



2011 Annual Report



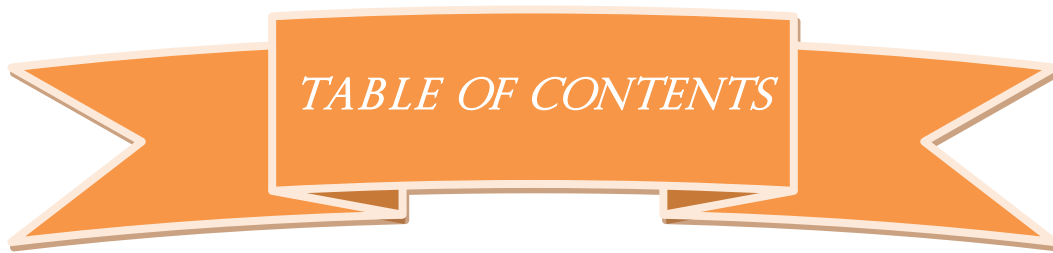
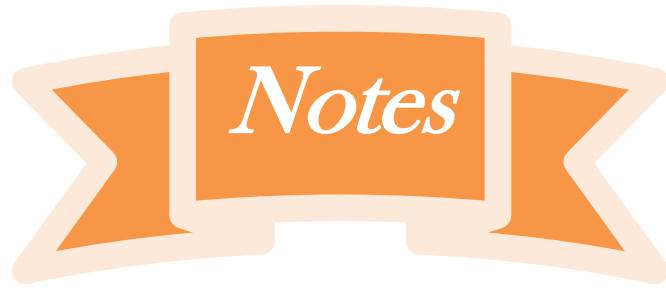


Table of Contents	1
BC Broiler Hatching Egg Producers' Association	3
Association Agenda	4
Association Financial Statement 2011	5
Association Reports	6
BC Broiler Hatching Egg Commission.....	10
Commission Agenda.....	11
Commission Vision and Mission Statement	12
Associates	13
Commission Members	14
Commission Staff.....	15
Chair.....	16
Commission Report	17
Committee Reports	18
General Manager's Report.....	20
On Farm Program Coordinator's Report	22
Auditor's Report.....	24
CHEP Chair's Report	34
CBHEPA Chair's Report	35
2011 Pricing Summary.....	38
Production Graphs.....	39





British Columbia

Broiler Hatching Egg

Producers' Association

2011 Annual Report

Presented at the

Twenty-Fourth Annual General Meeting

May 10, 2012

Abbotsford, BC

*BC BROILER HATCHING EGG
PRODUCERS' ASSOCIATION*

*TWENTY-FOURTH
ANNUAL GENERAL MEETING
AGENDA*

THURSDAY, MAY 10, 2012

Call to Order - 12:00 Noon

*Reading of the May 6, 2011
Association Annual General Meeting Minutes*

Business Arising from the Minutes

Association President's Report, Brian Ens

Election of Association Directors

Financial Report, Dianne Mulder

New Business

Adjournment

BCBHEPA
Income Statement 01/01/2011 to 31/12/2011

	Budget 2011	Actual 2011
REVENUE		
Revenue		
Commission Income	\$ 80,000.00	80,458.84
Membership Fees		0.00
Interest Revenue		0.00
Miscellaneous Revenue	\$ 8,793.71	10,136.66
Total Revenue	<u>\$ 88,793.71</u>	<u>90,595.50</u>
TOTAL REVENUE	<u>\$ 88,793.71</u>	<u>90,595.50</u>
EXPENSE		
Payroll Expenses		
Wages & Salaries		0.00
EI Expense		0.00
CPP Expense/Fed Tax Expense	\$ 2,500.00	1,209.48
WCB Expense		190.94
Total Payroll Expense	<u>\$ 2,500.00</u>	<u>1,400.42</u>
General & Administrative Expenses		
Secretary	\$ 5,760.00	5,760.00
Director's Per Diems	\$ 33,000.00	37,090.52
Travel - KM Reimb.		3,378.15
Advertising & Promotions		1,265.58
Special Events	\$ 15,500.00	15,429.09
Research and Development	\$ 5,000.00	2,380.48
Memberships	\$ 15,000.00	15,433.48
Meals		931.87
Interest & Bank Charges	\$ 100.00	251.46
Office Supplies	\$ 2,000.00	1,343.76
Total General & Admin. Expenses	<u>\$ 78,860.00</u>	<u>83,264.39</u>
TOTAL EXPENSE	<u>\$ 78,860.00</u>	<u>84,664.81</u>
NET INCOME		<u><u>5,930.69</u></u>

BRITISH COLUMBIA BROILER HATCHING EGG PRODUCERS' ASSOCIATION

2011



Brian Ens, President; Sandra Jansen, Secretary; Hester Mulder, Vice Chair;
Dianne Mulder, Director; Len Groothof, Director

President's Report

As I reflect on the past year, I realize that there is work and committees that may have finished their tasks, ones that are just starting and others that will always be ongoing. It is always good to be able to check something off your to-do list, it gives you a sense of accomplishment.

The BC Poultry Association has been involved in a number of areas. Last fall's municipal election saw a change of Mayors and direction in Abbotsford. This may not seem significant, but with the change, we saw the defeat of a major new water supply and infrastructure. No matter what your view on the proposal was; the defeat will have an impact on agriculture. A clean constant source of water is critical for agriculture, and

particularly for poultry producers. The BCPA continues to work with both the City of Abbotsford and the Provincial Government in this area.

The BCPA is also a member in the BC Agriculture Council. As with all entities that rely on government funding BCAC is also looking at ways to make up shortfalls in their budgets. BCAC is looking at ways to have members fund their budget, but to also look at what privileges that membership could have.

Animal welfare is something that I think there will always be a variety of views on. This is also a major area where we can help the public to understand the workings of our farms. Education for both producers and consumers in this area is something that is needed. We are and will continue to work together with all Poultry groups, and all producers that have animals to ensure that the animals in our care are well taken care of.

The RMSC (Risk Mitigation Steering Committee) is also something the Directors have been involved in. Brian Bilkes is the BC Hatching Egg representative; however, both Dianne Mulder and I have been involved in these meetings. There seems to be progress being made in this very complex and complicated area. Government has been very helpful in providing resources and personnel to help us in this area and it will be ready for industry in general to see the final product. We hope to have significant information available to producers at our September producer meeting.

One of the new things we did this year as Directors was to meet with the Chicken Growers Association. This was a very informative meeting. Ravi Bathe and I talk regularly about issues and pressures that are facing our industry. The Associations also work together on a number of joint ventures like the education trailer, but it was good for the two producer groups to sit down and talk about where we can work together on other things. I look forward to having more meetings like this to better our industry.

As a Director of the BCBHEPA, I have continued to work, to serve you the Hatching Egg Producers of BC. My goal has always been to put your needs first, to seek out the betterment of our industry. As always, if you have any questions, concerns or suggestions, please feel free to contact me.

Respectfully Submitted

Brian Ens, President

COMMITTEE REPORTS

Biosecurity

In 2011, the Biosecurity Committee met to discuss two topics:

- The auditors of the four feather groups had requested some changes to the Biosecurity Manual to make the audits more accurate, as well as more practical. The committee met and reviewed the manual, and slight changes were made.
- The committee also met with the Allied Trades directly involved with the poultry industry. We discussed how to implement and complement our biosecurity program with the allied trades. A new Allied Trades manual should be ready in the near future. We expect both the producer and the Allied Trades to work together to provide a high level of bio-security.

“Poultry in Motion” – Educational Trailer

2011 was a busy year for the Educational Trailer. The trailer attended these fairs and agriculture events: Agriculture in the City (Burnaby); Cloverdale Rodeo; Aldergrove Fair; Chilliwack Exhibition, Coombs Fair; Vancouver Island Provincial Exhibition; Interior Provincial Exhibition; North Thompson Fall Fair in Barriere; Summerland Fall Fair, Mission Celebration of Community and the Queensborough Fall Fair in New Westminster.

In addition, the Educational Trailer has been travelling to schools in the Lower Mainland to educate children about poultry farming. This has been very well received by both the children and the staff alike. This will continue for 2012.

Sustainable Poultry Farming Group (SPFG)

Some changes have occurred during 2011 to the SPFG. As projects and funding changes have occurred, the SPFG has been re-structured to focus on various projects that would include and benefit all four feather groups. This may include funding projects partially. They look forward to the future and what that entails as they move forward into a new role.





British Columbia

Broiler Hatching Egg Commission

2011 Annual Report

Presented at the

Twenty-Fourth Annual General Meeting

May 10, 2012

Abbotsford, BC

*BC BROILER HATCHING EGG
COMMISSION*

TWENTY-FOURTH

ANNUAL GENERAL MEETING

AGENDA

THURSDAY, MAY 10, 2012

Call to Order

*Reading of the May 6, 2011
Annual General Meeting Minutes*

Business Arising from the Minutes

Auditors & Financial Report, David Guthrie, KPMG

Appointment of Auditors

New Business

Adjournment



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



*The mission of the
British Columbia
Broiler Hatching Egg Commission is:*

*to oversee the production activities of
BC broiler hatching egg producers and
regulate the marketing of their product
and*

*to act as a leader for the
BC 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.*



FINANCIAL

*BMO Bank of Montreal
Ms. Lana Dueck, Account Manager*

LEGAL COUNCIL

*Affleck, Hira, Burgoyne LLP
Mr. Robert Hrabinsky*

AUDITORS

*KPMG, LLP
Mr. David Guthrie, Account Manager*

*COMMISSION
OFFICES*

*#180-32160 South Fraser Way
Abbotsford, BC, V2T 1W5
Telephone: (604) 850-1854
Fax: (604) 850-1683
Website: www.bcbhec.com*

*BRITISH COLUMBIA
BROILER HATCHING EGG COMMISSION*

DIRECTORS

2011



Chair
Casey Langbroek



Director
Calvin Breukelman



Vice Chair
Chris den Hertog



Director
Brian Bilkes



Director
Joe Neels

*2011
COMMISSION STAFF*



*Dave Cherniwchan
General Manager*



*Lori Gress
Administrative Assistant*



*Stephanie Nelson
On-Farm
Program Co-ordinator*



*Marona Wiebe
Placement Co-ordinator*



*Barry Harder
Non-Hatching Eggs*



*CHAIR
CASEY LANGBROEK,
FCGA*

Casey Langbroek, FCGA is privileged to have forty-two years of experience in the accounting profession; building, growing and nurturing the accounting firm he is Senior Partner of. “Langbroek, Louwerse and Thiessen LLP” (www.lltcga.com)

provides accounting, taxation and business consulting services to clients located in British Columbia and other Provinces of Canada.

Casey’s commitment to his profession, his community, to Canada and to International endeavors was recognized in August 2011, when he received the prestigious Fellowship Designation from the Certified General Accountants Association of Canada.

Casey’s principal business core value is to deliver exceptional service to clientele by observing their businesses and carefully listening as they express their dreams and aspirations. He delivers far more than traditional accounting services and has assisted many businesses, not for profits and other agencies with Strategic Planning for growth, succession (as opposed to retirement), exceptional results and success.

Casey Langbroek, FCGA has adopted the Rockefeller Habits for his Firm and his life with the assistance of his Business Coach, Kevin Lawrence of SGI Synergy Group Inc. Working together with his Partners and Staff, Casey has instilled a culture of commitment and success in their accounting firm. This has enabled them to tackle professional obstacles, functioning at a higher caliber to reduce stress and time spent at the office.

Drawing from his experience, his wins, his mistakes, and his understanding of the Rockefeller Habits, Casey wishes to instill in others the ability to be more successful by using the “Four Decisions” approach to achieve their goals.

Casey is a proven active leader within his community; serving sixteen years on Chilliwack City Council (1987 to 2003), and eighteen years (1984 to 2002) in local and regional Hospital Governance, in addition to positions with numerous other community, municipal, provincial and federal boards or committees. Most recently, Casey was appointed as the Chair of the BC Broiler Hatching Egg Commission.

“I am very pleased to have been appointed as Chair of the BC Broiler Hatching Egg Commission in November 2011. Orientation to the Industry, learning the relationships with other Marketing Boards, the relationships with Producers and Hatcheries and the synergies with other Provincial Hatching Egg Commissions is challenging. I am, first and foremost, committed to serving the BC Broiler Hatching Egg Commission and its producers.”

Casey has been married to Jane for thirty-eight years. Together, they have three children and four grandchildren (Casey still claims he is too young to be a grandfather). Casey and Jane have encouraged their children and grandchildren to live a life filled with commitment, love for family, service to others and lots of fun! When not at the office, Casey enjoys spending time with family and friends, remaining active by travelling, golfing, road-cycling and working out at the gym.



Chris den Hertog, Vice Chair

2011 was a difficult and in some ways a frustrating year for the Commission, having to deal with adequate supply of hatching eggs at the beginning of the year and then finishing the year with over production.

The Commission increased placements in April from 82% to 86% for the next quota year due to lower fertility and that the Ross Bird had dropped in total egg numbers. Then by the end of the year the total allocated import chicks also were used, this had never happened in BC before.

In March the Commission held a new entrant lottery and selected a winner who will be placing birds in 2012

The Commission, in trying to be proactive, again did a full sweep in SE testing in 2011, and have developed protocols for cleaning and disinfecting; once again BC is a leader.

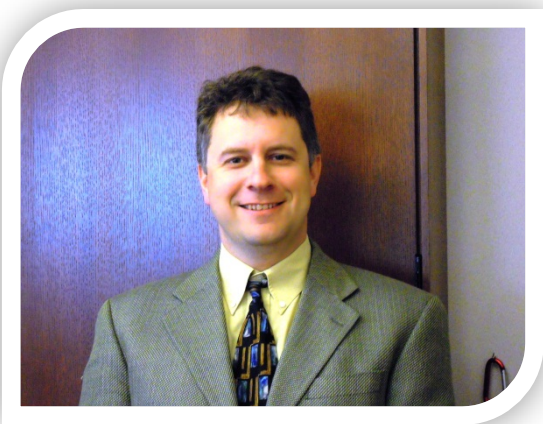
The Commission has also begun with bringing the Asian and Silkie breeders into our regulations, this too has become a daunting task.

2011 was also a year with some changes. In March, Peter van Hemert resigned as a director. In June, Peter Whitlock's term as chair ended. In May we welcomed Joe Neels as the new director and in October we welcomed Casey Langbroek as our new chair.

I would like to thank Dave and his staff for all the hard work they have done for us knowing that 2012 will also bring its challenges.

Respectfully submitted

Chris den Hertog, Vice Chair



Brian Bilkes

Chicken PPAC:

A number of meetings were held to discuss pricing issues, exceptional circumstances in regards to pricing, hatchery margin issues and assurance of supply for Vancouver Island.

COMB (BC Council of Marketing Boards):

A number of meetings were held to discuss some of COMB's services that it offers to its members including election services and electronic voting, Board and Commission Evaluations, and quarterly meetings that COMB organizes for its Chairs and Managers to discuss common issues.

COGA (Centre for Organizational Governance in Agriculture):

Planning meetings were held to organize the 3 seminars the COGA held during the past year:

1. Promoting Messaging for Agriculture using Social Media
2. Leadership in Agriculture
3. Boards that Lead

RMSC (Risk Management Steering Committee):

Refer to the document on next page.

British Columbia Poultry Industry Insurance Product Update

December 2011

Volume 2, Number 1

Who is working for you:

**You –
the producer**

Working to benefit

**RMSC – Chair:
Michel Benoit
(BCTMB Manager)**

Advising

**Industry
Advisory
Committee –
Jake Esau
Allen James
Marvin Friesen
Brian Bilkes
Garnet Etsell**

Providing support to

**Project Manager –
Agri-Saki Consulting
(Harvey Sasaki)**

Providing support to

**Administration –
ARDCorp
(Heather Carriere)**

Status Update:

On November 21, 2011, the directors of the four sector associations and the BCPA met with the Risk Mitigation Steering Committee to review the results of the detailed feasibility assessment of using a captive insurance company to finance the avian influenza insurance program. The poultry associations unanimously endorsed the RMSC to proceed with work to set up a captive insurance company, subject to grower support, to provide an avian influenza insurance program that will reduce the gap in *Health of Animals Act* compensation and improve industry's overall performance in actively managing to reduce the risk of future avian influenza events. The associations also appointed five industry representatives to direct the next steps in the project (see flow chart on the right).

The RMSC has agreed to retain the services of Agri-Saki Consulting Inc. (Harvey Sasaki) to manage the project and ensure that the necessary information is provided to industry to build awareness and understanding of the insurance product, its benefits and costs.

What is a Captive Insurance Company

A captive insurance company is best described as an insurance company that provides insurance to, and is controlled by, its owners, in this case the regulated poultry industry in British Columbia. The advantage for the industry is the transfer of the risk of loss (filling the gap in *Health of Animals Act*) coverage from the individual and from the associations, boards and commission to the captive insurance company in exchange for a premium. The premiums paid remain in the control of the BC poultry industry through the captive insurance company. Any profits from the investment of the premiums paid are retained by the company under the control of the industry.

There are no private sector companies offering insurance for avian influenza.

What to expect in 2012

The detailed feasibility assessment of a captive insurance company did not identify any regulatory impediments to proceeding. There are a number of key issues however that industry must address to enable the establishment of the captive insurance company to deliver an avian influenza insurance program. The industry must decide on who the industry shareholders should be. In the coming months meetings will be held to inform this decision and process to ensure producers are fully engaged and understand the implications of an insurance program. Prior to filing the application for incorporation of the captive insurance company and registering with the Financial Institutions Commission, you will be provided with information on what the insurance program means to you as a producer, what you can expect and what process will be used to secure your opinion on whether or not to implement the program.

Thank you for your continued support on the project.

Funding provided by:

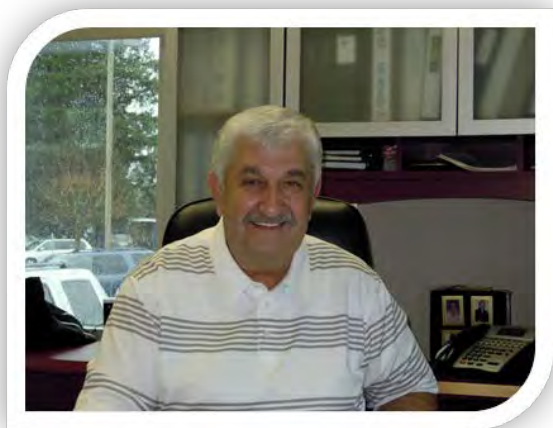


19



Investment
Agriculture
Foundation
of British Columbia





GENERAL MANAGER'S REPORT

Dave Cherniwchan

"2011" A year that saw the production increase with the realignment of placements. Starting the New Year we were in a long supply of hatching eggs.

Moving into mid-February domestic hatching eggs were long as the additional birds placed were now in production. The hatcheries and the Commission started their weekly supply meetings to review demand and egg sets, as well as imports.

As spring approached we moved to a 57 - 58 week kill age in attempt to reduce the domestic production.

Going forward throughout the summer, egg supply continued to be slightly long as egg sets were up. Heading into the fall the hatching egg supply increased as the chicken industry decreased creating surplus throughout the remainder of the year. Egg sets were lower than expected through to the end of the year.

Imports were used throughout the year, heavier in the spring/summer with leveling out in the fall. The hatcheries managed to use their own TRQ and not apply for any supplementals. We also experienced a full year of TRQ chick paper being used by the BC hatcheries. This TRQ is part of the 82.57%/17.43% regulation.

Hopefully we can see in 2012 a more balanced year of supply and demand. BC completed the year at 95.67% of domestic throughput and the hatchery imports were 114.3% of throughput. The overage of imports were mainly from the imports of chicks.

The National Allocation, which we all project from, decided for 2012, a 0.75%-1.0% growth in chicken over 2011. With signs of stability in the marketplace, the industry is confident that the chicken industry is moving forward. The hatching egg industry has forecasted a 1.0% increase for next year.

With the 86% placements in production, along with the improvement of the Ross breeder and the hatcheries placing Cobb birds, we saw production increase much faster than projected. We also allowed all bird claims to be placed from the past year as well as maintained a 57-58 week kill age throughout the year. Our production and hatchability both increased putting pressure on domestic eggs all year.

The Commission, along with the BCCMB agreed to a hatchery margin increase which started this fall. Both meet on several occasions to discuss issues concerning the industry as well as the pricing linkage system.

The Non-Hatching egg program has seen a great improvement. We are pleased that all producers are using our service. I would like to commend all producers for their vast improvement of the quality of eggs going to the breakers and the ceasing of selling eggs to vendors.

On the National scene, our BC Director, Calvin Breukelman, and Alternate Director Brian Bilkes have been busy working on National issues such as the Federal - Provincial Agreement, CHEQ™, research programs, insurance programs, as well as other National concerns hatching egg producers in BC and Canada might have. It's been a busy year on the National scene and we thank Calvin and Brian for their dedication.

Throughout the year we have had many meetings with hatcheries. Whether through the Pricing and Production, Advisory Committee, or directly, the communication was gratefully appreciated. I would like to express thanks to all hatcheries for their cooperation this past year.

I would like to express my sincere appreciation to our outgoing Chair, Mr. Peter Whitlock, who served a 3 year term with the Commission. Our new Chair, Mr. Casey Langbroek was appointed to the Commission in late summer. The Commission also had a new director elected, Mr. Joe Neels, who replaced Mr. Peter Van Hemert. I would just like to thank Brian Bilkes, Joe Neels, Chris den Hertog and Calvin Breukelman for their continued support and guidance. They have been invaluable throughout the past year to the hatching egg industry.

In closing, I would like to thank my staff, Lori, Marona, Stephanie and Barry, for all their support and efforts in keeping the Commission running smoothly over the past year.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Dave Cherniwchan", with a stylized, flowing script.

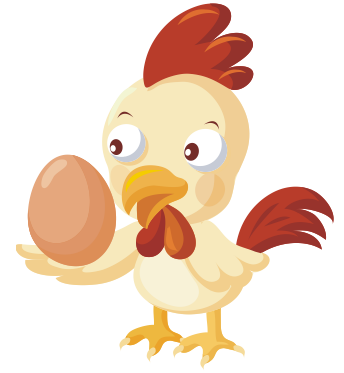
Dave Cherniwchan, GM

ON FARM PROGRAM COORDINATOR'S REPORT

STEPHANIE NELSON

CHEQ:

BC is completing the 5th year of the audit cycle which entails a full audit. All 2011 audits have been completed. Producers have risen to the standards expected of them and have been completing all required paperwork and records. This program has become engrained in Producers day to day farming activities.



Biosecurity:

The BC Biosecurity Program is a full audit each year. Auditors tour the farm and examine the record keeping annually. To ensure this program remains current and up to date the BC Biosecurity Committee recently reviewed the program and made some changes to reflect concerns of both the Auditors and Farmers in BC. These changes have been implemented both on farm and on the audit tool.

Premise ID:

The BC Premise ID Program started in 2006 has completed the final stages and is now province wide.

Salmonella Enteritidis:

The third round of SE sampling has been completed in BC. These environmental tests are completed by collecting both scratch and dust samples in every air space in the Hatching Egg Industry. A C&D program has been developed with local veterinarians to ensure the risk of reinfection after a positive flock is mitigated.



Financial Statements of

**BRITISH COLUMBIA BROILER
HATCHING EGG COMMISSION**

Year ended December 31, 2011



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

Telephone (604) 854-2200
Fax (604) 853-2756
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Members of British Columbia Broiler Hatching Egg Commission

We have audited the accompanying financial statements of British Columbia Broiler Hatching Egg Commission which comprise the statement of financial position as at December 31, 2011, the statements of revenues and expenditures, 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 generally accepted accounting principles, 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.

Auditors' 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 an audit to obtain reasonable assurance about whether the consolidated 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 Broiler Hatching Egg Commission as at December 31, 2011, and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

April 27, 2012

Abbotsford, British Columbia

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Balance Sheet

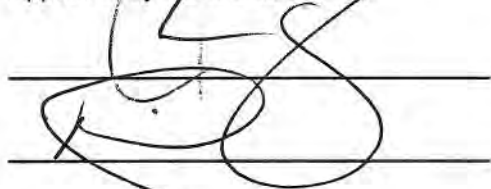
December 31, 2011, with comparative figures for 2010

	2011	2010
Assets		
Current assets:		
Cash and short-term deposits (Note 4)	\$ 2,062,539	\$ 1,680,021
Accounts receivable	329,497	221,342
Prepaid expenses	-	10,000
	2,392,036	1,911,363
Equipment and leasehold improvements (Note 5)	53,329	54,037
	\$ 2,445,365	\$ 1,965,400

Liabilities and Net Assets

Current liability:		
Accounts payable	\$ 535,165	\$ 100,886
Due to Avian Lab (Note 6)	55,832	253,533
Net assets:		
Invested in capital assets	53,329	54,037
Internally restricted (Note 4)	1,179,249	1,179,249
Surplus	621,790	377,695
	1,854,368	1,610,981
Contingency (Note 9)		
	\$ 2,445,365	\$ 1,965,400

Approved by the Members:



See accompanying notes to financial statements.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Statement of Revenues and Expenditures

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
Revenues:		
Producer levies (Note 7)	\$ 1,830,649	\$ 2,019,701
Non-hatching egg revenue (Note 8)	489,054	336,925
Interest and miscellaneous	75,155	13,624
Quality assurance revenue	75,086	34,033
Licences and fees	1,000	1,000
	<u>2,470,944</u>	<u>2,405,283</u>
Avian lab: (Note 6)		
Revenues	179,515	384,393
Expenditures	<u>(249,515)</u>	<u>(454,393)</u>
	<u>(70,000)</u>	<u>(70,000)</u>
	<u>2,400,944</u>	<u>2,335,283</u>
Expenditures:		
Advertising and promotion	23,297	21,684
Amortization	10,793	5,652
B.C.B.H.E.P. Association	79,841	80,000
Canadian Hatching Egg Producers Levy (Note 7)	278,725	257,592
Chairman and members' per diems	141,552	127,799
Interest and bank charges	6,616	8,839
Legal and accounting	59,005	59,466
Non-hatching egg expenses (Note 8)	434,832	333,289
Office and miscellaneous	33,429	24,913
Office rent	24,152	28,432
Price committee expenses	15,625	49,916
Professional services	35,012	33,077
Quality assurance expenses	302,563	158,964
Research and development	41,339	18,237
Standards committee expenses (recovery)	(15,186)	(2,970)
Telephone	12,285	13,675
Travel	58,437	53,781
Wages and benefits (Note 10)	615,240	311,097
	<u>2,157,557</u>	<u>1,583,443</u>
Excess of revenues over expenditures	\$ 243,387	\$ 751,840

See accompanying notes to financial statements.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Statement of Changes in Net Assets

Year ended December 31, 2011, with comparative figures for 2010

	Invested in capital assets	Internally restricted	Surplus (deficiency)	2011	2010
Balance, beginning of year	\$ 54,037	\$ 1,179,249	\$ 377,695	\$ 1,610,981	\$ 859,141
Excess (deficiency) of revenue over expenditures	(21,283)	-	264,670	243,387	751,840
Change in investment in capital assets	20,575	-	(20,575)	-	-
Balance, end of year	\$ 53,329	\$ 1,179,249	\$ 621,790	\$ 1,854,368	\$ 1,610,981

See accompanying notes to financial statements.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Statement of Cash Flows

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
Cash provided by (used in):		
Operations:		
Excess of revenues over expenditures	\$ 243,387	\$ 751,840
Item not involving cash:		
Amortization	21,283	20,092
Changes in non-cash operating working capital:		
Accounts receivable	(108,155)	(32,649)
Prepaid expenses	10,000	(10,000)
Accounts payable	434,279	(248,283)
	600,794	481,000
Financing:		
Advances to Avian Lab	(197,701)	(105,111)
Investments:		
Purchase of equipment	(20,575)	(15,764)
Increase in cash position	382,518	360,125
Cash position, beginning of year	1,680,021	1,319,896
Cash position, end of year	\$ 2,062,539	\$ 1,680,021

See accompanying notes to financial statements.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2011

General:

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.

1. Significant accounting policies:

(a) Revenue recognition:

The Commission follows the deferral method of accounting for contributions, which include levies and other revenues. This method recognizes unrestricted contributions as revenue when received and externally restricted contributions as revenue in the year in which the related expenses are recognized.

(b) Equipment and leasehold improvements:

Equipment and leasehold improvements are recorded at cost. Amortization has been recorded as follows:

Computer hardware	Declining balance	30%
Truck	Declining balance	30%
General equipment and supplies	Declining balance	20%
Office equipment	Declining balance	20%
Leasehold improvements	Straight-line	10 years

Amortization of \$10,490 (2010 - \$14,440) related to non-hatching egg assets is included in non-hatching egg expenses.

(c) Use of estimates:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles which require management estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(d) 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 (continued)

Year ended December 31, 2011

2. Future changes in accounting framework:

The Commission is currently classified as a not-for-profit organization. The Accounting Standards Board ("AcSB") has approved new accounting standards for non-government controlled not-for-profit organizations (NPOs). These accounting standards provide NPOs the option of adopting International Financial Reporting Standards or Accounting Standards for Not-For-Profit Organizations, supplemented by Accounting Standards for Private Enterprises (APSE), where required. NPOs must adopt one of these two accounting frameworks for fiscal years beginning on or after January 1, 2012. The Council intends to adopt the Accounting Standards for Not-For-Profit Organizations, supplemented by ASPE. The Council is in the process of assessing the impact of the new standards.

3. Capital management:

The Commission receives its principal source of capital funds from fees and levies assessed on producers. The Commission defines capital to be net assets.

The Commission's main objective when managing capital is to manage the supply of broiler chicks to the broiler industry. The Commission manages the capital structure by making operational and financing adjustments based on available funding. Currently, the Commission's strategy is to retain a base level of net assets to fund operating expenditures.

4. Restricted cash:

Cash and short-term deposits is restricted as follows:

	2011	2010
Internally restricted	\$ 1,000,796	\$ 788,420
Due to Avian Lab	55,832	253,533
Cash available for operations	1,005,911	638,068
	<u>\$ 2,062,539</u>	<u>\$ 1,680,021</u>

Included in cash and short-term deposits is \$1,000,796 (2010 - \$788,420) that the Commission has restricted to replenish the internally restricted fund to \$1,179,249. The fund has a cash deficiency of \$189,056 (2010 - \$390,829) at year-end. Subsequent to year-end, the Commission purchased an additional short-term deposits to fully replenish the internally restricted fund.

The internally restricted fund is restricted by the members of the Commission for specific purposes.

Included in the funds due to Avian Lab of \$55,832 (2010 - \$253,533) is in a separate bank account restricted for Avian Lab expenditures in accordance with the agreement as disclosed in Note 6.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2011

5. Equipment and leasehold improvements:

				2011	2010
	Cost	Accumulated amortization		Net book value	Net book value
Computer hardware	\$ 64,928	\$ 45,832	\$	19,096	\$ 6,703
Truck - non-hatching egg program	95,840	78,508		17,332	24,760
General equipment and supplies - non-hatching egg program	37,457	25,207		12,250	15,312
Office equipment	34,157	31,432		2,725	3,408
Leasehold improvements	19,278	17,352		1,926	3,854
	\$ 251,660	\$ 198,331	\$	53,329	\$ 54,037

6. Due to Avian Lab:

The Commission has the authority and responsibility to conduct avian tests in the province and has entered into an agency agreement (effective April 1, 2009) with the Ministry of Agriculture and Lands. The Commission is committed to annual funding of laboratory operations in the amount of \$70,000 plus the amount of lab revenues. Any unspent surplus is payable to the lab for future expenditures.

7. Producer levies:

The total levy assessed to registered producers was 24.98 cents per dozen eggs or 2.6 cents per saleable chick from January to September 2011. The levy changed in October 2011 to 19.2 cents per dozen eggs or 2.0 cents per saleable chick (2010 - 25.0 cents per dozen eggs or 2.6 cents per saleable chick).

Included in the total levy is a national levy of 0.265 cents per egg set from January to April 2011 and 0.29 cents per egg set starting in April 2011 (2010 - 0.265 cents per egg set) paid or payable to the Canadian Hatching Egg Producers.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2011

8. Non-hatching egg program:

	2011	2010
Non-hatching egg revenue	\$ 489,054	\$ 336,925
Expenses:		
Amortization	10,490	14,440
Cooler rent	9,040	11,282
Miscellaneous supplies	6,482	12,302
Producer payments	250,062	194,812
Truck maintenance	19,439	22,564
Wages and benefits (Note 10)	139,319	77,889
	434,832	333,289
	\$ 54,222	\$ 3,636

9. Contingency:

The Canadian Hatching Egg Producers 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 \$165,000 letter of credit with their bank (2010 - \$165,000). Production levels for the year ended December 31, 2011 indicate the Commission is within the allowed 1% sleeve of over production, and accordingly no draw has been required on the letter of credit.

10. Employee pension plan:

During the year, after reviewing the employees' wages, the Commission established a defined contribution pension plan for its employees. Annual contributions to the plan are based on 10% of annual salaries for each employee. A contribution for past service costs has been accrued for years of employment up to and including 2011 and is required to be paid by 2012.

Included in accounts payable is \$318,447 for accrued pension expenses.

In lieu of accruing any potential severance liabilities, the Commission has entered into employee agreements with its employees which limit the severance liabilities.

11. Financial instruments:

The fair value of the Commission's cash and short-term deposits, accounts receivable and accounts payable approximate their carrying amounts due to the relatively short periods to maturity of these instruments.

The fair value of due to Avian Lab is not determinable as there are no set terms of repayment.



Jack Greydanus

Fellow Canadian Broiler Hatching Egg Farmers

Yes, it's already been a year since I have taken over the duties as CHEP Chair. During the year, your Board of Directors have been very busy and focused on their goals laid out in the strategic plan from May 2011. As Chair, I am pleased with the accomplishments your Board has achieved in the past year, and as we move forward into 2012, the momentum continues. Let's review and look forward.

Our number one goal has been and will continue to be, the addition of Alberta and Saskatchewan as full member provinces to CHEP. The plan originally was to complete a new Federal Provincial Agreement (FPA), however, over the year, our focus shifted to altering the present FPA to allow these two provinces to sign onto the existing FPA. The alterations will also include changes to allow one more CHF Director and the Chair of CHEP to become a neutral position at the Board table. Moving forward, a new FPA will remain a focus. Adding additional members from Atlantic Canada will also be a priority.

Animal care guidelines, bio-security & food safety protocols, Health of Animal Act compensation, antimicrobial drug resistant and use, will be part of our memberships day to day operations. The Board of Directors created a Production Management Committee (PMC) to make certain that solutions to issues will be farmer and farm friendly. My thanks in advance go to the members that will be involved in the surveys that will be taking place in 2012.

The World Trade Organization (WTO) has been very active in the past years, but is expected to stall for a period of time as a result of not being able to achieve a deal in 2011 and international elections taking place over the next few years. Other bilateral and multilateral trade agreements continue to be negotiated by the Canadian government and CHEP will maintain our involvement to ensure supply management's viability.

The challenges to supply management remain and it is our responsibility to address them. We have the current Government's support for supply management and for that we are very grateful. We must ensure the rest of Canada is aware of the benefits of supply management. Efforts are now afoot to demonstrate these benefits as a national agency, and we ask you, as individual farmers, to do your part. Your part includes promoting the benefits of supply management to fellow Canadians as well as respecting the intent of supply management.

Please join the Board of Directors and myself in thanking Giuseppe, Nicole, Viki, Tim and Joy, your CHEP staff, for doing a stellar job of staying on top of the issues and dealing with them in a very professional manner.



Membership:

Brian Bilkes, Chair, British Columbia
Josh Lubach, Alberta
Jeff Regier, Saskatchewan
Kevin Enns, Manitoba
Cheryl Firby, Ontario
Robert Massé, Quebec

In 2002, the Canadian Hatching Egg Producers Association (CBHEPA) reinstated the student programs. Since then, these initiatives have been greatly appreciated by the student community, and, we believe, will benefit our industry in the future.

To date the **Young Farmers Program** has provided financial assistance to five young producers looking to acquire or broaden their knowledge of the hatching egg industry in other countries.

The **Student Exchange Program** was initiated to help Canadians gain a better understanding of the challenges and opportunities available to the hatching egg industry. It has allowed two high school students of Manitoba and Quebec broiler hatching egg producers to experience a new environment.

The **Broiler Breeder Research Grant** has been an amazing success in providing support to 10 students to pursue short term studies in fields related to our industry.



CBHEPA 2010 Producer of the Year

Berniko and Jantea Van der Velde were presented with the 2010 Producer of the Year Award at the Canadian Hatching Egg Producers summer meeting in July 2011 in beautiful Canmore, Alberta. The Van der Velde's are from Thorhild, Alberta.



Brian Bilkes, Chair CBHEPA, Jantea and Berniko Van der Velde



Berniko Van der Velde

The 2011 Broiler Breeder Research Grant was awarded to Edith Tanjong MBA from the University of Alberta for her project entitled: *"Broiler Breeder Composition Restriction: Can feed manipulations turn breeders to better mothers?"* Edith's research will be posted on CHEP's website.



Edith Tanjong MBA

I would like to take this opportunity to thank my Committee Members for their work and support.

A handwritten signature in black ink, appearing to be 'B. Bilkes'.

Brian Bilkes
Chair, CBHEPA



Canadian Broiler Hatching Egg Producers' Association

The 2011 CBHEPA Drawing Contest Winner



Since 2008, the Canadian Broiler Hatching Egg Producers Association holds an annual drawing contest for producers' families. The drawings received become the face of the national office Canadian Broiler Hatching Egg Producers Christmas cards. This year the Association members selected a special winner to have their drawing sent to the Prime Minister of Canada, the Honourable Stephen Harper. Pictured here is our 2011 winner, Annette Bilkes, 6 years old from Chilliwack, British Columbia.

The 2011 CBHEPA Drawing Contest Participants



Claire Bilkes 3 yrs
British Columbia



Jayden Ijtsma 5 yrs
Alberta



Thaya Neels 6 yrs
British Columbia



Ashley Ijtsma 7 yrs
Alberta



John Bilkes 9 yrs
British Columbia



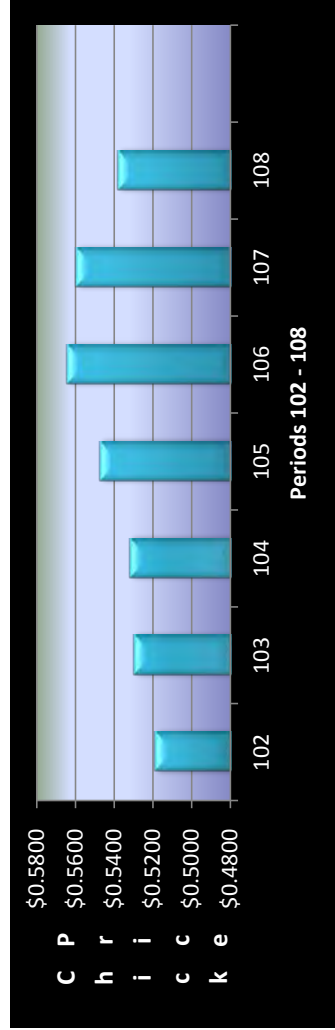
Hannah Neels 10 yrs
British Columbia



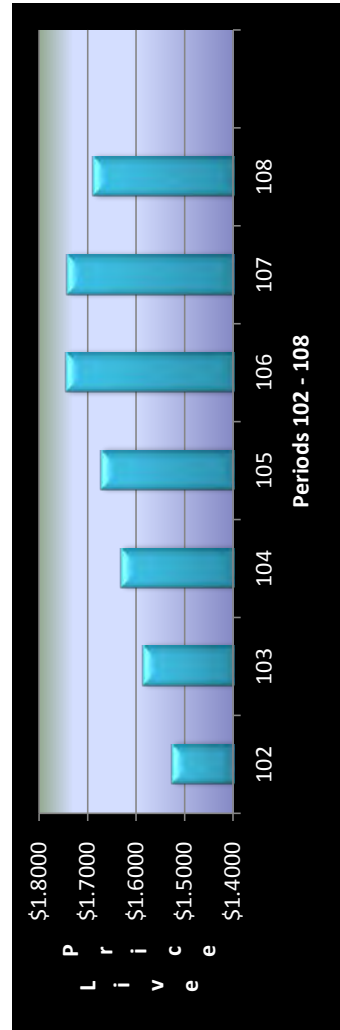
Jane Bilkes 11 yrs
British Columbia

Period	Egg Price Effective Date	Hatching Egg Price	Chick Price Effective Date	Saleable Chick Price	Live Chicken Price	Broiler Chick Price	Broiler Chick Effective Date	Industry Recovery %	Hatchery Margin
102	25-Feb-11	\$4.9893	18-Mar-11	\$ 0.5197	\$ 1.5290	\$ 0.6890	18-Mar-11	103.98%	\$ 0.1693
103	22-Apr-11	\$5.0908	13-May-11	\$ 0.5303	\$ 1.5881	\$ 0.6996	13-May-11	105.91%	\$ 0.1693
104	17-Jun-11	\$5.1116	8-Jul-11	\$ 0.5325	\$ 1.6333	\$ 0.7018	8-Jul-11	104.29%	\$ 0.1693
105	12-Aug-11	\$5.2605	2-Sep-11	\$ 0.5480	\$ 1.6742	\$ 0.7173	2-Sep-11	105.44%	\$ 0.1693
106	7-Oct-11	\$5.4237	28-Oct-11	\$ 0.5650	\$ 1.7463	\$ 0.7343	28-Oct-11	107.58%	\$ 0.1693
107	2-Dec-11	\$5.3816	23-Dec-11	\$ 0.5606	\$ 1.7450	\$ 0.7299	23-Dec-11	106.38%	\$ 0.1693
108	27-Jan-12	\$5.1700	17-Feb-12	\$ 0.5386	\$ 1.6909	\$ 0.7179	17-Feb-12	103.47%	\$ 0.1793

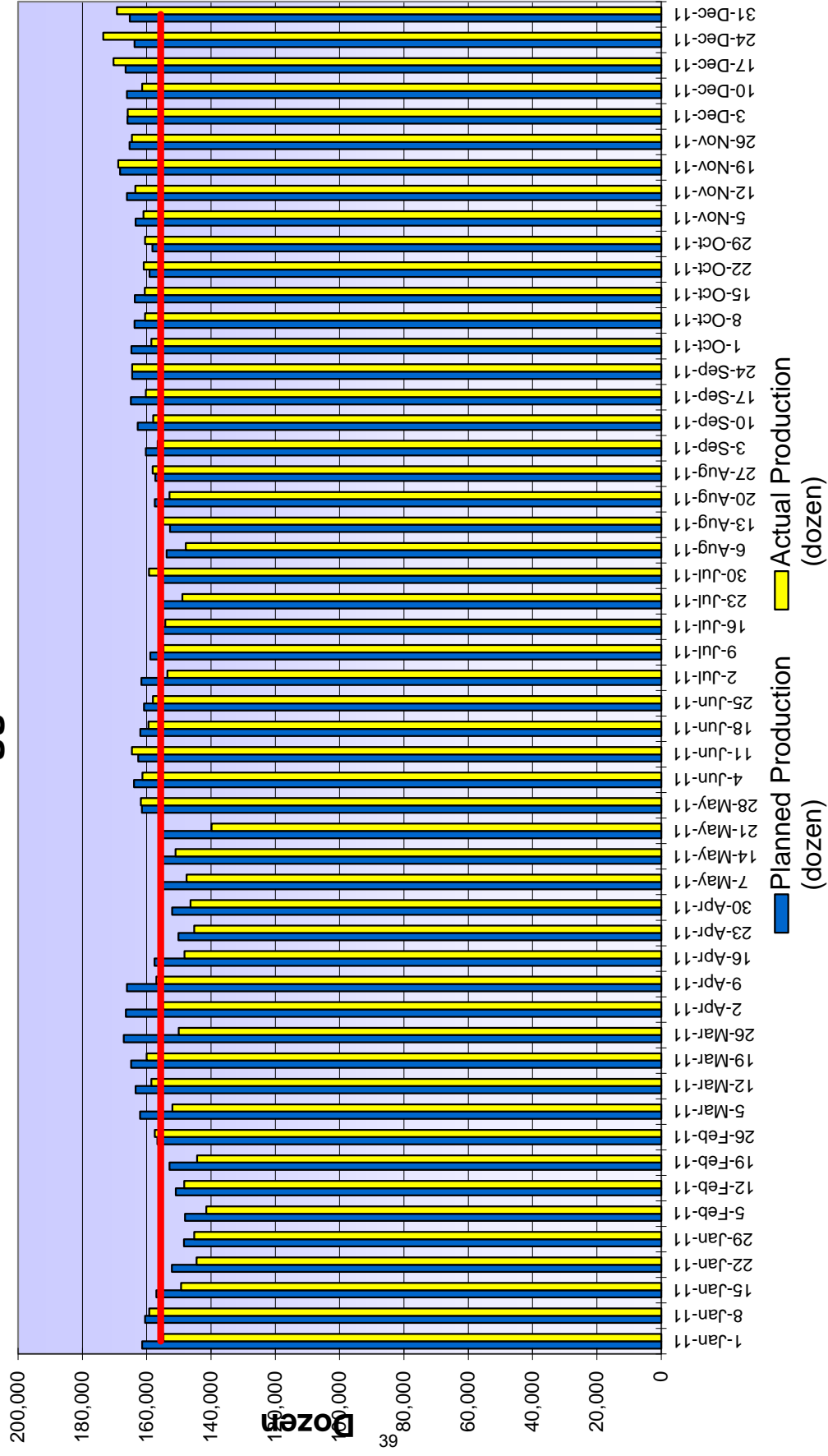
Saleable Chick Price



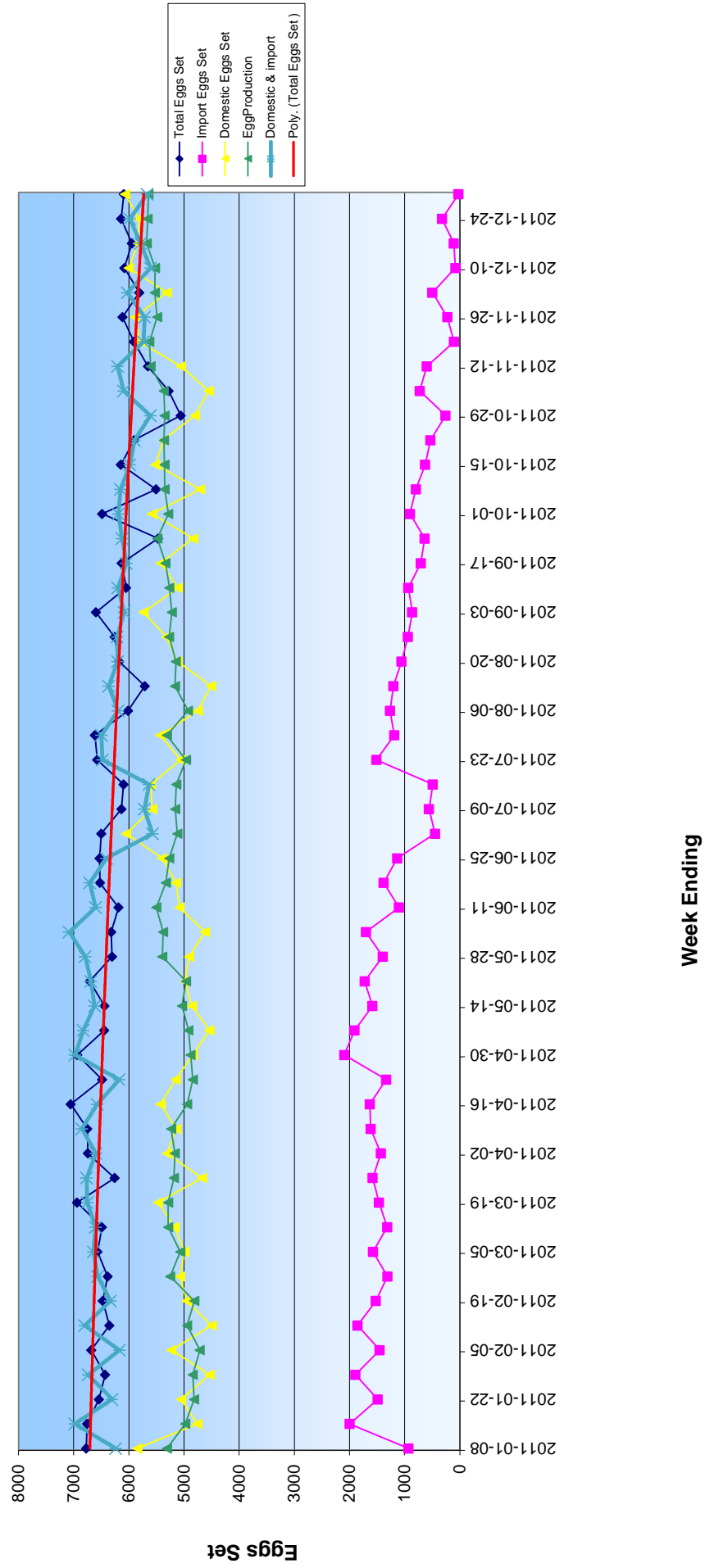
Live Chicken Price



Egg Production



2011 Import / Domestic Egg Set Comparison



Hatching Egg Production 2008 - 2011

