



Canadian Hatching  
Egg Producers

# 2015

ANNUAL REPORT



**Canadian Hatching Egg Producers**

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## Canadian Hatching Egg Producers



In October 1983, the Canadian Broiler Hatching Egg Producers' Association (CBHEPA) submitted a proposal to the National Farm Products Marketing Council to establish a national marketing plan with full supply management powers as described in Section 23 of the *Farm Products Agencies Act*. After public hearings in 1984, the Council recommended that such an agency be formed and on December 22, 1986 the Canadian Broiler Hatching Egg Marketing Agency (CBHEMA) was proclaimed a national agency.

CBHEMA, now known as the Canadian Hatching Egg Producers (CHEP) was initially comprised of three member provinces: Ontario, Quebec and Manitoba. The Agency's membership has since expanded, adding Alberta in 1987, British Columbia in 1989 and Saskatchewan in 2012. CHEP represents approximately 230 broiler hatching egg producers from British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec.

### CHEP Mission Statement

*Continue to grow a profitable broiler hatching egg industry in Canada in order to ensure a strong, efficient and competitive industry and a dependable supply of quality broiler hatching eggs to the Canadian chicken industry.*



## Message from the Chair

Canadian Hatching Egg Producers



**H**ello fellow hatching egg producers. It is my hope that 2015 treated your farm and family well and 2016 will continue to provide a positive light to the hatching egg industry in Canada. At the national level, the Canadian Hatching Egg Producers' Board of Directors have been focused on realizing these hopes. Below are some of the areas we focused our energies on this year.

Avian influenza continued to have an impact on our industry with hatching egg farms being affected in British Columbia in December 2014 and then Ontario in the spring of 2015. A combination of provincial incident command teams' work and the support of the CFIA on the ground, and their commitment to compensate the losses under the *Health of Animals Act*, resulted in quick containment of the disease. Our attention to biosecurity must continue to be front and centre on our farms.

Conflict resolution took an abundance of our time over the last year. Two of our members had differing views on the aspects of allocation and all of its components. An agreement in principle was reached by the end of the year to put this conflict behind us. It is my expectation that a final agreement will be signed in early 2016, allowing us to focus our energies on other issues.

The development of an auditable animal care program for broiler hatching egg producers and continuous improvement on the quality of hatching eggs shipped to the hatcheries will continue as priorities. A lot of time and resources has been committed to animal welfare as we all understand that the treatment of our birds is a top priority. A national animal care program for the hatching egg sector will be in place in 2017.

In May 2015, the hatching egg industry successfully removed the preventive use of Category I antibiotics and have adapted to that change. Further discussions are ongoing related to antibiotic use and resistance. The hatching eggs sent to hatcheries will be under increased scrutiny, where egg cleanliness, shell quality and even flock age will be areas of focus. Relationships with our hatcheries remains paramount.

Chicken consumption in Canada has grown resulting in an increase in hatching egg requirements. The board will continue to ensure the demand is met, while all producers must deliver the eggs that are allocated to them – it is our responsibility.



Jack Greydanus  
Chair

## Message from the Chair

Trade agreements are always on our minds. The Trans-Pacific Partnership again demonstrated that supply management can work in tandem with trade-focused industries. This agreement also provides an element of stability for Canada.

I am very optimistic that 2016 will be an exciting year and am thankful to the board and staff for their tireless work. Please join me in thanking their tireless efforts.

Sincerely,



Jack Greydanus  
Chair



# Executive Director's Report

Canadian Hatching Egg Producers



The Canadian Hatching Egg Producers Board of Directors confronted issues in 2015 that will shape the broiler hatching egg industry in Canada for years to come.

After many years of meetings, discussions, analyses, proposals and reviews of the broiler hatching egg allocation system – including interprovincial movement, the Quota Lease Pool policy and the Liquidated Damages Agreement – without an agreed upon resolution, both the Ontario Broiler Hatching Egg & Chick Commission (in July) and the Syndicat des producteurs d'œufs d'incubation du Québec (in September) submitted complaints to the Farm Products Council of Canada (FPCC).

Accepting that a solution must be settled among the CHEP members, on October 26th and 27th, a meeting was held with producers and hatcheries from Ontario and Quebec, along with the CHEP Board of Directors, where an agreement in principle was agreed to among all parties. Details were still being finalized at the end of the year, with both parties agreeing to withdraw their complaints to the FPCC once a final agreement is signed.

In addition to the allocation system review, Alberta Hatching Egg Producers indicated that they require more broiler hatching eggs than what they are allocated in order to meet the additional chicken production in their province resulting from the differential growth agreement in the chicken sector (Ontario will also be impacted). Although a preliminary solution was provided, further discussion is required.

The twelve member countries of the Trans-Pacific Partnership (TPP) announced that a final agreement was reached in Atlanta on October 5th, 2015. The TPP is the largest multilateral trade agreement in history, spanning a zone that counts more than half a billion people and an economy worth more than \$10 trillion. As part of the agreement, Canada will provide additional market access for 13.6 million broiler hatching egg equivalents per year after the 19-year period the deal is implemented, representing a 1.87% share of the current domestic market. Further impacts will result when accounting for the additional access granted to the domestic chicken market.

At the time of the agreement, the previous Conservative government announced a compensation package to help offset some of the negative impacts to supply managed sectors caused by the additional market access. Canada's newly elected majority Liberal government is conducting a review and consultations prior to deciding on its support for both the TPP agreement and the compensation proposal.

The poultry industry in Canada continued its goal of eliminating the preventive use of Category I antibiotics on the farm and in the hatchery for commercial meat birds (chickens and turkeys), layers and breeders. Effective May 15, 2015, all parent breeder chicks and poults were also included as part of this initiative. Antibiotic use continues to be a priority topic in Canada and abroad, both in agriculture as well as in human medicine.



Giuseppe Caminiti  
Executive Director

## Executive Director's Report

Throughout the year, the National Farm Animal Care Council proceeded with a review of the Code of Practice for the Care and Handling of Hatching Eggs, Breeders, Chickens, and Turkeys and completed a public comment period on the draft Code before the end of the year. The final Code is expected to be published in the spring of 2016. CHEP continued to work towards the goal of developing an Animal Care Program based on the final codes.

CHEP successfully completed the requirements related to the technical review Part 2 of the Canadian Food Inspection Agency Food Safety Recognition Program in July 2015. Changes to the CHEQ™ program were also reviewed and approved, and will be included in audits starting January 1, 2016.

The highly pathogenic avian influenza (HPAI) H5N2 virus in British Columbia in December 2014 caused an approximate 10% reduction in the number of broiler hatching egg flocks in that province, resulting in the authorization of special supplemental imports to help ensure that the broiler hatching egg requirements were met. In April, Ontario was also impacted by the H5N2 avian influenza virus which impacted one broiler breeder operation, along with two turkey operations. As of October 8, 2015, Canada is considered HPAI-free as per OIE guidelines. The key message to producers is to remain vigilant with on-farm biosecurity practices.

CHEP continues its interaction with producers in both Nova Scotia and New Brunswick with the goal of achieving a unified broiler hatching egg industry across Canada in the future.

Sincerely,



Giuseppe Caminiti  
Executive Director







# Canadian Hatching Egg Producers

## Board of Directors



*From left to right: Jack Greydanus, Chair; Dean Penner, Manitoba; Gyslain Loyer, Second Vice-Chair, Québec; Calvin Breukelman, Vice-Chair, British Columbia; Christian Trotter, CHF; Dennis Wickersham, Alberta; Henk van Steenberg, Saskatchewan; Dick Ottens, Ontario; Giuseppe Caminiti, Executive Director.  
Absent: Ernie Silveri, CHF*

## Executive Committee



Jack Greydanus  
Chair



Calvin Breukelman  
Vice-Chair,  
British Columbia



Gyslain Loyer  
Second Vice-Chair,  
Québec



Giuseppe Caminiti  
Executive Director

# Canadian Hatching Egg Market Review

Canadian Hatching Egg Producers

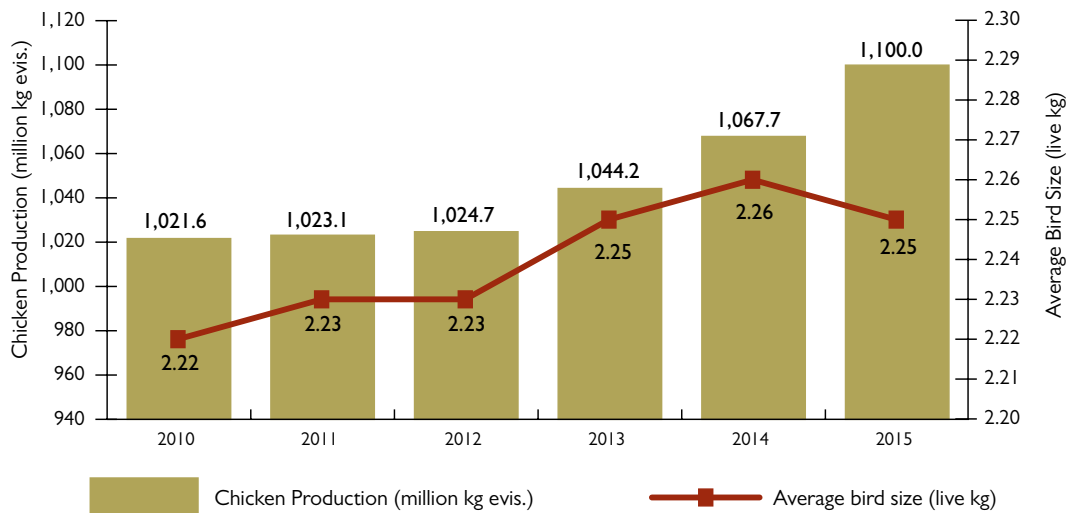


The Canadian broiler hatching egg industry entered 2015 in the midst of a high-path Avian Influenza (AI) outbreak that had stricken several poultry farms in B.C. and several U.S. states as of December 2014, with additional farms in Ontario later affected by the disease. In all, the AI outbreak led to the loss of nearly 100,000 broiler breeders in B.C. alone, setting back domestic hatching egg production in that province. The impacts of this AI outbreak on domestic hatching egg production were closely monitored throughout the year.

A steady and growing demand for chicken throughout the year, combined with escalating prices in the competing meat sectors, allowed for strong increases to the broiler hatching egg allocations needed to meet the needs of the chicken industry. By year's end, the chicken industry experienced an annual increase of 3.0% – a level last seen in 2007 – while domestic broiler hatching egg production grew by 2.5% over the previous year, the largest year-over-year growth recorded since 2005.

The initial 2015 broiler hatching egg allocations were established in March 2014 based on chicken production of 1,078 million kilograms, which represented growth of 1.0% above 2014 actual chicken production of 1,067.7 million kilograms. In July 2014, the 2015 chicken production projection increased to 1,092 million kilograms, and increased again in November 2014 to 1,097 million kilograms where it remained unchanged in March 2015. In response to improving market conditions in July 2015, the final 2015 broiler hatching egg allocations were based on chicken production of 1,102 million kilograms, which represents an increase of 3.2% above 2014. In the end, chicken production totaled 1,100.0 million kilograms in 2015, representing a 3.0% increase over the previous year, and 2.0 million kilograms below the July projection.

**Canadian Chicken Production and Average Bird Size (2010-2015)**



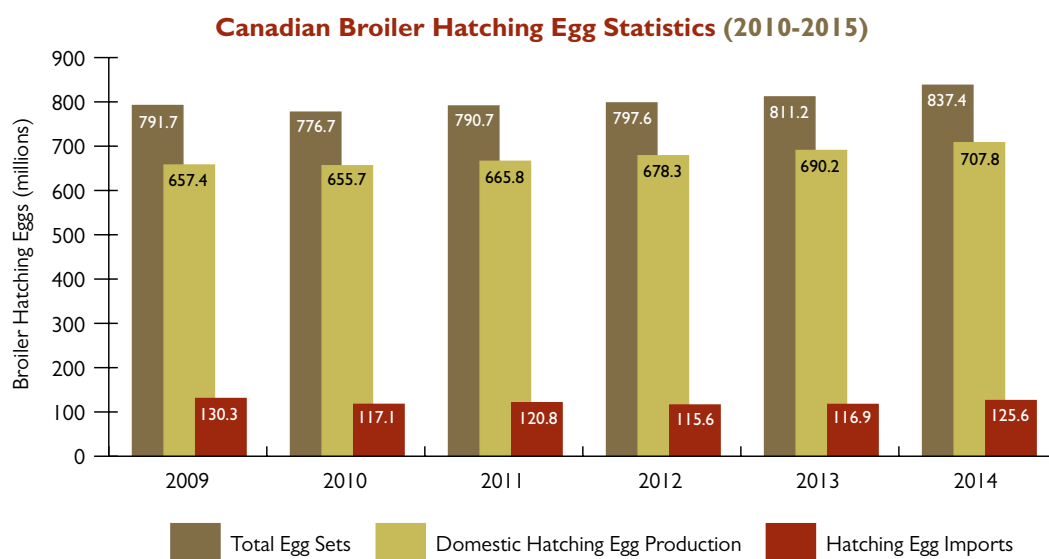
Sources: Chicken Farmers of Canada (chicken production); Canadian Hatching Egg Producers (average bird size)

## Canadian Hatching Egg Market Review

In 2015, Canadian hatcheries set a total of 837.4 million broiler hatching eggs, an increase of 26.2 million eggs (+3.2%) from 2014. Meanwhile, domestic broiler hatching egg production totaled 707.8 million eggs, an increase of 17.5 million eggs (+2.5%) over the previous year and equal to 100.8% of the final 2015 allocation despite the impact of the AI outbreak on broiler hatching egg producers in B.C. and Ontario.

Broiler hatching egg imports into Canada increased by 8.7 million eggs (+7.5%) compared to last year, while broiler chicks imported into Canada fell by more than 2.3 million chicks (-12.0%). As a result, 2015 combined imports (egg equivalent) increased by nearly 5.9 million egg equivalents (+4.2%) from 2014, while the total number of broiler hatching egg exports increased marginally to almost 0.2 million eggs. Included within these import figures are the 5.4 million broiler hatching eggs that entered into Canada as special supplemental imports due to the AI outbreak. An additional 0.1 million broiler hatching eggs were imported as supplemental imports during the final week of December.

Canadian domestic broiler hatching egg production in 2015 increased 2.5% compared to 2014, with improved production levels reported in the majority of provinces. Collectively, domestic production between the six member provinces reached 99.9% of the final 2015 allocations, up from 99.5% in 2014.



### Broiler Hatching Egg Production and Imports

Domestic broiler hatching egg production in Canada increased by 17.5 million eggs (+2.5%) in 2015. Provincially, British Columbia's domestic production fell by 0.4 million eggs (-0.4%) as a result of the AI outbreak while total imports increased by 4.8%, resulting in 1.9% more eggs set during the year. In Alberta, domestic production increased by 5.4 million eggs (+8.2%) with 4.9% more imports and

## Canadian Hatching Egg Market Review

7.3% more eggs set. Saskatchewan's production rose by more than 1.8 million eggs (+6.9%), while total imports fell by 8.1%, finishing the year with 1.1 million eggs (+3.1%) more eggs set. Manitoba experienced a decline in domestic production of more than 0.6 million eggs (-1.9%), while total imports increased 9.7%, resulting in 0.2 million (-0.5%) fewer eggs set. In Ontario, production grew by more than 3.1 million eggs (+1.5%), while total imports rose by 11.3%, resulting in 7.3 million more eggs set (+3.1%). Quebec's production grew by more than 8.7 million eggs (+4.6%), while total imports fell by 2.8%, resulting in 8.0 million more eggs (+3.4%) being set.

**Table 1 – Hatching Egg Production (000 hatching eggs)**

Year	BC	AB	SK	MB	ON	QC	NS	NB/PE/NL	Canada
<b>2015</b>	99,018	71,750	28,503	32,911	213,752	199,735	24,375	37,748	<b>707,791</b>
<b>2014</b>	99,421	66,306	26,654	33,548	210,634	191,024	24,681	37,970	<b>690,239</b>
<b>2013</b>	99,203	66,242	27,649	34,350	205,615	184,889	25,248	35,094	<b>678,290</b>
<b>2012</b>	98,541	64,720	29,358	32,364	197,641	180,026	25,355	37,767	<b>665,772</b>
<b>% Change</b>									
<b>15/14</b>	(0.4)	8.2	6.9	(1.9)	1.5	4.6	(1.2)	(0.6)	<b>2.5</b>
<b>14/13</b>	0.2	0.1	(3.6)	(2.3)	2.4	3.3	(2.2)	8.2	<b>1.8</b>
<b>13/12</b>	0.7	2.4	(5.8)	6.1	4.0	2.7	(0.4)	(7.1)	<b>1.9</b>

Sources: CHEP, AAFC

In 2015, the hatchability rate in Canada increased to 83.1%, up from 82.7% in 2014, with most provinces recording gains. The average live weight of broilers produced in Canada in 2015 was 2.25 kg live per bird, down marginally from the previous year, led by gains in Manitoba (+2.0%) and Alberta (+0.7%), while declines ranged from 0.4% in Quebec to 1.7% in Saskatchewan.

**Table 2 – Selected Market Factors**

	BC	AB	SK	MB	ON	QC	NS	NB/PE/NL	Canada
<b>Hatchability</b>									
2015 (%)	82.8	80.1	81.6	82.5	85.2	83.2	84.4	77.7	<b>83.1</b>
% change 15/14	0.2	0.1	0.8	0.4	1.3	(0.1)	2.3	(2.4)	<b>0.4</b>
<b>Total (Combined) Imports</b>									
(000 eggs equiv.)	31,070	15,360	8,456	8,534	36,609	42,140	2,016	2,335	<b>146,521</b>
% change 15/14	4.8	4.9	(8.1)	9.7	11.3	(2.8)	276.0	(10.6)	<b>4.2</b>
<b>Chicken Production</b>									
(000 kg evis.)	159,139	101,336	41,986	46,433	363,875	301,910	37,456	47,905	<b>1,100,040</b>
% change 15/14	(1.0)	7.4	1.9	4.1	4.7	2.4	2.7	(0.2)	<b>3.0</b>
<b>Avg. live weight of broilers</b>									
(kg live/bird)	2.15	2.25	2.09	2.01	2.33	2.30	2.25	2.23	<b>2.25</b>
% change 15/14	(1.3)	0.7	(1.7)	2.0	0.2	(0.4)	0.4	0.2	<b>(0.1)</b>

Sources: CHEP (Hatchability); AAFC (Imports); CFC (Chicken Production)

## Canadian Hatching Egg Market Review

### Farm Cash Receipts and Producer Prices

Total farm cash receipts for broiler hatching egg producers in 2015 grew by 1.5% to reach \$289.1 million, up from \$284.7 million in 2014. The average saleable chick price paid by hatcheries to producers throughout 2015 ranged from 47.77 cents in Ontario to 53.71 cents in Saskatchewan.

**Table 3 – Farm Cash Receipts and Producer Prices**

	Farm Cash Receipts		Hatching Egg Producer Prices	
	2015 \$ 000	% change 15/14	¢ per saleable chick (2015 average) <sup>1</sup>	% change 15/14
<b>British Columbia</b>	42,773	(1.0)	53.04	(1.1)
<b>Alberta</b>	31,344	7.7	53.66	(0.3)
<b>Saskatchewan</b>	12,461	5.9	53.71	(1.3)
<b>Manitoba</b>	14,202	(3.8)	53.04	(2.2)
<b>Ontario</b>	83,138	0.1	47.77	(1.7)
<b>Quebec</b>	80,268	3.6	49.37	(1.2)
<b>Nova Scotia</b>	9,784	(2.2)	–	–
<b>NB/PE/NL</b>	15,166	(1.5)	–	–
<b>CANADA</b>	<b>289,137</b>	<b>1.5</b>	<b>51.77</b>	<b>(1.3)</b>

Source: CHEP (Farm Cash Receipts); Provincial Commissions (Prices)

<sup>1</sup> The saleable chick price is paid by hatcheries to producers.

### Canadian Hatching Egg Industry Profile

**Table 4 – Hatching Egg Industry Profile for 2015**

	BC	AB	SK	MB	ON	QC	NS	NB/PE/NL	Canada
<b>No. of Broiler Hatching Egg Producers</b>	53	28	10	24	76	37	12	4	<b>244</b>
<b>No. of Hatcheries<sup>1</sup></b>	10	4	2	4	9	5	3	3	<b>40</b>
<b>Average Farm Size (million eggs)<sup>2</sup></b>	1.9	2.6	2.9	1.4	2.8	5.4	2.0	9.4	<b>2.9</b>

Sources: Provincial Boards, CHEP.

<sup>1</sup> Number of federally registered hatchery facilities that set broiler hatching eggs.

<sup>2</sup> Measured in terms of broiler hatching eggs per producer.



## Report of the Canadian Broiler Hatching Egg Producers' Association

This report will mark the end of my tenure as chair of the Canadian Broiler Hatching Egg Producer's Association (CBHEPA). I am incredibly proud of everything we have accomplished and am optimistic about the future of CBHEPA. It has been great working with and getting to know each one of you.

CBHEPA meets to provide our members with valuable input on issues related to the Canadian hatching egg industry including: allocation, market conditions, imports, as well our student programs. CBHEPA works closely with the Canadian Hatching Egg Producers (CHEP) and keeps them informed of our initiatives.

The student programs continue to be very positive for producers and their families. In 2015, CBHEPA provided a research grant to Aitor Arrazola, a student at the University of Guelph, to continue his work on "The effect of alternative diets for broiler breeders". He will present his research results at the CHEP Annual General Meeting in March.

This year's Young Farmers Program participants, Rachel Malda from Alberta; Mark Van Dieten and Paul Groen, both from Ontario, were given the opportunity to visit the Aviagen facilities in Alabama in September. Following the tour, the candidates submitted reports providing their perspective on this unique experience. On behalf of CBHEPA and the applicants, a big thank you goes out to Aviagen and their team for the generosity and hospitality provided.

The 2015 winner of the Producer of the Year award was Jack and Tracy Bosma of Bosma Chicken Farm Ltd. The award was presented at CHEP's July meeting in Vancouver, British Columbia.

The lack of any submission to the annual drawing contest was clearly evident this past holiday season, when our Christmas cards were missing that unique and creative touch of our talented artists who make up the CBHEPA family. The program will be re-introduced in 2016.

Sincerely,

Jeff Regier  
Chair



Jeff Regier, Chair, Saskatchewan

*Membership:*

Jeff Regier, Chair, Saskatchewan  
Robert Massé, Vice-Chair, Québec  
Joe Neels, British Columbia  
Gary Van Klei, Alberta  
Murray Klassen, Manitoba  
Cheryl Firby, Ontario



# Report of the Canadian Broiler Hatching Egg Producers' Association



Producer of the Year recipients  
Jack and Tracy Bosma  
of Bosma Chicken Farm Ltd.  
accepted the award from  
Jeff Regier, CBHEPA Chair



CBHEPA 2015  
Broiler Breeder  
Research Grant recipient –  
Aitor Arrazola



CBHEPA 2015  
Young Farmers  
Mark Van Dietsen,  
Paul Groen and  
Rachel Malda



# Report of the Production Management Committee

Canadian Hatching Egg Producers

## 2015 – Focused on reaching our goals

### Animal Care

The National Farm Animal Care Council (NFACC) continues to be the national lead for farm animal care and welfare in Canada. NFACC's Code development process provided guidance for the ongoing review and update of the draft Code of Practice for the Care and Handling of Hatching Eggs, Breeders, Chickens, and Turkeys. As a result of all Code committee members' participation, including CHEP, the draft Code was made available for public comment from October 5 through December 4, 2015. The Code committee will review the comments provided during the first quarter of 2016.

CHEP is committed to implementing high standards of animal care for broiler hatching egg producers. A balance of science and practicality is fundamental to the development of credible poultry Codes. The final poultry Code of Practice is expected to be released in June 2016 and will be the foundation for CHEP's Animal Care Program.



Dean Penner, Chair, Manitoba

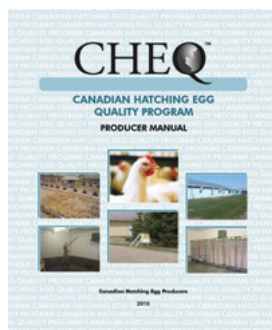
## CHEQ™

One of our most significant accomplishments in 2015 is completion of the CFIA Technical Review, Part 2 for the Canadian Hatching Egg Quality (CHEQ™) On-Farm Food Safety (OFFS) program. The CFIA-led management system technical review team reviewed the CHEQ™ management manual and associated documentation, and found that it adheres to *Government Requirements for a Management Manual of a National Food Safety Program*.

This is an important step in obtaining official recognition for CHEQ™ under CFIA's Food Safety Recognition Program (FSRP). Next steps include full implementation of the management manual, and third-party assessment to ensure the manual has been implemented in an effective and consistent manner.



CFIA presentation of the Letter of Completion, Part 2 to CHEP.  
Left to right: Tim Mellor, CFIA; Jennifer Miner, CFIA; Viki Sikur, CHEP; Mylène Rochon, CFIA; Iliyan Staykov, CFIA



The CHEQ™ producer manual was updated in 2015 in collaboration with producers and provincial boards, as a part of a regular review. These changes were approved by the CFIA, which ensures that the program remains technically sound. Biosecurity, egg handling and quality and antibiotic use protocols are the main focus of these most recent changes. CHEQ™ will continue to be reviewed and updated regularly as a part of continuous improvement.



## Report of the Production Management Committee

### **Category I Antibiotic Use Initiative**

CHEP, along with the rest of the Canadian poultry industry, is part of an industry-wide approach to demonstrate responsible antibiotic use in the poultry sector. As of May 15 2015, preventive use of Category I antibiotics was no longer allowed for use in parent breeder chicks or poults. This follows the move to prohibit preventive use of Category I antibiotics on broiler hatching egg farms, commercial meat birds (chicken and turkey), layers and hatcheries in 2014, as well as continued international focus by governments and by individual companies on antimicrobial resistance. Producers will need to continue to improve their on-farm management practices, and prove they are doing so as required by CHEQ™.

### **Animal Health and Welfare Resources**

CHEP continues to communicate opportunities to producers about resources related to animal health and welfare. In collaboration with the National Poultry Groups as well as extension services (e.g. Poultry Industry Council), CHEP is working to address the need for information on issues that impact producers such as transport, euthanasia, and responsible antibiotic use.

The Professional Animal Auditor Certification Organization (PAACO) Poultry Welfare Auditor Training course was held in September 2015 in Woodstock, Ontario reached their maximum capacity. The interest and demand to have qualified animal welfare auditors continues to grow.

### **Mitigating Risks**

Avian influenza (AI) events in 2015 posed a significant challenge to the Canadian poultry industry. The ability to minimize the spread of AI in Canada speaks volumes about the importance hatching egg producers have placed on prevention and preparation. Moreover, CHEP participated in the review of the CFIA National Avian On-Farm Biosecurity Standard and Producer Guide, and development of risk communication to producers and veterinarians on AI, facilitated by the Avian Biosecurity Advisory Council (ABAC). The return on investment of mitigating the impact of potential bird health and welfare issues far outweighs the cost of response and recovery. Emphasis on maintaining high biosecurity standards, support for surveillance efforts and funding relevant research will continue to empower the Canadian poultry industry.

### **Working with stakeholders**

CHEP continues participating in the development of the Canadian Hatchery Supply Flock Policy and Program (CHSFPP) and is also a member of the Merged *Salmonella* Enteritidis (SE) / Pathogen Reduction Initiative (PRI) Working Group, which was formed to work on implementation of the *National Strategy for the Control of Poultry-Related Human Salmonella Enteritidis (SE) Illness in Canada for the Canadian Poultry Industry*. It is expected that both initiatives may have significant implications for broiler hatching egg producers. Our goal is to uphold both food safety, and effective, practical on-farm good production practices.

Sincerely,



Dean Penner  
Chair

#### *Membership:*

Dean Penner, Chair, Manitoba  
Calvin Breukelman, British Columbia  
Dennis Wickersham, Alberta  
Henk van Steenberg, Saskatchewan  
Dick Ottens, Ontario  
Gyslain Loyer, Québec

# Report of the Advisory Committee

Canadian Hatching Egg Producers



The Canadian broiler hatching egg industry entered 2015 in the midst of a highly pathogenic avian influenza (AI) outbreak that had stricken several poultry farms in B.C. and several U.S. states as of December 2014, with additional farms in Ontario also later affected. The impacts of these AI outbreaks on hatching egg production would remain top of mind throughout what would prove to be a very strong year for the chicken industry in Canada.

In March, the Canadian economy continued to build momentum from the previous year, with annual GDP growth forecasts of 2.25% for 2015 and 2.50% for 2016. After chicken per capita consumption grew by 3.6% in 2014, domestic disappearance levels in January 2015 rose by 4.4% over the previous year, further evidence that chicken remained a top choice of consumers. Despite the AI outbreaks, the supply of hatching eggs and chicks for the Canadian market remained adequate.

Recognizing the outlook on competing meats and the early prospects for strong growth in chicken demand in 2015, a revised 2015 chicken production of 1,097 Mkg was recommended, representing a 2.8% increase over 2014 (1,067.2 Mkg). For 2016, with the expectation that the market remained positive for the medium term, an initial chicken production of 1,124 Mkg was recommended, which represented a 2.5% increase over 2015.

In July, the Canadian economy was displaying signs of strain due to the ongoing effects of low oil prices, a declining Canadian dollar and reduced GDP growth estimates for 2015 and 2016. A medium term growth target of 3.0% was agreed to by the broiler farmers, up from 2.5%. Meanwhile, the domestic disappearance in May was up 3.7%, while chicken per capita consumption increased nearly one kilogram per person over the previous year. Furthermore, the AI outbreak in the U.S. had no significant impact on the availability of broiler breeders or broiler production. For 2015, there were many positive factors supporting the strong growth in the chicken industry, resulting in a final 2015 chicken production recommendation of 1,102 Mkg, 3.2% above 2014 production (1,067.6 Mkg), and 5 Mkg higher than in March. For 2016, a revised chicken production of 1,135 Mkg was recommended, an increase of 3.0% above 2015, and up 11 Mkg from March. It was also agreed that annual chicken production growth in the range of 2% would be reasonable if current and future trends in the competing meat sectors continue to persist for 2017 and beyond.



Dean Penner, Chair, Manitoba

## Report of the Advisory Committee

In November, there was a weakening Canadian economy with GDP growth forecasts reduced to 1.0% for 2015 and 2.0% in 2016, continued low energy costs and inflation along with a further declining of the Canadian dollar. Competitive meat prices continued to play favourably to the chicken industry, however forecasts were predicting beef and pork products to be more competitive with chicken in 2016. Meanwhile, domestic chicken disappearance to the end of October was up 4.3%, while chicken per capita consumption growth remained steady at 3.3% over the previous year. For 2016, there were mixed economic signals on the horizon, however it was agreed that the relatively low and stable food prices, combined with strong consumer demand played favourably to the prospects of strong growth demand for chicken in the coming year. As such, a revised 2016 chicken production of 1,139 Mkg was recommended, which was 3.6% above the 2015 production (1,099.5 Mkg), and up 4 Mkg from July.

Sincerely,



Dean Penner  
Chair

*Membership:*

Dean Penner, Chair, Manitoba  
Jeff Regier, CBHEPA  
Christian Trottier, CPEPC  
Ernie Silveri, CHF  
Jan Rus, CFC  
Robert DeValk, FPPAC  
Mathieu Boucher, AAFC  
Guy Giroux, GAC



# Report of the Finance Committee

Canadian Hatching Egg Producers



Three meetings were held during the course of the year where the Canadian Hatching Egg Producers' (CHEP) financial situation and financial policies were reviewed. In 2015, revenues equalled \$2.10 million, while expenditures totalled \$2.24 million, which resulted in a deficit of \$0.14 million. Actual revenues were nearly \$0.04 million higher than the 2015 budget. Actual expenditures were considerably higher than the budget of \$2.19 million primarily due to the additional costs that were incurred in order to find a solution surrounding the allocation. The CHEP Directors' exceptional work in significantly reducing meeting and travel costs continued throughout the year.

The 2016 budget was presented and accepted in November which included projected revenues of \$2.18 million, expenditures of \$2.12 million, resulting in a surplus of \$0.06 million. 2016 budgeted revenues are projected to increase \$0.08 million compared to last year's actual, while expenditures are expected to decrease by \$0.12 million primarily due to the allocation issue coming to an agreement in principle. The CHEQ™ program continues to require ongoing resources, while substantial time and resources are focused on the development and implementation of an animal care program. Expenditures related to the office space operating costs are lower as there are no planned major building projects. The remaining expenditures are forecast to increase by inflationary amounts.

Welch LLP was re-appointed to perform the 2015 year-end audit during the 2015 Annual General Meeting.

Sincerely,

Henk van Steenbergen  
Chair



Henk van Steenbergen, Chair,  
Saskatchewan

*Membership:*

Henk van Steenbergen, Chair, Saskatchewan  
Dennis Wickersham, Alberta  
Dean Penner, Manitoba  
Dick Ottens, Ontario  
Christian Trottier, CHF

# Report of the Research Committee

Canadian Hatching Egg Producers



**R**esearch helps us understand whether our current practices are working, where we can improve, and may provide direction to innovative solutions. Each year, members provide research questions that are being asked by the broiler hatching egg industry in each region.

These following questions form the basis for CHEP's 2015 national research priorities.

(note: topics that are **bold** are high priority):

## **I. Food Safety**

- a. Alternatives to antimicrobials
- b. Egg washing / Egg sanitization
  - Mechanical sanitization
  - Effectiveness
    - e.g. H<sub>2</sub>O<sub>2</sub>, quaternary ammonia, ultraviolet light
  - What effect does proper sanitization have on chick quality?
  - Could it be a possible solution for periodic shortages in the industry?
  - Method: *Salmonella* control
  - Fumigation
- c. Egg size
  - The ability to be able to set eggs below 52 grams if required
  - What is the largest acceptable egg: 75 grams or larger?
  - Potential factors that contribute to large egg size at the end of lay

## **2. Control of Salmonella**

- a. Vaccination (methods and effectiveness)
- b. General control
- c. Sources of infection
- d. Possible barn differences, what type of construction, material, insulation, volume of air, angle to the sun (infrared radiation)
- e. What is transferred to the chick? How does egg incubation affect *Salmonella* cells?
- f. On-farm strategies to reduce and prevent *Salmonella* while birds are in production

## **3. Breeder Welfare**

- a. Stocking density
- b. Euthanasia methods for birds >3 kg, including low atmospheric pressure stunning (LAPS)
- c. Feed restriction programs
- d. Male mortality/longevity, including the influence of barn design, feed delivery systems or genetic influences



Cheryl Firby, Chair, Ontario

## Report of the Research Committee

4. Early mortality of breeder hens (calcium tetany)
5. Environmental Research
  - a. Ammonia control
  - b. Effects of improper temperature control on egg transfer vehicles, including egg sweating and links to rots after eggs leave the farm.
6. Poultry Health and Disease
  - a. White chick syndrome
7. Production-based Research
  - a. Ways to increase fertility

These priorities and questions are communicated to the research community with the goal of providing answers to producers. CHEP, as a founding member of the Canadian Poultry Research Council (CPRC), ensures the broiler hatching egg industry is engaged in national discussions on poultry research. The CPRC has been successful in maximizing contributions by leveraging the funds approximately four times through matching government and industry funds. The Poultry Science Cluster, administered by CPRC and supported by Agriculture and Agri-Food Canada (AAFC), includes seventeen projects examining poultry health, welfare, alternatives to antibiotics and environmental stewardship.

CHEP and CPRC are supporting a project at the University of Guelph on alternative feeding strategies for broiler breeders. In addition, CHEP supports research on a broiler breeder precision feeding system at the University of Alberta, as well as the effect of fasting on chick gut morphology and absorption, as it relates to chick transport at the University of Montreal.

Ideas are also exchanged surrounding the positive work that is occurring in each region, as well as information on current research, and activities taking place in each province that may benefit producers.

Work continues with the Canadian Federation of Agriculture (CFA) and other partners to determine ways to ensure a strong national framework for poultry research.

Sincerely,



Cheryl Firby  
Chair



*Membership:*

Cheryl Firby, Chair, Ontario  
Joe Neels, British Columbia  
Gary Van Klei, Alberta  
Jeff Regier, Saskatchewan  
Murray Klassen, Manitoba  
Robert Massé, Québec





## Canadian Hatching Egg Producers

### Alternates



*From left to right:*  
Jeff Regier, Saskatchewan;  
Murray Klassen, Manitoba;  
Glen Taschuk, CHF;  
Robert Massé, Québec;  
Gary Van Klei, Alberta;  
Joe Neels, British Columbia

*Absent:*  
Cheryl Firby, Ontario;  
Gord Hastie, CHF

### Provincial Managers



*From left to right:*  
Stephanie Nelson,  
British Columbia;  
Bob Smook, Alberta;  
Clinton Monchuk,  
Saskatchewan;  
Wayne Hiltz, Winnipeg;  
Bob Guy, Ontario;  
Pierre Belleau, Québec



## Canadian Hatching Egg Producers

### CHEP Staff



*From left to right:*  
Victoria Sikur,  
Food Safety Officer;  
Joy Edstron, Bookkeeper;  
Giuseppe Caminiti,  
Executive Director;  
Sophie Neveux, Animal  
Welfare Officer;  
Nicole Duval,  
Office Administrator;  
Tim Nikita, Economist

### WTO Representative



Charles Akande  
Canadian Dairy, Poultry  
and Egg Producers'  
Trade Representative  
Geneva, Switzerland





**FINANCIAL STATEMENTS**  
**For**  
**CANADIAN HATCHING EGG PRODUCERS**  
**For the year ended**  
**DECEMBER 31, 2015**



**CANADIAN HATCHING EGG PRODUCERS**  
**INDEX TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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## INDEPENDENT AUDITOR'S REPORT

To the Minister of Agriculture and Agri-Food, Government of Canada, the Farm Products Council of Canada and the members of Canadian Hatching Egg Producers

We have audited the accompanying financial statements of Canadian Hatching Egg Producers, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, 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 Canadian Hatching Egg Producers as at December 31, 2015, 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.

Chartered Professional Accountants  
Licensed Public Accountants

Ottawa, Ontario  
February 17, 2016.



**CANADIAN HATCHING EGG PRODUCERS**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 53,524	\$ 54,438
Short-term investments - note 4	877,813	1,125,000
Accounts receivable	464,309	337,225
Prepaid expenses	<u>30,195</u>	<u>31,503</u>
	<u>1,425,841</u>	<u>1,548,166</u>
<b>PROPERTY AND EQUIPMENT</b>		
Land and building - note 5	586,448	602,736
Other - note 6	<u>-</u>	<u>1,254</u>
	<u>586,448</u>	<u>603,990</u>
	<u>\$ 2,012,289</u>	<u>\$ 2,152,156</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 132,840	\$ 108,281
Government remittances payable	8,723	21,924
Current portion of long-term debt - note 5	<u>10,840</u>	<u>10,243</u>
	152,403	140,448
<b>LONG-TERM DEBT - note 5</b>	<u>288,120</u>	<u>298,960</u>
	<u>440,523</u>	<u>439,408</u>
<b>NET ASSETS</b>		
Internally restricted for severance contingency	163,192	148,396
Unrestricted	<u>1,408,574</u>	<u>1,564,352</u>
	<u>1,571,766</u>	<u>1,712,748</u>
	<u>\$ 2,012,289</u>	<u>\$ 2,152,156</u>

Approved on behalf of the Board:

Jack Greydanus, Chair

Calvin Breukelman, Vice-Chair

(See accompanying notes)

**Welch LLP<sup>®</sup>**

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**CANADIAN HATCHING EGG PRODUCERS**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2015**



Financial Statements December 31, 2015

	<u>2015</u>	<u>2014</u>
<b>REVENUES</b>		
Levies	\$ 2,091,073	\$ 1,891,657
Interest	<u>11,901</u>	<u>12,752</u>
	<u>2,102,974</u>	<u>1,904,409</u>
<b>EXPENSES</b>		
Amortization	17,542	19,066
Building occupancy	40,330	47,300
Directors' and participants' fees	488,315	379,024
Interest on long-term debt	11,300	11,854
Meetings	76,139	62,876
Membership fees	63,191	43,056
Office and administrative	191,329	132,664
Professional fees	270,379	172,969
Research	81,283	65,505
Salaries, benefits and travel	782,355	720,510
Trade	117,340	69,123
Translation and interpretation	<u>104,453</u>	<u>78,986</u>
	<u>2,243,956</u>	<u>1,802,933</u>
<b>NET REVENUE (EXPENSE)</b>	<u>\$ (140,982)</u>	<u>\$ 101,476</u>

(See accompanying notes)

**Welch LLP<sup>®</sup>**

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**CANADIAN HATCHING EGG PRODUCERS  
STATEMENT OF CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2015**

	2015			2014
	Internally restricted for severance contingency	Unrestricted	Total	Total
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 148,396	\$ 1,564,352	\$ 1,712,748	\$ 1,611,272
<b>NET REVENUE (EXPENSE)</b>	-	(140,982)	(140,982)	101,476
<b>INTERNALLY IMPOSED RESTRICTIONS - note 7</b>	<u>14,796</u>	<u>(14,796)</u>	<u>-</u>	<u>-</u>
<b>BALANCE, END OF YEAR</b>	<u>\$ 163,192</u>	<u>\$ 1,408,574</u>	<u>\$ 1,571,766</u>	<u>\$ 1,712,748</u>

(See accompanying notes)

**CANADIAN HATCHING EGG PRODUCERS**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2015**



Financial Statements December 31, 2015

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Net revenue (expense)	\$ (140,982)	\$ 101,476
Adjustment for amortization	<u>17,542</u>	<u>19,066</u>
	(123,440)	120,542
Changes in non-cash working capital components:		
Accounts receivable	(127,084)	8,338
Prepaid expenses	1,308	(14,247)
Accounts payable and accrued liabilities	24,559	(24,947)
Government remittances payable	<u>(13,201)</u>	<u>8,541</u>
	<u>(237,858)</u>	<u>98,227</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Purchase of investments	(877,813)	(1,125,000)
Maturity of investments	<u>1,125,000</u>	<u>1,005,000</u>
	<u>247,187</u>	<u>(120,000)</u>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		
Repayment on long-term debt	<u>(10,243)</u>	<u>(9,690)</u>
<b>DECREASE IN CASH</b>	(914)	(31,463)
<b>CASH AT BEGINNING OF YEAR</b>	<u>54,438</u>	<u>85,901</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 53,524</u>	<u>\$ 54,438</u>

(See accompanying notes)

**Welch LLP<sup>®</sup>**

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**CANADIAN HATCHING EGG PRODUCERS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**



**1. ORGANIZATION AND PURPOSE**

Canadian Hatching Egg Producers (the "Organization") is a statutory corporation created under the Farm Products Agencies Act.

The mission of the Organization is to continue to grow a profitable broiler hatching egg industry in Canada in order to ensure a strong, efficient and competitive industry and a dependable supply of quality broiler hatching eggs to the Canadian chicken industry.

The Organization is a non-profit organization within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

**2. SIGNIFICANT ACCOUNTING POLICIES**

***Basis of accounting***

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

***Revenue recognition***

The Organization receives levies based on the number of hatching eggs marketed in intra-provincial, inter-provincial and export trade. Levies are recorded as revenue in the period earned.

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other sources of revenue are recorded using the accrual basis of accounting.

***Financial instruments***

***Measurement of financial instruments***

Cash and short-term investments are measured at fair value at the financial statement date.

All other financial instruments are subsequently measured at amortized cost at the financial statement date.

***Transaction costs***

Transaction costs associated with the acquisition and disposal of investments are capitalized to the acquisition costs or reduce proceeds on disposal.

***Investment in co-owned property***

The Organization accounts for its investment in the co-owned property using proportionate consolidation. Under this method, the Organization's share of the assets, liabilities, revenues, expenses and cash flows of the co-owned property are reported in these financial statements.





**CANADIAN HATCHING EGG PRODUCERS**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2015**

2. **SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

***Property and equipment and related amortization***

Property and equipment are recorded at cost.

Property and equipment are amortized by the straight-line method over their estimated useful lives, as follows:

Building	40 years
Office furniture and equipment	5 years
Electronic equipment	3 years

***Use of estimates***

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

The estimated useful life of the Organization's property and equipment, the net realizable value of accounts receivable and the amount of accrued liabilities are the most significant items where estimates are used.

3. **FINANCIAL INSTRUMENTS**

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations at December 31, 2015.

The Organization does not use derivative financial instruments to manage its risks.

***Credit risk***

The Organization is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Organization's maximum exposure to credit risk represents the sum of the carrying value of its cash, short-term investments and its accounts receivable. The Organization's cash and short-term investments are deposited with a Canadian chartered bank and as a result management believes the risk of loss on these items to be remote. The Organization manages its credit risk by reviewing accounts receivable aging monthly and following up on outstanding amounts. Management believes that all accounts receivable at year-end will be collected and has not deemed it necessary to establish an allowance for doubtful accounts.

***Liquidity risk***

Liquidity risk is the risk that the Organization cannot meet a demand for cash or fund its obligations as they become due. The Organization meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flow from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.



**CANADIAN HATCHING EGG PRODUCERS**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2015**

3. **FINANCIAL INSTRUMENTS - Cont'd.**

*Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

The Organization's financial instruments are all denominated in Canadian dollars and the Organization transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

ii) *Interest rate risk*

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The Organization's exposure to interest rate risk arises from its short-term investments and long-term debt. The Organization's short-term investments include amounts on deposit with financial institutions that earn interest at market rates and its long-term debt bears interest at a fixed rate until 2017.

iii) *Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The Organization is not exposed to other price risk.

*Changes in risk*

There have been no changes in the Organization's risk exposures from the prior year.

4. **SHORT-TERM INVESTMENTS**

Short-term investments are as follows:

	<u>2015</u>	<u>2014</u>
Guaranteed investment certificates, bearing interest rates of 1.05 to 1.15% maturing at various dates in 2016.	<u>\$ 877,813</u>	<u>\$ 1,125,000</u>

Investments are managed by the board of directors in consultation with the Organization's financial advisors. The Organization limits its investments to those authorized investments under the Farm Products Agencies Act ("Act"). These limits restrict the Organization to only invest money in its possession or control that is not immediately required for the purposes of its operations. Furthermore, the Act requires the investments to be in securities of or guaranteed by the Government of Canada.

**CANADIAN HATCHING EGG PRODUCERS**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2015**



**5. PROPERTY AND EQUIPMENT - LAND AND BUILDING**

**Land and building**

The Organization holds an 8.02% interest, as co-owner with Egg Farmers of Canada, Dairy Farmers of Canada and Canadian Federation of Agriculture, in a property located at 21 Florence Street, Ottawa, Ontario, that houses the Organization's office.

The Organization's proportionate share of the cost and related accumulated amortization is as follows:

	2015		2014	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Land	\$ 54,135	\$ -	\$ 54,135	\$ -
Building	651,519	119,206	651,519	102,918
	705,654	\$ 119,206	705,654	\$ 102,918
Less accumulated amortization	119,206		102,918	
Net book value	\$ 586,448		\$ 602,736	

**Long-term debt**

The Organization is responsible for its pro-rata share of the long-term debt to the Bank of Montreal. The Organization's share of the principal balance owing at December 31, 2015 is as follows:

	2015	2014
Long-term debt - 5.68% interest rate, payable in blended monthly payments of \$2,296, due November 30, 2017	\$ 298,960	\$ 309,203
Less current portion	10,840	10,243
	\$ 288,120	\$ 298,960

The Organization's share of principal repayments required in future fiscal years is as follows:

2016	\$ 10,840
2017	288,120

The Organization and the other co-owners have jointly and severally entered into the loan agreement and therefore the Organization is contingently liable for that portion of the long-term debt attributable to the other co-owners in the event that they should default in their financial commitment. The balance of the long-term debt attributable to the other co-owners at December 31, 2015 is \$3,429,075.



**CANADIAN HATCHING EGG PRODUCERS**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2015**

**6. PROPERTY AND EQUIPMENT - OTHER**

Property and equipment - other consists of:

	2015		2014	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Office furniture and equipment	\$ 34,634	\$ 34,634	\$ 34,634	\$ 34,634
Electronic equipment	35,013	35,013	36,174	34,920
	69,647	\$ 69,647	70,808	\$ 69,554
Less accumulated amortization	69,647		69,554	
Net book value	\$ -		\$ 1,254	

**7. INTERNALLY IMPOSED RESTRICTIONS**

During the year, the Board of Directors internally restricted \$14,796 (2014 - \$14,602) for severance contingency.

**8. COST SHARING ARRANGEMENT**

The Organization shares office facilities and certain staff costs with Dairy Farmers of Canada, Egg Farmers of Canada and Canadian Federation of Agriculture. Each organization bears its proportionate share of the related costs.

**9. COMMITMENTS**

The Organization has an agreement to lease some of its operating equipment. The remaining lease expires November 24, 2016. The future minimum payments under the agreement is as follows:

2016	\$ 1,918
------	----------