

2014



Alberta  chicken
PRODUCERS

ANNUAL REPORT



48th Annual Report

Fiscal Year

December 1, 2013 – November 30, 2014

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Financial Statements (inside back cover)



Vision

To continue to grow, be profitable, and satisfy consumers by providing safe, high quality chicken products.

Mission

To serve our producers by collaboratively providing an environment for profitable chicken production and encouraging a competitive, consumer-focused chicken industry.

Standards of Leadership

- Value people
- Behave fairly and legally
- Be efficient and cost-conscious
- Be open and transparent
- Be a good corporate citizen
- Consult with producers, industry and consumers
- Be positive and future-focused
- Be responsive to markets
- Actively create new opportunities

Board



(Left to Right):

Karen Kirkwood, Executive Director
Dennis Steinwand, Director
Erna Ference, Chair

Jason Born, Vice Chair
Ite Veurink, Director
David Hyink, Director

Staff



MountView BBQ at CFC's Summer Meeting, Banff AB, July 2014

(Left to Right in White):

Karen Kirkwood, Executive Director
Laurie McAvoy, Producer Services Coordinator
Twila Martin, Administrative Assistant
Vera Ward, Office Manager
Karen Miller, Business & Market Analyst
Trevor Prout, Producer Programs Manager



Contract Staff (Top to bottom):

Wendy Jevne, Bookkeeper
Rita Cherniak, Project Assistant
Dana Penrice, Communications
& Marketing Specialist

Board Structure

Erna Ference, Chair

Completes her first 3-year term in 2015

Jason Born, Vice Chair

Completes his first 3-year term in 2016

David Hyink, Director

Completes his third 3-year term in 2017

Ite Veurink, Director

Completes his second 3-year term in 2016;
electively retiring at the 2015 AGM

Dennis Steinwand, Director

Completes his first 3-year term in 2017

Roles & Responsibilities

Agri-Environmental Partnership of Alberta

Martin Van Diemen (Poultry Industry Representative)
David Hyink

Alberta Farm Animal Care (AFAC)

Ite Veurink

Broiler Chick Quality Committee

Jason Born, Chair
Dennis Steinwand

Chicken Farmers of Canada (CFC)

David Hyink, Director
Dennis Steinwand, Alternate

Canadian Broiler Council (CBC)

Dennis Steinwand

Food Safety and Animal Care Committee

Ite Veurink, Chair
Dennis Steinwand

Governance Committee

Jason Born, Chair
Ite Veurink

Intensive Livestock Working Group (ILWG)

David Hyink

Policy Advisory Group

Erna Ference
David Hyink

Research Committee

Ite Veurink, Chair
David Hyink

Specialty Production Committee

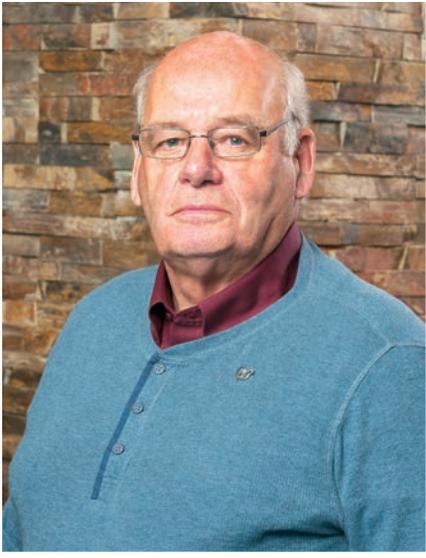
David Hyink, Chair
Jason Born

Western Meetings

Erna Ference
David Hyink
Dennis Steinwand

Alberta Chicken Producers periodically offers Leadership Development Courses to producers to encourage producer engagement in the industry and build a strong foundation for industry leadership.

Tributes



Ite Veurink, Board Director

Ite Veurink was elected as Board Director at the February 23, 2010 Annual General Meeting.

He served his first three-year term and was re-elected at the Annual General Meeting in 2013, valuing this position as an opportunity to give-back to his peers. After five years of dedicated service, Ite has announced his retirement.

During his tenure with the Board, Ite has gained and applied his wealth of experience; Chairing various committees and contributing to the Board meetings and conference calls. Over the past five years, Ite has served on the following Committees: ACP's Research (Chair), ACP's Governance, Food Safety and Animal Care (Chair), and the provincial Alberta Farm Animal Care (AFAC).

He is a gentle man and somewhat reserved, yet when approached for input or resolve, his voice is often 'the voice of reason'.

Ite and his wife Jane reside in Coaldale, Alberta; and, they together spent many hours commuting to meetings. This alone speaks volumes to the dedication and commitment Ite has provided to Alberta Chicken Producers.

We thank Ite for his contributions over the years, and to his wife Jane and their family, who run the farm while Ite is away attending chicken and industry meetings. Ite and Jane have nine children, fifty-two grandchildren and twenty-three great-grandchildren. The Veurinks have a wonderful legacy in their extended family and great optimism for the future.

Ite, your Board of Directors and staff members wish you many pleasant days as you focus on your family, travel, and leisurely activities... Afscheid!



Vera Ward, Staff

Long-Term Service Recognition

Alberta Chicken Producers wishes to acknowledge Vera Ward for her twenty years of service to Alberta Chicken Producers in the roles of Executive Assistant and Office Manager.

Vera's ongoing dedication to the success and professionalism of Alberta Chicken Producers has and continues to be an asset to our organization. She is a true team player, highly respected by her coworkers and colleagues in the industry.

Thank you for your years of service!

Chair & Executive Director Report

It is our privilege to report to our stakeholders on the progress and accomplishments that have been made in the chicken industry over this past year.

The Board of Directors and Staff have maintained a clear focus in addressing the 2013-2014 Strategic Priorities.

We are pleased to highlight a few of many achievements, including:

- Successful completion of the National Allocation Agreement;
- Working with CFC and stakeholders throughout the chicken industry to continue to address responsible antibiotic use in the poultry sector, including the elimination of preventative use of Class I antibiotics in chicken;
- Completing and distributing the Broiler Chick Quality Manual for producers and industry partners throughout the chicken supply chain;
- Hosting an Anti Microbial Use (AMU) Symposium in February 2014 and a Platinum Brooding Workshop for producers in November 2014; and
- Launching our new website, updating the barn display, and developing a producer Communications Toolkit, all geared toward educating the public about chicken farming, Supply Management and our industry.

In addition to addressing its Strategic Priorities, the Board and Staff have also focused their time and energy on:

- Hosting a highly successful CFC Summer Meeting in Banff, Alberta;
- Commencing the development of a Specialty Production Program;
- Collaborating with the Western chicken marketing Boards in hosting a Crisis Preparedness and Media Training Workshop;
- Supporting the industry and government in addressing Farm Worker Safety through the Intensive Livestock Working Group and the Farm Safe Pilot Workshops; and
- Addressing Pathogen Reduction through working with industry and government to develop a Provincial SE Policy and participating in the CIPARS Surveillance Study.

We are proud of our producers' support and cooperation in completing the AMU surveys and working with the Board Office, Processors, and Hatcheries to successfully implement the barn density regulations in December 2013. Antimicrobial Use remains a high priority Nationally and Provincially, and we will continue to support producers in implementing the national AMU strategy through benchmarking and ongoing communication.

Collaboration with the Alberta Hatching Egg Producers and the Alberta Hatchery Association with the



Erna Ference, Chair



Karen Kirkwood, Executive Director

assistance of Marketing Council in areas of common interest continued throughout 2014. These efforts have led to an interim agreement on the selling price of chicks to Alberta Hatcheries that will remain in place until August 2015 while a longer term, more permanent solution is developed. Alberta Chicken Producers' Live Price MOU will be reviewed with the Processors before April 2015. This MOU was originally implemented in 2008, and has proven to be effective for producers, Processors and consumers by providing efficiency, stability and predictability in the live price of chicken. With the increased requirement of transparency, we appreciate the positive working relationships we have with our upstream and downstream partners.

The dynamic nature of retail and foodservice branding and product requirements require our industry to be increasingly adaptive and attuned to customer requirements. We value our strong relationships with industry partners and will continue to collaboratively discuss and address challenges and opportunities facing our industry.

The increasing cost of meat proteins during the year, particularly beef and pork, due in part to the decrease in production numbers, has proven to be beneficial to the chicken market. Increases in allocation settings are expected to continue into the next year, and the Board and Staff will continue to monitor the Percentage of Utilization in the province to see if the changes implemented during this year are having a positive effect.

We are proud of the leadership of our producers and industry in the areas of animal care, food safety,

environmental stewardship, and investment in our rural communities. We all have a role to play in educating the public about our industry, and we will continue to strive for innovative tools to support our producers. Producer open houses, hosting educational field trips for students, and participating in the government initiated 'Open Farm Days' are great opportunities for showcasing our industry.

One thing that needs to be acknowledged is the strong support of our government throughout the National Allocation Agreement process during 2014. The Honourable Minister of Agriculture and Rural Development, Verlyn Olson; Deputy Minister, Jason Krips; and the Alberta Agricultural Products Marketing Council and staff have been instrumental in the successful conclusion of this Agreement, willingly meeting with us to review our position and course of action on a regular basis. We appreciate the ability to communicate on such an open basis and look forward to a continuing positive relationship.

The leadership and teamwork of our outstanding Board and Staff have made these achievements a reality. We are humbled and grateful to work with a cohesive team of talented, dedicated, and passionate individuals. Thank you for upholding ACP's Standards of Leadership in your daily lives and for your commitment to the Alberta chicken industry's vision.

Respectfully submitted,

Erna Ference, Chair
Karen Kirkwood, Executive Director

Strategic Priorities

Alberta Chicken Producers held its Annual Strategic Planning Workshop on September 8-9, 2014. The process is guided by our shared Industry Vision, which was developed over fifteen years ago in collaboration with our industry partners.

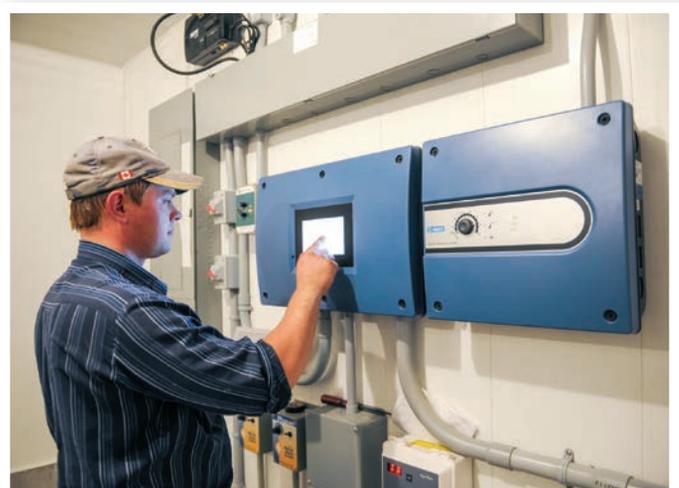
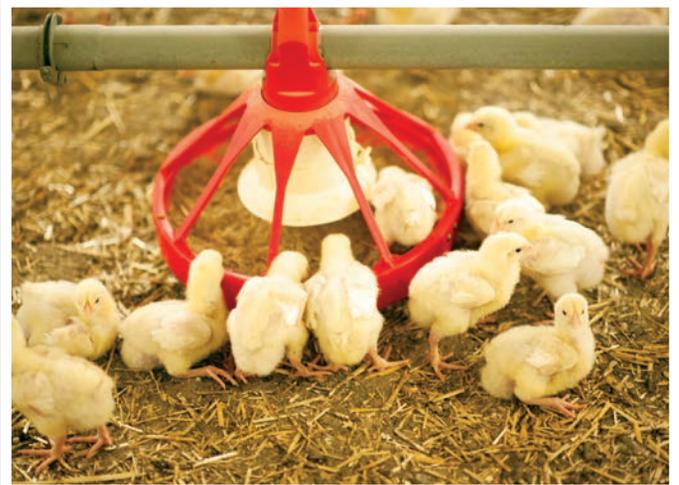
Industry partners, including representatives from the Alberta Hatching Egg Producers Board, Maple Leaf Foods, Sofina Foods Inc., and Sunrise Farms attended the first day's session to provide feedback on the our achievement of the 2013/2014 goals, and to provide input into the Board's Strategic Plan for the upcoming year. The Board greatly values its relationship with industry partners and appreciates their participation and contributions into this important annual planning session.

All input received from our industry partners was considered in the Board's establishment of its Strategic Priorities and development of Alberta Chicken Producers' 2014/2015 Strategic Plan.

2014/2015 Strategic Priorities

1. Alberta's Allocation
2. Flock Health and Management
3. Social Responsibility
4. Strong Supply Chain Relationships

Alberta Chicken Producers' detailed goals and objectives for 2014/2015 are available on our website: www.chicken.ab.ca.



Activities & Achievements

Board Meetings

- 14 Board Meetings took place over this past year.
- 12 Board Conference Calls were held to discuss matters of allocation, pricing, differential growth, and policy.
- The Board and Executive Director participated in ACP's Annual Strategic Planning session this past fall. Also in attendance were representatives of three major Processors and representatives from the Alberta Hatching Egg Producers Board.
- The CFC Director and Executive Director attended 12 meetings specific to the National Allocation Agreement in 2014.

Board Training

- The Board and Executive Director held a formal Board Development and Team Building Workshop in May with facilitator, Ken Smith.
- The Board conducted a Strength Deployment Inventory exercise facilitated by the Executive Director in June.
- Directors each sit on various committees of the Board and obtain experience in Chairing Committee Meetings.
- A Director Orientation Session is held at the Board office for newly elected Directors following the Annual General Meeting elections. Newly elected Directors are oriented on the Board's Governance Manual, Policies, operations, and team culture.

Industry Relations

- The Board continues to focus on Strong Industry Partnerships as a Strategic Priority. The Executive Director, Chair, and Vice Chair met with the Alberta Hatching Egg Producers Board, ALMA, and each of the Processors at various times throughout the year to discuss and collaborate on issues of common interest.
- Throughout the year, meetings were held with: Minister of Agriculture and Rural Development, Verlyn Olson; the Deputy Minister and Assistant Deputy Ministers of Alberta Agriculture and Rural Development; and Alberta Agricultural Products Marketing Council.
- Regular Western Meetings were held in British Columbia, Alberta, Saskatchewan and Manitoba, with each province taking a turn in hosting the meeting. In addition, one meeting of the Western Boards and Processors was conducted in 2014.
- The Western Boards and representatives from the Western Processors participated in a Media and Crisis Preparedness Training Workshop in Winnipeg, MB.
- ACP hosted the National CFC Summer Meeting in July 2014.
- Alberta Chicken Producers attended the Annual General Meetings of the Chicken Marketing Boards in British Columbia, Saskatchewan, Manitoba, and Ontario; the Chicken Farmers of Canada; Poultry Research Centre, ALMA's FutureFare, and Alberta Milk.

- The CFC Director attended a National Forum in Ottawa.
- The CFC Director and the Executive Director participated in the Chicken Farmers of Canada Lobby Day on Parliament Hill.
- ACP hosted the National CFC Summer Meeting in July 2014.

Stakeholder Relations

A Board Director(s) and/or the Executive Director participated in the following activities throughout the year;

- ALMA Future Fair
- Farm Safe Alberta Pilot Program
- Marketing Council's All Board and Commissions Workshop
- AFAC Livestock Care Conference
- SM5 Meeting with Alberta Beef and Alberta Agriculture and Rural Development
- Safe & Healthy Farms and Ranches Information Session

Producer Relations

- A new Alberta Chicken Producers Website was launched in February 2014.
- Grower Program Reports were enhanced to provide more information to producers in effort to address under-production.
- AMU Surveys are being conducted in conjunction with the Food Safety and Animal Care audits. Feedback is provided to producers.
- A Symposium on Antimicrobial Use was conducted for producers in February 2014.
- Regional Meetings were held in early November in Edmonton, Red Deer and Lethbridge.
- A Producer Toolkit was developed and launched to producers at the Fall Regional Meetings. The Toolkit is on the ACP website.
- A Platinum Brooding® Course was held for producers in November 2014.

Development & Enhanced Learning

Alberta Chicken Producers supports and encourages Directors and Staff to expand their professional and personal skills. The following Courses, Workshops, and Webinars were attended:

- Annual OFFSAP Auditor Training Course
- Board Finances
- Facilitation Training Level 2: Personal Strengths Canada
- Graduate Certificate in Executive Coaching
- Leadership Development Workshops
- Chartered Director Program in Board Governance and Leadership
- Marketing Council's Governance Training
- Webinars:
 - Nielsen-What's in store for 2014
 - Global Knowledge – Excel Tips
- The Conference for Women:
 - Professional Growth and Development
 - Developing your Inner Power

Other:

- Regular Staff cross-training is conducted to support the Board Office operations.
- Formal Staff Meetings are conducted monthly to discuss strategic actions, day-to-day operational activities; and any topics pertinent to the team.
- The Executive Director facilitated a Staff Team Building Session in June 2014.
- An open-door culture is maintained in the office: informal meetings are conducted throughout the month to ensure all Staff members are informed of important matters that arise, discuss upcoming meetings and individual staff activities, and to plan cross-training.



On Farm Food Safety & Animal Care Programs

This past year has seen significant progress for Alberta Chicken Producers with respect to the On-Farm Food Safety Assurance (OFFSAP) and Animal Care Programs.

The incorporation of the stocking density requirements of the Animal Care Program became mandatory as of December 1, 2013, as a condition of a producer's license to produce chicken. The auditing team has been working closely over this past year with producers and processors to ensure production is planned accordingly. The Alberta Chicken Producers would like to thank producers, hatchery staff and the audit team for the cooperation shown in making this transition as smooth as possible.

Concern over antimicrobial use (AMU) in the agriculture sector and the resulting potential effect of antimicrobial resistance in the human population has resulted in increased media attention and consumer concern. CFC has been pro-actively addressing this concern through the development of a sector-wide antimicrobial strategy. The sector-wide strategy includes: (1) baseline use and resistance trends information, (2) best management practices, (3) ensuring effective controls of AMU in Canada, (4) educating stakeholders on AMU/AMR, and (5) research into alternative products.

On May 15, 2014, the Canadian Chicken industry banned the preventative use of Category I antibiotics in broiler production. This has been a sector-wide initiative made possible by the cooperation and coordination of hatcheries, feedmills, poultry veterinarians, and Broiler producers across the country. In order to obtain baseline use information, since January 1, 2014, all producers are required to complete the Chicken Farmers of Canada's AMU

Survey as part of the On-farm Food Safety Assurance Program and Animal Care Program audit. Producers who have completed the surveys are receiving personalized, confidential reports from Chicken Farmers of Canada. These ongoing surveys will also be reviewed in aggregate form by the Provincial Boards and CFC to guide the direction of the AMU strategy over time.

Initiatives such as the Broiler Chick Quality Manual and producer workshops, such as the 2014 AMU Symposium and Platinum Brooding® Workshop, are actions the Board are taking to address chick quality and flock health and performance.

A special thank you is extended to our independent Audit Team, Alberta On-Farm Audits (Boyd Bresnahan and Rodney Swanek) for their diligence and commitment to Alberta Chicken Producers.



Broiler Chick Quality Committee

Submitted by Jason Born, Committee Chair

The Broiler Chick Quality Committee was formed in the spring of 2013 as part of our industry discussions around the quality of chicks in Alberta. The Committee's members include representatives from Alberta Hatching Egg Producers, Alberta's Hatcheries, and Alberta Chicken Producers.

The Committee's shared Vision is:

Continuous improvement in broiler chick livability resulting in the lowest average seven (7) day mortality in Western Canada.

This ambitious Vision is supported by its Mission:

To support the Alberta poultry industry in producing and brooding a high quality chick by providing tools, best practices, and a forum for open dialogue that supports a culture of trust and accountability.

The Committee's mandate at the time of its inception was:

- To identify and prioritize quality issues;
- To define the scope of the quality standards manual in addressing the issues identified;
- To identify roles, responsibilities and accountabilities of broiler hatching egg producers, hatcheries, transporters and broiler producers;
- To establish standardized quality targets for broiler chicks based on credible, objective and verifiable metrics;

- To define Best Management Practices for broiler hatching egg producers, Hatcheries and broiler producers; and
- To develop a governance structure and accountability mechanism for addressing quality issues.

Over the course of the last sixteen months, the committee worked towards its mandate, which resulted in a Broiler Chick Quality Manual that was distributed at the fall Regional Meetings to Alberta's broiler and hatching egg producers. The Manual defines guidelines for each stakeholder throughout the chicken value chain and contains valuable reference materials. Communication among all of the parties is a key component; and, to that end, the Committee has agreed to continue meeting on a quarterly basis to:

- Monitor hatchery 7-day mortality data to identify trends and assess progress toward our stated quality target;
- Review and update the Broiler Chick Quality Manual as required; and
- Commit to ongoing discussion around industry issues related to chick quality.

This Committee's work has been complex and at times difficult. The time and effort contributed by each industry partner as the committee continues to strive for excellence in the Alberta Chicken Industry value chain is truly appreciated.

Governance Committee

Submitted by Jason Born, Committee Chair

The Governance Committee is comprised of two Directors and the Executive Director. As one of its first activities this year, the Governance Committee reviewed and refined its mandate and work plan for the year, and identified additional ways in which the Committee may add value to the functioning of both the Board and ACP operations.

During the course of the year, the Committee:

- Completed its Executive Director Succession Plan;
- Completed a review of Board Member and Chair Roles and Responsibilities;
- Completed a Board and Peer evaluation document and will be undertaking those Evaluations in January-February 2015;
- Reviewed Directors and Officers Insurance Policies to ensure they were current and adequate; and
- Conducted an Orientation Session with new directors in March.

As a Committee, it was disappointing to cancel the Leadership Development opportunity that was planned for June; however, after consultation with Producer Representatives, the date was not optimal in terms of scheduling; therefore, the plan is to re-launch this program in the future.

The Governance Committee also plans board development activities to build leadership and governance capacity amongst Board members. This year, the Board held a Team Development Workshop in May 2014 with a facilitator that provided Board members with a greater understanding of the strengths and communication styles of their colleagues. In 2005, in addition to leading the Board and Peer Evaluation Process, the Governance Committee will be leading a Process to review Director remuneration.

Sincere thanks to the Committee members Ite Veurink and Karen Kirkwood for their diligent work on behalf of the Committee this year.

Specialty Production Committee

Direct Marketing Lease Program

The Direct Marketing Lease Program was implemented in 2012 to assist direct marketers in developing a sustainable business through the provision of production quota for direct marketing purposes. The Program makes available up to 300,000kg of domestic quota for lease from the Board by eligible producers. First-time applicants submit a business plan outlining their Direct Marketing activities, and all applications are assessed by the Specialty Production Committee for compliance with the Policy. Applicants who are approved by the Board for Direct Marketing Lease must keep proof of Direct Marketing Sales as per the Direct Marketing Lease Program Policy.

In the three years since its inception, the Program has been well utilized. Three applicants accessed the Program consistently in 2012 and 2013; for a combined total of between 100,000 – 120,000kg annually.

In 2014, the Program has increased its subscription to six applicants, accessing a combined total volume of 220,000kg. All applicants meet the program requirements; and, an audit of Direct Marketers accessing the Program is being conducted in early 2015 to gauge ongoing compliance.

The Program has been successful thus far in servicing these Direct Marketing channels of distribution. For more details on the Direct Marketing Lease Program, the Alberta Chicken Producers Operations Policy Manual is posted on our website: www.chicken.ab.ca.



Public Relations

Promotion

Alberta Chicken Producers participated in the Lethbridge Aggies Days, Calgary Aggie Days, Calgary Stampede, and Stony Plain's City Slickers.

The chicken barn was updated with new information in 2014 along with a new pen for the baby chicks; with a focus to teach the public about how chicken is raised in Alberta.

These events are supported through producer volunteers; and, Alberta Chicken Producers would like to extend their appreciation to those who take the time to participate in these events.

Website

The new website was launched in February 2014. The objective was to create a consumer-friendly site, while enhancing resources available for industry and producers.

The Recipe section was upgraded, recently-produced videos were integrated, and nutritional infographs were added to the website. The FAQ continues to be updated as new emerging issues and questions arise.

Staff received training to administer the new content management system and continue to keep the website current.

Social Media

The Social Media Strategy continues to be implemented using Facebook, Twitter and Pinterest. Posts include information about key messages, chicken farming, farmer profiles, recipes and cooking. Posts encourage readers to visit the Alberta Chicken Producers website as well as the Chicken Farmers of Canada website for more information. The recently-produced videos and infographs continue to be promoted through social media.

Alberta Chicken Producers Toolkit

A downloadable Producer Toolkit, with quick facts on the Alberta Chicken Producers and the chicken industry was created. This Toolkit provides information for consumers, media and government. Information includes:

- Buying Canadian
- Industry Structure
- Supply Management
- Spent Fowl
- Antibiotics
- Economic Contribution
- Farmer's Share
- Canadian and American Chicken Prices
- A Growing, Sustainable Business Model

The Toolkit was launched to producers at the 2014 Regional Meetings and producers are encouraged to use it as they communicate with their community, government, and networks about the chicken industry.



Ian Donovan (MLA - Little Bow) and Erna Ference at the Urban and Rural Caucus SM5 Presentation

SM5

The Alberta Chicken Producers continues to work with the other Alberta supply managed commodities to collaborate on public and government relations.

Producer representatives attended the Prime Minister's BBQ, Premier's Dinner, Premier's Breakfasts, and various golf tournaments throughout the year. Presentations were also made to the Wild Rose Alliance; and to the Urban and Rural Caucuses in December 2014.

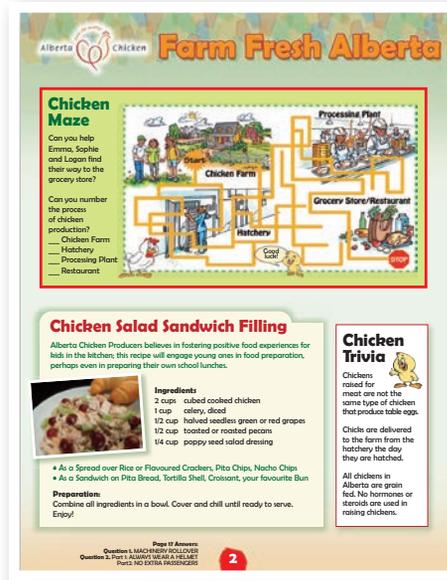
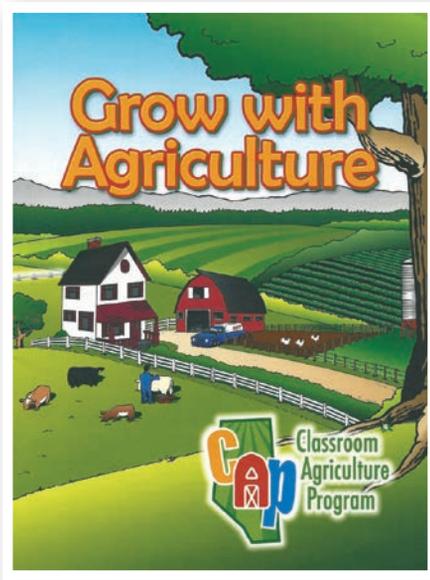
The SM5 group met in December to update the Supply Management Strategic Plan for 2015.



Erna Ference provides Alberta Chicken Producers Presentation to Urban and Rural Caucus



The SM5 Display was prominent at the Premier's Breakfast at the Legislature grounds



The Classroom Agriculture Program (CAP) Society

Submitted by Don George

One of the real strengths of CAP is its volunteers. Each of CAP volunteers have a background in the agriculture industry. They go into the class and tell “their” story. Our volunteers come from all parts of the industry, they may run a chicken farm, be a cattle rancher or a veterinarian, a researcher or work at a country grain elevator.

Vision:

To assist Alberta students understand agriculture and its impacts.

Mission:

To provide students with quality, comprehensive agriculture learning experiences that lead to a greater understanding of and support for the agriculture industry in Alberta.

In 2014, the Classroom Agriculture Program has become a Society. This allows CAP to run as an independent organization. Our goals remain the same, which are: to explain where food comes from which helps kids connect with agriculture and food; talk about the opportunities in agriculture and the economic and environmental impact of agriculture in Alberta. The real strength of CAP is the volunteers who present these goals as well as tell their own story about how they are involved in agriculture. We are looking at another successful year with nearly 20,000 grade four students registered to receive a presentation.

CAP Membership is comprised of:

- Alberta Barley Commission
- Alberta Beef Producers Association
- Alberta Canola Producers Commission
- Alberta Chicken Producers
- Egg Farmers of Alberta
- Alberta Pulse Growers Commission
- Alberta Veterinary Medical Association
- Eastern Irrigation District
- Alberta Irrigation Projects Association
- Alberta Institute of Agrologists
- Alberta Milk
- Alberta Wheat Commission



Chicken Farmers of Canada Report



David Hyink, CFC Director

New Chicken Agreement Enabling Differential Growth

2014 saw Alberta achieve its goal of reforming the National Allocation System with the signing of a new Allocation Agreement that will see 55% of future growth allocated based on provincial comparative advantage factors.

This landmark agreement has been over six years in the making. Challenges, starts and stops, and roadblocks were ever present, but at the end of the day, have been overcome through this new agreement.

“The challenges over the years have been many, and have required the whole industry to pull together as a team to overcome the differences, realize the important similarities – our shared Vision – and then move forward to completing this agreement,” said Dave Janzen, Chair of Chicken Farmers of Canada. “This is great news for farmers, and indeed for the whole Canadian chicken industry as it shows, yet again, that Supply Management continues to evolve to changes in the marketplace.”

Differential growth has been a critical priority for Chicken Farmers of Canada for some time and its completion is consistent with the organization’s 5-year Strategic Plan, which calls for efforts to improve the efficiency of the value chain, while maintaining production in all provinces. Under the new agreement, all provinces will share in future growth.

The new Memorandum of Understanding covers the future growth and allocation process by factoring in 55% of future production based on comparative advantage factors. The decision Alberta made to withdraw from

the Federal/Provincial Agreement last year, helped conclude the negotiations, and fittingly, Erna Ference, Alberta’s Chair was the first to sign the new agreement. Efforts are currently being made to rejoin the agency and finalize the operating agreement changes. Thank you to all Alberta producers and provincial stakeholders for supporting the Alberta Board in accomplishing this audacious and important goal!

Animal Care

In 2014, the number of farmers certified under the Animal Care Program (ACP) reached 96%. The Program is now mandatory in eight provinces while Newfoundland & Labrador is in the final stages of implementing a mandatory requirement.

Chicken Farmers of Canada is actively participating on the Code of Practice Development Committee. The Code of Practice was the basis for the requirements in the current CFC Animal Care Program. The code, which was last revised in 2002, is being updated to take into account new research and a new development process through the National Farm Animal Care Council. This renewal process has been financially supported by the Federal Government with funding under Growing Forward 2. The Code Development Committee will continue to work through 2015 with the objective of releasing a new Code early in 2016.

Antibiotic (Antimicrobial) Usage

Chicken Farmers of Canada, in collaboration with Hatcheries and Processors, implemented a new Policy regarding the preventive use of Category I Antibiotics in chicken production. As of May 15, 2014, the

preventive use of Category I Antibiotics is no longer allowed at the Hatchery or on-farm for commercial meat birds.

Enforcement of this Policy has been implemented by way of the On-Farm Food Safety Assurance Program (OFFSAP) and by way of industry and Government Surveillance Programs. To ensure the implementation be successful, the highest level of management practices must be implemented to ensure flock health throughout the supply chain. Chicken Farmers of Canada has been working with industry stakeholders to ensure a coordinated approach. The key points of focus for each sector include:

- Breeder farmers: hatching egg quality and farm management practices.
- Hatcheries: sanitation (cleaning and disinfection protocols) and hatchery management practices.
- Chicken farmers: brooder management and first week mortality expectations; contacting a Veterinarian when a disease is suspected in newly placed day-olds.

Industry AMU Strategy

The objective of Chicken Farmers of Canada's AMU Strategy is to control, monitor and reduce AMU in the chicken industry in order to preserve effective treatment options. The intent is that the initiatives undertaken, as part of this strategy, will provide the needed confidence to consumers and to governments that AMU in the chicken industry is responsible.

Elements of Chicken Farmers of Canada's strategy are now in place and include:

- Defining Antimicrobial Use and analyzing Antimicrobial Resistance (AMR) trends.
- Reviewing Best Management Practices.
- Ensuring effective controls of AMU in Canada.
- Educating stakeholders on the issues of AMU and AMR – look for new CFC AMU videos coming to a website near you!
- Research and availability of alternative products.

Avian Influenza

On December 1, 2014, the Canadian poultry and egg industries were faced with an Avian Influenza outbreak in the lower mainland of British Columbia.

Industry and government partners worked both locally and nationally to manage this crisis and mitigate the spread, which was contained to eleven commercial locations and one non-commercial flock.

The Canadian Food Inspection Agency, along with the Provincial Government and industry partners, set up a joint Emergency Operations Centre and began implementing emergency plans.

Canada's trading partners instituted restrictions, varying from Canada-wide bans to restrictions on specific products or regions. The full impact of this outbreak will be determined in early 2015.

On-Farm Food Safety Assurance Program

2014, saw the implementation of a revised version of the On-Farm Food Safety Assurance Program. As of May 15, 2014, all new requirements of the Program were expected to be implemented and will be incorporated as part of the next audit. In 2014 the number of farmers certified on the OFFSAP reached 100%!

Branding Campaign

At the end of 2011, Chicken Farmers of Canada Directors approved, as part of its Annual Strategic Planning process, an action plan, which included the development of a Branding Strategy for Canadian chicken.

Through major industry, as well as Retailer and Processor consultation, Chicken Farmers of Canada determined points of alignment on a cohesive Branding Strategy that would grow the market for Canadian chicken. As a result, the Branding Strategy was designed and built for fresh Canadian chicken, at retail, to capitalize on Canadians' already positive view of Canadian farmers, and to focus on the importance of a Canadian identity.

By conveying that Canadian chicken farmers contribute to a healthier diet for Canadian families with fresh, nutritious chicken (which is low in fat and healthy), the Strategy involves a label, or mark, indicating that the chicken comes from Canadian farmers. Throughout 2013 and 2014, Chicken Farmers of Canada secured the buy-in of some Retailers, and some Processors,

and are moving ahead to ensure a successful launching of labeled/branded Canadian fresh chicken at retail.

Other Processors and Retailers are coming on-board this National initiative – we are looking forward to growing our brand together.

Partnership with Swimming Canada

In year two of a unique partnership with Swimming Canada, Chicken Farmers of Canada continued to support Canadian swimmers from the National level down to children learning how to swim. In 2013, Swimming Canada proudly announced fresh Canadian chicken as the “official protein of swimming in Canada” in recognition of our generous, financial contribution to Canada’s most popular sport.

Specialty Production

In 2013, the Chicken Farmers of Canada Board of Directors approved a Specialty Production Policy, in principle, to facilitate the growth of Specialty Production and processing. The Policy was fully implemented effective Periods A-126 (September 7, 2014) when Chicken Farmers of Canada Regulations were amended and approved by Directors. The new Policy demonstrates our responsiveness to market and consumer demand and includes definitions for specialty chicken and Federal specialty chicken quota, along with a series of conditions applicable to the Specialty Chicken License to be held by applicants. The audit of specialty production will be initiated in 2015.

Strategic Planning - Trade & Policy

Chicken Farmers of Canada works with domestic Policy makers to ensure that the concerns of Canada's chicken farmers are addressed with regards to the three pillars of Supply Management. Those three pillars (Import Controls, Producer Pricing and Production Discipline), are the structure which enables farmers to invest in their operations, continue to support Canada's rural economy, and provide the great, fresh Canadian chicken that consumers want.

On the international stage, importers continued to exploit weaknesses and loopholes in the trade system. Either by importing spent fowl or adding sauce to chicken in order to circumvent importing rules, Canada imports much more than its international commitments. Significant money is lost through these imports; by Canadians that are losing valuable revenue through the duty and taxes being circumvented, by farmers through lost production, as well as by fellow industry partners affected by an uneven playing field.

While Chicken Farmers of Canada is able to monitor the situation closely and provide advice and detailed information to key decision makers, changes require leadership, assistance, and perseverance from policy makers and elected officials in order to ensure that the rules are being followed properly, that loopholes are closed as soon as possible, and that a level playing field is in place for all industry stakeholders. Effective enforcement of the import controls continues to be a critical priority for the Chicken Farmers of Canada Board of Directors.

Canada's track record in International Trade Negotiations, whether part of Bilateral, Regional or Multilateral Trade Agreements is a high priority for Directors. The Bilateral Agreement with the EU excluded poultry products to our satisfaction. While the WTO continues to roll along at a fairly glacial pace, the Regional Trade Agreement Canada is heavily involved with the Trans-Pacific Partnership (TPP). Canada and the other eleven members are waiting for the ongoing Japan-U.S. negotiations to conclude; as those two are the largest traders involved in the potential Agreement and their own Bilateral discussions are expected to provide a framework for the larger TPP negotiations.

Chicken Farmers of Canada closely monitored these trade negotiations in collaboration with our colleagues from the poultry, dairy and eggs sectors, and has been in constant communication with Canadian negotiators.



Canadian Broiler Council

The Canadian Broiler Council (CBC) continues to meet on a regular basis in conjunction with the Chicken Farmers of Canada Allocation Setting Meetings. Representatives from each province make up the CBC, and Alberta's representative this year was Dennis Steinwand. The Provincial members tend to be either Provincial CFC Representatives or Alternates.

The current Chair of the CBC is Danny Wiebe, CFC Alternate, Manitoba, and the Meeting Coordinator is Wayne Hiltz, Executive Director, Manitoba.

The CBC continues to provide an opportunity for farm representatives to share information, data, and perspectives on Provincial and National issues. In addition to providing an opportunity to share provincial updates during the year, national table items discussed include the Specialty Market Program, the Market Development Program, Chick Quality, Imports, CFC's Strategic Plan, Promotions, the Ontario Live Price model and the role of the CBC.

Producer Representatives



(Left to Right):
 Kelly Froese - Leduc North
 Scott Van't Land - Calgary South
 Theo Bruning - Calgary to Lacombe
 Arjan Spelt - Lacombe to Leduc



Industry Advisory Council



Back (Left to Right):
 Dennis Steinwand
 Theo Bruning
 Darko Mitevski
 Scott Van't Land
 Kelly Froese
 Jason Born
 David Hyink
 Arjan Spelt
 Gerry Emmanuel
 Ite Veurink

Front (Left to Right):
 Rick Weiss
 Mike Pearson
 Shannon Park
 Karen Kirkwood
 Ashley Rietveld
 Erna Ferenca
 Sunny Mak
 Frank Maenhout

The Industry Advisory Committee (IAC) is comprised of members from the University of Alberta, Poultry Health Services, Alberta Agriculture and Rural Development, Marketing Council, Animal Nutrition Association of Canada (Feed Mills), Hatcheries, Processors, Alberta Hatching Egg Producers, Alberta Chicken Producers' Producer Representatives and Alberta Chicken Producers' Board of Directors.

The IAC meets two times per year to collectively report and discuss issues impacting the Alberta chicken industry.

Producer Representatives consult with producers in their Region and provide topics for discussion either to the ACP Board or the Industry Advisory Committee.

Alberta Poultry Industry Emergency Management Team

The Alberta Poultry Industry Emergency Management Team (APIEMT) consists of members of the province's four poultry boards; the Chief Provincial Veterinarian's Office; the Canadian Food Inspection Agency (CFIA); and Feed, Processor, Hatchery and Egg Grader Representatives. The Team met twice this year to discuss and update the Emergency Response Plan.

The Team's focus in 2014 continued to be on non-disease related emergencies such as barn collapse, fire, and transportation issues. Key developments include the development of Standard Operating Procedures and training for Board office Staff for initial response at the Board office level; the development of a decision tree for fire and barn collapse; and the inclusion of a mental health component of response into the manual. Into 2015, the Team will be prioritizing all non-disease related emergencies and developing protocols for response for each.

Funding has been received for the APIEMT to conduct a Simulation Exercise in Spring 2015 to test the Emergency Response Manual. Simulations have been conducted every 2-3 years, and this Exercise will serve to evaluate the Plan and train team members.

Over the course of 2014, the Emergency Response Plan was activated on several occasions in response to confirmed cases of ILT in backyard flocks, as well as the most recent outbreak of Avian Influenza in British Columbia. These events serve as a test of our Emergency Response Plan, and, the APIEMT Team appreciates the vigilance and cooperation of producers.



Research Committee

Submitted by Ite Veurink, Committee Chair

Alberta Chicken Producers is one of twelve associate members of the Agriculture Funding Consortium, which also includes three major funding consortium members: Alberta Innovates – Bio Solutions (AI-Bio), Alberta Crop Industry Development Fund (ACIDF), and the Alberta Livestock and Meat Agency (ALMA).

As an associate member, Alberta Chicken Producers' Research Committee provides a voice for the broiler industry's Research Priorities and helps guide the focus for future research and development in Alberta.

The Agriculture Funding Consortium received letters of intent (LOI) requesting funding for the 2014/2015 call for proposals, of which the Alberta Chicken Producers Research Committee reviewed seven proposals that pertained to the chicken industry, as well as an additional project submitted outside of the Funding Consortium. The ACP Research Committee and ALMA have identified two letters of intent to proceed for full proposals.

Full proposals must meet technical standards and guidelines to be awarded funding; and, this review process takes place from January through March 2015. The Agriculture Funding Consortium will meet to announce the supported projects to the successful applicants in the first quarter of 2015.

The two full proposals to be further reviewed at the 2014/15 Funding Consortium, in order of importance to the Alberta Chicken Producers Research Committee Research Priorities:

1. Effect of hatching egg shell quality on hatchability and shell quality
2. Mucosal delivery of oligodeoxynucleotides containing CpG motifs (CpG-ODN) to broiler chickens as an alternative to antibiotics

Additional Projects Supported by the Alberta Chicken Producers Research Committee and ALMA in 2015:

1. Mitigation of *Campylobacter jejuni* in chickens

Projects Carried Forward From Previous years:

1. Improving foot pad quality in commercial broilers: Benchmarking and practical strategies (Year 1)
2. Informed Design and Validation of Inhibitors Against *Clostridium Perfringens* Mucolytic Enzymes to Mitigate Colonization and Necrotic Enteritis (Year 2 of 2)

Poultry Research Centre

Submitted by Dr. Valerie Carney



It has been a great year of the Poultry Research Centre partners working together in the pursuit of continuous improvement. Together, this coalition of industry, government and university are engaged in research, education and extension of knowledge to provide solutions and capture opportunities to the benefit of stakeholders. Below are some highlights of 2014. For more information please visit our website at: www.poultry.ales.ualberta.ca.

Precision Feeding...A Look Into the Future

Dr. Zuidhof's Research Team is continuing to refine the Precision Broiler Breeding feeding station. Initial pilot studies have demonstrated that using this system can greatly improve the body weight uniformity of a breeder pullet flock. Subsequently, the system has enabled the team to manage individual birds on different body weight profiles. Dr. Bench's team has collaborated to understand bird behavior as they adapt to the new system. The precision broiler breeder feeding system can be used to feed pullets, hens, cockerels and roosters.

Feed Research: What's New?

The Monogastric Feed Research Group from Alberta Agriculture and Rural Development focus on increasing the utilization of new or underused cereal grains, legumes, oilseeds and bio-industrial products. Their research also evaluates processing methods to improve the feeding value and reduce the anti-nutritional factors of ingredients. Recently, this group evaluated the effects of *Camelina sativa* cake in poultry diets and found that laying hens can be fed up to 25% expeller-pressed camelina cake without adversely impacting feed intake, productivity or consumer acceptance.

Poultry Nutrition: Practical Solutions to Today's Feeding Challenges

Dr. Korver's Research Program has a strong applied research focus on feedstuff quality and dietary supplement evaluation in poultry diets. Additionally, Dr. Korver focuses on nutrition-immune function interactions and bone biology in meat-type and egg-type poultry. His lab recently developed a new way to measure early chick immunity which has been difficult to measure until now. In another recent large scale commercial trial to investigate the economic benefits of a new additive composed of 25-OH-vitamin D3 and canthaxanthin (a synthetic anti-oxidant) they found that the additive improved livability and depending on the bird strain improvements in FCR and breast yield were also observed.

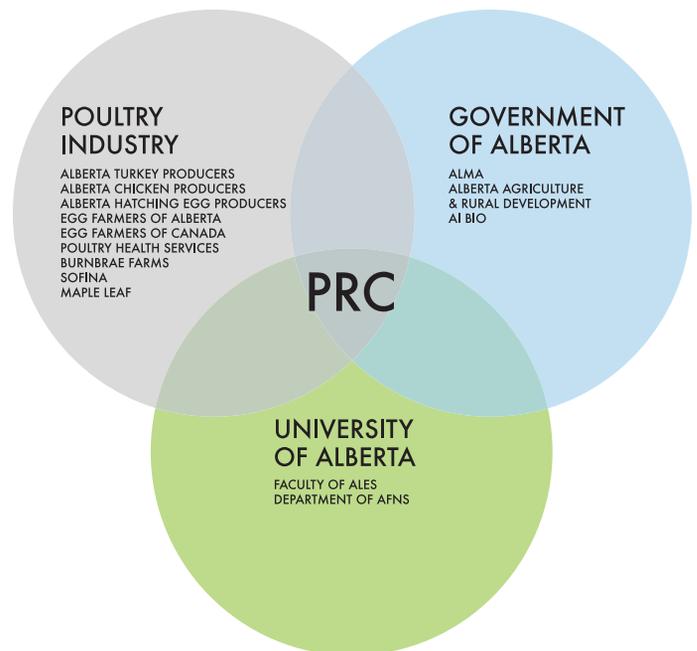
From By-product to Value Stream

Who knew that the by-product from poultry processing had so much potential for human health and food manufacturing? The PRC value-added meat and egg researchers...that's who.

Dr. Mirko Betti's team has been working to improve the value of these underutilized and low value meat by-products by extracting valuable compounds that support human health and food preservation. For example, this Research Team developed a process to extract animal fibre (glycosaminoglycans) that may have potential as a prebiotic to improve gut health or to improve plant based iron absorption. Other poultry protein isolates have been developed as a healthy salt alternative to flavor processed meat products with a 'kokumi' flavor.

Dr. Wu's team has been using spent hens to develop formaldehyde-free wood adhesives as is the growing trend in some countries. In addition the Team is also investigating, potential uses of collagen and lipids extracts from these hens. Dr. Wu's team has also identified and extracted peptides (small pieces of protein) from eggs that reduce blood pressure. They are currently testing these peptides for their applicability in human medicine.

Skin, feet and feathers usually end up as waste materials sent to landfills but Dr. Ullah's team is developing a simple, efficient and green method of extracting fat and protein from these by-products to use in food and non-food packaging.



Poultry Health Centre of Excellence

Submitted by Dr. Tom Inglis

In 2014, we saw some very good chicken production and health along with resolving, ongoing and new diseases as well as the implementation of a major change in Antimicrobial Use at the national level for all chicken producers.

Significant new and ongoing challenges for the industry and Veterinary Team at the Poultry Health Centre of Excellence (PHCE) for 2014 included: REO virus infections, Voluntary Industry wide banning of Category 1 antimicrobials for preventative treatment (Excenel and Baytril), Salmonella, and our first documented case of White Chick Syndrome (Chicken Astrovirus).

I wanted to recognize the collaborative and cooperative nature of the work at the PHCE, as the product of four feather boards and industry working closely with Alberta Agriculture and Rural Development, along with our other provincial, national and international partners.

Having participated in the efforts to control Avian Influenza outbreak in BC at the end of 2014 it became crystal clear how important this type of collaboration and investment in functional teams is; it's the only chance to minimize losses in the face of a serious disease challenge.

While disease issues are of course the primary focus of the daily work, the Diagnostic and Research Group is also now working on humane transport, DOA investigations, humane euthanasia (individual bird and flock euthanasia) along with food safety initiatives around Salmonella, Campylobacter and residue avoidance. This won't be a surprise to growers as they have seen all of these issues coming to the farm level and we recognize at the industry level the technical and human resources needed to address these concerns and challenges.

On the disease front, the diagnostic service provided by The Poultry Health Centre of Excellence saw a continued trend of increase in the number of cases submitted from Alberta chicken producers relative to the previous years. In addition to the normal classification and review of diseases and syndromes, Dr. Michelle Anholt, a Post Doctoral Mitacs Fellow at PHS, completed an epidemiological review of the cases by bird type and age. This work showed the interaction between the projected introduction of REO virus to local breeder flocks in 2012 and associated leg problems to introduction to broilers over the next two years. There are no new strains of REO virus being isolated from the cases in Alberta and the existing strain (group 1 2012 VA) variant is less than 50% similar to the strains available in commercial vaccines, which explains why these infections have overcome the control programs.

Breeder vaccination programs started in 2014 should be showing an impact in the early part of 2015 and it is hopeful to see continued improvements on this front for chicken producers. The voluntary ban on the preventative use of Class 1 Antimicrobials (Baytril and Excenel) at the Hatchery level has resulted in approximate doubling of first week mortality in many systems.

Dr. Ben Schlegel presented work on evaluating on farm euthanasia methods at the Animal Welfare Symposium this year, which builds on industry leading EEG evaluation methods developed in coordination with the IAPT Research Team. The goal of this work is to work from the farm back to the lab to ensure that practical methods are implemented and tested.

We continue to work with farms and Processors to understand DOA cases and also evaluate plant stunning systems to ensure bird welfare and quality is protected in the last 24 hours of the production cycle.

At the end of 2014, we saw the first documented cases of White Chick Syndrome in Alberta, which is a prevalent but poorly understood syndrome affecting hatchability and chick quality. The chicken astrovirus associated with this syndrome has been isolated and is being typed in coordination with the diagnostic group in Guelph and a research group in Ireland.

At the company level, we are continuing to grow our Lab and Professional Team to enhance diagnostic and consulting capabilities for our clients. With two new Technical Staff joining our Lab Team and Dr. Noel Ritson Bennett joining the Veterinary Team we are building more expertise and support for the industry.

The Institute for Applied Poultry Technologies (IAPT) continued to build capabilities and projects moving into vaccine development and production in the coming year. The IAPT in a not-for-profit diagnostic and research organization focused on application and commercialization of technologies for the commercial poultry industries. The goal of the autogenous vaccine development and production programs will be to respond quickly to emerging and regional issues. Killed commercial vaccines and autogenous killed vaccines can be very useful tools in managing Salmonella challenges which are always evolving and changing.

From the farm level to Ottawa we are working hard to understand and address the needs of poultry producers so as we look back on 2014 and forward to 2015 we are proud to work with the Alberta Chicken Producers and the Canadian chicken industry in a number of capacities. We look forward to a productive, profitable and healthy year in 2015 for the birds and people served by our industry. On behalf of our Team, I would like to thank you for these opportunities to contribute and your ongoing support.

Alberta Farm Animal Care

*Submitted by Angela Greter,
AFAC Acting Executive Director*

Alberta Farm Animal Care (AFAC) is an organization, formed in 1993 by the Alberta livestock industry, with a long and rich history of helping farmers and connecting with consumers. Membership in AFAC demonstrates an ongoing commitment to continuous improvement in animal care and welfare within Alberta's livestock industry.

The following are key activities AFAC has been working on to serve the Alberta livestock and poultry industry in 2014:

- Consumer research on animal care and welfare
- Leadership in communication
- Developing a cohesive and sustainable AFAC
- ALERT Line
- Focused engagement with students and youth
- What are we doing for you?
- Facilitating Discussion and Training
- Annual Livestock Care Conference

Congratulations are extended to Trevor Prout who received the AFAC Award of Distinction in Industry Leadership. In addition to coaching producers in Alberta Chicken Producers Animal Care and On-Farm Food Safety Assurance Program (OFFSAP), Trevor's commitment to enhancing awareness among producers and industry stakeholders, in terms of new issues and opportunities facing our industry, was a testament to his leadership and passion for the chicken industry.



Agri-Environmental Partnership of Alberta

Submitted by Janet Dietrich and Martin Van Diemen

This past year has been a busy one for the Agri-Environmental Partnership of Alberta (AEPA) and its partner organizations.

The AEPA continued their work on key priorities under the 2012-2015 Strategic Plan, which include engaging in Agri-Environmental Policy development processes, providing policy input, and building understanding of relevant policy issues.

In 2014, Agri-Environmental Policy issues of significance were land use and water.

Staff and partner organizations participated in various consultations processes related to these topics including the new Alberta Wetland Policy and the Land use Framework, particularly related to development of the North Saskatchewan Regional Plan (NSRP) and implementation of the Lower Athabasca Regional Plan (LARP).

Specific to the NSRP, the AEPA provided consensus feedback to the Terms of Reference for Developing the NSRP, and were successful in nominating a candidate as an agriculture-related Regional Advisory Council member for the region (Tim Hofstra).

An emerging issue this past year was Social Licence to Operate (SLO). Agri-Environmental issues play a part in this topic, and the AEPA heard presentations to help increase understanding of this broad issue. To further build understanding with partner organizations on SLO, the AEPA and ARD are hosting a 'Social Licence in Agriculture Conference' on March 11 & 12, 2015 in Leduc to help inform primary producers and commodity organizations.

In 2014, the AEPA also developed and approved the 2015-2018 Strategic Plan, effective April 1, 2015. The new Industry Co-chair will also assume their role effective this date. Martin Van Diemen will be replacing outgoing Co-chair Jack Swainson. Thank you to Jack for his commitment to the AEPA.

The involvement and participation of the various agriculture commodity groups has been critical to the continued work of AEPA. The four feather groups, including the Alberta Chicken Producers, have been actively involved at the Board, advisory team, and operational committee level.

For more information on AEPA, visit our website: www.agpartners.ca

Intensive Livestock Working Group

Submitted by Ron Axelson, ILWG Executive Director

The Intensive Livestock Working Group (ILWG) is a strategic alliance of eight of Alberta's mainstream livestock and poultry organizations with a mandate to collaborate on overarching issues to maximize the industry's influence on Policy development and get the most value out of scarce resources.

Current Activities/Projects

Sub Basin "Phosphorus" Pilot Project – This project is a long-term, research initiative between Alberta Agriculture (ARD) and the ILWG to develop and test a tool that can both assess risk and recommend practice change that will reduce the potential of manure applied to any land base from migrating to and impacting on the quality of nearby water bodies. The project is being piloted with producers in Acme and Tindastoll Creek sub watersheds.

Bow River Phosphorus Management Plan – The ILWG is working with Environment & Sustainable Resource Development (ESRD) and other stakeholders on this project with a goal to identify strategies and actions to improve water quality by reducing phosphorus loading into the Bow River. These strategies will subsequently be incorporated into all water quality management frameworks and is to be adopted in all seven regional plans across Alberta. Implementation strategies include a number of actions that have been assigned the responsibility of the livestock/poultry industry

to implement over the next several years. The two strategies are:

- Facilitate the adoption of livestock manure BMP's to reduce build up and runoff loss potential; and
- Maintain and improve riparian area function.

Farm Assessment and Taxation

The Government of Alberta (GOA) is comprehensively reviewing the Municipal Government Act and two potential recommendations have been identified in the review with potential to impact livestock/poultry operations:

- Assess farm buildings used for intensive livestock operations at their agricultural use value in rural and urban areas; and
- Assess all farm buildings at their agricultural use value in rural and urban areas.

The ILWG has stated that "the livestock and poultry industry will oppose any change away from the status quo on these two proposals until more detail is provided on assessment and taxation processes that will accurately model economic impacts of any proposed policy change." Consultation sessions with the GOA have been initiated and will continue through the first half of 2015.

Farm Safety

Farm Safety has quickly become a priority issue for the agricultural industry as other interests put increasing pressure on the Government to take affirmative action. The ILWG, in collaboration with various commodity organizations and Government departments, are investigating various Policy change options that could address stakeholder concerns without imposing the burdens associated with legislative or regulatory solutions.

Social License

The ILWG experience dealing with other overarching issues that suggests a collaboration would facilitate all of the ILWG member organizations addressing social license in a faster more efficient manner. The issues of environment, food safety, animal care, farm safety, antimicrobials, responding to activists, and emerging issues present an opportunity to be addressed in this overarching manner. Such a collaboration may also lend itself to addressing the public awareness piece of this complex puzzle and it does make sense to continue discussing the issue of social license through the ILWG forum with the intent that Policy and delivery be the sole responsibility of member organizations, as is currently the case.



Policy Advisory Group

Alberta Chicken Producers is a member of the Policy Advisory Group (PAG), a multi-stakeholder advisory body to the Natural Resources Conservation Board (NRCB) and Alberta Agriculture and Rural Development (ARD). Erna Ference and David Hyink have represented Alberta's poultry sector on the Committee since 2012 and 2009. The Policy Advisory Group, was established in 2006 to support delivery of the Agricultural Operation Practices Act (AOPA) and provide advice on appropriate Legislative and Regulatory changes. To date, PAG has largely focused on providing advice to the Natural Resources Conservation Board on Operational Policy and Programs to help ensure consistent and transparent delivery of the Act.

In 2014, the Policy Advisory Group met in Edmonton on January 28-29 and in Calgary on October 23. The January meeting was held in conjunction with an accountability session with the Ministers and Deputy Ministers of Alberta Agriculture and Rural Development (ARD) and Alberta Environment and Sustainable Resource Development (ESRD).

Accountability sessions are scheduled approximately every three years to allow stakeholders to meet directly with the Ministers and Deputy Ministers, to discuss issues relevant to Regulation of Confined Feeding Operations.

Alberta Chicken Producers represented the poultry sector at the session and provided a written submission. The full report from the January 2014 accountability session is available on the NRCB website at www.nrcb.ca (About Us/What We Do/Governance).

PAG met for the afternoon of January 28 and a full day on January 29. It addressed public notice provisions for occasions when the NRCB is required to determine

an operation's grandfathered status; construction completion deadlines, and how the NRCB should respond to requests for extensions and situations where no construction has been completed by the deadline; municipal concerns with the siting of short term solid manure storages; the draft NRCB Policy for Amending Municipal Permits; and a draft Policy for Public Notice if a Facility has been Abandoned and the NRCB is considering cancelling the Permit.

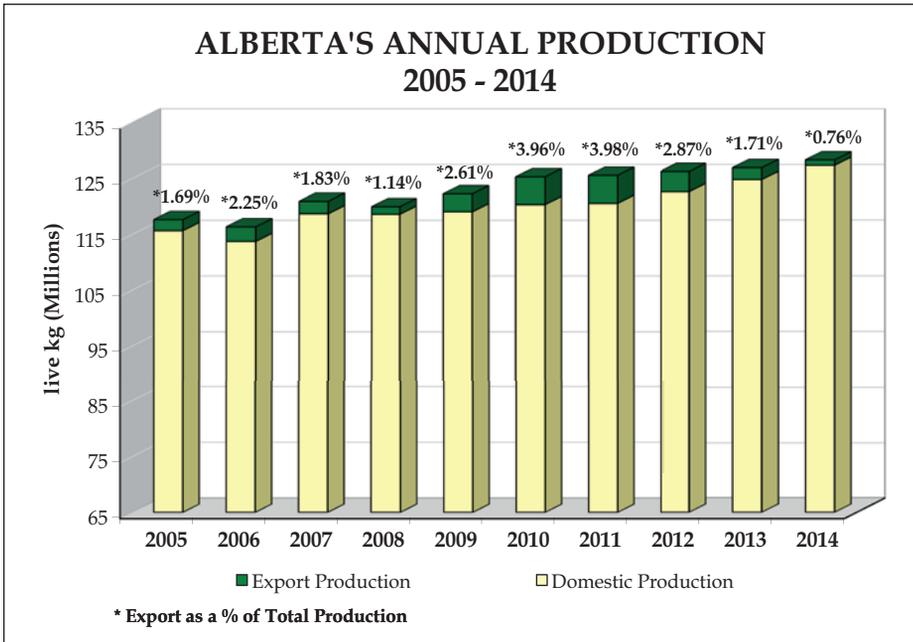
Members were also briefed on new application forms and decision documents being developed by the NRCB, and its plans to web-post applications; a joint initiative of ARD and the NRCB on seasonal feeding and bedding site indicators; an ARD study on the effects of manure on groundwater; NRCB co-regulation of Lethbridge Biogas with ESRD; and the NRCB's new data management system for building a data base on surface water conditions at confined feeding operations.

The October 23 meeting addressed a draft Policy on Approval Officer Amendments and Minor Amendments; Seasonal Feeding and Bedding Site Determinations; Waivers; and Manure Application on Frozen and Snow Covered Ground. Members were updated on the status of several initiatives, including the development of technical guidelines and web posting applications.

Topics that will be carried forward in 2015 include updates to the 2008 approval Policy, a non-revocable clause for Waivers, Minimum Distance Separation issues, and issues related to Manure Application on Frozen and Snow Covered Ground.

Operational Policies that have been developed through consultation with the Policy Advisory Group and that are now in effect are available on the Natural Resources Conservation Board website: at www.nrcb.ca.

Market Reports

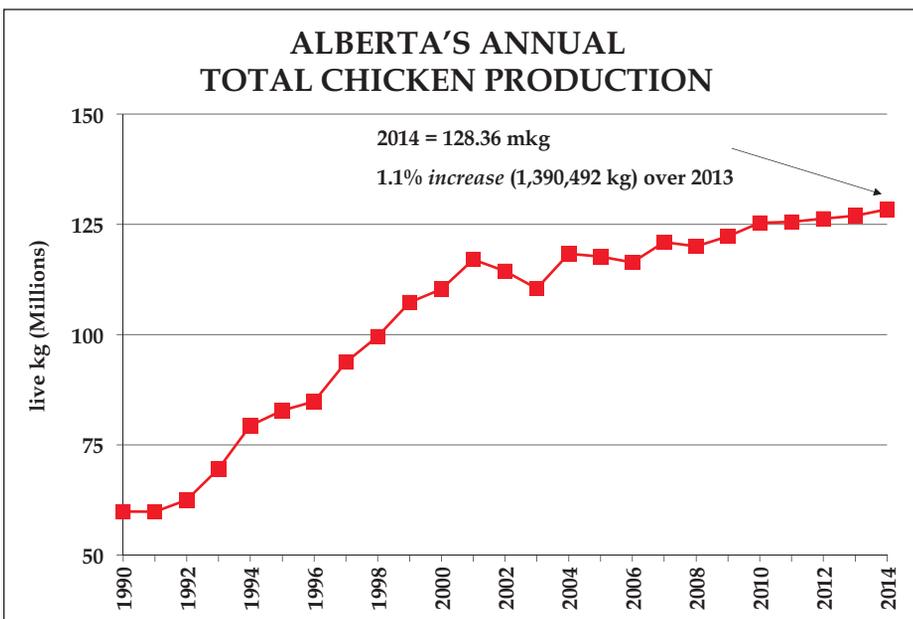


Alberta's Domestic Production in 2014 is estimated to be 127.4 million live kg, an increase of 2.58 million live kg or 2.07% over 2013. Canada's 2014 domestic production is estimated to be 1.38 billion live kg, an increase of 19.16 million live kg, or 1.41% over 2013.

Alberta's Market Development in 2014 is 977,232 live kg; a decrease of 1.19 million live kg or 55% below 2013.

Alberta's Market Development represents 0.76% of Alberta's total production in 2014 versus 1.71% in 2013.

Comparatively, Canada's Market Development represents 4.31% of Canada's total production in 2014 versus 4.14% in 2013.



Alberta's Total Chicken Production in 2014 is estimated to be 128.4 million live kg, an increase of 1,390,492 live kg (1.1%) over 2013, and 1.47% over the 5 year average (2010-2014). This modest growth in 2014 was driven by the gains in domestic production as the use of the Market Development Program continues to decline. The strong domestic demand for chicken has attributed to the declines in Market Development production which hit its peak in 2011.

Canada's Total Chicken Production in 2014 is estimated to be 1.44 billion live kg, an increase of 1.7% over 2013, and 2.8% over the 5 year average (2010-2014).

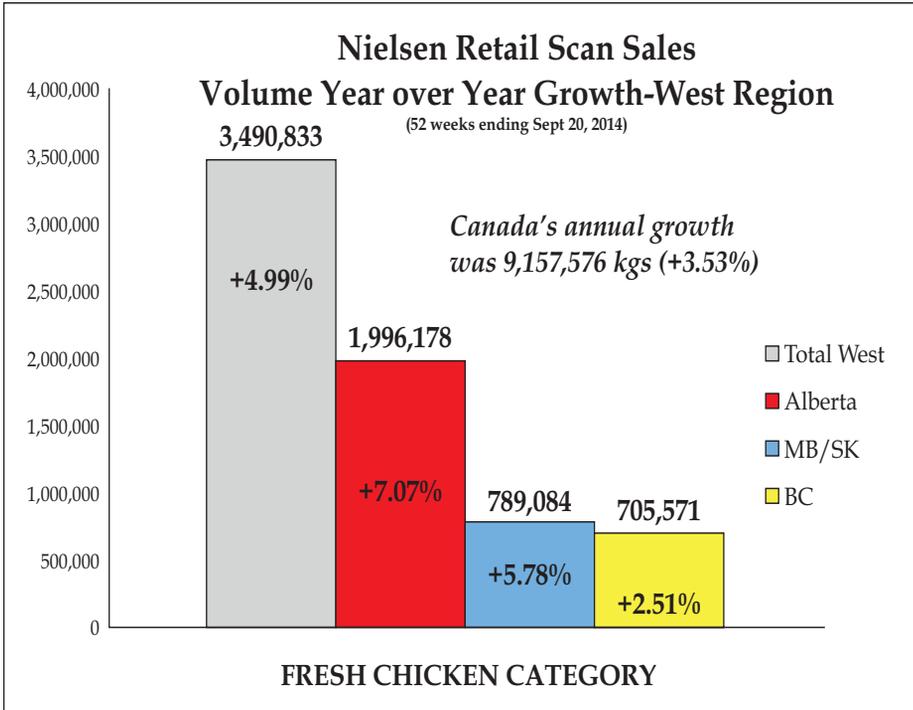
Market Reports *continued*

Alberta's Quota Utilization (2013-2014)							
Period	Dates		Utilization Performance			AB Compared to Canada	AB Compared to Western Canada
			Alberta	Western Canada	Canada		
A115	12/30/12	02/23/13	102.0%	102.9%	101.9%	0.1%	-0.9%
A116	02/24/13	04/20/13	98.9%	100.7%	100.8%	-1.9%	-1.8%
A117	04/21/13	06/15/13	98.9%	100.8%	99.8%	-0.9%	-1.9%
A118	06/16/13	08-10-13	98.0%	98.7%	98.5%	-0.5%	-0.7%
A119	08-11-03	10-05-13	100.1%	99.0%	99.7%	0.4%	1.1%
A120	10-06-13	11-30-13	101.0%	102.0%	101.4%	-0.4%	-1.0%
A121	12-01-13	01-25-14	100.9%	101.4%	100.7%	0.2%	-0.5%
A122	01/26/14	03/22/14	98.6%	100.8%	100.2%	-1.6%	-2.2%
A123	03/23/14	05/17/14	98.3%	100.0%	100.3%	-2.0%	-1.7%
A124	05-18-14	07-12-14	98.5%	99.5%	99.7%	-1.2%	-1.0%
A125	07-13-14	09-06-14	96.3%	96.4%	98.2%	-1.9%	-0.1%
A126	09-07-14	10-01-14	101.9%	100.1%	100.1%	1.8%	1.8%
2 YEAR AVERAGE			99.5%	100.2%	100.1%	-0.7%	-0.7%

The table above compares Alberta's Utilization Performance to Western Canada and Canada.

In 2014, Alberta's Utilization Performance declined by 0.7% in 2014 (99.1%) compared to 2013 (99.8%). In 2014, Alberta's performance was driven by under-production in Period A-122 to A-125 or February to August. Under-production typically is isolated to the summer months due to heat and humidity; however, egg shortages and chick quality issues led to under-production beyond the summer months this year.

Over the past 2 years, Western Canada has performed slightly ahead of the National average, achieving 100.2% utilization vs. 100.1% respectively. Alberta's 2-year Utilization average was 99.5% during this timeframe.

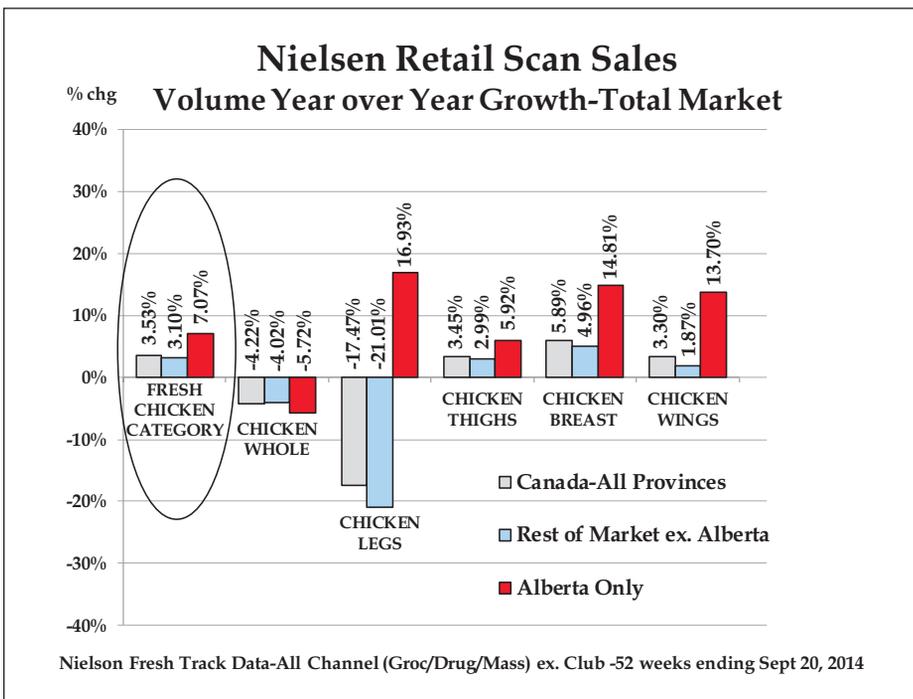


Nielsen data is used extensively in Canada by retailers, food manufacturers and processors to measure consumer spending and demand for products in the Canadian grocery industry.

Nielsen data shows growth in the fresh chicken category of 3.53% in volume or by 9.16 million kilograms in Canada for 52 weeks ending September 20, 2014.

Western Canada represented 38% or 3.49 million kilograms of the total volume growth in Canada.

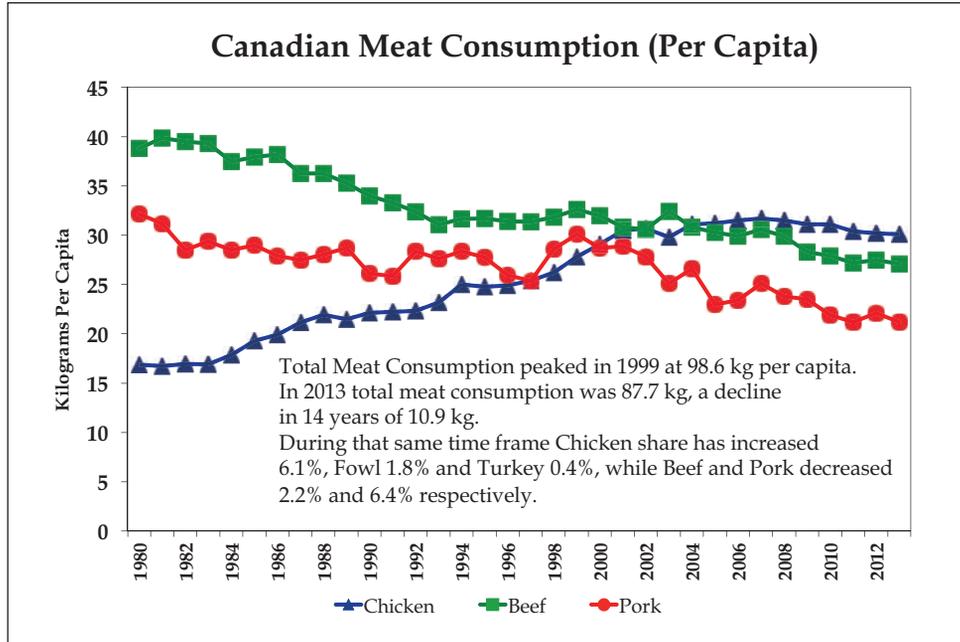
The fresh chicken category in Alberta continues to have the largest year-over-year volume growth in Canada's retail sector. Alberta's year-over-year volume growth is 7.07%, more than 3.5% over the National growth rate. In terms of kilograms, Alberta contributed over half (57.18%) of the gains in the West and a 21.8% share of the total incremental gains in Canada.



Retail scan data, as provided by Nielsen Fresh Track, shows Alberta's volume growth in sales of fresh chicken at 7.07%, while the rest of the market in Canada grew 3.10%. Total Canada's year-over-year volume growth is 3.53%.

This chart illustrates the increased demand in dark meat cuts with thighs and legs in Alberta increasing 5.92% and 16.93% respectively. The demand for white meat is equally impressive in Alberta. Alberta's volume of breast meat growth is pacing at 14.81%, while this cut in the rest of the market grew by 4.96%.

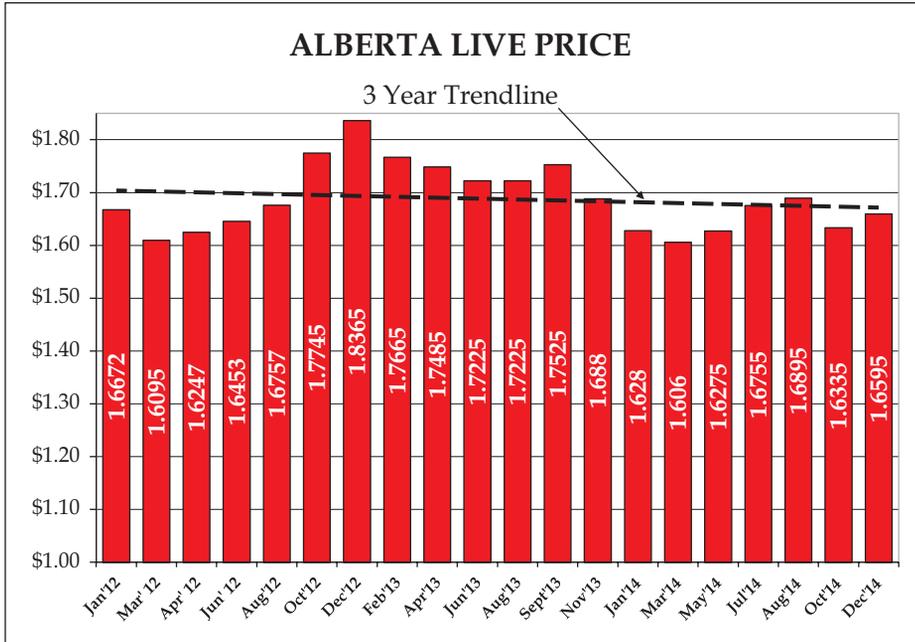
Market Reports *continued*



As of 2013, per capita consumption of chicken in Canada was 30.1 kg. Chicken remains the number one consumed protein in Canada, followed by beef at 27.1 kg and pork at 21.2 kg per capita consumption in 2013.

While per capita chicken consumption has declined since its peak in 2007, this trend has been seen across other meat sectors since 1999. Total meat consumption in 2013, which excludes fish, was 87.7 kg. This is a drop of 10.9 kg from the peak of 98.6 kg in 1999.

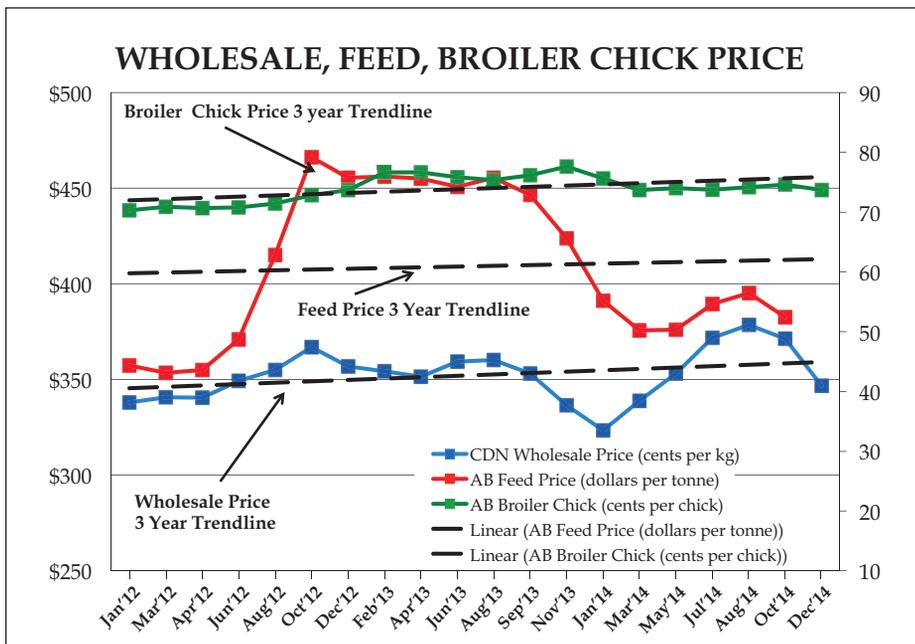
Chicken continues to see the highest per capita consumption of all the meats, since it surpassed beef in 2004. When looking at per capita consumption as a % share of total meats consumed, chicken maintains a 34.32% share, beef at 30.9% share and pork at 24.17% share in 2013. Chicken's share of total meat has continued to increase, gaining 2.13% in 10 years, while beef's share declined 0.98% and pork declined 3.36% in that same time period.



Alberta's Average Live Price for 2014 was \$1.6486/kg, a decrease of \$0.0698/kg from the 2013 average. Alberta was on par with the Canadian average increases in 2014. This year, lower feed and chick costs were the main drivers for Live Prices decreases across Canada.

In 2014, Alberta's Live Price was at its lowest in Period A-122 (Feb/Mar 2014) at \$1.6060/kg. The highest Live Price was during the summer Period A-125 (Jul/Aug 2014) at \$1.6895/kg. The difference between the high and low in 2014 was \$0.0835/kg.

Alberta has maintained a 3.35 cent differential over the Ontario Live Price to reflect catching costs paid by Alberta producers. Ontario's pricing formula accounts for cost increases in chick and feed each period and operational costs annually.



Canada's market composite wholesale price (simple average of five sub-composites that represent the various cuts of chicken) for 2014 was \$3.59/kg, an increase of \$0.09 kg from \$3.50/kg in 2013.

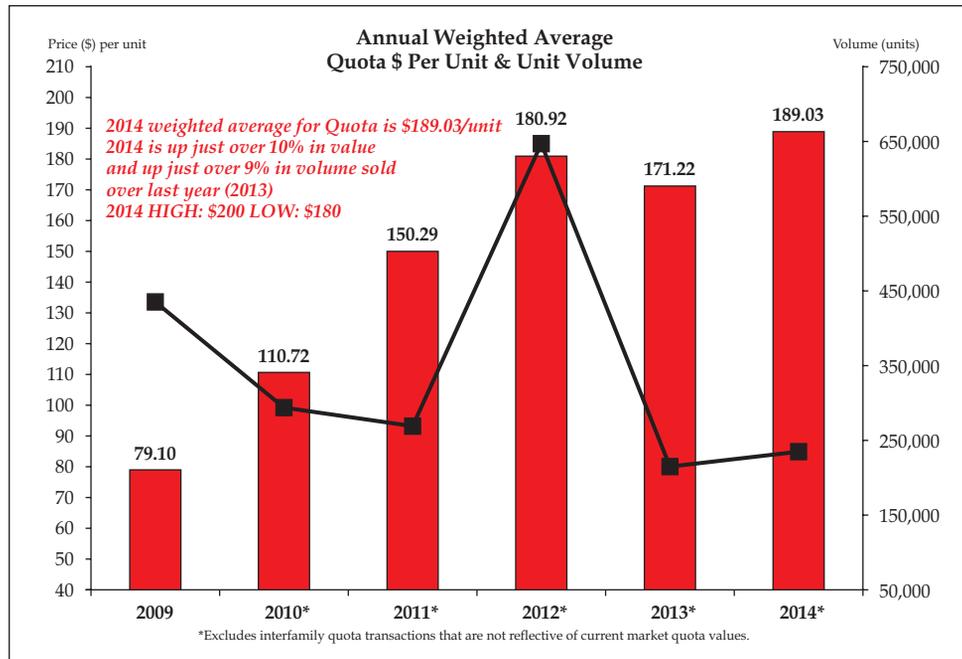
Feed prices dropped significantly in 2014 when compared to the record high feed prices seen in 2013. While feed prices remained fairly stable throughout 2014, the summer months saw feed prices increase before declining again in the fall.

Live Price declined as feed and broiler chick prices dropped.

Feed and chick represent just over 70% of the cost components in Live Price.

The market composite wholesale price increases were a result of the strong demand for chicken and tight North American supplies. Chicken price competitiveness to beef and pork increased in 2014 increasing demand and shifting volumes in favor of chicken.

Market Reports *continued*



Year		\$/Quota Unit	Volume of Sales	Number of Sales
2010	QTR 1	\$ 105.95	102,799	14
2010	QTR 2*	\$ 109.05	58,775	7
2010	QTR 3	\$ 110.91	47,034	4
2010	QTR 4	\$ 117.52	85,212	18
2011	QTR 1	\$ 128.39	49,577	8
2011	QTR 2*	\$ 133.95	25,967	10
2011	QTR 3	\$ 148.65	88,768	10
2011	QTR 4*	\$ 166.01	105,321	9
2012	QTR 1	\$ 182.70	243,551	12
2012	QTR 2	\$ 186.06	198,837	19
2012	QTR 3*	\$ 178.67	88,577	11
2012	QTR 4*	\$ 170.11	116,417	9
2013	QTR 1*	\$ 168.12	34,300	4
2013	QTR 2*	\$ 169.04	66,207	14
2013	QTR 3*	\$ 168.42	82,459	7
2013	QTR 4	\$ 186.13	32,292	7
2014	QTR 1	\$ 187.29	83,635	6
2014	QTR 2	\$ 189.08	62,609	13
2014	QTR 3	\$ 189.16	54,637	11
2014	QTR 4	\$ 192.84	34,477	9

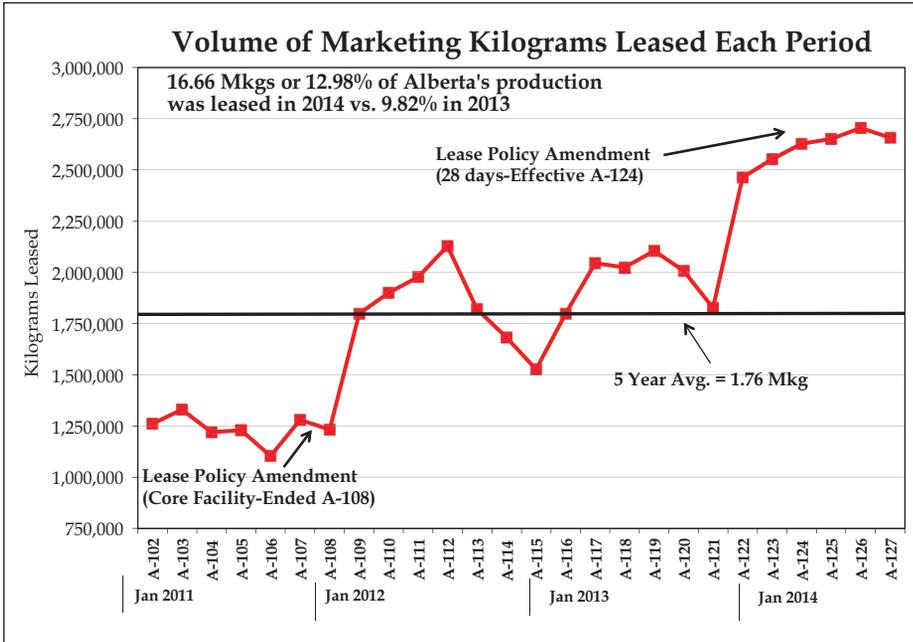
*Indicates interfamily quota transactions below market value prices were excluded from this quarter to better reflect true market conditions.

The volume of Quota Units sold in 2014, as of Dec 31, totaled 235,358, up 20,100 units or 9.34% from the volume sold in 2013.

Quota transactions as of Dec 31, 2014, totaled 39, up 7 transactions from 2013. One was sold "with" facilities and thirty eight "without" facilities.

Alberta's weighted average price of quota in 2014 was \$189.03 up \$17.81/unit or 10.4% from \$171.22 in 2013.

Alberta's 2014 highest quota price was \$200.00 and lowest was \$180.00.



A total of 16.66 million kg or 12.98% of Alberta's total production was leased in 2014. This represents an increase of 4.2 million kg or 33.66% over 2013. Main reasons for the increases in period leases in 2014 has been the Stocking Density requirements effective Period A-122 and the Lease Policy amendment to 28 days post placement, effective Period A-124.

A total of 1212 period leases were approved by the Board of Directors in 2014, an increase of 272 period leases, or 28.91%, over 2013.

Notes



ALBERTA CHICKEN PRODUCERS
Financial Statements
Year Ended November 30, 2014

ALBERTA CHICKEN PRODUCERS
Index to Financial Statements
Year Ended November 30, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Alberta Chicken Producers

We have audited the accompanying financial statements of Alberta Chicken Producers, which comprise the statement of financial position as at November 30, 2014 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Alberta Chicken Producers as at November 30, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

King + Company

Edmonton, AB
January 14, 2015

CHARTERED ACCOUNTANTS

ALBERTA CHICKEN PRODUCERS**Statement of Financial Position**

As at November 30, 2014

	2014	2013
ASSETS		
CURRENT		
Cash	\$ 314,152	\$ 244,763
Accounts receivable (Note 2)	115,826	111,316
Contributions receivable	-	16,356
Prepaid expenses	7,956	14,995
Current portion of mortgage receivable (Note 3)	6,914	6,614
	<u>444,848</u>	394,044
MORTGAGE RECEIVABLE (Note 3)	77,423	84,337
PORTFOLIO INVESTMENTS (Note 4)	1,724,220	1,553,953
PROPERTY AND EQUIPMENT (Note 5)	1,465,870	1,548,883
	<u>\$ 3,712,361</u>	<u>\$ 3,581,217</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	\$ 139,190	\$ 104,774
Current portion of obligations under capital lease	1,263	4,343
	<u>140,453</u>	109,117
DEFERRED CONTRIBUTIONS RELATED TO OPERATIONS (Note 7)	150,000	30,717
OBLIGATIONS UNDER CAPITAL LEASE	-	1,263
	<u>290,453</u>	141,097
LIQUIDATED DAMAGES RESOLUTION (Note 8)		
NET ASSETS		
Invested in property and equipment	1,464,607	1,543,277
Unrestricted	1,957,301	1,896,843
	<u>3,421,908</u>	3,440,120
	<u>\$ 3,712,361</u>	<u>\$ 3,581,217</u>

ON BEHALF OF THE BOARD

Director_____
Director

ALBERTA CHICKEN PRODUCERS
Statement of Revenues and Expenditures
Year Ended November 30, 2014

	Budget 2014	2014	2013
REVENUE			
Levies (<i>Note 9</i>)	\$ 1,494,800	\$ 1,423,982	\$ 1,458,649
Producer grower program	114,600	119,165	92,673
Administrative fees and other	91,600	98,590	78,604
Diagnostic services	74,800	84,052	64,050
Monetary penalties	100,000	76,136	131,653
On-Farm Food Safety charges	79,000	69,887	67,403
Investment income	34,100	52,348	69,698
Project grants (<i>Note 10</i>)	30,000	51,604	69,751
Rental	42,000	39,239	38,828
Bad debt recoveries	-	32,200	55,557
Summer meeting	49,000	31,870	-
Increase in fair value of portfolio investments	-	20,098	-
6000 Exemption	12,500	16,250	19,000
	2,122,400	2,115,421	2,145,866
EXPENSES			
Salaries and benefits (<i>Note 11</i>)	632,800	586,923	561,593
Diagnostic services	249,200	253,962	232,443
Producer grower program	183,400	189,648	160,501
Travel	223,000	180,040	180,755
Director fees (<i>Note 11</i>)	149,500	161,945	146,138
Office	180,300	124,700	118,849
Grants	120,000	115,251	108,516
Amortization of property and equipment	99,000	95,407	104,851
Advertising and promotion	87,000	84,443	170,955
On-Farm Food Safety charges	85,200	79,298	73,094
Summer meeting	100,000	64,417	-
Professional fees	27,000	61,314	66,765
Taxes and fees	46,300	44,294	42,583
Telephone and utilities	40,000	36,527	35,845
Repairs and maintenance	15,000	33,812	18,499
Equipment rentals	15,000	12,358	10,174
Insurance	8,000	7,101	6,401
Interest and bank charges	4,400	2,036	1,136
Interest on obligations under capital lease	-	157	324
Interest on bank loan	-	-	5,346
Decrease in fair value of portfolio investments	-	-	15,180
	2,265,100	2,133,633	2,059,948
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (142,700)	\$ (18,212)	\$ 85,918

ALBERTA CHICKEN PRODUCERS
Statement of Changes in Net Assets
Year Ended November 30, 2014

	Invested in Property and Equipment	Unrestricted	2014	2013
NET ASSETS - BEGINNING OF YEAR	\$ 1,543,277	\$ 1,896,843	\$ 3,440,120	\$ 3,354,202
Excess (deficiency) of revenue over expenses	(95,407)	77,195	(18,212)	85,918
Purchase of property and equipment	12,394	(12,394)	-	-
Repayment of capital lease obligation	4,343	(4,343)	-	-
NET ASSETS - END OF YEAR	\$ 1,464,607	\$ 1,957,301	\$ 3,421,908	\$ 3,440,120

ALBERTA CHICKEN PRODUCERS**Statement of Cash Flows****Year Ended November 30, 2014**

	2014	2013
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (18,212)	\$ 85,918
Items not affecting cash:		
Amortization of property and equipment	95,407	104,851
Realized (gain) loss on sale of investments	3,190	(326)
Unrealized change in fair value of portfolio investments	(20,098)	15,180
	<u>60,287</u>	<u>205,623</u>
Changes in non-cash working capital:		
Accounts receivable	(4,510)	3,640
Contributions receivable	16,356	(11,672)
Prepaid expenses	7,039	(9,995)
Accounts payable and accrued liabilities	34,417	(23,258)
Deferred contributions related to operations	119,283	23,303
	<u>172,585</u>	<u>(17,982)</u>
Cash flow from operating activities	<u>232,872</u>	<u>187,641</u>
FINANCING ACTIVITIES		
Repayment of bank loan	-	(280,994)
Principal repayment of capital lease obligation	(4,343)	(4,176)
Cash flow used by financing activities	<u>(4,343)</u>	<u>(285,170)</u>
INVESTING ACTIVITIES		
Proceeds from mortgage receivable	6,614	5,288
Purchase of property and equipment	(12,394)	(23,022)
Purchase of portfolio investments, net	(153,360)	225,969
Cash flow from (used by) investing activities	<u>(159,140)</u>	<u>208,235</u>
INCREASE IN CASH	69,389	110,706
CASH - BEGINNING OF YEAR	244,763	134,057
CASH - END OF YEAR	<u>\$ 314,152</u>	<u>\$ 244,763</u>

ALBERTA CHICKEN PRODUCERS

Notes to Financial Statements

Year Ended November 30, 2014

NATURE OF OPERATIONS

Alberta Chicken Producers (the "Board") was incorporated under the Marketing of Agricultural Products Act to control the production and marketing of chickens in the Province of Alberta. The Board is a not-for-profit organization and is exempt from income taxes. The Board charges levies, quota allocation fees and monetary penalties, as authorized under regulation, to fund its activities and to assist in enforcing regulations.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Revenue Recognition

The Board follows the deferral method of accounting for contributions. Restricted contributions are recognized in revenue in the year in which the related expenses are incurred. Unrestricted revenue and contributions are recognized in revenue when received or receivable.

Financial Instruments Policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, portfolio investments are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Cash

Cash is comprised of cash held with financial institutions.

Property and Equipment

Property and equipment are stated at cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives at the following rates and methods:

Condominium units	5%	declining balance method
Furniture and fixtures	20%	declining balance method
Computer equipment	30%	declining balance method
Computer software	30%	declining balance method
Equipment under capital lease	20%	declining balance method

The Board regularly reviews its property and equipment to eliminate obsolete items.

Pension Plan

The organization maintains a defined contribution pension plan under which amounts are contributed to employee's RRSP accounts. Expense for this plan is equal to the organization's required contribution for the year.

(continues)

ALBERTA CHICKEN PRODUCERS

Notes to Financial Statements

Year Ended November 30, 2014

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

2. ACCOUNTS RECEIVABLE

	<u>2014</u>	<u>2013</u>
Levies	\$ 84,938	\$ 68,173
Trade	30,888	75,343
Allowance for doubtful accounts	-	(32,200)
	<u>\$ 115,826</u>	<u>\$ 111,316</u>

3. MORTGAGE RECEIVABLE

	<u>2014</u>	<u>2013</u>
4%, monthly repayments of \$845, including interest, due November 1, 2019, secured by an office condominium	\$ 84,337	\$ 90,951
Current portion	(6,914)	(6,614)
	<u>\$ 77,423</u>	<u>\$ 84,337</u>

4. PORTFOLIO INVESTMENTS

	<u>2014</u>	<u>2013</u>
Guaranteed investment certificates	\$ 1,463,425	\$ 1,355,866
Mutual funds	251,639	153,820
Cash	9,156	5,099
Equities	-	39,168
	<u>\$ 1,724,220</u>	<u>\$ 1,553,953</u>

The organization's guaranteed investment certificates earn interest at rates ranging from 2.33% to 3.75% and have maturity dates ranging from June 25, 2015 to June 5, 2019.

ALBERTA CHICKEN PRODUCERS
Notes to Financial Statements
Year Ended November 30, 2014

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Condominium units	\$ 1,768,921	\$ 390,505	\$ 1,378,416	\$ 1,450,964
Furniture and fixtures	356,680	294,210	62,470	64,507
Computer equipment	160,052	142,147	17,905	24,379
Computer software	106,918	105,886	1,032	1,474
Equipment under capital lease	14,776	8,729	6,047	7,559
	<u>\$ 2,407,347</u>	<u>\$ 941,477</u>	<u>\$ 1,465,870</u>	<u>\$ 1,548,883</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
Trade	\$ 124,165	\$ 77,511
Government remittances	9,794	7,041
Vacation accrual	5,231	20,222
	<u>\$ 139,190</u>	<u>\$ 104,774</u>

7. DEFERRED CONTRIBUTIONS RELATED TO OPERATIONS

Deferred contributions represents restricted operating funding received that is related to subsequent periods. The following is a summary of the changes for the period ending November 30:

	2014	2013
Balance - beginning of year	\$ 30,717	\$ 7,414
Contributions received or receivable	482,353	93,054
Repaid	(11,466)	-
Recognized as project grant	(351,604)	(69,751)
Balance - end of year	<u>\$ 150,000</u>	<u>\$ 30,717</u>

8. LIQUIDATED DAMAGES RESOLUTION

Chicken Farmers of Canada ("CFC") and the Board have established levy and service fee arrangements to defray the administrative and marketing costs of the orderly marketing system for chicken in the Province of Alberta.

As a member of CFC, pursuant to the Liquidated Damages Resolution, the Board is required to post security in the amount of \$165,068 to secure the CFC's position should the marketing in Alberta exceed the allocation. At November 30, 2014, certain investments of the Board have been pledged as security.

ALBERTA CHICKEN PRODUCERS

Notes to Financial Statements

Year Ended November 30, 2014

9. LEVIES

	<u>2014</u>	<u>2013</u>
Levies charged	\$ 2,050,457	\$ 2,011,889
CFC portion	(626,475)	(553,240)
Net levies collected	<u>\$ 1,423,982</u>	<u>\$ 1,458,649</u>

10. PROJECT GRANTS

Project grants include contributions received of \$300,000 and expenses incurred of \$300,000 for the "Taste Alberta - Gastropost Pilot" project.

11. SALARIES, CONTRACT, BENEFITS AND PER DIEMS

	Salaries and Contract	Benefits	Per Diems	<u>2014</u>	<u>2013</u>
Salaries, contracts and benefits					
Office staff	\$ 511,992	\$ 74,931	\$ -	\$ 586,923	\$ 561,593
Director fees					
Erna Ference	-	2,061	42,170	44,231	49,056
David Hyink	-	1,667	33,495	35,162	29,398
Jason Born	-	1,244	25,830	27,074	18,486
Ite Verink	-	45	23,815	23,860	21,899
Dennis Steinwand	-	1,038	20,640	21,678	-
Martin Van Diemen	-	230	5,225	5,455	2,726
Rudy Froese	-	135	2,850	2,985	16,678
Jacob Middlekamp	-	-	-	-	6,995
Producer representatives	-	-	1,500	1,500	900
	-	6,420	155,525	161,945	146,138
	<u>\$ 511,992</u>	<u>\$ 81,351</u>	<u>\$ 155,525</u>	<u>\$ 748,868</u>	<u>\$ 707,731</u>

12. PENSION EXPENSE

Pension expense included in salaries and benefits is \$17,747 (2013 - \$17,200).

ALBERTA CHICKEN PRODUCERS

Notes to Financial Statements

Year Ended November 30, 2014

13. COMMITMENTS

Poultry Health Services Ltd.

The Board is a member of the Poultry Industry Organizations, which has committed a total of \$313,194 for 2015 to be paid to Poultry Health Services Ltd. for the provision of veterinarian services. The Board's portion of this commitment is \$197,312.

Grants to University of Alberta

The Board has committed funding to the Poultry Research Centre as follows:

2015	\$	95,730
2016		<u>97,650</u>
	\$	<u>193,380</u>

14. FINANCIAL INSTRUMENTS

The Board is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Board's risk exposure and concentration as of November 30, 2014.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Board's financial instruments that are exposed to credit risk are primarily cash and accounts receivable. The Board maintains its cash in a major financial institution. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

The Board's accounts receivable are exposed to credit risk as the majority of receivables are from entities that conduct their business within the same industry.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Board manages exposure through its normal operating and financing activities. The Board is exposed to interest rate risk primarily through its portfolio investments.

15. BUDGET

The budget is unaudited and was approved by the Board on October 10, 2013.

16. COMPARATIVE FIGURES

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

Alberta Chicken Industry's Shared Industry Vision:
By working together, Alberta's chicken industry will continue to grow, be profitable,
and satisfy consumers by providing safe, high quality chicken products.



Alberta Chicken Producers

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