

Alberta Hatching Egg
Producers



ANNUAL REPORT 2024



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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



Kevin Tiemstra

*Chair
CHEP Director*



Harry Voorhorst

Vice-Chair



Dennis Wickersham

*Director
CHEP Alternate*



Ilja Veldhuizen

Director



Arjan Scheele

Director

Office Staff

Bob Smook

General Manager

Nancy Robinson

Assistant Manager

Adrienne Bodnarchuk

*Agriculture Programs Coordinator
(From October 2024)*

Chelsea Kamprath

*Office Coordinator
(Part Time to October 2024)*

Dixie Dolan

*Disease Risk Management
Technician*

Chair's Report

This past year has had many events which required attention to ensure our industry was represented. These ranged from the review of shrinking national allocations, policy and regulations, disease insurance, research commitments, lobbying nationally and more.

Lobbying for Bill C-282 was very important for our industry, as the Bill targets the protection of Supply Management's domestic market share preventing its erosion during trade negotiations. Unfortunately, this Bill died when parliament was prorogued. It was a loss for our industry; however, it was praised by sectors who rely on exports. We will have to rely on working with the future, newly elected, government to ensure future trade agreements, like CUSMA are designed to safeguard Canadian food sovereignty of perishable agriculture goods. On the converse, we were involved in curbing Bill C-293, (a private members Bill) which is the "Pandemic Prevention and Preparedness" Bill that has language opposing commercial freedoms for agricultural producers and processors. Lobbying the Senate to take a cautious approach is ongoing.

When I spoke about growth and allocation last year, we were set to produce 97.4 million sets; however, with the slow down of our economy, this number was reduced to 96.6 million sets. You may ask the question, why the change? This reduction reflects our shrinking economy and population reduction as an estimated 4.7 million people are slated to return to their home countries. Fortunately, or unfortunately, this did not reduce our provincial flock life or allocation needs to meet the market. In August and November, your allocations were adjusted upward to reflect the bird's performance and to meet the market need.



The Alberta Hatching Egg Producers identified four priorities for 2024.

- Managing Domestic Supply
- Cost of Production
- Value Chain/Supply Chain Advancement
- Risk Management

Every industry needs a plan for establishing mechanisms to achieve expansion and growth. This year we engaged in a review of our “Growth Policy” and appreciate producers input into this very important matter shaping our future. We will work with our producers to amend existing policies to enable businesses plans for expansion. As well this year, on the regulatory front, we have an obligation to review our Plan and Regulations to be completed by September of 2025. Given the process we are in with our consultation with the growth policy, we have reached out to Marketing Council to receive an extension to September 2027.

To have success in our business plans, an industry needs to ensure that costs and returns are current to meet cash flow requirements for success. This year, Serecon has been involved in the update of our Cost of Production. The surveys are completed; however, analysis of the elements within the survey are underway, particularly looking more closely at vaccine, vaccine labor, and day-old breeder costs. We anticipate the completion to be spring/summer 2025. We are looking to have a robust/durable document with verifiable data.

As well, this year, we have been working with the Poultry Insurance Exchange (PIE) group in order to receive a better understanding of our coverage and investments. Having experienced SE claims and AI challenges, many questions regarding our coverage have been raised by our producers and ourselves. We have met with the group on two separate occasions this year and have confidence that this program serves the chicken industry to protect our consumers. I would like to acknowledge Brian Wassink for his willingness to represent Western Canada at the PIE table.

To achieve the correct balance of domestic hatching eggs being received at each of our provincial hatcheries is not a simple task with the movement of quota throughout the province. This year we met with our hatchery partners and the leadership group to work toward a resolution meeting a balance of supply. The conversations included trading product dock to dock, moving flocks between hatcheries, moving entire farms, or having hatcheries trade Tarriff Rate Quota amongst themselves. This process continues into 2025, with an optimism of sound solutions.




In 2024, the Alberta Hatching Egg Producers identified four priorities, which I discussed earlier.

To recap, AHEP has worked to:

- Managing Domestic Supply
 - Meetings with hatchery partners in 2024
- Cost of Production
 - Ongoing with slated completion for 2025
- Value Chain/Supply Chain Advancement
 - This has been paused this past year
- Risk Management
 - This year's oversight with the Poultry Insurance Exchange

In closing, I would like to personally express my thanks to the producers of Alberta, industry partners, office staff, and my fellow Board members for your support throughout the past year..



Kevin Tiemstra
Chair



General Manager's Report



Agriculture, in Canada, endured a reduction in gross returns in 2024, while experiencing a continued steady increase of input and interest costs. FCC estimates that farm cash receipts for Canadian farmers fell by 4.8%, from \$89.9 billion to \$85.5 billion. This shrinks net margin even more, year over year, as input and interest costs remain steady and increasing. For our supply-managed sector, farm cash receipts grew by 1.6 % to \$15.2 billion, however with increasing interest and input costs, there was no net gain in 2024 over 2023. Therefore, the story for primary agriculture, this past year is not a milestone.

This leads to the question, why are food prices continuing to rise for the consumer? Is it the wholesale or retail levels that are causing this increase in food costs? Perhaps the Trudeau government House of Commons committee studying food pricing in Canada will come up with the answer. The “Grocery Code of Conduct”, which is the rules agreed upon by stakeholders within Canada's food supply chain (retailers and suppliers) aimed at ensuring trust, fairness, and collaboration in their business dealings, isn't doing anything to help the cost of rising food prices. Regardless of the lack of transparency in supply chain pricing, our producer industry sectors must continue to operate, given our commitment to capital investment over the decades. We cannot simply walk away from our investment as farmers.



With Trump back in office, it appears that we're in for a whole new chapter with US trade policy, and it looks like it will be anything but business as usual. The new administration has a clear focus on protectionism, with plans for broad tariffs across trading partners and renegotiation of major agreements. With this mindset, our Canadian dollar has taken a tumble to a 20-year low, trading just above 68 cents American at the time of writing. For our sector, it has been confirmed by Global Affairs Canada (GAC) that should the tariffs come to fruition after February, this will not impact the chicken industry, allowing exemption on day-old breeders and imports. Further issues forthcoming include the renegotiation of CUSMA by 2026, which will likely include an ask for increased access into the Canadian Supply Management markets.

Regardless of the challenges we have in front of us, chicken is the strongest competing livestock protein on the Canadian market, priced competitively. Historically over the past 30 years, we have seen a steady 2.0 to 2.5% compounding yearly growth which establishes a trend for expansion. Growth for this upcoming year most likely will be flat, with the reduction in immigration and pressure on our consumer's budgets.

In closing, I look forward to working with our producers and board to move forward on our strategic priorities to make chicken the consumer's choice.

Take good care,



Bob Smook
General Manager



AHEP Priorities 2024

Managing Domestic Supply

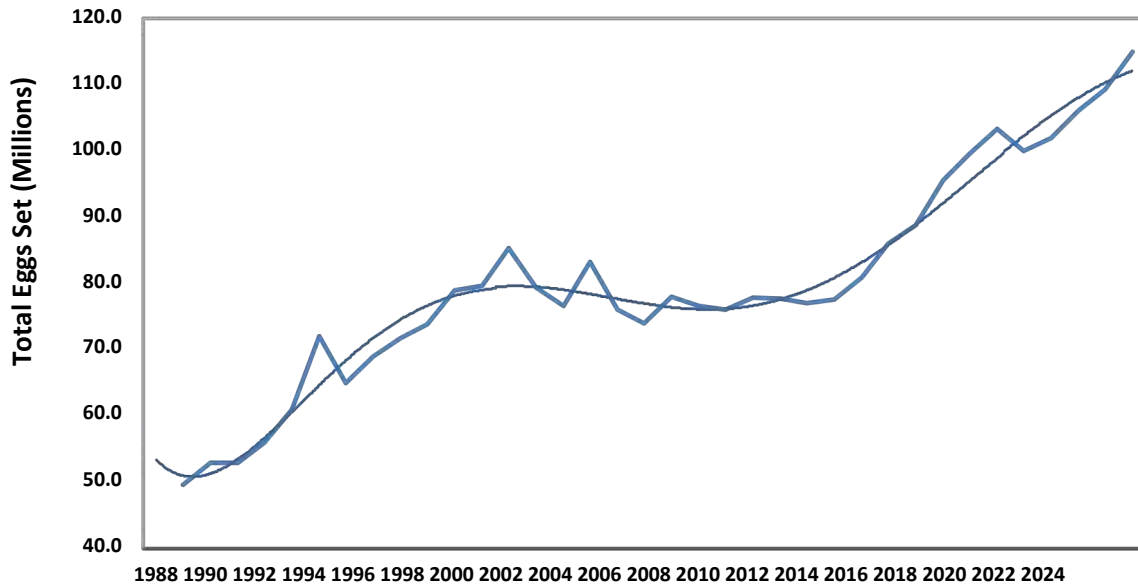
Cost of Production Update

**Value Chain/Supply Chain
Advancement**

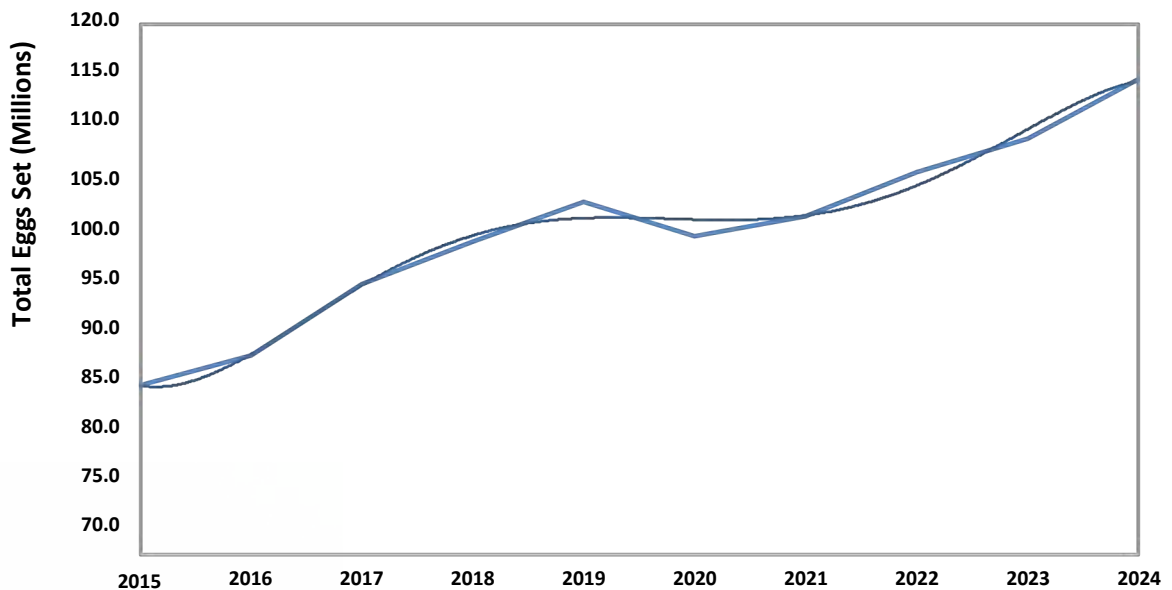
Risk Management

Production Graphs

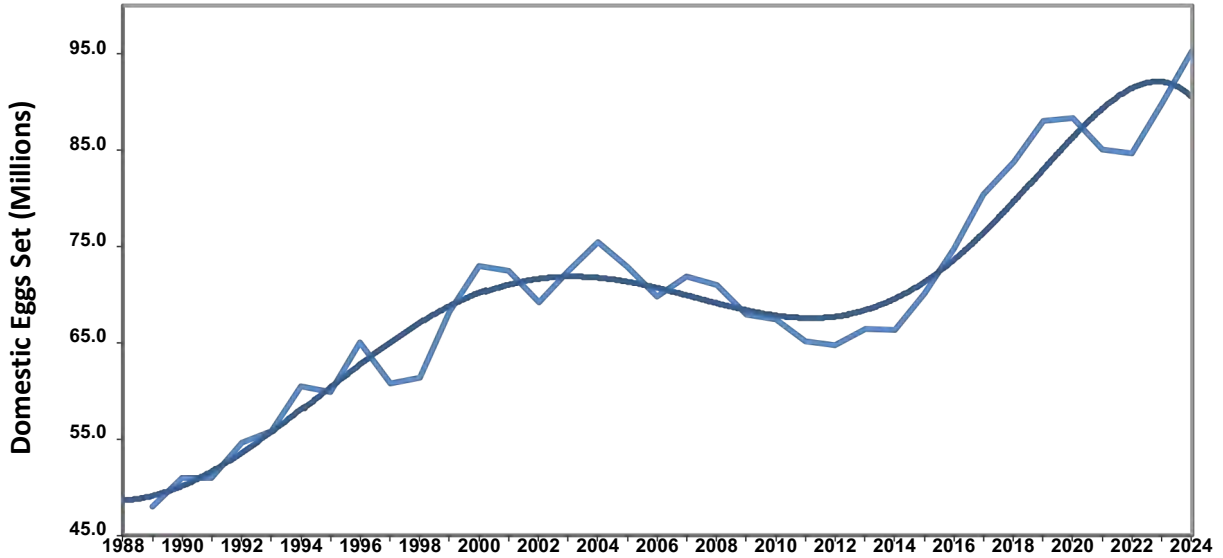
Total Sets (Egg & Chick Equivalent)



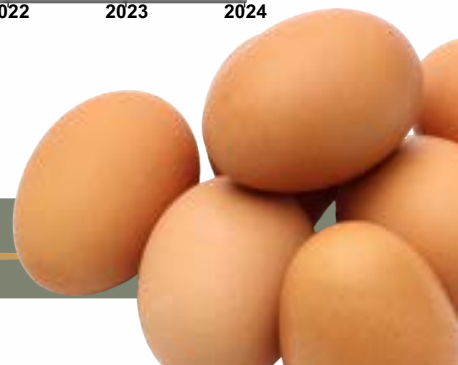
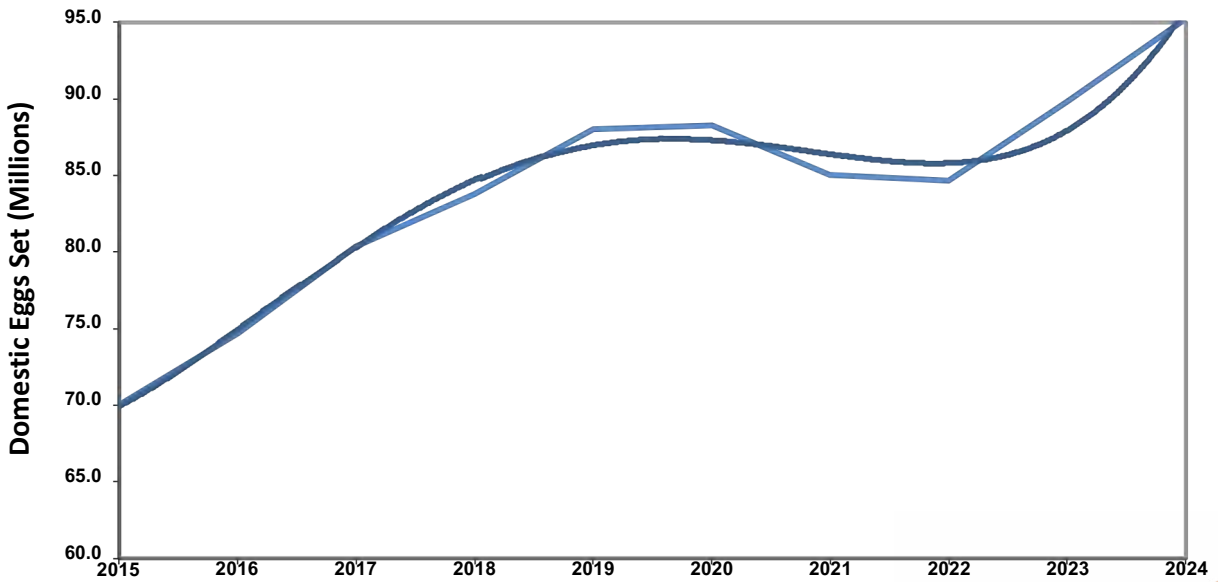
Total Sets (Egg & Chick Equivalent) 2015 -2024



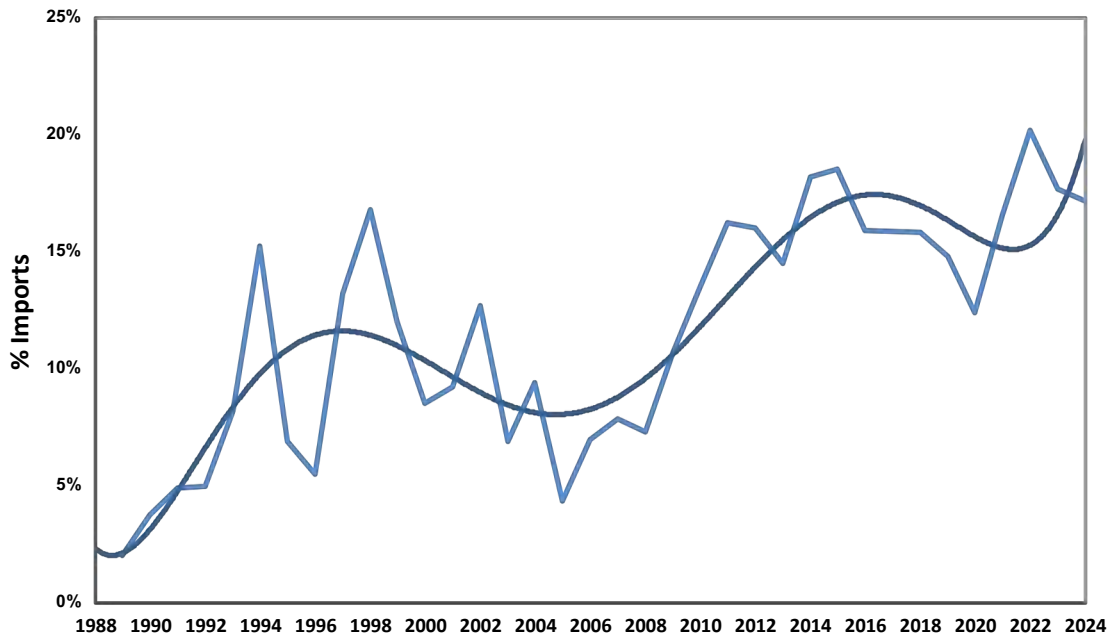
Domestic Hatching Egg Sets



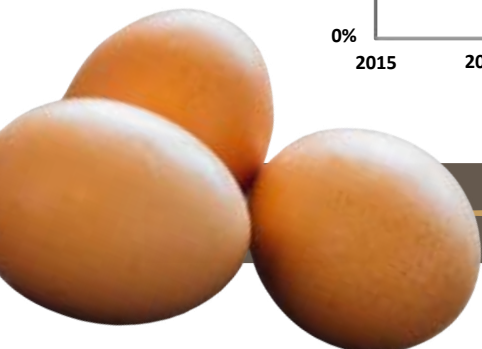
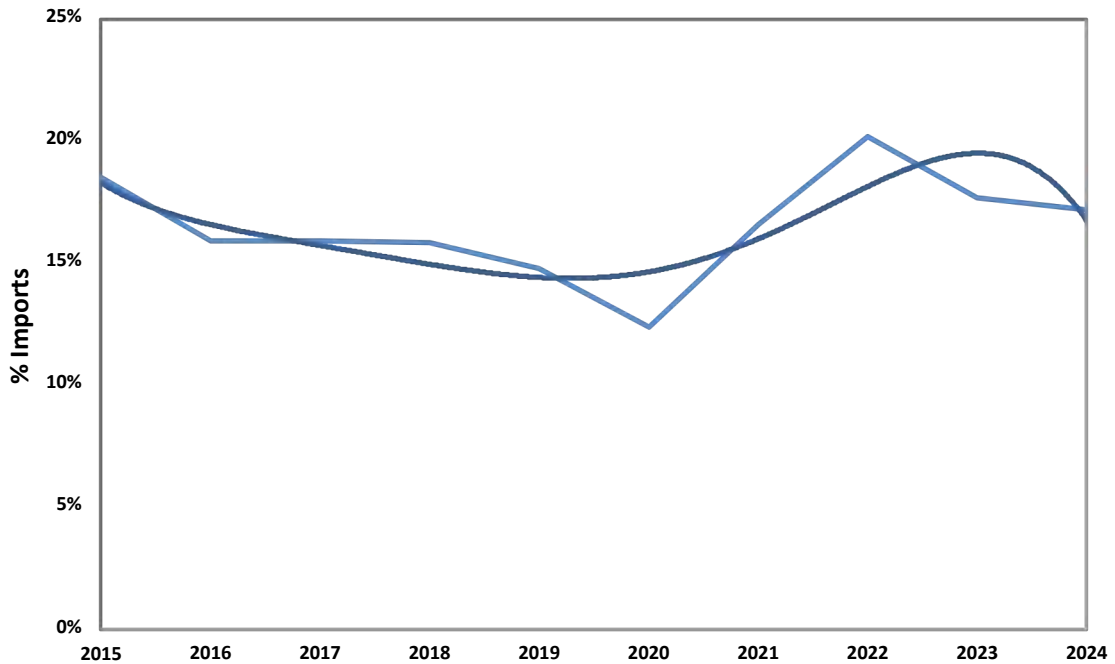
Domestic Hatching Egg Sets 2015 -2024



Imports as a % of Total Sets (Egg & Chick Equivalent)



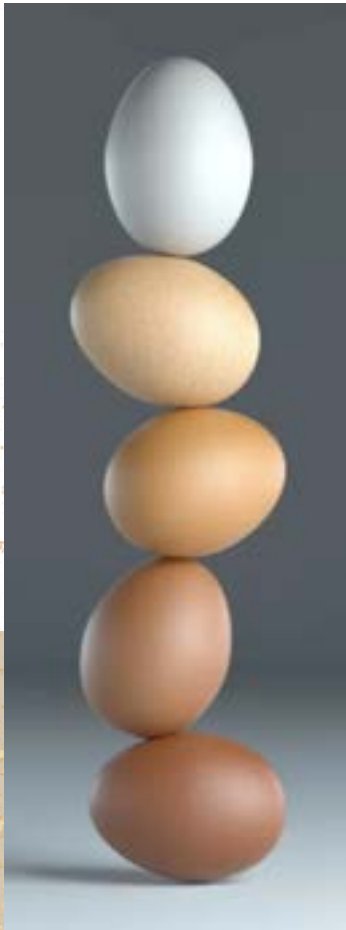
Imports as a % of Total Sets (Egg & Chick Equivalent) 2015 -2024



Balance of Supply

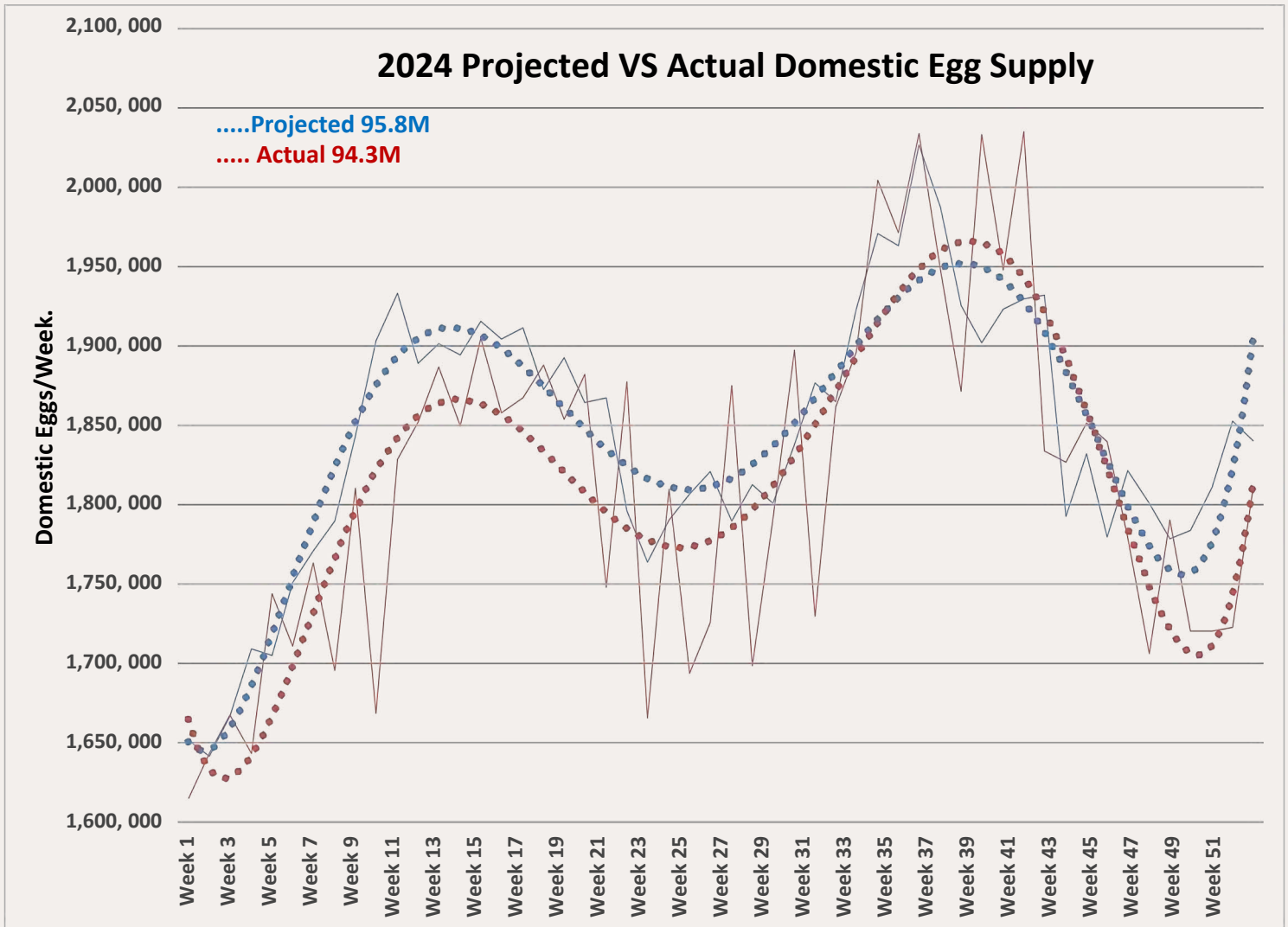
During 2024, Alberta hatcheries were frequently challenged by a tight supply of broiler hatching eggs. This was particularly true throughout the first half of the year as a farm, devastated by Avian Influenza, did not enter back into production until August 2024. Imported eggs were fully utilized and chicks were obtained from neighboring provinces to ensure Alberta's broiler growers received the demand required to achieve allocated chicken kilograms.

AHEP staff continued to meet with Alberta's hatchery managers on a weekly basis throughout 2024 to discuss domestic hatching egg supply.



The goal of the weekly meetings with managers is to move eggs between hatcheries so that all receive their fair market share of domestic eggs each week. Breed differences and transportation create challenges to balancing. Egg flow projections are used to determine where eggs should move on a weekly basis. The graph below demonstrates that projections often do not align with the actual number of domestic eggs received by all four hatcheries each week. Reasons for this are varied, however, hen mortality, anomalies in how and when flocks enter production, together with flocks struggling to produce beyond 50 weeks have significant impacts on the accuracy of projections. Nonetheless, all hatcheries remained relatively balanced in egg inventory throughout the year.





The intra-provincial movement of domestic eggs adds burden to both hatcheries and the producers whose eggs are being moved. Tracking of product can make it more difficult for producers to monitor flock performance and to allow for appropriate, and timely, management decisions. All involved in the logistics required to balance domestic supply are to be commended and thanked for their extra efforts that ensure equal treatment of hatcheries, as well as their respective broiler chick recipients.



Allocation

Total allocation is set by the Canadian Hatching Egg Producers (CHEP) following consultations and revisions that begin in March of the previous year through to the final allocation being set in July of the production year. Many allied industries provide educated insight into factors they believe will affect the total number of chicken kilograms that will be required over a 52-week calendar year.

Competing proteins, prices, and economies are critical to estimating the needs for a given year and each industry sector sees things through a different lens. Following discussions over 16 months, the final allocation of kilograms required by Canada is set and allocated to each province based on their future allocation and actual past production. The table below, CHEP 2024, demonstrates how significantly allocation can change through the initial, revised, and final allocation discussions. Since breeders require long-term planning, flock life adjustments become the tool used to achieve CHEP's Final Allocation.



CHEP 2024					
CHEP Schedule B Date:	Initial March 2023	Revised July 2023	Revised Nov. 2023	Revised March 2024	FINAL July 2024
Canada MKg	1,468	1,468	1,455	1,424	1,412
AB Market Share	9.62%	9.61%	9.90%	9.88%	9.91%
Kg allocated	141,237,759	141,105,415	144,012,915	140,678,692	139,922,223
Meat:Egg	1.2239	1.2196	1.2208	1.2257	1.2226
Total Eggs Allocated	115,402,082	115,699,341	117,970,453	114,770,782	114,136,187
Domestic Eggs Allocated	95,287,499	95,532,946	97,421,032	94,779,064	94,256,470

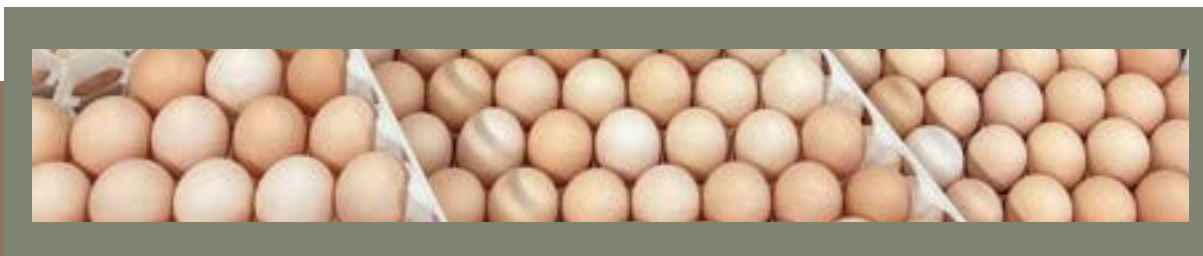
Availability of imports and variations in projected flock performance add to the challenge of meeting 100% of designated allocation.

The 2024 CHEP Schedule B, revised July 2023, allocated Alberta 2% more eggs than the number established for 2023. This resulted in a need to increase allocation from 96% to 101% effective August 2023. The November 2023 revision provided further optimism for 2024 demand. Unfortunately, by July 2024, when final allocation for the year was set, total allocation to Alberta dropped by close to 4M eggs, from November 2023 revision to July 2024 final. This was a combined result of a drop in the total national Kg requirement and an increase in M:E ratio. Alberta’s offer of 1M eggs to BC under the Temporary Allocation Adjustment Mechanism (TAAM) agreement helped alleviate some of the decline in 2024 requirements. Flock performance was not stellar throughout 2024 necessitating a 60-week flock life from February 2024 onward. The joint efforts of both hatcheries and producers ensured Alberta achieved 100% of its 2024 domestic allocation, including the 1M TAAM commitment.

SUMMARY	2022 audited	2023 audited	2024 preliminary	2024 over 2023
TOTAL Allocation (Schedule B)	105,692,827	111,758,672	114,136,187	2.1%
Total Sets	106,258,465	109,167,199	112,986,636	3.5%
Total Domestic Sets	84,789,211	89,845,956	95,214,613	6.0%
Total Imports Set	21,469,254	19,381,723	17,772,023	-8.3%
Net IPM Egg Equivalent	88,327	544,170	2,022,951	271.7%
Import % of Total	20.20%	17.75%	15.73%	-2.0%
Total Broiler Chicks Required	83,568,037	85,503,985	88,576,514	3.6%

Of note for 2024 is the significant increase in the net interprovincial movement of broiler chicks into Alberta. Total sets and import sets were below allocation, however, this shortfall was compensated for by the net receipt of chicks into Alberta. When the chick movement is converted to egg equivalents and the result added to each of total and import sets, Alberta finished 2024 less than 1% over the July 2024 CHEP Schedule B Final Allocation.

Following the July 2024 CHEP summer meeting and the need for 2% more domestic eggs in 2025, with no indication of improving flock performance, the AHEP board increased allocation to 108% effective November 2024. The goal is to achieve domestic allocation at a healthier flock life of 57 to 58 weeks of age. In November 2024, Alberta gained market share, softening the further decline in national chicken allocation for 2025. The AHEP board must make allocation and flock life decisions based on the information and projections available to them at a given time. They are also responsible for amending their decisions when market conditions dictate the need to do so.



CHEP Report



2024 was a pivotal year for our producers as we navigated evolving regulatory landscapes, advanced disease response measures, and implemented updates to on-farm programs. Our collective efforts ensured that Canada's broiler hatching egg sector remained resilient, adaptive, and committed to quality.

HPAI

Canada continued to face challenges related to Highly Pathogenic Avian Influenza (HPAI) throughout 2024. After a similar year to last year with 9 cases reported before October, there was a significant uptick over the end of autumn. This brings the total number of cases in 2024 to 102. British Columbia has been the most significantly impacted province, with 73 cases as of mid-December, including 68 in commercial poultry, two in non-commercial poultry, and three in non-commercial, non-poultry settings. Seven of these cases involved broiler breeder flocks, and two cases were identified as highly pathogenic H5N2.

Despite the challenges posed by these outbreaks, significant progress was made through collaboration with the National Poultry Group (NPG) and the Canadian Food Inspection Agency (CFIA).

The CFIA's streamlined protocols improved the accuracy and efficiency of disease detection. Permitting systems and a new zoning initiative in the Fraser Valley were reviewed to enhance industry response, and work continues to address concerns raised by producers regarding specific permits and data-sharing.

On-Farm Programs

The Canadian Hatching Egg Quality (CHEQ™) program and the Animal Care Program (ACP) were both adjusted to align with new standards, ensuring compliance. New biosecurity signage was distributed to provincial boards. Updates to the

CHEQ™ program were reviewed by the CFIA, ensuring consistency with HACCP principles and Food Safety Recognition Program (FSRP) standards.





Following the implementation of the Health of Animals Regulations, CHEP worked closely with CFIA and the Canadian Hatchery Federation (CHF) to address challenges related to data sharing and testing. While CFIA focused on fluff samples from hatcheries in a pilot phase, ongoing dialogue with stakeholders aims to ensure the seamless implementation of the regulations. Internal and third-party audit processes for the ACP were further streamlined, with internal program checks conducted in Alberta and other provinces scheduled for reviews in 2025. Training initiatives for NSF auditors continued, focusing on robust witness audit practices and improving audit scheduling to reduce biosecurity risks.

Allocation / Liquidated Damage Assessment

CHEP made significant updates to its Temporary Allocation Adjustment Mechanism (TAAM) and Liquidated Damage Assessment (LDA) policies to address operational challenges and enhance efficiency. These updates included restructuring the TAAM survey process to adopt a national scope, enabling simultaneous participation from all regions, and developing a detailed, step-by-step procedure to ensure comprehensive stakeholder involvement and strict adherence to clear deadlines. These measures underscore CHEP's commitment to improving the predictability, efficiency, and fairness of its policies while effectively addressing production challenges.

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

In 2024, hatching egg producers continued to benefit from the Poultry and Egg On-Farm Investment Program (PEFIP). Over \$50.8 million was approved for 214 projects, supporting producers in adapting to market changes driven by trade agreements. The program identified cases where producers sold their quota before accessing their full funding allocation, impacting their eligibility. To prevent further cases, PEFIP has requested that Provincial Boards proactively support producers in understanding the rules and requirements for quota sales and transfers. Producers are encouraged to contact PEFIP before making any sales or transfers to ensure they can access their full funding allocation.



Young Farmers Program

In 2024 CBHEPA partnered with CHEP to implement a new Young Farmers Program. The new program offers young farmers an opportunity to gain experience and learn more about the national system and its role.

Our current Young Farmer, Joe Hengstmengel had the opportunity to visit the Aviagen Facilities in Alabama. Joe made a presentation of his positive experience and knowledge of what Aviagen does for the industry in research, development, animal welfare and above all the quality control of chicks during the CHEP Open Board Meeting in Ottawa.

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.

Looking Ahead to 2025

CHEP remains focused on driving strong sector collaboration, ensuring market stability, and addressing the evolving needs of the broiler hatching egg sector. As we enter 2025, our priorities include strengthening disease preparedness and response measures, refining allocation systems to meet market demands, and fostering partnerships that support the long-term resilience of Canada's hatching egg industry.

Brian Bilkes
Chair



Intensive Livestock Working Group Report

ILWG Year in Review 2024

The Intensive Livestock Working Group (ILWG) serves as a forum for the sharing of information, development of common positions and exploring actions or issues of interest to livestock/poultry producers. The ILWG membership includes Alberta Beef Producers, Alberta Pork, Alberta Milk, Alberta Cattle Feeders Association, Alberta Chicken, Egg Farmers of Alberta, Alberta Turkey, and Alberta Hatching Egg Producers.

2024 Key Highlights

- New Staff- Long-time Executive Director Ron Axelson retired at the end of 2023 and a new Executive Director, Melody Garner-Skiba was hired in March 2024. We thank Ron for his years of dedicated service to the industry.
- Phase IV Public Trust Project Development- a refined scope for the next phase of the ILWG Public Trust Project was developed and a grant was sent to the Sustainable Canadian Agriculture Partnership for funding. This phase of the project will focus on monitoring for changes to Municipal Development Plans, Land Use Bylaws in rural municipalities while also building relationships in those areas between elected officials and producers through the creation of farm tours and engagement opportunities.



One of the most significant changes in this phase is that the monitoring work as well as the development of tools and resources for engagement will be completed by Melody versus relying on an individual or a group of producers. We will still be looking for producers in areas to host their local elected officials on a tour and work with Melody. If you are interested, please let your organization know.

- South Saskatchewan Regional Plan 10-year Review- ILWG engaged on the 10-year review by attending meetings with the Government of Alberta as well as providing responses to surveys and questions. Key messages provided were to protect agriculture use of water and land.
- Nature Strategy Development – the Government of Alberta began engagement on the development of a Nature Strategy for the province. This project considered a variety of facets including conservation easements and the role of agriculture land. Key messages included the expansion of conservation tools for producers and protecting agricultural land and water use. A draft strategy is expected in 2025.

- Water Availability Engagement- Environment and Protected Areas began engagement in late 2024 on the topic of Water Availability for the province. This was an intensive engagement in a short amount of time and involved meetings with the staff of the Ministry, attendance at open houses, and creation of key messages. There will be more consultation in 2025 and ILWG stays committed to sending messages that allow for growth, reduction in costs, and alleviating unnecessary administrative burden while ensuring FITFIR remains and that water licenses are not right sized.
- Lethbridge Dragline Pilot Project- led by the team at Alberta Pork and Lethbridge County, a grant was offered by the County for the installation of draglines to reduce the necessity of road closures and other barriers. Unfortunately, in 2024 no money was awarded for the project as there was no uptake for the grant. If you are interested in this project, please reach out.

External Boards & Committees

ILWG also represents the livestock sector with external organizations such as Alberta Water Council, Clean Air Strategic Alliance, Agri-Environmental Partnership, and the Policy Advisory Group & Technical Advisory Group with the NRCB. Thank you to our members who represent the industry at these tables. Through this work we are able to connect with various departments of the Government of Alberta as well as stakeholders that are connected to our industry.

2025 Focus

Moving into 2025 the focus pillars will be on coordinating projects like Phase IV of the Public Trust Project, building relationships with stakeholders, monitoring policy at the municipal and provincial level, educating stakeholders about the benefits and importance of CFOs and reviewing the structure of ILWG.







Poultry Innovation Partnership (PIP) Report




As we turn the page on 2024 and plan for 2025, I thank the Alberta Hatching Egg Producers. Your care, input and engagement are vital to our mission of advancing the Canadian poultry enterprise through excellence in research, extension and mentoring tomorrow's poultry professionals.




I am pleased to share what we as a consortium of the poultry industry and the University of Alberta have accomplished together. The value of collaboration is truly better than the sum of its parts. We can do more by working together!




Please visit our website www.poultryinnovationpartnership.ca and our YouTube channel to explore the resources and information available.



Interested in recent research outcomes? Check out our Research Showcase that summarizes 12 published poultry articles authored by University of Alberta researchers. You will find topics related to cost-effectiveness of feeding strategies, the impact of barn environments on bird health, welfare and microbiome, tools to measure and assess barn dust, and many ways to create added value from poultry products.



If you missed reading our newsletter or want to refer back for technical information to address farm challenges, we've got you covered! Our science-backed articles and technical bulletins are also available on our website. Learn more about grain storage and management including combating mycotoxins, explore the potential of feeding fibre and tips for flock management such as pest control, brooding, heat stress, lighting and manure management. Gain new understanding about shell quality and managing diseases such as Inclusion Body Hepatitis...to name a few.



This year we celebrated 10 years of the Western Poultry Conference! Due to construction at the Red Deer Casino, we moved the Western Poultry Conference to June. We felt it was important to host a learning event before the Poultry AGM's in Red Deer to draw folks to the trade show and meetings. So, we tried something new with the Flock Forum: The mystery, the mayhem and mastery of feeding fibre to poultry.

It was a fabulous afternoon of learning from experts from the Netherlands, Spain and Canada. Each sector breakout room had active participation and informative discussion. Building on the success we have planned a similar approach for Western Poultry Conference 2025!

Mentoring the next generation of poultry professionals to lead and serve is made better by the opportunity grow and learn from their network. In June we hosted the Canadian Poultry Research Forum. Over 100 poultry scientists, students and industry professionals, joined the 3-day virtual conference to take in over 40 presentations and to honour 3 Poultry Hall of Fame inductees; Dr. Doug Korver (University of Alberta), Dr. Wilhelm Guenter (University of Manitoba) and Dr. Craigmyle Riddell (University of Saskatchewan, posthumous).

We are grateful to the many members of the poultry industry who dedicate their time to enrich the student experience. PIP began a series profiling poultry professionals who found their career path after meeting their mentors, experiencing hands-on learning, and discovering the welcoming and diverse poultry community. Newsletter articles featured Victoria Sikur, Canadian Hatching Egg Producers (CHEP's) Food Safety Officer, Jerry Emmanuel, Poultry Nutrition Specialist and Feed Sales Consultant with Cargill, Rachelle Foss, Technical Services Supervisor at Maple Leaf Foods Inc.

Each of these folks have contributed to the experiential opportunities for students in various ways including participating in the "Get Set for your Future 2024" event. Students connected face-to-face with industry experts in a speed-dating style format, providing networking experiences that can be career changing for students.

PIP looks forward to working with you in 2025!

Dr. Valerie Carney, Poultry Innovation Partnership Lead, RDAR Poultry Extension Associate Professor



Results Driven Agriculture Research

RDAR Continues to Deliver Success for Alberta Poultry

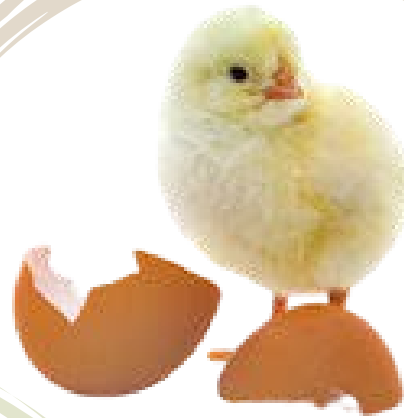
As RDAR enters its fifth year, it continues to empower Alberta producers to engage in their own initiatives and adopt the latest best management practices on farms and ranches across the length and breadth of the province.

One of the most important developments in 2024 was the introduction of RDAR's Producer Research and Evaluation Program (PREP), a new scheme aimed at producers wishing to conduct their own on-farm research into the latest industry innovations. PREP has been created to support on-farm research that provides an opportunity for producers to evaluate emerging technologies, products, and production practices. The initiative will support new strategies to be tested within unique farm conditions and to support decision making with results advancing profitability, competitiveness, and sustainability.

The program provides up to \$20,000 per project to complete on-farm research that supports the evaluation of whether a production practice change is feasible. PREP enables producers to gain results sufficient to make informed decisions and understand how to further adapt new practices.

In most cases, producers are expected to be working with a third-party service provider to support the project trial, delivery, and analysis. Proposals are required to contain a sound project design and testing approach that will support the evaluation of whether a new practice has a positive return on investment and is a favourable change for the farm.

More information about PREP can be found on our website – www.rdar.ca.



2025 RDAR Research Showcase

In January, RDAR held its third annual Research Showcase in Edmonton, attracting over 250 guests from all sectors of Alberta agriculture, highlighting the latest projects from the province's brightest research teams, as they look to provide solutions to the issues and challenges producers have told us are affecting industry.

Of note to the poultry sector, the University of Calgary presented on the "Impact of Alberta poultry drinking water quality on avian coronavirus infection in layers: a controlled study"; and "Salmonella biofilm reduction and drinking water treatment in broiler and poultry processing facilities by novel "green" technologies" from researchers at the University of Alberta.

2025 Research Insights

RDAR is constantly working with its research partners to deliver on its producer led mandate of creating a more productive, profitable, sustainable, and competitive agriculture industry for our province.

In collaboration with the University of Alberta, RDAR is working with Doug Korver, who has been approved to begin his study into the "Effects of feeding delays associated with long-distance transportation on broiler breeder digestive physiology, health and immune function."

With much of Alberta's parent stock sourced from the United States, this project will evaluate the potential effects of transportation (with and without provision of feed) of broiler breeder chicks on the growth, internal organs development, small intestine morphology, and antibody- and cell-mediated immune responses.

In addition, RDAR is also investing just under \$1,000,000 on two other University of Alberta projects that will have outcomes benefiting the province's poultry industry – "Novel antibiotic alternatives to inhibit both human and poultry pathogens with green materials" and "Metabolic modeling to create competitive exclusion communities that control poultry pathogens and antimicrobial resistance." Currently, both programs are at an early stage, and RDAR looks forward to sharing the results once the research is at a more advanced phase.

In the 12 months through to March 2024, RDAR continued to drive funding into Alberta's poultry sector, which received a share of the \$4.6m distributed to non-beef & dairy livestock. Capacity funding provided \$10m over the same period; and RDAR Professor Dr. Valerie Carney, who leads the province's Poultry Innovation Partnership (PIP), will continue to advance innovations and programs that will lead to better outcomes for Alberta poultry producers.



To learn more about these projects, other initiatives, and the latest funding calls, please visit our website: www.rdar.ca

RDAR Board Update

RDAR's thirty-one active member organisations came together at the start of 2025 to determine who would be responsible for representation on our Board of Directors – a group of industry leaders and producers, focused on helping to inform RDAR on where your industry's research priorities lie.

RDAR's Annual Members Meeting was held in Edmonton on January 16; where Dr. David Chalack and D'Arcy Hilgartner were returned as Chair and Vice Chair respectively. Two new directors were welcomed during the proceedings, following David Hoekstra's decision to step down, and Dr. Standford Blade's retirement. They were replaced by Canadian Agriculture Hall of Fame's Ted Bilyea, who has considerable professional experience in the poultry industry, and Anke Wierenga, an Olds based poultry farmer with over 10 years of experience in applied research. Both will bring highly valuable experience to our board, and we look forward to working with them on shaping the future direction of RDAR.

RDAR 2025 – 2026 Board of Directors:

- JP Brouwer (Ponoka)
- Dr. Fred Lozeman (Claresholm)
- Jason Lenz (Bentley)
- Brian Brewin (Taber)
- Ted Bilyea (North York)
- D'Arcy Hilgartner (Camrose)
- Dr. David Chalack (Calgary)
- Josie Van Lent (Vermillion)
- Steve Kenyon (Busby)
- Anke Wierenga (Olds)

You can learn more about RDAR's Board of Directors here:

<https://rdar.ca/about-rdar/board-of-directors>



As we continue into 2025, RDAR is looking forward to strengthening its relationship with Alberta Hatching Egg Producers to ensure the latest innovations and information are available to help boost productivity and profitability for every AHEP member.

About RDAR

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

To stay informed and receive the latest agriculture research funding updates, please visit www.rdar.ca; follow us on X: @RDARAlberta; LinkedIn: RDAR Alberta; and Facebook: RDAR Alberta.



Diagnositics Update

The strong momentum within the Diagnostic Services Unit (DSU) at the University of Calgary’s Faculty of Veterinary Medicine (UCVM) has continued through 2024. Over 3100 cases were submitted to the DSU in 2024, which triples the highest annual total from before the DSU expansion and Alberta-supported livestock diagnostics were implemented in 2020 (Figure 1).

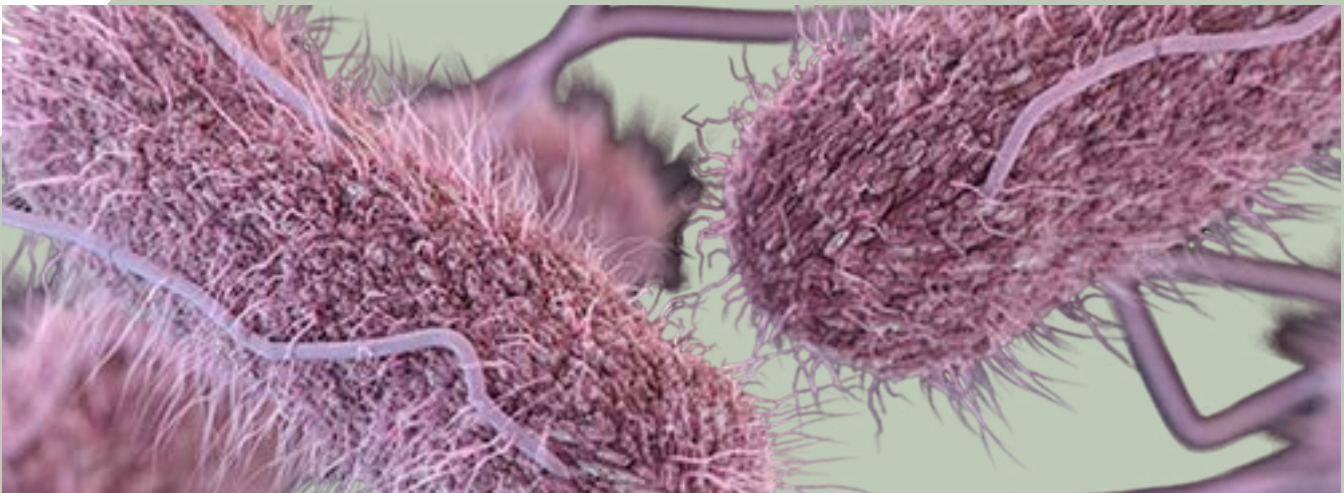
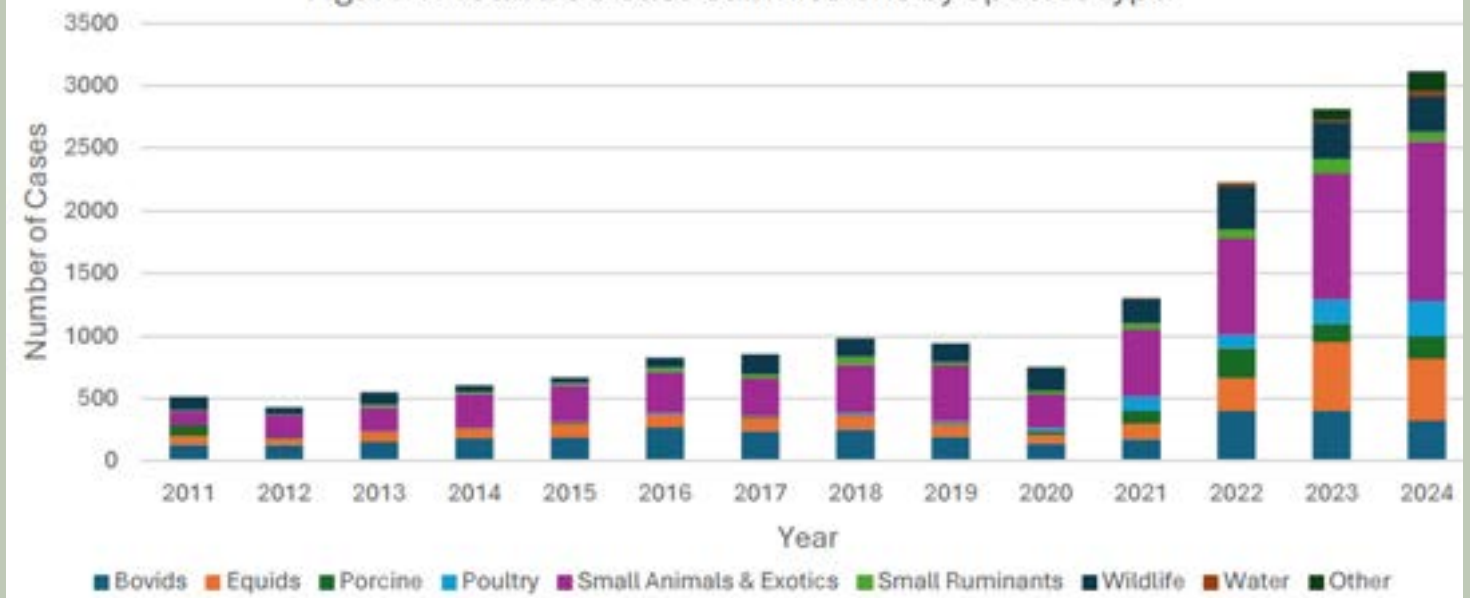


Figure 1. Total DSU case submissions by species type



Poultry represents approximately 10% of the total cases submitted to the DSU and continues to see increases in submissions from all commodities, in large part due to the opening of the DSU serology lab in October 2023 (Figures 2, 3). Originally offering serological testing for Newcastle Disease Virus, Infectious Bronchitis Virus, Avian Encephalomyelitis, Infectious Bursal Disease, and Reovirus, the serology lab has expanded its offerings to include Avian Metapneumovirus, Mycoplasma synoviae, and Mycoplasma gallisepticum, as well as for some ruminant diseases. This generates baseline serology data from Alberta breeder and layer flocks. The DSU parasitology lab opened under Dr. Sawsan Ammar’s guidance in November 2024, for bovine submissions only. The lab expects to start accepting poultry submissions in Spring 2025. Renovations for dedicated serology, parasitology, and molecular diagnostics (PCR) labs have been ongoing through 2024 and the molecular diagnostics lab is expected to open, under Dr. Bravo Araya, in the Spring/Summer of 2025.

Figure 2. Poultry case submissions to the DSU since 2021 by type of submission

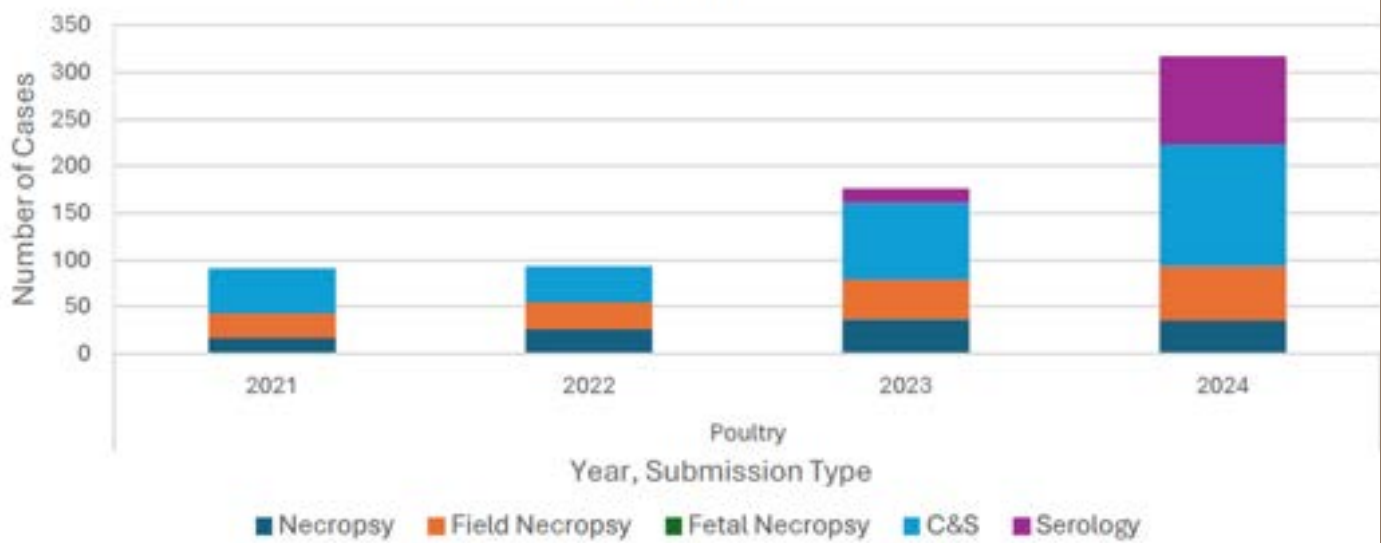


Figure 3. Chicken cases submitted to the DSU by commodity



Along with tests for other species, the lab plans to offer PCR for Avian Metapneumovirus at opening and will add new test offerings as the lab grows. The most commonly diagnosed diseases in poultry at the DSU in 2024 were colibacillosis (*E. coli* septicemia), viral arthritis, and *Enterococcus osteomyelitis*. Poultry submissions to the DSU bacteriology lab continue to be strong with the bacteriology lab isolating *E. coli*, *Staphylococcus aureus*, *Enterococcus cecorum*, various *Salmonella* species, *Clostridium perfringens*, *Avibacterium paragallinarum*, and *Pasteurella multocida* from poultry in 2024. The infrared (IR) biotyper was installed for serotyping *Salmonella*, and training of the bacteriology team was complete, before the biotyper was placed back into storage during the lab renovations to protect it from damage. Once lab renovations are complete, next steps for the biotyper are to analyze banked *Salmonella* isolates and acquire additional *Salmonella* isolates from industry to validate its use.



Alongside serology and pathology lab duties, poultry pathologist Dr. Gupta, is also busy with teaching and research. In 2024, he taught within the second year outbreak investigation course and the fourth year laboratory diagnostics rotation. Dr. Gupta also created a necropsy manual for poultry and contributes to weekly pathology rounds with other DSU pathologists. His research interests are in IBV and its pathogenesis and the role of vaccination. Other DSU members have completed proof of concept research in the use of real-time, pathologist-assisted field postmortems (rtPAPs) in beef cattle. Realizing the potential for this service across all species, a funding application was submitted to RDAR for an official veterinary telehealth program and personnel to run this service for all production animals. Planning is also underway for the International Symposium of the World Association of Veterinary Laboratory Diagnosticians (ISWAVLD 2025), to be held in Calgary from June 12-14, 2025. This global symposium will showcase Canadian veterinary diagnostics and expects to have a very approachable scientific program featuring topics on disease detection, antimicrobial resistance, one health, and outbreak investigation and prevention, including a panel discussion on highly pathogenic avian influenza (HPAI). We are looking forward to sharing our piece of veterinary diagnostics with the global veterinary diagnostic community. The DSU truly appreciates the ongoing support for the lab from all of our stakeholders, including Alberta Hatching Egg Producers.

Highlights of 2024

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:

In August of 2024, AHEP held a producer meeting in Red Deer. Topics covered at the meeting focused on the industry's future in terms of policy planning, and development of strategies to achieve structured growth into the future.

Along with the forgoing matters related to the industries obligations to meeting quality standards, a review of the national "Hatchery Supply Flock Regulations", the coverage under the Poultry Insurance Reciprocal and challenges being faced in the future of poultry research in Alberta.

AHEP appreciates the attendance of our producer constituents at these meetings as they provide the hatching egg sector with an opportunity to be updated on current industry events. The meetings also provide an opportunity for producers to share ideas amongst themselves, directors and staff. We look forward to the continued producer participation into the meetings into 2025.

Highlights of 2024



Producer Programs Update

We continue to maintain compliance with both the Animal Care Program (ACP) and the Canadian Hatching Egg Quality (CHEQ) programs on farm. Staff and auditors attended an information session in June highlighting some of the key updates to the ACP which include reduced duplication in records, increased clarity, and improved consistency with the CHEQ program. It is the hope that streamlining the two programs will assist producers in maintaining the integrity of their on-farm programs. An additional staff member was hired in October in order to assist producers and the board with managing the program requirements and standards.

As a board we continue to work with our hatchery and government partners to fulfill the Federal requirements for the Canadian Hatchery and Supply Flock testing standards and for our provincial insurance program. In 2024, boot sock samples of the lay barn were obtained, prior to flock removal as required by the new Federal Hatchery Supply Flock Regulation. We are pleased to report that there were no SE positive samples reported from our end of lay samples or the pullet barn samples collected for our insurance program.



Highlights of 2024

Alberta Poultry Emergency Management Team (APIEMT)

2024 was a relatively quiet year for the Alberta Poultry Emergency Management Team (APIEMT) with a total of six cases of Highly Pathogenic Avian Influenza in Alberta spread between commercial and non-commercial flocks. As a result of the lessons learned through the HPAI outbreak in 2022, the Alberta Poultry Industry (API) has been modifying its emergency response plans to better reflect the industry's needs. The focus this year has been the Depopulation and Disposal Working Groups, both of which the AHEP are active members of. Our presence ensures that our unique industry is represented in decisions being made by the industry as a whole. The industry has received grant funding for training on whole barn gassing which is being planned for spring of 2025.

We wish to extend a huge thank you to Brandy Addai who is the Emergency Preparedness & Response Coordinator for the SM4. Her leadership and attention to detail give us confidence that the poultry industry is in good hands should we be faced with another emergency situation in the future.



Poultry Insurance Exchange

The Poultry Insurance Exchange (PIE) is the reciprocal insurance provider for our Salmonella Enteritidis (SE) and Highly Pathogenic Avian Influenza (HPAI) perils. We are pleased to confirm that there were no SE or AI claims in the province for 2024. The AHEP board met with the PIE General Manager to ensure a better understanding of how our premiums are being used. The board feels strongly that insurance is a good investment for the industry and ensures producers will not experience financial hardship should SE or HPAI be detected on farms. The board would like to extend their appreciation to Brian Wassink for serving as the PIE western director. Also, a huge thank you to Dixie for the many miles travelled and hard work in sampling flocks and barns across the province!



Highlights of 2024

SM4 Manager Meetings (Poultry)

Throughout the year, the Executive Directors/General Managers have met regularly once every 6 weeks. These meetings with chicken, table eggs, turkey, and broiler hatching eggs review matters impacting Supply Management at the Provincial and National levels. Much of discussions focus on business risk policies, trade and consumer awareness of supply management. As well, these meetings are used to prepare collective and related messaging.

National Agency Meetings

As a member of the Canadian Hatching Egg Producers, your CHEP provincial designates attend agency meetings in Ottawa. These meetings address matters related to our allocation methodologies with our 6 member provinces.

As well the agency and its members work with the Federal sector supporting supply management and the notion of food sovereignty of perishable products that our producers create. This effort requires lobbying national agencies in the food sector to support and understand our orderly marketing system, which provides Canadian consumers with safe, reliable product.

AHEP Bylaws

The responsibility of keeping the industries Plan, Regulations, Bylaws and Policies current is the obligation of your elected board. This past year, AHEP has completed the consultation of producer bylaws and have achieved the completion of the final version, available from the King's Printers. For the upcoming year will be tasked with the review of the Alberta broiler hatching egg sectors Plan and Operating Regs.

Highlights of 2024

Review of AHEP Strategic Plan

This year, AHEP conducted a review of their 2021–25 Strategic Plan lead by Org Health consultant Karen Kirkwood. The review covered the following:

Values

Values are fundamental principles and belief that serve as implicit criteria guiding all actions and decision making conducted by AHEP

1. Integrity
2. Collaboration
3. Steady, predictable, dependable
4. Respectful

Vision

The vision articulates the desired future state of the Alberta Chicken industry.

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

Mission

The mission articulates AHEP’s distinct identity in the sector.

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

Strategic Priorities

To focus the efforts, five strategic priorities were identified for action over the next 36 months.

1. Strengthen Value Chain
2. Producer Engagement
3. Governance Consistency
4. Managing Domestic Supply
5. Western Region Strategy

Goals

Goals are ideal states to be achieved at some time in the future by AHEP

1. Be a valuable resource to Alberta producers.
2. Work together across across the value chain for the industry’s success.
3. Develop innovative solutions to correctly predict supply chain needs in the short and long-term.
4. Advocate for supply management.
5. Work together to advance provincial interests at he national level (allocation market share)
6. Lead and influence alongside industry-related organizations to advance sustainability and social responsibility.
7. Work together as a team and promote healthy/respectful relationships with our producers.
8. Model good governance and efficient resource management.

Key Success Factors

Key Success Factors (KSFs) are traits that when properly maintained or managed significantly impact the organization's ability to achieve its vision

1. Collaboration
2. Strategic focus
3. Data management & predictive modelling
4. Organizational effectiveness
5. Discipline
6. Consistency

Key Performance Indicators

Key Performance Indicators (KPIs) are measures used to gauge performance.

1. Flock Management & Health
2. Allocation
3. Strategic Alignment
4. Board Effectiveness & Governance
5. Stakeholder Engagement
6. Regulatory Metrics
7. Financial Metrics

Finley/Associates

For 2026, your board will be required to consider a full review of the Strategic Plan for the next 5 years.

Highlights of 2024

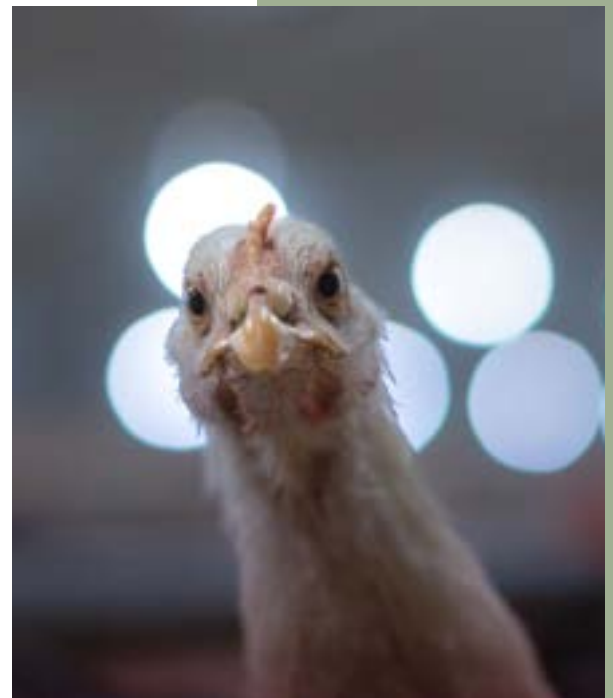
AgSafe Alberta

Alberta Hatching Egg Producers are a supporting member of AgSafe Alberta, a society made up of a collaboration of crop and livestock sector producer groups working to develop and deliver farm safety management tools, resources and programs for farmers and ranchers in the province of Alberta.

AgSafe Alberta's Vision is Safer Farms and Ranches across Alberta, which is achieved through providing information, education, and training.

In 2024, AgSafe Alberta increased the number of farmers and ranchers registered in its learning platforms and educational offerings; 257 new learners were registered, representing a 60% year-over-year increase. The third stage of AgSafe's introductory safety program, FARMERS CARE, was launched in 2024, and over 100 producers have registered with level three to date. AgSafe Alberta started working on the FARMERS CARE Level 4 in 2024 with the goal of launching Level 4 in 2025.

FARMERS CARE resources can be accessed at: <https://agsafeab.ca/>



Financials

ALBERTA HATCHING EGG PRODUCERS Financial Statements Year Ended November 30, 2024

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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, 2024, 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, 2024, 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.




Edmonton, AB
February 13, 2025


CHARTERED PROFESSIONAL ACCOUNTANTS

ALBERTA HATCHING EGG PRODUCERS
Statement of Financial Position
As at November 30, 2024

	2024	2023
ASSETS		
CURRENT		
Cash	\$ 1,018,392	\$ 706,159
Term deposits (Note 2)	1,472,169	1,408,596
Accounts receivable (Note 3)	282,239	188,299
Prepaid expenses	68,489	79,121
	<u>2,841,289</u>	<u>2,382,175</u>
EQUIPMENT AND LEASEHOLD IMPROVEMENTS (Note 4)	<u>15,579</u>	<u>17,606</u>
	<u>\$ 2,856,868</u>	<u>\$ 2,399,781</u>
Accounts payable and accrued liabilities (Note 5)	<u>\$ 240,221</u>	<u>\$ 154,750</u>
CONTINGENT LIABILITY (Note 6)		
COMMITMENTS (Note 7)		
NET ASSETS		
Invested in equipment and leasehold improvements	15,579	17,606
Unrestricted	<u>2,601,068</u>	<u>2,227,425</u>
	<u>2,616,647</u>	<u>2,245,031</u>
	<u>\$ 2,856,868</u>	<u>\$ 2,399,781</u>

ON BEHALF OF THE BOARD

 _____ Director

 _____ Director

ALBERTA HATCHING EGG PRODUCERS
Statement of Operations Year Ended
November 30, 2024

	2024	2023
REVENUE		
Provincial levies	\$ 2,022,424	\$ 1,819,753
In ter est	46,243	27,558
Diagnostic and other	9,912	876
	<u>2,078,579</u>	<u>1,848,187</u>
EXPENSES		
Poultry risk management	521,416	510,818
Salaries and benefits	326,472	277,953
Canadian Hatching Egg Producers levies	278,583	252,903
Members' allowance	133,672	121,468
Members' expenses	51,127	56,818
Rent		
Office (<i>Schedule 1</i>)	45,781	35,265
Meeting expenses	42,813	40,360
Professional fees	33,240	42,366
Employee operational expenses	25,386	24,855
Advertising, promotion and dues	23,520	25,949
Contract services		
Amortization of equipment and leasehold improvements	12,848	5,556
Insurance and bonding	5,548	6,924
	5,080	5,907
	3,511	3,718
	<u>1,508,997</u>	<u>1,410,860</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	569,582	437,327
SPECIAL PROJECT EXPENSES (<i>Schedule 2</i>)	(197,966)	(154,012)
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 371,616</u>	<u>\$ 283,315</u>

ALBERTA HATCHING EGG PRODUCERS
Statement of Changes in Net Assets Year
Ended November 30, 2024

	Invested in Equipment and Leasehold Improvements	Unrestricted	2024	2023
NET ASSETS - BEGINNING OF YEAR	\$ 17,606	\$ 2,227,425	\$ 2,245,031	\$ 1,961,716
Excess of revenue over expenses	(5,081)	376,697	371,616	283,315
Purchase of equipment	3,054	(3,054)	-	-
NET ASSETS - END OF YEAR	\$ 15,579	\$ 2,601,068	\$ 2,616,647	\$ 2,245,031

ALBERTA HATCHING EGG PRODUCERS
Statement of Cash Flows
Year Ended November 30, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 371,616	\$ 283,315
Item not affecting cash:		
Amortization of equipment and leasehold improvements	<u>5,080</u>	<u>5,907</u>
	<u>376,696</u>	<u>289,222</u>
Changes in non-cash working capital:		
Accounts receivable	(93,938)	30,978
Prepaid expenses	10,632	(1,662)
Accounts payable and accrued liabilities	85,470	(22,232)
	<u>2,164</u>	<u>7,084</u>
Cash flow from operating activities	<u>378,860</u>	<u>296,306</u>
INVESTING ACTIVITY		
Purchase of equipment and leasehold improvements	<u>(3,054)</u>	<u>(8,053)</u>
INCREASE IN CASH	375,806	288,253
CASH - BEGINNING OF YEAR	<u>2,114,755</u>	<u>1,826,502</u>
CASH - END OF YEAR	<u>\$ 2,490,561</u>	<u>\$ 2,114,755</u>
CASH CONSISTS OF:		
Cash	\$ 1,018,392	\$ 706,159
Term deposits	<u>1,472,169</u>	<u>1,408,596</u>
	<u>\$ 2,490,561</u>	<u>\$ 2,114,755</u>

ALBERTA HATCHING EGG PRODUCERS

Notes to Financial Statements

Year Ended November 30, 2024

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, 2024

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, 2024

2. TERM DEPOSITS

	2024	2023
Unrestricted	\$ 1,361,769	\$ 1,298,196
Restricted	110,400	110,400
	<u>\$ 1,472,169</u>	<u>\$ 1,408,596</u>

Unrestricted term deposits bear interest averaging 4.04% (2023 - 5.11%), maturing from October 8 to 23, 2025. Restricted term deposit bears interest at 3.40% (2023 - 4.05%), maturing on October 8, 2025 and is held as security for the Canadian Hatching Egg Producers contract as described in Note 7.

3. ACCOUNTS RECEIVABLE

	2024	2023
Levies and other	\$ 275,926	\$ 164,656
In ter est	6,313	23,643
	<u>\$ 282,239</u>	<u>\$ 188,299</u>

4. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Computer Furniture and equipment Leasehold improvements Website	\$ 29,882 27,684 1,695 30,389	\$ 22,477 24,683 1,186 25,725	\$ 7,405 3,001 509 4,664	\$ 7,265 3,997 848 5,496
	<u>\$ 89,650</u>	<u>\$ 74,071</u>	<u>\$ 15,579</u>	<u>\$ 17,606</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Canadian Hatching Egg Producers	\$ 89,534	\$ 44,954
Wages	63,941	56,097
Trade and other	54,485	32,311
Government remittances	32,261	21,388
	<u>\$ 240,221</u>	<u>\$ 154,750</u>

ALBERTA HATCHING EGG PRODUCERS
Notes to Financial Statements
Year Ended November 30, 2024

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:

2025	\$	29,887
2026		22,415
	\$	<u>52,302</u>

8. FINANCIAL INSTRUMENTS

The board is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the board's risk exposure and concentration as of November 30, 2024.

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, 2024

	2024	2023
Office expenses		
Office	\$ 29,723	\$ 15,011
Technical services	6,378	18,056
Interest and bank charges	2,883	2,323
Telephone and fax	2,781	4,561
Courier and postage	1,048	409
	<u>\$ 42,813</u>	<u>\$ 40,360</u>

ALBERTA HATCHING EGG PRODUCERS

Special Project

(Schedule 2)

Year Ended November 30, 2024

	2024	2023
Special project expenses		
Grants	\$ 50,175	\$ 39,393
PIE audit and testing	49,996	42,895
COP update fee	38,250	8,250
Diagnostic and veterinary	26,892	25,427
Animal care program	12,175	14,727
Offsaps	7,489	6,599
Inspections	6,079	-
ILWG-MOU	2,813	3,840
SM5 cost share	2,574	2,952
Emergency management	1,523	9,929
	<u>\$ 197,966</u>	<u>\$ 154,012</u>

AHEP Priorities 2025

Managing Domestic Supply

Cost of Production Update

Supply Chain Production

Risk Management

Trade Discussions

**Growth Policy Consultation and
Modernization**



Thank You!

2024 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 2024.





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Alberta Hatching Egg
Producers

