

2012  
2013

ANNUAL REPORT  
BC Dairy Association



## Our Vision

Milk, forever at the heart of a healthy community.

## Our Mission and Guiding Principles

We are the people of British Columbia's dairy industry:

- **We are Champions.** We encourage the consumption of milk and milk products as part of a healthy diet.
- **We are Guardians.** We proudly defend and advance the supply management system and policies that contribute to the stability of our industry.
- **We are Stewards.** We ensure dairy farming delivers a positive impact on our community and we work to preserve a sustainable, valuable and ethical industry.
- **We are Advocates.** Through outreach and engagement, we are at the centre of local and national dialogue about milk and our industry.
- **We are Leaders.** We are responsible for the future of the dairy industry and its contribution to the economy, health and culture of British Columbia.



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Chairperson's Message

As I meet with dairy farmers around BC, I am impressed that we have so many great people in our industry and I am impressed with those who can look beyond the present to prepare for farming in the future. Let's be very clear: farming will change tremendously in the next 10 years and we need to be pro-active in shaping positive change. BC Dairy Association will lead and assist BC's dairy producers toward changes that move our industry forward. I specifically make reference to assisting producers because success will depend on all of us, at every level, working hard on behalf of the industry.

As an organization we continually face challenges. BC Dairy is here to make sure the changes proposed by national partners, government, and special interest groups have our interests presented. We will continue to shape the many challenges that we face.

I need to be clear that all change will not be easy. QM was not easy but it was necessary! ProAction will also be a challenge for some of our producers, but it will make us better farmers who will be able to demonstrate with authority a standard that we all uphold.

It has been almost two years since BC Dairy Foundation and BC Milk Producers merged. We will continue to seek out ways to become more efficient and more effective in bringing results to our producers. There is so much that can be done and your Board is working on being strategic in our actions.

I want to encourage you to speak up regarding our decisions. You can do this through the directors you have elected. I sincerely thank our directors for their work and commitment to our industry - I respect each and every one for their knowledge and dedication to this type of extension work.



Dave Taylor  
Chairperson

# Executive Director / CEO's Message

One year down....and what a wonderful experience this has been for me!

I've learned that there's a lot more to milk than simply pouring my morning glass – the activity behind that simple act is supported by complex and intriguing policy, regulation, marketing, and advocacy activities that affect 96% of Canadians who choose to have dairy in their lives. BCDA has a symbiotic relationship with virtually every consumer, politician, retailer, food service operator and institution. And while this relationship can be very turbulent at times, it remains the centerpiece of pride for thousands of producers and affiliates generations over.

To foster and build on this relationship, BCDA had a very active year with many initiatives to maintain dairy's relevance with consumers and engage producers with opportunities to continually improve their operations.

The Mobile Dairy Classroom Experience once again astonished and amazed thousands of school children and their parents with visits to schools, fairs and institutions. A record high number of events were attended this year and plans to develop a second unit are in the works.

Nutrition Education continues to provide teachers with in-house training so they can provide fact-based, age relevant and interesting learning experiences for their students. By exposing our children to healthy eating, we create the proper environment to combat obesity and eating disorders. In addition to teacher workshops, our nutrition educators use a multi-pronged strategy that involves YouTube videos,

the Better Together campaign, the School Milk BC Program, the addition of milk to BC Agriculture in the Classroom's fruit and veggie program, and social media connections in their efforts to encourage healthy eating for consumers.

BC's CQM registration is currently at 92% with only two IRMAs yet to receive training.

A procurement program has been developed to assist our producers with cost saving strategies. While we have chosen five key areas of focus, in time we plan to research other opportunities that will allow more money to stay in producer pockets.

The Strategic Milk Alliance has become a collaborative marketing force recognized across Canada for its accomplishments in promoting and establishing—for the first time ever—a year-round fluid milk marketing campaign to a broad consumer base across the English speaking provinces. And as part of Milk West (BC, Alberta, Saskatchewan, and Manitoba), we continue to develop milk related opportunities to consumers that populate the western provinces.

The Buy Local. Eat Natural. (BLEN) campaign started as a way to promote cream. It has grown into an initiative that promotes all of BC agriculture by bridging multiple producer associations, retailers, food service, government, and consumers to see the value in buying their food locally.

I would like to thank the BCDA Board of Directors for their patience and words of encouragement as I have transitioned into the dairy world. Most importantly, our success is the result of the dedication, passion and

enthusiasm from our staff. They are truly committed to achieving excellent results for dairy producers and are constantly seeking ways to improve each year. I'm very proud to be part of this team and very proud to be part of the BC dairy industry.

Thank you,



Dave Eto  
Executive Director / CEO





# Nutrition Education

## Take a Bite of BC

We partner with BC Agriculture in the Classroom's (BCAITC) Take a Bite of BC program to bring BC artisan cheeses and BC milk to the Culinary Arts programs in BC secondary schools.

The purpose of the program is to build awareness and appreciation of BC products among future chefs who are in the culinary arts and apprenticeship programs. Students and staff at these secondary schools also have a chance to become aware of and taste these products through the signage and menus in school cafeterias.

Due to the high quality of the ingredients delivered through the Take a Bite of BC program, secondary school cafeterias are able to serve meals that rival fine restaurants at very affordable prices. This keeps students on school grounds, eating healthier meals.

The success of the program in the Lower Mainland and Fraser Valley during the past four years has challenged BCAITC to figure out how to expand the program to other regions without putting undue stress on the budgets of the producer groups providing the products.

In the 2013-2014 school year, the program will reach schools in the Okanagan for the first time. And in the 2014-2015 school year, Vancouver Island schools will have their first chance to participate in Take a Bite of BC. Schools in Metro Vancouver and Fraser Valley will also continue to participate in the program in alternate years. This will make it possible for BC Dairy Association and other producer groups to continue to offer high quality products to more schools overall, without an increase in costs.

In 2012-2013 we provided cheese from Golden Ears Cheesecrafters (cheddar curds, cumin gouda), Farm House Natural Cheese (camembert, Alpine Gold) and Kootenay Alpine Cheese (Nostrala). We rotate among our various cheesemakers so that over the course of time all the providers gain exposure to future chefs.



Camembert-cranberry phyllo pastries prepared at Seaquam Secondary, Delta, BC



# Milk in Schools

Thanks to a new partnership between the provincial government and dairy producers, local milk will be provided to schools around the province at no cost to students and their families. The \$1 million dollar investment by the provincial government will carry the program forward for three years.



The program, named +MILK, will be administered by BC Agriculture in the Classroom Foundation (BCAIFC) who delivers the successful BC School Fruit and Vegetable Nutritional Program (BCSFVNP), thus saving on administrative and delivery costs. The BCSFVNP delivers fruit and vegetable snacks to BC public schools 13 times during the school year. The +MILK program will deliver small cups (125 mL) of 2% milk with the fruit and vegetable delivery. Funding is sufficient to provide milk to all kindergarten, grade 1 and grade 2 children in BC public schools. BCDA is working closely with BCAIFC to develop resources for schools, parents and coordinators to address the addition of milk to the fruit and vegetable program.

Sign-up for +MILK has been brisk since registration opened in May 2013. Delivery of milk started in the fall of 2013.



In addition to +MILK, schools still have the opportunity to offer milk more regularly and to all students through the School Milk BC (SMBC) initiative. BCDA supports schools to

order milk from the dairy of their choice with administrative tools to make the job easier for volunteers. Schools also receive prizes to support physical activity or learning, and have the opportunity to participate in contests, all to make participation in SMBC more fun. Messaging in the +MILK program will draw parent and school attention to the opportunity to serve milk more regularly through SMBC.



Grade one school children join in on the celebration with a song



Representatives from BC Dairy Association, Ministry of Agriculture and BC Agriculture in the Classroom

# New for Schools

## Why take a workshop?

BCDA continues to offer nutrition education workshops to teachers around BC. In just one hour, time-pressed teachers learn what they need to know to bring high quality nutrition education resources to life in their classroom. To help spread the word about the workshops, we created a two-minute video that explains the value of taking a workshop. Working with a sketch artist and video animation, the video highlights how the workshops will save teachers time, prepare them to teach right away, are free to attend and will leave them with thoroughly researched and tested materials that are fun to use and link to prescribed learning outcomes. A total of 60 workshops were conducted for teachers during the 2012-2013 school year.



Watch the full video on Youtube  
"Nutrition Education: Book a Teacher Workshop"

## Smart Board Activities

Responding to the increase in SMART Board use by teachers, BCDA developed SMART Board activities to accompany the popular Grade 2/3 program, Food For Us! Available exclusively to teachers who have attended the Food For Us! workshop and use the program materials, the SMART Board lessons may be downloaded from the BCDA website.







## New for Health Professionals

### Check on Protein

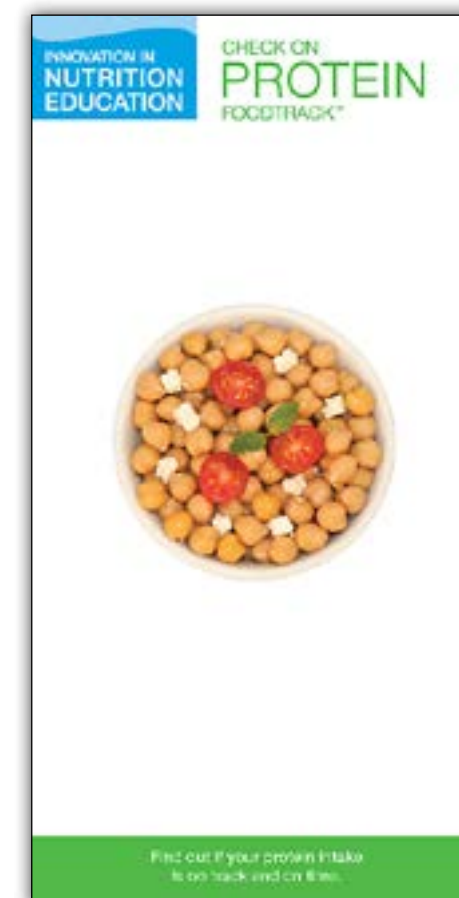
Protein is a hot topic in nutrition—both for researchers and the public. BCDA nutrition educators developed a new tool in 2013, called FoodTrack—Check on Protein (COP). COP helps consumers learn about their protein intake and whether it is on track (i.e. are they getting enough) and on time (i.e. is the protein intake distributed throughout the day). The two key food groups for getting enough protein are Meat & Alternatives and Milk & Alternatives. While most Canadians are getting enough Meat & Alternatives, many are falling short in their protein intake because they aren't getting enough Milk & Alternatives. Furthermore, most people get enough protein during the dinner meal, but usually miss out getting any protein at breakfast. Check on Protein allows consumers to identify whether they have a problem and plan improvements.

FoodTrack—Check on Protein joins 5 other pieces in the FoodTrack series that have earned a high reputation among health professionals who use the resources with their clients. They have a long history of use in BC and in Canada since the 1980's.

### 2013 Annual Nutrition Forum

Check on Protein was launched at the 2013 Annual Nutrition Forum where Dr. Donald Layman (pictured, left) and Dr. Rajavel Elango, two eminent protein researchers, addressed the audience of health professionals on the need to re-examine protein recommendations and the importance of getting

enough protein throughout the day. In the words of Dr. Elango, "We can put a man on the moon...but can't agree how much protein to give him on earth." Dr. Layman emphasized the importance of getting breakfast right by including sufficient protein at breakfast, a meal often lacking in protein.





# Better Together BC

Significant growth and the attraction of new partners to the initiative marked the past year for Better Together BC.

Better Together BC is a social media initiative that brings a hands-on approach to family, food and fun. Based on research that indicates the importance of involving children as a first step towards increasing family meals, this initiative is leading the way in BC to encouraging and supporting people eating together.



## Hands-on Cook-off Contest

The Hands-on Cook-off Contest is a major focus of the year for Better Together BC. The contest asks families in BC to show us how they enjoy preparing a recipe together in a three-minute video uploaded to Better Together BC's YouTube channel. Through the contest, we experience our most rapid period of growth in terms of fans and followers of our various social media platforms. Several significant events occurred during this past year's contest.

- We were approached by a community nutritionist who was interested in engaging youth to cook together more often. We created a Youth category for the contest in addition to the usual Multi-Generational category. We used the schools

as a focal point to generate interest in the contest. Not only would the winning youth team win prizes for themselves, but they would also win a prize for their school.

- TV personality Michael Eckford (pictured right), one of our celebrity judges for the contest, volunteered to do a promotional video for our contest.
- Global TV agreed to be a media partner for promoting the contest and more than doubled the airtime for contest promotion.

We achieved significant media attention for Better Together during this past year's contest, earning 14 media clippings in addition to the numerous mentions on other people's social media channels. We doubled the number of entries to the Hands-on Cook-off Contest, with 41 approved entries. Over 2/3 of the entries used a dairy product as a major ingredient.

Better Together BC brings value to dairy producers since it is well known that the more people eat together, the more likely dairy products are to be included in the meal.



Grand prize winners, Jake and his mom, prepare Chocolate Chip Cookie Dough Dip Dip while baby Shea looks on.



# Music makes more Milk

A SONG CONTEST JUDGED BY COWS



## Marketing

### Music Makes More Milk

To reach out to the newly identified adult target demographic in 2012, a fun and innovative contest called Music Makes More Milk was developed by BCDA and DDB Canada. The concept was based on a study suggesting that cows produce more milk when they are listening to music they enjoy. Consumers were invited to compose a song using a custom online song generator, and to share it with their friends. The songs with the most votes were played to a herd of dairy cows at Valedoorn farms, who determined the winning song through their volume of milk production.



Music Makes More Milk - A song contest judged by cows

The contest and website was launched on October 10th, 2012. MusicMakesMoreMilk.com went live and received daily on-air mentions by the Global TV morning news team— a benefit of the media partnership with Global. In addition, 15 and 30 second promotional messages, produced by Global, aired for the duration of the contest. A public relations campaign to promote this initiative was also a component of the launch. Photos of a string quartet playing to cows at Valedoorn farms accompanied the press release that announced the contest.

Music Makes More Milk received an overwhelming response. The contest website had over 350,000 unique visitors and 880 song entries were submitted, far exceeding expectations. The contest also received a large amount of positive press coverage in BC and around the world. Local outlets featuring the story included 24 Hours, Marketing Magazine, the Epoch Times, Creativity Online, Stimulant Online, and PSFK.com. Dave Eto was also interviewed live by AM920 in Ontario, and by Strategy Magazine. An online video segment also appeared at on.aol.com.

In June 2013, Music Makes More Milk was recognized at the International Dairy Innovation Awards, winning the distinction of Best Marketing Campaign.







## Must Drink More Milk to Win

The Must Drink More Milk to win on-pack promotion ran for the 3rd year in fall of 2012. For 8 weeks consumers had the opportunity to win a \$20,000 grand prize with the purchase of participating milk packages, by entering a code online. Results and feedback indicated that the promotion was successful in achieving the objective of increasing sales and engaging consumers with our brand. Compared to 2011, online entries more than doubled, and AC Nielsen results showed a volume increase of 9.2% for promoted stock keeping units (SKU) over non-promoted SKUs.

From the over 20,000 valid entries received, a grand-prize winner was randomly selected on October 29th, 2012.

As a result of the consistent success of BC retail promotions, BCDA will continue to work with processors through collaborations with Milk West and with the Strategic Milk Alliance. In addition to the shopper marketing initiatives undertaken in 2013, an on-pack initiative is being considered for fall/winter 2013 and spring 2014.



## Survival Spring Media Buy

Prior to the launch of the new Milk Every Moment campaign, BCDA continued to invest in mass media, to reach both the adult and teen targets with a milk message. The popular "Survival of the Fittest" ads aired on TV and online from February to April 2013.



# National Milk Campaign

In June 2013 the “Milk Every Moment” (MEM) campaign, developed in partnership as the Strategic Milk Alliance (SMA), launched across English Canada. The campaign targets females aged 30-49 with young children, with the aim of reigniting their love for milk, and effectively increasing milk sales. The campaign was built around a key insight uncovered through research: people enjoy milk the most when it’s paired with their favourite foods.

Armed with this knowledge, the SMA worked with advertising agency DDB Canada to deliver this message in the most effective way possible. Research was undertaken throughout the campaign development process to ensure that the intended message was resonating with consumers. The resulting campaign uses emotion and nostalgia to remind consumers that, “while not everything we did when we were kids made sense, drinking milk does”. Three 30-second ads, and one 60-second ad were produced. The evocative and heart-warming creative is an ode to childhood that highlights some of the fun

yet nonsensical activities people have outgrown, while revealing milk as a timeless pleasure that can be enjoyed at any age. When tested with our target market, results indicate that the ads resonated with women and helped them to reconnect with milk and the childhood memories of fun and nostalgia.

Working as a collaborative across Canada, a comprehensive “always-on” media strategy was implemented. The ads are seen on TV, in cinema and online throughout 2013, with print magazine ads and billboards being added at launch time, and in the fall.

The social media strategy drives consumers to the campaign website ([www.milkeverymoment.com](http://www.milkeverymoment.com)) where they engage with interactive branded contests and with the social media community. The site also features perfect “milk pairing” recipes, a great draw for the adult target group.

In June, there were 70,000 visits to the site. Over 7 million social impressions were delivered through

Facebook, Twitter, and YouTube. Visitors to the website, 85% returning visitors, spent an average of 1:23 minutes. The number of Facebook fans grew by 4,000, and Twitter grew by 1,850 fans. This is a significant growth in community size for our social networks.



## Shopper Marketing

Shopper marketing initiatives contribute an additional layer of integration to the campaign. In 2013, SMA worked with Walmart Canada stores displaying MEM ads on digital screens, and featured a MEM interactive microsite housed on Walmart.ca. Shoppers spent almost 4 minutes on the page, which is 1200% above average and a Walmart record for a non-Walmart promotion.

In western provinces, a custom program with Overwaitea Foods featured a bundled offer of cookies and milk in July. Early results indicate a significant growth in milk sales during the time of the promotion as compared to the month prior to the promotion or for the same period a year ago.

The SMA and Shopper DDB continue to work with retailers to develop in-store initiatives that support the campaign and generate increased milk sales.





# Teen Experiential Initiatives

## Bungee Race

BCDA's presence over the past ten years at youth-targeted events has created impactful and hands-on associations for youth with milk. Since 2010, the Bungee Race has been challenging youth to race their friends on a two-lane, 35-foot inflatable runway to see who "must drink more milk!"

In 2012, the Bungee Race travelled through the province with a team of Must Drink More Milk ambassadors to 12 events from April 19-September 16, 2012. Over this time, the events achieved a total of 672,000 consumer impressions and 11,520 milk samples, generously donated by milk processors, were given out to happy racers.

A sample of events attended in 2012 included: Nanaimo Boat Races (Nanaimo); Center of Gravity (Kelowna); Peach Festival (Penticton); Crankworx (Whistler); The Fair at the PNE (Vancouver); and SFU, UBC, and Uvic Frosh Weeks.



## Milkmobile

For 2013, building on the success of the Bungee Race and aligning with the new Milk Every Moment campaign, the Milkmobile will continue the same positive brand experience with youth but with a focus on females 13-18 years old.

The Milkmobile is a travelling milk truck and poster studio which toured BC music and lifestyle events throughout the summer. At each event, Milk Every Moment Brand Ambassadors (pictured right) invite festival attendees to create a personalized festival poster and immortalize their moment. When they collect their poster, they are given a free milk sample.



# Chocolate Milk

The Powered by Chocolate Milk (PBCM) program positions chocolate milk as the natural choice for athletes in post-workout recovery. In 2012, a new website was launched which provided a better channel to highlight our athlete ambassadors and public relations activities.

A successful media pitch in late-January generated some strong hits. CTV Noon News anchor Lynda Steele interviewed our spokesperson, Registered Dietitian, Ashley Charlebois for a five-minute spot at

noon on Monday, January 21, reaching approximately 22,000 viewers. The segment was also posted on the CTV News website, which receives over 65,000 video streams per day. Ashley also had a media interview with Squamish/Whistler’s Mountain FM which has an audience reach of 11,000.

For 2013/14, Milk West is adopting the PBCM campaign to become a western initiative. Working as Milk West will increase the scope of the program to achieve a much greater reach and impact.



Ashley Charlebois, PBCM Spokesperson and Dietitian (right), on CTV News with Lynda Steele (left) discussing “How to boost your winter sports performance”

# Milk Slam

Milk Slam is an annual consumer promotion activated in school cafeterias. The program is designed to engage high school and university students across BC with the opportunity to win relevant prizes-ultimately encouraging them to choose milk more often. In fall 2012, 211 secondary school cafeterias and 69 post-secondary cafeterias participated in Milk Slam, reaching a total of 505,000 students.

In 2013, Milk Slam will run again in the fall for 8 weeks. We are pleased that for the first time, Alberta Milk will join with BCDA to deliver this promotion concurrently in their market.



Milk Slam promotional poster found in high schools





## Buy Local. Eat Natural.

Buy Local. Eat Natural. (BLEN) is currently in its fifth year; its purpose is to demonstrate to BC consumers the benefits of buying local and eating natural. While BLEN was initially positioned to promote cream, the program has shifted over the years to a platform used to educate consumers about local food products, growers, and producers. The campaign has used a grassroots approach to build an engaged and active community on social media.

In early 2012, BC Agriculture Council (BCAC) showed interested in collaborating with BCDA to transition the program to an industry-wide initiative. With the support of BC's agriculture and food community, BLEN integrates various stakeholders into one centralized location for the consumer to connect with BC farmers. This provides the potential to drive the conversation about BC food and farming and will give BC consumers a reason to continue to buy local and eat natural.

## We Heart Local Awards

To kick off the new BLEN platform, the We Heart Local Awards took place from July 1-August 5, 2013. This unique awards program invited British Columbians to nominate and vote for their favourite local food products, growers, producers, and retailers in 15 categories. The awards exceeded initial expectations. There was strong media support across the province on TV, radio, magazine, online and through social media. The Facebook page increased by 8,988 new "Likes" (187% increase) to a total of 13,797 fans. The contest received 238 nominations and 10,395 votes with a total campaign reach of 631,851.



We ♥ Local Awards promotion on Buy Local. Eat Natural. Facebook page

## We Heart Local Program

Following the success of the We Heart Local Awards, the We Heart Local program will be the next phase of the campaign plan. The program is intended to be a celebration of BC products designed with a pull strategy; retailers, processors, restaurateurs, and vendors asking to be part of the program.

## Real Cream

As the Buy Local. Eat Natural. campaign evolved in 2013, BCDA sought to ensure a continued strong presence for cream promotion in BC. In fall of 2013, BCDA began participating in Dairy Farmers of Canada's Real Cream program along with Milk West. The current campaign is called "Anyday Magic" and focuses on using cream as part of everyday cooking. The media plan includes national print media, public relations, and an extensive online presence. The campaign will begin to unfold in fall 2013.





# Community and Public Engagement

## BCDA Digital

Following the comprehensive analysis of BCDA's digital universe in 2012, we set out with digital agency mod7 to design and develop a new website for our organization which resides at [www.bcdairy.ca](http://www.bcdairy.ca).

The new website acts as the "portal", or central platform, for almost all of BCDA's digital properties. The mosaic style is designed to expose all segments of our audience to the whole spectrum of BCDA's programs, encouraging them to explore and discover the many facets of what we offer. The website also features a password-protected extranet, which will allow dairy producers to access important information that is not available to the public.

In order to manage and maintain the website and our social media channels (Facebook, Twitter, Flickr, Youtube, etc.), an internal digital team was assembled. The digital team represents all departments and holds quarterly, monthly and weekly meetings to develop content plans, and to ensure that BCDA's online presence is active, integrated and current.

Initial results suggest that the implementation of the digital strategy has been a success. Website traffic has increased and engagement with BCDA social media is at an all-time high, both with consumers and internally.

In addition, the website design was recognized with several awards in multiple categories from the 2012 Hermes Creative Awards, the 2012 Communicator Awards and the 2012 Horizon Interactive Awards.

## Mobile Dairy Classroom Experience

The Mobile Dairy Classroom Experience (MDCE) program educates the public about the industry behind the milk on store shelves. MDCE focuses on the benefits of milk as part of a healthy balanced diet, basic cow biology and the milking process from farm to family.

MDCE visited over 120 schools in 2013 including the North Okanagan region and Vancouver Island, completing numerous school tours in each region. Throughout the province, we received very positive feedback. MDCE is one of the only educational and interactive programs visiting schools free of charge. In the midst of educational cutbacks and limited allowance for field trips, MDCE brings the farm experience to the school.

Twenty-one public events were attended throughout the spring and summer of 2013. There has been a gradual increase in the number of events attended by MDCE every summer since the program began. Each event provides the opportunity to educate consumers of all ages. Attractions at summer events and exhibitions include live milking demonstrations with MDCE and also incorporate the experience of milking our life-sized fiberglass cow 'Delilah'. Interactive photo frame displays and a plywood milking-cow are also featured at limited events throughout the summer. In addition to these events, MDCE also visited 18 summer camps in 2013.





# Producer Relations

## Procurement

In 2013 the BC Dairy Association began development of a member benefits procurement program. The idea behind this initiative is to harness our industry-wide buying power to encourage suppliers to provide better pricing and discounts to dairy farmers throughout BC. A province-wide survey of dairy farmers was conducted in the summer of 2013 to accurately assess daily on-farm expenses such as fuel, telecommunication, chemical and insurance usage. The program brings together the dairy farms of BC as a large buying group with significant buying power.

The program is set to launch in early 2014 and will offer notable savings in on-farm expenses.

## Canadian Quality Milk

The Canadian Quality Milk (CQM) program became mandatory for all dairy producers in BC as of January 31st, 2013. The CQM program is an on-farm food safety program designed to help producers prevent, monitor and reduce food safety risks on their farms. The program was developed by the Dairy Farmers of Canada and is recognized by the Canadian Food Inspection Agency. CQM is yet another measure towards improving the already high standards our farms employ.

The initiative is very close to having universal adoption by the producers of BC. As of mid-August 2013, 92% of producers are active in the program. Only two IRMAs have had no training on the program. What remains are 39 who are trained but not yet registered (7.6%). That equates to 99.6% program involvement amongst BC's producers.

## Dairy Industry Research and Education Committee

The BC Dairy Association (BCDA) Dairy Industry Research and Education Committee (DIREC) initiative is underway with significant expansion planned in coming months. The purpose of the initiative is to facilitate, encourage and financially support projects and programs that have been identified by the BCDA to benefit the BC dairy industry.

So far, DIREC has funded a diverse roster of projects such as: a starling population study and feasibility assessment for a Lower Mainland trapping program; a pricing study on anaerobic digestion electricity to lessen the environmental impact of manure; and, a hoof health database development project. In the coming year DIREC will be expanded to include a variety of campus-based, and independent research initiatives that represent the diverse range of dairy-related research taking place throughout BC.

## Producer Communications

Producer Communications strive to provide better communications to producers, and to better educate the public about what producers actually do.

Monthly Moos Blast emails have been increasingly diversified in terms of content that keeps producers better informed. Externally, the BCDA website, [www.bcdairy.ca](http://www.bcdairy.ca), has been increasingly populated with articles that show various facets behind the scenes of BC's dairy industry. In the coming year, we're planning to unveil several ambitious new initiatives that will connect our provincial dairy community better than ever before.





## British Columbia Dairy Association

### Financial Statements

Year ended July 31, 2013



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## INDEPENDENT AUDITORS' REPORT

To the Members of British Columbia Dairy Association

We have audited the accompanying financial statements of British Columbia Dairy Association, which comprise the statement of financial position as at July 31, 2013, the statements of operations, 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 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.

### *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 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 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.



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### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of British Columbia Dairy Association as at July 31, 2013, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Other Matter*

The financial statements of British Columbia Dairy Association as at and for the year ended July 2012 were audited by another auditor who expressed an unmodified opinion on those financial statements on November 28, 2012.

### *Report on Other Legal and Regulatory Requirements*

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Chartered Accountants

November 18, 2013

Chilliwack, British Columbia



British Columbia Dairy Association  
Statement of Financial Position  
as at July 31, 2013

	2013	2012
CURRENT ASSETS		
Cash	\$ 3,635,905	\$ 4,876,839
Contributions and accounts receivable (note 3)	1,306,018	1,121,404
Prepaid expenses	103,605	103,540
Promotion and nutrition project supplies	162,865	228,117
	5,208,393	6,329,900
Capital assets, net (note 4)	217,271	290,867
	\$ 5,425,664	\$ 6,620,767
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 5)	\$ 303,493	\$ 610,724
Deferred contributions (note 6)	52,000	60,000
	355,493	670,724
NET ASSETS/(DEFICIT)		
Producer Services and General Fund	(263)	113,234
Marketing and Nutrition Fund	4,615,726	5,494,096
Dairy Industry Research and Education Fund	454,708	342,713
	5,070,171	5,950,043
	\$ 5,425,664	\$ 6,620,767

Commitments (note 7)

The accompanying notes are an integral part of these financial statements.

Approved by the directors

British Columbia Dairy Association  
Statement of Operations and Net Assets  
for the year ended July 31, 2013

	2013 Total	2012 Total
REVENUES		
Contributions from dairy producers (note 8)	\$ 707,751	\$ 5,291,279
Recoveries and other contributions	91,000	25,211
Interest	43,991	-
	842,742	5,316,490
	\$ 6,131,610	\$ 6,131,610
EXPENSES		
Marketing and Nutrition Education projects (Schedule A)	-	4,326,192
Producer Services and Industry projects (Schedule B)	489,071	-
Labour (Schedule C)	292,200	1,168,798
General and administration (Schedule D)	174,968	699,870
	956,239	6,194,860
	\$ (113,497)	\$ (878,370)
Surplus or (deficit) of revenues over expenses	\$ 111,995	\$ 111,995
Net Assets and Fund Balance, start of year	113,234	5,494,096
Net Assets and Fund Balance/(Deficit), end of year	(263)	4,615,726
	\$ 5,070,171	\$ 5,070,171
	\$ 5,569,298	\$ 5,569,298
	158,981	158,981
	43,090	43,090
	5,771,369	5,771,369
	2,750,464	2,750,464
	347,271	347,271
	1,242,778	1,242,778
	823,530	823,530
	5,164,043	5,164,043
	\$ 607,326	\$ 607,326
	5,342,717	5,342,717
	\$ 5,950,043	\$ 5,950,043

The accompanying notes are an integral part of these financial statements.



British Columbia Dairy Association  
Statement of Cash Flows  
for the year ended July 31, 2013

	2013	2012 (note 10)
Cash flows from operating activities		
Cash received for contributions and recoveries	\$ 6,068,333	\$ 5,921,126
Cash received for interest	44,609	42,450
Cash paid for labour, materials and services	(7,334,966)	(4,924,009)
Net cash (outflow)/inflow from operating activities	(1,222,024)	1,039,567
Cash flows from investing and financing activites		
Purchase of capital assets	(18,910)	(193,455)
Combination of B.C. Milk Producers Association	-	405,314
Net cash (outflow)/inflow from investing and financing activities	(18,910)	211,859
(Decrease)/Increase in cash	(1,240,934)	1,251,426
Cash, beginning of year	4,876,839	3,625,413
Cash, end of year	\$ 3,635,905	\$ 4,876,839

The accompanying notes are an integral part of these financial statements.

British Columbia Dairy Association  
Schedules of Expenses  
for the year ended July 31, 2013

Schedule A: Marketing and Nutrition Education Expenses			
	2013	2012 (Note 10)	
MARKETING			
Marketing programs for British Columbia	\$ 2,776,869	\$ 2,214,287	
Share of expenses for marketing partnerships with other provinces	962,896	64,711	
	3,739,765	2,278,998	
NUTRITION EDUCATION			
School based programs	196,600	146,132	
Programs for public and health professionals	142,241	179,557	
	338,841	325,689	
COMMUNITY AND PUBLIC ENGAGEMENT	247,586	145,777	
	\$ 4,326,192	\$ 2,750,464	

Schedule B: Producer Services, Research and Education			
	2013	2012 (Note 10)	
PRODUCER SERVICES			
Dairy Farmers of Canada member dues	\$ 232,374	\$ 124,518	
Contributions to regional organizations	101,808	61,835	
BC Agriculture Council member dues	60,810	35,464	
BC Dairy Conference	55,087	31,322	
Producer Services and Communications	38,992	29,253	
	489,071	282,392	
RESEARCH AND EDUCATION			
Research and Education Projects	23,811	59,191	
BC Dairy Expo/Innovation Day	10,518	5,688	
	34,329	64,879	
	\$ 523,400	\$ 347,271	

British Columbia Dairy Association  
Schedules of Expenses  
for the year ended July 31, 2013

Schedule C: Labour expenses

	2013	2012
		(note 10)
Salaries and wages	\$ 1,188,678	\$ 988,295
Employee benefits and payroll taxes	216,883	201,621
Labour subcontracts	35,539	1,512
Employees' professional dues, development and recognition	16,657	13,244
Recruiting	3,241	38,106
	\$ 1,460,998	\$ 1,242,778

Schedule D: General and administration expenses

	2013	2012
		(note 10)
Travel	\$ 190,947	\$ 169,951
Directors' fees and expenses	185,919	154,289
Rent and offices expenses	138,646	169,592
Computers	66,350	24,848
Audit, accounting and legal	51,386	37,913
Conferences and meetings	43,183	28,076
Vehicles	28,385	29,538
Postage and couriers	23,105	22,476
Telephone and communications	21,836	20,707
Insurance	14,657	13,729
Professional fees and consulting	14,530	51,236
Interest and bank charges	3,388	2,921
Amortization	92,506	97,848
Loss on capital asset disposal	-	406
	\$ 874,838	\$ 823,530

British Columbia Dairy Association  
Notes to the Financial Statements  
Year ended July 31, 2013

1. Purpose of the British Columbia Dairy Association

The purpose of British Columbia Dairy Association (BCDA or the Association) is to coordinate, plan, oversee and implement the promotion, education and public relation programs best suited to meet the needs of the Dairy Industry in British Columbia; act as representative and advocate for its members to the general public, to governments and their agencies, and to any other group or body that may be appropriate; serve as the forum for dairy producers to discuss issues of interest to the dairy production industry in British Columbia; develop and pursue policies and programs beneficial to the dairy production industry in British Columbia and raise funds for the foregoing purposes. The Association is incorporated under the Society Act of British Columbia as a not-for-profit organization and is exempt for income tax purposes.

2. Significant accounting policies

The Association prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue and expense recognition

The Association follows the deferral method of accounting for contributions.

Contributions from dairy producers are based on a mandatory levy collected under the provisions of the Farming and Fishing Industries Development Act and the Dairy Industry Development Council Regulation. Contributions are collected for specific purposes and are recognized in different funds accordingly.

Contributions are recognized during the month of production to which the levies apply.

Use of fund accounting

The Association reports revenues and expenses using funds on its statement of operations and net assets. These funds are used to recognize internal restrictions on the use of revenues collected and to maintain balances of internally restricted net assets.

- a) **Producer Services and General Fund:** This fund recognizes revenue of the Association and expenses that are not attributable or allocated to the other funds.
- b) **Marketing and Nutrition Fund:** Much of the Association’s revenue is contributions from dairy producers, earmarked for the promotion of fluid milk through the Association’s marketing and nutrition programs. Such revenue and related expenses are reported in this fund.
- c) **Research and Education Fund:** Certain contributions received by the Association are earmarked for research and education benefitting the industry. Such revenue and the related expenses are reported in this fund.



2. Significant accounting policies, continued

Allocation of expenses

Expenses are reported in three funds, representing the principal functions of the Association. Where practical, expenses are attributed to the functions directly (Schedules A and B).

Labour expenses are reported by object (Schedule C) and are allocated to the functions of the Association. Such expenses are allocated 80% to the Marketing and Nutrition Fund and 20% to the Producer Services and General Fund.

Other expenses shared by multiple functions (including general support expenses), or those where attribution is not practical are reported by object (Schedule D) and are allocated to the functions of the Association. Such expenses are allocated 80% to the Marketing and Nutrition Fund and 20% to the Producer Services and General Fund.

Promotion and nutrition project supplies

Promotion and nutrition supplies, held for distribution at no charge or for a nominal charge, are stated at the lower of cost and current replacement cost.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Capital assets are amortized on a straight-line basis as follows:

Computer equipment	3 years
Furniture and fixtures	5 years
Vehicles	5 years
Leasehold improvements	remaining term of the lease

The Association tests capital assets for impairment when events or circumstances indicate that their carrying amount may not be recoverable. Impairment exists when the carrying value of the asset is greater than the undiscounted future cash flows expected to be provided by the asset. The amount of impairment loss, if any, is the excess of the carrying value over its fair value and the loss is recorded in the period when it is determined. The Association assesses fair value based on discounted future cash flows. No impairment losses were determined to be necessary for the year.

2. Significant accounting policies, continued

Financial instruments

The Association’s financial instruments consist of cash, contributions and accounts receivable, accounts payable and accrued liabilities.

- a) **Measurement of financial instruments:** The Association initially measures its assets and liabilities at fair value. Subsequently, financial assets and financial liabilities are measured at amortized cost. Changes in fair value are recognized in net income.
- b) **Impairment:** Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of any reversal is recognized in net income.
- c) **Transaction costs:** 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.

Use of Estimates

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

3. Contributions and accounts receivable

	2013	2012
Receivable from Dairy Industry Development Council	\$ 1,088,550	\$ 1,085,666
Receivable from Receiver General for GST/HST	20,713	19,447
Other contributions and accounts receivable	196,755	16,291
	<u>\$ 1,306,018</u>	<u>\$ 1,121,404</u>

4. Capital assets

	Cost	Accumulated amortization	2013 Net book value	2012 Net book value
Computer equipment	\$ 119,052	\$ 96,198	\$ 22,854	\$ 22,766
Furniture and fixtures	157,017	100,933	56,084	77,029
Vehicles	58,253	53,534	4,719	11,649
Leasehold improvements	228,772	95,158	133,614	179,423
	<u>\$ 563,094</u>	<u>\$ 345,823</u>	<u>\$ 217,271</u>	<u>\$ 290,867</u>

5. Account payable and accrued liabilities

	2013	2012
Payable to suppliers for supplies and services	\$ 218,293	\$ 460,261
Payable to Receiver General for GST/HST and source deductions	24,436	102,129
Payable to/on behalf of employees for wages and benefits	60,764	48,334
	<u>\$ 303,493</u>	<u>\$ 610,724</u>

6. Deferred contributions

Deferred contributions represent unspent resources externally restricted for future expenses as detailed below.

The Association received contributions for its programs from the Cattle Industry Development Council and Beef Cattle Industry Development Fund. These contributions are restricted for particular activities of the Association and are further restricted to fund those activities in time periods covered by the contribution agreements in place.

Changes in deferred contribution balances are summarized in the following table.

	2013	2012
Deferred contributions, beginning of year	\$ 60,000	\$ -
Less amounts recognized as revenue in the year	60,000	-
Add amount received for future expenses	52,000	60,000
Deferred contributions, end of year	<u>\$ 52,000</u>	<u>\$ 60,000</u>

7. Commitments

The Association has commitments under operating leases as follows:

	Expiry date
Premises	June 30, 2016
Automobiles	November 6, 2013

The future minimum rental payments required under the operating leases as at July 31, 2013 are as follows:

2014	\$ 73,826
2015	72,648
2016	66,594



8. Related party and related party transactions

Dairy Industry Development Council (“the Council”)

The Council collects contributions from dairy producers on behalf of the Association under the provisions of the Farming and Fishing Industries Development Act. These transactions are in the normal course of operations and are measured at the amount exchanged. During the current year the Council contributed \$6,131,610 (2012—\$5,569,298) to the Association. At July 31, 2013, \$1,088,550 (2012—\$1,085,666) due from the Council is included in contributions and accounts receivable.

Under the plan of the Council, as approved by the Minister responsible, the Council and the British Columbia Dairy Association have a common board of directors. The Association and the Council are thereby commonly controlled.

The accounts of the Council have not been consolidated with the Association. The following table is the Council’s summary financial information for its most recent fiscal year ending December 31, 2012. The Council’s complete financial statements are available upon request.

DAIRY INDUSTRY DEVELOPMENT COUNCIL		
	2012	2011
FINANCIAL POSITION as at December 31		
Total assets	\$ 2,540,022	\$ 2,123,691
Total liabilities <sup>(1)</sup>	\$ 1,897,042	\$ 1,681,347
Total unrestricted net assets	642,980	442,344
	\$ 2,540,022	\$ 2,123,691
RESULTS OF OPERATIONS year ended December 31		
Total revenues	\$ 10,299,515	\$ 9,749,972
Total expenses <sup>(2)</sup>	10,098,879	9,621,923
Excess of revenues over expenses	\$ 200,636	\$ 128,049
CASH FLOWS year ended December 31		
Cash flows from operating activities	\$ 351,713	\$ 188,181
Increase in cash	\$ 351,713	\$ 188,181

(1) Total liabilities include \$1,131,560 (2011 - \$1,070,541) due to the Association.  
(2) Total expenses include contributions of \$5,967,283 (2011 - \$5,699,397) to the Association.

9. Pension plan

The Association participates in a defined contribution pension plan (the “Plan”) administered by Manulife Financial Ltd (“Manulife”). The Association and participating employees make monthly contributions to the Plan into a members accumulation account. The contribution is based on an annually determined contribution rate on the member’s salary.

The Association contributes 5% and employees contribute 5% to the member’s account. Pension plan expenses for the year ended July 31, 2013 amounted to \$43,398 (2012—\$35,208).

10. Comparative information

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

Expenses reported on Schedule B include activities undertaken by the B.C. Milk Producers Association (BCMPA) prior to December 1, 2011. On December 1, 2011, BCDA assumed the operations of BCMPA. Therefore, the 2012 comparative information on Schedule B includes only 8 months of BCDA operations. Expenses reported on Schedules A, C and D have a complete year of comparative information.

11. Financial risk

The Association’s financial instruments consist of cash, contributions and accounts receivable, accounts payable and accrued liabilities. The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity’s risk exposure and concentrations at the date of the Statement of Financial Position, July 31, 2013.

- a) **Credit risk:** Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association’s main credit risks relate to its contributions and accounts receivable.





