



2014 ANNUAL REPORT



**“ Proud to be a part of
the next generation of
Holstein enthusiasts. ”**

-Cindy Jatón, QC



mission statement

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

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*Holstein Canada supports our
industry's future by fostering the next
generation of dairy leaders*

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132nd Annual General Meeting of Members

Delta Hotel Fredericton
Breakfast in the Grand Ballroom Foyer starting at 7 a.m.

AGENDA

1. Welcome and National Anthem
2. Call to Order
3. Approval of the Agenda
4. Moment of silence in memory of departed members of the Holstein Canada Family
5. Minutes of 2014 Annual General Meeting of Members (AGM)
6. Address of the President: **Mario Perreault**
7. Address of the Chairman of the Board: **John Buckley**
8. Chief Executive Officer Report: **Ann Louise Carson**
9. 2014 Financial Report: **Ron Sleeth**
10. Presentation of the 2015 Budget: **Ron Sleeth**
11. Appointment of Audit Firm: **Ron Sleeth**
12. Introduction of Industry Partners: **Harry Van der Linden**
13. Remarks from International Guests & Dairy Farmers of Canada
14. Century of Holsteins Award Presentation: **Doug Peart**
15. 2015 Member Resolutions: **Harry Van der Linden & Gilles Côté**
16. Update on Breed Strategy Vision 2020: **Elyse Gendron**
17. Members' Input Session
18. Invitation to the 2016 National Convention and AGM in Alberta: **Glenn Hockley**
19. Thank you to Mario and Lynda Perreault: **John and Karen Buckley**
20. 2014 Cow of the Year: **Richard Bosma**
21. Adjournment: **Mario Perreault**

GUEST SPEAKER: **Martin Latulippe** – to follow immediately

Master Breeder Gala: 6:00 p.m.



Mario Perreault
President

Dear Holstein members,

It is a great honour to share a few words with you on the occasion of Holstein Canada's 132nd Annual General Meeting of members. It has been a real privilege to represent you on your Association's Board of Directors over the last eight years.

This year was very rewarding for me. What truly motivates me about the Board is that we all share the same goal: to make the best decisions for all Holstein Canada members.

My goal has been very clear since the beginning of my mandate: there is nothing better than teamwork to lead such a large Association! With high-calibre Directors and the dedication of our staff under the direction of Ann Louise, we have had a wonderful year which, at times, passed by too quickly.

Holstein Canada is strongly focused on the future without forgetting our roots. I had the chance to witness a page of history with the unveiling of the bronze statue of *Johanna Rag Apple Pabst* during a beautiful ceremony at Mount Victoria Farm. It is important for me to mention this as the statue represents a way to say "thank you" to all who are dedicated to our great breed. Thanks to you, we can accomplish amazing things today and look to the future with great optimism.

We must all look ahead. As such, we are proud of our Young Leader program geared at preparing our future. Last November, I had the opportunity to visit the TD Classic – what a wonderful experience!

The passion and optimism of these young people are an inspiration to our breed and our industry. There are so many other activities I could mention as well.

We continually strive to be renewed, often thanks to the energy of our youth. In 2014, the National Judging Conference was held for the first time in Prince Edward Island. At the suggestion of our hosts, 10 young leaders joined 50 seasoned official judges; this is yet another example of how we are preparing for the future.

Communication

With all of the new technologies, such as social networks, genomics and automated and robotic milking systems, we need to "talk" more than ever! Life is evolving, but the famous saying: "the more we talk, the more we understand" never changes! Our team is present in the field more than ever before, to give you more information and to better meet your needs. Please don't hesitate to contact us.

Communication and dialogue among the various partners working for you, our members, is now more important than ever. Holstein Canada works closely with our industry partners. Here are a few highlights from the year:

- Stronger ties with Dairy Farmers of Canada (DFC) resulted in very good conversations, allowing us to start the discussion about potentially sharing our employees as part of the proAction initiative (Animal Care Assessment component). We are two national organizations, governed

by producers for producers. To this end, we share a common vision, while still respecting the scope of each organization.

- Together with Canadian Dairy Network (CDN), AI centers and DHI agencies, Holstein Canada will be present at the discussions surrounding our genetic indexes. These discussions are of primary importance to ensure that Canadian genetics remain a top choice both at the national and international levels. Our Canadian identity is here to stay!

Looking ahead

Let's talk a little bit about the future. Our new Herdbook will be available in the fall of 2015 to improve the functionality of our services. In addition, Holstein Canada will be able to offer quality services to the other Canadian dairy breeds and to other countries that are wishing to work with us. This is only the beginning – our renowned Classification system will also be within their reach.

As far as international promotion is concerned, Holstein Canada has always made a point of being present and welcoming to support markets opening up. Even if we have been more discreet in recent years, you will see our efforts come to life starting this year. Among other events, we welcome the Conference of the Americas in November 2015 to allow our Latin American colleagues to discover our farms, our genetic system and our know-how. The highlight will be our National Show at the RAWF – an event not to be missed by enthusiasts of our beautiful breed.

I'm really optimistic about the future of Holstein Canada. You have elected high-calibre Directors that demonstrate great leadership – I invite you to continue to take this role very seriously, because it all starts with your choice. Additionally, we have such a dedicated and competent staff. I have so much confidence in the future because of this. I encourage you, our valued members, to always get involved in the discussions and the decisions of your Association, because it is YOUR Association.

In closing, please allow me to say a few words of thanks :

- Thank you to my fellow Directors for your confidence and your support.
- A special thanks to my two closest advisors, Vice-Presidents John Buckley and Robert Chabot; their advice has been invaluable.
- Thanks to our CEO Ann Louise for her dedication and all of the support she has given me throughout this great year. It was a pleasure working with you.
- A very special thanks to the wonderful team at Vieux Saule Farm; they allowed me to live this experience to the fullest. I want to thank my family; a special thanks to our son Jimmy, who took on a lot of responsibilities and of course, thank you to the woman of my life, Lynda, who has always been a great support.
- And lastly, but most importantly, thank you, valued members, for everything that you have given me over the last eight years. It has been an experience I will never forget.

Respectfully,

A handwritten signature in dark ink that reads "Mario Perreault".

Mario Perreault, President
Saint-Esprit, Québec



John Buckley
Chairman

It is my honour to give an overview of the Board of Directors' 2014 activities. The Board met five times in 2014, with two of these meetings being coordinated with major industry events and farm tours. Chatting with members in different regions of this great country greatly enhances our Board discussions and decision-making process.

The mission of Holstein Canada is: "To provide leadership through genetic improvement programs and enhance profitability for all dairy producers." As a Board, we review this strong statement at every meeting, using it to guide us in our decision-making for the betterment of our members.

2014 was a year in which we implemented the goals defined in the 2013-2104 Strategic Plan while at the same time collecting feedback and planning for our current three-year plan. This occurred while keeping a close watch on the core areas of membership retention, classification and registration.

To reach our goals, the Board was strongly supported by our Management Team and our 11 Board committees made up of members from across Canada.

Some of the highlights from 2014 include:

- The Canadian Breed Strategy was launched at the Sherbrooke AGM with its Vision for 2020. It is now our responsibility to monitor progress closely.
- In view of our profitability emphasis, the Board supported the concept of a second national index currently being explored, and participated actively in the discussions.
- Continued extension work on new technologies such as genotesting, which we are pleased to see has increased in all provinces.
- Supporting our Young Leaders at many levels remains a top priority for Holstein Canada. As an example, in 2014 a Canadian group participated in the European Young Breeders School in Belgium for the first time since 2010. The article in *InfoHolstein* tells the story; we couldn't be more proud. Hats off for a job well done! Stayed tuned for more great opportunities at home and abroad!
- Conformation assessment remains a corner stone of dairy herd management. The study on the Value of Conformation, released with DHI and CDN data, spoke to the profitability of this important tool.
- The three-year Show Ethics program launched by the

Board received immediate buy-in by major shows in Canada. This is most encouraging.

In this changing world, technology is by far the key factor creating and leading this change. You as members see this at your farm and we see it at Holstein Canada. To this end, the Board is very supportive of a major re-write of our Herdbook software which will see its first phases implemented in 2015. We eagerly look forward to seeing this new Herdbook in action. The project has taken a few more months than originally anticipated, however the Board, who has been well-informed along each step of the way, agreed unanimously it is about getting it done right.

While on the technology page, members will have noticed with examples such as an increased Social Media presence, our communication strategy in 2014 took on more of a technology focus. The power of this type of communication is quite amazing. In addition, *InfoHolstein* continues to be an insightful tool for our members as it touches on current topics and allows more in-depth communication.

The Board of Directors is very grateful for the work and support of the nine Branches. We feel this link has never been better and yet we take nothing for granted, and strive to continuously strengthen our relationship. This is the secret to growing membership, promoting HC programs and making the members aware of their benefits in management decisions. Branches are such great advocates for the Canadian dairy industry.

It has been a privilege to work with the 2014-2015 Board of Directors. We are also very fortunate to have a CEO like Ann Louise and her team who make all of us want to do our very best.

Over the years, Holstein Canada has been built one member at a time, creating a strong organization based on working together and listening to each other. Together we are the strength of Holstein Canada.

Respectfully,

A handwritten signature in dark ink that reads "John Buckley". The signature is written in a cursive, flowing style.

John Buckley, Chairman
Lindsay, Ontario

"As a National Director, my first responsibility has always been to ensure the interests of Holstein Canada are protected and our members are represented from all provinces coast to coast regardless of their business size." - Ron Sleeth, Eastern Ontario



(L-R): Elyse Gendron (QC); Robert Chabot, 2nd Vice President (QC) ; Doug Peart (ON); Ron Boerchers (SK & MB); Gerald Schipper (ON); Orville Schmidt (AB); John Buckley, Vice President (ON); Richard Bosma (BC); Mario Perreault, President (QC); Gilles Côté (QC); Harry Van der Linden (Atlantic provinces); and Ron Sleeth (ON).





Ann Louise Carson, agr.
Chief Executive Officer

Full steam ahead!

Moving steadily ahead is the only viable option in life. Holstein Canada has made a clear decision to move ahead with optimism as we are so encouraged about the current and future state of our great industry.

Moving ahead does not mean changing *everything* – au contraire! It means building upon current winning strategies and fine-tuning others, while discarding some approaches which worked in the past but are not suited for the future.

This is what happened at Holstein Canada in 2014. We wrapped up our 2013-2014 Strategic Plan with many projects now being operational, and we quickly began planning for our current 2015-2017 Strategic Plan (see page 8). We did this while maintaining financial objectives, meaning no fee increases. *Like farming, managing Holstein Canada is about “where and how” to invest, as much as knowing “how much” to invest.* It is about making the right decisions based on as much information as possible.

You the members are the most important source of this information. We are pleased to have such great support from all nine Branches and want to be very clear Holstein Canada will continue to create an environment to allow these crucial relationships to grow. The same dairy producer and the same cow take care of us all. Working with Industry Partners and other breeds is also a road we love to take.

Herd Profitability is the name of the game

With an emphasis on your herd's profitability, the Holstein Canada Team supported the Board in some major “\$” discussions this year. Some concrete examples:

- On-going discussions with our genetic Partners on a new profit-based genetic index and the opportunities this can mean to “relaunch” our LPI.
- The *Value of Conformation Study*, in collaboration with CDN and our DHI agencies. Facts are facts: classification is a great investment and we are proud our members see this value.
- Conformation Assessment pricing was adjusted to herd size reality.

Technology is today's reality

We live in a very exciting technological world - it affects how we work, how we communicate with each other and how we plan

our days. There are many concrete signs of how Canadian dairy producers are embracing technology:

- Surpassing, by nearly 10%, the 20K genotest level
- Extensive use of social media by producers
- 89% of our registrations are electronic

A complete rewrite of our core software, known as the “Herdbook” project is a top priority at Holstein Canada. The scope of this project merited a deadline review. All is in place for delivery of Phase I in late 2015. Scoping of the next phases, including rewriting our Conformation Assessment software, will also start in 2015.

These Herdbook phases are just the tip of the technology iceberg. With sophisticated on-farm milking systems, therefore access data, expanding every day, you have our promise Holstein Canada will strive to stay in tune with your “tech-savvy” approach.

People first

Herd profitability, genetic advancement and technology are key factors in being successful in the Holstein business, but PEOPLE create success. Holstein Canada will always have programs emphasizing the “people” of this great business, from encouraging Young Leaders, to celebrating Master Breeders, to supporting Judges and Shows and everything in between.

To the people I have the great pleasure of working with, I say thanks from the bottom of my heart. Thank you to the Board for their vision and guidance. Thank you to my devoted colleagues for seeing out this vision. Holstein Canada members are so supportive and open with their comments. This is how we move *Full Steam Ahead*. This attitude is reflected in the Board of Directors you elect, which is very motivating for the Team.

A special heartfelt word of gratitude to outgoing President Mario. The only thing which surpasses his passion for this great breed and Association is his utter determination to be his very best for you, the members. It was a privilege to witness this first hand. *Merci Mario.*

Respectfully submitted,

Ann Louise Carson, agr., CEO

Adapting to today's and tomorrow's realities

Holstein Canada members have the privilege of connecting their Passion and Profit in a supply management context. In full support of the three pillars of this unique production system, Holstein Canada will in turn work with three of its own pillars to support members in our evolving industry. These goals are designed to contribute to the Canadian Breed Strategy "2020 Vision".

1/ ON-FARM REALITY**1A. Value-added services**

To emphasize profitability of core services/tools and to develop processes which increase their on-farm profitability and usage

1B. Communication / Extension

To be proactive in communicating and promoting existing and newly developed tools and services

1C. Young Leaders

To engage the next generation, offering programs to meet their specific needs

2/ TECHNOLOGY REALITY**2A. Multi Breed Herdbook**

To deliver integrated software which facilitates timely and efficient on-farm processes and information access

2B. Classification

To develop and globally market a state-of-the-art classification software

2C. Data Access

To discover, facilitate exchange and use of data from (1) on-farm software/data (2) other business or partners (i.e., sale barns, ET, vets) in order to enhance current services and add value for future services

3/ INDUSTRY / MARKET REALITY**3A. Partner Collaboration**

To work closely with all Industry Partners (genetic and DFC) to facilitate efficient on-farm and administrative services

3B. International Promotion

To actively support the success of Canadian genetics and services on the global market

3C. Shows & Judging

To develop and promote a standard program for the successful promotion of Canadian cattle on the domestic & global markets

These goals will be reached with:

- A Governance structure close to its members, seeking grassroots feedback and direction
- Close links with Branches and Clubs
- A highly trained, professional and accountable Team who can relate to members in economic, tech-savvy, timely, value-added ways, always respectful of client realities



Your Fearless Leaders— Holstein Canada's Management Team! (l-r): Lynne Berwick (Human Resources), Mark Cummings (Finance), Bethany Muir (Classification & Field Services), Ann Louise Carson (Chief Executive Officer), Linda Ness (Strategic Communications), Linda Markle (Herdbook & Genotyping Services & Assistant CEO), and Peter Brand (Business & Technology Solutions).

THE BOARD COMMITTEES OF 2014



AWARDS

Richard Bosma (BC)
(Chair)

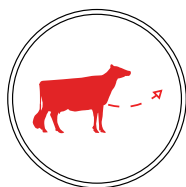
Ron Boerchers (MB)
Doug Peart (ON)



AUDIT, RISK MANAGEMENT AND FINANCE

Ron Sleeth (ON)
(Chair)

Ed Bennett (ON)
Harry Van der Linden (NS)
Orville Schmidt (AB)
Robert Chabot (QC)



BREED ADVISORY

Elyse Gendron (QC)
(Chair)

Josh Ireland (ON)
Ian Crosbie (SK)
Mathieu Lemire (QC)
John Schenkels (NB)



COW OF THE YEAR

Doug Peart (ON)
(Chair)

Tom Hawman (ON)
Jocelyn Nault (QC)
Lorne Briscoe (ON)
Stephane Dufour (QC)



ELECTION

Glen McNeil (ON)
(Chair)

Kevin Werry (ON)
James Cranston (ON)



GOVERNANCE

Gerald Schipper (ON)
(Chair)

Elyse Gendron (QC)
John Buckley (ON)
Mario Perreault (QC)
Ralph Dietrich (ON)



NATIONAL/BRANCH JOINT MEETING REPRESENTATIVES

Ron Boerchers (MB)
(Chair)

Gilles Côté (QC)
Harry Van der Linden (NS)
John Buckley (ON)
Mario Perreault (QC)



CLASSIFICATION ADVISORY

Robert Chabot (QC)
(Chair)

D.R. Vaandrager (BC)
Callum McKinven (QC)
Bloyce Thompson (PE)
Frank Donkers (ON)
Ben Loewith (ON)
Dr. Gord Atkins (AB)
Brian Carscadden (ON)
Gerald Schipper (ON)



SHOW

Orville Schmidt (AB)
(Chair)

Markus Hehli (AB)
John DeVries (ON)
Tyler Doiron (QC)
Thierry Jaton (QC)
Jamie Lewis (PE)
Alan Hawthorne (ON)
Herb Henderson (ON)



TRADE/HEALTH

Dr. Guy Boisclair (QC)
John Buckley (ON)
Robert Chabot (QC)



YOUNG LEADER ADVISORY

Harry Van der Linden (NS)
(Chair)

Stephanie Warner-Murphy (ON)
Nick Brown (NB)
Melissa Marcoux (QC)
Kenton Lindenbach (SK)

CONFORMATION
ASSESSMENT ACTIVITY

	2014	2013	2012	2011	2010
REGULAR	11,492	12,176	10,905	12,864	13,755
MID-ROUNDS	5,708	4,823	5,253	4,918	4,828
SPECIALS	7	6	6	6	6
HOLSTEIN ANIMALS	244,919	248,417	236,569	235,097	239,651
OTHER DAIRY BREED ANIMALS	17,979	18,161	16,273	16,097	16,250
TOTAL ANIMALS	262,898	266,578	252,842	251,194	255,901

CLASSIFICATION ACTIVITY BY PROVINCE

	ROUND 84 - APR'13-FEB'14				ROUND 85 - JAN'14-OCT'14			
	REGULAR HERDS	MID-ROUND HERDS	HOLSTEIN ANIMALS	OTHER BREED ANIMALS	REGULAR HERDS	MID-ROUND HERDS	HOLSTEIN ANIMALS	OTHER BREED ANIMALS
BRITISH COLUMBIA	286	143	9,502	473	271	149	10,707	466
ALBERTA	297	161	10,766	280	290	161	11,214	313
SASKATCHEWAN	75	42	2,781	42	68	50	3,298	44
MANITOBA	159	72	5,051	166	148	73	5,049	263
ONTARIO	2,434	1,224	51,905	4,245	2,411	1,237	52,208	3,923
QUEBEC	4,092	1,486	66,934	5,953	4,035	1,502	61,129	5,604
NEW BRUNSWICK	108	48	2,359	274	108	44	2,308	263
PRINCE EDWARD ISLAND	94	66	2,501	107	95	57	2,392	83
NOVA SCOTIA	130	81	3,342	156	125	80	3,389	228
NEWFOUNDLAND	10	5	462	0	10	5	528	1
TOTAL:	7,685	3,328	155,603	11,696	7,561	3,358	152,222	11,188

STATEMENT OF OPERATIONS (COMPARATIVE BY PROVINCE)

	TOTAL MEMBERSHIPS		PUREBRED REGISTRATIONS		PERCENTAGE REGISTRATIONS		RECORDED REGISTRATIONS		TOTAL TRANSFERS		GENOMIC TESTS	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
BRITISH COLUMBIA	406	399	13,969	13,936	4,598	4,635	1,200	1,175	1,458	1,043	2,126	2,981
ALBERTA	471	482	18,388	19,081	4,586	5,670	741	864	1,724	2,063	534	395
SASKATCHEWAN	127	130	4,920	5,130	1,258	1,335	115	279	769	680	633	290
MANITOBA	261	275	7,439	7,573	1,783	2,295	268	449	649	894	977	538
ONTARIO	3,860	3,968	80,296	80,506	16,422	19,186	2,251	2,895	11,705	10,959	4,920	2,104
QUEBEC	4,873	4,998	86,932	88,644	12,082	13,486	1,849	2,025	13,036	13,406	8,862	7,633
NEW BRUNSWICK	185	185	3,800	3,845	1,438	941	207	223	236	233	2,512	141
PRINCE EDWARD ISLAND	177	177	3,789	3,903	346	395	58	57	1,012	597	298	120
NOVA SCOTIA	203	210	4,446	4,340	628	1,225	148	311	537	406	302	214
NEWFOUNDLAND	16	16	352	292	733	633	25	120	93	20	674	296
INTERNATIONAL	5	2	2	0	0	0	0	0	717	313	1	0
TOTALS:	10,584	10,842	224,333	227,250	43,874	49,801	6,862	8,398	31,936	30,614	21,839	14,712

SUMMARY OF
REGISTRATION BY SOURCE

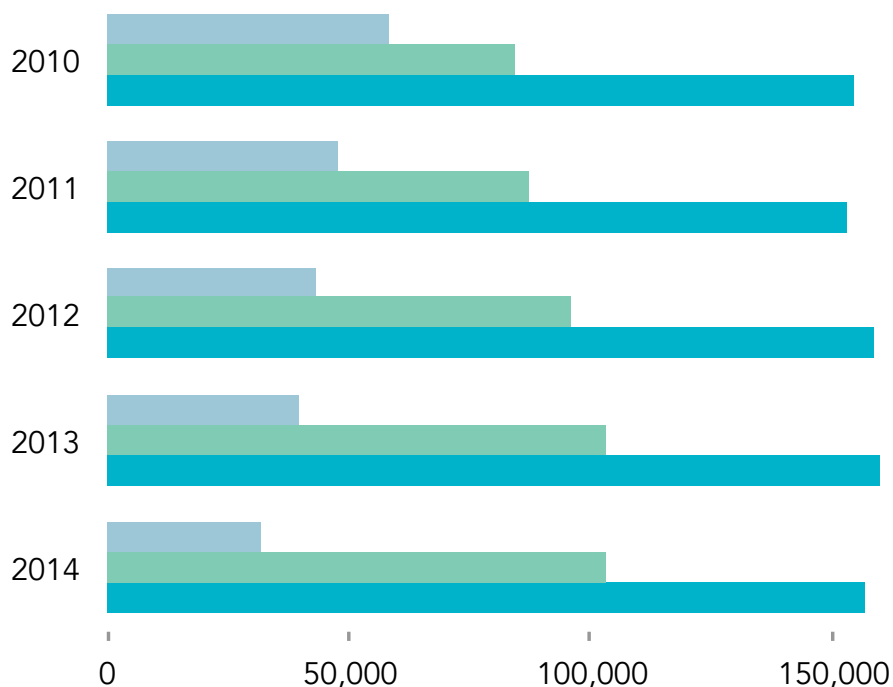

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INTERNET



ERA-DHI

**YOUNG LEADER EXCHANGE PROGRAM**

Youth expanding their horizons •▶



The Australia Youth Exchange sponsored by Holstein Canada/Semex Alliance made me realize *wherever we are farming in the world, we face some challenges and we need to adapt our farm management to the different environment and conditions surrounding us in order to have a healthy business: profitable and efficient.* Obviously, this exchange has also allowed me to meet many people in the dairy industry, increase my international network and make some lifelong friendships. Thanks Holstein Canada and the Semex Alliance for the amazing opportunity!

- Roxanne Montplaisir, Québec



**MASTER BREEDER AWARDS***Awarding Breeding Excellence*

ALBADON	Albadon Farms Ltd	Teeswater, ON	MILIBRO	Ferme Milibro Inc	Tingwick, QC
BENNER	Benner Holsteins Ltd	Steinbach, MB	NARWOOD	Don & Diane Catt	St. Thomas, ON
DERIC	Ferme Lavigne Inc	Ste. Anne de Prescott, ON	RICSTAR	Ferme Gourin-Ricstar	St. Hyacinthe, QC
DESNETTE	Desnette Holstein	Warwick, QC	RISKINBROOK	Joe McGriskin & Family	Norwood, ON
DROLIE	Drolet & Fils	St. Raymond, QC	SIGNATURE	Signature Holsteins	Morrisburg, ON
GLENWIN	Patti Alsop	Singhampton, ON	SILVERRIDGE	Silverridge Farms Ltd	Springfield, ON
GOULDHAVEN	Gouldhaven Farms	Foresters Falls, ON	SUNTOR	Suntor Holsteins	Orms town, QC
HEIWA	Heiwa Farm	St. Albert, ON	TELFORD	Telford Farms	Abbotsford, BC
KARONA	Pierre Caron	Plessisville, QC	WALNUTLAWN	Walnutlawn Farms Limited	Tavistock, ON
LILBRI	Lilbri Holsteins	Almonte, ON	WHITNELL	Whitnell Holsteins	Wainfleet, ON
MASKITA	Ferme Maskita	St. Hyacinthe, QC			

CENTURY OF HOLSTEINS*For the Last 100 Years of Continuous Holstein Canada Membership**1915 to 2014*

BEAVERVIEW	MacDonell Family	Williamstown, ON
FLORAHOLME	Floraholme Farms Ltd.	Floradale, ON
ORCHARD GORE	MacLeod Family	Dalkeith, ON
LA PRESENTATION	Blanchette Family	La Présentation, QC

YOUNG LEADER EDUCATION AWARDS*Supporting youth education**Class of '14*Deanna Ringelberg
Troy, ONDennis Catt
St. Thomas, ONLaurence Boulet
St. Francois, QCMaggy Desrochers
Victoriaville, QC

While only 2% of Canadians are involved in primary production, agriculture is Canada's 2nd largest industry and is very important to Canada's economy. *One challenge farmers face today and will continue to face in the future is educating the public about agriculture and showcasing our high quality standards. The consumer wants to know farmers are looking after their livestock and using environmentally sustainable farming practices to produce safe food. It is our job as farmers to share our knowledge and bridge that gap.*

A second challenge is only 15% of small businesses and family farms make the transfer from the second generation to the third. This is alarming. In order to ensure a smooth transfer through the generations, while it may be difficult, succession planning cannot be ignored.

In my opinion, these are two of the biggest challenges agriculture will continue to face now and in the future.

YOUNG LEADER
ADVISORY COMMITTEE

Fostering the next generation of young dairy enthusiasts will lead our industry into a bright future. We are committed to developing opportunities to assist, educate and involve young adults in their Holstein related interests. The youth of today are the members, customers and leaders of tomorrow. The goal is to encourage and support young Holstein enthusiasts to become active proponents of the Holstein breed.

“ The Young Leaders program has allowed me to meet many great people that have become very close friends throughout the country. This has given me opportunities throughout the entire country, that may not have happened if it wasn't for the young leaders program. It has also encouraged me to try new things with the demonstrations that are held on the farm tours with the National Convention. *The young leaders program has impacted future decisions of mine in wanting to get involved on the National board in years to come.* ”

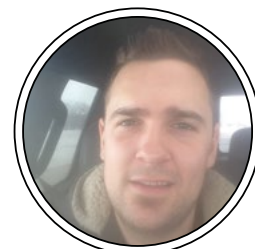


Melissa Marcoux
(Quebec)



Stephanie Murphy
(Ontario)

“ What I like the most being on the committee is actually being a part, in a certain way, of the Association's decisions and having a real impact on the future of young people of my generation. With the Young Leader Committee, we get the opportunity to create national events that will allow young leaders, including myself, to develop a social network, friendships across the country, and that will certainly increase our level of knowledge. *I think that with the place that the Association leaves us, and the importance we are given, its future and succession are in very good hands!* ”



Kenton Lindenbach
(Western Canada)



Nick Brown
(Atlantic Canada)



“ The most valuable aspect of my HC membership is the ability to accurately identify the animals in the herd that are the most desirable, placing higher selection intensity on them, while minimizing progeny from the bottom end of the herd. *We use all the tools available from Holstein Canada to paint the most accurate genetic picture of the herd.* I use that data to make more informed mating decisions to breed functional cows and increase profits. ”

“ I think the young leader program is extremely important. *It's a great opportunity for young Holstein enthusiasts to network, meet and discuss current industry topics.* I believe it allows young people to gain insight into the dairy industry, growing their interest as young leaders are really the future of the industry. ”



**young
LEADER**
PROGRAM 

A. Technology

1. SUBMITTED BY BRANCH / CLUB: ONTARIO

- Whereas Holstein Canada is committed to responsible leadership, embracing technology and passion for the dairy industry;
- Whereas the continuity of the Holstein breed depends on the interest and passion of the next generation;
- Whereas, members of younger generations are accustomed to having technology at their fingertips and rely on social media and mobile devices for everyday use;

Be it resolved a Holstein Canada mobile app for their website be created.

Action: Following completion of the Herdbook software rewrite in late 2015, the request for a mobile app will be reviewed with consideration of both the development requirements and the estimated \$50K cost per application.

B. Breed Improvement

2. SUBMITTED BY BRANCH / CLUB: ONTARIO

- Whereas dairy strength, including width of chest, translates into a cow that can produce large volumes of milk;
- Whereas first lactation cows calve younger and need the stature and size to be able to compete within the herd;
- Whereas an animal still has the potential to grow into a mature cow that can produce many lactations of milk;

Be it resolved the evaluation of height front and stature continue to allow dairy producers to have proof information that will allow them to make proper breeding decisions based on their own specific breeding goals.

Action: At this time, there are no plans to stop the collection of data for height front and stature in the conformation program.

3. SUBMITTED BY BRANCH / CLUB: QUÉBEC

- Whereas for economic reasons, breeders are more and more focused on having their cows calve at shorter intervals;
- Whereas a one-month dry period is not realistic for all farms;
- Whereas cows that calve within their 365 days and are dry for 60 days are penalized on their BCA for not attaining 305 days;

Be it resolved Holstein Canada look at lowering the number of days so that our cows' BCA would not be penalized.

Action: The "Industry Standards Committee" of CDN in collaboration with industry partners reviewed lowering the number of days. The International standard for lactation length is 305 days. Further to making this adjustment for BCA calculations it would require major programming changes at Canadian DHI for relatively few lactations. The committee will review the BCA factors and adjustments as a research project.

4. SUBMITTED BY BRANCH / CLUB: ONTARIO

- Whereas the LPI formula has been a tool used to assist Canadian Holstein Breeders for the past 30 years;
- Whereas CDN information indicates breeders place more emphasis on sires and dams that excel in conformation with lesser emphasis on production traits;
- Whereas we believe an LPI formula that more closely reflects current breeder choices will be more useful and meaningful;
- Whereas there needs to be more stability among the LPI rankings to give more confidence to the Canadian evaluation system;

Be it resolved Holstein Canada, in consultation with industry partners and the GEB Committee, update the LPI formula to reflect the mating choices currently being made by Canadian Holstein Breeders.

Action: Since the 2014 AGM, Holstein Canada, via its grassroots Breed Advisory Committee and Board of Directors, has been actively engaged in all discussions regarding potential changes in the LPI and implementation of new profit-based index. Currently foreseen for the August 2015 genetic release, Holstein Canada will continue to follow this important file due to its impact on the breed.

C. Working with Partners

5. SUBMITTED BY BRANCH / CLUB: NOVA SCOTIA / NEWFOUNDLAND

- Whereas Johnes disease is a major concern in cattle and other species;
- Whereas Regional Johnes programs in some regions are now coming to an end in Canada;
- Whereas Johnes control needs a long term strategy;

Be it resolved *Holstein Canada, along with industry partners, including Governments, collaborate to develop a long term Johnes Program with the goal of eliminating Johnes from the Canadian Dairy Herd.*

Action: *This will be discussed with Canadian Dairy Herd Improvement Partners.*

D. Herdbook

6. SUBMITTED BY BRANCH / CLUB: QUÉBEC & ONTARIO

- Whereas, calves born as a result of Embryo Transfer are identified as ET;
- Whereas, more manipulation is involved in "In Vitro Fertilization" and the resulting IVF pregnancy;
- Whereas there has been some observed reduction in survival rates along with increased gestation lengths resulting in increased calf size and difficult births;
- Whereas use of IVF technology is increasing among Holstein breeders;
- Whereas some farmers are more reluctant to buy calf in vitro;

Be it resolved *that calves resulting from IVF be coded upon registration and once coded, it may be a good research project to confirm/evaluate expected productivity/ performance (i.e. influence of epigenomics).*

Action: *Following completion of the Herdbook software rewrite in late 2015, Holstein Canada will print "IVF" on Certificates of Registry and Pedigrees for all Canadian registered ET calves when conception / fertilization type is in-vitro.*

7. SUBMITTED BY BRANCH / CLUB: QUÉBEC

- Whereas heifers tested for freemartinism generally come from our best genetics;
- Whereas breeding a heifer is extremely expensive for a dairy farm;
- Whereas the DNA blood test is not 100% accurate;
- Whereas the veterinarian does a palpation test at about 6 months of age, but Holstein Canada does not issue a registration certificate until the pregnancy is confirmed;
- Whereas a breeder should have the right to sell a heifer that has a registration certificate and a negative DNA test, a guarantee that the heifer is fertile;

Be it resolved *Holstein Canada not issue a registration certificate until the pregnancy is confirmed.*

Action: *Implementation was in October 2014 with full details published in the January/February 2015 issue of the InfoHolstein.*

F. Administration

8. SUBMITTED BY BRANCH / CLUB: NOVA SCOTIA / NEWFOUNDLAND

- Whereas Holstein Canada offers a diverse array of services to members;
- Whereas some services are mandatory and others are optional;
- Whereas most service providers are offering bundle prices for clients;

Be it resolved *Holstein Canada investigate the possibility of a lifetime service fee for a cow including genomics, tags, registration and classification.*

Action: *This resolution is part of Holstein Canada's 2015 - 2017 Strategic Plan for review and investigation.*

#Holstein #Passion



3,300 FRIENDS



5,500 FRIENDS



April 5, 2014
Starting the @HolsteinCanada
master breeder night with a
#stuckinthelevator #selfie
#HCNatCon14

11 ↻ 19 ★

12,320
PEOPLE
REACHED

September 4, 2014
Holstein Canada CEO Ann Louise
Carson happily accepted Semex Alliance
CEO Paul Larmer's ALS Ice Bucket
Challenge

63 👍 12 ↻

2,261
PEOPLE
REACHED

November 4, 2014
#HolsteinPassion is Measuring
to Better Manage

13 👍 16 ↻

November 10, 2014
Goldie and her @HolsteinCanada
herdmates demonstrating uniformity as
a group of three #HolsteinPassion
@THERAWF

7 ↻ 27 ★



June 13
Our Classification and
Field Service Team at
the Annual Classifier
Conference.

63 👍 1 📺 12 ↻



8,616
PEOPLE
REACHED

Find us on Social Media...



Follow us on Twitter
@holsteincanada



Follow us on Flickr
holsteincanada



Like us on Facebook
Holstein Canada



Connect with us on LinkedIn
holstein-canada



Watch us on YouTube
HolsteinCanadaVideo



Follow us on Instagram
Holstein_Canada

Connect with Holstein Canada and our many Provincial Branches and Holstein Enthusiasts across Canada today!

PROVIDING CAREER
OPPORTUNITIES & EXPERIENCE

A career at Holstein Canada, is a ton of opportunities to transfer one's knowledge and to travel around the country. *It requires organization and discipline. Every day we face new challenges and I love it! I am a lover of dairy cows and this is what makes my job so exciting!* And of course, our team is a great team! In short, this experience allowed me to develop both personally and professionally while combining work and passion.

- Jordanne Tétreault, Holstein Classifier, Québec



My co-op placement at Holstein Canada played a huge part in my growth in the agriculture industry. It opened doors to many different opportunities, as well as allowed me to meet some of the people who play an important role for members both off and on the farm. Overall, it was an experience that I am pleased to have had, and I can take the knowledge I gained with me when I move on to the next steps in my life.

- Erica Sales, Co-op student, Ontario



I enjoyed working with everyone at Holstein Canada. *They respected me as if I were an actual employee under their name,* and they were very appreciative of the work I did and helpful with everything I wanted to learn.

- Zach Barlow, Co-op student, Ontario

• YOUTH
IN ACTION

SCHEDULE OF REVENUE
AND EXPENSES

DEPARTMENT	REVENUE		EXPENSES		EXCESS / (EXPENSE)	
	2014	2013	2014	2013	2014	2013
HERDBOOK & GENOTYPING	\$ 5,328,514	\$ 5,221,736	\$ 2,378,694	\$ 2,437,730		
CLASSIFICATION	5,158,747	5,172,234	3,973,753	3,947,560		
STRATEGIC COMMUNICATIONS	262,359	267,166	920,029	742,012		
NLID	1,369,477	1,307,837	1,337,249	1,263,470		
BOARD & EXECUTIVE	0	0	1,357,635	1,322,609		
FINANCE	48,559	89,537	852,353	996,693		
BUSINESS & TECHNOLOGY SOLUTIONS	0	0	850,447	765,753		
DEPRECIATION	0	0	411,946	421,251		
	\$ 12,167,656	\$ 12,058,510	\$ 12,082,106	\$ 11,897,078	\$ 85,550	\$ 161,432



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Toll-Free: 888 236 2833
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BDO Canada LLP
505 Park Road N, Unit 1
Brantford ON N3R 7K8 Canada

Independent Auditor's Report

To the Members of Holstein Association of Canada

We have audited the accompanying financial statements of Holstein Association of Canada, which comprise the statement of financial position as at December 31, 2014, the statements of operations and changes in fund balances, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Holstein Association of Canada as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Brantford, Ontario
March 11, 2015

Financial Notes

Mark Cummings - Finance Manager

Holstein Canada's Operating Fund exceeded the financial plan by reporting an excess of revenues over expenses of \$85,550. These outstanding results are mainly attributable to cost control as revenues were stable but expenses reported a 1% reduction. At years end, the Association is in a very strong and stable financial position.

Revenues in the core activities of Registration, Genotyping and Classifications were down very slightly, less than 1% from budget. These declines were offset by equally small revenue increases in other departments. The net effect was a variance of less than 6k, or 0.05%, on revenues of \$12,167,655.

As a service organization salaries and benefits are the largest single cost for Holstein Canada representing 47% of all expenditures. These expenses were down 2% as departments were rationalized and reorganized to achieve both present and future savings. Other operating expenses were up a modest 0.3% primarily on planned improvements to member services.

The Development Fund invested \$1,389,575 during 2014 to support the software re-write of the multi-breed Herdbook project. A further \$222,806 was spent to support Branch initiatives and to complete the restructuring project started in 2012.

Despite these major investments, Holstein Canada's Reserve Fund finished the year in solid shape, with a balance of \$7,219,645 in a conservative but well diversified portfolio. The Association continues to follow a long standing policy, investing in high grade non speculative securities in order to achieve steady returns while making sure the principle investment remains intact.

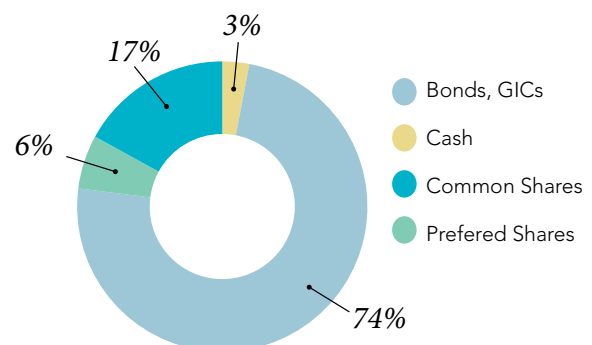
2015 Outlook

As we move into 2015, there is much optimism tempered by the reality of an ever changing industry. The forecast is for a very modest, less than 1%, decline in revenues. On the expense, side we are predicting an equally modest increase of 0.55% to support strategic improvements and investments in member and client services.

The upcoming year will be a year of continuing positive change at Holstein Canada with the release of the new Herdbook platform late in the calendar year. The new software will allow for greater efficiencies and cost reductions in business processes, which will benefit the Association for numerous years.

The Board of Directors and the Management team are committed to making sound investments to ensure future prosperity for the Association, while never compromising the Association's strong financial legacy. These actions will ensure members and clients continue to enjoy the high standards of service provided by Holstein Canada both now and over the long term.

RESERVE INVESTMENT \$7.3 MILLION



STATEMENT OF OPERATIONS AND
CHANGES IN FUND BALANCES

For the year ended December 31				2014	2013
		Internally Restricted	Internally Restricted		
	Operating Fund	Reserve Fund	Development Fund	Total	Total
Revenue					
Income from operations	\$ 12,149,406	\$ -	\$ -	\$ 12,149,406	\$ 12,008,010
Investment income	13,249	263,323	16	276,588	320,995
Unrealized gain (loss) on investments	5,000	270,578	-	275,578	(82,913)
Realized gain (loss) on investments	-	(15,710)	-	(15,710)	10,950
Other income	-	-	-	-	68,072
	12,167,655	518,191	16	12,685,862	12,325,114
Expenses	12,082,105	-	1,612,381	13,694,486	12,790,278
Excess (deficiency) of revenues over expenses	85,550	518,191	(1,612,365)	(1,008,624)	(465,164)
Fund balance, beginning of year	5,749,737	7,296,887	62,974	13,109,598	13,574,762
Transfer (to) from other funds	(682,467)	(595,433)	1,277,900	-	-
Fund balance, end of year	\$ 5,152,820	\$ 7,219,645	\$ (271,491)	\$ 12,100,974	\$ 13,109,598

STATEMENT OF
FINANCIAL POSITION

As at December 31				2014	2013
Assets	Operating Fund	Reserve Fund	Development Fund	Total	Total
Current assets					
Cash and bank (Note 2)	\$ 849,004	\$ 327,365	\$ 37,880	\$ 1,214,249	\$ 673,102
Temporary investments (Note 3)	151,761	616,832	-	768,593	1,509,772
Accounts receivable (Note 4)	1,387,588	-	-	1,387,588	1,145,609
Other receivables	253,642	-	-	253,642	160,316
Due from other funds (Note 5)	309,371	188,200	-	497,571	-
Inventory	24,562	-	-	24,562	24,757
Prepaid expenses	181,596	-	-	181,596	88,579
	3,157,524	1,132,397	37,880	4,327,801	3,602,135
Investments (Note 6)	514,110	6,087,248	-	6,601,358	7,375,952
Capital assets (Note 7)	2,991,866	-	-	2,991,866	3,199,294
	\$ 6,663,500	\$ 7,219,645	\$ 37,880	\$ 13,921,025	\$ 14,177,381
Liabilities and Fund Balances					
Current liabilities					
Accounts payable and accrued liabilities (Note 8)	\$ 1,270,754	\$ -	\$ -	\$ 1,270,754	\$ 1,015,615
Due to other funds (Note 5)	188,200	-	309,371	497,571	-
Deferred revenue (Note 9)	51,726	-	-	51,726	52,168
	1,510,680	-	309,371	1,820,051	1,067,783
Fund balances					
Internally restricted	-	7,219,645	(271,491)	6,948,154	7,359,861
Unrestricted	5,152,820	-	-	5,152,820	5,749,737
	5,152,820	7,219,645	(271,491)	12,100,974	13,109,598
	\$ 6,663,500	\$ 7,219,645	\$ 37,880	\$ 13,921,025	\$ 14,177,381

STATEMENT OF
CASH FLOWS

For the year ended December 31	Total 2014	Total 2013
Cash flows from (used in) operating activities		
Excess of expenses over revenues	\$ (1,008,624)	\$ (465,164)
Items not affecting cash		
Amortization	411,946	421,251
Accrued interest	(365)	(49,179)
Loss on disposal of capital assets	14,866	5,470
Realized (gain)/loss on sale of investments	15,710	2,874
Unrealized (gain)/loss on investments	(275,578)	82,913
	(842,045)	(1,835)
Changes in non-cash working capital		
Accounts receivable	(241,979)	90,158
Other receivables	(93,326)	298,817
Inventory	195	1,576
Prepaid expenses	(93,017)	59,421
Accounts payable and accrued liabilities	255,139	(511,461)
Deferred revenue	(442)	(176,766)
	(1,015,033)	(240,090)
Cash flows from (used in) investing activities		
Purchases of capital assets	(242,883)	(523,859)
Proceeds on disposal of capital assets	23,500	44,000
Proceeds on sale of investments	2,749,583	1,618,262
Purchase of investments	(974,020)	(1,149,211)
	1,556,180	(10,808)
Increase (decrease) in cash during the year	541,147	(250,898)
Cash and cash equivalents, beginning of year	673,102	924,000
Cash and cash equivalents, end of year	\$ 1,214,249	\$ 673,102
Cash consists of:		
Cash in bank	\$ 454,540	\$ 673,102
Cash equivalents	759,709	-
	\$1,214,249	\$ 673,102

NOTES TO THE
FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Purpose of the Organization**

The Holstein Association of Canada (the "Association") 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

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

Fund Accounting

The Association follows the restricted fund method of accounting for revenues and expenses.

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

The Reserve Fund reports assets, liabilities, revenues and expenses which are internally restricted to provide for future contingencies.

The Development Fund reports assets, liabilities and revenues and expenses needed which are internally restricted 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. Amounts received in advance of the expiry of the membership period is treated as deferred revenue.

Investment income includes 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 accounting standards for not-for-profit organizations 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 expenditures 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 primarily comprised of supplies and 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, high interest investment and savings accounts to be cash equivalents.

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, \$89,496 (2013 - \$74,104) is included in accounts payable and accrued liabilities relating to these amounts.

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.

Development Costs

Research and development expenditures on internally generated intangible assets are expensed as incurred.

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
Office furniture and equipment	5 yr.	Straight-line
Automobiles	30%	Declining-balance
Data processing	3-5 yr.	Straight-line

NOTES TO THE
FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

Collections

The Association's collections are capitalized in the statement of financial position but are not subject to amortization. Contributions are reported as revenue and an increase to tangible capital assets at their fair value. When fair value cannot be determined, the contribution is recognized at a nominal value. The Association's collection consists of a Fafard Sculpture.

Inter-fund Transfers

Inter fund transfers represent amounts set aside to fund specific development projects.

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. BANK

The Association's bank accounts are held at one chartered bank. The bank accounts earn interest at a nominal rate. The Association has a revolving demand facility totaling \$500,000 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

	2014	2013
GIC's due May 7, 2015, earning interest at 1.8% per annum	\$ 151,761	\$ 1,202,633
Ontario savings bonds	-	307,139
Government of Canada - reserve fund	203,586	-
Canadian provincial and public authorities - reserve fund	311,727	-
Canadian corporate bonds - reserve fund	101,519	-
	\$768,593	\$1,509,772

The Government of Canada bond earn interest at a rate of 4.50% (2013 - 4.50%).

The Canadian provincial and public authorities bonds have an interest rate of 5.00% (2013 - 5.00%).

The Canadian corporate bonds have interest rates 5.15% (2013 - 5.15%).

4. ACCOUNTS RECEIVABLE

Accounts receivable are net of an impairment allowance of \$10,000 (2013 - \$10,000).

5. DUE TO/FROM OTHER FUNDS

Amounts due to/from other funds bear no interest, are unsecured, and have no terms of repayment.

6. LONG-TERM INVESTMENTS

	2014	2013
Bonds and Debentures		
Government of Canada	\$ -	\$210,404
Canadian provincial and public authorities - operating fund	514,110	-
Canadian provincial and public authorities - reserve fund	3,144,747	4,070,902
Canadian corporate	1,179,299	1,275,948
	4,838,156	5,557,254
Equities:		
Preferred shares	463,588	501,865
Common shares	1,299,614	651,971
Mutual funds	-	664,862
	\$6,601,358	\$7,375,952

Bonds and Debentures

The Canadian provincial and public authorities bonds have interest rates between 1.75% - 6.00% (2013 - 1.75% - 6.00%). These investments will mature as follows: \$1,914,516 within 2 to 5 years and \$1,744,341 after 5 years.

The Canadian corporate bonds have interest rates between 2.86% - 5.00% (2013 - 3.35% - 5.15%). These investments will mature as follows: \$963,061 within 2 to 5 years and \$216,239 after 5 years.

Preferred Shares

The preferred dividend yields range from 4.80% - 5.80% (2013 - 4.80% - 5.80%).

Common Shares

The shares have no fixed maturity dates and are generally not exposed to interest rate risk. Dividends are generally declared on an annual basis.

NOTES TO THE
FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

7. CAPITAL ASSETS

	2014		2013	
	COST	ACCUMULATED AMORTIZATION	COST	ACCUMULATED AMORTIZATION
Land	\$ 328,851	\$ -	\$328,851	\$ -
Building	3,008,125	1,303,784	3,008,125	1,203,484
Building Improvements	94,557	26,500	85,221	17,044
Fafard Sculpture	177,525	-	177,525	-
Office furniture and equipment	1,319,393	1,229,428	1,320,335	1,231,125
Automobiles	935,246	425,114	946,448	372,547
Data processing	4,349,388	4,236,393	4,289,135	4,132,146
	\$10,213,085	\$7,221,219	\$10,155,640	\$ 6,956,346
		\$2,991,866		\$3,199,294

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of \$35,085.

9. DEFERRED REVENUE

The balance of \$51,276 (2013 - \$52,168) represent annual membership fees paid in advance by the Association's members. These amounts are recorded as a liability as they are unearned at year end.

10. 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 \$170,228 (2013 - \$173,550).

11. 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.

12. COMPARATIVE FIGURES

Prior year comparatives have been changed to conform with the current year financial statement presentation.