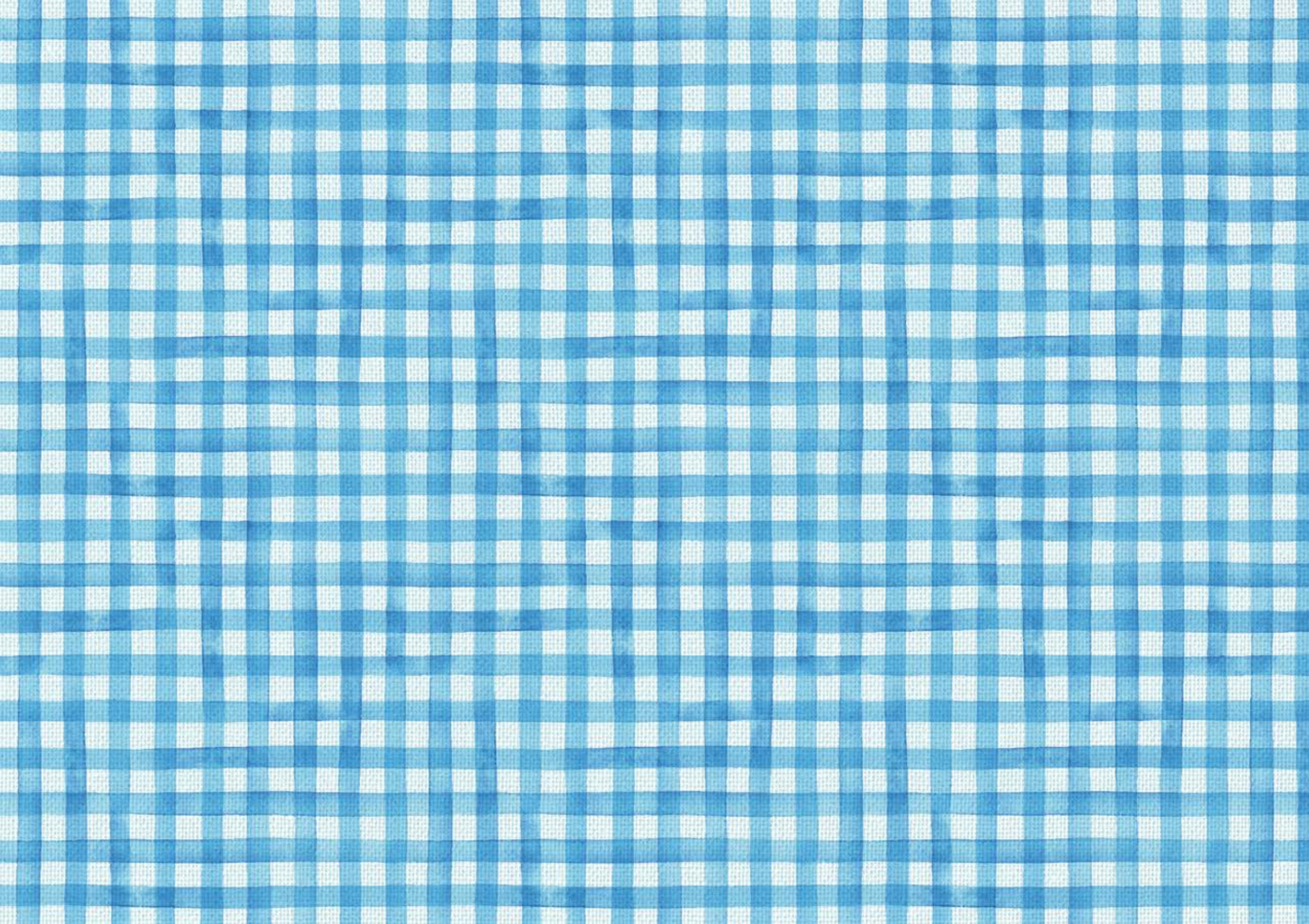


FEEDING THE PEOPLE OF

BC

BC EGG MARKETING BOARD ANNUAL REPORT 2019



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OUR VISION

Sustainable, wholesome BC eggs are British Columbians' go-to protein.

Sustainable: BC Eggs are produced in safe, ecologically responsible conditions, in an economically vibrant and transparent industry that supports regionalization, diversity, and affordability.

Wholesome: BC Eggs are a high quality, nutritious, locally grown, whole food, produced to the highest ethical standards.

Go-To: Eggs are an obvious daily dietary protein choice for British Columbians. They are versatile, easily prepared, convenient, and portable.

MISSION

Maintain and enhance the successful, trusted, supply managed egg industry, operating to meet the best interests of stakeholders throughout British Columbia.

We are stewards of an industry that is already celebrated for its successes and trusted by the public and industry stakeholders across the Province.

We gratefully support the supply management system that delivers for British Columbians world-class quality eggs at affordable prices.

We act diligently to pursue the interests of producers and consumers throughout the Province, ensuring a thriving, stable industry, with diversity (across gender, age, ethnicity and region), and food security (including equitable access to sufficient, affordable, nutritious BC eggs).

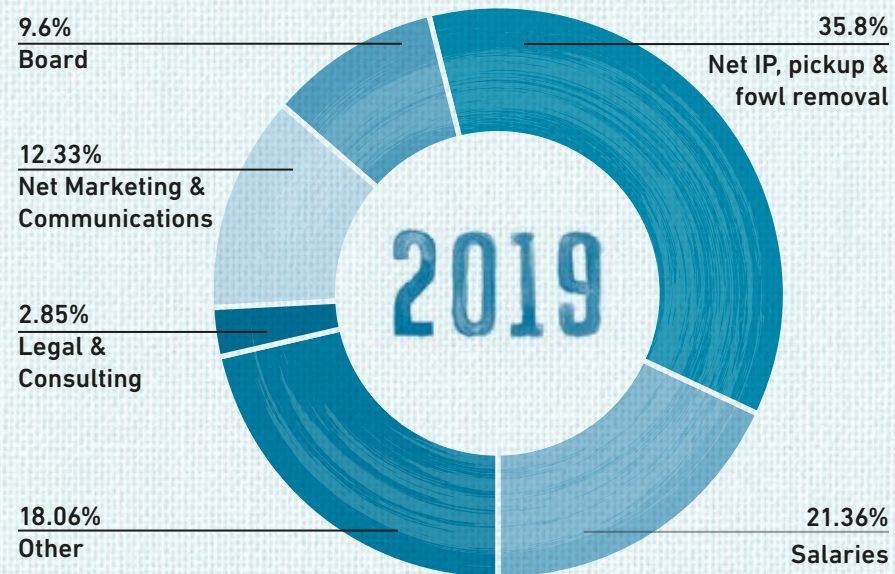
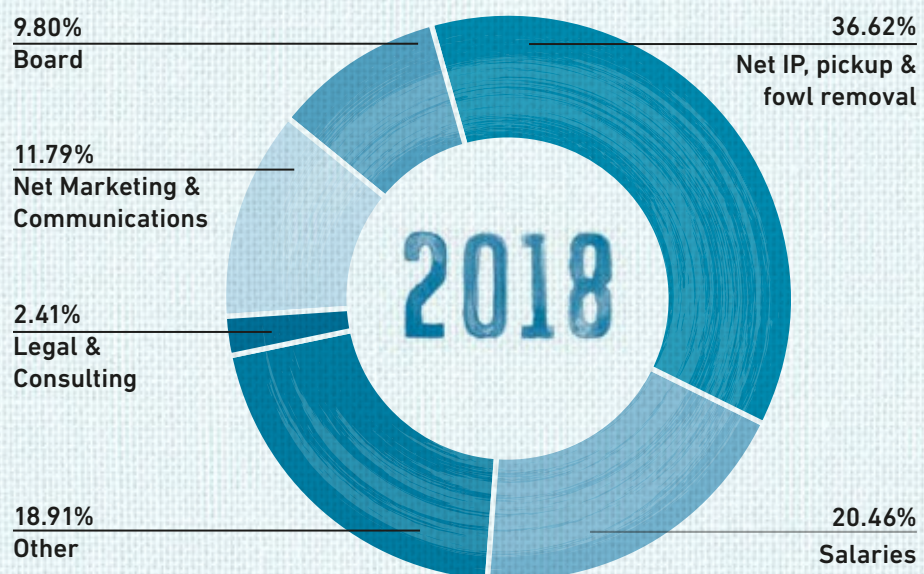


INDUSTRY AT A GLANCE





DISTRIBUTION OF EXPENSES



	Board	Net marketing & communications	Legal & consulting	Other	Net IP, pickup & fowl removal	Salaries
2019	\$ 544,685	\$ 699,716	\$ 161,710	\$ 1,024,402	\$ 2,030,771	\$ 1,211,594
2018	\$ 512,438	\$ 616,548	\$ 125,882	\$ 988,550	\$ 1,914,385	\$ 1,069,779

GRADINGS REPORT

2018

	DOZENS	DOLLARS
Regular	64,025,735	\$ 136,160,988
White	57,860,362	122,315,736
Brown	6,165,373	13,845,252

	DOZENS	DOLLARS
Specialty	20,831,970	\$ 64,478,562
Free Run	7,403,971	18,856,417
Free Range	6,784,275	20,261,183
Organic	6,643,274	25,360,961
Total	84,857,705	\$200,639,550

2019

	DOZENS	DOLLARS
Regular	65,470,976	\$ 142,988,695
White	54,799,988	119,646,299
Brown	5,104,718	11,541,310
Enriched White	4,951,600	10,298,787
Enriched Brown	614,670	1,502,299

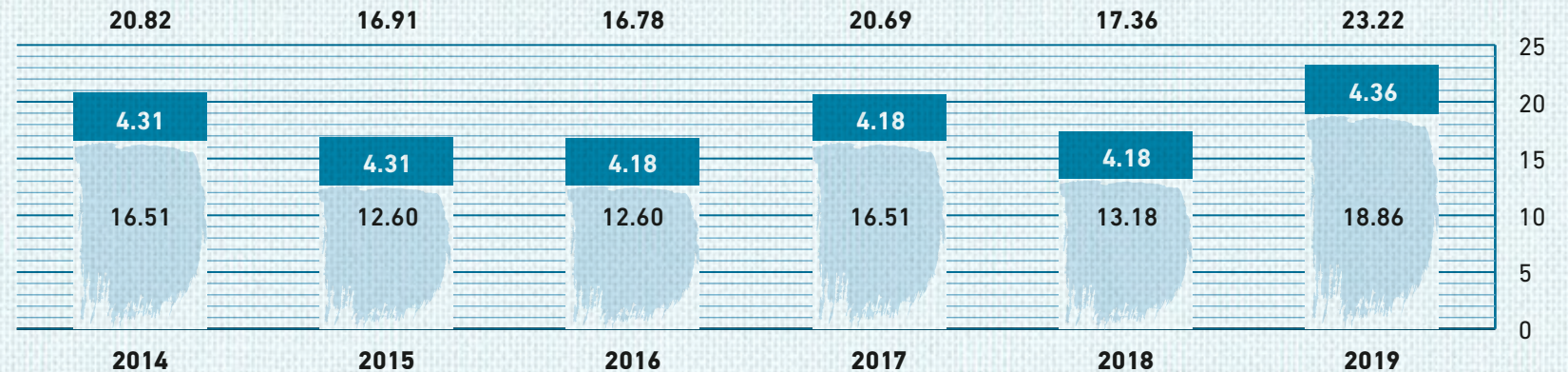
	DOZENS	DOLLARS
Specialty	21,966,331	\$ 69,779,914
Free Run	6,907,137	17,922,832
Free Range	7,568,662	22,871,782
Organic	7,490,532	22,871,782
Total	87,437,307	\$212,768,609

LEVY PAID BY REGISTERED PRODUCERS

TOTAL LEVY
Cents per bird/wk

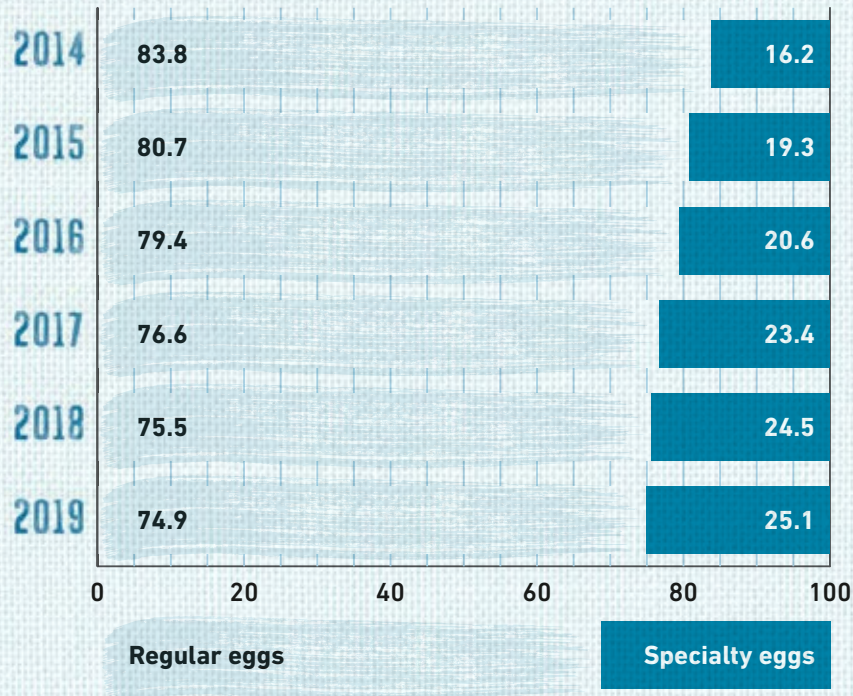
BC Egg portion

EFC portion



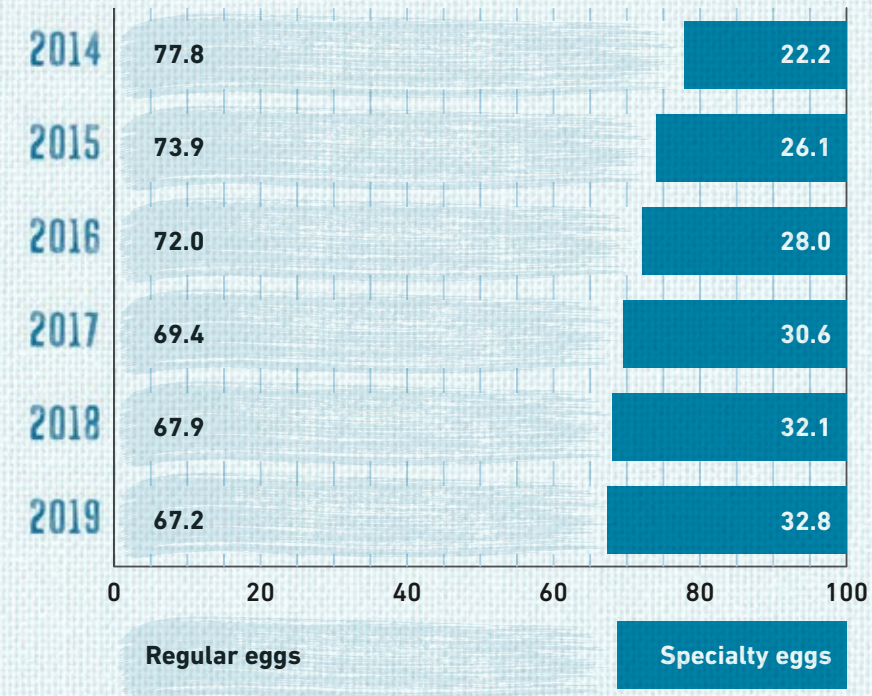
EGG PRODUCTION BY TYPE

Percentage of total production



TOTAL FARM GATE CASH RECEIPTS

Percentages of total farm gate cash receipts

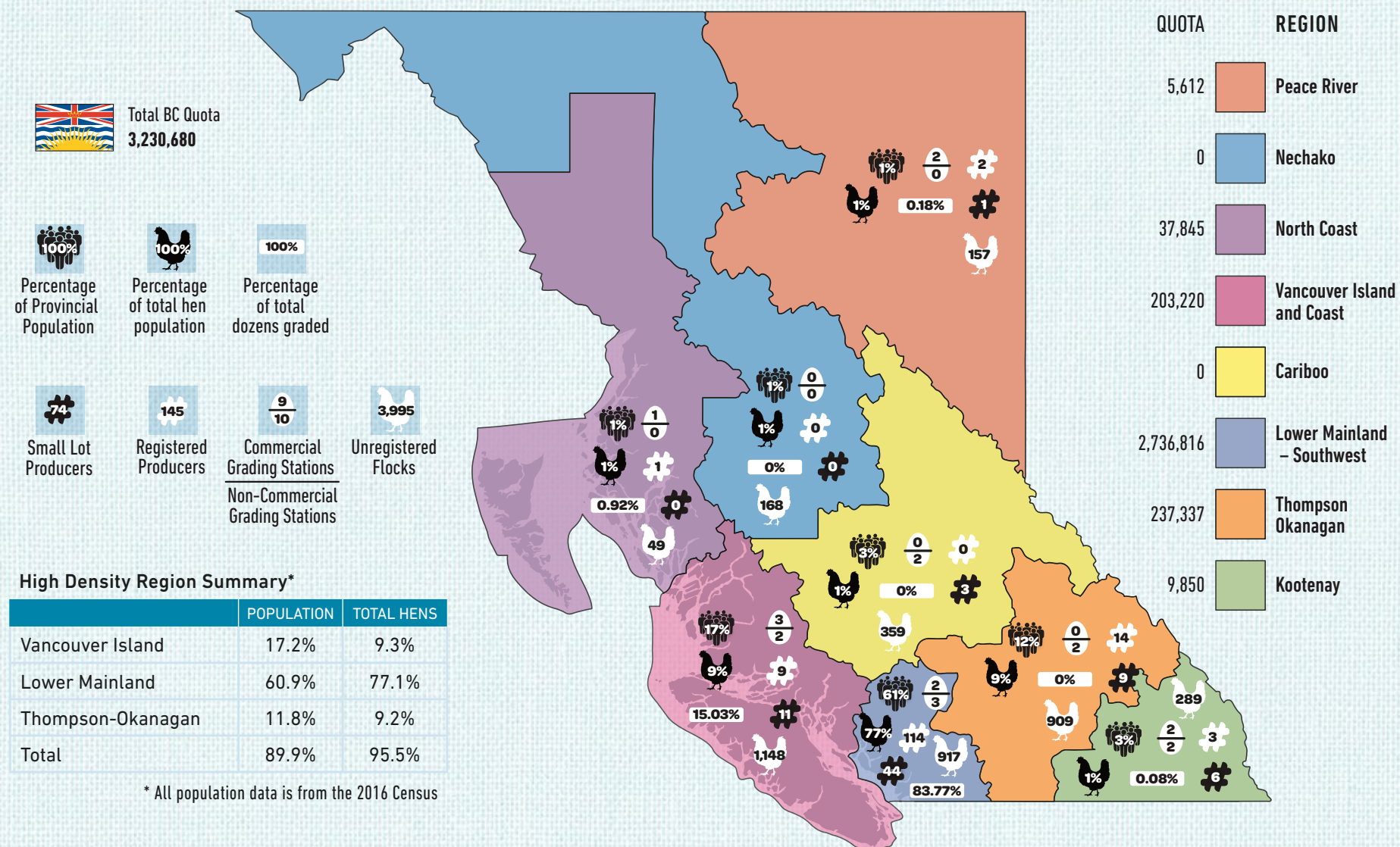


SPECIALTY PRODUCTION LAND BASE REQUIREMENTS

Housing Method	Maximum Density	Percentage Increase over Conventional	Additional Barns required (to house average flock size)
Conventional	67 square inches		
Enriched	116 square inches	73%	1 additional barn
Free Run	144 square inches	115%	1 additional barn
Free Range	144 square inches inside plus 216 square inches outside Total 360 square inches	437%	1 additional barn plus 2 ranges with hen access from the barn This triples the land base required
Organic	260 square inches inside plus 390 square inches outside Total 650 square inches	870%	4 additional barns plus 5 ranges with hen access from the barn This increases the required land base 9 times

As we move to enriched and specialty production, the space required per hen increases significantly.

2019 EGG INDUSTRY IN BC



2019 ANIMAL CARE PROGRAM REVIEW

139	99%	290	0
Animal Care Program (ACP) audits completed on registered producers	Average ACP Score (2019)	facilities received an ACP audit including: <ul style="list-style-type: none"> • 145 completed by Egg Farmers of Canada auditors • 129 completed by third-party auditors 	ACP failures

CHAIR'S REPORT

2019 was a year of successes, continued growth, innovation, and some tough decisions. Through allocations and programs, we were able to place more birds in the barns, increase production and consumption of BC eggs, and strengthen our focus on animal welfare and public trust.

Strengthening public trust in our industry is one of our most important goals. In BC, we are leading the country in innovative programs that ensure consumers have access to fresh, local eggs and that our hens have the best living conditions in the world. Some of the tough decisions that we have had to make included decommissioning older barns that no longer meet animal welfare expectations.



Our Executive Director, Katie Lowe, talks about programs such as the Barn Fitness Policy and the Specialty Audit in her report. I urge you to read how these two programs work to improve hen welfare and to ensure the people of BC that the eggs they buy at the grocery store are exactly as advertised.

We also have programs and policies in place that work to protect the family farm, support farming communities, and provide British Columbians with a diverse choice of eggs to meet their needs. All of these programs are working. Production of eggs by our 144 registered producers totalled 87,437,307 dozens in 2019, a 3.04% increase from 2018. Total farm gate cash receipts reached \$212,768,609 an increase of 6.05% over last year. BC continues to lead the way in transitioning from conventional housing with 40% of egg production now in non-conventional systems including enriched housing, compared to the national average of 30%.

We're also taking a realistic approach to identifying and addressing regional needs. In 2019 we completed a comprehensive regional analysis, funded in part by the Agriculture Investment Foundation, to better understand consumers' purchase decisions, sales of all egg types, and production gaps. The information will be used to develop programs to support regional sustainability and help address food security issues in the outlying regions.

In consultation with stakeholders, the Board of Directors conducted a complete revamp of BC Egg's Strategic Plan in 2019. The stakeholders included farmers, graders, retailers, processors, BCFIRB, and more, and they participated in an innovative planning process through one-on-one interviews, workshops and surveys. We thank them all for their participation and valuable input.

The strategic plan outlines our 10-year vision, the strategic priorities for the next five years, and the key capabilities that BC Egg will build upon to achieve our priorities. We examined our strategic direction and redefined our Vision and Mission. Our Vision is that British Columbians will choose fresh, local wholesome eggs as their go-to protein and we're going to make that happen by maintaining and enhancing our successful, trusted, supply managed egg industry in the best interests of stakeholders throughout the province – from farmers to consumers. The strategic plan is focused around the following three strategic priorities:

- **Industry Stewardship:** We will work with industry stakeholders throughout the province to enhance quality, improve farm practices, and encourage equitable access to production quota, so that we may continue to enjoy the privilege of supply management.
- **Public Engagement:** We will strengthen public trust by increasing transparency across the sector and continue our work to educate and inform consumers about BC eggs and the industry as a whole.
- **Active Management:** We will focus on being a nimble, adaptive, and resilient organization (and industry) by improving our use of data and technology, and working in close collaboration with industry partners and stakeholders.

These may be audacious goals but they are achievable. Our farmers need to keep doing what they've been doing – caring for their hens so that they continue producing high quality delicious eggs every day. With this Strategic Plan, BC Egg will continue to work in the best interests of British Columbians and lead the country with ground-breaking innovative programs. Our transition to non-conventional housing continues to be unsurpassed. While the production and demand for specialty eggs in our province is higher than in the rest of Canada, we will continue to produce commodity eggs using enriched housing to ensure that everyone can afford to eat local, nutritious eggs as their go-to protein.

In closing, I want to thank BC Egg management, staff, directors, and committee members for their outstanding work and to all BC egg producers for their commitment to producing world-class eggs!

I look forward to a prosperous 2020!

A stylized, handwritten signature in blue ink, reading "Gunta".

Gunta Vitins, B.Sc, B.Ed, MBA
CHAIR



EXECUTIVE DIRECTOR'S REPORT

Staff were kept extremely busy in 2019 and I'm pleased to report that we had some major wins as a result of all the hard work.

As you know, working with the Farm Industry Review Board (FIRB) to get allocations approved and hens in the barn can be a lengthy process. We met with FIRB on multiple occasions to better understand their expectations for BC Egg



when we apply for allocation approval. While it took a great deal of work and several meetings, we are pleased that FIRB has approved a three allocation policy – starting with the 2019 one.

FIRB approved the policy for the next three allocations which, provided market conditions do not change significantly, will be distributed in the following manner:

- A portion of the allocation has been set aside to support new entrants through two programs. The first program is our New Producer Program Draw and the second is our Temporary Allotment Pool which will provide new entrants with some additional hens on a temporary basis to help them get started, whether they acquired the quota through the New Producer Program or through quota transfers.
- A portion of each allocation will be distributed equally to producers with non-conventional housing. In 2019, these producers received 100 hens. The goal behind this portion of the allocation is to encourage producers to transition into non-conventional housing.
- The remaining allocation (after equal distribution and the reserve requirements are removed) will be distributed pro rata to all producers.

This year we launched two new programs aimed at protecting the welfare of hens in our care. The first program is a barn inspection that looked at the hens' housing. The older a barn gets, the more likely it is to develop problems. That being said, an older barn isn't necessarily a poor barn. In 2019, we developed a Barn Fitness Policy and did the first few test inspections. The inspections are conducted on barns that are 25 years or older and looks at all aspects of the barn from structure to lighting to equipment.

Once an inspection has been completed, the farmers are notified of any issues with the barn and improvements must be made as required before hens can be moved in.

The second audit looked at free-range hens. While work on the Specialty Audit started in 2018, the program was fully implemented in 2019. All free-range farms were audited and all farms are required to complete their corrective actions in order to maintain their free-range status. The auditors looked at farmers records as well as the range quality to determine if they were following the rules regarding outdoor access. Free-range hens must be given access to the outdoors 120 days a year (generally when the temperature is between 15 and 30 degrees) and each day's access must be a minimum of six hours long. BC is the only province to regulate these requirements for free-range hens.

Finally, we have made good progress in our transition towards enriched cages and specialty production.

I would like to thank staff for all their hard work in 2019 and say that we are looking forward to more exciting projects in 2020.

A handwritten signature in blue ink that reads "Katie Lowe". The signature is fluid and cursive.

Katie Lowe, P.Ag.
EXECUTIVE DIRECTOR



EFC DIRECTOR'S REPORT

Looking back on 2019, it's amazing to realize how far we've come. Circumstances allowed us to focus fully on our active files; as a result, we were able to make steady, considerable progress in many areas. We were also able to start working on a new strategy to guide our industry into the future.

I am very proud of what we achieved in terms of continuous improvement of our industry. As your EFC Director, I am pleased to provide an overview of the events and activities that shaped the past year:

- We've made significant progress in phasing out conventional hen housing systems. In the four years since the hen housing plan was announced, conventional production has dropped to 69%, with 16% of production in enriched colony housing, and 15% in free range, free run and organic systems.
- Recent work by an egg board-led working group, which was coordinated nationally, saw the implementation of the 2015 COP Study and a new pricing structure in September. These efforts ensure farmers with both conventional and enriched colony housing systems recover their full cost of production.
- Planning has started for the next COP Study, which will include conventional, enriched colony and free-run production systems. This approach marked a new milestone for us, further reflecting the direction we are headed as an industry as we shift towards alternative methods of production.
- We've made significant advances in strengthening farm standards. We have been actively redeveloping the national Animal Care Program to include the requirements of the updated Code of Practice. We anticipate the full program will roll out in 2021. These standards are an investment in our future, and they are a critical tool for developing and maintaining public trust.
- We've also made considerable progress in promoting these standards outside our industry. We announced the EQA™ certification program just over a year ago, and I am pleased to report that it is gaining momentum. More than 41 licensing agreements to use the EQA™ certification mark have been signed, and more are in the works with restaurants, the food service industry, retailers, and food manufacturers and distributors.



- We also continue to see growth in egg consumption. Retail sales of eggs increased by 1.7% in 2019, marking the 13th year in a row of growth. Per capita consumption is also up, with the average Canadian now consuming 253 eggs annually.
- This summer saw the launch of a new consumer marketing strategy. The goal of the new Eggs Anytime marketing platform is to encourage Canadians to eat eggs at any meal. The bold and funny ads—a new approach for us—are already making a splash with their witty 'It's not weird' tagline.

We know too well that no journey ever proceeds perfectly smoothly and we did encounter challenges in 2019. We were also deeply disappointed to be told that the announcement of mitigation measures for farmers affected by recent trade agreements, expected in the spring, would be postponed. This is one of the main topics on which we are engaging the Liberal government re-elected with a minority in October 2019. We will take our message to all political parties and shine a positive light on our farms, our way of producing eggs, and the system that makes all this possible.

The opportunities ahead are substantial and I look forward to embarking on this journey with you. As we look to the future, we must be driven by a desire to improve what can be improved, while handling the challenges that will inevitably be thrown our way. With drive, focus and ambition, I have no doubt we will work confidently together to do just that for the good of the Canadians for whom we provide a safe, inexpensive and healthy source of food.

In closing, I want to express my gratitude to my colleagues at the national table and in BC. I also want to thank the staff and the farm families whose hard work and commitment make our industry great.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Walter Siemens', enclosed within a blue oval shape.

Walter Siemens
EFC DIRECTOR



COMMITTEE REPORTS





COMMITTEE REPORTS

AUDIT AND FINANCE COMMITTEE REPORT

The Audit and Finance Committee's responsibility is to provide assistance to the Board of Directors in fulfilling its fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, and internal control functions of the British Columbia Egg Marketing Board.

The Committee's primary duties are to advise the Board of Directors and to make recommendations that support and assist producer members by:

- Reviewing the annual financial statements as prepared by the auditor,
- Reviewing the system of internal controls that has been established and implemented by management,
- Reviewing and approving the auditors' annual audit plan and any other non-audit work performed, and
- Reviewing management-prepared budgets and financial statements.

Over the past year, the Committee closely monitored the Urner Barry price which dropped significantly in 2019 and effected the Eggs for Further Processing (EFP) program.

I would like to express my appreciation to the management and the Audit and Finance Committee for their continued support and contribution. The committee was comprised of the following valued members: Art Friesen, Alf Wall, Ian Woike, Don Bernard, and Jim Timmerman.



Jeff Regier
AUDIT & FINANCE COMMITTEE CHAIR

PMC REPORT

In early 2019, the Production Management Committee (PMC) was pleased to award the fourth annual Producer of the Year Award to Mark Siemens of Siemens Farms. Mark continues to be an exemplary farmer in both his on-farm practices and industry involvement. Thank you for all your hard work, Mark!

The PMC is proud to see the ongoing development and implementation of the Specialty Production Standards. Through much consultation with producers, auditors, and industry, it is great to see the results of this collaborative work being put into practice.

Over the past year, the PMC was pleased to see the creation of the Barn Fitness Audit Committee (BFAC). To date the BFAC has completed eight barn fitness audits. This is another important step to ensure that our industry continues to maintain a high level of animal care for all flocks in BC.

EFC made a number of proposed changes to the Start Clean, Stay Clean program and we continue to provide feedback and suggestions for improvements to the proposed changes. With the release of the 2017 Codes of Practice, EFC is also redeveloping the Animal Care Program. The PMC has worked with the Board to provide feedback on these updates as well.

The PMC continues to meet its mandate as a consultative body for all farm related practices. I want to remind and encourage producers to reach out to the PMC if there is a matter which requires the attention of the committee.

I want to sincerely thank the members: Jake Esau, Scott Janzen, Dwayne Vanderkooi and Dan Kampen for their efforts this past year.



Matt Vane
PMC CHAIR

BC COUNCIL OF MARKETING BOARDS REPORT

The BC Egg Marketing Board is an active member of the BC Council of Marketing Boards.

The BC Council of Marketing Boards (COMB) is a voluntary association which brings together the Boards and Commissions established and operating under the authority of the Natural Products Marketing (BC) Act (NMPA).

COMB's purposes are to:

- i) promote and uphold the principles of regulated and orderly marketing of agricultural products;
- ii) develop and promote policies important for efficient orderly marketing, and
- iii) facilitate the solution to problems of mutual concern to COMB members.

COMB has 8 members:

BC Broiler Hatching Egg Marketing Commission;
BC Milk Marketing Board;
BC Egg Marketing Board;
BC Vegetable Marketing Commission;
BC Chicken Marketing Board;
BC Turkey Marketing Board;
BC Hog Marketing Commission; and
BC Cranberry Marketing Commission.

In 2004 COMB's role as a service provider began after the BC Farm Industry Review Board (FIRB) developed election policies for the Marketing Boards/ Commissions regulated under the NMPA. COMB initially offered services as the Independent Election Officer and then expanded its services to conducting the Board surveys that FIRB asks the Boards/Commissions to undertake.

COMB offers professional development sessions under the auspices of COGA (Centre for Organizational Governance in Agriculture). These sessions have always been funded with support from the Investment Agriculture Foundation of BC. In the 2018/2019 fiscal year, 3 sessions were held: *Governance: Emerging Issues*; *Governance: Board Succession*; and *Governance: FOIPPA*.

In 2019 COMB recognized the following BC Egg members for their ongoing commitment to the development of their communities through their participation in COGA events: Katie Lowe, Gunta Vitins and Amanda Brittain. One- and two-year certificates are earned by attending a set number/type of COGA sessions within a 12- or 24-month period.

In the 2018/2019 fiscal year COMB was the Independent Elections Officer for twelve elections and managed seven surveys. COMB conducted an annual Director's Compensation Survey to enable its members to compare their rates with similar organizations. COMB hosted two Chairs' and Managers' meetings where member organizations meet informally to discuss items of mutual interest.



Della Oberhoffner
COMB GENERAL MANAGER

COMMITTEE REPORTS

BC EGG PRODUCERS ASSOCIATION REPORT

The BC Egg Producers' Association continues to strive to represent the broad interests of producers across the province. Your representatives for 2019 were:

- Mark Siemens – President
- Dan Kampen – Board Liaison
- Richard Boer – Producer Engagement
- Hester Mulder – Public Outreach
- James Lockwood – Political Outreach
- Kyle Smiens – Fraser Valley
- Ian Woike – Vancouver Island
- Wayne Johnson – Interior
- Rob Regehr – Interior

In 2019, we really saw the benefit of all the time spent building relationships with our provincial government over the past two years. Provincial leaders were available and responsive whenever we presented issues of concern. The time spent educating them has resulted in a greater understanding of the needs of our industry and the threats we face as farmers. We view this understanding as a critical part of the role of the association and will continue to emphasize this area in the year ahead.

With the quota allocation process improved and an approved provincial standard for free-range production, the association is now focusing our attention on disease reduction in this province. We are working with local vets and learning from producers in other provinces to try to develop some recommendations to tackle these significant issues.

Producer engagement is an essential part of a healthy egg industry in our province. We're pleased to see the number of producers involved in industry activities and meetings continue to rise as our strength is together as a group. We also strive to bring content that is relevant to you and your farm and appreciate all the feedback we've received this year.

Thank you to all my fellow directors who make this all possible.



Mark Siemens

EPA PRESIDENT

MARKETING AND COMMUNICATIONS COMMITTEE REPORT

The purpose of the Marketing and Communications Committee is to provide staff and the Board of Directors with advice in regards to marketing plans and promotional events. Three of the members of the Marketing and Communications Committee are not producers and they're able to offer a perspective that is unique and valuable. This perspective, combined with the knowledge and experience of the producer members, gives the committee the ability to provide staff with excellent input and advice on all marketing and communications matters.

This year, the committee did a mid-year review of the 2019 Marketing Plan and gave advice on our public outreach and advertising activities. Later in the year, staff attended The Canadian Centre for Food Integrity Public Trust Summit where research was shared on understanding the overall sentiment of how Canadians view Canada's food system and the next steps in building public trust.

At the end of the year, the committee reviewed the 2020 plan and led a good discussion on the benefits of changing BC Egg's target audiences to include people who consume only a few eggs per week. As there is a lot of opportunity to encourage these consumers to add more eggs to their diets, the committee concluded that it was worth focusing on this group.

Thank you to the members of the committee:

Jon Krahn, Chair

Carrie Barlow, Barlow Media

Greg Waring, Kal Tire

Julie Winram, Sentis Market Research

Jennifer Woike, Producer Representative

Gunta Vitins, ex officio



Jon Krahn

CHAIR, MARKETING & COMMUNICATIONS COMMITTEE

EGG INDUSTRY ADVISORY COMMITTEE REPORT

The Egg Industry Advisory committee (EIAC) is made up of a chair, appointed by the Board of Directors, three producer representatives and three grader/processor representatives. The 2019 members of the EIAC included:

- Aryn Alibhai, Producer, Chair
- Rob Regehr, Producer, Vice Chair
- Scott Janzen, Producer
- Mark Siemens, Producer
- Frank Curtis, Grader (Golden Valley Foods)
- Bruce Richardson, Grader (Burnbrae/Island Eggs)
- Ralph Regehr, Producer/Grader (Pinegrove Farms)

The Committee provides a forum for industry stakeholders to have discussions in a non-prejudicial and constructive manner and provides the Board of Directors with non-binding recommendations in all matters involving production and/or pricing. The EIAC plays an integral role in helping the Board to maintain the egg industry's stability in the province; which includes reviewing the market demands for eggs, producer pricing and/or production decisions, utilization, evaluating the effectiveness of on farm programs, and reviewing the quota allocation model.

In 2019, the egg industry experienced many developments and changes that resulted in the EIAC having the opportunity to provide feedback on initiatives including: the provincial quota allocation of 6.48%; ongoing input on the Quota Assessment Tools Evaluation conducted by FIRB; the Barn Fitness Policy Review; and taking part in important discussions on our provincial levy amounts.

The EIAC has also been involved in a monthly review of producer egg prices and Cost of Production (COP). Of significant importance in 2019, the Committee participated actively in the historic Conventional to Enriched Transition Producer Pricing Project (CETPP) initiative.

The EIAC is pleased to have developed a good working relationship with the management and appreciate the detailed information and the ongoing communication on all applicable matters.

All the EIAC members contributions and diligent work this past year are sincerely appreciated and I look forward to our active participation in 2020.


Aryn Alibhai
EIAC CHAIR



2019 MARKET REVIEW

Once again BC Egg enjoyed a year of growth in 2019 and BC Egg farmers did a great job of supplying our market with fresh, local eggs. Here is a five-year comparison of the eggs supplied to the BC market.

BC Egg's overall utilization rate in 2019 was 93.87%. It is important to get as close to 100% to ensure BC consumers are getting as much local product as possible. We experienced a lower utilization rate of 91.33% in the first half of year as we were in the process of placing a sizable allocation we received in December 2018. In the second half of the year, our utilization rate was at 96.41%.

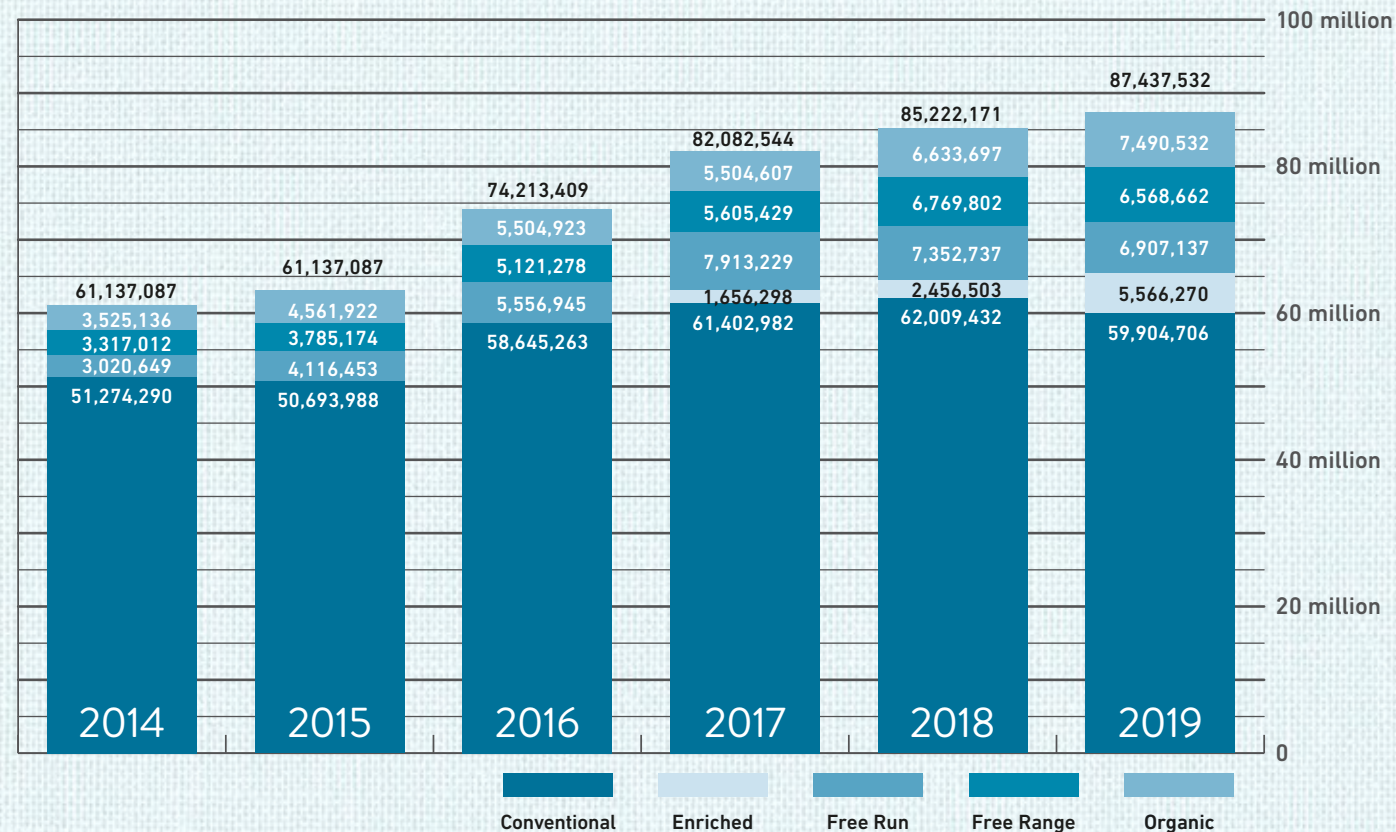
An allocation of 202,110 layer quota was made to BC in December 2018 and was distributed in early 2019 based on a new, innovative, three-allocation distribution plan worked out between BC Egg and FIRB. BC Egg was given a smaller allocation in 2019 of 14,916 hens but that allocation has not been distributed yet.

The trend continues of BC egg producers being well ahead of the rest of the country when it comes to transitioning to alternative housing systems. British Columbians' preference for a variety of eggs has allowed 31.49% of our producers to use alternative housing. In total, our production breakdown is 25.13% specialty and 74.81% is conventional and enriched (of which 6.37% of hens are living in enriched cages). We are confident that our egg producers can continue to supply BC's specialty egg market for the foreseeable future.

The signing of the new CUSMA (Canada-US-Mexico Agreement) ensures that supply management will continue for the duration of the trade agreement. While concessions were given, Canada is assured that local, family owned farms will continue and we will not be reliant on US product to meet our market demands.

As at December 31, 2019, there were 144 registered family egg farms in BC. We are pleased to announce that six people became egg farmers for the first time this year. Of these new farmers, four were winners of the New Producer Draws and two started by acquiring their farms through succession planning.

TOTAL BC EGGS PRODUCED DOZENS



Please note that the production mix in the chart reflects the actual eggs laid over the course of the year.

2019 MARKETING UPDATE

Once again, the BC Egg communications and marketing staff were extremely busy in 2019. We doubled the number of shows and fairs we did over the previous year and stepped up our traditional and social advertising campaigns.

We brought our live hen display to both the Abbotsford Agrifair and the PNE in 2019. As usual, the hens were a hit with people young and old. Our Ambassadors were kept busy answering thousands of excellent questions from fair attendees.

For the first time ever, we attended the IPE in Armstrong with a static display. Our Interior farmers became Ambassadors and answered lots of questions about hen health and feed. Interestingly, the questions asked at the IPE were very different than those asked at the other fairs, perhaps reflecting an audience that is more familiar with agriculture.

In 2019, we added a new marketing goal to increase consumption of eggs. In order to achieve this goal, we attended two consumer trade shows including the Vancouver Wellness Show and the Health and Wellness Show in Abbotsford. Staff knew we would get a lot of health and nutrition related questions so we partnered with a registered dietitian to attend the shows with us. We learned a lot from our first foray into consumer trade shows and have made some changes we think will make our 2020 shows even more successful.

One of the best days of the year at BC Egg is World Egg Day. This year we celebrated by holding a food drive for the Surrey Food Bank. Ambassadors collected food at the Fleetwood Save On Foods store while Rock 101 did five on-location hits as well as some pre-event advertising.

Daily Hive ran a number of egg-related posts on the site and on their social channels. In addition, they made a video of the day showing how much egg farmers give back to the community.

We ran a number of paid advertising campaigns in 2019. We used several media including television, radio, and online content and digital advertising. Some highlights included sponsoring the Healthy Eating Guide on FoodNetwork.ca; closed captioning and on-screen advertising on Global News; traffic tags on several radio stations around the province; sponsored content stories on VancouverSun.com, Daily Hive, Vancouver Is Awesome; and much more.

On the social media side, we started a Get Egg-ucated campaign that helped people learn about farm practices and hens. We mixed Get Egg-ucated pieces with information on upcoming events, recipes, fun egg facts, and even the occasional bad egg pun. We saw our audience grow on all our channels and had great engagement levels – especially on Instagram.

We conduct a survey to determine the effectiveness of our campaign at the end of the year. In 2019, we reached 42% of British Columbians with one or more aspects of our campaign. This is a five percent increase over 2018. It is important to note that people who were reached by our campaign are more likely to trust egg farming in BC than those who were not.

The most effective parts of our campaign included website advertising (digital advertising) and social media at 23% followed by exhibits at the PNE, Agrifair and IPE at 17%. Television (14%) and radio (10%) advertising also proved to be very effective.

IN THE COMMUNITY

Agriculture in the Classroom – Bite of BC Program

The Take a Bite of BC program is in 55 secondary school teaching kitchens around the province, reaching 7,263 culinary arts students and 68,000 students in the schools. BC Egg sends a complimentary 15 dozen eggs to each teaching kitchen. The BC products enhance the culinary students' learning experience by enabling them to work with local BC products and provide awareness about the foods that are grown around them.

SuperChefs Cookery for Kids

SuperChefs operates two healthy cooking camps for kids in two Surrey schools. These week-long camps teach kids how to prepare various dishes and teaches the importance of eating right, oral health and getting enough physical exercise. BC Egg is pleased to provide a financial contribution and supply the eggs used at all the camps.

Abbotsford Food Bank

BC Egg provides 30 dozen eggs a week to the Abbotsford Food Bank. These eggs are often split into half dozens and given to young families and seniors who really benefit from the healthy protein in each egg. BC Egg staff also volunteer to sort food at the Food Bank's warehouse six times a year. Finally, we continued with our traditional toy drive as part of our farmer Christmas party in December. Our farmers and staff generously donated enough toys to fill two vehicles!

Easter Seals

BC Egg is proud to make a financial contribution to Easter Seals camps to ensure young campers get a healthy breakfast – including eggs – at their home away from home. The two Easter Seals camps in Winfield and Shawnigan Lake ensure that every child – regardless of ability – has the summer camp experience

4-H

4-H and BC Egg is a natural fit – we love supporting kids who are interested in agriculture! Our sponsorship with 4-H changes each year but in 2019 we provided general financial support as well as participated in their Careers in Agriculture Tour. Staff attended the tour stop in Abbotsford and discussed different careers in agriculture that don't involve farming. It was a fun and informative morning for both the kids and staff.



BOARD OF DIRECTORS



Gunta Vitins

Gunta Vitins has been spearheading innovative agri-food initiatives in the public and private sectors for over 25 years. Her work experience spans government, academia, business and industry development, agricultural production, processing, sales and marketing.

Originally hailing from Quebec with degrees in Agriculture and an MBA from McGill University, Gunta joined the BC Ministry of Agriculture in 1991 where she worked as a manager in market development for five years. From 1998 – 2010, Gunta held senior management positions at Pro Organics and SunOpta Inc, global leaders in organic and natural foods. Gunta was active on Agriculture and Agri-Food Canada's Organic Value Chain Roundtable from 2007 – 2015 which included roles as Industry Co-Chair, and Chair of the Market Development Working Group. Gunta is also past President of the Canada Organic Trade Association and the Pacific Agricultural Certification Society.

Gunta is an agri-food consultant with local and international clients. She lives in New Westminster with her husband and two active sons.



Walter Siemens

Walter Siemens has been an egg producer since 1986. Walter has served in various capacities and committees within BC's poultry industry and currently serves on the National Board of Directors; involved in committees covering budget, production management, specialty production, and animal care.

Walter and his wife, Annette, have four children, two sons (both now married) along with two daughters — one of whom is also married, while the other is in university.

"I enjoy serving the egg industry and it's a great way to support and raise a family... and now to see the next generation arriving is truly a blessing to us."

Walter and Annette now have five grandsons and two granddaughters – with another on the way.

Walter and his family have recently completed a period of farm rejuvenation and expansion as old buildings were torn down and replaced with new barns designed to meet numerous egg type and market needs. It's a busy time indeed, but quite an enjoyable phase of life as the children take on various roles and responsibilities of the day to day farming and are embracing the challenges that arise. Walter is enjoying his entry to the organic market, which began in 2019.



Matt Vane

Matt Vane joins BC Egg's Board of Directors after a two-year term on the Egg Producers Association. He is the chair of the Production Management Committee and BC Egg's representative on the BC Poultry Association. In the past, he also served on the Specialty Audit Committee.

Matt grew up with a farming background so when it was time for him to pick a career, farming was his top choice. Matt enjoys farming, learning about new techniques and studying new farming opportunities. He is a New Producer Program winner and started his organic layer and pullet farm in 2012.

In 2017, Matt had the privilege of visiting Project Canaan in eSwatini. He was awed by the difference a few laying hens can make to the 180 orphaned children living at the farm.

While Matt is new to the Board, he is excited for the opportunities to learn and contribute to the BC egg sector.



Jon Krahn

Jon Krahn is a third-generation egg farmer. His interest in farming began at a young age when he would visit the family farm with his dad. He has been farming fulltime alongside his two brothers for the past 16 years.

Jon managed a layer farm for eight years before transitioning to his current role, managing the family owned feed mill. At the mill he has gained a new perspective of the industry by learning more about poultry health, nutrition and organic production.

Through the years, Jon has maintained an active role within the industry at events like Ag Days, Ask an Egg Farmer, and the PNE. Prior to being on the Board, Jon had the privilege of being a director of the BC Egg Producers Association for seven years; the last two as Vice-President. He has enjoyed working alongside producers and serving in varied capacities and committees such as the Egg Industry Advisory Committee, Biosecurity Committee and the Production Management Committee. Through this experience he has gained valuable knowledge of the egg and poultry industry and their national systems. Jon is now the chair of the Market and Communications Committee.

Jon and his wife Danielle have four amazing young children. They are privileged to raise their family on a layer farm in the Fraser Valley.



Jeff Regier

Jeff Regier has spent much of his life in the agriculture sector. His parents bought a broiler breeder operation when he was in his teens and he spent several years doing farm chores before moving out on his own. He started his career as a feed rep with East Chilliwack Feed Coop in the early 1980s – he still works for the company (now called Shur-Gain) on a part-time basis.

Jeff and his wife, Barb, bought their own farm in 1986. They started growing leghorn pullets for the layer industry. Soon after, they bought broiler quota and started growing chicken for the BC market. A few years later, they made another switch when they won a new entrant lottery for broiler breeders. They built a new farm to house their broiler breeders. Finally, in 2015, they bought layer quota and converted their broiler breeder barn to a lay barn.

Jeff and his wife also held quota for broilers, broiler breeders and laying hens in Saskatchewan in the early 2000's. They have since divested themselves of all quota in that province and now concentrate on running their farm in BC.

While this is Jeff's first experience on BC Egg's Board of Directors, he has served as a director and interim Chair of the BC BroilerHatching Egg Commission. In addition, while he had a

Saskatchewan farm, he became a director and alternate of the Canadian Hatching Egg Producers and Chair of the producers association.

Jeff recognizes that many people do not understand much about farming and have little opportunity to talk to farmers so he enjoys volunteering at public events like the PNE and Ask an Egg Farmer at Save On Foods stores where he can talk to members of the public about his experiences as a farmer and answer their questions.

Jeff and Barb have four married sons, six grandsons and one granddaughter. Babysitting the grandkids takes up a good portion of their spare time.

FINANCIAL STATEMENTS



BC Egg Marketing Board

MANAGEMENT'S RESPONSIBILITY

To the Members of British Columbia Egg Marketing Board:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgements and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgement is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit and Finance Committee are composed primarily of Members who are neither management nor employees of the Board. The Board of Directors is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Committee is also responsible for recommending the appointment of the Board's external auditors.

PwC is appointed by the Members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

March 6, 2020



Katie Lowe
EXECUTIVE DIRECTOR

BC Egg Marketing Board

INDEPENDENT AUDITOR'S REPORT

To the Members of British Columbia Egg Marketing Board:

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of British Columbia Egg Marketing Board (the Marketing Board) as at December 28, 2019, and the results of its operations and its cash flows for the 52-week period from December 29, 2018 to December 28, 2019 in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The Marketing Board's financial statements comprise:

- the statement of financial position as at December 28, 2019;
- the statement of operations for the 52-week period from December 29, 2018 to December 28, 2019;
- the statement of changes in net assets for the 52-week period from December 29, 2018 to December 28, 2019;
- the statement of cash flows for the 52-week period from December 29, 2018 to December 28, 2019;
- the notes to the financial statements, which include a summary of significant accounting policies; and
- the schedule of expenses for the 52-week period from December 29, 2018 to December 28, 2019.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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 Marketing 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 Marketing Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Marketing 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.

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 Marketing 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 Marketing 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 Marketing 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Marketing Board to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
February 5, 2020

BC Egg Marketing Board

STATEMENT OF FINANCIAL POSITION

	December 28, 2019 \$	December 29, 2018 \$
ASSETS		
Current assets		
Cash (note 3)	3,815,610	3,820,473
Accounts receivable	9,568,842	8,870,213
Prepaid expenses and deposits	310,275	380,564
	13,694,727	13,071,250
Capital assets (note 4)	84,075	152,544
Long-term investment (note 5)	3,845,610	3,876,076
	17,624,412	17,099,870
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (note 3)	8,221,032	7,518,774
Levies due to Egg Farmers of Canada	3,446,416	1,880,615
Government remittances payable	45,202	22,147
	11,712,650	9,421,536

	December 28, 2019 \$	December 29, 2018 \$
NET ASSETS		
Invested in capital assets	84,075	152,544
Unrestricted	5,827,687	7,525,790
	5,911,762	7,678,334
	17,624,412	17,099,870

Commitments (note 6)

Guarantee (note 7)

Approved by the Board of Directors



DIRECTOR
Gunta Vitins
Chair



DIRECTOR
Jeff Regier
Chair, Audit and Finance
Committee

BC Egg Marketing Board
STATEMENT OF OPERATIONS

	52-week period ended December 28, 2019 \$	52-week period ended December 29, 2018 \$
Net Revenue		
Levies (note 9)	3,684,416	5,465,584
Sale of eggs to grading stations	212,768,609	200,639,550
Purchase of eggs from producers	(212,768,609)	(200,639,550)
	3,684,416	5,465,584
Expenses (schedule)		
Administrative	2,397,706	2,187,199
Governance	544,685	512,439
Marketing	416,542	401,878
Communication	283,174	214,668
Producer rebate	-	(1,381)
Industrial product and other programs	2,030,771	1,916,349
	5,672,878	5,231,152
(Deficiency) excess of revenue over expenses before other items	(1,988,462)	234,432
Interest and other income	357,550	237,146
Equity loss on investment	(135,660)	(129,403)
(Deficiency) excess of revenue over expenses for the period	(1,766,572)	342,175

BC Egg Marketing Board

STATEMENT OF CHANGES IN NET ASSETS

	52-week period ended December 28, 2019			52-week period ended December 29, 2018
	Invested in capital assets \$	Unrestricted \$	Total \$	Total \$
Net assets — Beginning of period	152,544	7,525,7901	7,678,334	7,336,159
(Deficiency) excess of revenue over expenses for the period	(80,636)	(1,685,936)	(1,766,572)	342,175
Purchase of capital assets	12,167	(12,167)	-	-
Net assets — End of period	84,075	5,827,687	5,911,672	7,678,334

BC Egg Marketing Board
STATEMENT OF CASH FLOWS

	52-week period ended December 28, 2019 \$	52-week period ended December 29, 2018 \$
CASH PROVIDED BY (USED IN)		
Operating activities		
(Deficiency) excess of revenue over expenses	(1,766,572)	342,175
Items not involving cash		
Amortization	80,636	82,031
Equity loss on investment	135,660	129,403
Interest charged on advances to Central Agricultural Facility Limited	(105,194)	(93,793)
	(1,655,470)	459,816
Changes in non-cash working capital items		
Accounts receivable	(698,629)	(239,061)
Prepaid expenses and deposits	70,289	(184,367)
Accounts payable and accrued liabilities	3,496,250	(3,793,714)
Levies due to Egg Farmers of Canada	(1,228,191)	896,184
Government remittances payable	23,055	2,463
	1,662,774	(3,318,495)
	7,304	(2,858,679)

	52-week period ended December 28, 2019 \$	52-week period ended December 29, 2018 \$
Investing activities		
Redemption of term deposit	-	1,000,000
Advance to Central Agricultural Facility Limited	-	(1,000,000)
Purchase of capital assets	(12,167)	(26,717)
	(12,167)	(26,717)
(Decrease) increase in cash	(4,863)	(2,885,396)
Cash — Beginning of period	3,820,473	6,705,869
Cash — End of period	3,815,610	3,820,473

BC Egg Marketing Board

NOTES TO FINANCIAL STATEMENTS December 28, 2019

1 Incorporation and nature of the Board

The British Columbia Egg Marketing Board (the Board) was established in 1967 under the Natural Products Marketing (BC) Act. The Board operates under the British Columbia Egg Marketing Scheme, 1967, respecting the control, management and promotion of the marketing of eggs in British Columbia.

The Board purchases eggs from producers for resale and acts as the BC agent for the Egg Farmers of Canada (EFC) for collection of EFC's administration levies and industrial product levies, and administers various national egg marketing programs.

The Board's fiscal year ends on the closest Saturday to the end of December. The current fiscal year consists of 364 days (December 29, 2018 to December 28, 2019) and the comparative fiscal year consisted of 364 days (December 31, 2017 to December 29, 2018).

2 Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook – Accounting, as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents consist of cash and deposits with original maturities of three months or less and are held with a Canadian chartered bank.

Investments

The Board accounts for its 50% interest in Central Agricultural Facility Limited (CAFL) using the equity method. Under the equity method, the investment is recorded at original cost plus the Board's share of undistributed earnings (losses) since inception. The statement of operations includes the Board's share of investee income or loss for the period.

The Board records its advances to CAFL at cost.

Capital assets

Capital assets are recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives as follows:

	YEARS
Automotive	4
Computer equipment	2-5
Office equipment	2-5
Leasehold improvements	10
Agricultural event displays	5

Revenue recognition

Revenues from the sale of eggs, including associated levies, are recognized on a weekly basis as the grading process is completed and collectability is reasonably assured.

Income taxes

The Board is a not-for-profit organization and is exempt from income taxes pursuant to subsection 149(1)(e) of the Income Tax Act.

Employee future benefits

The Board's employee future benefits program consists of a defined contribution pension plan. Contributions are expensed in the period in which contributions to the plan are incurred.

Use of estimates and 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

BC Egg Marketing Board

NOTES TO FINANCIAL STATEMENTS December 28, 2019

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess (deficiency) of revenue over expenses in the periods in which they become known.

Financial instruments

The Board recognizes its financial instruments when the Board becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840, Related Party Transactions (note 10).

At initial recognition, the Board may irrevocably elect to subsequently measure any financial instrument at fair value. The Board has not made such an election.

The Board subsequently measures derivatives and investments in equity instruments quoted in an active market at fair value. Fair value is determined by quoted market prices. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance, or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess (deficiency) of revenue over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Board assesses impairment of all of its financial assets measured at cost or amortized cost. The Board groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers all factors in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Board determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the period. If so, the Board reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in the excess (deficiency) of revenue over expenses for the current period.

The Board reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess (deficiency) of revenue over expenses in the period the reversal occurs.

3 Trust assets and trust liabilities

At December 28, 2019, a cash balance of \$nil (December 29, 2018 – \$40,000) is currently held in trust for the successful applicants of the New Producer Program.

4. Capital assets

	December 28, 2019		December 29, 2018	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Automotive	67,461	67,137	324	486
Computer equipment	902,523	862,575	39,948	51,702
Office equipment	114,038	108,702	5,336	9,478
Leasehold improvements	528,387	506,303	22,084	72,869
Agricultural event displays	25,932	9,549	16,383	18,009
	1,638,341	1,554,266	84,075	152,544

5. Long-term investment

The Board's investment in CAFL includes the following:

	December 28, 2019 \$	December 29, 2018 \$
Shares - 50% interest	1	1
Advances without fixed terms of repayment or interest	1,675,685	1,675,685
Advances without fixed terms of, repayment including interest at prime plus 0.5%, accrued semi-annually	2,442,832	2,337,638
Advances without fixed term of repayment, including interest at prime plus 0.5%, payable monthly	1,000,000	1,000,000
Equity loss since inception	(1,272,908)	(1,137,248)
	3,845,610	3,876,076

Effective January 1, 2018, the Board restructured the advances made with CAFL to be entitled to receive

\$1,675,685 without interest, while the remaining \$2,243,845 will accrue interest at the Bank of Canada Prime rate plus 0.5% per annum, calculated semi-annually. Both portions of advances have no fixed terms of repayment, but are to be repaid within 30 days of demand.

Because CAFL reports its financial activities on a calendar year, its financial statements as at December 28, 2019 are not available and accordingly the Board used CAFL's December 31, 2019 financial statements to report its equity interest.

CAFL's condensed financial statements for the year ended December 31, 2019 showing the Board's 50% share are as follows:

BC Egg Marketing Board

NOTES TO FINANCIAL STATEMENTS December 28, 2019

	2019 \$	2018 \$
Condensed Balance Sheet		
Assets	3,798,680	3,881,889
Liabilities	5,071,585	5,019,135
Shareholders' deficiency	(1,272,905)	(1,137,246)
	3,798,680	3,881,889

	2019 \$	2018 \$
Condensed Statement of Operations		
Revenues	317,692	295,721
Expenses	(453,352)	(425,124)
Loss for the year	(135,660)	(129,403)

	2019 \$	2018 \$
Condensed Statement of Cash Flows		
Cash provided by (used in)		
Operations	20,928	90,928
Financing	(17,162)	(28,921)
Investing	(4,540)	(58,886)
(Decrease) increase in cash	(774)	3,121

The Board's and CAFL's significant accounting policies are the same or similar except for the following:

- CAFL is subject to income taxes.
- CAFL uses the taxes payable method to account for income taxes whereby the expense (income) of the period consists only of the cost (benefit) of current income taxes for that period, determined in accordance with the rules established by taxation authorities.

6. Commitments

The Board is committed to an operating lease for a photocopier with yearly lease payments of \$4,580 plus taxes, with the lease expiring in 2020. The Board is also committed to \$25,000 for donations and education in 2020, and \$12,500 in 2021.

7. Guarantee

As at December 28, 2019, the Board has guaranteed a mortgage of CAFL, up to a maximum amount of \$2,000,000 (December 29, 2018 – \$2,000,000). Payment under this guarantee, which will remain in place until the maturity date of December 31, 2035, is required should CAFL default on its obligations. As at December 28, 2019, no liability has been recorded associated with this guarantee as CAFL has complied with the requisite mortgage payments.

8. Line of credit

The Board has an available operating line of credit with the Bank of Montreal. The operating line entitles the Board to borrow a maximum of \$550,000 with interest at the bank prime rate, and is secured by all assets of the Board. The operating line was not utilized as of December 28, 2019.

BC Egg Marketing Board**NOTES TO FINANCIAL STATEMENTS December 28, 2019****9. Levies**

Levies are imposed on egg producers by the Board and EFC. The Board acts as an agent to collect levies on EFC's behalf. These levies are not included in the Board's revenue.

	December 28, 2019	December 29, 2018
	\$	\$
Total levies collected from egg producers	31,945,723	28,936,461
Less: Levies remitted to EFC	(25,654,127)	(22,487,547)
Less: Service fee remitted to EFC	(2,607,180)	(983,330)
Net levies – British Columbia Egg Marketing Board	3,684,416	5,465,584

10. Related party transactions

During the period, the Board paid rent in the amount of \$141,840 (December 29, 2018 – \$141,077) to CAFL. In addition, the Board earned interest income in the amount of \$149,694 (December 29, 2018 – \$131,467) from CAFL, of which \$105,194 (December 29, 2018 – \$93,793) was unpaid and accrued to the value of the advance.

In the normal course of business, the Board purchased eggs (net of levies) from egg producers that are controlled by directors in the amount of \$22,795,011 (December 29, 2018 – \$17,226,753) and as at December 28, 2019 had a net payables balance of \$392,534 (December 29, 2018 – \$587,474), which is related to these purchases.

During the period, the Board paid per diems and benefits to directors in the amount of \$339,730 (December 29, 2018 – \$325,077).

The Board provided operating grants to various egg producer associations in the amount of \$133,600 (December 29, 2018 – \$127,492).

Included in accounts receivable at the end of the period was \$754,028 (December 29, 2018 – \$834,307) due from Egg Farmers of Canada.

These transactions are recorded at the exchange amount, which is the amount agreed to by the related parties.

11 Financial instruments

The Board, as part of its operations, carries a number of financial instruments. It is management's opinion that the Board is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

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. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Board is exposed to interest rate cash flows risk with respect to the advances made to CAFL.

Liquidity risk

Liquidity risk is the risk that the Board will encounter difficulty in meeting obligations associated with financial liabilities. The Board's exposure to liquidity risk is dependent on the collection of accounts receivable.

During the period, the Board's liquidity risk increased as a result of the increase in accounts receivable.

Credit risk

The Board is exposed to limited credit risk resulting from the possibility that parties may default on their financial obligations. In addition, there is a concentration of transactions carried out with entities with similar economic conditions such that they could be similarly affected by changes in economic conditions. The Board does not directly hold any collateral such as security for financial obligations.

The Board believes that credit risk and concentration of credit risk are limited due to the quality of parties extending credit and the history the Board has with these entities. The Board maintains allowances for potential credit losses and any such losses to date have been within management's expectations. These allowances are determined by consideration of economic conditions, historical information, and accounts past due. The allowance is calculated on a specific identification basis. Amounts subsequently recovered which are written off are credited to the allowance in the period of recovery.

12 Pension plan

The Board's pension plan is administered by the Teamsters Union and is a defined contribution plan. Pension expense of \$55,060 (December 29, 2018 – \$45,129) has been included in the current period's salaries and benefits.

BC Egg Marketing Board

SCHEDULE OF EXPENSES

	52-week period ended December 28, 2019 \$	52-week period ended December 29, 2018 \$
Administrative		
Amortization	80,636	82,031
Annual general meeting	57,573	93,952
Association grants	133,600	127,492
Bad debts	-	1,766
Committee, events, and membership	213,365	187,927
Insurance and legal	55,331	47,391
Miscellaneous	33,597	39,035
Office and maintenance	150,544	153,519
Producer liaison officer	18,030	10,643
Professional development and scholarships	81,811	37,744
Professional services	130,675	113,653
Rent	141,840	141,077
Salaries and benefits	1,211,594	1,069,779
Travel	89,110	81,190
	2,397,706	2,187,199

	52-week period ended December 28, 2019 \$	52-week period ended December 29, 2018 \$
Governance		
Per diem and benefits	339,730	325,077
Travel and accommodation	204,955	187,362
	544,685	512,439
Marketing		
Marketing programs	416,542	399,356
Traceability	-	2,522
	416,542	401,878
Communication		
Communication programs	37,115	37,558
Events	235,727	170,005
Miscellaneous	618	1,341
Website	9,714	5,764
	283,174	214,668

BC Egg Marketing Board
SCHEDULE OF EXPENSES

	52-week period ended December 28, 2019 \$	52-week period ended December 29, 2018 \$
Producer rebate	-	(1,381)
Industrial product and other programs		
EFP and Special EFP costs (recoveries)	69,954	(94,348)
Farm pickup costs	1,150,000	1,150,000
Fowl removal recoveries — net of costs	(197,229)	(196,008)
Industrial product costs — net of recoveries	841,384	933,787
Other	1,235	8,018
Western pool costs	165,427	114,900
	2,030,771	1,916,349
	5,672,878	5,231,152

BC Egg Marketing Board

BOARD OFFICERS AND COMMITTEES

Board Officers

Chair

Gunta Vitins

Vice Chair and EFC Director

Walter Siemens

EFC Alternate

Matt Vane

Secretary

Jeff Regier

Director

Jon Krahn

BCEMB Committees

Audit and Finance Committee

Jeff Regier, Chair

Alf Wall

Ian Woike

Art Friesen

Jim Timmerman

Don Bernard

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Amy Alibhai, Chair

Bruce Richardson

Frank Curtis

Ralph Regehr

Scott Janzen

Rob Regehr

Mark Siemens

BC Egg Producers Association

Mark Siemens, President

Dan Kampen, Vice-President

Hester Mulder

Kyle Smiens

Richard Boer

Robin Scott (Interior)

Wayne Johnson (Interior)

James Lockwood (Island)

Ian Woike (Island)

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Scott Janzen

Dwayne Vanderkooi

Jake Esau

Dan Kampen

Marketing and Communications Committee

Jon Krahn, Chair

Julie Winram

Greg Waring

Carrie Barlow

Jen Woike

Gunta Vitins (ex officio)

Colophon

BC Egg wishes to thank Lovella and Terry Shellenberg for opening their home for our photoshoot. Thanks also go to Terrence and Bea Schellenberg and their children Tyson, KyLia and Henry. In addition to being a farmer, Lovella is also one of the authors of the book and blog called *Mennonite Girls Can Cook*.

This annual report was designed by Mark Massyn of Massyn Design.

Photos by Paul Joseph.

Printing by Metropolitan Fine Printers Inc.

