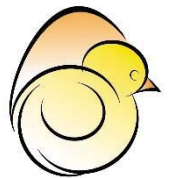


ANNUAL REPORT



BC Hatching
eggs

VISION

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

MISSION

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

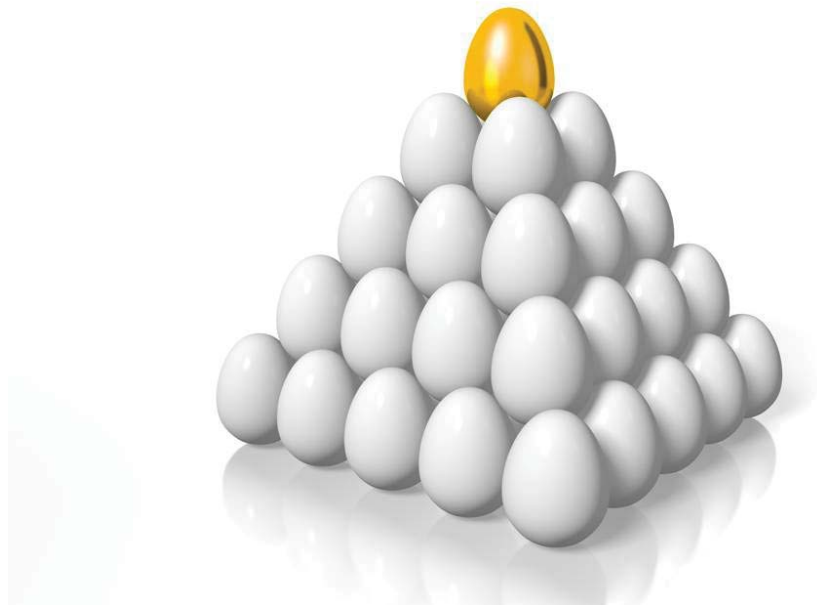


TABLE OF CONTENTS

VISION 1

MISSION 1

MESSAGE FROM THE CHAIR 3

MESSAGE FROM THE EXECUTIVE DIRECTOR 5

CANADIAN HATCHING EGG PRODUCERS’ REPORT 7

BCBHEC STAFF 9

BCBHEC BOARD OF DIRECTORS 10

ON-FARM PROGRAM COORDINATOR REPORT 11

MESSAGE FROM THE PRODUCERS’ ASSOCIATION PRESIDENT 12

COMMITTEE REPORTS 14

 BC Poultry Association 14

 Sustainable Poultry Farming Group 15

 Poultry in Motion Educational Mini Barn Program 17

PRODUCER OF THE YEAR 2015 19

2016 ACCOMPLISHMENTS 20

BC APPEAL PROCESS 21

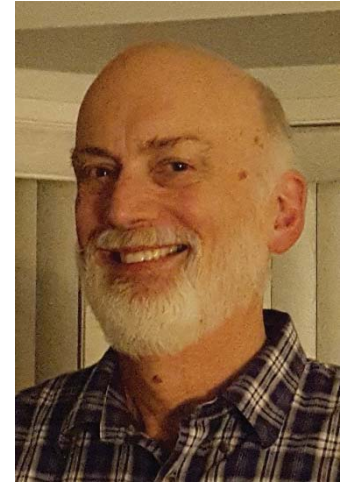
COMMISSION’S FINANCIAL STATEMENTS 25

PRODUCERS’ ASSOCIATION FINANCIAL STATEMENTS 40

MESSAGE FROM THE CHAIR

As the new chair of the BC Broiler Hatching Egg Commission I would like to reiterate my commitment to working with the BCBHEC and industry stakeholders in promoting the hatching egg industry.

On the subject of chairs, we should recognize the service of past chairs Casey Langbroek and Greg Gauthier. Casey served as chair from 2011 to 2016 and among other things, helped the BCBHEC transition its staffing, financial accountability and strategic planning to new levels. Greg's service as chair was brief but I know he, too, would have had much to offer the BCBHEC and the industry had he stayed on. Thank you to both for stepping forward into the role of chair and being willing to contribute to the hatching egg sector. Our best wishes to them and their families in future.



Thanks also to the members and staff of the BCBHEC for their hard work and accomplishments in 2016. There are a number of important, ongoing initiatives and responsibilities in which board members and staff are involved here in BC and nationally. As we all know, and as I have seen already, each new day brings the possibility of a sudden reordering of priorities! This requires dedication, flexibility and a willingness to work hard in supporting the sector, which BCBHEC members and staff continue to show.

In my first two weeks I have also seen how well industry stakeholders respond to emergencies such as barn collapses and fires. I was impressed by how well the affected producers were supported by BCBHEC staff, other producers, hatchery representatives, the Ministry of Agriculture and others working as a team.

As 2016 was challenging, so will 2017. Issues within the sector – and without, over which we have no control – will continue to confront us. As Casey would say, “every year has its ups and downs”. Good governance and sound leadership is essential but it is also critical that we work toward the BCBHEC’s vision that “through co-operation with industry stakeholders that our greatest successes will be achieved”. The chicken meat industry is an important part of

BC agriculture and its success is the responsibility of all stakeholders. This success must also be shared by those same stakeholders.

After 25 years' experience in regulated marketing – and having learned some hard lessons along the way – I am a proponent of a principles, outcomes based approach to regulation. It offers opportunity to bring more effective governance and decision-making to respond to challenges and opportunities.

That is why I believe in SAFETI as a tool in supporting this approach to regulation. Strategic, Accountable, Fair, Effective, Transparent, Inclusive. Is the BCBHEC making decisions that support a sustainable strategic vision and objectives? Is the BCBHEC accountable to its stakeholders (starting with producers but which also include others in the industry, government and the public)? Does the BCBHEC have fair processes? Are its decisions effective (and how do you measure that)? Is the BCBHEC as a regulatory agency established and governed by public legislation acting as transparently as possible, including in its decision making? Are those impacted by BCBHEC decision-making provided appropriate opportunity to offer their input for consideration?

If the BCBHEC is expected to use SAFETI, then so should stakeholders. How else can the BCBHEC make the sound, defensible decisions necessary to support and sustain stakeholders in the broiler hatching sector without constructive, evidence based input from those stakeholders? Short answer is it can't.

Much lies ahead but let me conclude by saying how much I appreciate the welcome received from the BCBHEC members and staff. I continue to look forward to working with them, meeting and working with others in the industry and learning more about the broiler hatching egg sector.

Jim Collins



MESSAGE FROM THE EXECUTIVE DIRECTOR

The Hatching Egg Commission members challenged the staff with five Key Initiatives in 2016 that would aim to change the historical ways the Hatching Egg Industry interacts with Stakeholders and the supply chain.

A review of the Quota System has been ongoing for several years and remains on the Strategic Plan to ensure that the Staff continues to prioritize this important initiative.



In August 2016 a Recommendation Report was circulated to the stakeholders for review, face to face meetings with those stakeholders with questions or concerns were held and Phase 2 of the Work Action Plan was posted to the Commission website. The Commission is committed to a full review of the components of the hatching egg system and will continue to move forward on this key initiative into 2017.

Product Quality encapsulates the ongoing concerns regarding Salmonella Enteritidis (SE), Antimicrobial usage and the ECC software program.

The Hatching Egg sector boasts a decrease in SE positive flocks and continues to monitor post fluff in a surveillance program funded by Producers. An active post SE Cleaning and Disinfection Program and follow up testing has contributed to the reduction of SE in the Hatching Egg Sector.

In August 2016 an Amending order was circulated for stakeholder review regarding the software program. Several hatcheries are currently using it to do their weekly reports and others are awaiting their training. Phase 2 is currently underway with the developer

As a priority the Commission is still working on lateralizing input costs, mainly breeder price and vaccinations. These costs are being indexed to ensure lateralization to all Producers. This initiative is a priority as it ensures all producers start with the same associated costs for their flocks regardless of hatchery or breed of bird. An important linkage accountability and transparency issue as well.

The renewed linkage agreement with the BC Chicken Marketing Board was put into place in the spring of 2016.

The three new entrants invited to the industry were placed in 2016 and all have started their new farms successfully.

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

Along with my dedicated and talented staff, I continue to work hard for the Hatching Egg Producers and look forward to working under the excellent leadership of our newly appointed Chairman, Jim Collins and the Commission members. We look forward to the launch of several long term projects in 2017 and the continued success of the Hatching Egg Industry.

Stephanie Nelson



CANADIAN HATCHING EGG PRODUCERS' REPORT



In 2016, CHEP celebrated its 30th anniversary. Initially comprised of three member provinces, Ontario, Quebec and Manitoba, the Agency's membership grew over the years to six

provinces, after adding Alberta (1987), British Columbia (1989) and Saskatchewan (2012). CHEP continues to meet with producers in Nova Scotia and New Brunswick with the goal of having a unified broiler hatching egg industry across Canada.

Following the agreement in principle reached in the latter part of 2015 between producers and hatcheries from Ontario and Quebec as well as the CHEP Board of Directors, the final signature was placed on the Memorandum of Understanding on March 8, 2016. In addition, a revised Liquidated Damages Assessment Agreement was signed by all member provinces as well as CHEP.

CHEP continued to explore different options to better take into account the impact of differential growth in the chicken industry on provincial broiler hatching egg allocations in response to the agreement reached on differential growth in the chicken sector.

The Canadian government signed the Trans-Pacific Partnership agreement on February 4th, however the President-elect Donald Trump has indicated that the United States will not sign the agreement, which puts the entire agreement at risk. In addition, he has also signaled his intent to re-open the North American Free Trade Agreement.

The Comprehensive Economic and Trade Agreement was ratified, followed by an announcement by the federal government of transitional funds available to the dairy sector. The final deal is expected to be implemented in early 2017. Although the United Kingdom voted to leave the European Union as a result of the BREXIT referendum, uncertainty surrounding the resulting implications and impacts are being examined.

The World Trade Organization continues to look for ways of moving forward as it prepares for the next Ministerial meeting (MC11) to be held in Buenos Aires, Argentina in December 2017.

The Canadian poultry industry continues to focus a great deal of attention on antibiotic use in Canada and abroad, both as it applies to agriculture and human medicine.

CHEP continues to develop an Animal Care Program based on the "Code of Practice for the Care and Handling of Hatching Eggs, Breeders, Chickens, and Turkeys" that was completed earlier in the year. The Animal Care Program is expected to be approved in 2017.



The Canadian Food Inspection Agency revised the poultry compensation models that would be deployed in the event of an outbreak of a reportable disease such as avian influenza without prior consultation with industry. The poultry industry continues to work with the CFIA to review and discuss the suite of poultry compensation models.

The Canadian Journey to Social License / Public Trust is an initiative that was discussed during the Federal Provincial Territorial (FPT) meeting. It is important as it demonstrates to the public what industries are doing and how we are doing it.

The federal government and the poultry industry have agreed to establish a Poultry Value Chain Round Table that would provide a forum to bring together key senior Canadian poultry industry representatives with senior federal and provincial governments and allied value chain partners to discuss common issues, with a focus on sustainability and public trust, and to encourage collaborative action by industry and government.

Canadian Hatching Egg Producers

BCBHEC STAFF



Left to right: Joshua Crossett, Controller

Christopher Richard, Quality Assurance

Barry Harder, Transporter

Stephanie Nelson, Executive Director

Marona Wiebe, Production Coordinator

Sarah Loehndorf, On-Farm Program Coordinator

Naylene Beirnes, Administrative Assistant

BCBHEC BOARD OF DIRECTORS



Joe Neels, Banford Breeders



Allan Mulder, Gifford Poultry



Allan Cross, Royal Columbian Poultry



Beata Kunze, V.B. Kunze

ON-FARM PROGRAM COORDINATOR REPORT

CHEQ Audits

BC Hatching Egg Producers continue to practice the CHEQ food safety program on farm. 2016 saw the implementation of new mandatory standards such as recording the use of medicated feed. BC Producers have adopted these changes well and continue to improve their on-farm practices. The most common corrective actions seen this year were incomplete water tests and Producers neglecting to update their standard operating procedures.

Biosecurity Audits

In 2016 Producers have remained vigilant with their biosecurity. This year saw the implementation of the BC Biosecurity Colour-Coded Alerts System. Additionally, mandatory standard updates included requiring demarcation lines to be made permanent and highly visible. The most common corrective actions seen this year were a lack of biosecurity signage and Producers neglecting to improve their demarcation lines to comply with the updated mandatory standard.



2016 saw many Producers improving their daily on-farm practices, building new barns, and refurbishing equipment. All Producers are encouraged to continue the excellent job done in 2016 through to 2017.

Sarah Loehndorf

MESSAGE FROM THE PRODUCERS' ASSOCIATION PRESIDENT

Once again, it has been a busy and adventurous year for the BC Broiler Hatching Egg industry, and thus for the Producers' Association as well. Again, to start the year, we had 2 director positions to fill, as we said goodbye to John VanHoepen and Hester Mulder, the latter after having served the association for 8 years! We welcomed Art DeRuiter and Angela Groothof, both of whom stepped in ready to learn, offer their wisdom and experience, and work hard. Again, we had Sandra Jansen help us immensely in organizing, finance and clerical work. She is a fantastic asset to our industry!

Our commitment to building and sustaining a level of excellence and pride within the Producer body continued to be a focal point in our vision, and we are encouraged to see the improvement in average industry hatch!

This year saw a number of challenges and opportunities face our industry. As your Association, we were proud to represent the Producer body regarding the work at resolutions in the Asian Breeder sector, Input Cost Analysis, and Quota review.



Each director also took on responsibilities in a number of different committees, representing the Producer body well. Art and Angela helped represent us on PPAC, and brought thoroughness and critical thinking to meetings between the Association, hatchery reps and BCCGA reps, as we provided feedback to the Commission on the issues of vaccination programs, chick cost, quota review and hatchery margin increases.

Sharmain and I represented the Association on the BCPA, as it continued its major role within BC agriculture. Sharmain also took on another role as acting chair of the Biosecurity committee, of which she has excelled at. Sharmain is also representing the Association on the Quota Review Task Force.

The Association continues its involvement in the Poultry in Motion Trailer. Seeing this as one of the best ways to market our industry and reach the public regarding true, honest chicken

farming, we supported the hiring of a full time employee thus increasing the availability and exposure of the trailer. We continue also our representation on the SPFG, ensuring new and innovative ideas and research is vetted and brought to the attention of the industry.

The threat of Avian Influenza is still forefront in our minds. This past year your Association, along with members of your Commission, spent many hours in meetings and exercises as we continue to develop surveillance systems and rapid response programs. The Hatching Egg sector represents well, and we should be proud.



In June we held the first annual “#Chicken Golf” Tournament in support of Canuck Place Abbotsford. Together with the BC Chicken Growers, we ran a very successful tournament, raising over \$40,000 towards the food budget of Canuck Place! Thank you to all who came out for it!

We want to continue that working relationship with the BCCGA, as our industries are tied so directly. We plan to meet together on a more regular basis in the coming year, sharing ideas on how both industries can improve and be successful.

A working relationship between the Commission and Association continues to be of importance to us. We will always look to offer accountability though questions and challenges, but will also be ready to work together towards a common goal. As an Association, we want acknowledge the hard work and dedication that Casey Langbroek put towards our industry in his time as Chair of the Commission. Looking ahead, we look forward to working with the new Chair, Jim Collins.

I expect 2017 will bring with it many challenges and hopefully successes to the Hatching Egg Industry. Thank you for the opportunity to once again serve on the Producers’ Association.

Bryan Brandsma

COMMITTEE REPORTS

BC Poultry Association

The BC Poultry Association (BCPA) represents the regulated BC poultry associations (chicken, turkey, egg, and hatching egg producers) on common issues that strengthen and improves the well-being of regulated poultry farmers. Each association appoints their president and one director to the BCPA; both have voting rights. In addition, each poultry board and commission appoints one of their directors (non-voting) to the BCPA.



Key activities and projects for 2016

1. A Strategic Plan was developed that outlines the roles and responsibilities of the BCPA.
2. Initiated an AI poultry surveillance project
3. Sharmain Bennie was appointed the Acting Chair of the BCPA's Biosecurity Committee replacing Jake Esau.
4. At the April AGM, Steve Heppell became the Acting President replacing Ray Nickel.
5. An AI field training day was held in May in collaboration with CFIA and the BC Ministry of Agriculture (AGRI). The facilitator wrote a follow-up report with recommendations for CFIA, AGRI, and industry.
6. Initiated a committee to oversee the development of standard operating practices (SOPs) for AI
7. Initiated a committee to manage the changing of biosecurity colour status
8. Held an AI emergency operations centre/incident command system half day training session for producers and allied trade in September. Initiated a project to deliver the training in the Okanagan and on Vancouver Island.
9. Developed a new expense policy. As of January 1, 2017 during non-outbreak times, the BCPA will be paying for emergency operations centre (EOC) related expenses. Previously, the associations, boards and commissions paid these expenses.
10. Held an AI industry workshop in October for producers, staff and allied trade with about 130 in attendance. The key note speakers were from the USA and Mexico.

11. An AI table top was held in December. The focus was on the first twelve hours of an outbreak. The facilitator wrote a report with a services of recommendations to address gaps and suggested follow-up action.
12. Approved the poultry industry participating in the BC Agriculture Council's public trust project. The BCAC project is an opportunity to develop pan-agricultural unified responses to attacks on agriculture and to be pro-active in developing agricultural messaging and education.
13. The work on developing insurance for avian Influenza was stalled in 2016 because of CFIA's review of the compensation formula. The committee is now focusing on cleaning and disinfection costs.

Christine Koch

Sustainable Poultry Farming Group

The Sustainable Poultry Farming Group (SPFG) is an industry-led organization that has representation from BC's four supply managed poultry sectors – hatching eggs, broilers, turkeys and table eggs.

SPFG is a committee under the BC Poultry Association (BCPA). SPFG

provides the coordination and the voice for the supply managed poultry sectors to promote sustainable and environmental farming practices and the implementation of innovative management technologies. SPFG is poultry farmers and industry working together to proactively address issues that affect BC's poultry sector. The SPFG's focus is the long term sustainability of the BC poultry sector.

SPFG provided funding for four projects and issued three letters of support in 2016. Total funding for the year was \$27,500.

New projects for 2016

- 2016-01 Turkey Manure Fermentation – The project has focused on the aerobic digestion of broiler manure to use the digestate as a greenhouse fertilizer. The project expanded to include turkey manure in 2016.



- 2016-02 One-day knowledge translation workshop in April 2017 on Wetland Sediment testing as a Tool for Avian Influenza Virus Surveillance – SPFG provided industry funding that event organisers could use to trigger funding from other sources.
- 2016-06 BCAC's Public Trust Initiative – A multi-year project to educate the public on agricultural practices and coordinate public outreach across agriculture.
- 2016-07 Development of a Point-of-Care PCR diagnostic platform and assays for the poultry industry – Phase Two – field trials – A continuation of project 2015-03.

On-going projects from previous years

- 2015-01 Genomic Analysis of Wetland Sediment as a Tool for Avian Influenza Virus Surveillance in Wild Waterfowl – They are in the final stages of preparing a publication; they will be invited to the next meeting to provide an update in person.
- 2015-02 The Development and Commercialization of Aerobic Digestion of Poultry Manure to Produce Bio-Active Fertilizers - The project focuses on the aerobic digestion of poultry manure to produce plant fertilizer solutions to be used in greenhouses and field crops. Their fermentation process utilizes oxygen enhancement and pH control to minimize nutrient losses due to precipitates and ammonia off-gassing. The use of oxygen greatly reduces odours and accelerates the process.
- 2015-03 Development of a Point-of-Care PCR diagnostic platform and assays for the poultry industry - The bacterial pathogens: clostridial, ecoli, salmonella - cocci as well (although not bacterial) are complete and holding. They will move to field trials starting in January using actual pathogens from barns. They will be comparing their test-fit results with accredited labs. AI had been split off into its own test. It needs some tweaking to align with the sediment and live capture study. They should be testing those samples through late 2016 early 2017. They expect all testing to be complete by March 2017.
- 2015-07b Reducing Salmonella and Campylobacter contamination of poultry - The goal of this proposal is to reduce the load of both Campylobacter jejuni and Salmonella enterica serovar Typhimurium (*S. typhimurium*) in the digestive tract of chickens. Garlic-derived organosulfur compounds will be developed to reduce the numbers of broilers colonized with *C. jejuni* and Salmonella. Lactobacilli with probiotic activity will be

identified to decrease or reduce the load of *C. jejuni* and *S. typhimurium* in the intestines of chickens.

- 2015-08 Diatomaceous Earth as a poultry feed supplement – There were some initial improvements seen with commercial broilers fed Red Lake Diatomaceous Earth at 2%. By day 36 of the trial the Red Lake Diatomaceous Earth fed birds and the control fed birds had comparable weights. Trials are continuing.
- 2015-09 Antibiotic Free Broiler Chicken Production - They have completed four trials with different parameters; acidifying water to a pH of 4.5 for days 1 to 40; changing stocking density, changing lighting, and using hydrogen peroxide at different times during the flock. Early conclusions are that management is a critical component and that viral health challenges play significant role in performance.

Christine Koch

Poultry in Motion Educational Mini Barn Program

This successful program is now offered at no charge to schools and fairs. To accommodate the increased demand, Kelsey Schuurman has been contracted as a full-time, year round Poultry in Motion coordinator and driver for the Lower Mainland and Fraser Valley region. After hands on training with Bev Whitta on Vancouver Island, Kelsey got off to a running start. She completed the season with presentations at 23 elementary and secondary schools in various school districts in the Lower Mainland and Fraser Valley.

Vancouver Island coordinator Bev Whitta completed a very successful schedule of 22 presentations to elementary and senior secondary schools in several school districts on Vancouver Island.

Commendations for the mini barn itself, the presentation and content were abundant from each school. Educators commented that they realize the need for students to receive this information as part of their life skill development.

We are looking back on another very successful fair season as well. The Poultry in Motion trailer was featured at many fairs in the Lower Mainland, Fraser Valley and on Vancouver

Island this past summer. A highlight was the PNE in Vancouver, the busiest fair in BC! We are fortunate to have so many dedicated producers and helpers who worked shifts at this 12 day fair.

Check out the Poultry in Motion interview with Kelsey at the PNE:

https://www.facebook.com/PNE.Playland/videos/10154435795034035/?hc_ref=SEARCH



In December 2016, BC Chicken Growers' Association and BC Broiler Hatching Egg Producers' Association directors decided to no longer involve BC Eggs and BC Turkey directly in the Poultry in Motion Educational Mini Barn Program. The consensus was that including BC Eggs and BC Turkey in the Program takes away from our primary objective to inform and educate consumers on how broiler eggs are produced and broiler chickens are raised in British Columbia.

The Poultry in Motion trailer will continue to be jointly owned and operated by the BC Chicken Growers' Association and BC Broiler Hatching Egg Producers' Association based on an 80/20 ownership and operation cost share.

Margret Duin

PRODUCER OF THE YEAR 2015

Bosma Chicken Farm Ltd.

(Jack & Tracy Bosma)



Hatchery

Fraser Valley Chick Sales

Rosstown Farms

Sofina Foods

Western Hatchery

Winner

Legacy Farms Ltd. (Gerald & Vivian Froese)

Windfall Poultry Ltd. (Kim & Jason Matlak)

Bosma Chicken Farm Ltd. (Jack & Tracy Bosma)

Dockum Holstein Farms Ltd. (Wayne & Marlene DeJong)



Left to right: *Bryan Brandsma, Jason Matlak, Wayne DeJong, Gerald Froese and Vivian Froese.*

2016 ACCOMPLISHMENTS

PRODUCER LEVY
REMAINED @
2.0¢ / SALEABLE
CHICK – YEAR 3
OF 3 YEAR
COMMITMENT

INCREASED
RESERVE FOR THE
UNFORESEEN,
ALLOWING THE
COMMISSION TO
RESPOND TO
DIFFICULT
EVENTS

LAUNCHED AND
IMPLEMENTED 3
NEW ENTRANTS
PRODUCERS
WHO ARE IN
PRODUCTION

NON-HATCHING
EGG PROGRAM
BROKE EVEN FOR
THE YEAR!

#CHICKENGOLF
RAISED OVER
\$40,000 IN NET
PROCEEDS FOR
CANUCK PLACE

INVOLVEMENT
TO BRING
SECOND ANNUAL
BCPC
CONFERENCE TO
FRUITION

LAUNCHED
COLOUR-CODED
BIOSECURITY
PROGRAM

PROGRESSED ON
KEY INITIATIVES
SUCH AS INPUT
COSTS & QUOTA
SYSTEM REVIEW

HELD POSITIONS
ON INDUSTRY
COMMITTEES
&
COLLABORATION
WITH MINISTRY
OF AGRICULTURE,
CFIA

BC APPEAL PROCESS

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

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

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

What is the British Columbia Farm Industry Review Board?

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

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

How long do I have to appeal?

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

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

Do I need legal counsel?

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

Where do I send the appeal?

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

Mail:

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

Courier:

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

Email: firb@gov.bc.ca

Fax: 250-356-5131

What should be included in the notice of appeal?

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

The notice of appeal must include the following:

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

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

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

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

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

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

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

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

What is the most important thing for me to remember?

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

How can I get more information?

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

More information on the appeal process is available on BCFIRB's website at:

www.gov.bc.ca/BCFarmIndustryReviewBoard

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

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

Phone: 250 356-8945

Fax: 250 356-5131

Email: firb@gov.bc.ca

Financial Statements of

**BRITISH COLUMBIA
BROILER HATCHING EGG
COMMISSION**

Year ended December 31, 2016



KPMG LLP
32575 Simon Avenue
Abbotsford BC V2T 4W6
Canada
Telephone (604) 854-2200
Fax (604) 853-2756

INDEPENDENT AUDITORS' REPORT

To the Directors of British Columbia Hatching Egg Commission

Report on the Financial Statements

We have audited the accompanying financial statements of British Columbia Hatching Egg Commission, which comprise the statement of financial position as at December 31, 2016, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Page 2

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of British Columbia Hatching Egg Commission as at December 31, 2016 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants

February 9, 2017

Abbotsford, Canada

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BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Statement of Financial Position

December 31, 2016, with comparative information for 2015

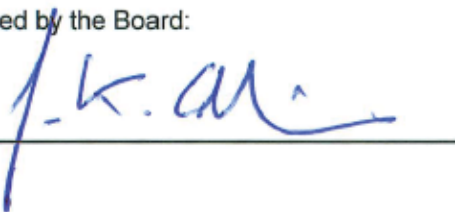
	2016	2015
Assets		
Current assets:		
Cash and short-term deposits (notes 2 and 10)	\$ 2,615,644	\$ 2,284,513
Accounts receivable	112,213	115,850
Prepaid expenses and deposits	66,221	24,455
	<u>2,794,078</u>	<u>2,424,818</u>
Capital assets (note 3)	140,343	122,576
	<u>\$ 2,934,421</u>	<u>\$ 2,547,394</u>

Liabilities and Net Assets

Current liability:		
Accounts payable and accrued liabilities (note 4)	\$ 151,914	\$ 158,652
Deferred capital contributions	30,000	22,500
Net assets:		
Invested in capital assets (note 5)	110,343	100,076
Internally restricted (notes 2 and 6)	1,863,823	1,658,466
Unrestricted	778,341	607,700
	<u>2,752,507</u>	<u>2,366,242</u>
Contingency (note 10)		
Commitments (note 11)		
	<u>\$ 2,934,421</u>	<u>\$ 2,547,394</u>

See accompanying notes to financial statements.

Approved by the Board:



BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Statement of Operations

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Revenue:		
Producer levies (note 7)	\$ 1,709,606	\$ 1,590,566
Non-hatching egg revenue (note 8)	478,793	339,681
Quota lease revenue	-	80,040
Interest and miscellaneous	18,520	21,096
Quality assurance revenue	10,198	8,575
Licenses and fees	1,800	1,450
	<u>2,218,917</u>	<u>2,041,408</u>
Expenses:		
Advertising and promotion	9,856	8,474
Amortization	2,318	2,664
Animal Health Lab	79,665	54,003
Avian influenza	-	3,547
BCBHEP Association	93,500	90,000
BC Poultry Conference	24,057	-
Canadian Hatching Egg Producers levy	337,153	314,877
Chairman and members' per diems	144,504	118,400
CHEP meetings	-	20,753
Interest and bank charges	1,640	4,290
Legal and accounting	76,187	121,883
Non-hatching egg expenses (note 8)	431,322	380,508
Office and miscellaneous	78,553	75,027
Office rent	28,904	31,341
Pricing expense	16,450	39,000
Professional services (note 12)	10,943	7,443
Quality assurance expenses	14,643	23,435
Research and development, standards, biosecurity	7,708	5,786
SE project expenses	14,607	2,139
Telephone	6,763	6,824
Travel	40,337	24,481
Wages and benefits (note 9)	413,542	423,977
	<u>1,832,652</u>	<u>1,758,852</u>
Excess of revenues over expenses	<u>\$ 386,265</u>	<u>\$ 282,556</u>

See accompanying notes to financial statements.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Statement of Changes in Net Assets

Year ended December 31, 2016, with comparative information for 2015

	Invested in capital assets (note 5)	Internally restricted (note 6)	Unrestricted	2016	2015
Net assets, beginning of year	\$ 100,076	\$ 1,658,466	\$ 607,700	\$ 2,366,242	\$ 2,083,686
Excess (deficiency) of revenues over expenses	(27,638)	-	413,903	386,265	282,556
Transfer of funds	-	205,357	(205,357)	-	-
Change in net assets invested in capital assets	37,905	-	(37,905)	-	-
Balance, end of year	\$ 110,343	\$ 1,863,823	\$ 778,341	\$ 2,752,507	\$ 2,366,242

See accompanying notes to financial statements.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 386,265	\$ 282,556
Items not involving cash:		
Amortization	27,638	38,655
Change in non-cash operating working capital:		
Accounts receivable	3,637	56,343
Prepaid expenses and deposits	(41,766)	2,693
Accounts payable and accrued liabilities	(6,738)	(48,685)
	369,036	331,562
Financing:		
Deferred capital contributions	7,500	22,500
Investing:		
Purchase of capital assets	(45,405)	(31,224)
Increase in cash and short-term deposits	331,131	322,838
Cash and short-term deposits, beginning of year	2,284,513	1,961,675
Cash and short-term deposits, end of year	\$ 2,615,644	\$ 2,284,513

See accompanying notes to financial statements.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2016

General:

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

1. Significant accounting policies:

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

(a) Revenue recognition:

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

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonable assured.

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

(b) Cash and short-term deposits:

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

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2016

1. Significant accounting policies (continued):

(c) Capital assets:

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

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

Amortization of \$25,320 (2015 - \$35,991) related to non-hatching egg assets is included in non-hatching egg expenses.

(d) Use of estimates:

The preparation of the financial statements in accordance with accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(e) Employee future benefits:

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

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2016

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, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount that the Commission expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

2. Restricted cash:

Cash and short-term deposits are restricted as follows:

	2016	2015
Internally restricted	\$ 1,863,823	\$ 1,658,466
Cash available for operations	751,821	626,047
	<u>\$ 2,615,644</u>	<u>\$ 2,284,513</u>

The Board of Directors of the Commission has restricted net assets for specific purposes as disclosed in note 6.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2016

3. Capital assets:

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	\$ 64,928	\$ 61,718	\$ 3,210	\$ 4,585
Computer software	75,955	952	75,003	30,197
General equipment and supplies - non-hatching egg program	37,457	33,443	4,014	5,018
Office equipment	34,831	33,452	1,379	1,723
Leasehold improvements	19,278	19,278	-	-
Truck-non-hatching egg program	136,224	79,487	56,737	81,053
	\$ 368,673	\$ 228,330	\$ 140,343	\$ 122,576

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$21,544 (2015 - \$30,606), which includes amounts payable for GST and payroll related taxes.

5. Invested in capital assets:

(a) Invested in capital assets is calculated as follows:

	2016	2015
Capital assets	\$ 140,343	\$ 122,576
Amounts financed by:		
Deferred capital contributions	(30,000)	(22,500)
	\$ 110,343	\$ 100,076

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2016

5. Invested in capital assets (continued):

(b) Deficiency of revenue over expenses:

	2016	2015
Amortization of deferred capital contributions	\$ -	\$ -
Amortization of capital assets	(27,638)	(38,655)
	\$ (27,638)	\$ (38,655)

(c) Change in net assets invested in capital assets:

	2016	2015
Purchases of capital assets	\$ 45,405	\$ 31,224
Proceeds from capital contributions	(7,500)	(22,500)
	\$ 37,905	\$ 8,724

6. Internally restricted:

	2016	2015
OBHECC funds	\$ 1,179,249	\$ 1,179,249
Reserve for the unforeseen	624,574	419,217
Office planning	60,000	60,000
	\$ 1,863,823	\$ 1,658,466

During the year, the Commission maintained a guaranteed investment certificate assigned as security to Canadian Hatching Egg Producers in the amount of \$167,000 (2015 - \$168,000) representing funds from the Reserve for the unforeseen (note 10).

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2016

7. Producer levies:

The total levy assessed to registered producers was 19.2 cents per dozen or 2.0 cents per saleable chick for 2016 (2015 - 2.0 cents per saleable chick).

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

8. Non-hatching egg program:

	2016	2015
Non-hatching egg revenue	\$ 478,793	\$ 339,681
Expenses:		
Amortization	25,320	35,991
Cooler and warehousing	7,680	8,700
Fuel	7,444	7,566
Levies and administrative fees	53,356	66,523
Miscellaneous supplies	6,913	5,911
Producer payments	217,205	155,021
Truck maintenance	5,895	1,972
Wages and benefits	107,509	98,824
	431,322	380,508
	\$ 47,471	\$ (40,827)

9. 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 2016 was \$37,516 (2015 - \$38,285).

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2016

10. Contingency:

The Canadian Hatching Egg Producers ("CHEP") requires that the Commission have sufficient funds or letters of credit to cover potential future assessments of liquidated damages at 17.5 cents per egg for production greater than allocation on a province by province basis. At present, the Commission has a \$167,000 guaranteed investment certificate assigned as security to CHEP (2015 - \$168,000). Production levels for the year ended December 31, 2016 indicate the Commission is within the allowed 1% sleeve of over production, and accordingly no draw has been required on the guaranteed investment certificate.

11. Commitments:

The Commission has committed to leasing expenditures relating to technology upgrades, and software development over the next three years as follows:

2017	\$	115,591
2018		103,383
2019		16,632
	\$	235,606

12. Related party transactions:

During the year the Commission paid \$6,021 (2015 - \$5,835) for consulting services to an entity owned by the now-former Chairman of the Commission.

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

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2016

13. Financial risks:

(a) Liquidity risk:

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

(b) Credit risk:

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

There has been no change to the risk exposures from 2015.

14. Funds held on behalf of others:

The Commission holds funds, at the Royal Bank of Canada, totalling \$128,282 on behalf of the Emergency Response Team ("ERT"). The funds comprise contributions by the BC Egg Marketing Board, BC Turkey Marketing Board, BC Chicken Marketing Board, and the Commission. The funds are restricted to expenditures relating to Avian Influenza by the ERT. The assets, liabilities, revenues and expenses of the ERT are not included in the Commission's financial statements.

15. Comparative figures:

Certain comparative figures have been restated to conform to the financial statement presentation adopted in the current year.

Financial Statements of

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

Year ended December 31, 2016
(Unaudited)



KPMG LLP
32575 Simon Avenue
Abbotsford BC V2T 4W6
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Tel (604) 854-2200
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REVIEW ENGAGEMENT REPORT

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

We have reviewed the statement of financial position of B.C. Broiler Hatching Egg Producers Association (the "Association") as at December 31, 2016 and the statements of operations, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Association.

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

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

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

Chartered Professional Accountants

February 14, 2017
Abbotsford, Canada

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

Statement of Financial Position

December 31, 2016, with comparative information for 2015
(Unaudited)

	2016	2015
Assets		
Current assets:		
Cash	\$ 4,525	\$ 9,785
Accounts receivable	522	1,506
	<u>\$ 5,047</u>	<u>\$ 11,291</u>

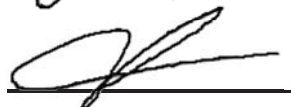
Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 2)	\$ 2,070	\$ 2,071
Net assets	2,977	9,220
	<u>\$ 5,047</u>	<u>\$ 11,291</u>

See accompanying notes to financial statements.

Approved by the Directors:


_____ Director


_____ Director

B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

Statement of Operations

Year ended December 31, 2016, with comparative information for 2015
(Unaudited)

	2016	2015
Revenues:		
Commission grant income (note 3)	\$ 94,321	\$ 90,000
Other income	277	23,171
	<u>94,598</u>	<u>113,171</u>
Expenses:		
Advertising	768	1,698
Directors - per diems	32,126	32,021
Interest and bank charges	124	295
Memberships	15,402	18,743
Office and general	2,718	716
Professional fees	3,481	3,439
Research and development	450	1,756
Salaries and benefits	2,368	1,456
Secretary expense	10,660	9,244
Special events	28,443	29,214
Travel	4,301	3,799
	<u>100,841</u>	<u>102,381</u>
Excess (deficiency) of revenues over expenses	<u>\$ (6,243)</u>	<u>\$ 10,790</u>

See accompanying notes to financial statements.

B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

Statement of Changes in Net Assets

Year ended December 31, 2016, with comparative information for 2015
(Unaudited)

	Unrestricted	2016 Total	2015 Total
Net assets (deficiency), beginning of year	\$ 9,220	\$ 9,220	\$ (1,570)
Excess (deficiency) of revenue over expenses	(6,243)	(6,243)	10,790
Net assets, end of year	\$ 2,977	\$ 2,977	\$ 9,220

See accompanying notes to financial statements.

B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015
(Unaudited)

	2016	2015
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenues over expenses	\$ (6,243)	\$ 10,790
Changes in non-cash operating working capital:		
Accounts receivable	984	494
Accounts payable and accrued liabilities	(1)	(803)
Increase (decrease) in cash position	(5,260)	10,481
Cash position, beginning of year	9,785	(696)
Cash position, end of year	\$ 4,525	\$ 9,785

See accompanying notes to financial statements.

B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2016
(Unaudited)

Nature of operations:

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

1. Significant accounting policies:

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

(a) Revenue recognition:

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

(b) Financial instruments:

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

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

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year,

B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2016
(Unaudited)

1. Significant accounting policies (continued):

(b) Financial instruments (continued):

an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value

(c) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

2. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$586 (2015 - nil), which includes amounts payable for payroll related taxes.

3. Economic dependence:

A substantial amount of the Association's revenue is derived from the British Columbia Broiler Hatching Egg Commission (the "Commission"). Grant income received from the Commission of \$94,321 (2015 - \$90,000) is based on budgetary requirements of the Association which is determined on an annual basis.

B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2016
(Unaudited)

4. Liquidity risk:

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operating requirements. The Association prepares budget to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2015.





**British Columbia Broiler Hatching
Egg Commission**

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