

Alberta
Hatching Egg
Producers 

20 21

ANNUAL
REPORT



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Mission

To ensure the availability of a high-quality product by encouraging and promoting high standards and efficient practices.

To provide an economic environment for the profitable production of broiler hatching eggs.

To foster confidence in the hatching egg industry through effective communications and by building co-operative relationships with other stakeholders in the poultry industry value chain.

To provide input into the agricultural policy regulatory environment and general agricultural policies impacting broiler hatching eggs.

Vision

Alberta Hatching Egg Producers are committed to provide the industry with a superior quality product while fostering profitable growth.

Board of Directors



(left to right)
Jeff Kamlah, Kevin Tiemstra,
Cora Scheele, Dennis Wickersham,
Jeff Notenbomer

Jeff Notenbomer

Chair

CHEP Alternate, Pricing Committee, Poultry Research Committee, Quality Standards Committee, New Entrant Committee, SE Committee

Kevin Tiemstra

Vice-Chair

CHEP Director, Pricing Committee, Finance Committee, Balance of Supply Committee, Policy Review Committee

Cora Scheele

Director

Alberta Farm Animal Care, Intensive Livestock Working Group, Alberta Chicken Supply Chain Committee, Producer Services Committee

Jeff Kamlah

Director

ACP Advisory Committee, Pricing Committee, Finance Committee

Dennis Wickersham

Director

Balance of Supply Committee, SE Committee

Office Staff

Bob Smook

General Manager

Nancy Robinson

Assistant Manager

Chelsea Kamprath

Office Coordinator

Daniella Batres

Agriculture Programs Coordinator

Alex McCready

Disease Risk Management Technician

Chairs Report

Our broiler hatching egg industry is characterized by having a cyclical nature which is impacted by bird size, productivity and hatchability along with the investment capital needed to keep the industry modernized and efficient.

Reduced total requirements for chicken resulting from the COVID-19 pandemic also stifled the projected growth in our broiler hatching egg sector. Prior to 2020 all signals indicated the need to increase domestic production. Over the five years from 2014 to 2019 our industry experience over 30% growth, with domestic allocation increasing from 65.1M sets in 2014 to 87.5M in 2019. Today we have recovered back to the 2019 volumes after taking measures of reduction of flock life and utilization.

Reviewing the past two years, our industry sector has experienced a call for attentive production to achieve the volatility in what the market required. In early 2020, there was a need to decrease the projected supply by 4.2M hatching eggs, a significant challenge when production had been planned that included those eggs. As 2021 progressed and chicken consumption was on the rise, producers were called upon to increase production. Since flocks require over 26 weeks before they enter production, the extra

eggs were achieved through the managing flocks through a longer production cycle than had been anticipated. These fluctuations driven by the marketplace resulted in a cost our industry of over \$500K in assessments accrued from 2019 and 2020. Adding to the challenge of unexpected demand fluctuations, was the increased production performance and results from our breeder flocks. Improvements are always welcome; however these came at the wrong time during this pandemic. Closing numbers nationally showed we did not overproduce in 2021 and we achieved our national domestic allocation. Thank you, producers for making this happen.

For the upcoming year of 2022, uncertainty of the supply broiler hatching eggs lies on the import side. This may cause a need for further maneuvering of domestic production to achieve chick supply to our growers. Collectively the chicken industry is calling upon Global Affairs Canada and our National agencies to relax the use of TRQ and make provisions to avoid overproduction assessments to our domestic hatching egg producers.

Some of the most important questions our industry must ask itself are: what have we accomplished to date, what are our outstanding opportunities and challenges and what do we need for the future success of our industry?



The Alberta Hatching Egg Producers identified four priorities for 2021:

- **Managing Domestic Supply**
- **Producer Engagement**
- **Pricing Mechanism**
- **Industry Trust**



“Managing Domestic Supply” in 2021 consumed an extensive amount of time and will continue to demand attention into the upcoming year. This may involve adjustments in allocation, utilization and flock life.

The “Producer Engagement” priority was achieved in July of 2021, when we were able to finally host a hybrid in person/ virtual producer meeting. This meeting was welcomed and was attended in person, by over 85 % of our producers. For the upcoming year, with the relaxing of COVID restrictions, we plan to work toward holding regularly scheduled meetings and workshops. Under this banner we will continue to consult on developing an outcome-based Salmonella policy in this province involving the entire chicken industry.

A fair rate of return and the cost of production are one of the pillars of supply management. In this process longer term strategies involving adjustments to the COP are discussed under the “Pricing Mechanism”. This priority did not require significant board time during 2021 due to the release of the updated COP model at the start of the calendar year.

“Industry Trust” is a priority that had extensive attention this year through Strategic Planning consultation with Alberta Chicken board, facilitated by Finley and Associates. Partnerships with our hatcheries, growers, processing sectors and government are all important in developing overall industry goals in our current supply chain. This priority was repackaged and will fall under the priority of “Strengthen the Value Chain” and will be a focus for the next three to five years.

Jeff Notenbomer
Chair

General Manager's Report

Comparing 2021 to 2020, many of us thought that we would be back on track of normalcy. These were our hopes; however, we have trudged through another year of mixed messaging and uncertainty achieving reduced chicken production volumes. Volumes that we achieved in 2021 are reminiscent of volumes achieved in 2019. The accuracy in forecasts this year, given our recent weather disasters, supply chain disruptions, and labour issues have been a mere guess of what has transpired. The reality of the forgoing may unfortunately lead to increased interest rates and further inflation.

In the supply chain, we need to look more broadly than just the “chicken” industry. Up and down the broader supply chain are influencers that impact all of us in terms of our profitability and success. For example, plant nutrition costs (fertilizer), worldwide, have surged by 250% for the upcoming year with little notice given to the consumer (end user) other than the statement that food prices will be rising. The challenge to this change in costs raises the question of ability of the (consumer) end user to have the ability to pay for these increased costs?

Throughout 2021, the Alberta livestock sector had immense challenges and few successes in part because of the lingering COVID restrictions and its impact on the economy. To further complicate matters, the North American/Western Canadian drought is creating havoc on the availability of feed reserves until the 2022 harvest. This upcoming year may end up being one with the highest gross returns and the lowest net returns for many agricultural sectors throughout the supply chain.

With respect to supply, allocation and meeting the market, we experienced a drop in utilization and flock life in 2020 to address the COVID pandemic reduction of chicken

consumption, yet unfortunately were still assessed an overproduction penalty. Was the decline in demand for chicken also due to a shift in consumers choosing cheaper plant based alternative protein products? Closed borders resulting in reduced tourism and trade had a further negative impact on demand. Fortunately, in 2021, the opposite occurred with a need to raise utilization and flock life to meet renewed demand by all consumer sectors. Our broiler hatching egg industry ended the year achieving 100.4% (no LDA assessment) of our domestic allocation and 92% import utilization.

As we move forward into the future, the new challenge that the collective livestock industry will be facing, is the strong promotion and further development of “Vegetarian-Friendly Substitutes” competing protein source to the traditional approach of livestock production in the world. Time will tell if this is just a passing trend or if these alternatives will solidify themselves in consumers’ diets. For the chicken industry, we need to collectively work with our value chain partners to promote our industry to the evolving consumers choices and ensure chicken remains the preferred protein of choice.

In closing, I look forward to working with producers and would like to thank our board for their diligence in addressing industry concerns, and our staff for their commitment to and support to our unique industry.

Bob Smook
General Manager



AHEP Priorities 2021



**Managing
Domestic Supply**



Producer Engagement



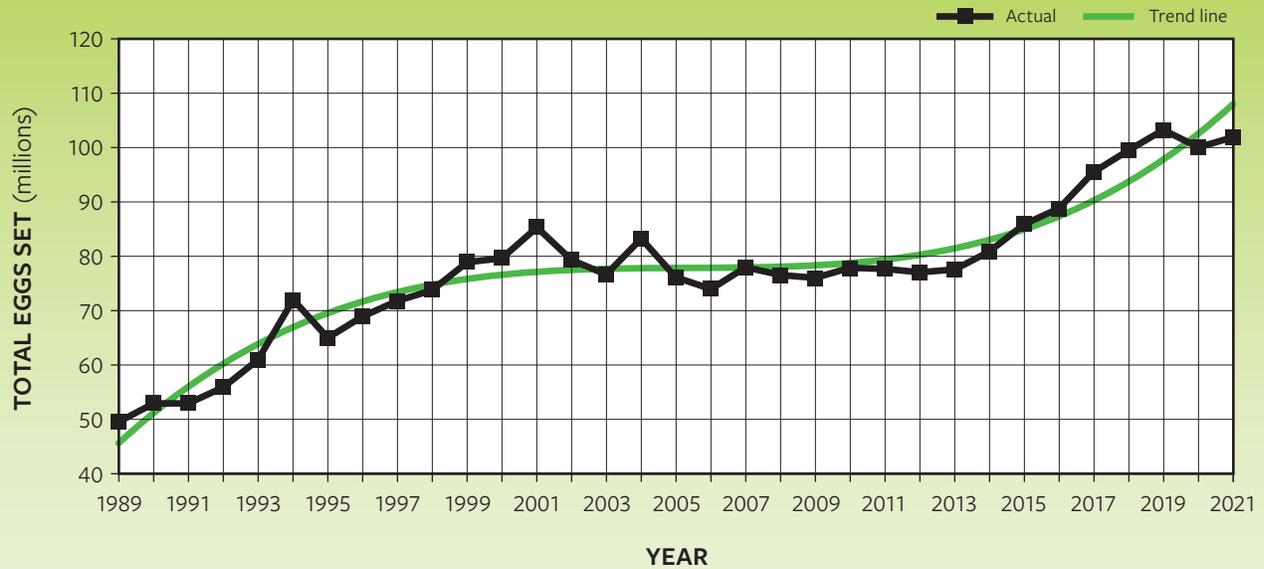
**Pricing
Mechanism**



Industry Trust

2021 Production Data

Total Sets (Egg & Chick Equivalent) 1989 - 2021

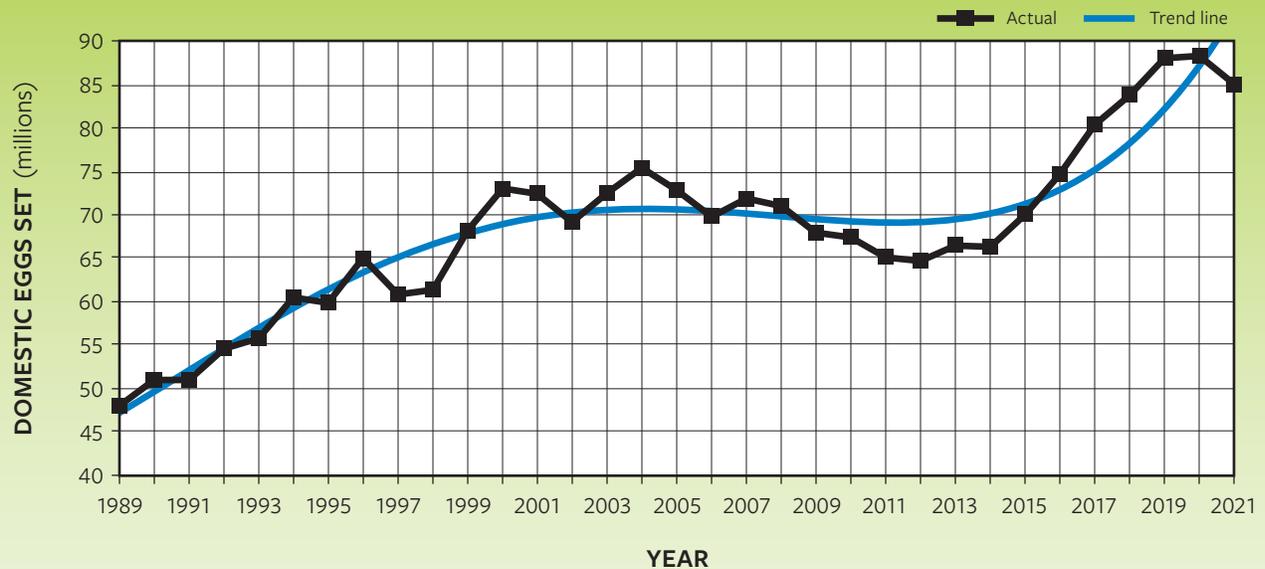


Total Sets (Egg & Chick Equivalent) 2012 - 2021



2021 Production Data

Alberta Domestic Hatching Egg Sets 1989 - 2021

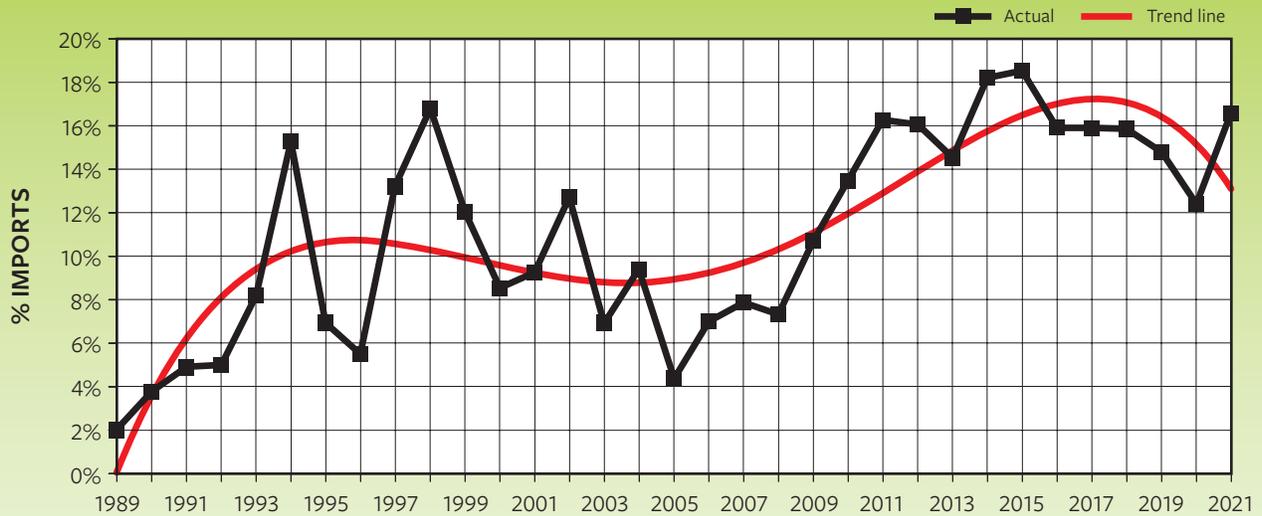


Alberta Domestic Hatching Egg Sets 2012 - 2021



2021 Production Data

**Imports as a % of Total Sets
(Egg & Chick Equivalent) 1989 - 2021**



**Imports as a % of Total Sets
(Egg & Chick Equivalent) 2012 - 2021**



Reports

Canadian Hatching Egg Producers (CHEP)

We saw another unpredictable year in 2021 as the impact of COVID-19 continued to wax and wane and cause additional uncertainty in the chicken market and elsewhere. Successive waves of public health restrictions relaxing and then tightening again due to COVID-19 spread and the introduction of new variants led to an unpredictable forecasting for the chicken market. We were faced a number of times with the possibility of the chicken allocation being reduced after it had been set, including so close to the period that it would have an impact on eggs that had already been set. Nonetheless we had some very strong performing flocks from many of our producers and provinces to meet the national allocation and the market needs. With expected recovery and growth in chicken consumption in Canada we need to be sure to put the capacity in place to be able to take advantage.

CHEP made a significant grant totaling \$480,000 to our member provinces to help offset some of the increased costs that provincial boards and producers faced due to the ongoing pandemic and recognizing the continued cost savings from working virtually at the national level. Further, over \$50,000 was donated to Food Banks Canada to benefit those facing food insecurity across Canada. CHEP was finally able to hold an in-person meeting in November meeting in

Ottawa. However, shortly thereafter additional public health restrictions were being reimposed.

The pandemic continued to inhibit trade negotiations. This included the postponement of the 12th Ministerial Conference of the World Trade Organization (WTO) that CHEP had planned to attend. Canada continues to express interest in advancing new Free Trade Agreements and to meet virtually to further negotiations that have already been started. That being said, CHEP follows these negotiations very closely to ensure that there will be no further concessions to the domestic market. Following the results of the election, we were pleased to see some of our requests reflected in the Mandate Letters to Ministers, including the commitment to mitigate the impact of the new NAFTA for producers within the first year. CHEP has been actively reaching out to the federal government so that the groundwork on this can be laid.

A significant achievement in our sector was the finalization and implementation of a new Liquidated Damages Assessment Agreement that resulted from significant discussions. This new agreement includes a temporary allocation adjustment mechanism designed to address unexpected shortfalls in production, introduces an underproduction assessment and increased the overproduction sleeve.

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) came into force for Canada at the end of 2018, but CHEP is pleased with the launch of an on-farm investment program in 2021 to mitigate the trade agreement's impact to our sector. This 10-year program providing \$88.6 million for hatching egg producers was launched by the federal government and I urge all our producers to register and make good use of the program. Unlike other funding programs, each eligible producer has an amount of funding proportionate to their quota set aside for them to use. Projects can also be retroactive to a certain extent offering far more flexibility than typical federal programs. This important program allows our industry to prepare for the TRQ that will eventually enter Canada as a result of the CPTPP agreement.

CHEP added a new position of Communications and Government Relations Advisor in 2021. The additional staff capacity has allowed CHEP to contribute in a more focused and meaningful way to policy development and



Reports

to be strong advocates for our sector to government and other audiences. CHEP also did a soft launch of both a LinkedIn and Twitter account. These will enable CHEP to raise our profile nationally to support our government relations objectives and more broadly as being the national representatives for hatching egg producers in Ottawa.

Throughout 2021, CHEP jointly supported the social media SM5 Canadian Comfort Campaign to encourage Canadians to choose quality and sustainably produced dairy poultry and egg products. This was the second year of the campaign, first introduced to take advantage of the strong interest from Canadians in supporting Canadian grown foods that had only grown during the pandemic.

Towards the end of 2021, there was also an unprecedented flooding disaster in the Fraser Valley in British Columbia that continued for far longer than could have been expected due to the significant rainfall events and the failure of water management infrastructure. CHEP followed the situation closely and coordinated with industry and federal partners to support the impacted producers as best was possible from a national perspective throughout the flooding event and into recovery and rebuilding. Our thoughts remain with those severely impacted.

2021 also saw CHEP become more active in following pressures that the agriculture and agri-food sector are facing regarding sustainability. Working closely with SM4 and the other national animal agriculture sector groups, CHEP closely monitored and participated in the Global Food Systems Dialogues as well as the resulting United Nations conference. Despite being producers of some of the most sustainable animal protein, CHEP is increasingly pressured at the national level to demonstrate sustainability and counter claims that animal agriculture is unsustainable.

On behalf of all CHEP Directors and Staff we look forward to being able to meet in person again after another year of having to participate virtually in many meetings and even AGMs.

Canadian Hatching Egg Producers



Brian Bilkes

Chair

Canadian Hatching Egg Producers

Alberta Hatchery Association

The continuing pandemic along with the extreme weather this year has presented some unique challenges to the members of the Alberta Hatchery Association. Thankfully with co-operation from all stakeholders, the supply chain has not been significantly disrupted.

The Alberta Hatchery Association is a non-profit organization which represents the interests of all active hatchery operators in the Province of Alberta. The Association is an active member of the “The Canadian Egg and Poultry Processors Council”. Through this umbrella group, CPEPC, we work on AI protocols, *Salmonella* reduction and control measures, and many other regulatory and supply concerns that affect poultry production and the marketing of poultry in Canada.

Profitability and competitiveness for our shippers can be continuously improved through efficiency gains and we help to support those production efficiencies to help keep fertile

egg costs competitive with other provinces. In this way, Alberta can strive to become one of the most cost-effective provinces in Canada to produce hatching eggs.

The Alberta Hatchery Associations’ members contribute significantly to the success of the Alberta Poultry Industry. Our members attempt to work closely with hatching egg suppliers, chicken, egg and turkey producers of Alberta, toward balancing the supply and demand cycles in an effort to maximize the benefits to all concerns and produce top quality food products for the consumers of Alberta and other marketing areas.

We thank the Alberta Hatching Egg Producers for the opportunity to contribute to your annual report and wish the Board and producers well in your meetings, the AGM and throughout the year.

Bill Roberts

Alberta Hatchery Association

Reports

Alberta Farm Animal Care (AFAC)

For the Alberta Farm Animal Care Team, 2021 was a year to step back and take a look at what has been working, what needs changing and where we need to focus our valuable resources going forward.

Because of the ongoing limitations due to COVID, we were again not able to bring people together for training sessions, meetings, ag education or our annual Livestock Care Conference. However, the scope and possibilities of what can be done virtually continues to drive new programming and innovation.

The backyard chicken program continues to grow and expand, and inspire new opportunities. The success of the virtual webinar series in 2020 led to a partnership with Alberta Pork and Prairie Swine Health for smallholder pig owners in 2021, and we delivered three webinars on topics such as general care, housing and biosecurity. We are looking into expanding this program as well as possibly adding sessions for equine and beef cattle in 2022.

Our work with the City of Calgary, first on their emotional support animal program and now in support of their new chicken bylaws will enable us to expand our reach to urban centres. We will deliver training for City staff and then certification courses for potential owners. We are reaching out again to our county partners to re-engage their chicken communities and looking at ways to support indigenous communities and other chicken owners.



The work being done on the Beekeepers Education and Engagement (BEE) Program continues – also inspired by the original chicken program. A workbook, video training, workshops and other resources will be piloted in the fall of 2022 and will enhance our unique role of bridging the gap between the commercial producers and small-holders.

The Livestock Care Conference (LCC) was again virtual in 2021 and taught us a number of lessons that will serve us well as we head into LCC 2022. While it will again be a virtual conference, we have added a number of engaging and interactive interfaces to make this more than our past Zoom LCC's. The conference has a new format and runs March 15-17, 2022 and includes two pre-sessions on March 8 and 10. The theme this year is PREP for Livestock Emergencies and over three days we will take a deeper look at the process of Plan, Respond, Evaluate and Progress as it relates to emergency preparedness including an interactive table-top emergency management session and discussions ranging from weather events, and activist activities. If the last few years have taught us anything it is we can never be too prepared for what may lie ahead.

This is just a sample of the programs your membership supports. While we have had to tighten our belts and run with a small team of part-time contractors

Alberta Farm Animal Care is proud to support the livestock sector in Alberta and proud to count Alberta Hatching Egg Producers among our commodity members. Thank you for your support.

Annemarie Pedersen
Executive Director,
Alberta Farm Animal Care



Reports

Intensive Livestock Working Group

The Intensive Livestock Working Group is a strategic alliance of the following livestock and poultry organizations.

- Alberta Beef Producers
- Alberta Cattle Feeders
- Alberta Pork
- Alberta Milk
- Alberta Chicken
- Alberta Turkey
- Egg Farmers of Alberta
- Alberta Hatching Egg Producers



In 2021, the ILWG focused on the following initiatives:

Public Trust

This four-phase initiative aims to identify critical issues that negatively impact industry/neighbour/municipal relationships and then pilot test a strategic stakeholder engagement template that builds public trust at the local level.

Phases I & II of the project have now been completed. We are now moving into Phase III of the project to take the data, the process engagement/ framework and tool from Phase I & II and conduct on-the-ground testing within selected municipalities.

Phase IV will strike a “Public Trust Standing Committee” that identifies municipalities with evolving issues that may impact CFO operations. The standing committee’s mandate would be to engage, organize, and support local producers in implementing the public trust strategies developed in the project’s first three phases.

Agri-Environmental Partnership Alberta (AEPA)

AEPA is an alliance of ag industry groups, government departments and other selected stakeholders with a mandate to facilitate provincial government and agricultural industry collaboration. The main activities are to identify and then proactively address environmental challenges and opportunities that influence the sustainability of primary production in Alberta. The three core priorities include:

- **Water:** modernize Alberta’s water management system to anticipate and meet future requirements.
- **Climate Change:** build ag industry climate change resiliency and adaptability.
- **Public Trust:** anticipate and respond to changing public perceptions of agriculture

The ILWG Executive Director assumed the industry co-chair position in April 2021. That role provides the oversight to ensure AEPA develops and implements an action plan based on its core priorities.

Bow River Phosphorus Management Plan (BRPMP)

This initiative established in 2012 is a strategic approach to address the impact of phosphorus on the Bow River, of which the ILWG is a charter member representing agriculture. It functions primarily as a coordinating body to keep track and report on projects and activities that contribute to phosphorus management in the river’s main stem.

This initiative has been successful as water in the Bow River remains of high quality and phosphorus levels consistent and acceptable as measured by water quality targets.

Reports

Natural Resources Conservation Board – Policy Advisory (PAG)

Red Tape Reduction

While the first phase of this initiative, which has been completed, focused mainly on regulatory housekeeping, the second phase now in play will look at the legislation from a relevant perspective. This phase will address if the legislation has kept pace to facilitate the adoption of practice change, technological advances and shifts in policy.

No clear response has been received in petitioning AF to provide the industry with an engagement process and timeline on an AOPA legislative review. This issue requires ongoing scrutiny.

Policy Advisory Group

One of PAG's mandates is to host accountability sessions with the Agriculture and Environment Ministers every two years, but there has been a seven-year gap since the last session. In vigorously following this up, we have been advised that the two Ministers will meet with us in early 2022.

Climate Change

In 2018, the ILWG committed to participating in a program to improve recognition of and then adapt to climate change in agriculture.

Over the past year, the ILWG has contributed to developing a climate change initiative whose primary goal is improving agricultural industry awareness and knowledge of climate change. Topics included:

- **How is Alberta's climate changing?**
- **What challenges and opportunities does this present for agriculture?**
- **In the coming months, we will provide ILWG member organizations with links to various climate change awareness presentations.**

Transforming Alberta's Environmental Regulatory System

Alberta Environment and Parks (AEP) is initiating a massive effort to modernize its regulatory system completely. This initiative is a response to complaints from industry and citizens about Alberta's environmental regulatory system being complex and challenging to navigate. There will be two major priority areas:

Regulatory Assurance Framework (RAF)

This major project will modernize the system to bring AEP's application process into the 21st century by increasing efficiency and transparency in economic development while maintaining environmental standards outlined in policies, plans, and legislation. RAF will not address the CFO-NRCB process until higher priority areas are dealt with, estimating engagement will not commence until early/mid-2022.

On the other hand, it would be wise to assume that Alberta's water licensing system will come under scrutiny.

Water Futures Project

This initiative was an Alberta Water Council project (the ILWG was a full participant) that identified the top future risks that may affect the strategy, policy, legislation, regulation, governance, data, and regional/watershed delivery of Alberta's water management system. The project also assessed the readiness of the system to respond and capitalize on opportunities to improve the overall water management system.

Subsequently, the AWC Board engaged with the AEP executive, and the message back was a commitment to take this collaborative project to the next phase, with the ILWG playing a contributing role.

Crop Sector Collaboration

This initiative is a collaborative effort between the ILWG and the cropping sector to identify and manage overarching issues to enhance agriculture's influence on government policy and resource allocation.

Rawnauld Axelson

Executive Director,

Alberta Intensive Livestock Working Group

Reports

The Poultry Innovation Partnership (PIP)

What a year 2021 has been! I am an optimist and believed we would be working our way out of the pandemic well before the end of 2021, yet... here we are. As I look back, I gratefully reflect on the value that comes from working together. The support of our partners has enabled us to continue to work toward our mission of advancing the Canadian poultry enterprise through excellence in research, extension and training tomorrow's poultry professionals.

In January 2021, PIP's Board of Directors mandated a review of the partnership's purpose, performance, and direction. The review gathered enthusiastic and consistent input from a broad group of stakeholders and compared PIP to nine other local, national and international research organizations. The results found that PIP was more complex in its mission. Its strongest roles are as an industry integrator and extension service provider, and that many organizations look to PIP as an aspirational goal. The final recommendations were that PIP should continue to follow its strategic plan with 1) an increased focus on developing a stable funding platform that would grow the matching of industry contributions to PIP, 2) Work creatively with students and industry to expand the industry literacy and readiness of students, and 3) Expand the collaboration and connection with the service industry and other institutions. We have strategically leveraged industry partner funds to pave the way to a sustainable future for PIP. To date, each industry dollar is leveraged 14 times, meaning that each industry dollar provides \$14 in value back to each of our partners. PIP received \$400,000 of funding for a two-year project titled "Technology Transfer Ecosystem to Support Innovation Adoption in the Alberta Poultry Industry." This project is funded by the Government of Canada and the Government of Alberta through the Canadian Agricultural Partnership and Results Driven Agriculture Research (RDAR).

With the addition of two new team members, Dr. Mohammad Afrouziyeh and Thania Moraes, together with the team of Dr. Valerie Carney, Brenda Reimer and Dawn Hage, PIP delivered trusted favourites like Western Poultry Conference (virtual) and new initiatives such as the PIP newsletter, Innovation Showcase, virtual Flock Talks and



webinars. Resources from these events can be found on the PIP website (poultryinnovationpartnership.ca) where you can catch up on anything you may have missed.

PIP developed a new initiative, the Canadian Poultry Research Forum, to stay on the leading edge of innovation and connect PIP partners with the newest researchers. This event hosted 233 poultry science researchers from across Canada. It provided an excellent opportunity to identify research projects that address the poultry industry's needs, develop strategic collaborations, and was an opportunity for students to gain valuable experience.

Dr. Valerie Carney

Poultry Innovation Partnership Lead

Reports



Results Driven Agriculture Research

Results Driven Agriculture Research (RDAR) 2021 – Putting research into practice to bring practical outcomes to Alberta producers.

This coming year, together with our producer, public, and private partners, RDAR will continue to drive results that make our world more sustainable economically, socially, and environmentally.

With the new year comes a time of reflection on the events that shaped RDAR throughout these past 12 months. While hard to narrow down, we would like to share some of our pillars of achievement for Alberta Hatching Egg Producers that stuck out as our most influential moments of 2021 for RDAR.

We connect researchers with funding opportunities as they work to solve real-world industry needs.

In 2021, RDAR hosted three funding competitions to connect researchers to access funding opportunities. The RDAR Fast Call: for drought and heat stress funding, The Agriculture Funding Consortium 2021/22 Call for proposals and the RDAR Accelerating Agricultural Innovations Call.

This past year unpredictable weather events contributed to the industry's volatility. The impact of severe drought, then floods, created lasting effects for the producers who work so hard to keep us all fed. To be agile to meet the producers' needs quickly, RDAR launched a Drought and Extreme Heat Funding opportunity. This Fast Call is RDAR's responsive approach and commitment to review and provide funding for the developing solutions for the urgent and emergent issues facing Alberta's farmers and ranchers. In 2021, this call funded seven projects totaling \$539,229.

This past year, RDAR continued to coordinate the intake of Agriculture Funding Consortium (AFC) grant applications. The AFC's 17 members from Western Canada collaborate to select, review, and approve agriculture project funding and stimulate private and public sector participation for research and innovation projects that support sustainability, diversification, and long-term growth for agriculture and the food industry. As of December 2021, RDAR will have approved 41 projects valued at more than \$9 million in partnership with other AFC members.

To continue to drive tangible outcomes and benefits for producers in the barn and on the field, RDAR launched its Accelerating Agricultural Innovations Call for Proposals. RDAR funds research and knowledge transfer and translation projects to accelerate agricultural innovations in Alberta's livestock, crop, and value-added industries through this call. In 2021, this amounted to investment in 47 projects totaling \$9.3 million.

Reports

RDAR, Feather Boards and researchers' partner to boost technology transfer and innovation adoption across the poultry sector

This past October, the Poultry Innovation Partnership (PIP) was awarded \$400,000 by RDAR to develop a technology transfer ecosystem to support innovation adoption in the Alberta poultry industry. This investment from RDAR's Accelerating Agricultural Innovations Call will enable PIP to translate knowledge to Alberta's poultry producers, complete demonstration feasibility analysis projects and develop communication tools to support the adoption of best practices.

RDAR funding produces tangible outcomes that drive industry competitiveness

In spring 2021, Alberta's four poultry producer boards signed a three-year, \$1.02M diagnostics agreement with UCVM that included hiring a poultry pathologist, additional technical support and installing an after-hours receiving module.

Through Strategic Research and Development Program (SRDP) funding, a \$1.4M in 'progress' grant administered by RDAR to UCVM has added bacteriology diagnostics, outbreak investigation, additional technical support, and Alberta-supported pricing to producers/veterinarians. This grant will continue to support the critical work UCVM provides to support Albertan and western Canadian veterinarians and producers. The value of this Alberta-located resource was underscored during the 2021 BC flood and the loss of BC veterinary services. The UCVM diagnostic team stepped-up to provide essential services and support livestock producers during a crisis.

Looking forward

On January 18th, RDAR will host its first AGM in Edmonton and launch our first Strategic Framework. This plan will chart RDAR's course for the next five years and describe investment strategies, objectives, and performance measures.



In 2022, we look forward to continued collaboration with Alberta Hatching Egg Producers and our many industry partners to achieve RDAR's vision – Alberta's agriculture and food sectors achieve their full potential through producer-led, strategic investments in research and innovation.

To stay connected to RDAR and the latest agriculture researching funding updates, visit www.rdar.ca and follow us on Twitter @RDARAlberta and LinkedIn: [Results Driven Agriculture Research](#).

Dr. David Chalack
RDAR Board Chair

2021 Board Highlights

Producer Meetings

In the past the AHEP Board held Spring and Fall Chick 'n Chat meetings in Edmonton, Westlock and Strathmore. In 2019, the Board adopted a different format which were structured as producer forums. As with most things since March 2020, challenges were had with hosting in-person meetings; so the 2021 producer meeting was once again different in structure due to the COVID-19 Global Pandemic.

In July 2021, a producer meeting was held which combined both in-person and virtual attendees. Topics on the agenda included: an update on the COP, Allocation, Balance of Supply and an update on the SE/PIE insurance. From this

meeting, the AHEP Board was able to update producers on these important topics, and glean valuable insight from the discussions.

AHEP appreciates the attendance (both virtually and in-person) of producers at the producer meetings as they provide the hatching egg sector an opportunity to be updated on Industry events. The meetings also provide an opportunity for producers to share ideas with the Board, and peers. We look forward to the continued interest in these meetings into 2022.

Alberta SM5

In Alberta there are five commodities that are part of the national supply-management system: dairy, table eggs, hatching eggs, chicken, and turkey. The respective producer-run organizations (Alberta Milk, Egg Farmers of Alberta, Alberta Hatching Egg Producers, Alberta Chicken Producers and Alberta Turkey Producers) are collectively referred to as the SM5.

The SM5 groups work together on joint initiatives to foster positive relations with the provincial and federal governments, to ensure that the SM5 is consulted and asked to provide input on discussions or decisions that impact supply management.

Events and meetings are initiated to provide opportunities for government members to learn about the supply-managed commodities and the contribution that supply managed farms make to the economy and communities. By working together, the SM5 are better able to leverage resources to advocate on behalf of the supply management system.

In 2021, Alberta SM5's focused messaging to the government on the economic contributions our industries make to the Alberta economy. SM5's contributions to Red Tape Reduction initiatives were also highlighted as this was a significant focus of the Alberta government in 2021.



2021 Board Highlights

project AGRICULTURE

project AGRICULTURE was launched in November 2019 and is currently in its third school year of implementation. Our user base has increased over each implementation year, with steady and consistent gains in user visits, time spent on the site and pageviews, and resource downloads, which have totalled 210 since the beginning of the 2020-2021 school year. We have also seen monthly increases in our subscriber base, currently at about 175 junior/senior high teachers.

project AGRICULTURE has continued to be exceptionally well received by teachers, with feedback coming from a range of promotional activities completed and ongoing communication with contacts established over the implementation years. The following two quotations represent feedback received on the program:

Edmonton Public Schools district consultant:

“Part of my job is linking the community to classrooms, so students can see the links between what they are learning and the world of work. I love your website and your projects! They provide authentic learning tasks that are engaging for students.”

Edmonton Catholic Schools junior high classroom teacher:

“This project was VERY useful during these COVID times... I teach inhouse and synchronous online at the same time. The information provided on the website helped to bridge research and skill components that I would do in the classroom for those online students.”

Activities in the 2020-21 and the current school year have included MailChimp email campaigns, phone or virtual meetings with interested consultants and district leaders to promote the program, as well as professional development sessions offered through Alberta Teachers' Association specialist councils, teacher conventions and at district professional development days coordinated through the Alberta Regional Professional Development Consortia. Professional learning continues to be one of the most effective ways to promote the use of the program and



its resources, with significant increases in site traffic and resource downloads around these events.

The program had eleven student project submissions in the past school year, which are currently displayed on the SHARE webpage of the site, accessed at www.projectagriculture.ca/share/.

The website was revised and streamlined in spring/summer 2021, with a new look and easier access to each topic and launched in September 2021.

The 2020-2021 and this current school year have continued to pose challenges, with the COVID-19 situation ongoing and districts implementing a combination of government recommendations and policies to move between in-class and online learning contexts. The current focus for the program is on the development and addition of three new crop-focused topics to the website, supported by Alberta Wheat & Barley, Alberta Canola and Alberta Pulse Growers. These topics are targeted for a January/February 2022 launch. This will also provide opportunities to broaden and promote the entire project AGRICULTURE program.



2021 Board Highlights

Animal Care Program

Alberta hatching egg producers (AHEP) continue to excel in fulfilling the Animal Care Program (ACP) requirements. The ACP and audit schedule demonstrate and confirm to all upstream industries and consumers that these are standard daily practices on broiler hatching egg farms in all Canadian provinces. The AHEP office uses a third-party auditor who conducted five full and 15 record ACP audits in 2021. Among those audits, there was a total of eight Corrective Actions issued by Alberta's auditor, with 100% resolved within the allotted timeframe. A total of 12 producers received no corrective actions. The most common corrective action was the **absence** of written SOPs related to bird handling and euthanasia.

Additionally, in 2021 the CHEP Production Management Committee reviewed compiled feedback on the ACP. Suggested changes are set to minimize duplication with the CHEQ™ program (i.e., matching the ACP water test requirement to match CHEQ™) and taking advantage of efficiencies while remaining practical (i.e., barn selection process, definitions, blank fillable templates for records). Additionally, the committee hopes to remove hypothetical questions related to management and training and replace them with requests for examples from producers. The AHEP office will continue to communicate any official changes to the program to producers.



On-Farm Food Safety Program



AHEP also has an essential role in producing safe food, a top consumer concern. Consequently, all Alberta's hatching egg producers are certified through successful third-party audits of the Canadian Hatching Egg Quality Program (CHEQ). This national on-farm food safety program gives consumers assurances that the foods they handle and sell are as safe as they can be. In 2021 a total of six full, nine partial and five record CHEQ audits were completed. Among those audits, there was a total of 24 Corrective Actions issued by Alberta's auditor, with 100% resolved within the allotted timeframe. A total of nine producers received no corrective actions. The most common corrective action was related to missing water samples or testing results.

Internal Audits

As per program changes made by the Canadian Hatching Egg Producers (CHEP), AHEP's provincial auditor was audited by a third-party auditor in November 2021. The audit covered the ACP and AHEP's auditor successfully met the program's requirements with no corrective actions. Internal audits such as these inform management reviews and ensure the program is managed consistently across the country. To remain consistent across programs and meet CFIA requirements, CHEP is also considering incorporating an internal audit component for the CHEQ™ program.

2021 Board Highlights

Program Certificates

In March 2021, the Production Management committee agreed to move towards electronic certification for both the ACP and CHEQ™ program, with the option of printing a copy at home or receiving a hard copy. Certificates (hardcopy or electronic) on their own do not equal certification and will still require validation from the provincial board. Producers will be notified of these changes when they are officially implemented.

Salmonella Monitoring

The Alberta Hatching Egg Producers continue to actively monitor breeder chicks and pullet/cockerel barns for the presence of *Salmonella*. With increasing concern in food safety, by CFIA and Health Canada, the chicken industry is moving from a reduction of risk focus to that of zero tolerance. When *Salmonella* Enteritidis (S.E.) is detected in a rearing facility, mitigation strategies are implemented, and retesting of the barn environment occurs. Not all strategies are successful resulting in the costly depopulation of young, immature flocks. Thankfully, Alberta's hatching egg producers have invested in insurance (Poultry Insurance Exchange – PIE) to cover the financial burden of losing a flock prior to its production cycle. Insurance claims should be a last resort and not standard practice.

Since becoming subscribers to PIE, Alberta has contributed significant dollars to the reciprocal insurance program, both in initial start-up contribution and yearly premiums. Unfortunately, claims have exceeded total collections requiring a premium increase to reinstate a positive balance to the Alberta account or “silo”. This is not sustainable.

In July of 2021, AHEP met with industry and government veterinarians, Alberta Agriculture and PIE representatives. The meeting reviewed the history of *Salmonella* monitoring in Alberta as well as the principals of reciprocal insurance. The original and current intent of monitoring was discussed without consensus regarding interventions, mitigation strategies and the protocol following an environmental SE positive. All broiler breeders in Alberta receive multiple vaccinations for protection against *Salmonella* and attendees, at this meeting, acknowledged that vaccinations are a positive approach to building bird immunity to SE.



Other measures, including biosecurity, rodent control, cleaning and disinfection and litter management all contribute towards a reduction of risk of SE being present in the breeder barns. Despite all strategies, SE may be detected in the barn environment. All agreed that it is imperative to determine the source and vector of *Salmonella* entry. A complete disease investigation on farm is a logical process to follow. To be successful, this scrutiny, beyond regular surveillance norms, should end with SE detection. Without agreement on the course of action on disease investigation approach and response, flock depopulation will continue to present a risk to the chicken supply chain.

Alberta Hatching Egg Producers and Alberta Chicken Producers have begun working together to conclude standard protocols that will be acceptable to all value chain partners to ensure Alberta continues to supply a safe chicken product to consumers. A continued reminder, that the final line of defense is proper food handling and cooking. Together with on farm measures, the chicken industry will continue to maintain consumer confidence.

2021 Summary		
Source	# Samples	Salmonella Detected
Day Old Breeder Chick Pads	160	0
Environmental Swabs	489	35

2021 Board Highlights

Emergency Management

The Alberta Poultry Industry Emergency Management Team (APIEMT) initiative began in response to the 2004 Avian Influenza scare in British Columbia and the United States, which prompted the industry to recognize the need for large-scale emergency preparedness plans for disease outbreaks and natural disasters like wildfire or flooding. The APIEMT is comprised of the following members: the four poultry commodities (ACP, ATP, AHEP, and EFA), egg graders, egg processors, feed industry, meat and egg hatcheries, meat processors and communications consultants. Both federal and provincial government partners have also been consulted and involved in developing and implementing emergency preparedness and response resources (e.g., API Emergency Response Plan used by industry). The four General Managers/Executive Directors that form the Leadership Group set direction and priorities. Currently, a staff member from each commodity forms the Working Group and are tasked to do the work necessary to achieve priorities. The four poultry boards contract Kim Irving of Risk Ready, to provide overall expertise and guidance to all involved in emergency preparedness for the poultry industry in Alberta.

The Animal Health Emergency Management Project (AHEM) recently hosted a webinar entitled Navigating the Unexpected – Emergency Management 101. They defined an emergency as “A serious, unexpected situation that requires immediate action”. They further explained that emergency management refers to “actions and management used

to mitigate, prepare for, respond to and recover from an emergency. The poultry industry in Canada is often praised for the work that has been done in emergency management and are viewed as leaders in this area. In Alberta specifically, the APIEMT has been operational since 2004, following the devastation to the poultry industry in the Fraser Valley of British Columbia caused by Avian Influenza.

The Leadership Group provides the following summary of 2021:

In Alberta, the poultry industry was fortunate to not have been directly impacted by the fires and flooding in BC or the recent Avian Influenza detection in eastern Canada. Working together, the APIEMT can use the learnings from these and other events to better prepare the industry to deal with changing risks.

Over the last few years, the industry has been focusing on completing a number of key emergency management projects including a redesigned ERP, SharePoint site, crisis communications plan, mapping tools, personal protective equipment plan, to name a few. As the development phase of these projects draws to a close, engaging the APIEMT team in a new way is a priority.

The depth and breadth of industry experience and knowledge across the APIEMT membership is extensive. Leveraging this experience and knowledge through a more robust team-based approach to stewardship of the emergency management program is the most effective and beneficial way to protect the brand, people and assets that make up the poultry industry.

A few of the changes that are proposed include:

- increase focus on future strategy and innovative approaches to working together and collaborating within the industry
- involve APIEMT members directly in key initiatives that are important to the poultry emergency management program
- quarterly meetings as opposed to semi-annual meetings will provide the opportunity for team members to share insights, discuss approaches to industry challenges and issues and to develop joint plans to address industry priorities.



2021 Project Summaries

Incident Command System Approach

In early 2021, the APIEMT revisited how the Incident Command System (ICS) approach to emergency management was working. It was determined that there was a need to modify the structure of emergency response in the poultry industry. The APIEMT plans to continue modifications to the current design in 2022.

Personal Protective Equipment (PPE) Inventory

In 2018, the APIEMT previously purchased a supply of PPE in preparation for a worst-case emergency scenario. During the COVID-19 pandemic, the APIEMT used a portion of its PPE storage stocks (specifically N95 masks) to support front-line industry workers. In June 2021, the team started planning to replenish the PPE inventory based on a new worst-case scenario model and a new inventory management plan which will be fully implemented by 2022.

FireSmart

In September 2021, the APIEMT started a partnership with Alberta Agriculture and Forestry's FireSmart program. The FireSmart program uses preventative measures to reduce wildfire threats to Albertans and their communities while balancing the benefits of wildfire on the landscape. Given the increasing risk and occurrence of wildfires in recent years, the APIEMT will be working with Laura Stewart (Government of Alberta FireSmart Specialist) to develop and create a Poultry FireSmart Program. This program will provide producers with support and resources on fire prevention. Work is also planned on collaborating with municipal and county fire chiefs and their teams to better understand the fire mitigation needs of poultry producers during an evacuation. More information will be provided at the 2022 Western Poultry Conference.

Geofencing Initiative

In November 2021, the APIEMT wrapped up its work on the Geofencing Project initiative. This project started in 2017 to increase knowledge of Geofencing tools and develop a better partnership between producers and service providers in preventing the spread of disease. In 2019, renewed funding to work on this project was received from the Canadian Agricultural Partnership (CAP) Risk Mitigation Program with the following project extension objectives:



- Assessing the Farm Health Guardian (FHG) tool (formerly Be Seen Be Safe),
- Researching and testing other mapping tools and services, and
- Reviewing potential communication tools and technology to utilize during an emergency.

Ultimately, evaluation and testing of the FHG tool by the APIEMT working group determined that alternate mapping options could better meet the needs of the industry. The four industry boards are confident that their respective processes and tools to communicate to stakeholders during an emergency will provide effective communication capability with minor updates and modifications.

Depopulation and Disposal Plan

Another major initiative that the APIEMT has been working on since 2020 is establishing a Depopulation and Disposal plan for Alberta's poultry industry. Currently, the team is determining a baseline of existing equipment and services, including when and where they can be deployed and gaps. This will inform the development of a Request for Proposal (RPF) that clearly articulates the needs of Alberta's poultry industry for sustainable depopulation and disposal services. In March 2022, the four poultry boards will move into a formalized contract for depopulation services and develop long-term plans (i.e., capital investments) throughout 2022.

The APIEMT looks forward in 2022 to engaging producers in all its projects and welcomes any questions you may have!

Financial Statements

Alberta Hatching Egg Producers Financial Statement

Year Ended November 30, 2021

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KING & COMPANY

CHARTERED PROFESSIONAL ACCOUNTANTS

Suite 1400
10130 - 103 Street, NW
Edmonton, AB T5J 3N9

Tel : (780) 423-2437
Fax: (780) 426-5861
www.kingco.ca

INDEPENDENT AUDITOR'S REPORT

To the Directors of Alberta Hatching Egg Producers

Opinion

We have audited the financial statements of Alberta Hatching Egg Producers (the Board), which comprise the statement of financial position as at November 30, 2021, 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, 2021, 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)

Independent Auditor's Report to the Directors of Alberta Hatching Egg Producers (continued)

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
February 15, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

ALBERTA HATCHING EGG PRODUCERS**Statement of Financial Position****As at November 30, 2021**

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 973,968	\$ 914,361
Term deposits (Note 2)	384,459	582,963
Accounts receivable (Note 3)	224,134	153,275
Prepaid expenses	63,725	44,683
	<u>1,646,286</u>	1,695,282
EQUIPMENT AND LEASEHOLD IMPROVEMENTS (Note 4)	<u>16,496</u>	17,037
	<u>\$ 1,662,782</u>	<u>\$ 1,712,319</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 256,755	\$ 675,588
CONTINGENT LIABILITY (Note 6)		
COMMITMENTS (Note 7)		
NET ASSETS		
Invested in equipment and leasehold improvements	16,496	17,037
Unrestricted	1,389,531	1,019,694
	<u>1,406,027</u>	1,036,731
	<u>\$ 1,662,782</u>	<u>\$ 1,712,319</u>

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

ALBERTA HATCHING EGG PRODUCERS**Statement of Operations****Year Ended November 30, 2021**

	2021	2020
REVENUE		
Provincial levies	\$ 1,517,668	\$ 1,451,466
Diagnostic and other	96,055	108,136
Grants	30,367	3,394
Interest	784	20,550
	<u>1,644,874</u>	<u>1,583,546</u>
EXPENSES		
Salaries and benefits	293,852	296,560
Canadian Hatching Egg Producers levies	254,999	261,431
Poultry risk management	251,076	263,763
Members' allowance	95,915	86,062
Rent	39,451	35,361
Office (<i>Schedule 1</i>)	30,139	20,004
Meeting expenses	28,426	29,443
Professional fees	26,793	57,365
Members' expenses	23,700	26,632
Advertising, promotion and dues	9,275	6,421
Employee operational expenses	8,800	10,466
Telephone and fax	8,238	5,852
Contract services	4,465	5,091
Insurance and bonding	3,889	3,033
Amortization of equipment and leasehold improvements	3,862	4,857
Liquidated damages assessment	3,689	252,000
Interest and bank charges	1,839	2,176
Early shipout	-	509,028
Bad debts	-	453
	<u>1,088,408</u>	<u>1,875,998</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	556,466	(292,452)
SPECIAL PROJECT EXPENSES (<i>Schedule 2</i>)	187,170	284,231
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 369,296	\$ (576,683)

ALBERTA HATCHING EGG PRODUCERS
Statement of Changes in Net Assets
Year Ended November 30, 2021

	Invested in Equipment and Leasehold Improvements	Unrestricted	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 17,037	\$ 1,019,694	\$ 1,036,731	\$ 1,613,414
Excess (deficiency) of revenue over expenses	(3,862)	373,158	369,296	(576,683)
Purchase of equipment	3,321	(3,321)	-	-
NET ASSETS - END OF YEAR	\$ 16,496	\$ 1,389,531	\$ 1,406,027	\$ 1,036,731

ALBERTA HATCHING EGG PRODUCERS**Statement of Cash Flows****Year Ended November 30, 2021**

	2021	2020
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 369,296	\$ (576,683)
Item not affecting cash:		
Amortization of equipment and leasehold improvements	3,862	4,857
	<u>373,158</u>	<u>(571,826)</u>
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	(418,834)	275,597
Accounts receivable	(70,859)	144,318
Prepaid expenses	(19,042)	(15,833)
	<u>(508,735)</u>	<u>404,082</u>
Cash flow used by operating activities	<u>(135,577)</u>	<u>(167,744)</u>
INVESTING ACTIVITY		
Purchase of equipment and leasehold improvements	<u>(3,320)</u>	<u>-</u>
DECREASE IN CASH	(138,897)	(167,744)
CASH - BEGINNING OF YEAR	<u>1,497,324</u>	<u>1,665,068</u>
CASH - END OF YEAR	<u>\$ 1,358,427</u>	<u>\$ 1,497,324</u>
CASH CONSISTS OF:		
Cash	\$ 973,968	\$ 914,361
Term deposits	<u>384,459</u>	<u>582,963</u>
	<u>\$ 1,358,427</u>	<u>\$ 1,497,324</u>

ALBERTA HATCHING EGG PRODUCERS

Notes to Financial Statements

Year Ended November 30, 2021

NATURE OF OPERATIONS

The Alberta Hatching Egg Producers (the "Board") was incorporated under the Marketing of Agricultural Products Act to allot production and marketing quotas and to establish prices paid to producers by hatcheries for broiler hatching eggs in the Province of Alberta. The Board is a not-for-profit organization and is exempt from income taxes under the Income Tax Act. The Board charges levies, and quota allocation fees, as authorized under regulation, to fund its activities and to assist in enforcing regulations.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Revenue Recognition

The Board follows the deferral method of accounting for contributions. Restricted contributions are recognized in revenue in the year in which the related expenses are incurred. Unrestricted contributions and other revenue are recognized in revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions for the acquisition of property and equipment are deferred and recognized as revenue in the periods in which the related amortization expense of the funded assets is recorded.

Levies are set on an annual basis and are on a timely basis after the eggs are set. Hatcheries remit levies based on the eggs hatched.

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.

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.

Cash

Cash is comprised of cash held with financial institutions.

(continues)

ALBERTA HATCHING EGG PRODUCERS

Notes to Financial Statements

Year Ended November 30, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment and Leasehold Improvements

Equipment and leasehold improvements are stated at cost or deemed cost less accumulated amortization, and are amortized over their estimated useful lives at the following rates and methods:

Furniture and equipment	20%	declining balance method
Computer	30%	declining balance method
Website	10%	straight-line method
Leasehold improvements	20%	straight-line method

Equipment and leasehold improvements acquired during the period but not placed into use are not amortized until they are placed into use.

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 revenue 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. TERM DEPOSITS

	<u>2021</u>	<u>2020</u>
Unrestricted	\$ 274,059	\$ 472,563
Restricted	110,400	110,400
	<u>\$ 384,459</u>	<u>\$ 582,963</u>

Unrestricted term deposits bear interest averaging 0.12% (2020 - 0.76%), maturing from December 2021 to October 2022.

Restricted term deposit bears interest at 0.15% (2020 - 0.15%), maturing on October 8, 2022 and is held as security for the Canadian Hatching Egg Producers contract as described in Note 6.

3. ACCOUNTS RECEIVABLE

	<u>2021</u>	<u>2020</u>
Levies and other	\$ 224,134	\$ 140,955
Contract quota	-	6,223
Interest	-	6,097
	<u>\$ 224,134</u>	<u>\$ 153,275</u>

ALBERTA HATCHING EGG PRODUCERS

Notes to Financial Statements

Year Ended November 30, 2021

4. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer	\$ 37,202	\$ 35,262	\$ 1,940	\$ 1,692
Furniture and equipment	31,043	24,798	6,245	7,806
Leasehold improvements	1,695	169	1,526	-
Website	32,039	25,254	6,785	7,539
	<u>\$ 101,979</u>	<u>\$ 85,483</u>	<u>\$ 16,496</u>	<u>\$ 17,037</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Liquidated damages assessment	\$ 116,428	\$ 503,161
Trade and other	43,734	62,256
Canadian Hatching Egg Producers	37,783	20,489
Wages	32,605	71,601
Government remittances	26,205	18,081
	<u>\$ 256,755</u>	<u>\$ 675,588</u>

6. CONTINGENT LIABILITY

The Board is contingently liable to the Canadian Hatching Egg Producers under an over-marketing agreement and has assigned a guaranteed investment certificate for \$110,400 as security in the event that its provincial quota allocation is exceeded.

ALBERTA HATCHING EGG PRODUCERS

Notes to Financial Statements

Year Ended November 30, 2021

7. COMMITMENTS

University of Alberta Grant

The Board has committed a total of \$154,892 to be paid to the Poultry Innovation Partnership Agreement, with annual payments until April 1, 2023.

University of Calgary

The Board has committed a total of \$81,600 to be paid to the University of Calgary with annual payments of \$27,200 until March 31, 2024.

Lease

The board has committed until August 31, 2026 under operating leases for premises, to annual rent as follows plus operating expenses as defined in the lease:

2022	\$	28,314
2023		28,314
2024		28,314
2025		29,887
2026		22,415
		<u>137,244</u>
	\$	<u>137,244</u>

8. 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, 2021.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Board's financial instruments that are exposed to credit risk are primarily cash, term deposits 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 accounts receivable are from entities that conduct their business within the same industry.

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 term deposits.

ALBERTA HATCHING EGG PRODUCERS

Office

(Schedule 1)

Year Ended November 30, 2021

	2021	2020
Office expenses		
Office	\$ 17,658	\$ 9,302
Website and internet	11,584	9,141
Courier and postage	897	1,561
	\$ 30,139	\$ 20,004

ALBERTA HATCHING EGG PRODUCERS

Special Project

(Schedule 2)

Year Ended November 30, 2021

	2021	2020
Special project expenses		
Diagnostic and veterinary	\$ 46,827	\$ 52,158
COP update fee	45,305	64,000
Grants	40,854	63,616
PIE audit and testing	36,906	38,162
Emergency management	5,870	19,385
Animal care program	4,537	19,192
ILWG-MOU	4,203	4,886
SM5 cost share	2,052	6,088
Offsaps	616	362
Producer services	-	16,382
	\$ 187,170	\$ 284,231

AHEP Priorities 2022



**Strengthen
Value Chain**



**Producer
Engagement**



**Governance
Consistency**



**Managing
Domestic Supply**

Acknowledgement





Alberta Hatching Egg
Producers 

9677 - 45 Avenue NW
Edmonton, Alberta T6E 5Z8
Tel: 780-434-8414 | Fax: 780-434-9552
Email: info@ahep.ca

www.ahep.ca