

**CHICKEN FARMERS OF
NEWFOUNDLAND AND LABRADOR**

FINANCIAL STATEMENTS

DECEMBER 31, 2024



Management's Report

Management's Responsibility for the Chicken Farmers of Newfoundland and Labrador Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

The Board members are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through participation in Board of Director meetings. The Board members review internal financial information periodically and external audited financial statements yearly.

The Auditor General conducts an independent audit of the annual financial statements of the Chicken Farmers of Newfoundland and Labrador, in accordance with Canadian generally accepted auditing standards, in order to express an opinion thereon. The Auditor General has full and free access to financial management of the Chicken Farmers of Newfoundland and Labrador.

On behalf of the Chicken Farmers of Newfoundland and Labrador.

A handwritten signature in blue ink that reads "Ron Walsh".

Ron Walsh
Executive Director



OFFICE OF THE AUDITOR GENERAL
NEWFOUNDLAND AND LABRADOR

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Chicken Farmers of Newfoundland and Labrador
St. John's, Newfoundland and Labrador

Opinion

I have audited the financial statements of the Chicken Farmers of Newfoundland and Labrador, which comprise the statement of financial position as at December 31, 2024, and the statement of operations, statement of change in net financial assets, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Chicken Farmers of Newfoundland and Labrador as at December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Chicken Farmers of Newfoundland and Labrador in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

Independent Auditor's Report (cont.)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, 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 Chicken Farmers of Newfoundland and Labrador'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 cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Chicken Farmers of Newfoundland and Labrador's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Chicken Farmers of Newfoundland and Labrador's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report (cont.)

- 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 Chicken Farmers of Newfoundland and Labrador's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Chicken Farmers of Newfoundland and Labrador 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.

I 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 I identify during my audit.



DENISE HANRAHAN, CPA, MBA, ICD.D
Auditor General

March 12, 2025
St. John's, Newfoundland and Labrador

CHICKEN FARMERS OF NEWFOUNDLAND AND LABRADOR**STATEMENT OF FINANCIAL POSITION**

As at December 31

2024

2023

FINANCIAL ASSETS

Cash and cash equivalents	\$ 502,052	\$ 436,211
Accounts receivable	37,015	31,696
Investments	32,912	31,635
	571,979	499,542

LIABILITIES

Accounts payables and accrued liabilities	25,714	25,997
Accrued severance pay	27,044	24,969
	52,758	50,966

Net financial assets **519,221** **448,576**

NON-FINANCIAL ASSETS

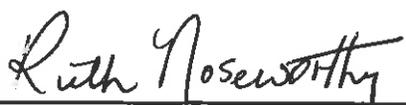
Prepaid expenses	4,017	3,009
Tangible capital assets (Note 4)	280,310	297,637
	284,327	300,646

Accumulated surplus (Note 9) **\$ 803,548** **\$ 749,222**

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

Signed on behalf of the Board:


Chairperson


Director

CHICKEN FARMERS OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF OPERATIONS
For the Year Ended December 31

	2024 Budget	2024 Actual	2023 Actual
	(Unaudited) (Note 7)		
REVENUES			
Levies	\$ 363,000	\$ 409,859	\$ 399,466
Interest and miscellaneous	500	1,844	1,188
	363,500	411,703	400,654
EXPENSES (Note 10)			
Administration	110,551	103,006	109,684
Regulatory	190,572	202,197	187,071
Promotion	26,343	22,896	22,669
Facilitation	35,123	29,278	42,599
	362,589	357,377	362,023
Annual surplus	911	54,326	38,631
Accumulated surplus, beginning of year	749,222	749,222	710,591
Accumulated surplus, end of year	\$ 750,133	\$ 803,548	\$ 749,222

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

CHICKEN FARMERS OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31

	2024 Budget (Unaudited) (Note 7)	2024 Actual	2023 Actual
Annual surplus	\$ 911	\$ 54,326	\$ 38,631
Tangible capital assets			
Acquisition of tangible capital assets	-	(5,579)	-
Amortization of tangible capital assets	22,453	22,906	22,615
	22,453	17,327	22,615
Prepaid expenses			
Acquisition of prepaid expenses	-	(1,008)	-
Use of prepaid expense	-	-	14
	-	(1,008)	14
Increase in net financial assets	23,364	70,645	61,260
Net financial assets, beginning of year	448,576	448,576	387,316
Net financial assets, end of year	\$ 471,940	\$ 519,221	\$ 448,576

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

CHICKEN FARMERS OF NEWFOUNDLAND AND LABRADOR**STATEMENT OF CASH FLOWS**

For the Year Ended December 31

2024**2023****Operating transactions**

Annual surplus	\$	54,326	\$	38,631
Adjustment for non-cash items				
Amortization of tangible capital assets		22,906		22,615
		<u>77,232</u>		<u>61,246</u>

Change in non-cash working capital

Accounts receivable	(5,319)	253,674
Accounts payable and accrued liabilities	(283)	7,539
Accrued severance pay	2,075	1,561
Prepaid expenses	(1,008)	14

Cash and cash equivalents

provided from operating transactions	72,697	324,034
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Capital transactions

Acquisition of tangible capital assets	(5,579)	-
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Cash and cash equivalents

applied to capital transactions	(5,579)	-
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Investing transactions

Increase in investments	(1,277)	(965)
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Cash and cash equivalents

applied to investing transactions	(1,277)	(965)
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Increase in cash and cash equivalents	65,841	323,069
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Cash and cash equivalents, beginning of year	436,211	113,142
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Cash and cash equivalents, end of year	\$ 502,052	\$ 436,211
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The accompanying notes are an
integral part of these financial statements.

CHICKEN FARMERS OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

1. Nature of operations

The Chicken Farmers of Newfoundland and Labrador (the Board) was established in 1980 by the Newfoundland and Labrador Chicken Marketing Scheme, under the Natural Products Marketing Act (Act), to provide for the effective promotion, control and regulation of the production and marketing of chicken in Newfoundland and Labrador. The Board is responsible for administering the regulations as provided for in the Act under the laws of the Province of Newfoundland and Labrador (the Province).

2. Summary of significant accounting policies

(a) Basis of accounting

The Board is classified as an Other Government Organizations as defined by Canadian public sector accounting standards (CPSAS). These financial statements are prepared by management in accordance with CPSAS for provincial reporting entities established by the Canadian Public Sector Accounting Board (PSAB). The Board does not prepare a statement of remeasurement gains and losses as they have not entered into relevant transactions or circumstances that are being addressed by the statement. Outlined below are the significant accounting policies followed.

(b) Cash and cash equivalents

Cash and cash equivalents includes cash in the bank and short-term investments with maturities less than one year.

(c) Financial instruments

Financial instruments recognized on the statement of financial position consist of cash and cash equivalents, accounts receivable, investments, and accounts payable and accrued liabilities. The Board generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

The Board subsequently measures all of its financial assets and financial liabilities at cost. Financial assets measured at cost include cash and cash equivalents, accounts receivable and investments. Non-redeemable guaranteed investment certificates are classified as investments. Interest related to these investments is accrued as earned. Financial liabilities measured at cost include accounts payable and accrued liabilities.

CHICKEN FARMERS OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

2. Summary of significant accounting policies (cont.)

(c) Financial instruments (cont.)

The carrying value of cash and cash equivalents, accounts receivable, investments and accounts payable and accrued liabilities approximate fair value due to their nature and/or the short term maturity associated with these instruments.

Income attributable to financial instruments is reported in the statement of operations.

(d) Accrued severance pay

Severance pay will be awarded at the rate of one week of salary per year of service to a maximum of 20 weeks and is calculated based upon current salary levels. The amount is payable when the employee ceases employment with the Board.

(e) Tangible capital assets

Tangible capital assets are recorded at cost, including amounts that are directly related to the acquisition of the assets. The cost, less residual value, of tangible capital assets is amortized over their estimated useful life as follows, except in the year of acquisition when one half of the rate is used.

Furniture and equipment	20%, declining balance
Trailers	5 and 15 years, straight-line

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Board's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. Net write-downs are accounted for as expenses in the statement of operations.

(f) Revenues

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

The Board charges levies to the producer based on volume of chicken marketed in the Province. Revenue is recognized when the chicken is produced/marketed and collectability is reasonably assured.

CHICKEN FARMERS OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

2. Summary of significant accounting policies (cont.)

(f) Revenues (cont.)

Pursuant to authority given to it under the Farm Products Marketing Act of Canada, the Chicken Farmers of Canada (CFC) collects levies from provincial commodity boards. The Board collects these levies directly from the processor and remits them to the CFC. There were \$153,831 of levies collected in 2024 (2023 - \$141,533).

The Board recognizes the receipt of government transfers as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the Board. Government transfers consist of funding from the Province.

(g) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

(h) Measurement uncertainty

The preparation of financial statements, in conformity with CPSAS, requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of tangible capital assets, accrued severance and impairment of assets.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

3. Operating agreement

The Board has entered into an agreement with the other provincial boards known as the operating agreement. This agreement provides for levy assessment should a province over produce its allocation from the CFC.

As part of this agreement, the Board has filed a letter of credit to the CFC in respect of any possible over marketing levies assessed. The letter of credit as at December 31, 2024 was \$28,658 (2023 - \$28,658).

CHICKEN FARMERS OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

4. Tangible capital assets

	Furniture and equipment	Trailers	Total
Cost			
Balance, December 31, 2023	\$ 44,460	\$ 327,130	\$ 371,590
Additions	2,166	3,413	5,579
Disposals	-	-	-
Balance, December 31, 2024	\$ 46,626	\$ 330,543	\$ 377,169
Accumulated amortization			
Balance, December 31, 2023	\$ 41,240	\$ 32,713	\$ 73,953
Amortization	642	22,264	22,906
Disposals	-	-	-
Balance, December 31, 2024	\$ 41,882	\$ 54,977	\$ 96,859
Net book value, December 31, 2024	\$ 4,744	\$ 275,566	\$ 280,310
Net book value, December 31, 2023	\$ 3,220	\$ 294,417	\$ 297,637

5. Economic dependence

Approximately 99% (2023 – 99%) of revenue relates to producer levies collected from Country Ribbon Inc. The loss of this revenue could have a material adverse impact on the Board's operating results and financial position.

6. Financial risk management

The Board recognizes the importance of managing significant risks and this includes policies, procedures and oversight designed to reduce the risks identified to an appropriate threshold. The risks that the Board are exposed to through its financial instruments are credit risk, liquidity risk and market risk. There was no significant change in the Board's exposure to these risks or its processes for managing these risks from the prior year.

CHICKEN FARMERS OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

6. Financial risk management (cont.)

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 Board's main credit risk relates to cash and cash equivalents, investments and accounts receivable. The Board's maximum exposure to credit risk is the carrying amounts of these financial instruments. The Board is not exposed to significant credit risk with its cash and cash equivalents, and investments because these financial instruments are held with a Chartered Bank. The Board is not exposed to significant credit risk related to its accounts receivable as these amounts are due from Country Ribbon Inc. Accordingly, there is no allowance for doubtful accounts as all amounts are considered collectible and management determines it is a low risk.

Liquidity risk

Liquidity risk is the risk that the Board will be unable to meet its contractual obligations and financial liabilities. The Board's exposure to liquidity risk relates mainly to its accounts payable and accrued liabilities, and accrued severance pay. The Board manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its obligations and liabilities.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency (foreign exchange) risk, interest rate risk and other price risk. The Board is not exposed to significant foreign exchange or other price risk. The Board is not exposed to significant interest rate related to investments because these investments have fixed interest rates and fixed values at maturity.

7. Budgeted figures

Budgeted figures, which have been prepared on a cash basis, are provided for comparison purposes and have been derived from the estimates prepared by management. Budgeted figures included in the financial statements are not audited.

CHICKEN FARMERS OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

8. Non-financial assets

The recognition and measurement of non-financial assets is based on their service potential. These assets will not provide resources to discharge liabilities of the Board. For non-financial assets, the future economic benefit consists of their capacity to render service to further the Board's objectives.

9. Accumulated surplus

The Board segregates its accumulated surplus in the following categories:

	<u>2024</u>	<u>2023</u>
Unrestricted	\$ 638,348	\$ 580,022
Contingency fund	165,200	169,200
	<u>\$ 803,548</u>	<u>\$ 749,222</u>

The unrestricted fund is set aside for regular program delivery and administrative activities of the Board, while the purpose of the contingency fund is to mitigate the effects of revenue shortfalls and emergencies on the general operations of the Board.

10. Segmented information by object

The Board reports its expenses by program area as outlined in its approved budget.

**CHICKEN FARMERS OF NEWFOUNDLAND AND LABRADOR
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024**

10. Segmented information by object (cont.)

	Administration		Regulatory		Promotion		Facilitation		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Expenses										
Amortization	\$ 22,906	\$ 22,615	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,906	\$ 22,615
Agricultural project	-	1,086	-	749	-	341	-	454	-	2,630
Donations	5,000	15,000	-	-	-	-	-	-	5,000	15,000
Food Safety and Animal Care	3,702	2,801	3,818	2,889	1,735	1,313	2,314	1,751	11,569	8,754
Grants	-	-	-	-	-	-	-	15,000	-	15,000
Insurance	1,142	1,293	-	-	-	-	-	-	1,142	1,293
Interest and bank charges	755	1,471	-	-	-	-	-	-	755	1,471
Levy - CFC	-	-	163,831	141,533	-	-	-	-	163,831	141,533
Miscellaneous	-	297	-	-	-	-	-	-	-	297
Office and postage	1,257	2,789	1,253	1,039	570	472	769	630	3,849	4,930
Per diems	18,633	8,575	-	-	-	-	-	-	18,633	8,575
Professional fees	4,975	11,875	5,130	4,878	2,332	2,217	3,109	2,956	15,546	21,926
Promotion	490	375	880	-	1,166	1,970	306	-	2,842	2,345
Rent	3,582	3,582	-	-	-	-	-	-	3,582	3,582
Telephone	4,084	3,032	-	-	-	-	-	-	4,084	3,032
Travel and meetings	2,582	2,416	2,329	2,491	1,199	1,132	1,599	1,510	7,709	7,549
Wages and benefits	33,898	32,477	34,956	33,492	15,894	15,224	21,181	20,298	105,929	101,491
Total	\$ 103,006	\$ 109,684	\$ 202,197	\$ 187,071	\$ 22,896	\$ 22,669	\$ 29,278	\$ 42,599	\$ 357,377	\$ 362,023