



## 2021-22 Budget Overview

### **Background:**

Alberta Chicken Producers' budget is an expression of ACP's strategic plan and is built from the vision, mission, goals, and priorities established by the Board.

### **Budgeting Principles:**

The Finance Committee applies the Budgeting Principles, as defined in ACP's Financial Policy. These principles are:

#### Budgeting:

- a. Prior to the Finance Committee preparing the Budget each year, the Board will provide direction to the Committee in terms of the Budgeting Strategy for the upcoming fiscal year with consideration for the cash and capital resources of the organization.
- b.

#### Principles: The Budget will:

- i) Be prepared on a cash basis, based on conservative estimates of revenues and expenses.
  - ii) Provide sufficient current assets to meet the organization's current liabilities.
  - iii) Uphold contractual commitments and obligations of Alberta Chicken Producers.
  - iv) Be based upon all known sources of revenue and planned/forecasted expenditures at the time of Budgeting.
  - v) Consider the Strategic Priorities of the organization and funding required to deliver the organization's annual Strategic Work Plan.
  - vi) Detail the relevant assumptions used in its preparation.
  - vii) Consider the Reserve requirements of Alberta Chicken Producers.
- c. The Finance Committee will develop the One-year and Three-year Budget Projection annually, based on the Budgeting Principles.
  - d. The Board approves the Budget prior to presenting to producers.
  - e. The Finance Director is responsible for presenting an Annual Budget and Three-Year Budget Projection to the Board in October of each year.
  - f. To respond to opportunities, unforeseen events, and exceptional circumstances as and if required, the Budget is subject to amendment by the Board within the parameters of the Board's fiduciary responsibilities and Budgeting Principles.

### 2021-22 Budget Sources & Assumptions:

*In addition to the notes included in the Budget documents:*

- Industry Growth Forecast: 3.5% over 2021 production less "recovery kilograms" of 1.8MKG from A-163 and A-164 allocations; includes differential growth to Alberta
- Inflation: 3.7%
- CFC Levy Increase: increase of 0.02cents/kg annually in 2022 and 2023
- City of Edmonton Taxes: +6%

Note: ACP's Fiscal Year-end is November 30<sup>th</sup>.

**Balance Sheet:**

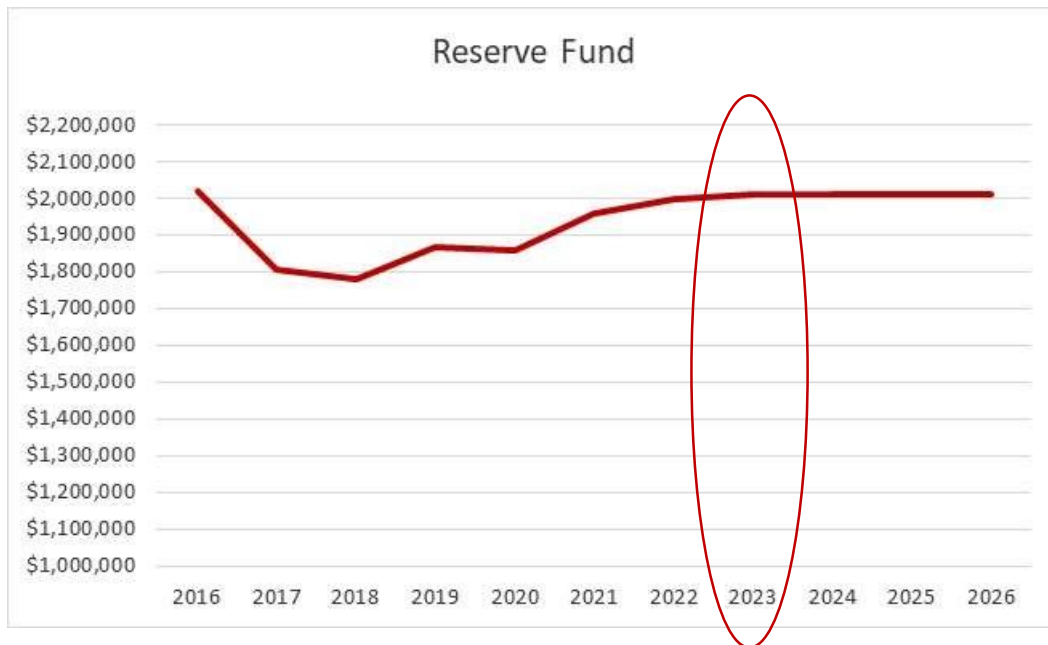
Under Section 5.b. i) of ACP’s Financial Policy, Reserve Fund:

- A. Alberta Chicken Producers maintains approximately \$2 million in marketable securities. The fund provides interest income, financial stability, and, serves as a contingency in the event of emergencies, extenuating circumstances, or unexpected expenses.
- B. The Reserve Fund may be accessed in one or more of the following instances: (1) In the event of an emergency, which may include any one or more of the following circumstances: (a) The Alberta Poultry Industry Emergency Response Plan is declared operational; (b) A federally reportable disease is confirmed in Alberta; or (c) The ACP Board deems a situation to be serious enough to declare an emergency. (2) An Extraordinary Circumstance identified by the Board.

ACP has held the \$2M reserve fund for over one decade, and it has not been adjusted for inflation. Long-term investments plus current cash less current liabilities as of Sept 2021: \$1.93M (see pg. 3)

**Reserves**

At the 2021 AGM, producers passed a motion to increase the ACP Service Charge by 0.1cent/kg to \$0.0185/kg effective A-170 and by 0.1cent/kg to \$0.0195/kg effective A-176. These changes are required to fund ACP’s operations and strategic plan and will ensure ACP has sufficient reserves as per Policy. Taking into account these changes to the Service Charge, ACP’s Strategic Plan, and projected industry growth and inflation, ACP’s Reserve Fund is expected to be restored to \$2M by the end of 2023:



**Alberta Chicken Producers  
Balance Sheet As at Sep 27, 2021**

**ASSET**

**Current Assets**

Cash on Hand	3,753.46	
Petty Cash	100.00	
Servus Credit Union	251,409.80	
Servus Savings - Grant	0.11	
Servus Savings	67,011.80	
<b>Total Cash</b>		322,275.07
Long Term Investments	1,958,131.59	
Investments		1,958,131.59
Accounts Receivable		48,312.61
Allowance for Bad Debts		0.00
Levy Receivable		1,818.46
Mortgage-Current Portion		31,155.04
Prepaid Expenses		3,861.72
<b>Total Current Assets</b>		<u>2,365,554.49</u>

**Capital Assets**

Office Furniture & Equipment	402,735.49	
Accum. Amort. -Furn. & Equip.	-370,993.34	
<b>Net - Furniture &amp; Equipment</b>		31,742.15
Computer	86,831.26	
Accum Amort - Computer	-44,877.71	
<b>Net Computer</b>		41,953.55
Computer Software	106,918.23	
Accum Amort-Computer Software	-106,918.23	
<b>Net Computer Software</b>		0.00
Building	1,768,920.77	
Accum Amort - Building	-789,433.99	
<b>Net Building</b>		979,486.78
Equipment under capital Lease	0.00	
Accum Amort - Equipment under capit	0.00	
<b>Net Equipment under capital lease</b>		0.00
<b>Total Capital Assets</b>		<u>1,053,182.48</u>

**Other Assets**

Mortgage Receivable		0.00
API Loan		0.00
<b>Total Other Assets</b>		<u>0.00</u>

**TOTAL ASSET** 3,418,736.97

**LIABILITY**

**Current Liabilities**

Accounts Payable		-152.96
Accrued Liabilities		167,772.51
Credit Card Payable		-981.03
CFC Levy Payable		571.52
Clearing		0.00
Vacation Accrued		13,384.62
RRSP Payable		-8,034.10
Accrued Grants		0.00
GST Collected	37,129.82	
GST Paid	-20,097.93	
GST Owing (Refund)		17,031.89
<b>Total Current liabilities</b>		<u>189,592.45</u>
<b>TOTAL LIABILITY</b>		<u>189,592.45</u>

**EQUITY**

**Retained Earnings**

Members Equity	1,898,421.13
Invested in Property & Equipment	1,255,866.92
Current Earnings	75,056.47
<b>Total Retained Earnings</b>	<u>3,229,144.52</u>

**TOTAL EQUITY** 3,229,144.52

**LIABILITIES AND EQUITY** 3,418,736.97

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**Over-Marketing Penalties:**

In 2020, changes were made to ACP's Leasing of Quota Policy to extend the timeframe for leasing. This change has reduced the volume of kilograms over-marketed and, subsequently, the overmarketing penalty income. Considering the impacts of this policy change, the budgeting process of taking the 6-year average of over-marketing penalty income is no longer valid; therefore, the budget for over-marketing penalties for 2022 has been based on the 2021 actuals\*

**CFC Levy: (from CFC Memos of December 2019 and December 2020)**

*"On November 22, 2018, the CFC Board of Directors (Board) approved a levy rate increase from 0.53 cents to 0.55 cents per kilogram live weight, effective June 9, 2019 (start of period A-157), representing an increase of 0.02 cents per kilogram.*

*On December 5th, 2019, the CFC Board of Directors (Board) approved a levy rate increase from 0.55 cents to 0.57 cents per kilogram live weight, effective May 10, 2020 (start of period A-163), representing an increase of 0.02 cents per kilogram.*

*For years 2021 to 2023, we anticipate an increase of 0.02 cents per kilogram every year to fund CFC's operational expenses and promotional programs, reaching a levy rate of 0.63 cents per kilogram in 2023. That said, the CFC Board of Directors will review its financial position each year before determining if future levy increases are necessary."*

Considering the impacts of the COVID-19 pandemic and subsequent savings CFC has achieved in 2020, it is likely that CFC will defer the increase of 0.02 cents per kilogram planned for 2021 to 2022.

**Enclosed are documents related to the 2021-22 Fiscal Year Budget:**

1. 2020-21 Current Year Projection
2. 2021-22 Proposed Budget
3. Appendices: Public Relations and Corporate Social Responsibility and Strategic Investments
4. 3 Year Projection