

2022 ANNUAL REPORT





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MISSION

- Working with all our partners to create a quality product for the supply chain, while fostering a sustainable industry.



VISION

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

BOARD OF DIRECTORS

Jeff Notenbomer

Chair

Exofficio, New Entrant Committee, Supply Chain Management Committee, Poultry Research Committee/PIP, SE Committee

Kevin Tiemstra

Vice-Chair

CHEP Director, SE Committee,

Dennis Wickersham

Director

CHEP Alternate, Quality Standards Committee

Brian Wassink

Director

ACP Advisory, Intensive Livestock Working Group

Ilja Veldhuizen

Director

Alberta Farm Animal Care Association, Intensive Livestock Working Group

Harry Voorhorst

Mentorship Director



(left to right)

Brian Wassink, Kevin Tiemstra, Jeff Notenbomer, Dennis Wickersham, Ilja Veldhuizen, Harry Voorhorst

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

This past year was characterized by the lingering affects of a COVID hangover with the overshadowing onset of HPAI.

Meetings with our industry partners and producers early in the year had just begun a turn around with the evolution of a hybrid mix of “in-person and virtual meetings”, to a point of mostly in-person meetings. The year was on a rebound, with the optimism of normalcy. In April of this year, we encountered, in Alberta, what every poultry producer hoped to not experience; Avian Influenza.

Growth for the industry at the start of this year, was on track to a progressive rebuild from 2019 level of volumes, as a result of COVID, with an adjustment to flock life, followed with an upward utilization in placements. Further, there was an increase in consumer confidence resulting in the increasing food service sector (lifting of COVID restrictions) with an anticipated resumption of retail sales to more normal consumer levels a purchasing behavior.

Production to achieve the forecasted market needs through our national advisories gave our industry a road map to look at rebuilding our breeder production base. Domestic allocation 2022 over 2021 increased by 1.3% and domestic allocation 2023 over 2022 forecast increased by 3.8%. As we are aware, our industry sector needs to plan 18 months in advance to achieve our targets. On April 5th, Alberta experienced our first case of Avian Influenza. Unfortunately, three of our breeder farms, representing approximately 14% of our industry, contracted AI. The reduction in production of broiler hatching eggs this year was huge; however, with the cooperation of our producers increasing flock life to 63 weeks, Alberta achieved domestic production at a level of 97%. For 2023, Alberta is expected to meet our allocation of 90,592,727 sets through our increased utilization and maintaining a flock life of approximately 59 weeks, barring no disasters. On a positive note, we did not experience any overproduction assessments in 2022.

The Alberta Poultry Industry Emergency Management Team (APIEMT), played and continues to play a critical role through our AI crisis in the coordination and working with CFIA and our producers. Requirements of the CFIA were supported by the APIEMT in depopulation, cleaning and disinfection, permitting and reinstatement of producer production. Further, media relations is critical in developing and sending out the proper narrative to assure our consumers that they can rely on the Alberta poultry sector to meet their needs. Thank you to the SM4 team for your work and dedication.

With utilization increasing to meet the demand of chicken volumes, AHEP has consulted with our producers and has re-engaged the New Entrant Program (NEP) to fill the gap in allocation and to introduce new producers into this industry. Alberta joins the provinces of Manitoba and Quebec to encourage young producers to consider participation in our great industry. We will have the most recent round of the NEP completed in March of 2023.

Strategic direction of organizations is an expected credential for success. AHEP has worked with Finley and Associates to review our industries Vision, Mission, and Strategic Priorities. Through this process we have developed our industry Goals, Key Success Factors and identified our Key Performance Indicators. As a supplement, AHEP have worked with Alberta Chicken Producers (ACP), our hatchery/processors facilitated with Finley and Associates through



the value chain analysis to identify efficiencies and synergies we can collectively work toward. I appreciate our value chain partners participation.

The four strategic priorities AHEP has work through are:

- **Strengthen Value Chain**
- **Producer Engagement**
- **Governance Consistency**
- **Managing Domestic Supply**

“**Strengthen Value Chain**” was achieved through two efforts with the collective meetings with our industry partners working through value chain mapping and developing proposed solutions to allocations and right sizing consumer chicken products. The process will be continued into 2023 with our collective industry partners.

The “**Producer Engagement**” priority was achieved once again by hosting an “in-person” AGM and August summer meetings which were followed up with a producer round table social event. AHEP will continue to work on this type of model to communicate industry activities and work toward developing workshops like producer emergency management.

“**Governance Consistency**” is an expectation of an assembly, board or commission to ensure accountability to the group and constituents. AHEP directors participate in governance training offered by Marketing Council and private agencies to understand principles of governance of producer

organizations. As well, we have introduced, successfully the Mentorship Directorship Initiative (MDI) to encourage our constituents to participate and expose themselves to operations of their organization.

“**Managing Domestic Supply**” was a priority that had extensive attention this year through the collective consultation of our national agency, hatcheries and Alberta Chicken Producers. Without the sharing of information and continued collective discussions, meeting our chick market obligations would have been difficult and a mere guess. We have prioritized “Managing Domestic Supply” for 2023, as we are not yet at normal market conditions.

In closing, I would like to personally express my thanks to the producers of Alberta, industry partners, the staff in the office and my fellow Board members for your support throughout the past year. Our times are challenging, but we are positioned well as a value chain to react quickly and effectively Through these challenges we all have different opinions. I want to express my thanks to all producers for the respectful conversations and dialogue we have had this year. Together we will continue to move forward, making our industry strong now and for the next generation

Jeff Notenbomer
Chair



GENERAL MANAGER'S REPORT

Higher input costs, capital values, and interest rates continue collectively to fuel our inflation rate, with a showdown on which component will surrender first in a heated economy.

This discussion has long been moved forward by all politicians with little accuracy in predictions.

The reality, perhaps, is are we preparing for a repeat of what occurred in the early 1980s, which many in Canada did not experience or care to remember? During this period, there was a steady optimism in increasing appreciation in the investment of assets, with no regard to repayment. This phenomenon ultimately resulted in 23% interest rates, a cooled economy and a hard correction to market values. The correction took five to ten years, with renewed optimism after the correction.

Reviewing some of the statistics to date from Statistics Canada and Agriweek year over year, indicates that gross farm gate receipts have increased by 9.8%, with accompanying farm operating costs increasing by 12.3%. Clearly a shortfall, with one side of the operating statement chasing the other. Specifically for supply management, farm receipts rose 12.5% to \$13.75 billion in Canada. The statistics demonstrate that in our supply management sectors, our system responds to changes in costs.

Therefore, what is driving this surge in inflation? The war in Ukraine, supply chain metrics, scarcity of inputs in the marketplace, or climate change and the cost of goods and services consumers require to live?

In the chicken industry, we are not exempt from these economic influences due to the pandemic and Highly Pathogenic Avian Influenza. Similar to the above, our sector is poised with supply chain metrics to achieve our national allocation caused by demand and supply interruptions resulting from unexpected disease challenges. As recognized in our Chair's comments, despite our disease challenges this year, producers achieved 97% of our domestic target and are predicted to meet our 2023 allocation.

As we move forward, there are many things that we are doing in the chicken sector to ensure our success in meeting the market, such as our willingness to consult with our industry partners working on strategic visions incorporating value chain/supply chain conversations. The discussions are

sometimes difficult; however, they provide an understanding of our value chain positions. I want to recognize the efforts of Alberta Chicken Producers and our hatchery and processor partners for their efforts and willingness to work cooperatively.

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 of our industry.

Bob Smook
General Manager



AHEP PRIORITIES 2022

**Strengthen
Value Chain**



**Producer
Engagement**



**Governance
Consistency**

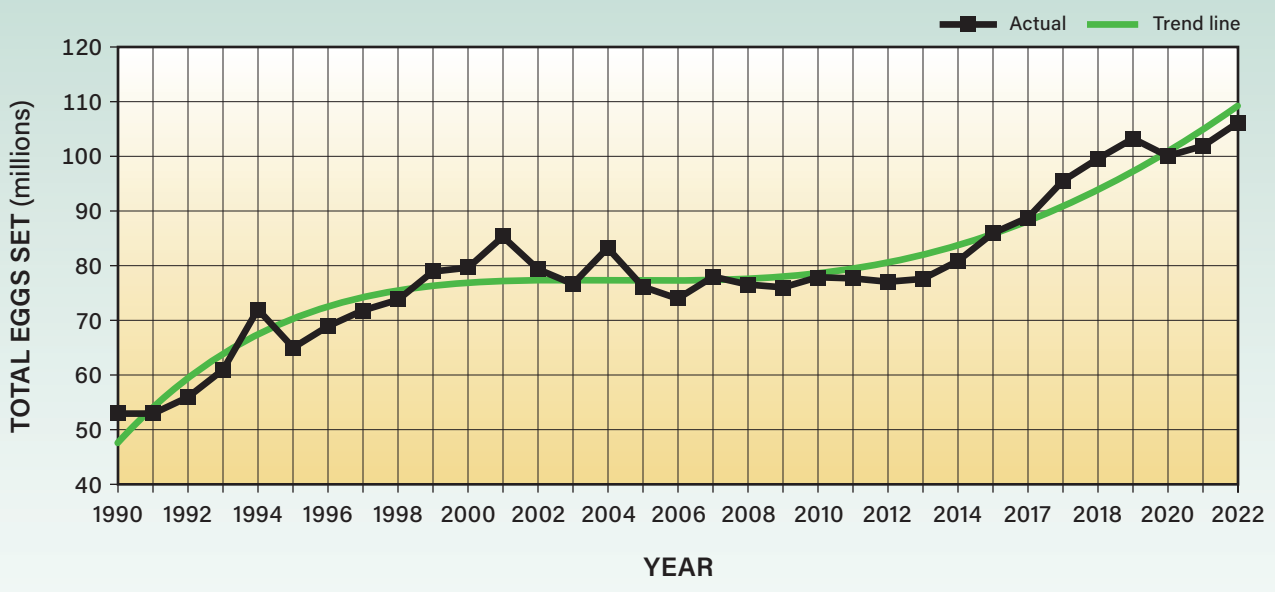


**Managing
Domestic Supply**

2022 PRODUCTION DATA

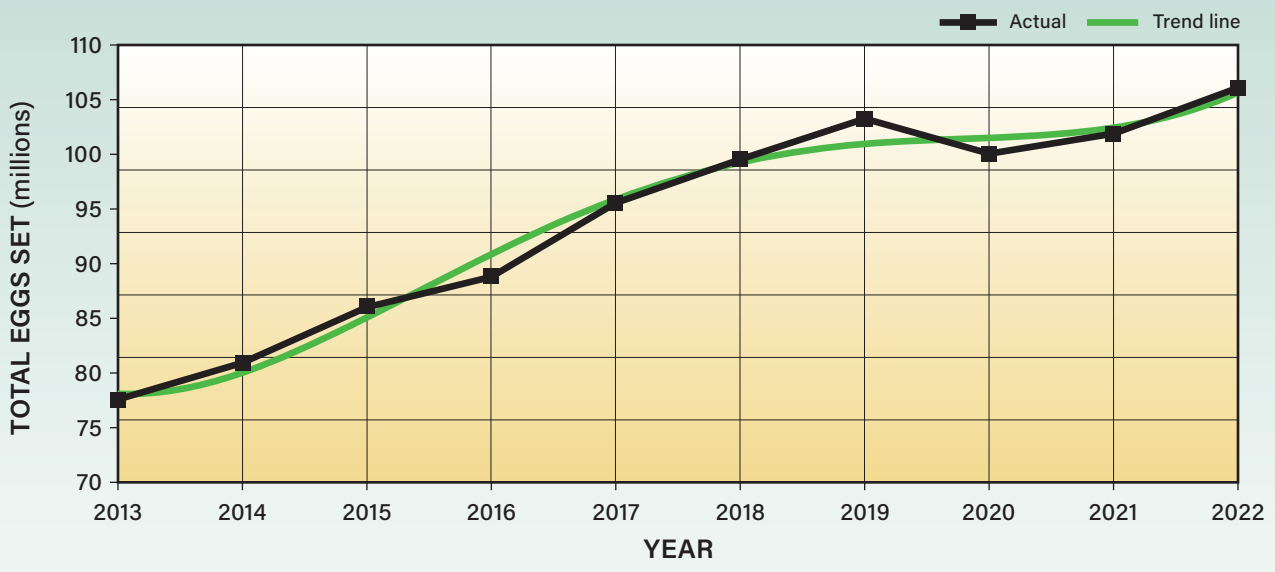
TOTAL SETS

(Egg & Chick Equivalent) 1990 - 2022



TOTAL SETS

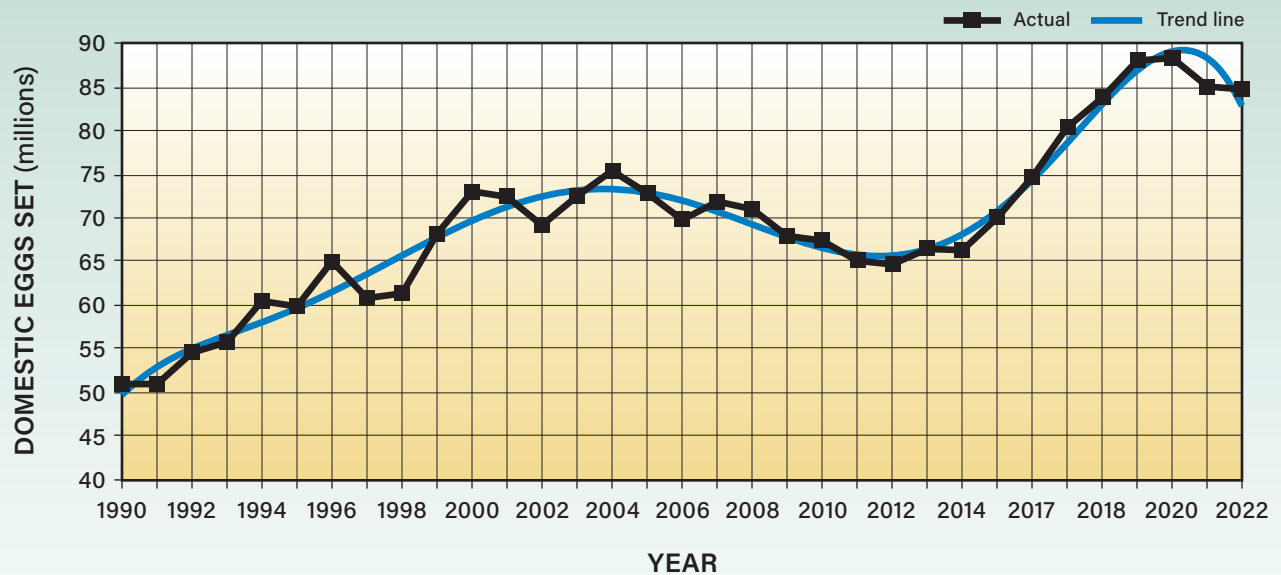
(Egg & Chick Equivalent) 2013 - 2022



2022 PRODUCTION DATA

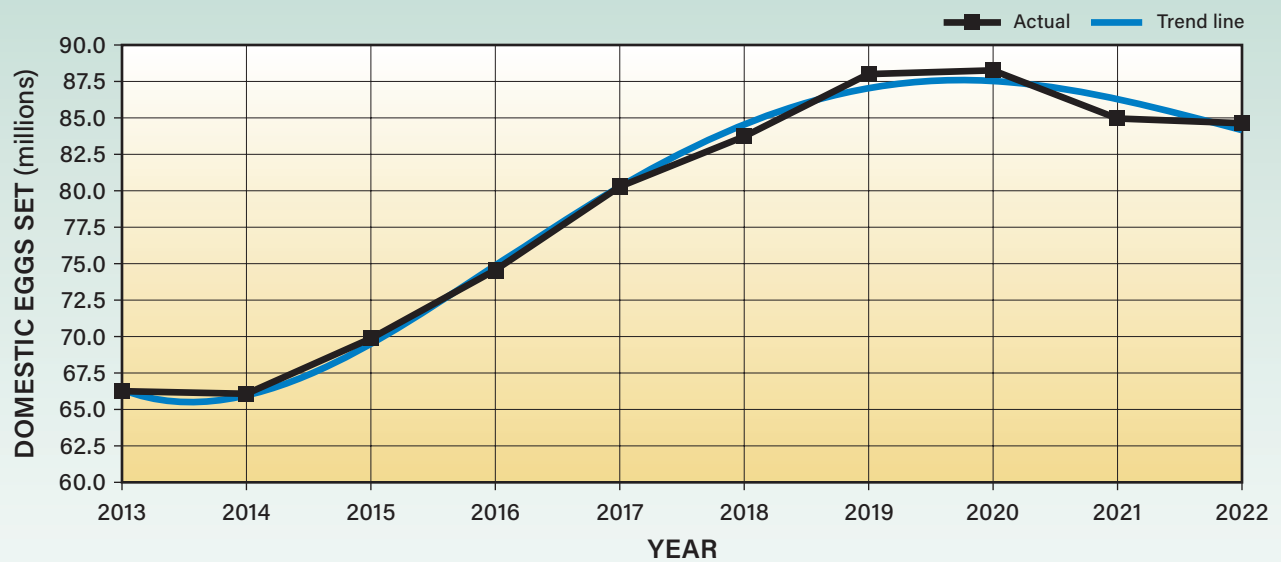
ALBERTA DOMESTIC HATCHING EGG SETS

1990 - 2022



ALBERTA DOMESTIC HATCHING EGG SETS

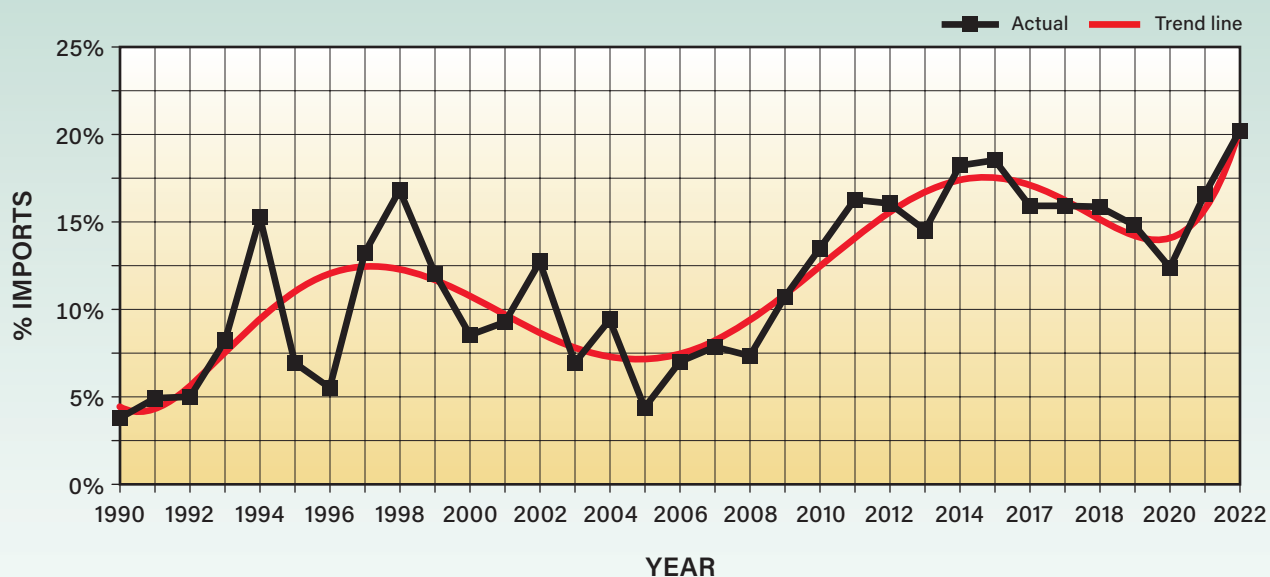
2013 - 2022



2022 PRODUCTION DATA

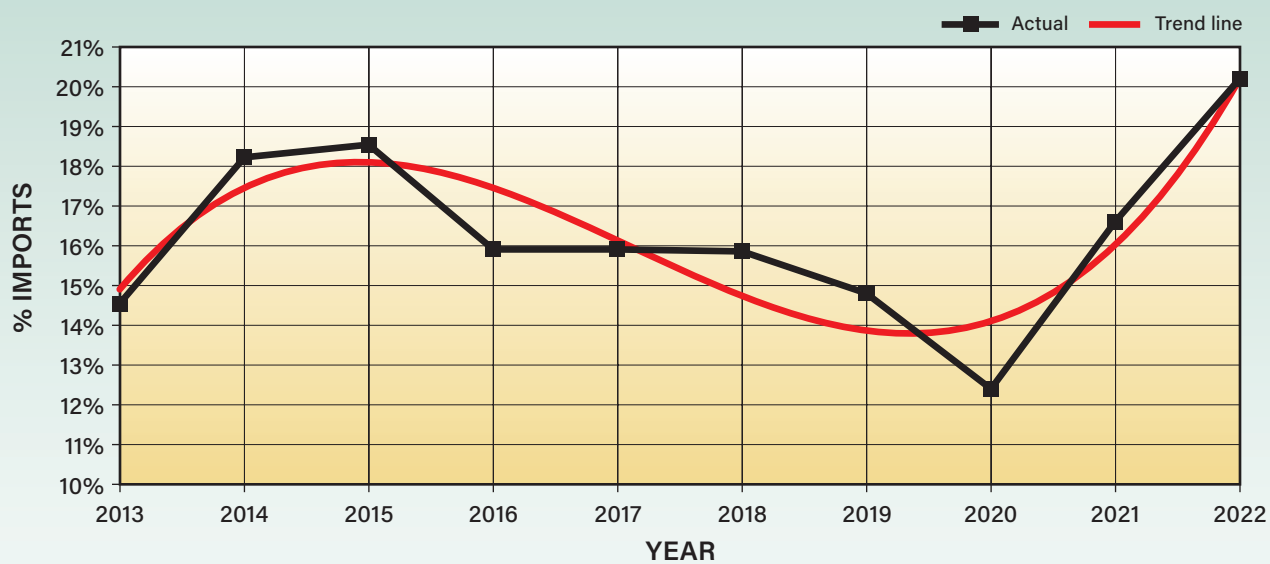
IMPORTS AS A % OF TOTAL SETS

(Egg & Chick Equivalent) 1990 - 2022



IMPORTS AS A % OF TOTAL SETS

(Egg & Chick Equivalent) 2013 - 2022



CANADIAN HATCHING EGG PRODUCERS (CHEP)

This year began with hopes for revitalization after exiting pandemic restrictions and an opportunity to take advantage of strong growth in the chicken market from a growing economy supported by Canadians once again returning to restaurants and food service providers. It also started with a sobering reflection on the devastating flooding in the Fraser Valley of British Columbia. CHEP participated in an appreciation event for first responders, producers and the public hosted by the BC industry in April to recognize the lengths to which so many volunteered to help in the emergency response.

However, it did not take long for our industry to find itself on to the next challenge posed by Highly Pathogenic Avian Influenza (HPAI). While the first few cases of HPAI outbreaks in Canada did not directly threaten broiler breeder production, CHEP, our producers, and the broader industry spent significant amounts of energy preparing for any further spread of HPAI across Canada.

Unfortunately, this strain brought to Canada by migratory birds soon posed a very significant impact on Canada's poultry and egg sector as the geographic scale of the

outbreak challenged the Canadian Food Inspection Agency (CFIA) and industry to respond in a consistent and timely fashion. Responding to HPAI and working closely with CFIA to improve the response to better support the industry was to take significant resources throughout the year. As we all know, there were a number of hatching egg farms depopulated due to HPAI throughout the spring and fall outbreaks in five out of six member provinces. This outbreak brought severe strain to those impacted producers, and many were challenged with the requirements imposed on them by CFIA's response and significant delays.

CHEP working closely with the National Poultry Group (NPG), successfully advocated for change in CFIA's response by implementing a new Event Response Plan that responded to many of the challenges and proposals that the NPG had put forward. However, there remains ongoing work to address the remaining challenges.

Regarding production, CHEP had already raised the overproduction sleeve to an unprecedented 7% for the year to encourage domestic broiler hatching egg production to make up for known and expected shortfalls of imports that



Canadian
Hatching Egg
Producers



security worldwide. Potential threats from trade remain to Canada’s orderly marketing system. While further steps are still needed, Chile took a significant step closer to being able to export poultry to Canada under the access available from the 2018 Comprehensive Progressive Trans-Pacific Partnership trade agreement. Funding is currently available under the Poultry and Egg On-Farm Investment Program as mitigation to prepare our sector for increased competition by driving investment in efficiencies, sustainability and productivity. While response times from the federal program continued to represent a challenge to our producers in 2022, we encourage all those eligible to continue to apply for the program.

After decades of discussions and delays, the revised hatcheries and supply flocks regulations were published in Canada Gazette II as an amendment to the Health of Animals Regulations (Hatchery). Under this regulation, all broiler-hatching egg flocks that supply federally registered hatcheries will be tested for *Salmonella* Enteritidis (SE). The CHEQ™ and CHEP ACP programs meet some of the requirements of this regulation. The changes will come into force in November 2023, one year after publication. CHEP will continue to engage with CFIA to ensure the transition is as seamless as possible.

While there were still challenges related to pandemic restrictions in the first quarter of the year, CHEP was pleased to be hosting meetings in person again and welcoming everyone back to our newly renovated boardrooms at the CHEP offices. CHEP also celebrated our 35th anniversary as a national agency and held our summer meeting in Quebec City, where the Quebec provincial board was celebrating their 40th anniversary. As in the previous year, CHEP was able to make financial donations to Canadian food banks as a result of projected savings at a time when food banks are increasingly being strained by higher numbers of individuals and families accessing them.

CHEP closed off the year by launching a new strategic planning process that will see the development of a new plan in early 2023. We welcomed the contribution of our member provinces in the renewal of our strategic direction for the agency.

were still being experienced. As a result, domestic flocks had been extended, and despite significant efforts from our producers and hatcheries, there was little capacity available to make up for the production shortfall caused by depopulated flocks. The significant impact that HPAI has had on broiler breeder production in some provinces also brought forth concerns related to the impact that lost production has on the allocation methodology.

CHEP saw the federal government deliver on its promise to provide mitigation funding for the impact of the renegotiated NAFTA. While no new access was granted for broiler hatching eggs and chicks in the agreement, there was recognition that the changes to the Chicken market access would still feel a nominal impact. CHEP expects that modest funding will be made available in 2023.

Trade negotiations with other countries continued at a relatively slow pace throughout 2022. CHEP attended the 13th Ministerial Conference of the World Trade Organization when there was renewed interest in ensuring domestic food

Brian Bilkes
Chair

Canadian Hatching Egg Producers

ALBERTA HATCHERY ASSOCIATION

The events in 2021 were challenging, and as we started the New Year, the extreme weather and the pandemic were just memories. The Avian Influenza (AI) outbreak in early 2022 proved to be even more challenging.

The Alberta Hatchery Association would like to express our appreciation to all stakeholders for understanding the challenges we faced.

The Alberta Hatchery Association is a non-profit organization representing the interests of all active hatchery operators in the Province of Alberta. The Association is an active member of the Canadian Poultry and Egg and Processors Council (CPEPC). 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 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



ALBERTA FARM ANIMAL CARE (AFAC)

Having emerged from the pandemic to a very different and evolving landscape, adaptation and flexibility have continued to be the name of the game. As AFAC moves into a time of strategic development and rebuilding, our industry partnerships – like the one we share with Alberta Hatching Egg Producers – continue to inform, inspire and propel our work.

How we host events and structure our year has changed dramatically over the past two years. For the first time since 2019, we were able to return to in-person workshops such as TLAER (Technical Large Animal Emergency Rescue), which took place in October in Olds, Alberta.

This year we completed our new vet directory, which allows producers to search for a species (including poultry) or procedure-specific vet within a radius of up to 200 km. This takes the guesswork out of finding a clinic that can support livestock producers' needs. This is an evolving tool that AFAC will be building upon in 2023.

Smallholder Workshops

The poultry workshops that began over six years ago have opened doors to numerous opportunities. Our work with the City of Calgary has expanded as we hosted training workshops for their new Backyard Chicken Program; virtual training sessions were held for bylaw officers and virtual certification courses for potential chicken owners. Because of the continued demand for the City of Calgary 101 certification course, we also delivered an On-Demand virtual workshop to a few residents who had obtained permits and required certification.

This partnership with the City of Calgary raised AFAC's profile considerably. We fielded numerous urban media calls this summer concerning Avian Influenza and were featured in one interview on the Calgary evening news. By leveraging media partnerships, AFAC was able to provide critical information to smallholder producers and hobbyists alike, letting them know that even if they only had three chickens, they had a part to play in slowing the spread of this disease.

In addition to the Calgary program, we delivered an additional five chicken workshops in 2022, including community-specific 101 courses, General Introduction, Hen Health, and Overwintering courses. In 2023 we look forward

to expanding our reach into more communities, continuing with the Calgary program, and expanding our range of workshop topics and forms of delivery.

The success of the chicken program led to the development of the Alberta BEE Keepers Program, which launched this fall with the Alberta BEE handbook and three instructional workshops being held; two were held virtually and one in person. In 2023 we are excited to see the completion of the project, which will bring video training and more workshops, providing training and information for anyone from backyard beekeepers to workers in the commercial sector.

Additional smallholder workshops for pig owners have been developed and delivered. There is no end to the opportunities to work with the livestock sector and provide training and information for this growing group of livestock producers. Discussions on beef, equine and more are underway.



Livestock Care Conference

The 2022 Livestock Care Conference (LCC) was held virtually again this year with the very relevant theme of PREP for Livestock Emergencies. Speakers brought their experience, knowledge and sometimes heartbreaking stories to our sessions and a tabletop exercise showcased how quickly a situation can become an emergency.

Post-pandemic conferences and events are still in a state of flux. Increased costs, inconsistent registration trends and an expectation of hosting fully hybrid events led AFAC to postpone LCC for 2023. We are currently exploring a refreshed approach to LCC, which will likely include moving to a biennial format beginning in 2024.

We are excited to collaborate with our members and industry partners to bring new ideas and innovative programming to this cornerstone event.

Looking Ahead

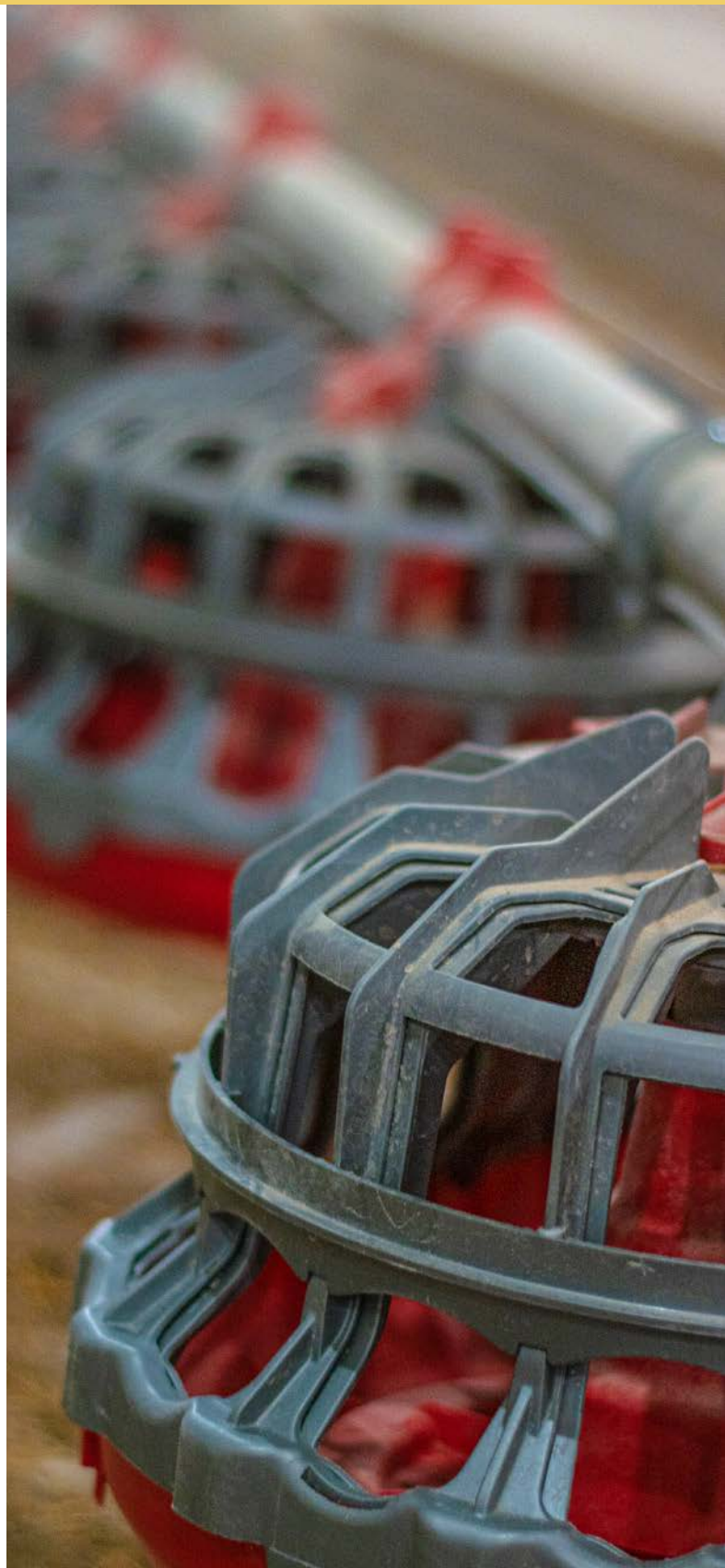
We look forward to delving into new workshops for a wider range of species, including pork and equine. Our extension team is working hard to bring more emergency response training back to Alberta with TLAER workshops in more locations. With more on-demand programs in our future, we hope to expand our reach and support as many livestock producers as possible.

Closing Remarks

This is just a sample of the programs your membership helps support. The small but mighty team of part-time contractors continues to deliver on the mandate of this organization on your behalf. Alberta Farm Animal Care is proud to support the livestock sector in Alberta and is proud to count Alberta Hatching Egg Producers among our valued members.

Thank you for your continued collaboration and support.

Annemarie Pedersen
Executive Director
Alberta Farm Animal Care



INTENSIVE LIVESTOCK WORKING GROUP

Public Trust

This four-phase initiative has identified those critical issues that negatively impact industry/neighbour/municipal relationships and has developed and pilot-tested a strategic stakeholder engagement template (with associated tools) that builds public trust at the local level. The final phase to be implemented in 2023 is using the template at the local level to identify emerging issues and develop local solutions through ongoing engagement with their community stakeholders.

Agri-Environmental Partnership Alberta (AEPA)

The mandate of AEPA is to facilitate provincial government and agricultural industry collaboration to identify and proactively address environmental challenges and opportunities that influence the sustainability of primary production in Alberta.

The ILWG Executive Director currently serves as the industry co-chair, with that role providing the oversight to ensure AEPA delivers on its main priorities of:

- Long-term water management planning.
- Climate change adaptation and resilience.
- Public trust.

Water For Life Action Plan (WFLAP)

Alberta Environment working through the Alberta Water Council (AWC), has been mandated to create a new 10-year Multi-sector Water for Life Action Plan under its Water for Life strategy. The AWC subsequently approved the formation of a Project Team, of which the ILWG is a member, to facilitate developing a multi-sector "Action Plan." It is structured to collaborate with the Government of Alberta and its partners across industry, environmental groups, municipal government, and a variety of Water for Life partnership groups.

Each sector is assessing its current operations against its ability to bring forward actions that will help achieve the goals of Water for Life.

The ILWG consensus is that the livestock/poultry industry, over the past two decades, has implemented several production practices that address water quality-related issues. These improvements have been incremental and cumulative, not of the great leap forward variety!

The livestock/poultry sector has limited options, and its contribution to WFLAP will continue to focus on supporting the continued implementation of production practices that contribute to water quality.

Agricultural Operations Practices Act (AOPA)

The ILWG continues to underscore the lack of congruence between AOPA and the Municipal Government Act, where municipal planning tools such as Area Structure Plans, Municipal Development Plans and Inter-municipal Development Plans can and have conflicted with the AOPA/NRCB approval process. While AOPA and its regulations set minimum distance separation standards, the MGA does not. This has resulted in scenarios where a municipality can mandate significantly larger exclusion zone requirements than would be imposed under AOPA.

This conflict of development regimes has inserted a factor of uncertainty, which can add significant costs and time to the development process.

The ILWG will advocate that requirements of land use planning tools in the relevant sections of the MGA must be congruent with AOPA, and this can be achieved by codifying and clarifying the development process of CFO exclusion zones, thereby eliminating the existing ambiguity of these two pieces of governing legislation.

Clean Air Strategic Alliance – Dust Management

The Clean Air Strategic Alliance (CASA), a multi-stakeholder organization, has struck a "Dust Management" working group with a mandate to address dust management and how it can be mitigated throughout the province. The ILWG is participating in the project team, which is currently developing its terms of reference and primary objectives.

ILWG – Cropping Sector Collaboration

This initiative is a mutual effort with Team Alberta (formerly the Crop Sector Working Group) to identify and cooperate on overarching issues to enhance agriculture's influence on government policy and resource allocation. It is important to maintain and improve communications with the cropping sector to broaden perspectives on sectoral issues, improve issue awareness/knowledge and identify areas of potential collaboration.

Rawnauld Axelson
Executive Director

Alberta Intensive Livestock Working Group

THE POULTRY INNOVATION PARTNERSHIP (PIP)

As challenging as 2022 was, I am always encouraged and inspired by the resiliency and community of the Canadian poultry industry. Community is a theme that stitches the work of PIP together. By working together and supporting each other, the PIP partners continued to work toward our mission of advancing the Canadian poultry enterprise through excellence in research, extension and training tomorrow's poultry professionals.

It was a busy year for the PIP team bringing you events and webinars throughout the year, like our monthly Innovation showcase. In case you missed some of our great topics like water management, *Salmonella* prevention, understanding the avian respiratory system, and so much more, you can find them on the poultryinnovationpartnership.ca website.

Some exciting events we developed in collaboration with producers, allied industries, and researchers worldwide are highlighted below. The Poultry Innovation Partnership is thankful to all our industry partners that joined us for these events and others, such as the "Get Ready for your Future" Student-Industry mixer.

Feeding Breeders Summit: 8 weekly webinar series June – August 30 – September 1, 2022

The theme of this event centred around the theme questions... *"Broiler genetics have changed. Have feeding strategies for broiler breeders kept pace? How do broiler breeder feeding strategies need to adapt?"* Researchers, primary breeders, nutritionists, veterinarians and others from around the world met in Canmore to discuss the gaps and opportunities to advance the broiler breeder industry. You can watch the recordings on FeedingBreeders.com.

Spark 2.0 – October 17, 2022

Spark 2.0 brought key players to the table in the poultry industry's continuous improvement. Together we defined the challenges and opportunities, connected with others who played a role and developed collaborations and strategies that will lead to practical solutions. We are better together. What is your role? See the report under the 'Resource' tab on our website.



Flock Talk – October 19, 2022

Managing feed and water quality is paramount to bird health and production. Producers engaged with subject matter experts to get their questions answered. Hands-on training on the new PIP-developed Water Decision Tree App empowered producers to manage their water quality on farms.

Water Decision Tree App

Dr. Mohammad Afrouziyeh, in collaboration with Dr. Susan Watkins (University of Arkansas, Emeritus professor), developed a downloadable app that will empower producers with the information and processes to manage the complexities of providing safe, clean drinking water to their flocks. The app is undergoing final touches and will be launched to the industry early in 2023.

PIP looks forward to working with you in 2023!

Dr. Valerie Carney

Poultry Innovation Partnership Lead

RESULTS DRIVEN AGRICULTURE RESEARCH

RDAR's mandate is to target strategic investments in producer-led, results-driven agriculture research to power Alberta's competitiveness, profitability, productivity, and sustainability. As a not-for-profit corporation, RDAR's funding comes from the Government of Alberta, the Government of Canada, and Alberta's Government through the Canadian Agricultural Partnership program. rdar.ca

On-Farm Climate Action Fund (OFCAF)

This past year has been the busiest yet for RDAR. With the launch of the On-Farm Climate Action Fund (OFCAF) in August 2022, RDAR was named as one of 12 national delivery partners for OFCAF, charged with administering the bulk of Alberta's portion of the \$200-million federal program.

The On-Farm Climate Action Fund (OFCAF) is a cost-share funding program that supports farmers in adopting best management practices (BMPs) that reduce greenhouse gas (GHGs) emissions and store carbon, specifically for in-field nitrogen management, expanding cover cropping, and implementing rotational grazing practices. By the time the first application window closed on November 7, 2022, Alberta producers had submitted more than 700 applications. OFCAF opened again for the second round of applications on February 13, 2023. You can find more details about OFCAF and how to apply at rdar.ca/ofcaf.

RDAR Research Showcase: Shining the light on Alberta Ag Researchers

Leading Alberta ag researchers were the 'stars' of RDAR's first Research Showcase in Edmonton. Producers and the public were invited to experience over 20 diverse and producer-led research projects across the province.

On January 10, 2023, at 2 p.m., RDAR hosted its Feet in the Field, Eyes on the Stars: our inaugural ag research showcase in Edmonton. This unique, must-see event focused on the 'stars' – Alberta's leading ag researchers and producers and showcased their research projects' impact in the field. Feet in the Field, Eyes on the Stars is a celebration of the important and exciting ag research taking place in our province.

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

Dr. David Chalack
RDAR Board Chair



2022 HIGHLIGHTS

PRODUCER MEETINGS

Since the pandemic, this year marked the first year AHEP could confidently schedule and host in-person producer meetings. In August 2022, a producer meeting was held in person at the Red Deer Cambridge Hotel (now known as the Red Deer Resort & Casino). Topics on the agenda included: a review of the COP and Pricing Mechanism and updates on veterinary services at UCVMA, national agency activities, SE/PIE insurance. New topics were introduced: an overview of the New Entrant Program, which launched in the fall of 2022 and a discussion about Avian Influenza and what to expect if a farm is affected. A producer reception for some long overdue producer socialization followed up this meeting.

AHEP appreciates the attendance of producers at these meetings as they provide the hatching egg sector with an opportunity to be updated on current 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 2023.

project AGRICULTURE

The 2021-22 school year was the second full implementation year for **project AGRICULTURE**. It included the project's expansion with three new crop-focused topics and the addition of Alberta Canola, Pulse Growers of Alberta and Alberta Wheat and Barley to the program. This overview highlights the main events, analytics and insights gained from implementation this school year.

project AGRICULTURE provides a unique resource for teachers and students, as it represents a collaborative effort now between nine different producer groups in Alberta. The wide range of evidence-based information, examples and perspectives increase awareness and understanding of agriculture and issues associated with the



food system. Including authentic photos, videos, stories and articles focused on Alberta agriculture continues to be a strong feature of the program.

project AGRICULTURE continues to receive positive feedback through formal and informal contact with teachers, consultants and district leaders and activities conducted during this school year. These contacts have included MailChimp email communication, virtual and phone meetings, and the teacher advisory group established as part of the new topic development.

Activities during this school year have primarily focused on promoting the existing program and new topics, redesigning the website, and consolidating the management supports. These activities included the delivery of online sessions at Professional Development Days and pre-recorded sessions at seven of the eight provincial teacher conventions.

Here are some examples of feedback we have received over the past year:

“ Wonderful presentation. I’m looking forward to using this resource in my classroom. The ability to use all or pick and choose activities is fabulous. I am looking forward to using the Project Agriculture website presented in this session. ”

“ This is an important topic that gets overshadowed. Great presentation. ”

“ A wonderful resource, especially with kids who are online! ”

Users on the website increased substantially from the previous school year, from 3098 to 5192; along with this, the average returning visitor rate increased this school year to 16.4% from 10.3% from the previous school year. Pageviews and time on page have also increased substantially, more than doubling the averages of the prior school year. Interestingly, our top traffic sources now include access to the website from social media sources.

The website had a total of 19,491 page views, a significant jump from the previous school year of 9300 pageviews – indicating increasing engagement with the website. There were 195 teaching resource downloads from the TEACH webpage throughout the 2020-2021 school year, a good increase from the previous year. There were additionally

2022 HIGHLIGHTS

several individual student handout downloads from the three new topics and the three existing topics, with most from Food Democracy and Sustainability Matters.

As with the previous school year, the ongoing situation with COVID-19 and its impact on teachers influenced program uptake and, more specifically, the submission of projects. Despite this, the project AGRICULTURE program continues to grow each school year, with additional subscribers and increasing user rates. Our analytics show increased numbers of resource access and downloads from both the student and teacher 'sides' of the website. The promotional emails and initiation of some social media strategies have also resulted in increasing awareness of the program. Progress was made on goals set at the end of last school year – to increase returning visitor rates and time on site and continue to increase subscriber numbers.



ANIMAL CARE PROGRAM AND ON-FARM FOOD SAFETY PROGRAM AUDITS

The Canadian Hatching Egg Quality (CHEQ™) food safety program and the Animal Care Program (ACP) audit schedule demonstrates and confirms to all upstream industries and consumers that these are standard daily practices on broiler hatching egg farms in all Canadian provinces.

Unfortunately, the Alberta poultry industry endured a devastating year due to positive Highly Pathogenic Avian Influenza (HPAI) cases, which resulted in a loss of over 5.5M hatching eggs due to HPAI on our hatching egg farms alone. Consequently, from April 2022 to June 2022 and from September 2022 to December 2022 the AHEP office suspended all CHEP on-farm program audits and farm visits to protect bird welfare and producer livelihood. This affected some scheduled on-farm audits. In this case producers that were scheduled for an on-farm audit in 2022 were rescheduled for the same audit type in 2023. Moving forward, AHEP will review and consider this audit method again depending on how the virus behaves in 2023.

Still, maintaining compliance with the on-farm programs is a condition of licensing in Alberta. Consequently, before April 2022, on-farm audits were conducted as usual as per the audit schedule. Alternatively, if a producer's on-farm audit was affected by restrictions, they maintained compliance with the CHEQ™ and ACP programs via off-site records audits. Using these precautions, AHEP's third party auditor performed a total of five full and four record ACP audits in 2022. Additionally, a total of five full, one partial and three records CHEQ™ audits were completed.

We thank all producers for their cooperation and understanding in adjusting their audit schedule over the past year.



2022 HIGHLIGHTS

THIRD PARTY AUDITS

Third Party audits on the CHEQ™ and ACP programs serve to meet the need for transparency of implementation of the programs to hatcheries, processors, retailers, restaurants and consumers. Additionally, they confirm that programs are run consistently and serve as an effective national standard of food safety and animal care on-farm.

In 2022, on-farm third party audits were not completed due to the on-going suspension of on-farm visits, however in November 2022 the AHEP Office underwent a third-party ACP audit. Upon completion, the AHEP Office was given six corrective actions and two recommendations which have since been completed and implemented.

INTERNAL AUDITS

Internal audits on the AHEP auditor are conducted to inform management reviews and ensure the program is managed consistently across the country. Due to on-going suspension of on-farm visits, AHEP's auditor was not audited by a third party auditor, however internal audits will take place in the summer of 2023.

SALMONELLA MONITORING

Throughout 2022, Aviagen continued the protocol of placing clean gauze pads in select chick boxes before leaving the hatchery in Oklahoma. Upon arrival on-farm, the truck driver collected these pads into bags so producers could submit the samples for *Salmonella* testing. Negative results from samples tested in 2022 confirm that all day-old breeder chicks arriving on Alberta broiler breeder farms were free from *Salmonella*.

Despite the risk posed by Highly Pathogenic Avian Influenza in the province, AHEP successfully maintained its *Salmonella* monitoring program throughout 2022. Environmental swabs from all rearing barns were collected thanks to the dedication of our technician, Alex McCreedy. Barns are sampled when flocks are approximately 14 weeks of age to provide sufficient time for retesting before transfer to the lay barn, should the first test detect the potential of *Salmonella* in a flock. This process reduces the risk of *Salmonella* contamination in a layer flock. In 2022, AHEP was pleased to report that all rearing pullet and cockerel barn samples were negative for *Salmonella* Enteritidis. We commend producers for their diligence in upholding biosecurity standards.



2022 HIGHLIGHTS

APIEMT AVIAN INFLUENZA RESPONSE

The Alberta Poultry Industry Emergency Management Team

The Alberta Poultry Industry Emergency Management Team (APIEMT) initiative began in response to the 2004 Avian Influenza 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.

The Impact

April 2022 was the province's first Highly Pathogenic Avian Influenza (HPAI) outbreak, followed by a second outbreak in the fall of September 2022. Both the spring and fall migrations brought HPAI into Alberta and onto poultry farms, forcing the APIEMT team to prioritize emergency response efforts over everything else and work closely with Alberta Agriculture and Irrigation, the Canadian Food Inspection Agency (CFIA), and industry stakeholders, to manage the HPAI outbreaks. These outbreaks had a profound impact on the poultry industry in Alberta. In 2022 there were a total of 60 confirmed poultry infected premises. In total, this outbreak impacted three Alberta hatching egg operations, resulting in the loss of over 10M broiler hatching eggs for both 2022 and 2023.

The Response

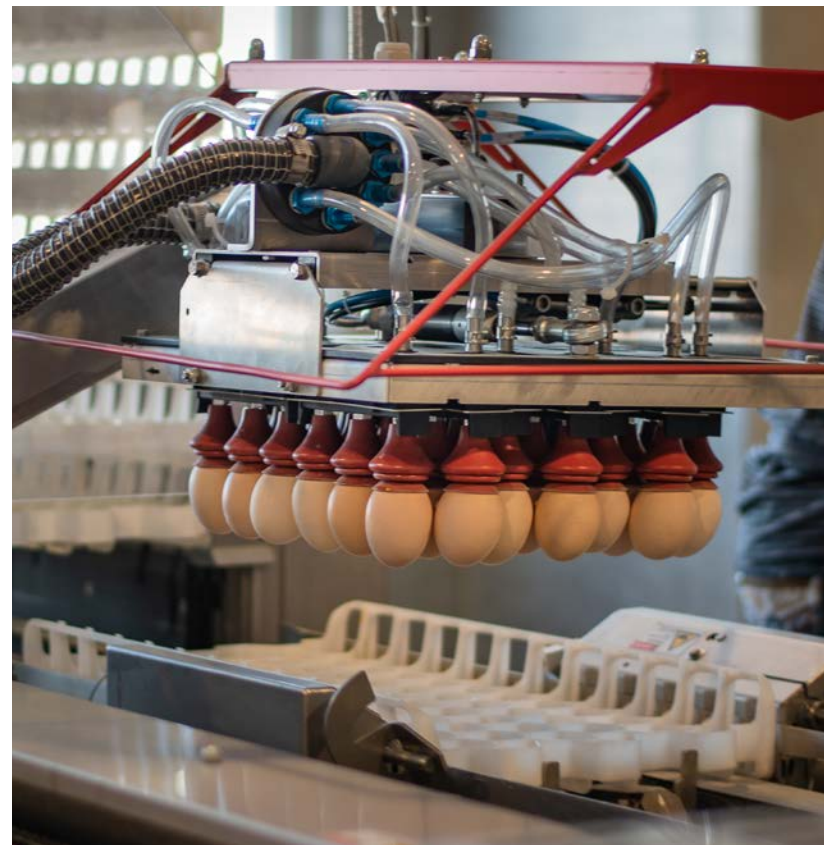
The Alberta Hatching Egg Producers office staff was involved in the planning, mapping, and permitting teams of the APIEMT response and provided administrative support (i.e., meeting minute-taking). In addition to the roles AHEP staff

took on as part of the APIEMT Team, AHEP staff were also responsible for assisting affected hatching egg producers navigate their new relationship with CFIA.

These tasks included the following:

- What to expect upon being identified as a 'suspect case'
- What to expect upon confirmation of an HPAI-positive flock result
- Advocating for the timely destruction of HPAI-positive flocks to prevent unnecessary suffering
- Industry liaison for developing disposal standard operating procedures
- Industry liaison for developing cleaning and disinfection standard operating procedures
- Navigating the compensation process

In July 2022, the APIEMT invited producers to provide feedback and solutions based on their experience via an anonymous survey. In the survey producers had the option of indicating if they wanted the team to follow up with



2022 HIGHLIGHTS

them by providing their name and contact information. The primary focus of the survey was to gather feedback regarding the actions and support the APIEMT offered to producers throughout the HPAI response. Additionally, producers who had been directly impacted by AI were invited to a Zoom meeting to provide further feedback.

In November 2022, the APIEMT team organized an Agriculture and Irrigation Staff appreciation lunch to demonstrate how grateful the Alberta Poultry Industry was for the efforts of government staff members. In attendance was John Conrad from the Government of Alberta who acknowledged that this Avian Influenza response was a tremendous ongoing staff and that they appreciated the efforts of all involved.

The Producers & Industry

AHEP would like to applaud the ongoing due diligence of hatching egg farmers and industry stakeholders who participated in enhancing biosecurity measures to mitigate the risk of the further spread of HPAI in the province.

We appreciate the ongoing work by Alberta's poultry veterinarians and provincial laboratory and associated staff, who play a critical role in processing samples and diagnostics to prevent further spread. As of early 2022, there was an estimated 1,403,000 birds impacted by HPAI in Alberta. Many industry service providers also supported our producers, whether providing an invoicing mechanism for third party contractors to meet CFIA's compensation requirements, picking up the phone to chat with an affected producer, or even baking a cake. All industry partners played an important role, and we appreciate your efforts.

AHEP would like to acknowledge all affected Alberta hatching egg farmers, their families, and employees for their resiliency in the face of HPAI. These producers overcame immense challenges in a year with much uncertainty. While we do not know what the future will hold, it is likely that HPAI outbreaks are the 'new normal' moving forward into 2023. What we do know is that the AHEP office and the APIEMT team will be improving our response, expanding resources, and continue to support producers in any way possible moving forward.



FINANCIAL STATEMENTS

Alberta Hatching Egg Producers Financial Statement

Year Ended November 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of Alberta Hatching Egg Producers

Opinion

We have audited the financial statements of Alberta Hatching Egg Producers (the organization), which comprise the statement of financial position as at November 30, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at November 30, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the financial statements which describes a prior period adjustment.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

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

(continues)

Independent Auditor's Report to the To the Members 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

King + Company


Edmonton, AB
February 8, 2023


CHARTERED PROFESSIONAL ACCOUNTANTS

ALBERTA HATCHING EGG PRODUCERS
STATEMENT OF FINANCIAL POSITION
 NOVEMBER 30, 2022

	2022	2021 <i>(Restated)</i>
ASSETS		
CURRENT		
Cash	\$ 1,441,730	\$ 973,968
Term deposits <i>(Note 3)</i>	384,772	384,459
Accounts receivable <i>(Note 4)</i>	219,279	340,562
Prepaid expenses	77,459	63,725
	<u>2,123,240</u>	1,762,714
EQUIPMENT AND LEASEHOLD IMPROVEMENTS <i>(Note 5)</i>	<u>15,460</u>	16,496
	<u>\$ 2,138,700</u>	\$ 1,779,210
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities <i>(Note 6)</i>	\$ 176,985	\$ 140,327
CONTINGENT LIABILITY <i>(Note 7)</i>		
COMMITMENTS <i>(Note 8)</i>		
NET ASSETS		
Invested in equipment and leasehold improvements	15,460	16,496
Unrestricted	1,946,255	1,622,387
	<u>1,961,715</u>	1,638,883
	<u>\$ 2,138,700</u>	\$ 1,779,210

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

ALBERTA HATCHING EGG PRODUCERS

STATEMENT OF OPERATIONS

YEAR ENDED NOVEMBER 30, 2022

	2022	2021 <i>(Restated)</i>
REVENUE		
Provincial levies	\$ 1,817,192	\$ 1,517,668
Diagnostic and other	8,292	96,055
Grants	7,000	30,367
Interest	1,744	784
	<u>1,834,228</u>	<u>1,644,874</u>
EXPENSES		
Poultry risk management	479,115	251,076
Salaries and benefits	292,906	293,852
Canadian Hatching Egg Producers levies	253,661	254,999
Members' allowance	84,175	95,915
Members' expenses	49,581	23,700
Meeting expenses	37,421	28,426
Office <i>(Schedule 1)</i>	35,673	30,139
Rent	33,005	39,451
Employee operational expenses	28,406	8,800
Professional fees	27,537	26,793
Advertising, promotion and dues	7,460	9,275
Insurance and bonding	6,824	3,889
Telephone and fax	6,242	8,238
Amortization of equipment and leasehold improvements	4,205	3,862
Interest and bank charges	1,878	1,838
Contract services	1,792	4,465
	<u>1,349,881</u>	<u>1,084,718</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	484,347	560,156
SPECIAL PROJECT <i>(Schedule 2)</i>	(161,515)	(187,170)
EXCESS OF REVENUE OVER EXPENSES	\$ 322,832	\$ 372,986

ALBERTA HATCHING EGG PRODUCERS

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED NOVEMBER 30, 2022

	Invested in Equipment and Leasehold Improvements	Unrestricted	2022	2021 <i>(Restated)</i>
NET ASSETS - BEGINNING OF YEAR				
As previously reported	\$ 16,496	\$ 1,622,387	\$ 1,638,883	\$ 1,036,731
Prior period adjustment	-	-	-	229,166
As restated	16,496	1,622,387	1,638,883	1,265,897
Excess of revenue over expenses	(4,205)	327,037	322,832	372,986
Purchase of equipment	3,169	(3,169)	-	-
NET ASSETS - END OF YEAR	\$ 15,460	\$ 1,946,255	\$ 1,961,715	\$ 1,638,883

ALBERTA HATCHING EGG PRODUCERS

STATEMENT OF CASH FLOWS

YEAR ENDED NOVEMBER 30, 2022

	2022	2021 <i>(Restated)</i>
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 322,832	\$ 372,986
Item not affecting cash:		
Amortization of equipment and leasehold improvements	4,205	3,862
	<u>327,037</u>	<u>376,848</u>
Changes in non-cash working capital:		
Accounts receivable	121,284	(187,287)
Accounts payable and accrued liabilities	36,657	(306,096)
Prepaid expenses	(13,734)	(19,042)
	<u>144,207</u>	<u>(512,425)</u>
Cash flow from (used by) operating activities	<u>471,244</u>	<u>(135,577)</u>
INVESTING ACTIVITY		
Purchase of equipment and leasehold improvements	<u>(3,169)</u>	<u>(3,320)</u>
INCREASE (DECREASE) IN CASH	468,075	(138,897)
CASH - BEGINNING OF YEAR	<u>1,358,427</u>	<u>1,497,324</u>
CASH - END OF YEAR	<u>\$ 1,826,502</u>	<u>\$ 1,358,427</u>
CASH CONSISTS OF:		
Cash	\$ 1,441,730	\$ 973,968
Term deposits	384,772	384,459
	<u>\$ 1,826,502</u>	<u>\$ 1,358,427</u>

ALBERTA HATCHING EGG PRODUCERS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED NOVEMBER 30, 2022

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.

Change in Significant Accounting Policies

Financial Instruments - Related Party Transactions

The Board applied the amendments to Financial Instruments, Section 3856, relating to the recognition of financial instruments originated or exchanged in a related party transaction effective January 1, 2021.

Under these new requirements, such a financial instrument is initially measured at cost, which is determined depending on whether the instrument has repayment terms.

Subsequent measurement depends on the initial method used and is usually at cost less any reduction for impairment.

The adoption of these new requirements had no impact on the Board's financial statements.

Financial Instruments

Initial Measurement

The Board initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Board is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the company in the transaction.

Subsequent Measurement

The Board subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in earnings in the period incurred.

Financial assets measured at amortized cost using the straight-line method include cash

(continues)

ALBERTA HATCHING EGG PRODUCERS
NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED NOVEMBER 30, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Transaction Costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in earnings in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in earnings over the life of the instrument using the straight-line method.

Impairment

For financial assets measured at cost or amortized cost, the company determines whether there are indications of possible impairment. When there are, and the company determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in earnings. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in earnings.

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.

Cash

Cash is comprised of cash held with financial institutions.

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.

(continues)

ALBERTA HATCHING EGG PRODUCERS
NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED NOVEMBER 30, 2022

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

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. **PRIOR PERIOD ADJUSTMENT**

During the year, it was determined that the 2020 overproduction fine accrued of \$229,166 was corrected and reimbursed. The adjustment has been applied retrospectively and the prior period has been adjusted as follows:

	Previously stated	Change	Restated
Unrestricted net assets	\$ 1,389,531	\$ 232,856	\$ 1,622,387
Accounts receivable	224,134	116,428	340,562
Accounts payable	256,755	(116,428)	140,327
Liquidated damages assessment	3,689	(3,689)	-

3. **TERM DEPOSITS**

	2022	2021
Unrestricted	\$ 274,372	\$ 274,059
Restricted	110,400	110,400
	\$ 384,772	\$ 384,459

Unrestricted term deposits bear interest averaging 0.67% (2021 - 0.12%), maturing from December 11, 2022 to October 2, 2023.

Restricted term deposit bears interest at 2.00% (2021 - 0.15%), maturing on October 8, 2023 and is held as security for the Canadian Hatching Egg Producers contract as described in Note 7.

4. **ACCOUNTS RECEIVABLE**

	2022	2021 (Restated)
Levies and other	\$ 218,857	\$ 340,562
Interest	422	-
	\$ 219,279	\$ 340,562

ALBERTA HATCHING EGG PRODUCERS
NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED NOVEMBER 30, 2022

5. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer	\$ 40,371	\$ 37,201	\$ 3,170	\$ 1,940
Furniture and equipment	31,043	26,047	4,996	6,245
Leasehold improvements	1,695	508	1,187	1,526
Website	32,039	25,932	6,107	6,785
	\$ 105,148	\$ 89,688	\$ 15,460	\$ 16,496

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021 (Restated)
Canadian Hatching Egg Producers	\$ 54,967	\$ 37,783
Wages	51,556	32,605
Trade and other	40,016	43,734
Government remittances	30,446	26,205
	\$ 176,985	\$ 140,327

7. 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.

8. 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:

2023	\$ 28,314
2024	28,314
2025	29,887
2026	22,415
	\$ 108,930

ALBERTA HATCHING EGG PRODUCERS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED NOVEMBER 30, 2022

9. FINANCIAL INSTRUMENTS

The organization 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 organization's risk exposure and concentration as of November 30, 2022.

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, 2022

	2022	2021
Office expenses		
Office	\$ 17,853	\$ 17,658
Technical services	16,526	11,584
Courier and postage	1,294	897
	<u>\$ 35,673</u>	<u>\$ 30,139</u>

ALBERTA HATCHING EGG PRODUCERS

SPECIAL PROJECT*(Schedule 2)*

YEAR ENDED NOVEMBER 30, 2022

	2022	2021
Special project expenses		
Grants	\$ 38,724	\$ 40,854
Diagnostic and veterinary	36,542	46,827
PIE audit and testing	34,919	36,906
Emergency management	22,855	5,870
Animal care program	11,231	4,537
COP update fee	8,250	45,305
ILWG-MOU	3,994	4,203
Offsap	3,361	616
SM5 cost share	1,639	2,052
	<u>\$ 161,515</u>	<u>\$ 187,170</u>

AHEP PRIORITIES 2023

**Emergency
Management and
Mitigation**



**Managing Domestic
Supply**



**Value Chain/Supply
Chain Advancement**



**Governance
Excellence**

ACKNOWLEDGEMENT

The AHEP Board would like to acknowledge and thank all the producers and industry partners for their support this past year.

Alberta Hatching Egg
Producers 

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