

CANADIAN
HATCHING EGG
PRODUCERS



2025
ANNUAL REPORT

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Message from the Chair

As I look back on 2025, I am struck by the dedication and professionalism shown across Canada's broiler hatching egg sector. This past year tested all of us, but it also reinforced just how strong our system is when producers, boards, hatcheries, and partners work together with a shared purpose.

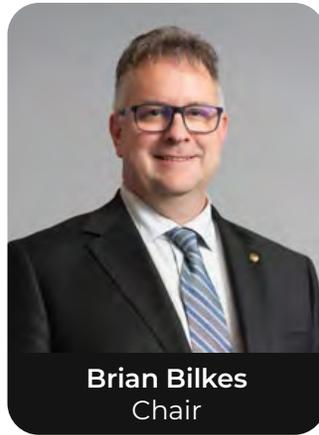
One of the most important milestones this year was the approval of a historic multi-year addendum to our allocation and Liquidated Damages Assessment framework. This agreement reflects the real and growing pressures on our sector to produce enough hatching eggs to meet market needs, while continuing to operate responsibly within a disciplined supply-managed system. It provides flexibility where it is needed, certainty where it matters most, and confidence that our system can adapt without losing its balance.

At the farm level, I want to recognize the tremendous efforts made by producers every day. High hatchability, careful planning for growth, strong brooding practices with pullets, and disciplined biosecurity are not abstract concepts. They are the result of experience, attention to detail, and pride in doing things right. I encourage producers to continue building on these strengths, to be creative in their approaches to keeping avian influenza out of our barns, and to maintain strong, open relationships with their hatcheries and provincial boards.

I would also like to sincerely thank the many producers who give their time to serve on provincial boards, producer associations, and industry committees. Your involvement is essential to the success of our system. For those

who have not yet had the opportunity to get involved, I encourage you to consider doing so. Our industry depends on engaged, informed producers who are willing to contribute beyond their own operations.

Our hatcheries deserve special recognition for the work they do day in and day out. Their collaboration with provincial boards, through the Canadian Hatchery Federation (CHF) and with CHEP, has been critical this year as they navigated ongoing supply challenges, permitting issues, and operational pressures. Our relationship with CHF remains a strong one, and I am grateful for the openness and cooperation that continues to define it.



I would also like to thank the veterinarians and allied trades who support our producers and industry, often behind the scenes but always with professionalism and commitment. Our genetic partners, Aviagen and Cobb, likewise played an important role this year as we worked through challenges related to zoning, breeder supply, and long-term planning.

The work of provincial boards cannot be overstated. Board members and staff across the country manage the system on a daily basis, addressing challenges as they arise and ensuring the orderly operation of supply management. I would also like to recognize the staff of Canadian Hatching Egg Producers, who work closely with provincial board staff to support producers, Board members, and the organization as a whole. Their efforts in 2025 helped strengthen our position nationally and supported continuous improvement across the system.



Message from the Chair

More broadly, I want to recognize the supply management system that we are privileged to work within. The support of governments, the public, and the Farm Products Council of Canada is something we can never take for granted. Now more than ever, it is important to recognize the value of this uniquely Canadian system and the strong partnerships it is built on, including our close relationship with Chicken Farmers of Canada and the other supply-managed commodities.

Canadian hatching egg producers are a vital part of Canada's chicken supply, delivering an exceptional product that Canadian families rely on every day. I would encourage everyone to continue supporting Canadian chicken and the many forms it takes on Canadian tables.

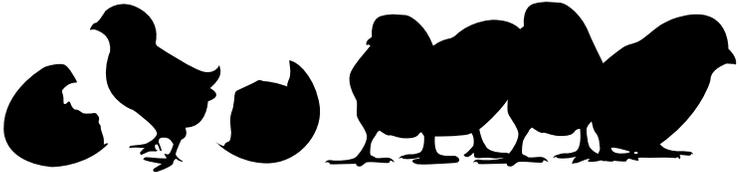
This is a very exciting time to be a Canadian hatching egg producer. I am proud of what we have accomplished together in 2025, and I am confident in the path ahead.

Thank you to everyone who contributes to the strength of our sector.

Sincerely,



Brian Bilkes
Chair



Message from the Chair



Trillium Hatchery Visit
March 5, 2025 – Stratford



The Honourable Lawrence MacAulay
Minister of Agriculture and Agri-Food
March 18, 2025 – Ottawa



Etseoghena Amanoghena Obi
CBHEPA Broiler Breeder
Research Grant Recipient
March 19, 2025 – Ottawa



CHEP Annual General Meeting
Guest Speaker the Honourable Jean Charest
March 20, 2025 – Ottawa



International Poultry Council
Annual Meeting
April 7-10, 2025 – Casablanca



Ernie Silveri with the 2025 Max Wiener Award
Canadian Poultry & Egg Processors
Annual General Meeting and Annual Convention
June 8-10, 2025 – Whistler



Message from the Chair



Canadian Federation of Agriculture
Summer Meeting
July 14-16, 2025 – Winnipeg



CHEP LDA Amended Agreement Signing
September 16, 2025 – Montreal



NAEU Conference
October 1-2, 2025 – Lake Como



WTO Public Forum
September 17-18, 2025 – Geneva



Meeting with Farm Products Council of Canada
December 9, 2025 – Ottawa



Executive Director's Report

The past year reinforced the importance of cooperation, long-term planning, and a shared commitment to producing food here at home. In a global environment marked by uncertainty and continued pressures across agriculture, Canada's broiler hatching egg sector demonstrated the value of a system designed to deliver stability, predictability, and confidence for producers and partners alike.

Throughout 2025, Canadian Hatching Egg Producers worked closely with provincial boards, hatcheries, and industry partners to ensure the system continued to meet domestic market needs.

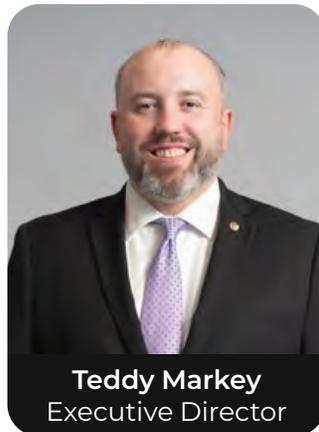
That collaboration was clearly reflected in the approval of a historic multi-year addendum to the allocation and Liquidated Damages Assessment framework. This agreement responds directly to the pressures facing the sector while demonstrating how supply management can adapt in a disciplined, practical manner. It provides planning certainty, measured flexibility, and the confidence required to invest, plan for growth, and support the broader value chain.

The year also underscored a lesson that extends well beyond agriculture: domestic capacity matters. Reliable access to food produced in Canada depends on coordination across the supply chain and policy frameworks that support long-term decision-making. Canada's supply-managed system continues to play a central role in that effort, helping ensure consistent production while supporting producers, processors, and Canadian families.

Confidence in government frameworks remains essential when disruptions occur. CHEP continued to engage with the federal government on compensation, recovery mechanisms, and emergency preparedness, informed by past experience and lessons learned from previous disease and weather events. This engagement supports producer confidence and helps ensure the sector is positioned to recover quickly and continue supplying the market when challenges arise.

Strengthening Canada's supply management system remains a core priority. In 2025, CHEP participated in ongoing discussions with federal officials, the Farm Products Council of Canada, and supply-managed partners to reinforce the system's role in delivering stable, domestically produced food. CHEP also worked with supply-managed partners and broader agriculture stakeholders on public-facing initiatives that highlight the role producers play in feeding Canadians and contributing to a strong, trusted domestic food system. Maintaining public confidence, government understanding, and effective oversight is essential to the long-term success of supply management, and CHEP continues to contribute constructively to these discussions.

CHEP also remained focused on reducing unnecessary regulatory burden and improving how federal frameworks operate in practice. Work with federal departments continues on red tape reduction, governance flexibility, and practical improvements that better reflect the realities of a highly specialized sector, while



Teddy Markey
Executive Director



maintaining appropriate oversight. These efforts are intended to support producers and hatcheries while improving regulatory effectiveness.

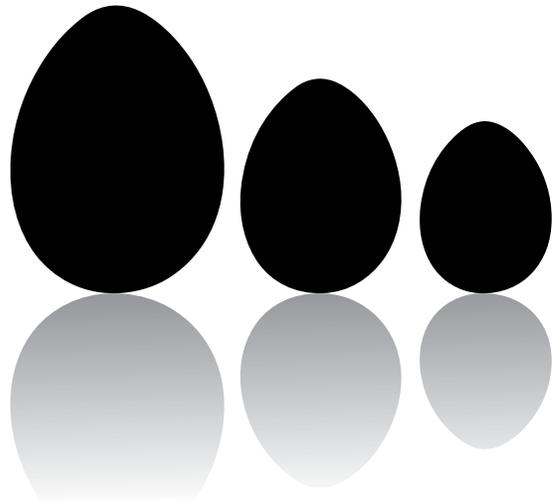
This work depends on the leadership and commitment of producers and provincial boards across the country. Producers continue to uphold high standards on-farm, while provincial boards manage the system daily and respond to challenges as they arise. Their experience, judgement, and collaboration underpin the stability of the system and its ability to deliver consistently for Canadians.

Looking ahead, CHEP remains focused on practical solutions that support responsible growth, strengthen domestic production, and reinforce confidence in supply management. At a time when food security and food sovereignty are increasingly top of mind, Canada's broiler hatching egg sector plays a vital role in feeding Canadians with food produced at home. Through collaboration, planning, and continued investment, the sector is well positioned to meet that responsibility now and, in the years ahead.

Sincerely,



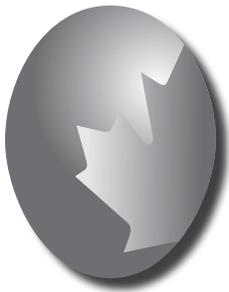
Teddy Markey
Executive Director



Canadian Hatching Egg Producers Executive Committee



From left to right:
Teddy Markey,
Executive Director;
Gyslain Loyer,
Vice Chair;
Brian Bilkes, Chair;
Calvin Breukelman,
Second Vice Chair



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



Henry Heppner
Manitoba



Mark Woods
Ontario



Gyslain Loyer
Quebec



Ernie Silveri
Canadian Hatchery
Federation



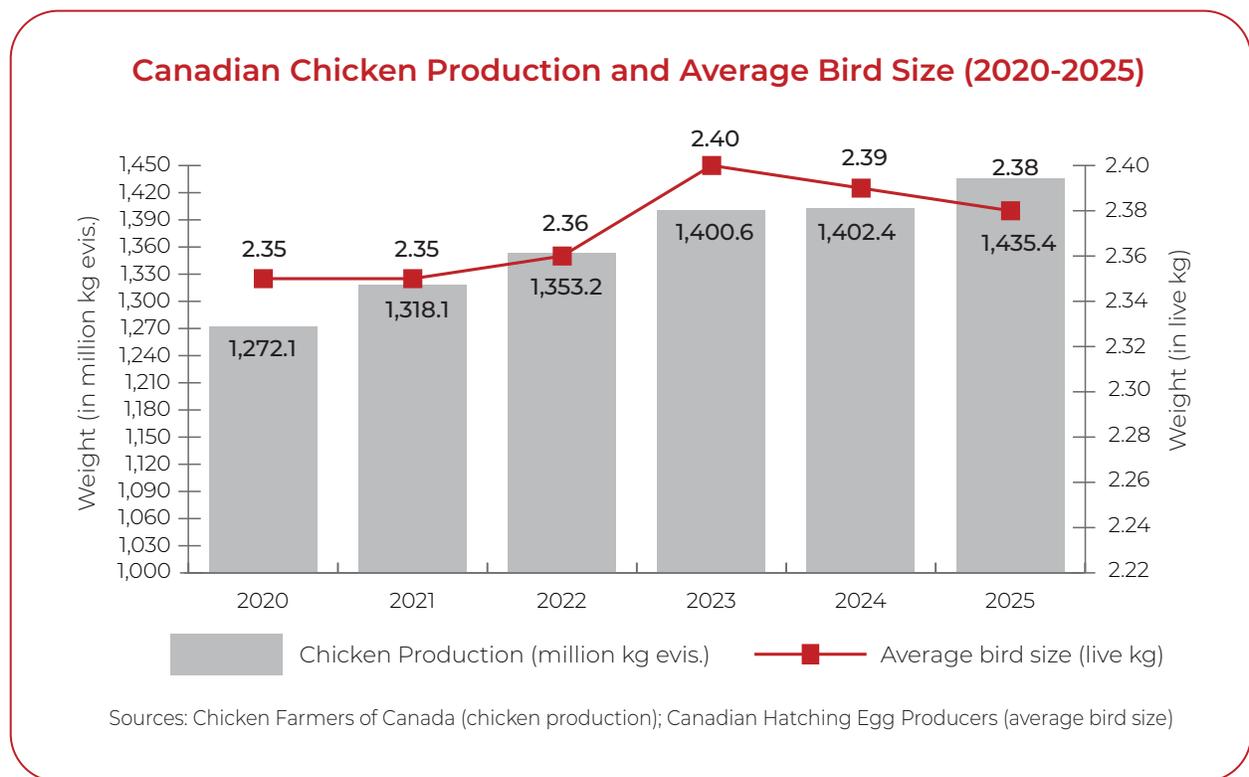
Christian Trottier
Canadian Hatchery
Federation



Canadian Hatching Egg Market Review

In 2025, the Broiler Hatching Egg (BHE) industry faced unprecedented challenges marked by several factors. These included persistent import shortages from the United States amid tariff-related trade tensions, as well as ongoing cases of Highly Pathogenic Avian Influenza (HPAI) across Canada. These circumstances created uncertainty surrounding the supply of Canadian BHE and chicken, with repercussions expected to persist into 2026. Throughout 2025, CHEP closely monitored the situation and implemented measures to help ensure a consistent supply of broiler hatching eggs to the Canadian chicken industry during this period of uncertainty.

The initial 2025 broiler hatching egg allocations, established in March 2024, were based on an estimated chicken production of 1,467 million kilograms, representing a growth of 4.6% compared to the 2024 production of 1,402.4 million kilograms. However, this estimate gradually declined throughout the year, culminating in a final allocation of 1,448 million kilograms in July 2025. Ultimately, total chicken production for 2025 amounted to 1,435.4 million kilograms, a 2.4% increase from the previous year and 12.6 million kilograms below the July 2025 projection.

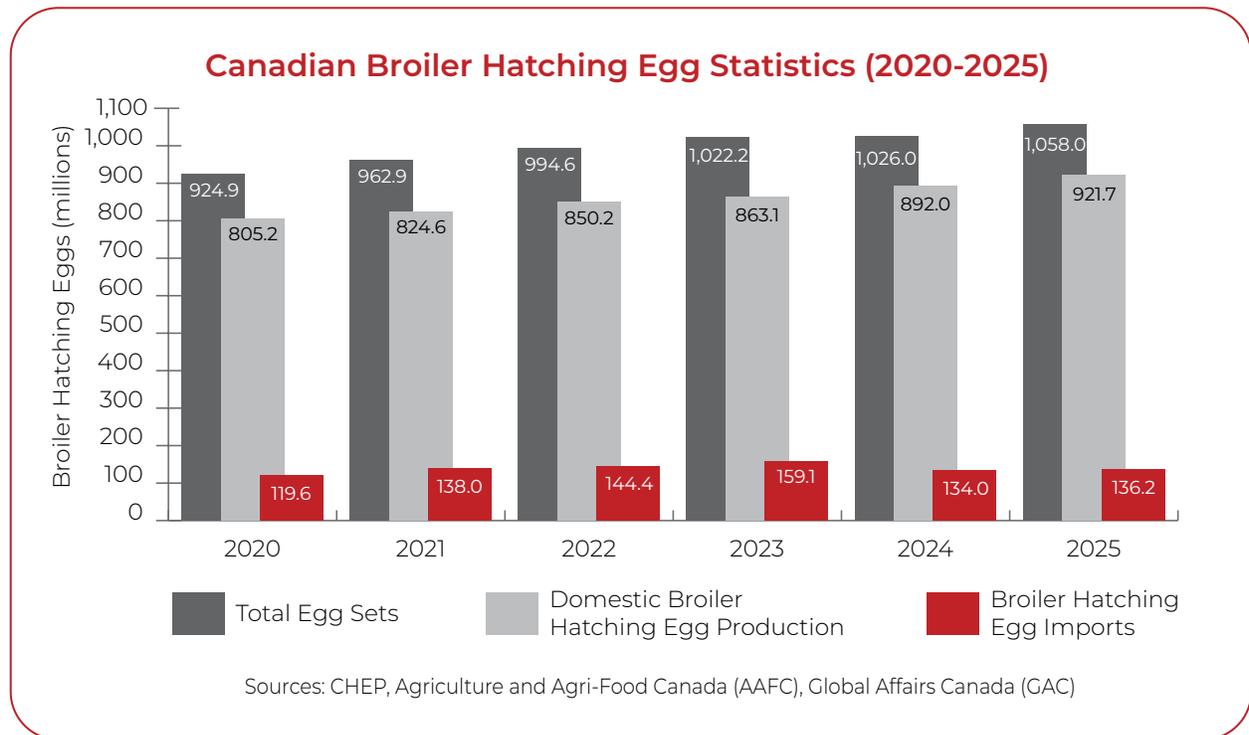


Canadian Hatching Egg Market Review

Canadian hatcheries set a total of 1,058.0 million broiler hatching eggs in 2025, an increase of 32 million eggs (3.1%) from 2024. Meanwhile, domestic broiler hatching egg production totaled 921.7 million eggs across Canada, an increase of 29.7 million eggs (3.3%) over the previous year and equal to 103.5% of CHEP’s final 2025 allocation.

Broiler hatching egg imports into Canada increased by around 2.2 million eggs (1.7%) compared to last year, while broiler chicks imported into Canada increased by around 10.8 million egg equivalent chicks (56%). As a result, 2025 combined imports increased by nearly 13 million BHE equivalents (8.4%) from 2024. Altogether, broiler hatching egg imports into Canada totaled 87.5% of the tariff rate quota (TRQ) allotted to hatcheries in 2025, while broiler chick imports totaled 92.2% of TRQ.

Canadian domestic broiler hatching egg production in 2025 increased by 3.3% compared to 2024, with growth in production levels reported in seven of eight producing provinces. Collectively, domestic production between the six member provinces reached 102.0% of the final 2025 allocations.



Provincial Broiler Hatching Egg Production and Imports

Provincially, British Columbia's domestic production increased by 5.4 million eggs (5.0%), while imports decreased by 7.6%, resulting in 2.4 million more eggs set (1.6%) compared to the previous year. In Alberta, domestic production rose by 5.4 million eggs (5.7%), and imports increased by 10.3%, leading to 7.3 million more eggs set (6.5%). Saskatchewan's production declined by 2.7 million eggs (-7.8%), with imports increasing by 75%, ending the year with nearly 0.4 million more eggs set (1.1%). Manitoba experienced an increase of 0.4 million eggs (1.0%) in production and a 21.9% increase in imports, resulting in nearly 1.2 million more eggs set (2.6%). Ontario's production increased by 11.4 million eggs (3.8%), while imports fell by 20.9%, resulting in 7 million more eggs set (2.2%). Finally, Quebec's production rose by approximately 1.2 million eggs (0.5%), with imports increasing by 9%, leading to 6 million more eggs set (2.1%).

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

Year	BC	AB	SK	MB	ON	QC	NS	NB/PE/NL	Canada
2025	114,506	100,492	31,975	42,545	308,234	242,602	44,959	36,377	921,691
2024	109,091	95,084	34,669	42,122	296,823	241,370	40,440	32,397	891,996
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
% Change									
25/24	5.0	5.7	(7.8)	1.0	3.8	0.5	11.2	12.3	3.3
24/23	7.1	6.0	19.2	(1.8)	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

Sources: CHEP, AAFC

The average live weight of broilers produced in Canada in 2025 was 2.38 kg per bird, a slight decrease of -0.04% 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.)	43,414	19,547	7,308	4,451	27,399	60,179	1,201	2,391	165,890
% change 25/24	-4.5%	9.0%	75.8%	26.6%	16.5%	10.9%	201.4%	-36.8%	8.4%
Chicken Production									
(000 kg evis.)	196,329	141,933	47,670	56,740	505,596	378,503	47,398	61,233	1,435,402
% change 25/24	0.7%	4.0%	-1.4%	2.0%	3.3%	2.1%	0.7%	2.6%	2.4%
Avg. live weight of broilers									
(kg live/bird)	2.25	2.35	2.29	2.11	2.51	2.32	2.52	2.52	2.38
% change 25/24	0.0%	-0.1%	-2.9%	0.2%	-0.2%	-1.3%	0.5%	1.0%	-0.4%

Sources: CHEP; AAFC; CFC



Farm Cash Receipts and Producer Prices

Total farm cash receipts for broiler hatching egg producers in 2025 increased by 6.4%, reaching \$554.5 million, up from \$521.4 million in 2024. The average saleable chick price paid by hatcheries to producers in 2025 ranged from 81.85 cents in Alberta to 71.49 cents in Ontario.

Table 3 – Farm Cash Receipts and Producer Prices

	Farm Cash Receipts		Broiler Hatching Egg Producer Prices	
	2025 \$ 000	% change 25/24	¢ per saleable chick (2025 average)	% change 25/24
British Columbia	73,702	10.5%	80.11	5.1%
Alberta	66,108	12.2%	81.85	5.4%
Saskatchewan	20,704	-2.9%	80.61	5.1%
Manitoba	25,890	1.7%	75.78	1.0%
Ontario	176,523	6.6%	71.49	2.9%
Quebec	142,503	1.9%	72.86	1.0%
NS/NB/PE/NL	49,081	12.7%	-	-
CANADA	554,511	6.4%	77.12	3.5%

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 2025

	BC	AB	SK	MB	ON	QC	NS	NB/PE/NL	Canada
Broiler Hatching Egg Producers	52	27	10	19	72	35	16	4	235
Hatcheries	9	4	2	3	15	5	3	2	43
Average Farm Size (million eggs)	2.2	3.7	3.2	2.2	4.3	7.0	2.8	9.1	3.9

Sources: Provincial Boards, CHEP.





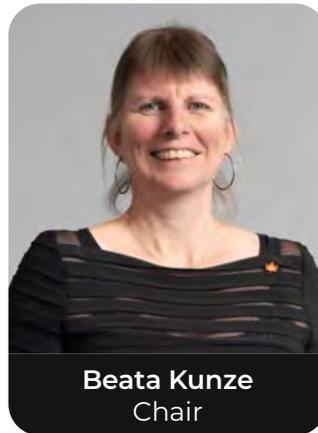
Canadian Broiler Hatching Egg Producers' Association

The Canadian Broiler Hatching Egg Producers' Association (CBHEPA) meets three times a year to develop broiler hatching egg allocation recommendations for the CHEP Advisory Committee. These meetings provide members with an opportunity to discuss key issues affecting the Canadian hatching egg industry, including broiler hatching egg allocations, industry statistics, provincial hatching egg flows, market conditions, tariff rate quota (TRQ) imports, and the CBHEPA Student Program. CBHEPA maintains a close working relationship with the Canadian Hatching Egg Producers (CHEP) organization and its Board of Directors and looks forward to continued collaboration in 2026.

The CBHEPA recently supported two young farmers in expanding their knowledge of the hatching egg industry through an educational tour of Aviagen's facilities in Huntsville, Alabama. In addition, one student successfully participated in the Student Exchange Program, travelling from Quebec to British Columbia.

Brothers Kevin and Ryan van der Rijt of Alberta, travelled to the U.S. to gain first-hand insight into the American poultry industry. The visit provided valuable exposure to the latest management advice and best practices, including nutrition, veterinary care, biosecurity objectives, production planning, and shipping and export processes.

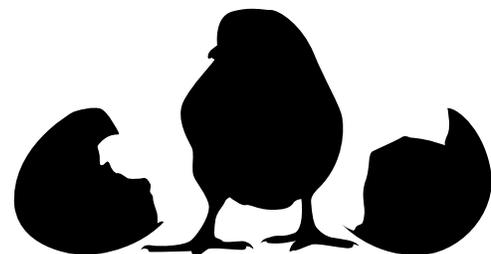
The CBHEPA Young Farmers Program plays an important role in preparing the next generation of production managers for success in the global poultry industry, and Aviagen is proud to support this initiative.



Beata Kunze
Chair

Sincerely,

Beata Kunze
Chair



Canadian Broiler Hatching Egg Producers' Association

CBHEPA Young Farmers Program

We would like to thank Aviagen and the whole team working for Aviagen for this amazing experience.



Kevin and Ryan van der Rijt of Bowden, Alberta

CBHEPA Student Exchange Program

It was a valuable time of exchange and sharing, allowing us to compare our practices and learn even more from one another.



Océanne Allard of Saint-Alexis, Quebec

Membership

- Beata Kunze, Chair, British Columbia
- David Janzen, Vice Chair, Saskatchewan
- Dennis Wickersham, Alberta
- Jake Rempel, Manitoba
- Tim Hutten, Ontario
- Clément Allard, Quebec

Producer of the Year

The Canadian Broiler Hatching Egg Producers' Association (CBHEPA) sponsors a program to recognize the Hatching Egg Producer of the Year. The objective of this program is to increase awareness and encourage the adoption of sound farm management practices among Canadian hatching egg producers. By annually recognizing individual producers who demonstrate exemplary farm management, CBHEPA believes this program provides a meaningful incentive for producers to continually improve their farm operations.

CBHEPA has determined that the Hatching Egg Producer of the Year should be selected from among producers in the host province of the Canadian Hatching Egg Producers (CHEP) summer meetings. Hatcheries within the host province are invited to assist in the selection process.



Jacob and Esther Heppner of Manitoba presented by Beata Kunze, Chair, CBHEPA



Production Management Committee

Animal Welfare

Animal Care Program

This was another successful year for the CHEP Animal Care Program (ACP), with a strong focus on program integrity. Throughout 2025, we explored potential changes to the existing ammonia addendum, balancing feasibility for producers, and strengthening auditors' ability to review and assess supporting documentation. Although no revisions were approved, these constructive discussions laid out important groundwork and will continue in 2026.

Both internal and external audits were conducted on the CHEP ACP throughout the year. Following the review of three provincial offices, the first three-year cycle of internal program checks was completed. Third-party audits conducted by NSF included provincial and national office audits, as well as on-farm witness audits. Following five productive years with NSF, CHEP will transition to MSVS Canada Inc. as its certification body in 2026.

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

Significant progress was made in 2025 on the ten-year update of the NFACC Code of Practice for the Care and Handling of Hatching Eggs, Breeders, Chickens, and Turkeys. The Code Committee (CC) met in-person twice, achieving consensus on the Priority Welfare Issues and

reviewing draft revisions to two Code sections. Between full CC meetings, sub-committees met virtually to develop proposed changes for CC consideration and consensus-building.

Throughout the year, the PMC was consulted on current hatching egg production practices across Canada and provided guidance to the hatching egg representatives sitting at the CC table. Work will continue throughout 2026, with the Public Comment Period expected to open in early fall.



On-Farm Program Updates

Several updates were made to the on-farm programs in 2025.

Third-party witness audit frequency was revised to better align with on-farm audit schedules. The methodology for management reviews was also updated to streamline processes and enhance documentation while remaining compliant with external requirements. CHEP also launched an online, live, interactive FAQ document to promote ongoing learning and open dialogue between program staff and auditors across member provinces.

CHEP extends its sincere appreciation to provincial technical staff and auditors for their continued dedication to the delivery of the on-farm programs. Their efforts ensured on-farm audits continued without disruption, despite the ongoing response to Highly Pathogenic Avian Influenza (HPAI).



Food Safety

CHEQ™

CHEQ™ continues to be implemented by producers across Canada. Producers are regularly audited. The generic model was updated to reflect the CFIA requirements for HACCP-based programs. Feeds regulations and biosecurity were flagged for a future review.

Pathogen Reduction

National Reference Document

We updated the *CHEP National Salmonella Enteritidis (SE) Monitoring and Response Reference Document*, first published in 2020. This reference document describes current provincial industry SE monitoring and response protocols for broiler breeders in CHEP member provinces. The reference document is a useful communication tool to ensure consistency across provinces, and to increase government awareness of what the broiler hatching egg sector is doing to control and prevent SE.

All broiler breeders are tested for *Salmonella*, and all farms are in compliance with the federal *Health of Animals Regulations (Hatchery)*.

Broiler breeder SE monitoring programs demonstrate the broiler hatching egg sector's commitment to address key priorities outlined in Health Canada's *National Strategy for the Control of Poultry-Related Human Salmonella Enteritidis Illness in Canada* (2015) and are part of the national chicken supply chain initiative to control SE.

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

CHEP continued to advocate for a risk-based approach to addressing SE in the broiler hatching egg sector and the chicken supply chain in discussions with Health Canada, the Canadian Food Inspection Agency, and the Public Health Agency of Canada. CHEP is also active on a number of sub-working groups. The following sub-working groups were established in 2025:

- Policy Development
- Food Safety Education
- Monitoring & Surveillance
- Data Sharing & Integration

AMU/AMR

CHEP continued to advocate along with industry groups to government for increased access to effective antimicrobials and alternatives.

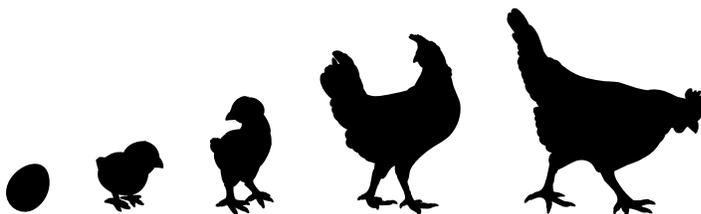
Sincerely,



Calvin Breukelman
Chair

Membership

Calvin Breukelman, Chair
Gyslain Loyer, Quebec
Tim Hutten, Ontario
Henry Heppner, Manitoba
Mike Wurtz, Saskatchewan
Kevin Tiemstra, Alberta
Beata Kunze, British Columbia
Ernie Silveri, CHF



Advisory Committee

As we reflect on the past year, it is important to acknowledge both the challenges and achievements of the Broiler Hatching Egg (BHE) industry in 2025. The industry faced significant pressures, including ongoing import shortages from the United States amid tariff-related trade tensions, as well as continued cases of Highly Pathogenic Avian Influenza (HPAI) across Canada. These factors created uncertainty in maintaining BHE supply and meeting hatchery demand amid HPAI-related restrictions. Despite these difficulties, the BHE industry demonstrated notable resilience, adapting through improved efficiency and strengthened biosecurity measures.



Mark Woods
Chair

Regarding the Canadian economy, inflation has remained close to the Bank of Canada's 2 % target, with the Consumer Price Index (CPI) rising about 2.4 % year-over-year in December 2025, according to the latest Statistics Canada release.

Economic activity has shown resilience amid trade uncertainty and tariff-related pressures, with real GDP growth estimated to have expanded modestly through late 2024 into 2025, supported by consumer spending and investment, though slower export growth and continued excess capacity weighed on overall momentum.

In this context, inflation has generally settled closer to historical norms after elevated levels in the immediate post-pandemic period, but prices remain above pre-pandemic trends, reflecting ongoing cost pressures in housing, services, and food.

Turning to production and allocation, total allocations for periods A193 to A199 combined are 1,557 Mkg, 6.3% above base for these periods. Actual production in the completed periods in 2025, A193 to A197, is 1,083 Mkg, 1.9% (or 21 Mkg) lower than the amount that was allocated. The allocations for periods A198 and A199, covering the rest of 2025, have been set at 8.0% and 7.5% above their respective bases. Period A200, covering the first part of 2026, was set in early October at 5.0% above base. Despite underproduction in 2025, total production is currently 1,197 Mkg to the end of October, 1.5% higher than last year.

Regarding U.S. imports, it was reported that U.S. hatching egg supply for Canada should improve in 2026 compared to 2025. Key points shared included suppliers working to vaccinate breeders against aMPV, planned production increases, and the addition of more quality control staff. However, more recently, some U.S. suppliers have indicated difficulties in securing sufficient breeding stock.

Chicken storage stocks started 2025 at 58.5 Mkg and have remained relatively stable all year, apart from a build-up to nearly 63 Mkg on September 1st. This was the only time that stocks rose above 2024's level, but they retreated again during September, coming in at 60 Mkg as of October 1st. Changes in cut-up parts drove the larger changes to stocks this year, especially boneless breasts, which doubled between August and September, only to retreat again in October. Further processed inventories have been more stable, currently below the same time in 2023 and 2024. Stocks are currently right



in the middle of the historical average range. Year-to-date domestic chicken disappearance reached 1,274 Mkg, up 5.1% (or 62 Mkg) versus last year.

Wholesale prices for chicken as reported by Express Markets Inc. (EMI) remain very strong, with every item except wings setting new record highs this year. The whole bird, leg, and breast complexes have been above all previous years for the entirety of 2025 so far, while wings have been, for the most part, above all but 2022. Currently, the market composite is 16.1% higher than the same time last year, the breast complex is 17.5% higher, and the leg complex is 17.8% higher.

Looking forward, the Bank expects Canada's economy to expand at a moderate pace in 2026, with GDP growth averaging around 1.4–1.8%. Inflation is projected to remain broadly near the

2% target throughout 2026, with disinflationary pressures from excess supply offsetting upward pressure from tariff-driven cost effects. Real GDP levels by the end of 2026 are expected to be lower than earlier forecasts due to structural and trade headwinds, while the pace of growth remains positive.

Finally, regarding population growth, Statistics Canada and government projections suggest the population could continue to decline slightly in 2026 before modestly rising in 2027, reflecting lower immigration levels compared with the post-pandemic years.

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
Carmine Bianco,
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 is pleased to report that the national agency continues to be in a strong financial position. The national levy was increased to 0.0034 in 2025, and the growing chicken market drove an increase to the domestic broiler hatching egg production, resulting in increased levy revenues.

Revenues increased to 3 million in 2025, while expenditures totaled 2.8 million, resulting in an excess of revenues over expenses of \$0.2 million.

CHEP continues to hold the majority of its meetings in person and attend national and international events in support of its mission to continue to grow a sustainable and profitable broiler hatching egg industry in Canada. This approach results in increasing director fees and participants' travel costs to attend and host meetings throughout the year. Inflation continues to be high, which contributes to increased costs for travel, translation, and interpretation services.

Membership

Mark Woods, Chair
Kevin Tiemstra, Alberta
Mike Wurtz, Saskatchewan
Henry Heppner, Manitoba
Christian Trottier, CHF Representative

The Committee presented a budget for 2026 with projected revenues of 3.3 million and expenditures of 3.3 million, resulting in projected net revenues of \$9K. Although allocations continue to increase year over year, the 3-year

projected reserves continue to decline due to the additional expenditures CHEP expects to incur during the CUSMA review, which will outpace revenues. It is important for our sector that CHEP representatives continue to attend these international meetings and continue to advocate for our industry. The national levy was increased to 0.0038 and CHEP's reserves are projected to cover 50% of its expenses. Revenues are

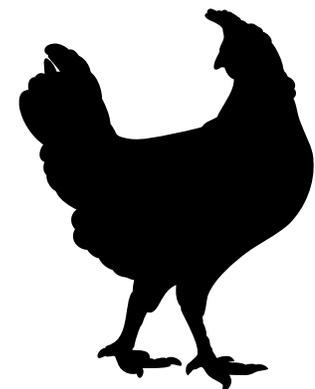
projected to increase in 2026 due to the levy increase.

In response to increased inflationary pressures and trade agreements, the committee reviews CHEP's financial policies regularly and recommends changes when appropriate.

Sincerely,



Mark Woods
Chair



Research Committee

Research strengthens our industry and ensures continued innovation in the broiler hatching egg sector. Highly Pathogenic Avian Influenza (HPAI) continues to be our top research priority, with a focus on risk factors and effective interventions. Additionally, CHEP participated in a CAHSS working group that brings together industry, government and academia with the goal of providing researchers with feedback to help ensure future HPAI transmission modelling is relevant outside of academia.

CHEP's 2025 priorities also include production-based research, breeder welfare, environmental research, poultry health and disease, alternatives to antimicrobials, and control of foodborne pathogens, including *Salmonella enteritidis* (SE).

Animal welfare

Ammonia continues to be an important issue as it relates to animal welfare. CHEP continues to work on ways to maintain a high level of animal welfare through research on ammonia control and prevention. On-farm project activities for the following CHEP-support project commenced in 2025:

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

Antimicrobial use (AMU) and antimicrobial resistance (AMR)

CHEP is supporting the following research on antimicrobial peptides as an alternative for antibiotics as part of our efforts on antimicrobial stewardship and preserving efficacy of antimicrobials:

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

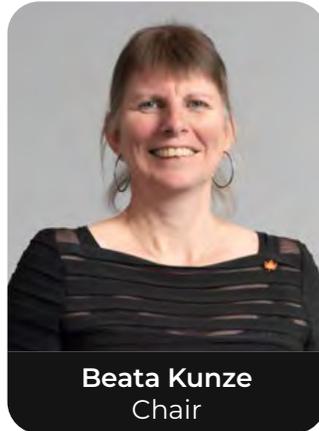
Food Safety

CHEP continues to support the following food safety research which looks at *Salmonella* on broiler breeder farms and the most common serovars, which can contribute to development of effective interventions:

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 CHEP's partnership with the Swine and Poultry Infectious Diseases Research Centre, or CRIPA.

This project also has a biosecurity component focusing on HPAI risk factors on broiler hatching egg farms.

CHEP renewed their agreement with CRIPA in 2025. This agreement is for two years, and will commence in 2026 with a new project.



Beata Kunze
Chair



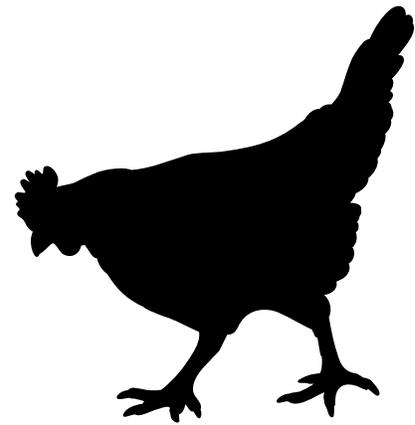
CHEP is proud as a founding member of the Canadian Poultry Research Council (CPRC) to have been involved in the development of CPRC's new website and funding of 2025 poultry research projects. Jeff Notenbomer, CHEP's representative on the CPRC Board of Directors, is CPRC's Vice-Chair. Additionally, CHEP is an NSERC industry partner for a research project at the University of British Columbia entitled Protect Hatching Eggs and Chicks from Salmonella Contamination by Bacteriophage-Based Biocontrol Technologies. The project is funded by CPRC and NSERC.

CHEP continues to chair 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. CHEP actively participated in the PSA Annual Meeting in Raleigh, North Carolina, and had the opportunity to present the PSA Early Achievement Award for Industry.

Sincerely,



Beata Kunze
Chair



Membership

Beata Kunze, Chair, British Columbia
Dennis Wickersham, Alberta
Dave Janzen, Saskatchewan
Jake Rempel, 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 pathogens)



Canadian Hatching Egg Producers

Alternates



*Front Row
from Left to Right:*
Dennis Wickersham,
Alberta;
Beata Kunze,
British Columbia;
David Janzen,
Saskatchewan
*Back Row
from Left to Right:*
Clément Allard,
Quebec;
Tim Hutten,
Ontario;
Jake Rempel,
Manitoba

Provincial Managers



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



Winners of CHEP Drawing Contest

The drawing for 2025 had to reflect Feathers Up Canada!



Peter Driessen
British Columbia
Overall Winner for 2025



Eloise Nywening
Ontario
Winner Category Age 2 to 4



Eva Denbok
British Columbia
Winner Category Age 5 to 7



Zoey Denbok
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 - Poultry Code Committee Members

Calvin Breukelman since 2023

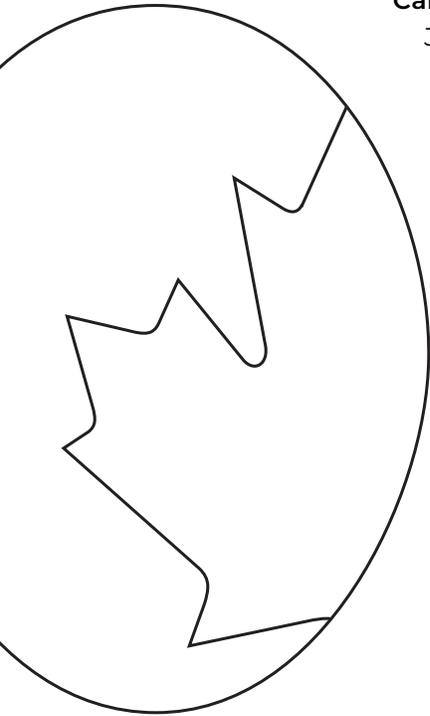
Mark Woods since 2024

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

Mike Wurtz since 2021

Sub-Working Group Representative: Monitoring and Surveillance Data Sharing and Integration

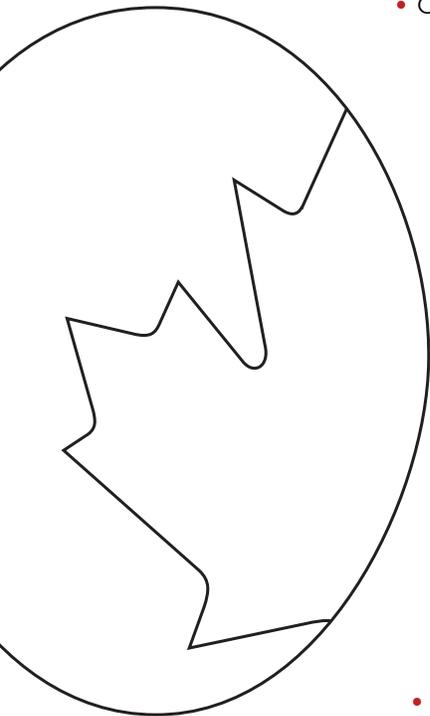
Beata Kunze since 2025



Canadian Hatching Egg Producers

CHEP Staff participating in the following committees and organizations during 2025:

- Agriculture Carbon Alliance
- Agriculture and Food Budget Coalition
- aMPV Working Group
- Animal Health Canada
 - Animal Health Canada Forum Planning Committee
 - HPAI Leadership Team
 - 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
 - HPAI Vaccine Task Force and Field Trial Planning 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 (NFACC)
 - NFACC Poultry Code Committee
- Poultry Industry Council – Associate Member
- Poultry Science Association Industry Committee for Poultry Science
- SM5 Trade Technical Committee
- SM5 Communications Committee
- World Farmers' Organization – Livestock Working Group
- World's Poultry Science Association - Canada Branch



Canadian Hatching Egg Producers

CHEP Staff



Front Row from Left to Right:

Mark Calderaro, Communications and Government Relations Advisor;
Teddy Markey, Executive Director; Garen Afarian, Senior Economist and Trade Advisor

Back Row from Left to Right:

Victoria Sikur, Food Safety Officer; Nicole Duval, Executive Assistant;
Amanda Pufall, Animal Health and Welfare Officer

SM-5 Representative to the WTO



Charles Akande



FINANCIAL STATEMENTS
For
CANADIAN HATCHING EGG PRODUCERS
For year ended
DECEMBER 31, 2025



**CANADIAN HATCHING EGG PRODUCERS
INDEX TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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STATEMENT OF CHANGES IN NET ASSETS	5
STATEMENT OF CASH FLOWS	6
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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, 2025, 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, 2025 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 27, 2026.

Welch LLP®

An Independent Member of BKR International



CANADIAN HATCHING EGG PRODUCERS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 1,314,671	\$ 376,910
Short-term investments - note 4	1,031,005	1,765,855
Accounts receivable - note 5	576,500	430,157
Prepaid expenses	<u>85,395</u>	<u>56,492</u>
	3,007,571	2,629,414
CAPITAL ASSETS - note 6	<u>722,008</u>	<u>724,461</u>
	<u>\$ 3,729,579</u>	<u>\$ 3,353,875</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 168,296	\$ 44,017
Government remittances payable	<u>91,448</u>	<u>55,431</u>
	<u>259,744</u>	<u>99,448</u>
NET ASSETS		
Internally restricted - note 7	1,526,606	1,519,403
Unrestricted	<u>1,943,229</u>	<u>1,735,024</u>
	<u>3,469,835</u>	<u>3,254,427</u>
	<u>\$ 3,729,579</u>	<u>\$ 3,353,875</u>

Approved on behalf of the Board:



 Brian Bilkes, Chair



 Gyslain Loyer, Vice-Chair

(See accompanying notes)



CANADIAN HATCHING EGG PRODUCERS
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
REVENUES		
Levies	\$ 2,943,710	\$ 2,498,122
Interest	<u>57,508</u>	<u>80,690</u>
	<u>3,001,218</u>	<u>2,578,812</u>
EXPENSES		
Amortization	25,745	26,384
Building occupancy	53,295	25,128
Directors' fees and participants' travel	843,561	769,633
Meetings	45,131	200,469
Membership fees	106,790	83,389
Office and administrative	123,467	117,307
Professional fees	180,899	287,052
Research	107,500	144,166
Salaries, benefits and travel	1,068,533	1,011,907
Trade and advocacy	115,324	177,896
Translation and interpretation	<u>115,565</u>	<u>86,223</u>
	<u>2,785,810</u>	<u>2,929,554</u>
NET REVENUE (EXPENSE) BEFORE OTHER REVENUE	215,408	(350,742)
OTHER REVENUE		
Liquidated damages	<u>-</u>	<u>1,092</u>
NET REVENUE (EXPENSE)	<u>\$ 215,408</u>	<u>\$ (349,650)</u>

(See accompanying notes)



**CANADIAN HATCHING EGG PRODUCERS
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2025**

	2025			2024
	Internally restricted	Unrestricted	Total	Total
BALANCE, BEGINNING OF YEAR	\$ 1,519,403	\$ 1,735,024	\$ 3,254,427	\$ 3,604,077
NET REVENUE (EXPENSE)	-	215,408	215,408	(349,650)
INTERNALLY IMPOSED RESTRICTIONS - note 7	<u>7,203</u>	<u>(7,203)</u>	<u>-</u>	<u>-</u>
BALANCE, END OF YEAR	<u>\$ 1,526,606</u>	<u>\$ 1,943,229</u>	<u>\$ 3,469,835</u>	<u>\$ 3,254,427</u>

(See accompanying notes)



CANADIAN HATCHING EGG PRODUCERS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
CASH FLOWS USED IN:		
OPERATING ACTIVITIES		
Net revenue (expense)	\$ 215,408	\$ (349,650)
Adjustment for amortization	<u>25,745</u>	<u>26,384</u>
	241,153	(323,266)
Changes in non-cash working capital items:		
Accounts receivable	(146,343)	78,993
Prepaid expenses	(28,903)	22,338
Accounts payable and accrued liabilities	124,279	(48,320)
Government remittances payable	<u>36,017</u>	<u>12,464</u>
	<u>226,203</u>	<u>(257,791)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(23,292)	(42,748)
Purchase of investments	(1,031,005)	(1,765,855)
Proceeds on disposal of investments	<u>1,765,855</u>	<u>1,765,855</u>
	<u>711,558</u>	<u>(42,748)</u>
INCREASE (DECREASE) IN CASH	937,761	(300,539)
CASH AT BEGINNING OF YEAR	<u>376,910</u>	<u>677,449</u>
CASH AT END OF YEAR	<u>\$ 1,314,671</u>	<u>\$ 376,910</u>

(See accompanying notes)



CANADIAN HATCHING EGG PRODUCERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

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



CANADIAN HATCHING EGG PRODUCERS
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2025

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, 2025.

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, 2025

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 consist of 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>2025</u>	<u>2024</u>
Guaranteed investment certificates, bearing interest rates of 2.00% to 2.70%, maturing in 2026 (2024 - rates ranging from 2.75% to 4.25%, matured in 2025).	<u>\$ 1,031,005</u>	<u>\$ 1,765,855</u>

Interest of \$22,084 (2024 - \$36,699) 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, 2025

5. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	<u>2025</u>	<u>2024</u>
Levies	\$ 502,362	\$ 329,688
Interest	22,084	36,699
Other	<u>52,054</u>	<u>63,770</u>
	<u>\$ 576,500</u>	<u>\$ 430,157</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:

	<u>2025</u>		<u>2024</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Land	\$ 74,528	\$ -	\$ 74,528	\$ -
Building	961,240	315,474	937,948	291,443
Office furniture and equipment	33,477	33,477	33,477	33,477
Electronic equipment	<u>61,545</u>	<u>59,831</u>	<u>61,545</u>	<u>58,117</u>
	1,130,790	<u>\$ 408,782</u>	1,107,498	<u>\$ 383,037</u>
Less accumulated amortization	<u>408,782</u>		<u>383,037</u>	
Net book value	<u>\$ 722,008</u>		<u>\$ 724,461</u>	

7. INTERNALLY IMPOSED RESTRICTIONS

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

	<u>2025</u>	<u>2024</u>
Capital assets	\$ 765,500	\$ 785,236
Severance contingency	329,878	302,939
Research	<u>431,228</u>	<u>431,228</u>
	<u>\$ 1,526,606</u>	<u>\$ 1,519,403</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, \$26,939 (2024 - \$63,605) was allocated to the severance contingency fund based upon revised estimates by management.



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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:

2026	\$ 168,000
2027	145,000
2028	115,000
2029	20,000
2030	20,000



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