

Financial Statements of

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

Year ended December 31, 2017
(Unaudited)



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INDEPENDENT PRACTITIONERS' REPORT

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

We have reviewed the accompanying financial statements of B.C. Broiler Hatching Egg Producers Association, which comprise the statement of financial position as at December 31, 2017, 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 private enterprises, 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of B.C. Broiler Hatching Egg Producers Association as at December 31, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

KPMG LLP

Chartered Professional Accountants

February 14, 2018

Abbotsford, Canada

B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

Statement of Financial Position

December 31, 2017, with comparative information for 2016
(Unaudited)

| | 2017 | 2016 |
|---------------------|------------------|-----------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 6,941 | \$ 4,525 |
| Accounts receivable | 2,378 | 522 |
| Inventories | 4,240 | - |
| | <u>\$ 13,559</u> | <u>\$ 5,047</u> |

Liabilities and Net Assets

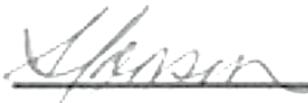
| | | |
|---|------------------|-----------------|
| Current liabilities: | | |
| Accounts payable and accrued liabilities (note 2) | \$ 2,499 | \$ 2,070 |
| Due to BC Chicken Grower's Association | 5,446 | - |
| Net assets | 5,614 | 2,977 |
| | <u>\$ 13,559</u> | <u>\$ 5,047</u> |

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, 2017, with comparative information for 2016
(Unaudited)

| | 2017 | 2016 |
|---|-----------------|-------------------|
| Revenues: | | |
| Commission grant income (note 3) | \$ 120,584 | \$ 94,321 |
| Other income | - | 277 |
| | <u>120,584</u> | <u>94,598</u> |
| Expenses: | | |
| Advertising | 144 | 768 |
| Directors - per diems | 25,884 | 32,126 |
| Insurance | 1,000 | 1,000 |
| Interest and bank charges | 128 | 124 |
| Memberships | 19,281 | 15,402 |
| Office and general | 373 | 2,718 |
| Professional fees | 4,793 | 2,481 |
| Research and development | 1,518 | 450 |
| Salaries and benefits | 1,661 | 2,368 |
| Secretary expense | 9,513 | 10,660 |
| Special events | 49,465 | 28,443 |
| Travel | 4,187 | 4,301 |
| | <u>117,947</u> | <u>100,841</u> |
| Excess (deficiency) of revenues over expenses | <u>\$ 2,637</u> | <u>\$ (6,243)</u> |

See accompanying notes to financial statements.

B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

Statement of Changes in Net Assets

Year ended December 31, 2017, with comparative information for 2016
(Unaudited)

| | | 2017 Total | | 2016 Total |
|--|----|---------------|----|---------------|
| Net assets, beginning of year | \$ | 2,977 | \$ | 9,220 |
| Excess (deficiency) of revenue over expenses | | 2,637 | | (6,243) |
| Net assets, end of year | \$ | 5,614 | \$ | 2,977 |

See accompanying notes to financial statements.

B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016
(Unaudited)

| | 2017 | 2016 |
|--|----------|------------|
| Cash provided by (used in): | | |
| Operations: | | |
| Excess (deficiency) of revenues over expenses | \$ 2,637 | \$ (6,243) |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | (1,856) | 984 |
| Inventories | (4,240) | - |
| Accounts payable and accrued liabilities | 429 | (1) |
| Due to BC Chicken Grower's Association | 5,446 | - |
| Increase (decrease) in cash position | 2,416 | (5,260) |
| Cash position, beginning of year | 4,525 | 9,785 |
| Cash position, end of year | \$ 6,941 | \$ 4,525 |

See accompanying notes to financial statements.

B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2017
(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 Societies 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) Use of estimates:

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

2. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of nil (2016 - \$586), 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 \$120,584 (2016 - \$94,321) is based on the 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, 2017
(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 2016.

5. Comparative information:

Certain comparative information have been reclassified to conform with the financial statement presentation adopted in the current year.