



20
23

ANNUAL REPORT

Alberta Hatching Egg Producers





Table of Contents

Mission and Vision	3
Board of Directors	4
Board Office Staff	4
Chair’s Report	5
General Manager’s Report	7
2023 Board Priorities	9
Production Data	10
Balance of Supply.....	13
Allocation.....	14
Reports	
CHEP Report	16
Alberta Hatcheries Report	18
Intensive Livestock Working Group Report	19
Poultry Innovation Partnership Report	21
Results Driven Agriculture Research	24
Diagnostics	28
Snippets of 2023	
Producer Meetings	29
Animal Care and On-Farm Programs.....	29
Poultry Management Committee.....	30
Emergency Management Team.....	30
Meeting with the New Ag Minister.....	31
UCVMA Contract	31
AHEP Hatchery Visits.....	31
Poultry Insurance Exchange.....	32
Environmental Monitoring for Salmonella	32
Avian Influence	32
Bylaws and Regulatory Review.....	33
Policy Reviews.....	33
AHEP Financials.....	34
2024 Board Priorities	49



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



Kevin Tiemstra
Chair
CHEP Director



Brian Wassink
Vice-Chair



Dennis Wickersham
Director
CHEP Alternate



Ilja Veldhuizen
Director



Harry Voorhorst
Director



Arjan Scheele
Mentorship Director



Office Staff

Bob Smook
General Manager

Nancy Robinson
Assistant Manager

Daniella Batres
Agriculture Programs
Coordinator (to July 2023)

Chelsea Kamprath
Office Coordinator
(Part Time)

Alex McCready
Disease Risk
Management Technician

Dixie Dolan
Disease Risk
Management Technician

Chair's Report

The hatching egg industry is cyclical nature and is impacted by breed performance and bird market requirements, along with the investment of specialized capital needed to keep the industry modernized and efficient. The chicken business in Canada is changing and partnerships with our hatcheries, growers, processing sectors and government, are all important in developing overall industry goals in our current supply/value chain.

This past year, in 2023 brought with it recovery, welcoming back those broiler breeder producers impacted by AI in 2022. Production from over 80 thousand breeders was lost due to AI. Recovery is slow in our industry with flocks entering production over time according to each farm's cycle. Egg supply throughout 2023 was tight. To achieve the chicken meat allocation for Alberta, producers responded by keeping flocks to 63 weeks of age, while hatcheries worked hard to obtain quality chicks from these eggs. With these efforts, Alberta achieved the forecasted 97.5 % of allocated domestic sets for 2023 and avoided a national underproduction assessment. Producers and hatcheries in Alberta need to be recognized for their cooperation and positive willingness to work together and get a Job Well Done.

For the upcoming year, Alberta has been allocated 97,421,032 domestic sets from the National Agency. In response to this increase, AHEP responded with a 5 % increase in allocation from 96% to 101% effective August 14, 2023. In reviewing the egg supply forecast, this increase translates to a projected average flock life of 58 to 59 weeks.

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 2023.

- Emergency Management and Mitigation
- Managing Domestic Supply
- Value Chain/Supply Chain Advancement
- Governance Excellence

“Emergency Management and Mitigation” process started at a stressful time in April 2022 when the SM4 had virtually no hands-on experience managing a major disease outbreak. Fortunately, the group did preparatory planning through the structuring of the APIEMT (Alberta Poultry Industry Emergency Management Team) and developed models and manuals to have a sense of readiness. As this group moved forward through our AI crisis, I truly believe we have a collective team that can be described as a professional boots on the ground group. Congratulations to the industry partners that have developed this image.

The “Managing Domestic Supply” priority was achieved through the collective cooperation of producers, hatcheries, growers and processors to meet and strive to achieve the National Allocation for chicken. The weekly consultation of hatchery staff with AHEP staff allowed for structured use of domestic and import product and its availability.

“Value Chain/Supply Chain Advancement” is a priority that takes on a collective nature amongst our upstream and downstream partners. Donna Finley and Associates have worked closely with the chicken sector to identify and discover

commonalities for success for all levels in the Value Chain. This process is ongoing, and we will continue to work with Alberta Chicken to support the process.

“Governance Excellence” is a quality that all boards and commissions under the Alberta Farm Products Act are required to aspire to. The review of regulations is one of the processes under this heading that is necessary to ensure modernization and evolution of rules that make sense for an industry sector. This year we have completed the Bylaws that simplify the operations of our board governance structure. Other actions under this heading include director training and mentoring programs.

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.



Kevin Tiemstra
Chair



General Manager's Report

The themes for 2023 were affordability and solvency for most Canadians. Inflation has impacted us all in Canada, prompting the ruling government to use the traditional approaches of interest rate hikes as the methodology to begin cooling down an economy. Inflation is caused by an increased supply of money. The Bank of Canada's governor Tiff Macklem raised the bank rate nine times achieving a 5 % prime giving rise to commercial prime of 7.2 %. Scarcity of supply of goods during inflationary times is a coefficient (not the cause of inflation) that the current government appears to not want to take responsibility for, thus continuing to push forward their unique Liberal policies.

As we move forward, from the foregoing, agriculture will see some easing in direct input costs (nutrition, fuel and direct operating costs), which will unfortunately be offset by higher interest, tax and building and equipment costs. Reviewing some of the statistics to date from Statistics Canada and Agriweek, year over year they estimate that gross farm gate receipts have decreased 2023 over 2022 by 3.0%, with accompanying farm operating costs remaining unchanged from 2022 yielding a gross Canadian farm receipt of \$89.99 billion. The shortfall of the operating statement indicates a slight reduction of net income for 2023. Supply management farm receipts rose 10% to 15.13 billion in Canada. The statistics demonstrate that in our SM sectors, the system responds to changes in operating costs incurred.

In the chicken industry, we are not exempt from these influences in the economy with the impact of HPAI. Chicken this year was poised with supply chain metrics in working together to achieve most of our national allocation. The cooperation with our producers,





hatcheries, growers and processors, collectively allowed us to meet the majority of our market requirements, not needing to draw supplemental imports from the US. As well the excellent work of our APIEMT (Alberta Poultry Industry Emergency Management Team) helped us in achieving the logistics to meet the CFIA criteria of moving our livestock products to market. For our hatching egg sector, we achieved 97.5% of our domestic obligations in 2023.

Moving forward into next year, our chicken sector will continue to be challenged on the trade front, with many of our world competitors looking for opportunities to fill the Canadian market. Recently the breakdown of the UK negotiators working toward a free trade agreement with Canada, is just an example of the pressures our system will continue to encounter; however, the success of the CETA agreement demonstrates the nobility of world trade to uphold agreements. It didn't.

As we move forward into the New Year, we will continue to succeed as chicken is becoming the protein of choice in Canada.

Bob Smook
General Manager



AHEP Priorities 2023

Emergency
Management and
Mitigation



Managing
Domestic
Supply

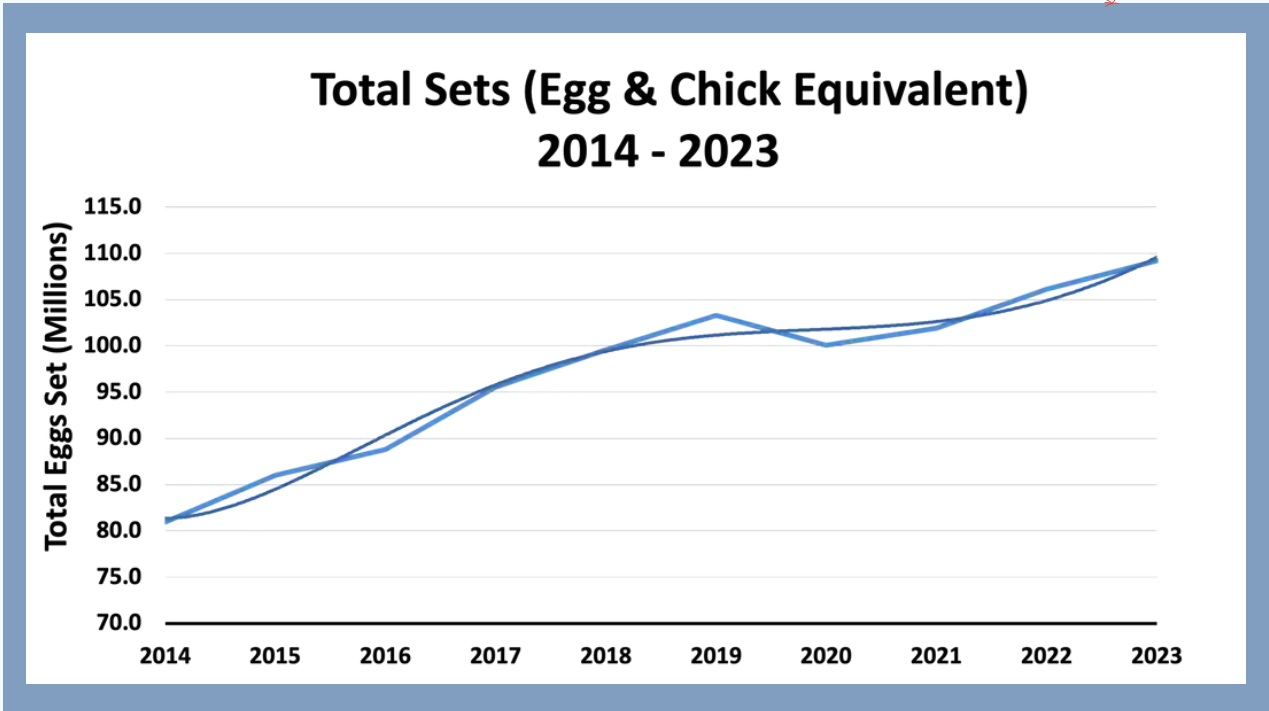
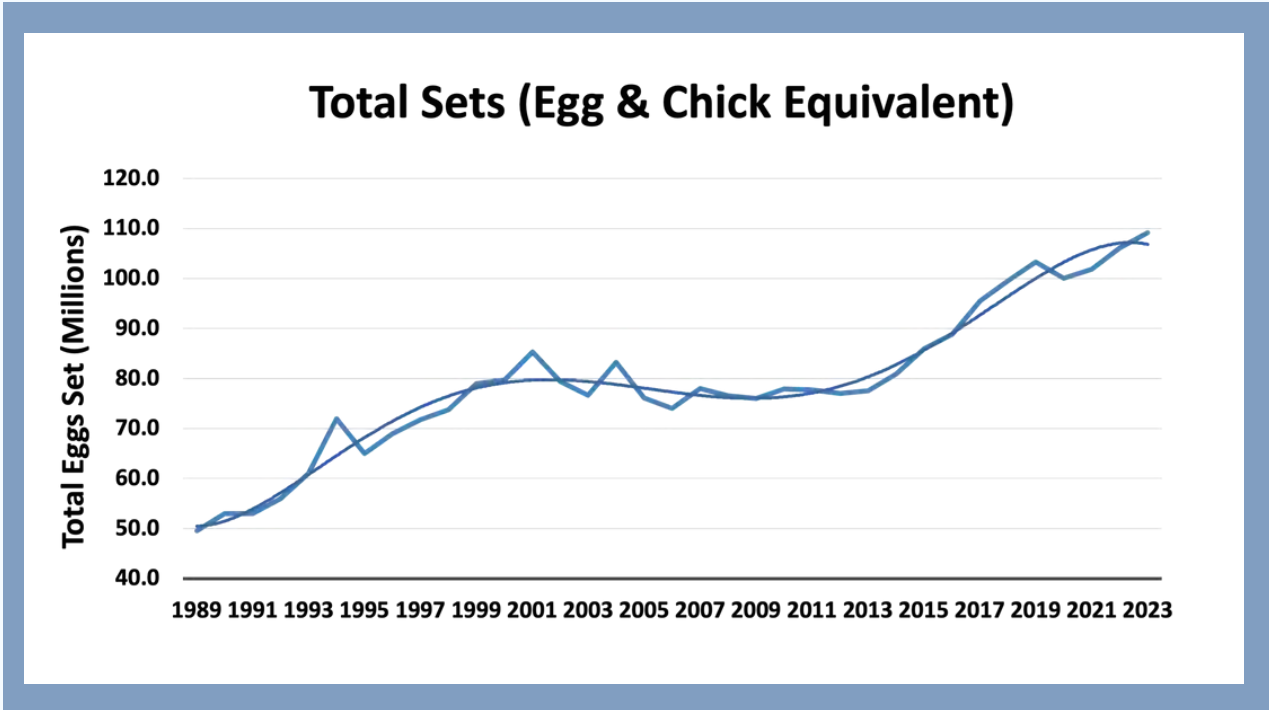
Value Chain/Supply
Chain
Advancement

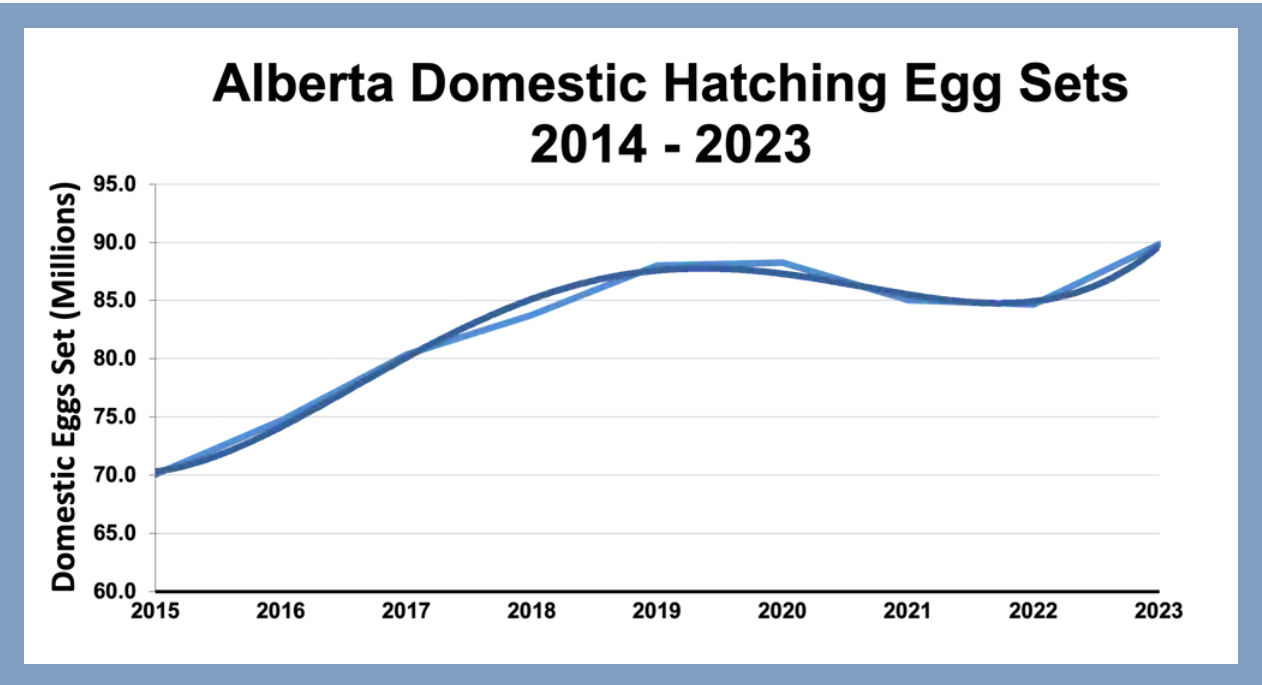
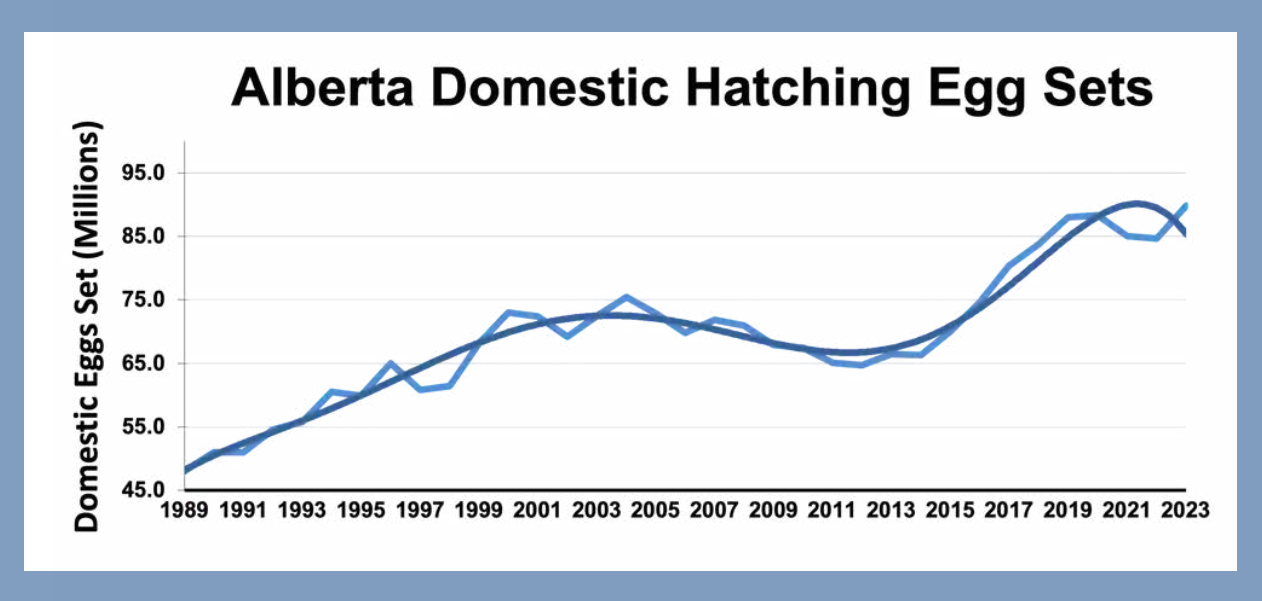


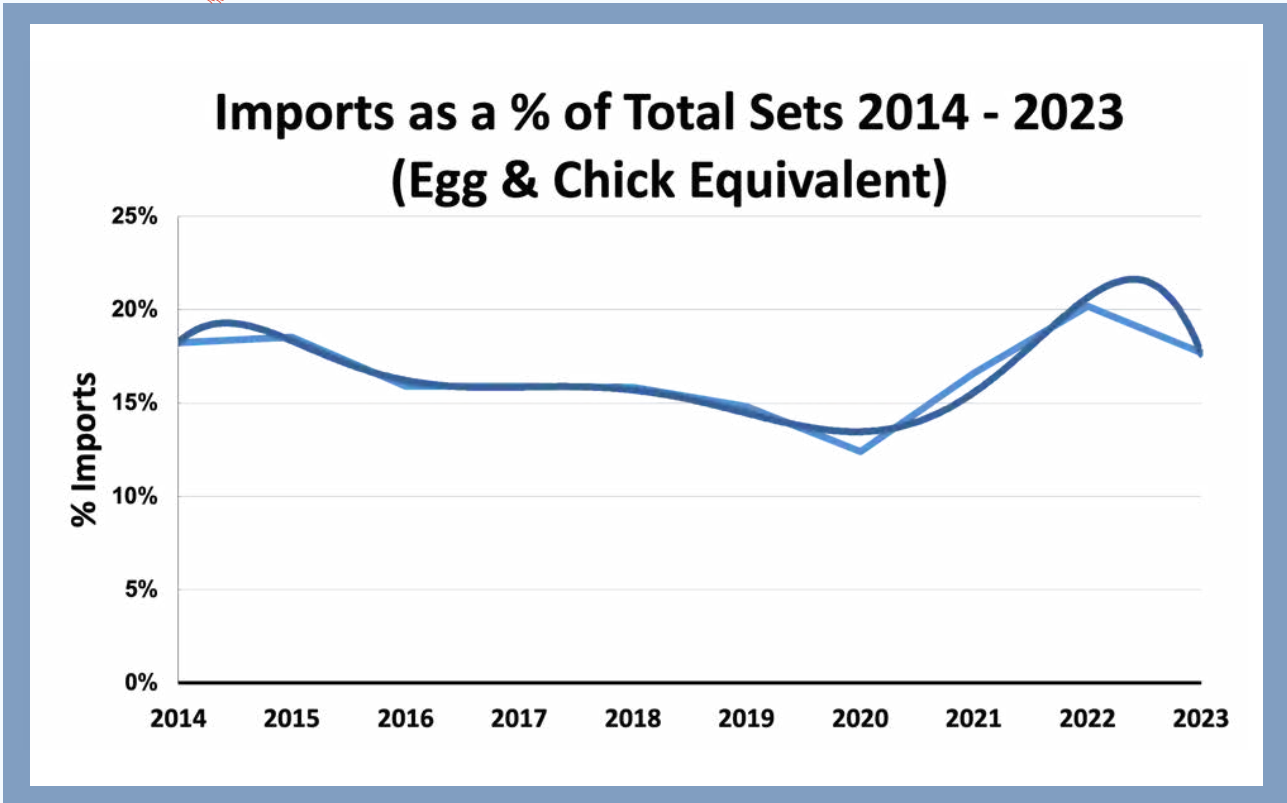
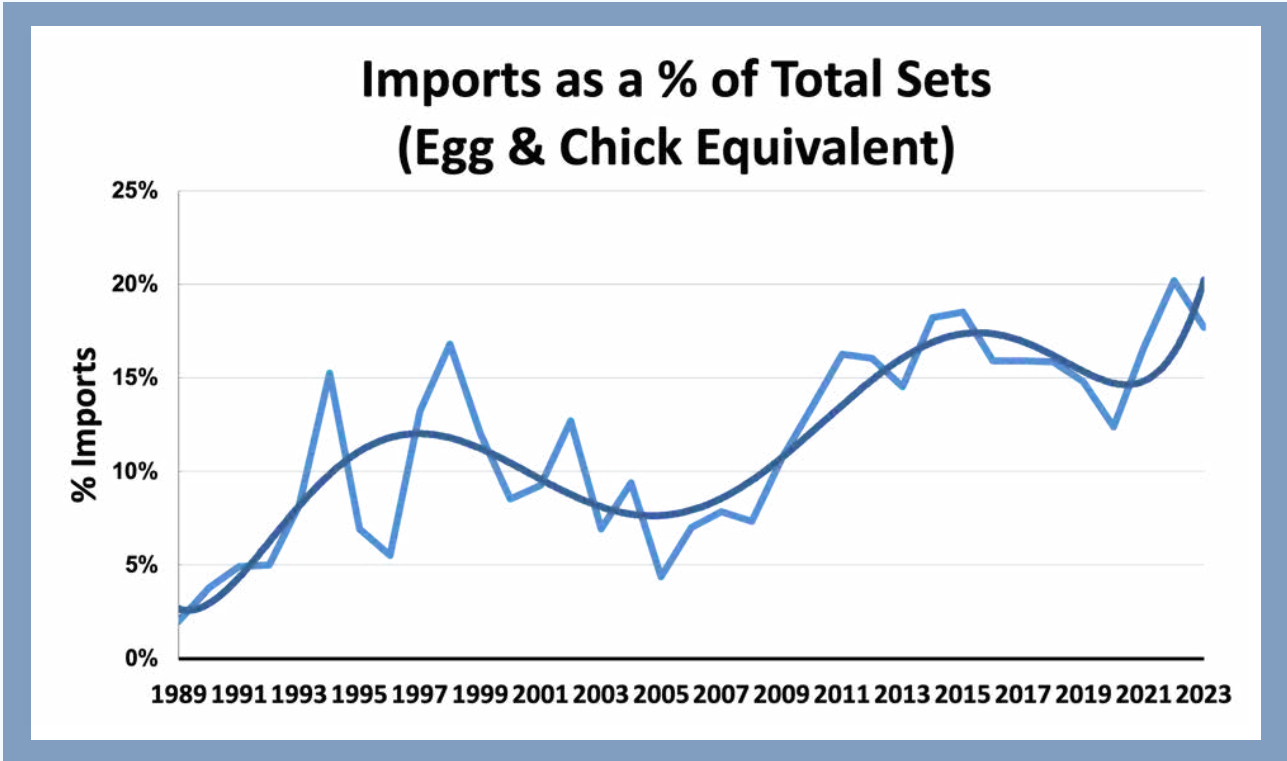
Governance
Excellence



Production Graphs







Balance of Supply



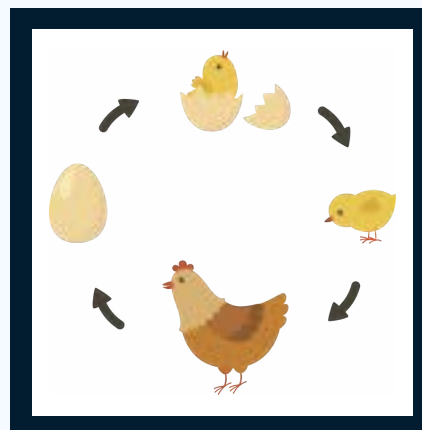
Throughout 2023, AHEP staff met with Alberta's hatchery managers on a weekly basis to discuss domestic hatching egg supply. AHEP strives to align the quota holdings of hatching egg producers with the market share requirements of each hatchery. This is a long-term goal. Acute changes to domestic supply necessitate the sharing of available domestic hatching eggs to balance the supply, fairly, between all four Alberta hatcheries. When Highly Pathogenic Avian Influenza (HPAI) affected two hatching egg producers in April 2022, the domestic supply became unbalanced. With the subsequent depopulation of two more positive farms, in November 2022 and 2023 respectfully, these weekly meetings have ensured all hatcheries receive their market share of domestic supply. The main purpose of each meeting is to review how flocks are performing relative to projections and then distribute the estimated total domestic supply between all hatcheries according to their market share of total sets in the province. The sincere co-operation and good will between all hatcheries must be recognized. This working relationship strives to ensure all hatcheries have equal access to chicks hatched from domestic eggs to fill the needs of Alberta's broiler industry partners. With the proper balance of domestic supply, all hatcheries utilize imports to the same extent to achieve their total requirements.



All hatchery personnel are acknowledged for their willingness to adjust plans and protocols to achieve an equitable share of domestic eggs for all. We thank, and appreciate, the added efforts of the producers in the province, who shipped their eggs to more than one hatchery as part of the industry's commitment to a fair balance of domestic egg supply.

Allocation

Schedule B, the Canadian Hatching Egg Producers' (CHEP) allocation table, is amended during each of the three yearly meetings of CHEP and allied industries. Allocation for a given year is initially set in March of the previous year. This initial allocation is revised at each CHEP meeting creating a Revised Schedule B for a given year and concluded with a Final Schedule B in July of the allocation year.

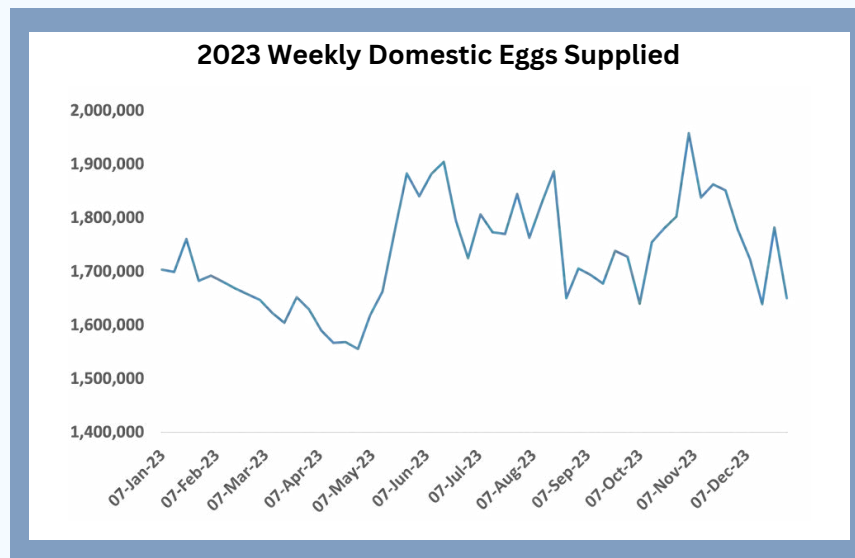


Each amendment is influenced by several factors, including revisions to the projection of total chicken kilograms required by Canada, provincial market share and provincial Meat:Egg ratio (M:E) calculation. From the 2023 Schedule B, finalized in July 2023, Alberta was allocated a total of 111,758,627 hatching eggs for 2023 calculated from 9.61% market share of kilograms and a M:E ratio of 1.2196. Of this total, 92,279,099 was Alberta's domestic hatching egg allocation.

SUMMARY	2022 audited	2023 preliminary	2023 over 2022
TOTAL Allocation (Schedule B)	105,692,827	111,758,672	5.74%
Total Sets	106,258,465	109,223,439	2.79%
Total Domestic Sets	84,789,211	89,845,956	5.96%
Total Imports Set	21,469,254	19,377,483	-9.74%
Import % of Total	20.20%	17.74%	-2.46%
Total Broiler Chicks Placed	83,568,037	85,345,269	2.13%
Market Share	9.77%	9.61%	-0.16%
KG	133,438,367	136,299,372	2.14%
M:E	1.2625	1.2196	-3.40%

Allocation

Domestic supply of hatching eggs was both tight and erratic during 2023 as farms recovered from depopulation due to AI. Producers were asked to keep their flocks to 63 weeks of age, if possible, to offset the loss of production. These efforts, together with the approval of Alberta’s 1.0M egg TAAM request to CHEP, resulted in Alberta achieving 98.1% of adjusted domestic allocation. The end of November marked the loss of another farm from HPAI; the results of which will continue into 2024.



From the 2024 Schedule B Revised November 2023, Alberta is currently allocated a total of 117,970,453 hatching eggs for 2024 calculated from 9.90% market share of kilograms and a M:E ratio of 1.2208. Of this total, 97,421,032 is Alberta’s domestic hatching egg allocation. This represents a 5.5% increase year over year, however, allocation will be revised in March 2024 and finalized in July 2024. With the increase in day old breeder chick placement numbers Alberta should be able to meet allocation with a more reasonable flock life age as the year progresses.





CHEP Report

2023 was an interesting year for everyone. Even though there were some unforeseen circumstances the opportunity to take advantage of strong growth in the chicken market was still present. Our economy continues strengthen itself through the support of Canadians and hatching egg producers alike.

HPAI

Unfortunately, Canada was impacted by Highly Pathogenic Avian Influenza (HPAI). HPAI cases in commercial flocks were detected in all six member provinces, with 16 hatching egg flock detections between three member provinces. There was even a period of relief between May and September where no HPAI cases were detected in Canada.

Despite the extended period of HPAI inactivity in the middle of the year, collaboration continued between the National Poultry Group (NPG) and the Canadian Food Inspection Agency (CFIA) to improve the HPAI response. Success was particularly notable in the decreased time from detection to depopulation compared to the previous year. This was attributed to improved preparedness, particularly increased CO2 storage and provinces contracting of third-party destruction companies. Furthermore, CHP in collaboration with the NPG were successful in advocating for additional changes in the Event Response Plan that addressed additional challenges faced by provincial boards.

CHEP worked closely with the NPG and CFIA throughout the year in multiple working groups. The destruction working group approved whole barn nitrogen gassing and foaming for trial use in Canada. Furthermore, a proposed plan and policy for HPAI vaccination was presented to industry through the Vaccine Task Force. While this year showed many improvements in the HPAI response, work continues to tackle ongoing challenges and better prepare for future outbreaks.

On-Farm Programs

The amendments to the federal Health of Animals Regulations for supply flocks and hatcheries came into force November 9, 2023. We updated our on-farm programs, Canadian Hatching Egg Quality (CHEQ™) and the CHP Animal Care Program (ACP), to meet the regulations, removing the need for additional programs. These updates have been communicated to producers and have been incorporated into on-farm audits. CHP continues to engage with CFIA and the Canadian Hatchery Federation (CHF) on the regulations to ensure smooth implementation.



Allocation / Liquidated Damage Assessment

CHEP has modified its Schedule B allocation calculation methodology by considering Chicken Farmers of Canada's (CFC) allocations instead of actual production for market share calculation. Additionally, the variability of the allocation from March to July, if it is derived from the Meat-to-Egg (M/E) ratio, will be considered in the Liquidated Damage Assessment (LDA). The signing of the new LDA Agreement took place on November 16, 2023. Lastly, CHEP has finalized its specialty production policy, and a trial period was launched in 2024.

Food Banks Canada

CHEP is always looking for ways to continue to fight hunger in Canada. CHEP donated \$50,000 to Food Banks Canada for the Salvation Army Care & Share Food Bank. It is essential to provide food items to those facing food insecurity which emphasizes the importance of protein-rich resources such as chicken. These yearly donation from CHEP have assisted Food Banks Canada in distributing nutritious food to families and individuals facing food insecurity across the country.

Poultry and Egg On-Farm Investment Program Funding Top-Up

After the government's announcement regarding the allocation of \$2 million to compensate hatching egg producers in addressing the challenges posed by the Canada – United States – Mexico Agreement (CUSMA), CHEP representatives have worked in partnership with government officials to propose the inclusion of these funds into the existing Poultry and Eggs On-Farm Investment Program (PEFIP) that resulted from the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP). All CUSMA funds have been added into the ongoing PEFIP while maintaining the same eligibility criteria.

Young Farmers Program

The Canadian Broiler Hatching Egg Producers' Association developed the Young Farmers Program in 2002. The program has been very successful in supporting young farmers to maintain interest in the industry.



In 2024 CBHEPA will be partnering with CHEP to implement a new Young Farmers Program. The new program will offer young farmers an opportunity to gain experience and learn more about the national system and its role. For those looking to become a future member at the provincial and national board levels, the program will offer professional development. On occasion the Federal Government contacts CHEP for young producer representatives for specific working groups or advisory councils. With an active young farmers program, CHEP will have a pool of young producers that could participate as the opportunity arises.

Brian Bilkes
Chair



Alberta Hatcheries Report

We would like to start this report by thanking the Alberta Hatching Egg Producers for their continued efforts in biosecurity and overall approach during the ongoing challenging Avian Influenza (AI) outbreak. As a result, this past year we have seen less farms affected. We appreciate everyone's understanding and efforts in working together during this challenging time.

Our association this year has marked a change as we said farewell to Bill Roberts from Sofina and Al Keshwani from Miller Hatcheries. We thank Bill and Al for their many years of service to the AHA and wish them all the best in their future endeavors. Joining the table this year is Kenneth Chan from Sofina and Jeff and Grejanka Kamlah from Miller Hatcheries. We look forward to continuing to collaborate as a group keeping Alberta hatcheries' egg supply balanced, meeting the needs of the hatchery customers and being a leader in Canada as a working group that betters each business. AHA gives a large thank you to Nancy Robinson in the data she provides AHA each week for each party to have an open and transparent conversation of each other's needs for the week.

We at AHA are committed to the health and sustainability of the Alberta Hatching Egg Producers.

Thank you to the Alberta Hatching Egg Producers for allowing us to contribute to your annual report and we wish you a great year ahead.

Sincerely,
AHA Working Group

Intensive Livestock Working Group Report

Public Trust

The ILWG's public trust project has been successful in identifying critical issues and designing collaborative engagement processes aimed at rebuilding relationships and trust between the intensive livestock/poultry industries and rural stakeholders.

It is anticipated the implementation phase of the project in 2024 will be to identify jurisdictions that have the potential to foster emerging issues that may impact on the operation/development of CFO's, to then develop within those jurisdictions, relationships with local stakeholders that facilitate collaborative solutions (issue management versus crisis management), that is local partners solving local problems.

Agri-Environmental Partnership Alberta (AEPA)

The ILWG was instrumental in the creation of this organization which has a mandate to facilitate provincial government and agricultural industry collaboration to identify and proactively address environmental challenges and opportunities that influence sustainability of primary agricultural production in Alberta.

Water for Life Action Plan (WFLAP)

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





ILWG – Crop Sector Collaboration

This initiative is a mutual effort with Team Alberta (formerly the Crop Sector Working Group) to identify and cooperate on overarching issues with a goal to enhance agriculture’s influence on government policy and resource allocation. Regular contact occurs between the two organizations to maintain and improve this effective communications network, which helps broaden perspectives on sectoral issues, improve issue awareness/knowledge and identify areas of potential collaboration.

Dust Management – Clean Air Strategic Alliance (CASA)

CASA is a multi-stakeholder organization that has struck a “Dust Management” project team with a mandate to address dust management and how it can be mitigated throughout the province. Both the ILWG and Team Alberta are participating in the project team to ensure Agricultural interests are well represented and to keep member organizations well informed as the project moves forward.

NRCB – Policy Advisory Group

It is apparent there is growing discontent of municipalities and small urban centers over the unresolved conflict of provincial and municipal legislation governing land development. There is a very real probability that the Agricultural Operations Practices Act (AOPA) and the Municipal Government Act (MGA) will come under intense scrutiny and opened up for potential amendment in the near future. How this plays out could very well be one of the most critical issues facing the long-term sustainability of the livestock/poultry industry.





Poultry Innovation Partnership (PIP) Report

2023 brought new challenges to the poultry industry, and, as always, community and resilience were strong. Through our coalition of industry, research, academia, and allied industry, PIP has created a community that works together and supports each other. Our shared mission of advancing the Canadian poultry enterprise through excellence in research, extension and training tomorrow's poultry professionals continued to move forward in 2023 with a multitude of programs, initiatives, and outreach.

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, whether as participants or volunteers.

Innovation Showcase and Road Show 2023

Innovation Showcase took a new twist in 2023 as we introduced the Innovation Showcase Road Show! The PIP team took to the road, visiting farms on-site to interview producers about exciting innovations that they have embraced. Videos allowed viewers to both tour the farms and hear about practices first-hand. Road Show topics included Level-Up your biosecurity with Mike Froese, Rethinking Feed and Labour on Your Farm with Jeff Notenbomer and a video tour of the Manitoba Egg Farmers Learning and Research Center. In addition, the regular webinars included topics such as using gene expressions for poultry production, barn cleaning with water wash or disinfectant, rural internet challenges and more. You can find all of the presentations [here](#) on the Poultry Innovation Partnership website.

PIP Water App Formally Released in March 2023

After months of research and planning, the [PIP Poultry Water App](#) was released in March 2023. Free to Alberta poultry farmers through their feather boards, the app is also available to PIP Partners, allied industry, and the public at large. This app is a guided decision tree to support the complex journey of improving water quality on poultry farms. Each farm is different, and the recommendations are tailored to the conditions on your farm.

Western Poultry Conference (WPC) – June 2023

New location! Due to construction at its usual venue, the WPC took place at the Westerner Park in Red Deer, AB, on June 14. The sold-out conference featured speakers covering topics such as mitigating avian influenza risk, mental health challenges, and agro resilience. Check out the PIP website to take in the recorded sessions.

Mitigating Risk Flock Talk – August 15 -17 2023 (Edmonton, Calgary, Lethbridge)

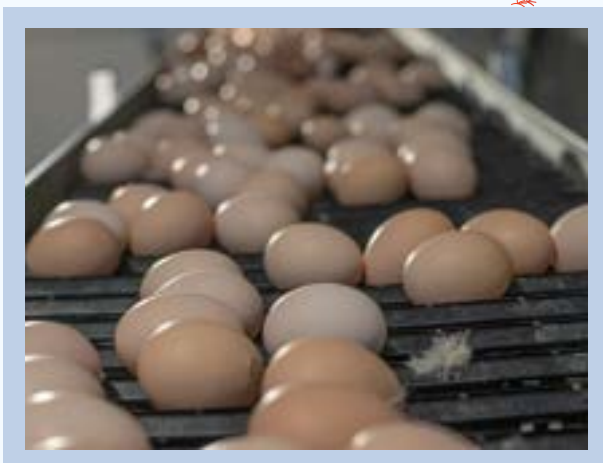
In August 2023, the Egg Farmers of Alberta and PIP team spearheaded a series of Risk Management Flock Talks, offering solutions and ideas for mitigating on-farm risk through preventative actions such as vaccination and biosecurity. The event featured Heather Watson from Farm Management Canada and veterinarians Teryn Girard and Hollyn Maloney from Prairie Livestock Veterinarians. A unique board game crafted to simulate decision-making scenarios made the afternoon fun and engaging while providing relatable solutions and outcomes to real problems on-farm.

Get Set For Your Future – Student Event September 14, 2023.

One of the enduring challenges in agriculture is finding ways to connect people with industry and on-farm expertise to students and young people. This need inspired the PIP Get Set for your Future: Poultry Industry and Student Mixer.

Now in its third year, this unique event relies on the generosity and mentorship of its industry volunteers. All four feather boards were represented, as well as Maple Leaf Foods, Poultry Partners, CountryJunction Feeds, Prairie Livestock Veterinarians, and academics and researchers from the U of A. I am so grateful to these mentor volunteers who provide life and career-changing interactions to our future poultry professionals.





The future of poultry research and extension

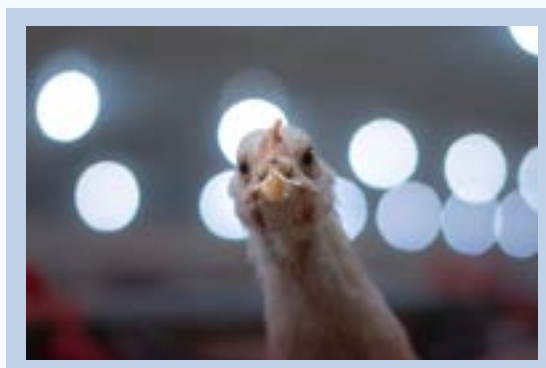
PIP hosted two events this year to spark discussions to support the development of a poultry research and extension strategy. Led by facilitator John Knapp, a diverse group of participants met in Red Deer in April to lay the groundwork for what success in the poultry industry would look like in ten years. The outcome of this meeting formed the framework of the new Poultry Research and Extension strategy. Through significant industry input and feedback, this framework grew into a comprehensive Research and Extension strategy that focuses on five main themes of opportunity. These themes include Productivity and Business Risk Management, Environmental Sustainability, Animal Health and Welfare (One Health), Poultry and Egg Quality/Value Add, and Food Safety. The Poultry Research and Extension strategy can be viewed on the Poultry Innovation Partnership website. This strategy is informative to producers, researchers, and funders.

During this discussion, a series of critically important background issues emerged as top of mind for participants. These background issues included rehousing and refocusing the Heritage flock, the need to address the aging poultry research facilities at U of A, the future of South Campus as a sustainable research location, the future scale of the academic commitment to poultry research, and the need for a sustainable business plan for the Poultry Innovation Partnership (PIP). A working group of industry leaders will be tackling these issues and recommending strategies to support poultry a strong future for poultry research and extension.

I am very thankful for the thoughtful engagement of our industry stakeholders, and many thanks go to consultant John Knapp for his masterful facilitation and careful distillation of the extensive input.

PIP looks forward to working with you in 2024!

Dr. Valerie Carney
Poultry Innovation Partnership Lead



Results Driven Agriculture Research

Results Driven Agriculture Research (RDAR) is looking forward to further strengthening partnerships with producers and commodity groups to drive results that make Alberta's agriculture industry more sustainable - economically, socially, and environmentally.

In 2022-23, RDAR invested \$44.7M in research projects and On-Farm Climate Action Funding (OFCAF) to make a meaningful impact on Alberta's economy and landscape.

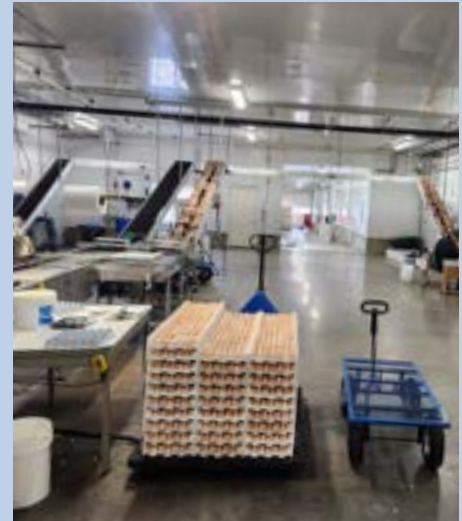
RDAR approved 93 (59%) of the 157 project applications received through our open calls and agriculture funding consortium intake. Responding quickly to urgent and emergent needs, we invested \$680,000 in Highly Pathogenic Avian Influenza projects. This investment brings RDAR's direct poultry industry investments, i.e., excluding partner contributions, to total \$4.4M.

During the first full year of delivering the OFCAF program, \$17.3M of federal government funding was paid to over 600 producers to support Nitrogen management, rotational grazing, and cover cropping projects.

Supporting Vital Avian Flu Research

Through the spring and fall of 2022, Highly Pathogenic Avian Influenza Virus (HPAI) triggered the on-farm culling of over 1.4 million birds in Alberta. RDAR investment into poultry virology research led by Dr. Faizal Careem at the University of Calgary aims to reduce the impact of future HPAI outbreaks, which is crucial to securing a safe food supply and a stable poultry industry in Alberta.

RDAR investment of \$680,000 towards this critical avian flu research project will help define effective, science-driven biosecurity procedures, and outbreak control measures for poultry birds.



Dr. Careem’s research will target several areas for understanding the magnitude of the current HPAI outbreak in Alberta:

- Identifying the route HPAI is introduced to poultry flocks – contaminated air, feed, water, or other vectors.
- Defining HPAI transmission risk in primary control zones in the time between disease diagnosis and facility depopulation.
- Determining the role that non-migratory birds might have in HPAI outbreaks.

The funding of this kind of work aligns with RDAR’s ability to address urgent and emergent industry needs while also looking at agriculture’s long-term sustainability.

Learn more about the University of Calgary HPAI project: [Environmental monitoring of highly pathogenic avian influenza virus \(HPAIV\) in Alberta with a focus on transmission to commercial poultry operations](#)

Outcome-driven Investments create our Portfolio of projects.

RDAR manages a comprehensive research portfolio of over 400 high-impact projects that increase farm profits, promote value-added investments, and generate employment opportunities across our industry. RDAR looks to create positive change for producers across Alberta by establishing relationships across Canada and beyond to bring the best practices, knowledge and research

results to producers and encourage early adoption of new management practices and innovative technology.

We are dedicated to ‘Going the Final Mile.’

On-farm innovation adoption is essential to RDAR’s delivery of the mandate to power Alberta’s agriculture’s sustainable profitability, productivity, and competitiveness.

For us, the ‘*Final Mile*’ means that we ensure that the results of research projects reach the farm gate and are put into the producer’s hands. Every RDAR-approved project is tied to achieving outcomes. Funded projects must show “farm-readiness” and describe a research extension plan leading to producer adoption.

In further support of the ‘*Final Mile*’ RDAR funds Dr. Valerie Carney as an RDAR Professor responsible for the research extension to the poultry sector. With her academic credentials in avian genetics, Val leads the Poultry Innovation Partnership working with partners across Alberta’s poultry industry.



An example of farm-based solutions is the [PIP Poultry Water App](#) – which uses a decision-tree style to gather input from the user and provide solutions geared to individual challenges identified by the producer. The app represents a significant advancement for poultry farmers, giving them the tools to manage drinking water systems efficiently, which will result in healthier birds, increased productivity and reduced costs. The app is applicable for all types of poultry operations.

Representing Alberta’s Producers

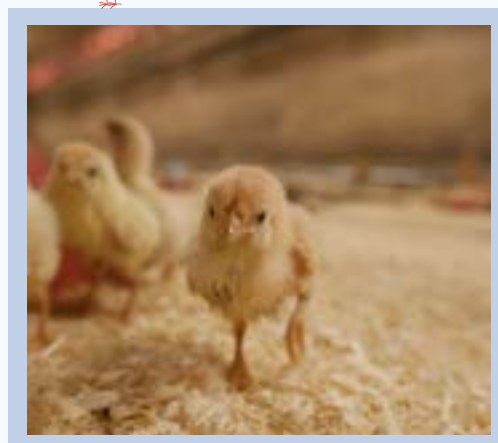
Alberta Hatching Egg Producers is one of RDAR’s 31 active, voting members. RDAR’s members are responsible for electing a Board of Directors to shape RDAR’s direction. On January 11th, 2024, at RDAR’s Annual Members Meeting in Edmonton, RDAR Members elected its 2024-2025 Board of Directors.

RDAR welcomes David Hoekstra to the Board. David is a well-known figure in the Alberta greenhouse and agriculture community, and he is passionate about growing food, growing the sector, and raising the bar for Alberta producers. Dr. David Chalack was re-elected as Chair, and D’Arcy Hilgartner was elected Vice-Chair, following Melissa Downing, who served as Vice-Chair for two terms.

RDAR’s Board Directors hail from diverse agricultural, academic, business and research backgrounds. Each of the 10 Directors represents the broad spectrum of organizations that comprise Alberta’s agriculture and research industry. Learn more about RDAR’s Board Directors [here](#).

RDAR 2024 – 2025 Board of Directors

- Dr. Stanford Blade (Edmonton)
- JP Brouwer (Ponoka)
- D’Arcy Hilgartner (Camrose)
- Dr. Fred Lozeman (Claresholm)
- Dr. David Chalack (Calgary)
- Jason Lenz (Bentley)
- Josie Van Lent (Vermillion)
- Brian Brewin (Taber)
- Steve Kenyon (Busby)
- David Hoekstra (Medicine Hat)



RDAR Research Showcase: Shining the light on Alberta Ag Researchers

Also, on January 11th, RDAR held its second annual research showcase in Edmonton - *Feet in the Field, Eyes on the Stars*. This unique event spotlighted the “stars” of agriculture in Alberta – the collaborations and results of research providing direct benefits to producers.

At this year's Research Showcase, University of Alberta poultry researchers Dr. Jie Chen and Dr. Doug Korver presented the outcomes of their critical poultry research. Dr. Chen shared his work on [Passive on-site detection of avian influenza in poultry birds](#), and Dr. Korver shared his work on [Expanding opportunities for Western Canadian faba bean as a feedstuff for broiler chickens and laying hens](#). Read more about these and other RDAR poultry projects [here](#).

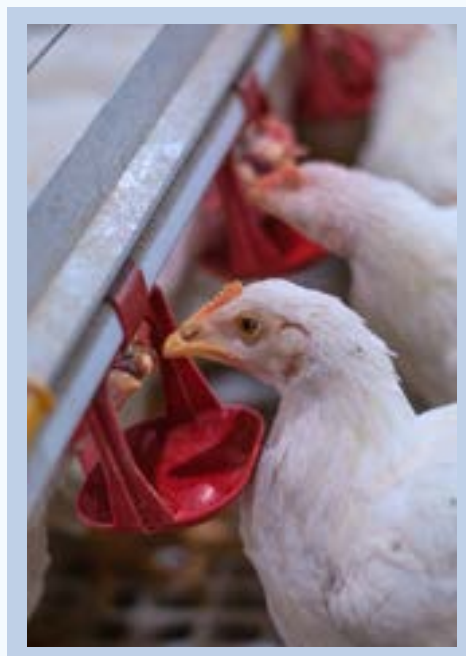
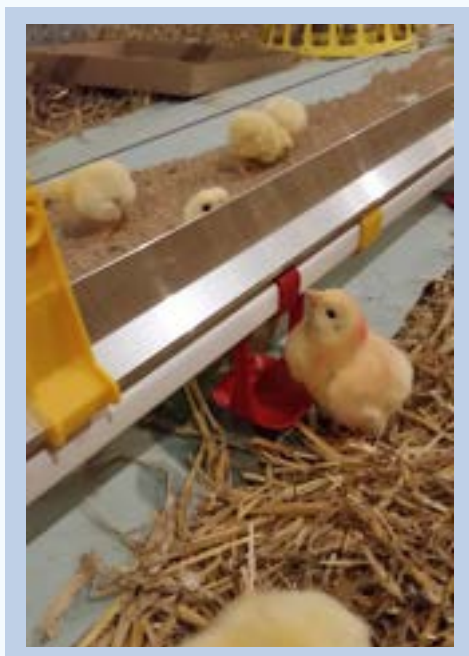
Looking Forward

In 2024, 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 research funding updates, visit www.rdar.ca and follow us on (X) @RDARAlberta and LinkedIn: Results Driven Agriculture Research and Facebook: RDAR Alberta.

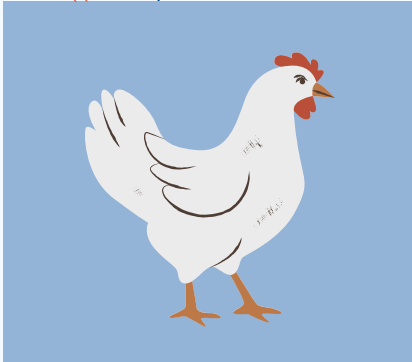
About RDAR

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



Diagnostics Update

The Diagnostics Services Agreement between the Alberta poultry industry and the University of Calgary continued to have a significant impact on veterinary diagnostics in the province. In October, the Diagnostic Services Unit (DSU) opened the new Serology laboratory section, accepting poultry samples for Newcastle Disease Virus (NDV), Avian Reovirus (REO), Infectious Bronchitis Virus (IBV), Avian Encephalomyelitis (AE), and Infectious Bursal Disease (IBD). The number of poultry DSU submissions increased to over 150 in 2023 from 64 in 2022. The Alberta Poultry Industry has committed to renewing the agreement with the UCVM for diagnostics for a further four years.





Snippets of 2023

Every year boards and commissions reflect upon the activities that mark the past year's efforts. The Alberta Hatching Egg Producers, with the support of their membership and allied industries, touched on the following areas of deliverables and governance.

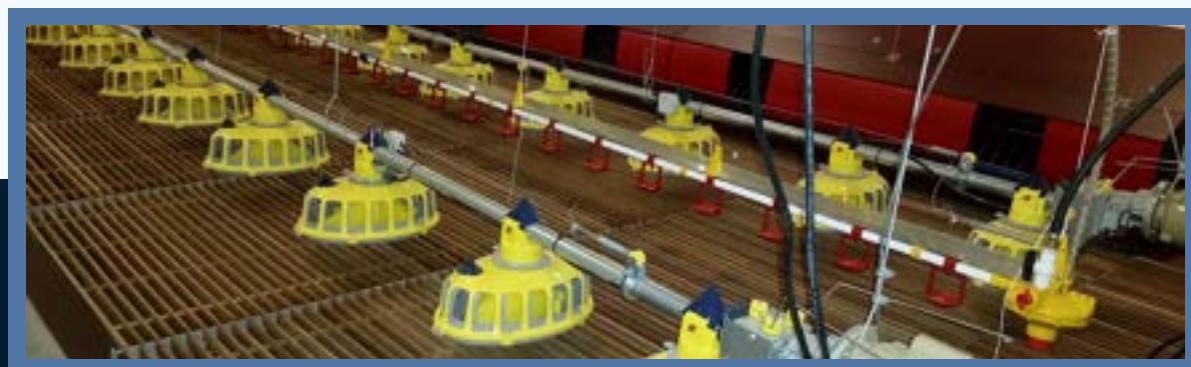
Producer Meetings

Communicating with producers is a necessary process to impart the market direction an industry is driven and to implement changing policies to achieve customer demand. This year producers met on August 24th in Red Deer to review matters pertaining to egg supply, growth approaches for breeders into the future, insurance mitigation tools, provincial diagnostics, and national agency activities. As well a review of North American chicken and breeder chicken trends, spoke to performance and productivity into the future.



Animal Care and Food Safety On Farm Programs

The ACP and OFFSP programs, that our industry adheres to maintain compliance with our regulations and consumers expectations, were impacted last year with HPAI, followed by a loss of office staffing. AHEP continues to work with contractors and staff to achieve compliance. Federally, these programs were amended to comply with the amendments to the federal "Health of Animals Regulations" for supply flocks and hatcheries. The impact to our industry sector puts forth the requirement to swab outgoing flocks, prior to shipout. AHEP will be implementing this amendment to our existing SE swabbing protocol.



Snippets of 2023

Poultry Management Committee

The Poultry Management Committee consists of 6 member provinces who meet a minimum of 3 times a year. The intent of the Poultry Management Committee is to streamline the national food services assurance of safety of food quality to consumers.

This oversight of this group is to ensure that standardized food safety requirements are embraced vs. having several individualized food services assurances of food safety program, thus avoiding duplication on retail specific requirements.

Ammonia standards for breeders within bird living areas continues to be an issue of debate of what is acceptable and attainable. In 2024, AHEP will be taking ammonia readings within barns in the province, to collect data, from which, fact based discussions and decisions can be made.



Alberta Poultry Emergency Management Team (APIEMT)

Through the 2022 Avian Influenza (AI) response the Alberta Poultry Industry (API) relied on the various Incident Command Systems (ICS) emergency plans developed in cooperation with Risk Ready. As an outcome of the lessons learned through the AI outbreak, the Alberta Poultry Industry (API) modified its emergency response plans to better reflect the industry's needs. This approach has created a framework that has conserved the ICS principles developed over the years to create a more manageable and specific framework for future emergency response efforts within Alberta's poultry industry. One key learning of the AI response in 2022/23 is the need to increase the API's emergency response capacity internally to make future outbreaks more manageable.

The overall objective is to have a more robust emergency support structure within the API Boards to coordinate and support the development and maintenance of the current emergency response plans. The goal is to create more capacity within the Boards to respond to emergencies that arise while reducing any negative impacts on the ongoing operations of the Boards and the mental health of staff. Hence the development of the APIEMT agreement between the SM4 on a cost shared basis. AHEP has worked and wish to recognize the collective efforts of SM4 staff to make this a reality. We welcome Brandy Addai into her role as Emergency Preparedness and Response Coordinator for the Alberta poultry industry.



Snippets of 2023

Meeting with New Ag Minister

With the recent election in Alberta, came the appointment of a new Minister of Agriculture and Irrigation. Chair Kevin Tiemstra had the opportunity to attend a meeting with the Minister and put forward our specific industry concerns as they apply to the business risk programs in effect. Minister Sigurdson met with all of Alberta's boards and commissions to receive input on BRM's before the Provincial Ministerial talks that were held in Winnipeg with Federal Minister of Agriculture Marie Bibeau in August of this past year.



UCVMA Contract

The Diagnostics Services Agreement between the Alberta poultry industry and the University of Calgary continued to have a significant impact on veterinary diagnostics in the province. In October, the Diagnostic Services Unit (DSU) opened the new Serology laboratory section, accepting poultry samples for Newcastle Disease Virus (NDV), Avian Reovirus (REO), Infectious Bronchitis Virus (IBV), Avian Encephalomyelitis (AE), and Infectious Bursal Disease (IBD). The number of poultry DSU submissions increased to over 150 in 2023 from 64 in 2022. The Alberta Poultry Industry has committed to renewing the agreement with the UCVM for diagnostics for a further four years. As well, AHEP board would like to acknowledge John Knapp and Dennis Wickersham for their work on this project.

AHEP Hatchery Visits

To build a better understanding of our supply chain and pursue positive relationships, AHEP met with most of the hatchery managers in Alberta. The exercise allowed open dialogue in the challenges both sectors are experiencing to meet the market during the shortages of broiler hatching eggs, both domestic and import. Visits will be completed in the first quarter of 2024.



Snippets of 2023

Poultry Insurance Exchange

The Poultry Insurance Exchange (PIE) is the reciprocal insurance provider for our SE, HPAI perils. Not having insurance creates risk vulnerability, which in a highly capitalized industry like broiler breeders, is not a prudent decision. This past year has fostered extensive discussions between AHEP and PIE on coverage understandings and working to remedy short falls. The board met with the incoming Executive Director and Chair of PIE to discuss and ensure coverage relevant to Alberta Producers financial risk needs. The board would like to thank and acknowledge Cora Scheele for her service as the PIE western director.

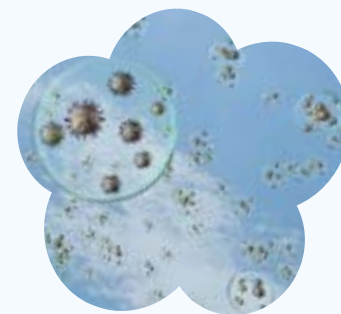
Environmental Monitoring for Salmonella

Throughout 2023, day old breeder chicks and the rearing barns of Alberta’s hatching egg producers continued to be monitored for Salmonella species. Environmental swabs from approximately 85 female barns, and corresponding male barns, were obtained, with zero positive results for Salmonella Enteritidis (SE). It follows that no insurance claims were submitted to PIE for SE contamination.

In 2024, a boot sock sample of the lay barn will be obtained, prior to flock removal as required by the new Federal Hatchery Supply Flock Regulation.

Highly Pathogenic Avian Influenza (HPAI)

As the spring of 2023 approached, poultry producers and board staff were anxious as wild bird migration began. Our Alberta Poultry Emergency Management Team was well prepared following the disastrous 2022 year. However, spring and summer were quiet with only one HPAI positive detected in a small backyard flock in April 2023. September 11, 2023, marked the first of 19 sites to test positive for HPAI during fall wild bird migration. The process of detection, depopulation, disposal, cleaning, and disinfection was quite smooth this past year thanks to the lessons learned throughout 2022. A summary of all 20 flocks affected throughout 2023 is provided below.



Species	# of Positives
Broiler Breeders	1
Broilers	1
Layers	2
Turkeys	4
Small Flock/with Control Zone	5
Small Floc/ no Control Zone	7



Snippets of 2023

Bylaws and Regulatory Review

The process of introduction and review of the Bylaws began over 2 years ago with 3 formal consultations (July 13, 2021/August 23, 2022/February 28, 2023) with producers in attendance at meetings and via email consultations throughout the years. Bylaws were finalized and approved in 2023.

Bylaws represent portions of board governance legislation that have been removed from the Alberta Hatching Egg Producers Plan Regulation. Regulations replaced with Bylaws include those related to:

- AHEP's governance and the management and conduct of its affairs, including the management and carrying out of powers, duties and functions by the AHEP;
- Eligibility for membership and general rights of producers;
- The terms of office for directors;
- The appointment or election of the chair and vice chair;
- The removal of a director, chair, or vice chair;
- Procedures for meetings, including notice of meetings, the holding of meetings, and quorum;
- Approval process for bylaws by producers; and
- Any other matter required by Council to be addressed by bylaw.

These governance components, now in bylaws, can be amended at producer meetings by producers and will not require Legislative Cabinet approval. Producers can make these changes with the support of Marketing Council.



Policy Reviews

Policy reviews are an ongoing process that AHEP has an obligation to ensure relevance and practicality for our industry. At this year's producer meeting discussions on the New Entrant Program and Growth Policy were reviewed. The review of these policies will continue into 2024 with producer consultations.

Financials



**ALBERTA HATCHING EGG
PRODUCERS
Financial Statements
Year Ended November 30, 2023**

ALBERTA HATCHING EGG PRODUCERS
Index to Financial Statements
Year Ended November 30, 2023

	Pag
INDEPENDENT AUDITOR'S REPORT	e 1 -
FINANCIAL STATEMENTS	2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10
Office(<i>Schedule 1</i>)	11
Special Project(<i>Schedule 2</i>)	12



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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 board), which comprise the statement of financial position as at November 30, 2023, 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, 2023, 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 board 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.

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 related to going concern and using the going concern basis of accounting unless management either intends to liquidate the board or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

(continues)

Independent Auditor's Report to the To the Members of Alberta Hatching Egg Producers(*continued*)

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 1, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS

ALBERTA HATCHING EGG PRODUCERS
Statement of Financial Position
As at November 30, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 706,159	\$ 1,441,730
Term deposits (Note 2)	1,408,596	384,772
Accounts receivable (Note 3)	188,299	219,279
Prepaid expenses	79,121	77,459
	<u>2,382,175</u>	<u>2,123,240</u>
EQUIPMENT AND LEASEHOLD IMPROVEMENTS (Note 4)	17,606	15,460
	<u>\$ 2,399,781</u>	<u>\$ 2,138,700</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 154,751	\$ 176,985
CONTINGENT LIABILITY (Note 6)		
COMMITMENTS (Note 7)		
NET ASSETS		
Invested in equipment and leasehold improvements	17,606	15,460
Unrestricted	<u>2,227,424</u>	<u>1,946,255</u>
	<u>2,245,030</u>	<u>1,961,715</u>
	<u>\$ 2,399,781</u>	<u>\$ 2,138,700</u>

ON BEHALF OF THE BOARD



Director



Director

ALBERTA HATCHING EGG PRODUCERS
Statement of Operations
Year Ended November 30, 2023

	2023	2022
REVENUE		
Provincial levies	\$ 1,819,753	\$ 1,817,192
In ter est	27,558	1,744
Diagnostic and other	6,159	8,292
Grants	-	7,000
	<u>1,853,470</u>	<u>1,834,228</u>
EXPENSES		
Poultry risk management	510,818	479,115
Salaries and benefits	277,953	292,906
Canadian Hatching Egg Producers levies	252,903	253,661
Members' allowance	121,468	84,175
Members' expenses	56,818	49,581
Meeting expenses	42,366	37,421
Office (<i>Schedule 1</i>)	40,360	43,797
Rent	35,265	33,005
Employee operational expenses	25,949	28,406
Professional fees	24,855	27,537
Contract services	6,924	1,792
Amortization of equipment and leasehold improvements	5,907	4,205
Advertising, promotion and dues	5,555	7,456
Insurance and bonding	3,718	6,824
	<u>1,410,859</u>	<u>1,349,881</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	442,611	484,347
SPECIAL PROJECT EXPENSES (<i>Schedule 2</i>)	(159,296)	(161,515)
	<u>283,315</u>	<u>322,832</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$</u>	<u>\$</u>

ALBERTA HATCHING EGG PRODUCERS
Statement of Changes in Net Assets
Year Ended November 30, 2023

		Invested in Equipment and Leasehold Improvements	Unrestricted	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$	15,460	\$ 1,946,255	\$ 1,961,715	\$ 1,638,883
Excess of revenue over expenses		(5,907)	289,222	283,315	322,832
Purchase of equipment		8,053	(8,053)	-	-
NET ASSETS - END OF YEAR	\$	17,606	\$ 2,227,424	\$ 2,245,030	\$ 1,961,715

ALBERTA HATCHING EGG PRODUCERS
Statement of Cash Flows
Year Ended November 30, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 283,315	\$ 322,832
Item not affecting cash:		
Amortization of equipment and leasehold improvements	5,907	4,205
	<u>289,222</u>	<u>327,037</u>
Changes in non-cash working capital:		
Accounts receivable	30,978	121,284
Prepaid expenses	(1,662)	(13,734)
Accounts payable and accrued liabilities	(22,232)	36,657
	<u>7,084</u>	<u>144,207</u>
Cash flow from operating activities	<u>296,306</u>	<u>471,244</u>
INVESTING ACTIVITY		
Purchase of equipment and leasehold improvements	<u>(8,053)</u>	<u>(3,169)</u>
INCREASE IN CASH	288,253	468,075
CASH - BEGINNING OF YEAR	<u>1,826,502</u>	<u>1,358,427</u>
CASH - END OF YEAR	<u>\$ 2,114,755</u>	<u>\$ 1,826,502</u>
CASH CONSISTS OF:		
Cash	\$ 706,159	\$ 1,441,730
Term deposits	<u>1,408,596</u>	<u>384,772</u>
	<u>\$ 2,114,755</u>	<u>\$ 1,826,502</u>

ALBERTA HATCHING EGG PRODUCERS
Notes to Financial Statements
Year Ended November 30, 2023

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.

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 Board 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 and accounts receivable. Financial liabilities measured at amortized cost using the straight-line method include accounts payable and accrued liabilities.

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.

(continues)

ALBERTA HATCHING EGG PRODUCERS
Notes to Financial Statements
Year Ended November 30, 2023

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment

For financial assets measured at cost or amortized cost, the Board determines whether there are indications of possible impairment. When there are, and the board 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.

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.

ALBERTA HATCHING EGG PRODUCERS
Notes to Financial Statements
Year Ended November 30, 2023

2. TERM DEPOSITS

2023 2022

Unrestricted \$ 1,298,196 \$ 274,372

Restricted 110,400 110,400

\$ 1,408,596 \$ 384,772

Unrestricted term deposits bear interest averaging 5.11% (2022 - 0.67%), maturing from December 20, 2023 to July 26, 2024.

Restricted term deposit bears interest at 4.05% (2022 - 2.00%), maturing on October 8, 2024 and is held as security for the Canadian Hatching Egg Producers contract as described in Note 7.

3. ACCOUNTS RECEIVABLE

	2023	2022
Levies and other	\$ 164,656	\$ 218,857
In ter est	<u>23,643</u>	<u>422</u>
	<u>\$ 188,299</u>	<u>\$ 219,279</u>

4. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Computer	\$ 48,424	\$ 41,159	\$ 7,265	\$ 3,170
Furniture and equipment	31,043	27,046	3,997	4,996
Leasehold improvements	1,695	847	848	1,187
Website	32,039	26,543	5,496	6,107
	<u>\$ 113,201</u>	<u>\$ 95,595</u>	<u>\$ 17,606</u>	<u>\$ 15,460</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Wages	\$ 56,097	\$ 51,556
Canadian Hatching Egg Producers	44,954	54,967
Trade and other	32,312	40,016
Government remittances	<u>21,388</u>	<u>30,446</u>
	<u>\$ 154,751</u>	<u>\$ 176,985</u>

ALBERTA HATCHING EGG PRODUCERS
Notes to Financial Statements
Year Ended November 30, 2023

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.

7. COMMITMENTS

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:

2024 \$ 28,314

2025 29,887

2026 22,415

\$ 80,616

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, 2023.

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.

9. COMPARATIVE FIGURES

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

ALBERTA HATCHING EGG PRODUCERS

Office

(Schedule 1)

Year Ended November 30, 2023

	2023	2022
Office expenses		
Technical services	\$ 18,056	\$ 16,526
Office	15,011	17,853
Telephone and fax	4,561	6,242
Interest and bank charges	2,323	1,882
Courier and postage	409	1,294
	<hr/>	<hr/>
	\$ 40,360	\$ 43,797

ALBERTA HATCHING EGG PRODUCERS
 Special Project
 Year Ended November 30, 2023

(Schedule 2)

	2023	2022
Special project expenses		
Grants	\$ 66,593	\$ 38,724
PIE audit and testing	42,895	34,919
Animal care program	14,727	11,231
COP update fee	8,250	8,250
Emergency management	9,929	22,855
ILWG-MOU	3,840	3,994
Diagnostic and veterinary	3,511	36,542
SM5 cost share	2,952	1,639
Offsap	6,599	3,361
	<u>\$ 159,296</u>	<u>\$ 161,515</u>

AHEP Priorities 2024

Managing
Domestic Supply



Cost of
Production
Update

Value Chain/Supply
Chain
Advancement



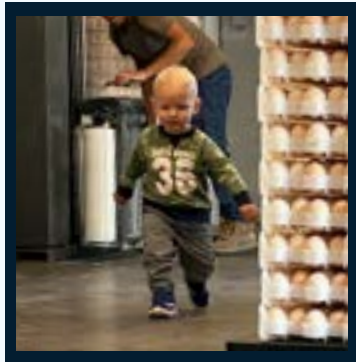
Risk Management








Thank You!

2023 was a challenging year to ensure supply balanced with demand! The AHEP Board of Directors and staff thank all producers for their continued commitment to this pillar of our system. We also appreciate the cooperation and positive relationships of hatchery partners and other allied industries throughout 2023.



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