



ANNUAL REPORT 2023



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MANAGEMENT REPORT



High feed prices and volatile hog futures were the story for much of the past year. Fortunately, the high cost of production seen earlier this spring and summer has been easing as feed prices trend lower. While Alberta hog producers again experience the seasonal winter low prices, there is optimism that shrinking global hog production will make 2024 a more positive year for us.

In the drive for more transparency, significant steps were made this year as we successfully amended the Alberta Pork Producers' Commission Regulation requiring processors to provide Alberta Pork with settlement data from pigs sold in Alberta, which will help us better understand the value of pigs being purchased over and above what is publicly available from formula-based estimates. Over the coming months Alberta Pork will work with federal processors to assess data transfer needs to confidentially summarize data on a weekly basis, which will be reliably communicated to producers via our weekly market report as well as on our website.

As we continue to address the Revenue and Expense pillars of our business plan, Alberta Pork has been asking for equitable treatment via potential feed assistance programs. We have lobbied both the provincial and federal governments to include hog producers in any potential programs made available to other livestock species. This request made by the western

Canadian provincial pork producer organizations and the Canadian Pork Council (CPC) has unfortunately fallen on deaf ears again.

In addition, we are looking at ways to improve the current business risk management (BRM) programs and are hopeful that the provincial government will be able to follow through on its spring 2023 announcement to look at alternative concepts. We will continue to work with staff from the Agriculture Financial Services Corporation (AFSC) to look for meaningful improvements.

While some aspects of our advocacy for producers haven't panned out with government, we do appreciate the collaboration from the staff and Minister at Alberta Agriculture and Irrigation for the continued support to help us manage swine traceability efforts and the behind-the-scenes work to help prepare our industry for any potential African Swine Fever (ASF) situation. To this end, the federal government has also provided support funding to develop ASF preparedness plans. There are many moving parts to developing programs and placing resources to manage a potential foreign animal disease issue, but we are confident that industry and government are moving in a positive direction.

At the federal level, the ongoing efforts to exempt barn heating and grain drying fuels from the carbon tax (Bill C-234) has faced challenges, including an amendment to the bill to exclude barns from the exemption. This amendment has occurred at the Senate level and may be the cause of continued financial stress on producers, despite the bill's passage into law. Working with CPC, we continue to watch for those private member's bills that can have negative consequences to our industry, and therefore, require targeted advocacy efforts.

The third pillar of our business plan, Image, refers to the things we do to place Alberta pork producers in the best possible position in front

of consumers, public, news media and government.

We continue to seek out added support opportunities for producers to modernize their operations and address potential environmental needs. The new Sustainable Canadian Agricultural Partnership (SCAP) and the Alberta Environmental Farm Plan (AEFP) go together with that, and we encourage more producers to take advantage of the AEFP to leverage SCAP funding.

With the official implementation of PigSAFE | PigCARE – as part of Canadian Pork Excellence (CPE) – set for January 1, 2024, we have made strides to ensure producers are ready. Currently, 100% of our commercial farms have been trained and 50% have made the change over to CPE. In the months to come, all producers trained will be transitioned.

The ongoing threat of foreign animal disease is ever-present, and we are taking steps to address concerns regarding this serious matter. Earlier this year, we secured a federal grant to bolster our African Swine Fever (ASF) prevention and preparedness efforts. Those funds will go toward purchasing equipment in case of a disease outbreak, along with the development of educational and awareness materials that we hope will serve producers well. Looking at the bigger picture beyond ASF, crisis planning and the need for producer programs are the focus this coming year.

The introduction of our long-awaited e-manifest is just around the corner, with Maple Leaf Lethbridge in the final stages of onboarding its producers and Olymel in Red Deer in the final stages of testing. Alberta Pork has been working with its partners in the provincial government to make major updates to the Traceability in Alberta Premises Identification Database, used for disease and emergency notifications. Producer information is now more accurate than ever, providing widespread benefit to the industry at large and better positioning us to respond to issues that could directly impact producers. In terms of public engagement, new initiatives this year have reinforced relationships across the value chain. Working with retail partners like

Freson Bros. and Sunterra, we have increased awareness of our industry among Alberta consumers. Working with Canada Pork and other western Canadian pork producer organizations, we collaborated on a western Canadian burger initiative with Federated Co-op. In addition, many smaller events were supported around the province to increase pork's presence.

This year, Alberta Pork saw Stan Vanessen elected Chair, succeeding our current Vice-Chair, Brent Moen. The board also welcomed Jonathan Klok and Steven Waldner as directors. Jonathan took over the position of Ard Bonthuis, while Steven filled the vacancy left by Martin Waldner. As Martin was past Treasurer, Jonathan has also assumed that role.

Together with fellow directors Dan Majeau, Marcel Rupert, Craig Thompson and Andy Walter, our board of directors continues to work hard to serve the interests of all producers, bringing their unique skills and backgrounds to the table to make our industry better. Martin and Ard, thank you for your contributions.

Recognizing that farm life comes with many constant and urgent priorities that require attention, our board is always looking for fresh faces and fresh thinking to offer leadership. All registered producers are eligible for nomination to the board, and our annual nomination process will begin in early January 2024. We encourage anyone with the motivation and interest to step up and submit their name for nomination.

Finally, we would like to thank the Alberta Pork board of directors and staff for everything they do to serve producers' needs. We would also be remiss not to recognize the support and collaboration of our industry partners and government. Throughout lean times and good, Alberta pork producers enhance the economic prosperity, food security and cultural fabric of our province, country and the world. Thank you for your significant efforts in raising excellent pigs that make the best pork.



Stan Vanessen
Chair

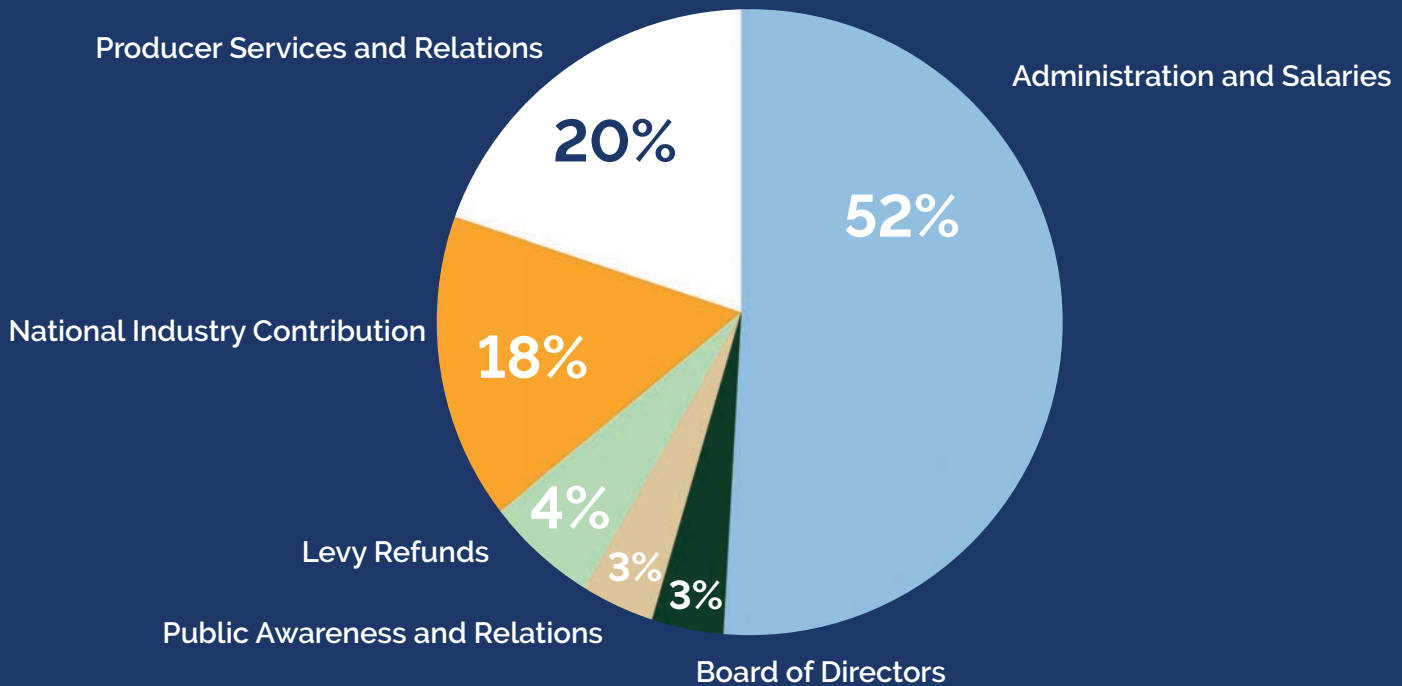


Darcy Fitzgerald
Executive Director

ALBERTA PORK INDUSTRY SNAPSHOT

Percentage of Producer Levy Breakdown

Producer levy comprises approximately 60% of Alberta Pork's operating budget. The remaining 40% comes from other sources.



NUMBER OF SOWS ON PREMISES BY SIZE AND TYPE

More than 96% of all sows in Alberta reside on 278 quality-assured premises

All pigs shipped to facilities under the Canadian Food Inspection Agency's (CFIA) jurisdiction are covered by quality assurance programs.



1,430

Total sows on premises
with 0-10 sows

23,628

Total sows on premises
with 11-400 sows

33,328

Total sows on premises
with 401-800 sows

64,998

Total sows on premises
with >801 sows

ALBERTA PIG PRODUCTION

In 2022, Alberta produced 2.85 million pigs, including market hogs, weaners and sows. Most Alberta-raised pigs bound for slaughter were destined for federally inspected facilities in the province, with some shipped to provincially inspected facilities or shipped out-of-province. Many pigs bound for slaughter were shipped from out-of-province to Alberta.



ALBERTA PORK INDUSTRY AT A GLANCE



Alberta's hog farmers buy \$324 million of feed grains per year from Alberta's crop farmers

Alberta pork production is worth more than \$1.6 billion annually.



12% of all hogs in Canada are processed by three Alberta facilities

Pork processing in Alberta is responsible for more than 13,000 jobs.

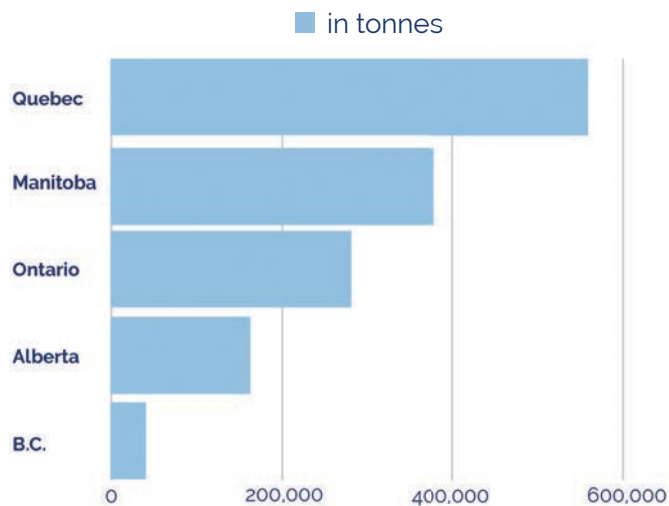
Alberta is Canada's 4th-largest exporter of pork, with destinations like the U.S. & Japan, and many others around the world.



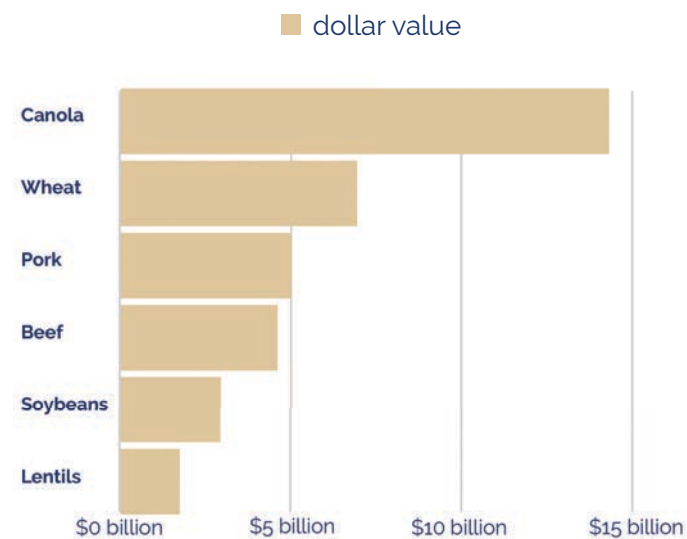
CANADIAN MEAT INDUSTRY AT A GLANCE

Source: Statistics Canada

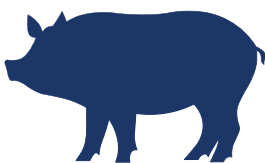
Annual Canadian Pork Exports by Province



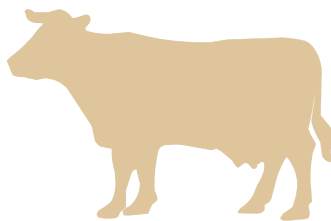
Annual Canadian agri-food exports by type



Annual Canadian meat production by type



2.26 million tonnes

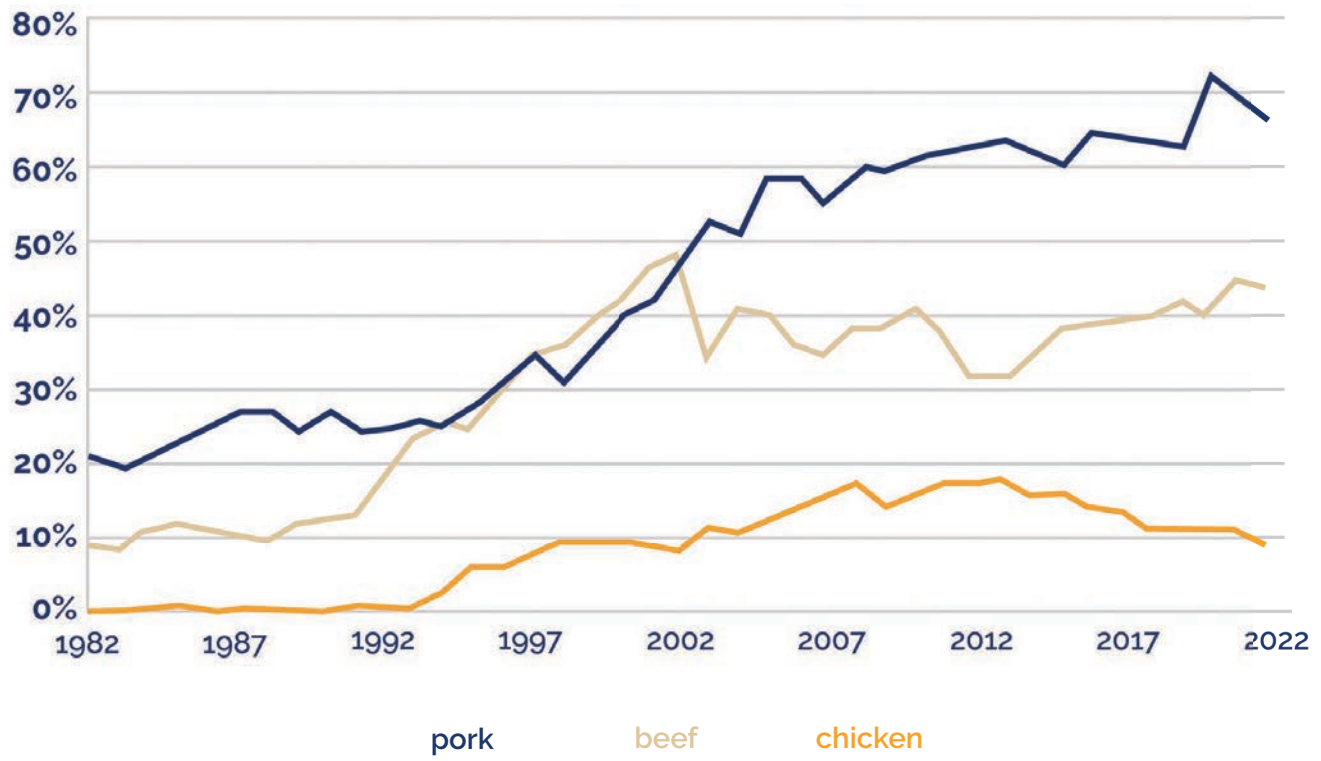


1.38 million tonnes



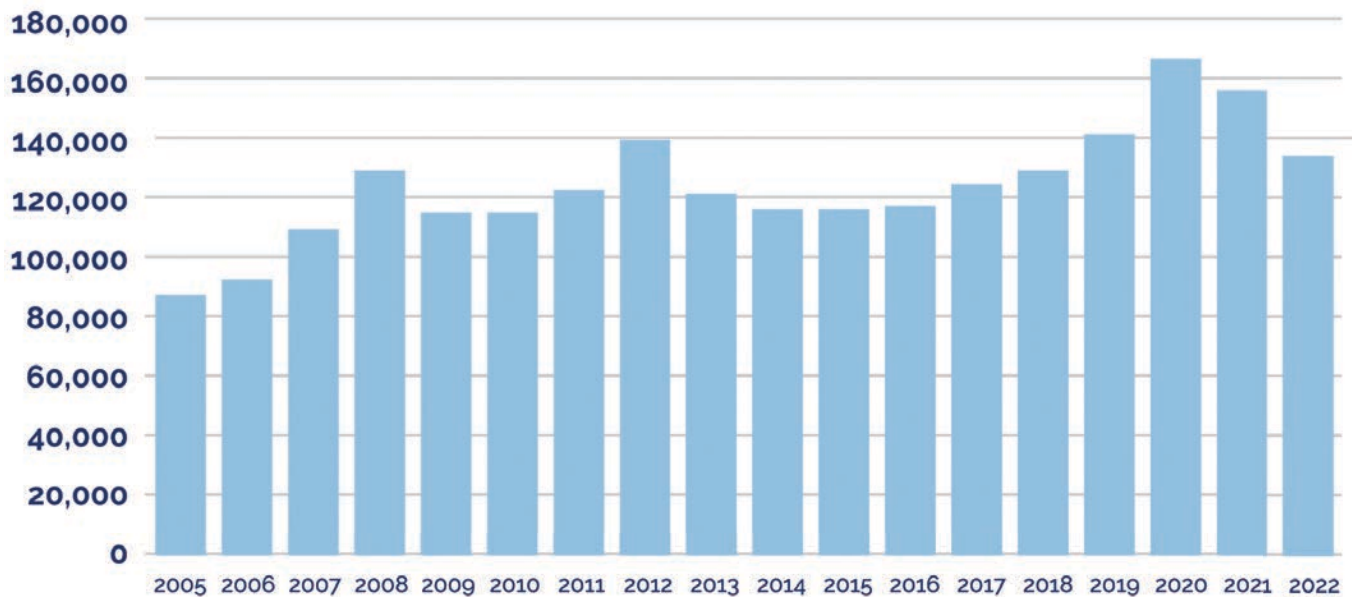
1.34 million tonnes

Canadian Meat Exports as Percentage of Production



Fresh pork imports into Canada

■ in tonnes



BUSINESS PLANNING

OUR VISION

Highest Quality Pork Industry

OUR MISSION

Deliver services so our producers and partners receive the best possible value

OUR BUSINESS PLAN PRIORITIES

Alberta Pork is guided by the goals of providing services that give the best value to producers, improving relationships and trust, and being proactive in our focus on the three main business areas for producers:



REVENUE

Identify and promote opportunities to make more money



EXPENSE

Identify and promote opportunities to save money



IMAGE

Strengthen our sustainability by providing high-quality information & training.



PIGS

OUR SUSTAINABILITY PRIORITIES

As the advocate for producers, and often for the industry at large, we focus on encouraging improvements, supports to achieve change and messaging to show that the hog industry is a trusted component of the agri-food business.

Alberta Pork will be accountable for its actions in responding to and addressing producer needs; seek ways to improve and innovate our communications, interacting and engaging with producers and other stakeholders and proactively target priority needs while using available resources efficiently and effectively.

Serving producers with a professional business mindset and building trusted relationships with all stakeholders, will help to ensure the best return on investment for our customer – the producer.



PEOPLE



PLANET



PROGRESS

REVENUE & EXPENSE

Revenue & Expense are at the heart of how producers do business.

Economic issues, driven by trends in the free market and other factors mostly beyond producers' control, have continued to be a high priority for Alberta Pork and our producers alike.

*Commentary by Steve Dziver,
Commodity Professionals Inc.*

HOG MARKET INFLUENCES

Average cost of production per hog
(per Commodity Professionals Inc.)

\$241.46

Sep. 2022 – Aug. 2023

If the last nine to 12 months could be captured in a phrase or word, it would be considered 'challenging.'

Relatively high feed costs coupled with a weak pig market in the spring of 2023 and a short-lived positive margin scenario in mid-summer made for another round of consolidation and restructuring across many regions in Canada, including Alberta.

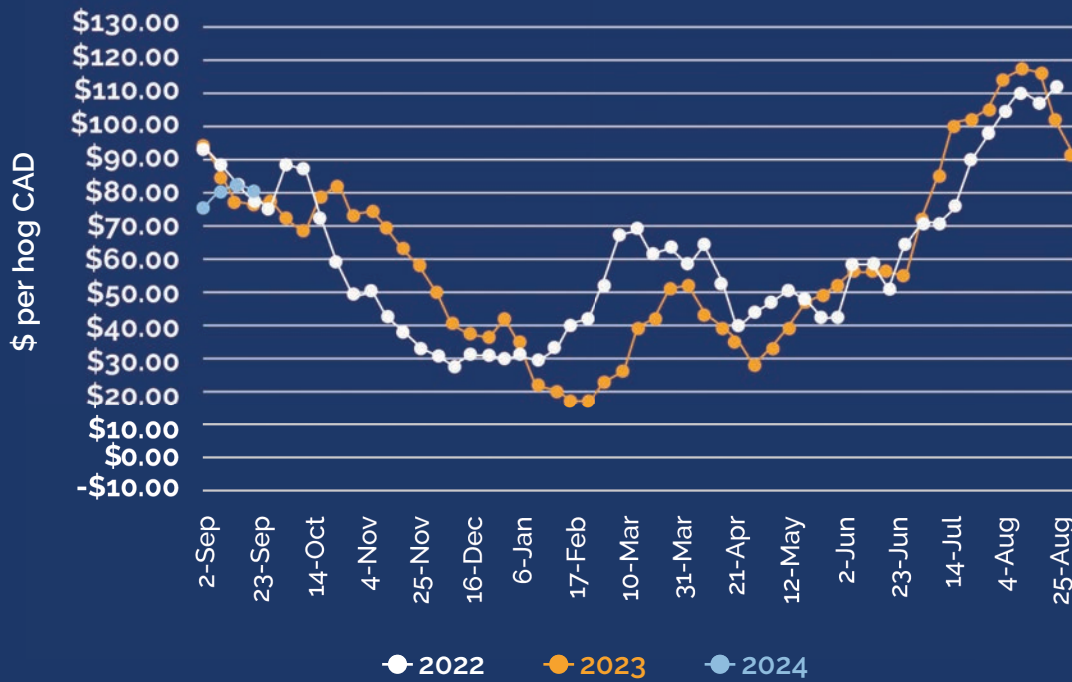
Not in recent history has the price of feed been so high that it represented 100% of the value of the CME lean hog index price, as was the case for much of the first half of 2023. Although many operating and production costs rose during 2022 and 2023, most of the increase to total cost of production was feed-related.

Total cost of production for the past year is calculated to be \$241.46 per hog, with \$176.88 of the cost covering feeding expenses, \$142.34 wean-to-finish and \$34.54 sow, with the remaining \$65 allocated to fixed and variable operating expenses. Of course, all producers will have varying costs relative to their operations; however, the cost of feed for most producers was considered record-high over this time period. The good news is that these costs are trending downward, currently \$20-30 per hog off their highs, and have contributed to the decline in total cost of production since then, which should continue into 2024.

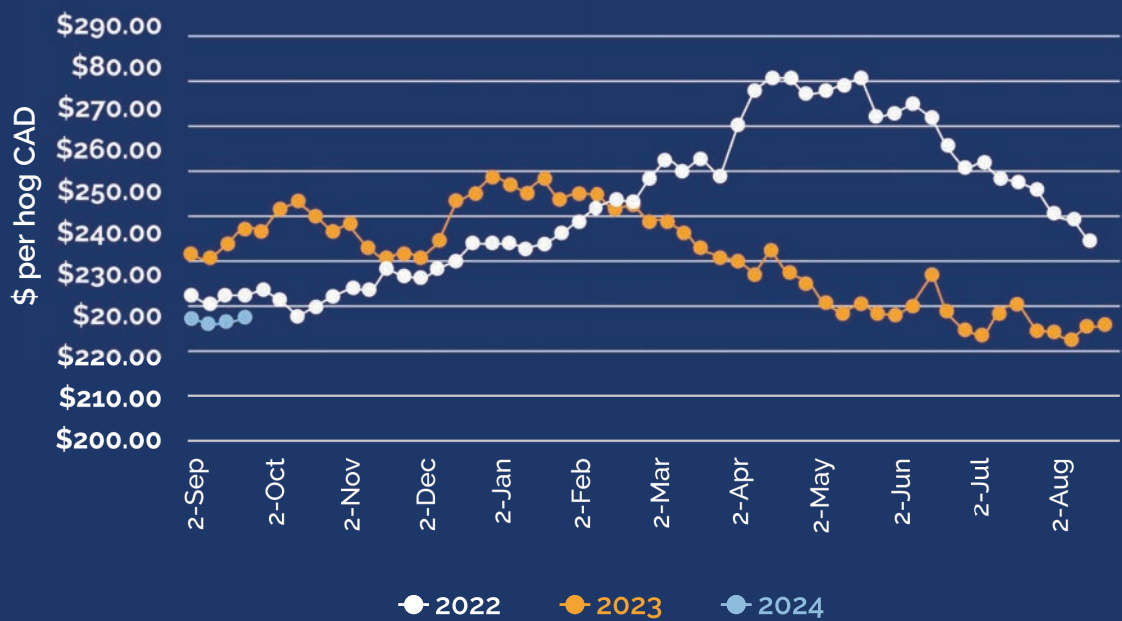
As for the hog side of the equation, somewhat surprising in the USDA Hogs and Pigs report for September 2023 was a total inventory equal to or slightly larger than 2022, caused by a shocking 4% increase in pigs per litter, combined with a 3-4% reduction in farrowing intentions and a 1.2% reduction in the breeding herd. Overall production numbers are now projected to be steady with a year ago following earlier expectations of reduced numbers to end the calendar year.

Liquidation, which occurred over the last six to eight months, is now being overshadowed by the huge improvement in productivity. The last time pigs per litter reported this large an increase was in 2015, when numbers were compared to the porcine epidemic diarrhea (PED) losses of 2014. The industry will need to keep a close watch on productivity numbers, as an increase this large could be a signal of a healthier herd and continued improvements to genetics and biosecurity, leading to more animals on the horizon for 2024.

Producer Margin Over Feed - Farrow to Finish



Producer Cost of Production - Total Farrow to Finish



FEED INGREDIENT TRENDS

Average feed cost per hog
(per Gowans Feed Consulting)

\$180.16

Sep. 2022 – Aug. 2023

The cost of feeding hogs in Canada was volatile over the past year. After climbing to levels around \$192 per pig in the fourth quarter of 2022, based on prices out of Red Deer, the major macro feed ingredients followed a bearish trend in 2023.

Several factors contributed to the higher prices by the end of 2022, especially the lack of farmer selling and a strong domestic demand. Uncertainty surrounding exports out of Ukraine and the drought outlook in important grain-producing countries have also added support to global prices. This situation led to lower hog margins by the end of 2022 and early in 2023, which challenged the Canadian pork sector.

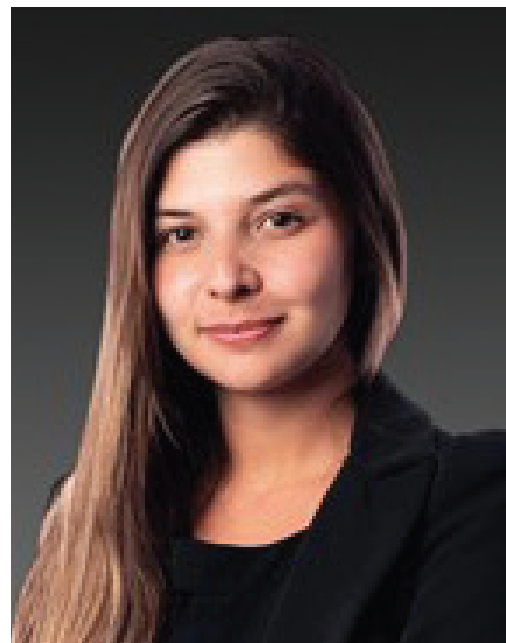
As we move to the new crop outlook for 2023-2024, grain and protein values are softening – especially as local crop reports are showing better yields than expected in most areas, even with dry conditions. On the global grain market, a key driver of bearish prices was the U.S. corn acreage being reported above traders' expectations. The second corn crop in Brazil was also a surprise, with a massive volume of corn being shipped out of Brazil. The resulting fall in corn prices led to over a million tonnes of corn being booked on unit trains to be delivered in southern Alberta between August 2023 and July 2024. This could continue to drive barley prices downwards in the coming months if corn futures soften further over harvest.

As of September 2023, corn is forecasted to work in swine diets in southern Alberta, whereas barley will still provide savings in the central and northern areas of the province. Foreign exchange will also have an impact moving forward. The Canadian dollar is currently finding support on the strong crude oil prices as the market heads into a period of tightness. Feed wheat prices are also softening as harvest progresses but could be more volatile if new crop reaches export quality grades. Canadian exports are expected to increase given the current scenarios expected for global ending stocks.

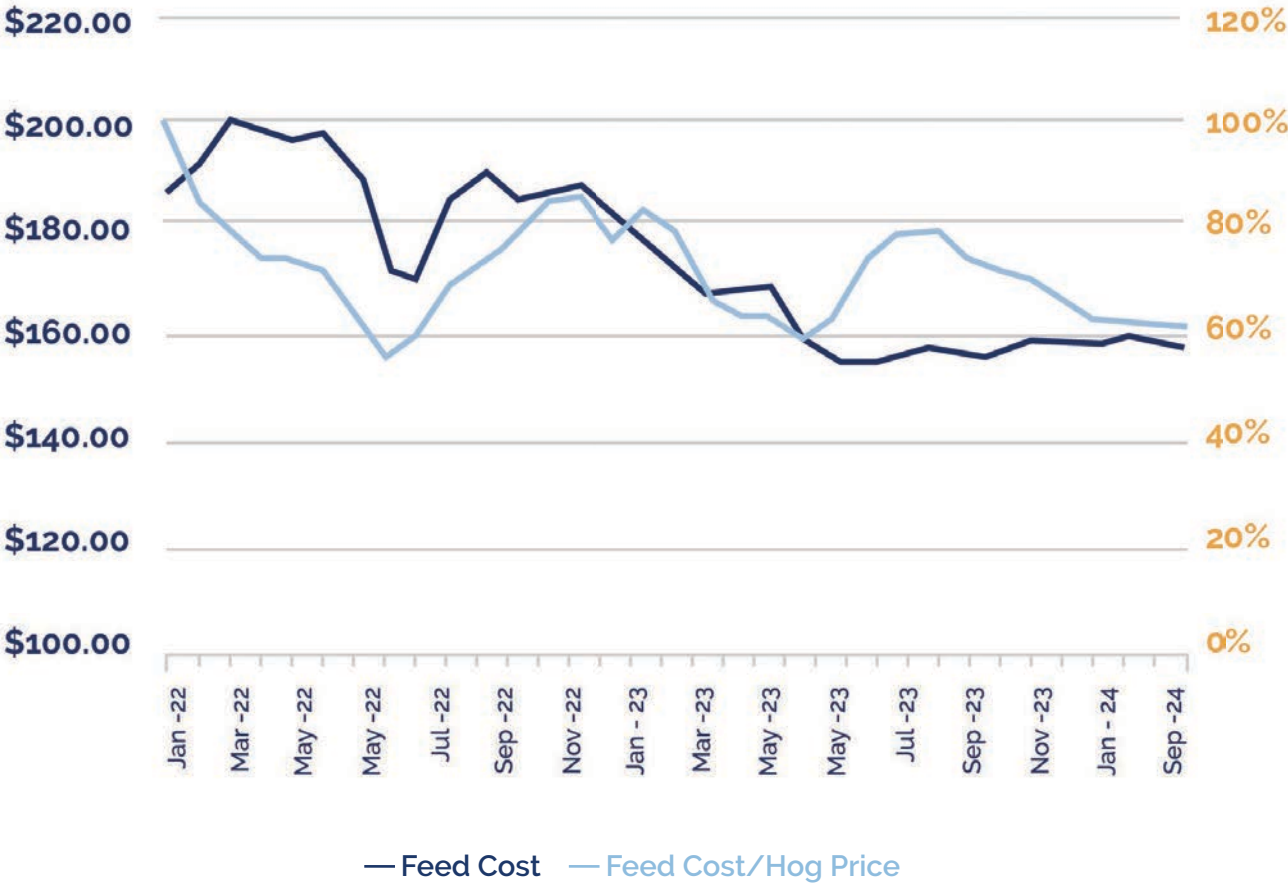
After finding support on the short crop in Argentina, soymeal prices were pressured by the record soybean oilseed supply in Brazil in 2022-2023. The perspectives are positive for the new crop in the U.S., while early production estimates are also optimistic for South America. Overall, protein prices are expected to soften in the coming months, given the increased soybean crushing capacity in the U.S. At the same time, canola crushing capacity in Canada is forecasted to increase by 50% by 2025. Feed peas were working into swine diets over the past months but could be replaced in the near term, as it is needing to compete with the export and edible markets. On top of that, Canadian dry peas ending stocks are estimated to be below the five- and 10-year averages this season.

Overall, grain and protein prices are softening, and there is more downside than upside risk currently in the market. As a result, feed costs are projected to decline to levels around \$155 to \$160 per hog, based on prices out of Red Deer, in the coming months. Overall, hog margins are forecasted to be in a better shape in comparison to the previous year.

*Commentary by Marina Malzoni,
Gowans Feed Consulting*



Feed Cost - Red Deer, AB (\$/Pig)



SUPPORT FOR PRODUCER PROFITABILITY

One of the most significant milestones for Alberta Pork this year was the approval of a formal request to the Alberta Agricultural Products Marketing Council to amend the ***Marketing of Agricultural Products Act***, to which Alberta Pork is bound. As price transparency with processors has been an ongoing issue for years, Alberta's federally inspected processors will soon begin reporting aggregated hog pricing data to Alberta Pork, which will give a clearer picture of the industry and assist producer decision-making.

Alberta Pork met with the Agriculture Financial Services Corporation (AFSC) this year to discuss updates to current business risk management programming, including potential support mechanisms for threats like drought and foreign animal diseases. This year, Agriculture and Agri-Food Canada launched the five-year Sustainable Canadian Agricultural Partnership (SCAP), which is the evolution of the former Canadian Agricultural Partnership (CAP) and Growing Forward programs of the past decade. Alberta Pork's position on SCAP is that all funding must focus on farm-level needs to help producers adapt to climate change, energy optimization and other risk management opportunities.

The Farm Technology program under SCAP has seen the largest number of applications, with 14 producers accessing the program so far to help adopt smart technologies. Alberta Pork will continue to work with SCAP programming staff to hopefully find new programs and opportunities for producers in years two and three.

POLITICAL ADVOCACY FOR PRODUCERS

Western Canadian Feed Recovery Assistance

With drought conditions impacting crop production in Alberta this year, Alberta Pork worked with the Canadian Pork Council (CPC), BC Pork, Sask Pork and Manitoba Pork Council to urge Lawrence MacAulay, Minister, Agriculture and Agri-Food Canada to extend AgriRecovery support to hog producers.

In recent years, when AgriRecovery has been offered, crop and cattle producers were provided support, but hog producers were not included. While this is positive for those producers, to balance out their financial losses, it has the net effect of making feed grains like wheat and barley less available and affordable for our sector.

The request to Minister MacAulay was also sent to the B.C., Alberta, Saskatchewan and Manitoba provincial agriculture ministers.





Carbon Tax

Bill C-234, an ***Act to amend the Greenhouse Gas Pollution Pricing Act***, would provide an exemption to Canada's carbon tax on fuels used to heat barns and dry grains.

With Canada's carbon tax increasing this year from \$50 per tonne of carbon dioxide emitted to \$65 per tonne, there continues to be political support for this initiative. By 2030, the tax is set to increase by more than two-and-a-half times, to \$170 per tonne. In agriculture, financial incentives to implement innovative technologies, rather than taxes, would seem to be the more effective and fair approach for food producers to contribute to environmental sustainability.

This year, Alberta Pork advocated for Bill C-234 by reaching out to our partners in government to demonstrate how it would help the pork industry.

Supply Management

Bill C-282, an ***Act to amend the Department of Foreign Affairs, Trade and Development Act (supply management)***, would protect supply-managed commodities when it comes to trade negotiations, likely at the expense of non-supply-managed commodities, like pork.

Given the widespread support for the bill, challenging its premise has proven complicated. The Canadian Agri-Food Trade Alliance (CAFTA), to which the Canadian Pork Council (CPC) and member organizations like Alberta Pork belong, has been making efforts to meet with politicians and other groups to encourage opposition to Bill C-282.

This year, Alberta Pork advocated against Bill C-282 by reaching out to our partners in government to demonstrate how it could harm the pork industry.

Pandemic Prevention

Bill C-293, an ***Act respecting pandemic prevention and preparedness***, would place unfair and unnecessary blame for human disease pandemics on animal agriculture.

The bill suggests regulatory oversight of livestock in Canada is non-existent or insufficient, which is a deeply misguided belief. While livestock are susceptible to certain zoonotic diseases – viruses that can be spread between animals and humans – biosecurity greatly limits the potential for this to happen. Noteworthy, in the case of COVID-19, the pandemic began as a result of conditions in foreign countries that, in no way, resemble how food animals and their meat are handled in Canada.

Alberta Pork will continue to monitor and work with the Canadian Pork Council (CPC) to advocate against aspects of Bill C-293.

IMAGE

Our Image and accomplishments will mostly be measured on how we address the values represented by Alberta Pork's 4-Ps: **Pigs, People, Planet,** and **Progress**. As the advocate for producers, and often for the industry at large, we will spend more effort on encouraging improvements, supports to achieve change and messaging to show that the hog industry is a trusted component of the agri-food business.

SUPPORTING THE ENVIRONMENT AND CLIMATE

This year, the Government of Canada embarked on consultations to review its Sustainable Agriculture Strategy, a proposed approach for improving sustainable agriculture practices in Canada.

Working with the Canadian Pork Council (CPC), Alberta Pork has been reviewing its potential implications for our producers, providing insights and evidence into Canadian pork production to showcase the environmentally focused efforts already being made that should be taken into consideration with any new environmental policies affecting agriculture.

From energy-efficient technologies in barns to responsible manure management practices, Alberta Pork continues to support producers as they work to reduce their carbon footprint. Documenting the great work that are producers are already doing is key to showing others that our farms have made impressive strides over the past 25 years. Identifying gaps to help reduce impacts and improve efficiencies is part of our industry's business philosophy.

Representatives from the Alberta Environmental Farm Plan (AEFP) attended Alberta Pork's semi-annual meetings this year to present on why environmental farm plans are important, what they are and how to develop one. The AEFP is a requirement to receiving funding through the Sustainable Canadian Agricultural Partnership (SCAP). Currently, 111 of 278 commercial farms in Alberta have developed their own AEFPs.



SUPPORTING RESPONSIBLE ANTIMICROBIAL USE

While the positive effects of responsible antimicrobial use (AMU) are known, the potentially harmful impacts of antimicrobial resistance (AMR) on human health are being more closely monitored by global authorities and stakeholders within the Canadian livestock industry.

Between 2018 and 2021, Alberta Pork analyzed data from 20 farms, with a total of 7,500 sows, to create an AMU pilot benchmark for the provincial industry.

The results of this three-year study were shared widely with producers, the industry and public, showing an overall decrease in most types of AMU.

Given the success of this study, the next phase of benchmarking is underway.

This year, Alberta Pork received renewed funding through Results Driven Agriculture Research (RDAR) to continue the study until 2027, to increase the number of farms and sows, and to track progress into the future. The next phase of the study will help further qualify and expand the data from approximately 100 farms, representing 50,000 sows in Alberta.

SUPPORTING DISEASE PREPAREDNESS

Herd health is a constant priority for producers and the entire sector. Porcine Epidemic Diarrhea (PED) and other diseases like Porcine Reproductive and Respiratory Syndrome (PRRS) continue to spread in Canada and the U.S., creating challenges for the industry, while federally reportable diseases like African Swine Fever (ASF) and Foot and Mouth Disease (FMD) also remain top-of-mind, despite not currently being present in Canada.

Alberta Pork continues to participate in the Pan-Canadian Framework for the Prevention and Control of ASF, through Animal Health Canada's (AHC) ASF Executive Management Board (EMB). The Canadian Food Inspection Agency (CFIA) established the ASF-EMB in 2019 to bring provincial and national stakeholders together, representing contributions from industry and government.

This year, several major accomplishments were made by the ASF-EMB. Frontline staff from the Canada Border Services Agency (CBSA) have been trained to better detect ASF threats posed by travellers entering Canada, which is considered the highest risk for the disease's introduction into our country.

National biosecurity standards have been developed to include voluntary requirements for each ASF risk factor, including a national biosecurity benchmarking as-



assessment on external biosecurity, internal biosecurity, biocontainment and assembly yards. This benchmark includes a toolkit of resources.

A survey was also conducted to assess small-scale producers' familiarity with biosecurity and risk management practices in relation to disease prevention. Survey results identified gaps in knowledge and demonstrated the need for educational materials targeted to small-scale producers. An ASF factsheet for small-scale producers was developed by the Canadian Pork Council (CPC).

In addition to working with the ASF-EMB, this year, Alberta Pork has undertaken a crisis management planning process with Torque Communications. The goal is to define how Alberta Pork staff will operate in the event of a foreign animal disease outbreak or any other significant incident. The plan will help position Alberta Pork as best as possible to continue serving producers during any widespread emergency situation.

Alberta Pork continues to offer biosecurity audits free-of-charge to registered producers. These audits help ensure producers are constantly considering their biosecurity protocols on-farm, to protect their herds against all kinds of diseases. This year, 78 biosecurity audits were performed for our 278 commercial farms.

SUPPORTING DISEASE SURVEILLANCE

Disease surveillance plays an essential role in protecting the health and welfare of Alberta's swine herd. Alberta Pork, working with partners in government and industry, performs routine swine disease monitoring across the province through an environmental surveillance program. The goal of the program is to help protect the Alberta pork industry by identifying and mitigating disease risks.

Through the program, Alberta Pork monitors high-traffic sites for several diseases of concern. Using this data, in combination with movement data collected as part of the Alberta Swine Traceability System, we are helping protect the industry from the spread of disease.



Since 2014, Alberta Pork has analyzed more than 35,000 surveillance samples

<i>Alberta environmental disease surveillance 2023 summary</i>				
Type of site	Negative Tests	Positive Tests	Total Tested	% of total
Assembly yard	306	0	306	16
Processing facility	966	0	966	52
Truck wash	599	0	599	32
Total	1,871	0	1,871	100

Alberta Pork also encourages producers and their veterinarians to participate in CanSpotASF: our ongoing, national African Swine Fever (ASF) surveillance program targeting pig production. Results of surveillance are used by the Canadian Food Inspection Agency (CFIA) to monitor ASF rule-out testing, which helps prove Canada's ASF-free status to the world, supporting the continued movement of pigs and pork to international markets.

In addition to Alberta's own surveillance, we participate in the Canada West Swine Health Intelligence Network (CWSHIN), which is funded by all western Canadian pork producer organizations and provincial governments. Alberta Pork shares CWSHIN's quarterly report with all Alberta producers to make them aware of the latest disease-related news, including biosecurity advice to keep herds healthy.

This year, CWSHIN provided a regional forum for discussion of emerging health issues, including Sapovirus, which was first detected in western Canada in January. In May, additional Sapovirus cases were detected; however, at the time, there was no test for Sapovirus in Canada. In response, CWSHIN worked with Prairie Diagnostic Services (PDS) in Saskatchewan to develop a test, and as of July, PDS offers this service. However, there is still more work to be done before we understand Sapovirus' role in scours.

CWSHIN's general surveillance results for the year indicate that diarrhea and pneumonia were the most frequent clinical symptoms experienced in western Canadian herds. Porcine Epidemic Diarrhea (PED) remains a significant concern in Manitoba. No new PED cases were detected in Alberta. Seneca Valley Virus (SVV) causing blisters in cull sows at Manitoba assembly yards also led to a disruption of cross-border movements last year. In response, CWSHIN has increased monitoring at assembly yards. As of June this year, SVV was still present in environmental samples taken at some assembly yards in Manitoba. These results highlight the importance of continued vigilance on biosecurity and the need for industry collaboration.



SUPPORTING QUALITY ASSURANCE



On-farm food safety and animal welfare are paramount for all animal agriculture sectors. Alberta Pork strongly believes in caring for the well-being of livestock. To ensure that on-farm quality assurance programs continue to reflect the great work producers do, meeting domestic and global demand for pigs and pork.

More than 94% of Alberta's commercial farms today are trained under the PigSAFE | PigCare programs of Canadian Pork Excellence (CPE). Some commercial farms have not taken the training, as they will be exiting the industry before the end of the year. Multiple training sessions for producers took place in Red Deer, Lethbridge and other locations in the province throughout the year.

PIGSAFE | PIGCARE TRAINING TO DATE

261

Farms trained

105

Farms certified

156

Farms remaining

The deadline for all Canadian producers to be certified under PigSAFE | PigCARE is December 31, 2023. Producers interested in receiving PigSAFE | PigCARE training should contact Alberta Pork to start the process.

In 2023, all 11 barns audited achieved an internal compliance level higher than last year, at 95%. An overall reduction in non-compliances was observed, compared to last year.

Since 2014, Alberta Pork has conducted internal audits, and since 2020, third-party audits.



TQA PROGRAM TRAINING IN 2023

25

Numbers of sessions

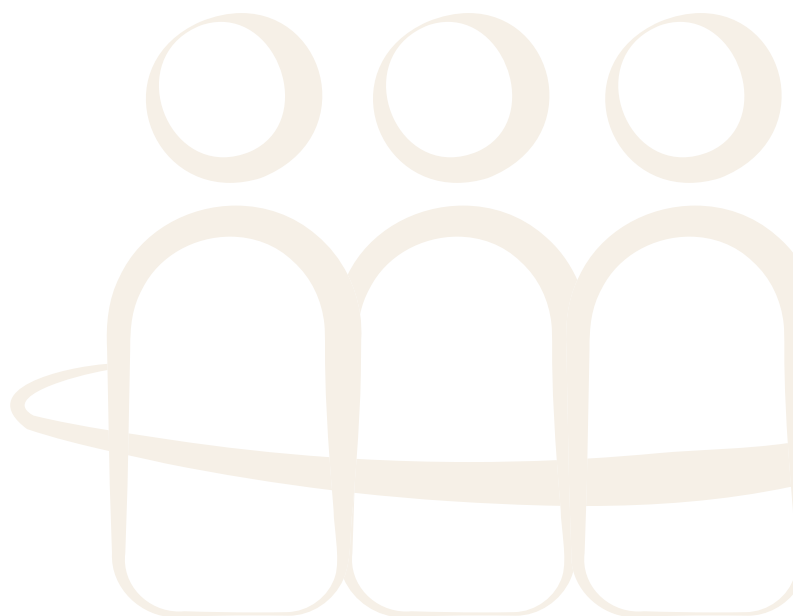
290

People trained

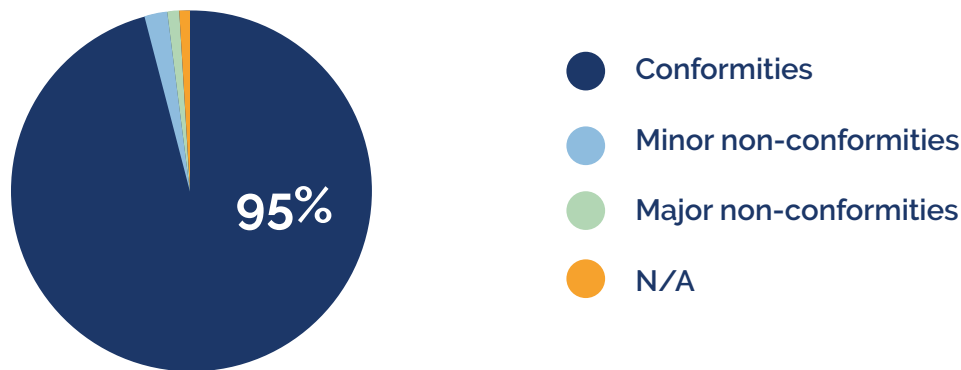
40

Farms covered

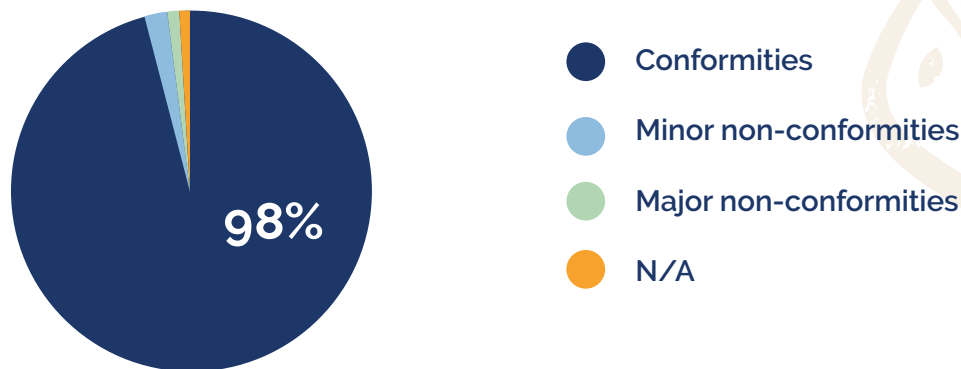
Alberta Pork also supported Transport Quality Assurance (TQA) training for producers. This training provides the newest version of the TQA program on handling, stocking density and other techniques for properly transporting hogs.



Percentage of on-farm conformities & non-conformities based on 2023 internal audits



Percentage of on-farm conformities & non-conformities based on 2023 third party audits



In addition to Alberta Pork's internal farm audits, a third-party auditor, the internationally recognized company NSF, has been hired to assess the overall quality assurance system compliance on Alberta hog farms. Findings additionally showed a 100% compliance rate for the Alberta Pork office audit.

In 2023, there was a 98% compliance rate for all farms audited by NSF. Considering the high success rate of both audit types, Alberta Pork is confident our producers are raising healthy animals under strict welfare guidelines, contributing to food safety under the quality assurance system.

SUPPORTING TRACEABILITY



The Canadian pork industry prides itself on swine traceability, which is the process of documenting pig movements. This is a hallmark of excellence respected by our global pork trading partners.

Alberta Pork continues to be the delegated authority for the Alberta Swine Traceability System, which is then reported to PigTrace Canada. By reporting to the Alberta Swine Traceability System, producers and processors fulfill all traceability reporting requirements both provincially and federally.

This year, Alberta Pork launched an initiative with Alberta Agriculture and Irrigation to verify Premises Identification (PID) data for swine premises. The goal of this project is to review and update all PIDs in the government's database to ensure all data is correct. As this system is used for all disease notification and other emergency purposes, ensuring the system is up-to-date and accurate is essential to providing notice to producers in a timely manner.

Alberta Pork has also been working with Alberta Agriculture and Irrigation, with support from the Canadian Food Inspection Agency (CFIA), to improve compliance with provincially inspected abattoirs. These efforts have worked to ensure small-scale producers shipping to provincial plants know what is required of them from a regulatory point-of-view, including registration with Alberta Pork before sending pigs to market. Registration helps small-scale producers understand the important role of traceability in capturing pig movements.

As recorded by PigTrace Canada, through the Alberta Swine Traceability System, this year, Alberta producers and processors had a 96% compliance rate for reporting movements.

Alberta Pork will continue to work with CFIA and provincial plants to support compliance and ensure all traceability requirements are met in Alberta.

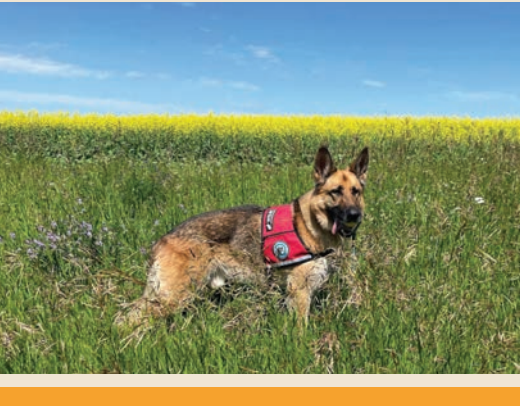
New producer registrations have continued to climb as Alberta Pork works on the PID updates, as well as compliance within provincial abattoirs. This year, we received 84 new producer registrations, increasing the number of small-scale producers to 819. As we continue to work with producers, we are forging new relationships and gradually spreading information on traceability and biosecurity, working to help safeguard our industry.

Most recently, 33 producers shipping to Maple Leaf in Lethbridge have been trained to use the Alberta Pork electronic manifest. Work has also continued with Olymel in Red Deer to integrate the system for seamless booking and transportation of their producers' pigs.



SUPPORTING ERADICATION OF WILD BOAR AT LARGE

Alberta Pork is committed to eradicating wild boar at large in Alberta. This invasive species poses a significant risk to livestock, crops and our native ecosystem. Alberta Pork does not support the use of sport hunting or bounties as an evidence-based approach to address the problem, but rather a coordinated response through the use of tracking, trapping and culling entire wild boar sounders (groups).



This year, Alberta Pork added new personnel to its roster of eradication specialists: a former pest specialist with the Government of Alberta who was responsible for implementing wild boar monitoring efforts more than a decade ago.

The wild boar eradication team is led by Alberta Agriculture and Irrigation's Wild Boar Program Specialist, who works with Alberta Pork's three eradication specialists and handles two wild boar scat-sniffing dogs. This year, the team has been actively monitoring 15 trap sites across five rural municipalities in the north-central region of the province. Alberta Pork's eradication specialists successfully captured 33 wild boar individuals, representing three sounders.

This year's number of captures is lower than in previous years but is likely due to Alberta Pork being active in areas that have experienced extensive sport hunting. Additionally, the team saw an increase in bear activity at trap sites. In the spring, hungry bears are attracted to the bait, and wild boar will abandon sites where bears have left their scent. The team also trialed new bear aversion techniques and technologies that will hopefully resolve this issue going forward. Challenges like this demonstrate a need for continual learning and piloting new approaches. Collaborating with regional and national working groups dedicated to wild boar management helps everyone share experiences that strengthen eradication efforts.



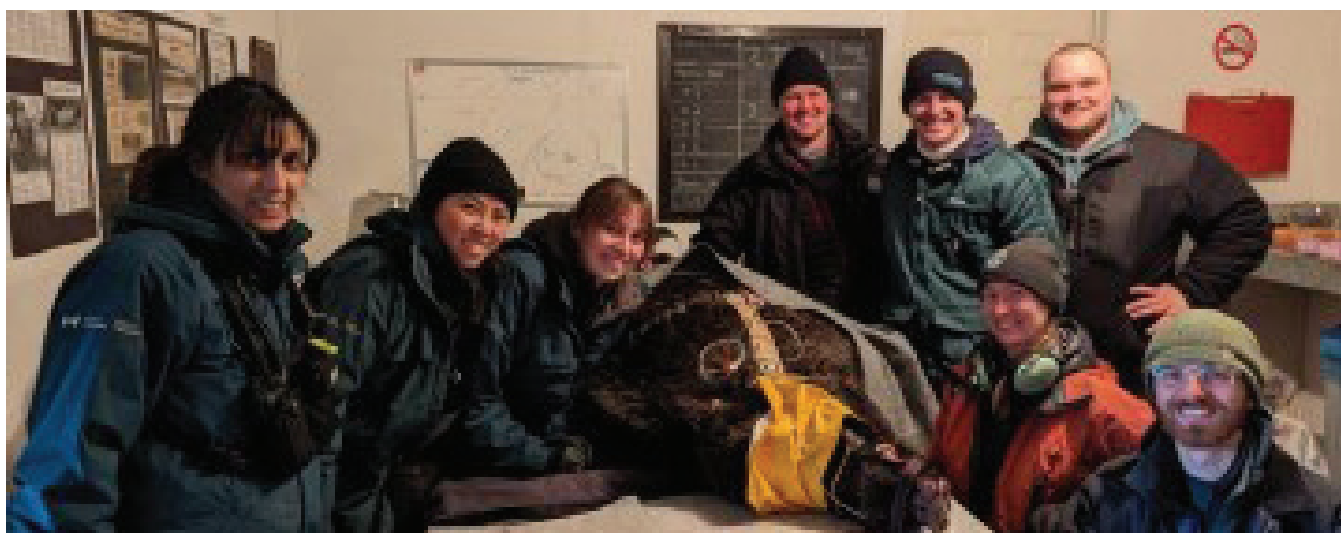
Alberta Pork continues to participate in the development of long-term regional and national strategies on wild boar, as part of the Wild Pig Working Sub-Group of the Western African Swine Fever (ASF) Steering Committee, along with the Canadian Invasive Wild Pig Working Group, as part of Animal Health Canada's (AHC) ASF Executive Management Board. The intent of these groups is to coordinate efforts across the country and share information that will help improve and enhance wild boar monitoring and management.

AHC is additionally responsible for CanSpotASF, a disease surveillance program. CanSpotASF includes a Wild Pig Surveillance Working Group, through which Alberta Pork is contributing to the development of an ASF test for wild boar. Alberta Pork has provided 268 samples collected over four years. Before testing can be validated, more samples are required from other populations outside of Alberta.

To further improve our understanding of wild boar populations in Alberta, we also partnered with Parks Canada and Strathcona County to sterilize and radio-collar wild boar in Elk Island National Park.

To assist with the collaring, veterinarians from Precision Veterinary Services and Central Veterinary Clinic braved bitter winter conditions to travel by helicopter to remote sites to perform the job. A special thanks goes out to these experts for their help. Collaring and sterilizing wild boar at Elk Island will allow for gathering information on the whereabouts of other individuals, to study their movements and help the team locate other sounders.

Further wild boar monitoring efforts continued this year with the University of Calgary. Alberta Pork has provided cameras to be installed on private properties of registered Alberta Pork producers in key areas who have volunteered to participate. These cameras will be used to conduct further wild boar monitoring to help us understand how often wild boar are interacting with sites where live-stock may be present. This work is part of a five-year project funded by Results Drive Agriculture Research (RDAR).



SUPPORTING INDUSTRY RESEARCH

Alberta Pork collaborates with provincial pork producer organizations, the Canadian Pork Council (CPC) and Canada Pork to direct and fund research projects that are intended to benefit producers and the pork sector at large.



With funding from Results Driven Agriculture Research (RDAR) and Swine Innovation Porc (SIP), Alberta Pork works closely with various researchers, institutions and strategic partners to support additional projects that are intended to benefit producers and the industry at large.



Research takes place at various facilities throughout the country, including the Swine Research and Technology Centre (SRTC) in Edmonton and Prairie Swine Centre in Saskatoon. In 2023, the Alberta pork industry received more than \$1 million in funding from RDAR to support wild boar research at the University of Calgary and antimicrobial use benchmarking.

SUPPORTING INDUSTRY COMMUNICATION

Alberta Pork provides weekly updates to 1,300 producers and industry partners by email.

These updates include the latest news from our organization and relevant information from other stakeholders, including market data and analysis on pig and pork prices, feed prices, cost of production and hog slaughter.

Alberta Pork's market information is intended to be delivered in a reliable, timely manner to support effective business decision-making. Our economics dashboard is updated weekly, and our feed cost modelling is updated monthly, both of which are available online.

Since 1972, Alberta Pork has published the Canadian Hog Journal under various titles four times annually, covering the news, events, commentary, research and other information relevant to pork producers, with more than 3,500 subscribers across the country, and many other readers who access the magazine online.



SUPPORTING INDUSTRY EVENTS

Alberta Pork staff and board directors attend industry events throughout the year, establishing important face-to-face connections with our producers and industry partners.

Where we were this past year:

- Banff Pork Seminar – January
- Semi-annual meetings (Grande Prairie, Red Deer, Drumheller, Lethbridge) – March
- Alberta Pork Congress (Red Deer) – June
- Alberta Livestock Expo (Lethbridge) – October
- Red Deer Swine Technology Workshop – October
- Annual general meeting (Calgary) – November

SUPPORTING PUBLIC ENGAGEMENT

Alberta Pork worked with retail partners to promote 'June is Pork Month,' an initiative to build consumer demand for pork. Sunterra Market sold specially priced Value Pork Packs and hosted customer events at all nine of its stores. Freson Bros. hosted contest giveaways at all 16 of its stores, along with pork sales through its weekly flyer.

Alberta Pork worked with Sask Pork, Manitoba Pork Council and Canada Pork to promote Verified Canadian Pork through Federated Co-op. With more than 100 food retail outlets across the Prairies, Co-op distributed marketing materials at its meat counters to shoppers, focusing on at-home meat cutting and burger-making.

Select Federated Co-op locations also offered fresh, made-in-store pork burger patties alongside the materials, which were well received by customers, based on store feedback.



SUPPORTING OUR COMMUNITIES

Last year, Alberta Pork worked with Food Banks Alberta to pilot a pork distribution project to help feed food bank clients across the province. This year, we continued that work and added new partners.

Working with Olymel and Sunterra, Alberta Pork has provided more than 8,000 lbs. of tenderloins, 2,000 lbs. of ground pork, more than 1,500 lbs. of pork chops and 1,000 lbs. of breakfast sausages to the Food Banks Alberta network. The Food Banks Alberta network includes key partners in communities where our producers live and work, including Red Deer, along with many remote and Indigenous communities.

Alberta Pork also coordinated three donations of pork products, one each, to Hope Mission (Edmonton), the Alberta Food Rescue and Distribution network (Calgary) and the Lethbridge Soup Kitchen. Each donation contained about 3,000 lbs. of pork products.



This year, Alberta Pork's donations represented a combined total of more than 20,000 meals.





"Piikani Food Bank would like to thank Alberta Pork for their donation. We rely on what Food Banks Alberta gives us for our food allotment each month. It was nice to see a variety of meat options to give to our clientele. Pork is something we don't get a lot of, so to be able to give it out in our food boxes was a treat to the families. Thank you for helping us feed the nation."

Jody, Piikani Food Bank



"The Salvation Army in Wetaskiwin wishes to thank pig farmers from across Alberta! Like many people in our community, our clients have really fallen on tough times and we, like many food banks, are struggling to keep up with the needs of our community. I have purchased food a couple of times in one month due to the growing demand, but I was not able to buy meat. This meat is going to be a very welcome addition to what we are giving to the families in need. Thank you for your generosity, and we look forward to being able to give out pork from Alberta. We can't do what we do without you!"

***Melissa Mailman, Community Ministries Officer,
The Salvation Army***

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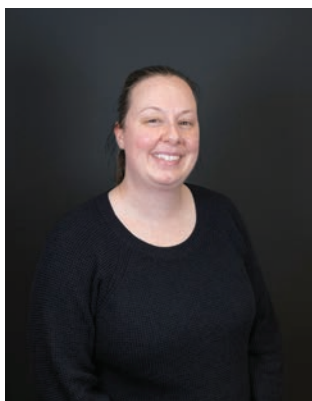
Andrew Heck
Communication
Programs Manager



Sarah Masters
Administrative Assistant
– Traceability



Cristina Neva
Quality Assurance and
Production Specialist



Christina Quinn
Agriculture Education
Coordinator



Jose Rivera
Traceability Administrator



Rawya Selby
Administrative
Coordinator



Charlotte Shipp
Industry Programs
Manager

STAFF



ALBERTA PORK PRODUCERS DEVELOPMENT CORPORATION

Financial Statements

Year Ended August 31, 2023

ALBERTA PORK PRODUCERS DEVELOPMENT CORPORATION
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Year Ended August 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Alberta Pork Producers Development Corporation

Opinion

We have audited the financial statements of Alberta Pork Producers Development Corporation (the corporation), which comprise the statement of financial position as at August 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the corporation as at August 31, 2023, and the results of its operations and 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 report. We are independent of the corporation in accordance with 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 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 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 corporation'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 corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the corporation's financial reporting process.

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 these 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:

(continues)

Independent Auditor's Report to the To the Members of Alberta Pork Producers Development Corporation
(continued)

- 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 corporation'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 corporation'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 corporation 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.

We 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.

King + Company

Edmonton, AB
November 7, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS

ALBERTA PORK PRODUCERS DEVELOPMENT CORPORATION**Statement of Financial Position****As at August 31, 2023**

	2023	2022
ASSETS		
CURRENT		
Cash (<i>Note 2</i>)	\$ 819,304	\$ 706,125
Short-term investments (<i>Note 2</i>)	940,688	1,837,807
Accounts receivable (<i>Note 3</i>)	410,541	244,014
Prepaid expenses	14,414	9,490
	<u>2,184,947</u>	<u>2,797,436</u>
PORTFOLIO INVESTMENTS (<i>Note 4</i>)	4,064,745	4,293,199
PROPERTY AND EQUIPMENT (<i>Note 5</i>)	<u>242,000</u>	<u>49,658</u>
	<u>\$ 6,491,692</u>	<u>\$ 7,140,293</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (<i>Note 6</i>)	\$ 139,696	\$ 158,089
Externally restricted for deferred operating grants (<i>Note 7</i>)	311,713	1,407,086
	<u>451,409</u>	<u>1,565,175</u>
DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT (<i>Note 9</i>)	<u>175,596</u>	<u>-</u>
	<u>627,005</u>	<u>1,565,175</u>
NET ASSETS		
Invested in property and equipment	66,904	49,658
Internally restricted (<i>Notes 7, 8</i>)	2,527,817	2,529,994
Unrestricted	3,269,966	2,995,466
	<u>5,864,687</u>	<u>5,575,118</u>
	<u>\$ 6,491,692</u>	<u>\$ 7,140,293</u>

ON BEHALF OF THE BOARDStan Vanessen, *Chair*Darcy Fitzgerald, *Executive Director*

ALBERTA PORK PRODUCERS DEVELOPMENT CORPORATION**Statement of Operations****Year Ended August 31, 2023**

	2023	2022
REVENUE		
Universal service charges	\$ 2,326,714	\$ 2,377,163
Universal service charges refund	(98,559)	(141,897)
	<u>2,228,155</u>	<u>2,235,266</u>
Grant projects (Note 7)	1,338,098	782,246
Canadian Hog Journal	152,718	105,713
Expense recoveries, rental and other	9,648	5,160
	<u>3,728,619</u>	<u>3,128,385</u>
EXPENSES		
Grant projects	1,348,171	788,682
Salaries and benefits (Note 11)	798,021	850,636
Canadian Pork Council	416,948	476,033
Administration	403,934	329,475
Producer services	342,919	243,617
Producer relations	119,550	51,912
Canadian Hog Journal	110,932	120,546
Directors and delegates (Note 14)	69,794	50,919
General marketing and public awareness	48,867	33,587
Public relations	16,244	41,652
Professional fees	13,000	11,214
Bad debts	11,725	-
Contracted services	5,000	800
Donations	-	20,500
	<u>3,705,105</u>	<u>3,019,573</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>23,514</u>	<u>108,812</u>

(continues)

ALBERTA PORK PRODUCERS DEVELOPMENT CORPORATION**Statement of Operations** *(continued)***Year Ended August 31, 2023**

	2023	2022
OTHER REVENUE (EXPENSES)		
Investment		
Unrealized increase (decrease) in fair market value of portfolio investments	265,616	(384,430)
Realized investment income <i>(Note 12)</i>	2,629	231,114
	<u>268,245</u>	<u>(153,316)</u>
Property and equipment		
Amortization of deferred contributions related to property and equipment <i>(Note 9)</i>	19,511	-
Gain (loss) on disposal of property and equipment	14,323	(1,971)
Amortization of property and equipment	<u>(36,024)</u>	<u>(12,226)</u>
	<u>(2,190)</u>	<u>(14,197)</u>
	<u>266,055</u>	<u>(167,513)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 289,569</u>	<u>\$ (58,701)</u>

ALBERTA PORK PRODUCERS DEVELOPMENT CORPORATION

Statement of Changes in Net Assets

Year Ended August 31, 2023

	Invested in Property and Equipment	Internally Restricted (Notes 7, 8)	Unrestricted	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 49,658	\$ 2,529,994	\$ 2,995,466	\$ 5,575,118	\$ 5,633,819
Excess (deficiency) of revenue over expenses	(2,190)	-	291,759	289,569	(58,701)
Purchase of equipment	239,542	-	(239,542)	-	-
Proceeds on disposal	(24,999)	-	24,999	-	-
Transfers	(195,107)	(2,177)	197,284	-	-
NET ASSETS - END OF YEAR	<u>\$ 66,904</u>	<u>\$ 2,527,817</u>	<u>\$ 3,269,966</u>	<u>\$ 5,864,687</u>	<u>\$ 5,575,118</u>

ALBERTA PORK PRODUCERS DEVELOPMENT CORPORATION**Statement of Cash Flows****Year Ended August 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Cash receipts from universal service charges, net	\$ 2,204,287	\$ 2,239,716
Cash receipts from grants and other, net	396,573	297,356
Cash receipts from investment revenue	33,770	1,123
Cash payment to suppliers and for administration costs	<u>(3,718,810)</u>	<u>(3,023,975)</u>
Cash flow used by operating activities	<u>(1,084,180)</u>	<u>(485,780)</u>
INVESTING ACTIVITIES		
Redemption of short-term investments	1,837,807	1,451,568
Purchase of portfolio investments, net	514,783	40,413
Proceeds on disposal of property and equipment	24,999	-
Purchase of equipment	(239,542)	(18,416)
Purchase of short-term investments	<u>(940,688)</u>	<u>(1,837,807)</u>
Cash flow from (used by) investing activities	<u>1,197,359</u>	<u>(364,242)</u>
INCREASE (DECREASE) IN CASH	113,179	(850,022)
CASH - BEGINNING OF YEAR	<u>706,125</u>	<u>1,556,147</u>
CASH - END OF YEAR	<u>\$ 819,304</u>	<u>\$ 706,125</u>

ALBERTA PORK PRODUCERS DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended August 31, 2023

NATURE OF OPERATIONS

Alberta Pork Producers Development Corporation is empowered by the Alberta Pork Producers Marketing Plan, which is established under the Marketing of Agricultural Products Act in the Province of Alberta. The corporation is subject to supervision by the Alberta Agricultural Products Marketing Council, which is appointed by the government of the Province of Alberta, for supervisory and enforcement purposes in respect of Alberta producers' boards and marketing commissions.

The corporation is a government-regulated, self-sustaining, non-profit orientated, producer-managed entity. The corporation collects a hog service charge and uses these funds for development, growth and promotion of the Alberta pork industry. It is exempt from income taxes under the Income Tax Act.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue Recognition

The corporation follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Universal services charges and other revenue are recognized as revenue when received or receivable.

Foreign Currency Translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year, except for amortization, which has been translated at the same rate as the related assets.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

Financial Instruments

Initial Measurement

The corporation initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the corporation is in the capacity of management, are initially measured at cost.

(continues)

ALBERTA PORK PRODUCERS DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended August 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the company in the transaction.

Subsequent Measurement

The corporation subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in earnings in the period incurred.

Financial assets measured at amortized cost using the straight-line method include cash, short-term investments and accounts receivable. Financial liabilities measured at amortized cost using the straight-line method include accounts payable and accrued liabilities.

Transaction Costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in earnings in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in earnings over the life of the instrument using the straight-line method.

Impairment

For financial assets measured at cost or amortized cost, the company determines whether there are indications of possible impairment. When there are, and the company determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in earnings. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in earnings.

Cash

Cash is comprised of funds held in financial institutions.

Property and Equipment

Property and equipment are stated at cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives at the following rates and methods:

Vehicles	20%	straight-line method
Furniture and fixtures	20%	declining balance method
Equipment	20%	declining balance method
Computers	50%	straight-line method

The corporation regularly reviews its property and equipment to eliminate obsolete items.

(continues)

ALBERTA PORK PRODUCERS DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended August 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Long Lived Assets

The corporation tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Pension Plan

The corporation maintains a defined contribution pension plan under which amounts are contributed to employees' RRSP accounts. Expense for this plan is equal to the corporation's required contribution for the year.

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

2. CASH AND SHORT-TERM INVESTMENTS

	2023	2022
Cash	\$ 819,304	\$ 706,125
Short-term investments	940,688	1,837,807
Total cash and short-term investments	1,759,992	2,543,932
Internally restricted for deferred operating grants (Note 7)	(527,817)	(529,994)
Externally restricted for deferred operating grants (Note 7)	(311,713)	(1,407,086)
Unrestricted cash and short-term investments	\$ 920,462	\$ 606,852

Short-term investments are comprised of guaranteed investment certificates with interest rates averaging 3.77% (2022 - 2.83%) and a maturity date of June 30, 2024.

3. ACCOUNTS RECEIVABLE

	2023	2022
Universal service charges, advertising and other	\$ 210,007	\$ 233,875
Grants receivable	192,986	-
Interest	6,022	10,139
Goods and services tax	1,526	-
	\$ 410,541	\$ 244,014

ALBERTA PORK PRODUCERS DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended August 31, 2023

4. PORTFOLIO INVESTMENTS

	2023 Cost	2023 Market Value	2022 Cost	2022 Market Value
Canadian equities	\$ 3,653,693	\$ 4,064,745	\$ 4,147,763	\$ 4,293,199

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Vehicles	\$ 152,667	\$ 20,763	\$ 131,904	\$ 20,795
Furniture and fixtures	213,906	206,814	7,092	8,865
Equipment	149,436	53,209	96,227	14,516
Computers	13,910	7,133	6,777	5,482
	\$ 529,919	\$ 287,919	\$ 242,000	\$ 49,658

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Accrued vacation pay	\$ 87,308	\$ 79,260
Suppliers and Canadian Pork Council	52,388	70,543
Goods and services tax	-	8,286
	\$ 139,696	\$ 158,089

7. OPERATING GRANTS

The corporation receives grant funding for various projects which must be expended in accordance with the grant agreement. These funds are recorded as deferred operating grants when received and recorded as grant revenue when expended. Unexpended funds are returned after the grant agreement has ended. For some grants, the corporation will match with corporate funds which are internally restricted. The following is a summary of the outstanding externally restricted deferred operating grants and the internally restricted funds at August 31:

	2023	2022
Deferred Operating Grants		
Balance - beginning of year	\$ 1,407,086	\$ 2,002,848
Contributions received or receivable	595,064	186,484
Contributions repaid and transfers	(352,339)	-
Recognized as revenue	(1,338,098)	(782,246)
Balance - end of year (cash, included in Note 2)	\$ 311,713	\$ 1,407,086

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Year Ended August 31, 2023

Internally Restricted Funds for Deferred Operating Grants

Balance - beginning of year	\$	529,994	\$	384,036
Net transfer (to) from unrestricted funds		(2,177)		145,958
Balance - end of year (cash, included in Note 2)	\$	527,817	\$	529,994

8. INTERNALLY RESTRICTED FUNDS

In addition to the internally restricted funds for deferred operating grants in Note 7, the board of directors has internally restricted additional net assets of \$2,000,000 for the following purposes:

- i) Unforeseen expenditures relating to health, food safety or environmental concerns,
- ii) Unforeseen economic threats or opportunities affecting competitiveness or trade,
- iii) The wind-up of the corporation should the need occur.

9. DEFERRED CONTRIBUTIONS RELATED TO EQUIPMENT

Unamortized capital contributions represents contributions received and funding spent in the acquisition of equipment stipulated for use in the provision of services over their useful lives. Changes in unamortized capital contributions are as follows:

	2023	2022
Balance, beginning of year	\$ -	\$ -
Additions	195,107	-
Recognized as revenue	(19,511)	-
Balance, end of year	\$ 175,596	\$ -

10. LEASE COMMITMENTS

The corporation is committed until August 31, 2026 for rent and occupancy costs as defined in the lease as follows:

2024	\$ 95,472
2025	81,228
2026	81,228
	<u>\$ 257,928</u>

11. REGISTERED RETIREMENT SAVINGS PLAN

The corporation's portion of employees' registered retirement savings plan included in these financial statements is \$43,190 (2022 - \$43,469).

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Notes to Financial Statements

Year Ended August 31, 2023

12. INVESTMENT REVENUE (EXPENSES)

	2023	2022
Dividends	\$ 102,584	\$ 200,839
Interest and other	45,510	21,037
Foreign	6,555	4,353
Management fees	(24,247)	(25,571)
Realized (loss) gain on portfolio investments	(127,773)	30,456
	<u>\$ 2,629</u>	<u>\$ 231,114</u>

13. FINANCIAL INSTRUMENTS

The corporation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the corporation's risk exposure and concentration as of August 31, 2023.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The corporation's financial instruments that are exposed to credit risk are primarily cash and accounts receivable. The corporation maintains its cash in a major financial institution. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts.

The corporation's accounts receivable are exposed to credit risk as the majority of receivables are from entities that conduct their business in the same industry.

Currency Risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The corporation is exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable held in U.S. dollars. The company does not use derivative instruments to reduce its exposure to foreign currency risk.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the corporation manages exposure through its normal operating and financing activities. The corporation is exposed to interest rate risk primarily through its fixed income investments.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The corporation is exposed to other price risk through its portfolio investments.

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Notes to Financial Statements

Year Ended August 31, 2023

14. RELATED PARTY TRANSACTIONS

Board Members

The corporation paid honoraria to board members in the amount of \$50,015 (2022 - \$34,450).

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

15. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.