



2016–2017  
ANNUAL REPORT











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## LETTER FROM THE CHAIR

**T**his year-end report will be first seen by those attending the BC Dairy Industry Conference. Once again we welcome producers and industry affiliates from across BC and Canada to Vancouver for what should be a thought-provoking time to discuss both opportunities and challenges that face the dairy industry. The conference concludes on Friday with your association's AGM as well as that of the BC Milk Marketing Board (BCMMB). We look forward to presenting some highlights at that time.

It has been another full year at BC Dairy Association (BCDA). Please take a few minutes to look through this report highlighting many of the Association's activities that took place throughout the year. These activities demonstrate involvement and influence in our communities as we actively promote a healthy lifestyle around the consumption of dairy products. The market environment is very competitive and we can be proud that BC has shown the largest percentage growth in fluid milk sales in Canada over the past year. This, combined with the ever increasing demand for butterfat, puts the challenge back on BC producers to produce more milk and to grow their farms responsibly. With that comes many challenges. Your association will continue to work with you on the many issues we face locally, provincially and nationally.

It is a pleasure to report that this past year has been excellent working with one of our key partners—the BCMMB. Together, we plan this conference for the benefit of producers. Although our roles are different, it is also true that we share many priorities that are closely aligned. Seeing results to better our industry is critical and we are committed to working on provincial and national matters together. The industry must find solutions together, and this past year has been an example of that commitment.



I want to draw attention in this report to some important priorities that have been worked on this past year:

**1** The Farm Industry Review Board initiated a consultative quota tools assessment review. Much work was done by the BCMMB on this review and producers were consulted throughout BC on the impact of the 10/10/10 assessment and other policies. At the time of writing, this review has not yet been concluded, but what was started by many producers' comments at the AGM last year must result in changes that will allow us as business owners to position our farms sustainably into the future. BCDA will continue to speak into this process going forward.

**2** North American Free Trade Agreement (NAFTA) has become a new priority and the Trans-Pacific partnership (TPP) is no longer a part of the conversation. That is how quickly things can change that can have serious effects on our industry. DFC has representatives at the NAFTA negotiations and much support will be given to this file. I emphasize our responsibility as producers to promote the positives of our industry and of supply management. Currently, there is strong support amongst our elected officials and amongst Canada's negotiating team to defend Canadian interests which include supply management. Dairy Farmers of Canada (DFC) and BC Dairy will continue to hold them to this position without bringing negative consequences to our industry.

**3** The first portion of the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) has been implemented. In the coming years we will see more European cheeses enter the Canadian marketplace. The Canadian government introduced a dairy farm investment program to help offset the negative impact to our industry. Although unknown at this time, we hope that many BC producers applied and will benefit from this program.

**4** The required responsibilities of producers in regards to proAction continue to increase. Traceability and Animal Care are fully implemented now and Biosecurity will begin in September 2018. This is your quality assurance program that we highlight in so many engagements with consumers and decision makers. I cannot emphasize enough our role as producers in its fulfillment and in its

success and I am pleased that every farm in BC, as a requirement of their license, will be proAction certified by July 2018. I want to also bring credit to producers who go far beyond proAction. There are so many programs and opportunities that producers are engaged in to make their farms more sustainable—keep up the good work!

**5** We continue to invest in market growth. Ensuring consumers understand the value of dairy products is vital to our future. This past year has seen many of our partner dairy organizations reevaluate their marketing programs. At BC Dairy we are focusing on ensuring we deliver on our objectives of growing our local market. We are continually evaluating our marketing programs to ensure that we are offering the greatest return on investment for BC dairy farmers and our industry.

I'd like to thank all those involved in our industry at the leadership level. Locally, provincially and nationally we need to be engaged. I also want to emphasize that young leadership is critical and it is rewarding to see many young producers involved in our industry. Your influence is far greater and your words further reaching than you realize—I want to encourage any work young producers are doing. In February 2018 there is a "Future Leaders Development Conference" in Toronto that BC will be sending young future leaders to. Please contact BCDA if you are interested in applying to be a part of this opportunity.

On behalf of the Board of Directors, I want to thank everyone involved who has worked to better our industry and I believe that encompasses almost everyone who will read this report. This past year has had many challenges and the year ahead will present some more, but let's continue to work hard to make our industry stronger. I look forward to partnering with you to do that.

Sincerely,



Dave Taylor

## LETTER FROM THE GENERAL MANAGER

**W**hat a year it's been!

At BC Dairy it's our job to talk to consumers, influencers and policy makers on behalf of dairy producers and our great industry. And this year there's been much to talk about.

Trade issues continue to be at the forefront of public dialogue. As of November 2017 there have been four rounds of NAFTA trade talks—Canada's dairy farmers have been present at all these talks, holding negotiators accountable.

CETA has finally been ratified and implementation has begun. Producers in BC made applications to the Dairy Farm Investment Program.

As always, our most important activity is to invest in market growth, ensuring consumers continue to value dairy products as part of a healthy diet. This year, across Canada, many dairy organizations have been examining how they approach dairy marketing. BC Dairy is committed to ensure that our market building culture serves BC's producers and consumers.

In July 2017, BC Dairy and BC Milk Marketing Board signed an agreement to make proAction a requirement for all BC dairy producers. The Livestock Traceability pillar has been added in 2017 and herd assessments added to the Animal Care pillar.

All of this occurs in the context of unprecedented growth in the demand for butterfat and dairy products.

We are in a time of tremendous challenges and opportunities. I encourage all producers to get involved with BC Dairy and what we do: volunteer to hold a farm tour; become a champion of proAction; join a committee; or come to a meeting and ask tough questions about what we're doing for the industry.

As we celebrate this year's dairy conference and AGM, I thank everyone for their contributions to our efforts.

Sincerely,



Paul Hargreaves





U.B.C. Dairy Education  
and Research Centre

# **NUTRITION EDUCATION**



## ANNUAL NUTRITION FORUM

***Your Microbiome: The army of microbes that manage your health (and how you can help them!)*** was the focus of the 17th Annual Nutrition Forum held in Vancouver in May, 2017. The topic proved to be very popular, attracting over 175 health professionals, one of the largest forum audiences to date. Dr. Emma Allen-Vercoe, an internationally recognized microbial ecologist from the University of Guelph, was the featured speaker. Both the topic and the speaker received rave reviews.

According to Dr. Allen-Vercoe, the best way to feed your gut microbes is to eat a wide selection of fruits, vegetables and fibre-rich foods, instead of relying on prebiotic and probiotic supplements. She also gave us good news related to dairy products: Eating fermented foods such as yogurt, cheese and kefir has health benefits, probably related to the unique by-products of fermentation. Dr. Allen-Vercoe's entire presentation is available online at [BCDANutritionForum.ca](http://BCDANutritionForum.ca)

In addition to professional education and networking with colleagues, this year's forum provided an opportunity to highlight our updated "FoodTrack – Check on Fibre" resource, promote our new "Probiotics, Fermented Foods and Health" workshop for health professionals, and to continue our partnership with Dietitians of Canada.

The Annual Nutrition Forum is presented with ongoing financial support from Dairy Farmers of Canada.

“  
BRING HER BACK –  
SHE'S WONDERFUL;  
A LOT OF INFO TO  
'DIGEST'.



**+ MILK**

## SCHOOL INITIATIVES

### +Milk

BC Dairy Association partners with the Province and BC Agriculture in the Classroom Foundation to deliver milk to schools. In 2016–2017 the program expanded from serving students in grades K–2 to include students in grades 3, 4 and 5. The program served 153,864 students with twelve 120 mL portions during the school year. Due to the success of the pilot expansion, the program will continue to serve students in grades K–5 during the 2017–2018 school year. The +MILK program is provided to students without any fee.

### School Milk BC

School Milk BC (SMBC) is an ongoing BCDA initiative that supports and encourages schools to serve milk 2–3 times per week. In contrast to +MILK, where students are offered a taste of milk, SMBC develops a milk drinking habit. SMBC is in about 245 schools. While the reach isn't as global as the +MILK program, the volume of milk going through this program is significantly greater—over 500,000 litres. SMBC is a user pay program that relies on volunteer support at the school.

### Nutrition Education

Nutrition education workshops for teachers are a flagship initiative for BCDA. Teachers throughout BC take advantage of this service, receiving colourful, engaging resources they can use in their classrooms. Once teachers have attended a workshop, they can continue to reorder student materials year after year. By tracking reorders of our four core programs, we have an indication of the number of students we reach. In 2016–2017 our materials reached over 14,000 students in the elementary grades alone.

Our program evaluations show that students who use our programs actually make behaviour changes towards healthier food choices. In grades 2–3, for example, students learn to create balanced meals, choosing something from each food group. Quite often, the improvement students need to make is to include something from the Milk and Alternatives food group. Evaluation shows that after the program, students are making more balanced lunches, and that includes choosing Milk and Alternatives more often.





## BETTER TOGETHER—A RECORD YEAR

Better Together is BCDA's initiative to support and promote cooking and eating together among families. We are committed to this initiative because among the many benefits of cooking and eating together we know that it helps people eat more healthfully—and that includes eating more dairy products.

### Social Media Activity

The primary year-round activity in Better Together continues to be the outstanding blog posts, appearing bi-monthly, that drive so much of the interaction on social media, particularly Facebook and Instagram.

We saw another exceptional year of growth in our community on Facebook—an increase of 52% over the course of the year. We launched an account on Instagram in August 2016 that is quickly becoming a more important platform than either Pinterest or Twitter. In 2017–2018 we will focus our efforts on Facebook and Instagram, while continuing our blog.

#### Growth in 2016-2017

- 52% growth on Facebook, with increasing activity and shares over the year
- 3% growth on Twitter
- 17% growth on Pinterest
- launch of Instagram



### SHARING MEALS WITH FAMILIES AND FRIENDS AS OFTEN AS POSSIBLE

The timing for such a successful initiative couldn't be better, as Canada is moving towards updated food guidance in the next year or two.

Health Canada has put forward three guiding principles in their 2017 proposal. They recommend "Sharing meals with families and friends as often as possible" as part of their guiding principles.

While we don't yet know what the final policy and food guide will be, we are pleased to see the emphasis on the importance of eating together.



I love to cook, inspire others to cook and the icing on the cake—cooking with my grandkids! This was a very fun process which finished off with dinner—perfect.

DAWN, HANDS-ON COOF-OFF CONTESTANT

## Hands-On Cook-Off Contest

We wrapped up our 8th annual Hands-on Cook-off contest in 2017 with a record-breaking 51 video entries from across BC! In this contest, families or groups of youth submit a 3-minute video showing us how they prepare (and eat) a recipe they enjoy.

This year's contest was exceptional in so many ways. In addition to celebrating the importance of cooking and eating together, we celebrated “family”—whatever family might mean to different people. Through the amazing array of cooking videos representing 24 different communities across the province, we were given a window into kitchens and families throughout BC.

Each year we see that recipes make very good use of dairy products, but again we broke the record this year with 78% of contest recipes using a significant amount of dairy products.

The Hands-on Cook-off clearly brings forward the message that it's all about the fun and the joy of participating in the contest—just exactly what Better Together hopes to inspire. These are the feelings that will continue to bring families back to the dinner table.





## DAIRY FARM TOURS FOR HEALTH PROFESSIONALS

In September 2016 and May 2017, the nutrition educators at BCDA organized dairy farm tours for registered dietitians in the Lower Mainland. Over 35 health professionals attended these tours. Dairy farm tours have proven to be an effective means of communicating messages around dairy's role in a healthy diet, plus they provide a unique opportunity to answer common questions about animal care and on-farm practices. Health professionals often seek answers to the same questions as their clients.

After both tours, attendees reported a greater confidence in recommending dairy to their clients. They reported a stronger ability to answer their client's questions surrounding dairy and dairy farming, and developed a deeper respect for milk's journey from farm-to-fridge.

### 2016-2017 Farm Tour Recap & Highlights

The September 2016 and May 2017 tours began at UBC Dairy Education & Research Centre. Dr. Jim Thompson and graduate students fielded questions and showcased their current research shaping cow-care, on-farm practices, and herd management. In addition to visiting the research farm, health professionals also had the opportunity to

see two working BC dairy farms in the Fraser Valley (Ken Vandeburg's farm (2016), Chris Von Hardenberg's farm (2017)) and sample local cheese from artisan cheesemakers (Golden Ears Cheesecrafters (2016), The Farm House Natural Cheeses (2017)). The tour events allowed attendees to personally experience on-farm life, and created rich discussions about dairy farming and the safety of BC's milk supply.

A third farm tour took place in September 2017, hosted by the Van Boven family of Van Valley Farms in Duncan for Island health professionals. Raymond Gourlay from Little Qualicum Cheeseworks showcased his family's cheeses and offered samples.

### Looking Ahead

BCDA is looking forward to hosting farm tours for health professionals next year as it proves to be an educational and fun-filled experience for all those who attend.

## MINI FOOD GRANTS

Annually, BCDA rewards teachers from kindergarten through grade 12 with mini food grants for using one of the various BC Dairy nutrition education programs within their classroom. Teachers who apply for a grant can receive \$50–\$150 by sharing how the funds will help their students learn how to make healthy food choices. In the 2016–2017 school year, we awarded an all-time record of 179 mini food grants! We look forward to continuing to support teachers with their hands-on nutrition education.

### What others are saying:

“ I love this program and hope to continue participating in it for years to come.

My favourite is when a parent approaches me the next day and asks what we made in class because their child wants to have that for dinner that night.

I did the Yogurt Parfaits with my grade 11/12 class on Thursday. They loved it!

The [BCDA] 'Food Explorers' program was wonderful and tied in well to many things we were learning in science, socials and physical health. Our class made four recipes: strawberry smoothies, mini pizzas, baked apples and macaroni and cheese. The children loved all the recipes. I heard from many that they tried the mini pizzas at home. It is a wonderful program.



A blue-tinted photograph of a triathlon event. In the background, a large sign reads 'FUEL REPAIR'. Several athletes are visible in the foreground, some standing and some in motion. A white rectangular box with a thin blue border is centered in the image, containing the word 'MARKETING' in bold, black, uppercase letters.

**MARKETING**



## PUT YOUR ADULT ON PAUSE

Since 2013, the Strategic Milk Alliance (SMA) collaboration between Milk West (comprised of BC Dairy Association, Alberta Milk, SaskMilk, and Dairy Farmers of Manitoba) and Dairy Farmers of Canada, launched a campaign targeted to young parents aged 30 to 49, with a female skew.

For 2016–2017, BC Dairy executed its own fluid milk campaign specifically for the BC Market. Building on concepts developed for the SMA in February 2016 and based on tracking by Intensions, consulting research showed the greatest opportunity to increase consumption with our target audience was to focus on the pleasure driver; using the scenario “sometimes your inner child just wants a glass of milk”. Looking at three years of data tracking from SMA’s Milk Every Moment campaign, pleasure and happiness milk emotions can be associated with an 830% increase in glasses of milk consumed. BCDA saw an opportunity to evolve the research findings and scenario that “sometimes you inner child just wants a glass of milk.”

The creative spots are shown in a “found footage” style that show adults behaving in a youthful spirit, closing with a pleasant surprise at the end reminding viewers to “Put Your Adult On Pause” (PYAOP). The campaign had three spots, titled: “Hotel”, “Jumbotron” and “Cop Car” that launched on October 10, 2016 and ran through to July 23, 2017.

The creative executions followed a six-month gap in marketing and media spend since SMA’s Milk Every Moment campaign (April 2016) in which the BC campaign results showed positive movement in happiness (+8.89%) and pleasure (+10%) drivers indicating that elements of the campaign had influenced the right emotions towards milk within the first quarter. Within that same reporting quarter, respondents indicated that 6.9% drank milk daily, while 18.1% drank milk recently, and 10.5% intend to drink more milk compared to BC adults not exposed to the campaign.

The campaign was on TV, billboards, online, displayed through search engine, and social media to reach our primary audience. Overall, the campaign was successful in delivering high ad recall, positive sentiment towards milk, and increased consumption for all adults.

For the following fiscal year, BC will continue to execute another year of fluid milk promotions and refresh the Put Your Adult on Pause creative.

Over the summer months, the Put Your Adult On Pause campaign was brought to life and visited several communities and fairs across BC. Adapting last year’s Mom’s Playground, the trailer was outfitted with outdoor campaign creative while offering “milk-tinis” and hand massages. Consumers were surprised at how simple and fun the milk concoctions were and enjoyed the overall experience with the trailer. The trailer visited 11 events across BC (totaling 16 event days), making 311,050 impressions, and distributing 19,616 samples.



## POWERED BY CHOCOLATE MILK

Powered by Chocolate Milk (PBCM) launched the Adopt A New Routine campaign in 2016 highlighting how athletes are creatures of habit and have rituals or routines. Some are rational—like consistent training. Some are irrational—like wearing lucky socks. Drinking chocolate milk is a rational habit, so no matter what the pre-game habit is, chocolate milk should be part of the post-game ritual.

Tactics for the campaign included broadcast TV, online digital and social. The campaign was launched online on PBCM channels from June to September 2016 with a Sportsnet partnership to promote a contest. Sportsnet aired 6 short stories of Canadian athletes from across the West featuring: Emily Batty, Sophie Schmidt, David Ousted, Jen Kish, Justin Capicciotti, and Richard Weinberger. Timing coincided with the Rio Summer Olympics, which generated high viewership and Canadian patriotism.

The partnership with Sportsnet aired the athlete spots 425 times during the campaign period, reaching 4.16 million viewers on TV; digital gained over 2 million impressions,

while social reached over 2.5 million impressions. Athlete familiarity drove an impressive engagement rate across all posts, with Sophie Schmidt driving an overall engagement rate of 4%. In comparison, Facebook benchmarks range from 2-3%. On PBCM channels and digital content, the contest posts generated 5.3 million impressions and 6,178 post engagements.

Throughout the year, a team of 21 athlete ambassadors across the West used social media to promote their passion for chocolate milk within their community. The athlete ambassador program continued to be a key component of the grassroots side of the PBCM campaign, extending program reach on social media and providing opportunities to garner media coverage. Overall, this past year generated 14 media posts on TV, in digital, and in print across the West. Paid support on Facebook, Instagram, and community events help to boost the reach of our posts and to generate greater engagement, while being a cost effective way to increase traffic to our website. Targeted digital media in the form of banner advertisements, online search, and social media channels, such as Facebook, Instagram, and Pinterest ads, continued to drive traffic to the PBCM website and blog.



## COMMUNITY ACTIVATIONS

Over the summer, PBCM's Recovery Crew and Recovery Camp provided educational opportunities to sample chocolate milk with athletes at key events where they needed to consider their post-recovery snack.

The Recovery Camp intended to increase value to athletes at the point of sweat—the finish line. This year we continued to provide an enticing space and opportunity for athletes to warm up, cool down, stretch and rest in our activation area. This allowed our brand ambassadors to interact directly with athletes and deliver our 'chocolate milk for recovery' message with a milk sample.

### IN TOTAL, THE RECOVERY CAMP

ATTENDED  
11 EVENTS  
(3 IN BC)

MADE OVER  
69,000  
IMPRESSIONS  
(27,300 IN BC)

ENGAGED WITH  
41,000 ATHLETES  
(18,000 IN BC)

DISTRIBUTED  
34,5000  
MILK SAMPLES  
(18,000 IN BC)

SURPASSING OVERALL TARGETS BY 101% ON AVERAGE  
(111% IN BC)

The Recovery Crew attended smaller events, ranging from running to marathons, soccer to track and field, triathlon and many more. Our engaging Recovery Crew ambassadors, who were also kinesiology students, provided athletes with personalized recovery tips, sport-specific swag, and a milk sample.

### IN TOTAL, THE RECOVERY CREW

VISITED  
38 EVENTS  
(15 IN BC)

ENGAGED WITH  
25,000+ ATHLETES  
(10,500+ IN BC)

DELIVERED ALMOST  
19,000 CHOCOLATE  
MILK SAMPLES  
(8,450 IN BC)

SURPASSING OVERALL TARGETS BY 131% ON AVERAGE  
(150% IN BC)

## MILK MOOVES YOU

The Milk Mooves You (MMY) on-pack promotion was in market in BC, Alberta, Saskatchewan, and Manitoba for 14 weeks from March 20–June 25, 2017 with the objective to incrementally grow the milk category volume by encouraging parents and families to purchase and drink more milk. To expand reach to both urban and suburban target audiences, this year's sweepstakes included two vehicle prizes: a 2017 Honda Ridgeline EX-L and 2017 Honda Fit SE; and \$25 McCafé gift cards. Additionally, a partnership with McDonald's allowed us to supply a gift with entry of which over 175,000 coupons were printed. This year's participating processors included Saputo, Agropur, and Parmalat.

Data from AC Nielsen, which tracked the promoted participating milk cartons and jugs, indicated that the program successfully influenced milk category behaviour across Western Canada. The overall milk category grew at .08% on a rolling 52-week basis compared with growth of 2.2% in the rolling 12 week MMY program period.

On this basis, category performance during the program period outperformed the 52 week rolling average by +2.12%. Specifically for BC, it was +2.5%. This translates to approximately 11.67 million incremental servings of milk consumed in Western Canada during the program.

The grand prize winner of the 2017 Honda Ridgeline EX-L was Elke K., 33, from Foothills, AB. She purchased 5-4L jugs of milk during the campaign period.

### AT A GLANCE

#### Program Reach

+27,000,000  
PACKAGES OF MILK

#### Program Impact

+2.5% VOLUME GROWTH  
DURING PROGRAM PERIOD IN BC  
\*AC NIELSEN DATA

#### Unique Entrants

154,349 (+1.97%)

#### Entries

833,905 (+15.09%)

#### Average Codes / Entrant

5.403 (+12.8%)



## EXPERIENTIAL

Successful activations from the previous year returned to market in 2016–2017 with Milk Bubble in winter and Snack Time Sumo in summer.



### Snack Time Sumo

Milk West's animated series Snack Time came to life in BC with Snack Time Sumo—a larger than life sumo ring—that invited teens to “duel” as snack characters for the title of ultimate snack pairing with milk at summer festivals and fairs. Teens and their friends were welcomed by brand ambassadors to take a break, chill and cheer on their favourite Snack Time characters while enjoying some milk and a snack. The BC summer tour began in June, attending 9 events, reaching 532,500 teens, and distributing 11,000 milk samples.



### Milk Bubble

The inflatable, life-sized Milk Bubble warmed the hearts and bellies of consumers as they were served with real, hot chocolate milk at festivals and events across Western Canada. Milk donations provided by processors helped offset program costs, enabling the program to reach over 30,700 British Columbians at 6 different events. As one of the most popular activations at events, Milk Bubble brand ambassadors handed out 6,875 milk samples in BC.



#### IN THIS PAST YEAR

2 WAVES

(9 TOTAL)

20

NEW EPISODES

(80 TOTAL)

2,430

NEW TUMBLR  
FOLLOWERS

(11,245 TOTAL)

10,791

NEW YOUTUBE  
SUBSCRIBERS

(40,167 TOTAL)

8,288,777 VIEWS

(22,981,431 TOTAL –  
EARNED AND PAID)

## SNACK TIME

Since its premiere in July 2014, the animated series, Snack Time, spoke to youth while they were 'chilling at home'. The episodes featured an animated carton of milk named Carlton and highlighted his adventures with his favourite snack friends. To evaluate and test the effectiveness of the campaign, Milk West conducted morphological research in the fall of 2015. The survey showed that teens who watched the animated series were more likely to consume a greater amount of milk (20% more) than teens who did not watch the series. Testing also revealed that episodes showing Carlton front and centre encouraged greater results among teens when 'chilling at home'.

With over three years in market and 60 episodes, Snack Time continued to be a Milk West success right up to its final wave and finale episode. In this past year, the series generated 20 new episodes and was supported by social promotions on Tumblr, Facebook, and BuzzFeed. To further amplify social promotions, for the final wave, Snapchat was added to the media mix. Speaking to teens in a space they already occupy, a 'Snapchat takeover' helped extend reach and awareness about the contest to our primary audience (those who engaged with the brand).

Overall, both wave 8 and wave 9 drove over 8.2 million views and found the greatest efficiencies through YouTube discovery ads, which enticed viewers to consume 9 additional videos. As channel awareness increased, audiences were more likely to engage with additional content.

Contextual targeting and channel retargeting tactics were activated in order to drive the most efficient results. Overall, these placements generated 59,158 video completions of the first video at an average Cost-Per-Complete-View (CPCV) of \$0.12.



**DRINK MILK**  
GET STUFF



## MILK REWARDS

Milk Rewards is a high school and post secondary school cafeteria program in BC, Alberta, and Saskatchewan markets.

Previously named Milk Slam, Milk Rewards influences teens and young adults to choose milk more often. We have the opportunity to engage students in the cafeteria with a variety of themed prizes when they buy milk. No other beverage competitor has this access.

In 2016–2017, the Milk Rewards program used a rewards-based platform, intended to increase milk consumption and frequency. The program took place from September 26–December 2, 2016 and included a variety of prizes ranging from technology to apparel, music, and gift cards. Each time a student purchased milk, they received a scratch card to reveal an instant prize (milk) and collected points to redeem their prize of choice. Alternatively, they could enter a weekly sweepstake for a chance to win other great prizes instead of obtaining a prize through point redemption.

We saw a drop in the number of entrants and overall entries in 2016; however, the average number of entries per user grew by a phenomenal 232%. This resulted in an average of 9.6 entries per user compared to only 3.67 in 2015, which indicates a higher level of engagement among participants. About 142,140 milks were sold during the program, which was an increase of 0.79% over 2015, which means that students are drinking just as much milk as the previous year during the same promotion period.

Over the 10-week program period, there were 725 participating cafeteria locations with a reach of 1.13 million students and over 5,400 prizes redeemed.





## WE HEART LOCAL

We Heart Local (WHL) is a pan-agriculture initiative created in partnership with BC Agriculture Council (BCAC) in 2014. This initiative is a widespread community movement aimed at supporting local BC farms and food businesses. Additionally, this initiative has provided us with the opportunity to educate consumers about the benefits of buying locally-grown foods.

This year, WHL engaged the online community in a summer contest called #LivinLaVidaLocalBC. The contest ran from July 12–August 8, 2017 on social media platforms, Facebook and Instagram and was supported by search advertising. In addition, the contest was promoted through a well-known blog, Miss604 to enhance the contest's reach.

The overall objective of the contest was to encourage the BC community to share why they love to shop and eat BC produced foods. A diverse audience across BC participated, with the highest lump-sum participant numbers from the lower mainland but the most widespread from small towns.

A total of 361 contest entries were made and a total of 79,534 people were reached through this contest.

For 2017–2018, WHL will be evaluated to assess its fit with BCAC's public trust strategy.

## PUBLIC TRUST

According to 2016 research by the Canadian Centre for Food Integrity, only 30% of today's consumers think the Canadian food system is headed in the right direction. Consumers are losing trust in the food system, despite most knowing little to nothing about Canadian food production practices.

BC Agriculture Council is working with its members to create a public trust initiative focused on encouraging engagement between the general public and the agrifood sector in order to reverse this emerging trend and continue growing a healthy and sustainable industry. The desired outcome is to develop confidence in the provincial agrifood system, through building a basic understanding of how it functions and support for its continued expansion.

The overall strategy was developed and accepted by BCAC membership in 2016–2017. For the coming year, BCAC has hired a Manager of Public Trust who will be tasked with developing the full work plan, budget and program roll-out.

## DIGITAL COMMUNICATIONS

BCDA's digital communications aim to establish BC Dairy as the trusted source online for dairy in BC. All activity is promoted on the BCDairy.ca website with social media activity as a secondary communication vehicle.

BC Dairy began its evolution in Search Engine Optimization (SEO) in 2015. Since this implementation, significant changes have been made to BC Dairy's rankings on Google, the user experience on the website and traffic to the site according to Google Analytics. BCDA's presence on social media platforms has increased our influence digitally and has allowed us to be considered a credible source of information for the public.

In 2016–2017, organic traffic to our site increased by 53.76%. Another change to note is the increase in mobile traffic with an increase by 114% of users who access our site through mobile.

With the Google Display Network (GDN) reaching over 80% of global internet users expanding across 1 million sites, standardizing our practices to match Google is a key move to increase our reach and influence among consumers.

Collectively, all these changes have allowed BCDA to reach the public more effectively through various platforms. Reaching the public allows us to educate and create awareness about our dairy farmers, the benefits of milk and our programs, as well as allows BC Dairy to become a credible source for the public to ask questions, as social media is a two-way communication stream.

This year has proven to be a huge success for BCDA's digital communications.

As we look ahead, we've identified several changes that will further enhance our impact among consumers in BC. We will continue to provide reputable information and be a trusted source for the public through digital communications.

## MILK ALTERNATIVES

Milk Alternatives research conducted in April 2016 with Intensions Consulting revealed that 45.5% of young females aged 18-39 in Western Canada have consumed a milk alternative (MA) in the past week. 62% of these MA users ("myth believers") like cow's milk but their belief in five prominent milk myths is reducing their current consumption. BCDA saw an opportunity to increase consumption of milk with these "myth believers" by clearing up common misconceptions around these myths.

From May 17–August 8, 2017, BCDA ran a digital campaign to debunk three of the five myths – *Hormones & Antibiotics in Milk*, *Calories & Fat in Milk* and *Milk is Unnatural for Adults*. Articles addressing the milk myths were posted on BCDairy.ca and paid promotion on Facebook, Google Display Network and Search increased message reach.

Almost 100,000 people were reached by the campaign and each article garnered over 300,000 impressions.

Stemming the growth of milk alternatives is a challenge we expect we will continue to face in the future. Plans are underway to evolve this digital campaign in 2017-2018 and determine the long term strategy for educating consumers on the nutritional benefits of dairy products compared to milk alternatives as a core part of a healthy diet.



### IN THIS PAST YEAR

BCDAIRY.CA

116,710 USERS

137,381 SESSIONS

+53.76%

IN SITE TRAFFIC



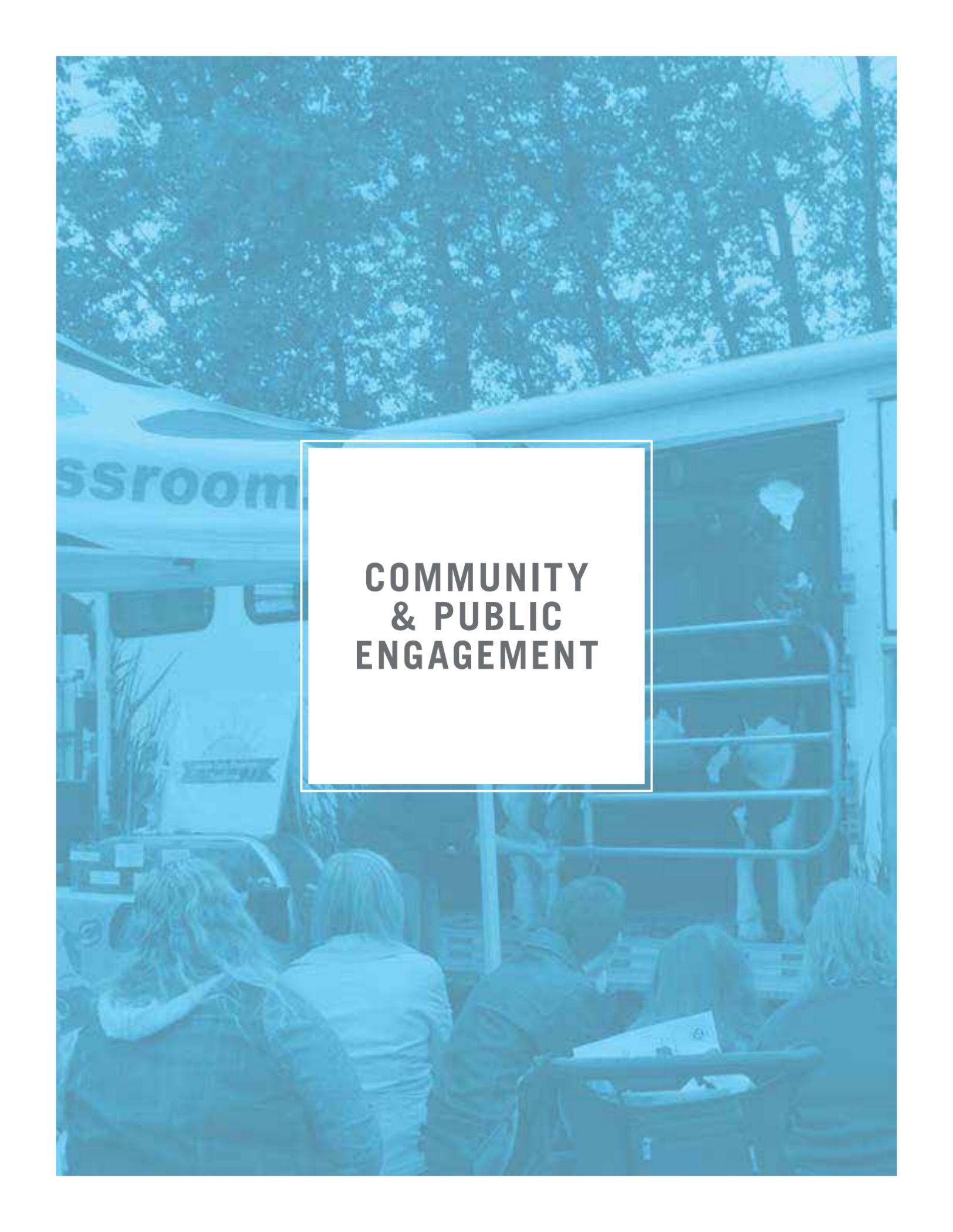
## GRAPHICS/PHOTOGRAPHY

BC Dairy Association's photo library requires ongoing updates and replenishments to maintain a fresh look and feel for our programs and materials. This means new visual assets are needed each year. In 2016–2017, we visited Daldas Farms and Glenview Farms on Vancouver Island, Elmido Farms Ltd. in Chilliwack, and Pickmick Dairy in Delta.

BCDA will continue to maintain and update its current library of images and videos to showcase and highlight areas of the dairy industry and producers to the public in the upcoming year.







**COMMUNITY  
& PUBLIC  
ENGAGEMENT**

## BC SCHOOL SPORTS

BC School Sports (BCSS) is a member-based association for public and non-public secondary schools across BC. BCSS has an average of 440 member schools throughout the province, with more than 100,000 student athletes participating in 53 provincial championships organized by 19 active Sport Commissions.

In 2016–2017, BCDA completed its first year out of a three-year partnership with BCSS. The aim is to ensure student athletes keep milk top of mind while engaging in a sense of school spirit, a healthy lifestyle and community involvement—facilitated through both our, and BCSS's programs. Each fall and spring, select sporting championships receive in-kind support for their student athletes at the championships. This year, in-kind sponsorship was provided to gymnastics and track & field.

### BCSS Mailout

This past year a total of 455 Member schools across 148 communities within BC received BCDA's nutrition education Sports Nutrition ad. This ad was received by athletic directors, principals and counsellors to inform them of the sports nutrition workshop offered by BC Dairy as well as the resources we have available for them to educate their students. Sending these ads with BC School Sports' summer mailout allowed us to reach a broader, related audience and helps us support the goal of promoting healthy lifestyles among students.



### BC Dairy Scholarships

- 2016–2017 first year BCDA partnered with BCSS to offer student athlete scholarships
- Michael Mitruk from Sutherland Secondary and Annabel Rowley from Highroad Academy were the inaugural recipients

## MOBILE DAIRY CLASSROOM EXPERIENCE—SCHOOLS & EVENTS

The Mobile Dairy Classroom Experience brings the dairy farm to schools across BC. Equipped with a milking machine, the 12 x 34-foot trailer provides elementary schools, summer camps, and community events with the opportunity to learn all about the dairy farm. Each Mobile Dairy Classroom Experience presentation covers the topics of cow anatomy, what a cow eats, how a cow makes milk, and concludes with a live milking and calf feeding demonstration. The program continues to achieve its goal of reducing the rural-urban divide and promoting awareness about BC's local dairy industry.

## PACIFIC NATIONAL EXHIBITION (PNE)

This year was the second year the Mobile Dairy Classroom Experience partnered with the Fair at the PNE. Since 1910, the Fair at the PNE has been a time-honoured tradition for tourists and locals in Vancouver. This two-week event draws in thousands of visitors, and for many, is the only opportunity to connect with agriculture through the Fair's Farm Country Barns. The Mobile Dairy Classroom Experience conducted seven live milking demonstrations daily, each drawing in crowds of hundreds.

In between demonstrations, fair-goers also had the opportunity to play one of the three fun, rustic, carnival-themed games of dairy. The first games were the "Day in the Life of a Dairy Farmer" and "How a Cow Makes Milk" labyrinths. Participants were guided through what dairy farmers do, how some of the crops farmers grow are for their cows, and how cows make the delicious milk we drink. The next game was called the "Milk Ball", a skee-ball game that aimed to educate participants about the pasteurization process. The last game was a "Food Toss". This bean-bag toss activity challenged kids to sort different foods into the four food groups. Completing these tasks encouraged kids to think more about nutrition.

The Fair at the PNE was a great opportunity for the Mobile Dairy Classroom Experience to reach a diverse range of people. The program is expected to return to the Farm Country Barns for the next three years with aspirations to include more information about farm technology and sustainability in the near future.

### AT A GLANCE

Program Reach

121 SCHOOLS

43 EVENTS

21 CAMPS





“ Thank you so much for being a part of our program. The whole school had a great time and it was fun and educational for all children. It was a pleasure to meet your staff and they were very pleasant and professional throughout all blocks with the kids.

—JIM LEMOINE  
NEIGHBORHOOD ASSISTANT, BRITANNIA ELEMENTARY COMMUNITY SCHOOL

Thank you for the presentation, I learnt that cows have long tongues, they eat 50 kg of food every day, that Libby is a Holstein cow, and that they have four stomachs.

—JESSICA, GRADE 3 CEDAR HILLS ELEMENTARY

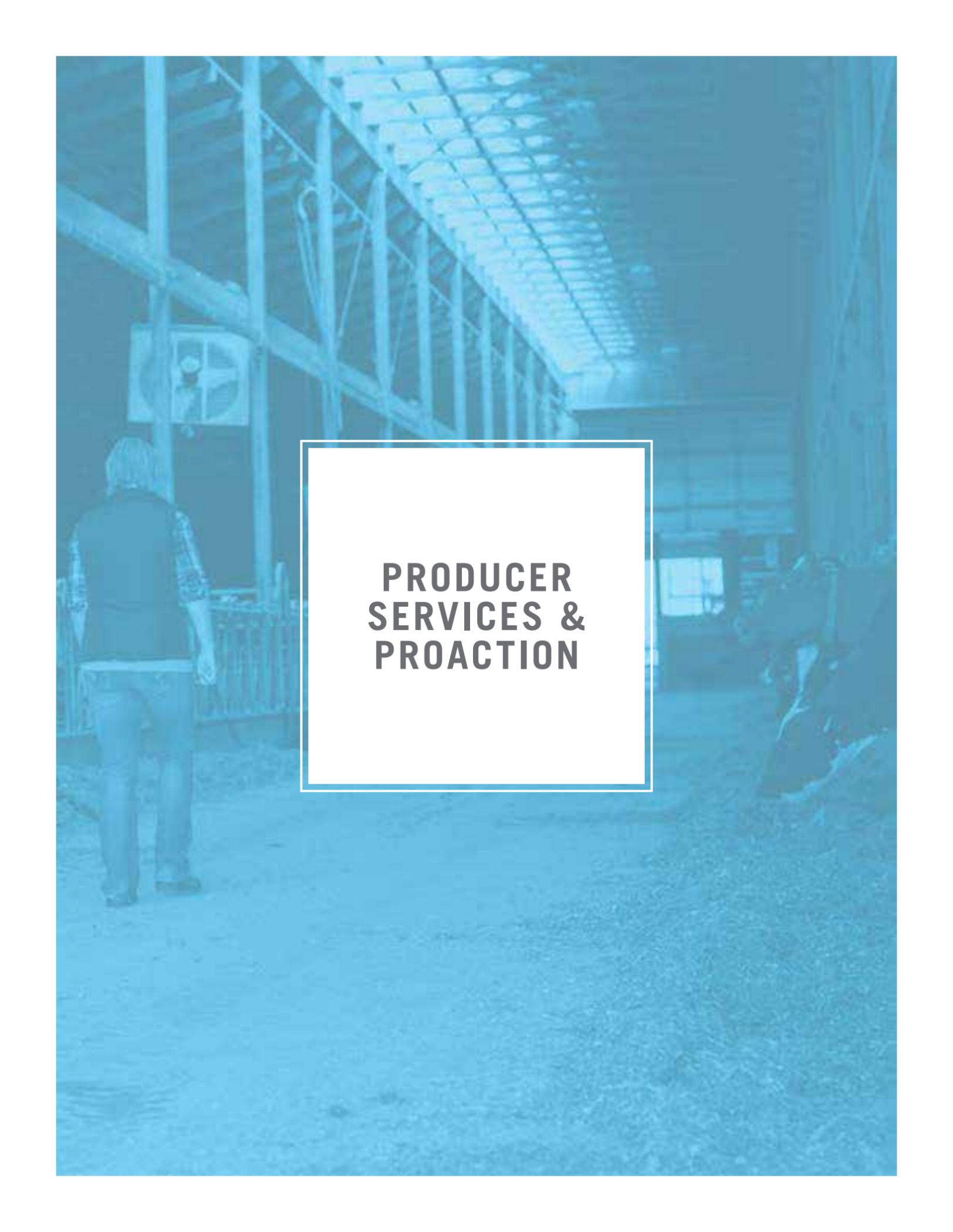


## BREAKFAST ON THE FARM

2017 marked the 3rd annual Breakfast on the Farm in the Okanagan and the second on Vancouver Island. Whether it be in the Okanagan, the Lower Mainland, or on Vancouver Island, one consistent comment we receive from consumers all across BC is that they didn't know all fluid milk in BC is produced by local, family-owned and operated dairy farms.

Breakfast on the Farm is an invaluable event because it not only educates the public but invites them to spend a memorable morning connecting with their local dairy producers.

Led by the local dairy associations, the Kamloops-Okanagan Dairy Association and the Island Milk Producer's Association, both events were a success thanks to the volunteerism of dairy producers and the support of equipment dealers and dairy processors. Both Breakfast on the Farm events attracted over 700 attendees and inspired many ag-vocates for the industry!



**PRODUCER  
SERVICES &  
PROACTION**



## BC DAIRY INDUSTRY CONFERENCE

Jointly presented by BC Dairy Association (BCDA) and BC Milk Marketing Board (BCMMB), the 2016 BC Dairy Industry Conference took place November 30–December 2, 2016. The conference welcomed close to 550 fellow producers, sponsors, exhibitors, local government, industry affiliates, and speakers, who gathered at the Fairmont Waterfront Hotel and Vancouver Convention Centre. The conference precedes the AGMs for both BCMMB and BCDA and is an opportunity for everyone to gather, network and learn.

Highlights from the 2016 conference include Kim McConnell's insightful presentation on Public Trust, Damian Mason's humorous outlook on the agriculture industry and an array of breakout sessions for producers and affiliates to attend.



## PRODUCER COMMUNICATIONS

### BC Dairy Producer Newspaper

The BC Dairy Producer Newspaper is a quarterly publication that outlines ongoing industry issues, political news, regional agricultural events, and initiatives of direct concern to dairy farmers across BC.

### BC Dairy Producer Weekly Online Newsletter

In response to increasing online usage among producers, and findings from the yearly communications survey, this publication has shifted from a monthly occurrence to a weekly newsletter. As political issues, funding opportunities and producer-focused events are taking place with increased regularity, the purpose of this newsletter is to keep producers apprised of key information in a timely manner while cutting down on the number of e-mails dispatched from BCDA.

### Dairy Industry Research and Education Committee

The Dairy Industry Research and Education Committee (DIREC) offers multiple scholarships to dairy-focused students, and funds a variety of dairy specific research projects on topics such as mastitis, digital dermatitis, and lameness, to name a few. In terms of research efforts across the country, the National Dairy Research Council (NDRC) is now two years old and has increasingly focused on the issue of knowledge transfer of research findings to industry. This is becoming an outward national research priority. Initial talks are currently underway with the four Western provinces, and we anticipate a closer, more interdependent approach to dairy research in Western Canada in the months and years to come.



## THE PROACTION® INITIATIVE

### Pilot Project

This has been a milestone year for proAction. Early in the new year, we piloted the fully integrated proAction program on 19 volunteer farms in BC. BC was required to pilot the project on 12 farms, but interested farms were given the opportunity to test the program and provide feedback. Across Canada, farms of varying sizes with a mix of housing and milking systems took part in the pilot program.

General comments about the project were fairly positive with participants stating that the program provides accountability, increases awareness and improves farm practices. Of course, the additional paperwork was the main cause for concern. Despite this comment, farmers on the pilot project indicated that ongoing maintenance would take an average of about 10 minutes per day.

Additionally, 69% of participants agreed with the statement that, “in general, I think the program is practical and easy to implement on my farm” and 83% agreed that, “I am already doing most of the requirements as part of my regular management.”



## Animal Care

ProAction-Animal Care has been validated on BC dairy farms since November 2015. As of September 1, 2017, we are now validating the cattle assessment part of the program. This means producers must now have a copy of both their Cattle Assessment Summary Sheet and the associated Peer Report from Holstein Canada on hand for all future validations. If peer reports show scores falling in the red zone (i.e. bottom 25%), a producer must also include a written corrective action plan which details how to improve scores.

## Livestock Traceability

Livestock Traceability validations began September 1, 2017. From that day forward, all producers are expected to adhere to the program requirements. This includes having a valid premise ID number; double-tagging new heifer calves with NLID tags; ordering replacement tags, and recording and reporting cattle births, move-ins, imports, exports, deaths, and cross-referencing tags where necessary. For various reasons, reporting will not be strictly enforced at this time, but on-farm records must be kept and must include all the program requirements.

## Mandatory proAction

In July 2017, the BC Milk Marketing Board (BCMMB) officially delegated the authority for monitoring on-farm animal welfare to BCDA through the proAction Initiative. This was accompanied by a signed memorandum of understanding outlining background information and how we will communicate issues.

Under the BCMMB's Consolidated Order, producers must be compliant with the following proAction pillars: Food Safety, Animal Care and Livestock Traceability. As of January 1, 2018, producers will need to maintain proAction registration to ship milk.



### Looking ahead

Over the next year, we will begin training producers on the Biosecurity pillar and Environment-Phase I. Biosecurity requirements will be mandatory as of September 1, 2019. The first phase of the Environment pillar is mandatory September 1, 2021 and requires all farms to have a completed an Environmental Farm Plan. The national Environment Working Group and proAction committee continue to work towards developing program requirements and validation criteria for Environment-Phase II.

BC Dairy continues to offer technical assistance and training to producers on all proAction requirements. Training is offered to new producers, but a refresher is always available to existing producers too.

### General Policy

BC Dairy monitors and provides feedback into policy areas that have the potential to impact dairy producers. In the past year, these have included various consultations and/or discussions with the applicable stakeholders, notably in the following areas:

- Agricultural Waste Control Regulation
- Quota Tools Assessment Review
- Animal Health Emergency Management Planning
- Canadian Animal Welfare Vet Audit Initiative
- National Environmental Farm Plan
- Flood Response Planning for Dairy Operations
- National standard for grass-fed milk
- Groundwater licensing
- Prescribed branding zones

### Contact Us

If you have questions about proAction or have a general policy issue that you feel is important to BC dairy producers, please contact us at 604-294-3775 or 1-800-242-6455.



# **FINANCIAL STATEMENTS**



KPMG LLP  
200-9123 Mary Street  
Chilliwack BC V2P 4H7  
Canada  
Tel (604) 793-4700  
Fax (604) 793-4747

## 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, 2017, the statements of operations and net assets and cash flow, and notes, comprising a summary of significant accounting policies, other explanatory information, and other supporting information, including schedules A through D.

### *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 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 Dairy Association as at July 31, 2017, and its results of operations and its cash flows in accordance with Canadian accounting standards for not-for-profit organizations.

*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.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, stylized font. Below the signature is a horizontal line that starts under the "K" and ends under the "P", with a small upward tick at the right end.

Chartered Professional Accountants

November 28, 2017

Chilliwack, Canada

# British Columbia Dairy Association

## Statement of Financial Position

as at July 31, 2017

	2017	2016
<b>CURRENT ASSETS</b>		
Cash	\$ 3,218,356	\$ 3,333,599
Contributions and accounts receivable (note 3)	1,454,890	1,351,151
Prepaid expenses	53,314	75,652
Promotion and nutrition project supplies	168,899	159,843
	4,895,459	4,920,245
Capital assets, net (note 4)	89,665	15,048
	\$ 4,985,124	\$ 4,935,293
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (note 5)	\$ 343,030	\$ 305,351
Deferred contributions (note 6)	62,000	62,000
	405,030	367,351
<b>NET ASSETS</b>		
Producer Services and General Fund	196,215	68,648
Marketing and Nutrition Education Fund	4,084,205	4,135,868
Dairy Industry Research and Education Fund	299,674	363,426
	4,580,094	4,567,942
Commitments (note 7)		
	\$ 4,985,124	\$ 4,935,293

See accompanying notes to the financial statements.

Approved by the directors



Dave Taylor  
Chair, Board of Directors



John Kerkhoven  
Chair, Finance and Audit Committee

# British Columbia Dairy Association

## Statement of Operations and Net Assets

for the year ended July 31, 2017

	Producer Services and General Fund	Marketing and Nutrition Education Fund	Dairy Industry Research and Education Fund	2017 Total	2016 Total
<b>REVENUES</b>					
Contributions from dairy producers (note 8)	\$ 1,103,229	\$ 6,581,329	\$ 64,118	\$ 7,748,676	\$ 7,507,087
Recoveries and other contributions	104,670	25,161	65,664	195,495	186,363
Interest	10,819	-	-	10,819	12,129
	1,218,718	6,606,490	129,782	7,954,990	7,705,579
<b>EXPENSES</b>					
Marketing and Nutrition Education projects (Schedule A)	-	4,816,644	-	4,816,644	4,023,954
Producer Services and Dairy Industry Research and Education projects (Schedule B)	630,773	-	193,534	824,307	792,309
Labour (Schedule C)	316,821	1,267,283	-	1,584,104	1,627,766
General and administration (Schedule D)	143,557	574,226	-	717,783	803,281
	1,091,151	6,658,153	193,534	7,942,838	7,247,310
Surplus/(deficit) of revenues over expenses	\$ 127,567	\$ (51,663)	\$ (63,752)	\$ 12,152	\$ 458,269
Net Assets, start of year	68,648	4,135,868	363,426	4,567,942	4,109,673
Net Assets, end of year	\$ 196,215	\$ 4,084,205	\$ 299,674	\$ 4,580,094	\$ 4,567,942

See accompanying notes to the financial statements.

## British Columbia Dairy Association

### Statement of Cash Flows

for the year ended July 31, 2017

	2017	2016
Cash flows from operating activities		
Cash received for contributions and recoveries	\$ 7,840,331	\$ 7,925,873
Cash received for interest	10,920	13,171
Cash paid for labour, materials and services	(7,867,557)	(7,259,822)
Net cash inflow/(outflow) from operating activities	(16,306)	679,222
Cash flows from investing activities		
Purchase of capital assets	(98,937)	(7,201)
Net cash outflow from investing activities	(98,937)	(7,201)
Increase/(decrease) in cash	(115,243)	672,021
Cash, beginning of year	3,333,599	2,661,578
Cash, end of year	\$ 3,218,356	\$ 3,333,599

See accompanying notes to the financial statements.

## British Columbia Dairy Association

### Schedules of Expenses

for the year ended July 31, 2017

#### Schedule A: Marketing and Nutrition Education Expenses

	2017	2016
<b>MARKETING</b>		
Marketing programs for British Columbia	\$ 2,232,020	\$ 152,894
Share of expenses for marketing partnerships with other provinces	1,585,624	3,159,294
	<b>3,817,644</b>	<b>3,312,188</b>
<b>NUTRITION EDUCATION</b>		
School based programs	587,225	351,779
Programs for public and health professionals	148,555	155,991
	<b>735,780</b>	<b>507,770</b>
<b>COMMUNITY AND PUBLIC ENGAGEMENT</b>	<b>263,220</b>	<b>203,996</b>
	<b>\$ 4,816,644</b>	<b>\$ 4,023,954</b>

#### Schedule B: Producer Services, Dairy Industry Research and Education

	2017	2016
<b>PRODUCER SERVICES</b>		
Dairy Farmers of Canada member dues	\$ 268,765	\$ 264,164
Contributions to regional organizations	114,724	110,456
BC Agriculture Council member dues	58,367	57,329
BC Dairy Conference	68,506	63,259
Producer Services and Communications	120,411	88,888
	<b>630,773</b>	<b>584,096</b>
<b>DAIRY INDUSTRY RESEARCH AND EDUCATION</b>		
Research and Education Projects	174,258	190,549
BC Dairy Expo	19,276	17,664
	<b>193,534</b>	<b>208,213</b>
	<b>\$ 824,307</b>	<b>\$ 792,309</b>

## British Columbia Dairy Association

### Schedules of Expenses

for the year ended July 31, 2017

#### Schedule C: Labour expenses

	2017	2016
Salaries and wages	\$ 1,336,279	\$ 1,345,301
Employee benefits and payroll taxes	218,714	222,186
Employees' professional dues, development and recognition	19,583	28,965
Labour subcontracts	3,978	21,509
Recruiting	5,550	9,805
	<b>\$ 1,584,104</b>	<b>\$ 1,627,766</b>

#### Schedule D: General and administration expenses

	2017	2016
Travel of directors and staff	\$ 286,305	\$ 299,007
Rent and offices expenses	145,317	147,145
Directors' fees	72,791	84,706
Audit, accounting and legal	28,083	23,196
Postage and couriers	28,023	27,037
Telephone and communications	28,015	25,633
Conferences and meetings	26,771	43,475
Computers	26,592	32,485
Insurance	19,102	19,691
Vehicles	18,635	2,211
Professional fees and consulting	10,361	24,978
Interest and bank charges	3,468	3,698
Amortization	24,320	70,019
	<b>\$ 717,783</b>	<b>\$ 803,281</b>

# British Columbia Dairy Association

## Notes to the Financial Statements

Year ended July 31, 2017

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### 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 (British Columbia) as a not-for-profit organization and is exempt for income tax purposes. The Association is a member-funded society.

### 2. Significant accounting policies

The Association prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook—Accounting. The Association's significant accounting policies are as follows:

#### 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.

Externally restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred.

#### 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 restrictions on the use of revenues collected and to maintain fund balances.

- 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 Education 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) **Dairy Industry 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.

## British Columbia Dairy Association

### Notes to the Financial Statements

Year ended July 31, 2017

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#### 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 Education 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 Education Fund and 20% to the Producer Services and General Fund.

##### Promotion and nutrition project supplies

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

When promotion and nutrition project supplies are determined to have no future service potential, the carrying amount is written down to net realizable value.

##### 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

When events or circumstances indicate that a capital asset no longer has any long-term service potential, the net carrying amount is written down to the residual value of the asset. No write-downs were determined to be necessary during the current year.

# British Columbia Dairy Association

## Notes to the Financial Statements

Year ended July 31, 2017

### 2. Significant accounting policies, continued

#### Financial instruments

The Association's financial instruments are carried at cost and consist of cash, contributions and accounts receivable, accounts payable and accrued liabilities.

The carrying values of the Association's financial instruments approximate their fair value due to their negligible risk and short term to maturity.

#### 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

	2017	2016
Receivable from Dairy Industry Development Council, a related party	\$ 1,426,757	\$ 1,326,771
Other contributions and accounts receivable	28,133	24,380
	<u>\$ 1,454,890</u>	<u>\$ 1,351,151</u>

### 4. Capital assets

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Vehicles	\$ 132,733	\$ 76,005	\$ 56,728	\$ 4,283
Furniture and fixtures	184,765	166,069	18,696	9,404
Leasehold improvements	257,009	243,252	13,757	-
Computer equipment	116,287	115,803	484	1,361
	<u>\$ 690,794</u>	<u>\$ 601,129</u>	<u>\$ 89,665</u>	<u>\$ 15,048</u>

## British Columbia Dairy Association

### Notes to the Financial Statements

Year ended July 31, 2017

#### 5. Accounts payable and accrued liabilities

	2017	2016
Payable to suppliers for supplies and services	\$ 197,386	\$ 151,299
Payable to Receiver General for GST and source deductions	56,440	71,685
Payable to/on behalf of employees for wages and benefits	89,204	82,367
	\$ 343,030	\$ 305,351

#### 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.

	2017	2016
Deferred contributions, beginning of year	\$ 62,000	\$ 60,000
Less amounts recognized as revenue in the year	(62,000)	(60,000)
Add amount received for future expenses	62,000	62,000
Deferred contributions, end of year	\$ 62,000	\$ 62,000

#### 7. Commitments

The Association has commitments under an operating lease as follows:

	Expiry date
Premises	June 30, 2021

The Association has an option to terminate the lease at June 30, 2019 for a payment of \$18,724.

The future minimum rental payments required under the operating lease as at July 31, 2017 are as follows:

2018	\$ 56,172
2019	56,172
2020	56,367
2021	53,637

# British Columbia Dairy Association

## Notes to the Financial Statements

Year ended July 31, 2017

### 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 \$7,748,676 (2016—\$7,507,087) to the Association. At July 31, 2017, \$1,426,757 (2015—\$1,326,771) 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, 2016. The Council's complete financial statements are available to members upon request.

#### DAIRY INDUSTRY DEVELOPMENT COUNCIL

	2016	2015
FINANCIAL POSITION as at December 31		
Total assets	\$ 3,047,918	\$ 3,029,325
Total liabilities <sup>(1)</sup>	\$ 2,134,704	\$ 2,092,833
Total net assets	913,214	936,492
	\$ 3,047,918	\$ 3,029,325
RESULTS OF OPERATIONS year ended December 31		
Total revenues	\$ 12,788,224	\$ 12,368,723
Fluid products promotion	6,355,415	6,136,138
Industrial products promotion	5,266,888	5,086,502
Producer services, industry activities and administration	1,071,917	996,534
Research and Education	117,282	75,415
Total expenses <sup>(2)</sup>	12,811,502	\$ 12,297,589
(Deficit)/excess of revenues over expenses	\$ (23,278)	\$ 71,134
CASH FLOWS year ended December 31		
Cash flows from operating activities	\$ 1,452	\$ 176,960
Increase in cash	\$ 1,452	\$ 176,960

(1) Total liabilities include \$1,298,892 (2015 - \$1,295,182) due to the Association.

(2) Total expenses include contributions of \$7,538,056 (2015 - \$7,195,485) to the Association.

## British Columbia Dairy Association

### Notes to the Financial Statements

Year ended July 31, 2017

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#### 9. Pension plan

The Association participates in a defined contribution pension plan (the “Plan”) administered by Manulife Financial Ltd. 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.

#### 10. 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, 2017.

- 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.

#### 11. Comparative figures

Certain comparative figures have been restated to conform to the presentation adopted for the current year.





**BC DAIRY ASSOCIATION** 3236 Beta Ave, Burnaby, BC V5G 4K4  
Tel: 604.294.3775 Fax: 604.294.8199 Toll-Free in BC: 1.800.242.MILK (6455)  
[www.bcdairy.ca](http://www.bcdairy.ca)