



BC Broiler Hatching Eggs

2013 Annual Report

B.C. Broiler Hatching Egg Commission
180 – 32160 South Fraser Way
Abbotsford, BC V2T 1W5

B.C. Broiler Hatching Egg Producers' Association
P.O. Box 191
Abbotsford, BC V4X 3R2



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BC Broiler Hatching Eggs

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B.C. BROILER HATCHING EGG PRODUCERS' ASSOCIATION

Purpose

To promote by closer contact and exchange of ideas and experiences, thereby endeavoring to solve the problems of the broiler hatching egg industry;

To establish a better understanding and appreciation with the public and other interested parties concerning the broiler hatching egg industry;

To stimulate, develop and encourage all and any necessary improvements in the disposition, sale or acquisition of any feed or other necessities and likewise to obtain any scientific aid or assistance of any nature and any kind with respect to any poultry and/or eggs;

To encourage every and any economic plan or devise, which might be of assistance to producers of broiler hatching eggs and more solid contact with hatcheries, feed suppliers, processors and broiler growers.



Producers' Association

President:	Allan Cross
Vice Chair:	Hester Mulder
Director:	Brian Brandsma
Director:	Allan Mulder
Secretary:	Sandra Jansen



**B.C. BROILER HATCHING EGG
PRODUCERS' ASSOCIATION
TWENTY-SIXTH ANNUAL GENERAL MEETING
AGENDA**

Thursday, May 1, 2014

Call to Order – 12:00 Noon

Approval of Agenda

**Approval of Minutes from the May 24, 2013
Association Annual General Meeting**

Business Arising from the Minutes

Association President's Report, Allan Cross

Election of Association Directors

Financial Report, Bryan Brandsma

New Business

Adjournment

Producers' Association President's Report

Again we had a busy year for your Producers' Association. Hester Mulder, Bryan Brandsma, Al Mulder and I worked very hard at representing the Hatching Egg Producers of BC in everything we did. I am confident that you appreciate the time and effort put forward by these Producer Directors on your Association. We have had another great year of teamwork, balancing every Director's skills and abilities while learning from each other. This is what makes us effective and successful!

Every year is full of meetings with committees, producers, other boards and agencies, and related industry groups that impact our industry. It is important to manage these relationships successfully to keep our Industry moving forward positively. We have purposely and effectively strengthened Producer interests within our industry.

We have again made progress on keeping Producers informed on many issues such as residual breakouts, hatchery conversion ratio, non-avian influenza, anti-microbial use in feed and hatcheries, feed grain railway crisis, as well as other issues and events.

There also was a lot of time spent on the last details of the Captive Insurance program with the other feather groups, and we hope to have the program successfully in place in this 2014 year. A special thanks to Bruce Apperloo and Hester Mulder for putting the extra effort into getting it done for us!

The 2013 Producer Banquet was a great success, celebrating the Commission's 25th Anniversary. We had a terrific turn out of Producers and Sponsors, and look forward to this year's banquet. Your Directors and Sandra have worked hard to make this an enjoyable well-planned event.

The Producers' Association has also worked at managing the finances allocated to us effectively.



We have increased our efforts to obtain sponsorship of our banquet, re-vamped our Director compensation schedule and hope to manage a cut in our total operating budget, all without giving you less, that's significant!

There are always challenges, and 2014 will be no exception. We hope to see a more effective marketing scheme (concept) adopted by the Commission, a Producer owned Commission Office, implementation of the Captive Insurance program, and updating of the Producers' Association constitution completed in 2014. Be assured that we are prepared to tackle these and other issues as they arise.

Thank you for allowing me to serve you as a Director and President of your Producers' Association this last year.

Respectfully Submitted,

Allan Cross



BC Broiler Hatching Egg Producers' Association

Income Statement 01/01/2013 to 31/12/2013

	Budgeted 01/01/2013 to 31/12/2013	Actual 01/01/2013 to 31/12/2013
REVENUE		
Revenue		
Commission Income	\$ 110,000.00	\$ 120,787.52
Membership Fees	\$ -	\$ -
Interest Revenue	\$ -	\$ -
Miscellaneous Revenue	\$ 9,500.00	\$ 11,360.00
Total Revenue	\$ 119,500.00	\$ 132,147.52
TOTAL REVENUE	\$ 119,500.00	\$ 132,147.52
EXPENSE		
Payroll Expenses		
CPP Expense	\$ 2,500.00	\$ 1,536.86
WCB Expense	\$ -	\$ 69.30
	\$ -	\$ -
Total Payroll Expense	\$ 2,500.00	\$ 1,606.16
General & Administrative Expenses		
Secretary	\$ 5,760.00	\$ 9,337.50
Director's Per Diems	\$ 44,000.00	\$ 42,191.50
Travel - KM Reimb.	\$ 3,800.00	\$ 3,790.74
Advertising & Promotions	\$ -	\$ 2,011.64
Special Events	\$ 38,000.00	\$ 39,337.69
Research and Development	\$ 5,000.00	\$ 5,184.64
Memberships	\$ 16,000.00	\$ 38,204.03
Meals	\$ 600.00	\$ 554.11
Accounting Fees	\$ -	\$ 705.60
Interest & Bank Charges	\$ 200.00	\$ 150.45
Office Supplies	\$ 2,500.00	\$ 599.44
Total General & Admin. Expenses	\$ 115,860.00	\$ 142,067.34
TOTAL EXPENSE	\$ 118,360.00	\$ 143,673.50
NET INCOME	\$ 1,140.00	-\$ 11,525.98

Committee Reports

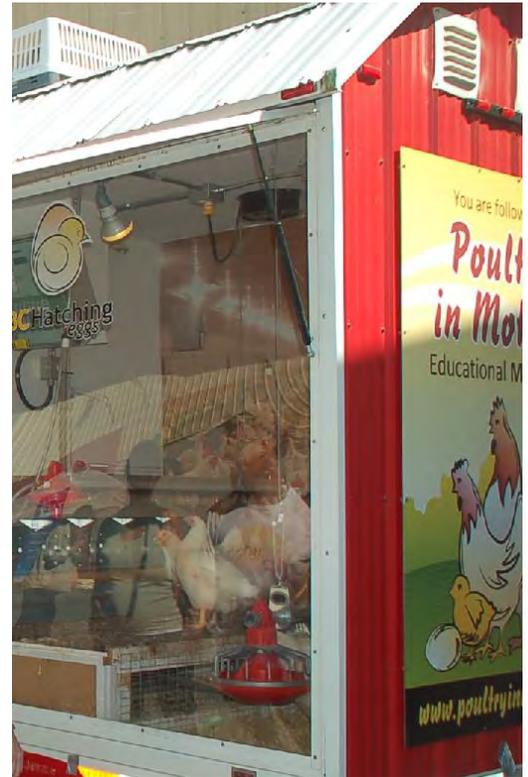
Poultry Education Trailer

Dianne Mulder

This year, the Education Trailer was exposed to many different schools from Vancouver to Chilliwack.

The addition of middle and high school age video will have the trailer going to more schools from the Fraser Valley and will reach more teenagers. Helping teach them where our food comes from and healthy food safety practices.

The trailer continues to be a success with the public, thanks to the many volunteers who man the trailer and the farmers and hatcheries that provide the birds for the trailer.



Abbotsford Chamber of Commerce Agricultural Committee Bryan Brandsma

The Abbotsford Chamber Ag Committee meets once a month to discuss issues facing agriculture in the Fraser Valley. This year's hot topics and issues continued to surround the proposed rezoning of ALR land throughout the Valley. As the agricultural sector is one of the strongest contributors to our economy, it is vital that we protect, and use effectively those acres in the ALR.

Also put up for discussion and planning was the idea to get the concept of supply management "out there" and educate the public on it. This is an exciting idea! A debate on supply management was planned for late April.

More recently, the shortages and delays of railcars shipping grain to B.C. has taken center stage at the meetings. The Ag Committee is showing its support for, and speaking with the Animal Nutrition Association of Canada as it pressures the government to act before there is a major crisis.

The SPFG is continuing in its commitment to fund poultry projects that pertain to all the four feather groups. This past year, one of the projects was collecting data for Antimicrobial Use within our poultry industry as a whole. This project is still underway; however, its goal is have this information accessible so producers and veterinarians can know how much, and how often certain antibiotics are used.

Another project that is in its beginning stages is a Nutrient Recycling of poultry manure using aerobic digestion. As soon as more information is available, the producers will be informed.

Lastly, the SPFG is considering a project which investigates the benefits of supplementing broiler chicken pellets with poultry litter biochar.

We continue to look for feedback from our producers to provide ideas and recommendations for future projects as they relate to the poultry industry.





B.C. BROILER HATCHING EGG COMMISSION

**TWENTY-SIXTH
ANNUAL GENERAL MEETING
AGENDA**

Thursday, May 1, 2014

Call to Order

**Reading of the May 24, 2013
Annual General Meeting Minutes**

Business Arising from the Minutes

**Jack Greydanus, Chairman of the Canadian
Hatching Egg Producers**

Auditors & Financial Report, David Guthrie KPMG

New Business

Adjournment

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.

BCBHEC Chairman's Annual Report

2013 was a year of economic and structural challenges for Countries, Governments, Corporations and Individuals around the world. Changes that happened slowly 30 or more years ago take hold and happen quickly today, emphasizing the importance of being proactive. Modifications in pricing of commodities, interest rates and other factors are changed quickly in anticipation, not reaction. There has and continues to be much written, debated and discussed regarding Supply Management of Agricultural Products in Canada. There are pressures to reduce costs and to improve the bottom line through improved efficiencies.

The Board of the B.C. Broiler Hatching Egg Commission has immersed itself in all of these challenges and has monitored developments closely and, rather than reacting, has been proactive where it is able to be. We recognize that the most important thing is to be responsible, accountable and to promote change for the good of B.C. Broiler Hatching Egg Producers.

The change that I have spoken of often since being appointed as Chair of the B.C. Broiler Hatching Egg Commission in November 2011 (my term of office expires late in 2014) is taking hold, for the benefit of the Producers. However, we still have some things that need to be addressed; yes, there will be matters to “be addressed.”

The B.C. Broiler Hatching Egg Commission Board and Staff continue to be laser focused to the Strategic Plan and Key Initiatives that we first developed in September 2012 and updated in September 2013 to drive the changes that we believe are necessary. We are accountable for the Strategic Plan and Key Initiatives, the financial results (compared to budget) and to the Official Flock Schedule.

We will continue with that focus going forward. We believe that accountability through frequent reporting is one of the keys for change in the Hatching Egg Industry but that reporting must be in accordance with a Strategic and Proactive approach.



The Consolidated Orders of the B.C. Broiler Hatching Egg Commission reflect the Commission's purpose and its responsibility. That is to promote; to regulate; to control the production, transportation, packing, storage and marketing of all broiler hatching eggs, saleable chicks and broiler breeders. This responsibility is not taken lightly by the B.C. Broiler Hatching Egg Commission Board. We must ensure that proper process takes place when planning for the future to the benefit and reporting to the Stakeholders in the Industry that is, The Producers; The Hatcheries; and the B.C. Farm Industry Review Board.

In September 2013 the B.C. Broiler Hatching Egg Commission Board updated the Strategic Plan it developed and adopted in October 2012. The Strategic Plan, among other items, includes the following six Key Initiatives that will be our primary focus from October 2013 to September 2014

1. Initiatives to Improve Product Quality
2. Improvements to the Small Egg Program
3. Relationship Building through Accountability Meetings, face to face meetings with Producers, and meetings with other stakeholders
4. Linkage; 2014 is the year to negotiate a new linkage agreement with B.C. Chicken Marketing Commission
5. Improvements to financial stewardship through more frequent reporting, review of all expenditures and other initiatives
6. Review of the Quota Allocation System

I thank those who appointed me to this position. I am passionate about making change and am challenged by this responsibility. I am very pleased to be working together with a Board made up of very passionate Producers who are knowledgeable and represent the interests of the Producers with fairness. Equally, I am thrilled to be working with a General Manager that is consummate about serving this Industry in an unparalleled manner, with devotion. Her staff deserve thanks and credit, as well, as they are directly affected by the change that has taken place.

While this "part time" job is time consuming, I can see opportunities to make change and have that change be the new reality.

I urge you to be open-minded and not singular focused and to support the dedicated Producers who serve as Board Members. To disagree, to debate, to stir up healthy and respectful conflict is a healthy part of any organization, but the only way that anyone can use conflict to bring about healthy change is to be open minded, to listen, and to not be singular focused.

Thank you

Casey Langbroek CPA FCGA
Chair, BC Broiler Hatching Egg Commission



B.C. Broiler Hatching Egg Commission

Board of Directors



Brian Bilkes - Vice Chair

Joe Neels – Director

Calvin Breukelman - Director

Casey Langbroek – Chair

Bruce Apperloo – Director (missing)



General Manager's Report

Stephanie Nelson



2013 was a year of change, of growth and of correction.

The office embraced those concepts and focused our efforts on production, communication and the key initiatives.

2013 saw Producers moving hatcheries and placement dates adjusted. Production was streamlined to include several reporting mechanisms. With the implementation of Squandered Eggs this has become our primary focus. The Official Flock Schedule is the foundation of everything else we do here in the office and the management of that weighs heavily on the production team. 2013 saw no money spent on surplus removal and kill ages extended to 59-60 weeks, a considerable improvement over 2012.

Communication is important. The monthly newsletter was re-vamped to provide up to date and important production information to the Producers. Monthly hatchery meeting and quarterly coffee meetings continued to increase the communication amongst the stakeholders and provided the staff with valuable information to use when forecasting and planning.

Each fall the board and General Manager review the key initiatives and set priorities. Those key initiatives were reported on by the General Manager to the board monthly and to producers at the accountability sessions. Having a living, breathing strategic plan has been a welcome addition to the Commission office and streamlines our time and makes the staff more efficient.

2013 was a successful year. I have enjoyed my first full year as the General Manager and look forward to the successes of 2014 which are well under way!

B.C. Broiler Hatching Egg Commission Staff



Marona Wiebe, Placement Coordinator

Stephanie Nelson, General Manager

Veronica Kushnerenko, Executive Assistant

Sarah Zonneveld, On Farm Program Coordinator



Barry Harder, Transportation

On-Farm Program Coordinator's Report

Sarah Zonneveld

CHEQ Program

Producers have continued to excel in implementing the CHEQ program on farm. I can see the principles of the program being applied on every farm in the way producers conduct daily activities. As a group, the hatching egg producers in this province continually work to perfect their on farm standards with regards to food safety. Farms are always clean when I am on the premise and the visual increase of rodent bait stations on breeder farms is a great sight to see.

Biosecurity Program

Hatching egg producers continue to commit to the principles of the BC Biosecurity Program. Most broiler breeder farms go above the minimum requirements by installing boot dips, tire wash stations, and double boot changes. Producers are encouraged to keep up their vigilant biosecurity measures on farm.

Salmonella Enteritidis (SE)

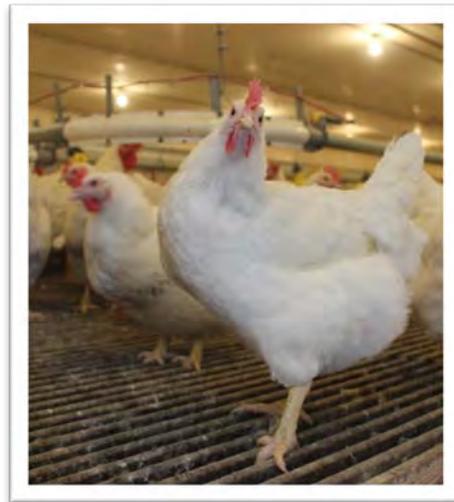
Positive hatchery fluff samples were followed up this year with three on farm environmental samples. If a positive flock was found, producers proceeded with a post cleaning and disinfection check list. The post cleaning and disinfection procedures ensure that SE is not passed onto subsequent flocks. Producers who followed the check list had great success at eliminating SE from their barns.

Antimicrobial Usage (AMU)

In 2013 producers and industry have prepared for the removal of class 1 antibiotics for preventative use in the hatcheries. Producers and other industry stakeholders met on several occasions to discuss this important issue with the

largest meeting occurring at the end of the year. This meeting included all four feather groups, hatchery managers, veterinarians, board members, commission staff and national representation as well as BC Ministry of Agriculture staff. The meeting was very productive and a lot of good conversation and brain storming occurred.

I am looking forward to another year as the BC Broiler Hatching Egg Commission's On-Farm Program Coordinator.



COGA (Centre for Organizational Governance in Agriculture)

Brian Bilkes

COGA presents professional development program for directors, officers, management, staff and others of BC agricultural Boards, Commissions and Associations.

In the past year we organized 3 sessions:

- Building on our Image Using Social Media
- Building on our Strengths: Governance
- Building for our Future

The sessions were well attended and appreciated by the attendees.



Report of the Canadian Broiler Hatching Egg Producers' Association (CBHEPA)

The Canadian Broiler Hatching Egg Producers' Association (CBHEPA) had a successful year with its student programs. Some of the recipients of the CBHEPA 2013 programs were interviewed by the *Canadian Poultry* magazine.

The 2013 CBHEPA Young Farmers Program participant was Ryan Kleinsasser, who manages his breeder farm near Steinbach, Manitoba. In September, he travelled to the Aviagen headquarters in Huntsville, Alabama where he mentioned the experience was very valuable.

After numerous attempts to participate in the Exchange Student Program we were able to match Monica Kunze from British Columbia and Melissa Sinnige from Ontario. These two students benefited from the experiences in their day to day involvement on the family farms and have become really close friends.

The recipient for the CBHEPA Broiler Research Grant was Misaki Cho of Edmonton, Alberta for her project entitled "*Poultry immunology research involving a look at the mechanism of how young broiler chicks defend against the pathogen, Salmonella enteritidis*".



Brian Bilkes, Chair, British Columbia

Membership:

- ▲ Jeff Regier, Vice-Chair, Saskatchewan
- ▲ Dennis Wickersham, Alberta
- ▲ Murray Klassen, Manitoba
- ▲ Cheryl Firby, Ontario
- ▲ Robert Massé, Quebec



Ryan Kleinsasser



Monica Kunze



Melissa Sinnige



Misaki Cho



Report of the Canadian Broiler Hatching Egg Producers' Association (CBHEPA)

CBHEPA 2012 Producer of the Year

The Producer of the Year was presented during the CHEP summer meeting in Waskesiu Lake, Saskatchewan. The award went to Hepburn Holdings and Sprucehill Livestock. Ben Kleinasser accepted the award.



Ben Kleinasser and Brian Bilkes

I would like to take this opportunity to thank Tina Notenbomer for all her work with CBHEPA. Tina will be retiring after numerous years of participation and activities on behalf of the province of Alberta.

Brian Bilkes
Chair, CBHEPA

CBHEPA 2013 Drawing Contest

The members selected the drawing of Annette Bilkes, 9 years old, from British Columbia for this year's contest. Annette's drawing was the cover of the Christmas card sent to the Prime Minister of Canada, the Right Honourable Stephen Harper.



Thank you to all the other participants for their amazing drawings which we proudly displayed as CHEP's 2013 Christmas card collection. The entries received were from Julaine Neels, Claire Bilkes, Thaya Neels, Jared Neels, John Bilkes, Hannah Neels, and Jane Bilkes. All these artists are from the province of British Columbia!





Canadian Hatching Egg Producers' Report

Following two years of extensive work with the producers, industry and governments in Alberta, Saskatchewan and at the federal level, the Canadian Hatching Egg Producers (CHEP) were ecstatic to announce the addition of the Alberta Hatching Egg Producers and Saskatchewan Broiler Hatching Egg Producers' Marketing Board as signatory members of CHEP's Federal Provincial Agreement (FPA) and as full members of the agency during CHEP's summer meetings held in July in Waskesiu, Saskatchewan.

The new FPA also brings with it a new composition to the structure of CHEP's Board of Directors, which is now comprised of: a chair, one director from each of the six member provincial boards (British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec) and two directors from the Canadian Hatchery Federation (CHF).

CHEP was grateful to have Rob Clarke, Member of Parliament for Desnethé-Missinippi-Churchill River, representing the Minister of Agriculture and Agri-Food, attend this significant event. Mr. Clarke stated to those gathered that: *"We're here to celebrate a momentous step forward for Canada's broiler hatching egg industry"* and that *"the Government of Canada is proud of your efforts and dedication to this sector."*

In 2013, CHEP met with producers in both Nova Scotia and New Brunswick with the desire of having both provinces become future members of the agency. In Nova Scotia, a producer organization has been created and it continues to work with its provincial government, while in New Brunswick, discussions among the producers remain in the early stages but are ongoing.

In October, Canada and the European Union (EU) concluded an agreement-in-principle on the Comprehensive Economic and Trade Agreement (CETA) after four years of negotiations. Although there was no additional market access given for poultry or egg products in the agreement, concerns have been raised within supply management with the concession of market access in the dairy sector having been granted to the EU, primarily for fine cheese.

The World Trade Organization's (WTO) new Director General, Brazil's Roberto Azevêdo, worked to keep member countries negotiating with the goal of advancing the Doha Round of talks towards an agreement. In December, the WTO successfully concluded the first multilateral trade agreement negotiated at the WTO Doha Round after twelve years of negotiations.

The Trans Pacific Partnership (TPP) held several meetings and negotiations in an attempt to conclude this agreement in 2013. However, no final deal has been reached, despite the immense pressure, primarily by the United States, to conclude a deal.

The national supply managed agencies, including CHEP, continue to tout the benefits of the supply management system for Canadian producers and consumers alike in response to mounting public criticism against the system. CHEP will continue to deliver this message to the Canadian government as it continues to pursue trade deals around the world.

CHEP, along with the other members of the Canadian poultry industry, is part of an industry-wide approach to demonstrate responsible antibiotic use in the poultry sector. Responsible use of antibiotics, in consultation with veterinarians, is an important part of good poultry health. As part of this approach, the Canadian poultry and egg sectors have collaborated to develop a policy regarding the preventive use of Category I antibiotics (such as Excenel[®] or Baytril[®]) in Canadian poultry and egg production.

Preventive use of Category 1 antibiotics will no longer be allowed on the farm or in the hatchery for commercial meat birds (chicken and turkey), layers and breeders as of May 15, 2014, while preventive use of Category 1 antibiotics will no longer be allowed for use in parent breeder chicks/poults as of May 15, 2015. The Canadian Hatching Egg Quality (CHEQ[™]) program will reflect these changes as well.

The government, with participation from CHEP and industry, continued the development of a Canadian Hatchery Supply Flock Program; however, issues such as program costs and administration, among others, require further dialogue. The Salmonella Enteritidis (SE) Working Group, which includes CHEP,

is coordinating the development of a national strategic plan to reduce the incidence of poultry-related SE in Canada, and continued its work throughout the year.

Ongoing surveillance for notifiable avian influenza (NAI) is conducted through the Canadian Notifiable Avian Influenza Surveillance System (CanNAISS), a joint national initiative between the poultry industry and CFIA. CanNAISS has been in place since 2008, and continues to fulfill international requirements for NAI surveillance. A review of the system was initiated in December 2013 in consultation with stakeholders, including CHEP.

Giuseppe Caminiti
CHEP General Manager



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 appeal to the British Columbia Farm Industry Review Board:

- 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). There are presently six part-time appointees, 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. BCFIRB may extend this deadline, but only in what it considers special circumstances.

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?

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

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

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 Procedure*. 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 ADR alternatives 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 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*, and the *Administrative Tribunals Act* further describe the appeal process and are available on BCFIRB's website at: www.firb.gov.bc.ca.

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





ASSOCIATES

Financial

Rick Tilitzky - Bank of Montreal

Legal Counsel

Robert Hrabinsky - Affleck, Hira, Burgoyne LLP

Auditors

David Guthrie - KPMG, LLP

BC Hatching Eggs 2013 Statistics



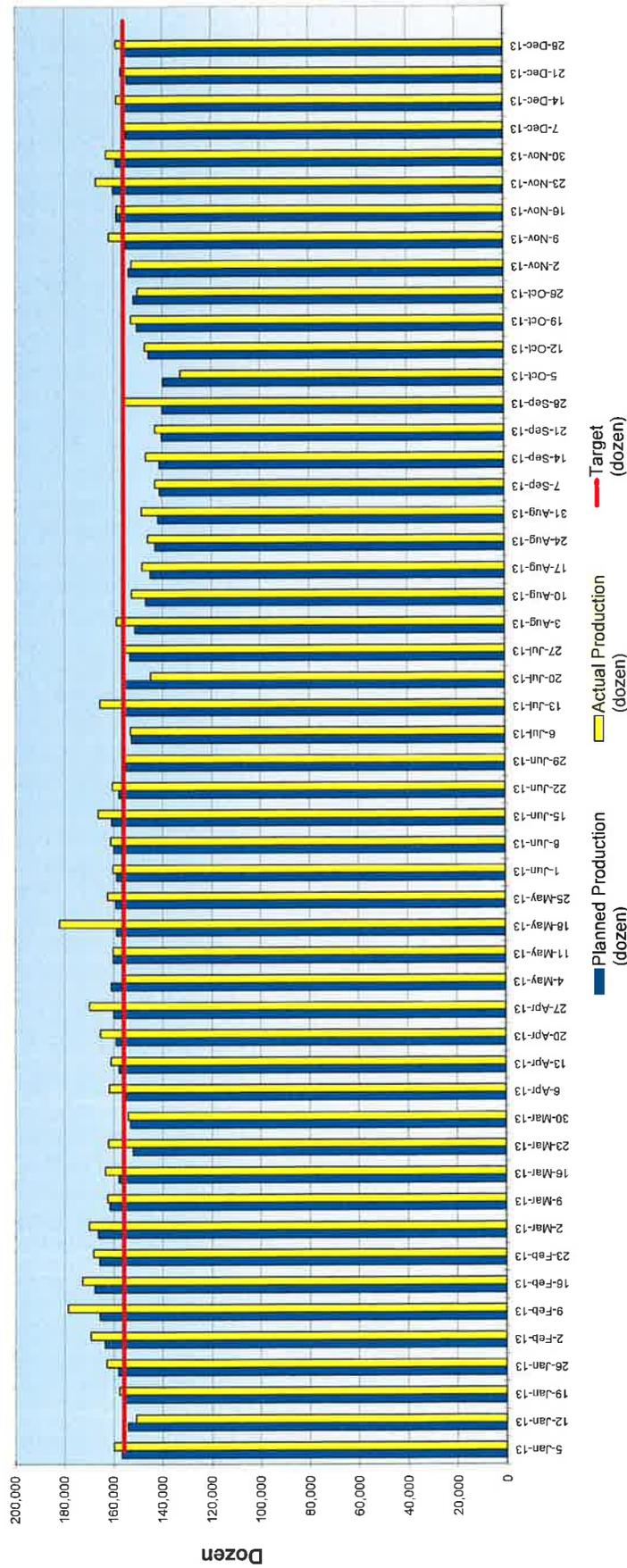
In 2013, there were 54 hatching egg producers that produced more than 6.5 million dozen chicks, totaling \$43.9 million in farm cash receipts

Overall Annual Hatchability Average was 82.2%

Breed Breakdown:
69.6 % Ross birds
30.4% Cobb birds

Over 272,000 non hatching eggs were collected in the small egg program this year

Egg Production



2012 Producer of the Year



Brylyn Farms Ltd.

Bryan and Lynette Brandsma



Financial Statements of

**BRITISH COLUMBIA
BROILER HATCHING EGG
COMMISSION**

Year ended December 31, 2013



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

Report on the Financial Statements

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, 2013, the statements of operations, 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.

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 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 in our audit 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, 2013, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Accountants

April 11, 2014
Abbotsford, British Columbia

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Statement of Financial Position

December 31, 2013, with comparative information for 2012

	2013	2012 (Restated - note 2)
Assets		
Current assets:		
Cash and short-term deposits (note 3)	\$ 1,653,637	\$ 1,432,250
Accounts receivable	537,856	1,127,051
Prepaid expenses	1,379	-
	<u>2,192,872</u>	<u>2,559,301</u>
Capital assets (note 4)	18,941	37,479
	<u>\$ 2,211,813</u>	<u>\$ 2,596,780</u>

Liabilities and Net Assets

Current liability:		
Accounts payable (note 6)	\$ 384,037	\$ 1,490,380
Due to Avian Lab (note 6)	70,727	91,921
Net assets:		
Invested in capital assets	18,941	37,479
Internally restricted (notes 3 and 7)	1,335,050	1,179,249
Unrestricted (note 7)	403,058	(202,249)
	<u>1,757,049</u>	<u>1,014,479</u>
Contingency (note 11)		
Subsequent event (note 13)		
	<u>\$ 2,211,813</u>	<u>\$ 2,596,780</u>

See accompanying notes to financial statements.

Approved by the Members:

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Statement of Operations

Year ended December 31, 2013, with comparative information for 2012

	2013	2012 (Restated - note 2)
Revenue:		
Producer levies (note 8)	\$ 1,991,837	\$ 1,718,058
Non-hatching egg revenue (note 9)	390,380	485,376
Quality assurance revenue	12,339	319,097
Interest and miscellaneous	11,359	5,252
Licenses and fees	1,000	500
	<u>2,406,915</u>	<u>2,528,283</u>
Avian lab: (note 6)		
Revenues - Animal Health Lab	181,801	151,981
Expenses - Animal Health Lab	<u>(251,801)</u>	<u>(221,981)</u>
	(70,000)	(70,000)
	<u>2,336,915</u>	<u>2,458,283</u>
Expenses:		
Advertising and promotion	7,132	15,256
Amortization	4,446	8,200
B.C.B.H.E.P. Association	119,550	80,000
Canadian Hatching Egg Producers Levy	284,419	285,769
Chairman and members' per diems	149,250	174,375
Interest and bank charges	4,160	4,954
Legal and accounting	96,148	63,126
Non-hatching egg expenses (note 9)	316,599	526,513
Office and miscellaneous	31,973	30,259
Office rent	31,613	29,433
Price committee expense	10,428	10,500
Professional services (note 12)	19,067	4,787
Quality assurance expenses	113,721	1,371,440
Research and development (recovery)	6,754	(7,857)
SE project expenses	7,064	5,034
Telephone	10,478	12,390
Travel	34,599	39,846
Wages and benefits (note 10)	<u>346,944</u>	<u>644,147</u>
	1,594,345	3,298,172
Excess (deficiency) of revenues over expenses	\$ 742,570	\$ (839,889)

See accompanying notes to financial statements.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Statement of Changes in Net Assets

Year ended December 31, 2013, with comparative information for 2012

	Invested in capital assets	Internally restricted (note 7)	Unrestricted	2013	2012
Net assets, beginning of year	\$ 37,479	\$ 1,179,249	\$ 172,791	\$ 1,389,519	\$ 1,854,368
Restatement (note 2)	-	-	(375,040)	(375,040)	-
Net assets, as restated	37,479	1,179,249	(202,249)	1,014,479	1,854,368
Excess (deficiency) of revenue over expenses	(5,038)	-	747,608	742,570	(839,889)
Transfer of funds	-	155,801	(155,801)	-	-
Proceeds on disposal of capital assets	(13,500)	-	13,500	-	-
Balance, end of year	\$ 18,941	\$ 1,335,050	\$ 403,058	\$ 1,757,049	\$ 1,014,479

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Statement of Cash Flows

Year ended December 31, 2013, with comparative information for 2012

	2013	2012 (Restated - note 2)
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 742,570	\$ (839,889)
Items not involving cash:		
Amortization	6,406	15,850
Gain on disposal of equipment	(1,368)	-
Change in non-cash operating working capital:		
Accounts receivable	589,195	(797,554)
Prepaid expenses	(1,379)	-
Accounts payable	(1,106,343)	955,215
	229,081	(666,378)
Financing:		
Advances (from) to Avian Lab	(21,194)	36,089
Investments:		
Proceeds on disposal of capital assets	13,500	-
Increase (decrease) in cash position	221,387	(630,289)
Cash position, beginning of year	1,432,250	2,062,539
Cash position, end of year	\$ 1,653,637	\$ 1,432,250

See accompanying notes to financial statements.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2013

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 non-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 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. 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) 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 (continued)

Year ended December 31, 2013

1. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are recorded at cost. Amortization has been recorded as follows:

Asset	Basis	Rate
Computer hardware	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

Amortization of \$1,960 (2012 - \$7,650) 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 (continued)

Year ended December 31, 2013

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 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.

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 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 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.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2013

2. Correction of an error:

The Commission made adjustments to the 2012 comparative figures to correct certain balances relating to pool product expenses, non-hatching egg expenses, quality assurance expenses and animal health lab expenses.

The adjustments have resulted in an increase of accounts payable of \$375,040, a decrease in total revenue of \$54,163, an increase in total expenses of \$320,877 and a decrease in the unrestricted net assets of \$375,040 in the 2012 comparative figures.

3. Restricted cash:

Cash and short-term deposits is restricted as follows:

	2013	2012
Internally restricted	\$ 1,335,050	\$ 1,179,249
Due to Avian Lab	70,727	91,921
Cash available for operations	247,860	161,080
	<hr/>	<hr/>
	\$ 1,653,637	\$ 1,432,250

The Board of Directors of the Commission has restricted net assets for specific purposes as disclosed in note 7.

The funds due to Avian Lab of \$70,727 (2012 - \$91,921) 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, 2013

4. Capital assets:

			2013		2012	
	Cost	Accumulated amortization	Net book value	Net book value		
Computer hardware	\$ 64,928	\$ 55,571	\$ 9,357	\$ 13,367		
General equipment and supplies - non-hatching egg program	37,457	29,617	7,840	9,800		
Office equipment	34,157	32,413	1,744	2,180		
Leasehold improvements	19,278	19,278	-	-		
Truck - non-hatching egg program	-	-	-	12,132		
	\$ 155,820	\$ 136,879	\$ 18,941	\$ 37,479		

Subsequent to the year-end, the Commission entered into an agreement for the purchase of a new truck for the non-hatching egg program (note 13).

5. Accounts payable:

Included in accounts payable are government remittances payable of \$29,971 (2012 - \$103,568), which includes amounts payable for GST and payroll related taxes.

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 ("Ministry"). 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. As of December 31, 2013, the Commission has paid the Ministry for all services up until March 31, 2014 and the Commission and the Ministry have agreed to terminate the agreement effective March 31, 2014. The bank account will be closed and the Commission will pay for services when rendered by the Avian Lab.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2013

7. Internally restricted:

	2013	2012
OBHECC funds	\$ 1,179,249	\$ 1,179,249
Reserve for the unforeseen	135,801	-
Office planning	20,000	-
	<u>\$ 1,335,050</u>	<u>\$ 1,179,249</u>

8. Producer levies:

The total levy assessed to registered producers was 24.0 cents per dozen eggs or 2.5 cents per saleable chick (2012 - 19.2 cents per dozen eggs or 2.0 cents per saleable chick (January to October); 24.0 cents per dozen eggs or 2.5 cents per saleable chick (November to December)).

Subsequent to year end the Commission reduced the levy, effective January 26, 2014, to 19.2 cents per dozen eggs or 2.0 cents per saleable chick.

Included in the total levy is a national levy of 0.29 cents per egg set (2012 - 0.29 cents per egg set) paid or payable to the Canadian Hatching Egg Producers.

9. Non-hatching egg program:

	2013	2012
Non-hatching egg revenue	\$ 390,380	\$ 485,376
Expenses:		
Amortization	1,960	7,650
Cooler rent	9,990	7,088
Miscellaneous supplies	17,009	13,433
Producer payments	189,797	369,764
Truck maintenance	13,850	31,065
Wages and benefits	83,993	97,513
	<u>316,599</u>	<u>526,513</u>
	<u>\$ 73,781</u>	<u>\$ (41,137)</u>

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2013

10. 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 2013 was \$24,655 (2012 - \$40,071).

11. 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 (2012 - \$165,000). Production levels for the year ended December 31, 2013 indicate the Commission is within the allowed 1% sleeve of over production, and accordingly no draw has been required on the letter of credit.

12. Related party transactions:

During the year the Commission paid \$17,040 (2012 - \$1,123) for accounting and consulting 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.

13. Subsequent event:

Subsequent to year end, the Commission committed to purchasing a new truck for its non-hatching egg program. The total purchase price is \$133,678 less a \$1,000 deposit paid. The purchase price will be paid by operating funds.



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