

Annual General Meeting

2018



AYRSHIRE CANADA

March 1st 2019

Program of the day 119e Annual meeting

La Cache à Maxime, Scott, Qc

Friday, March 1st, 2019

Agenda

- 1- Call to order
- 2- Identification of members
- 3- Scrutineers nominations
- 4- Reading and adoption of the Agenda
- 5- Adoption of the last AGM Minutes 2018 (available on our Website : www.ayrshire-canada.com)
- 6- Business resulting to the Minutes
- 7- President's report
- 8- General Manager's report
- 9- Breed improvement committee report
- 10- Finances
 - CGA Auditor's Report
 - Financial Report
- 11- Nomination of the CGA Auditor for 2019
- 12- Bylaws changes
- 13- Resolutions
- 14- Correspondance
- 15- Judges Nominations for 2020 Royal and Supreme Dairy
- 16- New Business
- 17- Adjournment

Mario Lacerte
President

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ASSEMBLÉE GÉNÉRALE ANNUELLE 2019

AYRSHIRE QUÉBEC

PARTENAIRE
AYRSHIRE DE RÊVE



PARTENAIRES
TOUTE-CANADIENNE ET TOUT-QUÉBEC



PARTENAIRE
DES PRIX DE PRODUCTION



PARTENAIRES
DE LA PAUSE SANTÉ AGA AYRSHIRE CANADA



PARTENAIRES
DE L'AGA



Steven Blaney, député fédéral
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AYRSHIRE CANADA

PARTENAIRES DES VISITES DE FERMES



Membres du Groupe Jolco / Jolco Group members



PARTENAIRE SUPPORTEUR



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PARTENAIRES D'AFFAIRES



2018 Annual Report

Board of directors

Mario Lacerte (Yamachiche, QC) President and member of Executive committee

Mary Ellen Trueman (Sackville, N B) Vice president and member of Executive committee

Oliver Balme (Cobble Hill, BC) member of Executive committee

François Beaudry (Granby, QC) member of Executive committee

Caroline Couture (Compton, QC)

Jonathan Lemay (Ste-Françoise, QC)

Catherine Meunier (Béthanie, QC)

Eleanor Robinson (Osgoode, ON.)

Duane Tolhurst (Vankleek Hill, Ont.) member of Executive committee

Head office

Michel Boudreault, General manager

Member services and registrar	National fieldman	Accounting & Administrative assistant	External translator	External office agent
Jerry Sumbler	Yves Charpentier	Lucie Lecomte	Marie-Ève Daunais	Francine B. St-Jacques

Ayrshire Breeders' Association of Canada Annual General Meeting

Minutes

Thursday March 22, 2018 – 11 a.m.
Ottawa Conference & Event Centre, Ottawa, Ontario

Present: Mario Lacerte, President, François Beaudry, Caroline Couture, Hendrick Larouche, Jonathan Lemay, Robert Powell, Duane Tolhurst, Michel Boudreault, Ayrshire breeders, special guests, and sponsors.

Secretary: Lucie Lecomte, administrative assistant.

Absent: Mary Ellen Trueman, Robert Saville

1.0 CALL TO ORDER

Mario Lacerte, President, calls the meeting to order at 11:15 a.m. and welcomes everyone. He indicates to the members a few guidelines to follow for the proper conduct of this meeting.

He thanks everyone attending for coming to the meeting and welcomes everyone again.

2.0 MEMBERS IDENTIFICATION

Mario Lacerte asks all members to identify themselves with their voting cards and, having observed more than 25 members' voting cards, declares the Annual General Meeting to be legally constituted.

3.0 NOMINATION OF THE SCRUTINEERS

Mario Lacerte asks those in attendance to nominate the scrutineers.

Jonathan Lemay / Andrew Shufelt moves and seconds Mr. Christopher Studer and Mr. Cristiano Cortes to act as Scrutineers.

Both motions are:

CARRIED
2018-0322-014

4.0 READING AND ADOPTION OF THE AGENDA

Michel Boudreault reads out the Agenda and asks whether any items need to be added.

Normand Lapointe / Claude Larocque moves and seconds the adoption of the Agenda as presented.

CARRIED
2018-0322-015

5.0 ADOPTION OF THE MINUTES FROM THE MARCH 2, 2017 ANNUAL GENERAL MEETING

Michel Boudreault quickly reviews the Minutes.

There is a call to vote.

Richard Lagacé / Andrew Shufelt moves and seconds that the Minutes from the March 2, 2017 Annual General Meeting be adopted as presented.

CARRIED
2018-0322-016

6.0 OLD BUSINESS FROM PREVIOUS MINUTES

Michel Boudreault reads out last year's resolutions follow-up, available on pages 13 - 23 of the Annual Report.

It is asked whether there are any questions. No questions.

7.0 PRESIDENT REPORT

Mario Lacerte presents a summary of his report, available on page 24 of the Annual Report.

It is asked whether there are any questions. No questions.

Normand Lapointe / Claude Larocque moves and seconds the President report as presented.

CARRIED
2018-0322-017

8.0 GENERAL MANAGER REPORT

Michel Boudreault presents his report, available on pages 25-26 of the Annual Report.

Michel Boudreault ends by highlighting that Ayrshire Québec has signed a distribution agreement with the CIAQ and that 200 high genetic embryos are for sale. This project will help increase the overall genetic level of the breed.

9.0 BREED IMPROVEMENT COMMITTEE REPORT

Yves Charpentier presents the Breed Improvement Committee Report, available on pages 27-28 of the Annual Report.

Questions:

Mr. Andrew Shufelt asks how animal purity percentages can be verified, since these percentages are not available on our website. In the event that a percentage has to be checked prior to registering an animal in a show, how could we obtain this information? It is mentioned that a solution will be sought to make these percentages available. It is mentioned that Canadian purity percentages haven't changed.

10.0 FINANCES

Auditor's Report.

Financial Statements presented on pages 31 - 38.

Michel Boudreault presents a summary of our assets and liabilities and specifies that an audit has been conducted this year, that is a complete audit of our financial statements.

Revenues: the important difference is linked to our service provision (fewer services provided to other organizations)

Expenses: the important difference is related to our travel expenses (fewer travels)

The Financial Statements show a surplus of \$11,576. Michel Boudreault reviews the balance sheet on pages 30 - 37.

It is asked whether there are any questions. No questions.

Hendrick Larouche / Caroline Couture moves and seconds the Financial Statements as presented.

CARRIED
2018-0322-019

11.0 NOMINATION OF AN AUDITOR FOR 2018

Attendees are asked whether they wish to nominate an auditor.

Mr. Beaudry mentions that the Board has recommended continuing with the same auditors used in 2017, however the final decision rests with the assembly.

Richard Lagacé / Normand Lapointe moves and seconds to nominate the same accounting firm as last year, namely BDO Canada, for the Financial Statements ending November 30, 2018.

CARRIED
2018-0322-018

Michel gives a few explanations concerning the Ayrshire Review changes that have occurred. He specifies that we changed our printing service provider, which resulted in a cost saving of \$10,000 to \$12,000 annually. Proximity and more modern computer technology and printing also facilitate the production of the Review.

Guests Presentation:

Vincent Bosquet: Holstein Canada
Ann Louise Carson: Holstein Canada
Cristiano Cortes: Agrinova
Normand Lapointe: President, Ayrshire Québec
Brian Mitchell: President, Ayrshire Ontario
Rémi Pelletier: CIAQ
Christopher Studer: Semex
Brian Van Doormaal: CDN

12.0 RESOLUTIONS

No resolutions.

13.0 CORRESPONDENCE

No correspondence.

Presentation from Agrinova: Mr. Cristiano Cortes

Presentation of the Ayrshire feeding project, focusing on protein. \$400,000 will be invested over a 3-year period. Presentation of the participating herds.

If a farm wishes to participate in this project, we invite them to let us know. In the event that one herd would withdraw for any reason, we will communicate with you.

Return to Item 10 : Adoption of the Financial Statements.

Monsieur Lacerte mentions that we forgot to have the Financial Statements adopted by the assembly. He asks for a motion.

Hendrick Larouche / Caroline Couture moves and seconds the Financial Statements as presented.

CARRIED
2018-0322-019

This resolution was added to Item 10.

Presentation from Holstein Canada: Ms. Ann-Louise Carson

- Slight decrease in classification;
- Classifiers are available to hold classification workshops for youth;
- Genotyping must be considered as a management tool, and not for animal cost evaluation;
- A new genotyping app will be available this fall on CDN's website;
- Ayrshire Canada having a service contract with Holstein Canada for registrations leaves more time for administrative duties.

Question: Ms. Cynthia Daoust asks why some herds, including some Holstein herds and hers, have been forgotten for classification this fall and what would be the solution to avoid this problem in the future? Ms. Carson specifies that there is 2% error margin, however they will do every in their power to solve this problem.

14.0 NOMINATION OF THE 2019 ROYAL AND SUPREME DAIRY JUDGES

It is asked to proceed to the nomination of the 2019 Royal and Supreme Dairy Judges.

Royal (2018 Judge and the names who received the highest number of nominations from voting exhibitors)

2018 Judge: André Richard

Most popular names already written on the voting ballots: André Clavet and Darryl Smith.

François Beaudry proposes Selwyn Donald, from NZ

Amélie Hardy Demers proposes André Gagné, seconded by Normand Lapointe.

Gillian Greenough proposes Neil Kittle, seconded by Dana Greenough.

No other propositions.

It is asked to vote for 1 name only, as we already have 2 candidates.

Selwyn Donald will be the 3rd name listed on the voting ballots for the 2019 Royale Judge.

Supreme Dairy Show (names who received the highest number of nominations from voting exhibitors)

2018 Judge: Richard Lagacé.

Most popular name already written on the voting ballots: Neil Kittle.

It is asked to propose 2 other names.

Amélie Hardy Demers proposes Marc Charpentier, seconded by Normand Lapointe.

Andrew Shufelt proposes François Beaudry, seconded by Alexandre Beauchemin.

No other propositions. As such, Mr. Beaudry and Mr. Charpentier will be the two other names listed on the voting ballots.

15.0 NEW BUSINESS

Farm visits tomorrow and schedule: Tilecroft, Ayrvale, Shoeni Brother.

Spring Show registrations until April 1.

A pamphlet, advertising the animals that will be part of the 2018 Elite Sale, is now available.

16.0 ADJOURNMENT OF THE MEETING

Philippe Marcoux / Amélie Hardy Demers

moves and seconds the adjournment of the meeting at 1:10 p.m.

CARRIED
2018-0322-020

Honorary life members

2000	Louis-Marie Lapointe, Jonquière, QC
2000	Benoît Tremblay, Hébertville, QC
2001	Guy Fournier, St-Rosaire, QC
2001	Marcel Rondeau, Warwick, QC
2001	Jean-Marie Roy, St-Pierre de Broughton, QC
2002	George F. Mitchell, Thamesford, ON
2002	Harold A. Smith, Wyoming, ON
2003	John Balme, Cobble Hill, BC
2003	Henry Bryant, Mission, BC
2003	Robert Ness, Howick, QC
2004	MacNaughton Cumming, Lancaster, ON
2004	Gaston Cayer, St-Albert, ON
2005	Alex McCaig, Ormstown, QC
2005	Ken Roy, Howick, QC
2006	Bruce Garlough, Williamsburg, ON
2007	Jean-Guy Lagacé, Saint-Hyacinthe, QC
2007	Simon Martel, Victoriaville, QC
2008	James Clark, Scotsburn, NS
2009	Ronald MacKechnie, Quyon, QC
2010	Norman Boswall, Frenchfort, PEI
2011	Jean-Guy Faucher, Ste-Marie-de-Beauce, QC
2012	Allan Barr, Knowlton, QC
2012	James Cotton, Navan, ON
2013	William D. Hampson, Woodstock, ON
2013	Elmer W. Stewart, Newington, ON
2014	Marcellin Therrien, Arthabaska, QC
2015	Frank Waterston, Penobsquis, ON
2015	Georges-Aimé Lavoie, St-Basile, NB
2015	Anne Spaul, Ottawa, ON
2016	Harris Shufelt, Brigham, QC
2017	Dana Greenough

Ayrshire Award of Merit

1996 -	Alex McCaig
1997 -	Richard Lagacé
1998 -	Neil G. Kittle
1999 -	Michel Boudreault
2000 -	Marcellin Therrien
2001 -	Mario Lacerte
2002 -	Christopher Studer
2003 -	André Richard
2004 -	Loraine Yersin
2005 -	Dave & Bonnie Bergeron
2006 -	Norman Boswall
2007 -	Grant Roy
2008	Philippe Marcoux
2009	Marie-Hélène Labrie
2010	Martin Duclos
2011	Jonathan Lemay
2012	Garnet Schellen
2013	Henri Hofer
2014	Bruno Soucy
2015	Peter Rossiter
2016	Jean-François Simard
2017	François Beaudry

Association's presidents

2000	Marcellin Therrien
2001	William D. Hampson
2002	Normand Marcotte
2003	Alex Cumming
2004	Grant Roy
2005	Grant Roy
2006	Marcellin Therrien
2007	Marcellin Therrien
2008	Henri Hofer
2009	Henri Hofer
2010	Andrew Shufelt
2011	Andrew Shufelt
2012	Henri Hofer
2013	Jean-Philippe Daunais
2014	Jean-Philippe Daunais
2015	François Beaudry
2016	François Beaudry
2017	Mario Lacerte
2018	Mario Lacerte

President's report

Hello everyone, dear Ayrshire breeders,

For all of us as Ayrshire breeders and Canadian dairy producers, 2018 will certainly be remembered as the year that saw the most vicious attacks against our supply management system. From the NAFTA negotiations to the American administration's request to abolish our supply management system and the release of the new Canada's Food Guide, we can really say that we got "hit" more than once.

Used to managing with the financial security that comes with the supply management system, dairy producers now have a new challenge for the future: managing economic uncertainty with a production subject to international agreements and our politicians' good will. In this context, business managers will have to optimize their investment and focus on high return-on-investment projects that would allow their investment to be recovered as quickly as possible.

Another topic that should not be overlooked and that was widely covered by the media last fall is antibiotic resistance. The withdrawal of drugs widely-used in livestock production began early this year and, in my opinion, this is just the beginning.

At Ayrshire Canada, our members' concerns are taken very seriously. As I have already mentioned in the past, cows constitute the economic engine of dairy farms. Based on our consultations with our members, a strategic plan was established, and all efforts will be made to meet your requested needs and objectives. Together with our industry partners, and with the various tools at our disposal (milk recording, genetic testing/CDN, pedigree/registrations, research and development), there is no question that our tool box is very well equipped to build a future that shall meet everyone's needs.

Thanks to its ease of working, its rustic nature, and its combative character, the Ayrshire features undeniable sought-after assets. By combining the Ayrshire's strengths and all of the available development tools, rest assured that you have the best chance for succeeding in developing financially-enviable businesses.

As our slogan goes: "Ayshire... No Problem!!!".



Mario Lacerte, president

General Manager's report

Our breed is performing really well both genetically and phenotypically, and these results are reflected in our barns. Our gains are favorably comparable to other breeds, both in terms of production as well as conformation. The production level now exceeds 8,000 kg of milk, for a daily Total Solids of 1.99 kg/day (4.14% fat, 3.37% prot.). The same goes for conformation, with an average of 80.55 pts at 1st lactation, also rising also rising in conformation. We are observing fewer extremes at 2 years of age, meaning our herd is more regular. The Breed Improvement Committee is following these results closely and judiciously and, based on trends, making the necessary changes. Several members have mentioned to us that they would like to see a greater diversity in high genetic potential families. The implementation of a second selection index next April should enable us, I hope, to meet in part this demand.

Our breed performs really well in various aspects of production and in all environments. It is profitable and allows breeders to rapidly grow their business. Unfortunately, not all of its accomplishments are being justly recognized. Many of its difference-making attributes are not judiciously accounted for, or are simply completely left out. Every day, we are up against prejudices, opportunism and, at times also, misinformation. It is well known, it is easier to manage through standardization: "Everyone all the same! All subjugated to the same doctrine."

Last year was marked by the realization of the strategic plan, to which numerous members contributed. This plan will help us better organize our work, plan our interventions, and plan further ahead. We must now ensure its application by every single provincial branch as well as our clubs. It must be implemented through local initiatives and by working all together in the same direction.

Our books show that our Association is financially sound. We have achieved substantial savings in our administrative department, savings that have been reinvested in the maintenance of our Head Office, working tools, and breed promotion, among others. Our spending is well controlled; however, we are still offering services that do not pay for themselves or that are not justifiable anymore. Our traditional revenues, from membership fees, registrations, transfers, etc., have been following a downward trend for too many years now. We must imperatively reverse this movement and increase our total revenues. We must stabilize and widen our foundations, and find new diversified and stable revenue streams. A return to growth for our herd will require relentless work, a long-term vision, and a capacity to set goals and meet them. Faith in the potential of our breed, pride, and a firm resolve will allow us to witness these changes.

Mr. Mario Lacerte is finishing today the second and last year of his mandate as President of the Board of Directors. I wish to thank him for his commitment, his hard work, and his passion. Under his leadership, the Association has shown great audacity, initiative, and creativity.

Thanks to all!



Michel Boudreault, General Manager

Breed improvement committee report

Another year of work, meetings, and exchanges of ideas is coming to an end for the Breed Improvement Committee. As with any committee, being in full agreement for all decisions is never easy. Just like among all Ayrshire breeders, opinions differ, which is truly normal since we all have our own values and ideas. Yet, we must keep in mind the improvement of our breed, in order for it to remain competitive with other breeds.

An important point for the Ayrshire breed is its national average, which has now passed the 8,000-kg mark, with an average of 8,077 kg, at 4.14% fat and 3.37% protein. Could we set our goal to 9,000 kg for the next decade? This could be achieved, as, again this year, our genetic gain was the 2nd highest among all dairy breeds for both production and conformation. In 2018, 546 females and 95 males have been genomically tested.

The embryo program initiated by the CIAQ is contributing to the improvement of our population's genetic level, which is positive for the breed. CDN-issued reports demonstrate very clearly that there is a very strong correlation between genetic indexes and production. We must put greater pressure on the artificial insemination industry to offer more sexed semen, so we can breed more heifers from our best cows.

Together, we must work on animal comfort, breeding intervals, reproduction, age at first calving, all of which are management criteria that directly improve productivity.

Over the last several months, discussions have been held with CDN regarding the Pro\$ index. As this index is very similar to our LPI formula, this tended to make things a bit complicated for these two designations. Since the Pro\$ calculation is already predefined as per the industry model, the LPI will thus change slightly, in such a way that its calculation will allow both working tools to be applied in the next proof sheets.

My mandate as President of the BIC ends with this report. I have enjoyed working with all of you, committee members and office staff members. I will remain on the committee to continue to contribute to the improvement of our breed. I wish great success to my successor, Mr. Andrew Shufelt.

Greetings to all, dear Ayrshire breeders.



Pascal Morneau, President
Breed Improvement Committee

Financial Statements as of November 30th, 2018 (non audited)



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Independent Practitioner's Review Engagement Report

**To the members of
Ayrshire Breeders' Association of Canada**

We have reviewed the accompanying financial statements of Ayrshire Breeders' Association of Canada that comprise the statement of financial position as at November 30, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Ayrshire Breeders' Association of Canada as at November 30, 2018, 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Brantford, Ontario
February 18, 2019

**Ayrshire Breeders' Association of Canada
Statement of Financial Position
(Unaudited)**

November 30	2018	2017
Assets		
Current		
Cash (Note 2)	\$ 87,961	\$ 67,673
Accounts receivable (Note 3)	48,342	33,704
Inventories	623	1,332
Prepaid expenses	8,272	5,515
	<u>145,198</u>	<u>108,224</u>
Long-term investments (Note 4)	245,083	248,063
Capital assets (Note 5)	<u>162,037</u>	<u>165,950</u>
	<u>\$ 552,318</u>	<u>\$ 522,237</u>
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 92,207	\$ 81,521
Deferred revenue (Note 6)	14,714	7,256
	<u>106,921</u>	<u>88,777</u>
Deferred contributions for capital assets (Note 7)	1,530	1,912
	<u>108,451</u>	<u>90,689</u>
Net Assets		
Unrestricted	282,317	267,510
Invested in capital assets	<u>161,550</u>	<u>164,038</u>
	<u>443,867</u>	<u>431,548</u>
	<u>\$ 552,318</u>	<u>\$ 522,237</u>
On behalf of the Board:		
_____ Director	_____ Director	

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

**Ayrshire Breeders' Association of Canada
Statement of Changes in Net Assets
(Unaudited)**

For the year ended November 30	2018		2017	
	Unrestricted	Invested in Capital Assets	Total	Total
Balance, beginning of the year	\$ 267,510	\$ 164,038	\$ 431,548	\$ 419,972
Excess (deficiency) of revenues over expenses	14,807	(2,488)	12,319	11,576
Balance, end of the year	\$ 282,317	\$ 161,550	\$ 443,867	\$ 431,548

**Ayrshire Breeders' Association of Canada
Statement of Operations
(Unaudited)**

For the year ended November 30	2018		2017	
Revenue				
Breed improvement	\$ 170,873	\$	175,657	
Breed extension	59,714		66,140	
Administration	138,920		139,343	
Gain (loss) on investments	(4,743)		10,141	
Other revenue	9,316		-	
Dividend income	1,764		1,640	
	<u>375,844</u>		<u>392,921</u>	
Expenses				
Breed improvement	46,541		27,185	
Breed extension	85,409		71,915	
Administration	<u>231,575</u>		<u>282,245</u>	
	<u>363,525</u>		<u>381,345</u>	
Excess of revenues over expenses	<u>\$ 12,319</u>	<u>\$</u>	<u>11,576</u>	

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

**Ayrshire Breeders' Association of Canada
Statement of Cash Flows
(Unaudited)**

For the year ended November 30	2018	2017
Cash flows from (used in) operating activities		
Deficiency of revenues over expenses	\$ 12,319	\$ 11,576
Items not affecting cash:		
Amortization of capital assets	6,400	6,993
Amortization of deferred grant related to capital assets	(383)	(478)
(Gain) loss on investments	4,743	(10,141)
	<u>23,079</u>	<u>7,950</u>
Changes in non-cash working capital:		
Accounts receivable	(14,638)	7,173
Inventory	710	(329)
Prepaid expenses	(2,757)	485
Accounts payable and accrued liabilities	10,690	15,098
Deferred revenue	7,458	(2,663)
	<u>24,542</u>	<u>27,714</u>
Cash flows from (used in) investing activities		
Purchase of investments	(82,316)	(258,829)
Proceeds on sale of investments	80,550	257,188
Purchase of capital assets	(2,488)	(1,234)
	<u>(4,254)</u>	<u>(2,875)</u>
Net increase in cash	20,288	24,839
Cash, beginning of the year	67,673	42,834
Cash, end of the year	\$ 87,961	\$ 67,673

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

Ayrshire Breeders' Association of Canada Notes to Financial Statements (Unaudited)

November 30, 2018

1. Significant Accounting Policies

Nature and Purpose of Organization	The Ayrshire Breeders' Association of Canada (the "Association") is a national association authorized to register Ayrshire cattle in Canada. The basic purpose of the Association is to improve the breed of Ayrshire cattle. To this end, it maintains a Herd Book and provides many services to its members to assist them in evaluating, selecting and improving their herds. The Association is a not-for-profit organization incorporated under the Livestock Pedigree Act and accordingly is not taxable by virtue of Section 149(1)(e) of the Income Tax Act.
Basis of Accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
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. Services for membership fees and activity levies are recognized as revenue when service is rendered. Magazine revenues are recognized as revenues when the issue has been distributed and no significant obligations are remaining. Unrestricted investment income is recognized as revenue when earned.
Use of Estimates	The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.
Inventory	Inventory is primarily comprised of supplies and is recorded at the lower of cost and replacement cost.
Foreign Currency Translation	At the transaction date, each asset, liability, revenue or expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At year end, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date and the resulting foreign exchange gains and losses are included in income in the current year.

Ayrshire Breeders' Association of Canada Notes to Financial Statements (Unaudited)

November 30, 2018

1. Significant Accounting Policies (continued)

Impairment of Long-lived assets Management reviews the carrying amount of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment determined by a comparison of the estimated undiscounted future operating cash flows to be generated by the asset with its net carrying value is written off at the time of impairment.

Capital Assets Capital assets are stated at cost less accumulated amortization.

Amortization is based on the estimated useful life of the asset is calculated as follows:

	Method	Rate
Building	Straight-line	40 years
Furniture and equipment	Straight-line	10 years
Subsidized office furniture	Declining balance	20%
Computer equipment	Straight-line	4 years

Financial Instruments Financial instruments are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Ayrshire Breeders' Association of Canada Notes to Financial Statements (Unaudited)

November 30, 2018

2. Cash

The Association's bank accounts are held at one chartered bank. At year end, \$14,843 (2017 - \$12,682) is denominated in USD.

The Association has an available line of credit totaling \$50,000 which bears interest at the banks prime rate plus 1.75%. At year end, this facility was not utilized.

3. Accounts Receivable

Accounts receivables are net of an impairment allowance of \$1,258 (2017 - \$699).

4. Long-term investments

The carrying amounts of investments are comprised of the following:

	2018	2017
Participation in limited partnership, TAG	-	1
Mutual funds	245,083	248,062
	\$ 245,083	\$ 248,063

5. Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 42,211	\$ -	\$ 42,211	\$ -
Building	224,490	108,507	224,490	102,923
Furniture and equipment	9,066	9,066	9,066	8,903
Subsidized furniture	25,569	23,962	25,569	23,560
Computer equipment	2,488	252	-	-
	303,824	141,787	301,336	135,386
	\$ 162,037		\$ 165,950	

Ayrshire Breeders' Association of Canada Notes to Financial Statements (Unaudited)

November 30, 2018

6. Deferred revenue

Deferred revenue represents membership fees, sponsorships and subscriptions received in the current year that relates to the subsequent year.

7. Deferred Contributions for Capital Assets

Deferred grant related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions used to purchase capital assets. The changes in the deferred contributions balance for the period are as follows:

	2018	2017
Opening balance	\$ 149,628	\$ 149,628
Less: amounts recognized as revenue in the year	(148,098)	(147,716)
Ending balance	\$ 1,530	\$ 1,912

8. Related party transactions

The Association and Ayrshire Society of Quebec, Ayrshire Atlantic and Ayrshire Ontario are under significant influence since they have certain common board members that represent 43%, 33% and 25% respectively, of their total board members.

During the year, the Association incurred administrative costs of \$8,101 (2017 - \$8,459) from Ayrshire Society of Quebec and provided services totalling \$10,340 (2017 - \$6,520) to Ayrshire Society of Quebec.

During the year, the Association incurred administrative costs of \$894 from Ayrshire Atlantic and provided services totalling \$138 to Ayrshire Atlantic.

During the year, the Association incurred administrative costs of \$1,942 from Ayrshire Ontario and provided services totalling \$100 to Ayrshire Ontario.

These transactions were carried out in the normal course of operations and are recorded at their carrying amount.

At year end, amounts due from Ayrshire Society of Quebec included in accounts receivable was \$1,001 (2017- \$5,711) and amounts owing to Ayrshire Society of Quebec included in accounts payable was \$8,016 (2017 - \$4,128). The amounts due to Ayrshire Ontario and Atlantic was \$1,372 and \$894 respectively.

Ayrshire Breeders' Association of Canada
Notes to Financial Statements
(Unaudited)

November 30, 2018

9. Financial Instruments

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Association's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable.

There have not been any changes in the risk from the prior year.

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting its financial obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Association will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Association is exposed to this risk mainly in respect of its accounts payable.

The Association's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The Association maintains a portion of its invested assets in liquid securities.

There have not been any changes in the risk from the prior year.

Foreign Exchange Risk

The Association is exposed to currency risk through holdings of cash in foreign currencies. Fluctuations in the relative value of foreign currencies against the Canadian dollar can result in a positive or negative effect on the fair value of the cash. Approximately 22% of the Association's cash is subject to foreign currency risk.

There have not been any changes in the risk from the prior year.

10. Comparative Figures

Prior year comparative figures have been updated to conform with the current year presentation.

Bylaws changes

Proposed amendment :

22.2.1.1 For the purpose of calculating Ayrshire heredity, for a female with a genetic inheritance varying between 87.5% and 93.75%:

22.2.1.1.1 The percentage will be indicated on the registration certificate

22.2.1.1.2 The percentage will be used to calculate the progeny's Ayrshire heredity

Actual rules :

22.2 Purebred Status

Shall be eligible to the Ayrshire purebred status, provided their Ayrshire characteristics include the colour red and white or white or red:

22.2.1 Female animals with no less than 87.5% (7/8) Ayrshire inheritance.

22.2.2 Male animals with no less than 93.75% (15/16) Ayrshire inheritance.

25 Registration Certificates

25.1 Registration Certificates

The Certificate of Registration shall contain the following information:

25.1.1 The name and logo of the Association;

25.1.2 Following information concerning the animal: its name, its date of birth, its identification data in accordance to Section 21, its sex, its registration number, and the names and registration numbers of the animal's parents and grand-parents if known.

25.1.2.1 For a male, the names and registration numbers of the animal's parents shall be known and included on the Certificate;

25.1.3 The name(s) of the breeder and current owner of the animal;

25.1.4 The name of the Herd Book recording the registration;

25.1.5 The purity of the animal, as determined by Section 22.1 and 22.2;

25.1.6 The signature of the Registrar and the honorary signature of the President.

Reasons for this change :

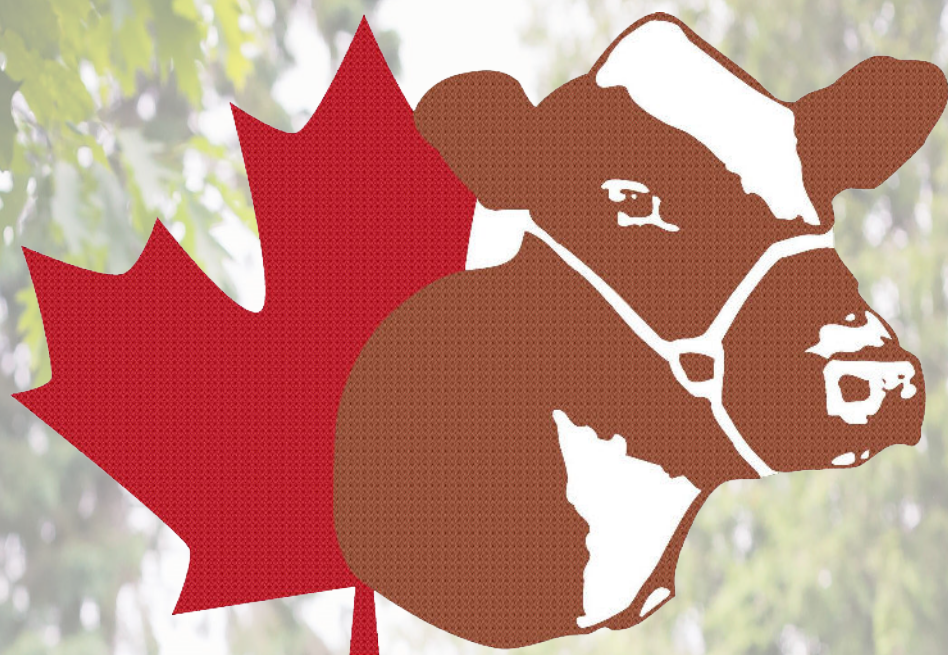
1. Avoid errors in the interpretation of the designation "purebred";
2. Facilitate the follow-up of an animal's Ayrshire heredity percentage;
3. Ensure the information published on the registration certificate matches the one used to calculate the progeny's Ayrshire heredity;
 - a. Even when a female is registered as "purebred" at more than 87.5%, (section 22.2.1), between 87.5% and 93.75%, it is the real percentage that is used.

Classifications by provinces							
From Janvier 1 st 2018 to December 31 st 2018							
	EX	TB	BP	B	F	Total	Avg. Total Score
AB	8	21	25	8	1	63	83.06
BC	8	27	64	17	0	116	82.43
MB	4	10	14	3	0	31	83.77
NB	29	68	132	56	0	285	82.67
NS	12	40	43	8	0	103	84.16
ON	43	242	343	119	10	757	82.54
PE	29	47	24	7	0	107	86.07
QC	293	1070	1940	724	19	4046	82.6
SK	0	0	0	2	1	3	73
Total	426	1525	2585	944	31	5511	82.26

Table 1 - Provincial analysis							
Provinces	Members		Registrations		Transfers		
	2018	2017	2018	2017	2018	2017	
AB	9	10	46	20	-----	3	
BC	10	10	107	120	5	2	
MB	6	6	34	49	6	14	
NB	17	18	215	242	10	8	
NFLD	-----	-----	-----	-----	-----	-----	
NS	19	12	134	63	128	49	
ON	102	117	702	838	43	338	
PEI	6	7	45	82	14	10	
QC	418	435	3795	4218	602	711	
SK	3	4	16	12	-----	-----	
/Foreign	1	1	11	2	4	6	
Total	591	620	5105	5646	812	1141	

Table 2- Breed Average						
Year	Kilograms			BCA		
	Milk	Fat	Protein	Milk	Fat	Protein
2017	8077	334	272	232	232	237
2016	7987	329	268	229	229	234
2015	7842	323	263	226	226	230
2014	7781	319	261	224	223	228
2013	7775	315	261	225	221	229
2012	7659	310	257	221	217	225
2011	7717	310	258	221	216	224
2010	7663	307	255	218	213	221
2009	7468	301	250	214	209	217
2008	7561	301	253	216	209	221

[illegible]



AYRSHIRE CANADA



AYRSHIRE

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No problem !