	10,814	-	10,814
Travel	634	-	-	-	-	634	-	634
Membership dues	200	-	-	-	-	200	-	200
Depreciation	6,072	-	-	-	-	6,072	-	6,072
Other	59,824	-	-	-	-	59,824	-	59,824
	237,996	-	-	-	-	237,996	3,990	241,986
HERD TEST FUND								
Casual labor	17,190	-	-	-	-	17,190	-	17,190
Professional fees	5,255	-	-	-	-	5,255	-	5,255
Management Services	-	-	-	-	-	-	2,920	2,920
Supplies	108,877	-	-	-	-	108,877	-	108,877
Postage and shipping	1,758	-	-	-	-	1,758	-	1,758
Printing and publications	6,470	-	-	-	-	6,470	-	6,470
Travel	713	-	-	-	-	713	-	713
Depreciation	1,604	-	-	-	-	1,604	-	1,604
Other	19,683	-	-	-	-	19,683	20	19,703
	161,550	-	-	-	-	161,550	2,940	164,490

The accompanying notes are an integral part of these financial statements.

GEORGIA CATTLEMEN'S ASSOCIATION, INC. AND AFFILIATE

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2019

	Program Services					Total Program Services	General and Administrative	Total
	General	Magazine	Convention	Management Services	Juniors			
OTHER								
Dues	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ -	\$ 500
Convention and workshop	13,498	-	-	-	-	13,498	-	13,498
Management services	-	-	-	-	-	-	1,650	1,650
Postage and shipping	422	-	-	-	-	422	-	422
Printing and supplies	3,773	-	-	-	-	3,773	-	3,773
Program activities	5,935	-	-	-	-	5,935	-	5,935
Promotion	3,395	-	-	-	-	3,395	-	3,395
Scholarships	1,000	-	-	-	-	1,000	-	1,000
Other	645	-	-	-	-	645	-	645
	29,168	-	-	-	-	29,168	1,650	30,818
GEORGIA CATTLEMEN'S FOUNDATION, INC.								
Disaster relief assistance	32,407	-	-	-	-	32,407	-	32,407
Education promotion	27,510	-	-	-	-	27,510	-	27,510
Office supplies	-	-	-	-	-	-	123	123
Scholarships and awards	42,850	-	-	-	-	42,850	-	42,850
	102,767	-	-	-	-	102,767	123	102,890
TOTAL EXPENSES	\$ 647,613	\$ 349,023	\$ 127,725	\$ 114,266	\$ 18,469	\$ 1,257,096	\$ 183,959	\$ 1,441,055

The accompanying notes are an integral part of these financial statements.

GEORGIA CATTLEMEN'S ASSOCIATION, INC. AND AFFILIATE

COMBINED STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2019

	Georgia Cattlemen's Association, Inc.				Georgia Cattlemen's Foundation, Inc.	Total
	General Fund	Bull Test Fund	Herd Test Fund	Other		
CASH FLOWS FROM OPERATING ACTIVITIES						
Increase (decrease) in net assets	\$ (1,229)	\$ 2,250	\$ 7,666	\$ (2,857)	\$ (11,301)	\$ (5,471)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:						
Depreciation	29,214	6,072	1,604	-	-	36,890
Reinvested interest	(3,983)	-	-	-	(12.00)	(3,995)
(Gain) loss on investments	1,835	-	-	-	-	1,835
(Increase) decrease in:						
Accounts receivable	11,109	(15,757)	(20,855)	-	20,000	(5,503)
Prepaid expenses	(12,487)	2,417	(1,671)	-	-	(11,741)
Increase (decrease) in:						
Accounts payable	10,972	14,869	9,774	27	61	35,703
National dues payable	(220)	-	-	-	-	(220)
Accrued vacation	(3,122)	-	-	-	-	(3,122)
Accrued liabilities	5,231	-	-	-	-	5,231
Due to Georgia Forage & Grassland Council	-	-	-	-	-	-
Deferred revenue	18,646	(19,740)	(2,685)	-	-	(3,779)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	55,966	(9,889)	(6,167)	(2,830)	8,748	45,828
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of property and equipment	(52,422)	(6,256)	-	-	-	(58,678)
Purchases of investments	(26,847)	-	-	-	-	(26,847)
Proceeds from redemption of investments	19,971	-	-	-	-	19,971
NET CASH USED BY INVESTING ACTIVITIES	(59,298)	(6,256)	-	-	-	(65,554)
NET INCREASE (DECREASE) IN CASH	(3,332)	(16,145)	(6,167)	(2,830)	8,748	(19,726)
CASH AND CASH EQUIVALENTS						
Beginning of year	277,733	247,907	13,875	60,780	92,285	692,580
End of year	\$ 274,401	\$ 231,762	\$ 7,708	\$ 57,950	\$ 101,033	\$ 672,854
Cash paid for income taxes	\$ 21,374	\$ -	\$ -	\$ -	\$ -	\$ 21,374

The accompanying notes are an integral part of these financial statements.

GEORGIA CATTLEMEN'S ASSOCIATION, INC. AND AFFILIATE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 1. NATURE OF THE ORGANIZATION

The combined financial statements include the accounts of the Georgia Cattlemen's Association, Inc. ("GCA") and the Georgia Cattlemen's Foundation, Inc. (the "Foundation"), a related organization. Generally accepted accounting principles require that entities under common control or common management present combined financial statements. There are no inter-organization transactions requiring elimination in the combination. As used herein the "Organization" includes GCA and the Foundation.

GCA is a nonprofit entity organized for the purpose of promoting the production and marketing of cattle in the state of Georgia. Memberships are composed of private individuals and business organizations who share an interest in the advancement of the cattle industry in Georgia. Revenues are received in the form of membership dues and fees for advertising in GCA's monthly magazine publication. Under the Bull and Herd Test programs, cattle producers consign select cattle for genetic testing and research. Testing fees are collected from cattle producers. Producers then have the option of selling cattle at auction in which sales proceed, net of selling expenses, are paid to the producer. Other sources of revenue come from hosting conventions and shows for promoting Georgia's cattle industry. Functional programs carried out through GCA advance the economic, political and social interests of Georgia's cattle industry.

The Foundation is a nonprofit entity organized to engage in educational and scientific activities dedicated to the improvement of beef production and marketing practices. The Foundation awards academic scholarships to qualified recipients. Starting in fiscal year 2019, the Foundation raised funds to assist cattle producers that were devastated by the destruction left behind by Hurricane Michael in the fall of 2018. The Foundation provided financial support through donations to assist cattle producers in rebuilding destroyed equipment and structures and to assist in procuring supplies to maintain and replenish cattle herds.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

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

The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve and other needs determined. Net assets with donor restrictions are subject to donor-imposed restrictions. The Organization's donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

GEORGIA CATTLEMEN'S ASSOCIATION, INC. AND AFFILIATE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, or has promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service or time restrictions have been met.

Fund accounting

To ensure observance of limitations and restrictions placed on the use of resources available to GCA, the accounts of GCA are maintained in accordance with the principles of fund accounting. Resources are allocated and recorded in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The assets, liabilities and net assets of GCA are reported in separate self-balancing funds as follows:

General Fund - To account for all general operations of GCA, including restricted and unrestricted resources.

Bull Test Fund - To account for financial resources designated for the testing of young bulls to evaluate their performance and identify certain traits of superior bulls. Testing is completed in the mass at different sites in the state.

Georgia Herd Fund - To account for financial resources designated for the testing of young heifers to evaluate their performance and identify certain traits of superior heifers. Testing is completed in the mass at different sites in the state.

Other Programs

Cow/Calf Stocker Fund - To account for financial resources designated by the Cow/Calf Stocker Council to promote the backgrounding and finishing of cattle.

Georgia Junior Cattlemen's Fund - To account for financial resources which prepare members age 21 or younger for membership and leadership in the Georgia Cattlemen's Association and to offer educational opportunities to prepare them to become industry leaders.

Young Cattlemen's Council Fund - To account for financial resources which prepare members ages 18 to 40 for membership and leadership in the Georgia Cattlemen's Association and to offer educational opportunities to prepare them to become industry leaders.

Georgia Cattlewomen's Association, UGA Short Course program, and Georgia Allied Industry. These programs are for the general promotion and education of the beef industry in Georgia.

Estimates

The preparation of 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 assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

GEORGIA CATTLEMEN'S ASSOCIATION, INC. AND AFFILIATE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash held on behalf of the GCA Political Action Fund (PAC Fund) and the Georgia Forage & Grassland Council are not available for operations and therefore excluded from the statement of cash flows.

Investments

Investments in marketable equity securities with readily determinable fair values are stated at fair value. Investments without readily determinable market values are stated at cost.

Accounts receivable

Accounts receivable consist primarily of amounts due from the sale of magazine advertising. Management evaluates the collectability of receivables based on collection experience. Interest is charged at a rate of 1.5% per month (18% per annum) on all accounts over 30 days past due. Any delinquent accounts that are over 90 days past due will have their right to advertise suspended until the account is paid in full. A 10% late fee is also assessed if the advertising materials are received after the 5th of the month. After all collection attempts have been made, accounts deemed uncollectible are charged against income. At September 30, 2019, management had written off all accounts considered uncollectible.

Property and equipment

Property and equipment that are purchased are stated at cost. Donated property and equipment are stated at their fair market value on the date of donation. The Organization depreciates property and equipment using the straight-line method of depreciation over estimated useful lives ranging from 5 to 40 years. The Organization capitalizes asset purchases that exceed \$1,000 and have a useful life of more than one year.

Deferred revenue and prepaid expenses

GCA defers the recognition of certain testing fees received and expenses paid for cattle testing programs (Bull and Herd Test) that extend beyond GCA's year-end. Testing typically last six months. In addition, GCA's general program includes membership dues from individuals and businesses all over Georgia. Members have the option of paying for dues up to three years in advance. GCA recognizes member dues as revenue in the period for which they relate.

Designation of net assets without donor restrictions

It is the policy of the Board of Directors of GCA to review its plans for future property improvements and acquisitions from time to time and to designate appropriate sums of net assets without donor restrictions to assure adequate financing of such improvements and acquisitions.

GEORGIA CATTLEMEN'S ASSOCIATION, INC. AND AFFILIATE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expense Allocation

The financial statements report categories of expenses that are attributable to one or more programs and supporting functions of the Organizations. Those expenses include (but not limited to) salaries and wages, payroll and property taxes, employee benefits, depreciation, equipment rental, postage and supplies, and occupancy costs. These expenses are allocated to programs and supporting services on the basis on periodic time and expense records. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Donated services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs, campaigns and committee assignments.

Income tax status

GCA is exempt from federal income tax under Section 501(c)(5) of the Internal Revenue Code and received its determination letter in February 1968. However, income from the sale of advertising is subject to taxation as unrelated business income. Income from the GCA's investment in the Southeastern Livestock Network, LLC is related to the GCA's exempt function. Therefore, income from this investment is not considered unrelated business income. Income tax expense for the year ended September 30, 2019, totaled \$31,019. In addition, GCA does not qualify for the charitable contribution deduction under Section 170(c) and has been classified as an organization that is not a private foundation under Section 509(a)(2). GCA believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Foundation is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and received its determination letter on May 12, 1994. The Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Promises to Give

Promise to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises to give become unconditional.

Compensated absences

Employees of the Organization are entitled to paid vacation and sick leave. The Organization's policy is to accrue up to 30 days of vacation leave with the option to cash out unused vacation upon termination of employment. Employees can accrue up to 90 days of sick leave. However, accrued sick leave cannot be paid upon termination of employment. Therefore, no liability has been recorded for accrued sick leave.

GEORGIA CATTLEMEN'S ASSOCIATION, INC. AND AFFILIATE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Revenue with and without Donor Restrictions

Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Subsequent events

Subsequent events have been evaluated through December 17, 2019, which is the date the financial statements were available to be issued.

New Accounting Pronouncement

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The Organization adopted the provisions of the new standard during the year ended September 30, 2019. The provisions under this new standard include changes in the terminology used to describe categories of net assets throughout the financial statements, new disclosures regarding liquidity and the availability of resources (Note 10), and the presentation of functional allocation of expenses through the addition of a statement of functional expenses.

NOTE 3. AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS

The following represents the Organization's financial assets as of September 30, 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

GEORGIA CATTLEMEN'S ASSOCIATION, INC. AND AFFILIATE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 3. AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS (CONTINUED)

	General Fund	Bull Test Fund	Herd Test Fund	Other Programs	GCA Foundation
Financial assets at year end:					
Cash and cash equivalents	\$ 274,401	\$ 231,762	\$ 7,708	\$ 57,950	\$ 70,924
Accounts and promises to give receivable	72,529	15,757	20,855	-	20,000
Investments	236,584	-	-	-	11,804
Total financial assets	583,514	247,519	28,563	57,950	102,728
Less amounts unavailable for general expenditures within one year due to:					
Contractual or donor-imposed restrictions:					
Restricted by donor with purpose restrictions	-	-	-	-	61,360
Financial assets to meet cash needs for general expenditures within one year	\$ 583,514	\$ 247,519	\$ 28,563	\$ 57,950	\$ 41,368

The Organization is partially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization'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. Occasionally, the board may designate a portion of any operating surplus to its liquidity reserve. These funds established by the governing board may be drawn down upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

NOTE 4. PROMISES TO GIVE RECEIVABLE

The Foundation's promises to give receivable consist of amounts that management expects to be received subsequent to the date of the statement of financial position. Promises to give to be received beyond one year are discounted using the Foundation's risk-free rate of return. Currently, the Foundation's risk-free rate of return is 1.00%. The discount on long-term promises is nominal and therefore not reflected in the financial statements. All promises to give receivables are current and expected to be collected within the near term.

NOTE 5. INVESTMENTS

The Organization's investments include certificates of deposit with initial maturities greater than 90 days. The value of the certificates at September 30, 2019 was \$212,870. Interest rates on these certificates range from 1.00% to 2.35%. Interest earned on these certificates was \$4,083 for the year ended September 30, 2019. The certificates are scheduled to mature at various dates through 2020.

GEORGIA CATTLEMEN'S ASSOCIATION, INC. AND AFFILIATE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 5. INVESTMENTS (CONTINUED)

GCA has an 8% ownership in a limited liability company, which is included in investments. The investment does not have a readily determinable market value and management has determined that it is impractical to estimate fair value of the investment and therefore is measured at cost. GCA's adjusted cost in the investment was \$35,518 at September 30, 2019. The investment incurred a loss of (\$1,835) for the year ended September 30, 2019.

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30, 2019:

	Life in Years	General Fund	Bull Test Fund	Georgia Herd Fund	Total
Land	-	\$ 74,046	\$ -	\$ -	\$ 74,046
Land improvements	20	35,251	-	-	35,251
Buildings and improvements	40	438,763	23,169	-	461,932
Furniture and equipment	3-10	85,764	-	-	85,764
Test station equipment	7-10	-	123,871	22,776	146,647
Vehicles	5	43,932	-	-	43,932
Total property and equipment		677,756	147,040	22,776	847,572
Accumulated depreciation		(416,684)	(130,200)	(17,659)	(564,543)
Net property and equipment		\$ 261,072	\$ 16,840	\$ 5,117	\$ 283,029

NOTE 7. OTHER ACCRUED LIABILITIES AND PAYABLES

Accrued liabilities consist of amounts for unpaid payroll, property taxes, and income taxes on unrelated business income.

The Georgia Forage and Grassland Council (GFGC) (formerly Grazing Land Conservation Coalition) partnered with GCA in the past to administer grants to individuals for improving their land for agricultural purposes. All grants were completed, however, funds still remained after all grant expenses were paid. The GFGC plans to start more land conservation projects in the future. The remaining grant funds will be used to support those future projects.

GEORGIA CATTLEMEN'S ASSOCIATION, INC. AND AFFILIATE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

As of September 30, 2019, net assets with donor restrictions comprised of the following:

Subject to expenditure for specified purpose:

History Book Project	\$ 23,807
GJCA Scholarship Extravaganza	18,639
Jenkins Memorial Scholarship	12,662
Hurricane Michael Relief	1,032
Andrews Foundation Scholarship	5,746
Other	27
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Total	<u>\$ 61,360</u>

The Foundation's cash reserves support these restrictions.

NOTE 9. OPERATING LEASES

GCA leases office equipment under non-cancelable lease agreements from unrelated parties. The leases have renewal options and require GCA to pay all executor costs such as taxes, maintenance and insurance. Lease expenses for these leases totaled \$12,891 for year ended September 30, 2019. The following schedule illustrates GCA's future minimum lease obligations.

Year ending September 30:

2020	\$ 13,393
2021	11,140
2022	7,987
2023	7,987
2024	3,993
	<hr/>
	<u>\$ 44,500</u>

NOTE 10. PENSION PLAN

GCA sponsors a defined contribution pension plan covering all full-time employees. Contributions to the plan are at the discretion of the Board of Directors. Contributions to the plan for the year ended September 30, 2019, totaled \$11,350.

NOTE 11. RELATED PARTY TRANSACTIONS AND COMMON CONTROL

GCA has three past presidents on the Board of Directors of the Georgia Beef Board, Inc. and provides management services and office space to that organization under a written agreement. Services include (1) accounting services; (2) collection and compliance; (3) office support and general services; (4) and management and implementation of promotion and information programs. GCA is reimbursed for reasonable out-of-pocket expenses. Services provided by GCA totaled approximately \$116,000 for the year ended September 30, 2019. Amounts due from the Georgia Beef Board at September 30, 2019 totaled \$14,472.

GEORGIA CATTLEMEN'S ASSOCIATION, INC. AND AFFILIATE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 11. RELATED PARTY TRANSACTIONS AND COMMON CONTROL (CONTINUED)

Several GCA board members are also self-employed cattle producers in Georgia. As such, from time to time these individuals engage in cattle testing under the Organization's Bull and Herd test programs. For the year ended September 30, 2019, three board members participated in these programs or received payment on consignment sale of cattle or were paid fees for services. Total amounts paid to board members for the consignment sales and services totaled \$29,586.

Board members are reimbursed for travel expenses related to conducting business of the Organization. Reimbursed travel expenses to board members totaled \$21,189 for the year ended September 30, 2019.

GCA has affiliates that serve as local chapters across the state of Georgia. The Organization has no ownership or control over these local chapters. However, GCA collects membership dues that include dues for local chapters and remits local dues to the chapters monthly. Total local membership dues collected and remitted to local chapters for the year ended September 30, 2019 totaled \$37,210.

NOTE 12. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents, promises to give receivable and investments. The Organization maintains cash deposits with large financial institutions. Cash on deposit is comprised of demand deposits fully insured by the Federal Deposit Insurance Corporation (FDIC) up to the limit of \$250,000. GCA's uninsured cash as of September 30, 2019 totaled \$277,526. All of the Foundation's cash was fully insured by the FDIC as of September 30, 2019. The Organization believes that it minimizes the risk of loss by depositing cash funds with large reputable financial institutions.

Credit risk with respect to promises to give receivables and investments are limited to the creditworthiness of the individuals, corporations and foundations that comprise the donor base and financial solvency of the limited liability company. The Organization establishes allowances for doubtful accounts based upon factors surrounding credit risk of specific donors, historical trends and other information. Generally, the Organization and Foundation do not require collateral or other security to support receivables. All promise to give receivables come from one donor and are expected to be collected within one year from the date of these financial statements. At September 30, 2019, the Organization and Foundation consider all receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been established.

NOTE 13. CONTINGENCIES, RISKS AND UNCERTAINTIES

GCA sells advertising on credit and invests in certain securities that expose it to interest rate, market and credit risks. Due to the level of risk associated with customers and certain investments, it is at least reasonably possible that changes in carrying amounts of receivables and investments will occur in the near term and that such change could materially affect GCA's account balances and amounts reported in the combined financial statements.