



2023

ANNUAL
REPORT

Table of Contents

VISION

**Engaged dairy producers.
Profitable, healthy herds.
A dynamic industry.**

MISSION

- Provide consolidated services and programs to meet the diverse needs of producers.
- Contribute to the management of data.
- Play a leadership role in the industry to create alignment or partnerships.

COVER PHOTO:
Nandale, Pakenham, Ontario



Holstein Canada
20 Corporate Place, Box 610
Brantford, Ontario N3T 5R4

Toll Free: 1-855-756-8300
Text: 226-401-8305

www.holstein.ca

03	Annual General Meeting Agenda
04	President's Message
06	CEO's Message
07	Member Awards & Recognition
08	2023 Non-binding Resolutions: Action Update
11	2023 Financial Highlights at a Glance
12	Classification Activity & 2023 Revenue from Operations
13	2023 Financial Report
14	2023 Financial Statements

141st Annual General Meeting of Members

AGENDA

8:00 AM - 9:00 AM: Breakfast | 9:30 AM - 1:00 PM: AGM

1. Welcome

2. Call to Order

3. National Anthem

4. Moment of Silence in Memory of Deceased Members of the Holstein Canada Family

5. Introduction of Scrutineers and Parliamentarian

6. Introduction of the Head Table and Holstein Canada's Board of Directors

7. Approval of the Agenda

8. Highlights of the Minutes from the 2023 Annual General Meeting of Members

9. Acknowledgement of Past Board Presidents and Directors

10. Address of the President

11. Chief Executive Officer's Report

12. 2023 Financial Report

13. Appointment of Audit Firm

14. Presentation of the 2024 Budget

15. Presentation of the Century of Holstein Awards

16. Awards Committee Report

17. Message from Dairy Farmers of Canada

18. Message from the Honourable Rob Black, Senate of Canada

19. Greetings from the Honourable Lawrence MacAulay, Canada's Minister of Agriculture and Agri-Food

20. Message from Holstein USA

21. Message from Holstein Mexico

22. Message from Jersey Canada

23. Break

24. Unveiling of the 2023 Cow of the Year

25. Member Resolutions

26. Presentation of the 2023 Education Scholarship Awards

27. Members' Input Session

28. Invitation to the 2025 National Holstein Convention in Nova Scotia

29. Closing Remarks and Adjournment



President's Message

Having witnessed firsthand the dedication and time invested by our directors, committee members and the staff at Holstein Canada, I take immense pride in the achievements showcased in this year's annual report. At this time of year when we recognize the combined efforts of our members, staff, and partners, I am confident our association maintains its unwavering commitment to key objectives — nurturing innovation, bolstering community support, and propelling the Holstein breed forward.

In November of last year, I had the opportunity to attend the World Holstein Friesian Conference along with Sartaj Sarkaria, our CEO. We were joined by many international counterparts including Kazakhstan who were welcomed to the WHFF in 2023. The conference included presentations from Dr. Christine Baes, a Canadian scientist from the University of Guelph, on the genetic value of the Holstein breed and Jeffrey Bewley from the Holstein Association USA on advancements technology breeders are experimenting with. The knowledge gained at the conference will no doubt play a pivotal role in informing our path forward.

In mid-January, over 1,000 dairy enthusiasts tuned in live to watch the unveiling of the 20 Canadian Master Breeders for 2023. This was our fourth live broadcast and this year, our hosts were Classifier Alex Laliberté, and Cattle Assessor, Caroline Jovanovic. Our 2023 Master Breeders come from across the country including 12 from Quebec, four from Ontario, one from Alberta, one from New Brunswick and two from Nova Scotia. This year, and for only the fourth time in our history, we experienced a producer achieve this prestigious honour for the fourth time, a truly outstanding accomplishment. As is tradition, Master Breeders will be presented with their shields during this 2024 National Convention and I look forward to meeting and congratulating each and every one.

In these times of economic uncertainty, Holstein Canada is pleased to provide services to members which in turn can provide the data they need to make more informed and economical decisions in their herds. This uncertainty impacts us all. To ensure the stability and strength of the association, we increased our focus this past

year on governance, expense management and financial controls with positive results.

After nearly a decade in the director role, this marks my last report. Reflecting on my journey, I was recently asked about standout achievements. There are many, such as the successful launch of the new Herdbook, the ConneXXion app propelling us forward, and the honour of representing Holstein Canada both locally and internationally.

Our association's evolution, transitioning from a breed organization to a service-driven focus is certainly noteworthy. Guiding our strategic plan forward has been rewarding and I've been fortunate to witness dynamic changes in both the dairy industry and our association, share in triumphs and collaboratively tackle challenges along the way.

I want to thank my fellow directors, committee members, branch and Holstein Canada staff for the support provided over the years and let everyone know I have enjoyed every minute.

I encourage you to always keep in mind that this is your association. Member feedback and involvement are key to maintaining a strong presence and shaping the future of Holstein Canada together.

Sincerely,

Ben Cuthbert



Board of Directors

Ben Cuthbert (President), BC
 BCuthbert@holstein.ca

Angus MacKinnon (Vice-President & Chair), QC
 AMackinnon@holstein.ca

Doug Peart (3rd Member to the Executive), ON
 DPeart@holstein.ca

Willem Vanderlinde, AB/NWT
 WVanderlinde@holstein.ca

Harold Sweetnam, SK/MB
 HSweetnam@holstein.ca

Dennis Werry, ON
 DWerry@holstein.ca

Nancy Beerwort, ON
 NBeerwort@holstein.ca

Brian Slaughter, ON
 BSlaughter@holstein.ca

Gilles Côté, QC
 GCote@holstein.ca

Benoît Turmel, QC
 BTurmel@holstein.ca

Sylvie Mahannah, QC
 SMahannah@holstein.ca

Karen Versloot, Atlantic Canada
 KVersloot@holstein.ca



Board Committees

- Audit and Finance
- Awards
- Breed Advisory
- Classification Advisory
- Governance
- Human Resources
- Risk
- Show and Judging
- Young Leaders Advisory

Feel free to connect with your Holstein Canada Board Directors and Committees. Visit www.holstein.ca to view the list of Committee members.





CEO's Message

Dear Holstein Canada Members,

Over the past year, our organization has demonstrated remarkable resilience, fostered collaboration within our community and achieved significant milestones. This resilience is a testament to our unwavering commitment to excellence in breed improvement, genetic advancements, and member services. As reflected in these highlights from this year's annual report, our dedication has yielded tangible results, showcasing the positive impact of our collective efforts and setting the stage for continued success in the future.

HIGHLIGHTS

- Breeding Success:** Our breeding programs continue to yield positive results, contributing to the improvement of Holstein genetics nationally and globally.
- Innovations in Technology:** Holstein Canada remains at the forefront of technological advancements in the dairy industry. We have embraced digital solutions to enhance member services, registration processes, and data management.
- Member Engagement:** Our efforts to foster a strong sense of community among our members have flourished. Through various events, educational programs and initiatives, we continue to strengthen the Holstein Canada network.
- Financial Sustainability:** Despite the challenges posed by external factors, Holstein Canada has maintained a forward-looking financial standing. This view positions us well for future endeavors and ensures our ability to serve you, our valued members.

As we reflect on the past year's successes and challenges, we acknowledge the remarkable collective efforts of our dedicated members, staff, and partners. Holstein Canada is a testament to the power of collaboration and a shared passion. Looking ahead, our focus remains on fostering innovation, supporting our members, and advancing the Holstein breed.

This year, the strength and resilience of our community shone through in our collective accomplishments, challenges, losses and great success. Your commitment, insights and perspectives continue to shape the future of Holstein Canada. As we navigate the ever-evolving landscape of the dairy industry, your ongoing feedback and active involvement remain crucial.

Thank you for your continued dedication to the Holstein breed and Holstein Canada. Together, we will build a future marked by progress, sustainability, and shared success.

Best Regards,

Sartaj Sarkaria
CEO, Holstein Canada



Member Awards & Recognition

Century of Holstein

For 100 years of continuous Holstein Canada membership.

1924 – 2023

Descendants of Charles O. Peart
Hagersville, ON

1923 – 2023

Descendants of Raymond E. Anderson
Waterford, ON

Scholarship Awards

Supporting youth education.

ONTARIO

Carmen VanderWal, University of Guelph
Mount Brydges, ON

Sarah Dean, University of Guelph
Arnprior, ON

QUEBEC

Audrey Labbé, Institut de technologie agroalimentaire
du Québec - Campus LaPocatière
Saint-Lambert-de-Lauzon, QC

Cadence Beck, University of Guelph
Shawville, QC

EAST

Lauren Boonstoppel, Dalhousie University
Dumfries, NB

WEST

Nicole Verhoef, Lakeland College
Red Deer County, AB

All-Canadian Contest

See Holstein Canada website for full results: www.holstein.ca

Master Breeder Awards

Recognizing Excellence.

SHIELDS	PREFIX	LOCATION
1 st	CLARKES	New Canaan, NB
2 nd	CLOVIS	Saint-Alexandre-De-Kamouraska, QC
1 st	COLSTEIN	Middle Musquodoboit, NS
1 st	CORLANE	Leduc County, AB
1 st	CRAIG	Saint-Patrice-de-Beaurivage, QC
1 st	DESPICS	Palmarolle, QC
1 st	GINEL	Saint-Ignace-De-Stanbridge, QC
1 st	HANALEE	Embro, ON
1 st	JOLIPRE	St. Moise, QC
1 st	JULIO	Granby, QC
2 nd	LARELEVE	Sainte-Agnès-De-Dundee, QC
1 st	LINDENOORD	Heatherton, NS
1 st	LUCYVES	Saint-Alban, QC
2 nd	NANDALE	Pakenham, ON
2 nd	PAVICO	Waterville, QC
1 st	PIMABO	Palmarolle, QC
1 st	RESCATOR	Palmarolle, QC
1 st	RICHLAND	Stirling, ON
4 th	SUNNYLODGE	Chesterville, ON
1 st	VALRICK	St. Louis, QC



2023 Non-binding Resolutions: Action Update

Reports

1. Classification (Submitted by NS/NL Branch)

- Whereas, Classification is an educational service Holstein Canada Members pay for;
- Whereas, an explanation of the classification report is included in this service;
- Whereas, reports are no longer printed on the farm;

Be it resolved, that before leaving the farm, members receive a copy of their report via email or view the report on the classifier's tablet so they can have the full benefit of the classification service.

Action Plan: The Holstein Canada team is updating the reporting functionality and will be rolling it out to Classifiers this year.

2. Classification (Submitted by QC Branch)

- Whereas some producers seem to have noticed that some classifiers favour certain styles of cows for classification, rather than the criteria established by Holstein Canada;
- Whereas currently, the way to judge the accuracy of a classifier is to compare their average classification score to the breed average, rather than by reconciliation with the actual score of the classified animals;
- Whereas with the process of classification regionalization, some producers have mentioned their concern in relation to a regionalization of the conformation;
- Whereas currently, classification is still very subjective since many traits are not measured and only visually assessed;
- Whereas the evolution of the typical cow model is not yet well understood by all producers;
- Whereas presenting classification as a linear score may not be the best visual representation to allow for a good judgment of the classifier's work and to allow producers who are less comfortable with classification to relate the classification to the cow's actual appearance.

Be it resolved, that the following be added to the classification reports: a profile, a front view and a back view according to the classification received for each cow for training purposes and classification assessment. The generated cow profile should also be superimposed on the model cow profile to better identify major defects.

Action Plan: Holstein Canada is focused on artificial intelligence at this time and will be updating the membership this year on our defined scope and progress.

Search Function

3. Tag Replacement Orders (Submitted by NS/NL Branch)

- Whereas, sometimes errors and typos are easy to make;

Be it resolved, that Holstein Canada add an animal inquiry option to serve as a search function within the tag replacement

orders to make it more user-friendly and avoid mistakes.

Action Plan: This project in the works for 2024.

National Show

4. Designation (Submitted by BC, AB, SK and MB Branches)

- Whereas, due to the vast geographical size of Canada, the existence of a national show in eastern Canada limits western provinces from participating;
- Whereas, for reference, the distance from Charlottetown, PEI to Toronto is about 2600 km and again, for reference, it is about 2600 km west to Brandon, Manitoba and an additional 2100 km to Abbotsford, British Columbia;
- Whereas, the health and welfare of all animals is of top priority and long-distance trips are especially difficult on an animal's well-being;
- Whereas, the trip to participate in the yearly national show requires around 12 stops to milk the cattle on the trip;
- Whereas, a national show is once every 4 years in Western Canada. Western exhibitors must travel extremely long distances with unpredictable winter weather to the Royal in Toronto to participate at a yearly national show;
- Whereas, the cost of transport and expenses is at or higher than \$50,000 for a round trip from Chilliwack, BC to Toronto, ON;
- Whereas, the Westerner Dairy Showcase is already running therefore there will be no additional costs to Holstein Canada;
- Whereas, the western provinces have high-quality animals and a national show would recognize these animals on a national stage;
- Whereas, the show in Western Canada be held in the same regard as a national show in eastern Canada (i.e. points to All-Canadian nominations);
- Whereas, there is opportunity to encourage western participation in more shows and also in promoting the Holstein breed throughout Canada.

Be it resolved, that Holstein Canada designate the Westerner Dairy Showcase in Red Deer a National Show.

Action Plan: Holstein Canada is in the process of designating the Red Deer Show as a "National Show" and will be having a discussion with the Show & Judging Committee in the coming months.

HC Convention

5. Rotation (Submitted by NB, PEI, NS/NL Branches)

- Whereas, the National Holstein Canada Convention rotates turns from regions; Western Canada, Quebec, and the Atlantic provinces, having the opportunity to host once every fourth year giving each of the Atlantic branches a twelve year rotation;
- Whereas, historically participation at the Atlantic conventions have been well attended and received by all those who have attended;
- Whereas, the hosting province and other Atlantic provinces have an opportunity for marketing cattle, networking, and making contact with fellow members;

Be it resolved, that the National Holstein Canada Convention rotation remains the same with the Atlantic Branches having an opportunity to host once every four years.

Action Plan: This rotation was determined to already be in place.

Web Services

6. List (Submitted by Ontario Branch)

- Whereas, the number and percent of animals genomically tested in Canadian Holsteins is low;
- Whereas, Holstein Canada members need to see more value in having their animals genomically tested;
- Whereas, young animals, especially heifers, often have the highest genetic merit and the most revenue generating potential in a herd;
- Whereas, Holstein Canada members doing genomic testing need Holstein Canada to provide more value for their animals, similar to what is done for members whose animals are show winners; and
- Whereas, potential domestic and foreign buyers need to have a source for being aware of top genetic Canadian Holstein animals.

Be it resolved, Holstein Ontario requests that Holstein Canada allocate resources in 2023 to develop a service whereby at the time of registration and genomic testing of animals (females and males) a list be created and published monthly, on it's website,

for at least the top 1% of tested animal listing by LPI, Pro\$ and other traits that Holstein Canada sees as key to the future success of Canadian Holsteins.

Action Plan: This is complete and will be released soon for females only.

Pedigrees

7. Breeders' Cup (Submitted by Ontario Branch)

- Whereas, Breeders' Cups are becoming increasingly popular and help to promote the Holstein breed and encourage social interaction of members;
- Whereas, Breeders' Cups are judged by official judges;
- Whereas, County shows are increasingly struggling with relevancy and sustainability.

Be it resolved, that the top two (2) cows of each Breeders' Cup Competition (as decided by the judge) be recognized on their pedigrees. This should be possible regardless of each County's individual rules and classes as long as the judge chooses the top two (2) at the end of the day.

Motion Defeated

Communication

8. Inbreeding (Submitted by Holstein Québec)

- Whereas the advent of genomics has accelerated genetic progress, however it has also increased the level of inbreeding more rapidly than in the past;
- Whereas the increased use of sexed semen or beef semen has the impact of reducing the number of different pedigrees;
- Considering that insemination centres naturally favour crossbreeds with ever higher indexes, which leads to an increase in the concentration of inbreeding;
- Whereas there is already extensive research on inbreeding issues being done by the Genetic Evaluation Board (GEB), but few producers are aware of these efforts.

Be it resolved, that information regarding the increase in inbreeding goes directly to the producers in concrete ways (e.g.: InfoHolstein, social media posts, etc.) in order to effectively raise awareness on this issue of concern to the industry.

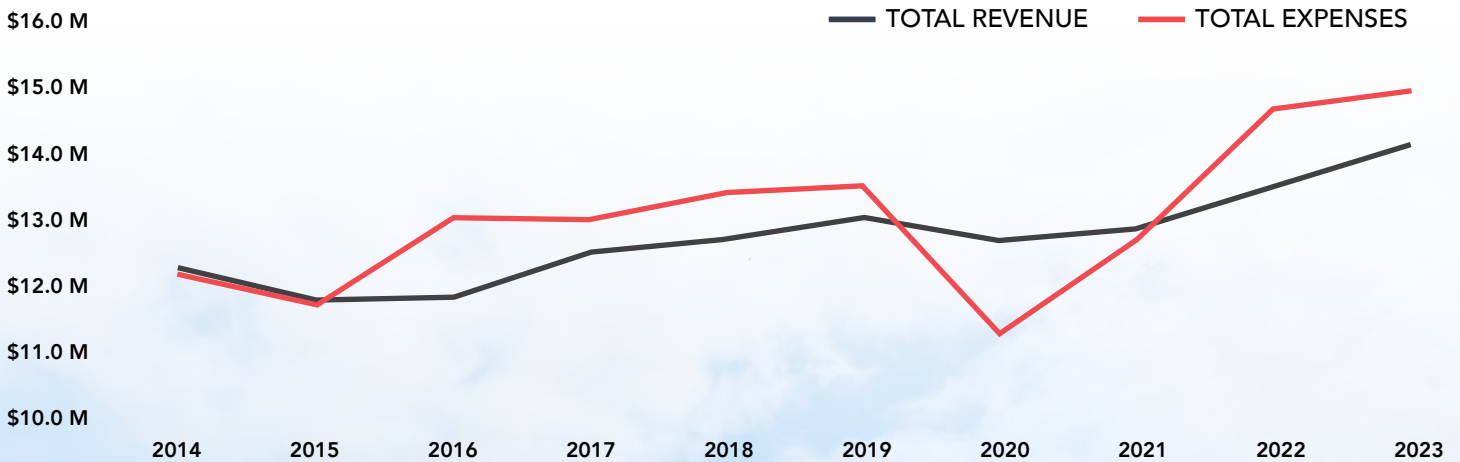
Action Plan: This was informational only and we have taken it under advisement.

2023 Financial Highlights At a Glance

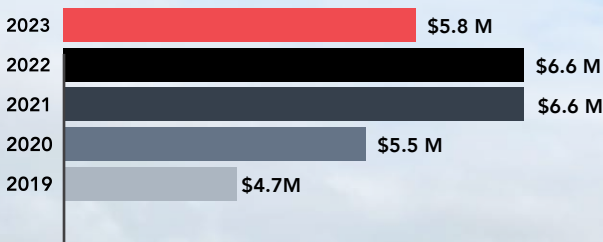
Activity Numbers by Province

Province	Memberships		Registrations		Classifications		Transfers		Genomics	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
British Columbia	313	337	19,447	20,128	13,864	18,047	846	1,264	508	509
Alberta	405	406	24,830	24,417	16,519	15,612	1,108	1,013	3,194	1,983
Saskatchewan	111	115	8,489	9,006	6,577	6,277	441	590	991	802
Manitoba	203	214	11,738	11,952	6,933	6,654	346	524	625	385
Ontario	3,233	3,321	99,842	100,212	76,682	73,122	7,477	9,634	6,840	5,273
Quebec	3,643	3,741	93,389	92,171	102,804	102,580	12,284	10,755	5,365	4,221
New Brunswick	148	154	4,430	4,686	3,615	4,298	489	998	167	319
Prince Edward Island	147	155	4,631	4,509	3,261	4,367	494	892	178	589
Nova Scotia	165	159	4,881	4,474	5,475	6,114	457	425	727	416
Newfoundland	14	16	1,138	1,574	693	813	45	73	42	60
International	3	3	0	4	0	0	148	126	0	0
Total	8,385	8,621	272,815	273,133	236,423	237,884	24,135	26,294	18,637	14,557

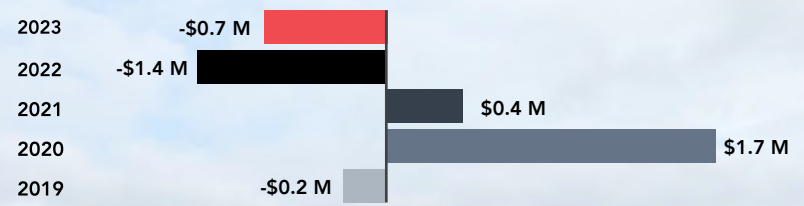
10-Year Operational Results



Reserve Fund: \$5.8M



Surplus* / Deficit: (\$0.7 M)



*2020/2021 includes wage subsidy and one-time costs
All years include Unrealized Gain/Loss on the Reserve fund Investment Portfolio

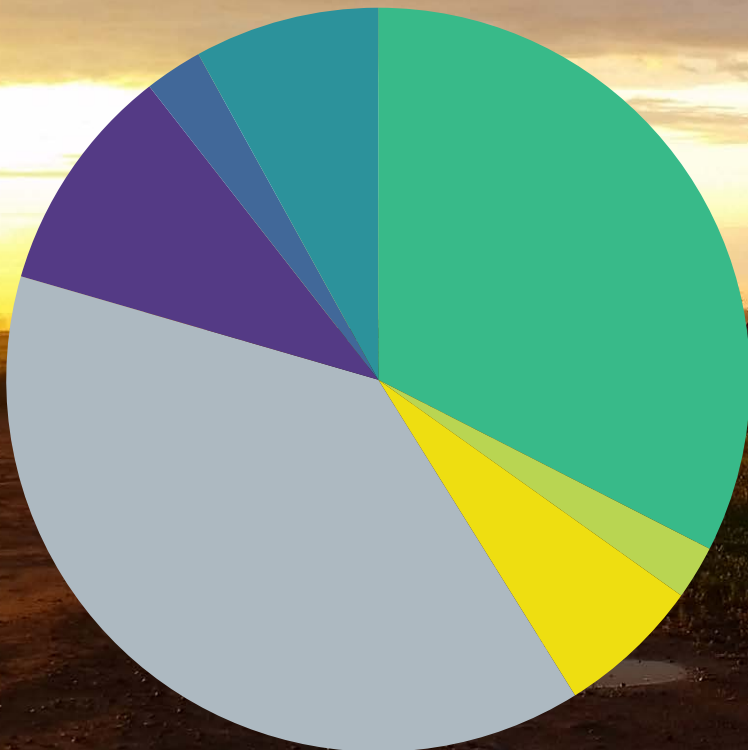


Classification Activity



Holstein Animals		Other Breed Animals		Total Animals	
2023	220,196	2023	16,227	2023	236,423
2022	221,484	2022	16,400	2022	237,884

2023 Revenue from Operations



- Registration (33%)
- Transfers (2%)
- Genomic/Parentage Tests (6%)
- Classification (38%)
- Animal Care Assessments (10%)
- Membership Fees (3%)
- Other Income (8%)



2023 Financial Report

Kathryn Chapman, Controller

Your Holstein Team

In 2023 the employee structure/compensation focus was to ensure we have the right people in the right roles. In 2024 we will continue the design of the employee development program and performance evaluations.

Total Revenues Year Over Year Increase by 6.2%

Revenue growth was driven by the strategic increase in prices designed to start our catch up to the comparative market costs. Registration revenue was up 2.1% from the prior year with activity fairly flat, while transfers were down 3.1% from the previous year. Genomic testing revenue grew 18% from 2022 due to the continued marketing of the enhanced Clarifide product offering and the launch of the ConneXXion application. Classification dollars were 11.3% higher than the year before despite a similar activity to the prior year. Animal Care Assessments were down 1% in revenue. Overall, there was a 6.2% increase in total revenue year over year.

“Expense Management”

In 2023, a key goal was reviewing our processes for effective and efficient expense management. This was realized by ensuring that travel for meetings was a necessity and utilizing the cost savings of attending committee meetings, AGMs, and other industry events virtually. Travel costs continue to climb and we are making it a priority to negotiate hotel contracts, and to make our travel plans efficiently. Our approval and review thresholds were reduced to ensure that senior management and the CEO have a more hands on review before commitments are made, creating additional

controls around our spending. This has resulted in 0.6% below budget and only 2.3% above the prior year despite a 6.8% inflation rate over 2022 and 3.9% inflation in 2023.

Cash Position

The combined increase in prices for 2023 and the effective use of our rotating line of credit and loan facilities helped us to end 2023 in a stabilized cash position. We have kept our payable aging current ensuring that we maintain good relationships with our business partners.

Reserve Fund

Holstein Canada maintains a Reserve Fund to finance ongoing operations in case of business interruption. A minimum balance of \$4M is designated solely for emergency purposes with the excess available to finance future projects. Funds are invested in accordance with the Investment Policy, which is reviewed periodically by the Audit & Finance committee and the Board of Directors. Due to the prior year deficit we required the defunding of \$1M to fund operations, with the approval of the Board. With careful management of the portfolio by RBC Dominion Securities there was a realized gain of 4.74% compared to the loss of 0.10% in 2022. This resulted in a booked unrealized gain of \$104K to maintain our market balance value. The minimum required balance as at the end of 2023 has been reviewed and will be held at \$4M. The market value at the end of the year was \$5.84M

Financial Statements of

**HOLSTEIN ASSOCIATION
OF CANADA**

And Independent Auditor's Report thereon

Year ended December 31, 2023



KPMG LLP

Commerce Place
21 King Street West, Suite 700
Hamilton, ON L8P 4W7
Canada
Telephone 905 523 8200
Fax 905 523 2222

INDEPENDENT AUDITOR’S REPORT

To the Board of Directors of Holstein Association of Canada

Opinion

We have audited the accompanying financial statements of Holstein Association of Canada (the “Entity”), which comprise:

- the statement of financial position as at December 31, 2023,
- the statement of operations and changes in fund balances for the year ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of operations, its changes in fund balances 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 auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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



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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity's internal control.



Page 3

- 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 Entity'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 conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants,
Hamilton, Canada
March 15, 2024

HOLSTEIN ASSOCIATION OF CANADA

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	Operating Fund	Reserve Fund	2023 Total	2022 Total
Assets				
Current assets:				
Cash (note 2)	\$ 236,567	\$ 8,424	\$ 244,991	\$ 182,569
Accounts receivable (note 3)	1,555,830	–	1,555,830	1,637,921
Other receivables	136,168	–	136,168	81,468
Inventory	21,125	–	21,125	26,306
Prepaid expenses	241,824	–	241,824	212,121
Investments (note 4)	–	5,826,696	5,826,696	6,423,052
	2,191,514	5,835,120	8,026,634	8,563,437
Capital assets (note 5)	2,199,892	–	2,199,892	2,343,141
	\$ 4,391,406	\$ 5,835,120	\$ 10,226,526	\$ 10,906,578

Liabilities and Fund Balances

Current liabilities:				
Accounts payable and accrued liabilities (note 6)	\$ 1,638,048	\$ 2,500	\$ 1,640,548	\$ 2,147,003
Deferred revenue (note 7)	148,928	–	148,928	185,151
Current portion of long-term debt (note 8)	157,950	–	157,950	124,322
Demand facility (note 2)	595,000	–	595,000	145,000
	2,539,926	2,500	2,542,426	2,601,476
Long-term debt (note 8)	76,895	–	76,895	34,245
	2,616,821	2,500	2,619,321	2,635,721
Fund balances:				
Reserve (note 12)	–	5,832,620	5,832,620	6,549,528
Operating	1,774,585	–	1,774,585	1,721,329
	1,774,585	5,832,620	7,607,205	8,270,857
Commitments (note 11)				
	\$ 4,391,406	\$ 5,835,120	\$ 10,226,526	\$ 10,906,578

See accompanying notes to financial statements.

HOLSTEIN ASSOCIATION OF CANADA

Statement of Operations and Changes in Fund Balances

Year ended December 31, 2023, with comparative information for 2022

	Operating Fund	Reserve Fund	2023 Total	2022 Total
Revenue:				
Registrations	\$ 3,749,427	\$ –	\$ 3,749,427	\$ 3,670,586
Transfers	270,133	–	270,133	278,710
Genomic & parentage testing	723,810	–	723,810	613,335
DairyTrace	2,874,619	–	2,874,619	2,842,692
Classification	4,423,909	–	4,423,909	3,975,089
Animal care assessments	1,149,756	–	1,149,756	1,160,141
Membership fees	289,979	–	289,979	297,997
Other income	926,470	–	926,470	761,395
	14,408,103	–	14,408,103	13,599,945
Expenses:				
Salaries & benefits	7,175,400	–	7,175,400	7,027,501
DairyTrace cost of sales	2,476,662	–	2,476,662	2,427,532
Travel, meals & accommodations	1,610,939	–	1,610,939	1,535,070
Laboratory costs	491,267	–	491,267	454,361
Contract staff	471,265	–	471,265	430,499
CDN commitment	446,393	–	446,393	419,706
Events	410,613	–	410,613	385,760
Office expenses	373,743	–	373,743	345,926
Amortization	358,189	–	358,189	342,298
Advertising & promotion	304,128	–	304,128	293,625
Computer hardware, software & peripherals	271,982	–	271,982	238,917
Facility expenses	225,896	–	225,896	237,245
Honorariums & per diems	172,445	–	172,445	190,642
Other staff expenses	130,568	–	130,568	99,951
Translation expenses	123,371	–	123,371	186,843
Consultants, professional services	118,115	–	118,115	137,857
Other cost of sales	96,976	–	96,976	119,821
Other	96,894	27,718	124,612	165,241
	15,354,846	27,718	15,382,564	15,038,795
Deficiency of revenue over expenses before the undernoted	(946,743)	(27,718)	(974,461)	(1,438,850)
Other Income/(Expenses):				
Investment income	–	206,522	206,522	163,944
Realized gain (loss) on disposal of investments	–	7,231	7,231	(22,904)
Unrealized gain (loss) on investments	–	97,056	97,056	(118,087)
	–	310,809	310,809	22,953
(Deficiency) excess of revenue over expenses	(946,743)	283,091	(663,652)	(1,415,897)
Fund balance, beginning of year	1,721,329	6,549,528	8,270,857	9,686,754
Transfer (to) from other funds (note 12)	999,999	(999,999)	–	–
Expenses paid on behalf of other funds	–	–	–	–
Fund balance, end of year	\$ 1,774,585	\$ 5,832,620	\$ 7,607,205	\$ 8,270,857

See accompanying notes to financial statements.

HOLSTEIN ASSOCIATION OF CANADA

Statement of Cash Flows

Year ended December 31, 2023 with comparative information for 2022

	2023	2022
Cash flows from operating activities:		
Deficiency of revenues over expenses	\$ (663,652)	\$ (1,415,897)
Items not involving cash:		
Amortization	358,189	342,299
(Gain) loss on disposal of capital assets	1,089	(9,374)
Realized (gain) loss on sale of investments	(7,231)	22,904
Unrealized (gain) loss on investments	(97,056)	118,087
Change in non-cash assets and liabilities:		
Accounts receivable	82,091	90,934
Other receivables	(54,700)	(20,292)
Inventory	5,181	11,031
Prepaid expenses	(29,703)	24,345
Accounts payable and accrued liabilities	(506,456)	705,322
Deferred revenue	(36,223)	(69,708)
	(948,471)	(200,349)
Investing activities:		
Purchase of capital assets	(237,605)	(465,525)
Proceeds on disposal of capital assets	21,576	28,150
Proceeds on sale of investments	1,116,973	713,525
Purchase of investments	(416,330)	(1,863,494)
Change in restricted cash	120,552	1,015,564
	605,166	(571,780)
Financing activities:		
Proceeds from debt	250,000	–
Repayment of long-term debt	(173,721)	(217,559)
Revolving demand facility loan	450,000	145,000
	526,279	(72,559)
Increase (decrease) in cash	182,974	(844,688)
Cash, beginning of year	53,593	898,281
Cash, end of year	\$ 236,567	\$ 53,593

See accompanying notes to financial statements.

HOLSTEIN ASSOCIATION OF CANADA

Notes to Financial Statements

Year ended December 31, 2023

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

1. Significant accounting policies:

(a) Basis of accounting:

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

(b) Fund accounting:

The Association follows the restricted fund method of accounting for revenues and expenses. Revenues and expenses related to service delivery and administrative activities are reported in the Operating Fund.

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

(c) Revenue recognition:

The Association recognizes revenue as services are rendered.

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

Membership fee revenue represents annual membership fees paid by the Association’s members. The Association recognizes membership fee proportionally over the term of the membership. Amounts received in advance of the expiry of the membership period is treated as deferred revenue.

Investment income includes interest and dividends and is recorded when earned.

(d) Inventory:

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

HOLSTEIN ASSOCIATION OF CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(e) Foreign currency translation:

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

(f) Cash and cash equivalents:

The Association considers all highly liquid, high interest investment and savings accounts to be cash equivalents.

(g) Relationship with provincial branches:

The Association is related to its provincial branches as the purpose of the Association and the branches are integrated so that they have common or complementary objectives. In addition, there are provisions in the Association's charter that prevent any changes in the charter of the branches without the Association's consent. As a result, the branches receive certain membership rights and privileges. The Association does not have the right to appoint the majority of the voting members of a branch's board of directors or to exercise control over financing and investing activities but may have the ability to influence parts of the branch's operations. The branches are non-profit organizations, some of which are unincorporated and others that are incorporated without share capital under the laws of the province in which it resides.

Each member of the Association is charged an annual membership fee and a levy that is invoiced and collected by the Association and remitted to the provincial branches pursuant to the by-laws of the Association. The Association also executes certain administrative activities such as making payments on the branch's behalf which are subsequently reimbursed. At year end, \$78,455 (2022 - \$74,748) is included in accounts payable and accrued liabilities relating to these amounts. At year end, \$22,811 (2022 - \$12,316) is included in accounts receivable relating to these amounts.

(h) Impairment of long-lived assets:

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

(i) Development costs:

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

HOLSTEIN ASSOCIATION OF CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(j) Capital assets:

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

Asset	Method	Rate
Building	Straight-line	30 years
Building improvements	Straight-line	10 years
Office furniture and equipment	Straight-line	5 years
Data processing	Straight-line	3-4 years
Automobiles	Declining-balance	30%

(k) Collections:

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

(l) Inter fund transfers:

Inter fund transfers represent amounts used to fund projects and initiatives.

(m) Financial instruments:

Financial instruments are recorded at fair value when acquired or issued.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in income.

HOLSTEIN ASSOCIATION OF CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(n) Use of estimates:

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

2. Cash:

The Association's bank accounts are held at one chartered bank. The bank accounts earn interest at a nominal rate. Included with cash is \$8,424 (2022 - \$128,976) in internally restricted funds held in a high-interest savings account earning interest at a rate of 0.45% (2022 - 0.45%).

The Association has a revolving demand facility totaling \$825,000 which bears interest at the bank's prime rate plus 0.30% per annum. At year end, \$595,000 of the facility was utilized (2022 - \$145,000). These facilities are secured by a general security agreement constituting a first ranking security interest in all personal property of the Association. The Association has a credit card facility with US Bank Canada totaling approximately \$400,000. At year end, approximately \$92,978 of the facility was utilized (2022 - \$102,537) which is included in accounts payable and accrued liabilities on the statement of financial position.

3. Accounts receivable:

Accounts receivable represents trade receivables for membership fees, services and products and are net of an impairment allowance of \$22,546 (2022 - \$33,453).

4. Investments:

	2023	2022
Guaranteed investment certificates	\$ 3,649,816	\$ 3,749,246
Bonds and debentures:		
Canadian provincial and public authorities	297,068	593,013
Canadian corporate bonds	138,269	131,209
Equities:		
Preferred shares	46,111	46,935
Common shares	1,653,915	1,866,895
Foreign securities	41,517	35,754
	\$ 5,826,696	\$ 6,423,052

HOLSTEIN ASSOCIATION OF CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

4. Investments (continued):

The guaranteed investment certificates earn interest at a rate ranging between 1.39% - 5.45% (2022 - 1.20% - 5.30%). The Canadian provincial and public authorities bonds have interest rates between 1.65% - 4.60% (2022 - 1.65% - 4.60%). These investments will mature within a period of 1 - 5 years and are readily converted into cash.

The preferred dividend yields range from 4.90% - 5.20% (2022 - 4.90% - 5.20%). The common shares have no fixed maturity dates and are generally not exposed to interest rate risk. Dividends are generally declared on an annual basis.

At year end, the amounts included above are internally restricted in relation to the reserve fund (note 12).

5. Capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 328,851	\$ -	\$ 328,851	\$ 328,851
Building	3,008,125	2,206,250	801,875	902,145
Building improvements	294,031	145,000	149,031	141,524
Fafard sculpture	179,686	-	179,686	179,686
Office furniture and equipment	468,055	408,674	59,381	54,978
Automobiles	1,115,010	591,523	523,487	550,143
Computer hardware and software	785,799	628,218	157,581	185,814
	\$ 6,179,557	\$ 3,979,665	\$ 2,199,892	\$ 2,343,141

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$56,995 (2022 - \$50,989).

7. Deferred revenue:

	2023	2022
Membership fees	\$ 66,516	\$ 67,654
Product and service revenue	72,383	104,967
Other	10,029	12,530
	\$ 148,928	\$ 185,151

HOLSTEIN ASSOCIATION OF CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

8. Long-term debt:

	2023	2022
Revolving term loan, repayable in monthly installments of \$7,911 including interest calculated at a rate of 2.05% per annum, maturing January 2024, secured by a general security agreement.	\$ 7,787	\$ 101,445
Revolving term loan, repayable in monthly installments of \$2,651 including interest calculated at a rate of 2.84% per annum, maturing October 2024, secured by a general security agreement.	26,010	57,122
Revolving term loan, repayable in monthly installments of \$11,252 including interest calculated at a rate of 7.52% per annum, maturing July 2025, secured by a general security agreement.	201,048	–
	234,845	158,567
Current portion of debt	(157,950)	(124,322)
Long-term portion of debt	\$ 76,895	\$ 34,245

Principal repayment on long-term debt over the next two years are as follows:

2024	\$ 157,950
2025	76,895
	\$ 234,845

The Association has a \$350,000 term loan credit facility and \$350,000 revolving lease line of credit with RBC. The total combined borrowings under these two facilities may not exceed \$350,000 at any given time. At year end, approximately \$234,845 (2022 - \$158,567) of the term loan facilities was utilized, with no drawings on the lease line of credit (2022 - \$nil).

9. Pension plan:

The Association maintains a defined contribution pension plan for all employees whereby it matches employee contributions up to a specific percentage of the employee's earnings, subject to certain limits determined by the date the employee joined the plan. The pension expense for the year was \$188,450 (2022 - \$183,419).

HOLSTEIN ASSOCIATION OF CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

10. Financial instruments:

(a) Credit risk:

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

(b) Liquidity risk:

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

(c) Interest rate risk:

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Association manages the interest rate risk of its investments in guaranteed investment certificates and fixed income investments by using a laddered portfolio with varying terms to maturity.

(d) Foreign exchange risk:

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

There have not been any changes in the risks identified above from the prior year.

11. Commitments:

The Association is committed to paying annual service fees for genetic evaluations activities carried out by the Canadian Dairy Network ("CDN"), a company doing business as Lactanet, pursuant to an agreement between the CDN, Canadian Artificial Insemination Centers, Canadian Milk Recording Agencies and Canadian Breed Associations. The estimated cost to the Association for fiscal 2024 is \$378,480, plus \$75,000 for dairy research as part of the DairyGen Council.

HOLSTEIN ASSOCIATION OF CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

12. Reserve fund:

The Association has a reserve fund established to address for future contingencies and to fund specific projects. During the year, \$999,999 was transferred from the reserve fund to the operating fund (2022 - \$nil).

13. Comparative information:

The comparative amounts presented on the Statement of Operations and Changes in Fund Balances have been reclassified to conform with the current year's presentation.

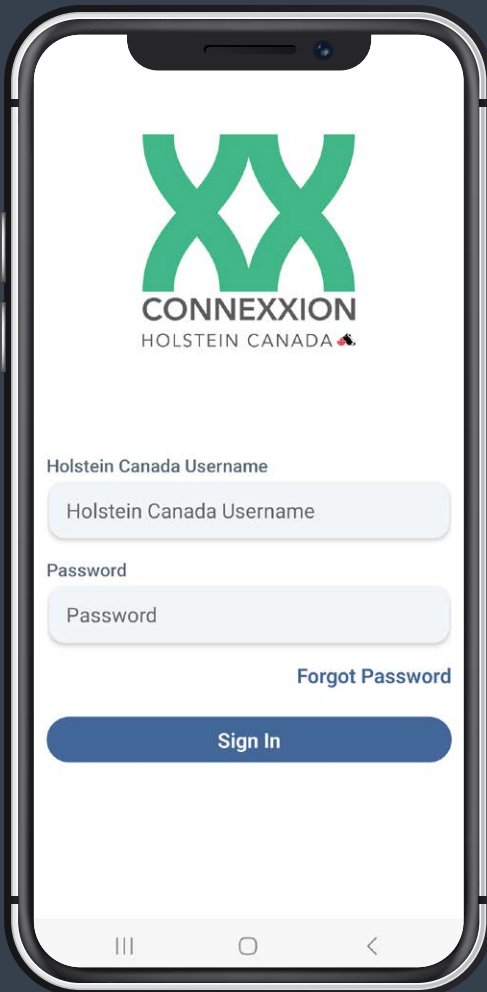

Notes

Notes

Notes



CONNEXION

Genomic Registration

Holstein only!

Try a simplified registration process as you sample animals!

Use Non-Genomic Registration for animals not genomic tested.


.....

Next

Skip

Genomic Test and Registration all in the palm of your hands!

Our NEW "Genomic Registration" saves you time by simplifying the process to Register and submit tests for your Holstein calves.



Attestra Tag Inventory

Preload your tag inventory to make things easier!

Not necessary for DairyTrace customers.

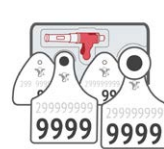
.....

Next

Skip

Save work, register in the App!

The back and forth to the farm office is over; Register and send genomic requests from anywhere on the farm.



Matched TAG/TSU Combo

Use matched TAG/TSU Combo sets for the simplest and most accurate workflow!

Only available for DairyTrace customers.

.....

Login

Stay up to date on your Genomic Test Submissions!

Check the status on your TSU submissions to be notified of results and any possible issues.