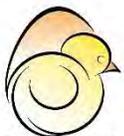


2015

ANNUAL REPORT



BC Hatching  
eggs

## Vision

It is through co-operation with industry stakeholders that our greatest successes will be derived.



## Mission

The mission of the British Columbia Broiler Hatching Egg Commission is to oversee the production activities of B.C. broiler hatching egg producers and regulate the marketing of their product and to act as a leader for the B.C. broiler hatching egg producers in dealings with other participants in the chicken meat industry, with stakeholders in the national marketing scheme, and with provincial and municipal government bodies



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## Message from the Chair

Another 525,600 minutes ticked by in 2015.

The Avian Influenza outbreak which started in late 2014 took much energy, time and effort in the first quarter. I want to thank the Producers (those affected and those not affected) for their patience, cooperation and support for each other. The Staff of the BC Broiler Hatching Egg Commission, the Board Members, the Producers Association.



Members and others who supported and were a catalyst to the end of the outbreak and the eventual recovery in Production all deserve a Huge "Thank You" for their Herculean efforts. We are taking what we learned and are developing Best Practices and Responses should this happen again. I am proud to have been able to walk alongside so many dedicated individuals.

Every year has its ups and downs and the important thing is the attitudes we bring to the table in either case. I thank the Producers' Association for their support and cooperation during this past year and the "gentle nudges" at times. Done right, we are all able to work together to have this industry excel.

The Staff of BC Broiler Hatching Egg Commission led by Stephanie Nelson, Executive Director, have excelled and delivered on most of the Key Initiatives of the Strategic Plan 2014-2015. Thank you, Stephanie, for your leadership, your passion and your willingness to learn and continuously improve. Thanks from the bottom of my heart. Thanks to the Staff Members who always demonstrate the will and tenacity to make this industry one that ascribes to "Great".

Thanks to Calvin Breukelman, Joe Neels, Allan Cross (AC) and, "the rookie" Allan Mulder (AM) for their hard work to give leadership to the organization overall and their willingness to empower the Executive Director to do her job well within guidelines of the Strategic Plan, the Budget, the Board and Staff Policies and the other governing documents. Your willingness to speak up, to listen, to learn, to put up with a cranky Chairman, at times, also deserves a huge "Thank You"

Calvin Breukelman and Joe Neels provide strong leadership at Canadian Hatching Egg Producers. Thank you both for your willingness to sit on airplanes for long stretches and sit and deliberate for many hours and to provide leadership there. Thanks to Calvin for his many years of service in that regard. We wish Calvin well as he steps down from both CHEP and BCBHEC. Thank you, Calvin.

The Financial Position of BC Broiler Hatching Egg Commission is vastly improved with sufficient "Rainy Day" cash reserves, there is a Strategic Plan that is being watched every day, there are policies in place, there is an accomplished Executive Director and an excellent Board of Directors. The Official Flock Schedule is in place and is, without some hiccups along the way, working well and is administered well. There is regular and candid communication with Producers, Hatcheries and other Stakeholders.



My appointment as Chair of BCBHEC ends in August 2016, albeit that the Board has requested that my appointment be extended for one more year. Should that not happen, I want to say that I enjoyed the 2011 to 2016 ride, tumultuous and time/energy consuming, at times, but rewarding all of the time. I said, in my first address to the Producers, that I am here to support and improve this industry, its finances for the good of all Producers. I recognize that this can only be done with a great Team of Board Members, Executive Director and Staff. I hope that I have not disappointed anyone in my role on that Team.

Thanks to all and best wishes in the future.

-Casey Langbroek FCPA, FCGA

## Message from the Executive Director

2015 started out in recovery mode. The Hatching Egg Industry dedicated staff and resources to recovery efforts as many flocks had been affected directly and indirectly by Avian Influenza. Production cycles were long and Producers worked hard to manage both their fertility and flock health.

The Hatching Egg sector is well represented on various recovery and planning committees that serve to ensure that future emergencies are handled quickly and as we efficiently return to normal status. It was not until November 2015 that production levels stabilized with anticipated egg flow.

The Board challenged staff with 6 Key Initiatives that would aim to change the historical ways the Industry responds to product quality, production and hatchery/Producer relationships. Development of proactive approaches rather than the historical reactive approaches will benefit the industry. Input costs are being indexed to ensure lateralization to all Producers. This initiative is a priority as it ensures all producers start with the same associated costs for their flocks regardless of hatchery or breed of bird. The renewed linkage agreement with the BC Chicken Marketing Board is expected to be in place in the spring of 2016.

Staff continue to work with a software programmer in developing a new reporting system for hatcheries and Producers that includes real time information sharing. This key initiative is currently in its final phase and is aimed to launch in the spring of 2016.

Product quality remains a top priority for Producers, Commission Members and staff. The office welcomed Matt Klassen to our team in 2015 as a Hatchery Inspector. This addition to our staff ensures that issues between Producers and hatcheries can be investigated quickly and resolved efficiently.

Commission staff have been actively involved in the 2016 BC Poultry conference. Our team has contributed time and resources to collaborate with the other feather boards and associations to build an event valuable to Producers and informative for all stakeholders.

Along with my dedicated and talented staff, I continue to work hard for the Hatching Egg Producers under the excellent leadership of Chairman, Casey Langbroek and the Commission members. We look forward to the launch of several long term projects in 2016 and the continued success of the Hatching Egg Industry.

-Stephanie Nelson



## Canadian Hatching Egg Producers (CHEP)

The Canadian Hatching Egg Producers Board of Directors confronted issues in 2015 that will shape the broiler hatching egg industry in Canada for years to come. After many years of meetings, discussions, analyses, proposals and reviews of the broiler hatching egg allocation system – including interprovincial movement, the Quota Lease Pool policy and the Liquidated Damages Agreement - without an agreed upon resolution, both the Ontario Broiler Hatching Egg & Chick Commission (in July) and the Syndicat des producteurs d'œufs d'incubation du Québec (in September) submitted complaints to the Farm Product Council of Canada (FPCC). Accepting that a solution must be settled among the CHEP members, producers and hatcheries from Ontario and Quebec, along with the CHEP Board of Directors met in October where an agreement in principle was agreed to among all parties.

The Alberta Hatching Egg Producers indicated that they require more broiler hatching eggs than what they are allocated in order to meet the additional chicken production in their province caused by the differential growth agreement in the chicken sector (Ontario will also be impacted).

The twelve member countries of the Trans-Pacific Partnership (TPP) announced that a final agreement was reached in Atlanta on October 5th, 2015. The TPP is the largest multilateral trade agreement in history, spanning a zone that counts more than half a billion people and an economy worth more than \$10 trillion. As part of the agreement, Canada will provide additional market access for 13.6 million broiler hatching egg equivalents per year after the 19-year period the deal is implemented, representing a 1.87% share of the current domestic market. Further impacts will result when accounting for the additional access granted to the domestic chicken market.

At the time of the agreement, the previous Conservative government announced a compensation package to help offset some of the negative impacts to supply managed sectors caused by the additional market access. Canada's newly elected majority Liberal government is conducting a review and consultations prior to deciding on its support for both the TPP agreement and the compensation proposal.

The poultry industry in Canada continued its goal of eliminating the preventive use of Category I antibiotics on the farm and in the hatchery for commercial meat birds (chickens and turkeys), layers and breeders. Effective May 15, 2015, all parent breeder chicks and poults were also included as part of this initiative. Antibiotic use continues to be a priority topic in Canada and abroad, both in agriculture as well as in human medicine.



Throughout the year, the National Farm Animal Care Council proceeded with a review of the Code of Practice for the Care and Handling of Hatching Eggs, Breeders, Chickens, and Turkeys and completed a public comment period on the draft Code before the end of the year. The final Code is expected to be published in the spring of 2016. CHEP continued to work towards the goal of developing an Animal Care Program based on the final codes.

CHEP successfully completed the requirements related to the technical review Part 2 of the Canadian Food Inspection Agency Food Safety Recognition Program in July 2015. Changes to the CHEQ™ program were also reviewed and approved, and will be included in audits starting January 1, 2016.

The highly-pathogenic avian influenza (HPAI) H5N2 virus in British Columbia in December 2014 caused an approximate 10% reduction in the number of broiler hatching egg flocks in that province. In April, Ontario was also impacted by the H5N2 avian influenza virus which impacted one broiler breeder operation, along with two turkey operations. As of October 8, 2015, Canada is considered HPAI-free as per OIE guidelines. The key message to producers is to remain vigilant with on-farm biosecurity practices.

CHEP continues its interaction with producers in both Nova Scotia and New Brunswick with the goal of achieving a unified broiler hatching egg industry across Canada in the future.



Commission Board of Directors



Joe Neels, Banford Breeders



Calvin Breukelman, Prairie Lane Farms



Allan Cross, Royal Columbian Poultry



Allan Mulder, Gifford Poultry

## Commission Staff



Stephanie Nelson  
Executive Director



Marona Wiebe  
Production Coordinator



Sarah Loehndorf  
On Farm Program Coordinator



Barry Harder  
Transporter



Veronica Kushnerenko  
Executive Assistant



Joshua Crossett  
Controller



Sandra Jansen  
Producers' Association  
Secretary & Treasurer



Chris Richard  
Quality Assurance



Matt Klassen  
Hatchery Inspector

## Inspection Team Report

The focus of the Hatchery Inspection team has been resolving issues between the Producers and the hatcheries by using data collection, facts and investigation. Many Producers have used the Hatchery Inspection role as a venue to resolve concerns. Investigations can include: confirming chick counts, saleable, culls, breakouts for fertility, and hatch of fertile. The Producers and Hatcheries receive a report and possibly some recommendations from Inspection staff. All hatcheries are cooperating with data sharing when requested.

BC Hatching Egg Producers continue to implement the CHEQ food safety program on farm. Overall, 2015 saw the continuance of high standards for cleanliness, record keeping, and pest control. The most common corrective actions seen were incomplete water tests and failing to record egg sorting verifications twice monthly. Producers are encouraged to keep up the good work.



In 2015 Producers have remained vigilant with their biosecurity. This year saw many producers implement enhanced biosecurity measures on farm including extra boot changes, changes to Standard Operating Procedures, adjustments to Controlled Access Zones, increasing the usage of visitor logs, and increasing farm visitor biosecurity requirements. The most common corrective action seen was a lack of biosecurity signage. Producers are reminded to double check if they need signs prior to their annual audits; inspection staff are happy to provide the necessary signs. Producers are encouraged to keep increasing biosecurity standards and to maintain a high level of premise cleanliness.

The Inspection Department looks forward to continuing to work with Producers in 2016. Inspection staff are available to help Producers with production issues, hatch issues, implementing stronger biosecurity measures, recording keeping, and pest management.

-Sarah Loehndorf and Matt Klassen

## Committee Reports

### BC Poultry Association



The Poultry Association is formed by 2 members of each Supply Managed feather group Producers Association (one being the President of their respective Producer's Association) and another Director from the Producer Association, both have voting rights. Each Board or Commission has an Observer (non-voting) representative also on the 'PA'.

The Organizations main responsibility is to further the specific interests common to its members in an efficient and unified voice. Involvement with BCAC, Sustainable Poultry, BCFIRB, Provincial and Federal Government, as well as specific Producer Commodities, Boards and Commissions. All are important groups to have regular contact and relationships with, and the PA in currently engaged in a Strategic Plan for itself which will improve how its role, responsibilities, and goals with these relationships function.

The AI break in the winter was certainly the most dominant item of activity, where most of the PA members were directly involved in the Emergency Response roles required to work through the event. Proper response to an event would be very difficult without an effective PA group.

There were many other significant items with activity over the year. Many meetings about feed grain rail access issues, changes in the Bio-Security program, and participation in BC Ag Day. The BC PA is leading the Avian Influenza insurance project, which is still working its way through a long but necessary process, adapting along the way. Necessary Legislation was introduced and passed provincially which allows for the mandatory component, and currently the PA is engaged with a methodical review of the proposal with a group of representatives from each Poultry Boards and Commission.

-Allan Cross



## Emergency Response Committee

Having the Industry return to "normal" following the 2014-2015 AI outbreak did not mean the end for the Emergency Response Committee. Despite the success of our efforts during the outbreak, our focus still shifted to what we can do better. Government, recognizing the positive and efficient work done last year, has also called on Industry to take on a larger role in the event of a future outbreak. A number of industry reps spent much time developing a framework to initiate a rapid response in the event of another outbreak, with the ultimate goal of containing it to a single premise, and having industry running normal again in as little time as possible. Various subcommittees have begun the tasks of initiating the steps needed to take to accomplish this goal. Meetings were scheduled to receive invaluable input and suggestions from previous IPs. Table top exercises and dry run scenarios are also being planned. The Poultry industry can be confident in the work that continues to be done here!

-Bryan Brandsma



## Sustainable Poultry Farming Group (SPFG)

SPFG has provided \$25,000 in funding for six projects in 2015:

2014-05 - Broiler Litter and Horse Bedding Gasification Feasibility Study – The gasification test results show that both bedding materials (poultry and horse) are almost as good as clean wood pellets for handling, feeding into the gasifier, and for energy content.

2015-01 Genomic Analysis of Wetland Sediment as a Tool for Avian Influenza Virus Surveillance in Wild Waterfowl – screening tests suggest that this technique will be highly effective in detecting AI.



2015-02 The Development and Commercialization of Aerobic Digestion of Poultry Manure to Produce Bio-Active Fertilizers – They are on the 4th run to trial pH control to maximize the availability of nutrients.

2015-03 Development of a Point-of-Care PCR diagnostic platform and assays for the poultry industry – the company has developed a method to extract target pathogen DNA from fecal matter and finalized the framework to develop the Avian Influenza target test.



2015-04 and 2015-05 Speakers for the Poultry Conference – speakers have been found to present on Water Quality & Sanitation and on Biosecurity.

-Christine Koch



## Poultry in Motion Trailer



The Poultry in Motion trailer once again, has travelled to various fairs and schools around our province to educate and inform the public on chicken farming, and where their food comes from.

It has been very enlightening to students in particular, who have never seen the "inside" of a barn (this can be shown to them with the trailer). High school and elementary students as well as their teachers, have responded positively. The trailer has broadened their knowledge and denounced some myths about chicken farming.



For the coming year, the Poultry in Motion trailer is looking to include more schools and fairs in order to educate more of the public and students. Look for the trailer at your local fair and check it out!!

-Hester Mulder

## Message from the Producers' Association President

It has been an exciting and busy year for the Producers' Association! Having gone with only 3 directors the previous years and having Allan Mulder elected to the Board, we had two spots to fill. Thankfully there were 2 excellent producers willing to serve the industry and step into those roles. Sharmain Bennie and John Van Hoepen have been invaluable assets to the Association this year, providing the always needed energy and experience!



We continued this year in our work to build and sustain a level of excellence within the Producer body, and developing a sense of pride in what we do as Producers. Our Director meetings always took time to address present and foreseeable issues in the industry, and what could be done. We made a point of speaking with and questioning the board on various topics of concern that were voiced to us from the producer body, encouraging that needs and concerns be proactively addressed at the Board level. Time was also spent discussing ways in which Producers can make Producers better through open communication. We see this as an untapped resource in the industry, and a simple way to make us better!

Following an outbreak of Avian Influenza can only mean a re-addressing (to say the least!) of how we do things, from bio-security and surveillance to planning and response. Association directors have spent many hours in meetings and discussions within various joint commodity committees, working hard to represent the needs and interests of Hatching Egg Producers. Their work should be appreciated by all.

We continued to work hard at many of the tasks already in the works, including our increased involvement in the Poultry in Motion educational trailer, which saw a complete and impressive overhaul, and continued high demand. The planning for the BC Poultry conference also took center stage, and we thank the hard work of our Executive Director, Stephanie Nelson, commission staff Veronica Kushnerenko, and association secretary Sandra Jansen. Designs to have a Producer owned building to house Commission offices, and small egg storage also continued in earnest, with the proposal to the Board to request from BCFIRB the release of the restricted funds from the historical sale of quota allocation to Ontario. We hope to use these funds to acquire a building of our own that our industry can call "home."

The upcoming year looks to be a busy one as we continue in our various tasks, and take on work in newer ones, including SE in chicken meetings with industry and Emergency Response Committee fine tuning and training. Thank you again for your support and the opportunity to serve you.

-Bryan Brandsma

Producer of the Year 2014



Tracy and Jack Bosma (right), Bosma Farms



## 2015 Accomplishments

Producer levy remained at 2.0 cents per saleable chick, the second year of a three-year commitment.

Increased the Reserve for the Unforeseen, allowing the Commission to better respond to events.

The role of Hatchery Inspector was established.

Development of the Hatchery Software continued with anticipated rollout in May 2016.

Internal Office Policies were finalized and approved.

Worked alongside the other feather groups helping to bring the inaugural BC Poultry Conference to fruition.

Updated our website to include a Producer-only section.

All scheduled audits were completed by December 1.

Non-Hatching Egg Program operated on a break-even basis during the last months of 2015.

Financial Statements of

**BRITISH COLUMBIA  
BROILER HATCHING EGG  
COMMISSION**

Year ended December 31, 2015



**KPMG LLP**  
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Canada

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## INDEPENDENT AUDITORS' REPORT

To the Members of British Columbia Hatching Egg Commission

### Report on the Financial Statements

We have audited the accompanying financial statements of British Columbia Hatching Egg Commission, which comprise the statement of financial position as at December 31, 2015, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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.

#### *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 Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and 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 our 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, we consider 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. 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.

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 present fairly, in all material respects, the financial position of British Columbia Hatching Egg Commission as at December 31, 2015 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants

February 19, 2016

Abbotsford, Canada

# BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
<b>Assets</b>		
Current assets:		
Cash and short-term deposits (notes 2 and 9)	\$ 2,284,513	\$ 1,961,675
Accounts receivable	115,850	172,193
Prepaid expenses and deposits	24,455	27,148
	<u>2,424,818</u>	<u>2,161,016</u>
Capital assets (note 3)	122,576	130,007
	<u>\$ 2,547,394</u>	<u>\$ 2,291,023</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 158,652	\$ 207,337
Deferred capital contributions	22,500	-
	<u>181,152</u>	<u>207,337</u>
Net assets:		
Invested in capital assets	122,576	130,007
Internally restricted (notes 2 and 5)	1,658,466	1,504,948
Unrestricted	585,200	448,731
	<u>2,366,242</u>	<u>2,083,686</u>
Contingency (note 9)		
Commitments (note 10)		
	<u>\$ 2,547,394</u>	<u>\$ 2,291,023</u>

See accompanying notes to financial statements.

Approved by the Board:



# BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

## Statement of Operations

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Revenue:		
Producer levies (note 6)	\$ 1,590,566	\$ 1,603,086
Non-hatching egg revenue (note 7)	339,681	360,374
Quota lease revenue	80,040	16,483
Interest and miscellaneous	21,096	28,637
Quality assurance revenue	8,575	-
Licenses and fees	1,450	750
	<u>2,041,408</u>	<u>2,009,330</u>
Expenses:		
Advertising and promotion	8,474	5,720
Amortization	2,664	3,156
Animal Health Lab	54,003	90,940
Avian influenza	3,547	68,874
B.C.B.H.E.P. Association	90,000	70,000
Canadian Hatching Egg Producers levy	314,877	283,853
Chairman and members' per diems	118,400	136,701
CHEP annual meeting	20,753	-
Interest and bank charges	4,290	10,934
Legal and accounting	121,883	89,351
Non-hatching egg expenses (note 7)	380,508	409,718
Office and miscellaneous	75,027	40,704
Office rent	31,341	33,677
Pricing expense	39,000	30,500
Professional services (note 11)	7,443	8,261
Quality assurance expenses	23,435	20,728
Research and development, standards, biosecurity	5,786	10,942
SE project expenses	2,139	4,883
Telephone	6,824	8,241
Travel	24,481	32,255
Wages and benefits (note 8)	423,977	323,255
	<u>1,758,852</u>	<u>1,682,693</u>
Excess of revenues over expenses	<u>\$ 282,556</u>	<u>\$ 326,637</u>

See accompanying notes to financial statements.

# BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

## Statement of Changes in Net Assets

Year ended December 31, 2015, with comparative information for 2014

	Invested in capital assets	Internally restricted (note 5)	Unrestricted	2015	2014
Net assets, beginning of year	\$ 130,007	\$ 1,504,948	\$ 448,731	\$ 2,083,686	\$ 1,757,049
Excess (deficiency) of revenues over expenses	(38,655)	-	321,211	282,556	326,637
Transfer of funds, net	-	153,518	(153,518)	-	-
Purchase of capital assets	31,224	-	(31,224)	-	-
Balance, end of year	\$ 122,576	\$ 1,658,466	\$ 585,200	\$ 2,366,242	\$ 2,083,686

See accompanying notes to financial statements.

# BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

## Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 282,556	\$ 326,637
Items not involving cash:		
Amortization	38,655	25,158
Change in non-cash operating working capital:		
Accounts receivable	56,343	365,663
Prepaid expenses and deposits	2,693	(25,769)
Accounts payable and accrued liabilities	(48,685)	(176,700)
Deferred contributions	22,500	-
	354,062	514,989
Financing:		
Advances to Animal Health Lab	-	(70,727)
Investing:		
Purchase of capital assets	(31,224)	(136,224)
Increase in cash and short-term deposits	322,838	308,038
Cash and short-term deposits, beginning of year	1,961,675	1,653,637
Cash and short-term deposits, end of year	\$ 2,284,513	\$ 1,961,675

See accompanying notes to financial statements.

# BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2015

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## General:

British Columbia Broiler Hatching Egg Commission (the "Commission") was incorporated under an order of the Lieutenant Governor in council of the province of British Columbia on October 27, 1988. The Commission's functions include setting production policy, pricing, processing and marketing of broiler hatching eggs within British Columbia. It also represents the Canadian Hatching Egg Producers in the administration of eggs in interprovincial and export trade. The Commission is a not-for-profit organization and is not taxable under the Income Tax Act.

## 1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook. The Commission's significant accounting policies are as follows:

### (a) Revenue recognition:

The Commission follows the deferral method of accounting for contributions, which include levies and other revenues.

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.

Externally restricted contributions are recorded as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related asset.

### (b) Cash and short-term deposits:

Cash and short-term deposits include balances with banks and short-term investments that are redeemable at the option of the Commission for a known amount of cash.

# BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2015

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## 1. Significant accounting policies (continued):

### (c) Capital assets:

Capital assets are originally recorded at cost. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Commission's ability to provide services, its carrying amount is written down to its residual value. Amortization has been recorded as follows:

Asset	Basis	Rate
Computer hardware	Declining balance	30%
Computer software	Declining balance	30%
Truck - non-hatching egg program	Declining balance	30%
General equipment and supplies - non-hatching egg program	Declining balance	20%
Office equipment	Declining balance	20%
Leasehold improvements	Straight-line	10 years

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Amortization of \$35,991 (2014 - \$22,002) related to non-hatching egg assets is included in non-hatching egg expenses.

### (d) Use of estimates:

The preparation of the financial statements in accordance with 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

### (e) Employee future benefits:

The Commission has a defined contribution plan providing pension benefits for its employees. The cost of the plan is recognized based on the contributions required to be made during each period.

# BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2015

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## 1. Significant accounting policies (continued):

### (f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Commission has elected to carry its investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Commission determines if there is a significant adverse change in the expected amount or timing of future cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount that the Commission expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

## 2. Restricted cash:

Cash and short-term deposits are restricted as follows:

	2015	2014
Internally restricted	\$ 1,658,466	\$ 1,504,948
Cash available for operations	626,047	456,727
	<u>\$ 2,284,513</u>	<u>\$ 1,961,675</u>

The Board of Directors of the Commission has restricted net assets for specific purposes as disclosed in note 5.

# BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2015

### 3. Capital assets:

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	\$ 64,928	\$ 60,343	\$ 4,585	\$ 6,550
Computer software	30,550	353	30,197	-
General equipment and supplies - non-hatching egg program	37,457	32,439	5,018	6,272
Office equipment	34,831	33,108	1,723	1,395
Leasehold improvements	19,278	19,278	-	-
Truck-non-hatching egg program	136,224	55,171	81,053	115,790
	\$ 323,268	\$ 200,692	\$ 122,576	\$ 130,007

### 4. Accounts payable:

Included in accounts payable and accrued liabilities are government remittances payable of \$30,606 (2014 - \$17,528), which includes amounts payable for GST and payroll related taxes.

### 5. Internally restricted:

	2015	2014
OBHECC funds	\$ 1,179,249	\$ 1,179,249
Reserve for the unforeseen	419,217	246,199
Office planning	60,000	40,000
CHEP annual meeting	-	20,000
Pricing expenses	-	19,500
	\$ 1,658,466	\$ 1,504,948

During the year, the Board assigned as security to Canadian Hatching Egg Producers a guaranteed investment certificate in the amount of \$168,000 representing funds from the Reserve for the unforeseen. See note 9.

# BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2015

## 6. Producer levies:

The total levy assessed to registered producers was 19.2 cents per dozen or 2.0 cents per saleable chick for 2015 (2014 - 24.0 cents per dozen or 2.5 cents per saleable chick reduced to 19.2 cents per dozen eggs or 2.0 cents per saleable chick effective January 26, 2014).

Included in the total levy is a national levy of 0.29 cents per egg set which increased to 0.32 cents per egg set effective March 29, 2015 (2014 - 0.29 cents per egg set), paid or payable to the Canadian Hatching Egg Producers.

## 7. Non-hatching egg program:

	2015	2014
Non-hatching egg revenue	\$ 339,681	\$ 360,374
Expenses:		
Amortization	35,991	22,002
Cooler and warehousing	8,700	9,720
Fuel	7,566	10,497
Levies and administrative fees	66,523	87,706
Miscellaneous supplies	5,911	19,678
Producer payments	155,021	153,895
Truck maintenance	1,972	4,759
Wages and benefits	98,824	101,461
	380,508	409,718
	\$ (40,827)	\$ (49,344)

## 8. Employee pension plan:

The Commission has a defined contribution pension plan for its full-time employees. Annual contributions to the plan are based on 10% of annual salaries for each employee. Total contributions paid in 2015 was \$38,285 (2014 - \$26,900).

# BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2015

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## 9. Contingency:

The Canadian Hatching Egg Producers ("CHEP") requires that the Commission have sufficient funds or letters of credit to cover potential future assessments of liquidated damages at 17.5 cents per egg for production greater than allocation on a province by province basis. At present, the Commission has a \$168,000 guaranteed investment certificate assigned as security to CHEP (2014 - \$165,000 letter of credit). Production levels for the year ended December 31, 2015 indicate the Commission is within the allowed 1% sleeve of over production, and accordingly no draw has been required on the guaranteed investment certificate.

## 10. Commitments:

The Commission has committed to leases relating to technology upgrades and software development over the next two years as follows:

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2016	\$	48,048
2017		20,944
	\$	68,992

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## 11. Related party transactions:

During the year the Commission paid \$5,835 (2014 - \$7,162) for professional services to entities owned by the Chairman of the Commission.

These transactions are recorded at the exchange amount which is the amount of consideration agreed to between the related parties.

# BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2015

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## 12. Financial risks:

### (a) Liquidity risk:

Liquidity risk is the risk that the Commission will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Commission manages its liquidity risk by monitoring its operating requirements. The Commission prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

### (b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Commission deals with creditworthy counterparties to mitigate the risk of financial loss from defaults. The Commission assesses the credit risk of customers on a continuous basis and provides for any amounts that are not collectible in the allowance for doubtful accounts.

There has been no change to the risk exposures from 2014.

## 13. Funds held on behalf of others:

The Commission holds funds, at the Bank of Montreal, totaling \$128,274 on behalf of the Emergency Response Team ("ERT"). The funds, transferred from the BC Egg Marketing Board during the year, comprises contributions by the BC Egg Marketing Board, BC Turkey Marketing Board, BC Chicken Marketing Board, and the Commission. The funds are restricted to expenditures relating to Avian Influenza by the ERT. The assets, liabilities, revenues, and expenses of the ERT are not included in the Commission's financial statements.

Financial Statements of

**B.C. BROILER HATCHING  
EGG PRODUCERS  
ASSOCIATION**

Year ended December 31, 2015  
(Unaudited)



**KPMG LLP**  
**Chartered Professional Accountants**  
32575 Simon Avenue  
Abbotsford BC V2T 4W6  
Canada

Telephone (604) 854-2200  
Fax (604) 853-2756  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## REVIEW ENGAGEMENT REPORT

To the Directors of B.C. Broiler Hatching Egg Producers Association

We have reviewed the statement of financial position of B.C. Broiler Hatching Egg Producers Association as at December 31, 2015 and the statements of operations, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Association.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants

February 23, 2016  
Abbotsford, Canada

# B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

Statement of Financial Position

December 31, 2015, with comparative information for 2014  
(Unaudited)

	2015	2014
<b>Assets</b>		
Current assets:		
Cash	\$ 9,785	\$ -
Accounts receivable	1,506	2,000
	<u>\$ 11,291</u>	<u>\$ 2,000</u>

## Liabilities and Net Assets

Current liabilities:		
Bank indebtedness	\$ -	\$ 696
Accounts payable and accrued liabilities (note 2)	2,071	2,874
	<u>2,071</u>	<u>3,570</u>
Net assets (deficiency)	9,220	(1,570)
	<u>\$ 11,291</u>	<u>\$ 2,000</u>

See accompanying notes to financial statements.

Approved by the Directors:

 Director

 Director

# B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

## Statement of Operations

Year ended December 31, 2015, with comparative information for 2014  
(Unaudited)

	2015	2014
Revenues:		
Commission grant income (note 3)	\$ 90,000	\$ 70,000
Other income	23,171	19,488
	<u>113,171</u>	<u>89,488</u>
Expenses:		
Advertising	1,698	2,056
Directors - per diems	32,021	31,166
Interest and bank charges	295	131
Memberships	18,743	24,454
Office and general	716	602
Professional fees	3,439	3,759
Research and development	1,756	1,308
Salaries and benefits	1,456	1,091
Secretary expense	9,244	9,215
Special events	29,214	23,380
Travel	3,799	3,707
	<u>102,381</u>	<u>100,869</u>
Excess (deficiency) of revenues over expenses	<u>\$ 10,790</u>	<u>\$ (11,381)</u>

See accompanying notes to financial statements.

# B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

## Statement of Changes in Net Assets

Year ended December 31, 2015, with comparative information for 2014  
(Unaudited)

	Unrestricted	2015 Total	2014 Total
Net assets (deficiency), beginning of year	\$ (1,570)	\$ (1,570)	\$ 9,811
Excess (deficiency) of revenue over expenses	10,790	10,790	(11,381)
Net assets (deficiency), end of year	\$ 9,220	\$ 9,220	\$ (1,570)

See accompanying notes to financial statements.

# B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

## Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014  
(Unaudited)

	2015	2014
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenues over expenses	\$ 10,790	\$ (11,381)
Changes in non-cash operating working capital:		
Accounts receivable	494	(760)
Accounts payable and accrued liabilities	(803)	2,803
Increase (decrease) in cash position	10,481	(9,338)
Cash position, beginning of year	(696)	8,642
Cash position, end of year	\$ 9,785	\$ (696)

See accompanying notes to financial statements.

# B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2015  
(Unaudited)

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## Nature of operations:

B.C. Broiler Hatching Egg Producers Association (the "Association") is organized to provide representation from the hatching egg producers to the poultry industry. The Association is incorporated under the Society Act (British Columbia) and is a not-for-profit organization under the Income Tax Act. Accordingly the Association is exempt from income taxes provided certain requirements of the Income Tax Act are met.

## 1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Association's significant accounting policies are as follows:

### (a) Revenue recognition:

The Association follows the deferral method of accounting for revenues which include grants and other revenues. Contributions for specific purposes or programs are deferred and subsequently recognized as revenue at the time the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

### (b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

# B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2015  
(Unaudited)

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## 1. Significant accounting policies (continued):

### (b) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (c) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. Actual results could differ from those estimates.

## 2. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of nil (2014 - \$803), which includes amounts payable for payroll related taxes.

## 3. Economic dependence:

A substantial amount of the Association's revenue is derived from the British Columbia Broiler Hatching Egg Commission (the "Commission"). Grant income received from the Commission of \$90,000 (2014 - \$70,000) is based on the budgetary requirements of the Association which is determined on an annual basis. Subsequent to year end the Association received \$22,500 of Grant income for the 2016 operations.

# B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2015  
(Unaudited)

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#### 4. Liquidity risk:

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operating requirements. The Association prepares budget to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2014.

## Appeal Process

### FILING A REGULATED MARKETING APPEAL WITH THE BRITISH COLUMBIA FARM INDUSTRY REVIEW BOARD

A person aggrieved or dissatisfied with an order, decision or determination of the following commodity marketing boards and commissions may file an appeal to the British Columbia Farm Industry Review Board (BCFIRB):

British Columbia Broiler Hatching Egg Commission  
British Columbia Chicken Marketing Board  
British Columbia Cranberry Marketing Commission  
British Columbia Egg Marketing Board  
British Columbia Hog Marketing Commission  
British Columbia Milk Marketing Board  
British Columbia Turkey Marketing Board  
British Columbia Vegetable Marketing Commission

#### What is the British Columbia Farm Industry Review Board?

The British Columbia Farm Industry Review Board (BCFIRB) is an administrative tribunal that has statutory responsibility for exercising regulatory and adjudicative functions independent of government in its general supervision of BC regulated marketing boards and commissions and in hearing regulated marketing appeals and farm practices complaints.

Originally known as the British Columbia Marketing Board (“BCMB”), BCFIRB was created in 1934 under the NPMA to supervise the commodity boards. Over the years, the role has been expanded and its authority redefined to address changes in the regulated marketing sector. BCFIRB is composed of up to ten members appointed by Lieutenant Governor-in-Council (LGIC). Board members backgrounds vary, with experience in production, marketing, law and education related to agricultural issues.

#### How long do I have to appeal?

BCFIRB must receive your written notice of appeal not more than thirty (30) days after the order, decision or determination of the commodity board or commission is made.

If an appeal is filed more than 30 days after the marketing board’s decision, the person filing the notice of appeal must explain what special circumstances exist that warrant BCFIRB accepting a late appeal (See ATA s.24).

#### Do I need legal counsel?

Only if you want or think you need it. It is your decision to make, and you will be responsible for paying your own lawyer.

## Where do I send the appeal?

Either by mail, courier, fax or email as follows:

Mail:

Attention: Executive Director  
British Columbia Farm Industry Review Board  
PO Box 9129 Stn Prov Govt  
Victoria BC V8W 9B5

Courier:

Attention: Executive Director  
British Columbia Farm Industry Review Board  
780 Blanshard Street  
Victoria BC V8W 2H1

Email: [firb@gov.bc.ca](mailto:firb@gov.bc.ca)

Fax: 250-356-5131

## What should be included in the notice of appeal?

The notice of appeal must be accompanied by a non-refundable \$100.00 filing fee. Cheque or money orders should be made out to the "Minister of Finance".

The notice of appeal must include the following:

- be in writing and signed
- identify the decision being appealed
- state why the decision should be changed
- state the outcome requested from BCFIRB
- include your name, address, telephone number, email (or the contact information of the person handling appeal for you)
- include an address for delivery of any notices related to the appeal

BCFIRB's notice of appeal form can be used to file an appeal.

## What happens when the British Columbia Farm Industry Review Board receives the appeal?

BCFIRB will send you a letter acknowledging the receipt of your appeal. This letter will also contain information which explains the appeal process in greater detail. At the same time, BCFIRB will notify the commodity board or commission concerned that an appeal has been filed and instruct them of their responsibilities as outlined in the Rules of Practice and Procedures.

BCFIRB will also ensure that the commodity board or commission has received a copy of your notice of appeal.

BCFIRB will issue notice to the parties requiring them to attend a pre-hearing conference call. The purpose of the pre-hearing conference will be to clarify the issue on appeal and determine the position of each party as well as the remedies sought by the appellant. The pre-hearing conference call will also be used to confirm hearing dates and directions for the appeal hearing.

BCFIRB encourages parties to consider Alternative Dispute Resolution (ADR) to facilitate settlements of the matter under appeal and will assist the parties in establishing an ADR process. Parties can apply to BCFIRB requesting ADR. Discussions about possible ADR alternatives will also be an agenda item for the pre-hearing conference.

The hearing of your appeal will normally be held not more than 60 days after BCFIRB first receives your notice of appeal; however, these timelines will be dependent upon the circumstances of all the parties to the appeal.

### **What is the most important thing for me to remember?**

BCFIRB must receive your written notice of appeal within 30 days of an order, decision or determination of the commodity board or commission. Failure to meet this deadline may result in BCFIRB not hearing your appeal.

### **How can I get more information?**

For further information please refer to the Rules of Practice and Procedures. Section 8 of the Natural Products Marketing (BC) Act (NPMA), and the Administrative Tribunals Act (ATA).

More information on the appeal process is available on BCFIRB's website at:  
[www.gov.bc.ca/BCFarmIndustryReviewBoard](http://www.gov.bc.ca/BCFarmIndustryReviewBoard)

The standing orders of the commodity board or commission involved may also contain information.

Should you have any further questions please feel free to contact BCFIRB directly at:

Phone: 250 356-8945

Fax: 250 356-5131

Email: [firb@gov.bc.ca](mailto:firb@gov.bc.ca)





BC Broiler Hatching Egg Commission

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604-850-1854

BC Broiler Hatching Egg Producers' Association

P.O. Box 191

Abbotsford, BC V4X 3R2

604-864-7556

[www.bcbhec.com](http://www.bcbhec.com)



**IF YOU  
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TODAY  
THANK A  
FARMER**