



2013 Annual Report

**British Columbia
Turkey Association
and
British Columbia
Turkey Marketing Board**

**March 11, 2014
Newlands Golf & Country Club
Langley, B.C.**

**BRITISH COLUMBIA TURKEY ASSOCIATION
and the
BRITISH COLUMBIA TURKEY MARKETING BOARD
2013 ANNUAL GENERAL MEETING
MARCH 11, 2014**

AGENDA

1. Call to Order

Opening Remarks

Minutes of 2012 Annual Meeting Pages 1 - 4

Business Arising from above Minutes

2. British Columbia Turkey Marketing Board

- Board Chairman's Report Page 5
 - General Manager's Report Pages 6 - 8
 - TFC Director's Report Pages 9
 - TFC Presentation
 - Board Per Diems and Stipend
 - Financial Statements Pages 10 - 20
 - Elections
 - Auditor Renewal
 - Any Other Board Business
-

3. Speaker: Steven Redekop - RMSC

4. B.C. Turkey Association

- President's Report Page 21
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 - Association Per Diems
 - Financial Statements Pages 23 - 33
 - Budget Page 34
 - Elections
 - Auditor Renewal
 - Joint Four Feather AGM Proposal
 - Any Other Association Business
-

5. Speaker – Dr. Helen Wojcinski, Hybrid

Adjournment

Lunch

MINUTES OF THE B.C.TURKEY ASSOCIATION AND THE B.C.TURKEY MARKETING BOARD 2012 ANNUAL MEETING HELD AT NEWLANDS GOLF & COUNTRY CLUB, LANGLEY, BC ON MARCH 26, 2013

There were 55 people in attendance, 22 were registered growers.

The meeting was called to order at 9:35 am with the Association Vice President, James Krahn, welcoming representatives from banks, feed companies, processors, and guests as well as attending growers.

Mr. Krahn read a message of greetings and good wishes from the Honorable Norm Letnick, BC Minister of Agriculture.

The minutes of the Annual Meeting of the B.C. Turkey Association and the B.C. Turkey Marketing Board held March 27, 2012 were adopted as circulated on a motion by Steve Redekop (428787 BC Ltd.), and seconded by Jack Froese (JD Turkey Farm Ltd.). Carried.

BUSINESS ARISING FROM ABOVE MINUTES

None

BRITISH COLUMBIA TURKEY MARKETING BOARD

Board Chairman's Report

The Board Chairman's report was read by Ralph Payne. Following the reading of this report, Peter Malowney (Chartimar Farms) moved and Steve Redekop (428787 BC Ltd.) seconded a motion to accept this report. Carried

TFC Director's Report

The TFC Director's Report was read by Les Burm. Following the reading of this report, Dan Kampen (Double D Farms Ltd.) moved and Patrick Huestis (Coppertone Farms Ltd.) seconded a motion to accept this report as read. Carried.

General Manager's Report

The General Manager's Report was read by Michel Benoit. Following the reading of this report, Peter Malowney (Chartimar Farms) moved and Trevor Allen (SkyeHi Farms) seconded a motion to accept this report as read. Carried

TFC Presentation

At this time Mr. Burm introduced Mr. Mark Davies, TFC Chair.

Mr. Davies provided a handout covering:

- Supply & Disappearance of Turkey Meat
- Production Annual US and Canada
- Imports
- Domestic Disappearance
- Monthly Stocks

MINUTES OF THE B.C.TURKEY ASSOCIATION AND THE B.C.TURKEY MARKETING BOARD 2012 ANNUAL MEETING HELD AT NEWLANDS GOLF & COUNTRY CLUB, LANGLEY, BC ON MARCH 26, 2013

Public concerns with regards to Supply Management
International Trade
Closed markets due to stifling of development
High Prices of Food
Decline in number of Farms
Farmers making too much

Discussion followed. A copy of this presentation is attached to these minutes.

Following the TFC presentation Mr. Burm thanked Mr. Davies and Mr. Phil Boyd for the informative presentation and for taking the time to attend BC's meeting.

BTCMB Financial Statements

Mr. Vic Redekop presented the Auditor's Report, Balance Sheet and Statement of Revenue and Expenditures for the year ended December 31, 2012.

Following the presentation, Ron Heppell (Fir Ridge Holdings Inc.) moved and Trevor Allen (SkyeHi Farms) seconded a motion to adopt the Financial Statements as presented. Carried.

Budget

Mr. Vic Redekop presented the budget for the BC Turkey Marketing Board for the 2013 fiscal year.

BCTMB Elections

The Board Chair turned the election process over to the Returning Officer, Mr. Jack Wessel.

Board Member: Mr. Wessel advised that only one nomination had been received to fill the position of Board Member, that of Mr. Les Burm (Forestry Turkey Farm Ltd.) and therefore Mr. Burm was elected by acclamation to the position of Board Member for a three year term.

Any Other Board Business

None

RMSC PRESENTATION – STEVEN REDEKOP

Mr. Payne introduced Mr. Redekop who gave a presentation updating the producers with regards to the activities of the Risk Mitigation Steering Group.

MINUTES OF THE B.C.TURKEY ASSOCIATION AND THE B.C.TURKEY MARKETING BOARD 2012 ANNUAL MEETING HELD AT NEWLANDS GOLF & COUNTRY CLUB, LANGLEY, BC ON MARCH 26, 2013

Mr. Etsell reminded producers and industry of the significant financial impact Avian Influenza had on the BC poultry industry and provided an update on the potential creation of an insurance product designed to compensate growers who have been infected with AI and growers who cannot re-populate their farms as a result of AI.

Next Steps:

- Finalize insurance product costs and coverage;
- Determine the Board of Directors structure and composition;
- Prepare for an industry plebiscite on the creation of the insurance captive;

At this time Mr. Redekop answered questions from the membership following which Mr. Payne thanked him for his presentation.

B.C. TURKEY ASSOCIATION

President's Report

The B.C. Turkey Association President's report was read by Mr. James Krahn. Following the reading of this report, Les Burm (Forestry Turkey Farm Ltd.) moved and John Janzen (Midwest Farms Ltd.) seconded a motion to accept this report. Carried.

Reviewed Financial Statements

Mr. Steven Redekop presented the Auditor's Report, Statements of Financial Position, Operations, Changes in Net Assets, Cash Flows and the Notes to the Financial Statements to the year ended December 31, 2012. Following discussion, Mr. Jack Froese (JD Farms Ltd.) moved and Mr. Stan Thiessen (Rosstown Farms Ltd.) seconded a motion to accept the Financial Statements as presented. Carried

Budget

The B.C. Turkey Association budget for the 2013 fiscal year was presented by the Secretary-Treasurer, Mr. Steven Redekop.

On a motion by Patrick Huestis (Coppertone Farms Ltd.) seconded by Dan Kampen (Double D Farms Ltd.) the budget was accepted as presented. Carried.

Elections

The Association president turned the election process over to the Returning Officer, Mr. Jack Wessel.

MINUTES OF THE B.C.TURKEY ASSOCIATION AND THE B.C.TURKEY MARKETING BOARD 2012 ANNUAL MEETING HELD AT NEWLANDS GOLF & COUNTRY CLUB, LANGLEY, BC ON MARCH 26, 2013

Election of Association Directors

The Returning Officer advised that there were three positions vacant for directors of the B.C. Turkey Association for a two year term for three registered growers. The Nominating Committee presented nominations for Messrs. Trevor Allen, Steven Redekop and Stan Thiessen.

The Returning Officer then called for nominations from the floor. There being no further nominations, the Returning Officer declared Messrs. Trevor Allen, Steven Redekop and Stan Thiessen elected by acclamation to the BC Turkey Association Directorship for a term of two years.

Any Other Association Business

It was moved by Dan Kampen (Double D Farms Ltd.), seconded by Jack Froese (JD Farms Ltd.) that prior to the 2014 AGM, the per diems for both Board Members and Association Directors be reviewed and be made comparable with the other Feather Groups.

SPEAKER – ELLEN GODDARD – UNIVERSITY OF ALBERTA

Mr. James Krahn introduced Ms. Ellen Goddard as the days' guest speaker. Ms. Goddard provided a presentation on the Public's Perception of Agriculture and how Social Media can assist in spreading the right message about the British Columbia turkey industry.

Following discussion Mr. Krahn thanked Ms. Goddard for her presentation

ADJOURNMENT

There being no further business on a motion by Vic Redekop (North Bluff Farms Inc.), seconded by Les Burm (Forestry Turkey Farm Ltd.) the meeting was adjourned at 12:10 p.m.

Prepared by:

Approved by:

Susan Mallory, Secretary BCTA

James Krahn, Vice-President BCTA

Nancy Sampson, Administration

Ralph Payne, Chair BCTMB

BRITISH COLUMBIA TURKEY MARKETING BOARD
CHAIRMAN'S REPORT
To the 2013 Annual General Meeting

Ladies and Gentlemen, Honoured Guests and Turkey Growers

I welcome you on behalf of the Board and staff to the 2013 BCTMB AGM.

Your Board held nine board meetings throughout the 2013 year. Four of these meetings incorporated a meeting with processors to discuss common issues and pricing. Throughout 2013 the price and margin on toms dropped significantly as a result of Ontario pricing strategy. Consequently your board and processors agreed in July to establish a committee to develop a pricing policy for B.C. based on costs in B.C. Since that time the price and margins for toms has been improved and the committee continues to monitor all pricing on a regular basis. I want to thank the processors for their cooperation throughout the year and in particular with their involvement on the pricing committee. We are very fortunate to have a good working relationship with the B.C. processors.

This past year has been a relatively quiet year for the Board. Board members continue to represent growers at TFC meetings, COMB seminars and meetings and many other committee and agri-industry events. Our second annual report to FIRB has been completed and submitted. There have been a number of changes at FIRB this year and we believe we still have a good working relationship with them. Our board has not yet met with the new FIRB Chair – John Les but we would expect to do so early in 2014.

A few initiatives undertaken by the Board in 2013 were:

- A review was completed of the strategic plan, our orders and regulations and the election rules.
- The orders and regulations as well as the election rules were updated
- New entrants were added in 2013
- Our TFC representative along with Michel continued to do a good job representing the interests of B.C. growers at the National level.
- The specialty committee under the direction of Vic Redekop has met throughout the year.
- The Board has continued to provide direction throughout the year to the RMSC group in regards to the proposed insurance program. At this point in time the issue rests in the hands of the various grower associations and the FIRB.

I had the opportunity to represent the Board and growers at the egg and milk board annual meetings in Vancouver. I also attended the TFC annual meeting in Winnipeg in June.

The financial position of the Board continues to be in excellent condition. The Board and staff do a good job in this area.

I want to thank the Board members, Michel, Susan, Nancy and the Grower Association members for their hard work on behalf of the B.C. Turkey industry. These people play a major role in the success of your industry and I can tell you they represent you well. I also want to express my personal thanks to this group for all they do to assist me throughout the year. It is a pleasure working with all of you.

Respectfully submitted
Ralph Payne
Board Chair

Good morning and welcome to our AGM. It is a pleasure for me to be here with you today. You will see that my report has been expanded this year and contains more information than what was previously presented. We hope you appreciate the new format and I would welcome the opportunity to discuss the contents of the report in greater detail if you wish.

Stakeholder Engagement:

Our Strategic Plan identifies stakeholders as: turkey growers, their associations, processors, allied trades, the national agency, other provincial boards and the provincial and national governments.

The Board endeavors to consult with stakeholders on a regular basis and when changes that may have an impact on the industry are considered. The level of consultation with industry has increased over the last six years. During the last year the Board has accomplished the following in term of Stakeholder Engagement:

- We have replaced our Specialty Advisory Committee with a new Committee that represents New Entrants as well as the Specialty sector. The new committee has had two meetings in 2013 and will meet again in 2014.
- Over the last twelve months, the Board has been working with all our stakeholders in the process of removing the provisions of Assurance of Supply from our Order. The discussion and consultation was extensive and we are pleased with the final result. We will continue to work with all stakeholders in order to ensure a smooth transition once the 2014/2015 Quota Year commences.
- Our Pricing Committee created a sub committee to look at the merits of modifying our pricing model. For the last 7 years, we have mostly priced our turkeys at a certain amount over the prices being paid to Ontario Turkey Farmers. The reasoning for this is that it provides some certainty to the Processors and Growers that our product will not be overly priced in the marketplace while allowing growers to receive increased compensation for their turkeys in order to recover the higher cost of raising turkeys in BC.

Over the last two years, the price of turkey feed ingredients in BC and Ontario have ceased to move up and down in unison. As a result, the subcommittee looked at alternatives to the current pricing model in place. We are pleased to report that we have reached a consensus with all stakeholders in regards to a new pricing model that reflects the differences in feed price ingredients, allows both growers and processors to minimise the impacts of large price swings while ensuring transparency and fairness to the stakeholders.

- At least one Board member attends and reports to the BC Turkey Association Meetings, as well as all Grower Meetings. In addition, we also participate in the BC Poultry Association Meetings.

- The Board Manager is the current Chair of the BC Poultry Risk Mitigation Steering Committee, one Board Member sits on the TFC Turkey Markets Advisory Committee and another Board Member sits on the TFC On-Farm Programs Committee.

Commodity & System Management:

The BCTMB works closely with all of our stakeholders and especially close with the Turkey Farmers of Canada (TFC) to address issues and risks that may affect the industry. Staff and Board Members communicate with various industry groups on a routine basis to learn and keep up to date with any issues that may arise. Communications among the Board and Staff is ongoing and all issues are reviewed at our monthly Board Meeting.

The levies at the BCTMB have remained unchanged in over 8 years. Levies have been discussed at our AGM and at grower meetings in the past. The levies are quite minimal but they are sufficient to manage the operation of the Board. In 2011 and 2013, the Growers received a levy rebate. Along with the rebate, the Board sent a letter explaining the rationale for the rebate. The Board will continue to maintain levies at a low rate while ensuring that it has sufficient funds to operate and to have enough reserves to address any unforeseen situation that may incur unforeseen expenses.

Our New Entrant Program and our differentiated Allocation system for Organic production has resulted in the Board being able to address regional as well as specialty needs throughout the Province.

On a National level, we continue to have discussions as to how to determine how much Whole Bird Production should be grown every year. The BCTMB presented a Whole Bird Allocation paper to the TFC in November of 2012. This paper was well received and it was discussed via conference call and at the March and June TFC Meetings. The contents of the paper were shared with the TFC Turkey Market Advisory Committee (TMAC) in September and further discussion with regards to the proposal will be brought to the TFC meeting in March 2014.

Due to the changes in the TFC promotion agreement, the Province of Manitoba is no longer in opposition to the TFC Allocation Policy. Despite having the support of all Members, the TFC remains unable to develop a proper and enforceable mechanism to prevent the over production of Whole turkeys in the country.

Reporting and Governance:

The BCTMB's order can be sourced in the resource section of our website (www.bcturkey.com). The Board did a complete review of their orders and regulations in 2011. The process was thorough but we continue to make changes as required and the documents on the website are updated whenever changes are made.

Because the Board filled, in March 2012, its first member vacancy in over 12 years, it created a "New Board Member" orientation package. This package includes a job description, Board Member expectations as well as a copy of all relevant Provincial and National policies and regulations. Prior to the elections, potential candidates were contacted by existing members to discuss the requirements and candidates also attended a meeting with the GM to review expectations, work load, opportunities, etc.

Our election rules have been renewed in December 2013. The Board is satisfied with the current election rules and procedure. Only minor changes were introduced in the new Order (including allowing for electronic voting).

Value Chain:

The Board tries to ensure that the whole industry and the value chain is considered when making decisions. Fortunately, the Turkey Farmers of Canada's current policies are also value chain oriented and this makes it easier to adopt value chain policies. The current Provincial Allocation policy allows for differential growth between Organic and non-organic turkey production. In addition, a number of growers produce free range and/or anti-biotic free production. The Board was made aware of a potential shortage in Free Range turkeys in November of 2013 but it appears that producers and self marketers have made arrangements to address this potential shortfall.

Our Board is working closely with the TFC and the other three poultry Boards in BC monitoring and tracking the use of Antimicrobials in the Canadian Poultry Sector. This work will continue in the future and has already resulted in the voluntary elimination of class one antibiotic for preventative treatments by April 2014.

We are also working with the Value Chain in developing a Ractopamine use guideline.

Social License & Leadership:

While our Board and our industry are small, we do understand the importance of maintaining our social licence. Due to our size, we work closely with the TFC and the other SM5 Commodity Groups in BC to get the positive message of supply management to the public.

An example of this is the release of the 2013 DEPI Report that spells out the economic impacts of the supply managed commodities in BC.

We maintain an up to date website that provides valuable information to the public, and our stakeholders.

As well, the TFC now has dedicated communications employees who are sharing information with the public and National Stakeholders on a routine basis.

We also continue to enforce On Farm Biosecurity and Food Safety Programs for all quota holding growers.

Legal Requirements:

Our Board is very careful to ask our legal counsel for his opinion prior to adopting changes to our orders and regulations or implementing changes to new policies. In addition to this, our counsel has provided us with documents explaining our duties and responsibilities when making decisions or carrying out hearing, etc.

The Board is please that in the last 7 years there has not been a situation where the BC FIRB has had to overturn a BCTMB decision through an appeal. We strongly believe that this is due to our level of consultation with industry as well as a belief in "Principle Based Decision Making".

We strive to ensure that our decisions are "Strategic, Accountable, Fair, Effective, Transparent and Inclusive".

Conclusion:

As always, I would like to take this opportunity to recognise the work provided by Nancy Sampson and Susan Mallory over this past year and to thank them for their efforts. I enjoy working with you.

I also appreciate the opportunity to work with the Board, Growers, Processors and other stakeholders as well. This is a great industry and I am proud to be a part of it. Thank you!

Respectfully submitted
Michel Benoit
General Manager

TFC Members Report:

Welcome to the BCTMB annual general meeting, and thank you for taking the time to invest in this industry that has been such a success story for so many BC farm families.

Market update:

2013 was another good year for the turkey industry, we continued to make gains in the further processed side of the business that more than offset the continuing drop in whole bird sales. January 1st storage stocks came in at 13.7 Mkg, 0.9 Mkg higher than 2013. Domestic disappearance of turkey meat for 2013 was 146.5 Mkg, 4.5 Mkg higher than a year earlier. With healthy January 1st stocks and only modest increases in production for 2014 we should continue to see a stable year ahead. Feed pricing has finally started to turn in favour of the industry with both corn and wheat coming off their stubborn highs of last summer. With good crops last fall we should see stable pricing through to the next crop year.

TFC Highlights:

Turkey Farmers of Canada continues to enjoy a time of relative harmony between all members, this has allowed the agency to focus on some of our policy issues and refine our strategic plan. The agency continues to look at its whole bird allocation policy to find a system that reflect closer the current market conditions rather than a 5 year average. With the decrease in whole bird sales our forecasting methodology needs to change to closer reflect current trends. Using a 5 year average will no longer be a good proxy for what lies ahead, so the forecasting will need to tighten up to ensure we are not over supplied with whole birds.

Our annual strategic planning sessions continue to help us refine our purpose and identify the areas we need to stay on top of. As the complexity of the issues we deal with grows we need to be able to stay ahead of issues such as trade, food safety, and regulatory issues. All of these put pressure on our budget as an agency and we need to continue to run lean and efficient to keep costs in line. One way of doing this is to ensure we have efficient committee's that only meet as necessary and are configured of the right people with the right skills for the specific purpose. Constant review of what we do and why we do it help in keeping us both efficient and relevant.

The Year Ahead:

2014 will bring its own challenges and opportunities as all years do but some of the trends we see on the horizon are already in our sights as issues we will need to be proactive on. One of the many bright things is the growing trend of dark meat and ground turkey in food service, this trend was most recently highlighted with Tim Hortons launch of turkey in their breakfast sandwich. If Canada follows the trend in the US we will see turkey substituted for chicken and pork in even more fast serve offerings. This trend brings with it the need to balance the supply of breast meat with dark meat and ensure we have the right mix of both.

As an agency we will also need to be aware of the changes in animal welfare and food safety issues that continue to dominate the food service industry. Even though turkey has a good image in how we house and raise our birds it will not keep us immune from others having a say in how they want their food raised in the future. We will need to continue to adapt and meet the needs of our customers to maintain the trust they place in us as farmers.

I continue to enjoy representing BC at the national table and also being a partner with TFC in ensuring this great industry continues to be a success story for the next generation.

Respectfully submitted
Shawn Heppell
TFC Director



BRITISH COLUMBIA TURKEY MARKETING BOARD

Financial Statements December 31, 2013

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Financial Statements of

**BRITISH COLUMBIA TURKEY
MARKETING BOARD**

Year ended December 31, 2013



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INDEPENDENT AUDITORS' REPORT

To the Directors of British Columbia Turkey Marketing Board

We have audited the accompanying financial statements of British Columbia Turkey Marketing Board which comprise the statement of financial position as at December 31, 2013, the statements of operations, changes in net assets and cash flows for the year then ended, and notes comprising 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 organization, 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.

Auditors' 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 an audit to obtain reasonable assurance about whether the consolidated 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 our 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, we consider 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 British Columbia Turkey Marketing Board as at December 31, 2013, and the results of its operations and its cash flows for the period then ended in accordance with Canadian Accounting Standards for not-for-profit organization.

Chartered Accountants

March 3, 2014

Abbotsford, British Columbia

BRITISH COLUMBIA TURKEY MARKETING BOARD

Statement of Financial Position

December 31, 2013, with comparative information for 2012

	2013	2012
Assets		
Current assets:		
Cash	\$ 295,982	\$ 115,750
Investments and marketable securities (note 3)	54,304	362,730
Accounts receivable	49,497	102,783
Prepaid expenses	3,018	3,702
	<u>402,801</u>	<u>584,965</u>
Restricted investments (note 3)	750,000	750,000
Equipment and leaseholds improvements (note 4)	15,677	14,867
	<u>\$ 1,168,478</u>	<u>\$ 1,349,832</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 122,779	\$ 109,635
Deposits payable	5,000	-
Deferred revenue (note 6)	33,976	-
	<u>161,755</u>	<u>109,635</u>
Net assets:		
Investment in capital assets	15,677	14,867
Internally restricted (note 3)	750,000	750,000
Unrestricted	241,046	475,330
	<u>1,006,723</u>	<u>1,240,197</u>
Contingent liability (note 9)		
	<u>\$ 1,168,478</u>	<u>\$ 1,349,832</u>

Approved by the Directors:

_____ Director

_____ Director

See accompanying notes to consolidated financial statements.

BRITISH COLUMBIA TURKEY MARKETING BOARD

Statement of Operations

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
Revenue:		
Levies	\$ 1,031,318	\$ 1,028,521
Promotions	47,055	47,480
Interest income	27,749	36,335
License income	14,250	13,787
Miscellaneous	2,329	-
	<u>1,122,701</u>	<u>1,126,123</u>
Expenses:		
Turkey Farmers of Canada levies	412,897	411,180
Wages and benefits	276,114	258,720
Promotion expenses	156,702	152,522
Per diems	42,778	44,163
Office supplies	35,083	32,539
Meetings and conventions	33,445	47,439
Professional fees	31,742	21,415
Rent and property costs (note 8)	30,096	30,035
Grants and disbursements (note 8)	25,806	25,699
Amortization	3,351	4,815
Bank charges	2,054	1,698
	<u>1,050,068</u>	<u>1,030,225</u>
Excess of revenue over expenses before the undernoted	72,633	95,898
Other income (expenses):		
Grower rebate (note 7)	(264,874)	-
Loss on investments	(41,233)	(6,815)
Research expenses	(18,024)	-
Grant revenue	18,024	-
	<u>(306,107)</u>	<u>(6,815)</u>
Excess (deficiency) of revenue over expenses	\$ (233,474)	\$ 89,083

See accompanying notes to consolidated financial statements.

BRITISH COLUMBIA TURKEY MARKETING BOARD

Statement of Changes in Net Assets

Year ended December 31, 2013, with comparative information for 2012

	Investment in Capital Assets	Internally Restricted	Unrestricted	Total 2013	Total 2012
Net assets, beginning of year	\$ 14,867	\$ 750,000	\$ 475,330	\$ 1,240,197	\$ 1,151,114
Excess (deficiency) of revenues over expenses	(3,351)	-	(230,123)	(233,474)	89,083
Purchase of equipment	4,161	-	(4,161)	-	-
Net assets, end of year	\$ 15,677	\$ 750,000	\$ 241,046	\$ 1,006,723	\$ 1,240,197

See accompanying notes to consolidated financial statements.

BRITISH COLUMBIA TURKEY MARKETING BOARD

Statement of Cash Flows

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (233,474)	\$ 89,083
Items not involving cash:		
Amortization	3,351	4,815
Loss on investments	41,233	6,815
Changes in non-cash operating working capital:		
Accounts receivable	53,286	(65,954)
Prepaid expenses	684	1,257
Accounts payable	13,144	10,555
Deposits payable	5,000	-
Deferred revenue	33,976	-
	(82,800)	46,571
Investments:		
Decrease (increase) in investments, net	267,193	(150,166)
Purchase of equipment	(4,161)	(925)
	263,032	(151,091)
Increase (decrease) in cash position	180,232	(104,520)
Cash position, beginning of year	115,750	220,270
Cash position, end of year	\$ 295,982	\$ 115,750

See accompanying notes to consolidated financial statements.

BRITISH COLUMBIA TURKEY MARKETING BOARD

Notes to Financial Statements

Year ended December 31, 2013

General:

The British Columbia Turkey Marketing Board (the "Board") is authorized under the Natural Products Marketing Board (BC) Act and functions under the British Columbia Turkey Marketing Scheme. The Board's function includes setting production policy, processing and marketing turkeys within British Columbia. The Board is a non-profit organization and is not taxable under the Income Tax Act.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Board's significant accounting policies are as follows:

(a) Revenue recognition:

The Board follows the deferral method of accounting for contributions which include levies and other revenues. Contributions for specific purposes or programs are deferred and subsequently recognized as revenue at the time the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

(b) Equipment and leasehold improvements:

Purchased equipment and leasehold improvements are recorded at cost. Amortization is calculated on a declining balance basis at the following rates:

Asset	Rate
Furniture and equipment	20%
Computer software	50%
Leasehold improvements	30%

(c) Estimates:

The preparation of the financial statements in accordance with accounting standards for not for profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

BRITISH COLUMBIA TURKEY MARKETING BOARD

Notes to Financial Statements

Year ended December 31, 2013

1. Significant accounting policies (continued):

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Board has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Board determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Board expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

2. Change in accounting policy:

During the year, the Board changed its policy for recognizing contributions to the deferral method from the restricted fund method. This change has been applied retrospectively and has had no effect on the statement of operations or net assets as previously reported.

BRITISH COLUMBIA TURKEY MARKETING BOARD

Notes to Financial Statements

Year ended December 31, 2013

3. Investments:

	2013		2012	
	Cost	Market	Cost	Market
Investments	\$ 770,245	\$ 804,304	\$ 1,085,424	\$ 1,112,730
Less internally restricted amounts	(750,000)	(750,000)	(750,000)	(750,000)
Unrestricted investments	\$ 20,245	\$ 54,304	\$ 335,424	\$ 362,730

The Board has internally restricted \$750,000 of investments for self insurance.

Interest rate and maturity risk:

The Board's fixed income securities are subject to the risk that the values of the investments will fluctuate due to changes in market interest rates.

The investments have interest rates ranging between 1.0% and 6.9% and mature between December 2014 to December 2105.

4. Equipment and leasehold improvements:

	2013		2012	
	Cost	Accumulated depreciation	Net book value	Net book value
Furniture and equipment	\$ 142,227	\$ 129,258	\$ 12,969	\$ 13,316
Computer software	20,895	19,935	960	1,438
Leasehold improvements	38,757	37,009	1,748	113
	\$ 201,879	\$ 186,202	\$ 15,677	\$ 14,867

5. Accounts payable:

Included in accounts payable and accrued liabilities are government remittances payable of \$11,770 (2012 - \$16,992), which includes amounts payable for GST and payroll related taxes.

6. Deferred revenue:

Deferred revenue relates to unspent externally restricted grants for a specific program at year end.

BRITISH COLUMBIA TURKEY MARKETING BOARD

Notes to Financial Statements

Year ended December 31, 2013

6. Deferred revenue (continued):

	2013	2012
Balance, beginning of year	\$ -	\$ -
Grants received	52,000	-
Amount recognized as revenue in the year	(18,024)	-
	\$ 33,976	\$ -

7. Grower rebate:

The goal of the Board is to have three months of operating expenses along with \$750,000 for self-insurance in case of any disease issue that may affect the turkey industry in the province. In the year, the Board was in excess of these amounts and paid a rebate to growers of \$264,874.

8. Economic interest - British Columbia Turkey Association:

The Board has the discretion to fund the British Columbia Turkey Association (the "Association") as set by the Natural Products Marketing (BC) Act. Accordingly, a large portion of the Association's funding is derived from the Board. As both the Board and the Association have objectives in common, the funding of the Association's objectives is expected to continue for the foreseeable future.

During the year, the Board made rental payments of \$24,000 (2012 - \$24,000) and grant payments of \$25,806 (2012 - \$25,699) to the Association. The rental payments are based on the fair value of rent for similar facilities at the time the multi-year lease was entered into. The grant payment is based on provincial turkey production. The Board collects levies from turkey producers and pays a grant on behalf of the turkey producers to the Association.

9. Contingent liability:

The Board has estimated liquidated damages for the 2012/2013 quota year to be NIL. The final liability for the 2013/2014 quota year will be based on actual production up to the end of the quota year and will be recorded at that time.

The Board has issued an irrevocable letter of credit in favour of the Turkey Farmers of Canada in the amount of \$96,785 (2012 - \$96,785) expiring November 2014.

BRITISH COLUMBIA TURKEY ASSOCIATION
PRESIDENT'S REPORT
To the 2013 Annual General Meeting

Ladies and Gentlemen, Honoured Guests,

As we look back on the year 2013, we look on it as a good year. Your association has been busy representing you on many fronts.

The AI insurance plan is going forward and there have been many meetings. This is a large project to build from the ground up and a lot of regulations to meet which takes time.

SPFG, Biosecurity and the Poultry Association meetings all take time, and we have kept you up to date on these files through-out the year at our grower meetings, which we encourage you to attend. The speakers that we have had at our grower meetings have been very informative and help improve our skills on our farms. The wet lab course that was held at the government lab was a great success. We will be doing another one as we had more people wanting to attend than spaces available.

The big change we had this past year was the transition away from assurance of supply for the processors. This was initiated by a processor and appealed by another processor, which later rescinded the appeal saving growers a lot of money by not having to go through the process of the appeal. It appears that the first year of transition has been very smooth and successful.

The most recent challenge has been rail car service to our feed mills; this is a huge problem with no easy answers. There are many people working to find a solution for this issue.

I want to thank my fellow association members for their work and commitment in attending meetings throughout the year on your behalf. They have been working hard and represent you well.

I want to especially thank those who organize the golf tournament to make it a great success, and everyone that comes out to support it. I am so honoured to be able to report that more than \$47,000 was raised again this year for Union Gospel Mission, to help feed those that need a helping hand in our community.

I would like to give a big thanks to Susan and Nancy for all the work they do for the association and all they do to help keep me organized, thank you.

It has been an honour to serve you as your president this past year and enjoyable to work in such a great industry.

Respectfully submitted
Steve Heppell
President

The Statement of Financial Position

Assets:

Total assets for the fiscal year ended December 31, 2013 increased by \$26,493 to \$255,726 from \$229,233 in 2012. The increase was the result of an increase in cash of \$28,871 to \$65,548 from \$36,677 in 2012.

Liabilities:

Total liabilities for the fiscal year ended December 31, 2013 was \$16,076, an increase of \$14,576 from \$1,500 in 2012. The increase is the result of the BC Poultry Association annual fee outstanding as at December 31, 2013.

Net Assets:

Net Assets increased by \$11,917 for the fiscal year ended December 31, 2013. The increase is equal to the excess of revenue over expenses for the same fiscal period as noted on the Statement of Operations

Statement of Operations:

Total revenue for the fiscal year ended December 31, 2013 was \$50,774 a slight decrease of \$9 in comparison with prior year.

Total operating expenses for the fiscal year was \$43,765, a decrease of \$3,688 from \$47,453 in 2012. In 2013, the BC Poultry Association charged the BC Turkey Association \$14,576, a decrease of \$10,945 from \$25,521 in 2012. The reason for the decrease in 2013 was due to the BC Poultry Association changing their allocation of their budget between the four BC poultry groups and a significant decrease in the BC Poultry Association's 2014 budget. Advertising and promotions totalled \$5,000 in 2013 from a balance of zero in 2012. The \$5,000 was paid to BC Chicken Association's "Poultry in Motion". Professional fees in 2013 increased by \$3,180 from \$1,680 in 2012. The increase was the result of legal fees regarding the challenge to the elimination of assurance of supply.

In order to more clearly present the financial position of the annual charity golf tournament a detailed financial statement note was created (Note 7). The proceeds from the 2013 tournament totalled \$62,338, an increase of \$3,379 from 2012. Total net proceeds from the tournament was \$47,714 of which 50% is split with the BC Egg Producers Association. Therefore the BC Turkey Association portion of the net proceeds for 2013 was \$23,857. Donations to UGM in 2013 totaled \$18,949 therefore leaving \$4,908 to be donated in future years. The \$4,908 is included in the internally restricted fund (see Note 6).

Respectfully submitted
Steven Redekop
Treasurer



BRITISH COLUMBIA TURKEY ASSOCIATION

Unaudited Financial Statements December 31, 2013

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Financial Statements of

**BRITISH COLUMBIA TURKEY
ASSOCIATION**

Year ended December 31, 2013
(Unaudited)



KPMG LLP
Chartered Accountants
32575 Simon Avenue
Abbotsford BC V2T 4W6
Canada

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Fax (604) 853-2756
Internet www.kpmg.ca

REVIEW ENGAGEMENT REPORT

To the Members of British Columbia Turkey Association

We have reviewed the statement of financial position of British Columbia Turkey Association as at December 31, 2013 and the statements of operations, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Association.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

Chartered Accountants

March 3, 2014
Abbotsford, British Columbia

BRITISH COLUMBIA TURKEY ASSOCIATION

Statement of Financial Position

December 31, 2013, with comparative information for 2012
(Unaudited)

	2013	2012
Assets		
Current assets:		
Cash	\$ 65,548	\$ 36,677
Term deposit (note 3)	103,904	102,979
Accounts receivable	2,902	2,720
	<u>172,354</u>	<u>142,376</u>
Buildings (note 4)	83,372	86,857
	<u>\$ 255,726</u>	<u>\$ 229,233</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 16,076	\$ 1,500
Net assets:		
Investment in capital assets	83,372	86,857
Internally restricted (note 6)	29,113	24,205
Unrestricted	127,165	116,671
	<u>239,650</u>	<u>227,733</u>
	<u>\$ 255,726</u>	<u>\$ 229,233</u>

See accompanying notes to financial statements.

Approved by the Directors:

Director

Director

BRITISH COLUMBIA TURKEY ASSOCIATION

Statement of Operations

Year ended December 31, 2013, with comparative information for 2012
(Unaudited)

	2013	2012
Revenue:		
BCTMB grant (note 5)	\$ 25,806	\$ 25,699
Rental income (note 5)	24,000	24,000
Interest income	968	1,084
	<u>50,774</u>	<u>50,783</u>
Expenses:		
Advertising and promotion	5,000	-
Amortization	3,485	3,909
Annual general meeting	1,505	1,751
BC Agriculture Council	500	1,624
BC Poultry Association	14,576	25,521
Directors - expenses	2,522	1,374
Directors - per diems	10,200	9,700
Interest and bank charges	13	18
Office and general	1,104	1,876
Professional fees	4,860	1,680
	<u>43,765</u>	<u>47,453</u>
Income before the undernoted	7,009	3,330
Golf tournament (note 7)	4,908	(2,702)
Excess of revenue over expenses	<u>\$ 11,917</u>	<u>\$ 628</u>

See accompanying notes to financial statements.

BRITISH COLUMBIA TURKEY ASSOCIATION

Statement of Changes in Net Assets

Year ended December 31, 2013, with comparative information for 2012
(Unaudited)

	Investment in capital assets	Internally restricted	Unrestricted	Total 2013	Total 2012
Net assets, beginning of year	\$ 86,857	\$ 24,205	\$ 116,671	\$ 227,733	\$ 227,105
Excess (deficiency) of revenue over expenses	(3,485)	-	15,402	11,917	628
Internally imposed restrictions (Note 6)	-	23,857	(23,857)	-	-
Approved expenditures (Note 6)	-	(18,949)	18,949	-	-
Net assets, end of year	\$ 83,372	\$ 29,113	\$ 127,165	\$ 239,650	\$ 227,733

See accompanying notes to financial statements.

BRITISH COLUMBIA TURKEY ASSOCIATION

Statement of Cash Flows

Year ended December 31, 2013, with comparative information for 2012
(Unaudited)

	2013	2012
Cash provided by (used in):		
Operations:		
Excess revenue over expenses	\$ 11,917	\$ 628
Item not involving cash:		
Amortization	3,485	3,909
Change in non-cash operating working capital:		
Accounts receivable	(182)	315
Accounts payable and accrued liabilities	14,576	(1,800)
	29,796	3,052
Investments:		
Increase in investment (net)	(925)	(1,014)
Increase in cash position	28,871	2,038
Cash position, beginning of year	36,677	34,639
Cash position, end of year	\$ 65,548	\$ 36,677

See accompanying notes to financial statements.

BRITISH COLUMBIA TURKEY ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2013

(Unaudited)

General:

The British Columbia Turkey Association (the "Association") is organized to provide representation from the turkey growers to the poultry industry. The Association is registered as a not for profit organization under the Society Act of British Columbia and as such is not subject to income taxes on its normal operations.

1. Significant accounting policies:

(a) Revenue recognition:

The Association follows the deferral method of accounting for contributions which include levies and other revenues. Contributions for specific purposes or programs are deferred and subsequently recognized as revenue at the time the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

(b) Buildings:

Buildings and capital improvements are recorded at cost and are amortized over their estimated useful lives, using the declining balance method at 4% per year.

Amortization commences in the month of acquisition.

BRITISH COLUMBIA TURKEY ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2013
(Unaudited)

1. Significant accounting policies (continued):

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Company has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Company determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Company expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(d) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

BRITISH COLUMBIA TURKEY ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2013
(Unaudited)

2. Change in accounting policy:

During the year, the Association changed its policy for recognizing contributions to the deferral method from the restricted fund method. This change has been applied retrospectively and has had no effect on the statement of operations or net assets as previously reported.

3. Term deposit:

The Association has a one year cashable guaranteed investment certificate at Bank of Montreal, with interest at 0.8%; maturing December 16, 2014.

4. Buildings:

	2013		2012	
	Cost	Accumulated amortization	Net book value	Net book value
Buildings	\$ 151,961	\$ 68,589	\$ 83,372	\$ 86,857

5. Economic dependence - British Columbia Turkey Marketing Board:

A substantial amount of the Association's income, both rental and grant income is derived from the British Columbia Turkey Marketing Board (the "Board"). The rental income of \$24,000 (2012 - \$24,000) is based on the fair market value of rent for similar facilities at the time the multi-year lease was entered into. The grant income of \$25,806 (2012 - \$25,699) is based on provincial turkey production. The Board collects levies from turkey producers and pays a grant on behalf of the turkey producers to the Association.

BRITISH COLUMBIA TURKEY ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2013
(Unaudited)

6. Internally restricted:

During the year, the Board or Directors restricted \$23,857 (2012 - \$20,678) for future donations to the Union Gospel Mission ("UGM") and spent \$18,949 (2012 - \$23,380) on donations to UGM.

7. Golf tournament:

The BC Turkey Association (the "Association") hosts an annual charity golf tournament in conjunction with the BC Egg Producers' Association ("Egg Producers"). Net proceeds from the golf tournament are split 50 / 50 with the Egg Producers. The Association's proceeds are used in the following year to provide funding for the donation of turkeys to the Union Gospel Mission ("UGM").

Golf tournament proceeds:	2013	2012
Revenue	\$ 62,338	\$ 58,959
Expenses	(14,624)	(17,603)
	47,714	41,356
Allocation of net proceeds:		
BC Egg Producers' Association	(23,857)	(20,678)
BC Turkey Association	(23,857)	(20,678)
	-	-
Current year:		
BC Turkey Association - net proceeds	23,857	20,678
Donations to UGM	(18,949)	(23,380)
	\$ 4,908	\$ (2,702)

8. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.



BC TURKEY ASSOCIATION

Budget

Year ended December 31, 2014
(Unaudited)

Revenue

BCTMB Grant	25,923
Rental Income	24,000
Interest	631

50,554

Expenses

AGM & Grower Meetings	1,500
Amortization	3,335
Bank Charges	50
BC Poultry Association	19,940
Directors' Expense	2,805
Directors' Per Diems	13,750
Discretionary Expense (Sponsorship & Grower Education)	6,700
Miscellaneous	900
Professional Fees	2,800

51,780

EXCESS (DEFICIT) OF REVENUE OVER EXPENDITURES

(1,226)
