

2017 Annual Report



VISION

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

MISSION

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



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MESSAGE FROM THE CHAIR



In last year's report I remarked that 2017 would be challenging and "issues within the sector – and without, over which we have no control – will continue to confront us." That turned out to be true for 2017 and we are already finding that it will be equally true for 2018.

Before addressing those challenges, I would like to express my appreciation to board members, Commission staff, producers and other stakeholders for helping me in my first year as chair to learn more about the hatching egg sector. This knowledge – combined with years of experience with the supervisory board, liaison with other sectors and involvement in national issues – gives me a certain perspective on supply management, the issues we face and ways forward.

Trade. Changing national market. Competitiveness. Efficiency. Pricing. Managing growth. Animal Welfare. Avian Influenza. Spiking males. Poultry insurance. Salmonella Enteritidis. Regional diversification. Asian breeders. New Entrants. Input costs. Hatchery margin. Financial accountability. Board/staff capacity and transition planning. Supporting transition planning for producers (e.g., quota policies). Only some of the (not necessarily favourite) things we faced in 2017 and will again in 2018.

With only some exceptions, these issues affect stakeholders in the larger B.C. chicken sector (and often poultry more generally). This places an obligation on the Commission to engage with those stakeholders. To do that, you need open lines of communication, which was a priority for me in 2017 and will be in 2018. We may have disagreements but without effective and constructive two-way communication with stakeholders we will not find solutions to issues that affect us all. The Commission alone does not have all the answers. Sometimes it does not even have the right questions!



The Commission made some tough decisions in 2017. Its members did not shy away from making those decisions; nor will they shy away from making such decisions in future. I expect, though, that the number and scope of these decisions will continue to expand. Pricing and its implications for all chicken industry stakeholders is only one example of the increasing – and fundamental – challenges facing us.

All of this requires leadership by the Commission by providing informed, balanced, innovative and non-parochial decision-making. It requires the Commission to work closely with producers and our other stakeholders – including our co-regulator, the BC Chicken Marketing Board – to find strategic solutions. If we do not, the future for the B.C. chicken industry may not be what we would want. We must find solutions to some pressing challenges and, at the same time, not forget to find opportunities.

I am chair because I knew the Commission and the sector were facing challenges and believed that I could use my experience and knowledge to help. If I still believe that I can contribute to a Commission that has good governance and continues to take an informed, strategic approach to facing the challenges of today, I will continue to work with the Commission, producers and other stakeholders to find ways to make our industry a continued success and sustainable for the long-term.

Thank you again to everyone in 2017 who helped inform and teach me about the broiler hatching egg sector. I will be learning more in 2018!

Jim Collins



MESSAGE FROM THE EXECUTIVE DIRECTOR



The BC Hatching Egg Commission staff worked diligently on the five Key Initiatives in 2017 with which they were tasked. Each of the initiatives challenged the historical ways the BC Hatching Egg Industry interacts with stakeholders and the supply chain.

The Quota System review was temporarily paused as the staff had many priorities to juggle. This initiative has been ongoing for several years and remains on the Strategic Plan to ensure that the staff continues to prioritize this important initiative in the future. Implementation of the ECC software, clarification of the Quota Tool Assessment Review by BCFIRB and the COP Update and Linkage

Review will be large components of this initiative and will assist in its completion.

Product Quality encapsulates the ongoing concerns regarding Salmonella Enteritidis (SE) and the new regulations around the preventative use of antibiotics.

The Hatching Egg staff continues to monitor for SE using 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 chicken supply chain.

As a priority the Commission is still working on lateralizing input costs, mainly breeder price and vaccinations. Vaccine 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 an important linkage accountability and transparency issue as well.

Late in the year the Commission developed and has been working through a Spiking Male Review Work Action Plan. This plan focuses on the short-term goal of mitigating risks when moving males and reviews the long-term possible decision to regulate against premise-to-premise movement.

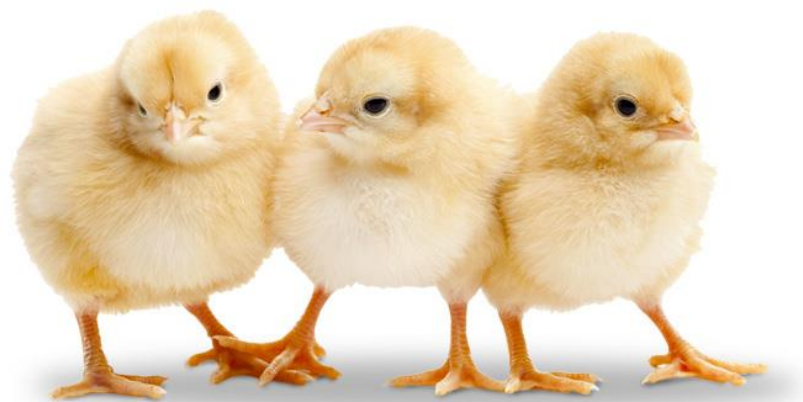


A Committee has been formed consisting of two Commission members, two Commission staff, two Association directors and supported by ministry staff and veterinarians. The Committee has a deadline of February 28, 2018 for a recommendation for stakeholder review.

Hatching Egg staff and Commission members have played a large role on the four feather Emergency Response Planning Team. This team has divided into sub committees to ensure that key areas are planned and prepared for should another Avian Influenza virus hit our province.

Commission staff have been actively involved in the 2018 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. My talented and dedicated staff continue to work hard for Hatching Egg Producers. Times are challenging, and many difficult tasks are to be undertaken. We look forward to working through those challenges under the excellent leadership of the Commission members and look forward to the continued success of the BC Hatching Egg Industry.

Stephanie Nelson



CANADIAN HATCHING EGG PRODUCERS' REPORT



Ensuring the supply of all the allocated domestic eggs remains a top priority for CHEP. This is why CHEP continues to explore different options to achieve

100% of the national allocation even in the case of underproduction in some of its member provinces.

Canada, together with the remaining Trans-Pacific Partnership (TPP) signatory countries, announced the successful conclusion of Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) on January 23, 2018. As the conclusion of CPTPP comes in the middle of the renegotiation of NAFTA, CHEP will continue to be engaged at all levels to see a positive outcome within NAFTA.

The Comprehensive Economic and Trade Agreement (CETA) entered into force provisionally on September 21, 2017. The provisional implementation will allow for over 90% of the Canada-EU Agreement to take effect until the parliaments in all European Union (EU) Member States ratify the text according to their respective domestic constitutional requirements.

WTO Ministerial meeting (MC11) was held in Buenos Aires, Argentina in December 2017. Although no substantial outcome marked the end of the conference, members agreed to continue to work to find an agreement on agriculture major issues (public stockholding for food security purposes (PSH), domestic support, and export restrictions).

CHEP's on-farm programs continue to evolve, and give producers the tools to demonstrate good on-farm management practices.

The most significant accomplishment was the completion of CHEP's Animal Care Program (ACP). The national, auditable ACP, based on the 2016 *Code of Practice for the Care and Handling of Hatching Eggs, Breeders, Chickens, and Turkeys*, was approved by the CHEP Board of Directors and distributed to provincial boards. Auditor training, producer education, and program implementation are expected to proceed in 2018.

All broiler hatching egg farms in CHEP member provinces continue to receive a Canadian Hatching Egg Quality (CHEQ™) on-farm food safety audit annually.



As a part of continuous improvement of CHEQ™, better on-farm management practices for egg quality are being discussed. These practices have the potential to affect chick quality and antimicrobial use along the chicken supply chain. The goal of the Canadian chicken industry is to eliminate the preventive use of Category 2 and 3 antibiotics by the end of 2018 and 2020 respectively. Therefore, it is imperative that all hatching egg producers do their part.

CHEP participated in the review of the Canadian Food Inspection Agency (CFIA) National Avian On-Farm Biosecurity Standard, a comprehensive tool for preventing disease in all poultry in Canada. The revised standard is expected to be available in 2018, and will be incorporated into the CHEQ™ program.

CHEP is also an active member of the Joint Government-Industry Working Group on the Control of *Salmonella* and *Campylobacter* in Poultry, with a goal to strengthen the Canadian food safety system from farm-to-fork by advancing work in the reduction of *Salmonella* and *Campylobacter* in live poultry and poultry food products, thereby reducing the risk and burden of illness in humans.

Surveillance is a key component of knowledge, and establishing trust. Producers supported notifiable avian influenza (NAI) prevention and preparedness by participating in surveillance under the Canadian Notifiable Avian Influenza Surveillance System (CanNAISS). CanNAISS is designed to meet international NAI guidelines and trade requirements. CHEP also developed a survey to measure the use of antibiotics on broiler hatching egg farms.

Several regulations and policies that affect broiler hatching egg producers were discussed over the year, including the *Hatchery Regulations*, the Canadian Hatchery Supply Flock Policy, the *Health of Animals Regulations*, Transportation of Animals, and the CFIA *Plant and Animal Health Strategy*.

CHEP continues to be a stronger supporter of research. Funds were committed to ongoing research at the Canadian Poultry Research Council (CPRC) as well as for the development of the Poultry Science Cluster to be submitted for consideration by Agriculture and Agri-Food Canada under the Canadian Agricultural Partnership. Research at the University of Regina looking at development of a disinfectant spray targeting *Enterococcus* and related pathogens in the chicken industry was also supported.

Canadian Hatching Egg Producers



BCBHEC STAFF



Top (Left to Right)

- Joshua Crossett, Manager of Finance & Production
- Lisa Earnshaw, Controller
- Kaitlyn Loewen, On-Farm Program Coordinator
- Barry Harder, Transporter

Bottom (Left to Right)

- Naylene Beirnes, Administrative Assistant
- Stephanie Nelson, Executive Director
- Stephanie Laframboise, Field Technician



BCBHEC BOARD OF DIRECTORS



Beata Kunze
V.B. Kunze



Allan Cross
Royal Columbian Poultry



Joe Neels
Banford Breeders



Allan Mulder
Gifford Poultry

MESSAGE FROM THE PRODUCERS' ASSOCIATION PRESIDENT



"They always say time changes things, but you actually have to change them yourself" – *Andy Warhol*.

This year has definitely been one with changes: changes made, changes proposed, changes looming...

Needless to say it has therefore been a busy and adventurous year for the BC Broiler Hatching Egg industry, and thus for the Producers' Association as well. Again, we had Sandra Jansen help us immensely in organizing, finance and clerical work. She continues to be a great asset to our industry!

Each year in this industry provides new and challenging opportunities. As your association, we worked hard to represent the Producer body on a number of committees addressing many aspects of our industry.

We began this year with the intention of developing some industry standards and protocols regarding spiking roosters. In April we started this process by meeting with provincial government representatives and veterinarians. An outbreak of Coryza via spiking males brought the need for some regulation to a head and a joint task force convened, made up of Producers' Association reps, Commission board members and provincial government. Association directors, Angela Groothof and Art DeRuiter, are excellent producer representatives on Spiking Male Review committee. As an Association we are hoping to develop workable, sensible and positive solutions in the continued movement of spiking males.

A number of PPAC meetings were also held this year. Art, Angela, and myself worked to represent the best interests of hatching egg producers in meetings with hatchery and chicken grower representatives. Input cost analysis was, and still is, a key discussion topic as we work out aspects of vaccination costs and chick pricing, and make recommendations to the Commission.

The threat of Avian Influenza is still an ever-present reality. This past year your Association, along with members of your Commission, continued to spend many hours in meetings and exercises working on surveillance systems and rapid response programs.



Sharmain Zylstra continues to do excellent work as chair of the Biosecurity Committee and also volunteered her farm to host a joint CFIA and industry AI outbreak exercise. Much work has also been done with the BCPA in regards to the development of an insurance program to cover C&D costs. Your Hatching egg representative, and fellow producer Allan Cross, is to be commended for all his hard work in this area. The Hatching Egg sector represents well, and we should be proud.

We also continued our involvement in the Poultry in Motion Trailer. This is one of the best ways to market our industry and reach the public regarding true, honest chicken farming, and we encouraged hatching egg producers to take part in manning the trailer at the PNE. Again, it was a highlight for many fair-goers. The trailer also makes its rounds to schools throughout B.C., educating students about where their chicken comes from. It has been a very positive tool for our industry.

In June we held our 2nd annual “#Chicken Golf” Tournament in support of Canuck Place Abbotsford. This year saw tournament exposure grow, and together with the BC Chicken Growers, we ran a very successful tournament, raising over \$40,000 towards the food budget of Canuck Place! This not only helped raise money for a great cause, but again was a great platform to get our name out to the general public. Thank you to all who came out for it and supported it!

Work with the PIM trailer and the golf tournament are few examples of our growing working relationship with the BC Chicken Growers, and we want to continue building that working relationship, 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.

Working alongside the Commission for the betterment of our industry continues to be an important part of our mindset as an association. I would like to take this opportunity to acknowledge the dedicated hard work the Commission has put in to our industry this year. A cohesive relationship is ideal, but as a Producers’ Association we have not hesitated in challenging the Commission and holding them accountable, and we will continue to do so.

It is a privilege to be able to serve as chair of the Producers’ Association. I appreciate the opportunity and look forward to another year of working alongside so many people who are passionate and excellent at what they do, as we strive to improve the Hatching Egg Industry.

Thank you,

Bryan Brandsma



ERT FUNDS REPORT

The BC Broiler Hatching Egg Commission ("Commission") holds funds 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.

At December 31:

	<u>2017</u>	<u>2016</u>	<u>2015*</u>
Cash	<u>\$ 128,431</u>	<u>\$ 128,282</u>	<u>\$ 128,274</u>

Year-ended December 31:

	<u>2017</u>	<u>2016</u>
Contributions	\$ 0	\$ 0
Interest	\$ 149	\$ 8
Expenditures	<u>\$ 0</u>	<u>\$ 0</u>
Net	<u>\$ 149</u>	<u>\$ 8</u>

**Funds were transferred to the Commission on December 17, 2015*



COMMITTEE REPORTS

BC Poultry Association – 2017 Year in Review

The purpose of the BC Poultry Association (BCPA) is to lead the regulated BC poultry associations on common issues that strengthen and improve the well-being of regulated poultry farmers.



Current BCPA Directors

- Directors are appointed by the four member associations; each association appoints their chair and one other director. The association represented by the Chair appoints an additional representative.
- Long-time treasurer, Garnet Etsell, stepped down from the BCPA in June. The Treasurer and Secretary will be selected at the BCPA AGM in April.
- In addition each Marketing Board / Commission appoints one producer director representative to the BCPA. These positions are *ex-officio* and non-voting.

Name	Sector and position on BCPA
Steve Heppell	Turkey, Chair
Bryan Brandsma	Hatching eggs, Vice Chair
Dale Krahn	Chicken, poultry IAF rep
Fred Redekop	Chicken
Mark Siemens	Eggs
Dan Kampen	Eggs
Sharmain Zylstra (Bennie)	Hatching eggs, BCAC rep, Biosecurity and ERC Chair
James Krahn	Turkey
Stan Thiessen	Turkey, SPFG Chair
Allen James	Environment rep – non-voting
Allan Cross	<i>ex-officio</i> , Hatching eggs
Ray Nickel	<i>ex-officio</i> , Chicken
Les Burm	<i>ex-officio</i> , Turkey
Amy Alibhai	<i>ex-officio</i> , Eggs

Meeting Highlights

- The BCPA had five full director meetings and two special director meetings to discuss Avian Influenza cleaning and disinfectant insurance.
- The BCPA (Garnet Etsell and Harvey Sasaki) attended the National Plant and Animal Health Forum in Ottawa to present the all the work that the BCPA has done on avian influenza.
- BCPA (Dan Kamper) represented poultry on the White Spot animal welfare initiative.
- The BCPA (Sharmain Zylstra) represented poultry at BCAC's Public Trust committee meetings.
- The BCPA's draft constitution and bylaws were approved by the directors and will be voted on at the 2018 AGM.
- Wendy Bennett from AgSafe was invited to attend a meeting to discuss bio aerosol risk assessments. AgSafe is working with WorkSafe to develop guidelines for the Ag sector.
- BCPA (Sharmain Zylstra and Allan Cross) attended and participated in BCAC's Ag Day in Victoria.

Biosecurity Committee

- Initiated a project to secure funds to provide new biosecurity signs for commercial poultry producers that state, *"Biosecurity in Effect No Trespassing."*
- The biosecurity standards and protocols were reviewed and updated to include pasture production. Input was provided by a pasture production committee with representatives from different sectors and CFIA.
- The allied biosecurity protocols were similarly reviewed and updated.

Avian Influenza

- EOC
 - Held quarterly section chiefs meeting and one full EOC meeting in November
 - Allan Cross replaced Garnet Etsell as the Chair of the EOC in June.
 - Sandra Jansen is the back-up to Christine Koch.
 - Organized two regional emergency operations centre (EOC) training sessions that were held in February; one in Salmon Arm and one in Duncan. Each session had about 20 attendees.



- The BC Ministry of Agriculture initiated a project to develop SOPs for AI. Industry reps were on the planning committee and participated in system testing. It will be an electronic Excel file that producers can use to develop farm-specific SOPs.
- Worked with AgSafe and the BC Ministry of Agriculture to provide fit testing to many rapid response team members.
- The incident command chart was updated as needed; the goal is to have three names for each position.
- Sent out the flu shot reminder letter.
- Rapid Response
 - A joint committee with the BC Ministry of Agriculture and CFIA. The goal is to euthanize the first positively identified barn within 48 hours.
 - Teams with representatives from industry, the BC Ministry of Agriculture and CFIA were established and attended specialized team training sessions throughout the year.
 - The long-time industry lead Allan Cross was replaced by Randy Friesen in November.
 - The committee is now in transition from a rapid response approach to long-term management and a commitment to cooperation.
- Captive insurance (*Infected premises C&D Cost Recovery Fund*)
 - A big project in 2017 involving many representatives from both the BCPA, the associations and the boards.
 - BCPA received partial federal funding from Agri-Risk for the initiative. The project is managed / lead by Allan Cross and Harvey Sasaki with support from Christine Koch.
- Surveillance
 - A project to develop a surveillance program for low-path AI was terminated in 2017. It developed a potential system, but it was never implemented and the project was terminated and outstanding funds were returned to IAF.
 - Other surveillance methods continue to be discussed.

- CFIA Drills
 - The poultry sector participated in two CFIA multi-day drills / training sessions in September and October. The first was a field drill for disposal, destruction, bio-con, C&D, surveillance and some command rapid response teams. The October training session for the incident command and a few select rapid response teams.
 - CFIA appreciated industry involvement and input and felt that industry participation really added value.
- Red November
 - The drill was held to test disease notification and communication systems from when a quarantine-able disease is conformed to the response on farms. Farms were advised to move from green biosecurity status to red for the drill. This will be an annual drill going forward to make sure farms can implement red biosecurity status and lock down their farms and test communication between boards and associations.

Christine Koch



Sustainable Poultry Farming Group – 2017 Annual Report for Associations

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 received two projects in 2017 with requests for funding. Both were deferred pending more information. Total funding for the year was \$22,890.

On-going projects from previous years

2015-01 Genomic Analysis of Wetland Sediment as a Tool for Avian Influenza Virus Surveillance in Wild Waterfowl

- The lead researcher is on a maternity leave. They will be invited to a future meeting.

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.
- Objectives of the Project:
 - Produce safe and effective plant nutrient solutions from poultry manure.
 - Develop a robust and industrialized manure fermentation technology.
 - Facilitate industry adoption of the technology by:
 - a. Demonstrating the use of these fertilizer solutions to grow greenhouse and field crops.
 - b. Detailing process design including 'scale-up' considerations.
 - c. Providing detailed SOP's, batch records and data presentation.



- Year 2 – April 2016 – March 2017 main activities:
 - Trial various blends of phosphoric, nitric and sulphuric acids.
 - Install the dissolved oxygen control loop and investigate dissolved oxygen control strategies.
 - Investigate the culture of oyster mushrooms and vermiculture to utilize the screw press's residual cellulosic and lignin by-product. Successful use of this by-product would make the process waste free.
 - Upgrade the pH probes to meet temperature swings and abrasion due to the "feed grit" for gizzard health and oyster shell fragments for robust egg shells.
 - Install the antifoam control loops.
 - Continue process characterization and optimization while having a commercialization focus.
 - Try attaining the highest possible thermophilic temperature (target > 75°C) and experiment with the bioreactor as a continuous heat source for energy harvest.
 - Explore the use of co-fermenting waste streams from other industries specifically those containing soluble carbon – the BOD data to date suggests soluble carbon is the rate limiting nutrient.
- The project concludes this December; they're winding down the greenhouse component. The final report will be completed by the end of December and SPFG will be given the opportunity to review the draft.
- They will be displaying the project at:
 - Farm Fair in Edmonton November 8-12, [<https://farmfairinternational.com/>]
 - Green Industry Show and Conference in Calgary November 16 & 17, [<http://www.greenindustryshow.com/>]
- The researchers would like to extend their appreciation and thanks to the SPFG; at every opportunity they mention that their seed money came from BC's Sustainable Poultry Farming Group.

2015-07b Reducing Salmonella and Campylobacter Contamination of Poultry

- They have been extensively conducting additional chicken experiments during the past months. They are analyzing the data now. They will send a detailed report probably by the end of October.



2016-02 One-day Knowledge Translation Workshop

- In April 2017 on Wetland Sediment testing as a Tool for Avian Influenza Virus Surveillance.
- The workshop has been delayed.

2016-04 Validation of Cedar Leaf Oil Vapor in Poultry Hatcheries and Processing Facilities

- The project is wrapping up and they're working on the final report. They were in three different chicken barns with positive results. They received organic certification for their product.

2016-06 BCAC's Public Trust Initiative

- Sharon Eistetter was hired as Manager of Public Trust (September 18, 2017). She, Danielle Synotte (Communications Manager) and Director Lynda Atkinson attended the Canadian Centre for Food Integrity Conference in Calgary September 18 – 20. CCFI is the new national centre for research into transparency in the food system in Canada.
- Sharon Eistetter has developed a 12-month work plan for approval by the Steering Committee (October 12). She has included a short-term plan until March 31, 2018 which includes the following quick wins:
 - Information advertorials in Country Life (full page in November issue, half page in December, January, February and March) profiling the issue of transparency and public trust in the BC food system. First issue will profile Salmon Growers of BC.
 - Will be holding four farmer training sessions concurrently with Pacific Ag Show (January 25, 26, and 27), three of them focus on how to have discussions on tough / contentious issues on your farm and industry and one of them on How to Host a Farm Tour. Each session can take 40 individuals. Information will be forwarded shortly to the Member organizations of BCAC to select participants.
 - Sharon Eistetter attending five Career Education Fairs in BC in late November and early December to highlight careers in agriculture. All producer organizations are invited to attend for active recruiting purposes.
 - Assembling a BC Hub or Community of Practice of staff from all commodity groups and food processors to start the process of working collaboratively



together to share wins and opportunities in the public trust arena for agriculture in BC.

- Meeting with the member stakeholder groups, provincially and across the country to determine what activities and plans are happening and to collaborate best practices.
- Attended a marketing strategy session with the BC Chicken Marketing Board who are working on a marketing strategic plan and have determined Public Trust is their focus as a broiler industry all through the value chain. Can share ideas and resources.
- The SPFG / BCPA's share of this project is \$21,800 per year for three years.
- Contact Sharon Eistetter: seistetter@bcac.ca or 778-345-7500.

2016-07 Development of a Point-of-Care PCR Diagnostic Platform and Assays for the Poultry Industry – Phase Two – Field Trials

- The project was completed in June with field demonstrations held at the SJ. Ritchie Research Farms Facilities in Abbotsford. Hydrogel PCR assays were run on-site for the four assays developed for the project: *Eimeria* sp., *Clostridium perfringens*, *Salmonella* sp and *Cambylobacter jejuni*. The project also developed and tested DNA extraction technology for four matrices: fecal matter, cecal droppings, environmental swabs and fecal swabs. The final results of the trial are being compiled in a report for BCIAF. Aquila is also preparing a white paper to present the technical results and applications of the research to industry. Both reports will be available to SPFG when finalized. Aquila plans to move forward to commercialize assays for the poultry industry in 2018.

Other Activities

- As required under the new *Societies Act*, the SPFG successfully filed their new Constitution and Bylaws in July 2017.
- The top poultry issues were reviewed and updated.



Top Issues for 2017

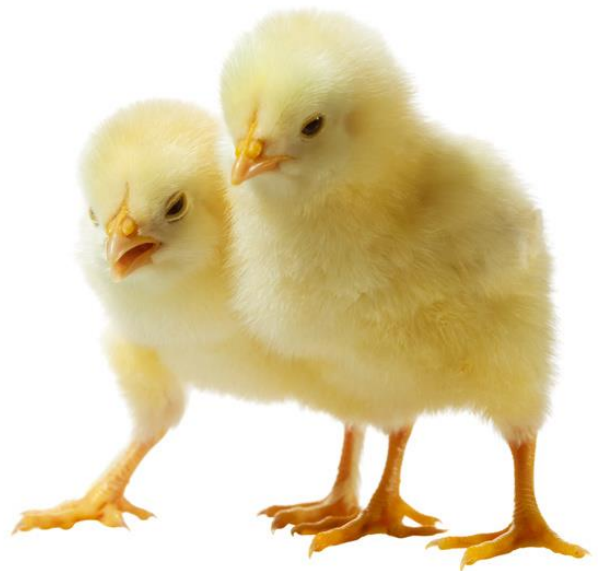
Note that these issues are in no particular order. The list highlights the priority areas for poultry research and development investment. The list is updated annually with input from the four associations.

- Alternating energy and climate change
- Composting
 - Manure
 - Options for mortality (digester vs incinerator)
 - Windrowing litter (piling up in rows to aid composting) in the barn between flocks
- Manure and litter management
 - Handling
 - Markets
 - Alternative uses (reuse) for manure
- Bedding
- Pest Control
 - Darkling beetles and flies (the effects of larvacides)
 - Rodents
- Production – barns
 - Lighting – how can lighting (LED and other) benefit bird health and performance
 - CO₂ – levels, humidity for ultimate conditions
 - Dust control
 - Poor air quality in the winter – too much dust in the air during winter months
 - Dust on load out of manure
 - Vegetative barrier to prevent the spread of dust and odours
 - Disinfection – effectiveness and quality
- Production – birds
 - Fatty liver
 - Eggs – heat vs age
 - Chicks – hatchery environment, disease
 - Chick quality



- Welfare
 - Catching
 - Cage issue and how it relates to sustainability
 - Euthanasia
- Biosecurity
- Antimicrobial use

Christine Koch



Poultry in Motion Committee

The Poultry in Motion Committee, chaired by Dave Martens (BCCGA director), oversees the operation of the Poultry in Motion Educational Mini Barn program in the Lower Mainland, Fraser Valley and on Vancouver Island. The BC Hatching Egg Producers' Association is represented by Angela Groothof and Sandra Jansen. Margret Duin (BCCGA) is in charge of administration, purchasing and financial aspects. The Committee meets two to three times per year to assess and reevaluate the program.

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.

Poultry in Motion Educational Mini Barn Maintenance and Repair

The Poultry in Motion Educational Mini Barn, that was custom built 10 years ago, underwent extensive maintenance and repair in 2017. This included replacement of the air conditioning system, installation of additional venting, electrical system update, installation of steps and additional locks, and general maintenance and repair. The maintenance will continue in 2018 with a planned repainting of the trailer.

The Poultry in Motion Educational Mini Barn now features a professional sound system. This hugely improves the presentations at schools, especially to larger groups of students. The sound system includes weather proof speakers mounted on the trailer and a microphone.

Margret Duin

Poultry in Motion Educational Mini Barn Program – Fraser Valley

This past year was another very successful year for the Poultry in Motion Educational Mini-Barn program in the Lower Mainland and Fraser Valley region.

A Few Changes to the Poultry in Motion Coordinator Position:

Kelsey Schuurman will be continuing as the Poultry in Motion Coordinator. However, she will no longer be doing the on-site events and presentations but will be working from home in the



coordinator capacity. Kalie Fooks has been contracted and trained to do the on-site presentations as part of the position.

Fairs and School Presentations 2017 Highlights:

- Nine fairs were attended in the Lower Mainland:
 - Abbotsford Agrifair
 - Agassiz Fall Fair
 - Aldergrove Fair
 - Cloverdale Rodeo & Country Fair
 - Chilliwack Fair
 - Haney / Maple Ridge Country Fest
 - Pacific National Exhibition (PNE)
 - Richmond Harvest Festival
 - Sardis Fair
- Schools – 70 schools attended for the year with over 22,760 students attending presentations.
 - Spring 2017 – 34 schools were attended by Kelsey Schuurman and Kalie Fooks from January to June 2017 - reaching out to approximately 11,200 students.
 - Fall 2017 – 36 schools were attended by Kalie Fooks from September to November - reaching out to approximately 11,560 students.
- All of the fairs and schools were extremely well attended. Lots of information and brochures, etc., were handed out at each presentation.

Poultry in Motion Mailouts to School Districts:

- In the Spring 2017, mail outs were sent out to 30 schools in Langley / Aldergrove district, with an additional 19 mail outs sent to Maple Ridge and Pitt Meadows schools.
- In September 2017, mail outs were sent out to 41 schools in the Burnaby School District and 102 schools in the Surrey School District.

We currently see a continued steady stream of booking interest from both the elementary and secondary levels for presentations for the spring of 2018 and beyond.

Overall, it was a very successful year in 2017 and we continue to work hard to ensure 2018 is very successful as well.

Kelsey Schuurman



Poultry in Motion Educational Mini Barn Program – Vancouver Island

The Poultry in Motion Educational Mini Barn was available for presentations to Vancouver Island Schools for one month last spring 2017. This allowed for 20 school visits which were quickly snapped up by elementary and secondary school from the Cowichan, Nanaimo-Ladysmith, Port Alberni and Courtenay school districts. As the schedule quickly filled, I am excited to mention that a list of 15 schools asked to be put on a list for the next available presentation time – spring 2018.

As a dedicated, enthusiastic farmer and former educator, I can easily speak verbosely about the merits of this program; that is, accurate information about chicken growing in Canada/food production/animal care/life cycle and for the secondary students, career opportunities. This value was also sincerely expressed in the evaluations received and submitted along with conversations with staff and administrators.

Setting up at the schools prior to parent drop-off and remaining in place until after student pick up provides an opportunity to speak with parents, caregivers and neighbours and respond to their curiosities about our B.C. chicken industry as well.

Of course, I can't pass up mentioning the student keeners who stopped by the mini barn at recess and lunch break to continue with their happy 'chicken chat' – priceless exchanges and many in-depth mature questions!

The Vancouver Island Exhibition and Cowichan Exhibition have booked the unit at their fairs each year since the mini barn program was initiated and have booked it for 2018 along with the Coombs Fall Fair. This provides an important educational component for their fairs. The questions and serious conversations are a sincere credit to our consumers who want to know about our food production and have media information clarified.

Bev Whitta

Poultry in Motion Coordinator Vancouver Island



PRODUCER OF THE YEAR 2016

Gifford Poultry Ltd. **(Allan & Dianne Mulder)**



Hatchery

Fraser Valley Chick Sales Ltd.

Rosstown Hatchery

Sofina Foods Inc.

Western Hatchery Ltd.

Winner

Eagle Prairie Farms Ltd. (Ron & Carol Dekker)

Brylyn Farms Ltd. (Bryan & Lynette Brandsma)

Colbydale Farms Ltd. (Peter & Glenda Bysterveld)

Gifford Poultry Ltd. (Allan & Dianne Mulder)

2017 ACCOMPLISHMENTS

#ChickenGolf
Raised over
\$40,000 for
Canuck Place
Children's
Hospice

Successfully
trained 3 new
staff members

Reached quota
utilization of
100%

\$1 Million in
the Reserve
for the
Unforeseen

Producer levy
remained at 2.0
cents / saleable
chick – year 4
of 3-year
commitment

2017 financial
stewardship
leads to 2018
Compliance
Rebate

Invited one
new entrant

Gave out 500
Sunny Start
Breakfast
Sandwiches at
the BC Poultry
Conference
public outreach

Progressed on
Key Initiatives
such as Input
Costs and
Quota System
Review



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 special 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 the 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 and 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, 2017





KPMG LLP
32575 Simon Ave
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

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, 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 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.

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.





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, 2017 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 5, 2018
Abbotsford, Canada



BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Statement of Financial Position

December 31, 2017, with comparative information for 2016


	2017	2016
Assets		
Current assets:		
Cash and short-term deposits (notes 2 and 11)	\$ 3,069,354	\$ 2,615,644
Accounts receivable	130,074	112,213
Prepaid expenses and deposits	13,105	66,221
	<u>3,212,533</u>	<u>2,794,078</u>
Capital assets (note 3)	262,885	140,343
	<u>\$ 3,475,418</u>	<u>\$ 2,934,421</u>

Liabilities and Net Assets


Current liability:		
Accounts payable and accrued liabilities (note 4)	\$ 181,504	\$ 151,914
Deferred capital contributions (note 5)	88,889	30,000
Net assets:		
Invested in capital assets (note 6)	173,996	110,343
Internally restricted (notes 2 and 7)	2,239,249	1,863,823
Unrestricted	791,780	778,341
	<u>3,205,025</u>	<u>2,752,507</u>
Contingency (note 11)		
Commitments (note 12)		
	<u>\$ 3,475,418</u>	<u>\$ 2,934,421</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:



Jim Collins
Chairman



Joe Neels
Chair, Finance Committee



BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Statement of Operations

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Revenue:		
Producer levies (note 8)	\$ 1,809,582	\$ 1,709,606
Non-hatching egg revenue (note 9)	533,256	478,793
Interest and miscellaneous	31,349	18,520
Quality assurance revenue	10,715	10,198
Licenses and fees	1,550	1,800
	2,386,452	2,218,917
Expenses:		
Advertising and promotion	10,886	9,856
Amortization	3,216	2,318
Animal Health Lab	80,450	79,665
BCBHEP Association	118,206	93,500
BC Poultry Conference	21,700	24,057
Canadian Hatching Egg Producers levy	357,241	337,153
Chairman and members' per diems	150,824	144,504
Interest and bank charges	2,006	1,640
Legal and accounting	41,376	76,187
Non-hatching egg expenses (note 9)	489,379	431,322
Office and miscellaneous	66,926	78,553
Office rent	29,598	28,904
Pricing expense	9,000	16,450
Professional services	12,380	10,943
Quality assurance expenses	28,476	14,643
Research and development, standards, biosecurity	14,987	7,708
SE project expenses	18,466	14,607
Telephone	6,160	6,763
Travel	50,077	40,337
Wages and benefits (note 10)	422,580	413,542
	1,933,934	1,832,652
Excess of revenues over expenses	\$ 452,518	\$ 386,265

See accompanying notes to financial statements.



BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Statement of Changes in Net Assets

Year ended December 31, 2017, with comparative information for 2016

	Invested in capital assets (note 6)	Internally restricted (note 7)	Unrestricted	2017	2016
Net assets, beginning of year	\$ 110,343	\$ 1,863,823	\$ 778,341	\$ 2,752,507	\$ 2,366,242
Excess (deficiency) of revenues over expenses	(21,040)	-	473,558	452,518	386,265
Transfer of funds	-	375,426	(375,426)	-	-
Change in net assets invested in capital assets	84,693	-	(84,693)	-	-
Balance, end of year	\$ 173,996	\$ 2,239,249	\$ 791,780	\$ 3,205,025	\$ 2,752,507

See accompanying notes to financial statements.



BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 452,518	\$ 386,265
Items not involving cash:		
Amortization	21,040	27,638
Change in non-cash operating working capital:		
Accounts receivable	(17,861)	3,637
Prepaid expenses and deposits	53,116	(41,766)
Accounts payable and accrued liabilities	29,590	(6,738)
	<u>538,403</u>	<u>369,036</u>
Financing:		
Deferred capital contributions	58,889	7,500
Investing:		
Purchase of capital assets	(143,582)	(45,405)
<hr/>		
Increase in cash and short-term deposits	453,710	331,131
Cash and short-term deposits, beginning of year	2,615,644	2,284,513
<hr/>		
Cash and short-term deposits, end of year	<u>\$ 3,069,354</u>	<u>\$ 2,615,644</u>

See accompanying notes to financial statements.



BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2017

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, 2017

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 \$17,824 (2016 - \$25,320) 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, 2017

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:

	2017	2016
Internally restricted	\$ 2,239,249	\$ 1,863,823
Cash available for operations	830,105	751,821
	<u>\$ 3,069,354</u>	<u>\$ 2,615,644</u>

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



BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2017

3. Capital assets:

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	\$ 70,019	\$ 63,445	\$ 6,574	\$ 3,210
Computer software	206,511	1,371	205,140	75,003
General equipment and supplies - non-hatching egg program	37,457	34,246	3,211	4,014
Office equipment	42,266	34,022	8,244	1,379
Leasehold improvements	19,278	19,278	-	-
Truck-non-hatching egg program	136,224	96,508	39,716	56,737
	\$ 511,755	\$ 248,870	\$ 262,885	\$ 140,343

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$25,043 (2016 - \$21,544), which includes amounts payable for GST and payroll related taxes.

5. Deferred capital contributions:

Deferred capital contributions represent external contributions for the purposes of software development. A portion of the deferred capital contributions remains subject to meeting certain deliverables and may be repayable to the Ministry of Agriculture.

Changes in deferred capital contribution balances are summarized as follows:

	2017	2016
Deferred capital contributions, beginning of year	\$ 30,000	\$ 22,500
Add: Proceeds from capital contributions	58,889	7,500
Less: Amortization of deferred capital contributions	-	-
Deferred capital contributions, end of year	\$ 88,889	\$ 30,00



BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2017

6. Invested in capital assets:

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

	2017	2016
Capital assets	\$ 262,885	\$ 140,343
Amounts financed by:		
Deferred capital contributions	(88,889)	(30,000)
	\$ 173,996	\$ 110,343

(b) Deficiency of revenue over expenses:

	2017	2016
Amortization of deferred capital contributions	\$ -	\$ -
Amortization of capital assets	(21,040)	(27,638)
	\$ (21,040)	\$ (27,638)

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

	2017	2016
Purchases of capital assets	\$ 143,582	\$ 45,405
Proceeds from capital contributions	(58,889)	(7,500)
	\$ 84,693	\$ 37,905



BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2017

7. Internally restricted:

	2017	2016
OBHECC funds	\$ 1,179,249	\$ 1,179,249
Reserve for the unforeseen	1,000,000	624,574
Office planning	60,000	60,000
	<u>\$ 2,239,249</u>	<u>\$ 1,863,823</u>

During the year, the Commission maintained a guaranteed investment certificate assigned as security to Canadian Hatching Egg Producers in the amount of \$164,000 (2016 - \$167,000) representing funds from the Reserve for the unforeseen (note 11).

8. Producer levies:

The total levy assessed to registered producers was 19.2 cents per dozen or 2.0 cents per saleable chick for 2017 (2016 - 2.0 cents per saleable chick).

Included in the total levy is a national levy of 0.32 cents per egg set (2016 - 0.32 cents per egg set), paid or payable to the Canadian Hatching Egg Producers.



BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2017

9. Non-hatching egg program:

	2017	2016
Non-hatching egg revenue	\$ 533,256	\$ 478,793
Expenses:		
Amortization	17,824	25,320
Cooler and warehousing	6,500	7,680
Fuel	7,950	7,444
Levies and administrative fees	99,007	53,356
Miscellaneous supplies	7,529	6,913
Producer payments	245,619	217,205
Truck maintenance	5,703	5,895
Wages and benefits	99,247	107,509
	<u>489,379</u>	<u>431,322</u>
	\$ 43,877	\$ 47,471

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 2017 were \$38,347 (2016 - \$37,516).

11. 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 \$164,000 guaranteed investment certificate assigned as security to CHEP (2016 - \$167,000). Production levels for the year ended December 31, 2017 indicate the Commission is within the allowed 1% sleeve of over production, and accordingly no draw has been required on the guaranteed investment certificate.



BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2017

12. Commitments:

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

2018	\$	102,878
2019		90,719
2020		60,164
	\$	253,761

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 2016.



BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2017

14. Funds held on behalf of others:

The Commission holds funds, at the Royal Bank of Canada, totalling \$128,431 (2016 - \$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.



Financial Statements of

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

Year ended December 31, 2017
(Unaudited)



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

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.







#FarmersFeedPeople



**B.C. BROILER HATCHING EGG COMMISSION
TWENTY-NINTH ANNUAL GENERAL MEETING
AGENDA**

Friday, March 2, 2018 at 2:00 pm
Location: Sheraton Wall Centre Hotel: Jr. Ballroom C&D

Call to Order

Reading of the March 3, 2017 Annual General Meeting Minutes

Business Arising from the Minutes

Jim Collins, Chair, BC Hatching Egg Commission

Jack Greydanus, Chair, Canadian Hatching Egg Producers

David Guthrie, Auditor, KPMG

Joshua Crossett, Manager of Production & Finance, BC Hatching Egg Commission

New Business

Adjournment





British Columbia Broiler Hatching
Egg Commission

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Egg Producers' Association

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