



# Alberta Chicken Producers

*2019 Annual Report*





# 53rd Annual Report

**Fiscal Year**

**December 1, 2018 – November 30, 2019**

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# Board



**Jason Born**  
*Chair*



**Dennis Steinwand**  
*Vice-Chair*



**Henk Schuur**  
*Director*



**Rob van Diemen**  
*Director*



**Christian Guenter**  
*Director*

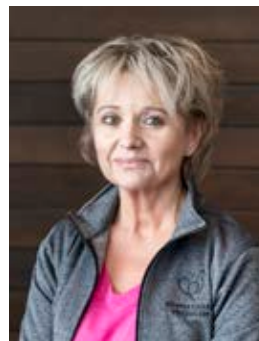
# Staff



**Karen Kirkwood**  
*Executive Director*



**Vera Ward**  
*Office Manager*



**Karen Miller**  
*Business & Market  
Analyst*



**Laurie Power**  
*Producer Services  
Coordinator*



**Robert Renema**  
*Producer Programs  
Manager*



**Maria Leslie**  
*Marketing &  
Communications Specialist*



**Rita Cherniak**  
*Project Assistant*



**Caitlin Stark**  
*Administrative &  
Logistics Coordinator*



## Board Structure

### **Jason Born, Chair**

Completes his third 3-year term in 2022 and will be required to step down from the Board

### **Dennis Steinwand, Vice Chair**

Completes his second 3-year term in 2020

### **Christian Guenter, Director**

Completes his first 3-year term in 2020

### **Rob van Diemen, Director**

Completes his first 3-year term in 2021

### **Henk Schuur, Director**

Completes his first 3-year term in 2021

## Roles & Responsibilities

### ***Media Spokespeople***

**Jason Born, Dennis Steinwand, Karen Kirkwood**

### ***Public Relations***

**Jason Born, Karen Kirkwood**

### ***Promotion***

**Henk Schuur**

### ***Chicken Farmers of Canada (CFC)***

**Dennis Steinwand, Director**

**Rob van Diemen, Alternate**

### ***Canadian Broiler Council (CBC)***

**Rob van Diemen**

## ACP Committees

### ***Finance***

**Dennis Steinwand, Chair**

**Christian Guenter**

### ***Flock Health & Management***

**Henk Schuur, Chair**

**Rob van Diemen, George Hofer**

### ***Governance Committee***

**Jason Born, Chair**

**Christian Guenter**

### ***Production***

**Rob van Diemen, Chair**

**Dennis Steinwand, Samuel Guenter**

### ***Research***

**Christian Guenter, Chair**

**Henk Schuur, Arjan Spelt**

### ***Supply Chain***

**Dennis Steinwand, Chair**

**Henk Schuur, Wes Nanninga**

## External Committees

### ***Agri-Environmental Partnership of Alberta***

**Mike Froese, Poultry Industry Representative**

**Christian Guenter, Alternate**

### ***AgSafe Alberta Society Board***

**Erna Ference, Poultry Industry Representative**

### ***Intensive Livestock Working Group (ILWG)***

**Jason Born, Karen Kirkwood**

### ***Policy Advisory Group***

**Dennis Steinwand, Rob van Diemen**

### ***Poultry Diagnostics***

**Christian Guenter, Karen Kirkwood**

### ***Poultry Innovation Partnership Advisory Board***

**Christian Guenter, Rob Renema**

### ***Western Meetings***

**Jason Born, Dennis Steinwand, Rob van Diemen**

# Chair & Executive Director Report

**2019 has been a year of ongoing change, marked with many successes and challenges that kept us busy throughout the year.**

Through it all, our Board has remained focused on the priorities of ACP and has continued building on our organization's strong culture and foundation of good governance.

Growth in our industry continues to be positive, and we anticipate 2019 provincial growth will be approximately 4%. While this is positive, growth is moderating down from the 6-7% year-over-year growth we had been experiencing since 2015.

In response to this significant growth over the past four years, producers have built 60 new barns and our processors have invested millions of dollars into their hatcheries and processing facilities. These investments are a tangible demonstration of the success of the Alberta chicken industry and the positive contributions our industry makes to the Alberta economy, environment and communities.

Live price remains a critical priority for our Board. At this time last year, we had hoped to be able to communicate that we had achieved a new long-term Alberta live price with processors that aligned with our principles. Unfortunately, the Cost of Production Formula process in Ontario is taking longer than anticipated and, as a result, our Board negotiated an interim Alberta live price agreement with processors that increased our differential over the Ontario live price from 8.7 cents to 9.3 cents for Periods A-159 through A-161 (March 14, 2020).

It is our goal to achieve a live price that delivers a fair and reasonable return on investment and ensures an environment for sustainable growth and investment in the industry. We continue to be focused on our principles and long term objectives and believe it is prudent to see what emerges in the new Ontario Cost of Production Formula in establishing a long-term Alberta live price agreement. This is a process that has worked well in Alberta for over ten years, providing stability to producers and processors in a national marketplace.





**Jason Born**  
*Chair*



**Karen Kirkwood**  
*Executive Director*

It is our hope to announce in 2020 that we have achieved a new long-term Alberta live price agreement with processors that is aligned with our principles, and we will continue to keep producers informed of developments.

This year was also very active on the advocacy front. With the Canada-United States-Mexico Agreement (CUSMA) being agreed to late last year, the Comprehensive and Progressive Trans-Pacific Partnership Agreement (CPTPP) coming into force in late 2018, and two elections at the provincial and federal levels, we had a number of topics on which to engage provincial and federal elected officials throughout the year. In addition to highlighting our economic contributions, we also discussed the importance of strengthening the import control pillar of the supply management system. This is as important now more than ever with the ratification of CPTPP and CUSMA. We also highlighted a number of areas in which our provincial and federal governments can assist in mitigating the impacts of these agreements.

We would like to thank all producers for your engagement with provincial and federal elected officials throughout both elections this past year. It is critically important to communicate the good news story of the chicken industry to our elected officials, and many of you took advantage of the resources developed by our staff to assist in delivering that message.

In March, Jason had the opportunity to make a presentation to the Standing Committee on Alberta's Economic Future regarding the importance of Canada's dairy and poultry industries to the national and provincial economies, along with the impacts of the CUSMA and CPTPP on our industry. This presentation was well received and our messaging on the positive economic contributions of our industries resonated strongly with the MLAs in attendance.

The importance of farm security was heightened this past fall with the illegal invasion of the turkey barn in southern Alberta. We were pleased with the expedient announcement by our provincial government on the strengthening of laws to protect farms and ranches. We continue to encourage producers to take steps to secure your farm and property by using the resources available to you through our office, and to keep farm security a priority for your operations.

This year we have also continued to work on a number of other important files including: CFC's AMU strategy, CFC's pathogen reduction strategy, our Alberta Humane Catching and Transportation Standards Manual, and marketing and communication initiatives, all of which we will have important updates to communicate to you in the year ahead.

On an administrative level, we were excited to launch our new Grower Program in late May 2019. The updated Program includes dashboards for users and increased speed, functionality and access on mobile devices.

In July, we bid farewell to a valued friend and colleague, Twila Martin. Twila brought tremendous enthusiasm, creativity, humour and fun to our team and to serving our producers and industry partners for over eight years before retiring from her position as Administrative and Communications Coordinator.

It was with heavy hearts that we informed you of the passing of our dear team member and friend, Wendy Jevne on July 9, 2019. Wendy served as ACP's Bookkeeper for over 15 years with exemplary humility, diligence and devotion.

Persevering through these changes, we were pleased that Rita Cherniak assumed the role of Bookkeeper on a permanent contract basis in August 2019. Rita has been a valued member of our team, providing project assistance for over



four years; and, we are pleased that she has transitioned into the bookkeeping role.

We were also very pleased to recruit Caitlin Stark as our new Administrative and Logistics Coordinator in September. Caitlin is an excellent addition to our team and we look forward to her growing her career with ACP.

This year also marked a milestone for Vera Ward who celebrated 25 years of service as ACP's Office Manager and Executive Assistant. We are incredibly grateful for her loyalty, drive for continuous improvement, and selfless service to ACP.

Our staff are dedicated to supporting and delivering valuable resources to producers. This year, our team hosted a Quality Brooding Workshop, Election 101 webinars, and a farm security workshop for producers; and, more interactive events are being planned for the year ahead.

Throughout the year, ACP continued to grow its presence through new videos and digital advertising campaigns, a number of successful farm tours, the launch of our partnership with the Edmonton Valley Zoo, and many agriculture and community events. This could not be possible without the support and participation of our producer volunteers and the ingenuity of our team.

We wish to thank our Directors, staff, producers, and industry partners for your commitment to the collective success Alberta's chicken industry. There have been many successes and, of course, a number of challenges this year; and through it all we look forward with optimism towards a successful year in 2020! ●



# Strategic Plan

On September 19-20, 2019, the Alberta Chicken Producers (ACP) Board and Executive Director held our annual Strategic Planning Retreat with industry partners.

Representatives from the Alberta Hatching Egg Producers Board, Maple Leaf Foods, Sunrise Farms, and Sofina Foods attended the first day of the retreat to provide feedback on the first year of our three-year plan and input into the second year of our Plan.

We value and appreciate the participation of our value-chain partners in our strategic planning process; and, particularly the trust that is created through working together.

At this year's retreat, we continued to focus on strengthening trust throughout our value chain and, assessing the strengths of each player in the chicken value chain. As well, each year we assess our risks as a value chain. This year, animal activism was identified as the number one risk to the industry, followed closely by perceptions of animal care and public trust. The rise of alternative proteins and supply management were also identified as high priorities. Several key initiatives will be undertaken to address these risks and to continue to strengthen our partnerships across the value-chain.

Taking this input into account, ACP's Strategic Plan was updated and presented to producers and stakeholders at our fall Regional Meetings. The full Strategic Plan is posted on our website for reference.

# Vision, Mission & Priorities

A vision is a desired future state which keeps us progressing as an industry. ACP's vision is a shared industry vision that is developed in collaboration with our value chain partners.

## Shared Industry Vision:

**Alberta's chicken industry is collaborating to grow, create shared value, and ensure chicken is consumers' preferred and trusted protein.**

## Mission:

Our mission, which is the purpose our organization seeks, was updated in 2018 to reflect ACP's refreshed Vision:

**Serve Alberta's chicken producers by collaborating with key stakeholders to:**

- **Create a thriving environment for sustainable chicken production.**
- **Encourage a competitive, consumer-focused value chain.**

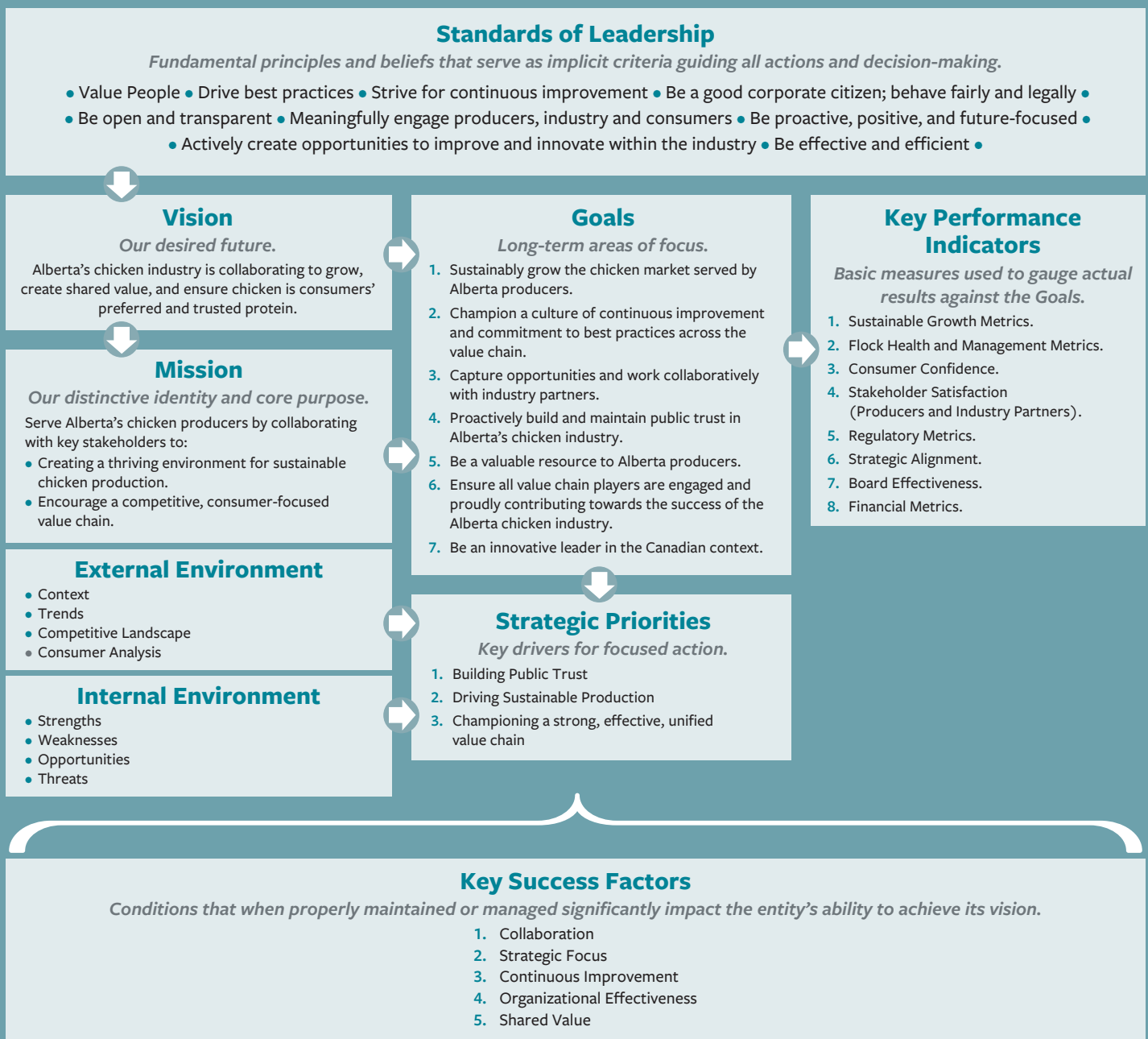
Standards of Leadership are fundamental principles and beliefs that direct our actions and decision-making. They guide the development of our vision, which is supported by our mission. Our vision and mission guide the establishment of our longer-term goals, and our shorter-term strategic priorities and key performance indicators. Our key success factors support our organization in achieving its vision, and our key performance indicators are how we measure our progress.

# 2019-2021 Strategic Priorities

ACP's strategic priorities were reframed under the 2018-2021 three-year plan to align with our revised vision, mission and strategic goals. These three priorities are:

- **building public trust,**
- **driving sustainable production, and**
- **championing a strong, effective, unified value chain.**

The following chart illustrates ACP's Strategic Framework.





# Activities & Achievements

## Board Meetings & Conference Calls

Nine Board meetings were held over this past year with periodic 'Directors Only' In-Camera meetings.

Following each Board Meeting, Directors complete a detailed board meeting evaluation to assess a number of factors including meeting effectiveness, plus their own individual preparation for the meeting and their involvement during the meeting. The evaluations are reviewed by the Governance Committee to compare trends and insights from the data collected. This information is then brought forward to the Board periodically throughout the year.

The Board also held eight conference calls this year to discuss Allocation, Live Price, and other Board related matters, along with ad hoc conference calls when warranted.

Following the Annual General Meeting, the Board also holds its annual Orientation Session for newly elected and current Directors. This provides an initiation for new Directors and a review for current Directors. This is followed by an Organizational Meeting to assign Committee positions. This year, the Board began involving Producer Representatives on several committees to develop their industry knowledge and leadership skills.

The Board and Executive Director participated in a day-and-a-half-long team building and Board governance workshop

in May 2019. The Board integrated the learnings from the workshop into its work throughout the year through more formalized processes and periodic Board development exercises.

## Industry Meetings & Presentations

Around the time of the 2019 AGM, the Board held meetings with the Chicken Farmers of Canada (CFC) Executive, Marketing Council, processors and the Alberta Hatching Egg Producers Board and hatcheries in Red Deer.

Alberta Chicken Producers held its annual Strategic Planning Workshop with processors and representatives from the Alberta Hatching Egg Producers Board on September 19 and 20, 2019.

Regional Meetings were held October 29, 30 and 31, 2019 in Lethbridge, Red Deer and Edmonton. This year, topics of interest for producers included live price, farm security, amendments to Alberta's Humane Catching & Transportation Standards Manual, pathogen reduction, and the CFC AMU strategy.

Numerous meetings were held with processors throughout the year to collaborate on issues of mutual interest, including live price.



Two meetings were held with the Alberta Hatching Egg Producers Board to discuss common issues and build relationships.

Alberta hosted a meeting of the Western Boards in October 2019, and Manitoba hosted a Western Meeting in March 2019. Two National Chicken Farmers Alliance meetings were held in Montreal and Toronto.

Representatives from the Board attended the CFC Annual Summer Meeting in Saskatoon, Saskatchewan.

Directors attended the annual meetings of Chicken Farmers of Canada, the British Columbia Growers Association, Chicken Farmers of Saskatchewan, Chicken Farmers of Ontario, Manitoba Chicken Producers, and the Eleveurs De Volailles-Quebec (EVQ). Directors also attended the annual meetings of Alberta Beef and Alberta Pork in late 2019.

This year, presentations were made at the Ag Lenders Workshop, the Faculty of Calgary Medicine (UCVM) School, and the Classroom Agriculture Program.

This year, the Poultry Diagnostic Task Force held twelve meetings and ten separate conference calls to develop a long-term strategy and business model for poultry diagnostic services in Alberta.

## Professional Development & Continuous Learning

Alberta Chicken Producers supports and encourages the continuous learning and development of Directors and Staff.

The following courses, workshops, and webinars were attended in 2019:

- Tableau – Desktop 1 Fundamentals
- First Aid Training and Standard First Aid
- Becoming a Better Team Member
- Implementing Emotional Intelligence
- Express Markets Inc. (EMI) Protein Outlook Conference
- Nutrient Management Workshop
- Western Poultry Conference
- Alberta Farm Animal Care (AFAC) Livestock Care Conference
- Urban Poultry Public Health Workshop
- Asociación de Médicos Veterinarios Especialistas en Aves (AMEVEA) – International Poultry Conference and Expo
- Aviagen Production Management School: Brooding



- International Broiler Feed Quality Conference
- Poultry Service Industry Workshop
- International Poultry Conference
- Managing the Family Business
- Mental Health First Aid Training
- Leadership, Team Building and Coaching Skills for Managers and Supervisors
- Chicken Farmers of Canada (CFC) Auditor Training
- The CULT Marketing Conference
- Social West
- Canadian Centre of Food Integrity Public Trust Summit
- Farm Credit Canada Women in Agriculture Conference
- Translating Farm to Food in our Social World

## Webinars

- Fall 2019 Global Economic Forecast by Export Development Canada
- Q1, Q2, Q3, Q4 Meat Market Outlook by Retail Ready Foods
- Effective Trade Dollar Spending at Retail by Nielsen
- Retail Promotional Strategies by Nielsen

### ACP Hosted Educational Webinars:

The following were hosted by ACP in 2019:

- Grower Program – New Look and Features of the Producer Portal
- Alternative Proteins – A new Competitor on the Block
- Government Relations 101
- Farm Security.

# Governance Committee

**Respectfully Submitted**  
by Jason Born,  
*Committee Chair*



The Governance Committee supports the Board's oversight function and is guided by its mandate: ***"To support and enhance Board governance by recommending policies, programs, procedures, and best-practices to the Board."*** In this role, the Committee monitors best practices and trends in board governance, assesses policies and practices of the Board and brings forward options and suggestions to the Board to maintain a culture of good governance.

The Committee is comprised of two Directors and the Executive Director, and its Mandate and Work Plan, are reviewed and updated annually by the Board.

2019 was another active year for the Committee. Initiatives included:

- finalizing amendments to the Producer Representative Role and Responsibilities;
- integrating Producer Representatives into ACP's Committees;
- updating ACP's Organizational Culture and Policies Handbook;

- leading a refresher on ACP's Orientation for Directors following the 2019 Annual General Meeting;
- holding a board governance and team development workshop in May;
- leading ACP's Committee's through an annual review of their respective mandates and terms of reference;
- assessing options for ongoing board development; and,
- working with the Board to review the Chair role profile and to develop and implement a role profile for the Vice Chair position.

The Committee also reviews and monitors board meeting evaluations, leads the board through ongoing leadership and team development activities, and encourages Directors to pursue professional development activities.

The Committee looks forward to the next Producer Leadership Development Workshop in 2020 and to continuously supporting the Board in developing current and future leaders for the industry.

I would like to thank the Committee members, Christian Guenter and Karen Kirkwood, for their valued contributions to our Committee's activities over this past year. ●





# Production Committee

**Respectfully Submitted**  
by Rob van Diemen, *Chair*



The Production Committee is guided by its mandate, ***“to provide the Board with advice concerning the marketing of chicken in Alberta”***, and is comprised of two Directors and two staff members.

The primary areas of focus for the Committee in 2019 were Alberta’s utilization performance, the Leasing of Quota Policy, and the Direct Marketing Lease Program.

The purpose of the Leasing of Quota Policy is to serve as a management tool for producers to maximize the use of production facilities, respond to production issues and to ensure quota is fully utilized.

In 2018, the timeframe for leasing-in of quota was extended from 28 to 35 days after placement on a piloted basis for Periods A-149 to A-155. Metrics were established to evaluate the impact of the piloted Policy change, and those metrics and targets were:

1. Provincial Quota Utilization: target of 100%,
2. Average Quota Lease Price: no change to price (stable),
3. Lease Pool (Average Lease volume per A-Period): remains at or above baseline, and
4. Lease Floor: at or above baseline.

In late May 2019, the Production Committee met with processors to review Alberta’s utilization performance and to assess the piloted extension of the timeframe for leasing-in of quota.

The Committee met again to further evaluate tools and options for optimizing production, and in July the Committee presented its analysis and observations to the Board.

At our July 23, 2019 Board meeting, the Board discussed the Committee’s analysis and determined to extend the timeframe for leasing-in under the Leasing of Quota Policy to 49 days after placement and, at the same time, to reduce the production sleeve for over-marketing from 107% to 105%.

These changes will take effect at the start of Period A-161 (January 19, 2020), and our Committee will continue to assess and evaluate the impact of these changes on Alberta’s utilization performance on a regular, ongoing basis. It remains our goal to achieve 100% utilization as a province

In 2019, approximately 100,000 direct marketing lease kilograms were leased to three producers. Since the program’s inception in 2014, the volume of direct marketing lease has remained well within the pool of 300,000 kilograms available annually, and the number of producers accessing the program has fluctuated between three to five.

I would like to thank fellow Committee members, Dennis Steinwand, Samuel Guenter, Karen Miller, and Laurie Power for their diligence and valued contributions this past year. As well, the Committee commends the contributions of all procurement staff and producers in your continued efforts to maximize Alberta’s production performance. ●



# Supply Chain Committee

**Respectfully Submitted**  
**By Dennis Steinwand**  
*Committee Chair*



The Supply Chain Committee, which includes representatives from Alberta Hatching Egg Producers, Alberta's hatcheries and processors, the feed industry, poultry veterinary services, and representatives of the Alberta Chicken Producers' Board and staff, is guided by its mandate ***“to foster an industry culture of collaboration and commitment to continuous improvement and best farming practices that support growth for the chicken market served by Alberta producers”***.

In 2019, the Supply Chain Committee focussed on:

- Assessing broiler industry readiness for a ban of the use of Category III antimicrobials for disease prevention at the end of 2020.
- Identifying challenges associated with the veterinary oversight regulations for Category II and III antimicrobials that took effect on December 1, 2018, and challenges with the ban of the use of Category II antimicrobials for disease prevention that took effect on January 1, 2019.
- Monitoring ACP's sustainable growth metrics regarding quota utilization, barn space, and proposed targets for 7-day mortality, total mortality, and plant condemnns.
- Discuss emerging issues such as breast muscle myopathies and in-barn hatching.

## Update on the Antimicrobial Use (AMU) Strategy

The Canadian broiler industry is in the midst of assessing readiness to proceed with a ban on the use of Category III antibiotics for prevention of disease. The strategy to reduce antibiotic use is part of a global initiative to reduce development of antibiotic resistance. Antibiotics are being reserved for therapeutic treatment of disease rather than prevention of disease.

With the changes to veterinary oversight of antibiotic use and the ban of Category II antibiotics for prevention of disease occurring so recently, we are still learning about what the repercussions are for broiler management. The focus of 2019 was to address key questions, such as:

- How has elimination of preventative use of Category II antimicrobials gone for producers?
- What has happened to antibiotic use patterns?
- Has there been success with alternatives to antibiotics and management methods to increase bird health?

CFC led two stakeholder surveys to gather information on how these changes in AMU would be implemented and how they would impact Alberta broiler farms. The second survey in October 2019, dug down into how changes were impacting production. Early experiences with chick quality, mortality, frequency of disease treatment, growth performance, and access to veterinary services or medications are examples of some of the parameters being evaluated.

One of the benefits of our Supply Chain Committee structure is that it allows us to take a collaborative approach to addressing current and emerging challenges before they become roadblocks for the industry. ACP's Supply Chain Committee provides an open, collaborative forum for broiler producers and our industry partners to collectively address challenges and opportunities for the broiler sector.



## Update on 7-Day Mortality: Charting Transition to Reduced Antibiotic Use

Monitoring 7-day chick mortality is one of the tools we have to identify emerging production and quality issues, as well as to monitor impact of changes on the broiler industry. This past year, we could clearly see the impact of the combination of new veterinary oversight rules and the ban on use of Category II antimicrobials for disease prevention. We found the changes to be industry-wide and not tied to individual processors or specific production practices (such as Raised Without Antibiotics).

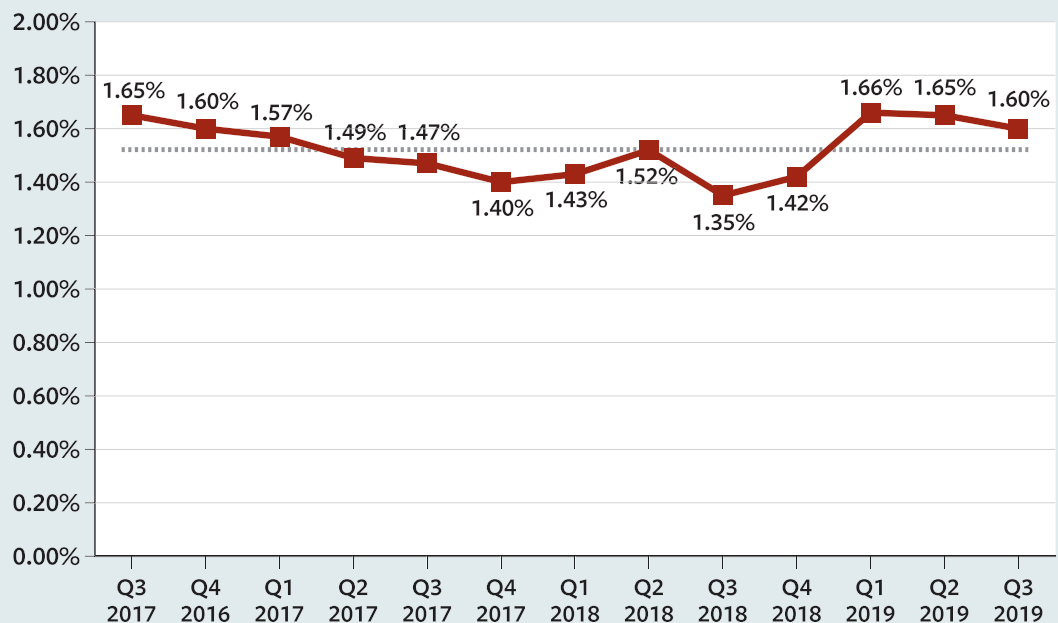
Reducing 7-day mortality levels in Alberta was one of the original chick quality objectives of the committee. Once mortality was reduced to 2%, the committee shifted to a rolling annual reduction target of 15%. As 7-day mortality values rose in early 2019, the committee chose to change the target to hold the mortality target steady at 1.66% for the

year while we learned more about how the broiler industry was adjusting to the prescribed changes to antibiotic use. Broiler producers, in conjunction with our industry partners, have successfully met this target and 7-day mortality started to again trend downward in the latter part of the year. The most recent value of 1.6% is far below the 2.35% initially recorded when monitoring began in autumn 2014.

Our industry partners are to be commended for their efforts in reducing early flock mortality. The Committee also extends a big thank you to producers for your continued, timely reporting of 7-day mortality to your processor/hatchery. A complete data set is integral to measuring our progress.

We appreciate and look forward to the ongoing collaboration with our industry partners as we continue to strive for excellence in the Alberta broiler production value chain. I would like to extend a sincere thank you to Committee members Henk Schuur, Wes Nanninga, Cora Scheele, Ed Fetting, Kerry Towle, Jorge Gallegos, Rick Weiss, Nancy Fischer, Dr. Tom Inlgis, Dr. Darko Mitevski, Rob Renema, and Karen Kirkwood. ●

### 7-Day Mortality Trend





# Flock Health and Management Committee

**Respectfully Submitted**  
by **Henk Schuur,**  
*Committee Chair*



2019 was characterized by the formal release of Chicken Farmers of Canada's (CFC) updated Animal Care Program and by preparation for the commencement of CFC's salmonella monitoring pilot project for 2020. The Flock Health and Management Committee focused its efforts this year on providing input into the CFC salmonella surveillance project, monitoring the impacts of changes in antimicrobial use on broiler well-being, and transitioning producers to the changes in CFC's Animal Care and On-Farm Food Safety Programs (OFFSP).

## Food Safety and Animal Care Program Updates

The updated Animal Care Program formally came into effect on January 1, 2019. Program changes included updated requirements for barn lighting programs, ammonia and flock monitoring, catching and loading, euthanasia training, employee code of conduct, and more. Alberta broiler producers have transitioned to the new program well. With CFC rolling out expected changes in advance of the formal transition, producers were prepared for the implementation of the new program this year.

Alberta Chicken Producers' redesigned Grower Program is leading to efficiencies during both on-farm audits and the management of the audit program.

## *Salmonella Enteritidis* (SE) Prevalence Survey Development

The federal government, led by the Public Health Agency of Canada, has placed a high priority on reducing *Salmonella*-related illnesses among Canadians. With several outbreaks of *Salmonella* illness across the country linked to raw chicken in recent years, pathogen reduction has been a priority issue for the broiler industry. Supply chain members (broiler



breeders, hatcheries, and processors) are each taking additional steps to address pathogen reduction. CFC will also be increasing communications to consumers about safe food handling practices.

CFC is set to begin a national *Salmonella* prevalence survey in 2020 that will provide direction for appropriate farm-level monitoring and mitigation in the future. In 2019, the Flock Health and Management Committee provided feedback on the proposed testing locations and procedures. The focus is limited to *Salmonella Enteritidis* due to its known potential for human illness. The timing of results will not coincide with the marketing of the surveyed flock. In addition to determining the extent of monitoring and mitigation needed in the future, this survey will identify the operational possibilities of future surveillance.

In late 2019, training on sampling procedures was completed to prepare for the sampling of broiler farms in Alberta during 2020.

## Anti-Microbial Use Surveys and Farm Data: Supporting Reduction in Antimicrobial Use

2019 was the sixth year our audit team performed the AMU survey with producers during their on-farm audits. A total of 25% of Alberta farms were surveyed this year. The AMU survey allows CFC to characterize the shift in product choice and overall volume use, as well as to provide information on the readiness of the broiler industry for the targeted ban of Category III antimicrobials for the prevention of disease.

The Flock Health and Management Committee provided input into options for refining Alberta's farm data collection strategy in 2020, which will include changes to antimicrobial use on flock health and welfare and production costs. This committee also evaluates knowledge gaps and educational opportunities for producers as we continue moving towards the goal of eliminating the preventive use of antibiotics of human importance. Initiatives such as the Alberta Broiler Chick Quality Manual, the Basic-Better-Best biosecurity best management guide, the Western Poultry Conference, and Quality Brooding workshops are actions Alberta Chicken Producers has taken to address chick quality, flock health, and performance.

In the coming year, the committee will be evaluating how best to share information on the impact of management, nutrition, and barn environment on gut health and our ability to maintain healthy flocks.

Alberta Chicken Producers extends a heartfelt thank you to Ken Rice, who donated all of his barn environmental assessment tools to our office upon his retirement from the poultry industry. This generous gift will help us provide better learning opportunities for producers during workshops and farm visits. A special thank you is also extended to Committee members Rob van Diemen and Robert Renema, and to our independent Audit Team, Alberta On-Farm Audits (Boyd Bresnahan and Rodney Swanek), for their diligence and commitment to Alberta Chicken Producers. ●



# Research Committee

**Respectfully Submitted**  
by **Christian Guenter,**  
*Committee Chair*



## Transition of the Poultry Research Centre to the Poultry Innovation Partnership

The Poultry Research Centre (PRC) was formed in 1986 as a collaboration between the poultry industry, the Government of Alberta and the University of Alberta. In the more competitive research funding environment of today, the PRC industry partners wanted to ensure industry contributions to the PRC could be appropriately recognized as industry-sourced funds and therefore be used in part to leverage research dollars from funding organizations. The changing landscape of research funding was also putting the ACP Research Committee under pressure to increase the proportion of funding it was investing in individual projects.

In 2019, both of these issues were resolved through the creation of a new funding formula by the ACP Research Committee and by the largest re-imagining of structure and function the PRC has undergone since the major developments of the late 1990s that led to the creation of the Alberta Chicken Producers' Poultry Technology Centre at the University of Alberta's Poultry Unit. First, ACP re-allocated approximately \$20,000 of the research budget from the PRC, back to the Research Committee to allow more strategic funding of research projects benefiting Alberta broiler producers. Then ACP worked with PRC partners to define our roles in the new partnership. The new funding agreement recognizes that the University of Alberta is one of multiple sites in Alberta where poultry research is happening and clearly identifies tech transfer and poultry education initiatives. These were both high priority areas for ACP and we look forward to working with the reinvented and renewed PRC.

Collectively, the consortium of partners desired to have a new name that more accurately represented the uniqueness of the organization. In recognition of the expanded and

inclusive nature of this new structure, the PRC name has been dropped and it will now be known as the Poultry Innovation Partnership (PIP). The new name conveys the underlying driver of the organization: to be innovative in its model of organization, research, technology transfer, and training of tomorrow's poultry professionals.

Financial support of the PIP through partner contribution agreements with the University of Alberta has been structured in a manner to allow funds to be available for leveraging as an "industry fund". Not only does this allow for the PIP contributions to be maximized, it allows the contributing partners to directly affect how those funds are leveraged. This further supports extension and research collaborations beyond the University of Alberta as partners are able to access these resources in collaborations with other institutions.

The changes to ACP's research budget structure and the re-invention of the PRC to the new PIP were both timely and necessary in the more competitive research funding environment of today. These changes maximize ACP's ability to increase leveraging of research dollars and provide an increased ability to support activities of benefit to the Alberta broiler industry – all at no additional cost to producers.

## Research and Development

Research and development of innovative technologies and techniques are essential to the competitiveness and sustainability of our industry. We invest in projects we believe will have the greatest impact on Alberta broiler production, based on our research and knowledge priorities.

Alberta Chicken Producers is an associate members of the Agriculture Funding Consortium. As an associate member, Alberta Chicken Producers' provides a voice for the broiler industry's Research Priorities and helps guide the focus for future research and development in Alberta.

This year, the funding process was suspended mid-process when the Provincial election was called, and did not restart until after the new Provincial budget was presented in October. We share in funding of research projects with





major funding partners such as the Strategic Research and Development Program run by the Industry and Rural Development Division within Alberta Agriculture and Forestry. We waited until their operations restarted after the election to discuss the six project proposals from this year that can now proceed to full proposals. As a result of the delay, funding decisions will not happen until 2020 and there are no new projects to report for this year. The three new projects listed below were first reported last year.

### Projects supported by ACP Carried Forward from Previous years:

1. *Effect of hatching egg shell quality on hatchability and chick quality.* (D. Korver: UofA)
2. *Effect of barn sanitation on innate immunity, performance, microbiological and processing traits of commercial broilers.* (D. Korver: UofA)
3. *Footpad Project: Is there a Genetic Predisposition to Footpad Lesions?* (C. Bench: UofA)
4. *Effect of Broiler Breeder Weight on Broiler Offspring Performance.* (M. Zuidhof: UofA)
5. *A dietary approach to reducing the carbon footprint of table egg and chicken production* (Oryschak, AF)
6. *An Inexpensive Plant-Derived Vaccine for Coccidiosis and Necrotic Enteritis.* (J. Alcantara: UofC)
7. *Alternatives to antibiotics: Employing autochthonous bacterial to mitigate enteric inflammatory disease and pathogens in broilers* (D. Inglis, Ag-Canada, Lethbridge)
8. *Replacement of antibiotic growth promoters by a combination of eubiotics and an enzyme blend in broiler diets under commercial and experimental conditions* (D. Korver: UofA)

9. *Assessment of variant Avian Reovirus and Chicken Astrovirus virulence and autogenous vaccine immunogenicity in Western Canada* (T. Inglis, Poultry Health Services)
10. *Optimizing body condition for reproduction: A multiphasic approach to growing broiler breeder pullets* (M. Zuidhof: UofA)
11. *Development of functional yeast enriched in punicic acid for the reduced use of antibiotics in poultry* (G. Chen: UofA)

### New Poultry Research Projects (Approved)

1. *Bioactive glucosamine self-condensation products to improve locomotion problems in broiler chickens* (M. Betti: UofA)

### New Poultry Research Projects (Proposed support by cash / in-kind by ACP for 2019, but decisions delayed until grant programs reopened in October, 2019). Under review by matching grant agencies or under revision, with results to be announced early 2020)

1. *Managing physiological stress to enhance broiler chick quality and production health with an emphasis on mitigation of colibacillosis* (D. Inglis: Ag Canada, Lethbridge)
2. *Novel antibiotic alternatives to inhibit both human and poultry pathogens with green materials* (D. Korver: UofA)

In closing, I would like to acknowledge the valuable contribution that Robert Renema, Henk Schuur, Sunny Mak, Darko Mitevski, Valerie Carney, and Shawn Fairbairn have made this year through their time and participation on this committee. In addition, the committee is grateful for the industry partners and researchers that provide their on-going support and commitment to research and development. ●

# Emergency Management & Poultry Diagnostics

## Emergency Management

Throughout 2019, Alberta's Poultry Industry Emergency Management Team (APIEMT) was active in further developing and testing our emergency management program. In September, a new Virtual Emergency Operations Centre was launched through Sharepoint software, and the team undertook training through the fall to integrate this new tool into its activities. The APIEMT held two meetings and five training sessions throughout the year.

## Poultry Diagnostic Services

Following the provincial government's withdrawal of funding for poultry diagnostic services, the four poultry boards initiated the development of a long-term strategic business plan for poultry diagnostics in Alberta.

This past year, Christian Guenter and Karen Kirkwood attended multiple facilitated meetings to establish a long-term strategy and business plan for poultry diagnostic services that aligns with the following principles:

1. to ensure producers are treated fairly;
2. to provide fair and equal opportunity for poultry diagnostic service providers;
3. to support an environment for diagnostic submissions; and,
4. to support an environment for succession and sustainable poultry veterinary services.

The four poultry boards have extended the current contract with Poultry Health Services to accommodate the transition and ensure seamless service to producers. This group has made significant progress, and will be continuing this work into 2020.●





# Public Relations

Alberta Chicken Producers' marketing and communications strategy and tactics are carefully crafted to target issues brought forward in our consumer research. 2019 was a busy year with events, campaigns, exhibits and new partnerships.

## 2019 Highlights:

### Taste Alberta and CAMA Host *Before the Plate* Film Screening

On March 11, 2019 Alberta Chicken Producers participated in a film screening of *Before the Plate* at the Grant MacEwan CN Theatre. The event was hosted by Taste Alberta and CAMA and featured chicken pizza for guests and an opportunity to engage with two of chicken farmers.

### Save-On-Foods' In-Store Sampling

In the Spring of 2019 Alberta Chicken Producers partnered with SARA Consulting to offer shoppers at the Ellerslie Save-On-Foods fresh cooked chicken samples. The sampling events resulted in a lift of chicken sales during the timeframe, we look forward to the opportunity to participate in more in-store sampling opportunities with Save-On-Foods.

## Events

Alberta Chicken Producers values the opportunities it receives to participate in agricultural and consumer-related events throughout the year. This past year, we participated in Aggie Days (Calgary, Lethbridge and Raymond), the Calgary Stampede, the Stollery Teddy Bear Fun Run and Walk, Amazing Agriculture in Edmonton, and 'Outstanding in the Field' in Brooks.

Participation in these events wouldn't be possible without the commitment of our producers who so willingly volunteer their time to share their knowledge and experience in chicken farming. Each year, feedback from our volunteers reinforces the value of ACP's attendance at these events. These events are invaluable in connecting our producers with the public, and provide many opportunities to educate those who stop by our booth and help dispel myths about agriculture. Consumer research has shown us the effectiveness "connection" has over sharing "hard facts/data".







A special thank you is extended to George Hofer who has taken on the responsibility of Agricultural Events Set-up Coordinator for Southern Alberta. As well, a thank-you to Jacob Middelkamp our Northern Alberta, Set-up Coordinator. Both George and Jacob, coordinate the setting up the chick pen and ensuring the well-being of our chicks throughout the events we attend.

As well, we extend a heartfelt thank you to our Classroom Agriculture Program producer volunteers who so willingly acknowledge the importance of educating the younger generation. In 2019, Alberta Chicken Producers saw growth in our representation with the Classroom Agriculture Program.



## Digital and Social Media

Online platforms continue to be an effective vehicle for delivering messages to our target audiences. In 2019, we saw further growth in our Instagram/Facebook reach and following. As well, we were able to speak to specific target audiences on themes identified in our consumer research, through YouTube campaigns and targeted Google AdWords campaigns.

Themes of messaging:

- Buying Canadian
- Hormones/Steroids/Antibiotics
- Family Farming and On-Farm Practices
  - Content that creates connection – created through what we and our consumers have in common i.e. family, healthy living
  - Goodness of chicken (i.e. nostalgic feeling, grandma's homemade chicken noodle soup)
- Nutrition/Recipes
  - Dietitian/trusted source partnerships for recipe development and nutritional facts

## Digital Content

Over a full flock cycle, Communications and Marketing Specialist, Maria Leslie visited Dennis Steinwand's farm to record/capture the weekly growth of the flock. Content captured has been featured in the *Project Agriculture* Program and on

ACP's website/social media. One of the films produced included a time lapse displaying the growth week to week and conditions in-barn. These videos have been shared on our social media platforms and have been a huge success.

## Are you following us?

**Twitter:** @Alberta\_Chicken

**Food, health and well-being focused accounts:**

**Instagram:** @EatAbChicken

**Alberta Chicken Producers farming facts, education and activities focused accounts:**

**Instagram:** @AlbertaChicken

**Facebook:** @AlbertaChickenProducers

## Education

In collaboration with Alberta Milk, Alberta Turkey Producers, Alberta Hatching Egg Producers and Egg Farmers

of Alberta, we are excited to announce the launch of *Project Agriculture!* Found at **ProjectAgriculture.ca** and on the Alberta Chicken Producers' website.

Project Agriculture provides opportunities to explore agricultural themes, topics, issues and challenges in local and global communities through learning experiences that directly support Alberta Social Studies and Science curriculum, the competencies, literacy and numeracy at the junior and senior high school levels.

Project Agriculture encourages students to interact with each other, their school community and agricultural producers and content experts in their outside communities. Students are challenged to create and share their understandings of current issues connected to agriculture through projects they submit to project agriculture.

The program launched in the Fall with a fun ag-focused scavenger hunt, filling a much needed gap for agriculture education for secondary school students.





## Alberta Chicken Producers' Zoo Display

New in 2019 was an Alberta Chicken Producers' exhibit at the Edmonton Valley Zoo. The permanent, year-round exhibit within the Zoo's Urban Farm was completed in the Fall of 2019 and offers an opportunity to educate Albertans about how chickens are raised. The partnership provides a unique opportunity to learn about agriculture in the city.



Here are some fun facts about the zoo:

- The Edmonton Valley Zoo sees over 90 thousand visitors a year and is one of the most affordable family attractions in Edmonton.
- The exhibit resembles elements of a "real" Alberta broiler farm. One of our model barns are on display, along with video footage of inside of Alberta barns.
- We placed our first flock of chicks at the zoo on October 31.

*A huge thank-you to producer and designer, Darren DeVries for helping us to create this fantastic exhibit.*





## Dietitians of Canada

In the Spring of 2019, ACP supported the annual *Canadian Dietitian's Day Forum* in Edmonton. Registered Edmonton Dietitians enjoyed a chicken meal and had the opportunity to ask a chicken farmer questions.

ACP and Albertan consumers recognize Dietitians as a trusted source for information regarding food and health.

In the Summer, Alberta Chicken Producers teamed up with Energize Nutrition to put

on a fun hands on demonstration with local physicians at the Alberta Health Services (AHS) Calgary Wellness Kitchen.

The physicians came from a wide variety of specialties; the purpose of the event was to help the physicians better understand how nutrition fits into the overall health of their patients. Following the event ACP was able to expand the partnership to support youth cooking classes hosted in the Wellness Kitchen. Through the classes youth learn knife skills and prepare healthy chicken dishes.





## Stollery Children's Hospital Partnership:

### Teddy Bear Fun Run and Walk

On Saturday, May 11, 2019, our farmers spent the morning and early afternoon serving chicken wraps to the 1600 walkers/runners, and their families at the Stollery Teddy Bear Fun Run and Walk.

In the last year alone, the event has grown from 1200 to 1600 participants! This year, the fundraising goal was \$150,000 and the unofficial raised total has exceeded \$175,000. The event provides Alberta Chicken Producers exposure and the opportunity to engage with our target audiences as defined by our consumer research.

We would like to thank Sofina Foods for donating the chicken for the wraps and the Edmonton Expo Centre for donating their time to prepare the wraps.

### Lunch at the Stollery

On Thursday April 18, 2019, ACP Executive Director, Karen Kirkwood, ACP staff member, Twila Martin and producer, Tara DeVries served lunch to the families at the Stollery Children's Hospital in Edmonton.

ACP sponsored a lunch of BBQ Chicken pizza, veggies, dip and chicken cake pops to approximately 150 people. Many of the diners were family members of children who are in the hospital. The chance to have a hot, nutritious meal during a very stressful time was much appreciated by the families.





## Fourth Annual September is Chicken Month Highlights:

This September marked the fourth annual chicken month across Canada!

Throughout the month of September, two billboards along HWY 2, just south of Edmonton, promoted Chicken Month through our partnership with Blackjacks Roadhouse!

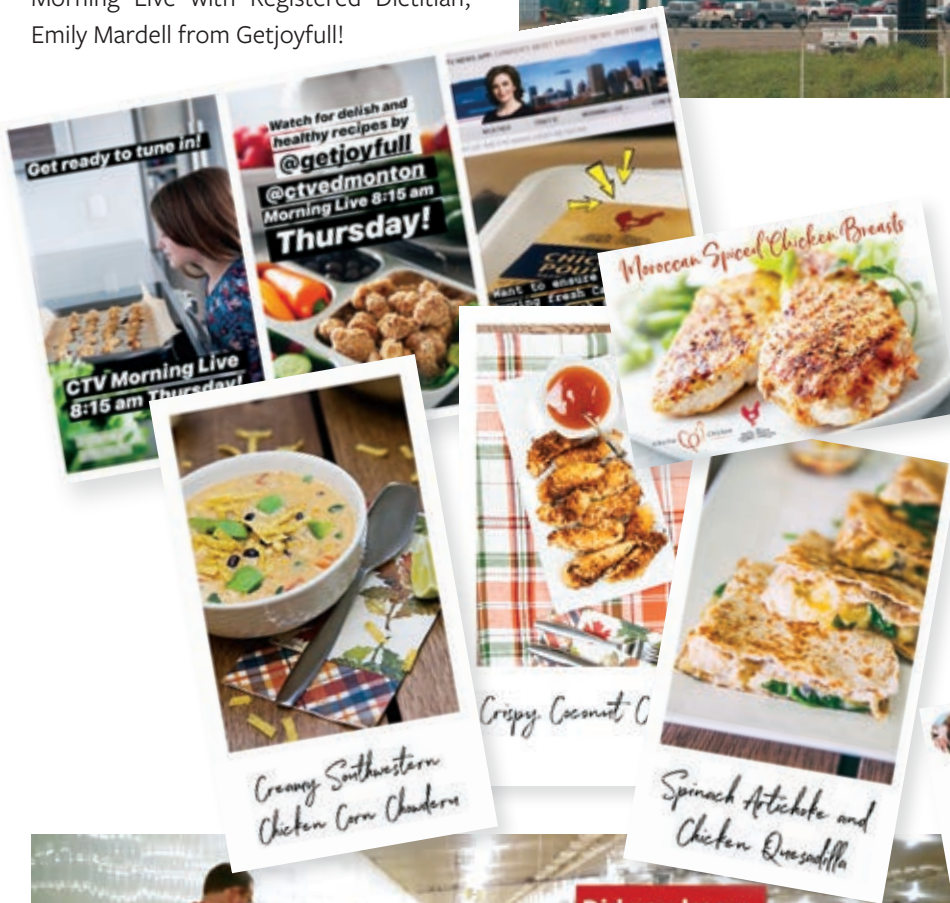
Canadian chicken was featured on CTV Morning Live with Registered Dietitian, Emily Mardell from Getjoyfull!



Throughout the month ACP highlighted several new recipes!

An Alberta Chicken Producers', "Now You Know" commercial aired on CTV across the province throughout the month of September. The commercial educated consumers on conditions in-barn and myth-busted the common misconception of added hormones and steroids in chicken farming.

Northern Chicken hosted a second annual Prairie on the Plate Dinner.





## Producer Farm Tours - Scotford Colony



## Open Farm Days 2019

On August 17 and 18 our province celebrated Alberta Open Farm Days.

Alberta Open Farm Days is a collaborative, province-wide, two-day event that gives

Albertans an opportunity to experience the farm and understand where their food comes from. It is a backstage pass to meet the farmer, experience Ag-tourism in Alberta and taste local foods direct from the producer.

Two broiler farms hosted locals this year, thank you to Cloverleaf Colony and Adrian Tobler for opening up their farms! Both farms had just over 100 visitors, with comments like, "I had no idea" or "Wow there's so much room and no cages".







## Taste Alberta

Taste Alberta is an industry-led initiative that communicates and engages with consumers on the sustainable and high quality food choices that are available to them in Alberta-produced foods. Taste Alberta uses a variety of ways to reach consumers including digital stories, social networks, and events such as local dinners and festivals. We measure our success in every project to better understand consumers and improve our messages and engagement activities.

In 2019, Taste Alberta launched their **Be Assured Initiative**, with the complimentary goal of increasing public understanding and trust in agriculture, specifically when it comes to the environment, animal

welfare, food health, and transparency in the food industry. Strategies include increasing our understanding of consumer segments through market research, developing interesting, relevant and creative content for millennial and Z generational consumers, and amplifying content through social media for maximum reach and engagement. This year, Taste Alberta completed consumer market research, developed communication and branding strategies, re-designed our website to include a **Be Assured** landing page and created five digital stories and one farm video that were shared with specific audiences through social media. Each story has over 120,000 impressions and engagement rates that are generally well above industry standards.

Taste Alberta is involved in Christmas in November an annual food festival, hosted in Jasper. Christmas in November has about 1500 guests each year that come to the Fairmont Jasper Park Lodge for the extraordinary culinary experience Alberta produced food is served and used in chef demonstrations, providing significant profile to the high quality and delicious taste of local food.

Taste Alberta's consumer focused activities help to increase awareness and knowledge about foods grown and raised in Alberta. Our initiatives creatively and comprehensively portray the scope of the food industry, and encourage consumers to increasingly seek out Alberta food as a primary food choice. ●

# Government Relations

With the provincial election in the spring and federal election in the fall, 2019 was a very active year for government relations. The Comprehensive and Progressive Trans-Pacific Partnership Agreement (CPTPP) and Canada-United States-Mexico Agreement were also critical areas of focus in our meetings with elected officials. Activities this year included:

- In February 2019, the Alberta SM5 met with MLA Devin Dreeshen. This was an excellent opportunity to establish rapport with Mr. Dreeshen who was appointed Alberta's Minister of Agriculture & Forestry after the provincial election in the spring.
- In March, Jason Born made a presentation to the Standing Committee on Alberta's Economic Future regarding the positive contributions of our industry to the Alberta economy and the impacts of the recent trade agreements.
- On May 7, 2019, CFC held its Lobby Day in Ottawa. Jason Born, Dennis Steinwand, Karen Kirkwood and Kerry Towle (Sofina Foods) met with eight Alberta Members of Parliament. It was a successful day and again proved to be an effective means for the chicken industry to reinforce the importance of supply management with our federal elected officials.
- On May 14, Jason Born and Karen Kirkwood along with our SM5 partners had the opportunity to meet with Alberta's new Minister of Agriculture & Forestry, the Honourable Devin Dreeshen, to discuss many topics including the important role of supply management in Alberta's economy, trade, the carbon tax, and livestock research.
- On June 17, Jason Born, Karen Kirkwood and representatives from the Alberta SM5 met with Martha Hall-Finley and her team at the Canada West Foundation to discuss supply management.
- On June 25, Jason Born and Karen Kirkwood attended the Alberta Chamber of Commerce Political Action Day in Edmonton.



Sam Guenter, MP Earl Dreeshen, Christian Guenter



EFA Chair, Beatrice Visser; Minister of Agriculture and Forestry, Devin Dreeshen; ACP Chair, Jason Born



ACP Executive Director, Karen Kirkwood; MP Jim Eglinski; Sofina Foods representative, Kerry Towle



L-R: Cara Prout, ATP; Marc Therrien, ATP; Jeff Notenbomer, AHEP; Minister Dreeshen, Jason Born, ACP; Gary van Klei, AHEP; Beatrice Visser, EFA; Miranda Verhoef, AB Milk; Karlee Conway, AB Milk



ACP Chair, Jason Born; Minister of Education, Adriana LaGrange and ACP Director, Christian Guenter





SM5 Farmers and Alberta Premier, Jason Kenney



ACP Director, Dennis Steinwand; Red Deer-Mountainview MP, Earl Dreeshen and CFC Staff Member, Aline Porrior



Minister of Finance, Travis Toews; ACP Chair, Jason Born; ACP Executive Director, Karen Kirkwood



Don Sundgaard, MP Martin Shields, Trent Sundgaard



ACP Staff, Maria Leslie; MP Randy Boissonnault; ABP Staff Brad Dubeau



SM5 Representatives with Alberta Premier, Jason Kenney



Sofina Foods representative, Kerry Towle; ACP Chair, Jason Born, Honourable Amarjeet Sohi and CFC Chair, Benoit Fontaine

- On July 6, Jason Born and Dennis Steinwand attended the Conservative BBQ in Calgary; and, on July 19, Karen Kirkwood and Maria Leslie attended the Conservative BBQ in Edmonton.
- On, July 8, Jason Born along with Christian Guenter attended the Calgary Stampede Premier's Breakfast. The event was an excellent opportunity to interact with provincial and national elected officials. The Edmonton Premier's Breakfast was hosted on July 18 and was attended by Henk Schuur, his daughter Liane, and granddaughter Lily Molitor.
- In August, Karen Kirkwood participated in Global Affairs Canada's consultation on TRQ Administration.
- On November 19, Jason Born and Karen Kirkwood met with Alberta's Minister of Finance and Treasury Board, the Honourable Travis Toews.
- In October, Christian Guenter hosted a farm tour for MP Earl Dreeshen;
- In December, Rob van Diemen and Henk Schuur attended the United Conservative Party's Annual General Meeting
- On December 9, Jason Born attended Premier Kenney's Reception.
- Many of our producers engaged in grassroots meetings and events with their federal and provincial candidates during the election processes. Resources and tools to support producer grassroots engagement were developed and can be found on the Producer Only Portal of the Alberta Chicken Producers' website.

In addition to government relations, public relations related to Supply Management remains a high priority in ACP's 2019-2021 strategic plan.●



# Chicken Farmers of Canada

Respectfully submitted by **Dennis Steinwand**,  
CFC Director



## Branding and Vegan Activism

### *The Raised by a Canadian Farmer* Animal Care Program

The ***Raised by a Canadian Farmer*** brand was launched about five years ago, in the hopes that we could meet the growing demands of consumers to know where their chicken comes from – and we delivered.

Shortly after launching the brand, we learned that consumers wanted the brand to stand for more than just country of origin – they wanted it to stand for quality, for excellence, and for commitment.

The brand now also represents farmers' commitment to excellence in food safety, animal care, and environmental stewardship. That commitment resonates strongly with consumers. They know now that the ***Raised by a Canadian Farmer*** brand means that the chicken bearing the logo is a nutritious choice for their families, and that it's raised by farmers they can trust.

It is resonating with restaurants and retailers, as well. More and more companies are adopting the brand to assure their customers of their commitment to sourcing Canadian chicken and to the excellence that the brand represents – which is what you are contributing to every day on your farm.

The standards our farmers uphold each day have an impact, and absolutely drive the credibility that chicken farmers have with consumers.

The commitment of Canadian chicken farmers to animal welfare has become the target of various campaigns, most specifically against restaurant and retail companies.

As a counter to this, staff from CFC and the Canadian Poultry and Egg Processors Council (CPEPC) have been holding

meetings with major retail and restaurant companies across the country to ensure that restaurants and retailers know we are the primary source to turn to when they are confronted with activist pressures. .

To-date, we have met with fourteen companies (including McDonald's, Metro, Loblaw's, Walmart), as well as Retail Council of Canada and the Canadian Federation of Independent Grocers (CFIG). As a result of these meetings, we are confident that if companies are faced with activist demands, they will come to us first to find out the facts.

Our farmers' commitment to the program, the fact that we can say 100% of our farms are certified, is an essential element for gaining the confidence of consumers, and retail and restaurant companies.

## Trade Update

### Canada-Mercosur Free Trade Negotiations

Canada's negotiations with the Mercosur trading block of Brazil, Argentina, Uruguay, and Paraguay were put on hold until after the Canadian federal elections.

Chicken Farmers of Canada will continue to closely monitor these negotiations as Mercosur includes both Brazil. Brazil is Canada's second largest source of chicken imports after the United States, with 11.1 million kilograms of imports in 2018.

### Canada-United States-Mexico Agreement (CUSMA)

Although the Canadian government introduced Bill C-100, the bill to implement CUSMA, in the summer of 2019, the dropping of the writ on September 11 suspended Parliament, and there was no further movement until the Christmas break. While Mexico had completed their ratification process late in 2019, the United States only passed it in mid-January 2020, and it has now passed in both their House of Representatives and Congress. Now that both the U.S.



and Mexico have ratified, it is anticipated that CUSMA will become a priority for Parliament once the House resumes January 27, 2020.

CUSMA will only come into force on the first day of the third month following the completion of its ratification by all three members.

## Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)

The CPTPP has been in effect since December 30, 2018; however, the only current CPTPP member that could benefit from the new market access into the Canadian chicken market, Chile, has yet to finalize its ratification process. Nonetheless, the Chilean legislative process is moving forward, and the CPTPP will come into effect for Chile sixty days following the conclusion of its ratification process.

The Canadian government has undertaken a public consultation regarding the accession of new countries to the CPTPP; and Chicken Farmers of Canada has maintained its position that Canada has already made generous market access concessions to current CPTPP members and any additional future members must be satisfied with sharing the current access.

In the 2019 Federal Budget, the Liberal government committed to providing full and fair support to mitigate the impacts resulting from the CPTPP and CUSMA agreements on Canada's poultry and egg farmers. Representatives from these sectors participated wholeheartedly in the Agriculture and Agri-Food Poultry Working Group to calculate final impact estimates and develop a detailed list of programming recommendations that were presented to the Minister in April.

The Canadian chicken sector was deeply disappointed when it was informed that no new programming would be announced before the dissolution of Parliament; and that no announcements were made before the end of 2019.



## Agriculture Minister Acknowledges Canada's Chicken Farmers as Leaders in Sustainability

The Honourable Marie-Claude Bibeau, Minister of Agriculture, recently wrote to Chicken Farmers of Canada to acknowledge the great work that our sector has done to ensure the sustainability of our industry.

The letter from Minister Bibeau was received after we shared with her our updated Sustainability Report, highlighting the excellent results from our recently completed life cycle assessment (LCA). This was part of Chicken Farmers of Canada's campaign to promote the LCA results throughout the year to all stakeholders, including government, retail and restaurant companies, and consumers.

## Pathogen Reduction Initiatives – What you need to know

One of the roles Chicken Farmers of Canada plays is to monitor the pressures on our industry and determine if any actions or mitigation steps should be taken to reduce risks. Over the last few years, there has been significant external pressure mounting regarding pathogen reduction in poultry and Chicken Farmers of Canada has been actively engaged with the government on this.

Pathogen reduction has become a major government priority – and it's here to stay.

Multiple levels of government have been engaging the entire poultry supply chain for several years to discuss pathogen reduction, and in the past year these meetings have evolved into more operational discussions about on-farm surveillance and mitigation strategies.

The industry-government pathogen reduction working group is now examining surveillance options and management protocols to reduce SE along the supply chain. The goal will be centered around a public health target for number

of illnesses, rather than setting prevalence limits for each sector.

Chicken Farmers of Canada will continue to communicate the success of our *Raised by a Canadian Farmer* On-Farm Food Safety Program (OFFSP), which has been in place since 1998. When engaging with the government on issues like pathogen reduction, being able to speak about the success and credibility of OFFSP goes a long way in demonstrating the commitment of all farmers to producing safe food for Canadians.

Chicken Farmers of Canada will begin a national *Salmonella* prevalence survey in the 2020 to determine the on-going monitoring and mitigation needs that are appropriate for Canadian chicken farms in the future.

## The Young Farmer Program Update

2019 marked the launch of Chicken Farmers of Canada's Young Farmers Program. Since January, participants have been hard at work learning about the inner workings of the Canadian chicken industry!

Farmers Jonathan Giret (ON), Nicholas Budd (NB), Frédéric Emery Dufresne (QC), Andre Poulin (AB) and Tiffany Martinka (SK) were selected to be the first crop of participants; and their activities throughout the year included:

the Canadian Young Farmer's Forum, an intensive orientation seminar that gave them an in-depth look at what CFC does on a day-to-day basis. CFC's Lobby Day, social media training, and CFC's Summer Meeting in Saskatoon.

Looking ahead...

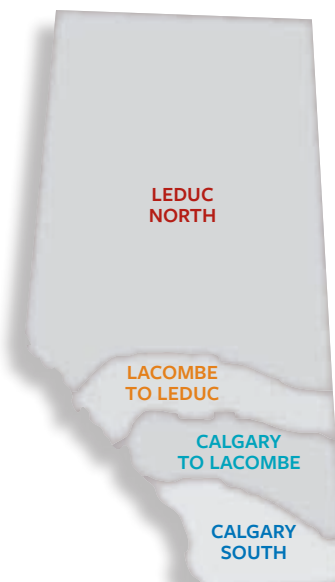
CFC's five-year Strategic Plan for 2019 – 2023 will continue to deliver successful results for our farmers, our industry partners, our governments, and our consumers. It is a tremendous privilege to serve our producers and industry on the CFC Board, and I am grateful for this opportunity. ●



# Producer Representatives



*Left to Right:* Wes Nanninga – Leduc North; Arjan Spelt – Lacombe to Leduc; Samuel Guenter – Calgary to Lacombe; George Hofer – Calgary South;



# Industry Advisory Committee

The Industry Advisory Committee (IAC) meets twice per year to share information and discuss issues that impact the chicken industry.

The IAC is comprised of members from the University of Alberta, Poultry Health Services, Alberta Agriculture and Forestry, Agricultural Products Marketing Council, Animal Nutrition Association of Canada (the Feed Mills), Hatcheries, Processors, Alberta Hatching Egg Producers, Alberta Chicken Producers' Producer Representatives, and ACP's Board of Directors and Executive Director. Producer Representatives share the perspectives from producers in their respective Region at the IAC meeting and provide input into industry initiatives.

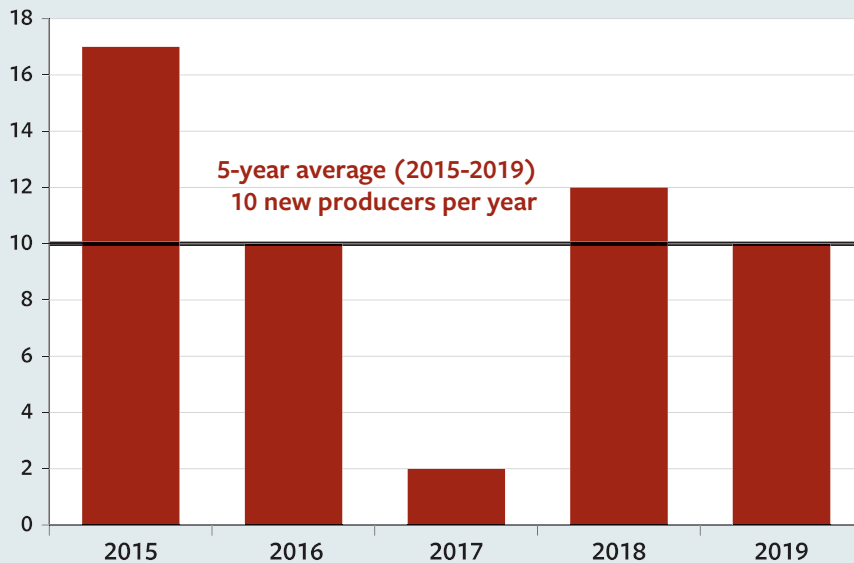


*Back row:* Bill Roberts, Rick Weiss, Eduard Fetting, Wes Nanninga, Tom Inglis, Henk Schuur, Born, Arjan Spelt, Brent McEwan, Christian Guenter, Jerry Emmanuel, Sam Guenter, Karen Kirkwood, Rob van Diemen

*Front row:* Shannon Buskas, Val Carney, Dennis Steinwand, George Hofer, Jorge Gallegos, Brian Wassink, Bob Smook, Frank Maenhout

# Market Reports

## Number of New Entrants 2015 – 2019



Alberta saw ten new producers become licensed and start production in 2019.

An average of ten (10) new producers per year have entered Alberta's chicken industry over the last five years (2015-2019).

## Alberta's Annual Production Export/Domestic 2010 – 2019



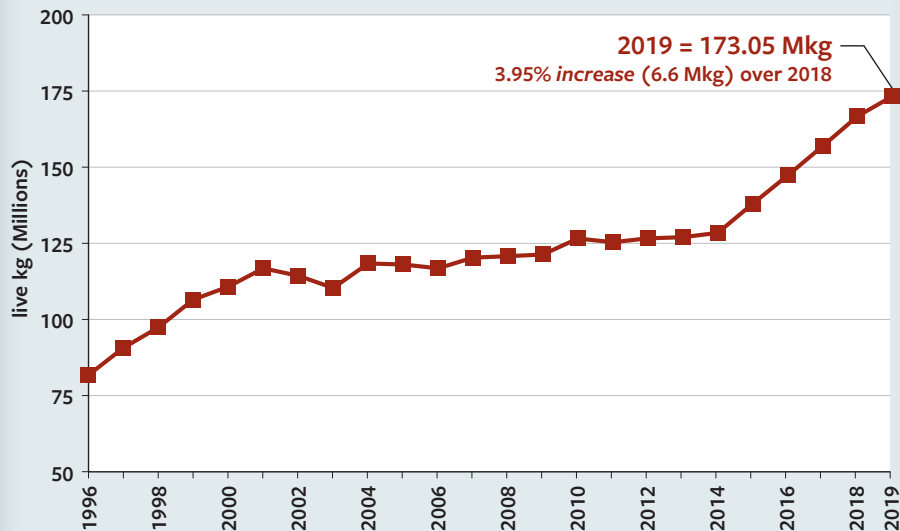
Alberta's domestic production in 2019 is estimated to be 169.58 million live kilograms, an increase of 4.5 million live kilograms, or 2.73% over 2018. Canada's 2019 domestic production is estimated to be 1.69 billion live kilograms, an increase of 37.43 million live kilograms, or 2.26% over 2018.

Alberta's export production (Market Development) in 2019 was 3.48 million live kilograms, an increase of 1.27 million live kilograms over 2018.

Alberta's Market Development represented 2.01% of Alberta's total production in 2019 versus 1.32% in 2018. Comparatively, Canada's Market Development represented 3.06% of Canada's total production in 2019, versus 2.95% in 2018.

Alberta did not have any specialty chicken production in 2019. This program was implemented in August 2015 (A-132). Production of specialty birds in Alberta was active consecutively from A-132 to A-139.

### Alberta's Annual Total Chicken Production



Alberta's total chicken production in 2019, which includes Market Development and specialty chicken production, is estimated to be 173.05 million live kilograms, an increase of 6.58 million live kilograms, or 3.95% over 2018.

Since 2015, Alberta has averaged around 6.0% growth per year, while the previous five-year (2010-2014) average per annum growth was closer to 1.0% per year.

Events since 2015 that contributed to this significant growth for Alberta included: the new allocation formula, retail beef prices hitting an all-time high in 2015, the supply gap created from the increased enforcement of fraudulent spent fowl imports and ratification by Chile of the CPTPP delayed till 2020.

Canada has also enjoyed above historical average growth with total chicken production in 2019 estimated to be 1.76 billion live kilograms, an increase of 2.26% over 2018. Since 2015, Canada has averaged close to 4% annual growth.

### Alberta's Quota Utilization (A-146 - A-158)

Period	Dates		Utilization			AB Compared to Canada	AB Compared to Western Canada
			Alberta	Western Canada	Canada		
A146	10/01/17	11/25/17	100.0%	101.3%	100.2%	-0.2%	-1.3%
A147	11/26/17	01/20/18	100.9%	101.5%	101.1%	-0.2%	-0.6%
A148	01/21/18	03/17/18	102.5%	102.6%	101.7%	0.8%	-0.1%
A149	03/18/18	04/12/18	99.9%	101.2%	101.2%	-1.3%	-1.3%
A150	05/13/18	07/07/18	100.2%	101.5%	99.4%	0.8%	-1.3%
A151	07/08/18	09/01/18	98.2%	99.5%	98.8%	-0.6%	-1.3%
A152	09/02/18	10/27/18	101.4%	101.9%	100.7%	0.7%	-0.5%
A153	10/28/18	12/22/18	103.2%	102.7%	102.8%	0.4%	0.5%
A154	12/23/18	02/16/19	103.1%	102.0%	100.9%	2.2%	1.1%
A155	02/17/19	04/13/19	102.3%	99.6%	101.6%	0.7%	2.7%
A156	04/14/19	06/08/19	100.4%	99.9%	99.9%	0.5%	0.5%
A157	06/09/19	08/03/19	98.6%	99.9%	99.1%	-0.5%	-1.3%
A158	08/04/19	09/28/19	99.7%	100.6%	99.6%	0.1%	-0.9%
2 YEAR AVERAGE			100.8%	101.1%	100.5%	0.3%	-0.3%

This table compares Alberta's utilization performance to Western Canada and Canada.

In 2019, Alberta's utilization performance is estimated to average 100.8%, almost flat to the 2018 utilization average of 100.9%. Since 2015, Alberta has consistently been in the 100% to 101% range, a notable improvement in production performance, with underproduction being mainly isolated to the summer months.

The table shows, Western Canada two-year average has paced ahead of the national average at 101.1% utilization. While Alberta's two-year utilization average of 100.8% slightly outpaced the national average of 100.5%. Alberta's continued improvement in production performance is a testament to the importance all industry partners have placed on optimizing production.

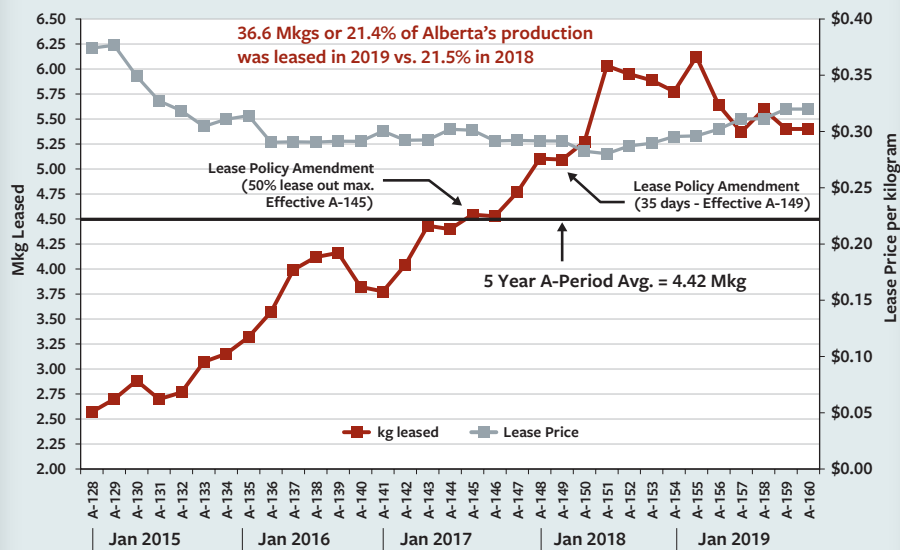
Targeting 100% utilization continues to be a key performance indicator in Alberta Chicken Producers strategic plan due to the importance of the quota utilization factor in the national allocation formula.



# Market Reports

(continued)

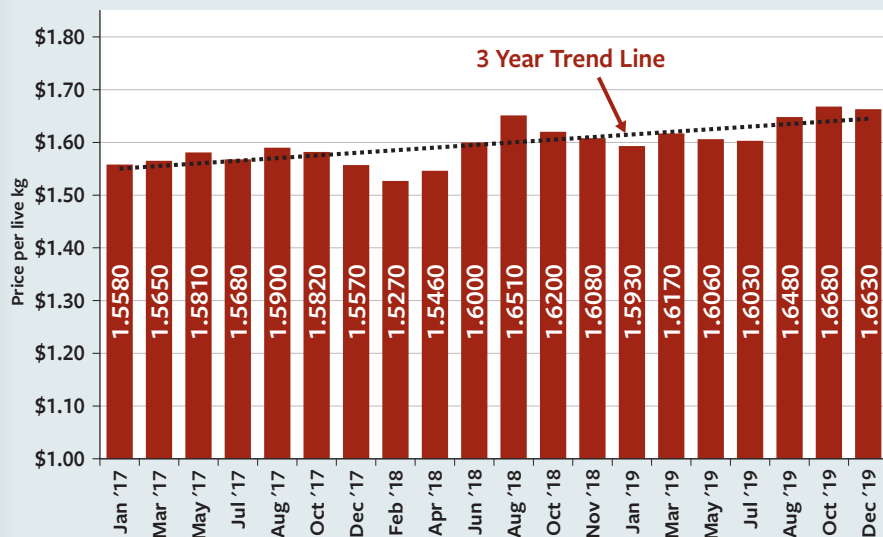
## Volume/Price of Marketing Kilograms Leased Each Period



A total volume of 36.6 million kilograms, or 21.36% of Alberta's total production, was leased in 2019. This represents an increase of 667,221 kilograms, or 1.85% over 2018. Barn density regulations and increased allocation to Alberta remain the primary factors influencing the year-over-year increases in periodic leases.

A total of 1,791 periodic leases were approved by the Board of Directors in 2019, which is an increase of 91, or 5.4%, over 2018.

## Alberta Producer Live Price

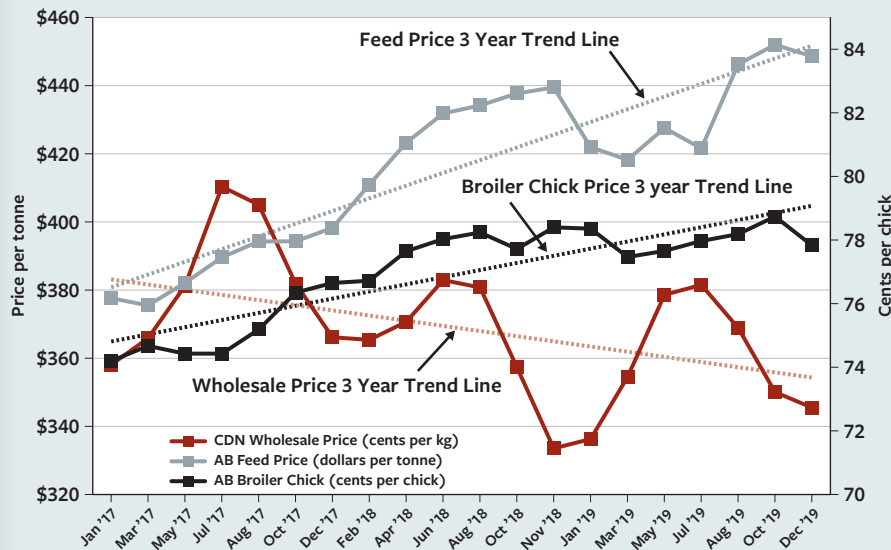


Alberta's average live price for 2019 was \$1.628/kg, an increase of \$0.0363/kg (3.63 cents) from the 2018 average. This increase in Alberta's live price is on par with increases across Canada.

In 2019, Alberta's live price was at its lowest in Period A-154 (Jan/Feb 2019) at \$1.593/kg, and at its highest in Period A-159 (Oct/Nov 2019) at \$1.668/kg. The difference between the high and low in 2019 was \$0.075/kg (7.5 cents).

Amid the uncertainty of the implementation of the new Ontario Cost of Production Formula, the Board and processors came to an interim live price memorandum of understanding (MOU) for periods A-159 (September 29, 2019) through A-161 (March 14, 2020) at 9.3 cents over the Ontario live price, an increase of 0.6 cents/kg. The MOU process provides stability and predictability to pricing for producers and processors.

## Feed, Broiler Chick and Wholesale Prices



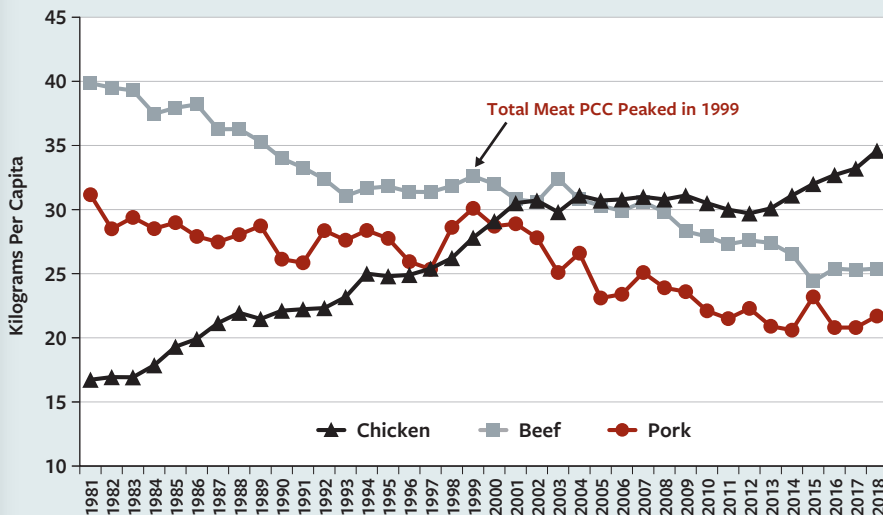
Alberta feed prices softened in early 2019, and since August feed prices have increased to 2018 levels following the wet summer. Alberta's feed prices continue to be neutral relative to Ontario over the long-term.

The minimum live price (producer price) is adjusted for changes in feed and chick every eight weeks. Feed and chick this year represented 72% to 73% of the cost components in the live price.

Canada's market composite wholesale price (simple average of five sub-composites that represent the various cuts of chicken) for 2019 was \$3.59/kg, a decrease of \$0.06/kg (6.0 cents) from \$3.65/kg in 2018.

Wholesale prices in 2019 gradually returned to historical norms after the all-time highs seen in 2017 due to the supply gap created by tighter border controls on the illegal imports of chicken labeled as spent fowl.

## Canadian Meat Consumption Per Capita



Per capita consumption is a measure of what has disappeared into the domestic market.

As of 2018, per capita consumption of chicken in Canada was 34.6 kg, followed by beef at 25.4 kg and pork at 21.7 kg. Chicken has remained the number one consumed protein in Canada after it surpassed beef in 2004.

Per capita chicken consumption peaked in 2004 (31.1 kg) then started to decline though to 2014. In 2015 per capita consumption (32 kg) finally started to increase again, surpassing 2004 levels. Chicken consumption has continued to rise ever since, while both beef and pork per capita consumption have continued to show declines since their peaks in the late 1970s and early 1980s.

Total meat consumption in 2018, excluding fish, was 90.8 kg, representing a 2.6 kg increase over 2017. As a % share of total meats consumed in 2018, chicken, beef, and pork hold a 90% combined share, of which 38% is chicken, 28% beef, and 24% pork.

Total meat consumption peaked in 1999 at 98.6 kg and has since declined. Since this peak nineteen years ago, chicken consumption has continued to increase, gaining 6.8 kg per capita, while beef and pork have declined 7.2 kg and 8.4 kg respectively.

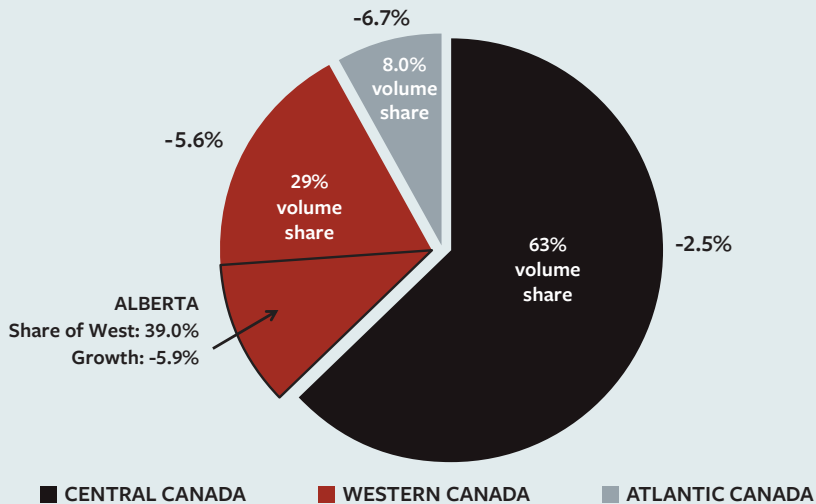
Per capita consumption for 2019 will not be assessed until later in 2020.



# Market Reports

(continued)

## Retail: Fresh Chicken Category Volume Market Share & Yearly Growth % Change by Region



Nielsen Retail Scan Sales (Freshtrack Data) 52 weeks ending November 9, 2019

Nielsen data is used extensively in Canada by retailers, food manufacturers, and processors to measure consumer spending and demand for products in the Canadian retail grocery industry.

It is estimated that the retail sector represents 59% of all chicken consumed in Canada.

Nielsen data shows that the volume of fresh chicken sold in Canada for 52 weeks ending November 9, 2019 decreased by 3.8% vs the same 52 weeks one year ago.

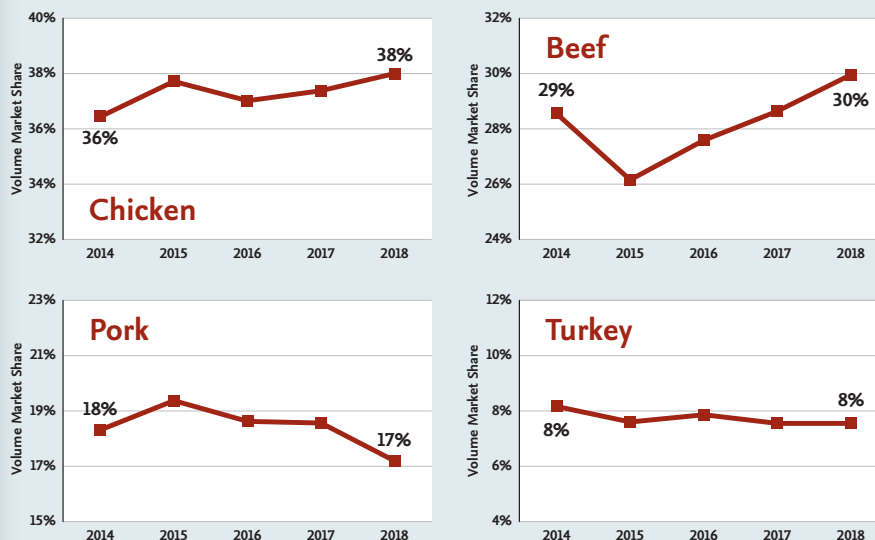
This chart shows the volume share and % volume change over last year by region.

Western Canada saw a 5.6% decrease in sales volume over last year. Western Canada represents a 29.3% market share of all fresh chicken sold in Canada.

Alberta's year-over-year chicken sales volume declined by 5.9% this past year; and Alberta comprises 39% of the volume sold in Western Canada.

Chicken experienced several headwinds in 2019 such as: competitively priced competing meats, specially beef; changing consumer habits towards a flexitarian diet; and increased competition from plant based protein alternatives.

## Canadian Meat Protein Market Shares by Volume



Retail scan data, as provided by Nielsen Fresh Track, shows that chicken gained 3% market share by volume, while beef lost 2% over the last 5 years (2013-2017). Both pork and turkey market shares by volume have remained stable at 19% and 8% respectively.

The Canadian chicken industry had two exceptional years of high volume growth in 2014 and 2015 at the same time beef had its lowest volume sold at retail. Beef has recovered market share after hitting its lowest share in 2015. Chicken's share peaked in 2015 at almost 38%, then declined in 2016 and has since seemed to have stabilized at 37% in 2017.

These charts clearly illustrate the relationship chicken and beef have at retail. Market shares shifting between beef and chicken demonstrate consumers' purchase interaction is stronger than between other meats in the meat case.

As consumers remain relatively price-sensitive and health conscious across Canada, chicken has remained Canada's most popular selling and value-priced protein.

## *Tributes*

# Celebrating 25 Years of Service!



## Vera Ward

### *Office Manager*

December 4, 2019 marked Vera Ward's 25th Anniversary with Alberta Chicken Producers serving as our Office Manager and Executive Assistant. Vera wears numerous other hats in supporting our organization and our industry. She is incredibly skilled in all that she does and her remarkable flair for event planning, organization, and attention to detail is a tremendous asset to the industry.

Over her twenty-five years of service, Vera has worked for five General Managers and over twenty Board Directors. Vera is indeed the glue that binds us together, and she is a pillar of strength for our organization. We are incredibly grateful for her loyalty, her drive for continuous improvement, and her selfless service to ACP.

***Thank you Vera for your dedication and continued leadership in the industry!***

# Celebrating 10 Years!

July 20, 2009 marked day one for Karen Kirkwood as Executive Director with Alberta Chicken Producers – ten years of remarkable dedication, service and commitment to our industry!

In those ten years, there have been many challenges and through it all, Karen has remained steadfast in her commitment to Alberta Chicken Producers and to the industry that she clearly loves.

As Board members say, *“we truly appreciate Karen’s wise counsel, strategic leadership and the smooth and effective operation of ACP as we all work together to achieve our strategic priorities on behalf of all our producers and industry partners. Alberta Chicken Producers is recognized as a leading organization in the chicken industry both provincially and nationally which is a true testament to Karen’s leadership.”*

Karen is highly respected by her staff and peers (provincially and nationally). She demonstrates true professionalism and engages others to create synergies for advancing the industry to new heights.

***Thank you Karen for your dedication and continued leadership.  
We look forward to another 10!***

## Karen Kirkwood

### *Executive Director*





## *Tribute*

# Wendy Jevne



This past July, Alberta Chicken Producers lost a dear friend and colleague. Wendy Jevne passed away surrounded by her family and loved ones following a courageous battle with various health issues.

Wendy served as Alberta Chicken Producers' Bookkeeper for over 15 years with utmost integrity, diligence and devotion. Her unwavering commitment to Alberta Chicken Producers was exemplified by continuing to train and guide staff in her roles and responsibilities while in bed at the hospital.

She was an integral member of our team and is dearly missed.

**ALBERTA CHICKEN PRODUCERS**  
**Financial Statements**  
**Year Ended November 30, 2019**

# **ALBERTA CHICKEN PRODUCERS**

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**Year Ended November 30, 2019**

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Statement of Operations	4
Statement of Changes in Net Assets	5
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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Alberta Chicken Producers

### *Opinion*

We have audited the financial statements of Alberta Chicken Producers (the Board), which comprise the statement of financial position as at November 30, 2019, 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 Board as at November 30, 2019, 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 Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those 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 Board's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

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

(continues)

*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 Board'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 Board'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 Board 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.

*King + Company*

Edmonton, AB  
January 17, 2020

CHARTERED ACCOUNTANTS

**ALBERTA CHICKEN PRODUCERS****Statement of Financial Position****As at November 30, 2019**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 337,646	\$ 167,014
Accounts receivable <i>(Note 2)</i>	257,287	244,475
Prepaid expenses	-	18,319
Current portion of mortgage receivable <i>(Note 3)</i>	46,863	54,961
	<u>641,796</u>	<u>484,769</u>
<b>PORTFOLIO INVESTMENTS <i>(Note 4)</i></b>	<b>2,030,954</b>	<b>1,944,805</b>
<b>PROPERTY AND EQUIPMENT <i>(Note 5)</i></b>	<b>1,141,866</b>	<b>1,199,861</b>
	<u>\$ 3,814,616</u>	<u>\$ 3,629,435</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities <i>(Note 6)</i>	\$ 398,408	\$ 117,049
<b>LIQUIDATED DAMAGES RESOLUTION <i>(Note 7)</i></b>		
<b>NET ASSETS</b>		
Invested in property and equipment	1,141,866	1,199,861
Unrestricted	2,274,342	2,312,525
	<u>3,416,208</u>	<u>3,512,386</u>
	<u>\$ 3,814,616</u>	<u>\$ 3,629,435</u>

**ON BEHALF OF THE BOARD**\_\_\_\_\_  
*Director*\_\_\_\_\_  
*Director*



# ALBERTA CHICKEN PRODUCERS

## Statement of Operations

Year Ended November 30, 2019

	Budget (Unaudited) 2019	2019	2018
<b>REVENUE</b>			
Levies ( <i>Note 8</i> )	\$ 2,093,300	\$ 2,090,627	\$ 2,021,869
Monetary penalties	135,000	176,201	199,628
Producer grower program	134,600	126,571	131,066
On-Farm Food Safety charges	82,300	82,562	83,621
Other production income	43,620	71,645	94,050
Investment	42,500	50,390	56,826
Rental	16,600	17,190	16,470
Administrative fees and other	17,600	13,342	23,754
	2,565,520	2,628,528	2,627,284
<b>EXPENSES</b>			
Salaries, contracts and benefits ( <i>Note 10</i> )	802,100	764,936	748,459
Diagnostic services	276,000	281,150	233,381
Professional fees	100,000	233,510	239,587
Advertising, promotion and sponsorship	223,500	220,538	167,632
Producer grower program	220,995	204,917	201,180
Travel	203,700	201,559	197,928
Office, training, and memberships	210,700	175,345	180,417
Director fees ( <i>Note 10</i> )	171,000	157,798	153,593
On-Farm Food Safety charges	95,000	82,406	103,807
Amortization of property and equipment	85,000	75,610	77,567
Taxes and fees	58,000	55,573	56,177
Equipment rentals	24,500	37,287	25,513
Telephone and utilities	37,500	26,996	35,186
Repairs and maintenance	20,000	17,338	16,942
Insurance	12,500	9,553	11,136
Interest and bank charges	6,000	6,339	6,215
	2,546,495	2,550,855	2,454,720
<b>EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	19,025	77,673	172,564
<b>OTHER REVENUE (EXPENSES)</b>			
Increase (decrease) in fair value of portfolio investments	-	38,293	(26,250)
Project grant revenue	-	-	534,647
Loss on disposal of property and equipment	-	(4,453)	(4,868)
Project grant expenses	(145,000)	(8,688)	(629,019)
Overmarketing penalty	-	(199,003)	-
	(145,000)	(173,851)	(125,490)
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	\$ (125,975)	\$ (96,178)	\$ 47,074

**ALBERTA CHICKEN PRODUCERS****Statement of Changes in Net Assets****Year Ended November 30, 2019**

	Invested in Property and Equipment	Unrestricted	2019	2018
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 1,199,861	\$ 2,312,525	<b>\$ 3,512,386</b>	\$ 3,465,312
Excess (deficiency) of revenue over expenses	(75,610)	(20,568)	<b>(96,178)</b>	47,074
Purchase of property and equipment, net	17,615	(17,615)	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 1,141,866</b>	<b>\$ 2,274,342</b>	<b>\$ 3,416,208</b>	<b>\$ 3,512,386</b>

**ALBERTA CHICKEN PRODUCERS****Statement of Cash Flows****Year Ended November 30, 2019**

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ (96,178)	\$ 47,074
Items not affecting cash:		
Amortization of property and equipment	75,610	77,567
Unrealized change in fair value of portfolio investments	(38,293)	26,250
Loss on disposal of property and equipment	4,453	4,868
Realized gain on sale of portfolio investments	-	(15,409)
	<u>(54,408)</u>	<u>140,350</u>
Changes in non-cash working capital:		
Accounts receivable	(12,812)	(67,897)
Prepaid expenses	18,319	(8,000)
Accounts payable and accrued liabilities	281,359	(64,589)
Deferred contributions	-	(393,916)
	<u>286,866</u>	<u>(534,402)</u>
Cash flow from (used by) operating activities	<u>232,458</u>	<u>(394,052)</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds on disposal of portfolio investments	-	141,000
Proceeds from mortgage receivable	8,098	7,786
Purchase of property and equipment	(22,068)	(26,629)
Purchase of portfolio investments, net	<u>(47,856)</u>	<u>(125,213)</u>
Cash flow used by investing activities	<u>(61,826)</u>	<u>(3,056)</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b>170,632</b>	<b>(397,108)</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>167,014</b>	<b>564,122</b>
<b>CASH - END OF YEAR</b>	<b>\$ 337,646</b>	<b>\$ 167,014</b>



# ALBERTA CHICKEN PRODUCERS

## Notes to Financial Statements

Year Ended November 30, 2019

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### NATURE OF OPERATIONS

Alberta Chicken Producers (the "Board") was incorporated under the Marketing of Agricultural Products Act to control the production and marketing of chickens in the Province of Alberta. The Board is a not-for-profit organization and is exempt from income taxes. The Board charges levies, quota allocation fees and monetary penalties, as authorized under regulation, to fund its activities and to assist in enforcing regulations.

## 1. SIGNIFICANT ACCOUNTING POLICIES

### Basis of Presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

### Revenue Recognition

Levies are set at \$0.0175/kg and are collected at the point of sale, based on kilograms of chicken produced and collected from producers via the processors. Processors remit levies on behalf of each producer as part of their licensing agreement. Producers that sell directly to consumers are required to submit weekly slaughter data.

The Board follows the deferral method of accounting for contributions, which includes government grants. Grant revenue is recognized in accordance with the terms of the grant agreement when received or receivable if the amounts to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized in revenue in the year in which the related expenses are incurred.

Monetary penalties are recognized when the amount can be reasonably estimated and collection is reasonably assured. Farmers are allowed to produce up to 7% over their allocated production amount without incurring a penalty. When farmers exceed 7%, they are required to pay a penalty of \$0.44/kg for the next 3%, which will be up to 10% over their allocated production. When the farmers exceed this 10%, they are required to pay a penalty of \$0.88/kg.

Revenues from programs including producer grower programs, On-Farm Food Safety, and other production income are recognized as the services are provided.

Investment income includes interest, dividends and realized and unrealized investment gains and losses. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.

Administrative charges and other fees are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Seminar fees are recognized as revenue when the seminars are held.

### Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

(continues)

# ALBERTA CHICKEN PRODUCERS

## Notes to Financial Statements

Year Ended November 30, 2019

### 1. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

#### Cash

Cash is comprised of cash held with financial institutions.

#### Property and Equipment

Property and Equipment is stated at cost or deemed cost less accumulated amortization. Property and Equipment is amortized over its estimated useful life at the following rates and methods:

Condominium units	5%	declining balance method
Furniture and fixtures	20%	declining balance method
Computer equipment	3 years	straight-line method
Computer software	30%	declining balance method

Management regularly reviews its property and equipment to eliminate obsolete items.

#### Pension Plan

The Board maintains a defined contribution pension plan under which amounts are contributed to employee's RRSP accounts. Expense for this plan is equal to the organization's required contribution for the year.

#### Measurement Uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

### 2. ACCOUNTS RECEIVABLE

	2019	2018
Trade	\$ 247,837	\$ 199,131
Alberta Poultry Industry (API) loan	9,450	9,450
Grants	-	35,894
	<u>\$ 257,287</u>	<u>\$ 244,475</u>

# ALBERTA CHICKEN PRODUCERS

## Notes to Financial Statements

Year Ended November 30, 2019

### 3. MORTGAGE RECEIVABLE

	2019	2018
4%, monthly repayments of \$845, including interest, due December 1, 2019, secured by an office condominium mortgage agreement	\$ 46,863	\$ 54,961
Amounts payable within one year	(46,863)	(54,961)
	<u>\$ -</u>	<u>\$ -</u>

Principal repayment terms are approximately:

2020	\$ 8,428
2021	8,768
2022	9,122
2023	9,491
2024	9,874
Thereafter	1,180
	<u>\$ 46,863</u>

The mortgage agreement was renewed on December 1, 2019 at a rate of 4% with monthly payments of \$845. Principal repayment terms are indicated above.

### 4. PORTFOLIO INVESTMENTS

	2019	2018
Guaranteed investment certificates	\$ 1,453,815	\$ 1,529,761
Mutual funds	568,097	402,740
Cash	9,042	12,304
	<u>\$ 2,030,954</u>	<u>\$ 1,944,805</u>

The guaranteed investment certificates earn interest at rates ranging from 1.66% to 3.25% and have maturity dates ranging from June 26, 2020 to October 30, 2023.

### 5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Condominium units	\$ 1,768,921	\$ 702,329	\$ 1,066,592	\$ 1,122,728
Furniture and fixtures	402,735	356,954	45,781	56,918
Computer equipment	56,859	27,366	29,493	20,215
Computer software	106,918	106,918	-	-
	<u>\$ 2,335,433</u>	<u>\$ 1,193,567</u>	<u>\$ 1,141,866</u>	<u>\$ 1,199,861</u>



# ALBERTA CHICKEN PRODUCERS

## Notes to Financial Statements

Year Ended November 30, 2019

### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Trade	\$ 235,984	\$ 100,077
Overmarketing penalty from Chicken Farmers of Canada	133,000	-
Government remittances	16,039	10,188
Vacation	13,385	6,784
	<u>\$ 398,408</u>	<u>\$ 117,049</u>

The invoice for the overmarketing penalty from Chicken Farmers of Canada has not yet been received; however, the liability is known with certainty and has therefore been recorded as above.

### 7. LIQUIDATED DAMAGES RESOLUTION

Chicken Farmers of Canada ("CFC") and the Board have established levy and service fee arrangements to defray the administrative and marketing costs of the orderly marketing system for chicken in the Province of Alberta.

As a member of CFC, pursuant to the Liquidated Damages Resolution, the Board is required to post security in the amount of \$165,068 (2018 - \$165,068) to secure the CFC's position should the marketing in Alberta exceed the allocation. At November 30, 2019, certain investments of the Board have been pledged as security.

### 8. LEVIES

	2019	2018
Levies charged	\$ 3,020,250	\$ 2,899,892
CFC portion	(929,623)	(878,023)
Net levies	<u>\$ 2,090,627</u>	<u>\$ 2,021,869</u>

### 9. PENSION EXPENSE

Pension expense included in salaries, contracts, and benefits is \$38,993 (2018 - \$36,400).

# ALBERTA CHICKEN PRODUCERS

## Notes to Financial Statements

Year Ended November 30, 2019

### 10. SALARIES, CONTRACTS, BENEFITS AND FEES

	Salaries and Contract	Benefits	Fees	2019	2018
<b>Salaries, contracts and benefits</b>					
Office staff	\$ 657,778	\$ 107,158	\$ -	\$ 764,936	\$ 748,459
<b>Director fees</b>					
Jason Born	\$ -	\$ 2,476	\$ 50,439	\$ 52,915	\$ 42,264
Rob Van Diemen	-	1,639	34,054	35,693	17,395
Dennis Steinwand	-	1,134	24,075	25,209	33,443
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	-	7,183	150,615	157,798	153,593
	\$ 657,778	\$ 114,341	\$ 150,615	\$ 922,734	\$ 902,052

### 11. FINANCIAL INSTRUMENTS

The Board is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Board's risk exposure and concentration as of November 30, 2019.

#### Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Board is exposed to credit risk primarily from cash and accounts receivable. The Board maintains its cash in a major financial institution. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

The Board's accounts receivable are exposed to credit risk as the majority of receivables are from entities that conduct their business within the same industry.

#### 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 comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Board is mainly exposed to interest rate risk and other price risk.

#### Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Board manages exposure through its normal operating and financing activities. The Board is exposed to interest rate risk primarily through its portfolio investments and mortgage receivable.

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# ALBERTA CHICKEN PRODUCERS

## Notes to Financial Statements

Year Ended November 30, 2019

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### 11. FINANCIAL INSTRUMENTS *(continued)*

#### Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Board is exposed to other price risk through its investment in quoted mutual funds.

### 12. BUDGET

The budget is unaudited and was approved by the Board on October 10, 2018.

### 13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.



## Alberta Chicken Producers

### Shared Industry Vision:

Alberta's chicken industry  
is collaborating to grow,  
create shared value, and ensure  
chicken is consumers' preferred  
and trusted protein.



Alberta  chicken  
PRODUCERS

2518 Ellwood Drive SW, Edmonton, AB T6X 0A9

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[www.chicken.ab.ca](http://www.chicken.ab.ca)

**ALBERTA CHICKEN PRODUCERS**  
**Financial Statements**  
**Year Ended November 30, 2019**



# ALBERTA CHICKEN PRODUCERS

## Index to Financial Statements

Year Ended November 30, 2019

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FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 12

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Alberta Chicken Producers

### *Opinion*

We have audited the financial statements of Alberta Chicken Producers (the Board), which comprise the statement of financial position as at November 30, 2019, 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 Board as at November 30, 2019, 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 Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those 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 Board's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board'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:

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Independent Auditor's Report to the Members of Alberta Chicken Producers *(continued)*

- 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 Board'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 Board'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 Board 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.

*King + Company*

Edmonton, AB  
January 17, 2020

CHARTERED ACCOUNTANTS



**ALBERTA CHICKEN PRODUCERS****Statement of Financial Position****As at November 30, 2019**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 337,646	\$ 167,014
Accounts receivable <i>(Note 2)</i>	257,287	244,475
Prepaid expenses	-	18,319
Current portion of mortgage receivable <i>(Note 3)</i>	46,863	54,961
	641,796	484,769
<b>PORTFOLIO INVESTMENTS <i>(Note 4)</i></b>	2,030,954	1,944,805
<b>PROPERTY AND EQUIPMENT <i>(Note 5)</i></b>	1,141,866	1,199,861
	<u>\$ 3,814,616</u>	<u>\$ 3,629,435</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities <i>(Note 6)</i>	\$ 398,408	\$ 117,049
<b>LIQUIDATED DAMAGES RESOLUTION <i>(Note 7)</i></b>		
<b>NET ASSETS</b>		
Invested in property and equipment	1,141,866	1,199,861
Unrestricted	2,274,342	2,312,525
	3,416,208	3,512,386
	<u>\$ 3,814,616</u>	<u>\$ 3,629,435</u>

**ON BEHALF OF THE BOARD**\_\_\_\_\_  
*Director*\_\_\_\_\_  
*Director*

**ALBERTA CHICKEN PRODUCERS**
**Statement of Operations**
**Year Ended November 30, 2019**

	Budget (Unaudited) 2019	2019	2018
<b>REVENUE</b>			
Levies ( <i>Note 8</i> )	\$ 2,093,300	\$ 2,090,627	\$ 2,021,869
Monetary penalties	135,000	176,201	199,628
Producer grower program	134,600	126,571	131,066
On-Farm Food Safety charges	82,300	82,562	83,621
Other production income	43,620	71,645	94,050
Investment	42,500	50,390	56,826
Rental	16,600	17,190	16,470
Administrative fees and other	17,600	13,342	23,754
	2,565,520	2,628,528	2,627,284
<b>EXPENSES</b>			
Salaries, contracts and benefits ( <i>Note 10</i> )	802,100	764,936	748,459
Diagnostic services	276,000	281,150	233,381
Professional fees	100,000	233,510	239,587
Advertising, promotion and sponsorship	223,500	220,538	167,632
Producer grower program	220,995	204,917	201,180
Travel	203,700	201,559	197,928
Office, training, and memberships	210,700	175,345	180,417
Director fees ( <i>Note 10</i> )	171,000	157,798	153,593
On-Farm Food Safety charges	95,000	82,406	103,807
Amortization of property and equipment	85,000	75,610	77,567
Taxes and fees	58,000	55,573	56,177
Equipment rentals	24,500	37,287	25,513
Telephone and utilities	37,500	26,996	35,186
Repairs and maintenance	20,000	17,338	16,942
Insurance	12,500	9,553	11,136
Interest and bank charges	6,000	6,339	6,215
	2,546,495	2,550,855	2,454,720
<b>EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	19,025	77,673	172,564
<b>OTHER REVENUE (EXPENSES)</b>			
Increase (decrease) in fair value of portfolio investments	-	38,293	(26,250)
Project grant revenue	-	-	534,647
Loss on disposal of property and equipment	-	(4,453)	(4,868)
Project grant expenses	(145,000)	(8,688)	(629,019)
Overmarketing penalty	-	(199,003)	-
	(145,000)	(173,851)	(125,490)
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	\$ (125,975)	\$ (96,178)	\$ 47,074

**ALBERTA CHICKEN PRODUCERS****Statement of Changes in Net Assets****Year Ended November 30, 2019**

	Invested in Property and Equipment	Unrestricted	2019	2018
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 1,199,861	\$ 2,312,525	\$ 3,512,386	\$ 3,465,312
Excess (deficiency) of revenue over expenses	(75,610)	(20,568)	(96,178)	47,074
Purchase of property and equipment, net	17,615	(17,615)	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 1,141,866</b>	<b>\$ 2,274,342</b>	<b>\$ 3,416,208</b>	<b>\$ 3,512,386</b>



**ALBERTA CHICKEN PRODUCERS****Statement of Cash Flows****Year Ended November 30, 2019**

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ (96,178)	\$ 47,074
Items not affecting cash:		
Amortization of property and equipment	75,610	77,567
Unrealized change in fair value of portfolio investments	(38,293)	26,250
Loss on disposal of property and equipment	4,453	4,868
Realized gain on sale of portfolio investments	-	(15,409)
	<u>(54,408)</u>	<u>140,350</u>
Changes in non-cash working capital:		
Accounts receivable	(12,812)	(67,897)
Prepaid expenses	18,319	(8,000)
Accounts payable and accrued liabilities	281,359	(64,589)
Deferred contributions	-	(393,916)
	<u>286,866</u>	<u>(534,402)</u>
Cash flow from (used by) operating activities	<u>232,458</u>	<u>(394,052)</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds on disposal of portfolio investments	-	141,000
Proceeds from mortgage receivable	8,098	7,786
Purchase of property and equipment	(22,068)	(26,629)
Purchase of portfolio investments, net	<u>(47,856)</u>	<u>(125,213)</u>
Cash flow used by investing activities	<u>(61,826)</u>	<u>(3,056)</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b>170,632</b>	<b>(397,108)</b>
<b>CASH - BEGINNING OF YEAR</b>	<u>167,014</u>	<u>564,122</u>
<b>CASH - END OF YEAR</b>	<u><b>\$ 337,646</b></u>	<u><b>\$ 167,014</b></u>

**NATURE OF OPERATIONS**

Alberta Chicken Producers (the "Board") was incorporated under the Marketing of Agricultural Products Act to control the production and marketing of chickens in the Province of Alberta. The Board is a not-for-profit organization and is exempt from income taxes. The Board charges levies, quota allocation fees and monetary penalties, as authorized under regulation, to fund its activities and to assist in enforcing regulations.

**1. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

**Revenue Recognition**

Levies are set at \$0.0175/kg and are collected at the point of sale, based on kilograms of chicken produced and collected from producers via the processors. Processors remit levies on behalf of each producer as part of their licensing agreement. Producers that sell directly to consumers are required to submit weekly slaughter data.

The Board follows the deferral method of accounting for contributions, which includes government grants. Grant revenue is recognized in accordance with the terms of the grant agreement when received or receivable if the amounts to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized in revenue in the year in which the related expenses are incurred.

Monetary penalties are recognized when the amount can be reasonably estimated and collection is reasonably assured. Farmers are allowed to produce up to 7% over their allocated production amount without incurring a penalty. When farmers exceed 7%, they are required to pay a penalty of \$0.44/kg for the next 3%, which will be up to 10% over their allocated production. When the farmers exceed this 10%, they are required to pay a penalty of \$0.88/kg.

Revenues from programs including producer grower programs, On-Farm Food Safety, and other production income are recognized as the services are provided.

Investment income includes interest, dividends and realized and unrealized investment gains and losses. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.

Administrative charges and other fees are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Seminar fees are recognized as revenue when the seminars are held.

**Financial Instruments**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

*(continues)*

# ALBERTA CHICKEN PRODUCERS

## Notes to Financial Statements

Year Ended November 30, 2019

### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Cash

Cash is comprised of cash held with financial institutions.

#### Property and Equipment

Property and Equipment is stated at cost or deemed cost less accumulated amortization. Property and Equipment is amortized over its estimated useful life at the following rates and methods:

Condominium units	5%	declining balance method
Furniture and fixtures	20%	declining balance method
Computer equipment	3 years	straight-line method
Computer software	30%	declining balance method

Management regularly reviews its property and equipment to eliminate obsolete items.

#### Pension Plan

The Board maintains a defined contribution pension plan under which amounts are contributed to employee's RRSP accounts. Expense for this plan is equal to the organization's required contribution for the year.

#### Measurement Uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

### 2. ACCOUNTS RECEIVABLE

	2019	2018
Trade	\$ 247,837	\$ 199,131
Alberta Poultry Industry (API) loan	9,450	9,450
Grants	-	35,894
	<u>\$ 257,287</u>	<u>\$ 244,475</u>



**ALBERTA CHICKEN PRODUCERS****Notes to Financial Statements****Year Ended November 30, 2019****3. MORTGAGE RECEIVABLE**

	2019	2018
4%, monthly repayments of \$845, including interest, due December 1, 2019, secured by an office condominium mortgage agreement	\$ 46,863	\$ 54,961
Amounts payable within one year	(46,863)	(54,961)
	<u>\$ -</u>	<u>\$ -</u>

Principal repayment terms are approximately:

2020	\$ 8,428
2021	8,768
2022	9,122
2023	9,491
2024	9,874
Thereafter	1,180
	<u>\$ 46,863</u>

The mortgage agreement was renewed on December 1, 2019 at a rate of 4% with monthly payments of \$845. Principal repayment terms are indicated above.

**4. PORTFOLIO INVESTMENTS**

	2019	2018
Guaranteed investment certificates	\$ 1,453,815	\$ 1,529,761
Mutual funds	568,097	402,740
Cash	9,042	12,304
	<u>\$ 2,030,954</u>	<u>\$ 1,944,805</u>

The guaranteed investment certificates earn interest at rates ranging from 1.66% to 3.25% and have maturity dates ranging from June 26, 2020 to October 30, 2023.

**5. PROPERTY AND EQUIPMENT**

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Condominium units	\$ 1,768,921	\$ 702,329	\$ 1,066,592	\$ 1,122,728
Furniture and fixtures	402,735	356,954	45,781	56,918
Computer equipment	56,859	27,366	29,493	20,215
Computer software	106,918	106,918	-	-
	<u>\$ 2,335,433</u>	<u>\$ 1,193,567</u>	<u>\$ 1,141,866</u>	<u>\$ 1,199,861</u>

# ALBERTA CHICKEN PRODUCERS

## Notes to Financial Statements

Year Ended November 30, 2019

### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Trade	\$ 235,984	\$ 100,077
Overmarketing penalty from Chicken Farmers of Canada	133,000	-
Government remittances	16,039	10,188
Vacation	13,385	6,784
	<u>\$ 398,408</u>	<u>\$ 117,049</u>

The invoice for the overmarketing penalty from Chicken Farmers of Canada has not yet been received; however, the liability is known with certainty and has therefore been recorded as above.

### 7. LIQUIDATED DAMAGES RESOLUTION

Chicken Farmers of Canada ("CFC") and the Board have established levy and service fee arrangements to defray the administrative and marketing costs of the orderly marketing system for chicken in the Province of Alberta.

As a member of CFC, pursuant to the Liquidated Damages Resolution, the Board is required to post security in the amount of \$165,068 (2018 - \$165,068) to secure the CFC's position should the marketing in Alberta exceed the allocation. At November 30, 2019, certain investments of the Board have been pledged as security.

### 8. LEVIES

	2019	2018
Levies charged	\$ 3,020,250	\$ 2,899,892
CFC portion	(929,623)	(878,023)
Net levies	<u>\$ 2,090,627</u>	<u>\$ 2,021,869</u>

### 9. PENSION EXPENSE

Pension expense included in salaries, contracts, and benefits is \$38,993 (2018 - \$36,400).

**10. SALARIES, CONTRACTS, BENEFITS AND FEES**

	Salaries and Contract	Benefits	Fees	2019	2018
<b>Salaries, contracts and benefits</b>					
Office staff	\$ 657,778	\$ 107,158	\$ -	\$ 764,936	\$ 748,459
<b>Director fees</b>					
Jason Born	\$ -	\$ 2,476	\$ 50,439	\$ 52,915	\$ 42,264
Rob Van Diemen	-	1,639	34,054	35,693	17,395
Dennis Steinwand	-	1,134	24,075	25,209	33,443
Christian Guenter	-	987	20,950	21,937	24,698
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**11. FINANCIAL INSTRUMENTS** *(continued)*

Other Price Risk

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**12. BUDGET**

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**13. COMPARATIVE FIGURES**

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