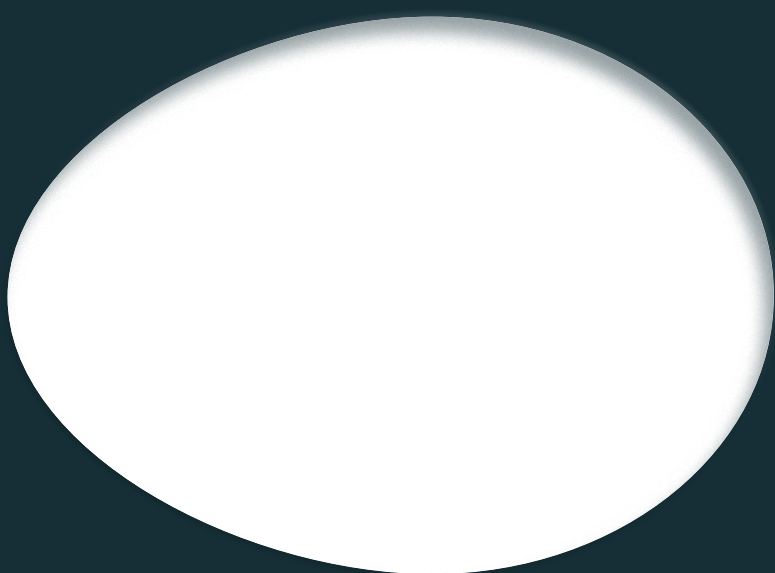


IT'S ALL ABOUT OUR **HENS**



BC EGG MARKETING BOARD ANNUAL REPORT **2018**







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Vision

A cohesive and sustainable, growing BC egg industry that meets the needs of consumers while being socially and environmentally responsible.

Mission

To engage stakeholders to meet the demands of the marketplace.

Making principle-based decisions based on SAFETI guidelines.

Building trust through transparency.

Providing high-value support to members to help them thrive in the face of change.

Continuing to build our social license and raising the bar on health, safety and sustainability.

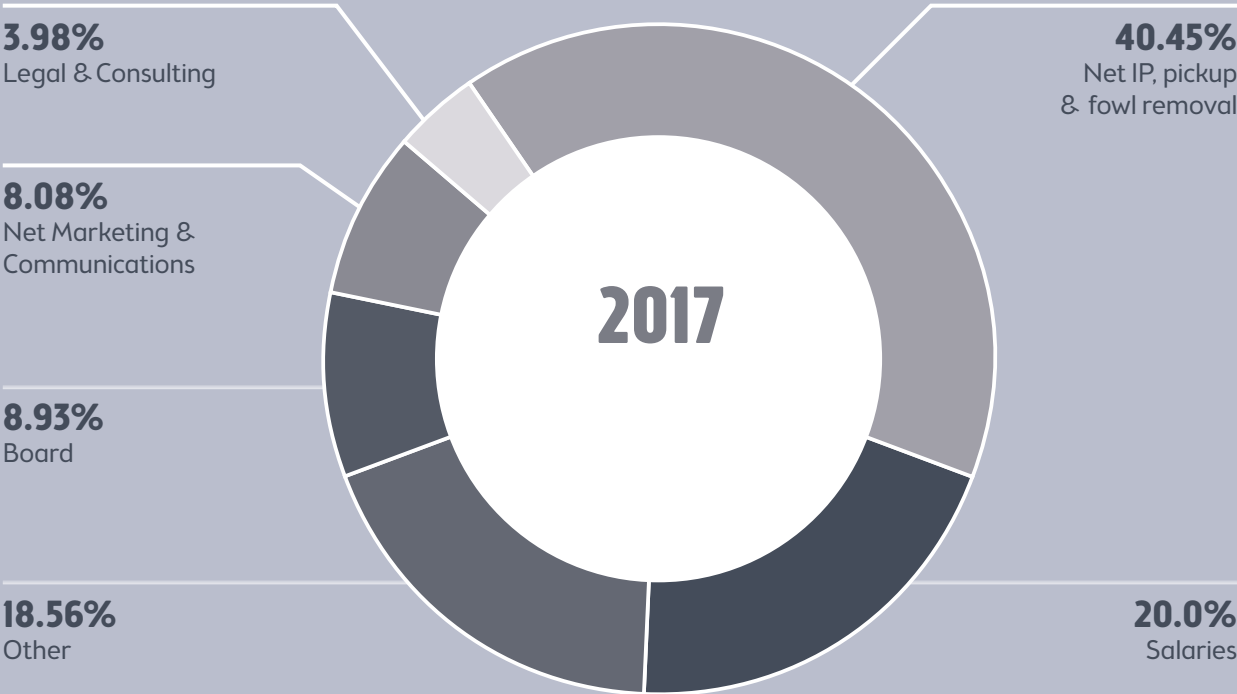
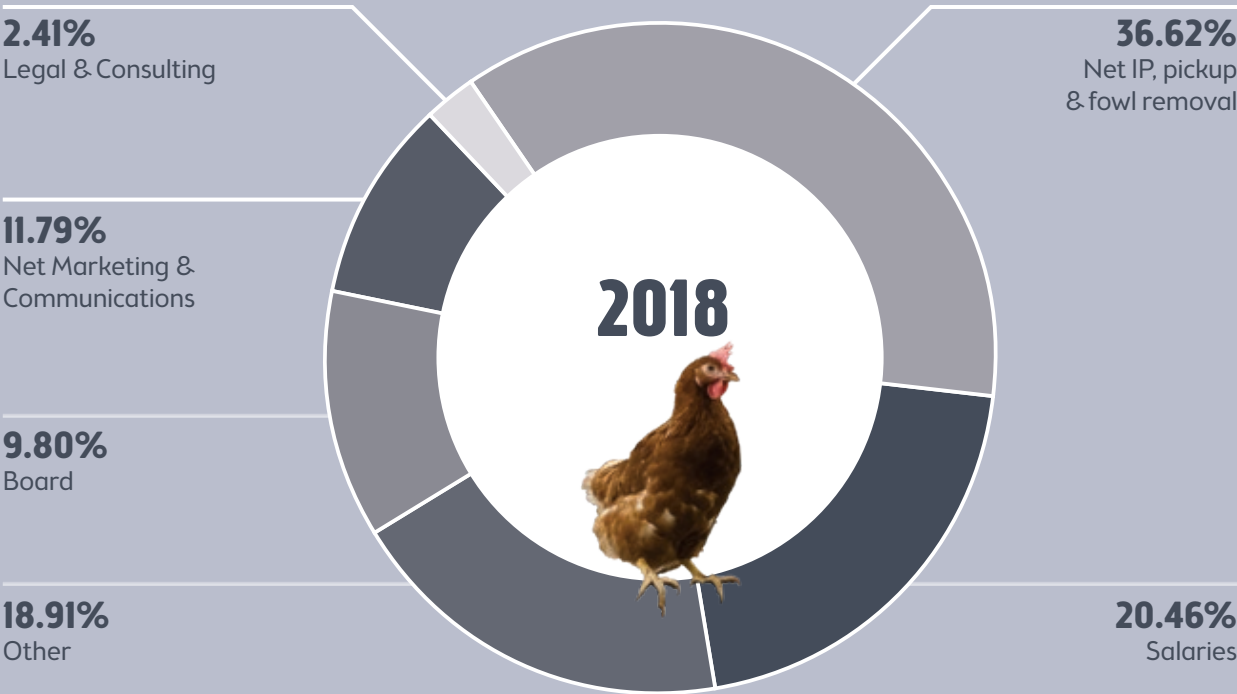


INDUSTRY AT A GLANCE





Distribution of **Expenses**



	Net IP, pickup & fowl removal	Board	Net marketing & communications	Salaries	Legal & consulting	Other
2018	\$ 1,914,385	\$ 512,438	\$ 616,548	\$ 1,069,779	\$ 125,882	\$ 988,550
2017	\$ 2,238,154	\$ 494,009	\$ 447,137	\$ 1,106,237	\$ 220,191	\$ 1,026,825

Gradings Report

2017

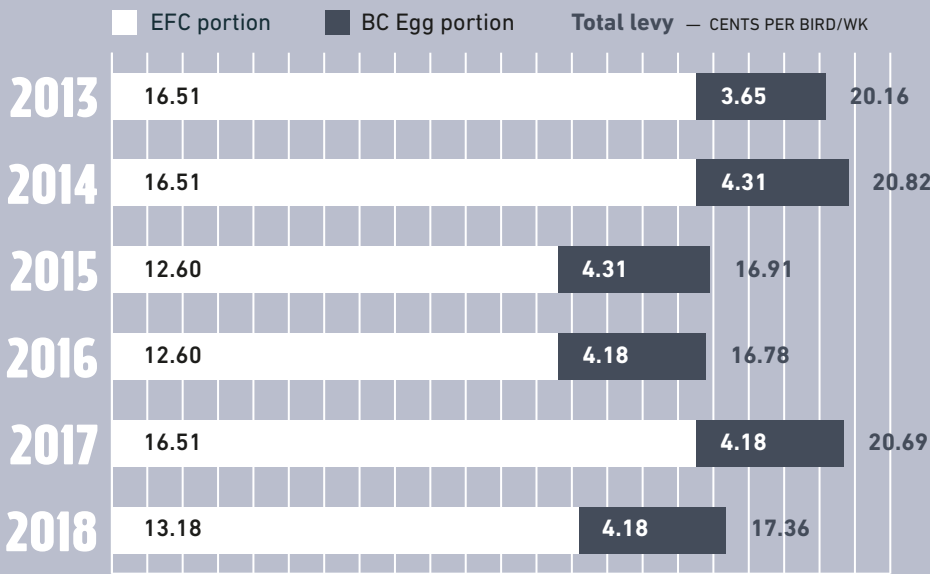
	DOZENS	DOLLARS
Regular	63,024,615	\$ 130,717,227
White	56,164,838	115,689,614
Brown	6,859,777	15,027,612
Specialty	Dozens	Dollars
	19,299,595	\$57,665,838
Free Run	8,054,829	20,421,051
Free Range	5,605,429	16,402,790
Organic	5,639,337	20,841,996
Total	82,324,209	\$188,383,065



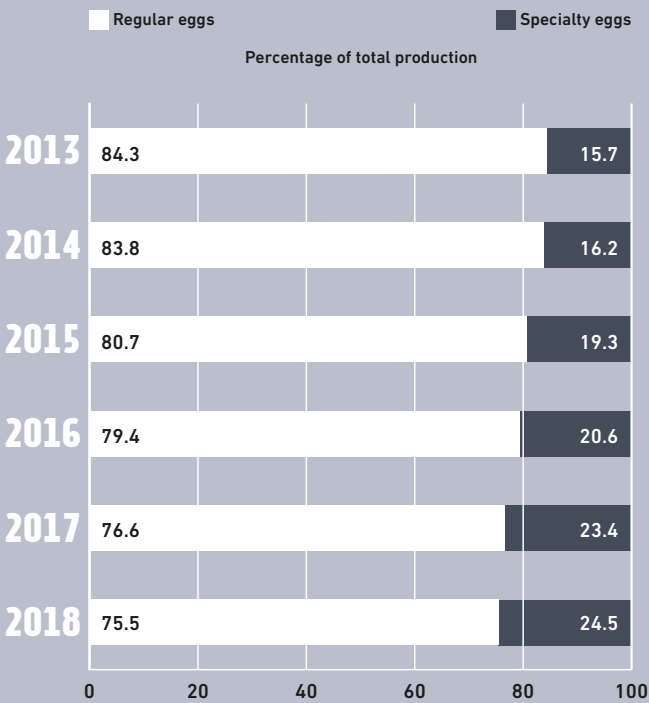
2018

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

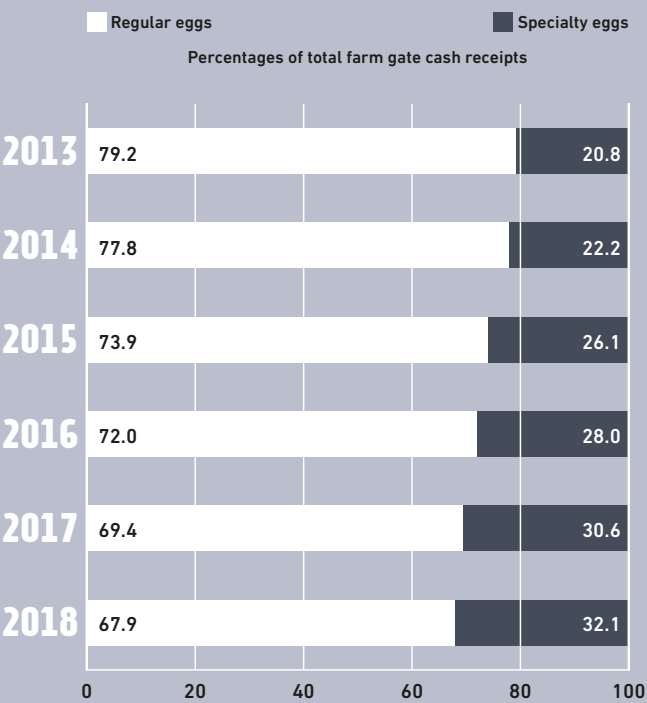
Levy paid by registered producers



Egg Production by type



Total farm gate Cash Receipts

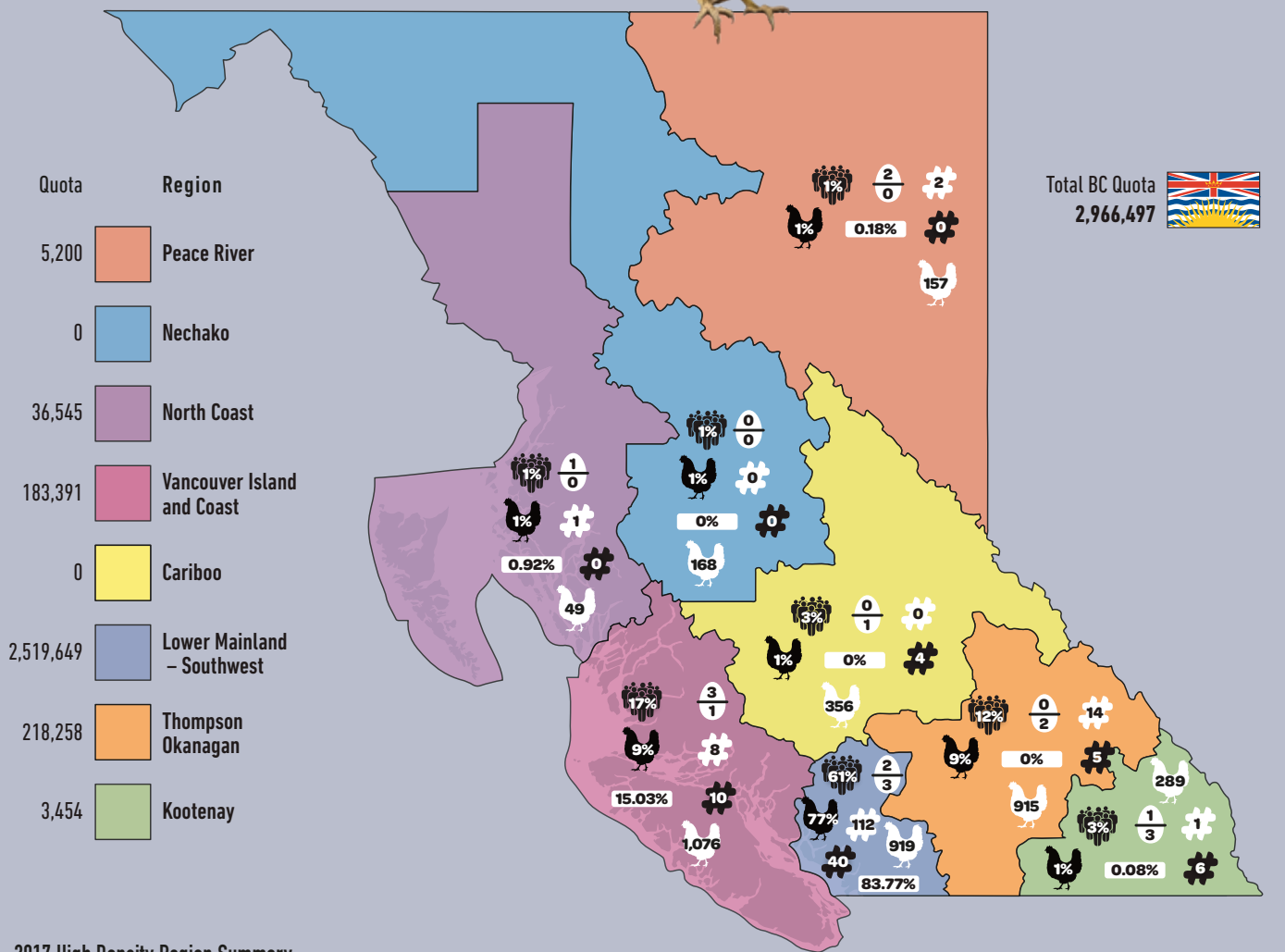


Specialty Production Land Base Requirements

Housing Method	Maximum Density	Percentage Increase over Conventional	Additional Barns required (to house average flock size)
CONVENTIONAL	67 square inches		Status Quo
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.

2017 Egg Industry in BC



2017 High Density Region Summary

	POPULATION	TOTAL HENS
Vancouver Island	17.2%	9.4%
Lower Mainland	60.9%	76.7%
Thompson-Okanagan	11.8%	9.3%
Total	89.9%	95.4%



2018 Animal Care Program Review

134	99%	290	1
Animal Care Program (ACP) audits completed on registered producers	Average ACP Score (2018)	facilities received an ACP audit including: <ul style="list-style-type: none">160 completed by Egg Farmers of Canada auditors130 completed by third-party auditors	ACP failure in June 2018.

CHAIR'S REPORT



It is a pleasure to serve as Chair of the BC Egg Marketing Board. I want to thank everyone who invited me to your farms and operations; talked to me about your concerns; and took the time to answer my many questions during this first year of my three-year term. I also appreciated meeting egg producers from other provinces and countries, and learning of their systems.

2018 was a year of success and challenges. We experienced continued growth in production and consumption of BC eggs, and strengthened our focus on animal welfare and public trust.

Production of eggs by the 139 registered producers in BC totalled 85,222,171 dozen in 2018, a 3.825% increase from 2017. Total farm gate cash receipts reached \$200,639,550, an increase of 6.51% over last year. Fewer eggs are moving into the Industrial Production pool evidenced by a 12% decrease compared to 2017.

BC producers continue to provide consumers with the widest diversity of eggs at retail compared to other provinces. BC's percentage of specialty production of organic, free-run and free-range eggs remains the highest in Canada at 24% of total BC production.

BC received a national allocation from the Egg Farmers of Canada (EFC) for 108,741 hens, representing 3.31% growth, which was distributed in November 2018. In December 2018, we received notification from EFC indicating that the Farm Products Council of Canada approved a large growth allocation for Canadian producers, of which BC's share is 202,110 hens or 6.48% growth. This growth allocation is based on EFC'S new forward-looking analysis and will allow our producers to better meet BC consumers' growing demand for eggs.

BC Egg consulted extensively with stakeholders via surveys, online communiqués, as well as industry meetings including committees and Roundtable sessions. We consulted on several key issues including growth allocation methodologies; review of the New Producer Program; tools to improve market responsiveness; and clarification of BC Farm Industry Review Board's Decision on the Quota Assessment Tools Review. We are committed to consulting with stakeholders on an ongoing basis to ensure we make the best decisions possible for the industry. We also look forward to stakeholder input in 2019 for the development of our 2020-2023 Strategic Plan.



Unfortunate animal welfare issues came to light this summer, requiring immediate mitigating actions by our Board and staff, supported by EFC and animal welfare experts. In the short- to medium-term, we are developing and implementing policies and programs that will raise the bar for hen care in BC in line with sector and market expectations. The new Barn Fitness Policy, enhanced Catching Protocols, and increased inspections are some of the key steps being taken. We will do our best to streamline the growth quota allocation process so that quota is put into production as soon as possible.

2018 was a challenging year as it took more time than expected to work through the issues raised by BCFIRB. It is clear that we must address key public policy objectives when allocating growth quota. We will continue to consider the following objectives in quota allocations going forward:

- Promote animal welfare
- Support growth of small farms and new entrants
- Support regional growth
- Meet emerging market needs
- Encourage producers to move out of conventional production systems to fully enriched or specialty production.

As you are all aware, the New Producer Program is under review and a revised program will be launched in 2019. Long-term industry engagement, access to quota, and economic sustainability are key considerations for the new program.

On a national level, the outcome of trade negotiations has negatively impacted the supply managed sectors, including eggs. Heightening Canadians' awareness and appreciation of the benefits of supply management, and promoting EFC's Egg Quality Assurance program as well as Buy Local are positive steps towards mitigating the damages.

In closing, I congratulate BC Egg management, staff, directors, and committee members for their outstanding work and all BC egg producers for their commitment to supplying the marketplace with local, high quality products.

I look forward to working with you all for a prosperous 2019.

Gunta Vitins
CHAIR

EXECUTIVE DIRECTOR'S REPORT



This past year has been an extremely busy one for staff. We've worked on a number of major projects in addition to our day-to-day work ensuring that the egg sector in BC continues to perform.

Throughout 2018 the Quota Assessment Tools Review remained a major project. The BC Farm Industry Review Board (BCFIRB) provided the Boards with their direction in February 2018 and the remainder of the year has been spent clarifying the direction and understanding our requirements. At the time I wrote this report, the review is almost complete. BCFIRB has asked for additional information on the Egg Board's request to expand the list of those exempt from BCFIRB's 12-month moratorium and we've worked with the Egg Producers Association and the Egg Industry Advisory Committee to provide everything they need. BC Egg will not be implementing any changes to the Consolidated Orders until we receive a decision from BCFIRB on the list of exempt persons and we have a full understanding of the implications for BC egg producers.

Another important project was the 2018 allocation of 108,741 hens. We were successful in obtaining approval for distribution of the allocation in November 2018. We distributed the allocation as 70% (76,119 layers) pro-rata. After considerable deliberation, the BCEMB determined the distribution method for the remaining 30% of this allocation that best meets industry needs is:

- 20% or 21,748 layers to be distributed equally to producers who are currently producing eggs in fully enriched, free-run, free-range and/or organic systems, and
- 10% or 10,874 layers to be set aside for the New Producer Program.





BC Egg producers are already ahead of the country when it comes to specialty production systems. We strongly encourage our producers to continue their move to enriched and specialty production well ahead of the Code deadlines.

We were pleased to be able to hold a New Producer Program draw for interested parties in the Creston Valley. The lucky winners are Grant Goossen and Patrick Bartel. We have also started working on a review of the New Producer Program to ensure it meets the needs of all stakeholders.

A video produced by an animal activist group was released to the media in June. Together with EFC, we investigated the farms featured in the video. We were upset to learn that one farmer was providing substandard care. As a result, we have created stronger rules around catching and a barn fitness policy.

Prior to the video being released, we created a Whistleblower Policy that will allow anyone to alert us to concerns about animal welfare. A copy of every complaint is automatically sent to BC Egg's lawyer as well as the Board Chair. We republished information on the new policy after the video was released to ensure as many people as possible knew about it.

In early fall, we held a roundtable with a number of stakeholders to discuss ways of making BC Egg more market responsive. Excellent conversation took place and we received many great ideas that helped with the distribution of the allocation and will help us improve the New Producer Program. Work continues on this important topic.

Finally, we are pleased to announce that we had a successful collective bargaining session with Teamsters 213 who represents our non-management staff. Together we worked out a three-year deal that benefits both parties.

Katie Lowe, P.Ag.
EXECUTIVE DIRECTOR

EFC DIRECTOR'S REPORT



Looking back at 2018, it is clear that Canadian egg farmers are in a better place than we were just 12 months ago. While things did not always break our way this year, there are four reasons for feeling confident:

- The trade issues that created so much anxiety through the year have been settled, ending the uncertainty about the future.
- Now that we know what we are up against, we can develop strategies to mitigate the negative impacts of the trade agreements.
- Our industry continues to experience growth year after year.
- We have made substantial progress in non-trade areas—something that was often lost in the headlines of 2018.

Trade

Trade was the big story of the year. The Trans-Pacific Trade Partnership had been in question ever since the United States signalled in 2017 it was pulling out. Early in 2018, the 11 remaining signatory countries reached an agreement to revive the accord, under a new name, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, or CPTPP.

While the CPTPP brings tremendous opportunity to Canada, we were disappointed to learn that the market access concessions agreed to for eggs in the original agreement, mainly in response to US demands, were not suspended—even though the US is not part of the revived agreement.

This outcome placed even greater pressure of the ongoing North American Free Trade Agreement negotiations, which also concluded in 2018 with the announcement of the new United States-Mexico-Canada Agreement. As the talks progressed, it became obvious that while the Canadian government intended to defend supply management, this did not mean that there would be no additional access by foreign producers to our sector.

When the deal finally came, our colleagues in the dairy sector were hit the hardest, with impacts coming across the poultry sector as well. While we were once again disappointed with the outcome, there is comfort in knowing that the roller coaster negotiations have come to an end, and now that we know what the rules are, we can develop strategies to mitigate any negative impacts.

Growth

At the end of the day, it is important to remember that our egg industry continues to grow. 2018 marks 12 years of sustained growth for our industry, with a 4.1% increase in the sales of shell eggs recorded for the first three quarters of the year. During the same period, an additional 700,000 hens were added into production, strengthening our ability to meet this growing demand with eggs produced on Canadian farms.

Progress

We made significant advances on several fronts in 2018 by leveraging collaboration within the industry and a commitment to continuous improvement. The new Egg Quality Assurance (EQA) program, for example, is a broad industry wide initiative and decades of work to set up and implement quality assurance



standards. Much of 2018 was spent working with our supply chain to establish and secure partnerships so that this quality mark is one step closer to appearing on egg cartons in 2019.

Progress was also made to update the national Animal Care Program requirements; a committee which I chair. Once its redevelopment process is complete, this longstanding program will be aligned with the requirements of the updated Code of Practice for the Care and Handling of Pullets and Laying Hens. While it is anticipated that the updated program will roll out in 2020 at the earliest, a new set of training requirements related to hen housing will take effect in 2019. The aim of these Interim Housing Standards is to deepen an understanding of the new housing requirements that will be part of the redeveloped Animal Care Program. These new standards will offer immediate guidance to farmers and help identify changes that will have to be made at the farm level.

Looking ahead

We anticipate the implementation of the latest Cost of Production Survey in 2019. We will continue to work on trade deal mitigation strategies in 2019 and on long-term programs like the EQA program and the Animal Care Program that demonstrate our commitment to delivering to Canadians a quality food produced while continuously improving the conditions for laying hens. We will also be looking to grow our industry. One way to do that will be to play up the value of eggs produced in Canada. Surveys have shown that Canadians are keen to purchase not only a nutritious, affordable food item, but to buy something that is produced by Canadians, for Canadians.

We will be working in 2019 to get that message out. The progress we have made in opening our industry up to others—through farm tours, meetings, events, outreach and social media—has been unprecedented. These efforts will continue to remind Canadians of the benefits of supply management.

The federal election scheduled for October 2019 provides another opportunity to raise the profile of our industry. Egg Farmers of Canada will continue to remind all political parties that egg farmers, our communities and our economy are better together with supply management. These national efforts are supported by your grassroots efforts to shine a positive light on our farms, our way of producing eggs and the system that makes all this possible.

In closing, I want to express my gratitude to my colleagues at the national table and in my province. I also want to thank the staff and the farm families who work tirelessly to make our egg industry great.

Respectfully submitted,

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.

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.

Respectfully submitted,



Aryn Alibhai
AUDIT & FINANCE COMMITTEE CHAIR

PMC Report

In early 2018, the PMC was pleased to award the third annual Producer of the Year Award to Bodo Goetzke of Feather Creek Farm. Bodo continues to be an exemplary farmer in both his on-farm practices and industry involvement. Thank you for all your hard work, Bodo!

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.

Upon release of an undercover video in the spring, the PMC worked with BC Egg, EFC and other stakeholders to form an investigative panel. Maintaining a high standard of care is very important to the PMC so we were pleased to work with BC Egg on developing a Barn Fitness Policy, which, while not yet finalized, will be a valuable tool. In addition, the Audit Timing Guidelines were completed in November.

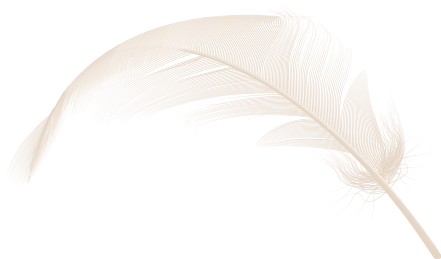
EFC made a number of proposed changes to the Start Clean, Stay Clean program and we continue to provide feedback and suggestions for improvements to the proposed changes. With the release of the 2017 Codes of Practice, EFC is also redeveloping the Animal Care Program. The PMC has worked with the Board 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 thank the members: Jake Esau, Scott Janzen, Dwayne Vanderkooi and Jon Krahn for their efforts this past year.

Respectfully submitted,



Matt Vane
PMC CHAIR



BC Council of Marketing Boards Report

The BC Egg Marketing Board continues to be an active member of the BC Council of Marketing Boards (COMB). COMB is a voluntary association which brings together the Boards and Commissions that are established and operating under the authority of the Natural Products Marketing (BC) Act (NMPA). COMB's purposes are:

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

Currently 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.

COMB's role as a service provider began around 2004 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 conduct 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 2017/2018 year, five sessions were held: *Building Capacity: Governance Issues for Today*; *Building Capacity: Meetings, Rules and Effective Decision-Making, and Making the transition under the BC Societies Act*; *Social Media & Agriculture*; *Emerging Issues*; and *Building Capacity: Livestock Sector Risk Analysis & Programs*.

In 2018, COMB recognizes the following BC Egg members for their ongoing commitment to the development of their communities through their participation in COGA events: Aryn Alibhai, Amanda Brittain, and Gunta Vitins. One and two year certificates can be earned by attending a set number of COGA sessions within a 12 or 24 month period, including attendance at sessions classified as governance.

In the 2017/2018 fiscal year, COMB acted as the Independent Elections Officer for nine elections, and managed six surveys. COMB also conducted an annual Director's Compensations Survey to enable its members to compare their rates with other similar organizations. Additionally, COMB hosts two Chairs' and Managers' meetings each year to allow member organizations to meet informally to discuss items of mutual interest among each other.



Kristianne Hendricks
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 2018 were:

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

We've continued to work towards stronger relationships with the current government and had another strong turnout at Ag Days in Victoria this year. This event presented many great opportunities to educate our representatives about supply management and the progressiveness of the BC egg industry. We look forward to continuing to work hard to ensure that our political leaders have a general understanding of our industry.

We've also been working with the staff at BC Egg to ensure that policies and programs are drafted in a way that best benefits farmers. We are happy to have a positive relationship with Board staff and the opportunity to be involved in these consultations.

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

2018 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. Because members of the committee are not producers, they provide fresh perspectives on BC Egg's plans.

In 2018, they reviewed the draft marketing plan and provided valuable feedback. The committee members also made a point to visit some of the larger events we held in 2018 including: the PNE, Ask an Egg Farmer at Save On Foods, and Easter Seals Camp.

We thank the committee members for their hard work and dedication.

Amy Alibhai, Chair
Greg Waring, Kal Tire
Carrie Barlow, Barlow Media
Julie Winram, Sentis Research
Gunta Vitins, ex officio



Amy Alibhai
CHAIR, MARKETING & COMMUNICATIONS COMMITTEE



Egg Industry Advisory Committee Report

The Egg Industry Advisory committee (EIAC) is made up of an independent chair and three grader/processor representative and at least three producer representatives. In addition, the Board of Directors can appoint other members to broaden the experience of the committee as a whole. In 2018, the members of the EIAC include:

- Scott Janzen, Producer, Interim Chair
- Frank Curtis, Grader (Golden Valley)
- Rob Regehr, Producer, Vice Chair
- Bruce Richardson, Grader (Burnbrae farms)
- Ralph Regehr, Producer/Grader (Pinegrove)
- Mark Siemens, Producer

The committee provides a forum for graders and producers to have discussions in a non-prejudicial and constructive manner. The committee provides the Board of Directors with non-binding recommendations in all matters involving production 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, reviewing and providing feedback on the cost of production (COP) decisions that affect the producer price, and reviewing the quota allocation model.

In 2018, the EIAC had many discussions involving organic pricing, buyback, quota allocation, COP, and all price changes with regards to the producer egg price.

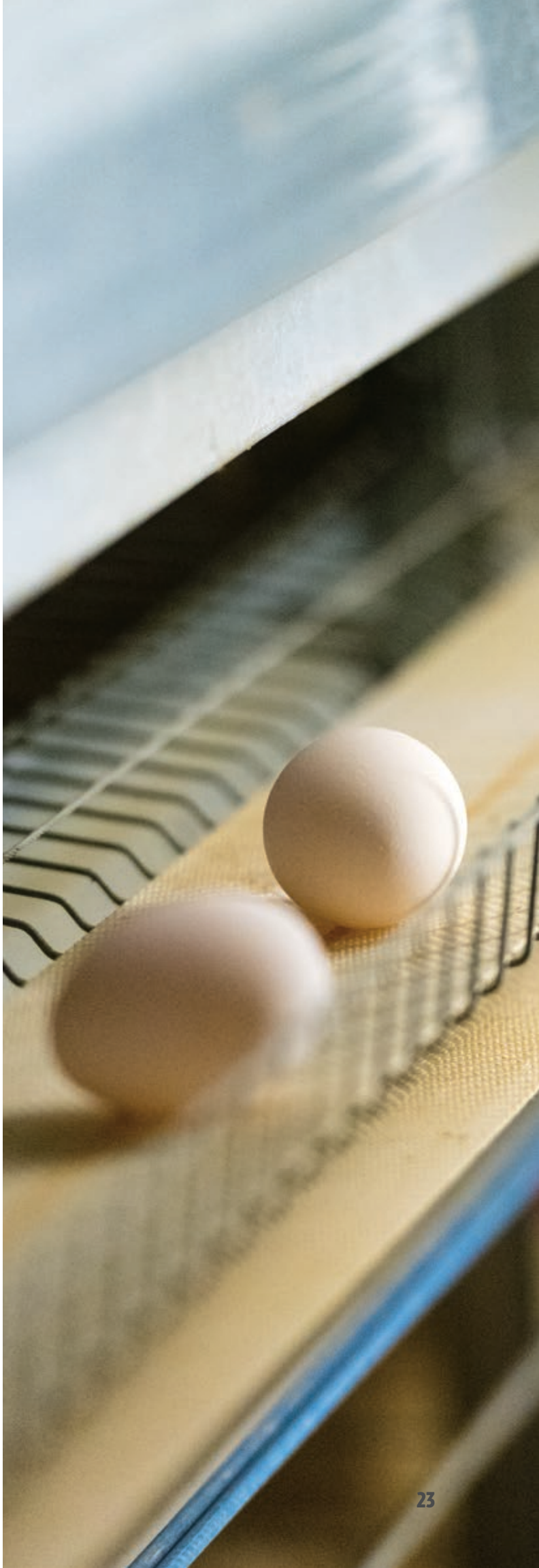
The EIAC has also been involved in the forecasting models for the different production types and will continue to review and have input.

As the chair I feel that the committee has had its voice heard at the Board level. The EIAC is pleased to have a good working relationship with Executive Director Katie Lowe and Manager of Operations Joey Aebig, both of who have provided us with great support and have kept us informed of issues as they arise.

I would like to thank all my hard-working committee members for their work this year and look forward to the year ahead.



Scott Janzen
INTERIM EIAC CHAIR



2018 MARKET REVIEW

BC Egg is pleased to be in the twelfth straight year of growth. In 2018, national growth in egg consumption was at 6.0%. BC egg farmers are doing a good job of supplying the local market with delicious, nutritious eggs. The chart below is a six-year comparison of the eggs supplied to the BC market.

In response to this phenomenal growth, an allocation of 202,110 layer quota was made to BC in December; however, it has not yet been distributed.

In November, BC's Farm Industry Review Board approved 2017's allocation of 108,741 hens. This allocation was distributed quite differently from past allocations. After careful consultation with stakeholders at our summer Roundtable on Market Responsiveness and other consultation efforts, BC Egg distributed the allocation as follows:

- 70% distributed pro-rata;
- 20% distributed equally to producers with fully enriched or specialty production types; and
- 10% held back for the next New Producer Draw.

BC egg producers are well ahead of the rest of the country when it comes to transitioning out of cages. British Columbians' preference for cage-free eggs has allowed 62% of our producers to have at least some specialty (free-run, free-range and organic) egg production on their farms. In total, our production breakdown is 24% specialty and 76% caged (of which 3% of hens

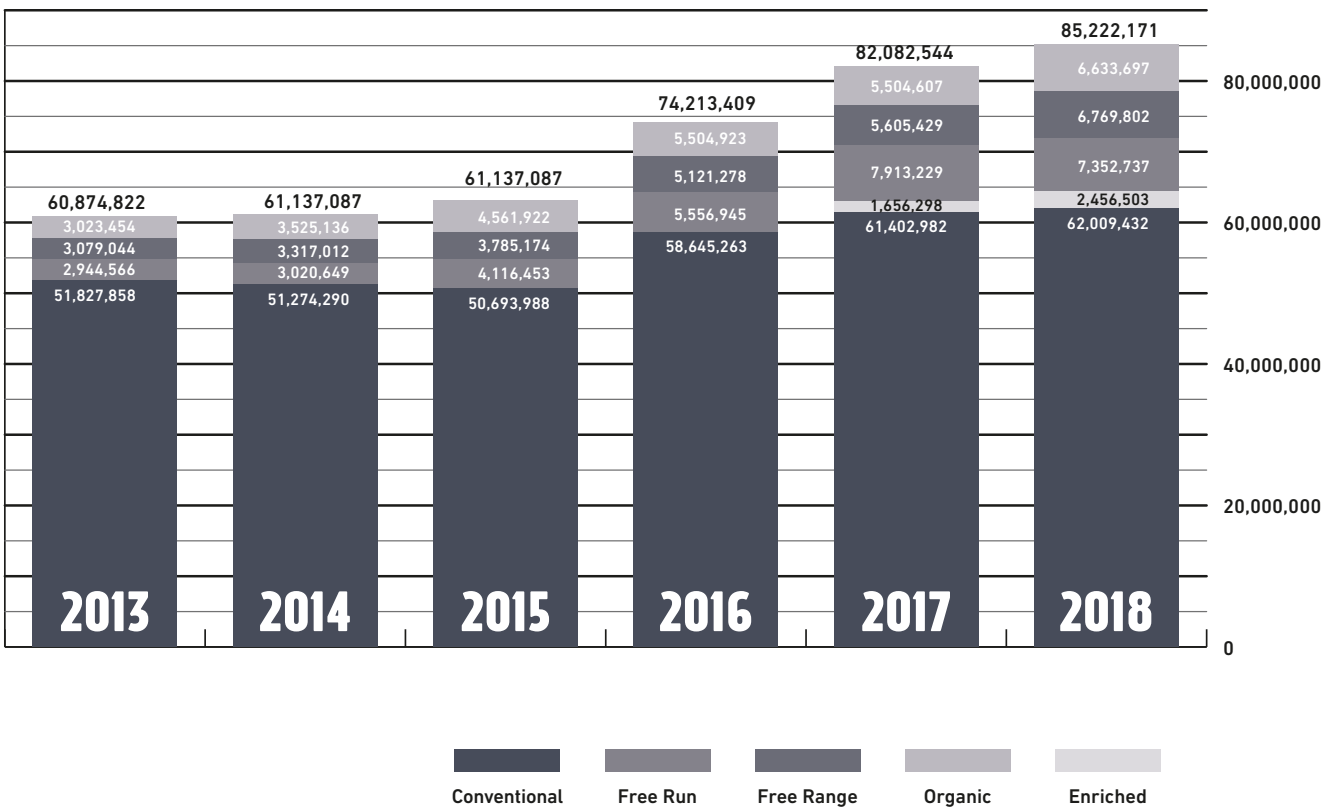
are living in enriched cages). We are confident that our egg producers can continue to supply BC's specialty egg market for the foreseeable future.

BC Egg held a special New Producer Program draw in the Creston Valley in order to ensure residents had access to locally produced eggs. Congratulations to the Goossen and Bartel families who were selected in the draw. The Goossens began production in October 2018 while the Bartels are constructing their barn and will be producing eggs in early 2019.

One of the big news stories of 2018 was trade. While the US-Mexico-Canada Agreement (USMCA) was the biggest trade story of the year, it should be noted that the Comprehensive and Progressive Agreement for Transpacific Partnership (CPTPP) was also ratified in 2018. Canada also gives access to our egg markets to the World Trade Organization (WTO). Between all three agreements (USMCA, CPTPP and WTO), Canada will allow 51.42 million dozen or about 7% of current production to enter our national market (each agreement has different phase-in periods so the stated number is for the end of all phase-in periods).

As at December 31, 2018, there were 139 registered family farms in BC. We are also pleased to announce that 11 people became egg farmers for the first time this year. Of these new farmers, eight were winners of the New Producer Draws, two started by acquiring their farms through succession planning, and one started a farm by purchasing quota on our quota exchange.

Total BC Eggs produced – Dozens



2018 **MARKETING** UPDATE

BC Egg had an incredibly busy year with events. Some of the highlights included the PNE and Agrifair where we were able to speak to about 200,000 people over 15 days with our live-hen display. This year we added a feed display with all the components broken out and displayed in jars as well as candling demos.

SuperChefs is a fantastic program that teaches kids 8-12 about healthy eating. The kids attend a camp where they learn about nutrition, how to cook healthy food and the importance of physical activity. We were able to send producers to several of the camps to talk to the kids about where food comes from. We also had producer Juschka Clarke attend the SuperChefs stage at Surrey's Fusion Festival.

Easter Seals Society operates a summer camp in Winfield that is open to all children regardless of their abilities. We had the opportunity to be the Sponsor of the Month (July) at Camp Winfield which included a news release, radio ads, social posts, and a tour of the camp. Grindrod-based producer Jared de Dood came to the camp to serve breakfast and visit with the kids.

We were very happy to sponsor 4-H's Food for Thought tour for 15-16 year olds. Thanks to the Krahn family for inviting the kids to their farm for a tour of an enriched barn. Most of the kids had never seen an enriched system and were full of questions.

World Egg Day took place on October 12 and for the first time ever, we partnered with EFC for a national Ask an Egg Farmer event. BC had 12 producers in 10 Save On Foods stores in the Lower Mainland, Vancouver Island and the Interior. Nationally, there were over 60 producers in various grocery stores.

We also celebrated World Egg Day with a robust social media campaign including a social contest where the winner received a year's worth of eggs. The social campaign was supported by digital advertising on several websites including all Vista Radio websites across the province. We had digital takeovers (a BC Egg background image and all digital ads) on all Rogers media sites in BC (including SportsNet, MacLean's, Today's Parent and more); Vancouver Is Awesome and Daily Hive.

Paid advertising was an important component of our marketing plan in 2018. Some of the highlights included closed captioning spots on Global TV (BC's most viewed news program) as well as four Chef Segments. Three of these segments featured our own producers cooking with eggs. We also ran two contests with Global where we provided a prize in exchange for naming rights to the contest (for example, the BC Egg Mother's Day contest).

We had four sponsored stories on the Vancouver Sun website as well as two on Vancouver Is Awesome. Each sponsored story was supported by social media posts. We had a partnership with five mommy and lifestyle bloggers who talked about the importance of buying local eggs and how easy it is to cook a nutritious meal with eggs. Each of the bloggers created her own recipe which generated lots of engagement with readers.

Throughout the year we ran several campaigns of radio ads in the form of traffic and weather tags (10 second messages that accompany traffic and/or weather reports). We targeted radio stations in larger urban areas of the province with this campaign.

Our marketing plan was very effective. We reached 37% of British Columbians according to a survey conducted in November 2018.

BC Egg's marketing efforts would not have succeeded without the incredible support of our producers. We thank them profusely for their willingness to join us at events and talk to the public about eggs and egg farming.

IN THE COMMUNITY

Easter Seals

BC Egg teamed up with Easter Seals to celebrate their 50th anniversary by serving breakfast to campers and donating \$10,000 to help send more kids to camp. The donation from BC Egg will help send kids to Easter Seals Camp Winfield in the Okanagan Valley. For 50 years, Camp Winfield has provided an overnight summer camping experience for children, teens and young adults with disabilities. In that time, approximately 10,000 children and young adults have travelled to Lake Country to attend Camp Winfield. Easter Seals Camp Winfield provides safe, fun activities in an environment where the focus is on abilities, not disabilities. BC Egg also donated PNE gate passes to a family staying at the Easter Seals house in Vancouver.

SuperChefs Cookery for Kids

BC Egg had a busy summer working with SuperChefs! The SuperChefs Cookery empowers children in the battle against childhood obesity by teaching the essentials of balanced nutrition, food preparation, and social etiquette toward inspiring lifelong habits of physical and social well-being. Under the direction of world class professional chefs and educators, students learn in an enriched setting focussed upon the joy of cooking while engaging in a program featuring cooking, team-building and athletic pursuits.

Producers made multiple appearances at SuperChefs camps to teach students about where their food comes from, how to cook nutritious food, and the importance of physical activity. SuperChefs also invited BC Egg to join the at the Surrey Fusion Festival, where they presented cooking shows to festival-goers.

CIBC Run for the Cure

Producers and BC Egg staff came together to show their support for CIBC Run for the Cure again this year. The CIBC Run for the Cure is a 5k or 1k walk or run that raises funds for the Canadian Breast Cancer Foundation. Despite the rainy weather, producers and staff had a great time participating in the walk and run and handing out swag at the BC Egg booth.

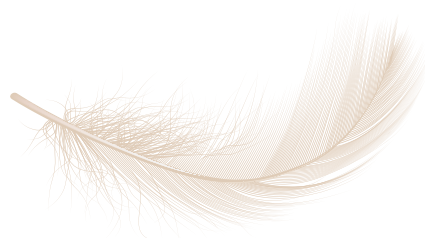
Abbotsford Food Bank

BC Egg supplies the Abbotsford Food Bank with a weekly donation of 30 dozen large eggs. BC Egg office staff also routinely help out at the Abbotsford Food Bank's distribution center. The Abbotsford Food Bank helps more than 3,000 people each month. In 2018, BC Egg staff also collected food donations in the office and toy donations for the Abbotsford Christmas Bureau during the annual Producer Christmas Reception.

Breakfast Club of Canada

BC Egg began a three-year sponsorship with Breakfast Club of Canada in 2016. BC Egg provides financial support to breakfast programs in British Columbia. In 2018, BC Egg was pleased to support a new Food Hub in Chilliwack. A Food Hub is one school, equipped with proper storage and refrigeration, that collects and stores food for schools that aren't so equipped. Staff at these schools pickup food from the Hub at their convenience. This hub system ensures that more schools have access to food to run their breakfast programs.

BC Egg provided financial support to aid in the purchase of an industrial fridge and supplies 15 dozen eggs a week to the program.





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 currently runs an agri-food consulting business and is a member of the Resilient Solutions Consulting team. She lives in New Westminster with her husband and two active sons.



Amyn Alibhai

Amyn has been a Director with the BC Egg Marketing Board since March 2010 and represents the BC Interior region.

Amyn grew up on his family's poultry farm in the Fraser Valley. He studied at Simon Fraser University and obtained a degree in Business Administration. After graduating, Amyn was recruited by HSBC Bank to work in their Commercial Banking Department.

In 2000, Amyn joined his father in managing the Alibhai family's egg layer farms and operating their egg grading business in Kamloops. Amyn has since been involved in many different areas of the egg industry's production and grading sectors.

He has been President and Director of both the BC Interior Egg Producers Association and of the BC Egg Processors Council, as well as served on various industry committees. As a member of the Board of Directors at BC Egg, Amyn is serving as the Chair of the Marketing and Communications Committee and Audit and Finance Committee. He was also the former Chair of the Production Management Committee.



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 4 grandsons and 1 granddaughter along with yet another addition in the spring of 2019.

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 looking forward to entering the organic market 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, the Board Secretary 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.



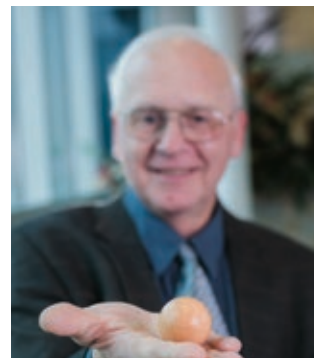
Jon Krahn

Jon Krahn is a third-generation egg farmer. His interest in farming began as a child when he visited the family farm with his dad. He has been farming fulltime alongside his two brothers for the past 15 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 and nutrition.

Through the years, Jon has maintained an active role within the industry at events like Ag Days, Ask an Egg Farmer, and the PNE. Jon has had the privilege of being a director of the BC Egg Producers Association for seven years; the last two as vice-chair. He has enjoyed working alongside producers and serving in varied capacities and committees such as the Egg Industry Advisory 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 and his wife Danielle have four amazing young children. They are privileged to raise their family on a layer farm in the Fraser Valley.



Barry Lockwood Memorial

Barry served on the BC Egg Board of Directors from February 2018 until he was forced to resign due to health reasons in September 2018.

Barry was born in Yorkshire, England in 1947. He earned a Master's Degree in Horticulture, and, more importantly, met his wife Janice while at school. Barry and Janice had two children, Katrina and James. In 1991, the family immigrated to Canada and continued the Lockwood family tradition of farming. Barry, together with James and his wife Cammy, built Lockwood Farms in Cobble Hill. The farm includes laying hens as well as a plethora of beautiful vegetables.

Barry will be deeply missed by Janice, Katrina (Luke), James (Cammy) and all his grandchildren (Keighley, Jayce, Ethan, Owen, Sophie and Milo). Barry will also be missed by BC Egg's Board of Directors, staff and the many producers whose lives he touched.

FINANCIAL STATEMENTS

A close-up, artistic photograph featuring a brown egg resting on a spiral-bound notebook. The notebook is open, showing a page with a light-colored, textured surface. A green pen is visible in the background, slightly out of focus. The lighting is soft, creating a warm and contemplative atmosphere.

MANAGEMENT'S RESPONSIBILITY

To the Members of the BC 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 1, 2019



Katie Lowe
EXECUTIVE DIRECTOR

INDEPENDENT AUDITORS' 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 Board) as at December 29, 2018, and the results of its operations and its cash flows for the 52-week period ended December 29, 2018 in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The Board's financial statements comprise:

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

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 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.

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the 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 12, 2019

STATEMENT OF FINANCIAL POSITION

	December 29, 2018 \$	December 30, 2017 \$
ASSETS		
Current assets		
Cash (note 3)	3,820,473	6,705,869
Accounts receivable	8,870,213	8,631,152
Term deposit (note 4)	-	1,000,000
Prepaid expenses and deposits	380,564	196,197
	13,071,250	16,533,218
Capital assets (note 5)	152,544	207,858
Long-term investment (note 6)	3,876,076	2,911,686
	17,099,870	19,652,762
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 3)	7,518,774	11,312,488
Levies transferable to Egg Farmers of Canada	1,880,615	984,431
Government remittances payable	22,147	19,684
	9,421,536	12,316,603
NET ASSETS		
Invested in capital assets	152,544	207,858
Unrestricted	7,525,790	7,128,301
	7,678,334	7,336,159
	17,099,870	19,652,762
Commitments (note 7)		
Guarantee (note 8)		

Approved by the Board of Directors

Director
Gunta Vitins
Chair



Director
Amyr Alibhai
Chair, Audit and
Finance Committee



The accompanying notes are an integral part of these financial statements

STATEMENT OF OPERATIONS

	52-week period ended December 29, 2018 \$	52-week period ended December 30, 2017 \$
Revenue		
Levies (note 10)	5,465,584	5,261,166
Sale of eggs to grading stations	200,639,550	188,383,064
Purchase of eggs from producers	(200,639,550)	(188,383,064)
	5,465,584	5,261,166
Expenses (schedule)		
Administrative	2,187,199	2,359,767
Governance	512,439	494,009
Marketing	401,878	212,551
Communication	214,668	234,586
Producer rebate	(1,381)	1,472,486
Industrial product and other programs	1,916,349	2,365,285
	5,231,152	7,138,684
Excess (deficiency) of revenue over expenses before other items	234,432	(1,877,518)
Interest and other income	237,146	314,025
Equity loss on investment	(129,403)	(112,414)
Excess (deficiency) of revenue over expenses	342,175	(1,674,907)

The accompanying notes are an integral part of these financial statements

BC Egg Marketing Board

STATEMENT OF CHANGES IN NET ASSETS

	52-week period ended December 29, 2018			52-week period ended December 30, 2017
	Invested in capital assets \$	Unrestricted \$	Total \$	Total \$
Net assets — Beginning of period	207,858	7,128,301	7,336,159	9,011,066
Excess (deficiency) of revenue over expenses for the period	(82,031)	424,206	342,175	(1,674,907)
Purchase of capital assets	26,717	(26,717)	-	-
Net assets — End of period	152,544	7,525,790	7,678,334	7,336,159

The accompanying notes are an integral part of these financial statements

STATEMENT OF CASH FLOWS

	52-week period ended December 29, 2018 \$	52-week period ended December 30, 2017 \$
CASH PROVIDED BY (USED IN)		
Operating activities		
Excess (deficiency) of revenue over expenses	342,175	(1,674,907)
Items not involving cash		
Amortization	82,031	132,704
Equity loss on investment	129,403	111,414
Interest charged on advances to Central Agricultural Facility Limited	(93,793)	(54,000)
	459,816	1,484,789
Changes in non-cash working capital items		
Accounts receivable	(239,061)	85,514
Prepaid expenses and deposits	(184,367)	(5,584)
Accounts payable and accrued liabilities	(3,793,714)	1,647,837
Levies transferable to Egg Farmers of Canada	896,184	214,200
Government remittances payable	2,463	3,882
	(3,318,495)	1,945,849
	(2,858,679)	461,060
Investing activities		
Purchase of term deposit	-	(2,000,000)
Redemption of term deposit	1,000,000	2,009,500
Advance to Central Agricultural Facility Limited	(1,000,000)	-
Purchase of capital assets	(26,717)	(47,972)
	(26,717)	(38,472)
(Decrease) increase in cash	(2,885,396)	422,588
Cash — Beginning of period	6,705,869	6,283,281
Cash — End of period	3,820,473	6,705,869

The accompanying notes are an integral part of these financial statements

BC Egg Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

For the period ended December 29, 2018

1 Incorporation and nature of the Board

The British Columbia Egg Marketing Board (the Board) was established in 1967 under the Natural Products Marketing (B.C.) 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 B.C. 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 31, 2017 to December 29, 2018) and the comparative fiscal year consisted of 364 days. (January 1, 2017 to December 30, 2017).

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.

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.

BC Egg Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

For the period ended December 29, 2018

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 11).

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

3 Trust assets and trust liabilities

At December 29, 2018, a cash balance of \$40,000 (December 30, 2017 – \$110,000) is currently held in trust for the successful applicants of the New Producer Program and nil (December 30, 2017 – \$1,381,680) is currently held in trust relating to deposits made for the December quota exchange. A corresponding liability of the same amount has been recorded for both amounts.

4 Term deposit

Term deposit consists of redeemable guaranteed investment certificate held with the Royal Bank of Canada, bearing interest at 1.58%, which was redeemed on January 9, 2018.

BC Egg Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

For the period ended December 29, 2018

5. Capital assets

			December 29, 2018	December 30, 2017
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Automotive	67,462	66,976	486	-
Computer equipment	893,978	842,276	51,702	50,213
Office equipment	115,857	106,379	9,478	12,339
Leasehold improvements	526,123	453,254	72,869	123,906
Agricultural event displays	22,754	4,745	18,009	21,400
	1,626,174	1,473,630	152,544	207,858

6. Long-term investment

The Board's investment in CAFL includes the following:

	December 29, 2018 \$	December 30, 2017 \$
Shares - 50% interest	1	1
Advances without fixed terms of repayment or interest	1,675,685	2,119,530
Advances without fixed terms of repayment, including interest at prime plus 0.5%, accrued semi-annually	2,337,638	1,800,000
Advances without fixed term of repayment, including interest at prime plus 0.5%, payable monthly	1,000,000	-
Equity loss since inception	(1,137,248)	(1,007,845)
	3,876,076	2,911,686

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 29, 2018 are not available and accordingly the Board used CAFL's December 31, 2018 financial statements to report its equity interest.

CAFL's condensed financial statements for the year ended December 31, 2018 showing the Board's 50% share are as follows:

BC Egg Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

For the period ended December 29, 2018

	2018 \$	2017 \$
Condensed Balance Sheet		
Assets	3,881,889	3,912,764
Liabilities	5,019,135	4,920,607
Shareholders' deficiency	(1,137,246)	(1,007,843)
	3,881,889	3,912,764

	2018 \$	2017 \$
Condensed Statement of Operations		
Revenues	295,721	268,120
Expenses	(425,124)	(379,534)
Loss for the year	(129,403)	(111,414)

	2018 \$	2017 \$
Condensed Statement of Cash Flows		
Cash provided by (used in)		
Operations	90,928	34,216
Financing	(28,921)	(38,093)
Investing	(58,886)	12,000
Increase in cash	3,121	8,123

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.

7. Commitment

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.

The Board had issued letters of guarantees with Egg Farmers of Canada in the amount of \$120,000 (December 31, 2017 – \$120,000) from August 14, 2006, which expired on August 13, 2018.

BC Egg Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

For the period ended December 29, 2018

8. Guarantee

As at December 29, 2018, the Board has guaranteed a mortgage of CAFL, up to a maximum amount of \$2,000,000 (December 30, 2017 – \$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 29, 2018, no liability has been recorded associated with this guarantee as CAFL has complied with the requisite mortgage payments.

9. Line of credit

The Board has an available operating line of credit with the Royal Bank of Canada. The operating line entitles the Board to borrow a maximum of \$500,000 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 29, 2018 or December 30, 2017.

10. 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 29, 2018	December 30, 2017
	\$	\$
Total levies collected from egg producers	28,936,461	30,552,731
Less: Levies and service fees remitted to EFC	(23,470,877)	(25,291,565)
Net levies – British Columbia Egg Marketing Board	5,465,584	5,261,166

11. Related party transactions

During the period, the Board paid rent in the amount of \$141,077 (December 30, 2017 – \$134,458) to CAFL. In addition, the Board earned interest income in the amount of \$131,467 (December 30, 2017 – \$54,000) from CAFL, of which \$93,793 (December 30, 2017 – \$54,000) 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 \$17,226,753 (December 30, 2017 – \$14,592,411) and as at December 29, 2018 had a net payables balance of \$587,474 (December 30, 2017 – \$881,237), which is related to these purchases.

During the period, the Board paid per diems and benefits to directors in the amount of \$325,077 (December 30, 2017 – \$289,123).

The Board provided operating grants to various egg producer associations in the amount of \$127,492 (December 30, 2017 – \$111,300).

Included in accounts receivable at the end of the period was \$834,307 (December 30, 2017 – \$1,187,541) due from Egg Farmers of Canada.

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended December 29, 2018

12 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.

During the period, the Board's net exposure to interest rate risk increased as a result of the increase in 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 decreased as a result of the decrease 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.

13 Pension plan

The Board's pension plan is administered by the Teamsters Union and is a defined contribution plan. Pension expense of \$45,129 (December 30, 2017 – \$51,579) has been included in the current period's salaries and benefits.

BC Egg Marketing Board
SCHEDULE OF EXPENSES

	52-week period ended December 29, 2018 \$	52-week period ended December 30, 2017 \$
Administrative		
Amortization	82,031	132,704
Annual general meeting	93,952	72,485
Association grants	127,492	111,300
Bad debts	1,766	-
Committee, events, and membership	187,927	221,399
Insurance and legal	47,391	89,957
Miscellaneous	39,035	42,491
Office and maintenance	153,519	152,379
Production liaison officer	10,643	14,271
Professional development and scholarships	37,744	41,957
Professional services	113,653	158,657
Rent	141,077	134,458
Salaries and benefits	1,069,779	1,106,237
Travel	81,190	81,472
	2,187,199	2,359,767
Governance		
Per diem and benefits	325,077	289,123
Travel and accommodation	187,362	204,886
	512,439	494,009
Marketing		
Marketing programs	399,356	168,967
Marketing travel	-	5,929
Promotions	-	24,654
Traceability	2,522	13,001
	401,878	212,551

BC Egg Marketing Board
SCHEDULE OF EXPENSES (CONTINUED)

	52-week period ended December 29, 2018 \$	52-week period ended December 30, 2017 \$
Communication		
Communication programs	37,558	28,740
Events	170,005	204,899
Miscellaneous	1,341	486
Travel	-	461
Website	5,764	-
	214,668	234,586
Producer rebate	(1,381)	1,472,486
Industrial product and other programs		
EFP and Special EFP (recoveries) costs	(94,348)	323,154
Farm pickup costs	1,150,000	1,150,000
Fowl removal recoveries — net of costs	(196,008)	(201,951)
Industrial product costs — net of recoveries	933,787	1,026,939
Other	8,018	9,258
Western pool costs	114,900	57,885
	1,916,349	2,365,285
	5,231,152	7,138,684

BOARD OFFICERS AND COMMITTEES

Board Officers

Chair

Gunta Vitins

Vice Chair and EFC Director

Walter Siemens

EFC Alternate

Amy Alibhai

Secretary

Matt Vane

Director (until September)

Barry Lockwood

Director

Jon Krah

Council of Marketing Boards

Kathleen Zimmerman

BCEMB Committees

Audit and Finance Committee

Barry Lockwood, Chair (until September)

Amy Alibhai, Chair

Art Friesen

Alf Wall

Ian Woike

Jim Timmerman

Don Bernard

Egg Industry Advisory Committee

Scott Janzen, Chair

Bruce Richardson

Frank Curtis

Ralph Regehr

Rob Regehr

Mark Siemens

BC Egg Producers Association

Mark Siemens, President

Dan Kampen, Vice-President

Erv Wiens

Hester Mulder

Richard Boer

Ian Woike

James Lockwood

Rob Regehr

Wayne Johnson

Production Management Committee

Matt Vane, Chair

Scott Janzen

Jake Esau

Jon Krah

Dwayne Vanderkooi

Marcomm Committee

Amy Alibhai, Chair

Julie Winram

Greg Waring

Carrie Barlow

COLOPHON

All photography, by Paul Joseph Photographs
except board member head shots by Ballistic Arts Media Studios Inc.

Art Direction and graphic production by Massyn Design

Printing by Met Fine Printers

We would like to thank Matt Vane and the Krah family for allowing us
to take photos for this report on their farms.

