

GEORGIA CATTLEMEN'S ASSOCIATION, INC.  
AND AFFILIATE

COMBINED FINANCIAL STATEMENTS

Year Ended September 30, 2020

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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, 2020, and the related combined statements of activities, functional expenses and cash flows 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, 2020, 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.*

November 30, 2020  
Macon, Georgia

GEORGIA CATTLEMEN'S ASSOCIATION, INC. AND AFFILIATE

COMBINED STATEMENT OF FINANCIAL POSITION

September 30, 2020

	Georgia Cattlemen's Association, Inc.						Georgia Cattlemen's Foundation, Inc.
	General Fund	Bull Test Fund	Herd Test Fund	Other	Eliminating Entries	Total	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 285,899	\$ 194,080	\$ 17,207	\$ 72,478	\$ -	\$ 569,664	\$ 60,199
Cash and cash equivalents - restricted	-	-	-	-	-	-	95,967
Cash - Georgia Forage and Grassland Council	-	-	-	48,528	-	48,528	-
Cash - PAC fund	11,319	-	-	-	-	11,319	-
<b>Total cash</b>	<b>297,218</b>	<b>194,080</b>	<b>17,207</b>	<b>121,006</b>	<b>-</b>	<b>629,511</b>	<b>156,166</b>
Accounts receivable, net	35,133	20,745	20,833	-	(14,204)	62,507	-
Investments	243,049	-	-	-	-	243,049	11,819
Prepaid expenses	27,025	81,282	9,433	-	-	117,740	-
Utility deposits	450	-	-	-	-	450	-
Property, plant and equipment, net	238,964	27,861	9,469	-	-	276,294	-
<b>TOTAL ASSETS</b>	<b>\$ 841,839</b>	<b>\$ 323,968</b>	<b>\$ 56,942</b>	<b>\$ 121,006</b>	<b>\$ (14,204)</b>	<b>\$ 1,329,551</b>	<b>\$ 167,985</b>
<b>LIABILITIES AND NET ASSETS</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ 8,935	\$ 19,336	\$ 23,515	\$ 1,012	\$ (14,204)	\$ 38,594	\$ -
Local and national dues payable	3,050	-	-	-	-	3,050	-
Accrued vacation	11,487	-	-	-	-	11,487	-
Other accrued liabilities	4,299	-	-	-	-	4,299	-
Due to PAC fund	11,319	-	-	-	-	11,319	-
Due to Georgia Forage & Grassland Council	-	-	-	48,528	-	48,528	-
Deferred revenue	112,067	194,945	-	-	-	307,012	-
<b>TOTAL LIABILITIES</b>	<b>151,157</b>	<b>214,281</b>	<b>23,515</b>	<b>49,540</b>	<b>(14,204)</b>	<b>424,289</b>	<b>-</b>
<b>NET ASSETS</b>							
Without donor restrictions:							
Undesignated	676,819	109,687	33,427	71,466	-	891,399	60,199
Designated	13,863	-	-	-	-	13,863	-
	<b>690,682</b>	<b>109,687</b>	<b>33,427</b>	<b>71,466</b>	<b>-</b>	<b>905,262</b>	<b>60,199</b>
With donor restrictions	-	-	-	-	-	-	107,786
<b>TOTAL NET ASSETS</b>	<b>690,682</b>	<b>109,687</b>	<b>33,427</b>	<b>71,466</b>	<b>-</b>	<b>905,262</b>	<b>167,985</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 841,839</b>	<b>\$ 323,968</b>	<b>\$ 56,942</b>	<b>\$ 121,006</b>	<b>\$ (14,204)</b>	<b>\$ 1,329,551</b>	<b>\$ 167,985</b>

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, 2020

	Georgia Cattlemen's Association, Inc.					Georgia Cattlemen's Foundation, Inc.
	General Fund	Bull Test Fund	Herd Test Fund	Other	Total	
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>						
Revenues, gains and other support:						
Membership dues	\$ 211,283	\$ -	\$ -	\$ 5,130	\$ 216,413	\$ -
Entry fees, net of refunds	-	613,546	357,328	2,795	973,669	-
Consignor payments	-	(380,217)	(206,520)	-	(586,737)	-
Advertising and publication sales	358,818	-	-	-	358,818	-
Convention exhibits and registration	9,855	-	-	775	10,630	-
Contributions	100	-	-	15,500	15,600	2,225
Management services	109,864	-	-	-	109,864	-
Sale of merchandise, net of cost of goods sold	2,853	-	-	-	2,853	-
Interest	3,696	-	-	19	3,715	54
Gain (loss) on investments	(1,988)	-	-	-	(1,988)	-
Other	10,185	-	7,030	11,484	28,699	-
	704,666	233,329	157,838	35,703	1,131,536	2,279
<b>NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>						
Released by payment	-	-	-	-	-	49,199
Total revenues, gains, and other support without donor restrictions	704,666	233,329	157,838	35,703	1,131,536	51,478
<b>EXPENSES</b>						
Program services						
General	134,513	235,071	148,476	20,272	538,332	60,515
Magazine	335,535	-	-	-	335,535	-
Convention	23,183	-	-	-	23,183	-
Management services	81,762	-	-	-	81,762	-
Juniors	17,294	-	-	-	17,294	-
Total program services	592,287	235,071	148,476	20,272	996,106	60,515
General and administrative	185,113	3,540	2,540	1,710	192,903	2,180
<b>TOTAL EXPENSES</b>	<b>777,400</b>	<b>238,611</b>	<b>151,016</b>	<b>21,982</b>	<b>1,189,009</b>	<b>62,695</b>
<b>NET INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>(72,734)</b>	<b>(5,282)</b>	<b>6,822</b>	<b>13,721</b>	<b>(57,473)</b>	<b>(11,217)</b>
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>						
Contributions	-	-	-	-	-	95,610
Interest income	-	-	-	-	-	15
Net assets released from donor restrictions	-	-	-	-	-	(49,199)
<b>NET INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,426</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(72,734)</b>	<b>(5,282)</b>	<b>6,822</b>	<b>13,721</b>	<b>(57,473)</b>	<b>35,209</b>
<b>NET ASSETS - BEGINNING</b>	<b>763,416</b>	<b>114,969</b>	<b>26,605</b>	<b>57,745</b>	<b>962,735</b>	<b>132,776</b>
<b>NET ASSETS - ENDING</b>	<b>\$ 690,682</b>	<b>\$ 109,687</b>	<b>\$ 33,427</b>	<b>\$ 71,466</b>	<b>\$ 905,262</b>	<b>\$ 167,985</b>

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, 2020

	Program Services					Supporting Services		
	General	Magazine	Convention	Management		Total Program Services	General and Administrative	Total
				Services	Juniors			
<b>GENERAL FUND</b>								
Salaries	\$ 57,766	\$ 63,100	\$ 10,067	\$ 63,535	\$ 9,240	\$ 203,708	\$ 92,747	\$ 296,455
Employee benefits	8,864	9,682	1,545	-	1,418	21,509	14,231	35,740
Payroll taxes	5,743	6,273	1,001	-	919	13,936	9,221	23,157
Professional fees	-	1,313	-	-	-	1,313	10,610	11,923
Supplies	4,578	2,129	1,260	531	99	8,597	1,895	10,492
Telephone	2,125	3,024	370	1,815	340	7,674	3,412	11,086
Postage and shipping	2,962	37,862	702	205	474	42,205	4,771	46,976
Occupancy	7,128	7,786	1,512	6,086	935	23,447	11,510	34,957
Equipment rental	2,744	2,998	478	2,343	439	9,002	4,406	13,408
Printing and publications	11,855	147,323	3,228	-	123	162,529	4,564	167,093
Travel	5,840	13,111	1,018	-	934	20,903	9,376	30,279
Membership dues	755	1,059	132	-	121	2,067	1,212	3,279
Convention and workshop	2,063	2,253	360	-	330	5,006	3,312	8,318
Awards and grants	5,325	113	18	-	17	5,473	166	5,639
Taxes and fees	134	146	23	114	227	644	150	794
Other	6,412	5,899	540	2,584	826	16,261	4,975	21,236
Depreciation	10,219	5,820	929	4,549	852	22,369	8,555	30,924
Income tax	-	25,644	-	-	-	25,644	-	25,644
	134,513	335,535	23,183	81,762	17,294	592,287	185,113	777,400
<b>BULL TEST FUND</b>								
Casual labor	4,625	-	-	-	-	4,625	-	4,625
Professional fees	14,775	-	-	-	-	14,775	-	14,775
Management services	-	-	-	-	-	-	3,540	3,540
Supplies	137,661	-	-	-	-	137,661	-	137,661
Postage and shipping	3,129	-	-	-	-	3,129	-	3,129
Occupancy	370	-	-	-	-	370	-	370
Printing and publications	11,512	-	-	-	-	11,512	-	11,512
Travel	497	-	-	-	-	497	-	497
Membership dues	100	-	-	-	-	100	-	100
Depreciation	6,887	-	-	-	-	6,887	-	6,887
Other	55,515	-	-	-	-	55,515	-	55,515
	235,071	-	-	-	-	235,071	3,540	238,611
<b>HERD TEST FUND</b>								
Casual labor	16,842	-	-	-	-	16,842	-	16,842
Professional fees	5,285	-	-	-	-	5,285	-	5,285
Management Services	-	-	-	-	-	-	2,560	2,560
Supplies	104,807	-	-	-	-	104,807	-	104,807
Postage and shipping	604	-	-	-	-	604	-	604
Occupancy	724	-	-	-	-	724	-	724
Printing and publications	2,620	-	-	-	-	2,620	-	2,620
Travel	183	-	-	-	-	183	-	183
Depreciation	2,456	-	-	-	-	2,456	-	2,456
Other	14,955	-	-	-	-	14,955	(20)	14,935
	148,476	-	-	-	-	148,476	2,540	151,016

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, 2020

	Program Services					Supporting Services		
	General	Magazine	Convention	Management		Total Program Services	General and Administrative	Total
				Services	Juniors			
OTHER								
Dues	\$ 250	\$ -	\$ -	\$ -	\$ -	\$ 250	\$ -	\$ 250
Convention and workshop	6,396	-	-	-	-	6,396	-	6,396
Management services	-	-	-	-	-	-	1,710	1,710
Postage and shipping	341	-	-	-	-	341	-	341
Printing and supplies	3,855	-	-	-	-	3,855	-	3,855
Program activities	4,160	-	-	-	-	4,160	-	4,160
Promotion	603	-	-	-	-	603	-	603
Scholarships	1,089	-	-	-	-	1,089	-	1,089
Other	3,578	-	-	-	-	3,578	-	3,578
	<u>20,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,272</u>	<u>1,710</u>	<u>21,982</u>
TOTAL GEORGIA CATTLEMAN'S ASSOCIATION, INC.	<u>538,332</u>	<u>335,535</u>	<u>23,183</u>	<u>81,762</u>	<u>17,294</u>	<u>996,106</u>	<u>192,903</u>	<u>1,189,009</u>
GEORGIA CATTLEMEN'S FOUNDATION, INC.								
Disaster relief assistance	900	-	-	-	-	900	-	900
Education promotion	38,332	-	-	-	-	38,332	-	38,332
Office supplies	-	-	-	-	-	-	80	80
Professional fees	-	-	-	-	-	-	2,100	2,100
Scholarships and awards	21,283	-	-	-	-	21,283	-	21,283
TOTAL GEORGIA CATTLEMAN'S FOUNDATION, INC.	<u>60,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,515</u>	<u>2,180</u>	<u>62,695</u>
TOTAL EXPENSES	<u>\$ 598,847</u>	<u>\$ 335,535</u>	<u>\$ 23,183</u>	<u>\$ 81,762</u>	<u>\$ 17,294</u>	<u>\$ 1,056,621</u>	<u>\$ 195,083</u>	<u>\$ 1,251,704</u>

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, 2020

	Georgia Cattlemen's Association, Inc.					Georgia Cattlemen's Foundation, Inc.
	General Fund	Bull Test Fund	Herd Test Fund	Other	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Increase (decrease) in net assets	\$ (72,734)	\$ (5,282)	\$ 6,822	\$ 13,721	\$ (57,473)	\$ 35,209
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:						
Depreciation	30,924	6,887	2,456	-	40,267	-
Reinvested interest	(3,696)	-	-	-	(3,696)	(15)
(Gain) loss on investments	1,988	-	-	-	1,988	-
(Increase) decrease in:						
Accounts receivable	37,396	(4,988)	22	-	32,430	20,000
Prepaid expenses	5,132	(13,958)	772	-	(8,054)	-
Increase (decrease) in:						
Accounts payable	(12,681)	262	13,635	807	2,023	(61)
Accrued vacation	(917)	-	-	-	(917)	-
Accrued liabilities	(4,542)	-	-	-	(4,542)	-
Deferred revenue	44,201	(2,695)	(7,400)	-	34,106	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>25,071</b>	<b>(19,774)</b>	<b>16,307</b>	<b>14,528</b>	<b>36,132</b>	<b>55,133</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchases of property and equipment	(8,816)	(17,908)	(6,808)	-	(33,532)	-
Purchases of investments	(31,510)	-	-	-	(31,510)	-
Proceeds from redemption of investments	26,753	-	-	-	26,753	-
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(13,573)</b>	<b>(17,908)</b>	<b>(6,808)</b>	<b>-</b>	<b>(38,289)</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>11,498</b>	<b>(37,682)</b>	<b>9,499</b>	<b>14,528</b>	<b>(2,157)</b>	<b>55,133</b>
<b>CASH AND CASH EQUIVALENTS</b>						
Beginning of year	274,401	231,762	7,708	57,950	571,821	101,033
End of year	\$ 285,899	\$ 194,080	\$ 17,207	\$ 72,478	\$ 569,664	\$ 156,166
<b>SUPPLEMENTAL DISCLOSURE:</b>						
Cash paid for income taxes	\$ 35,099	\$ -	\$ -	\$ -	\$ 35,099	\$ -

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 sale proceeds, 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.

During the fiscal year ending September 30, 2020, GCA cancelled its Farm Tour, Convention and Summer Conference events out of precaution due to the COVID-19 pandemic. Fees collected in advance of the scheduled events were either refunded to participants or retained by GCA to be applied to next year's events. As such, GCA has recognized a larger than normal amount of deferred revenue as of September 30, 2020.

### 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.

GEORGIA CATTLEMEN'S ASSOCIATION, INC. AND AFFILIATE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

# GEORGIA CATTLEMEN'S ASSOCIATION, INC. AND AFFILIATE

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

#### 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 5<sup>th</sup> of the month. After all collection attempts have been made, accounts deemed uncollectible are charged against income. At September 30, 2020, 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.

# GEORGIA CATTLEMEN'S ASSOCIATION, INC. AND AFFILIATE

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

#### 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 of management and staff. 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, 2020, totaled \$25,644. 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.

GEORGIA CATTLEMEN'S ASSOCIATION, INC. AND AFFILIATE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 November 30, 2020, which is the date the financial statements were available to be issued.

New Accounting Pronouncement

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08.

GEORGIA CATTLEMEN'S ASSOCIATION, INC. AND AFFILIATE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

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.

	General Fund	Bull Test Fund	Herd Test Fund	Other Programs	GCA Foundation
Financial assets at year end:					
Cash and cash equivalents	\$ 297,218	\$ 194,080	\$ 17,207	\$ 121,006	\$ 156,166
Accounts and promises to give receivable	35,133	20,745	20,833	-	-
Investments	243,049	-	-	-	11,819
Total financial assets	575,400	214,825	38,040	121,006	167,985
Less amounts unavailable for general expenditures within one year due to:					
Contractual or donor-imposed restrictions:					
Restricted by donor with purpose restrictions	11,319	-	-	48,528	107,786
Financial assets to meet cash needs for general expenditures within one year	\$ 564,081	\$ 214,825	\$ 38,040	\$ 72,478	\$ 60,199

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. INVESTMENTS

The Organization's investments include certificates of deposit with initial maturities greater than 90 days. The value of the certificates at September 30, 2020 was \$221,337. Interest rates on these certificates range from 0.40% to 2.35%. Interest earned on these certificates was \$3,710 for the year ended September 30, 2020. The certificates are scheduled to mature at various dates through 2022.

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 \$33,530 at September 30, 2020. The investment incurred a loss of \$1,988 for the year ended September 30, 2020.

GEORGIA CATTLEMEN'S ASSOCIATION, INC. AND AFFILIATE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30, 2020:

	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	440,563	23,169	-	463,732
Furniture and equipment	3-10	89,955	-	-	89,955
Test station equipment	7-10	-	141,780	29,584	171,364
Vehicles	5	43,932	-	-	43,932
Total property and equipment		683,747	164,949	29,584	878,280
Accumulated depreciation		(444,783)	(137,088)	(20,115)	(601,986)
Net property and equipment		\$ 238,964	\$ 27,861	\$ 9,469	\$ 276,294

NOTE 6. OTHER ACCRUED LIABILITIES AND PAYABLES

Other 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.

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS

As of September 30, 2020, net assets with donor restrictions comprised of the following:

Subject to expenditure for specified purpose:	
History Book Project	\$ 54,393
GJCA Scholarship Extravaganza	16,645
Jenkins Memorial Scholarship	11,843
Disaster Relief	4,500
Andrews Foundation Scholarship	20,299
Other	106
Total	<u>\$ 107,786</u>



GEORGIA CATTLEMEN'S ASSOCIATION, INC. AND AFFILIATE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 8. 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 \$13,408 for year ended September 30, 2020. The following schedule illustrates GCA's future minimum lease obligations.

Year ending September 30:		
2020	\$	13,309
2021		13,309
2022		13,309
2023		9,316
2024		4,435
		<hr/>
	\$	<u>53,678</u>

NOTE 9. 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, 2020, totaled \$9,850.

NOTE 10. 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 \$85,000 for the year ended September 30, 2020. Amounts due from the Georgia Beef Board at September 30, 2020 totaled \$5,773.

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, 2020, two 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 \$30,186.

Board members are reimbursed for travel expenses related to conducting business of the Organization. Reimbursed travel expenses to board members totaled \$8,050 for the year ended September 30, 2020.

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, 2020 totaled \$37,335.

GEORGIA CATTLEMEN'S ASSOCIATION, INC. AND AFFILIATE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 11. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents, receivables 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, 2020 totaled \$248,652. All of the Foundation's cash was fully insured by the FDIC as of September 30, 2020. The Organization believes that it minimizes the risk of loss by depositing cash funds with large reputable financial institutions.

Credit risk with respect to receivables and investments are limited to the creditworthiness of the individuals, corporations and foundations that comprise the customer base and financial solvency of the limited liability company. The Organization establishes allowances for doubtful accounts based upon factors surrounding credit risk of specific customers, donors, historical trends and other information. Generally, the Organization and Foundation do not require collateral or other security to support receivables. At September 30, 2020, the Organization and Foundation considered all receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been established.

NOTE 12. 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.

NOTE 13. SUBSEQUENT EVENT

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies. Businesses are being forced to cease or limit operations for indefinite periods of time. Measures taken to contain the spread of the virus, including travel restrictions, quarantines, social distancing, and temporary closure of non-essential services, have triggered significant disruptions to businesses. The consequences of COVID-19 pandemic has affected GCA's ability to carry out certain events that it relies on to provide revenues to support its overall mission. This has negatively impacted GCA's operating results. The duration and impact of the COVID-19 pandemic remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of GCA for future periods. Management has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended September 30, 2020 have not been adjusted to reflect their impact.