

BC Dairy Association

# 2013 2014

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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## Chairperson's Message

I wrote on this page last year that our industry faces many challenges. This past year brought forth the particularly large challenge around animal abuse allegations on one of our dairy farms in BC. This event was extremely serious, and attracted significant media attention across the country. As a result, BC Dairy and all stakeholder groups have moved ahead with change. The changes made will make our Industry stronger.

The most significant change to date is that the code of practice for the care and handling of dairy cattle has become part of the BC Milk Marketing Board's consolidated order. All producers must comply with the requirements of the code or face consequences. In addition, proAction continues to move forward in as timely a way as is possible and we are standing behind proAction as a program that will guarantee a very high standard.

More and more there is a lack of understanding of good farm practices by the consumer. They are no longer close to us and what we do. We need to bridge that divide and I will continue to encourage you as producers to engage the public wherever possible. Be open and transparent about your beliefs as a dairy farmer, your practices, and your confidence in the high quality milk we produce. With your voice we will make a difference.

I look forward to getting out to all regions over the winter months. There is much to report on and much to hear from you our stakeholders. Take time to read through this document outlining your producer dollars at work for you. Your investment is making a difference and we are seeing growth in the market and on the farm.

On behalf of BC Dairy all the best of the holiday season ahead.



Dave Taylor  
BCDA Chairperson

## Executive Director / CEO's Message

This past year, our industry has endured and survived significant criticism by animal activists and the public. We have demonstrated we can be held accountable and continue to be proactive to address these issues. Upon reflection, we can work towards improving our industry by following guidelines set before us. It is also important to recognize the significant work to continue promotions of milk, education about healthy eating with milk, and strengthening relationships with agriculture industry stakeholders

Marketing continues to partner with English speaking provinces across the nation (known as the Strategic Milk Alliance) to advance the Milk Every Moment campaign for a second year. Since its partnership, milk consumption in Canada has increased from 10.13 glasses per week to 10.58 glasses per week.

We ♥ Local, formerly known as Buy Local. Eat Natural., launched a new mobile app on iTunes in January 2014. With over 6,000 downloads and 134,000+ launched sessions, engagement and support continues to grow.

The Mobile Dairy Classroom Experience appeared at an amazing 196 events this year, amounting to 214 days! Script presentations have been updated to keep the experience fresh and current.

Nutrition Education has created a video series called BC At The Table to enable teachers to show their students the true facts of the agriculture industry in BC, an alternative to the over sensationalized US-based resources often used. The goal is to educate youth and encourage a balanced discussion about various stages of the BC food system.

CQM registration is nearly complete at 95%, with proAction well underway. Our goal is to attain 100% registration and we have been developing policy to ensure we reach this goal. The next element we will undertake is animal care. Canada is in the midst of a second pilot, where BC is leading the way with 25 farms participating. In response to the animal abuse case in June, we are demonstrating our commitment to finding solutions.

Producer Relations & Communications launched a BCDA newspaper to keep producers updated with current affairs of the industry and implemented a Member Benefits program. Services & products range from cell phones, insurance, entertainment, and accommodations.

We have focused on improving our working relationship with other industry groups such as BC Agriculture Council, BC Dairy Council, Society for the Prevention of Cruelty to Animals, WorkSafe BC, Farm and Ranch Safety and Health Association, and BC Farm Animal Care Council, to name a few. These relationships allow BCDA to have influence on issues that help our BC dairy farmers succeed.

Thank you,



Dave Eto  
Executive Director / CEO









# Nutrition Education

## Early Childhood Education

### Little Food Explorers

In 2013-2014, BCDA nutrition educators took advantage of new opportunities to influence early childhood educators with our nutrition education resources and expertise.

Recent policy directions at the international and Canadian levels are calling on jurisdictions to integrate early childhood education with the K-12 education system. In addition, food consumption surveys show that we can no longer take it for granted that young children are getting the nutrition they need, including enough foods from the Milk & Alternatives food group. Thus, it makes good sense for BCDA to build on its strength in the K-12 school system and extend it to benefit younger children, aged 2–4.

BCDA had a ready-made opportunity to step into the early childhood education area by using resources already available through the Better Together initiative. Combined with educational outcomes used in the kindergarten program, we created Little Food Explorers, an educational program that integrates with the K-12 nutrition education programs.

Little Food Explorers workshops teach early childhood educators how to introduce young children to a wide variety of foods. This helps develop healthy attitudes towards food and eating. Hands-on activities are at the core of the program, an approach most suitable for very young learners. Educators learn how easy it can be to influence healthy eating by including recipes like cheesy muffins, smoothies and yogurt parfaits in their programs.

We look forward to continue offering the program in the 2014–2015 school year.



## Nutrition Education in Schools

### Food For Us! Evaluation

An evaluation of the Food For Us! grade 2–3 nutrition education program was completed in early 2014. BCDA commissioned Verita Strategy Group Inc. to assist with surveying participating students, their parents, and the teachers who delivered the program.

The study found that the program improved student knowledge, and food choice behaviour—not only during the program, but even 6–9 weeks after the program was completed.

The quality of lunches prepared and packed at home improved significantly, including more foods from the Milk & Alternatives food group, as well as from the Vegetables & Fruits and Meat & Alternatives food groups.

Perhaps most notable was the fact that parents were packing more balanced lunches for their children, suggesting the program effects transferred from students to their parents. As researcher Bill Mercer, author of the report, commented, “Moms were making lunches differently after the program. This third party influence is huge.” Children who ate meals at home had more balanced lunches—an unexpected but positive finding from the evaluation.

More than 96% of the teachers surveyed were ‘very satisfied’ or ‘satisfied’ that most students were able to meet the objectives of the program.

In the 2014–2015 school year we plan to capitalize on what we learned by improving on our communications with parents through the Food For Us! program.



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“ I have taught the lessons for many years now and really love the program. I especially like how the student booklets and food cards have real photos on them. It is also great that the food is multicultural! ”

- Grade 2 Teacher

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## Milk in Schools

### +Milk

BCDA's partnership with BC Agriculture in the Classroom Foundation brought milk to students in over 730 schools during the 2013–2014 school year, as part of the very successful BC School Fruit and Vegetable Nutritional Program. Funding is provided by BC dairy producers and the provincial government.



The program has the opportunity to put milk into the hands of every child in kindergarten and grades 1 & 2 enrolled in public schools throughout the province. Registered schools received a 120 mL cup of milk for all students in the eligible grades, thirteen times per year. The program reached 70% of the capacity in the first year alone, representing over 75,000 students and close to a million milk-drinking occasions.

School response to the addition of milk to the fruit and veggie program has been overwhelmingly positive. “The students were so excited to receive their milk to drink, and kept asking for more,” said Lisa Evans a primary teacher from Tecumseh Elementary in Vancouver. “All the classroom teachers were amazed by how happy the students were to drink it!”

Along with the milk, teachers receive a chapter in the story, *A Cow's Tale*. Each chapter is a one-page document designed for young children that gives insight into life on the dairy farm through the eyes of a calf who grows up into a yearling during the course of the school year. Teachers also get some ideas on how to reuse the plastic milk cups in the “Drink Up and Reuse” section.

We are looking forward to continued success with this program in the 2014–2015 school year. As a teacher at Hillcrest Elementary in Surrey said, “A few [students] who aren't milk drinkers have converted!” This is the power of the +MILK program.



An enthusiastic milk-drinker at Horsefly School in Horsefly, BC.



## School Milk BC

School Milk BC is an ongoing BCDA initiative that supports and encourages schools to serve milk 2–3 times per week. Schools have flexibility to purchase milk from the BC dairy processor of their choice.

The program continues to be challenged by the need to find volunteers at each school to coordinate the program. As such, BCDA provides administrative tools to make the job easier for volunteers. Despite the barriers, the value of the program lies in the significant number of children it still benefits by making milk drinking a regular part of the school week.

By conservative estimates, we are reaching students with close to 3,000,000 milk-drinking occasions. The power of this program lies in building a milk-drinking habit among children for now and the future.





## Take A Bite of BC

For the fourth year, BCDA provided BC cheeses and milk to 28 secondary teaching kitchens participating in the Take a Bite of BC program from BC Agriculture in the Classroom Foundation. This year, the program has expanded outside the Lower Mainland and included four schools in the Okanagan.



Students were very excited to receive the following BC cheeses:

- Smokehouse Cheddar from the Village Cheese Co. in Armstrong. This cheese was a finalist in the 2013 Cheese Grand Prix event organized by Dairy Farmers of Canada.
- Sundried Tomato Feta cheese and Monterey Jack from Birchwood Dairy in Abbotsford.
- White Moon and Tomme d'Or from Moonstruck Organic Cheese Inc. on Salt Spring Island.

Students and chef instructors rave about the cheeses provided each year. Some students love the cheeses so much that they asked their local stores to carry them.

As we head into our fifth year with the program, we are looking forward to expanding to Vancouver Island. We are very happy to keep introducing students to the amazing cheeses produced in BC and help them find new favourites. That is what this program is all about!



A high school student prepares to make a bechamel sauce





## Better Together



The Better Together initiative is now in its fifth year. We are engaged in this initiative because there are many benefits to eating together, including better nutrition and better social outcomes for children. Improved milk product intake is one of the key nutrition benefits.

The Better Together research shows that involving children in meal preparation is an important precursor to families eating meals together more often.

Better Together provides resources and tools that encourage families to cook together as a team. It features recipes children can help with, a cookbook creator tool and a platform to share recipes and stories.

The annual Hands-on Cook-off contest is all about bringing food and fun together in the kitchen by having at least two generations or two youth demonstrate how to prepare a recipe in a video uploaded to the Better Together YouTube channel.

This year the contest saw a record 50 entries, which translates into over 10,000 video views and votes. It also translates into growth of the online social media community for Better Together. This growth is due in no small part to the media partnership we forged with

Global TV. For a small investment on the part of dairy producers we gained over 320% in value for promotion of the contest.

Over 70% of the contest entries used dairy or served up their entry with a dairy product. Grand Prize Winner Lila's Apricot Almond Granola Bars closed with a shot of the participants saying "Cheers!" with a glass of milk as they sampled their finished granola bars.



Chef David Robertson and his daughter demonstrate cooking together in the Hands-on Cook-off contest promo video

Planning is already underway to grow the contest even more for 2015 as we continue expanding the reach of this important initiative.

## For Health Professionals

### Nutrition Forum

This year's forum explored food marketing to children and youth. Two eminent Canadian researchers, Dr. Charlene Elliott and Dr. Monique Potvin Kent, presented evidence from their research, while Kelsey Pinch reviewed BC initiatives from the Heart and Stroke Foundation that address marketing food to kids. The three speakers along with the audience of dietitians, key provincial policy-makers and marketing professionals discussed many questions:

- Should there be a ban on food marketing to children?
- Are the current food and beverage advertising

regulations in Canada protecting our children?

- Can food marketing be used to promote healthy eating to our children and youth?

The consensus of opinion appeared to protect the idea that generic promotion of healthy foods (such as milk) should still be permitted, while the marketing of unhealthy food should be restricted. Considering the influential people in the room, this was an important take-away message.



Dr. Monique Potvin Kent speaks to dietitians and other health professionals at the 14th Annual Nutrition Forum

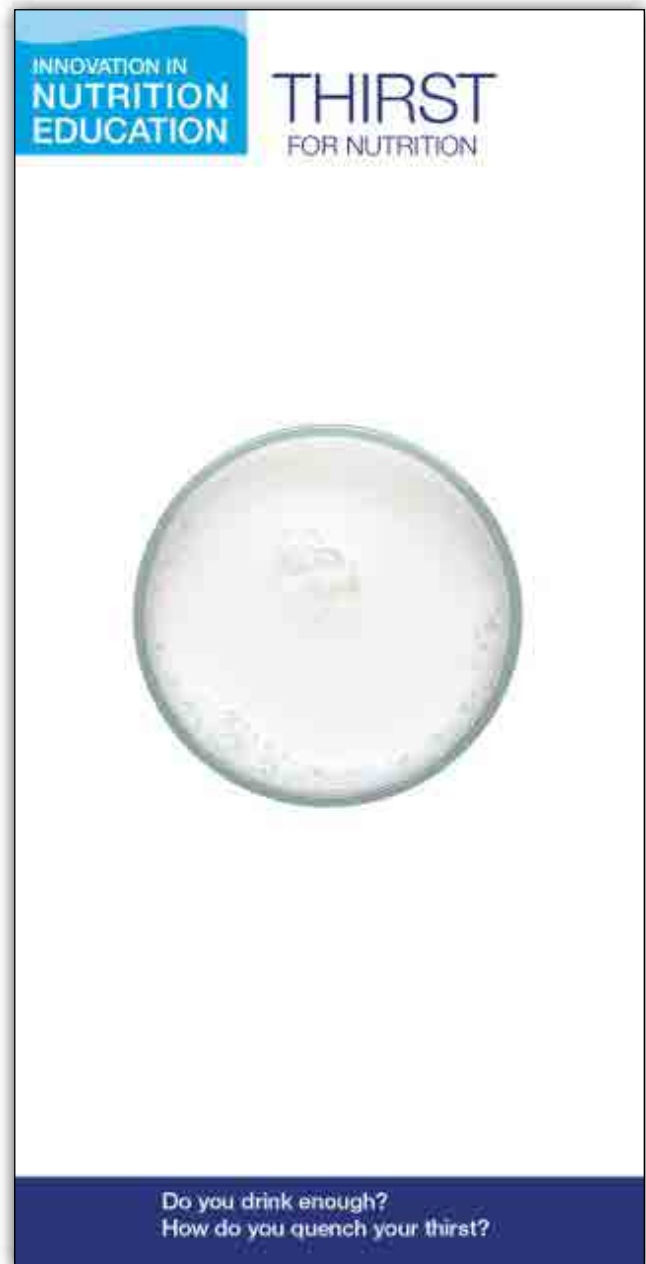
## Thirst for Nutrition

What do you think of when it comes to hydration? Most people think, “water”, and think that when it comes to hydration, the answer begins and ends with water. The idea that we all need to drink eight glasses of water each day persists. In fact, research on the barriers to milk consumption show that one reason people don’t drink milk is because they are trying to get their eight glasses of water. However the reality is that fluid needs vary by age and gender, and they can be satisfied by many beverages.

Enter...Thirst for Nutrition. BCDA nutrition educators re-designed this nutrition education resource to help consumers follow national recommendations for fluid needs. Make no mistake—water intake is still important—but the food guide recommends that we all need two glasses of milk a day, too.

Thirst for Nutrition helps consumers recognize that milk and other beverages count towards their fluid needs. Fluid recommendations for different age groups are provided. Consumers are guided through a self-assessment and planning process to help them choose nutritious beverages and get enough fluid. The brochure also includes a chart that compares the nutrient value of various beverages including milk, juice, sport drinks and pop.

Thirst for Nutrition was reintroduced to health professionals and secondary school teachers in spring 2014 as part of our popular “FoodTrack” nutrition education series. It is available by download or by ordering printed brochures from the BCDA online store.



## New for Secondary Schools & The Public

### BC At The Table

In the face of increasing misinformation about our food system, sensational portrayals of how food is produced, and talk about 'industrial' farms, BCDA nutrition educators felt it was time to show people how their food is really produced in BC.

The video BC At The Table was produced in 2014 to highlight how we produce, process, distribute and access food in BC. It features dairy, produce, grains and salmon, to allow for a more full exploration of the BC food system.

The video highlights the role of family, technology, stewardship and the many careers possible in the world of food. BC At The Table promises to fill a significant resource gap in secondary schools, to allow students to explore our food system without relying solely on US-produced curricular materials and videos.

As expressed by one educator, “ Well done! I am really excited to share [the video] with everyone because it tells the real story. After watching the videos I have a much higher appreciation of farming...” This enthusiastic response shows the capacity of the videos to educate about the integral role dairy plays in a sustainable, healthy and local food system.

The video may be watched in its complete one-hour format, or in separate segments featuring each of the four highlighted foods. Watch the videos at [www.bcdairy.ca](http://www.bcdairy.ca) or search BC At The Table on YouTube.







*Milk MOOves You*

**YOU COULD  
WIN\***

**A 2014  BEETLE**



# Marketing

## Milk MOOVes You

The Milk Mooves You promotion ran across the west in early summer. This retail on-pack promotion was supported by processors from across the west, including Parmalat, Saputo and Island Farms. Consumers were directed to the promotion through in-store advertising and through specially marked packages of milk. The grand prize was a 2014 Volkswagen Beetle, which was won by Michelle Van Velthuizen of Lethbridge, AB. She and her family, including seven children, were very excited with the win. Klaas Vander Veen, an Alberta Milk board member and dairy farmer from Lethbridge, was on hand to make the presentation.

The sample of promoted SKUs (products participating in the promotion), outperformed the total market by:

- +4.1% in dollar value
- +5.2% in volume

## Milk Slam

Milk Slam is a high school and post secondary cafeteria promotion program. The program objective is to influence teens and young adults to choose milk more often. We have the opportunity to engage students in the cafeteria with the chance to win (concert tickets, product, etc.) by purchasing milk, a space no other beverage competitor has access.



Milk Slam poster series can be found in high school cafeterias across BC & Alberta

In 2013, Milk Slam was expanded to include Alberta Milk, contributing towards a bigger prize pool, including the grand prize: a trip for two to any concert in North America through LiveNation; skullcandy headphones; music downloads; and free milk. In BC, the program had a presence in over 300 cafeteria locations with a program reach of over 400,000 students in BC.

Next year, the program will take place from January 12 to March 27, 2015 and will be expanded to include the other Milk West provinces. BC's portion of the presence will be in over 300 locations with a potential student reach of 430,000 students.

## National Milk Campaign

The Strategic Milk Alliance (SMA) collaboration between Milk West (BCDA, Alberta Milk, SaskMilk, and Dairy Farmers of Manitoba) and Dairy Farmers of Canada continued to evolve in 2013-2014. Staff worked to build on the Milk Every Moment campaign, which had launched in June 2013. Consumer research indicated the campaign was well received by Canadians. This year we used television advertising, social and digital media and shopper marketing to reach adults throughout the year. Our focus continued to be on reminding Canadians about the enjoyment a glass of milk offers, and how well it pairs with everyone's favourite foods.

Television advertising continued to provide the greatest opportunity to reach consumers. We implemented a strategy that allows for a year-round presence, since consumers purchase milk weekly. Our television advertising campaign started with three commercials developed last year. In late spring we introduced a combination of new thirty-second and corresponding fifteen-second spots. The storyline continued to feature nostalgic scenes of kids doing silly things. The key message is that while that often don't make sense, drinking milk did and still does now.

Digital media supported ongoing milk awareness and amplified our social media and retail activity. Digital media this year included paid display and pre-roll advertising to ensure top of mind awareness for milk. We purchased advertising space where women visit daily, such as online broadcast, magazine and gaming sites. The SMA also launched a robust social media campaign, using Facebook, Twitter and YouTube to ensure we were reminding people often about how some foods are just too perfect with milk to go without.

We specifically focused on developing and posting content that was interesting, relevant and timely for our audience.

Retail shopper marketing activity continued to provide an opportunity to trigger milk purchases while consumers were shopping. The SMA worked closely with dairy processors, retail grocery chains and value added suppliers to launch special promotions featuring milk and perfect pairing foods. Throughout the year we had customized programs with many retailers, both national and regional. These activities triggered temporary spikes in milk sales, demonstrating that consumers relate to the milk-pairing theme.

The SMA sales objective is to reverse the ongoing decline in retail fluid milk sales over a three-year period. While fluid milk sales are still negative, the trend is softening. As of March 8, retail fluid sales were down -1.51% over the preceding 52 week period (national excluding Quebec), a significant improvement over where we started, which was -2.7%.







**NOT EVERYTHING WE DID WHEN  
WE WERE KIDS MADE SENSE.**



**BUT DRINKING MILK DID.**



## Milkmobile

In 2013, the Milkmobile was created in BC to bring the Milk Every Moment campaign to life for teens. After the success and popularity of the Must Drink More Milk Bungee Race, we wanted to continue with the success of one-on-one live engagement marketing. The Milkmobile program captures and immortalizes memories through a mobile poster station that creates customized 'Milk Every Moment' event posters using participant generated photos. Milk donations from BC processor partners help offset program costs and allow us to incorporate a sampling aspect to the experience.

For the 2014 season, the Milkmobile program was expanded across Western Canada and the experience adapted to align with three target audiences through corresponding targeted events:

1. Teens (music and lifestyle events)
2. Parents (women and home shows)
3. Athletes (marathons, triathlons, obstacle endurance events promoting chocolate milk as the best recovery beverage)

This year, the Milkmobile attended 18 events and reached 418,100 people up to July 31. There were 11,050 milk samples and 9,738 posters distributed. Due to generous donations from processors, 95% of milk samples were donated, saving the program over \$30,000.

People of all ages love Bob, Jane and the Milkmobile! BC Dairy often receives enquiries to have the Milkmobile attend events within the community and has developed strong relationships with many event organizing committees.

## Milk West Youth Campaign

The youth enhancement campaign was launched in early summer targeting youth while they are “chilling at home”. The nine cartoon vignettes of Carlton and friends have been posted to various social media sites (YouTube, Tumblr, etc.) which Milk West used paid pre-roll advertising on various sites to ensure visibility. From July 18 to August 18, over 1.1 million complete views were recorded through paid pre-roll video. YouTube was quite popular, with over 291,000 views recorded during the same period. Tumblr generated over 151,000 impressions.

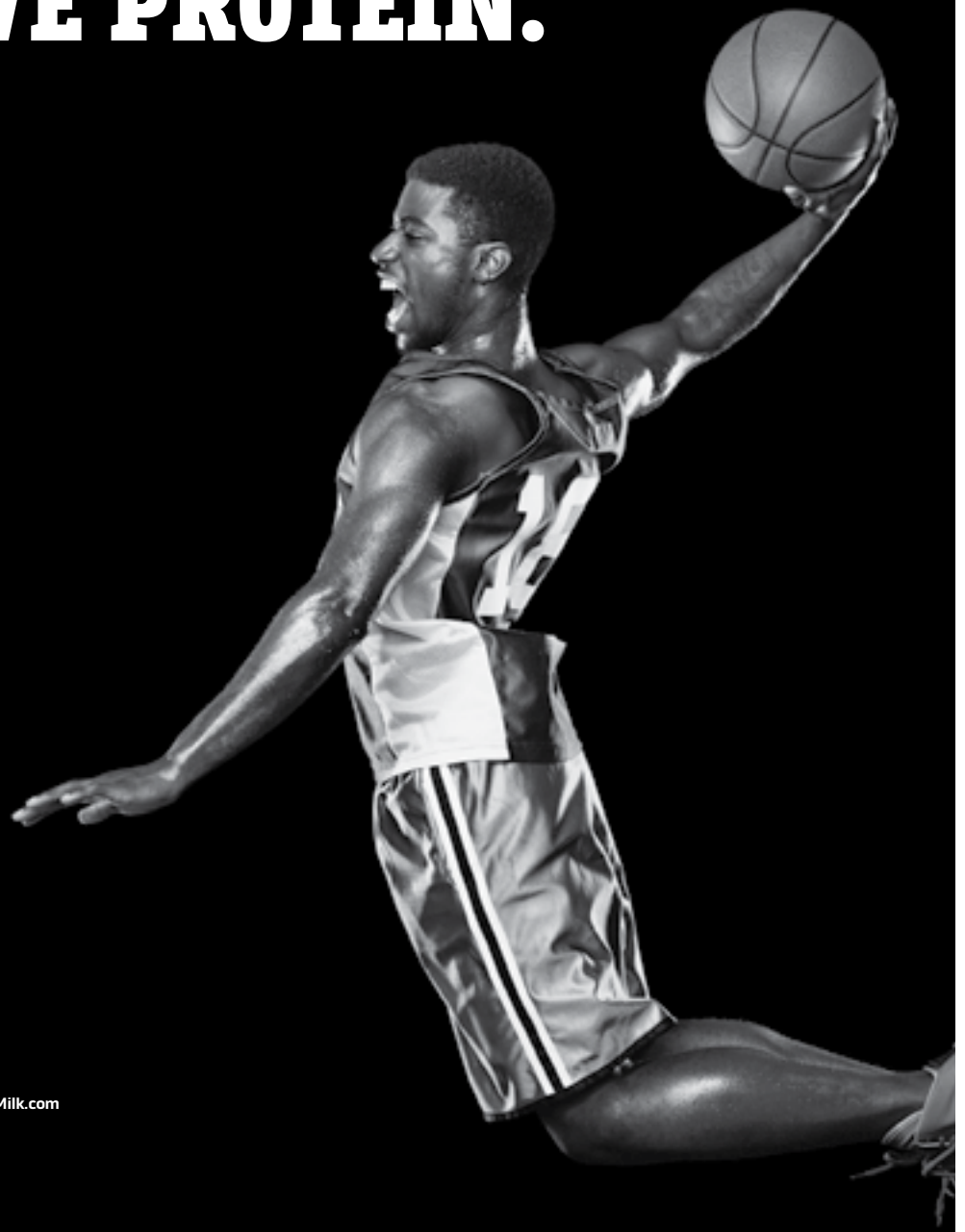
Engagement scores are high; there are lots of comments from, and sharing amongst, our teen audience. The sentiment of comments has been overwhelmingly positive with 92% of comments being positive or neutral.

We will be receiving research results in the fall and, based on the feedback, we will review and make the recommended changes if required.



The cartoon series about the secret lives of milk and our favourite snacks

**WE DON'T NEED  
BLOCKY TEXT AND  
ATHLETES TO BE  
TAKEN SERIOUSLY.  
WE HAVE PROTEIN.**



**NO HYPE,  
JUST HELP.**

[PoweredByChocolateMilk.com](http://PoweredByChocolateMilk.com)



## Chocolate Milk

In the last fiscal year, Powered by Chocolate Milk was expanded across Western Canada and became a fully integrated campaign. The campaign uses a two-layered approach to demonstrate the benefits of chocolate milk as a sports recovery beverage.

Layer one uses emotional messaging to change perceptions and associations around chocolate milk with the goal to increase chocolate milk's visibility within and in association with various high energy sports. In June 2014, the multi-faceted campaign was launched. All campaign activity targeted athletes at point of sweat and at point of purchase to remind them of chocolate milk's benefits as a recovery beverage. The campaign included:

- A poster series in a variety of gyms across the west, which drew attention to chocolate milk as a great sports recovery beverage.
- Branded in-gym vending machines built awareness and engagement with gym goers by providing a free chocolate milk and giving the athlete an opportunity to enter a contest.
- The "Contenders' Lounge", a concentrated warm up/cool down area where athletes can prepare for their heat and replenish their aching muscles post-competition with a cold chocolate milk. The lounge traveled across the west over summer 2014 at mud run endurance races like Spartan Race and Tough Mudder.
- Shopper marketing activity at point of purchase brought retail visibility to chocolate milk from July 8 to August 8 at major retail grocery banners.



A Tough Mudder athlete warms up in the Contenders' Lounge before his big race.

Layer 2 of the campaign uses educational messaging to raise awareness and understanding of the benefits of chocolate milk as a recovery beverage. This part of the strategy uses influential athletes and mentors (respected athletic professionals) to promote chocolate milk as a recovery beverage. This builds on the existing chocolate milk program where brand ambassadors use social media to promote chocolate milk within their community.

Once the summer 2014 campaign activity is complete, we will be evaluating the first year of the campaign and determining next steps for 2015. In the interim, the focus for activity in fall 2014 will be on paid digital advertising, continued social media and ongoing support of our athlete ambassadors.

## Buy Local. Eat Natural.

Buy Local. Eat Natural. (BLEN) has grown steadily in its sixth year, while simultaneously marking its first year as a partnership with BC Agriculture Council. Now a consumer-facing, agriculture industry-wide initiative, BLEN continues to integrate various stakeholders into one centralized location for the consumer to connect with BC farmers.

Following the new platform kick-off in the summer of 2013, a fall contest brought together consumers and farmers to highlight root vegetables, cranberries, turkey, and pumpkin; while BLEN continued to build stronger relationships with other commodity groups. More videos, recipes, and farmer profiles were added to the new site for a well-rounded agriculture representation: 10 BC agricultural commodity groups and 9 direct marketers. The We ♥ Local mobile app was developed to help consumers find local products, discover what's in season, and explore recipes. The app launched for Apple devices in January 2014. There have been 6,247 app downloads and 134,022 (118,086 BC sessions) of which Vancouver, Surrey, Burnaby, Abbotsford, Richmond, North Vancouver, Kelowna, Chilliwack, Coquitlam, and Langley rank as top ten user cities.

Transitioning the site from “Buy Local. Eat Natural.” to “We ♥ Local” (WHL) was part of the branding plan for July 2014. The transition was to coincide and bring brand consistency with the second annual We ♥ Local Awards.

For 2014-2105, the WHL program will focus on a sustainable funding model with industry partnerships and build a content calendar for program partners and sponsors. This program is a celebration of BC products and will continue to support agriculture in BC from one voice – We ♥ Local.













# Community and Public Engagement

## Mobile Dairy Classroom Experience

The Mobile Dairy Classroom Experience (MDCE) program launched in 2008 as part of the BCDA Summer Event's Program. Today it operates year-round visiting a combination of events, schools and camps. The purpose of the program is to educate consumers about the dairy industry in BC and where their milk comes from.

The program is geared towards the kindergarten to grade 7 age range, but people of all ages learn something new and exciting about dairy farming during each presentation. MDCE is one of the only educational and interactive programs visiting schools free of charge. Therefore, the program is very popular and booked year-round. Despite the June to September 2014 school strike, the MDCE program was still able to visit over 120 schools in the Spring and Fall of 2014 and 37 camps in the summer. The program conducted two school tours: North Okanagan in Spring 2014 and Victoria in Fall 2014.

Each year the program visits over 39 events throughout the spring and summer. To ensure maximum exposure, the program has begun to attend smaller Fall events and festivals. The scope of the program has increased to include not only the Dairy Classroom trailer but 'Delilah' the fibreglass interactive milking cow, photo booth displays, plywood milking cows and a variety of engaging activities for all ages.

## BCDA Digital

BCDA's digital presence supports the goal and mandate established in the 2014-17 Strategic Plan: to be the ultimate, trustworthy, and relevant source on all things related to dairy in BC.

With a year under our belt we will continue to develop better tools to reach our consumers online so that we can maximize efficiency and grow our reach and communication channels.

In order to manage and maintain the website and our social media channels (Facebook, Twitter, Flickr, YouTube, etc.), an internal digital team continues to collaborate and work together to share our message to interested audiences. The digital team represents all departments and holds quarterly, monthly and weekly meetings to develop content plans ensuring that BCDA's online presence is active, integrated and current.

## BC School Sports

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

A three-year partnership with BCSS creates an opportunity for BCDA to keep milk top of mind with high school student athletes while promoting school spirit, healthy lifestyles, and community involvement. Each fall and spring, select sport championships receive a cooler full of chocolate milk to use at the tournament and to take back for use at their school. The in-kind sponsorship was provided to Senior Boys Volleyball Championships last fall, and Senior Girls Soccer Championships in the spring. BCDA looks forward to this next 2014-2015 school year to support Senior Girls Volleyball and Senior Boys Rugby teams.

BCSS continues to help promote a long-standing tradition at BCDA. Milk Run, a 3 km run, walk, wheel, or skate, takes place in high schools across BC. BCSS included the event in their Athletic Calendar which is received and displayed year-round by all high school Athletic Directors and teachers in BC. This year, participating Milk Run schools increased by 140% from 15 schools in 2013 to 21 schools in 2014!







# Producer Relations

## Member Benefits Program

This program was designed to harness the collective buying power of the BC dairy industry. It boasts a roster of discounted practical services that reduce on-farm expenses in areas such as cell phone and telecommunications, insurance and fuel. Additionally it offers a variety of discounts on practical expenses such as hotel chains, car rentals and entertainment.

## Producer Communications

As you have likely noticed over the past year, BCDA launched its own newspaper earlier in the year. This was created to provide a better forum to communicate with producers and close stakeholder groups. The paper has been well received and development of the third issue is currently underway.

Additionally, BCDA continues to distribute monthly Moos Blast emails, which cover a range of applicable content and will increasingly feature special Member Benefits Program offers.

## proAction

The Canadian Quality Milk initiative is up to 95% provincial compliance. BCDA intends to reach 100% compliance within the next year. CQM is part of a larger program called proAction, which is led by Dairy Farmers of Canada. This initiative is an efficient and coordinated national framework that will bring various programs related to best management practices on farms under one umbrella. This multi-pillar program includes milk quality, food safety (CQM), livestock traceability, animal care, biosecurity and environment.

## Dairy Industry Research and Education Committee

The Dairy Industry Research and Education Committee (also referred to as DIREC) program mandate is to fund innovative research of direct benefit to the provincial and national dairy industry. The program also funds industry specific events, and has recently begun offering a series of scholarships. You can learn more about DIREC and download the applicable project, event or scholarship applications by viewing the DIREC area of the BCDA website.



# British Columbia Dairy Association

## **Financial Statements**

Year ended July 31, 2013



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## **INDEPENDENT AUDITORS' REPORT**

To the Members of British Columbia Dairy Association

We have audited the accompanying financial statements of British Columbia Dairy Association, which comprise the statement of financial position as at July 31, 2014, the statements of operations and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.





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*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of British Columbia Dairy Association as at July 31, 2014, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*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' with a horizontal line underneath.

Chartered Accountants

November 12, 2014

Chilliwack, British Columbia

## British Columbia Dairy Association

### Statement of Financial Position

as at July 31, 2014

	2014	2013
<b>CURRENT ASSETS</b>		
Cash	\$ 3,422,426	\$ 3,635,905
Contributions and accounts receivable (note 3)	1,278,204	1,306,018
Prepaid expenses	85,511	103,605
Promotion and nutrition project supplies	159,926	162,865
	4,946,067	5,208,393
Capital assets, net (note 4)	144,820	217,271
	\$ 5,090,887	\$ 5,425,664
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (note 5)	\$ 489,713	\$ 303,493
Deferred contributions (note 6)	60,000	52,000
	549,713	355,493
<b>NET ASSETS/(DEFICIT)</b>		
Producer Services and General Fund	(32,805)	(263)
Marketing and Nutrition Education Fund	4,111,247	4,615,726
Dairy Industry Research and Education Fund	462,732	454,708
	4,541,174	5,070,171
	\$ 5,090,887	\$ 5,425,664

Commitments (note 7)

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

Approved by the directors



Dave Taylor  
Chair, Board of Directors



Lorne Hunter  
Chair, Finance and Audit Committee

**British Columbia Dairy Association**  
**Statement of Operations and Net Assets**  
for the year ended July 31, 2014

	Producer Services and General Fund	Marketing and Nutrition Education Fund	Dairy Industry Research and Education Fund	2014 Total	2013 Total
<b>REVENUES</b>					
Contributions from dairy producers (note 8)	\$ 812,140	\$ 5,687,924	\$ 83,547	\$ 6,583,611	\$ 6,131,610
Recoveries and other contributions	78,000	350,029	39,316	467,345	129,955
Interest	33,838	-	-	33,838	43,991
	923,978	6,037,953	122,863	7,084,794	6,305,556
<b>EXPENSES</b>					
Marketing and Nutrition Education projects (Schedule A)	-	4,732,732	-	4,732,732	4,326,192
Producer Services and Dairy Industry Research and Education projects (Schedule B)	504,095	-	114,839	618,934	523,400
Labour (Schedule C)	296,453	1,185,814	-	1,482,267	1,460,998
General and administration (Schedule D)	155,972	623,886	-	779,858	874,838
	956,520	6,542,432	114,839	7,613,791	7,185,428
Surplus/(deficit) of revenues over expenses	\$ (32,542)	\$ (504,479)	\$ 8,024	\$ (528,997)	\$ (879,872)
Net Assets/(Deficit), start of year	(263)	4,615,726	454,708	5,070,171	5,950,043
Net Assets/(Deficit), end of year	\$ (32,805)	\$ 4,111,247	\$ 462,732	\$ 4,541,174	\$ 5,070,171

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

## British Columbia Dairy Association

### Statement of Cash Flows

for the year ended July 31, 2014

	2014	2013
Cash flows from operating activities		
Cash received for contributions and recoveries	\$ 7,086,703	\$ 6,068,333
Cash received for interest	33,905	44,609
Cash paid for labour, materials and services	(7,318,403)	(7,334,966)
Net cash outflow from operating activities	(197,795)	(1,222,024)
Cash flows from investing activities		
Purchase of capital assets	(15,684)	(18,910)
Net cash outflow from investing activities	(15,684)	(18,910)
Decrease in cash	(213,479)	(1,240,934)
Cash, beginning of year	3,635,905	4,876,839
Cash, end of year	\$ 3,422,426	\$ 3,635,905

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

## British Columbia Dairy Association

### Schedules of Expenses

for the year ended July 31, 2014

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

	2014	2013
MARKETING		
Marketing programs for British Columbia	\$ 407,847	\$ 2,776,869
Share of expenses for marketing partnerships with other provinces	3,570,886	962,896
	3,978,733	3,739,765
NUTRITION EDUCATION		
School based programs	412,056	196,600
Programs for public and health professionals	139,317	142,241
	551,373	338,841
COMMUNITY AND PUBLIC ENGAGEMENT	202,626	247,586
	\$ 4,732,732	\$ 4,326,192

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

	2014	2013
PRODUCER SERVICES		
Dairy Farmers of Canada member dues	\$ 250,443	\$ 232,374
Contributions to regional organizations	102,238	101,808
BC Agriculture Council member dues	57,982	60,810
BC Dairy Conference	52,534	55,087
Producer Services and Communications	40,898	38,992
	504,095	489,071
DAIRY INDUSTRY RESEARCH AND EDUCATION		
Research and Education Projects	92,791	23,811
BC Dairy Expo/Innovation Day	22,048	10,518
	114,839	34,329
	\$ 618,934	\$ 523,400



## British Columbia Dairy Association

### Schedules of Expenses

for the year ended July 31, 2014

#### Schedule C: Labour expenses

	2014	2013
Salaries and wages	\$ 1,219,946	\$ 1,188,678
Employee benefits and payroll taxes	232,708	216,883
Employees' professional dues, development and recognition	19,485	16,657
Labour subcontracts	10,128	35,539
Recruiting	-	3,241
	<b>\$ 1,482,267</b>	<b>\$ 1,460,998</b>

#### Schedule D: General and administration expenses

	2014	2013
Directors' fees and expenses	\$ 182,816	\$ 185,919
Travel	177,492	190,947
Rent and offices expenses	128,770	138,646
Conferences and meetings	47,615	43,183
Postage and couriers	29,103	23,105
Computers	28,443	66,350
Audit, accounting and legal	26,843	51,386
Telephone and communications	22,890	21,836
Professional fees and consulting	21,489	14,530
Insurance	15,218	14,657
Vehicles	7,448	28,385
Interest and bank charges	3,596	3,388
Amortization	88,135	92,506
	<b>\$ 779,858</b>	<b>\$ 874,838</b>

**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.

**2. Significant accounting policies**

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

**Revenue and expense recognition**

The Association follows the deferral method of accounting for contributions.

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

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

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 internal 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, 2014

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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, 2014

## 2. Significant accounting policies, continued

### Financial instruments

The Association's financial instruments 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

	2014	2013
Receivable from Dairy Industry Development Council	\$ 1,187,227	\$ 1,088,550
Receivable from Receiver General for GST	19,426	20,713
Other contributions and accounts receivable	71,551	196,755
	<b>\$ 1,278,204</b>	<b>\$ 1,306,018</b>

## 4. Capital assets

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Computer equipment	\$ 114,564	\$ 105,824	\$ 8,740	\$ 22,854
Furniture and fixtures	156,697	120,115	36,582	56,084
Vehicles	58,253	56,910	1,343	4,719
Leasehold improvements	239,953	141,798	98,155	133,614
	<b>\$ 569,467</b>	<b>\$ 424,647</b>	<b>\$ 144,820</b>	<b>\$ 217,271</b>

British Columbia Dairy Association  
**Notes to the Financial Statements**  
Year ended July 31, 2014

**5. Account payable and accrued liabilities**

	2014	2013
Payable to suppliers for supplies and services	\$ 377,316	\$ 218,293
Payable to Receiver General for GST and source deductions	16,243	24,436
Payable to/on behalf of employees for wages and benefits	96,154	60,764
	<b>\$ 489,713</b>	<b>\$ 303,493</b>

**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.

	2014	2013
Deferred contributions, beginning of year	\$ 52,000	\$ 60,000
Less amounts recognized as revenue in the year	(52,000)	(60,000)
Add amount received for future expenses	60,000	52,000
Deferred contributions, end of year	<b>\$ 60,000</b>	<b>\$ 52,000</b>

**7. Commitments**

The Association has commitments under operating leases as follows:

	Expiry date
Premises	June 30, 2016

The future minimum rental payments required under the operating leases as at July 31, 2014 are as follows:

2015	\$ 72,648
2016	66,594



British Columbia Dairy Association  
**Notes to the Financial Statements**  
Year ended July 31, 2014

**8. Related party and related party transactions**

**Dairy Industry Development Council ("the Council")**

The Council collects contributions from dairy producers on behalf of the Association under the provisions of the Farming and Fishing Industries Development Act. These transactions are in the normal course of operations and are measured at the amount exchanged. During the current year the Council contributed \$6,583,611 (2013—\$6,131,610) to the Association. At July 31, 2014, \$1,187,227 (2013—\$1,088,550) 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, 2013. The Council's complete financial statements are available upon request.

**DAIRY INDUSTRY DEVELOPMENT COUNCIL**

	2013	2012
<b>FINANCIAL POSITION as at December 31</b>		
Total assets	\$ 2,602,771	\$ 2,540,022
Total liabilities <sup>(1)</sup>	\$ 1,791,994	\$ 1,897,042
Total net assets	810,777	642,980
	\$ 2,602,771	\$ 2,540,022
<b>RESULTS OF OPERATIONS year ended December 31</b>		
Total revenues	\$ 10,845,043	\$ 10,299,515
Total expenses <sup>(2)</sup>	10,677,246	10,098,879
Excess of revenues over expenses	\$ 167,797	\$ 200,636
<b>CASH FLOWS year ended December 31</b>		
Cash flows from operating activities	\$ 82,326	\$ 351,713
Increase in cash	\$ 82,326	\$ 351,713

- (1) Total liabilities include \$1,121,445 (2012 - \$1,131,560) due to the Association.  
(2) Total expenses include contributions of \$6,271,512 (2012 - \$5,967,284) to the Association.

British Columbia Dairy Association  
Notes to the Financial Statements  
Year ended July 31, 2014

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**9. Pension plan**

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

The Association contributes 5% and employees contribute 5% to the member’s account. Pension plan expenses for the year ended July 31, 2014 amounted to \$50,378 (2013—\$43,398).

**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, 2014.

- 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.









