

2022-23 Annual Report



Vision

Strategic partner in Canada's dairy industry.

Mission

Collaborating to build a thriving industry that produces high-quality milk and dairy products within Canada's supply managed system.

Our Values

The actions and decision-making conducted by Alberta Milk are guided by these aspirational values:

- Collaboration
- Excellence
- Knowledge
- Customer Service

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CHAIR'S Message

Every year I look back and reflect on how far we have come, but this year feels a little bit different. We have made so many strides in our transformation within the Western Milk Pool (WMP), and Alberta Milk has started to evolve as a result. I'm proud of the work our staff and our Boards have put into this progress; we are already seeing benefits of this collaboration as we streamline processes across the provinces and have much more planned.

I think I speak for us all when I say how happy I am to be back in person for meetings and activities. It's fulfilling to see our producers and consumers interacting at events like Breakfast on the Dairy Farm and for our Board and delegates to be able to meet and engage with each other and partners towards positive change for our dairy industry.

On our advocacy trip to Ottawa in the spring our board members met with many MPs and Senators and had valuable discussions about our Canadian dairy industry, its people, its benefits, and its challenges. Provincially, we also worked with our new Minister of Agriculture and Irrigation. For much of our provincial advocacy work, we aligned with as many other commodity organizations

as possible to collaborate on shared goals and messaging. A focus for our board is to continue to strengthen these relationships and find even more opportunities to work with our provincial counterparts.

This focus also extends nationally. In the last year we worked more than ever to move with the P10 and Canadian Milk Supply Management Committee (CMSMC) to streamline our decision making and move the industry forward as efficiently as possible, always thinking bigger on a national scale.

As a board, we recognize the challenges in concentrating on a national scale and we know that we have our work cut out for us throughout the process. Thank you to my fellow board members for their grassroots guidance as we navigate our current industry climate and its evolution. Thank you to Freda and the dedicated staff for seeing the vision while also focusing on the smaller steps to get us there. As we go through governance work and the WMP changes, the board has recognized the strength of the Alberta Milk staff and the quality of dedicated people we have on our team. We would not have made it this far, this successfully without the



hard work and passion our valuable staff have put in.

I look forward to seeing where the next year takes us!

A handwritten signature in blue ink that reads "Stuart Boeve".

Stuart Boeve
Chair, Alberta Milk

GENERAL MANAGER'S Message

This last year has truly been one for the books in terms of collaboration, thinking bigger, and making significant progress in moving toward a Western Milk Pool structure that supports the western Canadian – and ultimately, the Canadian – dairy industry. Change has been our constant state and as I look back from this time last year, I can truly see how far we have come in so many ways.

Not just here in Alberta and in Western Canada, but nationally, I am excited to see our industry mindset beginning to shift away from that of representing 10 individual provinces (P10) to more of a Canadian (C1) focus. Supply management is a national policy framework and thus it is imperative to look at the overall industry and see ourselves as a whole united country. This past year we have increased collaboration and cooperation among Alberta, the WMP and our national partners. Our strategic plans, advocacy efforts, policy development and marketing and promotions work are closely aligned and are focused on prioritizing the industry as a whole.

Similarly, along our value chain, our processor partnerships have become even more important as the preferences and loyalties of

consumers continue to evolve. Our industry needs to ensure that we continue to understand and meet the needs of our processors, retailers, and consumers. The Progressive Penalty Program was implemented in January 2023 to support our constant focus on ensuring the highest quality milk for consumers. Similarly, we worked closely with Dairy Farmers of Canada to move forward in achieving the national industry commitment to being Net Zero by 2050.

The Alberta Milk Board, along with our Western Milk Pool partners, have a strong vision of working better together to serve the dairy industry as a whole and ensuring the voice of producers is heard in each discussion and decision. I want to thank the Board for its continued courageous leadership and direction-setting. Leadership during difficult and uncertain times like we have seen the past number of years is challenging and sometimes a thankless job. I want to thank the Board for its continued courageous leadership and direction-setting.

I also want to acknowledge the excellent work of the Alberta Milk staff. They continue to be strong advocates for the dairy industry and are keenly focused on providing the



best level of service to producers and all our industry partners.

This time next year, things will look quite different again. With an unwavering commitment to work together as an industry, I am confident that this next year will remain focused on greater market stability, industry growth, a transforming WMP under the leadership of Nolan Berg, and significant progress on the construction of DIW.

A handwritten signature in blue ink that reads "Freda Molenkamp-Oudman".

Freda Molenkamp-Oudman

Governance

CONTINUED

Alberta Milk is governed by a board of directors (board), elected from a delegate body, to represent the interests of all licensed dairy producers in Alberta. The province is divided into three regions: north, central and south. Each region is represented by an elected delegate body that forms the region's committee. The delegates support grassroots communication with producers and provide advice to the board on issues of importance to the industry. The board sets policy and outlines the strategic direction of the organization through the Strategic Plan. The board also works collaboratively with our regional and national partners to build a thriving dairy industry within Canada's supply managed system.

DELEGATES

There are 30 delegates, ten within each region, that are elected to represent producers for a three-year term. We welcomed two new delegates this year: Arjan Yzerman and Fred Hofstra. We said goodbye and thank you to Heini Hehli and Alain Lavoie for their service as delegates.



CENTRAL

- Ben Kuipers
- Cornel van't Klooster
- JP Brouwer
- Jason Prinse
- Tietsia Huyzer
- Willem Vanderlinde
- Wim van de Brake
- Miranda Verhoef
- Arjan Yzerman
- Gert Schrijver



SOUTH

- Alan Oudshoorn
- Cregg Nicol
- Michael Vanden Dool
- Conrad Van Hierden
- Martin Van Diemen Jr
- Stuart Boeve
- Tim Hummel
- Dustin Grisnich
- Eric Vander Veen
- Gerrit Haarman



NORTH

- David Morey
- Jason Crozier
- Greg Debbink
- Jason Rietveld
- Joel Prins
- Michael Roth
- Fred Hofstra
- Gezinus Martens

DIRECTORS

The board is comprised of 9 directors: six elected as region directors, and three elected at large. This year we welcomed David Morey as a North Region director to the board. Alberta Milk would like to acknowledge and thank outgoing director Gezinus Martens for his dedication and service to the industry.



Left (L to R): David Morey, Gert Schrijver, Stuart Boeve **Seated:** Miranda Verhoef
Right (L to R): Mike Vanden Dool, Wim van de Brake, JP Brouwer, Greg Debbink **Seated:** Gerrit Haarman

BOARD OF DIRECTORS

Central Region	Miranda Verhoef, JP Brouwer
North Region	Greg Debbink, David Morey
South Region	Mike Vanden Dool, Stuart Boeve (chair)
Directors at large	Wim van de Brake, Gert Schrijver, Gerrit Haarman (vice chair)

STANDING COMMITTEES

Audit and Risk Committee <i>Four directors</i>	Greg Debbink, Mike Vanden Dool, Miranda Verhoef, Wim van de Brake
Governance Committee <i>Board Chair and two other directors</i>	Stuart Boeve, Wim van de Brake, David Morey
National & Interprovincial Committee <i>Board Chair, Vice Chair, DFC representative (unless they are the Board Chair or Vice Chair)</i>	Stuart Boeve, Gerrit Haarman, Gert Schrijver

ADVISORY COMMITTEE

Research & Extension Advisory Committee <i>Six producers</i>	Gezinus Martens, Mike Vanden Dool, JP Brouwer, Cregg Nicol, Tietsia Huyzer, Heini Hehli
Dairy Farmers of Canada Delegates	Stuart Boeve, Gerrit Haarman, Gert Schrijver (DFC board member), Greg Debbink, Wim van de Brake, Miranda Verhoef



REVIEWS AND APPEALS

A review hearing may be requested by a person affected by any decision of Alberta Milk. Alberta Milk held two review hearings in 2022-23. Both were requested by producers.

If the applicant is unsatisfied with the outcome of the review, they can appeal the review decision to the Appeal Tribunal, as defined in the *Marketing of Agricultural Products Act*.

REGULATIONS AND BYLAWS

Following the approval of Alberta Milk's bylaws by government in spring 2022, delegates and staff worked together to identify potential improvements. Several possible amendments were identified, including changing the delegate eligibility criteria and simplifying the delegate nomination process. Producers were consulted on possible changes during Spring Producer Meetings, as well as through a follow-up survey communicated via email. It is anticipated that delegates will vote on the proposed amendments at the 2023 annual general meeting.

Producers were also consulted on proposed changes to the Alberta Milk Plan Regulation and Marketing Regulation. A thorough review of the Alberta Milk

Marketing Regulation led to several amendments that were approved by government in October 2022, including:

- Transitioning from the Milk Grade and Price Program to the Progressive Penalty Program, which came into effect on January 1, 2023; and,
- Introducing a quota limit of 2% as a risk mitigation tool for the industry, and to bring Alberta in line with other jurisdictions.

Work also progressed on introducing an overproduction levy to align with our WMP partners. The overproduction levy is an additional tool to manage the supply of milk. To implement the levy, amendments are required in both the Alberta Milk Plan Regulation, and the Alberta Milk Marketing Regulation. Alberta Milk anticipates both amended regulations should be finalized by December 2023. Alberta Milk thanks the Government of Alberta and the Alberta Agricultural Products Marketing Council for their continued support in reducing regulatory red tape and ensuring Alberta Milk's regulatory framework is effective and modern.

GOVERNANCE

The Alberta Milk Board remained committed to good governance practices, and completed the following activities:

- Reviewed and amended the governing policies.
- Completed performance assessments for the board as a whole and the General Manager.
- Created a strategic plan for Alberta Milk in April 2023, in alignment with the Western Milk Pool.
- Held two delegate workshops (November 2022 and April 2023) to discuss strategic issues facing the Canadian dairy industry and support succession planning.
- Continued negotiating two federal-provincial agreements, including the Western Milk Pooling Agreement, to ensure the western Canadian dairy industry is positioned for further economic growth.

An exciting development was the formation of the Western Milk Pool Board in April 2023. The Western Milk Pool (WMP) is an alliance between British Columbia Dairy Association, British Columbia Milk Marketing Board, Alberta Milk, SaskMilk and Dairy Farmers of Manitoba. The WMP provides a unified voice for western Canadian dairy farmers at the national table, creates the scale necessary to take on projects like DIW, and allows us to move towards more consistent standards on key matters such as transportation and milk quality.

In accordance with the Alberta Milk National and Interprovincial Committee Terms of Reference, the Alberta Milk Board appointed Stuart Boeve (for a 2-year term) and Gerrit Haarman (for a 1-year term) to serve on the WMP Board on behalf of Alberta Milk.



WMP CEO Message



NOLAN BERG

What connects our past, our present, and our future? Our vision. Our mission. And our people. As the new CEO of the Western Milk Pool (WMP), I am proud to be part of an organization that has such relevant strategic direction that inspires the future while providing practical guidance in the present.

Since joining the WMP I have seen these principles in action daily, informing organizational design, its strategy and, as we progress, its execution. I've worked closely with each of our provinces and their teams, and I already see collaboration and innovation growing in everything we do. Our guiding behaviours focus us on thinking bigger and seeking the win-win through fact-based decisions. The combination of our great people with our brilliantly simple strategic direction provides the foundation for the WMP to realize its vision.

As I look at how far WMP has already come, I am excited to be part of working Better Together not only for the west but for all of Canadian dairy and its producers.

Thank you for trusting me to take the helm and see us into the future of the Western Milk Pool.

I look forward to seeing where the next year takes us!

Nolan Berg
CEO

WMP BOARD *Chair*



HENRY HOLTSMANN

For 26 years our western provinces have collectively been working towards the Western Milk Pool (WMP) as we know it today. In 1997, we saw the original agreement signed by what were the Alberta Dairy Control Board, British Columbia Milk Marketing Board, Saskatchewan Milk Control Board, Manitoba Milk Producers, and the Canadian Dairy Commission.

Ten years after that, in 2007, I was originally elected to the Dairy Farmers of Manitoba board and have seen much progress and change to the WMP during my tenure. My latest appointment, becoming chair in 2023, I believe came as part of one of our greatest successes to date - finalizing our strategic plan and our board. Having this provincial alignment and shared vision has helped our board to make decisions as a whole, moving forward important transformation governance as well as projects like Dairy Innovation West (DIW). Since I first made the DIW project announcement in 2019, it has been exciting to be part of the progress and to be able to see shovels in the ground this year.

As a producer myself, I am proud to have been part of the WMP as we move to working more efficiently and effectively on behalf of our producers for the benefit of the entire industry. I am pleased to welcome Nolan Berg to his position as CEO and am already enjoying working alongside him as he strives to move both the WMP and the industry forward.

Henry Holtmann
Chair

MARCH 1 1997

Original agreement to form the Western Milk Pool signed by the Alberta Dairy Control Board, British Columbia Milk Marketing Board, Saskatchewan Milk Control Board, Manitoba Milk Producers, and the Canadian Dairy Commission.

NOVEMBER 20 2019

Announced that a new dairy concentration facility, Dairy Innovation West (DIW), will be built in Alberta. DIW will be owned by the Western Milk Pool members and will be operated by Vitalus Nutrition Inc.

SEPTEMBER 9 2022

Announcement made that all five western provincial boards unanimously agreed to support a new modernized governance model for working together.



JULY 23 2009

The Canadian Dairy Commission receives the Serecon study commissioned to 'identify ways of improving the effectiveness of milk allocation to processors within the Western Milk Pool (WMP) and the milk transportation system, potentially leading to greater cooperation and systemic efficiencies amongst the WMP members'.

MAY 25 2022

Engaged Lactanet to provide proAction validation services.

WMP TIMELINE

APRIL 26 2023

WMP board is formed. Members are drawn from the dairy associations of all four provinces, and include:

- Stuart Boeve – Alberta Milk
- Janice Comeau – BC Milk (Vice Chair)
- Matthew Flaman – SaskMilk
- Gerrit Haarman – Alberta Milk (Secretary)
- Henry Holtmann – Dairy Farmers of Manitoba (Chair)
- Albert Leyenhorst – SaskMilk
- Holger Schwichtenberg – BC Dairy
- Jeremy Wiebe – BC Milk
- David Wiens – Dairy Farmers of Manitoba

AUGUST 21 2023

Construction of Dairy Innovation West (DIW) is getting underway. All required financing and construction approvals are in place, clearing the way for work to get started on the ground.

FEBRUARY 22 2023

Updated strategic plan is announced:

VISION

- Better Together for Canadian Dairy

MISSION

- Inspiring, innovating, and collaborating to build a healthy Canadian dairy industry

GUIDING BEHAVIOURS

- Think bigger
- Win-win
- Fact-based

KEY RESULT AREAS

- Transformation
- National Relationships
- Processing and Processor Relationships
- Producer Engagement

MAY 29 2023

Announced the appointment of Nolan Berg BSc. Ag., MBA, P.Ag. as the new Chief Executive Officer (CEO) for the WMP.



MILK Production

The 2022-23 dairy year ended with 478 dairy producers in Alberta. A total of 835,923,828 litres of milk was shipped representing 8.74 per cent of Canadian milk production. The average butterfat content in Alberta was 4.23 kg/hl, a 1.20% increase from last year's 4.18. Consequently, Alberta shipped a total of 35,357,655 kg of butterfat in 2022-23.

Last fall, Canada (P10) incurred underproduction penalties totalling 4,978,282 kg in September, October, and November 2022. The Eastern Milk Pool's (P5) share of the penalty was 2,512,016 kg while the Western Milk Pool's (WMP) share was 1,774,204,561 kg. However, the P10 experienced strong production trends for the remainder of the dairy year resulting in the WMP ending the dairy year with a cumulative quota position (CQP) of -0.01 per cent underproduction relative to the pool's allotted Canadian Dairy Commission (CDC) quota. The P5's CQP was +2.12 per cent, bringing Canada to a CQP upper flexibility limit of +1.25 per cent overproduction at the end of the dairy year.

Alberta produced a solids-non-fat (SNF) to butterfat (BF) ratio of 2.17 in the dairy year, which was as usual well below the provincial SNF/BF ratio limit of 2.42. The year's ratio was an improvement (1.20 per cent) from the 2.19 ratio for last year. The WMP's collective SNF and BF production resulted in an SNF/BF ratio of 2.14, which was also well below the pool's limit of 2.40 and it represents a 1.74 per cent improvement from last year's ratio of 2.18.

QUOTA AND UNDERPRODUCTION CREDITS

Alberta's provincial Total Production Quota (TPQ) in 2022-23 was 35,240,034 kg of butterfat, an increase of 0.16 per cent from the 2021-22 level of 35,184,184

kg. Alberta Milk issued no adjustments to producer quota in 2022-23.

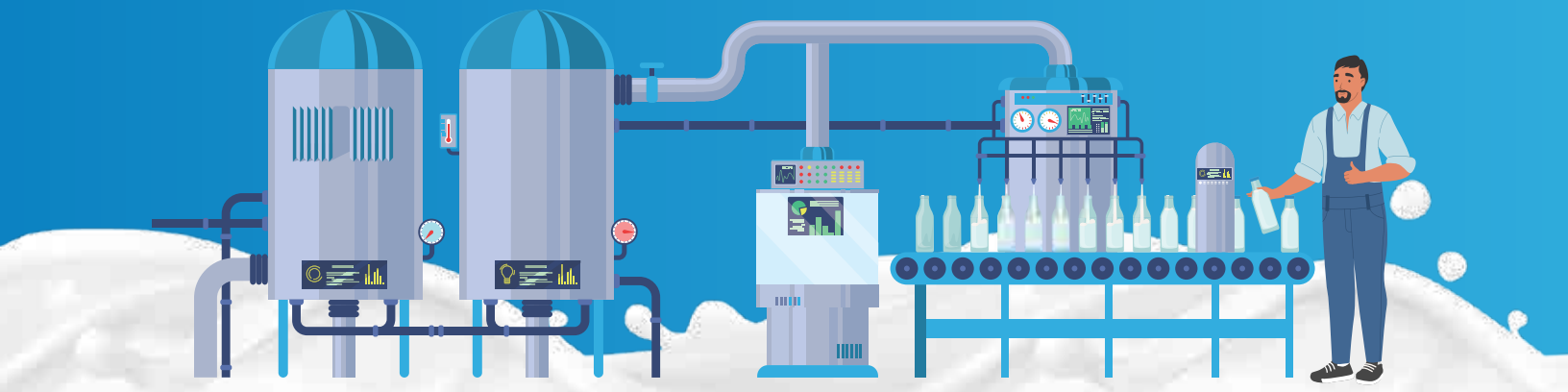
The total amount of continuous daily quota (CDQ) transferred via the quota exchange in 2022-23 was 1,459.55 kg, an 8.61 per cent increase from the previous dairy year. In addition, Alberta producers transferred a total of 709,781.11 kg of underproduction credits among themselves in the dairy year, an 18.77 percent increase from the previous dairy year.

INCENTIVE DAYS AND CREDIT-USE RESTRICTIONS

No incentive days were issued in the 2022-23 dairy year for conventional milk producers. However, the board issued 20 incentive days per month to organic milk producers from August 2022 to July 2023 in accordance with organic milk demand and supply.

A credit-use restriction (CDR) policy limits the extent to which a producer can ship above their monthly quota eligibility. Alberta did not issue any CDR in the 2022-23 dairy year.

PRODUCER PAYMENT		
Year	2021-22	2022-23
Provincial Butterfat (kg/hl)	4.1804	4.2298
Provincial Protein (kg/hl)	3.2621	3.2660
Provincial OS (kg/hl)	5.9084	5.9013
Pool Deductions (\$/kg)	0.04	0.05
Producer BF price (\$/kg)	17.82	18.94
Producer PR price (\$/kg)	2.69	2.89
Producer LOS price (\$/kg)	0.74	0.80
Average Milk Price (\$/hl)	87.64	94.26
Total Producer Revenue (\$)	730,803,287	787,907,037



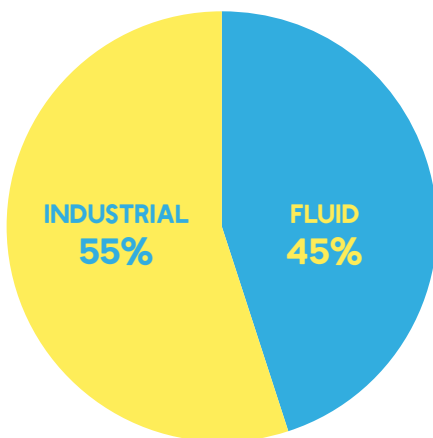
NEW PRODUCER ASSISTANCE PROGRAM

Alberta Milk approved one out of the two expression of interest (step 1) applications received for the New Producer Assistance Program (NPAP) in 2022-23 dairy.

However, Alberta Milk did not receive any full step 2 applications to the NPAP in the 2022-23 dairy year. The NPAP for conventional milk producers is open and more information on the requirements and how to apply is available on Alberta Milk's website.

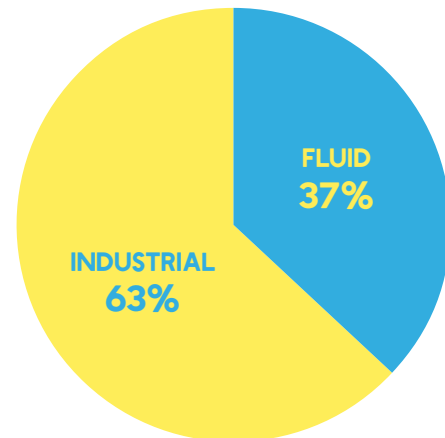
Milk Class	Volume (L)	Butterfat (Kg)	Protein (kg)	Other Solids (kg)	Total Revenue (\$)
Class 1	837,493,470	37,039,767.00	27,429,611.00	49,367,723.00	\$1,026,259,038.60
Fluid	837,493,470	37,039,767	27,429,611	49,367,723	\$1,026,259,038.60
Class 2	65,834,902	7,140,147.00	1,976,691.00	3,601,962.00	\$111,973,339.57
Class 3	800,894,572	28,971,854.00	26,347,684.00	47,569,440.00	\$731,068,656.12
Class 4	534,455,248	22,115,447.00	17,468,926.00	31,557,427.00	\$395,672,174.32
Industrial	1,401,184,722	58,227,448	45,793,301	82,728,829	\$1,238,714,170.01
Class 5	52,450,665	4,310,431.00	1,645,464.00	2,979,268.00	\$53,743,819.47
WMP	2,291,128,857	99,577,646.00	74,868,376.00	135,075,820.00	\$2,318,717,028.08

WMP MILK REVENUE (\$)



In the WMP, 37% of the milk is sold in the fluid class which is responsible for 45% of producers' revenue, while the remaining 63% of the milk is sold in the

WMP MILK VOLUME (L)



industrial classes and accounts for 55% of producers' revenue.

MILK Quality

This year saw big changes for milk quality testing and the penalty program. On January 1, 2023, Alberta adopted the WMP Harmonized Progressive Penalty Program (PPP) which was the most significant change in milk quality penalties in over 20 years. In support of the introduction of PPP, the Lactanet Central Milk Testing (CMT) lab and provincial courier services are now operating six days a week.

These improvements reinforced Alberta producers' commitment to being a trusted source of quality milk. Provincial PPP compliance numbers demonstrated that producers are consistently achieving very high milk quality standards. These standards continue to assure Canadians that they are consuming quality milk.

MILK SAMPLING

Milk sample test results are building blocks of producer payment, milk quality bonus programs, awards and penalties. Producers rely on several industry partners including the milk transportation companies, dairy processors, couriers, and the Lactanet CMT lab to collect and deliver samples for testing in a timely and controlled manner.

SAMPLE SUITABILITY* & TESTING

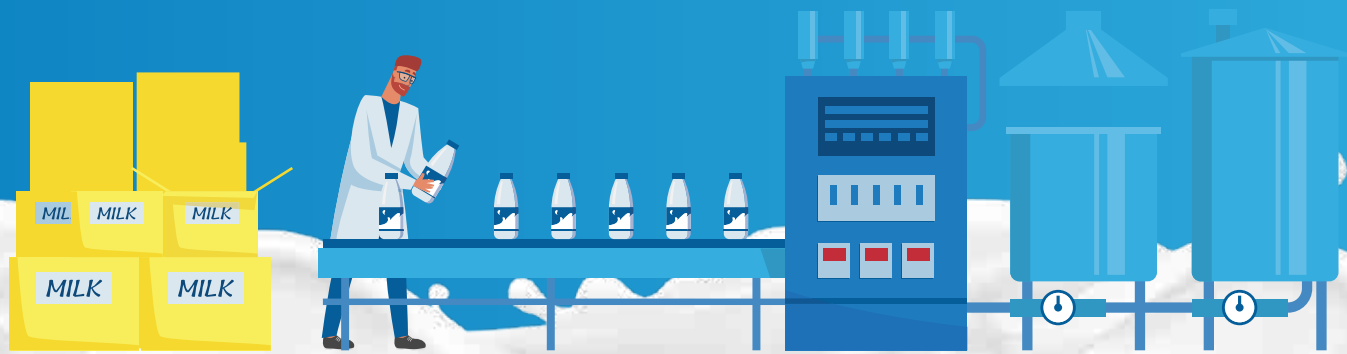
Dairy Year (August 1 to July 31)	2021-22	2022-23
# of milk samples from shipments	98,285	97,639
# of valid samples tested	96,900	95,863
% of milk shipments tested	98.6%	98.2%

*Common causes of suitability issues include missing or leaking samples, temperature abuse and courier delays.

Sample Turn Around Time (STAT) is a measure of the difference in time from producer sample date to lab test date. In the fall of 2022, Alberta Milk announced the goal of having the provincial average at 1.5 days including weekends and holidays.

SAMPLE TURN AROUND TIME (STAT)

Year	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Yearly Ave
21-22	1.83	2.95	1.99	1.99	2.16	1.85	2.28	1.76	1.92	1.80	1.88	1.90	2.03
22-23	1.82	1.62	1.55	1.55	1.66	1.53	1.57	1.47	1.54	1.55	1.49	1.53	1.57



The significant reduction in STAT over the past year was due to producer funding to have sample courier and the CMT lab operating 6 days a week instead of five. The yearly average STAT this year was 1.57 days, which indicates good progress, with the opportunity to fine-tune the system by improving courier and sample delivery times.

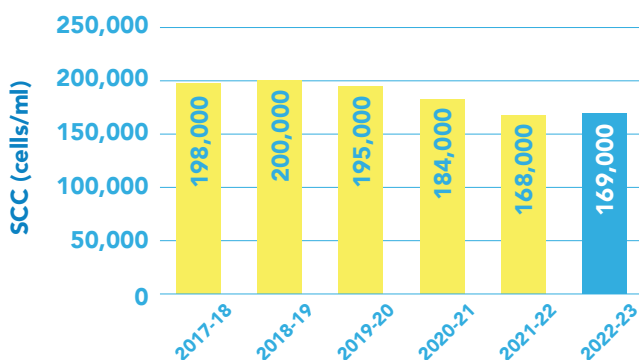
- The Lactanet CMT Lab has invested in a second Bactoscan instrument which minimizes down time in the event of equipment failure

Each one of these improvements helped provide more reliability with more data and less time lags between tests. This year's data shows that producers had a significant decrease in bacteria averages compared to last year.

MILK QUALITY

Somatic cell count (SCC) is an important indicator of milk quality and animal health. The 2022-23 provincial average of 169,000 cells/ml indicates another stellar year for producers, very similar to the record low of 168,000 cell/mL of last year.

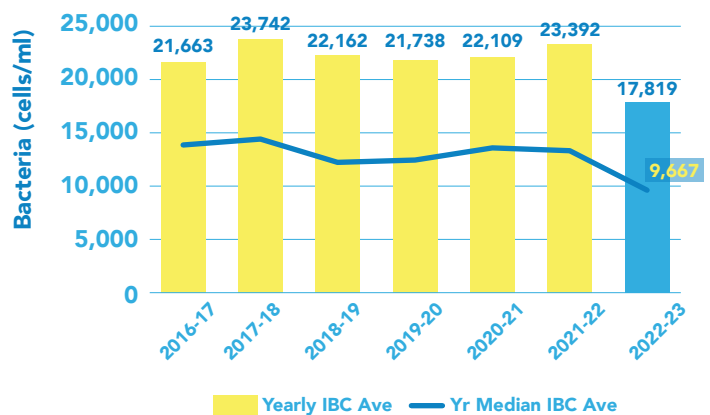
ALBERTA PROVINCIAL SCC AVERAGE BY DAIRY YEAR



Bacteria counts (IBC) in raw milk are also used as an indicator of raw milk quality. August 1, 2022 saw several improvements in bacteria testing:

- Producers in AB, MB and SK are now testing every viable sample for IBC
- The Lactanet CMT Lab is now open 6 days a week allowing for more samples to be tested for IBC

ALBERTA PROVINCIAL BACTERIA AVERAGE BY DAIRY YEAR



MILK Quality CONTINUED

PROGRESSIVE PENALTY PROGRAM (PPP)

Alberta transitioned from the Milk Grade and Price Program (MG&PP) to PPP on January 1, 2023. While the MG&PP program used monthly averages and penalties based on total volume shipped for the month, the PPP shifts the focus to “every load matters”. Under PPP, producers pay a fine only on the volume of any non-compliant milk shipped.

The amount of the fine increases with frequency, and a suspension is applied if violations exceed a limit within a 12-month period.

This year again, a very high percentage of producer sample results were below the regulatory maximum limit continuing the trend of high-quality milk. The months under PPP show by percentage fewer results over the regulatory limit.

RAW MILK QUALITY TEST COMPLIANCE 2022-23							
		MG&PP Aug to Dec 2022 (5 months)		PPP Jan to July 2023 (7 months)			
		Bacteria		Somatic Cell Count		Freezing Point	
Penalty system		MG&PP	PPP	MG&PP	PPP	MG&PP	PPP
# of samples		35,731	51,250	40,237	55,626	40,237	55,626
# of samples below the regulatory limit		35,274	50,689	39,672	55,223	40,205	55,602
% of samples below the regulatory limit		98.72%	98.91%	98.60%	99.28%	99.92%	99.96%
Penalties Applied		21	561	17	403	4	24

CELEBRATING EXCELLENCE IN MILK QUALITY

Alberta Milk has two programs for rewarding excellence in milk quality.

Milk Quality Parameter	Monthly Milk Quality Bonus	Milk Quality Award
proAction®	Registered and deemed compliant with proAction®	Registered and deemed compliant with proAction®
Bacteria	Average of 30,000 cells/ml or less	Average of 15,000 cells/ml or less
Somatic Cell Count	Average of 250,000 cells/ml or less	Average of 200,000 cells/ml or less
Freezing Point	At or under -0.525H	At or under -0.530H
Inhibitors	No positive inhibitors	No positive inhibitors
Rejections	No rejections on farm or at the processor	No rejections on farm or at the processor
Results 2022-23	An average of 80% of producers qualified. Highest % qualifying since the bonus was started in 2009.	Of the producers who shipped in all 12 months, 193 producers (42%) qualified. Highest % qualifying since the award was started in 2002.

Congratulations to the River Road Hutterian Brethren for winning the provincial milk quality award for the first time!

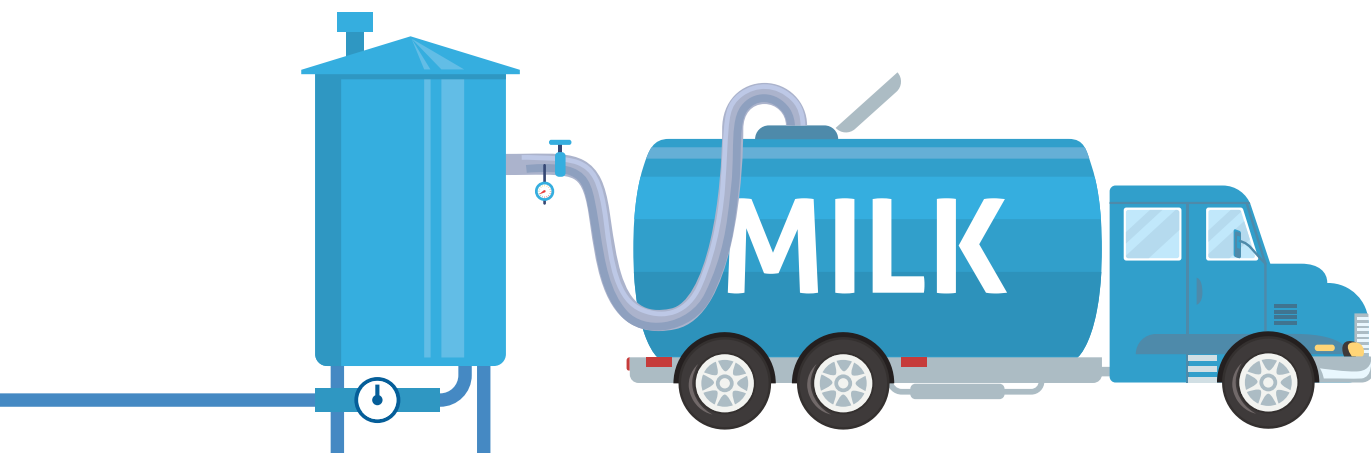
MILK MEASUREMENT

Providing producers and processors with accurate milk volume is a priority. Alberta Milk contracts with International Dairy Calibrations Alberta Ltd to calibrate all new bulk milk tanks and re-calibrate existing tanks every five years.

Alberta has one plant remaining on the Western Milk Pool Metering and Proportional Sampling program. This year, regular calibration checks by representatives of Weights and Measures Canada were resumed post Covid. Alberta Milk staff attend these checks to monitor any adjustments that may be required.

ALBERTA'S TOP TEN DAIRY FARMS FOR MILK QUALITY

1	RIVER ROAD HB	SOU
2	NEUDORF HB	CEN
3	RIDDER FARMS LTD.	NOR
4	H & J LEUSINK DAIRY LTD.	SOU
5	NEW ROCKPORT HB	SOU
6	P & C DAIRY LTD.	SOU
7	PLAINVIEW HB	SOU
8	BLUEGRASS HB	SOU
9	LITTLE BOW HBC	SOU
10	BRANT HB	SOU



Transportation

Alberta Milk continued to work with producers, milk transportation companies, dairy processors and our Western Milk Pool (WMP) partners to ensure that the most cost-effective transportation logistics were utilized, for both provincial and interprovincial loads.

There was an increase in the volumes delivered to Saskatchewan and Manitoba for additional processing that was available in the WMP.

174

(175 in 2021-2022)

Average number of routes every two days

1

TANDEM ROUTE
(1 tractor)

Utilised for partial deliveries in Edmonton.

159

TRIAXLE ROUTES
(57 tractors)

Utilised for single, double, triple and interprovincial loads.

14

B-TRAIN ROUTES
(7 tractors)

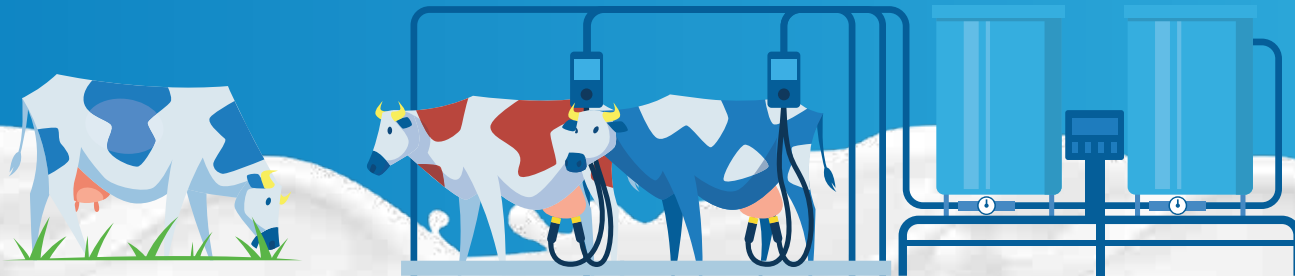
Utilised for interprovincial loads.



13

Number of milk transportation companies

ANIMAL Care



In early 2023, the Canadian dairy industry, together with the National Farm Animal Care Council introduced the new Code of Practice for the Care and Handling of Dairy Cattle (the Code).



THE NEW CODE:

- includes updated requirements for animal care based on extensive consultation with dairy producers, processors, researchers, animal welfare organizations and experts, and reflects the latest science and changing societal expectations about animal care.
- will continue to serve as the foundation of the national proAction® program, with the first round of changes expected in September 2025.

- describes some of its biggest changes compared to the 2009 Code as being the need for more opportunities for social contact for calves and greater movement for lactating and dry cows.
- states one of its new expectations namely that all farm personnel must be fully aware of its content.
- continues to inform the newly-created WMP Dairy Animal Care Requirements, Guidelines and Procedures.

The WMP is also working with the Western Dairy Council (dairy processors) to create an animal care MOU to formalize our joint commitment and responsibilities toward animal care across western Canada.



Research



RESEARCH

Alberta Milk continued to make substantial investments in research initiatives in western Canada:

- This included supporting individual researchers to build capacity and expertise at their specific academic institution such as fellow doctorates and graduate students.
- We also fund research projects that support the profitability and sustainability of dairy farming in western Canada.
 - This year, Alberta Milk invited 12 research groups to move their proposals forward to the full project stage, following which decisions will be made regarding funding.
 - Alberta Milk's financial contribution towards an individual research project is important industry seed money, with the largest portion of the project's funding typically provided by the provincial research funding agency Results Driven Agriculture Research (RDAR).

- As part of the WMP Transformation process, we participated actively in discussions with our WMP partners regarding greater collaboration on selecting and funding research projects in the future.
- Alberta Milk has also continued its conversations with Dairy Farmers of Canada and other provinces to optimize the Canadian dairy industry's investment in research.

Together with our partners, we jointly hosted regional producer workshops in December 2022 and February 2023 to showcase the latest research findings, and to hear producer feedback on specific on-farm needs for new information or technology to address management challenges.



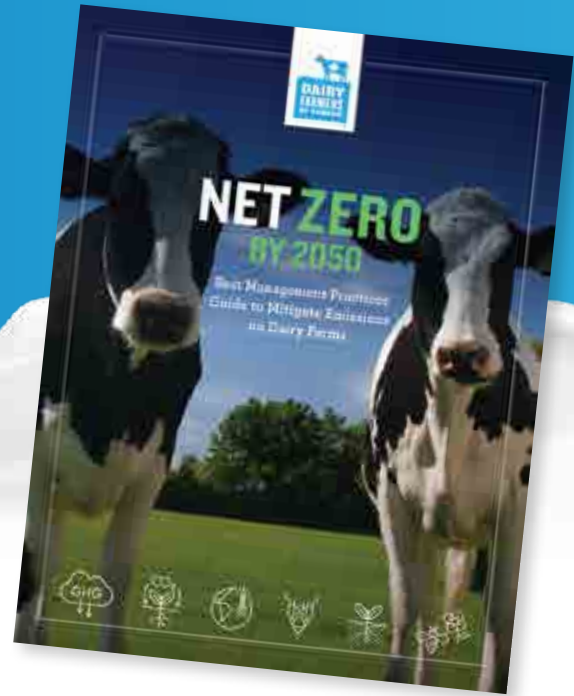
Environment

ENVIRONMENT

Alberta Milk, along with the other livestock commodity groups as well as the Rural Municipalities of Alberta (RMA) have been actively engaged in conversations with the Natural Resources Conservation Board's (NRCB) Policy Advisory Group (PAG) regarding its approvals policy. Discussions topics included:

- cumulative effects
- balanced decision-making in the public interest
- alignment of approval process with municipal processes
- consideration of impacts outside scope of Agricultural Operation Practices Act (AOPA) legislation (e.g., access to water licenses, road use agreements, flood run-off plans)

These conversations allow all parties to provide input into NRCB's decision-making process which more than ever needs to consider the reality of differing expectations about the environment between rural neighbors, as well as rural and urban residents.



In February 2, 2022, Dairy Farmers of Canada announced the **Net Zero by 2050** initiative, which is now underway across Canada.

- While at first glance it may seem like an overwhelming objective, this initiative is really about Canadian dairy farmers identifying on-farm practices that make economic and environment sense in reducing the amount of GHG emitted from their farming operation.
- The new DFC resource *Net Zero by 2050 Best Management Practices Guide to Mitigate Emissions on Dairy Farms* will assist dairy farmers to implement BMPs with the goal of reducing emissions and increasing carbon sequestration.



LACTANET

Effective October 1, 2022, the partners, including Dairy Farmers of Manitoba, SaskMilk, Alberta Milk and the BC Dairy Association (BCDA), transitioned validation services to Lactanet. The intent of the transition is to provide greater consistency of validation, rigour, and assurance across all WMP dairy farms. WMP proAction staff continue to ensure producers are trained and updated on new program requirements, provide reminders of upcoming yearly activities, manage producer compliance processes and are actively engaged in proAction development and implementation at the national level.

WMP TRANSFORMATION

As part of the WMP transformation process, the ProAction Coordinators in western Canada have been working diligently to review current administrative processes and provincial policies. The objective of this work is to harmonize these processes and policies, leading to unified delivery and implementation of proAction across the four western provinces.

AB/BC COLLABORATION

Alberta Milk and BCDA have worked closely together over the past year. Alberta Milk helped lead the BCDA proAction team as part of a maternity leave cover, as well as partnered with them to deliver a workshop series in each province. Regional producer workshops focused on local industry specialists providing insights from the field that would assist producers in improving on-farm animal care. These specialists included a hoof trimmer, nutritionist and classifier. A proAction program update was also included.

VALIDATION OF ALL MODULES

At the conclusion of this dairy year, most Canadian dairy producers completed an on-farm full validation that included requirements from all of the proAction modules: Food Safety, Animal Care, Livestock Traceability, Biosecurity and Environment. This is an outstanding achievement and milestone for producers and the proAction program. The day-to-day work that producers put into maintaining the proAction requirements on their farm creates the foundation for marketing Canadian milk with the Blue Cow Quality Milk logo..



PRODUCER Engagement

SPRING AND FALL PRODUCER MEETINGS

The 2022-23 Spring and Fall Producer meetings were back live and in person! The Board and staff traveled to 3 regions across the province presenting updates on Alberta Milk business, milk quality, the Western Milk Pool, and more. There were also sessions on mental health and we added a networking social to the end of each event so producers could engage with each other, staff, and industry in a social setting.

AGM

The AGM remained virtual in November 2022 with only the Board and delegates meeting in person in Edmonton.

PRODUCER PORTAL

We continue to strive to ensure our producers are well informed of all issues and information pertinent to their farms and businesses and the Portal is a significant factor in this being successful. The Portal offers 24/7 access to up to the minute information and also includes historical news and resources from our email communications like eblast and priority updates.

KITCHEN TABLE MEETINGS

In an effort to increase meaningful engagement and dialogue with producers and increase their opportunities for feedback and input, the Board launched a series of 'kitchen table meetings' this summer. These meetings were attended by Board and producers only and in a format small enough to welcome open dialogue in a comfortable setting. This meeting style will remain available to producers at any time into the future.

DIGITAL UPDATES

We send 2 types of valuable email updates:

- 1) BiWeekly eblast to producers, industry, and stakeholders including news, industry information, events, and more.



- 2) Priority Updates sent as needed to inform our producers and stakeholders of breaking news or important announcements.



Sign up for our biweekly e-news right to your inbox here.



MARKET DEVELOPMENT *and* COMMUNITY ENGAGEMENT

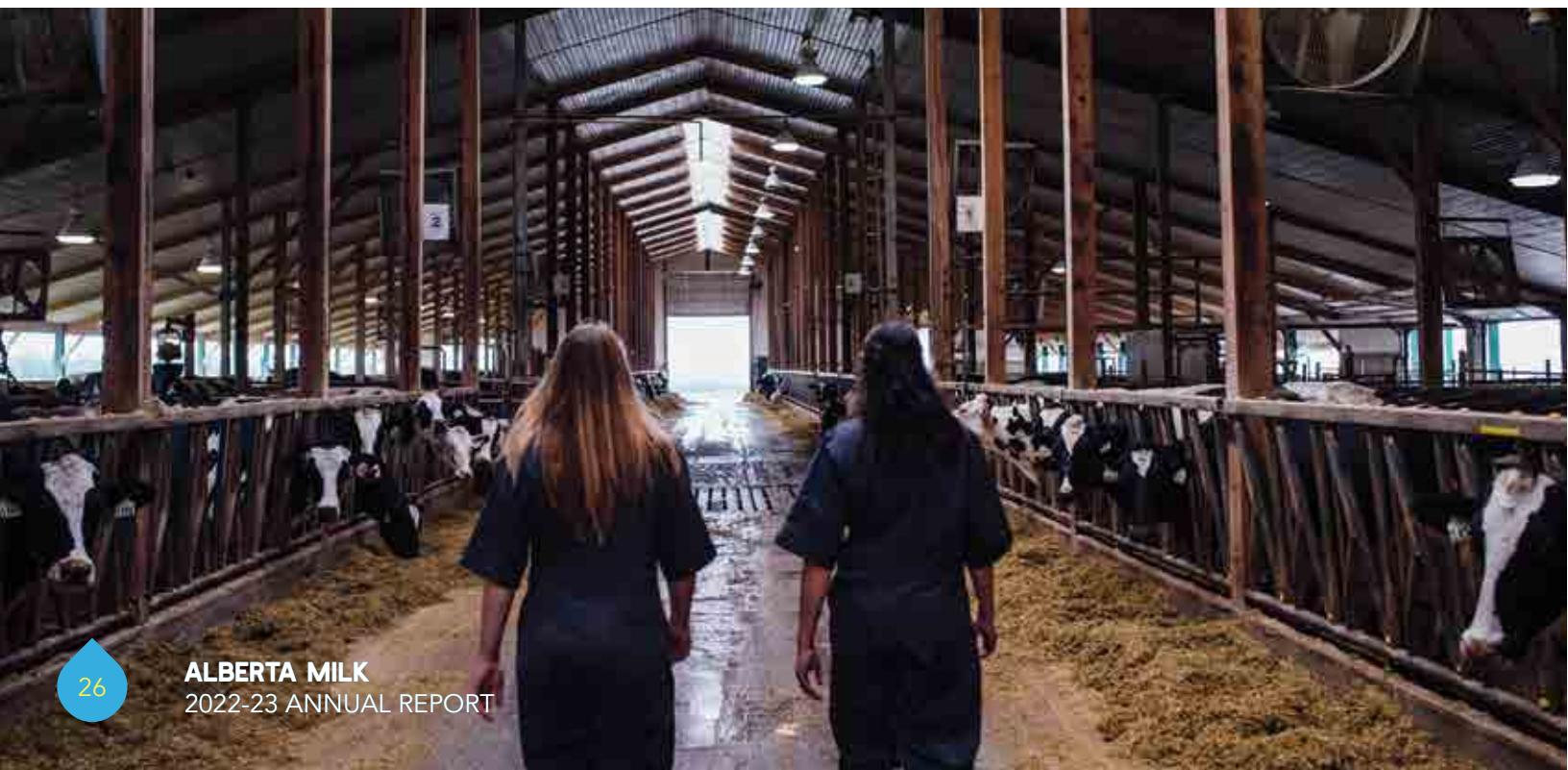
ALBERTA MILK AND BC DAIRY – BETTER TOGETHER

This year Alberta Milk began working in partnership with BC Dairy to deliver marketing and communications initiatives under a new collaborative model. The BC Alberta (BCA) team was established in the fall of 2022, combining resources to meet shared objectives in a more efficient and impactful way. In this first year of the partnership, staff from both organizations came together to work as one team on behalf of both provinces, and key suppliers were evaluated and consolidated. Research metrics for marketing initiatives were aligned between the two provinces, and new benchmarks were established to allow for consistent measurement of impact of all programs and initiatives moving forward.

Alberta Milk's local marketing and community engagement strategy supports overall long-term market development. Through community

partnerships and associated communications efforts, the goal is that Alberta consumers have a positive view of dairy farmers and feel confident in the quality and nutritional benefit of consuming Canadian dairy products. This is measured by monitoring sentiment for dairy farmers and dairy products.

Market research shows that the more affinity that the public feel for dairy farmers, the better they feel about dairy products (and the more likely they are to consume them). Consumer attitudes around dairy continue to shift and face pressure. In particular, young and urban shoppers tend not to think about the 'positives' about dairy farming and they are conditioned mainly to react to negative news. More than ever, inflation is putting pressure on how people shop for food. In this climate, it is important to reinforce the quality and nutritional value of dairy products and the important part that dairy farmers play in supporting their local communities.



Make it With Dairy

To maintain positive sentiment for dairy farmers and dairy products, we developed the *Make it with Dairy* campaign to position milk and dairy as a positive and relevant part of young consumers' lives. Using a humorous approach and placing ads in digital spaces such as social media and Youtube where our audience consumes media, the campaign showed how choosing milk and dairy makes any situation better.

The campaign ran from Oct 31, 2022 to March 5, 2023. Our research tracker showed that the campaign reached 55.2% of Albertans age 16-29 and for those who recalled the campaign, there was a higher positive sentiment for dairy products and farmers. To extend the reach of the marketing campaigns, Alberta Milk attended popular community events to promote 100% Canadian-made dairy products. Over the winter, our team handed out warm hot chocolate to over 3000 people at three events. Then during the hot summer months, we partnered with four local ice-cream processors to surprise and delight people at eight popular summer spots across the province.

More than Milk

To reinforce how farmers are an integral part of their local communities, we developed a campaign to build on the positive reputation for local dairy farmers by demonstrating that they are an important part of their local communities. The campaign featured dairy farmers from Alberta, highlighting their interests and contributions, with the aim to bridge the gap between the values of dairy farmers and the values of urban 16-44 year olds. To complement the campaign, local dairy farmers also created videos on their farms that were shared to promote a \$100,000 donation made by Alberta Milk to Food Banks Alberta and encourage the public to donate as well.

**\$100,000
DONATION**



MARKET DEVELOPMENT *and* COMMUNITY ENGAGEMENT

COMMUNITY PARTNERSHIPS

Partnerships with trusted organizations in the local community were identified as a key part of Alberta Milk's market development and community engagement strategy this year. Organizations working in areas that align with both consumers' and Alberta Milk's values were prioritized: support for children's health, for individuals facing food insecurity, and for development in youth athletics. This year, new and existing partnerships were evaluated and re-developed to ensure more collaboration and more recognition for the positive contributions Alberta's dairy farmers make to the community.

In 2022-23, major partnerships were established with Alberta Children's Hospital Foundation, and with Food Banks Alberta. These key partnerships will form the foundation for our marketing and communications plan moving forward.

Partnerships with community-based organizations such as YESS, e4c and Alberta School Athletics Association, among others, continued this year, with a renewed focus on leveraging these collaborations with proactive communications and evaluation of impact on consumer perceptions.

PROACTIVE COMMUNICATIONS

A renewed emphasis on partnerships was supported throughout the year with ongoing media relations, content creation, social media and advertising. In 2022-23 Alberta Milk's social media assets were streamlined to be managed internally by the BCA team, resulting in more posting activity and engagement. Alberta Milk's community partnerships were promoted and then evaluated for audience impact, providing more data and insights into partnerships we engage in moving forward. Our research this spring showed that when consumers recalled seeing information about any of Alberta Milk's community partnerships, their perception of dairy farmers having a positive impact in the community increased by +13%.



DAIRY EDUCATION

Alberta Milk continued to have a fun and educational presence at key agricultural events this year, with the return of the Journey of Milk booth at Aggie Days and at the Calgary Stampede in July, where youth and adults alike engage hands-on with positive educational information about dairy farming in Alberta.

In addition, Alberta Milk supported awareness and education about dairy farming through support of Breakfast on the Dairy Farm events and Open Farm Days.

Alberta Milk continued support and participation in Project Agriculture for the third year, an initiative which develops and distributes curriculum-based agricultural resources and activities for both elementary and secondary school students. The program is a collaborative effort between Alberta commodity groups and is jointly funded. Website traffic and resource downloads remained steady this school year, and new promotion activities are planned for 2023-2024 to increase adoption of the resources in Alberta Schools.



Nutrition

2023 saw the realisation of the Nutrition programs of Alberta, Saskatchewan, Manitoba come together under one united Western plan.

2023 WESTERN PLANNING PROGRAM GOAL AND OBJECTIVES

Goal: To be a trusted source of nutrition information (including dairy) and have a strong reputation with our stakeholders.

Objectives:

- Improve educators' (early childhood, schools, and post-secondary) dairy related knowledge, attitudes, and professional practice skills.
- Demonstrate the connection between improving eating competence and improved sentiment towards dairy products.

WHAT WE DO:

We provide food and nutrition education training and tools for early childhood educators and K-12 teachers, while normalizing milk products in the places they work, live, and play. www.teachnutrition.ca

HOW WE DID THAT IN ALBERTA IN 2022-23:

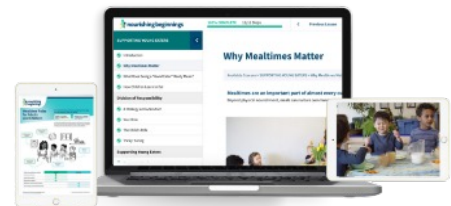
We change attitudes and impressions of dairy farming while providing class leading programs and resources to Early Childhood Educators and teachers with resulting significant increases in positive perception and impression of DFC and dairy farming.

ATTITUDES FOLLOWING ALBERTA NUTRITION PROGRAM EXPERIENCE

Teachers and Educators change in attitudes: Measured as % of teachers with improved attitude of DFC following completion of a RD lead workshop.

	2022 Q3	2022 Q4	2023 Q1	2023 Q2
ECE (Nourishing Beginnings)	72	69	87	86
K-1 teachers (Food Explorers)	72	49	76	72

PROGRAM STRATEGY 1: EARLY CHILDHOOD



- Nourishing Beginnings is offered and taught in AB, and MT, resources offered in MB. Ongoing collaboration with Maritimes Nutrition Team on development of Nourishing Beginnings modules.
- Nourishing Beginnings is taught in 20% of Albertas post secondary ECE programs, as well as to in-service working ECEs. Over 1200 Early Childhood Educators and ECE students in postsecondary have completed a Nourishing Beginnings online e-learning module.
- The Nourishing Beginnings website is a hub for previous participants and current users, seeing 1085 learners to the site in Q2, 757 total resource downloads, and 1.3K video views.



Upcoming Workshops

Supporting Young Eaters

Live Zoom Workshop: Supporting Young Eaters

Discover why it's important to understand the needs of young eaters, getting the right food products for a healthy diet and how to support your child's diet. Starting your own business, you'll learn why knowing about the science of nutrition and how to support your child's diet is important to their health and well-being.

[Register Now](#)



Learning Together with Food

Live Zoom Workshop: Learning Together with Food

Discover why it's important to understand the needs of young eaters, getting the right food products for a healthy diet and how to support your child's diet. Starting your own business, you'll learn why knowing about the science of nutrition and how to support your child's diet is important to their health and well-being.

[Register Now](#)



[Early learning](#) [Elementary K-3](#)

The Curious Cook Video Series

"Hi everyone! Sam here, with another episode of *The Curious Cook!*"
Sam[...]

[See more details](#)

The Curious Cook: Milk

[Click icon to view video](#)



Nutrition CONTINUED

PROGRAM STRATEGY 2: SCHOOLS

Deliver training, tools, and resources that offer students positive dairy perspectives for making food choices.

2022-23 saw the successful completion of the Saskatchewan pilot for DFC TeachNutrition services, and recruitment and hiring of Project Manager Jaclynn Smith to officially launch the nutrition program in January 2023.

Saskatchewan's portfolio is growing and housed offerings for grades K-6 in Q3 and Q4 Alberta metrics and kpi highlights.

TEACHNUTRITION.CA WEB HIGHLIGHTS

- DFC's Teachnutrition.ca website had record breaking numbers in 2022-23 seeing over 31,000 unique users, culminating in +134,000 page views.



CONTENT KPIS

RESOURCES AND PROGRAMS

Both our print and digital resources continued strong traction in our schools, and accessed materials continued to normalise milk and milk products in patterns of healthy eating.

- 2022-23 set records in resource and program orders and downloads. Over 30,000 resources were downloaded and over 70,000 printed resources were ordered.

2022-23 saw the auditing of programs in the west and collaboration among provinces in program development.

Programs identified and under review for late 2023-2024 re-launch in MB, SK, AB.

TEACHNUTRITION.CA WEB HIGHLIGHTS

2022 JUNE - 2023 MAY				
Reach	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Total users	4539	7811	11177	7890
Page views	18141	30801	50673	35027



CONTENT KPIS

2022 JUNE - 2023 MAY				
	2022 Q3	2022 Q4	2023 Q1	2023 Q2
Resource downloads	3732	7200	10876	9483
Print resources, kits and programs	11235	15309	34434	10800
Articles read	3154	1209	1209	1504
Video views	1504	2218	2218	2215



NATIONAL GOVERNMENT RELATIONS *and* PUBLIC AFFAIRS

INTERNATIONAL TRADE

Dairy Innovation Investment Fund

- The federal government recently announced the Dairy Innovation Investment Fund – an investment of up to \$333 million over 10 years to support research and development for new solids non-fat (SNF) products as part of the compensation package negotiated by DFC to dairy farmers for CUSMA.
- The Fund will be allocated between regions (Western Canada, Ontario, Quebec, and Atlantic Canada) based on total production quota allocation and will target large-scale projects supporting the sustainability and efficiency of our sector.

Canada-U.K. trade negotiations

- Negotiations between Canada and the United Kingdom for a bilateral trade agreement are still underway. While the U.K. continues to ask for more dairy market access, Canada's position remains that it will not provide any new access to cheese or other dairy products.
- DFC is also closely monitoring the negotiations to ensure that Canadian sovereignty is preserved in areas such as sustainability, animal welfare, and the administration of our supply management system.

REGULATORY AFFAIRS

Access to Veterinary Medicinal Products

- DFC submitted comments in close collaboration with agricultural stakeholders in relation to several recent federal and international consultations regarding antimicrobials and antimicrobial resistance. DFC and a coalition of stakeholders

took each opportunity to stress the critical importance of ensuring access to new and varied veterinary antimicrobials and alternatives in Canada to best equip farmers to play their part in helping to reduce antimicrobial resistance.

Marketing to Kids

- In June 2023, Health Canada concluded a consultation on restricting the marketing of certain foods and beverages that contain added sodium, sugar, and saturated fat above a certain threshold to children. DFC continues to seek that all exemptions granted to nutritious dairy products in the context of front-of-package labelling be extended to any policy restricting food advertising directed at children.

Support for Canada's Robust Standards (MRLs)

- DFC made several submissions to help inform the Canadian government's position relative to changes to the Maximum Residue Limits (MRLs) for pesticides permitted in imported foods within other countries. DFC took each opportunity to note that Canada is widely recognized for its food quality and robust food safety and production standards, which are largely aligned with international standards.
- Given that Canadian standards are a model for the world, DFC strongly urged the Canadian government to proactively seek that other countries align any existing or planned standards with Canadian standards.

SUSTAINABILITY

Sustainability Partnerships

- As part of its strategy on net-zero and sustainability, DFC has engaged in partnerships with organizations like Tree Canada, Ducks Unlimited Canada, Cleanfarms, Alus, and Bioenterprise. Through these partnerships, we invest in research, support the next generation of farmers, and actively manage and restore ecosystems to protect the natural environment.
- Through these partnerships with leading environmental organizations, DFC is helping to demonstrate dairy farmers' commitment to a more sustainable future across the entire agricultural value chain.

GOVERNMENT RELATIONS

Foot and Mouth Disease Vaccine Bank

- Following joint advocacy by DFC and other livestock-based associations, this year's federal budget announced \$57.5 million over five years, and \$5.6 million in ongoing funding for a Canadian Foot and Mouth Disease vaccine bank.
- The Government is currently working with the provinces and territories to establish the bank and plans to launch a competitive procurement process this fall.

Bill C-282

- In June, Members of Parliament voted 262-51 in favour of Bill C-282, which would enshrine into law that Canada does not give up any more market access in future trade deals.
- The Bill is currently being considered in the Senate, and DFC is working with other supply-managed organizations to advocate in favour of the Bill and raise awareness about the benefits of supply management.

Front-of-package labelling and vitamin D

- In August 2023, following continued advocacy by DFC, Health Canada concluded a consultation on a proposal that would address the remaining unintended consequences of front-of-package labelling by granting additional exemptions to nutritious dairy products.
- The additional exemptions better reflect the calcium contributions of cheeses and will result in almost all cheeses gaining an exemption from the policy. These come on top of the significant evidence-based dairy exemptions already granted by Health Canada when the regulations were published in July 2022.
- Health Canada's proposal will also permit the voluntary fortification of vitamin D to yogurt and kefir, which DFC has long advocated for. It is expected that these policies will be finalized by Spring 2024.

Leveraging the FAO Report

- In May 2023, the Food and Agriculture Association of the United Nations (FAO) released a report highlighting the strong contributions of animal-sourced foods to healthy diets for improved nutrition and health outcomes over the course of people's lives.
- The report urges governments to update their dietary guidance so that they adequately consider the contributions of animal-sourced foods.
- DFC used the contents of the report to help justify the additional exemptions received for nutritious dairy products from front-of-package labelling.

MANAGEMENT DISCUSSION *and* ANALYSIS

STRATEGIC PRIORITIES

The 2022-23 year represented the final year in the three-year Strategic Plan developed by the Alberta Milk board in 2020. Through this work, seven strategic goals were identified:

1. Ensure high-quality milk is consistently produced to meet processor and consumer demands for dairy products.
2. Advocate for supply management.
3. Work together across the value chain for the industry's success.
4. Lead and influence alongside provincial, regional, and national organizations.
5. Alberta's marketing and promotion work is conducted within a national framework.
6. Develop innovative solutions to increase efficiencies and effectiveness in the industry.
7. Model good governance and efficient resource management.

The General Manager is responsible for operationalizing and delivering on each of the goals. The board is kept apprised of this progress through regular updates and key performance indicator reporting. The key performance indicators for 2022-23 included:

- Sustainable Growth Metrics
- Herd Health and Management
- Regulatory Metrics
- Strategic Alignment
- Consumer Confidence
- Stakeholder Satisfaction
- Board Effectiveness
- Financial Metrics

LOOKING FORWARD

Alberta Milk continues to work collaboratively with our Western Milk Pool partners to find efficiencies and increase value for our producers, including harmonizing policies, sharing resources, and working together on key files. Collaboration at the interprovincial and national level is crucial as industry issues increasingly impact all dairy producers, regardless of where they farm. Alberta Milk will also continue to build strong relationships with the dairy processing industry and work together on issues and opportunities of shared interest.

FINANCIAL REPORTING

Alberta Milk's management team is responsible for the financial statements and all information in this annual report. These statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. These statements have been audited using generally accepted auditing standards. The schedule of revenues and expenses by goal, which provides reporting of the statement of operations in accordance with our strategic plan and budget, is considered unaudited as our financial statement auditors were not engaged to conduct an audit of the budget figures, or the expenses classified by Alberta Milk's strategic plan's goals and strategies. Financial information presented elsewhere in this report is consistent with the statements provided.

In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records are maintained. These controls and practices ensure the orderly conduct of business, the accuracy



of accounting records, the timely preparation of reliable financial information, and the adherence to board policies and statutory requirements.

Accountability systems are adopted and approved as a key component of Alberta Milk's strategic plan and governing policies. The board receives regular reporting on progress made toward the organization's goals as outlined in the strategic plan, including a key performance indicator dashboard provided at each board meeting. The dashboard provides quantitative and qualitative reporting that describes how operational work is delivering strategic outcomes. The Audit and Risk Committee oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting.

In support of this responsibility, the committee reviews quarterly financial statements, and is responsible for overseeing the annual financial statement audit and the development of the budget, prior to the presentation of these items to the board. Alberta Milk's financial statement auditors have free access to the Audit and Risk Committee to discuss the results of their work and to express their concerns and opinions.

The following discussion and analysis of the operating results and financial position of Alberta Milk, for the year ending July 31, 2023, should be read in conjunction with the financial statements.

Annual milk volumes were very close to those projected when the budget was created, resulting in assessment revenues being very close to those budgeted. Restricted equalization revenues and expenses reflect the disbursement of funds that are held in trust on behalf of producers, and these items offset one another in the statement of operations.

As a result of higher than budgeted average prices, both restricted equalization revenues and expenses exceeded those budgeted by \$82,378,331. Quota exchange sales and purchases also offset one another in the statement of operations, and these revenues and expenses exceeded those budgeted by \$21,098,551. Total transportation pool expenses were \$5,108,604 above budget, resulting primarily from higher than budgeted interprovincial transportation costs and higher than budgeted fuel prices.

Expenses related to Western Milk Pool transformation during the year were higher than budgeted, as activity and progression outpaced what was projected at the time the budget was created. Many Western Milk Pool transformation costs are shared with partner organizations in the Western Milk Pool; the expenses incurred are recorded as expenses on the statement of operations, and the recoveries from other organizations are recorded as other income. Investment income was higher than budgeted, primarily due to increasing interest rates throughout the year.



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Independent Auditor's Report

To the Members of Alberta Milk

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Alberta Milk as at July 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises:

- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Edmonton, Canada
October 10, 2023



Chartered Professional Accountants

ALBERTA MILK
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JULY 31, 2023

	Quota Exchange	MNE	Scholarship	Research	Other	2023 Total	2022 Total
REVENUES:							
Assessments (Note 8):							
Administrative	\$ -	\$ -	\$ -	\$ -	\$ 6,018,651	\$ 6,018,651	\$ 5,660,266
Marketing, Nutrition, Education (MNE)	-	12,538,872	-	-	-	12,538,872	12,507,446
Research	-	-	-	417,963	-	417,963	416,916
Restricted Revenue - Equalization (Note 5)	-	-	-	-	836,071,294	836,071,294	763,893,278
Hauling Fees (Notes 8 and 10)	-	-	-	-	48,761,136	48,761,136	40,853,419
Investment Income (Loss) (Note 3)	-	-	698	-	514,013	514,711	(3,829)
Grant Revenue (Note 6)	-	42,978	-	-	48,589	91,567	172,560
Processor Audit Recovery	-	-	-	-	(65,578)	(65,578)	139,815
Quota Lease	-	-	-	531,287	-	531,287	637,811
Quota Exchange Sales (Note 12)	71,098,551	-	-	-	-	71,098,551	70,594,747
Other Income (Note 9)	-	66,130	-	500	1,406,167	1,472,797	524,858
Total Revenues	71,098,551	12,647,980	698	949,750	892,754,272	977,451,251	895,397,287
EXPENSES:							
Salaries and Contract Services	-	1,696,858	-	25,532	3,981,905	5,704,295	4,583,175
Director and Delegate Per Diems	-	1,745	-	19,190	301,837	322,772	321,164
Travel	-	22,102	-	14,669	368,706	405,477	165,211
Office	-	164,993	-	529	944,322	1,109,844	1,246,484
Data Processing	-	-	-	-	1,043,987	1,043,987	1,155,057
Meeting Costs	-	1,262	-	4,823	308,152	314,237	149,943
Professional Fees	-	-	-	-	607,823	607,823	550,811
Advertising	-	11,195,251	-	-	223	11,195,474	11,645,585
Hauling Fees (Note 10)	-	-	-	-	48,483,798	48,483,798	40,853,419
Research	-	36,157	-	191,250	-	227,407	209,551
Sponsorships	-	607,661	2,000	-	7,400	617,061	492,912
Grants	-	-	-	868,405	3,200	871,605	964,393
Quota Exchange Purchases (Note 12)	71,098,551	-	-	-	-	71,098,551	70,594,747
Restricted Expenses - Equalization (Note 5)	-	-	-	-	836,071,294	836,071,294	763,893,278
Amortization/Write-Offs	-	10,889	-	-	508,542	519,431	730,733
Loss from Company Subject to Significant Influence (Notes 10 and 15)	-	-	-	-	277,338	277,338	-
Total Expenses	71,098,551	13,736,918	2,000	1,124,398	892,908,527	978,870,394	897,556,463
DEFICIENCY OF REVENUES OVER EXPENSES FOR THE YEAR	\$ -	\$ (1,088,938)	\$ (1,302)	\$ (174,648)	\$ (154,255)	\$ (1,419,143)	\$ (2,159,176)

See accompanying notes and schedules to the financial statements.

ALBERTA MILK
STATEMENT OF FINANCIAL POSITION
AS AT JULY 31, 2023

	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash and investments (Note 3)	\$ 21,934,528	\$ 24,601,686
Due from processors, producers and others	37,277,059	36,636,758
Accounts receivable	1,019,854	984,537
Grants receivable (Note 6)	23,264	182,527
Inventories	13,966	21,255
Prepaid expenses and deposits	280,007	71,922
Total current assets	60,548,678	62,498,685
COMPANY SUBJECT TO SIGNIFICANT INFLUENCE (Note 15)	373,802	-
CAPITAL ASSETS (Note 4)	3,878,471	4,375,607
TOTAL	\$ 64,800,951	\$ 66,874,292
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 4,174,973	\$ 6,864,783
Deferred contributions (Note 5)	46,470,574	44,496,019
Current portion of long term debt (Note 7)	43,095	41,943
Total current liabilities	50,688,642	51,402,745
LONG TERM DEBT (Note 7)	633,496	676,591
NET ASSETS:		
Invested in capital assets	3,878,471	4,375,607
Internally restricted:		
<i>Marketing, nutrition, education</i>	6,801,990	7,890,928
<i>Research</i>	416,453	528,658
<i>Scholarship</i>	132,601	133,903
<i>Quota exchange</i> (Note 12)	1,064,084	1,064,084
Unrestricted	1,185,214	801,776
Total net assets	13,478,813	14,794,956
TOTAL	\$ 64,800,951	\$ 66,874,292

Commitments (Note 9)

Contingent Loss (Note 14)

APPROVED ON BEHALF OF THE BOARD:



Stuart Boeve



Greg Debbink

See accompanying notes and schedules to the financial statements.

ALBERTA MILK
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JULY 31, 2023

	<i>Internally Restricted</i>					Unrestricted	Invested in Capital Assets	2023 Total	2022 Total
	Quota Exchange	MNE	Scholarship	Research					
Balance at beginning of the year	\$ 1,064,084	\$ 7,890,928	\$ 133,903	\$ 528,658	\$ 801,776	\$ 4,375,607	\$ 14,794,956	\$ 18,073,132	
Deficiency of revenues over expenses for the year	-	(1,088,938)	(1,302)	(174,648)	(154,255)	-	(1,419,143)	(2,159,176)	
Administration costs transferred (Note 13)	-	-	-	62,443	(62,443)	-	-	-	
Purchases of capital assets	-	-	-	-	(22,295)	22,295	-	-	
Amortization of capital assets	-	-	-	-	519,431	(519,431)	-	-	
Pension remeasurements and other items (Note 11)	-	-	-	-	103,000	-	103,000	(1,119,000)	
Balance at end of the year	\$ 1,064,084	\$ 6,801,990	\$ 132,601	\$ 416,453	\$ 1,185,214	\$ 3,878,471	\$ 13,478,813	\$ 14,794,956	

See accompanying notes and schedules to the financial statements.

ALBERTA MILK

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JULY 31, 2023

	2023	2022
CASH PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES:		
Deficiency of revenues over expenses for the year	\$ (1,419,143)	\$ (2,159,176)
Items not affecting cash flow:		
Amortization and losses on capital asset disposals	519,431	729,278
Pension remeasurements and other items (Note 11)	103,000	(1,119,000)
Net (increase) decrease in fair value of investments (Note 3)	(19,016)	146,112
Investment income and receivables reinvested directly	(19,369)	(6,308)
Loss from company subject to significant influence (Notes 10 and 15)	277,338	-
Changes in non-cash working capital items:		
Due from processors, producers and others	(640,301)	(4,709,442)
Accounts receivable	(35,317)	965,463
Grants receivable (Note 6)	159,263	(100,305)
Prepaid expenses and deposits	(208,085)	(10,738)
Inventories	7,289	20,221
Accounts payable and accrued liabilities	(2,689,810)	866,026
Deferred contributions (Note 5)	1,974,555	7,556,959
Net cash (to) from operating activities	(1,990,165)	2,179,090
FINANCING ACTIVITIES:		
Long term debt acquired (Note 7)	-	750,000
Long term debt repaid (Note 7)	(41,943)	(31,466)
Net cash (to) from financing activities	(41,943)	718,534
INVESTING ACTIVITIES:		
Purchases of capital assets	(22,295)	(1,250,182)
Purchases of investments	(1,666,486)	(278,508)
Proceeds from sales and redemptions of investments	967,365	234,000
Net cash to investing activities	(721,416)	(1,294,690)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	(2,753,524)	1,602,934
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	21,963,335	20,360,401
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	\$ 19,209,811	\$ 21,963,335

See accompanying notes and schedules to the financial statements.

ALBERTA MILK
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2023

1. AUTHORITY AND PURPOSE OF THE BOARD:

Alberta Milk ("the Board") is a non-profit organization established on August 1, 2002 through the approval of the Alberta Milk Plan Regulation under the authority of the Marketing of Agricultural Products Act of Alberta. The Board is subject to supervision by the Alberta Agricultural Marketing Council, which is appointed by the Government of Alberta, for supervisory and enforcement purposes in respect of Alberta producer boards and marketing commissions. Pursuant to Section 149(1)(e) of the Income Tax Act the Board is exempt from income tax. The Board's purpose is to promote the viability and sustainability of the Alberta dairy industry through programs, policies and services.

2. SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

The Board has prepared these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations ("ASNPO").

Adoption of New and Amended Accounting Pronouncements

The Canadian Accounting Standards Board recently issued amendments to Section 3856 Financial Instruments, which outline the accounting guidelines related to financial assets and financial liabilities in related party transactions. The Board applied the new accounting policy retrospectively, subject to certain transitional provisions. The adoption of the amendments did not have a significant impact on the Board's financial statements.

Revenue Recognition

The Board follows the deferral method of accounting for contributions. Funds collected in the operation of price equalization pools or under various agreements are restricted contributions subject to externally imposed stipulations that specify the purpose for which the funds are to be used. Restricted contributions are recognized as revenue in the period in which the related expenses are incurred. These revenue sources include restricted revenue - equalization, hauling fees and quota exchange sales. Grant revenue which includes restricted contributions received for future expenses is deferred until the expenses are incurred. Assessment revenue, processor audit recovery, quota lease revenue, and other income are recognized as revenue when performance is achieved, consideration is measurable, and ultimate collection is reasonably assured. Investment income is recognized as revenue when earned.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and cash balances with banks and other institutions.

Inventories

Inventories are measured at the lower of cost and net realizable value, or at the lower of cost and current replacement cost when they are held for distribution at no charge or for a nominal charge. Inventory costs are determined using the first-in, first-out method.

ALBERTA MILK
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2023

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided using the declining balance method over the estimated useful life of the assets at the following annual rates:

Building	5%
Computer hardware	30%
Computer software	30%
Consumer displays	30%
Office furniture and equipment	20%

When a capital asset no longer has any long-term service potential to the Board, the excess of its carrying amount over any residual value is recognized as an expense in the statement of operations.

Employee Future Benefits

For the Board's defined benefit pension plan, the defined benefit obligation is determined using the most recent actuarial valuation report prepared for funding purposes, and plan assets are measured at fair value. The Board recognizes the plan's defined benefit asset on the statement of financial position. The defined benefit asset consists of the funded surplus, which is the net amount of the defined benefit obligation and the fair value of plan assets, adjusted as required for any portion of the funded surplus that is not expected to be recoverable. The defined benefit cost is recognized in the statement of operations. Remeasurements and other items are recognized directly in the statement of changes in net assets.

Due from Processors, Producers and Others

Section 29(6) of the Alberta Milk Marketing Regulation allows the Board to "set out all amounts payable among processors, producers and Alberta Milk ... and pay the net amounts." As a result, amounts due from processors, producers and others were netted against amounts owing to processors, producers and others.

Financial Instruments

Initial measurement

The Board's financial instruments are measured at fair value when issued or acquired except for certain non-arm's length transactions, if any, which are measured at cost or fair value depending on the nature of the transaction. For financial instruments subsequently measured at amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement

At each reporting date, the Board measures its financial assets and liabilities obtained in arm's length transactions at amortized cost, except for equities quoted in an active market, which must be measured

ALBERTA MILK
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2023

at fair value. The Board has also irrevocably elected to measure its investments in bonds at fair value. All changes in fair value of the Board's investments in equities quoted in an active market and in bonds are recorded in the statement of operations. The financial instruments measured at amortized cost are cash, guaranteed investment certificates, due from processors, producers and others, accounts receivable, accounts payable and accrued liabilities, and long term debt. For financial assets measured at amortized cost, the Board regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Board determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in the statement of operations in the year the reversal occurs.

Related party financial instruments

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. Subsequent measurement is based on how the Board initially measured the instrument. The Board does not have any financial assets or financial liabilities in related party transactions measured at fair value.

Use of Estimates and Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses for the reported period. Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results could differ from those estimates. Items subject to significant management estimates include valuation of allowances for uncollectible receivables, amortization basis of capital assets, fair value of investments, valuation of employee future benefits, and valuation of contingencies.

Impairment of Long-Lived Assets

Capital assets are reviewed for impairment when events or circumstances indicate that their carrying value exceeds the sum of the undiscounted cash flows expected from their use and eventual disposal. An impairment loss is measured as the amount by which the capital assets' carrying value exceeds the fair value. Accordingly, the Board reviews capital assets for indicators of impairment annually.

Significantly Influenced Profit-Oriented Enterprises

The Board accounts for significantly influenced profit-oriented enterprises using the equity method. The equity method is a basis of accounting for investments whereby the investment is initially recorded at cost and the carrying value, adjusted thereafter to include the investor's pro-rata share of post-acquisition earnings of the investee, computed by the consolidation method. Profit distributions, including dividends, received or receivable from an investee reduce the carrying value of the investment.

ALBERTA MILK
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2023

3. CASH AND INVESTMENTS:

	2023	2022
Cash and cash equivalents	\$ 19,209,811	\$ 21,963,335
Fixed income	766,901	1,050,418
Equities quoted in an active market	1,275,422	1,239,468
Mutual funds quoted in an active market	682,394	348,465
	\$ 21,934,528	\$ 24,601,686

Investment income (loss) includes the following:

	2023	2022
Net increase (decrease) in fair value of investments	\$ 19,016	\$ (146,112)
Interest and dividends earned on corporate funds	504,024	151,079
Interest and dividends earned on scholarship investments	6,293	5,212
Investment management fees	(14,622)	(14,008)
Interest earned on pooling funds	776,136	138,184
Interest rebated to producers	(776,136)	(138,184)
	\$ 514,711	\$ (3,829)

4. CAPITAL ASSETS:

			2023	2022
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Building	\$ 4,112,367	\$ 1,539,834	\$ 2,572,533	\$ 2,707,930
Computer hardware	910,323	735,621	174,702	227,280
Computer software	3,028,260	2,366,847	661,413	944,875
Consumer displays	385,365	359,956	25,409	36,298
Land	385,175	-	385,175	385,175
Office furniture and equipment	445,363	386,124	59,239	74,049
	\$ 9,266,853	\$ 5,388,382	\$ 3,878,471	\$ 4,375,607

ALBERTA MILK
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2023

5. DEFERRED CONTRIBUTIONS:

Deferred contributions represent unspent resources externally restricted for price equalization.

	2023	2022
Deferred contributions at beginning of year	\$ 44,496,019	\$ 36,939,060
Contributions received	838,045,849	771,450,237
Transferred to revenue	(836,071,294)	(763,893,278)
Deferred contributions at end of year	\$ 46,470,574	\$ 44,496,019

Under Section 29 of the Alberta Milk Marketing Regulation, the Board operates a price equalization pool whereby all revenues generated from the processing and sale of milk within Alberta are shared by all Alberta producers in accordance with their quota holdings. The Board, acting as agents to processors, performs the administrative responsibility for payment to Alberta dairy producers. This payment represents each producer's share of the pool less associated marketing expenses.

Effective March 1, 1997, four provinces (Alberta, British Columbia, Saskatchewan, and Manitoba) and the Canadian Dairy Commission ("CDC") entered into the Western Milk Pooling Agreement. The purpose of the agreement was to extend the pooling arrangements within each of the provinces so that all milk revenue is pooled among producers in all four provinces, as if the western provinces constituted a single market. Based on each province's monthly sales, the CDC either distributed funds from or required a contribution to the Western Milk Pool.

Effective June 1, 2020, the Western Milk Pool entered into a P10 revenue sharing agreement with Newfoundland and Labrador and the P5 pool (consisting of the provinces of New Brunswick, Nova Scotia, Prince Edward Island, Quebec and Ontario). The purpose of this agreement was to extend the pooling arrangements within each pool so that all milk revenue is pooled among the ten provinces, as if the ten provinces constituted a single market. Based on each pool's monthly sales, the CDC either distributed funds to or required a contribution from the Western Milk Pool.

6. GRANTS RECEIVABLE:

Grants receivable represent grant funding that has been earned according to grant agreements but has not yet been received. Grants receivable have changed as follows:

	2023	2022
Grants receivable at beginning of year	\$ 182,527	\$ 82,222
Grant revenue earned	91,567	172,560
Grant funds received	(250,830)	(72,255)
Grants receivable at end of year	\$ 23,264	\$ 182,527

ALBERTA MILK
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2023

7. LONG TERM DEBT:

	2023	2022
Mortgage payable - bearing interest at 2.713%, repayable in monthly blended principal and interest payments of \$5,076, maturing October 2036. Secured by the land and building with a net carrying amount of \$2,957,708.	\$ 676,591	\$ 718,534
Less portion due within one year	43,095	41,943
Total long term debt	\$ 633,496	\$ 676,591

Principal repayments due in each of the next five years are as follows:

2024	\$	43,095
2025		44,279
2026		45,495
2027		46,745
2028		48,029
Thereafter		448,948
Total repayments	\$	676,591

8. ASSESSMENT REVENUE:

The Board collected the following producer assessments during the year:

	2023	2022
Administrative	\$0.72/hl	\$0.52/hl
Marketing, Nutrition, Education	\$1.50/hl	\$1.50/hl
Research	\$0.05/hl	\$0.05/hl
Hauling	\$3.62/hl	\$3.15/hl
Hauling yard charge per pickup	\$25.59	\$22.25

9. COMMITMENTS:

The Board rents office equipment under long-term operating leases. Future minimum annual lease payments are as follows:

2023-24	\$	17,824
2024-25		13,588
2025-26		5,116
2026-27		2,132

ALBERTA MILK
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2023

The Board has a budgeted commitment of \$8,169,888 to Dairy Farmers of Canada for the upcoming year. This amount includes the Board's membership fee, funding for strategic industry objectives, and funding for service agreements.

Costs to support the development and implementation of the Western Milk Pool transformation, as well as certain operational costs, have been agreed to be shared within the Western Milk Pool based on provincial quota shares. When the Board incurs costs that are eligible to be shared, the costs are recorded as expenses in the appropriate expense category, and the related recoveries from other organizations are recorded as other income. The Board has also agreed to share and reimburse other Western Milk Pool organizations for similar costs. The Board's net share of transformation and operational costs which were budgeted for the upcoming year in conjunction with other Western Milk Pool organizations is approximately \$1,400,000.

The Board has a funding commitment to several universities for academic advisor positions in the amount of \$160,000 to be disbursed over the course of the next year.

10. TRANSPORTATION POOL

	2023	2022
Revenues		
Producer volume fees	\$ 30,173,910	\$ 26,198,627
Producer yard stop fees	2,451,567	2,174,579
Producer interprovincial fees	4,162,678	3,055,232
Processor recoveries	61,108	68,040
Western Milk Pool recoveries	10,502,241	7,892,565
Increase to transportation pool deficit	1,409,632	1,464,376
Total revenues	\$ 48,761,136	\$ 40,853,419
Expenses		
Hauling fees	\$ 48,483,798	\$ 40,853,419
Loss from company subject to significant influence (Note 15)	277,338	-
Total expenses	\$ 48,761,136	\$ 40,853,419

The total producer cost per hectolitre, which excludes amounts recovered from processors and the Western Milk Pool, was \$4.57 (2022- \$3.94). The total accumulated transportation deficit is \$2,417,567 (2022 - \$1,007,935).

ALBERTA MILK
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2023

11. PENSIONS:

Effective January 1, 2007 the Alberta Milk Employees' Pension Plan ("the Plan") was established on behalf of employees of the Board. Prior to January 1, 2007 certain members had accumulated retirement benefits under the Western Canadian Dairy Herd Improvement Services Association Employees Pension Plan ("the Predecessor Plan"). As of January 1, 2007 the Predecessor Plan benefits for such members, and the liability thereof, have been transferred to the Plan and shall be paid in accordance with the terms of the Plan. The Plan is a defined benefit plan and specifies the amount of the retirement benefit to be received based on the length of service and final average earnings. The most recent funding recommendation for the Plan was completed as at December 31, 2021 and has been updated for current assumptions in the accounting disclosure report dated August 30, 2023.

	2023	2022
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 5,232,000	\$ 4,721,000
Employer service cost	165,000	133,000
Employee contribution	115,000	109,000
Interest cost	241,000	243,000
Actuarial loss	-	680,000
Benefits paid	(206,000)	(654,000)
Benefit obligation at end of year	\$ 5,547,000	\$ 5,232,000
Change in plan assets		
Fair value of plan assets at beginning of year	\$ 5,802,000	\$ 6,347,000
Interest cost	262,000	322,000
Actual return on plan assets less interest cost	103,000	(439,000)
Company contribution	126,000	117,000
Employee contribution	115,000	109,000
Benefits paid	(206,000)	(654,000)
Fair value of plan assets at end of year	\$ 6,202,000	\$ 5,802,000
Reconciliation of funded status		
Benefit obligation	\$ (5,547,000)	\$ (5,232,000)
Plan assets	6,202,000	5,802,000
Funded status	\$ 655,000	\$ 570,000
Valuation allowance	-	-
Defined benefit asset	\$ 655,000	\$ 570,000

ALBERTA MILK
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2023

Defined benefit cost		
Employer service cost	\$ 165,000	\$ 133,000
Interest cost on benefit obligation	241,000	243,000
Interest cost on plan assets	(262,000)	(322,000)
Defined benefit cost	\$ 144,000	\$ 54,000
Remeasurements and other items		
Actual return on plan assets less interest cost	\$ (103,000)	\$ 439,000
Actuarial loss	-	680,000
Total remeasurements and other items	\$ (103,000)	\$ 1,119,000
Actuarial assumptions		
Annual discount rate	4.50%	4.50%
Annual rate of return on assets	4.50%	4.50%
Annual rate of salary increase	3.75%	3.75%
Annual inflation rate	2.25%	2.25%
Termination table	Nil	Nil

The mortality table used was CPM2014Priv with projection scale MI-2017 as at July 31, 2023 (2022 - CPM2014Priv with projection scale MI-2017 as at July 31, 2022).

The retirement rate used was 100% at age 62 (2022 - 100% at age 62).

Distribution of the total market value of the plan assets by major asset category:

	2023	2022
Canadian equities	30.8%	29.9%
International equities	10.0%	10.7%
U.S. equities	16.9%	16.2%
Debt securities	32.7%	-
Cash and other	9.6%	43.2%
Total	100.0%	100.0%

12. QUOTA EXCHANGE:

The Board operates a quota exchange each month. Producers submit bids to purchase quota or offers to sell quota. The exchange is cleared each month at the market clearing price, which is the average between the last successful buyer's price and the last successful seller's price. Quota exchange sales and quota exchange purchases are recognized on the gross basis as the Board both facilitates the sale of quota between producers and buys quota on its own account.

ALBERTA MILK
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2023

13. INTERFUND TRANSFERS:

The research and marketing, nutrition, education (MNE) producer assessments rates per hectolitre are authorized by the Alberta Milk Marketing Regulation and as such, any associated net assets have been set aside by the Board as internally restricted net assets to be used to fund future research and marketing, nutrition, education (MNE) activities. The Board has also set aside internally restricted net assets for the operation of the quota exchange. These net assets result from cash surpluses generated from the operation of the quota exchange and are to be used to manage any potential risk associated with a producer non payment for quota purchases. The scholarship internally restricted net assets are to be used to provide future scholarships to post secondary students in support of the dairy industry.

In 2023, the Board transferred \$62,443 (2022 - \$58,235) from the Unrestricted net assets into the Research net assets to cover administration costs.

14. CONTINGENT LOSS:

The Board was served with a statement of claim in a prior year from a producer regarding the Board's April 7, 2020 decision to impose production controls. The Board is defending itself against this claim, and as the final outcome of these matters is not determinable at this time, no amount has been accrued in the financial statements. An estimate of the amount of the contingent loss cannot be made at this time.

15. SIGNIFICANTLY INFLUENCED ORGANIZATIONS:

The Board exercises significant influence over Dairy Innovation West Inc. ("DIW"). DIW was incorporated on April 30, 2020, and its members are the Board, Dairy Industry Development Council, Saskatchewan Milk Marketing Board and Dairy Farmers of Manitoba. As a member of DIW, the Board is entitled to name a nominee for appointment to DIW's Board of Directors, and the Board's support is required in the process of electing the Chair of DIW's Board of Directors. DIW's purpose is to promote and facilitate the efficient transportation of milk and milk components by producers to the processors in western Canada. The Board holds economic interest in DIW to the extent that resources are transferred to DIW by means of member assessment fees, which are collected by DIW to achieve its stated purpose. The Alberta Agricultural Products Marketing Council has provided their support for the DIW project concept. DIW is incorporated under the Canada Not-for-profit Corporations Act and extra-provincially registered in Alberta, and is exempt from income tax. The Board's recorded transactions with DIW during the year consist of \$26,396 (2022 - \$87,987) of member assessment fees, which are included in office expenses on the Statement of Operations. The Board's staff perform financial and administrative functions on behalf of DIW.

The Board exercises significant influence over DIW Buildings & Land Corporation ("Landco"). Landco was incorporated on August 22, 2022, and its shareholders are the Board, Dairy Industry Development Council, Saskatchewan Milk Marketing Board and Dairy Farmers of Manitoba. The Board's shareholdings are based on provincial quota shares of the Western Milk Pool provinces, with Alberta Milk's relative percentage

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being 35.19484%. As a shareholder of Landco, the Board is entitled to name a nominee for appointment to Landco's Board of Directors, and the Board's support is required in the process of electing the Chair of Landco's Board of Directors. Landco's purpose is to hold and maintain capital assets necessary for the operation of a dairy concentration plant, which when constructed, will be leased to DIW. Landco is incorporated under the Canada Business Corporations Act and extra-provincially registered in Alberta. The Board accounts for Landco using the equity method. During the year, the Board purchased 130,228 class A common shares at a cost of \$651,140, and the Board's loss from Landco under the equity method was \$277,338. The Board's staff perform financial and administrative functions on behalf of Landco.

The Board expects to enter into a credit agreement with Farm Credit Canada ("FCC") for a construction loan in the amount of \$11,088,000 to support the construction of the dairy concentration plant to be owned by Landco. The total cost of construction is estimated to be \$67,787,753. The expected terms of the loan are a term of five years with a ten-year amortization period, bearing interest at FCC's variable mortgage rate minus 1.35%, with interest-only payments during construction, and monthly blended payments subsequent to construction. Security includes a full guarantee of the construction loan from DIW, a full guarantee of the construction loan from Landco, a first mortgage registered against land held by Landco, and a general security agreement over the assets of the Board. The Board anticipates that the current structure of the arrangement will result in the Board receiving preferred shares in Landco in exchange for the contribution of the loan funds towards construction expenses, and that Landco will redeem those shares in amounts equal to the repayment of the construction loan by the Board to FCC.

16. FINANCIAL INSTRUMENT RISKS:

The Board's main financial instrument risk exposure is detailed as follows:

Credit risk

The Board has determined the financial assets with credit risk exposure are due from processors, producers and others, and accounts receivable, as failure of any parties to fulfil their obligations could result in significant financial loss for the Board. There was no significant change in exposure from the prior year.

Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Board is exposed to interest rate risk primarily with respect to its cash balances, fixed income investments, and long term debt. There was no significant change in exposure from the prior year.

Other price risk

The Board is exposed to other price risk with respect to its investments quoted in active markets as changes in market prices could result in changes in the fair value of these investments. There was no significant change in exposure from the prior year.

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Liquidity risk

The Board's liquidity risk represents the risk that the Board could encounter difficulty in meeting obligations associated with its financial liabilities. The Board is exposed to liquidity risk with respect to its accounts payable and accrued liabilities, long term debt, and deferred contributions. Liquidity risk also arises through the provision of financial guarantees provided to Landco as described in Note 15.

17. COMPARATIVE FIGURES:

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the fiscal 2023 financial statements.

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SCHEDULE OF REVENUES AND EXPENSES BY GOAL (UNAUDITED) FOR THE YEAR ENDED JULY 31, 2023

	2023 (unaudited)	Budget (unaudited)	2022 (unaudited)
REVENUES:			
Assessments (Note 8):			
Administrative	\$ 6,018,651	\$ 6,029,544	\$ 5,660,266
Marketing, Nutrition, Education (MNE)	12,538,872	12,561,549	12,507,446
Research	417,963	418,718	416,916
Restricted Revenue - Equalization (Note 5)	836,071,294	753,692,963	763,893,278
Hauling Fees (Notes 8 and 10)	48,761,136	43,652,532	40,853,419
Investment Income (Loss) (Note 3)	514,711	125,000	(3,829)
Grant Revenue (Note 6)	91,567	40,000	172,560
Processor Audit Recovery	(65,578)	-	139,815
Quota Lease	531,287	950,000	637,811
Quota Exchange Sales (Note 12)	71,098,551	50,000,000	70,594,747
Other Income (Note 9)	1,472,797	431,750	524,858
Total Revenues	977,451,251	867,902,056	895,397,287
EXPENSES BY GOAL & STRATEGY:			
<i>High-quality milk is consistently produced to meet demand:</i>			
Quota, processor allocation, and transportation systems	119,915	136,500	144,896
Efficient transportation of raw milk	48,745,655	43,955,181	41,133,650
Provide the best quality milk for consumers	635,600	697,685	728,672
<i>Advocate for supply management:</i>			
Advocate the value of dairy and supply management	108	29,500	6,295
<i>Work together across the value-chain for the industry's success:</i>			
Facilitate processor investment in Western Canada	115,892	204,160	117,119
Develop a retailer code of conduct	-	2,425	1,406
Engage the processing sector in policy development	1,345	5,600	4,300
<i>Lead and influence alongside partners:</i>			
Strengthen relationships with industry partners	482,651	389,873	327,339
Be a strategic partner in the Western Milk Pool	1,365,817	301,774	254,150
Represent Alberta in national policy development	93,787	73,690	54,592
<i>Marketing and promotion work:</i>			
Align with national marketing initiatives and messaging	8,810,460	9,316,867	7,952,137
Connect with Gen Zs and Millennials	817,687	753,044	913,933
Target school-aged children and their families	266,248	245,200	267,116
Elevate local dairy products and Alberta dairy farmers	3,842,523	3,538,750	4,952,684
<i>Increase efficiencies and effectiveness in the industry:</i>			
Support dairy production research	1,124,398	1,403,500	1,282,375
<i>Model good governance and efficient resource management:</i>			
Administer and enforce regulations, directives, and policies	23,913	70,000	108,226
Communication with farmers, stakeholders, and the public	307,198	332,975	247,824
Optimal, effective, and efficient resource management	840,741,308	757,931,757	768,465,002
Quota Exchange Purchases (Note 12)	71,098,551	50,000,000	70,594,747
Loss from Company Subject to Significant Influence (Notes 10 and 15)	277,338	-	-
Total Expenses	978,870,394	869,388,481	897,556,463
DEFICIENCY OF REVENUES OVER EXPENSES FOR THE YEAR	\$ (1,419,143)	\$ (1,486,425)	\$ (2,159,176)









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