

Alberta Lamb Producers

An illustration of two white sheep with brown outlines, standing and facing right. They are positioned to the right of the word 'Lamb' in the main title.

Annual Report 2015/2016





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From the Chair

It's hard to believe how long the anticipation of summer is and how quickly summer is gone. Now we find ourselves in October. Harvest has been very slow in our area with big rains and cold cloudy days the crops just aren't drying down enough. I am glad to hear that in other parts of the province harvest is almost complete. With fall also comes back to school and a whole other busy routine and last minute cramming to get all those summer projects finished up before the ground is frozen. Life is busy and it is easy to get caught up in busy.

Lamb prices have been good, and stable for the most part of this year, after a rocky start on fat lamb prices and feed supplies are much more bountiful this year. This is encouraging and hopefully will result in some growth in the Alberta Flock heading into the upcoming breeding season. Remember that just because we have feed in the yard and in the bins don't forget that the quality might not be there, especially in hay. I have heard of some pretty poor feed test results already coming in making it not much better than straw. Save yourself a lot of money and trouble from having under nourished ewes and get a feed test done early in the year, even before you start flushing, and use this information to develop rations that meet the requirements of your sheep throughout their production cycle to optimize their health and productivity.

Our team of volunteer producer directors and office staff have been busy to say the least too. The decision was made by the board to go away from having zones to having Directors at Large to improve the governance and functionality of the ALP board but in the end you the producers will be the ones to decide at our zone meetings if this actually happens. If this is approved at our zone meetings we will then await for approval from Marketing Council and hopefully, once approved, we expect to have a great new plan in place for the 2017 annual meeting.

It is super exciting that ALP will be opening up media channels to be launching this fall as one more way to be able to connect with our producers and consumers. The webinars have been a HUGE success!

There have been many changes throughout the year with the biggest and most recent being the decision for ALP to leave CSF. The decision to leave the CSF was not taken lightly and many areas of CSF had been a topic of conversation for over a year. As Albert Einstein said "the definition of insanity is doing the same thing over and over and expecting a different result". Change is a good thing; if you aren't changing you aren't growing as a person, organization, or

**"Alberta lamb: leading in quality and innovation.
Growing a profitable industry together."**

industry. ALP is actively involved in many working groups, coalitions, and industry organizations on a provincial and nation level. We have been speaking with Ontario and Quebec on issues of importance and discussing ways we can work together. We continue to work with all willing provinces to build effective respectable working relationships on industry matters.

For various reasons we have seen some of our zones vacant after last year's annual meetings and for personal reasons, we've seen a few directors leave the board throughout the year. We wish them prosperity and health in the upcoming year. Thanks to Ray Nolan, Neil Caskey, Elaine Neale, and Kirk Cowell, the new directors who stepped up to fill director roles in their zones.

Remember ALP is your organization! We work for you the producer and we are producers ourselves; it takes all of us working together to build a strong and profitable industry. We aren't mind readers and we need you to be active and engaged and connected with your zone director, together we are better!

Erin Yaremko

Erin Yaremko
Chair

**"Alberta lamb: leading in quality and innovation.
Growing a profitable industry together."**



Your Check off dollars at work

“Alberta Lamb Producers is a dynamic partner in building a sustainable, thriving industry for sheep producers”

Above all, ALP enables the sheep industry and its producers to have a voice, to be at the table when decisions are being made and to encourage the development and success of the industry.

The check off you pay is your investment in your industry; it provides for the operational expenses, communications and advocacy from ALP. In addition, it enables the organisation to obtain funding and manage industry development projects. From providing management resources to promoting the lamb you produce, ALP gives you a great return on your investment.

The funded projects we undertake do not always fall into one financial year and the grants are only reported in the year they are spent. The 2015/6 project activities include:

Welfare Program Delivery Agent (Growing Forward 2) - \$87,296 (Total project \$103,000)

Development of self-assessment for grant eligibility, communications and education; producer meetings and presentations; revision of “Guide to Humane Care and Handling of Sheep”; new factsheets; videos; calendar; webinars. Ended March 2016.

Welfare Program Delivery Agent (Growing Forward 2) - \$0 (Total project \$83,650)

Development of educational materials, webinars, videos, producer meetings and presentations including on-farm euthanasia workshops. Ends January 2018.

Business Opportunity Program (Growing Forward 2) – \$3,000 (Total project \$3,000)

Held a facilitated Strategic Planning session for the ALP Board of Directors in March 2016. Ended April 2016.

Traceability Training (Growing Forward 2) – \$608 (Total project \$25,000)

Developing resources on traceability, presentations on traceability at meetings, promotional items, calendar. Ends February 2017.

Developing New Markets for Alberta Lamb (ALMA) – \$21,573 (Total project \$59,100)

Alberta Lamb branded lamb in all Calgary Co-ops. Development of a strategic plan, communications plan, new website, consumer videos. Ends January 2017.

ALP + Check off + AF collaboration + ALMA \$\$ = Producer Benefit

Some of these projects involve the collaboration of Alberta Agriculture and Forestry. We appreciate their support for the lamb industry and the contributions of Susan Hosford, (AF, Sheep Industry Specialist).

ALP believes in an attitude of collaboration – together we achieve more.

Questions on any projects are invited – please call your zone director for a chat.

Communications

Website – www.ablamb.ca –free access to production resources, industry links, events and contacts, free classified ads for producers.

N’ewesletter – mailed four times a year, free classified ads and cost-effective display ads.

N’ewesline – free email service that delivers timely information to your inbox. Go to www.ablamb.ca to sign up or email admin@ablamb.ca

Marketline –sign up for free weekly email listing market prices in Alberta and Ontario. A new graph maps the Alberta market trends. Go to www.ablamb.ca to sign up or email admin@ablamb.ca

YouTube/sheepcentral – check out ten new industry videos!

Producer meetings and seminars

Zone meetings – four in October/November 2015, five in October/November 2016

Meet the Board 2015 - session in Lethbridge featuring animal welfare and social licence.

Webinars – three live webinars were held

Industry participation and support

Alberta Sheep Breeders Association Symposium October 2015

Peace River Lamb Sheep Conference June 2016

Calgary Stampede Kitchen Theatre and Sheep Showcase July 2016

Poundmaker Ram Sale 2016

Lethbridge Aggie Days

Vermillion Fair

Lloydminster Colonial Days

ALP directors continue to support local sheep clubs and 4-H groups with donations, supplies, and attendance of events. Display materials and producer resources are available – make your request to the office or your director. This last year we provided over 2000 recipe cards and other materials including cut charts and other promotional items.

WELCOME TO THE FALL ROUND UP 2016!

Our Mission:

Alberta Lamb Producers is a dynamic partner in building a sustainable, thriving industry for sheep producers.

Our Vision:

"Alberta lamb: leading in quality and innovation. Growing a profitable industry together."

Building this vision together!



AGENDA

Approval of agenda

Approval of 2015 minutes

Review of the Year

- Alberta sheep industry
- New developments
- Project review
- Financial report

Looking forward

- 2016/2017 budget
- Regulation vote
- Elections

Open discussion – zone resolutions

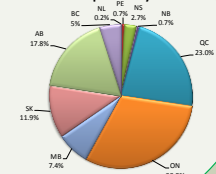


ALBERTA SHEEP INDUSTRY REVIEW OF THE YEAR

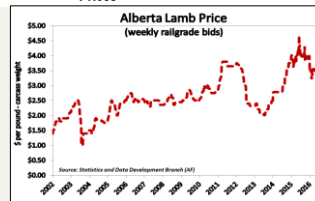
Inventories

- As of July 1, 2016, the size of the Alberta provincial flock on farms in Alberta was 185,000 head. This is down 10,000 from last year. The drought last year resulted in a heavy cull.
 - Canadian sheep inventories are 1,041,500 (605,000 East and 436,000 West). The national flock decreased by 2.8% over the year. Manitoba was the only province that increased their flock size.
- Source: StatsCan

Canadian Sheep Flock By Province* (%)



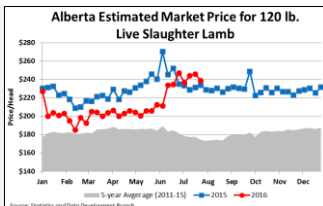
Prices



Courtesy of Jason Wood, Alberta Agriculture. Full article in June 2016 Newsletter



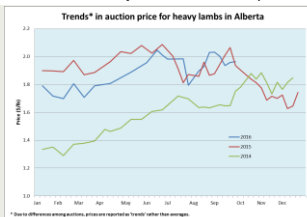
Prices



Courtesy of Jason Wood, Alberta Agriculture. Full article in October 2016 Newsletter



New last year!! Marketline Graphs



Sign up at www.ablamb.ca or email admin@ablamb.ca



NEW DEVELOPMENTS

Benefitting Producers 2015/2016

Communicating:

- 4 N'ewslotters (125+ pages of content)
- Free classified ads on website and N'ewslotter
- N'ewslotter (over 350 subscribers)
- Marketline (over 300 subscribers)
- www.ablamb.ca (25% + traffic than last year)
- www.albertalamb.ca (newly redesigned consumer website)
- YouTube (680 subscribers, 10 new videos, and 135,000+ views)
- 3 live webinars
- New social media channels
- Calendars, Management Modules, Fact Sheets
- 5 producer meetings across the province



Benefitting Producers In 2015/2016



NEW DEVELOPMENTS

Benefitting Producers 2015/2016

Advocating:

- Many industry meetings
- Representation on National and Provincial committees

In this year alone, thousands of directors hours, staff hours, and thousands of miles travelled... Some meetings/committees include:

- Alberta Farm Animal Care
- Bill 6/AgCoalition
- Social License/Strategic Approaches to Addressing Common Issues Workshops
- Chops and Crops
- Traceability consultations
- Antimicrobial Resistance consultations
- Future agriculture funding consultations
- 4-H Provincial Sheep Show
- CSIP Working Group
- SHVCR Profitability Working Group
- SHVCR Health Strategies WG
- SHVCR Executive Steering Committee



Your voice to government...



PHOTO CONTEST

Congratulations to the winners!

Our judges picked one winning photo per zone. Now it is up to YOU to vote for the overall winner



PROJECT REVIEW

Programs and Partnerships

GF2 programs: www.growingforward.alberta.ca

- Supply up to 75% Grant benefit to sheep producers
- Up to as much as \$150,000 per application per year depending on the project / program
- Provided the traceability component of 2016 zone meetings



2015/2016 Projects

Welfare Program Delivery Agent (Growing Forward 2) - \$87,296 (Total project \$138,000)

Development of self-assessment for grant eligibility, communications and education; producer meetings and presentations; revision of "Guide to Humane Care and Handling of Sheep"; new factsheets; videos; calendar; webinars. Ended March 2016.

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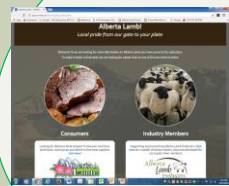
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Alberta Lamb



FINANCIALS



2016/2017 BUDGET



DIRECTOR ELECTION



REGULATION REVIEW

To improve the function of ALP and to increase the value for Alberta's producers, the Board proposes:

1. Dissolving the zones
2. Creating seven Director at Large position on the ALP Board
3. Holding one AGM annually
4. Allowing for advance voting for directors
5. Requiring nomination forms for the Board of Directors by Aug 31
6. Adding the 35% 35% rule



ZONE RECOMMENDATIONS



THANK YOU!

Thank you to everyone for attending, providing your input and support for your organization.





Notes for ALP audited financial statements 2015/16

ALP uses producer check off dollars to operate the organisation. This includes: pay staff; provide phone and internet; host the websites; send your newsletters; hold director meetings; advocate with the government and a whole range of other things. We cannot access funding for any of these operational expenses.

ALP is able to access external funding for projects because

- we are a Commission regulated by the Marketing of Agricultural Products Act
- we are directed by producers who pay a service charge
- we have a strategic plan
- we have completed all previous projects on time, within scope and budget

During the past year, we leveraged your check off dollars to gain funding – see page 3 for details. Usually we receive part of the funds on commencement of the project, sometimes a second payment after we submit an interim report and then a final payment when the project is complete and the final report is accepted. As the project timelines do not coincide with our financial year, adjustments have to be made on the financial statements. We often have money in our bank account that relates to project funding that has not yet been spent. The funding money is only counted as income once it has been spent. For example – if we receive approval for \$300,000 project, an initial payment of \$150,000 and in our financial year, only spend \$100,000, then the \$100,000 is reported. The balance of \$50,000 will be seen in the next year when it has been spent but will show as a deferred contribution in our bank account for the current year.

The Financial Statements provided by our auditor are required to include all the money that has flowed through Alberta Lamb Producers during the year and all assets that we currently hold.

The grant expenses are broken out from the expenses in his statements. For our regular operational budgeting purposes we separate out the external project funding and consider only the money that is unrestricted in its use – ie within the control of ALP.

Audited Financial Statements Aug 31, 2016 – financials pages 13 - 22

ALP – Statement of Financial Position, Aug 31, 2016 (Balance Sheet) Financials Page 15

Current assets – cash & short term deposits – this includes \$28,100 of external project funding. This is shown as a deferred contribution below in Liabilities and Net Assets

Deposits – This deposit relates to the Alberta Lamb (ALMA) project, including the new website which had not been completed prior to the fiscal year end.

Other assets - a \$10,000 fund at SAIT which provides a bursary each year for a Culinary Arts student.

Net Assets Restricted –\$47,956 allocated for producer education (\$31,215); Sheep Centre (\$3,000) and SheepBytes fixes and updates (\$13,741). Education and Sheep Centre - ALP has chosen to set these amounts aside for these purposes but they are still within the control of the ALP board. ALP is the administrator for SheepBytes, but it is managed by ALP and ARD.

Net assets Unrestricted – \$212,645 = ALP equity at 31 August 2016. (net assets is the cash less the accounts payable - the ending position if we collected everything and paid everyone.)

ALP - Statement of Excess Revenue over Expenses – Financials Page 16

Revenue:

Check off – sheep, paid with CSIP tag purchase decreased significantly from 14/15 due to the heavy cull from the 2015 drought. It is difficult to estimate check-off revenue and check-off refunds each year.

Advertising - provides a service to producers and a good contribution to the cost of our newsletter. Advertising revenue was slightly higher than 14/15.

Manuals, programs and courses –Both income and expenses are run through the education fund to allow ALP to allocate expenditure without excessive impact on the operating budget.

SheepBytes – The financial statement shows all revenue from subscriptions. ALP is the administrator for the ration balancing application, and receives 20% of all subscription fees for this work. The balance of the subscription revenue is held in a restricted fund to pay for web hosting, bug fixes and updates.

Expenses:

Check off refunds - \$11,785 - accounted for around 10% of total check off this year, which was the same percentage as 14/15, and still up from 2013/4 and previous years which was at approximately 7%. Principle reasons given for refunds were individual financial need and some opposition government regulation. Refunds represent not only less revenue for ALP but also lost opportunity to leverage funding.

Grant expenses – some projects were completed during 2014/5 and some were new – note 6 is on financials page 22.

Advocacy

Canadian Sheep Federation fees and expenses. ALP paid the CSF fees from your check off. One last payment for 50 days for the first quarter in 16/17 year is due.

Industry liaison – includes expenses related to the many industry meetings that ALP attends to advocate for the sheep industry. Some committees are highlighted on slide 13 of the PowerPoint presentation page 6.

Regional development – up to \$500 per year per zone is available for local events, sheep clubs and 4-H clubs. ALP also supports the 4-H Provincial Sheep Show. This year some directors also provided donations to the following initiatives: postsecondary students attendance at AFAC conference, T-shirts and ball caps for 4-H members/producers.

Research projects – this is a new budget line. Included in the 15/16 year were contributions to SheepBytes validation study, development of a respiratory vaccine, Haemonchus contortus resistance. The 16/17 budget includes \$5,000 for research.

Financials page 17

Operating expenses

Salaries and wages - lower in 14/15 year due to staff changes. Staff time is a major area where we use your check off to leverage funding – the time, skills and knowledge provided by ALP contribute to the required 25% for projects.

Director's expenses – higher due to having many new directors, which means director orientations, governance training, and strategic planning.

Zone meeting expenses – most expenses were covered by a grant.

Excess of Deficiency over Revenues – Last year, 14/15 showed a surplus of \$9,093. This year it shows a loss of \$29,325. These numbers are in direct correlation to check-off and check-off refunds, which are always difficult to budget. Remember this statement includes all external project funding. When we remove all external funding from our financial statements, we are left with the ALP operating budget which is a reflection of how ALP spends its revenue.

The ALP operating budget follows the audited financial statements (green) and there was an operating deficit and a transfer from reserves, which was budgeted.

Fiscal responsibility and accountability is of paramount importance to the ALP board. Forecasting revenue from check off is extremely difficult. ALP needs sufficient reserves to adapt to changing circumstances as well as to cash flow and fulfill its commitments to projects.

The external project funding is not included in the following ALP Operational Budget.

If you have any questions relating to ALP budget or activities, please contact the ALP Finance Chair

Alberta Lamb Producers seeks to be transparent and accountable in its use of producer dollars.

**ALBERTA LAMB PRODUCERS
FINANCIAL STATEMENTS
AUGUST 31, 2016**



BLAKLEY CHARTERED ACCOUNTANT *

ACCOUNTING • TAX • CONSULTING

*DENOTES PROFESSIONAL CORPORATION

CLAY BLAKLEY, CA

INDEPENDENT AUDITOR'S REPORT

To the Directors of Alberta Lamb Producers

I have audited the accompanying financial statement of Alberta Lamb Producers (the "Organization") which comprise the statement of financial position as at August 31, 2016, the statement of (deficiency) / excess revenue over expenses, the statement of changes in net assets and cash flow for the years ended August 31, 2016 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. I am also required to comply with applicable ethical requirements.

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 preparations 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, the auditor expresses no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at August 31, 2016, the results of its operations, cash flow and changes in net assets for the year ended August 31, 2016 in accordance with Canadian accounting standards for not-for-profit organizations.

**Blakley Chartered Accountant
Professional Corporation**

Airdrie, Alberta
October 12, 2016

**ALBERTA LAMB PRODUCERS
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2016**

ASSETS

	2016	2015
CURRENT ASSETS		
Cash and short term deposits (note 3)	\$ 255,185	\$ 293,624
Deposits (note 4)	21,573	8,242
Accounts receivable	<u>18,672</u>	<u>31,092</u>
	295,430	332,958
PROPERTY AND EQUIPMENT (note 5)	1,203	1,532
OTHER ASSETS	<u>10,000</u>	<u>10,000</u>
	<u><u>\$ 306,633</u></u>	<u><u>\$ 344,490</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 11,815	\$ 10,977
Source deductions payable	1,810	-
Goods and services tax payable	<u>3,104</u>	<u>8,527</u>
	16,729	19,504
DEFERRED CONTRIBUTIONS (note 6)	<u>28,100</u>	<u>33,857</u>
	44,829	53,361
NET ASSETS		
Net assets invested in capital assets	1,203	1,532
Net assets restricted (note 7)	47,956	50,415
Net assets unrestricted	<u>212,645</u>	<u>239,182</u>
	<u>261,804</u>	<u>291,129</u>
	<u><u>\$ 306,633</u></u>	<u><u>\$ 344,490</u></u>

Commitments (note 9)

Approved on Behalf of the Board

Erin Yaremko

Bill Gibson

ALBERTA LAMB PRODUCERS
STATEMENT OF (DEFICIENCY) / EXCESS OF REVENUE OVER EXPENSES
YEAR ENDED AUGUST 31, 2016

	2016	2015
REVENUE		
<u>Checkoff Revenue</u>		
Checkoff - Sheep	\$ 177,113	\$ 216,390
Checkoff - Wool	5,907	5,650
	<hr/>	<hr/>
	183,020	222,040
<u>Grant Revenue</u> (note 6)	83,798	143,400
<u>Other Revenue</u>		
Honorarium	-	108
Advertising	11,502	10,040
Recoveries	1,797	1,474
Interest	1,603	1,364
Manuals, programs and courses	279	291
SheepBytes	7,960	8,172
	<hr/>	<hr/>
	23,141	21,449
TOTAL REVENUE	<u><u>\$ 289,959</u></u>	<u><u>\$ 386,889</u></u>
EXPENSES		
<u>Checkoff Expenses</u>		
Checkoff refunds	11,785	21,860
<u>Grant Expenses</u> (note 6)		
Livestock welfare (Growing Forward 2)	87,296	18,143
Viability and sustainability (ALMA)	-	102,720
Workshops (ALMA)	-	12,020
	<hr/>	<hr/>
	87,296	132,883
<u>Advocacy</u>		
CSF fees and expenses	25,367	33,063
Industry liaison	7,080	3,580
Regional development	4,709	3,837
Research projects	5,070	3,227
	<hr/>	<hr/>
	42,226	43,707

	2016	2015
<u>Extension</u>		
Newsletter and advertising	18,413	25,873
Advertising and promotion	4,595	3,393
Education	231	954
Alberta Farm Animal Care (AFAC)	4,708	5,028
SheepBytes	<u>2,584</u>	<u>3,884</u>
	30,531	39,132
 <u>Operating Expenses</u>		
Salaries and wages	87,735	82,831
Directors expenses	33,835	25,713
Audit and legal	8,726	9,450
Administration and communications	11,916	12,300
Insurance	2,271	1,590
Zone meeting expenses	2,634	7,855
Amortization	<u>329</u>	<u>475</u>
	147,446	140,214
 TOTAL EXPENSES	 <u>\$ 319,284</u>	 <u>\$ 377,796</u>
 (DEFICIENCY) /EXCESS OF REVENUES OVER EXPENDITURES	 <u>(29,325)</u>	 <u>9,093</u>
 NET ASSETS, beginning of year	 <u>291,129</u>	 <u>282,036</u>
 NET ASSETS, end of year	 <u><u>\$ 261,804</u></u>	 <u><u>\$ 291,129</u></u>

**ALBERTA LAMB PRODUCERS
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED AUGUST 31, 2016**

	Invested in Capital Assets	Restricted (note 7)	Unrestricted	Total 2016	2015
Net assets, beginning of year	\$ 1,532	\$ 50,415	\$ 239,182	\$ 291,129	\$ 282,036
(Deficiency) / Excess of revenues over expenses	(329)	(2,459)	(26,537)	(29,325)	9,093
Net assets, end of year	\$ 1,203	\$ 47,956	\$ 212,645	\$ 261,804	\$ 291,129

**ALBERTA LAMB PRODUCERS
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2016**

	2016	2015
CASH PROVIDED BY OPERATING ACTIVITIES		
(Deficiency) / Excess of revenues over expenditures	\$ (29,325)	\$ 9,093
Items not affecting cash		
Amortization	329	476
	(28,996)	9,569
 Changes in non-cash working capital		
Decrease (increase) in accounts receivable	12,420	(8,521)
Increase (decrease) in goods and services tax	(5,423)	8,267
Decrease (increase) in deposits	(13,331)	(8,240)
Increase (decrease) in source deductions payable	1,810	-
Increase (decrease) in accounts payable	838	(1,117)
Increase (decrease) in deferred contributions	(5,757)	(106,199)
	(38,439)	(106,241)
 CASH (USED FOR) INVESTING ACTIVITIES		
Purchase of property and equipment	-	-
	-	-
 NET (DECREASE) INCREASE IN CASH	(38,439)	(106,241)
 CASH, beginning of year	293,624	399,865
 CASH, end of year	\$ 255,185	\$ 293,624
 CASH CONSISTS OF:		
Producer funds	\$ 213,344	\$ 248,679
SheepBytes funds	13,741	11,088
Project funds	28,100	33,857
	\$ 255,185	\$ 293,624

**ALBERTA LAMB PRODUCERS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2016**

1. Nature of operations:

Alberta Lamb Producers (the "Organization") is a producer supported organization that operates under regulation of the Marketing of Agricultural Products Act of the Province of Alberta. Its mandate is the promotion and enhancement of the sheep and wool industry in Alberta.

2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations ("CASNFPO"). The following are the accounting policies that management believe are significant to the Organization.

(a) Cash

Cash is made up of balances held with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

(b) Property and equipment

Purchased property and equipment is recorded at cost less accumulated amortization. Contributed property and equipment is recorded at fair value at the date of contribution less accumulated amortization. All leases are reviewed to determine if they are operating or capital in nature. Property and equipment is amortized over their estimated useful lives at the following rates and methods:

Assets	Methods	Rate
Office Equipment	diminishing balance	20%
Computer Equipment	diminishing balance	30%
Leasehold Improvements	diminishing balance	20%

(c) Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Contributions that are restricted by the funder, are recognized as revenue in the year in which the related expense is 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.

(d) Contributed materials and services

The Organization records the value of donated materials and services when the fair value can be reasonably estimated and when the material and services are used in the normal course of the Organization's operations and would otherwise have been purchased. Because of the difficulty in determining their fair value, contributed services are not recognized within the financial statements.

(e) Other Assets

Other Assets are valued at the lower of cost and net realizable value and are not expected to be realized over the upcoming year.

(f) Financial instruments

The Organization has classified the following financial assets and liabilities as held for trading: unrestricted cash, restricted cash, accounts receivable and accounts payable and accrued liabilities. It is management's opinion that the Organization is not exposed to significant interest, currency, or credit risk arising from these financial instruments. The fair value of these financial instruments approximate their carrying value due to their short term nature.

(g) Use of estimates

The preparation of the financial statements in accordance with CASNFPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and revenue and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of property and equipment.

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

(h) Income taxes

The Organization is a non-taxable entity under the Income Tax Act (the "Act") and as such, is exempt from filing an income tax return.

3. Cash:

	2016	2015
Unrestricted funds - general operating account	\$ 139,875	\$ 182,497
Unrestricted funds - short term investments (GIC's)	101,569	100,039
Total Unrestricted Funds	\$ 241,444	\$ 282,536
Restricted funds - Sheepbytes	\$ 13,741	\$ 11,088
Total cash and cash equivalents	\$ 255,185	\$ 293,624

4. Deposits

The Organization spent funds in respect of a new Alberta Lamb website and related promotion materials. The website and related work has not been completed by end of the fiscal year.

5. Property and equipment:

	Cost	Accumulated Amortization	Net 2016	Net 2015
Office furniture and equipment	\$ 5,590	\$ 5,086	\$ 504	\$ 631
Computer equipment	5,874	5,297	577	749
Leasehold improvements	2,154	2,032	122	152
	\$ 13,618	\$ 12,415	\$ 1,203	\$ 1,532

6. Deferred contributions:

Deferred contributions represent unspent funds received by the Organization designated by the funder for a specific purpose.

	2016	2015
Beginning balance	\$ 33,857	\$ 140,056
Contributions recognized as revenue in the year	(33,857)	(101,577)
Contributions paid back to funders in the year	-	(29,622)
Contributions received relating to current and future years	28,100	25,000
Ending balance	\$ 28,100	\$ 33,857

Deferred contributions are comprised of the following:

	2016	2015
Alberta Lamb Webiste and Promotion	\$ 10,000	\$ -
Traceability Training	18,100	-
Livestock Welfare - Growing Forward 2	-	33,857
Ending balance	\$ 28,100	\$ 33,857

7. Restricted net assets

The Board of Directors has internally restricted funds to provide producer education in the future (\$31,215), for future maintenance of the Sheep Centre (\$3,000) and servicing the SheepBytes website and program (\$13,741).

8. Capital management

The Organization's objective in managing capital is to ensure that necessary funds are in place to provide continued promotion and enhancement of the sheep and wool industry. The Organization manages capital through annual budgeting techniques, and by continuously monitoring the need for funding of various expenditures. The Organization's capital is maintained through revenue generating activities and through funding and grants.

The Organization's capital is defined as net assets and deferred contributions which at August 31, 2016 total \$292,404 (August 31, 2015 - \$324,986).

All funding received which has not been spent on eligible expenses has been deferred.

9. Commitments and contracts

The 2002, the Organization signed an agreement (along with other provincial sheep associations) which permits the Canadian Sheep Federation to administer the Canadian Sheep Identification Program. The purpose of this agreement is to govern the distribution and sale of approved tags to sheep producers across Canada. Alberta Lamb Producers has contracted with the Canadian Co-Operative Wool Growers Ltd. to act as exclusive distributor and agent of the approved tags in Alberta. The agreement is automatically renewed every year unless the contract is renegotiated or terminated by either party.

10. Related party transactions

During the year, the Organization paid fees and reimbursed expenses to directors totalling \$33,855 (2015 - \$25,713)

11. Comparative information

Certain comparative information has been restated to be consistent with current year presentation.

ALP financial report 31/08/16, and budget 2016/7

	A	B	C	D	E
1	Alberta Lamb Producers Operations Budget				
2	excluding all external project funding				
3		<u>To Date</u>	<u>Budget</u>	<u>Budget</u>	
4		<u>Aug</u>	<u>2015/16</u>	<u>2016/17</u>	Notes
5					
6	Revenue				
7	Check off - sheep	\$ 177,113	\$ 200,000	\$ 200,000	
8	Check off - wool	\$ 5,906	\$ 5,500	\$ 5,500	
9	Newsletter Advertising	\$ 11,477	\$ 12,000	\$ 12,000	
10	Recoveries	\$ 1,797	\$ 1,500	\$ 1,500	
11	Interest	\$ 55	\$ 500	\$ 100	
12	Manuals, programs and courses	\$ 199			
13	SheepBytes - ALP income	\$ -	\$ 1,300	\$ 1,300	ALP receives 20% admin fee from SB subscriptions
14	Transfer from reserves*		\$ 16,600	\$ 13,550	remainder from Alberta Lamb project
15		\$ 34,838	\$ 27,456	\$ 1,861	to balance budget
16		\$ 231,384	\$ 264,856	\$ 235,811	
17					
18	Expenses				
19	Advocacy				
20	CSF fees and expenses	\$ 25,736	\$ 25,736	\$ 6,418	
21	other CSF exp		\$ 500	\$ -	conf calls
22	CFA			\$ 1,333	
23	Industry liaison (ALMAgovt&ind)	\$ 7,080	\$ 7,000	\$ 7,000	took out chops and crops
24	Promotion	\$ 1,167	\$ 500	\$ 500	
25	Regional funds + 4-H	\$ 2,829	\$ 4,500	\$ 4,500	\$500 x 7 zones + \$1000 4-H
26	Industry events incl.Symposium	\$ 1,380	\$ 1,000	\$ -	symposium in 2015, none in 2016
27	Chops and Crops			\$ 3,700	new line, used to be in with liason
28					
29	Alberta Lamb	\$10,000	\$16,600	\$13,550	
30					
31					
32					
33					
34					

ALP financial report 31/08/16, and budget 2016/7

	A	B	C	D	E
35					
36	Extension				
37	Newsletter	\$ 13,452	\$ 25,000	\$ 25,000	
38	Newsletter ads commission	\$ 2,223	\$ 2,500	\$ 2,500	newsletter costs supported by advertising revenue
39	Industry Research	\$ 5,070	\$ 5,000	\$ 5,000	
40	Alberta Farm Animal Care	\$ 3,207	\$ 4,410	\$ 3,200	
41	AFAC membership	\$ 1,500	\$ 1,500	\$ 1,500	
42	SheepBytes ALP exp	\$ 261	\$ 300	\$ 300	Annual SB meeting
43					
44					
45	Operating Expenses				
46	Salaries & Wages	\$ 87,806	\$ 86,000	\$ 86,000	
47	Staff Devt	\$ 209	\$ 2,000	\$ 2,000	
48	Directors expenses	\$ 33,855	\$ 28,000	\$ 28,000	3 meetings + annual 2x per diem+ director devt training
49	Audit & legal	\$ 9,450	\$ 9,000	\$ 9,000	
50	Admin & communications	\$ 10,407	\$ 11,000	\$ 11,000	websites/internet/fax/postage/bank
51	Insurance	\$ 2,271	\$ 3,310	\$ 3,310	Director/officer liability + comprehensive
52	Zone meeting expenses	\$ 2,536	\$ 8,000	\$ 8,000	per diem travel, hosting costs in addition to funding
53	Loss on disposal of assets				
54	Amortization				
55					
56	Check off refunds	\$10,945	\$21,000	\$14,000	moved back to 2014/15 budget amount
57					
58	Total expenses	\$231,384	\$262,856	\$235,811	
59	Excess of revenue over expenditures	\$0	\$2,000	\$0	
60					
61					
62	For details of external project funding and restricted funds, see the audited financial reports and ALP update.				