

Canadian
Hatching Egg
Producers



2024 Annual Report

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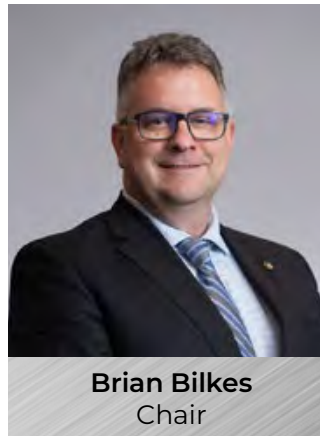
Message from the Chair

Despite ongoing challenges in 2024, including persistent trade uncertainties and Highly Pathogenic Avian Influenza (HPAI) outbreaks, our sector demonstrated remarkable resilience and innovation. The dedication and adaptability of our producers ensured the continued delivery of quality and stability within Canada's broiler hatching egg sector.

The continued presence of HPAI, particularly the significant outbreak in British Columbia, presented substantial hurdles. Our producers maintained extraordinary levels of biosecurity, and with the development of new tools and progress toward vaccine approval, we are making strides in mitigating the disease's impact. The CHEP Board of Directors extends our sincere thanks to everyone for their diligence, hard work, and perseverance during this challenging time. We remain committed to refining our preparedness and response efforts, and I am confident in our producers' ability to meet these challenges head-on.

CHEP continues to support producers through updated policies and collaborative initiatives. This year, we successfully adapted the Canadian Hatching Egg Quality (CHEQ™) and Animal Care Program (ACP) to meet updated *Health of Animals Regulations*. New biosecurity signage was distributed, and we worked closely with the CFIA and the Canadian Hatchery Federation (CHF) to streamline audit processes and data sharing. Maintaining the highest standards of biosecurity and food safety remains a key

priority. Updates to the Temporary Allocation Adjustment Mechanism (TAAM) and Liquidated Damage Assessment (LDA) policies reflect our commitment to fairness and predictability. The restructured national TAAM survey and clarified policy definitions aim to improve resource allocation and stakeholder engagement.



Brian Bilkes
Chair

We also successfully launched our Young Farmers Program, giving participants valuable experience and leadership development. Our first Young Farmer Joe Hengstmengel visited the Aviagen North America Production Management School and facilities in Alabama and shared his insights during our CHEP Open Board Meeting, highlighting the importance of fostering future industry

leaders and advocates.

While producers appreciated the continued funding provided by the Poultry and Egg On-Farm Investment Program (PEFIP), such programs do not address the long-term need for sustainable growth within our industry. We have been clear with all levels of government that protecting supply management and ensuring no further market access concessions are granted is critical to our future.

Hatching egg producers remain leaders in animal care, on-farm safety, and the defense of Canada's supply management system. Protecting market access amidst trade uncertainties will remain a key priority in the coming year.

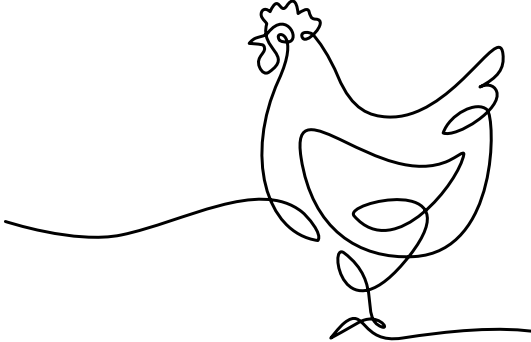


I thank the CHEP team for their dedication and commitment to our industry. Together, we will continue driving our industry forward and ensuring another successful year ahead.

Sincerely,



Brian Bilkes
Chair





13th WTO Ministerial Conference
February 26–March 1, 2024
Abu Dhabi UAE



Yves Perron, M.P., John Barlow, M.P., Senator Rob Black
CHEP General Annual Meeting
March 20, 2024



Camila R. de Freitas
CBHEPA 2023 Broiler
Breeder Grant Recipient
CHEP General Annual
Meeting, March 20, 2024



Minister of Agriculture and
Agri-Food, Lawrence MacAulay
Joint Annual Reception
March 20, 2024



CHEP Recognized Robin Horel for
his contribution to the industry.
CHEP Open Board Meeting
March 21, 2024





International Poultry Council Annual General Meeting
May 6-8, 2024 – Buenos Aires



Minister of Agriculture and
Agri-Food, Lawrence MacAulay
Downtown Diner
October 3, 2024 – Ottawa



Federation of Canadian
Municipalities
Annual Conference
and Trade Show
June 5-7, 2024 – Calgary



CHEP's Appearance before the Standing Senate Committee on Foreign Affairs
and International Trade on Bill C-282, An Act to amend the Department of Foreign Affairs,
Trade and Development Act (supply management)
October 10, 2024 – Ottawa



Executive Director's Report

It is an honour and a privilege to deliver my first report as Executive Director of the Canadian Hatching Egg Producers since taking on the role in spring 2024. Throughout the past year, I have witnessed firsthand the hard-work and dedication of our producers, staff and partners, as we worked together to meet challenges head-on and secure progress for Canada's broiler hatching egg sector.

While 2024 presented significant challenges, it also demonstrated how collaboration and advocacy are at the core of CHEP's efforts and long-term success.

The ongoing impacts of Highly Pathogenic Avian Influenza (HPAI) were felt most acutely in British Columbia, where outbreaks affected several broiler breeder flocks. Through our partnership with the Canadian Food Inspection Agency (CFIA) and the National Poultry Group, we made important progress in disease response, including enhanced surveillance and the development of mitigation tools. While these measures provide critical short-term relief, we continue advocating for fast-tracked vaccine approvals and improved compensation frameworks to strengthen long-term resilience.

This has also been a defining year for our advocacy efforts as we worked alongside our SM5 partners to push for the passage of Bill C-282. The bill was designed to provide legislative protection for supply-managed commodities—including our hatching egg producers—from additional market access concessions made by Canada in future trade

negotiations. The review of the Canada-United States-Mexico Agreement (CUSMA) and the threat of U.S. tariffs highlight the need for CHEP to work together with SM5 partners and export-oriented agricultural groups to safeguard our domestic production. As the federal election approaches, CHEP will focus on advocating for strong support from all parties to protect our producers from market access concessions and maintain the long-term stability of Canada's supply management system.

Within our organization, we focused on refining and improving core programs and policies to better serve our producers. The Canadian Hatching Egg Quality (CHEQ™) program and the Animal Care Program (ACP)

were both updated to align with new federal standards, ensuring compliance while maintaining consistency with HACCP principles and Food Safety Recognition Program (FSRP) standards. New biosecurity signage was distributed to provincial boards, and audit processes for the ACP were streamlined to improve efficiency. NSF auditors received further training focused on enhancing audit practices, reducing biosecurity risks, and ensuring effective oversight.

CHEP also made significant updates to its Temporary Allocation Adjustment Mechanism (TAAM) and Liquidated Damage Assessment (LDA) policies, restructuring the TAAM survey process to adopt a national scope and enable simultaneous participation from all regions. Detailed, step-by-step procedures were developed to ensure comprehensive



Teddy Markey
Executive Director



stakeholder involvement and strict adherence to clear deadlines, demonstrating our commitment to improving the predictability, efficiency, and fairness of these policies while effectively addressing operational challenges and production demands.

In 2024, CHEP prioritized disease mitigation, trade advocacy, and sector-wide collaboration. Guided by our updated strategic plan, we effectively addressed emerging challenges and laid the groundwork for future growth.

I would like to thank our producers, staff, and industry partners for their dedication and hard work over the past year. Together, we are creating a strong and resilient future for Canada's broiler hatching egg sector.

Sincerely,



Teddy Markey
Executive Director



Canadian Hatching Egg Producers Executive Committee



Brian Bilkes
Chair



Gyslain Loyer
Vice Chair



Calvin Breukelman
Second Vice Chair



Teddy Markey
Executive Director



Our Mission:

Together with our partners and producers, CHEP ensures a dependable supply of quality broiler hatching eggs to Canadian hatcheries

Our Vision:

A prosperous Canadian poultry sector, enabled by a strong and profitable broiler hatching egg industry





Canadian Hatching Egg Producers Board of Directors



Calvin Breukelman
British Columbia



Kevin Tiemstra
Alberta



Mike Wurtz
Saskatchewan



Murray Klassen
Manitoba



Mark Woods
Ontario



Gyslain Loyer
Quebec



Christian Trottier
Canadian Hatchery
Federation



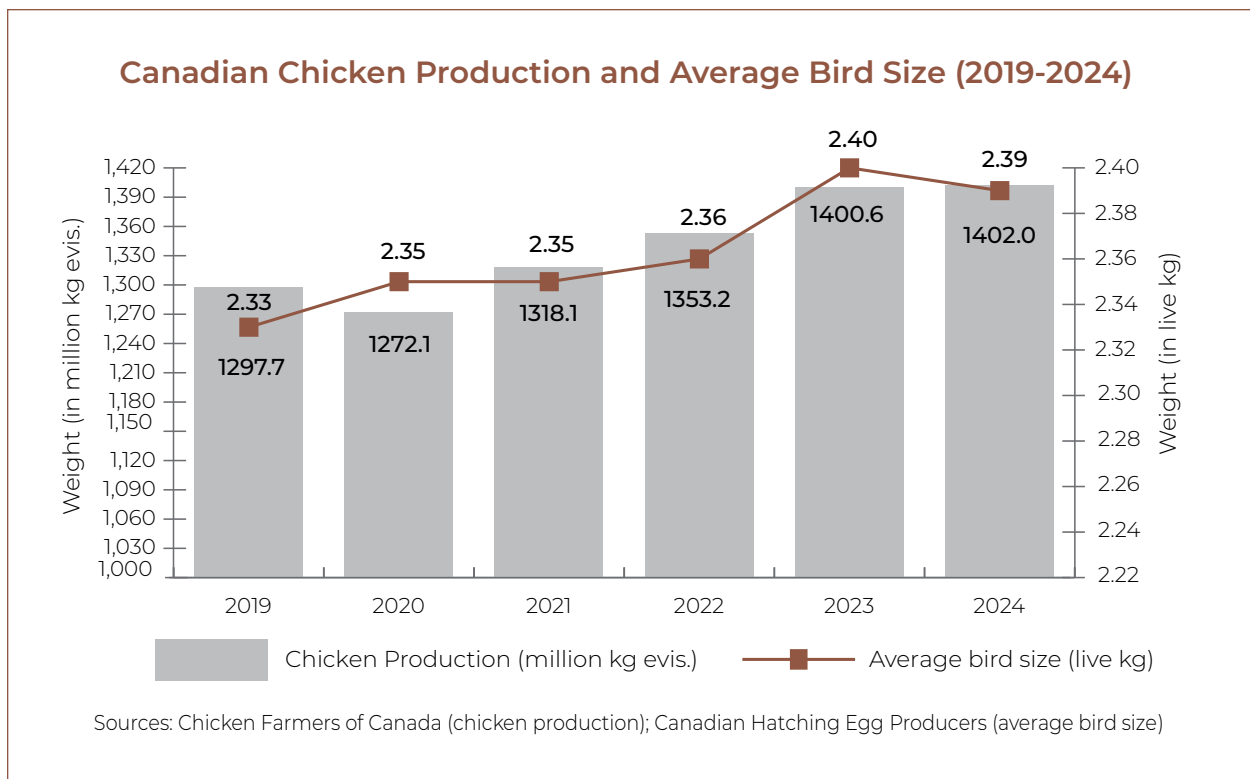
Jorge Gallegos
Canadian Hatchery
Federation



Canadian Hatching Egg Market Review

In 2024, the Broiler Hatching Egg (BHE) industry faced unprecedented challenges, marked by various issues. These challenges included persistent import shortages from the United States and the ongoing cases of Highly Pathogenic Avian Influenza (HPAI) across Canada. Such circumstances have led to uncertainty surrounding the supplies of Canadian BHE and chicken. The repercussions of these challenges are expected to persist into 2025. Throughout 2024, CHEP closely monitored the situation and implemented measures to ensure a consistent supply of broiler hatching eggs to the Canadian chicken industry amidst this period of uncertainty.

The initial 2024 broiler hatching egg allocations, established in March 2023, were based on an estimated chicken production of 1,468 million kilograms, representing a growth of 4.8% compared to the 2023 production of 1,400.6 million kilograms. However, this estimate gradually declined throughout the year, culminating in a final allocation of 1,412 million kilograms in July 2024. Ultimately, total chicken production for 2024 amounted to 1,402 million kilograms, a 0.1% increase from the previous year and 10 million kilograms below the July 2024 projection.

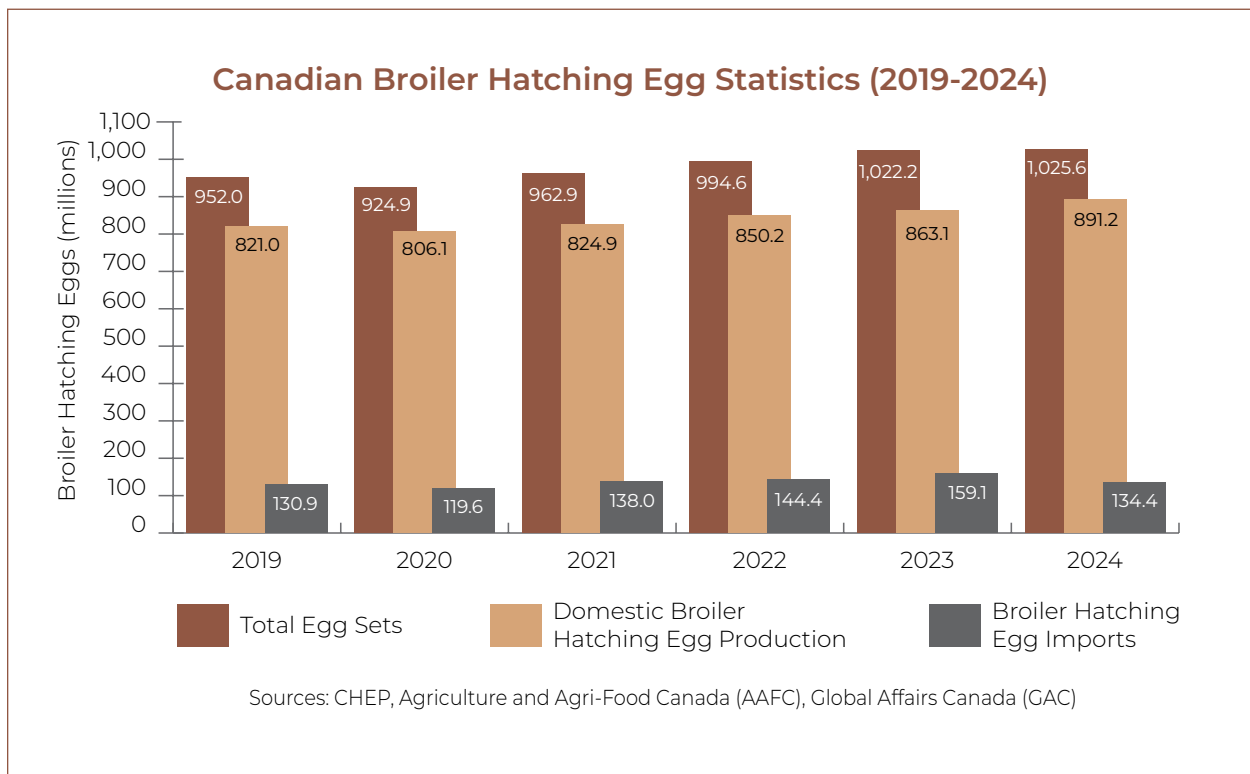


Canadian Hatching Egg Market Review

Canadian hatcheries set a total of 1,025.6 million broiler hatching eggs in 2024, an increase of 3.4 million eggs (0.3%) from 2023. Meanwhile, domestic broiler hatching egg production totaled 891.2 million eggs across Canada, an increase of nearly 28 million eggs (3.3%) over the previous year and equal to 103.7% of CHEP’s final 2024 allocation.

Broiler hatching egg imports into Canada decreased by around 24.7 million eggs (-15.5%) compared to last year, while broiler chicks imported into Canada increased by 5.5 million egg equivalent chicks (38.2%). As a result, 2024 combined imports decreased by nearly 19.2 million BHE equivalents (-11.1%) from 2023. Altogether, broiler hatching egg imports into Canada totaled 89.9% of the tariff rate quota (TRQ) allotted to hatcheries in 2024, while broiler chick imports totaled 62.3% of TRQ.

Canadian domestic broiler hatching egg production in 2024 increased by 3.3% compared to 2023, with growth in production levels reported in seven of eight producing provinces. Collectively, domestic production between the six member provinces reached 102.8% of the final 2024 allocations which represents an increase from 2023.



Provincial Broiler Hatching Egg Production and Imports

Provincially, British Columbia's domestic production increased by 7.1 million eggs (6.9%), while imports decreased by 8.3%, resulting in 0.4 million more eggs set (0.2%) compared to the previous year. In Alberta, domestic production rose by 4.7 million eggs (5.3%), and imports declined by 7.5%, leading to 3.1 million more eggs set (2.9%). Saskatchewan's production grew by 5.6 million eggs (19.2%), with imports dropping by 53.8%, ending the year with nearly 0.8 million more eggs set (2.1%). Manitoba experienced a decline of 0.7 million eggs (-1.6%) in production and a 5.2% reduction in imports, resulting in nearly 0.9 million fewer eggs set (-1.9%). Ontario's production increased by 4.2 million eggs (1.4%), while imports fell by 11.1%, resulting in 1.9 million fewer eggs set (-0.6%). Finally, Quebec's production rose by approximately 7.5 million eggs (3.2%), with imports decreasing by 10.3%, leading to 1.2 million more eggs set (0.4%).

Table 1 – Broiler Hatching Egg Production (000 broiler hatching eggs)

Year	BC	AB	SK	MB	ON	QC	NS	NB/PE/NL	Canada
2024	108,923	94,476	34,669	42,217	296,745	241,328	40,440	32,397	891,195
2023	101,866	89,714	29,074	42,904	292,590	233,791	40,766	32,422	863,127
2022	118,873	84,789	23,394	39,362	284,055	227,501	39,170	33,040	850,183
2021	115,749	85,070	32,789	37,725	266,035	215,626	38,219	33,668	824,881
% Change									
24/23	6.9	5.3	19.2	(1.6)	1.4	3.2	(0.8)	(0.1)	3.3
23/22	(14.3)	5.8	24.3	9.0	3.0	2.8	4.1	(1.9)	1.5
22/21	2.7	(0.3)	(28.7)	4.3	6.8	5.5	2.5	(1.9)	3.1

Sources: CHEP, AAFC

The average live weight of broilers produced in Canada in 2024 was 2.39 kg per bird, a slight decrease of 0.01 kg compared to the previous year.

Table 2 – Selected Market Factors

	BC	AB	SK	MB	ON	QC	NS	NB/PE/NL	Canada
Total (Combined) Imports									
(000 eggs equiv.)	45,860	17,926	4,177	3,516	23,900	54,620	399	3,781	154,179
% change 24/23	-8.3%	-7.5%	-53.8%	-5.2%	-11.1%	-10.3%	122.7%	16.1%	-11.1%
Chicken Production									
(000 kg evis.)	195,037	136,501	48,361	55,606	489,565	370,316	46,938	59,697	1,402,020
% change 24/23	0.5%	2.5%	-2.2%	-0.5%	0.6%	-1.1%	1.9%	-1.4%	0.1%
Avg. live weight of broilers									
(kg live/bird)	2.25	2.35	2.36	2.10	2.52	2.35	2.51	2.50	2.39
% change 24/23	0.1%	0.8%	0.5%	-0.1%	-0.2%	-1.2%	0.3%	-1.2%	-0.2%

Sources: CHEP; AAFC; CFC



Farm Cash Receipts and Producer Prices

Total farm cash receipts for broiler hatching egg producers in 2024 increased by 4.2%, reaching \$521.3 million, up from \$500.5 million in 2023. The average saleable chick price paid by hatcheries to producers in 2024 ranged from 77.46 cents in Alberta to 69.51 cents in Ontario.

Table 3 – Farm Cash Receipts and Producer Prices

	Farm Cash Receipts		Broiler Hatching Egg Producer Prices	
	2024 \$ 000	% change 24/23	¢ per saleable chick (2024 average)	% change 24/23
British Columbia	66,718	6.6%	76.30	3.2%
Alberta	58,921	8.7%	77.46	2.9%
Saskatchewan	21,333	21.5%	76.55	2.1%
Manitoba	25,438	-0.9%	75.05	0.7%
Ontario	165,609	1.8%	69.51	0.7%
Quebec	139,750	3.7%	72.12	0.8%
NS/NB/PE/NL	43,556	1.2%	–	–
CANADA	521,325	4.2%	74.50	1.7%

Source: CHEP (Farm Cash Receipts); Provincial Boards (Prices)

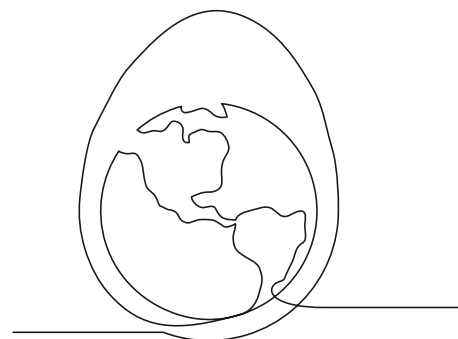
¹The saleable chick price is paid by hatcheries to producers.

Canadian Hatching Egg Industry Profile

Table 4 – Broiler Hatching Egg Industry Profile for 2024

	BC	AB	SK	MB	ON	QC	NS	NB/PE/NL	Canada
Broiler Hatching Egg Producers	52	28	10	19	72	36	16	4	237
Hatcheries	9	4	2	3	15	5	3	2	43
Average Farm Size (million eggs)	2.1	3.4	3.5	2.2	4.1	6.7	2.5	8.1	3.8

Sources: Provincial Boards, CHEP.





Canadian Broiler Hatching Egg Producers' Association

The Canadian Broiler Hatching Egg Producers' Association (CBHEPA) meets three times a year to make a broiler hatching egg allocation recommendation to the CHEP Advisory Committee. The Association's meetings provide members the opportunity to discuss current affairs related to the Canadian hatching egg industry. These discussions can include topics such as broiler hatching egg allocations, industry statistics, provincial broiler hatching egg flow, market conditions, tariff rate quota (TRQ) imports, and the CBHEPA Student Program. CBHEPA enjoys a close working relationship with the Canadian Hatching Egg Producers (CHEP) organization and its board of directors and looks forward to further collaboration in 2025.

The CBHEPA Student Program has proven beneficial to all those who have had the chance to enroll. There is no doubt that future applicants will have the same valuable experience as those who participated in this year's program. Here is some additional information with regards to this year's successful program.

I wish to thank the members for their support and commitment.

Sincerely,

Beata Kunze
Chair



Broiler Breeder Research Grant



Etseoghena
Amanoghena Obi

Project title: Broiler Performance in Response to Maternal Growth Patterns

Summary of the project goals and objectives: To investigate the effect of earlier pubertal growth inflection point and increase in early BW gain in broiler breeders and on broiler offspring performance. To investigate the effect of maternal age on broiler performance. Etse will share the results during her presentation at the upcoming CHEP 2025 Annual General Meeting.



Thiago Luiz
Noetzold

Project title: Broiler Breeder Male Management Review

Summary of the project goals and objectives: The project's goal was to identify practical management recommendations by exploring the literature information, practical recommendations, and management practices from commercial farms in Alberta. The anticipated outcomes are improved fertility, hatchability, and chick production for hatching egg producers across Alberta and Canada.



CBHEPA / CHEP Young Farmer



Joe Hengstmengel

In 2024 CBHEPA partnered with CHEP to implement a Young Farmers Program. The program offered young farmers an opportunity to gain experience and learn more about the national system and its role. For those looking to become future members at the provincial and national board levels, the program will offer professional development. On occasion the Federal Government contacts CHEP for young producer representatives for specific working groups or advisory councils.

With an active young farmers program, CHEP will have a pool of young producers that could participate as the opportunity arises.

Joe Hengstmengel from Fort Macleod, Alberta has been CHEP's representative for two years. He had the opportunity to tour the Aviagen facilities in Huntsville, Alabama. Thanks to the great people at Aviagen who got involved and organized a wonderful experience for another of our young farmers. When applying for this program, participants were asked to prepare a short written submission outlining their working experience. Joe presented a report of his experience during the CHEP's November Open Board in November. With the submissions received from participants, it is guaranteed that this program will be available to future interested young farmers.

Producer of the Year



Beata and Victor Kunze presented by David Janzen, Vice Chair, CBHEPA

Membership

Beata Kunze, Chair,
British Columbia

David Janzen, Vice Chair,
Saskatchewan

Dennis Wickersham, Alberta

Henry Heppner, Manitoba

Tim Hutten, Ontario

Clément Allard, Quebec



Production Management Committee

Food Safety

Canadian Hatching Egg Quality (CHEQ™)

The CHEQ™ Program continues to be implemented on all farms and is a key piece of CHEP's commitment to food safety.

2024 marked the first year of the *Regulations Amending the Health of Animals Regulations (Hatchery)* for supply flocks and hatcheries, or the *Hatchery Regulations*. CHEP continued to engage with CFIA on reporting and premises identification under the regulations.

All broiler breeder flocks are sampled for *Salmonella* as part of the *Hatchery Regulations*. This requirement is included as a mandatory element in CHEQ™.

CHEP's National *Salmonella* Enteritidis (SE) Framework

CHEP's National SE Framework was first published in 2020, following several years of ongoing *Salmonella* monitoring and control by the Canadian broiler hatching egg sector. We started a review of the framework to ensure it reflects current *Salmonella* sampling and response in all member provinces. CHEP remains committed to practical, risk-based policy as part of a supply chain approach to addressing *Salmonella*.

AMU/AMR

CHEP participated in advocacy work on antimicrobial use (AMU) and antimicrobial resistance (AMR) to improve access by Canadian veterinarians and farmers to veterinary

healthcare tools, and to come up with solutions to long-standing issues related to AMU and AMR.

CHEP participated in CFC's category III AMU working group. We were also active in industry discussions with the Canadian government leading up to the signing of the United Nations Political Declaration on AMR, which includes a commitment to a meaningful reduction of AMU by 2030. CHEP supports non-regulatory approaches to AMU stewardship, and we will do our part in support of the federal Pan-Canadian Action Plan (PCAP) on AMR.



Calvin Breukelman
Chair

Animal Welfare

Animal Care Program

In 2024, the CHEP Animal Care Program (ACP) made significant strides in enhancing program effectiveness and aligning with industry standards. Key updates included revisions to the ACP Producer Manual, reducing redundancy, aligning with CHEQ™, and incorporating additional details from the NFACC Code of Practice for Hatching Eggs, Breeders, Chickens, and Turkeys. These changes reflect our ongoing commitment to improving animal welfare.

Third-party audits by NSF were successfully completed, including provincial and national office audits and on-farm witness audits for all ACP auditors. We also conducted an internal program check at one provincial office. Our thanks go to the provincial technical staff for their proactive response to the ongoing HPAI outbreak, ensuring uninterrupted audits throughout the year.



NFACC Code of Practice for the Care and Handling of Hatching Eggs, Breeders, Chickens, and Turkeys

Progress continued on the ten-year update of the NFACC Poultry Code in 2024. CHEP, in collaboration with CFC, TFC, and CPEP, populated the Code Development Committee, and the Scientific Committee was formed with five well-respected poultry researchers. I am honored to chair the Code Development Committee, with Astrid Stephenson from TFC as vice-chair.

The first in-person meeting of the committees is scheduled for March 2025 in Ottawa, where the priority welfare issues to be addressed in the Scientific Report and work plan for the project will be established. CHEP has selected mass depopulation, feed control, and pre-transport preparations as our priority welfare issues to submit for consideration.

On-Farm Program Updates

To address ongoing HPAI challenges, the committee approved a national SOP for remote ACP and CHEQ™ audits, allowing flexibility for regional implementation. CHEP also hosted a successful virtual information session for auditors and provincial staff, which provided a platform for discussion and feedback on program updates.

CHEP continued to provide on-farm program implementation services at cost to producers in Nova Scotia, where both programs are being implemented in the broiler hatching egg sector.

Through these initiatives, CHEP remains dedicated to upholding high standards of animal care and food safety across the industry.

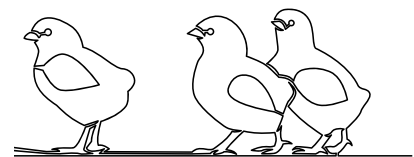
Sincerely,



Calvin Breukelman
Chair

Membership

Calvin Breukelman, Chair
Beata Kunze, British Columbia
Kevin Tiemstra, Alberta
Mike Wurtz, Saskatchewan
Murray Klassen, Manitoba
Tim Hutten, Ontario
Gyslain Loyer, Quebec
Jorge Gallegos,
Canadian Hatchery Federation



Advisory Committee

As we reflect on the year that has passed, it is important to remember the struggles and successes of the Broiler Hatching Egg (BHE) industry in 2024. The industry faced unprecedented difficulties, including the continuation of import shortages from the United States and the persistence of cases of Highly Pathogenic Avian Influenza (HPAI) across Canada. These situations posed uncertainty for delivering the supply of BHEs and meeting the demand at hatcheries in response to HPAI-related restrictions. Despite these challenges, the BHE industry displayed remarkable resilience, adapting to these changes with increased efficiency and strong biosecurity measures.



Regarding the Canadian economy, the Consumer Price Index (CPI) rose by 2.4% on an annual average basis in 2024, down from 3.9% in 2023. Excluding energy, the annual average CPI increased by 2.6% in 2024, compared with 4.5% in 2023.

Moreover, excluding the period of heightened inflation during the COVID-19 pandemic (2021–2023), the 2024 annual average represented the highest increase since 2011 (+2.9%). While the 2024 average was the lowest since 2020 — a year significantly impacted by the pandemic — it remained above pre-pandemic levels, reflecting a gradual yet steady return to historical inflation rates.

On a positive note, higher annual inflation rates since the onset of the pandemic reflect sustained elevated prices. However, factors driving food price increases were less significant

in 2024. Supply chain constraints eased, leading to lower input costs and reduced trucking expenses. Additionally, the impacts of extreme weather in production regions, as well as disease outbreaks like avian flu, were relatively less pronounced in 2024 compared to 2023.

Turning to production and allocation, combined allocations for the six periods in 2024 (A187–A192) totaled 1,301 Mkg. A-187 was overproduced by 0.6 Mkg, while the next three periods had combined underproduction of 5.6 Mkg (-0.8%). The most recently completed period, A-191, saw a slight overproduction of 0.4 Mkg. Using actual production up to A-191 and allocations set for A-192 and the portion of A-193 in 2024, total production for the year is

estimated at 1,401 Mkg, flat from last year and 3.6% above 2022.

Regarding U.S. imports, it was reported that U.S. suppliers noted a tight supply situation in the market. Various factors were cited, including avian metapneumovirus, poor hatchability, high pullet mortality, increased broiler mortality, and the lingering effects of COVID-related production cuts. However, suppliers expect that 2025 supplies will be sufficient to meet the needs of the Canadian market.

Chicken storage stocks started the year at a record high (25% above the five-year average), but have been steadily declining toward the five-year average. As of November 1st, 2024, chicken stocks were recorded at 61.7 Mkg, 5% (2.9 Mkg) above their corresponding 5-year average. The decline so far this year was primarily in wings, other further processed products, and legs.



Meanwhile, as of September 2024, according to AAFC data, total chicken disappearance increased 3.7% over the same period in 2023, mainly supported by population growth. Per capita disappearance increased 0.7% year to date.

The chicken market composite continues to trend in the five-year high range, supported by strong legs and whole birds complexes. After trending in the five-year low range in recent months, breast complex wholesale prices strengthened in recent weeks above the five-year average. Meanwhile, wing prices remain in the five-year low range. In October 2024, the average Canadian weekly wholesale price for market composite was reported at \$4.20/kg, 8% (30 cents) above the five-year average.

Looking ahead to 2025, market conditions could change rapidly. The Bank of Canada forecasts that 'GDP growth is projected to continue at around 2% through the first half of 2025 before

increasing modestly to about 2½% in the second half. This pickup in economic growth is largely due to stronger consumer spending and business investment, supported by declines in interest rates. Over the remainder of the projection, GDP growth is expected to remain around 2¼%.' Furthermore, the Bank of Canada forecasts that CPI inflation will stay close to the 2% target in 2025.

Finally, regarding population growth, while it was rapid in 2024, the 2025–2027 immigration level plans announced last October suggest that population growth will ease in 2025 and 2026.

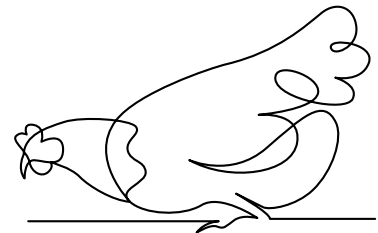
Sincerely,



Mark Woods
Chair

Membership

Mark Woods, Chair
Beata Kunze,
Canadian Broiler Hatching Egg Producers' Association
Jan Rus, Chicken Farmers of Canada
Christian Trottier,
Canadian Hatchery Federation
Nik Zylstra,
Further Poultry Processors Association of Canada
Nicolas Paillat,
Canadian Poultry and Egg Processors
Geneviève Rodrigue,
Agriculture and Agri-Food Canada
Sarah Pak, Global Affairs Canada



Finance Committee

The Canadian Hatching Egg Producers (CHEP) Finance Committee met regularly this year to examine the organization's financial situation. The committee was pleased to report that the national agency continues to be in a strong financial position.

In 2024 revenue was 2.5 million, while expenditures totaled 2.9 million resulting in a deficit of (350,742).

We have returned to normal post COVID-19. This welcome return does result in a higher-than-expected cost associated with director fees and participants' travel to attend and host meetings throughout the year. There has also been an increase in inflation which contributes to higher costs for hotels, travel, translation, and interpretation. The national levy was increased

to 0.0034 and CHEP's reserve is projected to be set to a range of 50% for its expenses. Revenue was projected to increase in 2025 in response to the growing chicken market and therefore increased domestic broiler hatching egg production and total collected levies.

In response to increased inflationary pressures, the committee continues to review CHEP's financial policies and recommend changes when needed.



Mark Woods
Chair

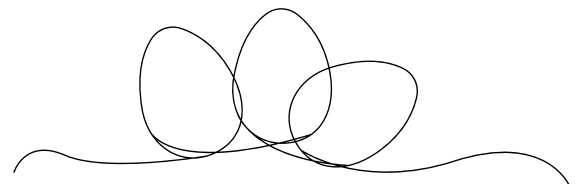
Sincerely,

A stylized, handwritten signature in black ink, appearing to be 'Mark Woods'.

Mark Woods
Chair

Membership

Mark Woods, Chair
Kevin Tiemstra, Alberta
Mike Wurtz, Saskatchewan
Murray Klassen, Manitoba
Christian Trottier, CHF Representative



Research Committee

Research continued to be a key focus point for CHEP in 2024. Given the ongoing impact of Highly Pathogenic Avian Influenza in Canada and worldwide, research on risk factors and control measures for HPAI was our top research priority.

Antimicrobial use (AMU) and antimicrobial resistance (AMR) are critical One Health topics. We are proud to continue supporting the following research on replacements for antibiotics:

Antimicrobial peptides (AMPs) against Salmonella Enteritidis for hatching egg producers, led by Amphoraxe in British Columbia.

Food safety continues to be important for our sector and the entire supply chain, particularly risk factors for infection and ways to mitigate food safety risks, such as development of autogenous *Salmonella* vaccines focused on the most prevalent serovars. CHEP continued to support the following food safety research:

Contribution of management factors to the evolution of genetic diversity in Salmonella spp. and the presence of SE, led by Dr. Marie-Lou Gaucher, through our partnership with the Swine and Poultry Infectious Diseases Research Centre, or CRIPA. This work will continue into 2025.

CHEP is committed to a high level of animal welfare, which includes ongoing support of research on ways to address ammonia on-farm. CHEP continued to support the following research on ammonia in 2024:

Measurement of Ammonia Concentrations, led by Dr. Van Heyst from the University of Guelph.

Impact of ammonia and dust concentrations on worker and animal health and well-being in Canadian hatching egg production, led by Dr. Duchaine and Dr. Gaucher from Université Laval and the University of Montreal respectively.

Monitoring NH₃ and the chemistry leading to its formation in broiler hatching egg farms, led by Dr. Ran Zhao from the University of Alberta. Dr. Zhao is collaborating with Dr. Jennifer Murphy from the University of Toronto.



Beata Kunze
Chair

We also had an opportunity to discuss research on broiler breeder male precision feeding. This type of research has the potential to fill important gaps related to feeding breeder males and applying this technology in a commercial setting.

2024 marked a significant achievement for Canadian poultry research with the announcement of \$5,155,608 from AAFC to the Canadian Poultry Research Council (CPRC) to deliver the Poultry Science Cluster IV. AAFC's funding commitment is through the AgriScience Program — Clusters Component, an initiative under the Sustainable Canadian Agricultural Partnership. In addition to work on the cluster, CHEP actively engaged with CPRC's expanded board in 2024 on updating the National Poultry Research Strategy, and CPRC's strategic plan. Jeff Notenbomer is CHEP's representative on the CPRC Board of Directors, and CPRC's Vice-Chair.



A new item for our committee this year was updates on the Poultry Science Association's Industry Committee on Poultry Science. The industry committee is tasked with organizing symposia on topics of importance to industry, increasing industry engagement, and recognizing outstanding industry individuals.

We reviewed CHEP's national research priorities, and suggested revisions to CHEP's Board of Directors. This annual review occurs in consultation with provincial boards, emphasizing priority issues for our sector, and hands-on research that can be utilized by broiler hatching egg producers. This list guides our research activities at CHEP and the CPRC.

Sincerely,



Beata Kunze
Chair

Membership

Beata Kunze, Chair, British Columbia
Dennis Wickersham, Alberta
Dave Janzen, Saskatchewan
Henry Heppner, Manitoba
Tim Hutten, Ontario
Clément Allard, Quebec



2025 Research Priorities

Highly Pathogenic Avian Influenza (HPAI) – risk factors and effective ways to address HPAI, including treatment, prevention and vaccination - has been designated as a top priority by the CHEP Research Committee.

1. Production-based Research

- a. Methods to increase fertility and number of saleable chicks
 - Differences in fertility and paid hatch
 - When is it most beneficial to add spiking roosters?
 - Research on new and emerging technology to assess on-farm, real-time fertility
 - Tail-end fertility
 - Preincubation fertility
 - Processing of hatching eggs at the barn and use of cameras to detect leaks and defects

2. Breeder Welfare

- a. Ammonia control
 - Developing more accurate methods to measure ammonia on-farm, and validating existing ammonia measurement equipment (such as the ammonia meters used by auditors)
 - Establishing baseline ammonia levels on the farm, and once a consistent methodology is established, have CHEP compile national data to inform decisions going forward
 - Validating benchmarks (such as those referenced in the Code, or those determined as a result of on-farm baseline data), including the study of the impacts of different levels of ammonia concentration on the health

and well-being of birds and humans in order to determine appropriate level(s) of ammonia to include in the animal care program as maximum thresholds depending on climate and temperature

- Cost-effective methods to control ammonia
- Reducing caking litter in broiler breeder and grower barns
 1. Feed additives
 2. Best management practices for ventilation
- b. Strategies for feeding breeders
 - Feed control
- c. Density
- d. Euthanasia
 - Methods for birds >3kg, including low atmospheric pressure stunning (LAPS)
 - Is LAPS practical for on farm application?
 - Efficient and quick way to euthanize breeder flocks in an emergency situation
- e. Aggression
 - Feed energy and male aggression
 - Research linking specific genetic traits with male to female aggression
- f. Early mortality of breeder hens (*E. coli*, staphylococci)
 - *E. coli* and staphylococci more likely to post peak mortality association
- g. Physical alterations
 - Toe-trimming, beak trimming: ideal methods and timing for procedures
 - Cost-effective, practical management practices that can eliminate physical alterations



- h. Transporting newly hatched chicks
 - Length of time that newly hatched chicks are sustained by the yolk sac
 - Effectiveness of hydration/nutrient products used prior to and during transit
- i. Effects of vaccination programs on breeder welfare
 - Current status
 - Maximum thresholds – how much is too much?

3. Environmental Research

- a. Disposal/valorization of mortalities
 - End of cycle
 - Mass depopulation
- b. Effects of temperature control on egg handling and holding, and egg transfer vehicles, including egg sweating and links to rots after eggs leave the farm.
- c. Effects of lighting on broiler breeder production, fertility, and bird health
 - LED lighting long-term
 - Light intensity, spectrum, colour temperature (K)
- d. Environmental impact and effects of climate change as related to broiler hatching egg production

4. Poultry Health and Disease

- a. Inclusion Body Hepatitis (IBH) – breeder vaccination and antibody retention
- b. Variant bronchitis-impact on breeder production and fertility

- c. White chick syndrome
- d. More efficient vaccination programs
- e. Effect of probiotics
- f. *Mycoplasma synoviae*
- g. Effective ways to deal with HPAI, including treatment, prevention and vaccination

5. Alternatives to antimicrobials

6. Control of Foodborne Pathogens/SE

- a. Control of *Salmonella* by vaccination (methods and effectiveness)
 - Newer *Salmonella* vaccinations or supplemental adjuvants to improve vaccine efficacy
- b. Sources of infection
 - What is transferred to the chick? How does egg incubation affect *Salmonella* cells?
- c. Possible barn differences, what type of construction, material, insulation, volume of air, angle to the sun (infrared radiation)
- d. Prevalence
- e. Population density
- f. Control of *Campylobacter jejuni*
- g. On-farm strategies to reduce and prevent *Salmonella* while birds are in production
 - Reduce/prevent *Salmonella* via competitive exclusion (probiotics and antagonistic bacterial species for controlling foodborne patho



Canadian Hatching Egg Producers

Alternates



First Row from Left to Right:
Dennis Wickersham, Alberta;
David Janzen, Saskatchewan;
Henry Heppner, Manitoba.
Second Row from Left to Right:
Clément Allard, Quebec;
Beata Kunze, British Columbia;
Tim Hutten, Ontario
Absent: Ernie Silveri, Canadian Hatchery Federation;
Gordon Hastie, Canadian Hatchery Federation

Provincial Managers



Front Row from Left to Right:
Marie-Ève Bourdeau, Quebec,
Michelle Alting-Mees, Saskatchewan
Back Row from Left to Right:
Bill Van Heeswyk, Ontario;
Bob Smook, Alberta
Absent: Stephanie Nelson, British Columbia,
Wayne Hiltz, Manitoba



Winners of CHEP Drawing Contest

The drawing for 2024 had to reflect Hatching Egg Christmas Parade!



Addison DeJong
British Columbia
Winner Category Age 12 to 14
Overall Winner for 2024



Eva Denbok
British Columbia
Winner Category Age 2 to 4



Kase Vandervelde
Alberta
Winner Category Age 5 to 7



Ivy Janzen
British Columbia
Winner Category Age 8 to 11



Canadian Hatching Egg Producers

CHEP participated in the following organizations and working groups:

Canadian Federation of Agriculture Director

Gyslain Loyer since 2016

Canadian Poultry Research Council Director

Jeff Notenbomer since 2019

National Farm Animal Care Council Director

Calvin Breukelman since 2021

National Farm Animal Care Council Representatives / Poultry Code Update

Calvin Breukelman since 2023

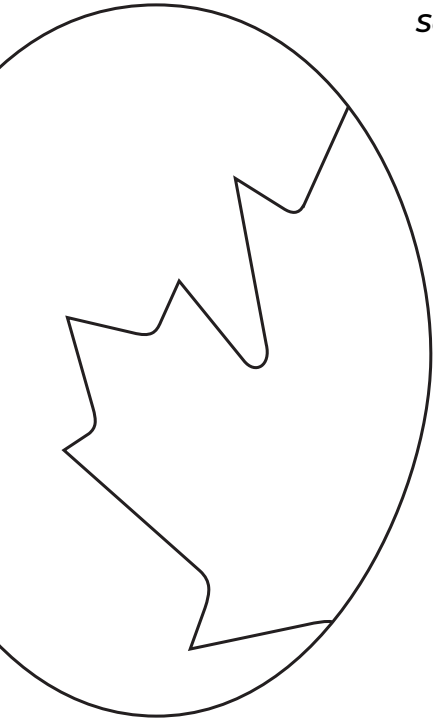
Mark Woods since 2024

Joint Government Industry Working Group on the Control of *Salmonella* and *Campylobacter* in Poultry Representative

Mike Wurtz since 2021

CFC Category III Focus Group

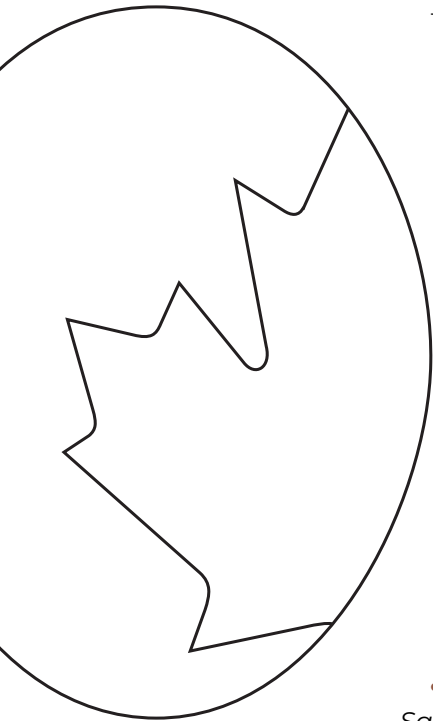
Mark Woods since 2024



Canadian Hatching Egg Producers

CHEP Staff participating in the following committees and organizations during 2024:

- Agriculture Carbon Alliance
- Agriculture and Food Budget Coalition
- Animal Health Canada
 - Animal Health Canada Forum Planning Committee
- Animal Protein Table
- Border Measures Workshop
- CanNAISS Advisory Committee
- Canadian Agricultural Hall of Fame
- Canadian Animal Health Surveillance System (CAHSS)
 - AMU/AMR Network
 - Poultry Sector Network Group
 - Leaders Group
 - Canadian Centre for Food Integrity
 - Canadian Poultry Research Council
 - Canadian Supply Chain Food Safety Coalition
 - CFIA National Emergency Operations Centre (NEOC)
 - CFIA Compensation Working Group
 - CFIA Policy Working Group
 - HPAI Vaccine Task Force and Surveillance Costing Working Group
 - FPTI Destruction Working Group
 - CFC Category III Focus Group
 - CPEP's Poultry Operations Technical Committee (POTC)
 - Industry-Government Advisory Committee (IGAC)
 - International Poultry Council – Animal Health and Welfare Working Group
 - International Poultry Council – Trade Working Group
 - Joint Government-Industry Working Group on the Control of *Salmonella* and *Campylobacter* in Poultry
 - National Farm Animal Care Council (NFAACC)
 - Poultry Industry Council – Associate Member
- SM5 Trade Technical Committee
- SM5 Communications Committee
- World Farmers' Organization – Livestock Working Group



Canadian Hatching Egg Producers

CHEP Staff



First Row from Left to Right:

Mark Calderaro, Communications and Government Relations Advisor;
Teddy Markey, Executive Director; Victoria Sikur, Food Safety Officer

Back Row from Left to Right:

Nicole Duval, Executive Assistant; Garen Afarian, Senior Economist and Trade Advisor;
Amanda Pufall, Animal Health and Welfare Officer; Danielle Belair, Finance Manager

SM-5 Representative to the WTO



Charles Akande



FINANCIAL STATEMENTS
For
CANADIAN HATCHING EGG PRODUCERS
For year ended
DECEMBER 31, 2024

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**CANADIAN HATCHING EGG PRODUCERS
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DECEMBER 31, 2024**

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INDEPENDENT AUDITOR'S REPORT

To the Minister of Agriculture and Agri-Food, Government of Canada, the Farm Products Council of Canada, and the members of Canadian Hatching Egg Producers

Opinion

We have audited the financial statements of Canadian Hatching Egg Producers (the Organization), which comprise of the statement of financial position as at December 31, 2024, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2024 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Welch LLP

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
February 21, 2025.

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CANADIAN HATCHING EGG PRODUCERS

STATEMENT OF FINANCIAL POSITION

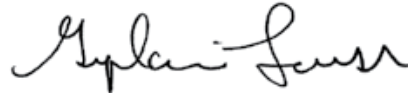
DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 376,910	\$ 677,449
Short-term investments - note 4	1,765,855	1,765,855
Accounts receivable - note 5	430,157	509,150
Prepaid expenses	<u>56,492</u>	<u>78,830</u>
	2,629,414	3,031,284
CAPITAL ASSETS - note 6	<u>724,461</u>	<u>708,097</u>
	<u>\$ 3,353,875</u>	<u>\$ 3,739,381</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 44,017	\$ 92,337
Government remittances payable	<u>55,431</u>	<u>42,967</u>
	<u>99,448</u>	<u>135,304</u>
NET ASSETS		
Internally restricted - note 7	1,519,403	1,434,997
Unrestricted	<u>1,735,024</u>	<u>2,169,080</u>
	<u>3,254,427</u>	<u>3,604,077</u>
	<u>\$ 3,353,875</u>	<u>\$ 3,739,381</u>

Approved on behalf of the Board:



Brian Bilkes, Chair



Gyslain Loyer, Vice-Chair

(See accompanying notes)

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CANADIAN HATCHING EGG PRODUCERS

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
REVENUES		
Levies	\$ 2,498,122	\$ 2,388,308
Interest	<u>80,690</u>	<u>94,981</u>
	<u>2,578,812</u>	<u>2,483,289</u>
EXPENSES		
Amortization	26,384	22,715
Building occupancy	25,128	69,790
Directors' fees and participants' travel	769,633	841,033
Meetings	200,469	98,009
Membership fees	83,389	73,649
Office and administrative	117,307	171,929
Professional fees	287,052	233,725
Research	144,166	194,833
Salaries, benefits and travel	1,011,907	1,005,603
Trade and advocacy	177,896	184,180
Translation and interpretation	<u>86,223</u>	<u>157,584</u>
	<u>2,929,554</u>	<u>3,053,050</u>
NET EXPENSE BEFORE OTHER REVENUE	(350,742)	(569,761)
OTHER REVENUE		
Liquidated damages	<u>1,092</u>	<u>-</u>
NET EXPENSE	<u>\$ (349,650)</u>	<u>\$ (569,761)</u>

(See accompanying notes)

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CANADIAN HATCHING EGG PRODUCERS
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2024

	2024			2023
	Internally restricted	Unrestricted	Total	Total
BALANCE, BEGINNING OF YEAR	\$ 1,434,997	\$ 2,169,080	\$ 3,604,077	\$ 4,173,838
NET EXPENSE	-	(349,650)	(349,650)	(569,761)
INTERNALLY IMPOSED RESTRICTIONS - note 7	<u>84,406</u>	<u>(84,406)</u>	<u>-</u>	<u>-</u>
BALANCE, END OF YEAR	<u>\$ 1,519,403</u>	<u>\$ 1,735,024</u>	<u>\$ 3,254,427</u>	<u>\$ 3,604,077</u>

(See accompanying notes)

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CANADIAN HATCHING EGG PRODUCERS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
CASH FLOWS USED IN:		
OPERATING ACTIVITIES		
Net expense	\$ (349,650)	\$ (569,761)
Adjustment for amortization	<u>26,384</u>	<u>22,715</u>
	(323,266)	(547,046)
Changes in non-cash working capital items:		
Accounts receivable	78,993	28,132
Prepaid expenses	22,338	(11,098)
Accounts payable and accrued liabilities	(48,320)	(31,177)
Government remittances payable	<u>12,464</u>	<u>(12,383)</u>
	<u>(257,791)</u>	<u>(573,572)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(42,748)	-
Purchase of investments	(1,765,855)	(1,765,855)
Proceeds on disposal of investments	<u>1,765,855</u>	<u>2,515,855</u>
	<u>(42,748)</u>	<u>750,000</u>
INCREASE (DECREASE) IN CASH	(300,539)	176,428
CASH AT BEGINNING OF YEAR	<u>677,449</u>	<u>501,021</u>
CASH AT END OF YEAR	<u>\$ 376,910</u>	<u>\$ 677,449</u>

(See accompanying notes)

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CANADIAN HATCHING EGG PRODUCERS

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

1. NATURE OF OPERATIONS

Canadian Hatching Egg Producers (the "Organization") is a statutory corporation created under the Farm Products Agencies Act.

The mission of the Organization is "Together with our partners and producers, CHEP ensures a dependable supply of quality broiler hatching eggs to Canadian hatcheries".

The Organization is a non-profit organization within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue recognition

The Organization receives levies based on the number of hatching eggs marketed in intra-provincial, inter-provincial and export trade in the period. Levies are recorded as revenue in the period earned.

Liquidated damages are assessed on the production of broiler hatching eggs over allocated amounts, consistent with the Liquidated Damages Assessment Agreement, and are recorded once approved by the Board of Directors.

Interest income is unrestricted and is recognized in operations as it is earned.

Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value and subsequently measures them at cost or amortized cost, except for cash and investments which are measured fair value as at the financial statement date.

Investment in co-owned property

The Organization accounts for its investment in the co-owned property using proportionate consolidation. Under this method, the Organization's share of the assets, liabilities, revenues, expenses and cash flows of the co-owned property are reported in these financial statements.

Capital assets and related amortization

Capital assets are initially recorded at cost and are then amortized, using the straight-line method, over their estimated useful lives as follows:

Building	40 years
Office furniture and equipment	5 years
Electronic equipment	3 years

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CANADIAN HATCHING EGG PRODUCERS
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2024

2. **SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Management makes accounting estimates when determining the net realizable value of accounts receivable, estimated useful life of capital assets and related amortization expense and significant accrued liabilities. Actual results could differ from these estimates.

3. **FINANCIAL INSTRUMENTS**

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations at December 31, 2024.

Credit risk

Credit risk arises from the possibility that parties may default on their financial obligations. The Organization's maximum exposure to credit risk represents the sum of the carrying value of its cash, short-term investments and its accounts receivable.

The Organization's cash and short-term investments are deposited with a Canadian chartered bank and as a result management believes the risk of loss on these items to be remote.

The Organization manages its credit risk by reviewing accounts receivable aging monthly and following up on outstanding amounts. Management believes that all accounts receivable at year-end will be collected and has not deemed it necessary to establish an allowance for doubtful accounts.

Liquidity risk

Liquidity risk is the risk that the Organization cannot meet a demand for cash or fund its obligations as they become due. The Organization meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flow from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash to meet obligations.



CANADIAN HATCHING EGG PRODUCERS
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2024

3. **FINANCIAL INSTRUMENTS - Cont'd.**

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

Substantially all of the Organization's transactions are in Canadian dollars and as a result, the Organization is not subject to significant currency risk.

ii) *Interest rate risk*

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The Organization's exposure to interest rate risk arises from its short-term investments. The Organization's short-term investments include amounts on deposit with financial institutions that earn interest at market rates.

iii) *Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The Organization is not exposed to other price risk.

Changes in risk

There have been no significant changes in the Organization's risk exposures from the prior year.

4. **SHORT-TERM INVESTMENTS**

Short-term investments consist of the following:

	<u>2024</u>	<u>2023</u>
Guaranteed investment certificates, bearing interest rates of 2.75% to 4.25%, maturing in 2025 (2023 - rates ranging from 2.50% to 5.00%, maturing in 2024).	<u>\$ 1,765,855</u>	<u>\$ 1,765,855</u>

Interest of \$36,699 (2023 - \$29,441) has been accrued and included in accounts receivable.

The Organization limits its investments to those authorized investments under the Farm Products Agencies Act ("Act"). These limits restrict the Organization to only invest money in its possession or control that is not immediately required for the purposes of its operations. Furthermore, the Act requires the investments to be in securities of or guaranteed by the Government of Canada.



CANADIAN HATCHING EGG PRODUCERS
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2024

5. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	<u>2024</u>	<u>2023</u>
Levies	\$ 329,688	\$ 353,383
Liquidated damages	-	55,329
Interest	36,699	29,441
Other	<u>63,770</u>	<u>70,997</u>
	<u>\$ 430,157</u>	<u>\$ 509,150</u>

6. CAPITAL ASSETS

The Organization is a co-owner with Egg Farmers of Canada and Canadian Federation of Agriculture, of a property located at 21 Florence Street, Ottawa, Ontario, that houses the Organization's office. The Organization holds a 10% interest in this property.

The Organization's capital assets, including its proportionate share of the cost and related accumulated amortization of the land and building consists of:

	2024		2023	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Land	\$ 74,528	\$ -	\$ 74,528	\$ -
Building	937,948	291,443	900,341	266,948
Office furniture and equipment	33,477	33,477	33,477	33,301
Electronic equipment	<u>61,545</u>	<u>58,117</u>	<u>56,404</u>	<u>56,404</u>
	1,107,498	\$ 383,037	1,064,750	\$ 356,653
Less accumulated amortization	<u>383,037</u>		<u>356,653</u>	
Net book value	<u>\$ 724,461</u>		<u>\$ 708,097</u>	

7. INTERNALLY IMPOSED RESTRICTIONS

The Board of Directors has internally restricted funds for the following:

	<u>2024</u>	<u>2023</u>
Capital assets	\$ 785,236	\$ 764,435
Severance contingency	302,939	239,334
Research	<u>431,228</u>	<u>431,228</u>
	<u>\$ 1,519,403</u>	<u>\$ 1,434,997</u>

Internally restricted for capital assets includes cash reserves held by the property management company to facilitate the maintenance and long-term projects for 21 Florence Street. During the year, \$63,605 was allocated to the severance contingency fund based upon revised estimates by management.



CANADIAN HATCHING EGG PRODUCERS
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2024

8. COST SHARING ARRANGEMENT

The Organization shares office facilities and certain staff costs with Egg Farmers of Canada and Canadian Federation of Agriculture. Each organization bears its proportionate share of the related costs.

9. COMMITMENTS

The Organization has signed funding commitments in future years as follows:

2025	\$ 259,331
2026	145,000
2027	115,000
2028	115,000



Canadian Hatching Egg Producers

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