



connecting
conjuguer

passion
& profit

2013 ANNUAL REPORT



Prefix: LAVENDER

Family Name: The Vaandrager Family

Location: Abbotsford, BC

of Milking Cows: 160



In what ways does your Holstein Canada membership positively impact your bottom line?

Holstein Canada's programs help to benchmark my farm and my management against other farms in Canada. Whether through awards programs or classification, I can compare the quality of the job we are doing here to others. This information is vital with our ever-shrinking bottom line. You **MUST** improve in order to be successful.



mission statement

Provide **leadership** through **genetic improvement programs** to enhance **profitability** for all dairy producers.

contents

PRESIDENT'S
MESSAGE

04

THE BOARD
COMMITTEES
OF 2013

09

BOARD OF
DIRECTORS'
REPORT

05

ACTION TAKEN
FROM 2013
RESOLUTIONS

15

CHIEF EXECUTIVE
OFFICER REPORT

07

HOLSTEIN BRANCH
HIGHLIGHTS

17

STRATEGIC PLAN
2013 AND 2014

08

2013 FINANCIAL
REPORT

19



Richard Bosma Abbotsford, BC



"It is the intention of our Board to remain connected with our members."

It has been a privilege to represent the Board of Directors as President of this great breed organization for the past year. The opportunity to serve, while listening and speaking with breeders at numerous events and meetings has been very rewarding. Clearly, our Holstein Canada logo continues to instill domestic pride and international respect.

Our logo symbolizes the Canadian kind of cow whose superior conformation enables her efficient performance. She is the reason our country maintains its position as second-largest global exporter of dairy genetics. This same logo also represents our strong association with its enviable herd book integrity and internationally sought-after classification program.

Our vast country with its range of geographical, climatic and cultural differences is dotted with dairy farms from coast to coast. Our members employ regional and individual approaches to cropping, cattle housing, management and technology. Mating programs also vary from herd to herd. Yet, more than ever, the well-built, productive, healthy and fertile cow remains the common denominator sought after and required for success on each dairy farm.

It is the intention of our Board to remain connected with our members. We remain aware of concerns regarding dairy cattle market adjustments and the pace of change within the dairy genetics industry. Our response has been to draft a Breed Strategy document and to recommend changes to the LPI formula. As well, we have assisted in adding another producer to the Genetic Evaluation Board.

We continue to source talented and forward-thinking members to participate on our advisory committees along with industry experts and veterinarians. We are presently conducting research (in collaboration with Canadian DHI) to correlate milk recording data with classification data. We need to establish updated economic values for various conformation traits as our classification program evolves. Without question, the breed advances whenever science and research are combined with practical cow knowledge.

We have enhanced information flow to members by re-launching our website to improve layout and responsiveness, and to allow convenient use by smartphone. We continue to encourage CDN to find solutions to address concerns (not limited to our country alone) of proof stability, over-estimation of young sires and inbreeding. Along with our industry partners, we all have roles in obtaining, analyzing or providing accurate data so that in the end, our producers can better select optimum genetics to suit their operation.

Education is a role that we have recently expanded. We are making additional staff available to our members, our youth and our agricultural educational institutes in order to better explain the benefits of our services, including genomic testing. This education aspect will be promoted in all provinces and enhanced within the Field Services partnership we already share with the Atlantic and Western Branches.

To assist in the reduction of trade barriers, our CEO has recently accepted a position on the Board of the Canadian Livestock Genetics Association (CLGA). As well, our staff and committee members remain placed to represent the interests of our members in regards to dairy cattle traceability and animal health. We are actively supporting Dairy Farmers of Canada in their ProAction initiatives in order to enhance our collective image.

In this country, we are fortunate to enjoy stable and fair prices for our milk. As a result, we enjoy relatively high levels of participation in our breed improvement programs. In addition, excellent cooperation between our industry partners places us in an enviable position. These are advantages we must seek to maximize.

Finally, there are debts of gratitude I cannot overlook. Above all, I thank God for the opportunities that he has given me. Secondly, thank you to my wife and family who have sacrificed in order to enable my participation as a Board member for the last number of years. It has been my pleasure to give something back to this organization, which for me, has connected passion and profit like no other.

Furthermore, I would like to thank Vice-President Mario Perreault, and Second-Vice President John Buckley for their assistance and wise counsel. Thank you to our entire Board for your trust in me, for making sound decisions and displaying solidarity outside of the boardroom. Thank you to our CEO, Ann Louise Carson, for carrying out her job description so capably, and thank you to our Holstein Canada staff for your dedication.

And finally, once again, thank you to all our members for your business and support. As directors, we understand the responsibility that you have entrusted to us. While it is our desire to see all parts of the industry thrive, we must never forget that you, as farmer-breeders, are the core of our organization.

RJ Bosma





Chairman Mario Perreault Saint-Esprit, Québec



"A year full of action and accomplishments for Holstein Canada!"

It has been a great honor to act as Chairman of the Holstein Canada Board this past year. The directors you elected to represent each of your regions have shown great leadership and open-mindedness making your Association the leader in dairy genetics and in promoting the great Holstein breed.

Several committees have met this year and made great recommendations to the Board of Directors. The Governance Committee, Audit, Risk Management and Finance Committee, Young Leaders Committee, Breed Advisory Committee and the Classification Advisory Committee among others, have all made great contributions. More than 30 people who are not board members sit on these committees and we would like to thank them for their involvement and their energy to do so.

The current Board of Directors began in Niagara - the 2013 Annual Meeting was a great success! We would like to thank the Organizing Committee and the Ontario Branch for such a warm welcome.

Our strategic plan has been at the center of our discussions since it was launched in Niagara. Reviewing our services, the all-breed Herdbook, our relationship with DFC and our other industry partners, classification, Herdbook integrity, genotyping, etc. are all important items that your Directors have concentrated on making better.

One of the main projects of this plan is breed strategy – we had asked you to get involved and to send us your feedback. Thank you to the members who took the time to share their opinions with us: they have been taken into great consideration. We will present the strategic plan, enhanced with your opinions, at our Annual General Meeting in Sherbrooke.

There are two Holstein Canada directors that represent you on the Canadian Dairy Network's Board of Directors. CDN is reviewing the LPI formula for our beautiful Holstein breed, and Holstein Canada is expected to take the lead on these discussions. We have once again asked for your feedback so that you are well represented.

Your Board of Directors was pleased to put more emphasis on the next generation. They are our future after all. This new Young Leader program is made up of five pillars: formal gatherings, awards & recognition, sponsorships, practical learning opportunities and shows & judging.

Both HC and DFC enjoyed building a closer relationship. Our management teams worked hand-in-hand. HC's support of the proAction initiative was very much appreciated – we want to be proactive in our industry and for our members, as the name of the program says so very well.

The Board of Directors unanimously agreed to improve the various lines of communication within the Holstein family. We need to improve communications with our members, our branches and our industry partners. We reached our goals thanks to the following:

- Our new Website promotes good communication, as well as using Facebook and Twitter.
- Better relations between our leaders also help. It's a win-win situation!
- More effort is being made to improve on-farm services across Canada.
- National Branch meetings have been held. The Branches appreciate having the opportunity to discuss ideas among themselves and discovering what works well for their respective regions.
- Recognizing our Veteran Members was also greatly appreciated. We had the opportunity to award 3,100 pins to all who have supported our Association over the years.

For your information, the Board reviewed the Director's Policy Mandate. Each Director is entitled to 3 terms of 3 years each, for a maximum of 9 years at the Holstein Canada Board level.

We must certainly not forget the excellent job our employees do. Ann Louise and her team have shown much professionalism and support to our Strategic Plan.

A special thank you goes to our President Richard Bosma who represented the Board across Canada very well. His involvement at Holstein Canada over the past year has been greatly appreciated and we are fortunate to have him on the Board for another year.

In conclusion, I would like to thank all of you, dear members. Your passion for the Holstein cow is truly impressive, and this is evident year after year. Your Board would like to stay connected to you and listen, in order to do our best to meet the breed's needs.

Respectfully,

Mario Perreault, *Chairman*



back row (l-r):

Mario Perreault, Vice President (QC); Harry Van Der Linden (Atlantic provinces); Ron Boerchers (SK & MB); Gerald Schipper (ON); John Buckley, 2nd Vice President (ON); Orville Schmidt (AB); Robert Chabot (QC); and Ron Sleeth (ON).

front row (l-r):

Elyse Gendron (QC) and Richard Bosma, President (BC).



Prefix: **JAMEVALL**

Family: **Tim Wurtz**

Location: **Elie, MB**

of Milking Cows: **70**

Why are you passionate about being a Holstein Canada member and/or being part of the Canadian dairy industry?

It's the breeding aspect of the business that drives me the most. Producing large volumes of milk from a well-bred herd of cows is very rewarding and being part of the Association has made doing that very possible. I also always admire how well it is structured to meet the needs of every kind of producer – type, production, genomics, etc.





Chief Executive Officer Ann Louise Carson



“Success is motivating, but never to be taken for granted in our quickly changing industry. ”

Looking back at 2013 is a great way to appreciate the success resulting from everyone working together in the same, clear direction.

Year One of our Strategic Plan allowed the Holstein Canada team to focus on what you, our members and branches, told us is important. The concrete outcome resulted in a record year for core services in 2013. We were pleased to have another record-breaking year while also delivering some enhanced projects such as:

- A responsive website
- A newly-revamped and rebranded Young Leader program
- Receiving input on a new Canadian Breed Strategy. *Thank you!*

It's about the Future

Past success is motivating, but never to be taken for granted in our quickly changing industry. Market conditions for both our milk (with supply management constantly being under the microscope) and our genetics, are constantly changing. This is the reason the Holstein Canada team, with strong direction and support from our Board of Directors, is focused on delivering the projects in Year Two of our plan in the most efficient way possible so our services remain not only relevant, but essential to dairy farmers in today's world. Adjusting our programs to herd demographics is but one example.

One of the strong messages you sent us – and we are listening – is the need for clear, concise technical information. To this end, in 2013, Holstein Canada was pleased to put more emphasis on a role we have played over the years in technical extension work with our Field staff and Classification team. These dedicated people are there for you the members – whether at your farm, in larger groups or through various communication tools.

Partners are Key

The Holstein Canada team feels the best way to meet our objectives for our members is by working with our numerous industry partners and branches. We will continue to stay connected to the nine branches, Dairy Farmers of Canada, the Canadian Dairy Network; AI and Milk Recording Partners, and other breed associations for your benefit. There is such strength in numbers! As the world gets smaller and smaller, and to ensure Canada remains a leader on the world scale and processes are as standardized as possible, it is also important we maintain open communication with Holstein Breed Associations globally, through the World Holstein Friesian Federation (WHFF).

A great example of partner strength is the Canadian Breed Strategy. As stewards of the breed, Holstein Canada had a role in leading this reflection of where our great breed should strive to go in this rapidly changing world. The draft was written in close collaboration with industry partners and was then shared with members for reaction and enhancements. Allow me to take the time to thank members coast to coast for being part of this process. Today, we have the pleasure of launching the final document; however, in reality, the real work begins to keep these objectives at the forefront of all discussions about our great breed through to 2020.

People, People, People

In my introductory sentence, I stated success is the result of everyone working together in the same direction. This is not a cliché! I have the great privilege of working with:

- A Board of Directors who listens to members and gives clear direction;
- Members who share their points of view;
- Branch and industry partners who care greatly for the future of our industry;
- A GREAT team of dedicated staff who rise to challenges, adapt to change and appreciate the grassroots of our Association ...and seem to have endless energy!

Allow me to thank President Richard Bosma in a more personal manner. Richard was a great sounding board and never hesitated to cross this great country with his attitude of serving members and showing great leadership. It was a privilege to experience my first 'full year' as your CEO in 2013 – and with this foundation year behind me, my eyes are firmly set on the challenges and rewards of the future!

Respectfully submitted,

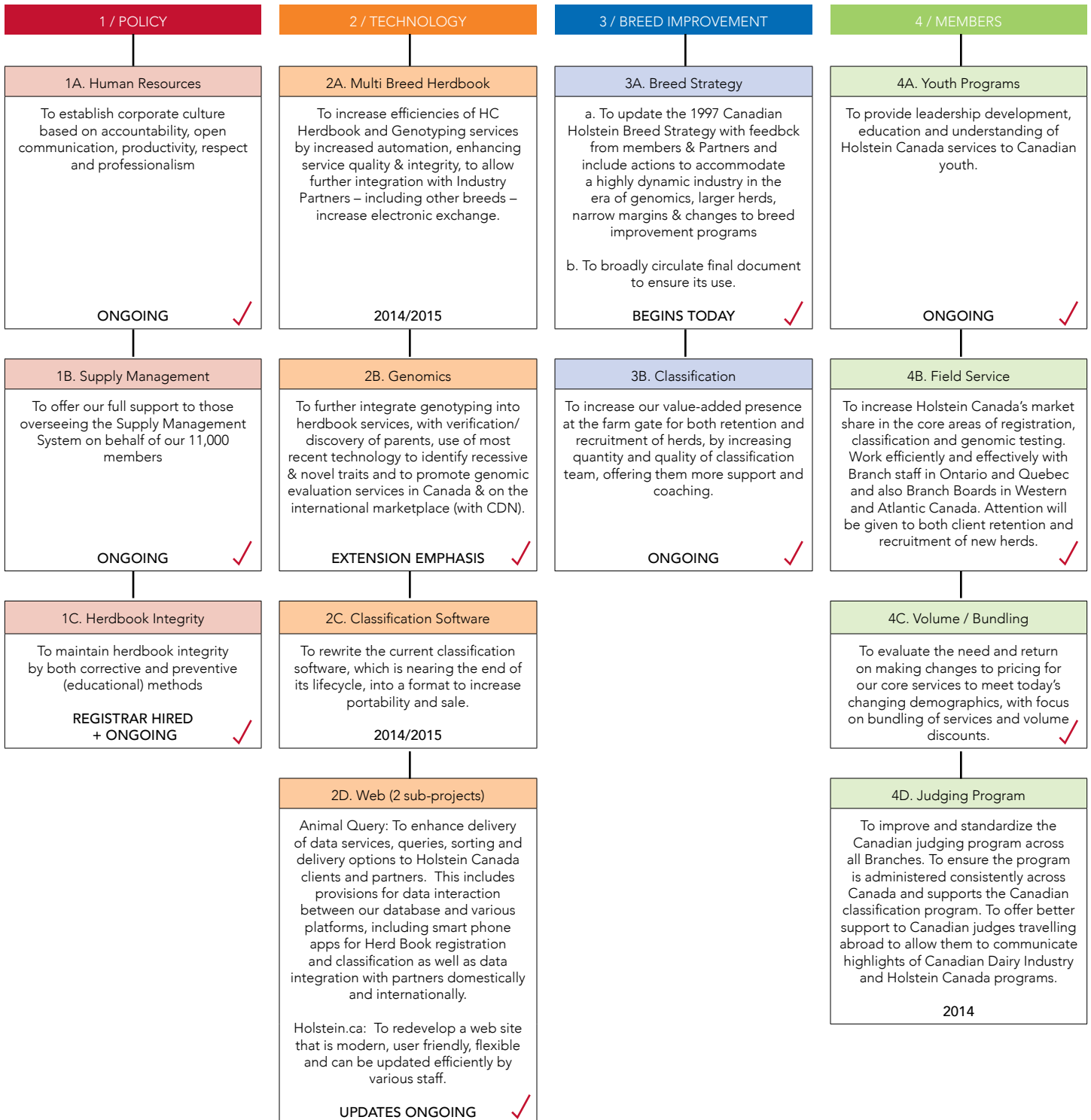
Ann Louise Carson, CEO










HOLSTEIN CANADA MISSION



The mission of Holstein Canada is to provide leadership through genetic improvement programs to enhance profitability for all dairy producers.

HOLSTEIN CANADA VISION

Leadership in Dairy Genetics



 <p>Animal Health</p> <p>Dr. Guy Boisclair (QC) John Buckley (ON)</p>	 <p>Audit, Risk Management and Finance</p> <p>Ron Sleeth (ON) (Committee Chair)</p> <p>Ed Bennett (ON) John Buckley (ON) Gerald Schipper (ON)</p>	 <p>Awards</p> <p>Orville Schmidt (AB) (Committee Chair)</p> <p>Ron Boerchers (MB) Elyse Gendron (QC)</p>
 <p>Cow of the Year</p> <p>Orville Schmidt (AB) (Committee Chair)</p> <p>Tom Hawman (ON) Jocelyn Nault (QC) Lorne Briscoe (ON) Stephane Dufour (QC)</p>	 <p>Election</p> <p>Court Carmichael (ON) (Committee Chair)</p> <p>Kevin Werry (ON) James Cranston (ON)</p>	 <p>National/Branch Joint Meeting Representatives</p> <p>Ron Boerchers (MB) (Committee Chair)</p> <p>Richard Bosma (BC) Mario Perreault (QC) Ron Sleeth (ON) Harry Van der Linden (NS)</p>
 <p>Young Leader Advisory Committee</p> <p>Harry Van Der Linden (NS) (Committee Chair)</p> <p>Stephanie Warner-Murphy (ON) Nick Brown (NB) Melissa Marcoux (QC) Tom Mufford (SK)</p>	 <p>Breed Advisory</p> <p>Harry Van Der Linden (NS) (Committee Chair)</p> <p>Francis Paquet (QC) Josh Ireland (ON) Elyse Gendron (QC) Joop Garretsen (AB) Mathieu Lemire (QC) John Schenkels (NB)</p>	 <p>Governance</p> <p>Elyse Gendron (QC) (Committee Chair)</p> <p>Ralph Dietrich (ON) Richard Bosma (BC) Mario Perreault (QC) John Buckley (ON)</p>

 <p>Classification Advisory</p> <p>Robert Chabot (QC) (Committee Chair)</p> <p>D.R. Vaandrager (BC) Callum McKinven (QC) Bloyce Thompson (PE) Frank Donkers (ON) Ben Loewith (ON) Dr. Gord Atkins (AB) -Veterinarian Brian Carscadden (ON) -A.I. rep Gerald Schipper (ON)</p>	 <p>Show</p> <p>Robert Chabot (QC) (Committee Chair)</p> <p>Markus Hehli (AB) John Devries (ON) Tyler Doiron (QC) Alan Hawthorne (ON) Thierry Jatton (QC) Jamie Lewis (PE) Jason Vis (ON) Orville Schmidt (AB)</p>
--	---



Prefix: **WALKERVILLE**
Family: **The Walker Family**
Location: **Wards Creek, NB**
of Milking Cows: **230**

In what ways does your Holstein Canada membership positively impact your bottom line?

Having our herd registered as purebreds and being classified by Holstein Canada makes the biggest impact on our bottom line. It adds value to our breeding stock when selling live cattle or embryos to other Canadian producers or exporting internationally.



2013 Education Award Winners



2013 Master Breeders

MASTER BREEDERS
—2013—

MASTER BREEDER
2013

ALLWICK Alain Roberge & Family

BRISTAL Brian & Crystal Betts

COMBINATION Karen Versloot & Family

CRAIGCREST Elgin & Joan Craig & Family

DANDYLAND Sandy, Dennis & Dan O'Hara & Family

DELABERGE Ferme Bergelait Inc.

FIELDHOUSE Rick Fieldhouse

FIESTAL Louis St. Aubin & Christine Thibodeau & Family

FILIALE Martial, Jaquelin, Vanessa & Marilynne Fillion & Silvie Morin

GREGORI Martin & Benoît Grégoire

JOREN Shayne & Val Jones & Family

LACOLLINE Raymond & Claude Roy

MAHEUFILS The Maheu Family

MALARKY Mark Donohoe & Family

MCINTOSH William & Eleanor McIntosh & Family

PARADIGM HOLSTEINS Steve & Julie Vandendool & Family

RIVER DALE Lloyd Martin & Family

SUNNYPPOINT The Vroegh Family

ULMAR Hans, Marliese, Marco, Sandra & Martina Pfister

WIKKERINK J. William Wikkerink Farms Ltd.

Alain Roberge & Family	ALLWICK	TINGWICK, QC
Brian & Crystal Betts	BRISTAL	FLESHERTON, ON
Karen Versloot & Family	COMBINATION	KESWICK RIDGE, NB
Elgin & Joan Craig & Family	CRAIGCREST	ARTHUR, ON
Sandy, Dennis & Dan O'Hara & Family	DANDYLAND	SCHOMBERG, ON
Ferme Bergelait Inc.	DELABERGE	ST. LOUIS DE GONZAGUE, QC
Rick Fieldhouse	FIELDHOUSE	ARISS, ON
Louis St. Aubin & Christine Thibodeau & Family	FIESTAL	ST. CLET, QC
Martial, Jaquelin, Vanessa & Marilynne Fillion & Silvie Morin	FILIALE	ST. LUDGER, QC
Martin & Benoît Grégoire	GREGORI	ST. BLAISE, QC
Shayne & Val Jones & Family	JOREN	WOODSTOCK, ON
Raymond & Claude Roy	LACOLLINE	ST. MARTIN DE BEAUCE, QC
The Maheu Family	MAHEUFILS	ROXTON POND, QC
Mark Donohoe & Family	MALARKY	MINNEDOSA, MB
William & Eleanor McIntosh	MCINTOSH	EMBRO, ON
Steve & Julie Vandendool & Family	PARADIGM	WOODSTOCK, ON
Lloyd Martin & Family	RIVER DALE	ST. JACOBS, ON
The Vroegh Family	SUNNYPPOINT	EAST NOEL, NS
Hans, Marliese, Marco, Sandra & Martina Pfister	ULMAR	MITCHELL, ON
J. William Wikkerink Farms Ltd.	WIKKERINK	COBBLE HILL, BC



Prefix: **GOLDENFLO**
 Family: **The MacBeath Family**
 Location: **Marshfield, PEI**
 # of Milking Cows: **95**



In what ways does your Holstein Canada membership positively impact your bottom line?

At Goldenflo, we feel being a member of Holstein Canada allows us to measure our progress against our peers. Only by pushing ourselves to be the best breeders possible, can we achieve the personal satisfaction of seeing a cow score Excellent or stand at the top of a show class. We feel if we strive towards these goals, we will benefit both financially and personally.

	2009	2010	2011	2012	2013
REGULAR	12,318	13,755	12,864	16,158	16,999
MID-ROUNDS	4,804	4,828	4,918	5,253	4,823
SPECIALS	10	6	6	6	6
HOLSTEIN ANIMALS	225,839	239,651	235,097	236,569	248,417
OTHER DAIRY BREED ANIMALS	14,583	16,250	16,097	16,273	18,161
TOTAL ANIMALS	240,422	255,901	251,194	252,842	266,578

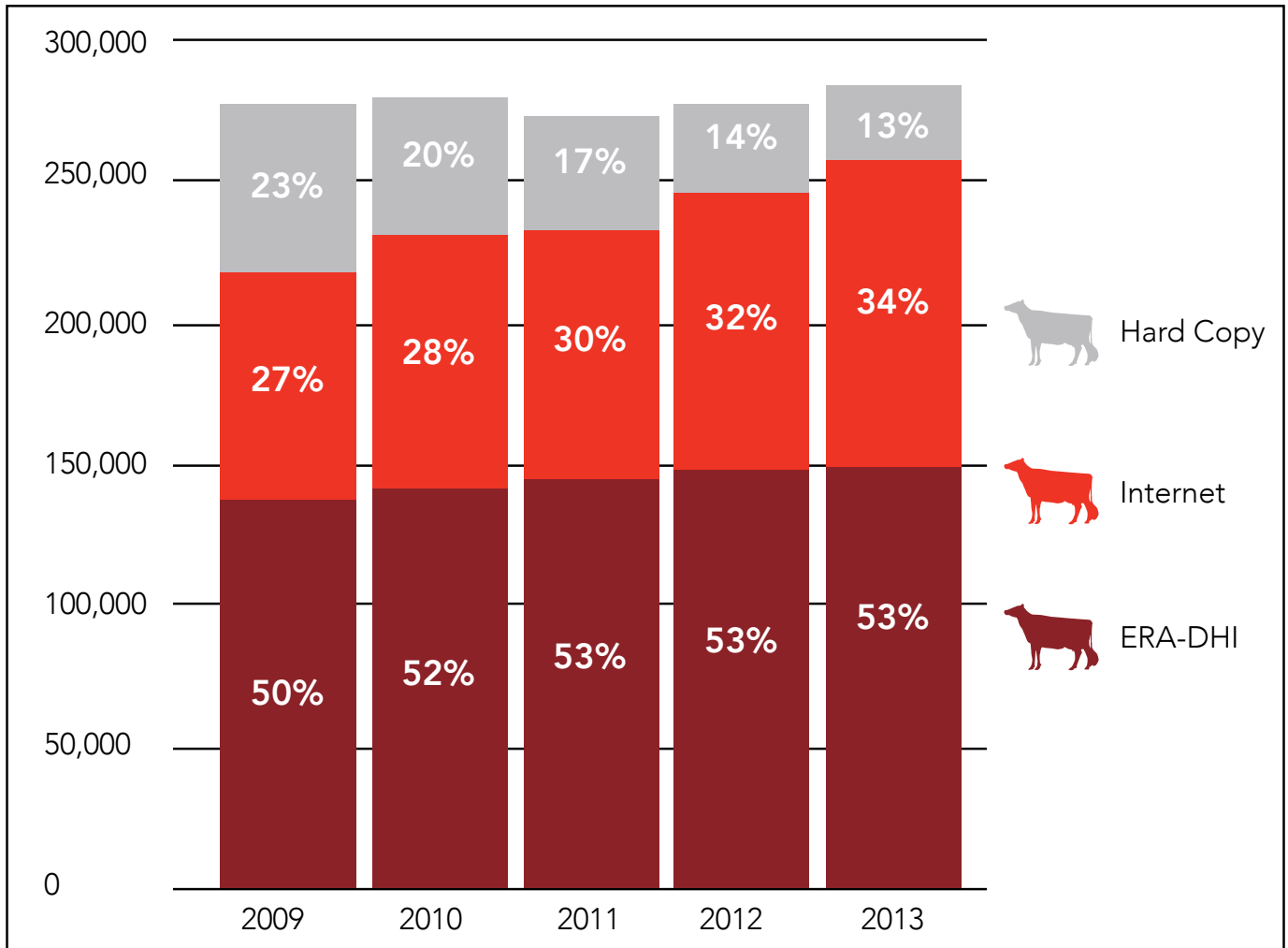


Classification Activity by Province

	ROUND 83 - SEPT'12 - MAY'13				ROUND 84 - APR '13 - FEB '14			
	REGULAR HERDS	MID-ROUND HERDS	HOLSTEIN ANIMALS	OTHER BREED ANIMALS	REGULAR HERDS	MID-ROUND HERDS	HOLSTEIN ANIMALS	OTHER BREED ANIMALS
	279	130	10,931	438	286	143	9,502	473
ALBERTA	298	167	11,281	325	297	161	10,766	280
SASKATCHEWAN	78	49	3,866	49	75	42	2,781	42
MANITOBA	168	79	5,304	243	159	72	5,051	166
ONTARIO	2,527	1,275	58,029	4,285	2,434	1,224	51,905	4,245
QUÉBEC	4,193	1,522	73,500	6,535	4,092	1,486	66,934	5,953
NEW BRUNSWICK	113	51	2,875	270	108	48	2,359	274
PRINCE EDWARD ISLAND	105	65	2,963	98	94	66	2,501	107
NOVA SCOTIA	131	82	3,594	213	130	81	3,342	156
NEWFOUNDLAND	10	3	548	1	10	5	462	0
ALL	7,902	3,423	172,891	12,457	7,685	3,328	155,603	11,696



Summary of Registration by Source



Statement of Operations (Comparative by Province)

	TOTAL MEMBERSHIPS		PUREBRED REGISTRATIONS		PERCENTAGE REGISTRATIONS		RECORDED REGISTRATIONS		TOTAL TRANSFERS		GENOMIC TESTS	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
ONTARIO	3,968	3,986	80,506	78,074	19,186	18,670	2,895	2,930	10,959	11,596	2,104	1,879
QUEBEC	4,998	5,052	88,644	85,320	13,486	14,827	2,025	2,184	13,406	14,505	7,633	5,978
NEW BRUNSWICK	185	192	3,845	3,825	941	1,051	223	187	233	262	141	41
NOVA SCOTIA	210	208	4,340	4,182	1,225	643	311	110	406	423	214	204
NEWFOUNDLAND	16	16	292	287	633	858	120	91	20	57	296	88
PRINCE EDWARD ISLAND	177	179	3,903	4,090	395	573	57	90	597	781	120	95
MANITOBA	275	273	7,573	7,502	2,295	2,515	449	472	894	778	538	312
SASKATCHEWAN	130	138	5,130	4,750	1,335	1,598	279	277	680	918	290	191
ALBERTA	482	491	19,081	18,480	5,670	6,054	864	874	2,063	2,257	395	626
BRITISH COLUMBIA	399	410	13,936	13,590	4,635	4,691	1,175	1,825	1,043	1,245	2,981	1,067
INTERNATIONAL	2	4	0	0	0	0	0	0	313	374	0	0
TOTALS:	10,842	10,949	227,250	220,100	49,801	51,480	8,398	9,040	30,614	33,196	14,712	10,481



Prefix: **MATVALE**
 Family Name: **Art & Elaine Pruim & Family**
 Location: **Osler, SK**
 # of Milking Cows: **380**

Why are you passionate about being a Holstein Canada member and/or being part of the Canadian dairy industry?

We are passionate because we enjoy working with good cows and the challenges of trying to breed the next great ones. We are also passionate because we get to have our kids work with us on the farm as they learn how to work and have fun at the same time!



CENTURY OF HOLSTEINS

FOR AT LEAST 100 YEARS OF CONTINUOUS HOLSTEIN CANADA MEMBERSHIP



Irvine Family
MacLeod Family



Prefix: **BOKMA**
Family: **The Bokma Family**
Location: **Shubenacadie, NS**
of Milking Cows: **320**



Why are you passionate about being a Holstein Canada member and/or being part of the Canadian dairy industry?

I love dairy farming for many reasons. I love the challenges it presents and meeting those challenges with our great team here at Bokma Farms. I am appreciative of the lifestyle dairy farming gave me as a child growing up, and am thankful that some day my kids can experience the same thing. But most of all, I love working with the cows; especially genetics. Those early mornings are all worthwhile when you see those high, wide udders strolling into the parlour, bursting with milk! It's a lot of fun to find that perfect mate to improve your cows genetically as well. And now, with genomics, we have more tools to shorten that generation interval and help improve our herd at a faster rate. Working towards breeding those elite cows alongside Holstein Canada classification sure brings a lot of excitement to our herd here at Bokma Farms!

A. TRANSFERS

1. "Be it resolved the transfer fee not be withheld by any sales organizations and the transfer costs be left to the new owner(s)."
Submitted by: Ontario Holstein

ACTION: Upon review by Holstein Canada, it has been discovered that some sales organizations include the transfer fee in their total buyer price. When the inclusion of the transfer fee has not been properly disclosed to the buyers, the buyers may submit the transfer prior to the sales organizations; which creates transfer request duplication. The intent of the sales organization is not to withhold the fee, but is simply a function of the timing of the transfer filing by the sales organization. Holstein Canada monitors duplicate transfer request reporting to ensure included transfer agreements of such sales organizations are withheld and appropriately handled.

2. "Be it resolved Holstein Canada provide an electronic message to the breeder and last recorded owner, announcing the transfer of ownership of their animal(s) has occurred." *Submitted by: British Columbia Holstein*

ACTION: Holstein Canada is currently rewriting its data base and Herdbook related applications which are scheduled for completion in 2015. This resolution will be reviewed within the scope of this project.

B. AWARDS

3. "Be it resolved that Holstein Canada on an annual basis send a listing of Veteran Breeders and Veteran Members to each county secretary so that members can be recognized in a timely and honourable fashion." *Submitted by: Ontario Holstein*

ACTION: In 2013, Holstein Canada updated Veteran Breeder and Members in all provinces, awarding 3,100 pins. The process will be automated with the completion of the new Herdbook software in 2015. Meanwhile, the Classification & Field Services department will monitor the situation for recipients of these awards on an ongoing basis, and will send pins accordingly.

4. "Be it resolved Holstein Canada modify their method of publication so the results for all cows achieving longtime production be published, not only those going from one category to the next. We also ask the lifetime production results be added to the production list sent by Holstein Québec to the local clubs in order to ensure that the right recipients be awarded."

Submitted by: Holstein Québec

ACTION: This function is being programmed into the new HerdBook, available in 2015.

C. GENOMIC TESTING

5. "Be it resolved at time of registering an animal, the breeder would have a check off option on the registration form or online form to select for genomic and diagnostic testing on that specific animal and Holstein Canada would immediately send a genomic testing kit to the breeder." *Submitted by: Ontario Holstein*

ACTION: Since December 2013, the Holstein Canada on-line registration application has the option to go to the GenoTest order form at the time of submitting a registration.



Prefix: **DETIMDALE**
Family: **Tim & Debbie Hofstra & Family**
Location: **Millet, AB**
of Milking Cows: **80**



In what ways does your Holstein Canada membership positively impact your bottom line?

Holstein Canada provides many helpful tools to help improve your profits. We use these tools to meet our goals set for our dairy herd. Today we strive to have all the cows in our barn score or have potential to score 83 points or higher as two-year-olds, and have cost efficient milk production to fill our quota. We look at each stall in our barn as a business unit that should meet these standards. The tools of classification, registration/pedigrees and traceability combined with milk recording provide us with the information to grow our goals and be profitable.

D. TAGS

6. "Be it resolved HAC work with Allflex or other tag providers in developing a more durable tag." *Submitted by: Ontario Holstein*

ACTION: Ultraflex RFID button tag option was introduced in April 2013. Ultraflex is made with plastic that has been modified to be more flexible and pliable, which increases the tags' durability and provides better resistance to drastic temperature changes from winter to summer. Also, the male tag is a new design, with a thicker stem that fits closer to the animal's ear reducing the risk of getting caught on chains, feeders, bale ropes, etc. The RFID panel tag set design with the button attached to the panel may not allow it to be available in the Ultraflex material due to possible moisture absorption that could cause the antenna coil to fail in the electronics of the tag.

E. SPLIT EMBRYOS

7. "Be it resolved Holstein Canada revisit the issue with a compromise request of a minimum three year period without pooled proofs to give time to prove to breeders that the proofs are over time moving closer together enough to be considered identical." *Submitted by: Eastern Manitoba Holstein Branch*

ACTION: Holstein Canada communicated this position to CDN. CDN has opted to maintain status quo at this time.

F. CLASSIFICATION

8. "Be it resolved to ask Holstein Canada to review the classification schedule in order to minimize the length of time it takes to classify this area." *Submitted by: Club Holstein Centre du Québec*

ACTION: Holstein Canada has engaged in resource management activities for the past year, and will continue this year, with the planned objective of increasing and strengthening the classification department. Holstein Canada is committed to finding solutions to help achieve the desired goal of minimizing the time required to classify in the Centre du Québec region. The overall intent would be to shorten the duration of each round across the country at large. To address this, Holstein Canada has managed their resources in a different fashion, to ensure sufficient staff numbers and maximized efficiency of scheduling work units and herd visits.



Prefix: **FUTURECREST**
Family: **The Walker Family**
Location: **Aylmer, ON**
of Milking Cows: **1,000**



Why are you passionate about being a Holstein Canada member and/or being part of the Canadian dairy industry?

We are passionate about making high-quality, safe and healthy dairy products for the entire country. The Canadian dairy industry is one of the strongest in the world and we are proud to make milk for this industry. Producing milk from content, strong healthy cows is what we as an industry do best!



Branch: **BRITISH COLUMBIA**
 Number of Members in Province: **390**



How many staff and/or volunteers keep your branch running?
 1 part-time Secretary and 10 Directors

Highlight of the 2013 year for your branch was...
 An early spring! – 126 head shown at our Spring Show on March 7 surrounded by daffodils and other spring flowers grown in local gardens!

A 2013 business stat:
 We gained 13 new members in 2013!



Branch: **ALBERTA**
 Number of Members in Province: **485**



How many staff and/or volunteers?
 1 Part-Time Secretary-Treasurer/Advertising Person

Highlight of the 2013 year for your branch was...
 Sponsoring Breeder of the Year, President's Club Cow, Scholarships and Curtis Clark at the RAWF

A 2013 business stat:
 Our website has over 6,000 visits and 60,000 hits per month. As well, our Facebook page is very well-liked and visited. Keep visiting our website and Like us on Facebook in 2014!



Branch: **SASKATCHEWAN**
 Number of Members in Province: **134**



How many staff and/or volunteers keep your branch running?
 1 Staff member, 6 Directors and 1 National Director

Highlight of the 2013 year for your branch was...
 The Saskatchewan Branch AGM was changed to November, and is now held in conjunction with the Saskmilk AGM.

A 2013 business stat:
 Saskatchewan has only 168 Producers!



Branch: **MANITOBA**
 Number of Members in Province: **266**



How many staff and/or volunteers keep your branch running?
 8 Directors, 1 National Director and 1 Secretary/Treasurer

Highlight of the 2013 year for your branch was...
 The 1st Annual Dairy Sense Workshop for Young Adults was well-supported by sponsors and found to be very worthwhile by the 30 participants aged 19-33 years old from Manitoba and Saskatchewan. We also awarded our first member-chosen Cow of the Year award with Rainyridge Lee Candice winning

A 2013 business stat:
 We gained 9 new members!



Branch: **ONTARIO**
 Number of Members in Province: **4,000**



How many staff and/or volunteers keep your branch running?
 We have six staff members (GM, Secretary, three Reps, Link Editor) and an eight-Director Board. With 40 Holstein Clubs in the province, we are a very active province and rely on as many as 400 volunteers at the local, regional and provincial level to help plan, support and run our various programs and activities.

Highlight of the 2013 year for your branch was...
 Reaching over 100,000 registrations in Ontario for the second time in the last three years which is an all-time high for Ontario.

A 2013 business stat:
 We gained 127 new members in 2013 which shows there are many new people that are starting to register their herds



Branch: **QUÉBEC**
 Number of Members in Province: **4,988**



How many staff and/or volunteers keep your branch running?
 14 employees, 2 subcontractors, 3 mentors and some breeders

Highlight of the 2013 year for your branch was...

Partnership with other breeds; seven Master Breeders; 5-Year Strategic Plan; new plan of advisory services that include a new conference and training, closer links to our members, plans to meet with each member in the coming years and team building.

A 2013 business stat:

We saw an increase of 21.5% for new members enrolled in 2013 vs. 2012, a 10.5% increase in classification, a 1.8% increase in registrations and our web visits are up to 160,000.



Branch: **NEW BRUNSWICK**
 Number of Members in Province: **185**



How many staff and/or volunteers keep your branch running?

5 Directors elected by Clubs, 2 Directors elected At Large, President, Vice-President and a Secretary/Treasurer. Our Secretary/Treasurer receives an annual honorarium, but otherwise there are no paid-staff.

Highlight of the 2013 year for your branch was...

New Brunswick Branch hosted and organized the Atlantic Judging Conference in conjunction with the Atlantic Spring Show. This was the first time the Atlantic Judging Conference was ever held during a show. Also a highlight, Karen Versloot, the Branch's only female Director and also a new Master Breeder, agreed to Co-Chair the 2015 National Holstein Convention here in NB.

A 2013 business stat:

Three herds were purchased by Alberta breeders...the West is coming East!



Branch: **NOVA SCOTIA & NEWFOUNDLAND**
 Number of Members in Province: **226**



How many staff and/or volunteers keep your branch running?

1 Secretary-Treasurer and 8 Directors

Highlight of the 2013 year for your branch was...

Three Genomic Workshops we hosted in our three club areas. They were very well-attended and we were pleased with the comments after the events.

A 2013 business stat:

The second-largest new herd enrolled by Holstein Canada in 2013 hails from Nova Scotia!



Branch: **PRINCE EDWARD ISLAND**
 Number of Members in Province: **177**



How many staff and/or volunteers keep your branch running?

9 Directors and a Secretary-Treasurer carry out the branch activities.

Highlight of the 2013 year for your branch was...

Hosting the National Board during their meetings in August, and the implementation of the Holstein Canada Field Services with Janet Walker.

A 2013 business stat:

We look forward to hosting the National Judging Conference this summer.



Prefix: **BOCHATAY**
 Family: **Ferme Bochatay et Fils Inc.**
 Location: **Saint-Théodore-d'Acton, QC**
 # of Milking Cows: **160**

Why are you passionate about being a Holstein Canada member and/or being part of the Canadian dairy industry?

We are passionate about breeding... witnessing the birth of great heifers that will later receive potentially good classification scores. It's a long-term goal from the insemination until you can

seen the results, almost three years later. And then it goes on and on: the more great animals you have, the more you want...

In what ways does your Holstein Canada membership positively impact your bottom line?

In order to get good breeding results, it is important to register and classify your animals to see how they "compare" to the breed and to be able to give them a value. This is where Holstein Canada is the best promotion tool breeders can use. A classifier's visit remains an efficient way of evaluating your herd and keeping close ties with our Association as well as with other breeders.

DEPARTMENT	REVENUE		EXPENSES		EXCESS / (DEFICIT)	
	2013	2012	2013	2012	2013	2012
HERDBOOK & GENOTYPING	\$ 5,221,736	\$ 5,015,082	\$ 2,437,730	\$ 2,263,456		
CLASSIFICATION	5,172,234	4,972,455	3,947,560	3,394,941		
STRATEGIC COMMUNICATIONS	267,166	294,952	742,012	1,030,007		
NLID	1,307,837	1,400,204	1,263,470	1,311,670	Total Revenue	
BOARD & EXECUTIVE	0	0	1,322,609	1,258,883	less	
ADMINISTRATION	89,537	74,412	996,693	941,475	Total Expenses	
BUSINESS & TECHNOLOGY SOLUTIONS	0	0	765,753	1,114,273	= Excess / (Deficit)	
DEPRECIATION	0	0	421,251	422,832		
	\$ 12,058,510	\$ 11,757,105	\$ 11,897,078	\$ 11,737,537	\$ 161,432	\$ 19,568



Holstein Canada exceeded its financial objectives in 2013 and reported \$161,432 excess revenues over expenses in the Operating Fund for the year. The strong financial position can be attributed to record activity for animal registrations, classifications, herd visits and genomic tests.

Operating revenues of \$12 million reflected a 2.5% increase from last year, primarily due to the growth in core services. This favourable performance resulted in higher revenues for herdbook, classification and genomic test services. Revenues associated with the sale of NLID tags were not as high as expected and memberships totaling 10,842 indicated a 1% decline, as well.

Operating expenses increased by 1.4% over last year for a total of \$11.9 million. Salary and benefit expenses decreased overall compared to last year due to staff changes, and the cost of NLID tags went down in relation to the decrease in the number of tags sets sold. Greater activity for genomic tests resulted in higher laboratory expenses; and the costs associated with genetic evaluations increased during the year. Additionally, the Association incurred greater market development costs to support show ethics and youth programs.

Holstein Canada's Reserve Fund consists of a \$7.3 million investment portfolio which is managed within the guidelines set out in the Association's investment policy. The strategy for the Reserve Fund is to invest in high-rated, high-quality securities that offer steady

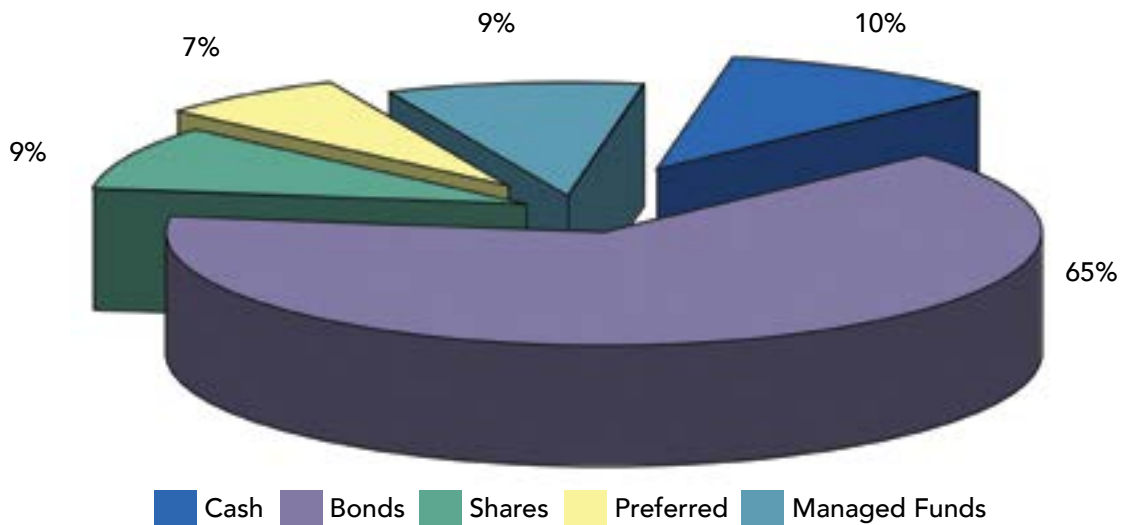
returns without jeopardizing the capital investment. In an effort to minimize the degree of risk, investments are diversified among three broad categories: *cash*, which includes bank certificates; *shares*, which includes common shares and managed funds, and; *fixed income*, which includes bonds and preferred shares. The investments earned over \$284,000 in dividends and interest during the year.

A total of \$872,363 was used from the Development Fund to support initiatives such as the website redesign, herdbook development, and extraordinary expenses associated with restructuring the organization. During the year, the 2012 Conference Fund was dissolved and the remaining cash was transferred into the Development Fund.

2014 Outlook

Optimism is high for the year ahead and the Association has budgeted increased activity for herdbook, classification, and genomic test services. Work will continue on the Herdbook Project and over \$1 million has been allocated for various development projects in 2014. Steady performance from the reserve investments will support the financial commitments related to the projects. The Association's strong financial position should continue to provide a solid foundation to serve the members and customers over the long-term.

Reserve Investments \$7.3 million



Statement of Operations and Changes in Fund Balances

Year ended December 31, 2013

	OPERATING FUND	RESERVE FUND	DEVELOPMENT FUND	CONFERENCE FUND	TOTAL 2013	TOTAL 2012
REVENUES						
Income from Operations	\$12,008,010				\$12,008,010	\$11,713,352
Investment Income (Note 8)	50,500	\$281,000	\$445		331,945	346,212
Unrealized Gain (Loss) on Investments		(82,913)			(82,913)	47,105
Other Income				\$68,072	68,072	502,314
	12,058,510	198,087	445	68,072	\$12,325,114	12,608,983
EXPENSES						
Excess (Deficiency) of Revenues Over Expenses	161,432	186,967	(871,918)	58,355	(465,164)	(287,841)
Transfer from Reserve to Development		(373,542)	373,542		0	0
Transfer from Operating to Development	(300,000)		300,000		0	0
Transfer from Conference to Development			134,892	(134,892)	0	0
Fund Balances, Beginning	5,888,305	7,483,462	126,458	76,537	13,574,762	13,862,603
Fund Balances, Ending	\$5,749,737	\$7,296,887	\$62,974	\$ -	\$13,109,598	\$13,574,762

Statement of Financial Position

As at December 31, 2013

	OPERATING FUND	RESERVE FUND	DEVELOPMENT FUND	CONFERENCE FUND	TOTAL 2013	TOTAL 2012
CURRENT ASSETS						
Cash and Bank (Note 2)	\$165,872	\$428,723	\$78,508	\$ -	\$673,103	\$924,000
Temporary Investments (Note 3)	2,017,559	302,079			2,319,638	2,516,101
Accounts Receivable (Note 4)	1,145,609				1,145,609	1,235,769
Other Receivables	54,972		50		55,022	356,605
Inventory	24,757				24,757	26,333
Prepays	88,579				88,579	148,001
	3,497,348	730,802	78,558	0	4,306,708	5,206,809
INVESTMENTS						
Reserve Fund (Note 5)		6,566,085			6,566,085	6,875,281
CAPITAL ASSETS (Note 6)	3,199,294				3,199,294	3,146,156
	\$6,696,642	\$7,296,887	\$78,558	\$ -	\$14,072,087	\$15,228,246
CURRENT LIABILITIES						
Accounts Payable & Accrued Liabilities (Note 1)	\$946,905		\$15,584		\$962,489	\$1,653,484
FUND BALANCES						
Unrestricted	5,749,737				5,749,737	5,888,305
Restricted		7,296,887	62,974	0	7,359,861	7,686,457
	5,749,737	7,296,887	62,974	0	13,109,598	13,574,762
	\$6,696,642	\$7,296,887	\$78,558	\$ -	\$14,072,087	\$15,228,246

Statement of Cash Flows

Year ended December 31, 2013

	2013					2012				
	Operating Fund	Reserve Fund	Development Fund	Conference Fund	TOTAL	Operating Fund	Reserve Fund	Development Fund	Conference Fund	TOTAL
CASH FROM OPERATING ACTIVITIES										
Excess (deficiency) of revenue over expenses	\$161,432	\$186,967	\$(871,918)	\$58,355	\$(465,164)	\$19,568	\$319,871	\$(292,943)	\$(334,337)	\$(287,841)
Items not affecting cash										
Accrued Interest	(49,064)	(115)			(49,179)	(41,581)	(1,854)	(160)		(43,595)
Amortization of capital assets	421,251				421,251	422,832				422,832
(Gain) / Loss on disposal of capital assets	5,470				5,470	9,419				9,419
(Gain) / Loss on sale of investments		2,874			2,874		6,900	132		7,032
Unrealized (Gain) / Loss on investments		82,913			82,913		(47,105)			(47,105)
	539,089	272,639	(871,918)	58,355	(1,835)	410,238	277,812	(292,971)	(334,337)	60,742
(Changes) in non-cash working capital	28,071		(266,325)		(238,254)	113,631		281,859		395,490
Net cash provided by (used in) operating activities	567,160	272,639	(1,138,243)	58,355	(240,089)	523,869	277,812	(11,112)	(334,337)	456,232
INVESTING ACTIVITIES										
Additions to capital assets	(523,859)				(523,859)	(534,191)				(534,191)
Proceeds on disposal of capital assets	44,000				44,000	22,100				22,100
Proceeds on sale of investments	345,752	972,350	300,160		1,618,262	1,073,778	679,549	300,000		2,053,327
Investment purchases	(450,160)	(699,051)			(1,149,211)	(1,041,500)	(1,126,621)	(300,000)		(2,468,121)
Interfund transfers	(300,000)	(373,542)	808,434	(134,892)	0	(300,000)	(26,188)	(54,412)	380,600	0
Net cash used in investing activities	(884,267)	(100,243)	1,108,594	(134,892)	(10,808)	(779,813)	(473,260)	(54,412)	380,600	(926,885)
INCREASE/(DECREASE) IN CASH AND BANK	(317,107)	172,396	(29,649)	(76,537)	(250,897)	(255,944)	(195,448)	(65,524)	46,263	(470,653)
CASH AND BANK, BEGINNING OF YEAR	482,979	256,327	108,157	76,537	924,000	738,923	451,775	173,681	30,274	1,394,653
CASH AND BANK, END OF YEAR	\$165,872	\$428,723	\$78,508	\$ -	\$673,103	\$482,979	\$256,327	\$108,157	\$76,537	\$924,000



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose of the Organization

The Holstein Association of Canada is a national organization authorized to register Holstein cattle in Canada. The basic purpose of the Association is to improve the breed of Holstein cattle. To this end, it maintains a Herd Book and provides many services to its members to assist them in evaluating, selecting and improving their herds. The Association is a non-profit organization incorporated under the Animal Pedigree Act and accordingly is not taxable by virtue of Section 149 (1) (e) of the Income Tax Act.

Basis of Accounting

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Fund Accounting

Revenues and expenses related to service delivery and administrative activities are reported in the Operating Fund.

The Reserve Fund reports assets, liabilities and revenues and expenses needed to provide for future contingencies.

The Development Fund reports assets, liabilities and revenues and expenses needed for special projects and business development.

Revenue Recognition

The Association recognizes revenue as services are rendered.

Registration, classification and breed improvement revenues are recognized in the year the service is provided.

Membership fee revenue represents annual membership fees paid by the Association's members. The Association recognizes membership fee rateably over the term of the membership and any unearned portion is included in Accounts payable & accrued liabilities.

Investment income is comprised of interest, dividends, realized gains (losses) and changes in unrealized gains (losses) and are recorded when earned (incurred).

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Inventory

The inventory is recorded at the lower of cost and replacement cost.

Foreign Currency Translation

At the transaction date, each asset, liability, revenue or expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date and the resulting foreign exchange gains and losses are included in income in the current year.

Cash and Cash Equivalents

The Association considers all highly liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents which are recorded at cost, including accrued interest, which approximates market value. There were no cash equivalents included in short term investments at December 31, 2013.

Relationship with Provincial Branches

Each member of the Association is charged an annual membership fee and a levy that is invoiced and collected by the Association and are remitted to the provincial branches pursuant to the by-laws of the Association. At year end, \$74,104 (2012 - \$72,081) is included in accounts payable and accrued liabilities.

Impairment of Long-Lived Assets

Management reviews the carrying amount of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment determined by a comparison of the estimated undiscounted future operating cash flows to be generated by the asset with its net carrying value is written off at the time of the impairment.

Capital Assets

The Association's capital assets are recorded at cost. Amortization is provided as follows:

	Composite Rates	Method
Building	30 yr.	Straight-line
Building Improvements	10 yr.	Straight-line
Sculptures		
Office furniture and equipment	20%	Straight-line
Automobiles	30%	Declining-balance
Data processing	3-5 yr.	Straight-line

Also included in capital assets is a Fafard Sculpture. This asset is not depreciated as it is considered to be a work of art.

Inter-fund Transfers

Inter-fund transfers represent amounts set aside to fund specific development projects. The Board of Directors approved the transfer of all amounts for the December 31, 2013 year end.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in operations. In addition, all bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

2. CASH AND BANK

The Association's bank accounts are held at one chartered bank. The bank accounts earn interest at average rate of 0.35 % per annum. The Association has a revolving demand facility in the amount of \$1,000,000 which bears interest at the bank's prime rate plus 0.3% per annum. At year end, this facility was not utilized. The Association also has a Visa facility to a maximum of \$450,000. These facilities are secured by a general security agreement constituting a first ranking security interest in all personal property of the Association.

3. TEMPORARY INVESTMENTS

	2013	2012
GIC's, due between February 18, 2014 and May 7, 2015, with interest rates between 1.8% and 2.3%	\$1,202,633	\$1,404,900
Ontario savings bonds, due June 21, 2014, variable interest	307,138	305,552
Ontario savings bonds, due June 21, 2016, variable interest	507,788	503,966
Ontario savings bonds, due June 20, 2017, variable interest	302,079	301,683
	<u>\$2,319,638</u>	<u>\$2,516,101</u>

4. ACCOUNTS RECEIVABLE

Accounts receivable are net of an impairment allowance of \$10,000 (2012 - \$10,000).

5. LONG-TERM INVESTMENTS – RESERVE FUND

	2013	2012
Fixed Income:		
Bonds and debentures		
Government of Canada	\$210,404	\$216,560
Canadian provincial and public authorities	3,261,035	3,083,108
Canadian corporate	1,275,948	1,824,822
	<u>4,747,387</u>	<u>5,124,490</u>
Equities:		
Preferred shares	501,865	599,655
Common shares	651,971	589,475
Mutual funds	664,862	561,661
	<u>\$6,566,085</u>	<u>\$6,875,281</u>

Bonds and Debentures

The Government of Canada bonds have a cost of \$203,860 (2012 - \$203,860), a fair value of \$210,404 (2012 - \$216,560) and an interest rate of 4.50% (2012 - 4.50%). This investment will mature within 2-5 years.

The Canadian provincial and public authorities bonds have a cost of \$3,128,342 (2012 - \$2,833,281), a fair value of \$3,261,035 (2012 - \$3,083,108) and interest rates of 2.90%-6.00% (2012 - 2.90%-6.00%). These investments will mature as follows: \$204,479 within 1 year, \$1,430,204 within 2 to 5 years and \$1,626,352 after 5 years.

The Canadian corporate bonds have a cost of \$1,216,746 (2012 - \$1,724,797), a fair value of \$1,275,948 (2012 - \$1,824,822) and interest rates of 3.35% - 5.15% (2012 - 4.10% - 8.30%). These investments will mature as follows: \$102,338 within 1 year, \$651,245 within 2 to 5 years and \$522,365 after 5 years.

Preferred Shares

The preferred shares have a cost of \$520,270 (2012 - \$563,180) and a fair value of \$501,865 (2012 - \$599,655). The preferred dividend yields range from 4.80%-5.80% (2012 - 4.75%-6.00%).

Common Shares

The equities consist of common shares with a cost of \$631,731 (2012 - \$588,118) and a fair value of \$651,971 (2012 - \$589,475). The shares have no fixed maturity dates and are generally not exposed to interest rate risk. Dividends are generally declared on an annual basis.

Mutual Funds

These funds have a cost of \$555,956 (2012 - \$555,477) and a quoted market value of \$664,862 (2012 - \$561,661).

6. CAPITAL ASSETS

ASSET	2013			2012		
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
Land	\$328,851		\$328,851	\$328,851		\$328,851
Building	3,008,125	\$1,203,484	1,804,941	3,008,125	\$1,103,184	1,904,941
Building Improvements	85,221	17,044	68,177	85,221	8,522	76,699
Fafard Sculpture	177,525		177,525	177,525		177,525
Office furniture and equipment	1,320,335	1,231,125	89,210	1,347,131	1,253,667	93,464
Automobiles	946,448	372,547	573,901	846,805	418,808	427,997
Data processing	4,289,135	4,132,146	156,989	4,251,659	4,114,980	136,679
TOTALS:	\$10,155,640	\$6,956,346	\$3,199,294	\$10,045,317	\$6,899,161	\$3,146,156

7. PENSION PLAN

The Association maintains a defined contribution pension plan for all employees whereby it matches employee contributions up to a maximum of 5% of salary. The pension expense for the year was \$173,550 (2012 - \$177,698).

8. INVESTMENT INCOME

The operating fund investment income is comprised of interest income from a bank account in the amount of \$1,436 and interest income in the amount of \$49,064 on temporary investments.

The reserve fund investment income is comprised of interest income and dividends in the amount of \$283,875 and a \$2,875 loss on the sale of investments.

The development fund investment income is comprised of interest income in the amount of \$445 on temporary investments.

The total amount of unrealized gain (loss) (net) to adjust the reserve fund investments to fair market value at year end is (\$82,913) (2012 - \$47,105) and has been included in the reserve fund statement of operations and changes in fund balances.

9. FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT

Management has established policies and procedures to manage risks related to financial instruments, with the objective of minimizing any adverse effects on financial performance. A brief description of management's assessments of these risks is as follows:

(a) General Objective, Policies and Processes:

The Board and management are responsible for the determination of the Association's risk management objectives and policies and designing operating processes that ensure the effective implementation of the objectives and policies. In general, the Association measures and monitors risk through the preparation and review of monthly reports by management. The Association's financial instruments are primarily exposed to credit, market and liquidity risks. The Association has formal policies and procedures that establish target asset mix. The Association's policies also require diversification of investments within categories, and set limits on exposure to individual investments.

(b) Credit Risk:

Financial instruments potentially exposed to credit risk include cash, investments and accounts receivable. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally these deposits may be redeemed on demand and are maintained with financial institutions of reputable credit and therefore bear minimal risk. Investments are not significantly concentrated and are primarily invested in high grade investments. Management considers its exposure to credit risk over cash to be remote as the Association holds cash deposits at one major Canadian bank. Receivables are due from a large membership and customer base, which is geographically dispersed. The Association evaluates its members' and customers' financial condition and limits the amount of credit extended when deemed necessary. The Association utilizes an allowance for doubtful accounts to record potential credit losses associated with its trade receivables and credit losses to date have been within management's expectations.

(c) Interest Rate Risk:

The Association is exposed to interest rate risk arising from fluctuations in interest rates depending on prevailing rates at renewal of investments. To manage interest rate exposure, the Association invests in fixed income vehicles backed by chartered banks, municipal, provincial and federal governments.

(d) Liquidity Risk:

Liquidity risk is the risk the Association will not be able to meet its financial obligations as they come due. The Association has taken steps to ensure that it will have sufficient working capital available to meet its obligations by maintaining sufficient cash levels and investing in short term, high grade investments.

(e) Foreign exchange Risk:

The Association is exposed to currency risk through holdings of investments in foreign currencies. Fluctuations in the relative value of foreign currencies against the Canadian dollar can result in a positive or negative effect on the fair value and future cash flows of these investments. Less than 2% of the Association's portfolio is subject to foreign currency risk.

10. CASH FLOW SUPPLEMENTARY INFORMATION

<u>Changes in Working Capital:</u>	2013	2012
Accounts Receivable	\$90,160	\$11,757
Other Receivables	301,583	(279,427)
Inventory	1,576	(7,253)
Prepaid	59,422	(32,826)
Accounts Payable & accrued liabilities	(690,995)	703,239
Net Change	<u>\$(238,254)</u>	<u>\$395,490</u>



connecting with members in QC



connecting with members in BC



Prefix: **PURE**
 Family: **David & Sara Simmons**
 Location: **Corner Brook, NFLD**
 # of Milking Cows: **110**

Why are you passionate about being a Holstein Canada member and/or being part of the Canadian dairy industry?

We are passionate members of Holstein Canada because we love the Holstein breed and have strong beliefs in the association's programs. It's a pleasure walking into our barn each and every day to work with our cows.

