



2019 – 2020
ANNUAL REPORT



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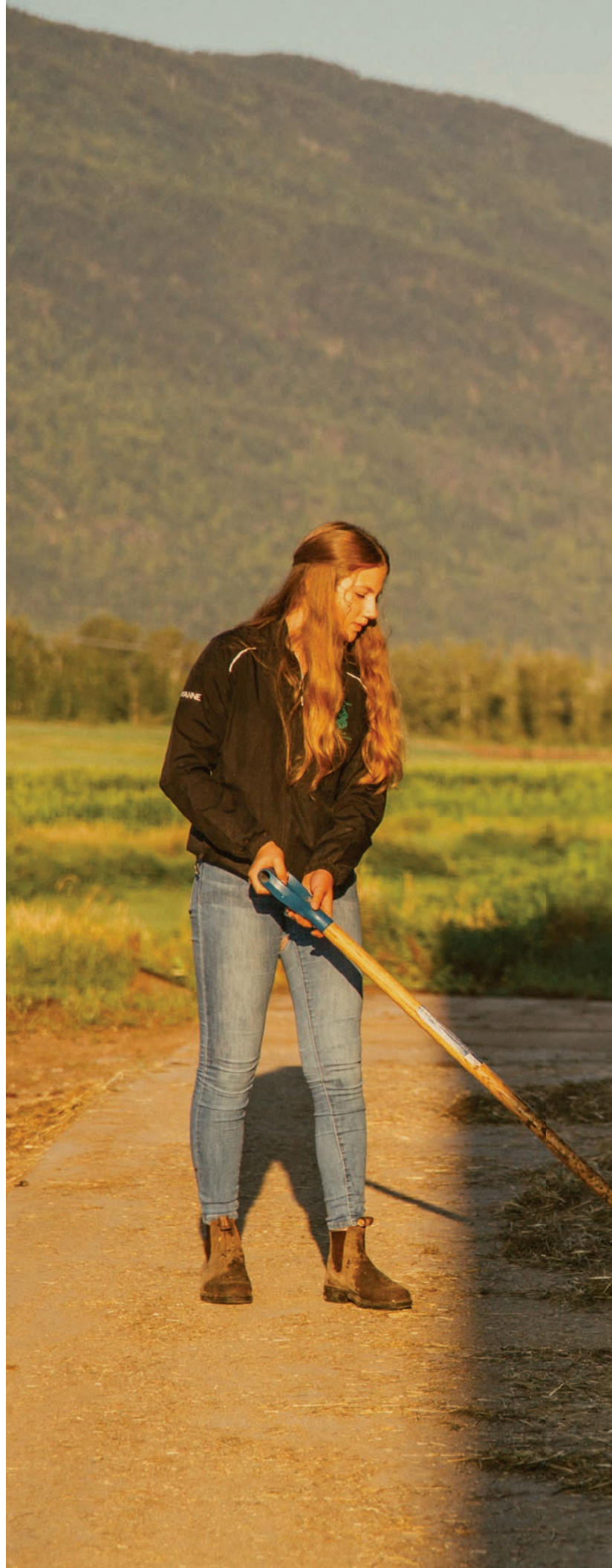
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OUR VISION

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.

“

This past year has been characterized by change, and I am incredibly proud of our how our team at BC Dairy has adapted and adjusted

”

LETTER FROM THE GENERAL MANAGER

It was just a year ago that I had the opportunity to be introduced at the 2019 BC Dairy Industry conference. I had officially joined the BC Dairy as General Manager on October 21st and began my time working to understand the sector, its culture, and to meet everyone. Four short months later, most everything that I had learned about dairy was thrust into change, as our society was gripped by the COVID-19 pandemic. To say that this has been an interesting year is an understatement, it has certainly been a year that I don't think many of us will ever forget.

This past year has been characterized by change, and I am incredibly proud of our how our team at BC Dairy has adapted and adjusted, and continued to find ways to serve dairy producers in a way that benefits the industry. Thank you to our Board of Directors and Committee Members who have adjusted their schedules, often on short notice, to provide the guidance for our team to act. We have great leadership at BC Dairy that is always putting B.C. producers first!

I am thankful to have been personally welcomed into the industry by everyone, and particularly thank the staff and board at Dairy Farmers of Canada and the BC Milk Marketing Board for the collaborative relationships that our organizations have developed. We are all serving dairy producers; I look forward to continuing to work together to find efficiencies and improve effectiveness.

As we complete this year there are certainly headwinds for the dairy sector to manage. This is something that BC Dairy Directors are keenly focused on; we intend to be creative and strategic to ensure we can push for business sustainability and growth for all dairy producers in B.C. It will be hard work, but I've come to know that's nothing new in dairy.

Sincerely,



A stylized, handwritten signature in dark ink, appearing to read 'Jeremy Dunn'.

Jeremy Dunn
General Manager,
BC Dairy Association

LETTER FROM THE CHAIR

I am immensely proud and privileged to be representing your interests as the BC Dairy Association Chair, while taking a proactive approach to policies and issues that affect B.C. dairy farms. BC Dairy commits to continuing to advance our industry and deliver the information producers need to run a sustainable and profitable business. As you continue to go the extra mile to make sure nutritious dairy products are on family tables, be assured that our board and staff are going the extra mile to ensure the long-term sustainability of your business.

When a provincial state of emergency was declared due to COVID-19, the BC Dairy Association rapidly adjusted its operations. Under the leadership of our new General Manager, Jeremy Dunn, BC Dairy pivoted to virtual programming to ensure support remained in place for producers. Working closely with the BC Milk Marketing Board, our staff communicated COVID-related health and safety information on a regular basis.

Our marketing team quickly revised their plans to create Here for You. Always, a campaign that reinforced how dairy farmers are working to keep a steady supply of dairy products available for communities. With in-person restrictions, BC Dairy nutrition educators shifted their workshops and programs to virtual delivery. Teachers, day-care providers, health professionals, students, athletes and coaches participated in BC Dairy nutrition education workshops and activities.

The BC Dairy proAction team has been busy implementing a plan to streamline the services offered to producers through proAction and identify program improvements. Work in this area is ongoing and our board looks forward to receiving producer feedback as changes are made.

As BC Dairy continued to adjust our operations, so too did B.C. dairy farmers. Producers immediately responded when food banks called for help with an unprecedented need. In spring 2020, B.C. dairy producers donated over \$175,000 to Food Banks BC and worked with supply chain partners to process and deliver additional milk, cheese and butter to families around the province.

This year brought other unprecedented challenges beyond the scope of COVID-19. The Canada-United States-Mexico Agreement (CUSMA) came into effect on July 1st 2020, ushering in significant dairy market concessions. The Agricultural Environmental Management Code of Practice (AEM Code) was introduced provincially, highlighting BC Dairy's role in communicating regulatory changes to producers and assessing their economic impact.

Looking back at the last twelve months, the adage "the only constant in life is change" comes to mind. I want to commend each and every B.C. dairy farmer for their perseverance and resilience during this time.

Sincerely,



A handwritten signature in black ink, appearing to read 'H. Schwichtenberg', written over a horizontal dotted line.

Holger Schwichtenberg
Chair | BC Dairy Association

Nutrition Education

AUDIENCE FOR CALCIUM CALCULATOR™ APP GROWS



During 2019–2020, the Calcium Calculator™ App underwent an important improvement: a demo mode was added.

The app was originally built as a personal tool to help individuals quickly assess their calcium intake, plan improvements, and get reminders to eat calcium-rich foods. However, within the usage of the app, there is an important secondary audience: health professionals. Health professionals frequently want to demo the app for their clients without revealing their personal information, such as age and foods they like. The improved app allows health professionals to show the onboarding screens so potential users can quickly see what the app can do for them.

The demo mode made it possible for BC Dairy's nutrition educators to showcase the app at the Zoomer Show, Canada's largest consumer show for active adults 45+. The weekend show proved to be worthwhile. We had hundreds of meaningful conversations with attendees about how they can meet their calcium needs, notably with dairy products. Responses were positive and it was clear that most people are still enjoying a variety of dairy products on a regular basis. App downloads tripled during the weekend of the show, amplifying the gains already made during the social media campaign leading up to the show. This result was especially gratifying in the face of a lower than expected turnout, since the Zoomer show took place March 7-8th, the weekend before the COVID-19 lockdown started in B.C.



Statistics consistently show that dairy foods are the usual choice for plans made with the Calcium Calculator™; two-thirds of app users choose a dairy food. While a significant portion of Canadians consume dairy foods daily, most people still fall short of an ideal intake. Adding another serving of dairy daily would help many Canadians meet their recommended intake for calcium.

HEALTH PROFESSIONALS FARM TOUR

On Saturday, October 5th 2019, the BC Dairy nutrition educators co-hosted a day of farm tours with the BC Agriculture Council in the North Okanagan. Fifteen health professionals, medical students, registered nurses, researchers and registered dietitians attended.

Day at a Glance:

The day's events began at Farmer John's Market in Grindrod, B.C., where John de Dood, Phil Owen, Emma Strazhnik, and Carla Soutar answered questions about cow care, milk safety, and the environmental sustainability of dairy farming. Another topic covered throughout the day by BC Dairy dietitians Joel Barohn and Anna Brisco, was the importance of continuing to recommend dairy as a part of a healthy diet in Canada's Food Guide.

Pre-survey results showed:

- 54% had a "somewhat positive" overall impression of dairy farming in Canada.
- All respondents knew "little" or "very little" about dairy farming.
- 64% had a "high" level of confidence recommending dairy to their patients.



Post-survey results showed:

- 100% of all attendees had a "very positive" impression of dairy farming in Canada.
- 80% "strongly agreed" farmers in B.C. care about the animals they raise.
- 73% had a "high" level of confidence recommending dairy to their patients.

We'd like to give a big thank you to John and June de Dood for opening up their farm, Phil Owen for his support, Becky Parker from BC Agriculture Council for all her help, David Beaudoin and Kelly Baird from Village Cheese Company and the rest of the amazing BC Dairy staff for a great tour.



THANK YOU BC DAIRY FARMERS

In March 2020, as B.C. entered lockdown, the demand experienced by food banks was unprecedented. Thanks to the quick work of B.C.'s dairy farmers and supply chain partners, we were able to provide much needed dairy products and food to families throughout the province.



In early April, **40,000 L of milk** was distributed to 25 food banks with the help of Food Banks BC, Save-On-Foods, Saputo, Sysco Vancouver, FoodMesh, Associated Grocers, Vedder Transportation and BC Milk Marketing Board.

This was followed by a donation of **\$150,000** to Food Banks BC for the purchase of dairy products and other needed staples. The money was distributed to 70 food banks throughout the province, and the appreciation for this donation poured in over the following 3 months. In the words of George Boulder, Operations Manager for the Creston Valley Gleaners Society:

“Words can’t explain the gratitude we feel towards you. The donation allowed us to offer milk to those in need and families with children for the first time in a very long time.”

In late spring, a further product donation of **5,217 kg of cheese** and **2,798 kg of butter** was distributed to food banks through a coordinated effort of BC Dairy, Saputo and Food Banks BC.



DONATIONS THROUGH PARTNERSHIP PROGRAMS

BC Dairy Association is a partner in the **+MILK** program, which delivers milk to schools throughout B.C. in partnership with BC Agriculture in the Classroom Foundation (BCAITC) and the province of B.C. With school closures, all partners agreed to continue the delivery of product. Schools sprang into action and the products were rerouted to community food banks to serve families in need. The value of the rerouted milk deliveries amounted to \$66,000.



Through the AITC *Take a Bite of BC* program, B.C. cheeses are delivered into culinary arts classrooms typically during the month of April. The cheese destined for this program, a value of \$10,800, had already been made and aged, but couldn't be delivered to teaching cafeterias due to COVID-19 school closures. We honoured our agreement with the cheesemaker and delivered the product to Food Stash, for redistribution to those experiencing food insecurity.

BC Dairy partners with *Breakfast Club of Canada* to deliver dairy products to their hub schools in Chilliwack and Agassiz. Due to school closures, we repurposed delivery of products to Chilliwack Bowls of Hope, who were serving some of the same children through their community-based programs. The donation was valued at \$6,000.



GIVING BACK THROUGH CONTESTS

When time came for *Better Together's Kitchen Hacks Challenge*, instead of simply awarding prize money to contest winners, we incorporated an opportunity to give back to Food Banks BC. For each entry, \$100 was donated to Food Banks BC, which inspired many contestants to enter. The prize money was also matched, bringing the total value of the donation to \$6,400.

As the summer unfolded, BC Dairy continued to support Food Banks BC through our **BC Giveaway Series**. A donation of \$1 for each contest entry was made, up to a value of \$20,000.

In the words of Laura Lansink, outgoing Executive Director of Food Banks BC:

"Our whole network is so delighted about the amazing support of our amazing B.C. dairy farmers!"



Thanks to Grant Bouwman and his family for allowing us to feature them in our promotional video for the Kitchen Hacks Challenge.

KITCHEN HACKS CHALLENGE

In 2020, *Better Together* refreshed its approach to its annual contest and launched the first ever Kitchen Hacks Challenge! And challenging it was, to approach a new contest just as a global pandemic unfolded. BC Dairy nutrition educators rose to the challenge and found a way for the contest to fit within the current environment.

In April, families were at home together, giving them more time to collaborate on a video to demonstrate their “hack.” For every contest entry, BC Dairy committed to donate \$100 to Food Banks BC, and the prize money for the winners would be matched with an additional donation. The giving back aspect of the contest turned out to be an inspiration for participants.

Entries only needed to be one minute long and to feature a hack (tip or trick) to inspire families to connect in the kitchen and cook together.

Eight influencers were engaged to help spread the word. The influencers were genuinely excited to collaborate on the campaign, understanding that it supported Food Banks BC during the pandemic. BC Dairy would like to thank BC Egg and BC Chicken for supporting the project and assisting in amplifying the contest’s reach. The “Kitchen Hacks Challenge” earned 97 media clippings, including a feature on Global News at Noon and Global News: BC 1. Advertising to promote the contest brought in the second highest number of entries ever received for *Better Together*’s annual content.

The wide sharing and promotion of the contest by partners, media, local organizations, and the interest from participants confirmed that our decision to shift direction from the Hands-on Cook-off contest was a success.

The grand prize was awarded to Callista A. and her family for their entry, “40¢ Microwave Burritos”. Their hack? Involve everyone in the family in preparing a large batch of bean and cheese burritos so the whole family could eat a meal for only \$4.40. Upon receiving her prize, Callista wrote:

“Thank you for such an amazing opportunity to support family cooking & eating and Food Banks BC. It was a privilege to watch people get involved with their families and share their videos! We feel very blessed.”

THE CONTEST BY THE NUMBERS

49
entries

24
communities

14,049
landing page views

244,033
reach on Facebook

97 earned media clippings
(including Global TV, radio, print and online media)

ANNUAL NUTRITION FORUM

In November 2019, the nutrition educators at BC Dairy Association hosted the 19th Annual Nutrition Forum for health professionals, *From the Plate to Practice: Reflections on Canada's Food Guide*. The forum attracted a full-house with over 150 health professionals attending to discuss the new food guide released earlier in 2019 by Health Canada.



The forum speakers included Dr. Susan Barr, a highly-respected University of B.C. professor, and local dietitians. They shared their perspectives on the new food guide and Dr. Barr unveiled a serious challenge. If Canadians consume foods as shown in the “food guide snapshot” (the photo of a plate of food associated with the food guide), they are likely to have inadequate intakes of calcium and vitamin D. Furthermore, the online version of the food guide also lacks recommendations to ensure adequate nutrient intakes.

“B.C. is very fortunate to have...the team at BC Dairy (and of course, the support of the dairy farmers) – you are an amazing resource for the province.”

– Dr. Susan Barr, forum speaker

In light of this, Andrea Godfreyson, speaking on behalf of the Office of the Provincial Dietitian, BC Ministry of Health, announced that a Provincial Implementation Task Group consisting of provincial dietitians will be established to provide more guidance and support to implement the food guide and promote healthy eating in B.C.



The forum was extremely well-received. Attendees provided the following comments and key take-away messages:

“Food guide is inadequate to meet calcium and vitamin D.”

“Importance of re-including dairy in our diet!”

“We need to go beyond the snapshot.”

“There are current challenges in using the new food guide in educating the public on healthy eating.”

“Farmers should be more involved in the forum by offering their opinion.”



Promoting the Calcium Calculator App

In addition to providing an opportunity to discuss the new food guide and to network with colleagues, this year's forum enabled BC Dairy nutrition educators to promote the Calcium Calculator™ app. The app was recently enhanced with a demo mode that allows health professionals to show how it works when talking to clients, friends or family. As the food guide prompted a heightened awareness for getting enough calcium in diets, this app is becoming more relevant than ever to health professionals.

BC DAIRY NUTRITION EDUCATION SHIFTS TO VIRTUAL LEARNING IN 2019/2020

Despite restrictions placed on social gatherings as a result of the COVID-19 pandemic, the BC Dairy nutrition educators delivered 115 professional development workshops across B.C. in the 2019-2020 school year. In total, 987 teachers, day-care providers, health professionals, health professional students, athletes and coaches took part in one of these nutrition education workshops.

Between August 2019 and March 2020, BC Dairy delivered 75 nutrition education workshops, both in-person and virtually through Zoom. As provincial health measures limited face-to-face engagements in mid-March, BC Dairy shifted all workshops to the live, virtual model using Zoom. By the end of the school year, an additional 40 workshops were delivered across the province using this model.



During this time, BC Dairy anticipated the need for teachers to provide parents with nutrition education content to be used in the home. This led to the creation of virtual lesson plans for grades K-7. In total, just under 650 resources were downloaded and used by teachers and parents throughout the spring and summer of 2020.

Looking ahead, BC Dairy will continue to offer workshops virtually through 2020. Upcoming notable engagements include a culinary nutrition workshop for UBC-Okanagan nursing students and continued promotion of our core programs for grades K-7. Based on evaluation work conducted on our core nutrition education programs, BC Dairy can say with certainty that students participating in these programs actually improve their food choices. The two most common improvements made are increased consumption of vegetables and fruits, and increased consumption of dairy products.



Marketing

INSPIRED BY FARMERS

In July 2019, BC Dairy launched *Inspired by Farmers*, a new campaign featuring real B.C. dairy farmers and prominent B.C. chefs in a video series and microsite. The campaign's objective was to build trust for dairy by highlighting the values that producers and consumers all share: family, food, community and sustainability.



Consumer tracking results for July to September 2019 showed that *Inspired by Farmers* moved the needle on shifting consumer attitudes for dairy farmers. Over 79% of consumers who saw the campaign felt positively or very positively about it.

The campaign ran again from January 13th to February 13th, 2020. The media plan included TV, cinema, online video, social media, and digital billboards. The chefs featured in the campaign also appeared on Global TV's Saturday morning cooking show to share their milk-based recipes, and to speak about their experience meeting a dairy farmer. The segments aired live on Global on January 11th, 18th and 25th, 2020.

The campaign had broad appeal, achieving increases in positive sentiment for both dairy farmers and dairy products across all age groups. Keeping shared values at the centre of our public trust campaigns continues to be an effective strategy.

OBJECTIVE

Build trust for dairy by creating a positive shift in consumer perceptions of farmers and dairy farming. By highlighting shared values, we aim to improve perceptions of trustworthiness, care of the environment and the importance of dairy farmers in their community.

RESULTS

- Reached 57% of B.C. adults age 25-54 an average of 7.0 times
- Achieved positive campaign sentiment of 78%
- Positive shifts in dairy farmer sentiment. Those who recalled the ad positively, said that dairy farmers are:
 - an important part of the community up from 60% to 67% (+7%)
 - care about environment/sustainability up from 46% to 53% (+7%)
 - treat animals humanely up from 47% to 57% (+10%)



HERE FOR YOU. ALWAYS.

HERE FOR YOU. ALWAYS.

With the Covid-19 pandemic, a dairy products campaign that was planned to be launched in April 2020 was put on hold due to uncertain dynamics in the marketplace.

A new campaign repurposing existing footage of real B.C. dairy farmers aimed to build trust for dairy by informing British Columbians that dairy farmers are working to support their community during the COVID-19 pandemic. The campaign reiterated the role of B.C. dairy farmers in keeping milk on the shelves in our communities during the pandemic. The campaign also accompanied a \$150,000 donation by BC Dairy to Food Banks BC.

Following consumer insights and trends as the pandemic progressed, a second ad was created to show B.C. dairy farmers supporting professional B.C. chefs, homecooks, and everyone in-between cooking with and enjoying dairy.



OBJECTIVE

To build trust for dairy by informing British Columbians that dairy farmers are working to support their community during the COVID-19 pandemic.

RESULTS

- Both campaigns generated an average of 43% recall and a frequency of 4.37 views. They maintained 80% positive sentiment over the quarter. Those who recalled the campaigns had higher B.C. dairy farmer sentiment (78% vs 75%) and B.C. dairy farmer positive attitudes (59% vs 50%).
- Those who recalled the campaigns had significantly higher milk positive sentiment (65% vs 57%) and milk positive attitudes (57% vs 46%).

HERE FOR YOU. ALWAYS. CHINESE CAMPAIGN

In an effort to speak to an important sector of B.C.'s population in a culturally relevant way, an in-language milk campaign for Chinese consumers was planned for May 2020. With the pandemic, the campaign shifted to focus on building trust for dairy by demonstrating that dairy farmers were working to support the Chinese community during the COVID-19 pandemic.

The *Here For You. Always.* campaign ads were translated in both Cantonese and Mandarin and a donation was made to S.U.C.C.E.S.S., a well established and respected charity in the community to demonstrate how dairy farmers are supporting Chinese communities.



A partnership with Fairchild TV to create a PR initiative across TV, radio, influencers, and print generated \$31,540 in added media value. Content that mentioned the donation to S.U.C.C.E.S.S. generated significantly higher results than posts that did not, showing that the Chinese community is as eager to hear about what B.C.'s dairy farmers are doing for them as mainstream audiences.

Finally, a Chinese language microsite was created to answer common questions about milk during COVID-19. This microsite had 30,179 visits from July - August 2020.



OBJECTIVE

To build trust for dairy by demonstrating that dairy farmers are working to support the Chinese community during the COVID-19 pandemic.

RESULTS

- 15% above benchmark in farmer positive attitudes
- 10% above benchmark in milk positive attitudes
- 30,179 microsite visits
- \$31,540 in added media value from PR campaign



♥ BC GIVEAWAY SERIES

The ♥ BC Giveaway series aimed to encourage consumers to support their local community by highlighting small dairy producers, cheese crafters, ice cream makers, and other local businesses that use B.C. dairy every day in order to make their products.

Over the summer, BC Dairy featured 15 local food businesses through a weekly giveaway series in partnership with media outlets Daily Hive, Victoria Buzz and Kelowna Now.



To further support our communities, B.C. dairy farmers pledged to donate \$1 for every contest entry to Food Banks BC up to \$20,000 (inclusive of the entire campaign). With over 32,000 entries received, B.C. dairy farmers reached their goal to support families and communities across B.C.



OBJECTIVE

To build positive sentiment for BC Dairy by showing support for local, small food businesses affected during COVID-19.

RESULTS

- 15 businesses supported
- 32,178 contest entries
- \$20,000 donated to Food Banks BC

PERFECT PAIRINGS: CHEESE CAMPAIGN

Like a creamy slice of brie with a chilled glass of Riesling, good things come in pairs. Which is why B.C. cheese makers and local wineries and breweries made the perfect pair in BC Dairy's *Perfect Pairings* campaign promoting B.C. cheese.

Featuring Emma of Golden Ears Cheesecrafters and Raymond of Little Qualicum Cheeseworks, the campaign aimed to increase awareness and trial of B.C. cheese. Five animated videos ran on TV, online and on social media. Digital billboards placed on Highway 1 encouraged campers and cabin goers to check out nearby cheesemakers and other local artisans.

To further support awareness and trial of B.C. cheese, 19 different wineries and breweries promoted B.C. cheese online and in-store by providing customers with a complimentary cheese with the purchase of qualifying wine or beer. Over the 4 week promotion, 3,482 samples of B.C. cheese were distributed.

A campaign microsite provided more information about the campaign and explained how to pair cheese with wine or beer.



OBJECTIVE

- Increase awareness and localized sales for B.C. cheese.
- Shift perceptions for farmer attitudes by demonstrating the local, small-scale nature of B.C. cheese producer-processors.

RESULTS

- The campaign achieved a 39% recall and 68% positive sentiment.
- Those who recalled the campaign had significantly higher cheese positive attitudes (55% vs. 48%).
- \$20K+ was injected back into the B.C. cheese industry with long-term partnerships solidified for future sales.



RETAILER PROMOTIONS

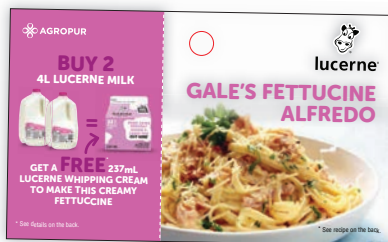
PARTNERSHIPS & PROMOTIONS

To strengthen our relationships with processors and retailers, BC Dairy worked on a number of promotions this past year to create a sales lift in retail stores, raise awareness of BC Milk as a local product and bring excitement to the dairy case.

Island Farms in Thrifty Foods & Lucerne in Safeway | July – September 2020

In partnership with Agropur, two integrated shopper marketing programs were created

for Island Farms and Lucerne milk and cream products. The promotion featured pre-shopping digital savings through couponing app, Checkout 51. In-store shelf blades and tear-off coupons in 64 Safeway stores and 25 Thrifty stores encouraged increased milk purchases.



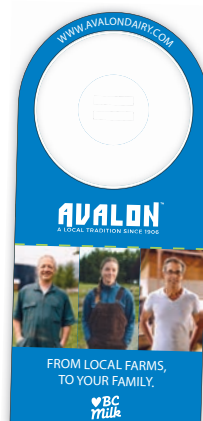
Happy Planet Creamery and Save-On-Foods

To increase shopper trials and awareness of Happy Planet Creamery, a promotion was developed for Save-On-Foods. The shopper marketing program included point of sale material, a brochure with coupon, an online activation and flyer.



Avalon & Thrifty Foods

A promotion promoting Avalon milk as a local B.C. product ran in Thrifty Foods in September. The promotion included in-store point of sale, two flyer ads and necktie hangers with a coupon.



Dairyland & KidSport partnership - equipment kits being sent to families

BC Dairy and Dairyland partnered with KidSport in a campaign called “Root for the Home Team” where 775 equipment packages were sent to families for their summer activities. The program was promoted on social media and through paid media amplification.



KidSport Recipient

Quality Foods Milk & Cookies Promotion

BC Dairy supported a milk & cookies promotion in January, which generated the highest increase in jug sales in the last 3 years! The collaborative effort between BC Dairy, Saputo and Quality Foods made the program a success.



In February 2020, BC Dairy provided signage to Quality Foods to promote milk as a local product in all 13 locations on Vancouver Island. The program entailed signage at the dairy case that was based on the Inspired by Farmers campaign, including 2'x 6' signs, shelf strips, and danglers.

OBJECTIVES

- Strengthen relationships with processors and retailers
- Test different activities to determine ROI for producers
- Create a sales lift at retail level
- Raise awareness of BC Milk as a local product
- Bring excitement to the dairy case

MULTICULTURAL HOLIDAY PROMOTIONS

Over the winter, BC Dairy promoted milk to Chinese and South Asian consumers through holiday campaigns around Diwali (October 27th), Christmas (December 25th) and Chinese New Year (January 25th).

The campaigns ran in 20 grocery stores including T&T with in-store signage, couponing and recipe cards. In addition to shopper marketing, a mix of South Asian and Chinese social media influencers shared posts about milk, and how it is part of their holiday celebrations.



OBJECTIVE

To position milk as a product to be included in key festive celebrations for South Asian and Chinese consumers.

RESULTS

- All retailers reported sales lifts for milk
- T&T reported a 33% sales lift for milk sales
- Fruiticana reported a 10% lift in milk sales
- Coupon redemption exceeded targets for both audiences
- 11,986 coupons redeemed at T&T
- 6,099 coupons redeemed during South Asian campaign

Community Engagement



WINTER EXPERIENTIAL: WARM UP WITH BC MILK

BC Dairy visited three holiday-themed family events in Vancouver and Abbotsford throughout December 2019: Aurora, Glow Abbotsford and Christmas at Canada Place.



A team of brand ambassadors in a heated “log cabin” distributed free samples of hot chocolate milk, and steamed white milk to help event-goers ‘Warm Up with BC Milk’. For the first time, consumers were also offered the option of lactose-free milk, which was very well received. All of the milk for this year’s program was generously provided by Saputo.

OBJECTIVE

To meaningfully engage consumers in a positive experience associated with milk and seasonal cheer.

RESULTS

- 10 event days
- 17,700 + samples distributed
- 44,380 activation impressions



HIGH SCHOOL & POST-SECONDARY CAFETERIA PROMOTION: MILK REWARDS

From September to December 2019, the *Milk Rewards* cafeteria promotion ran in 242 secondary and post-secondary cafeterias across B.C.. Students who purchased milk at a participating school received a scratch card and a chance to win one of 75,000 free milk servings, or the grand prize: a Theme Park Adventure trip for two. The scratch cards also allowed students to collect points to redeem online for over 250 additional prizes.



OBJECTIVE

To keep milk top-of-mind for youth while they are forming habits for adulthood, and maintaining a presence in schools through posters and prizeing.

PROGRAM REACH

- 244 participating schools (+2.2% vs 2018)
- 11,000 free milk servings distributed (+345% vs 2018)*
- 13,857 program entries (-4.5% vs 2018)
- 300 rewards claimed (+9% vs 2018)

* High increase in number of milk servings redeemed due to more prizes being offered compared to 2018.

PROGRAM IMPACT

- 95% of participants liked Milk Rewards (+7%)
- 94% of cafeteria operators indicated the program encouraged students to drink more milk (+17%)
- 80% of cafeteria operators report selling +10-25% milk during the program (same as 2018)

BC SCHOOL SPORTS

BC Dairy supports high school student-athletes at provincial sports championships across B.C. through an ongoing partnership with BC School Sports (BCSS). As a gold-level sponsor, BC Dairy contributes cash, in-kind donations such as chocolate milk and promotional items at championship games.

In November 2019, a two-day supply of chocolate milk was provided to all teams at the AA and AAA boys volleyball and soccer championships in November.

In addition, annual scholarships are awarded to student-athletes who exemplify school spirit, practice a healthy lifestyle, and engage with their community. The winning scholarship recipients receive \$1,000 to put towards their education at an accredited post-secondary institution.

Typically, BC Dairy provides four \$1000 scholarships, but with the cancellation of the Spring Championship games due to Covid-19, funds were reallocated to provide a total of seven \$1000 scholarships for 2020. BC Dairy received a total of 76 applications and many very deserving candidates!



OBJECTIVE

Keep milk top-of-mind for youth while they participate in healthy school-based athletics.

RESULTS

- 1503 student participants (567 soccer, 936 volleyball)
- 3006 chocolate milk servings distributed (1134 soccer, 1872 volleyball)



COMMUNITY PARTNERSHIPS: VAISAKHI FESTIVAL

Vaisakhi festivities were cancelled in April but temples remained important for the Sikh community with physical distance measures in place. In lieu of the festival, BC Dairy supported the production of hand sanitizers in temples, community centres and facilities in conjunction with Vaisakhi. The program was promoted through media outreach, on social media, on-site signage and on bottles/dispensers.

OBJECTIVE

Build positive sentiment for BC Dairy with South Asians through community outreach and partnership with respected business AlooAtta.

MEDIA COVERAGE

- South Asian Post (2 front page articles)
- Radio interview on Connect FM

“During this pandemic, we are truly grateful to B.C.’s dairy farmers and AlooAtta for providing hand sanitizers and dispensers...We have placed the dispensers at the entrance of our gurdwara so that everyone can first use the sanitizer before entering the Darbar Sahib,”

- Giani Gursharan Singh, head priest
Gurdwara Sahib Dasmesh Darbar in Surrey



“This will help keep our volunteers safe as they go out to help others...I cannot thank BC Milk and AlooAtta enough for stepping up to serve the community with a product that is so hard to find right now,”

- Giani Narinder Singh, head priest
Gurdwara Dukh Nivaran in Surrey



TANKER GRAPHICS

BC Dairy works in partnership with transportation companies to reinforce the message of locally produced milk across British Columbia. As part of the agreement, BC Dairy funds the installation and maintenance of the BC Milk decal on tanker trucks throughout the province.



PROGRAM AT A GLANCE

- Vedder Transport – 19 decals replaced
- Agrifoods – 1 decal installed (2 remaining)
- Bradner Transportation – 3 decals installed

In 2020-2021, BC Dairy will continue to maintain existing tanker decals with Vedder Transport, Agrifoods and Bradner Transport.



MOBILE DAIRY CLASSROOM

The Mobile Dairy Classroom (MDC) was very busy in the summer and fall of 2019. August began with the MDC stationed at Agrifair and the Chilliwack Fair for the first two weeks. MDC staff then spent 15 days at the Pacific National Exhibition (PNE), where they held presentations and milking demonstrations daily and were able to reach thousands of people. During this time, Delilah (the fibre-glass milking cow) spent some time up North at the Interior Provincial Exhibition. September 2019 brought school visits, events like Delta Day at the Farm and the McSpadden Country Fair, and fall fairs such as the Agassiz Fall Fair and the Rock Creek Fair.

Finally the MDC staff made a long-awaited journey to Port McNeil on Vancouver Island. They were able to visit 6 schools in 3 days and even made it into the local paper! Throughout the fall 2019 school season, the Mobile Dairy Classroom was able to visit 35 schools in the lower mainland. After a short break, the MDC started up again in February of 2020 visiting a few events, 15 local schools, and a trip to the Island where 8 schools were visited before packing up for spring break. While there were plans for schools and events later in the year, to follow COVID-19 provincial health regulations it was decided to put the program on hold. When it is safe to start up again the program will be back with a brand new trailer!

Producer Relations

GOVERNMENT RELATIONS

In 2019-20, BC Dairy engaged in government relations activities at provincial and national levels. At a national level, federal lobby week, held in February 2020, was a significant initiative. BC Dairy coordinated meetings with producers and their local MP's, encouraging dialogue regarding key issues surrounding the dairy industry in B.C. Key topics were the implementation of the Canada-United States-Mexico (CUSMA) agreement and international trade agreement compensation.



BC Dairy and DFC delegates met with Member of Parliament for Cowichan-Malahat-Langford, Alistair MacGregor.



BC Dairy staff and Honourable Lana Popham, BC Minister of Agriculture showing support for BC Dairy at BCAC's Ag Days!

In October 2019, BC Dairy participated in the BC Agriculture Council Ag Days, held in Victoria. BC Dairy dairy producers, along with farmers and ranchers from other sectors, met with MLAs, Cabinet Ministers, senior government officials and stakeholders such as B.C.'s Agriculture Land Commission (ALC). Key messages focused on effective land use policies and advocating for safe environments for farming families, their employees and livestock.

COVID-19

Early in the pandemic, BC Dairy worked closely with the Ministry of Agriculture to ensure that dairy producers, veterinarians, farm service providers and industry suppliers were included in the provincial government list of essential services. Dairy producer personal protective equipment (PPE) needs were communicated to ensure that both farm families and their staff received the opportunity to secure supplies during the pandemic. As the provincial government began recovery consultations, BC Dairy shared the critical importance of supporting agriculture in recovery plans, including dairy, understanding that local farms are the foundation of B.C.'s food security. As the pandemic continues to unfold, BC Dairy will engage both provincial and federal governments to support dairy farmers in producing food for citizens across Canada.

AEM CODE

In 2019, the Agricultural Environmental Management (AEM) Code replaced the previous Agricultural Waste Control Regulation. The Code applies to all agricultural operations in British Columbia, including dairy farms. In 2019-20, BC Dairy worked with the Ministry of Environment and Climate Change Strategy and the Ministry of Agriculture to help engage producers on important changes affecting their farms. A series of introductory seminars were held in partnership with the Ministry of Agriculture and regional dairy associations throughout the winter of 2019 and early in 2020. BC Dairy wishes to thank the Island Milk Producers Organization, Kamloops Okanagan Dairy Association and Mainland Milk Producers' Association for facilitating workshops.

In March 2020, BC Dairy initiated a producer survey to assess the economic impact of AEM Code implementation for B.C. dairy farm operations. An extensive survey related to all areas of the Code was prepared and shared with producers. Over 200 producers from around the province participated in the survey. The results are in the process of being analyzed and will be shared in 2021.



CUSMA

In July 2020, the Canada-United States-Mexico Agreement (CUSMA) officially came into effect, bringing with it a host of changes, particularly for the Canadian dairy sector. Under the new agreement, Canada granted U.S. dairy farmers additional access to about 3.5% of its \$16 billion annual domestic dairy market, allowing the U.S. to increase exports of milk into Canada. BC Dairy continues to work with Dairy Farmers of Canada (DFC) to advocate for full and fair dairy farmer compensation for recent trade agreements, including the Comprehensive and Trade Agreement (CETA) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).



BC DAIRY INDUSTRY CONFERENCE

The annual BC Dairy Industry Conference, presented jointly by the BC Dairy Association and the BC Milk Marketing Board, brought together members of the industry from all corners of the province and beyond. Participants included dairy producers, researchers, government officials, bankers and more. In total, 537 people attended the 2019 event.



Hosted at the JW Marriott Parq Hotel Vancouver, on November 27th and 28th, 2019, the event started with the AGMs of both the BCMMB and BC Dairy. Keynote speaker Kevin Stewart encouraged all attendees to risk themselves forward, and industry updates were provided by Mathieu Frigon of the Dairy Processors Association of Canada, and Jacques Lefebvre and Pierre Lampron of Dairy Farmers of Canada.

ProAction® is a self-regulated, third party audited program that provides an additional level of important quality assurance for processors and their customers. The program, which is based on national standards and ongoing consultation with industry stakeholders, ensures confidence for Canadians buying dairy products when it comes to food safety, milk quality, animal care, and environmental sustainability.

ProAction is industry-led; producers from B.C. and across all provinces continue to serve on Dairy Farmers of Canada (DFC) proAction decision making committees. The BC Dairy Association Board of Directors is consulted on major program updates and regional representatives are available to support producers with any questions they have on the program.

At the national level, the rigour of proAction continues to satisfy the Canadian Food Inspection Agency (CFIA) and National Farm Animal Care Council requirements for critical food safety and animal welfare standards. Canadian processors are stakeholders in the program development and have recognized the comprehensiveness of the program. In 2019, DFC received recognition from Unilever for sustainable production of milk across Canada. The Unilever Sustainable Agriculture Code recognizes international best practices for products throughout the supply chain.

The time and commitment that B.C. dairy producers put into maintaining proAction compliance is evident and important. The proAction guidelines are a tool that have been developed by the industry to allow dairy producers to demonstrate their commitment to safe, sustainable food production. The program also provides support in order to adjust to changing expectations of the marketplace, while ensuring a vehicle for feedback at the national level on those changes.

Looking forward, 2021 will see the roll-out of the environment pillar, which includes training for producers, and several updates to existing pillars. ProAction is based on continuous improvement; all changes are based on new scientific knowledge, updated federal regulations, feedback from dairy producers, expert stakeholders (e.g. veterinarians), and processors.

The proAction team at BC Dairy continues to work on improvements and efficiencies in the administration of the program and welcomes producer input to help us achieve that goal.



PRODUCER COMMUNICATIONS

VIRTUAL PRODUCER MEETINGS

In April 2020 BC Dairy hosted our first ever Zoom town hall meeting for dairy producers. Holger Schwichtenberg, Chair of the board facilitated the meeting, which virtually gathered dairy producers throughout the province. Topics discussed included BC Dairy updates on COVID-19, marketing programs, proAction and producer communications, as well as updates from the BC Milk Marketing Board. There were over 100 participants, including 15 board members between the two boards. The virtual discussion demonstrated there is producer interest to move forward with the technological times!



A snapshot of some of the April producer meeting Zoom participants!



DAIRY INDUSTRY RESEARCH AND EDUCATION COMMITTEE (DIREC)

DIREC's role is to facilitate, encourage and financially support projects and programs that benefit the B.C. dairy industry. The committee provides funding for research and educational events, as well as up to four student scholarships of \$2500 annually. Research applications are reviewed based on the priority of the field of work, academic merit, and soundness of research methodology.

In the past year, the committee prioritized several nutrient management and environmental sustainability projects that hold valuable on farm potential. Innovative technologies related to nutrient separation, water extraction, and timing of nutrient application to crops could strengthen the way B.C. dairy producers farm in the near future. This work was made possible in-part by funding from the BC Dairy Association.

PARTNERSHIP WITH BC HOLSTEIN NEWS

BC Dairy regularly contributes editorial content to the BC Holstein News. In addition to covering innovative B.C. dairy farms throughout the year, dairy producers also receive updates on proAction, DIREC, BC Dairy marketing and nutrition programs, and producer relations news directly through pages in the newspaper. BC Dairy is proud of this ongoing partnership, as it's an extremely valuable avenue to keep producers informed on current happenings within the organization and industry.



THIS WEEK IN DAIRY

BC Dairy rebooted the popular *This Week in Dairy* weekly e-newsletter this year. Some of the goals for redesign included adding new widgets linking to our social media account so readers can easily access the newsletter on multiple platforms with a simple click. We aimed to give the newsletter a more polished look and have it more in line with our brand guidelines. The BC Dairy communications team received positive feedback from producers and industry partners in regard to the new layout! BC Dairy aims to continue to provide producers with more of the news that matters to them. This includes articles about trends in the global dairy scene, trade-related topics, updates about BC Dairy programs and how producer dollars are spent in the community, as well as information about grant and scholarship sources.

Financial Statements





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INDEPENDENT AUDITORS' REPORT

To the Members of British Columbia Dairy Association

Opinion

We have audited the financial statements of British Columbia Dairy Association (the "Association"), which comprise:

- the statement of financial position as at July 31, 2020
- the statement of operations and change in net assets for the year then ended
- the statement of cash flows for the year then ended
- notes to the financial statements, including a summary of significant accounting policies and other explanatory information
- and other supporting information, including schedules A through D

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at July 31, 2020 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Association's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 non-for-profit organizations have been applied on a basis consistent with that of the preceding year.



Chartered Professional Accountants

Chilliwack, Canada

October 19, 2020

BRITISH COLUMBIA DAIRY ASSOCIATION

STATEMENT OF FINANCIAL POSITION

July 31, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,263,572	\$ 3,599,145
Contributions and accounts receivable (note 2)	2,438,140	1,553,194
Prepaid expenses	545,375	97,143
Promotion and nutrition project supplies	101,287	181,561
	<u>5,348,374</u>	<u>5,431,043</u>
Capital assets (note 3)	159,496	133,904
	<u>\$ 5,507,870</u>	<u>\$ 5,564,947</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 325,985	\$ 539,379
Deferred contributions (note 5)	35,500	35,000
	<u>361,485</u>	<u>574,379</u>
Net assets:		
Producer services and general fund	582,816	360,450
Marketing and nutrition education fund	4,296,703	4,457,125
Dairy industry research and education fund	266,866	172,993
	<u>5,146,385</u>	<u>4,990,568</u>
Commitments (note 6)		
Impact of COVID-19 (note 10)		
	<u>\$ 5,507,870</u>	<u>\$ 5,564,947</u>

See accompanying notes to financial statements.

Approved on behalf of the Association:



Member



Member

BRITISH COLUMBIA DAIRY ASSOCIATION

STATEMENTS OF OPERATIONS AND CHANGE IN NET ASSETS

Year ended July 31, 2020, with comparative information for 2019

	Producer Services and General Fund	Marketing and Nutrition Education Fund	Dairy Industry Research and Education Fund	2020 Total	2019 Total
Revenue:					
Contributions from dairy producers (note 7)	\$ 4,135,587	\$ 7,299,327	\$ 173,551	\$ 11,608,465	\$ 8,461,650
Recoveries and other contributions	158,319	35,112	78,046	271,477	180,758
Interest	36,590	-	-	36,590	46,328
	4,330,496	7,334,439	251,597	11,916,532	8,688,736
Expenses:					
Marketing and Nutrition Education Projects (Schedule A)	-	5,264,841	-	5,264,841	5,124,396
Producer Services, Dairy Industry Research and Education Projects (Schedule B)	3,550,624	-	157,724	3,708,348	916,843
Labour (Schedule C)	363,842	1,455,366	-	1,819,208	1,976,658
General and administration (Schedule D)	193,664	774,654	-	968,318	960,863
	4,108,130	7,494,861	157,724	11,760,715	8,978,760
Surplus (deficit) of revenue over expenses	222,366	(160,422)	93,873	155,817	(290,024)
Net assets, beginning of year	360,450	4,457,125	172,993	4,990,568	5,280,592
Net assets, end of year	\$ 582,816	\$ 4,296,703	\$ 266,866	\$ 5,146,385	\$ 4,990,568

See accompanying notes to financial statements.

BRITISH COLUMBIA DAIRY ASSOCIATION**STATEMENT OF CASH FLOWS**

Year ended July 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Cash received for contributions and recoveries	\$ 10,991,803	\$ 8,602,100
Cash received for interest	40,283	45,920
Cash paid for labour, materials and services	(12,261,421)	(9,151,579)
	(1,229,335)	(503,559)
Investing:		
Purchase of capital assets	(106,238)	(116,584)
Decrease in cash and cash equivalents	(1,335,573)	(620,143)
Cash and cash equivalents, beginning of year	3,599,145	4,219,288
Cash and cash equivalents, end of year	\$ 2,263,572	\$ 3,599,145

See accompanying notes to financial statements.

BRITISH COLUMBIA DAIRY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

Year ended July 31, 2020

Purpose of the British Columbia Dairy Association:

The purpose of the British Columbia Dairy Association (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) and is classified as a tax exempt not-for-profit organization under the Income Tax Act (Canada) and, accordingly, is not subject to income taxes. The Association is a member funded society.

1. 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:

(a) Use of fund accounting:

The Association reports revenue and expenses using funds on its statement of operations and change in net assets. These funds are used to recognize restrictions on the use of revenue collected and to maintain fund balances.

(i) Producer Services and General Fund:

This fund recognizes revenue of the Association and expenses that are not attributable or allocated to the other funds.

(ii) 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.

(iii) Dairy Industry Research and Education Fund:

Certain contributions received by the Association are earmarked for research and education benefiting the industry. Such revenue and the related expenses are reported in this fund.

1. Significant accounting policies (continued):

(b) Revenue 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.

(c) 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.

(d) 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.

1. Significant accounting policies (continued):

(e) Capital assets:

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

Asset	Rate
Furniture and fixtures	5 years
Computer equipment	3 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.

(f) Financial instruments:

The Association's financial instruments are carried at cost and consist of cash and cash equivalents, 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.

(g) Use of estimates:

The preparation of 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the useful life of capital assets, the carrying amounts of accounts receivable and accrued liabilities. Actual results could differ from those estimates.

Year ended July 31, 2020

2. Contributions and accounts receivable:

	2020	2019
Receivable from Dairy Industry Development Council, a related party	\$ 2,379,005	\$ 1,509,845
Other contributions and accounts receivable	59,135	43,349
	\$ 2,438,140	\$ 1,553,194

There are no allowances for doubtful accounts.

3. Capital assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 227,696	\$ 189,869	\$ 37,827	\$ 54,238
Computer equipment	153,385	124,418	28,967	42,614
Vehicles	215,405	135,799	79,606	26,936
Leasehold improvements	271,802	258,706	13,096	10,116
	\$ 868,288	\$ 708,792	\$ 159,496	\$ 133,904

4. Accounts payable and accrued liabilities:

	2020	2019
Payable to suppliers for supplies and services	\$ 193,087	\$ 469,076
Accrued liabilities include amounts payable to/on behalf of employees for wages and benefits	111,046	70,303
Payable to Receiver General for GST and source deductions	21,852	-
	\$ 325,985	\$ 539,379

Year ended July 31, 2020

5. 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:

	2020	2019
Deferred contributions, beginning of year	\$ 35,000	\$ -
Add amounts received for future expenses	35,500	128,000
Less amounts recognized as revenue in the year	(35,000)	(93,000)
Deferred contributions, end of year	\$ 35,500	\$ 35,000

6. Commitments:

The Association has commitments under operating leases for their locations which expire in June 2021 and January 2024.

The Association has an option to terminate the lease expiring in June 2021 any time for a payment of \$19,504.

The future minimum rental payments required under the operating leases are as follows:

2021	\$ 81,143
2022	27,506
2023	27,506
2024	13,753
	\$ 149,908

Year ended July 31, 2020

7. 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 \$11,608,465 (2019 - \$8,461,650) to the Association. At July 31, 2020, \$2,379,005 (2019 - \$1,509,845) 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, 2019. The Council's complete financial statements are available to members upon request.

	2019	2018
Financial position as at December 31		
Total assets	\$ 5,963,773	\$ 5,164,331
Liabilities and Net Assets:		
Total liabilities ⁽¹⁾	\$ 3,061,311	\$ 3,979,372
Total net assets	2,902,462	1,184,959
	\$ 5,963,773	\$ 5,164,331

Year ended July 31, 2020

7. Related party and related party transactions (continued):

	2019	2018
Results of operations year ended December 31		
Total revenues	\$ 15,066,060	\$ 14,641,058
Expenses: ⁽²⁾		
Fluid milk promotion	7,275,179	7,037,624
Industrial products promotion	4,670,609	6,130,423
Producer services, industry activities and administration	1,245,202	1,188,007
Research and education	157,567	107,684
	13,348,557	14,463,738
Excess of revenues over expenses	\$ 1,717,503	\$ 177,320
Cash flows year ended December 31		
Cash flows from operating activities	\$ 774,247	\$ 1,683,026
Increase in cash	\$ 774,247	\$ 1,683,026

⁽¹⁾ Total liabilities include \$2,247,612 (2018 - \$2,898,518) due to the Association.

⁽²⁾ Total expenses include contributions of \$8,652,286 (2018 - \$8,325,024) to the Association.

8. 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.

9. Financial risks and concentration of risks:

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, 2020.

(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.

(b) Liquidity risk:

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operating requirements and preparing budget and cash forecasts to ensure it has sufficient funds to fulfill its obligation.

There has been no change to the risk exposures outlined above from 2019, other than the pervasive impact of COVID-19 as described in note 10.

10. Impact of COVID-19:

On March 11, 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization. The current challenging economic climate may lead to adverse changes in cash flows and working capital levels, which may also have a direct impact on the Association's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on our operations is not known at this time.

BRITISH COLUMBIA DAIRY ASSOCIATION**SCHEDULES OF EXPENSES**

Year ended July 31, 2020, with comparative information for 2019

Schedule A - Marketing and Nutrition Education Projects

	2020	2019
Marketing:		
Marketing programs for British Columbia	\$ 4,106,502	\$ 3,697,515
Nutrition Education:		
School based programs	545,116	1,039,224
Programs for public and health professionals	389,263	158,558
	934,379	1,197,782
Community and public engagement	223,960	229,099
	\$ 5,264,841	\$ 5,124,396

Schedule B - Producer Services, Dairy Industry Research and Education Projects

	2020	2019
Producer Services:		
Dairy Farmers of Canada member dues	\$ 3,034,945	\$ 304,458
Producer Services and Communications	255,960	154,274
Contributions to regional organizations	127,093	125,096
BC Dairy Conference	77,593	82,640
BC Agriculture Council member dues	55,033	55,708
	3,550,624	722,176
Dairy Industry Research and Education:		
Research and Education Projects	129,096	155,448
BC Dairy Expo	28,628	39,219
	157,724	194,667
	\$ 3,708,348	\$ 916,843

BRITISH COLUMBIA DAIRY ASSOCIATION**SCHEDULES OF EXPENSES**

Year ended July 31, 2020, with comparative information for 2019

Schedule C - Labour

	2020	2019
Salaries and wages	\$ 1,509,616	\$ 1,662,760
Employee benefits and payroll taxes	269,855	270,001
Recruiting	23,863	14,258
Employees' professional dues, development and recognition	15,874	21,723
Labour subcontracts	-	7,916
	\$ 1,819,208	\$ 1,976,658

Schedule D - General and Administration

	2020	2019
Rent and offices expenses	\$ 197,638	\$ 183,561
Travel of directors and staff	183,333	303,170
Professional fees and consulting	111,476	45,027
Directors' fees	108,165	122,635
Amortization	80,646	57,453
Audit, accounting and legal	79,572	65,188
Computers	78,189	53,202
Conferences and meetings	29,872	26,785
Telephone and communications	28,903	22,489
Vehicles	25,802	25,528
Postage and couriers	20,900	25,031
Insurance	17,112	16,048
Interest and bank charges	6,710	14,746
	\$ 968,318	\$ 960,863



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