



## 2022-23 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.

### 2022-23 Budget Sources & Assumptions:

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

- Industry Growth Forecast: 5% over 2022 production less "recovery kilograms" of 1.8MKG from A-163 and A-164 allocations; includes differential growth to Alberta
- Inflation: 3.5%
- CFC Levy Increase: increase of 0.02cents/kg annually in 2023
- City of Edmonton Taxes: +6%

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

**Reserve Fund:**

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 August 2022: \$2M (see pg. 3)

The Avian Influenza Outbreak in the Spring of 2022 resulted in substantial cost impacts for our infected premises. While the value of the birds ordered destroyed by the CFIA and some disposal costs are compensated by the CFIA, there are significant costs that are not. The Board has applied ACP's Reserve Fund to the Spring 2022 Avian Influenza Outbreak (*details contained in Appendix 4*) with the intent to bridge the gap while an Agri-Recovery funding request is reviewed by the federal and provincial governments. Once Agri-Recovery funding is available, the intent is for ACP to be reimbursed for the funding drawn out of the ACP Reserve Fund.

ACP's Balance Sheet as of August 2022:

## Alberta Chicken Producers Balance Sheet As at Aug 31, 2022

Generated On: Oct 12, 2022

### ASSET

#### Current Assets

Cash on Hand	5,853.62	
Petty Cash	100.00	
Servus Credit Union	202,011.47	
Servus Savings - Grant	67,990.16	
Servus Savings	100,072.09	
<b>Total Cash</b>		376,027.34
Long Term Investments	1,971,894.14	
Investments		1,971,894.14
Accounts Receivable	25,687.72	
Accrued Receivables	14,060.81	
Allowance for Bad Debts	0.00	
Levy Receivable	26,167.36	
Mortgage-Current Portion	2,324.43	
Prepaid Expenses	86,885.08	
<b>Total Current Assets</b>		<u>2,503,046.88</u>

#### Capital Assets

Office Furniture & Equipment	405,435.45	
Accum. Amort. -Furn. & Equip.	-377,341.77	
<b>Net - Furniture &amp; Equipment</b>		28,093.68
Computer	83,423.75	
Accum Amort - Computer	-51,613.79	
<b>Net Computer</b>		31,809.96
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	-838,408.32	
<b>Net Building</b>		930,512.45
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>990,416.09</u>

#### Other Assets

Mortgage Receivable	20,547.14	
API Loan	0.00	
<b>Total Other Assets</b>		<u>20,547.14</u>

**TOTAL ASSET** 3,514,010.11

### LIABILITY

#### Current Liabilities

Accounts Payable		161,951.29
Accrued Liabilities		12,000.00
Credit Card Payable		22,627.91
CFC Levy Payable		8,062.38
Clearing		0.00
Vacation Accrued		12,163.46
RRSP Payable		-1,665.10
Accrued Grants		0.00
GST Collected	49,175.02	
GST Paid	-28,738.14	
GST Owing (Refund)		20,436.88
<b>Total Current liabilities</b>		<u>235,576.82</u>

**TOTAL LIABILITY** 235,576.82

### EQUITY

#### Retained Earnings

Members Equity	489,154.31
Invested in Property & Equipment	1,093,204.52
Internally Restricted Reserve	2,000,000.00
Current Earnings	-303,925.54
<b>Total Retained Earnings</b>	<u>3,278,433.29</u>

**TOTAL EQUITY** 3,278,433.29

**LIABILITIES AND EQUITY** 3,514,010.11

**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 budget for over-marketing penalties for 2023 has been based on the 2022 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."*

CFC implemented an increase of 0.02 cents per kilogram in 2022, and it is expected that an increase of 0.02 cents per kilogram will be implemented in 2023.

**Enclosed are documents related to the 2022-23 Fiscal Year Budget:**

1. 2021-22 Current Year Projection
2. 2022-23 Proposed Budget
3. 3 Year Projection
4. Appendices: Strategic Investments, Public Relations & Corporate Social Responsibility, and Spring 2022 HPAI Outbreak Funding Framework