

Financial Statements of

**BRITISH COLUMBIA  
DAIRY ASSOCIATION**

And Independent Auditor's Report thereon

Year ended July 31, 2025



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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of British Columbia Dairy Association

### ***Opinion***

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

- the statement of financial position as at July 31, 2025
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (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, 2025 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.



### ***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.

### ***Auditor's 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 auditor's 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.



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- 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 auditor's 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 auditor's 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.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

Langley, Canada

November 12, 2025

# BRITISH COLUMBIA DAIRY ASSOCIATION

## Statement of Financial Position

July 31, 2025, with comparative information for 2024

	2025	2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 889,379	\$ 1,191,083
Contributions and accounts receivable (note 2)	2,166,120	3,357,742
Prepaid expenses	613,972	648,348
Promotion and nutrition project supplies	21,724	25,378
	<u>3,691,195</u>	<u>5,222,551</u>
Tangible capital assets (note 3)	581,072	569,727
	<u>\$ 4,272,267</u>	<u>\$ 5,792,278</u>

## Liabilities

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 1,703,452	\$ 2,107,790
Deferred contributions (note 5)	92,775	84,375
	<u>1,796,227</u>	<u>2,192,165</u>
Net assets:		
Unrestricted net assets	1,445,420	2,687,358
Invested in tangible capital assets	581,072	569,727
Internally restricted (note 6)	449,548	343,028
	<u>2,476,040</u>	<u>3,600,113</u>
Commitments (note 7)		
	<u>\$ 4,272,267</u>	<u>\$ 5,792,278</u>

See accompanying notes to financial statements.

Approved on behalf of the Association:

  
\_\_\_\_\_ Member

  
\_\_\_\_\_ Member

# BRITISH COLUMBIA DAIRY ASSOCIATION

## Statement of Operations

Year ended July 31, 2025, with comparative information for 2024

	2025	2024
Revenue:		
Contributions from Dairy Industry Development		
Council (note 8)	\$ 10,700,000	\$ 14,800,000
Contributions from dairy producers (note 8)	203,507	108,078
Recoveries and other contributions	1,382,682	713,799
Interest	44,968	75,490
	<u>12,331,157</u>	<u>15,697,367</u>
Expenses:		
Operations (Schedule A):		
Contributions to other organizations	3,930,596	5,032,520
General overhead and labour	3,802,386	4,275,590
Projects and Initiatives (Schedule B):		
Market development	4,607,421	4,425,734
Producer and public affairs	810,210	644,612
Research and innovation	304,617	475,159
	<u>13,455,230</u>	<u>14,853,615</u>
Excess (deficiency) of revenues over expenses	<u>\$ (1,124,073)</u>	<u>\$ 843,752</u>

See accompanying notes to financial statements.

# BRITISH COLUMBIA DAIRY ASSOCIATION

## Statement of Changes in Net Assets

Year ended July 31, 2025, with comparative information for 2024

	Unrestricted	Invested in tangible capital assets	Internally restricted	Total 2025	Total 2024
Balance, beginning of year	\$ 2,687,358	\$ 569,727	\$ 343,028	\$ 3,600,113	\$ 2,756,361
Excess (deficiency) of revenues over expenses	(1,018,036)	(106,037)	-	(1,124,073)	843,752
Net change in invested in tangible capital assets	(117,382)	117,382	-	-	-
Transfer of funds (note 6)	(106,520)	-	106,520	-	-
Balance, end of year	\$ 1,445,420	\$ 581,072	\$ 449,548	\$ 2,476,040	\$ 3,600,113

See accompanying notes to financial statements.

# BRITISH COLUMBIA DAIRY ASSOCIATION

## Statement of Cash Flows

Year ended July 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operations:		
Cash received for contributions and recoveries	\$ 13,486,210	\$ 15,078,921
Cash received for interest	44,968	75,490
Cash paid for labour, materials and services	(13,715,500)	(14,296,349)
	(184,322)	858,062
Investing:		
Purchase of tangible capital assets	(117,382)	(556,394)
Increase (decrease) in cash and cash equivalents	(301,704)	301,668
Cash and cash equivalents, beginning of year	1,191,083	889,415
Cash and cash equivalents, end of year	\$ 889,379	\$ 1,191,083

See accompanying notes to financial statements.

# BRITISH COLUMBIA DAIRY ASSOCIATION

Notes to Financial Statements

Year ended July 31, 2025

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## **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) Revenue recognition:**

The Association follows the deferral method of accounting for contributions.

Contributions are recognized as revenue in the period in which the related expenses are incurred.

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.

Other revenues are recognized when the service is provided.

### **(b) Allocation of expenses:**

Expenses are reported based on the principal functions of the Association. Where practical, expenses are attributed to the functions directly (Schedules A and B).

Labour and other expenses shared by multiple functions (including general support expenses) are reported by object (Schedule C) and are allocated to the functions of the Association.

# BRITISH COLUMBIA DAIRY ASSOCIATION

Notes to Financial Statements (continued)

Year ended July 31, 2025

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## 1. Significant accounting policies (continued):

(c) 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.

(d) Tangible capital assets:

Purchased tangible capital assets are recorded at cost, less accumulated amortization. Repairs and maintenance costs are charged to expense. Betterments, which extend the estimated useful life of an asset, are capitalized. Tangible capital assets are amortized on a straight-line basis as follows:

Asset	Rate
Computer equipment	3 years
Furniture and fixtures	5 years
Vehicles	5 years
Leasehold improvements	Remaining term of the lease

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Tangible capital assets are reviewed for impairment whenever events or changes in circumstances indicate that either the full or partial amount of the asset no longer has long-term service potential to the Association. If such conditions exist, an impairment loss is measured at the amount by which either the full or partial carrying amount of the asset exceeds its residual value.

(e) 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.

(f) Measurement uncertainty:

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. Actual results could differ from those estimates.

# BRITISH COLUMBIA DAIRY ASSOCIATION

Notes to Financial Statements (continued)

Year ended July 31, 2025

## 2. Contributions and accounts receivable:

	2025	2024
Receivable from Dairy Industry Development Council, a related party (note 8)	\$ 1,087,029	\$ 1,625,364
Other contributions and accounts receivable	1,079,091	1,732,378
	<u>\$ 2,166,120</u>	<u>\$ 3,357,742</u>

There are no allowances for doubtful accounts.

## 3. Tangible capital assets:

	2025		2024	
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 151,768	\$ 89,032	\$ 62,736	\$ 20,319
Furniture and fixtures	179,107	128,354	50,753	61,290
Vehicles	109,473	109,473	-	-
Leasehold improvements	517,611	50,028	467,583	488,118
	<u>\$ 957,959</u>	<u>\$ 376,887</u>	<u>\$ 581,072</u>	<u>\$ 569,727</u>

## 4. Accounts payable and accrued liabilities:

	2025	2024
Payable to suppliers for supplies and services	\$ 1,611,085	\$ 2,017,402
Accrued liabilities include amounts payable to/on behalf of employees for wages and benefits	92,367	90,669
Receivable from Receiver General for GST and source deductions	-	(281)
	<u>\$ 1,703,452</u>	<u>\$ 2,107,790</u>

# BRITISH COLUMBIA DAIRY ASSOCIATION

Notes to Financial Statements (continued)

Year ended July 31, 2025

## 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 ("CIDC") and Beef Cattle Industry Development Fund ("BCIDF"). 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.

Other deferred contributions relate to funding received for future projects or programs.

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

	2025	2024
Deferred contributions, beginning of year	\$ 84,375	\$ 84,375
Add: amounts received for programs	123,700	112,500
Less: amounts recognized as revenue in the year	(115,300)	(112,500)
Deferred contributions, end of year	\$ 92,775	\$ 84,375

Deferred contribution balances relate to:

	2025	2024
CIDC/BCIDF	\$ 92,775	\$ 84,375

## 6. Internally restricted net assets:

The Association collects penalties from dairy producers to fund research and education projects. During the year, the Association collected \$203,507 (2024 - \$108,078) from producers, contributed nil (2024 - \$11,922) from unrestricted funds and spent \$96,987 (2024 - \$143,458) on projects. At year-end, the balance in the dairy industry research and education fund was \$449,548 (2024 - \$343,028).

# BRITISH COLUMBIA DAIRY ASSOCIATION

Notes to Financial Statements (continued)

Year ended July 31, 2025

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## 7. Commitments:

In June 2024, the Board entered into a cost sharing agreement with BC Milk Marketing Board for the lease of office premises with estimated minimum annual payments as follows:

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2025	\$	100,104
2026		100,104
2027		100,104
2028		100,104
2029 and thereafter		533,976

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## 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 \$10,903,507 (2024 - \$14,908,078) to the Association. At July 31, 2025, \$1,087,029 (2024 - \$1,625,364) 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.

# BRITISH COLUMBIA DAIRY ASSOCIATION

Notes to Financial Statements (continued)

Year ended July 31, 2025

## 8. Related party and related party transactions (continued):

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 July 31, 2025 (twelve months), with comparative information for July 31, 2024 (seven months). The financial information for the fiscal year ending July 31, 2025 is unaudited and, as a result, is subject to change. The Council's complete financial statements are available to members upon request.

	July 31, 2025 (unaudited)	July 31, 2024
<b>Financial position</b>		
Total assets	\$ 24,448,811	\$ 18,948,405
<b>Liabilities and Net Assets:</b>		
Total liabilities	\$ 12,324,311	\$ 10,491,887
Total net assets	12,124,500	8,456,518
	<b>\$ 24,448,811</b>	<b>\$ 18,948,405</b>
<b>Results of operations</b>		
Total revenues	\$ 15,351,176	\$ 8,812,157
<b>Expenses:</b>		
Fees to BC Dairy	10,700,000	8,600,000
Administration, audit and legal	779,866	257,168
Research and education	203,507	65,434
	11,683,373	8,922,602
Excess (deficiency) of revenues over expenses from operations	\$ 3,667,803	\$ (110,445)
<b>Cash flows year ended July 31</b>		
<b>Cash provided by (used in):</b>		
Operating activities	\$ 3,098,551	\$ (246,849)
Financing activities	2,382,069	7,759,896
Investing activities	(3,798,850)	(9,176,676)
Increase (decrease) in cash	\$ 1,681,770	\$ (1,663,629)

# BRITISH COLUMBIA DAIRY ASSOCIATION

Notes to Financial Statements (continued)

Year ended July 31, 2025

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## 9. Pension plan:

The Association participates in a defined contribution pension plan (the "Plan") administered by Manulife Financial Ltd. The Association and participating employees make monthly contributions to the Plan into a members accumulation account. The contribution is based on an annually determined contribution rate on the member's salary. The amount contributed to the pension plan for the year ended July 31, 2025 was \$78,900.

## 10. Financial risks:

The Association's financial risks are:

### (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 risk relates to its contributions and accounts receivable. The Association monitors the credit risk of customers through credit rating reviews.

### (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 the prior year.

# BRITISH COLUMBIA DAIRY ASSOCIATION

## Schedules of Expenses

Year ended July 31, 2025, with comparative information for 2024

### Schedule A - Operations

	2025	2024
Contributions to other organizations:		
Dairy Farmers of Canada	\$ 3,717,343	\$ 4,825,014
Regional organizations	127,551	123,937
BC Agricultural Council	85,702	83,569
	<u>\$ 3,930,596</u>	<u>\$ 5,032,520</u>
Labour expenses:		
Salary and wages	\$ 1,707,676	\$ 1,659,583
Labour subcontracts	270,252	210,497
Employee benefits, supplies, and payroll taxes	267,843	276,219
Employee professional dues, development and recognition	30,031	25,126
Human resources and recruiting	12,876	57,993
	<u>2,288,678</u>	<u>2,229,418</u>
Operating expenses:		
Directors' fees	377,983	391,030
Travel of staff and directors	313,467	337,697
Information technology	194,662	139,025
Rent and office expenses	166,607	170,722
Professional fees and consulting	131,224	671,778
Audit, accounting, and legal	110,935	162,683
Amortization	106,037	34,075
Conferences and meetings	82,150	103,204
Entertainment, hospitality, gifts and donations	12,023	15,171
Insurance	11,866	12,268
Telephone and communications	7,943	5,806
Interest and bank charges	4,862	4,820
Postage and couriers	971	1,183
Gain on disposal of tangible capital assets	(7,022)	(3,290)
	<u>1,513,708</u>	<u>2,046,172</u>
	<u>\$ 3,802,386</u>	<u>\$ 4,275,590</u>

# BRITISH COLUMBIA DAIRY ASSOCIATION

## Schedules of Expenses

Year ended July 31, 2025, with comparative information for 2024

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### Schedule B - Projects and Initiatives

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	2025	2024
Market development:		
Marketing programs	\$ 3,568,000	\$ 3,439,776
Community engagement	607,563	594,229
Nutrition and dairy education	431,858	391,729
	<hr/> 4,607,421	<hr/> 4,425,734
Producer and public affairs:		
Producer engagement	331,951	340,780
Public affairs	272,041	73,340
Producer services	206,218	230,492
	<hr/> 810,210	<hr/> 644,612
Research and innovation	304,617	475,159
	<hr/> \$ 5,722,248	<hr/> \$ 5,545,505

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# BRITISH COLUMBIA DAIRY ASSOCIATION

## Schedules of Expenses

For the year ended July 31, 2025 with comparative information for 2024

### Schedule C - Costs by business area

	2025				2024			
	Administration	Market Development	Producer and Public Affairs	Total	Administration	Market Development	Producer and Public Affairs	Total
Contributions to other organizations	\$ 3,930,596	\$ -	\$ -	\$ 3,930,596	\$ 5,032,520	\$ -	\$ -	\$ 5,032,520
Labour expenses	858,075	613,831	816,772	2,288,678	966,221	717,946	545,250	2,229,417
Operating expenses	1,322,786	40,892	150,030	1,513,708	1,928,249	39,326	78,597	2,046,172
	6,111,457	654,723	966,802	7,732,982	7,926,990	757,272	623,847	9,308,109
Project and initiative based expenses	-	4,607,421	1,114,827	5,722,248	-	4,425,734	1,119,771	5,545,505
	\$ 6,111,457	\$ 5,262,144	\$ 2,081,629	\$13,455,230	\$ 7,926,990	\$ 5,183,006	\$ 1,743,618	\$ 14,853,614