

BC DAIRY ASSOCIATION
2017 – 2018 ANNUAL REPORT



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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LETTER FROM THE CHAIR

It has been another full year at the BC Dairy Association (BCDA)! The Board of the Association is proud to highlight some of the many activities that we have worked on through the year in this annual report – these activities demonstrate involvement and influence in our communities and our ongoing promotion of a healthy lifestyle around the consumption of dairy products. Please familiarize yourself with the report and provide input as we plan for the year ahead.

I want to report that this year for the first time, all producers in BC have become proAction certified and are on the proAction program. It goes without saying that it takes a lot of work to maintain certification, and I want to thank all producers for their commitment to the details of this reputable program. ProAction demonstrates that we are collectively being responsible stewards of our animals and the environment and sustainably producing high-quality, safe and nutritious food for consumers.

I wish I could write a report absent of trade issues. Unfortunately, this is our industry’s reality. One year ago I wrote that the Trans-Pacific Partnership (TPP) was “dead” and that the North American Free Trade Agreement (NAFTA) was the new big concern. Well, since that report we saw the TPP revive itself into the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). There has been much discussion on how this agreement will negatively impact the Canadian dairy industry by giving additional market access to foreign imports. And even more recently NAFTA has been re-drafted into a new agreement called United States-Mexico-Canada Agreement (USMCA). We are still waiting for the final text to be released by the Canadian government but we know that this agreement will be damaging to our entire sector over many years. I appeal to dairy producers across BC to write and visit your local MP to share your concerns about the impact of these trade deals. It is time for our Canadian government to stand with the Canadian dairy industry and declare that Canadian dairy will not be compromised in any future trade deals. Our producers deserve that commitment!

There are many more issues of concern: the suggested revisions to Canada’s Food Guide and the front-of-pack labelling proposal; the erosion of fluid markets and the gain of alternative plant-based beverages; the lack of processor investment in the West; and the long-awaited new agricultural waste regulations – these are all concerns to us as producers. We will continue to monitor and encourage sound policy and decision-making based on good science and common sense.

While we have faced these challenges, let us remember that the growth in our industry over the last five years has been unprecedented. We have seen amazing investment in the Canadian dairy industry at the producer and processor level. We have seen positive changes to the quota tools assessment review that allows us now to better make decisions in regards to quota management. And of course, we have a supply-managed system that provides benefit to the producer, the processor, to government and to the consumer. This message must be emphasized so that everyone in Canada can know the benefits that we all share by having a supply management system. It is worth preserving!

To our young producers: I know that the challenges are many and the workload is intense, but I want to thank you for stepping up and providing leadership. There are many opportunities and I want to encourage you to push forward and make a difference. Your efforts demonstrate the sustainability of our industry and they do not go unnoticed.

I’d like to thank all those involved in promoting our industry. This includes the staff of BCDA who bring all the activities to life throughout the year. I’d like to thank the Board of Directors for their leadership. I’d like to thank our many partners in the industry who play key roles.

It takes all of us to create a strong and dynamic industry –
I look forward to working with each of you in continuing
to move our industry forward!

Sincerely,



Dave Taylor
Chair, BC Dairy Association





LETTER FROM THE GENERAL MANAGER

Writing this note gives me an opportunity to reflect on all that has occurred in our industry this past year. It has been a busy one!

On the farm, producers have been challenged by growth and rising production costs. The environment regulations surrounding farming continue to grow in complexity, paired with new proAction requirements, new quota management tools and other proposed regulatory changes are added to the everyday activities of herd management. Not to mention the growing uncertainty surrounding international trade and the potential future impact on our industry.

Our team at BCDA – directors, volunteers and staff – work hard to be the advocates for the dairy industry whenever and wherever the voices are needed. We do this in cooperation with our partners at BC Milk Marketing Board (BCMMB), Dairy Farmers of Canada (DFC), BC Agricultural Council (BCAC) and our colleagues in other provinces.

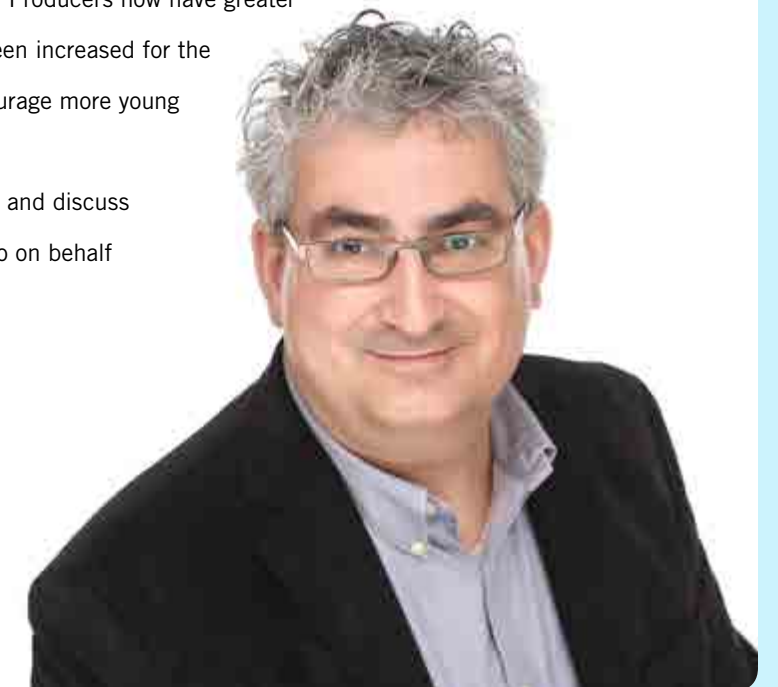
Of course, we could not do this without the help of our producers. I encourage all producers to get involved with BCDA and our activities. Volunteer to hold a farm tour; join a committee; champion our story on social media; or come to a meeting and challenge our ideas. Help us make our industry even better.

Though we will be challenged to accommodate the USMCA and other trade deals, together, we will work to create success. This year we achieved our goal of having 100% of our dairy farmers proAction registered. Sales continue to remain strong for dairy products. Producers now have greater flexibility to manage quota. Support prices have been increased for the first time in two years. We're working hard to encourage more young producers to become leaders in our industry.

As we come together to celebrate our industry and discuss our future, I thank everyone for all the work they do on behalf of our great industry.

Sincerely,

Paul Hargreaves
General Manager, BC Dairy Association



NUTRITION EDUCATION



NUTRITION EDUCATION IN SCHOOLS

BCDA nutrition educators deliver teacher workshops throughout BC. During the 2017–2018 school year, we reached nearly 500 new teachers throughout the province.

- | | |
|-------------------|------------------|
| 1 Vancouver | 10 White Rock |
| 2 UBC | 11 Langley |
| 3 SFU | 12 Maple Ridge |
| 4 Burnaby | 13 Dewdney |
| 5 Richmond | 14 Victoria |
| 6 North Vancouver | 15 Kamloops |
| 7 Coquitlam | 16 Penticton |
| 8 Port Coquitlam | 17 Chetwynd |
| 9 Surrey | 18 Prince George |
| | 19 Cranbrook |



Grade 2 students practicing food group classification in Food For Us! program booklets. They learn to analyze their lunches to see if they packed all four food groups.

Teachers who attend workshops are eligible to receive classroom resources to use with their students. The resources can be reordered each school year; this ensures the time invested with each teacher will pay off for years to come!

Evaluations show nutrition education works! When teachers use these programs in their classrooms, students improve their food choices, including increased intake of milk products.

In 2018–2019 we expect to see revised food guide materials from Health Canada. This will potentially have implications for some of our programs. The nutrition educators have been following these developments closely and will update programs as necessary.

+ MILK

Milk has been a positive addition to the BC School Fruit and Vegetable Nutritional Program (BCSFVNP) since 2013. BCDA partners with the Province and BC Agriculture in the Classroom Foundation (BCAITC) to bring milk to schools.

In 2017-2018, the program served over 156,000 students from Kindergarten to Grade 5 with 120 mL containers of milk throughout the year. The +MILK program is provided to students without any fee.



Health data collected in 2004 showed that during school hours, children's dietary intake was suboptimal. Notably, research found that dietary intake of dairy products was reduced. While dietary intake during school hours has improved slightly since 2004, the range is not yet optimal. Continuing to implement programs such as +MILK is an example of how we can ensure that milk is available to kids in schools.



Thanks to the continued partnership between BCDA, the Province and BCAITC, the +MILK program will continue serving milk to students next year.

..... CHECK OUT THE COMMENTS FROM THE SCHOOLS WHO LOVE THEIR LOCAL MILK!

"The students have always loved drinking the milk. The size of the servings is just perfect, and I feel good about giving it to my students."

C. Brunner, Park Avenue Community School

"Each student enjoyed the milk this year. It provides additional nutrients that they may not have at home."

E. Williams, Gitwangak Education Society

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**MINI FOOD GRANTS:
Teaching children to enjoy healthy meals and snacks**

It was another successful year for the BCDA mini food grant program! The grants are provided to help teachers inspire their students to enjoy healthy eating by bringing in real food to enhance their classroom education.

Teachers in BC are eligible to apply for a grant to a maximum of \$150, if they are using one of our nutrition education programs. In the 2017-2018 school year, we awarded 156 teachers with grants.

The mini food grants are giving students the tools to make healthier choices. We look forward to continuing the program for the 2018-2019 school year, and helping develop lifelong healthy eaters!



..... THE TEACHERS HAD SOME POSITIVE THINGS TO SAY. HERE IS JUST AN EXAMPLE:

"After just 6 weeks I have noticed that the children all have fresh fruit or vegetables for recess snacks, some also have yogurt. What a difference from the bags of chips, and prepackaged cookies that came in before the program! The mini pizzas and vegetables with dinosaur dip have been a big hit."

Christina, Kindergarten teacher, Surrey BC

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TAKE A BITE OF BC

Since 2009, *Take a Bite of BC* has been delivering local food products to secondary schools across BC that run Culinary Arts programs. Thanks to the commitment from BC’s dairy farmers, cheese makers and distributors, students had the opportunity to learn new recipes, cook for their fellow students and teachers, and explore varieties of locally produced dairy products. Through a partnership between BCAITC, the BC Culinary Arts Specialist Association (BCCASA), and a number of BC commodity groups, including BCDA, *Take a Bite of BC* continues to be a success.

QUICK FACTS

In January, all participating schools received:

- Traditional Cheddar Truckle Wheels and Fromage Frais, *The Farm House Natural Cheeses*
- Mild Gouda, *Grass Root Dairies*
- Danish Style Feta Cheese, *BC Harvest Foods Inc.*
- Island Brie, *Little Qualicum Cheese works*

In April, schools received milk and Greek yogurt.



Since its first year with only 14 schools, to now with over 50 schools, *Take a Bite of BC* has served as a means to train future chefs about locally produced foods. The teaching chefs are always appreciative of this opportunity to work with great tasting local milk, cheese and yogurt. They reported that over 7,200 culinary students participated this year in *Take a Bite of BC* and were able to prepare food for over 65,000 BC students. Next year looks like it will be another successful year as BCDA continues its commitment to this program.



..... CHECK OUT THE COMMENTS FROM THE SCHOOLS WHO LOVE THEIR LOCAL DAIRY PRODUCTS!

“The students used the feta as part of their final exam. They competed in an iron chef challenge where they had to incorporate Take a Bite of BC products into a well balanced, beautiful and delicious dish.”

Chef Jessica Mann, Carihi Secondary, Campbell River

“Traditional Cheddar Truckle Wheel: We are eager to try the traditional cheddar in the teaching kitchen. I am so grateful for the donation of this and all the various cheeses. I admit we get a bit stuck in our rut with the recipes and menus we have – they work and our customers like them. The delicious new cheeses shake us up, shake up our menu items, and please our customers.”

Chef Monika Gysler, Stelly's Secondary, Saanichton

“Cheese, Island Brie: An amazing product we are thankful to receive. Our most popular item was a “Brie-L-T” which also had bacon jam spread on fresh baguette.”

Chef George Frankson, Walnut Grove Secondary, Langley

“The brie, gouda and cheddar were served in their natural forms so that our school had an opportunity to try each variety of cheese. The students created a mini cheese plate that showcased each cheese with homemade, rainforest-inspired crackers, and a caramelized-bacon-cranberry compote. The brie was new to many students in our school and was well-received in feedback.”

Chef Lauren Ibaraki, Southern Okanagan Secondary School, Oliver

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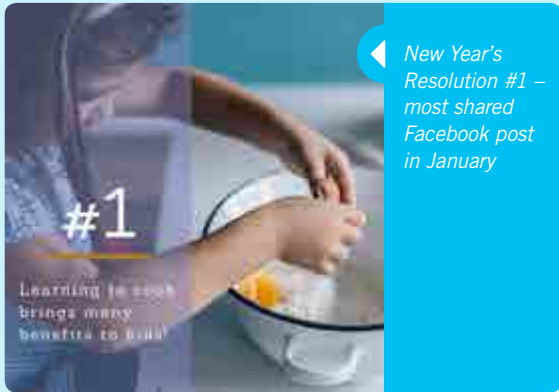
BETTER TOGETHER

Better Together is an initiative to support and promote cooking and eating together among families. We are committed to this initiative because it helps people eat healthier, and that includes eating more dairy products.

Rapid growth in the community

The *Better Together* community continued to expand at a rapid rate during this past year, passing the 10,000 mark on Facebook as we approached the new year. Instagram was the big story in 2017–2018, as we doubled our number of followers.

User research during this past year shows that people are moving towards cooking and eating together more often, but still have room to benefit from the messages of *Better Together*, especially with regard to involving children. Analytics also show that blogs are key to driving engagement on our social media platforms, along with posts featuring meaningful quotes.



Going forward, we will continue writing blogs and maintaining our social media platforms focusing on Facebook and Instagram. We will emphasize ways to involve children to achieve the goal of helping families eat together more often.

Hands-on Cook-off Contest

The 9th annual *Hands-on Cook-off* contest was once again a highlight of the year, pulling in 46 eligible videos.



The contest supports entries from multigenerational teams as well as teams of two or more youth cooking together. This year's contest featured 20 multigenerational entries and 26 youth entries.

One home economics teacher who invited her class to participate commented, "I wanted my students to be involved with cooking beyond the classroom and to be part of something bigger...students got to make family-owned recipes that drew them closer to their roots while sharing it with their friends and peers." Her student teams took Grand Prize and Runner-Up Prize in the Youth Category.

Watch as two boys prepare buttercream pasta with calamari and sit down to enjoy their creation with a glass of...milk! Visit bettertogetherbc.ca/contest to view the entries.

We look forward to celebrating the 10th year of the *Hands-on Cook-off* contest in 2019. The contest embodies what *Better Together* is all about: bringing family and youth back to the dinner table. And along the way, we know it helps everyone involved to be healthier, too.

EDUCATING THE NEXT GENERATION OF HEALTH PROFESSIONALS

A core component of BCDA's overall nutrition education strategy is to provide health professionals with practical tools and the most up-to-date health and nutrition information for their practice. As a result of our efforts, health professionals across BC are better able to educate and treat their patients.

Through in-person workshops and attendance at province-wide conferences, the nutrition educators of BCDA were able to connect with more than 600 health professionals last year. Specific groups included physicians, registered dietitians, physiotherapists, allergists and dental hygienists.

Of particular importance was Sydney Massey's presentation on probiotics and health at the 9th annual Dietitians' Day in March, to over 50 BC dietitians. She discussed that while yogurt and kefir are among the most common probiotic sources on the market, current research is exploring the use of probiotic cultures in the production of cheese.

Primary care physicians were another group we met with throughout the year. BCDA had the opportunity to connect with current and future family physicians at conferences organized by the BC College of Family Physicians and the Faculty of Medicine at the University of British Columbia. Areas of focus for both groups included BCDA's FoodTrack™ series, dairy's unique role in providing calcium, protein and vitamin D for bone health, and *Better Together*.

Building support from health professionals will remain a key initiative in the year ahead, especially with the release of the new Calcium Calculator™ mobile app. Because health professionals are trusted sources of information for many throughout the community, they continue to be an ally and partner throughout the province. Workshops with health professionals are already in the works for 2019.

Workshops and reach

- Dietitians Day: Probiotics, Fermented Foods and Health – **50 dietitians attended**
- Dental hygiene students: Calcium, Protein, Vitamin D and Bone Health – **25 attended**
- Dental hygienists study group: Probiotics, Fermented Foods and Health – **20 attended**
- St. Paul's Hospital Professional Development – Beyond Information and Towards Behavior Change & Probiotics, Fermented Foods and Health – **over 50 dietitians attended**
- Vancouver Coastal Health: Probiotics, Fermented Foods and Health – **25 dietitians attended**
- Vancouver Coastal Health: Healthy Attitudes, Healthy Bodies, Healthy Schools – **17 public health nurses attended**
- Gerontology Nurses Association: Calcium, Protein, Vitamin D and Bone Health – **20 nurses attended**

Conferences and program highlights

- Dietetics in Action: FoodTrack™ resources – **150 dietitians attended**
- Physiotherapy Association of BC Annual Conference: Sport Nutrition in Action – **over 200 attended**
- UBC Practical Survival Skills: Calcium Calculator™, FoodTrack™, and *Better Together* – **68 primary care physicians attended**
- BC College of Family Physicians Student & Resident Conference: Calcium Calculator™ – **200 attended**

ANNUAL NUTRITION FORUM

In May 2018, BCDA dietitians hosted the 18th Annual Nutrition Forum for health professionals, called *Getting It Right: Calcium and Protein in the New Food Guide*. Over 100 health professionals attended the event to hear the latest on calcium and protein.

Our panel of experts included Dr. Connie Weaver, Dr. Rajavel Elango and Dr. Rachel Murphy, who shared how people are not getting enough high-quality food sources of protein and calcium throughout the day, and how to ensure these foods are emphasized in Canada's next food guide. The take-home message: dairy products are not only a top quality source of protein but also the easiest way to get enough calcium in your day.



Speakers (left to right): Dr. Connie Weaver, Dr. Rajavel Elango, and Dr. Rachel Murphy

In addition to providing professional education and an opportunity to network with colleagues, this year's forum enabled us to announce the new Calcium Calculator™ app and highlight our "Calcium, Protein, Vitamin D and Bone Health" workshop for health professionals.

View the forum presentations online at BCDANutritionForum.ca using the password: **bcdairy**



Full-house of health professionals



..... THE EVENT WAS WELL-REVIEWED AS PARTICIPANTS SHARED THEIR COMMENTS:

"Excellent amount of info, research was well-explained."

"Helpful explanations about why dairy is recommended as a calcium source."

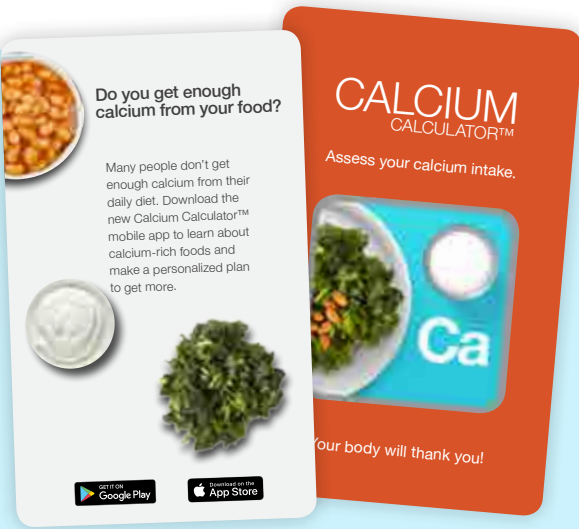
*"The speakers are all very knowledgeable.
Thank you for sharing your expertise/insights/knowledge."*

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CALCIUM CALCULATOR™

Calcium Calculator™ is now a mobile app! Based on the original version of Calcium Calculator™, an award-winning, nutrition education resource, BCDA's new mobile app is a convenient and engaging tool to help users find out if they meet calcium recommendations. The mobile app was created in partnership with DFC and is available in French and English.

When using the app, users will learn about calcium-rich dairy foods and uncover simple ideas for how to incorporate them alongside the foods users already enjoy. The Calcium Calculator™ mobile app allows users to create a personalized plan with action tips and receive notifications to eat healthier every day.



Did you know? Most Canadians don't get enough calcium. In fact, 87% of women between 19 – 50 years have inadequate calcium intakes. While the benefits of calcium are well known for bone health, dietary calcium intake can also predict how well you are eating overall, making this resource useful for a broad audience.

Looking ahead, the Calcium Calculator™ mobile app will be a key resource for health professionals, teachers, students and the general public, not just in BC, but across Canada.

- Download the new **Calcium Calculator™** mobile app today from the App Store or Google Play.
- Rate the app with the highest score possible to increase popularity in online stores.



MARKETING



PUT YOUR ADULT ON PAUSE

BCDA ran another year of its fluid milk marketing campaign, *Put Your Adult On Pause*, with refreshed creative intended to remind consumers that milk can deliver brief moments of joy.

From September 18, 2017 through to July 23, 2018, two new TV spots titled *Department Store* and *Kid's Room*, and the return of *Jumbatron* played on rotation on television, social media and online videos. To further support the campaign online and extend reach, contextual display ads were created to inject a playful tone during 'high-adulting online responsibilities' such as browsing news outlets, home improvement sites or reading news content.

Non-traditional media were used to further extend the campaign. This included two interactive online games called Milk Matchers and Cookie Catapult that gave users a quick break from their online activity. With multiple levels of game play, the games increased in difficulty and delivered enjoyable moments of fun. In addition to gamifying display ads, a Cineplex partnership brought our ads to the big screen and featured milk pairings in their Head-to-Head game on TimePlay, an interactive game experience movie-goers play prior to the movie.



For the fall of 2018, BCDA partnered with GlobalTV to integrate the *Put Your Adult On Pause – Bus Stop* spot during the back-to-school period, in addition to creating new content based on the theme “Break for Lunch”. GlobalTV news personalities will invite viewers to share their fun break-time tips as part of a station-hosted viewer contest. Additionally, GlobalTV will create custom content for their social media channels and Top 5 lists that relate to the “Break for Lunch” theme.





EXPERIENTIAL

This summer, the *Put Your Adult On Pause* campaign came to life in communities across BC as an Augmented Reality (AR) videobooth. The new technology AR (never seen in market as an event activation) enhances your environment, similar to Pokemon Go! Consumers were invited into the retrofitted trailer to make a video and experience the virtual milk moustaches come to life or the animated cookie jump into a glass of milk. Consumers could send the videos to themselves or post them to social media before they continued to the milk bar and were treated to an ice cold milk. Brand ambassadors were welcoming, upbeat and engaged consumers from start to finish to ensure a joyful experience and positive sentiment with milk.

QUICK FACTS

The summer tour began in July, consisting of **10 events**, reaching **303,727 festival goers**, engaging with **102,511** and distributing **30,000 milk samples**.

Milk donations from processor partners helped offset program costs.



POWERED BY CHOCOLATE MILK

Powered by Chocolate Milk has worked with a variety of athletes to promote the benefits of chocolate milk as a recovery beverage, a key component of our grassroots side of the program. This team of 16 athlete ambassadors inspired the community with blog content and used social media to promote their passion for chocolate milk within their community.

For 2017–2018, BCDA launched a digital campaign with Dairy Farmers of Manitoba (DFM) called 'The Recovery Story'. The life of an athlete follows certain regimented patterns: training, competition, recovery. To bring to life the idea that chocolate milk is an integral part of that process, we used simple animation and turned a carton into a zoetrope that shows an athlete train, recover with chocolate milk, sleep and do it all over again. We executed this theme with a runner, hockey player, cyclist and soccer player.



Overall, chocolate milk sales have decreased in BC as purchase motivation is heavily reliant on retail price. Additionally, uncertainty with the front-of-pack labelling and upcoming changes to Canada's Food Guide prompt a strategic move away from marketing chocolate milk.

In 2018–2019, BCDA will begin to market fluid milk as a whole.

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 and each year, over 100,000 student athletes actively participate in provincial championships. BCDA encourages students to participate in a healthy, active lifestyle and engage with the community through sports.

Now in the second year of a three-year partnership with BCSS, BCDA has supported BCSS with their mandate of encouraging students to participate in sports, while keeping milk top of mind. This year, BCDA sponsored the Boys Soccer Championships and Girls Soccer Championships, both AA and AAA, in the fall and spring. BCDA also awarded two scholarships, valued at \$1000 each to two students, supported Ultimate Championships and sent various nutrition education documents to various events throughout the year.

Next year is our final year in partnership with BCSS. As we look ahead, BCDA plans to renew its partnership with BCSS and continue to support student athletes.




2017-2018 BC Dairy Association Scholarship Recipients

BC Dairy Association is dedicated to assisting worthy student-athletes in their desire to attend an accredited Canadian University or College by sponsoring this year's BC Dairy Association Scholarship. This scholarship rewards two student athletes who exemplify school spirit, practice a healthy lifestyle, and engage with their community.

Each recipient receives
\$1,000 Scholarship to an accredited Post-Secondary Institution

BC School Sports in partnership with BC Dairy wishes to congratulate the two scholarship recipients. We wish these two students the best of luck in their post-secondary endeavours.



Samuel Boppart
Saint Thomas Aquinas Secondary
Sports Played: Soccer

Athletic Achievements: "Compassionate" 11 Award, Outstanding Goalkeeper Award at AA Soccer Provincial, 3x Thomas Aquinas St. Boys Soccer MVP, 2x Boys MVP, 2 x BCSPFL Champions with Mission United FC

Academic Achievements: Honor Roll



Camila Gomez Hernandez
Paseo Secondary
Sports Played: Soccer and Cross-Country

Athletic Achievements: Province Girls Soccer MVP (economy Award), Member of Canadian U11 Women's Soccer Team, Member of BC Provincial Soccer Team (Ages 13-18), Whitecaps Elite REX Team Member (Ages 14-18)

Academic Achievements: Honor Roll, Top Student in ACT Math Survey 13, Top Student in English 11, Top Student in Social Science 11

MILK REWARDS

Milk Rewards is a high school and post-secondary school cafeteria-run program in BC, Alberta and Saskatchewan markets. The program is designed to help encourage students to make a healthy choice with milk by engaging them directly in the cafeteria with a variety of prizes when milk is purchased. No other beverage competitor has this access.

In 2017–2018, Milk Rewards continued to utilize a rewards-based platform (with updated prizing and the return of a large grand prize sweepstake) in order to increase milk consumption and frequency with teens and young adults. The Rewards Catalogue contained a variety of prizes ranging from charitable donations, gift cards, electronics, gear and accessories to appeal to all students. The grand prize draw, the Ultimate Concert Experience, consisted of tickets, travel and spending money for the concert of the winner's choosing. During the 10-week program which ran from September 25, 2017 to December 1, 2017, when a student purchased milk at a participating location, they received a scratch card for a chance to win an instant prize (milk) and a code to collect points towards redeeming an item of choice from the online Rewards Catalogue, as well as an entry into the Grand Prize draw.

QUICK
FACTS

Program at a glance:

- 724 participating cafeteria locations
- 5,400+ prizes redeemed
- 101,000+ est. milks sold



HOW TO PLAY...

It's simple...get a milk and receive a game card at a participating location and you could win milk instantly and earn points towards great prizes online.

1 GET MILK

2 SCRATCH CARD

3 WIN PRIZES

Every Milk Rewards Game Card™ provides a chance to scratch and win "Free Milk" instantly as well as a CODE to earn points that can be collected and redeemed for great prizes in the online Milk Rewards catalogue.
(Game Cards are distributed at participating locations (while supplies last).)

PRIZES

We have over 101,000 prizes up for grabs - so keep drinking milk for more chances to win!

ONLINE REWARDS

Here are some of the awesome prizes available to be redeemed in our online catalogue:

SKATEBOARDS

CAMERAS

HEADPHONES

APPAREL

GIFT CARDS

Visit MilkRewards.ca for a complete list of prizes available for redemption.

Rules are located on page 7.

WIN MILK GET STUFF

Contact us with any questions:
milkrewards.ca
1-866-666-6666



SCRATCH HERE FOR A PRIZE CODE

Submit your code online to enter the grand prize draw and earn rewards!

AND SCRATCH HERE TO WIN MILK INSTANTLY*

**CONGRATULATIONS!
YOU'VE WON A FREE MILK**



DAIRY FARMERS OF CANADA HOLIDAY CAMPAIGN

During the 2017 holiday season, BCDA participated in a campaign led by DFC to leverage the key role milk plays in the magic of the holidays. A 60-second video was created to tell the viewer what happens to the milk that they leave out for Santa on Christmas Eve.



The campaign took place during December with media placements in movie theatres and online through YouTube and Facebook. An in-store retail campaign supported the DFC Holiday Campaign by reminding consumers not to forget the milk for Santa.

Over the four week period, 1 in 5 Canadians were reached through the campaign. Research with a campaign tracking firm, IMI, showed that the creative approach was well-liked and accelerated both attitudes and behaviour towards milk.

A similar version of the same campaign will run again for 2018.



MILK ALTERNATIVES 2.0

Milk Alternatives research conducted in April 2016 with Intensions Research 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.

Building on the success from the *Milk Alternatives* campaign in 2017, BCDA saw additional opportunities to increase consumption of milk among “myth believers” by continuing to address misconceptions around common milk myths. From March 13–July 31, BCDA launched the digital campaign: *Milk Alternatives 2.0*.

In 2018 new content was provided by a key strategic



partner, Sarah Remmer, registered dietitian. Highly respected across Canada as a child and family nutrition expert, Sarah is a media spokesperson and online influencer. Sarah was able to lend her professional and personal touch as a pediatric dietitian and a mom to create and promote this year’s campaign through her social media channels.

Articles for the campaign were posted on bcdairy.ca. Paid promotion on Facebook, Google Display Network and Search increased message reach. Article topics included *The Growing Concerns About Milk Alternatives for Kids*, *Not All Milks Are Created Equal* and *Lactose Intolerant? Don’t Worry—You Can Still Enjoy Dairy*.

Over 215,000 people were reached by the unique campaign, with over 9,700 individual clicks occurring across all three articles.

Curbing the growth of milk alternatives through a long-term strategy will continue to be an important initiative in 2018-2019, and into the future. We know “myth believers” are or will be parents raising the next generation of milk drinkers, which speaks to the importance of being present in this space. Maintaining consumer education on the nutritional benefits of dairy products compared to milk alternatives as a core part of a healthy diet is increasingly relevant.

..... TAGLINE FOR MILK:

Nothing quite like it.

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ETHNIC RESEARCH

The ethnic landscape of BC is growing at a fast pace and is particularly unique to BC. Chinese represent 45% of the total ethnic population in BC and South Asians represent 32%. In Vancouver alone, 50% of the population is a visible minority. This is not just a big city thing; in Abbotsford-Mission, visible minorities make up 27% of the population.

BCDA conducted research in 2017–2018 to better understand milk drinking behaviour within the Chinese and South Asian markets and to identify how these groups could be targeted with our fluid milk marketing strategy. The research showed that there is a great opportunity to incorporate ethnic marketing into our fluid growth strategy. For example, we know that 98% of Chinese immigrants come to Canada drinking milk, but this incidence drops off as they spend more time in the country. With the South Asian community, the research showed us how we could adapt our messaging to relate to milk usage within their cultural landscape.

For 2018–2019, we will take the learnings from the research and develop a campaign that is culturally relevant for Chinese and South Asian milk consumers.

DIGITAL COMMUNICATIONS

In 2017–2018, BCDA's digital communications strategy evolved and took a new turn which resulted in phenomenal results. Digital communications became a wider focus for BCDA this year, as we recognized the shift to online communication.

Planned and led by the association's Digital Committee, a number of online campaigns were launched for different audiences. The success experienced by these campaigns enabled us to take a deeper dive into optimizing all of our online platforms. This includes our bcdairy.ca website, Facebook, Twitter and Pinterest. Through use of Search Engine Optimization and a collaborative committee engaging with the online community, we have been able to address consumer concerns and questions, as well as educate them about who we, as dairy farmers, are. This has strengthened our relationship with the public and allowed us to have new, and more personal, conversations with them.

Due to this success, the Digital Committee has developed a 3-year plan that focuses on three major objectives: optimizing internal processes, collecting data on key audiences and restructuring BC Dairy's largest digital asset: the website.

Looking ahead, new components will be added to the digital communications portfolio. Instagram will be added as a key platform to more visually engage with our audiences, and the BCDA website will undergo mobile optimization to make the user experience stronger, as a mobile-first approach is key in connecting with consumers.

Pan-Agriculture Public Trust

Pan-Agriculture Public Trust was identified in October 2016 as a priority initiative for BCAC. Over the past year, BCDA staff worked collaboratively with BCAC to build a strategy to facilitate the ongoing communication between consumers, producers and industry stakeholders by providing opportunities for relationship building, shared learning and more direct connections within food and agriculture systems in BC.



The program came to life in 2017–2018 in a variety of ways including:

- Collaborative working sessions were held throughout the year with stakeholders across the food system to develop a shared vision for building public trust in BC.
- The We Heart Local BC website and social media platform were redeveloped to create direct connections between consumers and primary agriculture.
- A partnership with the BC Restaurant & Food Services Association connected chefs with agriculture through a coordinated farm tour to Pickmick Dairy and Westcoast Vegetables Greenhouse Growers in Delta.

For 2018–2019, BCDA will continue to work collaboratively with BCAC to further support the consumer communication component of the public trust initiative.



GRAPHICS AND PHOTOS

Each year, BCDA plans a video and photoshoot to capture the unique diversity of dairy farms located across the province for use in print and online communications. Ensuring we have this footage gives us the opportunity to educate British Columbians, visually, about life on a dairy farm and the dairy industry.

In 2017–2018, we visited Tyee Farms in Smithers, West River Farm in Rosedale, Creekside Dairy Farm in Agassiz, Dahlia Holsteins Farm in Abbotsford and Westenenk Farm in Chilliwack.

Looking ahead, we plan to continue capturing footage from dairy farms across the province with the objective to keep our photo and video library current.

Tanker Graphics

In 2017–2018, BCDA and Vedder Transport confirmed and proceeded with the re-decating of their tankers. As DFC's long-standing 'blue cow' logos were removed to align with their decision to redesign their logo, the decals were replaced with the BC Milk Logo and BC Milk Glass Logo.

This remains an ongoing process and will be completed over the next few years.



COMMUNITY AND PUBLIC ENGAGEMENT

MOBILE DAIRY CLASSROOM EXPERIENCE



The Mobile Dairy Classroom Experience (MDCE) is a year-round program that brings dairy cows to schools across BC. This fun and interactive experience provides elementary schools, summer camps and community events with the opportunity to learn and ask questions about the dairy industry. In our 30-minute presentations, students and participants learn about cow anatomy, what a cow eats and how a cow makes milk. To make each visit an unforgettable experience, the MDCE concludes with a live milking and calf feeding demonstration. The MDCE is excited to raise awareness about BC's dairy industry and this year the trailer visited 125 schools and 33 events across the province!



PACIFIC NATIONAL EXHIBITION (PNE)



The MDCE returned to the PNE's Farm Country Barn for a second year. The two-week event draws hundreds of thousands of fair-goers, from tourists to local Vancouverites. The Farm Country Barn is a family-friendly, educational environment where visitors can connect with animals and agriculture.

Every day at the fair, the MDCE conducts live milking demonstrations. With an average of 100 viewers at each of the shows, the fair has been an invaluable opportunity to reach a diverse range of consumers. In-between the demonstrations, fair-goers can try to win prizes by playing one of our three carnival games. The first game is a set of labyrinths with the themes "How a Cow Makes Milk" and "A Day in the Life of a Dairy Farmer". We also have a skee-ball machine, known as Milk Ball, as seen in the photo above, that teaches about pasteurization, and a bean bag toss which encourages kids to think about nutrition. The three games were specially designed to increase consumer recall.

The MDCE will be returning for a third year, so join us for an exciting day at the fair!



PRODUCER RELATIONS



BREAKFAST ON THE FARM



Led by the Kamloops Okanagan Dairy Association (KODA) and BCDA, the fourth *Breakfast on the Farm* was a huge success. Held on June 9th, the event invited consumers to see for themselves what an actual operating dairy farm is like. Event-goers enjoyed a pancake breakfast by donation, hayrides, farm tours and the opportunity to talk to local dairy farmers.

Despite the downpour of rain, about 700 people came out to show their support for the industry. From families living down the road, to tourists driving in from various cities across the province, the event united everyone under one dairy barn roof.



In addition to the June 9th public event, two days of tours on June 7th and 8th were held exclusively for schools. Over 400 kids spent the day at the dairy farm, learning all about cows, milk and dairy farming in BC.



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. Through these interactions, regular consumers become advocates for the industry!



THE PROACTION® INITIATIVE

100% Registration

This year has been another milestone year for proAction. **In July, we achieved 100% registration on the proAction Initiative.** (Note: This does not include any new farms which still have a six-month grace period to achieve registration from their production start date.) Of the few remaining unregistered farms as of January 2018, only one chose to leave the industry. All but one achieved registration by the established deadline for increased sanctions. As per our memorandum of understanding with the BCMMB and their Consolidated Order, BCMMB suspended milk pick-up at this farm for a minimum of four days and until the farm achieved registration. The producer resolved the remaining issue during this time and resumed shipping at the end of the suspension.

Animal Care

ProAction-Animal Care questions were added to on-farm validations in BC in November 2015. As of September 1, 2017, completed cattle assessments are now a program requirement. This means that producers must have a copy of both their Cattle Assessment Summary Sheet and the associated Peer Report on hand for all future validations. If a farm's Peer Report shows that any scores have fallen in the red zone, the producer must also have a written corrective action plan available which details how they plan to improve the herd's scores before their next assessment. Currently, cattle assessments must be completed once every two years.

Holstein Canada will continue to offer cattle assessment services to producers following the signing of a four-year contract with DFC in July. In BC, we also plan to offer the option of an independent assessor to our producers.

Livestock Traceability

Livestock Traceability validations began September 1, 2017. From that day forward, we expect that all producers are adhering to program requirements. Reporting event information is still optional. This is largely because the current database, the Canadian Livestock Tracking System, only allows for electronic reporting, which is not easily accessible for all producers. Additionally, DFC is working with the Canadian Dairy Network to develop a new database, DairyTrace. At the time of writing, there are no clear timelines for when this database will be live and available to producers. BCDA will communicate more information to producers as it becomes available.



Looking Ahead

Over the next year, we will hold training sessions for 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 that all farms have a completed 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.

Producers looking to get a head start on these pillars are encouraged to talk to their herd veterinarians about completing the Biosecurity Risk Assessment form and to contact ARDCorp to complete an Environmental Farm Plan.

International Trade

Ongoing trade discussions have put seemingly incessant pressure on supply management, but throughout the year, the Canadian government continued to express its support for our system. In a video address to the DFC Annual General Meeting in July 2018, Prime Minister Justin Trudeau stated: “I want to reiterate my support and our government’s strong support for dairy farmers across our country. The work you do is hugely important to our food security, our rural economies and our national fabric.” He went on to acknowledge that “[o]ur system of supply management is a model that provides a fair price for farmers, stability for processors and high-quality dairy products at a sustainable price.” Finally, he strongly stated: “Make no mistake, we will continue to protect and defend our supply managed system. And that includes at the NAFTA table.”

DFC and its members intend to hold the government to these commitments in the coming year as we continue to discuss necessary (and promised) compensation packages for both CPTPP and the USMCA.

Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

In March 2018, the CPTPP was signed. This agreement granted 3.1% additional market access to participating countries. It was originally expected that this market access would be filled by the US so dairy farmers were disappointed that the access was not negotiated down following the US decision to withdraw from the negotiations last year. Nevertheless, we expect this market access to be filled by the remaining countries. DFC has requested a mitigation package for this market loss and is still in negotiations with the government on this subject.

United States-Mexico-Canada Agreement (USMCA)

The NAFTA renegotiations began in August 2017 and continued at a regular pace until late Spring 2018. From the idea of a “skinny NAFTA” that would focus mostly on the auto industry to talks of the US scrapping the trilateral deal to pursue bilateral discussions with either Canada or Mexico – the rumours abounded and formal negotiations began to stall. Negotiations petered out in late May due to an upcoming Mexican general election on July 1, 2018 and US midterm elections set for November 6, 2018.

Negotiations resumed in September and the renewed NAFTA was announced under a new name, USMCA. Dairy took a significant hit with three major concessions:

- 1) Market access concessions (in the range of 3.6% to 3.9%)
- 2) The removal of the ingredients class (Class 7)
- 3) A cap on Canadian exports (of skim milk powder, milk protein concentrates and infant formula)

We expect the agreement to be ratified and possibly come into force in the coming year. BCDA will participate in and support DFC in their ongoing efforts to lobby government for appropriate compensation, and send a signal that “enough is enough.”

Upcoming/ongoing Trade Negotiations

Notwithstanding the larger trade negotiations taking our focus over the last several years, Canada is also currently engaged in trade negotiations with the Pacific Alliance (Chile, Colombia, Mexico and Peru) and Mercosur (Argentina, Brazil, Paraguay and Uruguay). Furthermore, the Canadian government will consider how to deal with trade with the United Kingdom in a post-Brexit world. BCDA remains dedicated to monitoring all of these trade discussions closely and will offer support to DFC as needed as they continue to maintain a strong presence at the negotiating rounds.

GENERAL POLICY

BCDA monitors and provides feedback regarding 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
- Animal Health Emergency Management Planning
- National Environmental Farm Plan
- Flood Response Planning
- National standard for grass-fed milk
- Pricing
- Prescribed branding zones
- Cross-border issues
- Temporary foreign worker programs
- Species at risk & Wildlife and Habitat Engagement sessions

Working with DFC, we will continue to advance the policy interests of dairy farmers in BC at the regional, national and international levels.

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.

GOVERNMENT RELATIONS

2018 has been a year with a variety of critical government relations activities at the provincial and national level. International trade has been the dominant focus of government engagement activities, with ongoing communications and meetings related to the newly renamed NAFTA, which shall henceforth be known as the USMCA, reflective of the participants of this trilateral agreement.

In addition, communications have been ongoing regarding the CPTPP which was ratified this past April, and issues pursuant to the ongoing implementation of the Comprehensive Economic Trade Agreement (CETA).

In collaboration with DFC as well as our other provincial affiliate offices, we have been working together regarding lobby efforts aimed at issues pursuant to revisions to Canada's Food Guide and proposed front-of-package labelling.

At the provincial and municipal level, we have been in ongoing dialogue regarding newly proposed Agricultural Waste Control Regulation (AWCR) in addition to provincial farming practices such as Agricultural Land Reserve (ALR) usage.

BC DAIRY INDUSTRY CONFERENCE

The BC Dairy Industry Conference brings together individuals from all corners of the province in the dairy industry, ranging from dairy producers to researchers and bankers to government officials. From November 29 to December 1, 2017, delegates came together to network, learn and celebrate our industry. The 2017 conference marked 9 years and was held at the Fairmont Waterfront Hotel and the Vancouver Convention Centre West. Keynote speaker General Lewis MacKenzie inspired the audience with life-experiences in leadership, while industry leaders Dan Wong and Pierre Lampron provided updates within the industry. The conference preceded the AGMs for both BCDA and BCMMB, which were jointly planned by both associations.



PRODUCER COMMUNICATIONS

BC Dairy Producer Newspaper

The BC Dairy Producer News is a thrice yearly publication that outlines the ongoing industry issues, political news, regional agricultural events and initiatives of direct concern to dairy farmers in BC, within an editorial context. The publication serves to expand upon and editorialize key industry issues as they arise in the areas of farm practices, industry programs, research and events.



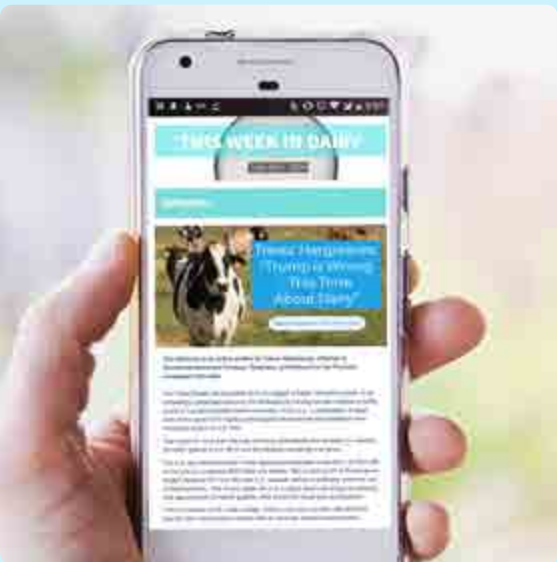
Dairy Industry Research and Education Committee

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.

Within the past year, DIREC has begun ongoing collaborations with a new 4-province western research alliance with the respective dairy research bodies in Alberta, Manitoba and Saskatchewan. This new research collective has been named the Western Dairy Research and Education Committee (WDREC). Its focus is to collaborate on research and educational funding of initiatives of collective interest, as well as to jointly administer funding and review the Western Industrial Research Chairs (IRC) of which there are three. In terms of national research efforts across the country, DIREC is also a representative member of the National Dairy Research Council (NDRC). This group is strategically focused on knowledge transfer of research findings to industry as well as collective strategic administration and planning of national research initiatives.

BC Dairy Producer Online News

A significant change came to Producers' inboxes this year as the monthly "Moos Blast" was transformed into *This Week in Dairy* – a weekly e-newsletter reporting on important industry news, events and updates. The change was a result of feedback from the annual Producer Communications Survey. Producers demonstrated a desire for increasingly streamlined channels of communication that made important news more accessible.

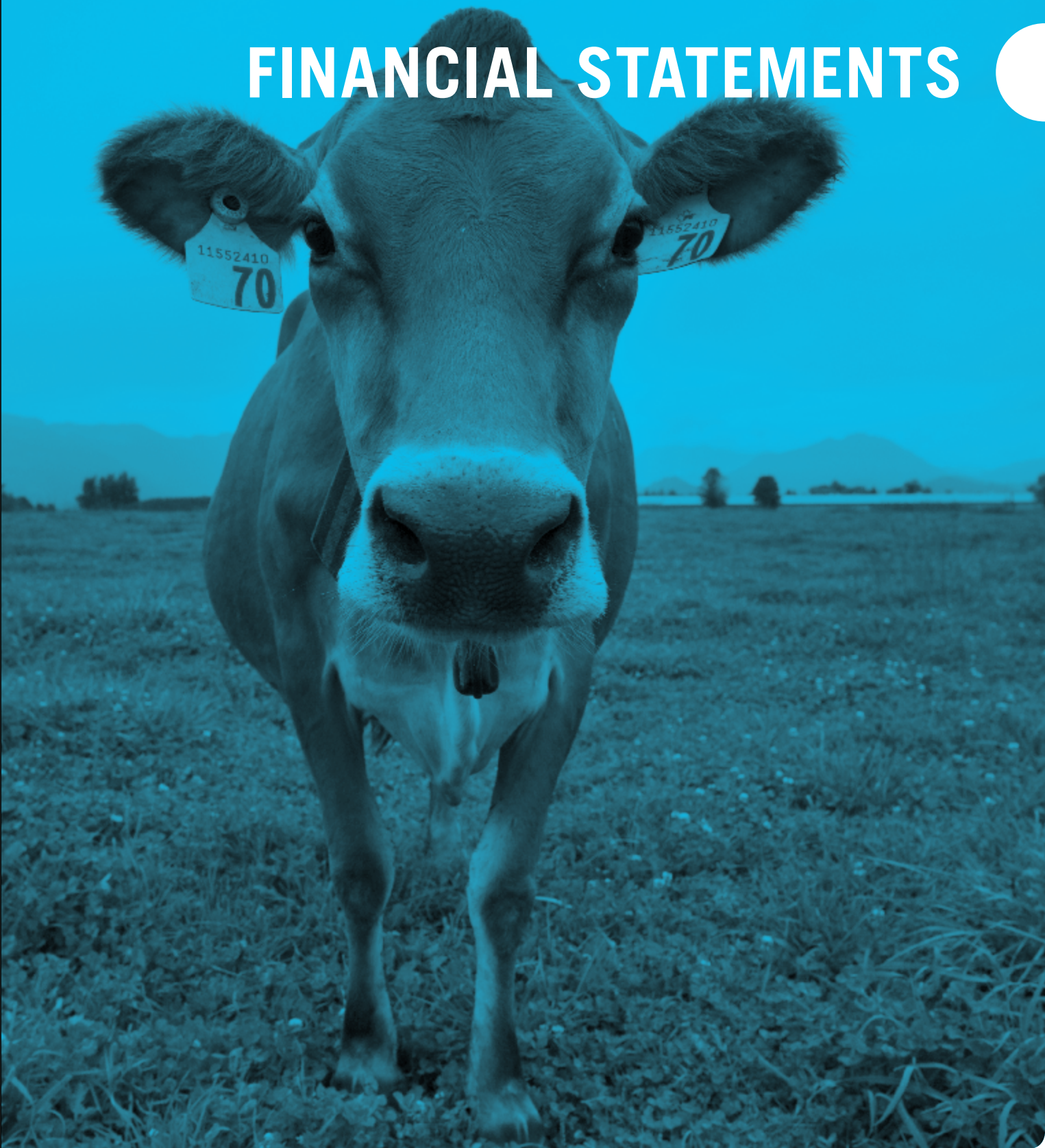


In addition to being a more frequent publication, *This Week in Dairy* provides producers with more of the news that matters to them. This means more articles about changes and trends in the global dairy scene, updates about BCDA programs and how producers' dollars are spent and information about grant and scholarship sources.

If you do not currently receive "This Week in Dairy" and would like to, please email contactus@bcdairy.ca



FINANCIAL STATEMENTS





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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, 2018, 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.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.



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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, 2018, 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 Societies 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 Professional Accountants

November 2, 2018

Chilliwack, Canada

STATEMENT OF FINANCIAL POSITION

As at July 31, 2018

	2018	2017
CURRENT ASSETS		
Cash	\$ 4,219,288	\$ 3,218,356
Contributions and accounts receivable (note 3)	1,477,478	1,454,890
Prepaid expenses	95,049	53,314
Promotion and nutrition project supplies	184,190	168,899
	5,976,005	4,895,459
Capital assets, net (note 4)	74,773	89,665
	\$ 6,050,778	\$ 4,985,124
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 5)	\$ 770,186	\$ 343,030
Deferred contributions (note 6)	-	62,000
	770,186	405,030
NET ASSETS		
Producer Services and General Fund	311,803	196,215
Marketing and Nutrition Education Fund	4,740,794	4,084,205
Dairy Industry Research and Education Fund	227,995	299,674
	5,280,592	4,580,094
Commitments (note 7)		
	\$ 6,050,778	\$ 4,985,124

See accompanying notes to the financial statements.

Approved by the directors

Dave Taylor
Chair, Board of Directors

John Kerkhoven
Chair, Finance and Audit Committee

STATEMENT OF OPERATIONS AND NET ASSETS

For the year ended July 31, 2018

	2017 Total		
REVENUES			
Contributions from dairy producers (note 8)	\$ 7,748,676		
Recoveries and other contributions	195,495		
Interest	10,819		
	7,954,990		
EXPENSES			
Marketing and Nutrition Education projects (Schedule A)	4,816,644		
Producer Services and Dairy Industry Research and Education projects (Schedule B)	824,307		
Labour (Schedule C)	1,584,104		
General and administration (Schedule D)	717,783		
	7,942,838		
Surplus/(deficit) of revenues over expenses	\$ 12,152		
Net Assets, start of year	4,567,942		
Net Assets, end of year	\$ 4,580,094		

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS

For the year ended July 31, 2018

	2018	2017
Cash flows from operating activities		
Cash received for contributions and recoveries	\$ 8,459,979	\$ 7,840,331
Cash received for interest	18,899	10,920
Cash paid for labour, materials and services	(7,465,129)	(7,867,557)
Net cash inflow/(outflow) from operating activities	1,013,749	(16,306)
Cash flows from investing activities		
Purchase of capital assets	(12,817)	(98,937)
Net cash outflow from investing activities	(12,817)	(98,937)
Increase/(decrease) in cash	1,000,932	(115,243)
Cash, beginning of year	3,218,356	3,333,599
Cash, end of year	\$ 4,219,288	\$ 3,218,356

See accompanying notes to the financial statements.

SCHEDULES OF EXPENSES

For the year ended July 31, 2018

Schedule A: Marketing and Nutrition Education Expenses

	2018	2017
MARKETING		
Marketing programs for British Columbia	\$ 2,770,191	\$ 2,232,020
Share of expenses for marketing partnerships with other provinces	634,495	1,585,624
	3,404,686	3,817,644
NUTRITION EDUCATION		
School based programs	511,928	587,225
Programs for public and health professionals	199,129	148,555
	711,057	735,780
COMMUNITY AND PUBLIC ENGAGEMENT	197,288	263,220
	\$ 4,313,031	\$ 4,816,644

Schedule B: Producer Services, Dairy Industry Research and Education

	2018	2017
PRODUCER SERVICES		
Dairy Farmers of Canada member dues	\$ 286,181	\$ 268,765
Contributions to regional organizations	122,138	114,724
BC Agriculture Council member dues	57,125	58,367
BC Dairy Conference	82,794	68,506
Producer Services and Communications	117,593	120,411
	665,831	630,773
DAIRY INDUSTRY RESEARCH AND EDUCATION		
Research and Education Projects	283,016	174,258
BC Dairy Expo	22,318	19,276
	305,334	193,534
	\$ 971,165	\$ 824,307

SCHEDULES OF EXPENSES

For the year ended July 31, 2018

Schedule C: Labour expenses

	2018	2017
Salaries and wages	\$ 1,363,972	\$ 1,336,279
Employee benefits and payroll taxes	269,807	218,714
Employees' professional dues, development and recognition	28,532	19,583
Labour subcontracts	21,930	3,978
Recruiting	5,000	5,550
	\$ 1,689,241	\$ 1,584,104

Schedule D: General and administration expenses

	2018	2017
Travel of directors and staff	\$ 362,834	\$ 286,305
Rent and offices expenses	167,683	145,317
Directors' fees	92,333	72,791
Audit, accounting and legal	30,949	28,083
Postage and couriers	33,572	28,023
Telephone and communications	26,131	28,015
Conferences and meetings	32,985	26,771
Computers	40,054	26,592
Insurance	24,421	19,102
Vehicles	20,878	18,635
Professional fees and consulting	20,000	10,361
Interest and bank charges	9,982	3,468
Amortization	27,709	24,320
	\$ 889,531	\$ 717,783

NOTES TO THE FINANCIAL STATEMENTS

Year ended July 31, 2018

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 Societies 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.

2. Significant accounting policies, continued

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.

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.

2. Significant accounting policies, continued

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.

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.

Year ended July 31, 2018

3. Contributions and accounts receivable

	2018	2017
Receivable from Dairy Industry Development Council, a related party	\$ 1,464,232	\$ 1,426,757
Other contributions and accounts receivable	13,246	28,133
	\$ 1,477,478	\$ 1,454,890

4. Capital assets

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Vehicles	\$ 132,733	\$ 90,901	\$ 41,832	\$ 56,728
Furniture and fixtures	182,573	162,052	20,521	18,696
Leasehold improvements	257,009	246,764	10,245	13,757
Computer equipment	119,549	117,374	2,175	484
	\$ 691,864	\$ 617,091	\$ 74,773	\$ 89,665

5. Accounts payable and accrued liabilities

	2018	2017
Payable to suppliers for supplies and services	\$ 428,777	\$ 197,386
Payable to Receiver General for GST and source deductions	178,036	56,440
Payable to/on behalf of employees for wages and benefits	163,373	89,204
	\$ 770,186	\$ 343,030

Year ended July 31, 2018

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.

	2018	2017
Deferred contributions, beginning of year	\$ 62,000	\$ 62,000
Less amounts recognized as revenue in the year	(62,000)	(62,000)
Add amount received for future expenses	-	62,000
Deferred contributions, end of year	\$ -	\$ 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, 2018 are as follows:

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

Year ended July 31, 2018

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 \$8,334,745 (2017—\$7,748,676) to the Association. At July 31, 2018, \$1,464,232 (2016—\$1,426,757) 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, 2017. The Council’s complete financial statements are available to members upon request.

DAIRY INDUSTRY DEVELOPMENT COUNCIL

	2017	2016
FINANCIAL POSITION as at December 31		
Total assets	\$ 3,456,191	\$ 3,047,918
Total liabilities ⁽¹⁾	\$ 2,448,552	\$ 2,134,704
Total net assets	1,007,639	913,214
	\$ 3,456,191	\$ 3,047,918
RESULTS OF OPERATIONS year ended December 31		
Total revenues	\$ 14,153,767	\$ 12,788,224
Fluid products promotion	6,863,733	6,355,415
Industrial products promotion	5,957,753	5,266,888
Producer services, industry activities and administration	1,158,029	1,071,917
Research and Education	79,827	117,282
Total expenses ⁽²⁾	14,059,342	\$ 12,811,502
(Deficit)/excess of revenues over expenses	\$ 94,425	\$ (23,278)
CASH FLOWS year ended December 31		
Cash flows from operating activities	\$ 220,740	\$ 1,452
Increase in cash	\$ 220,740	\$ 1,452

(1) Total liabilities include \$1,440,075 (2016 - \$1,298,892) due to the Association.

(2) Total expenses include contributions of \$8,094,128 (2016 - \$7,538,056) to the Association.

Year ended July 31, 2018

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, 2018.

- 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.



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