

EST. 1884



HOLSTEIN CANADA 2021 ANNUAL REPORT



Table of Contents



Facebook
Holstein Canada



Twitter
@holsteincanada



Instagram
Holstein Canada



YouTube
HolsteinCanadaVideo

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

Toll Free: 1 855 756-8300

www.holstein.ca

03 Annual General Meeting Agenda

04 President's Report

06 Chief Executive Officer's Report

08 Board of Directors

09 Board Committees

10 Member Awards & Recognition

11 2019/2020 Non-binding Resolutions:
Action Update

17 2021 Financial Highlights

21 2021 Financial Report

2022 Annual General Meeting Agenda

1. Welcome and National Anthem
2. Call to Order
3. Moment of Silence in Memory of Departed Members of the Holstein Canada Family
4. Approval of the Agenda
5. Introduction of the Board of Directors
6. Address of the President
7. Chief Executive Officer's Report
8. Minutes of 2021 Annual General Meeting of Members
9. Finance Committee Report
10. Presentation of the 2022 Budget
11. Appointment of Audit Firm
12. Presentation of the Century of Holsteins Award
13. Introduction to Committee Reports
 - a. Classification Advisory
 - b. Show and Judging
 - c. Breed Advisory
14. Presentation of the Certificate of Recognition
15. Presentation of the Certificate of Superior Accomplishment
16. Proposed By-law Amendments
17. A Message from the Breeds
18. A Message from Dairy Farmers of Canada
19. Break
20. Unveiling of the 2021 Cow of the Year
21. 2021 Member Resolutions
22. Young Leader Advisory Committee Report
23. Presentation of the 2021 Education Scholarship Awards
24. Data Committee Report
25. Members' Input Session
26. Invitation to the 2023 National Holstein Convention in Quebec
27. Adjournment



President's Message



2021 was a year of opportunities and exceptional achievements for Holstein Canada.

Our team members demonstrated creativity, flexibility and professionalism throughout the year, kicking it off with the first edition of the Master Breeders' Reveal in January. The Reveal was such a dazzling success that it is now the event of the early part of the year. They also organized a 500-head National judging event, at a new location, in a mere three months; and, most significantly, they delivered all on-farm services from coast to coast while coping with ever-evolving Public Health Regulations.

The invitation for us to participate in the "Canadian Dairy Industry Partner Summit" provided us with a great opportunity to work with other Dairy Breeds. We related to the fact that we all face similar challenges but more importantly, that we all want to serve our Members well. A common vision emerged from this exercise and an action plan is being developed. The Breeds have never worked together so closely, which in turn will benefit all farmers.

One of the Board's priorities is to be a more inclusive Organization for our Members, hence

the decision to hold a hybrid Annual General Meeting to facilitate participation. Another example of this is the Cow of the Year Award, and the implementation of a new process to identify potential candidates based on objective criteria. We received a record 29 entries, which demonstrates that the new formula is very popular!

Another one of our objectives is to become more efficient and make better use of our resources. As part of our goal to make the most profitable use of the surplus premises made available by remote work, we recently welcomed two well-established Brantford companies as tenants. We are also reviewing our business processes to ensure that they are relevant and effective; the use of virtual meetings for our Committees is just one example of this. We will maintain tight administrative discipline throughout these transitions.

We are currently involved in an extremely important Strategic Planning exercise. While your business models and breeding objectives may vary, one commonality is that you would all like services that allow you to progress. As a result of this, several new services are being considered that would allow us to adapt to your needs - all Canadian Dairy Farmers matter to Holstein Canada.

Many member requests have borne fruit; a new Genomic test offered in conjunction with Registration, a review of Show Classes for young cows, as well as recognizing the value of your milking system data. Following a joint request from all Breeds to collect more production data and recognize its value, our representatives have been working with Lactanet to improve milk recording.

Our team welcomed a number of new colleagues in 2022; including a second Field Representative

for the Western Provinces. Holstein Ontario Field Staff were also integrated into our team. We adopted a new policy that allows us to relocate several jobs across the Country. I extend my thanks to all of our employees; for their dedication when faced with difficult working conditions, in addition to trying personal challenges during a situation that none of us have ever experienced.

Our Chief Executive Officer, Vincent Landry, will soon have been at the helm for two years. His energy and fresh perspective sometimes shake up our traditions; however, I remain convinced of his passion for our Organization as well as his desire to ensure we are in an advantageous position in the coming years.

One lesson we can take away from the pandemic is to better appreciate what we have as well as the people closest to us. We must also allow ourselves to change what no longer works. I am leaving the Board with the confidence that developments are well under way to adapt our practices, all the while respecting our builders and our roots.

Warm regards,

Elyse Gendron

Elyse Gendron



Chief Executive Officer's Message



RE-ENGAGE. RE-EVALUATE. RE-IMAGINE.

Introduction

How to describe 2021? Words like adaptability, education, challenge, novelty and resilience spring to mind. Holstein Canada tried to make the best of the situation, on every level, by adapting to pandemic-related issues that we all faced as a society. It was an incredible opportunity to welcome the prospect of new opportunities and not get bogged down by how things were done in the past. Building on the willingness to change that was demonstrated during this time, we will be better equipped to face the challenges ahead. Proactivity will be our greatest asset as we re-engage our Members, re-evaluate our services and re-imagine the Holstein Canada of tomorrow.

An Engaged Board

The consistent availability and agility demonstrated by Holstein Canada's Board of Directors throughout the year enabled our team to deliver on all of its planned projects. We may have aimed a bit high and set too many goals for ourselves, but the Board can be proud of their contributions and resolutions on several issues that required the Industry's attention for a long time. One example is the inclusion of more production and sensor data which came as a result of a cohesive approach and farmer-to-farmer discussions.

A Supportive Membership

I must pay tribute to the patience and understanding shown by our Members in the face of numerous last-minute schedule changes, heartbreaking event cancellations and the lack of in-person meetings.

Many of you took the time to take part in the consultation exercise by completing the survey last November and December. Almost 20% of our active Members shared their vision of the Industry, our Association, our services and our future. Thank you for continuing to believe in the value of your Association's services.

A Committed Team

I would like to acknowledge the unwavering commitment of the entire Holstein Canada team. You were truly tested, and your resilience allowed your Association to pursue its mission while protecting the health of all its staff. I am sincerely proud of you.

Holstein Canada did not record a single case of COVID amongst its Field Staff in 2020 or 2021.

Technology entered all of our lives, in a big way, since the beginning of the pandemic. Even the most reluctant adopters had to open up to new tools that are now found in our homes, offices and on our farms. Despite these changes, we are aware of the need to determine the right balance. A traditional handshake or pen and paper still have their respective places in business...

The ConneXXion program was rolled out last May and offers Members a whole new experience with more detailed reports in the client area. This is a good example of where balance is important. In order to enhance farmers discussions with classifiers at the end of each visit, we adjusted by adding a text and email link to the herd summary report.

The application we planned to launch in 2021 was delayed so that we could focus on our new Genomic offering. Sometimes finding a solution to an issue means having to adjust our priorities. 2022 will be the “Year of the App”!

Technology is evolving everywhere around us, not just at Holstein Canada. We need to further integrate our tools to reduce duplication and bureaucracy for farmers. We’re working on it!

A Rapidly Changing Market

A great many factors influence our business model: declining farm numbers, accelerating genetic progress, increasing herd sizes, the rising use of sexed and beef-on-dairy semen, more frequent milkings per day and the arrival of new technology on farms.

One thing is clear; Holstein Canada is facing a mature market as well as competition. That’s right - competition!

We will have to act quickly and skillfully to manage the challenges this entails. This is the toughest test that Holstein Canada has ever faced, but what a great opportunity for the Association to reinvent itself!

The Board is keeping these issues front and centre as it develops the next Strategic Plan. We also launched numerous pilot projects in 2021 to test new approaches to our services. Stay tuned for further developments.

A Synergy We Must Safeguard

The emerging environment in the Dairy Industry requires all players to reinvent themselves.

Sometimes our fields of expertise are challenged by the arrival of new services. This is unavoidable, and the only way to avoid duplication is to keep our partners engaged with open communication.

The Industry Summit set the stage for this. Our collaboration with other Breeds clearly

demonstrated that strength lies in numbers and that we need to promote synergy amongst Breeds.

An Ever-changing Work Environment

The past 24 months profoundly changed the way we work. With a view of strengthening our employer brand, we took a bold, proactive step by implementing a remote working policy that will remain in place beyond the pandemic. This gives our employees the option of working at Head Office, remotely or in hybrid mode, based on their roles. This flexibility will create opportunities for people across the Country.

Currently, we are able to offer every employee a hybrid or permanent workstation at Head Office. This new approach also allowed us to consolidate our square footage and to make over 6,000 square feet of commercial space available for rent, in a highly competitive and uncertain market. Two well-known Brantford businesses entered into 5 year lease agreements with us. This will bring in over \$130,000 of new revenue per year.

Conclusion

My wish, in all sincerity, is for us to have the courage to do what it takes to **RE-ENGAGE, RE-EVALUATE and RE-IMAGINE** the Holstein Canada of tomorrow. It is up to you, the Members, to decide how to make this happen.

Have a great Annual Meeting!



Vincent Landry

Board of Directors



Not pictured: Willem Vanderlinde and Harold Sweetnam

Feel free to connect with your Holstein Canada Directors:

Elyse Gendron (President), QC
EGendron@holstein.ca

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

Doug Peart (2nd Vice-President), ON
DPeart@holstein.ca

Willem Vanderlinde, AB
WVanderlinde@holstein.ca

Harold Sweetnam, MB
HSweetnam@holstein.ca

Dennis Werry, ON
DWerry@holstein.ca

Nancy Beerwort, ON
NBeerwort@holstein.ca

Brian Slaughter, ON
BSlaughter@holstein.ca

Angus MacKinnon, QC
AMackinnon@holstein.ca

Gilles Côté, QC
GCote@holstein.ca

Benoît Turmel, QC
BTurmel@holstein.ca

Karen Versloot, NB
KVersloot@holstein.ca

Board Committees

Audit and Finance

Doug Peart, Chair (ON)

Willem Vanderlinde (AB), Angus MacKinnon (QC), Harold Sweetnam (SK/MB), Vince Bosquet (ON)

Awards

Karen Versloot, Chair (NB)

Gilles Côté (QC), Harold Sweetnam (SK/MB), Émilie-Sophie Parenteau (QC), Kevin Klages (ON)

Breed Advisory

Benoît Turmel, Chair (QC)

Ben Cuthbert (BC), Nancy Beerwort (ON), Jason Rietveld (AB), Jean-Claude Fleury (QC), Anthony Kessler (QC), Tony Van Lith (ON), Phillip Vroegh (NS), Dr. Matt Walker (ON), Dr. Christine Baes (ON)

Classification Advisory

Brian Slaughter, Chair (ON)

Dennis Werry (ON), Cindy Wikkerink (BC), Devin O'Hara, (ON), Mike West (ON), Todd Nixon (ON), Thierry Jatou (QC), Tyler Howard (PEI), Dr. Matt Walker (ON)

Cow of the Year

Dennis Werry, Chair (ON)

Jeff Donohoe (MB), Hugh Hunter (ON), Pier-Olivier Lehoux (QC), Matt Clarke (NB)

Data and Technology

Elyse Gendron, Chair (QC)

Nancy Beerwort (ON), Benoît Turmel (QC), Doug Peart (ON), Willem Vanderlinde (AB)

Election

Glen McNeil, Chair (ON)

Governance

Harold Sweetnam, Chair (SK/MB)

Angus MacKinnon (QC), Brian Slaughter (ON), Elyse Gendron (QC)

Risk

Ben Cuthbert, Chair (BC)

Angus MacKinnon (QC), Benoît Turmel (QC)

National / Branch Joint Meeting Representatives

Benoît Turmel (QC), Harold Sweetnam, (SK/MB), Dennis Werry (ON), Karen Versloot (NB)

Show and Judging

Nancy Beerwort, Chair (ON)

Dennis Werry (ON), Kenton Lindenbach (SK), Ari Ekstein (ON), Dan Doner (ON), Scott Brethet (ON), Kim Coté (QC), Pierre Boulet (QC), Jeff Bysterveldt (PEI)

Young Leader Advisory

Ryan Wert, Chair (ON)

Willem Vanderlinde (AB), Karen Versloot (NB), Lars Iversen (AB), Mike Flaman (SK), Lysanne Pelletier (QC), Cynthia Campbell (NS), Alex Dolson (ON), Audrey Morneau (QC)

Member Awards & Recognition

Certificate of Recognition

Award recognizing significant contributions to the dairy industry with provincial/regional impact.

Lorne Loveridge Grenfell, SK

Certificate of Superior Accomplishment

Award recognizing significant contributions to the dairy industry with national/international impact.

Keith Flaman Regina, SK

Century of Holsteins

For 100 years of continuous Holstein Canada membership.

BEECHWOOD Hagersville, ON
1922 – 2021 Descendants of J. Watson Roulston

Scholarship Awards

Supporting youth education.

ONTARIO

Cole Radbourne, University of Guelph
Allenford, ON

Mickayla Ringelberg, University of Guelph
Troy, ON

QUEBEC

Alexis Vermette, ITAQ La Pocatière
Saint-Gervais, QC

Gaëlle Bergeron, ITAQ La Pocatière
Saint-Édouard-de-Lotbinière, QC

EAST

Mackenzie Shepard, Dalhousie University
Keswick Ridge, NB

WEST

Isaac Boonstoppel, Lakeland College
Grunthal, MB

All-Canadian Contest

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

Master Breeder Awards

Recognizing breeding excellence.

3 rd	BELFAST	Saint-Patrice-de-Beaurivage, QC
2 nd	BERGEROY	Saint-Samule-de-Horton, QC
1 st	COTI	Saint-André-d'Argenteuil, QC
1 st	EXPO	Churchville, NS
1 st	FLOROMA	Port-Rouge, QC
1 st	GERMEC	Hérouxville, QC
1 st	HAZELHILL	Sussex, NB
1 st	KOOPYCREST	Picton, ON
2 nd	LINDENRIGHT	Bierby Brook, NS
1 st	MERCURY	Ange-Gardien, QC
1 st	MILVALEA	Baltimore, ON
1 st	NEW MARS	Millet, AB
1 st	PERRICHE	Saint-Apollinaire, QC
1 st	PLAINELAC	Saint-Vallier, QC
2 nd	PROVETAZ	Compton, QC
1 st	RIGHTSTAR	Saint-Germain-de-Grantham, QC
1 st	ROCKYMOUNTAIN	Water Valley, AB
1 st	SAUDER HOLME	Wallenstein, ON
2 nd	SQUIBBLAND	Saint Pauls, ON



2021 Master Breeder Reveal

2019/2020 Non-binding Resolutions: Action Update

Action update on resolutions accepted at the 2021 Holstein Canada Annual General Meeting.

Genetics

2. Topic: Inbreeding Calculator

Submitted by: Quebec Branch (2020)

- Whereas the genetic data present on Compass are the most updated source of information available to users;
- Whereas the Compass tool is presently not as popular as expected and that another feature would help set this tool apart;
- Whereas, according to Lactanet data, inbreeding in the Holstein breed is 7.47%* and has increased by 0.25 in the last decade;
- Whereas there is currently no independent sire selection tool available on the market;

Be it resolved that Lactanet and Holstein Canada take the necessary steps to integrate the Lactanet inbreeding calculator into Compass to allow for a quick calculation of inbreeding between a user selected sire in the “My Sires” list and an individual or group of individuals selected by the user in the herd inventory. This addition would be to validate inbreeding and genetic indexes of the potential progeny, not to suggest a mating.

Action Plan: Holstein Canada and Lactanet have initiated discussions on developments and investments in Compass. This will be aligned with Holstein Canada’s strategic plan.

3. Extraction of Data in Compass

Submitted by Quebec Branch (2020)

- Whereas the genetic data in Compass is the most up-to-date source available to users;
- Whereas, currently, the Compass tool is not as popular as expected;
- Whereas, currently, the extraction of data from the herd inventory is only exported in PDF format, which does not allow users to analyze the data, only to view them;

Be it resolved that Holstein Canada and Lactanet take the necessary steps to allow the tables generated in Compass under “Herd Genetics” to be exported in Excel format instead of PDF to allow users to conduct their own analyses of the data.

Action Plan: Holstein Canada and Lactanet have initiated discussions on developments and investments in Compass. This will be aligned with Holstein Canada’s strategic plan.

4. Compass Mating Capabilities

Co-Submitted by: New Brunswick, Nova Scotia & Newfoundland Branches (2019)

- Whereas the Compass program is a great foundation to assist Canadian dairy breeders;
- Whereas giving breeders the flexibility of customizing their breeding program would be a huge benefit to the program;
- Whereas the current program only offers a list of bulls for the herd and not for individual cows, creating an extra step for producers;
- Whereas breeders are becoming increasingly focused on the benefits of A2 milk;

Be it resolved that Holstein Canada and Lactanet complete a sixth module and add functionality to the Compass software to customize an index, making a mating program recommendation, sort bulls for the A2 gene, and identify matings that could result in undesirable haplotypes.

Action Plan: This aspect of Compass involves a substantial investment of resources and time. The Holstein Canada Board of Directors is currently completing its strategic plan. In the coming months, it will take a position on this point according to the various priorities established for the next plan.

5. Data Sharing

Submitted by: Quebec Branch (2020)

- Whereas the Holstein Association has the duty to defend and represent the interests of its members;
- Whereas dairy producers pay to generate and to provide the data allowing the calculation of genetic indexes;
- Whereas Holstein Canada provides reports that can help producers make decisions for a good management of their herd;
- Whereas a large part of Lactanet's funding comes from dairy producers or organizations funded by producers;
- Whereas, a very large proportion of Lactanet funding comes from dairy producers or organizations funded by producers;

Be it resolved that Lactanet recognize that the genetic indexes obtained through the collection of data on our farms also belong to the producers and that the producers can consent to sharing these data with Holstein Canada and the stakeholders of their choice.

Action Plan: Holstein Canada is working to finalize its policy on the ownership, use and sharing of data collected from its members. The work is being done in collaboration with a specialized legal firm. Lactanet also has a similar exercise.

Awards

7. Master Breeder Title

Submitted by Quebec Branch (2019)

- Whereas Holstein Canada is looking for functional and profitable cows;
- Whereas the Master Breeder title reflects the standards the association is looking for in Holstein cows;
- Whereas such standards of profitability and functionality are evolving among Holstein Canada members;
- Whereas Master Breeder herds have a great influence on the breed;

Be it resolved that Holstein Canada conduct a complete review and modernization of the criteria for the Master Breeder title to include profitability criteria.

Action Plan: The Holstein Canada Recognition Committee has undertaken a major review of the entire recognition program. In conjunction with the project to include more production data that is being conducted with the Breeds and Lactanet, there are many new points that need to be addressed. The committee will be presenting new options or tweaks during 2022 to address the various resolutions and publication rule changes.

8. Lifetime Production Award

Submitted by Quebec Branch (2019)

- Whereas approximately 90% of the revenues are made up of kilograms of fat and protein;
- Whereas 0% of the revenues come directly from the kilograms of milk produced;

Be it resolved that Holstein Canada finds a way to recognize the excellence of these high performing bulls and of these exceptionally productive and fertile cows.

Action Plan: The Holstein Canada Recognition Committee has undertaken a major review of the entire recognition program. In conjunction with the project to include more production data that is being conducted in conjunction with Breeds and Lactanet, there are many new points that need to be addressed. The committee will be presenting new options or tweaks during 2022 to address the various resolutions and publication rule changes.

9. Long-time Fat Production

Submitted by PEI Branch (2020)

- Whereas, the average butterfat test for Holstein 2yr olds born in 1990 and 2018 (Lactanet Dec 2020) has raised from 3.75 % in 1990 to 4.03% in 2018;
- Whereas, Star Brood cow and Master Breeder points are awarded to cows producing 60,000 kg of milk and up to 120,000 kg of milk, there are also categories for composite deviation and composite BCA;
- Whereas, the Canadian quota and milk price is based on kg of butterfat produced;
- Whereas, the average protein % has held steady at 3.25% from 1990 until 2018 (Lactanet Dec 2020);

Be it resolved that Holstein Canada Honor and Awards Committee consider adding a forth Production category to their Star Brood Cow and Master Breeder point schedule that recognizes long time Fat production similar to the points that recognize long time milk production.

Action Plan: The Holstein Canada Recognition Committee has undertaken a major review of the entire recognition program. In conjunction with the project to include more production data that is being conducted with the Breeds and Lactanet, there are many new points that need to be addressed. The committee will be presenting new options or tweaks during 2022 to address the various resolutions and publication rule changes.

Marketing and Strategic Communications

11. Canadian Genetics

Submitted by Quebec Branch (2019)

- Whereas the reputation of Canadian genetics is positive around the world;
- Whereas the efforts made by Canadian breed associations;

Be it resolved that Holstein Canada develop a strategic action plan to promote the reputation and values of Canadian genetics.

Action Plan: Several actions have been put forward in 2021 to promote breeding beyond our borders. The virtual coverage of our major events was the most efficient way to do so with the constraints related to the pandemic. The joint conference on Classification with Italy. The unveiling of the Master Breeders' Coverage of the National Finals - 38 Countries participated with over 8772 clicks on the Livestream. These events had a huge impact.

Tools

12. Classification Options

Submitted by Quebec Branch (2019)

- Whereas the rapid evolution of genetics makes breeding tools and objectives more important;
- Whereas there are different types of breeding which Compass does not allow you to choose from;
- Whereas breeders want to know about and work with certain cow families;

Be it resolved that Holstein Canada and Lactanet adjust Compass to give producers the ability to use conformation (classification of the dam) as a selection on this tool.

Action Plan: Holstein Canada has conducted several pilot projects in 2021. The mass member survey also provided a lot of information on the needs and expectations of producers towards the service. In 2022, a complete review of the options and cost for the Classification service will be completed.

13. Herd Results

Submitted by Quebec Branch (2020)

- Whereas the information on cow awards is provided by Holstein Canada;
- Whereas the classification results are recorded by Holstein Canada;
- Whereas all this data is used by Holstein Canada to calculate the Master Breeder points;

Be it resolved that Holstein Canada to create a herd results tab on producer's web account that displays classification results (compilation of EX and VG cows). Also, displays the total number of awards received (superior production, lifetime production, star cows and others).

Action Plan: Holstein Canada is in the process of completing a complete review of the recognition program. This addition will be considered for the 2023 program.

14. Independent Selective Mating Software

Submitted by Quebec Branch (2020)

- Whereas producers want an independent choice of bulls;
- Whereas producers want a more personalized selective mating program;
- Whereas producers contribute the data used to create the genetic indexes for sires;

Be it resolved to Ask Holstein Canada to develop selective mating software for its members.

Action Plan: The Holstein Canada Board of Directors is currently completing its strategic plan. In the coming months, it will take a position on this point according to the various priorities established for the next plan. (Related to Resolution #4)

Other

15. Milk Recording Data Rights

Submitted by Quebec Branch (2019)

- Whereas members have no control over the data they generate through the use of various tools, which is granted to Lactanet for free through the Data Use Consent form;
- Whereas members do not receive any income from data used by the industry;
- Whereas this data is currently sold in the form of genetic indexes to A.I. centers;

Be it resolved that Holstein Canada take necessary steps to withdraw the right to use data generated through milk recording and reclaim control of the significant amount of data they generate. Holstein Canada serves its members as a non-profit organization, and thus should be entrusted with the control of this wealth of information to protect the interests of those who provide quality data that benefits the entire industry. Any person or organization seeking access to this data would have to negotiate the right and cost of use with Holstein Canada.

Action Plan: Holstein Canada is currently finalizing its own data policy. Once this exercise is completed on its own, we will see how we can engage in a broader discussion on data with our various industry partners in order to meet producers' expectations.

16. Traceability

Submitted by Ontario Branch (2019)

- Whereas a national livestock traceability process plays an important role in the protection of our dairy industry into the future;
- Whereas farmers have a responsibility to follow traceability guidelines and regulations;

Be it resolved that DairyTrace initiates the process to have the ear tag number from shipped animals associated with the cheque stub and/or receipt, to ensure traceability is maintained.

Action Plan: The request was forwarded to the program administrator.

17. Gene Editing

Submitted by Ontario Branch (2019)

- Whereas Semex and Recombinetics have partnered to develop a precision breeding program that requires editing of the genomes of these animals;
- Whereas a precision breeding program may be perceived as producing genetically modified animals and, as a result, the perception may be that the milk produced by Canadian dairy producers would come from genetically modified animals;
- Whereas consumers have a negative perception associated with genetic modifications in relation to their food, as well as Canadian milk producers wanting to offer a quality product of which the consumer is not afraid;
- Whereas this gene editing would be a first in the Canadian dairy industry, and may bring into question purity of the Holstein breed;

Be it resolved that a task force consisting of industry stakeholders (processors, retailers, producers, breeders, Dairy Farmers of Canada, and CFIA) be formed to determine if this is in the best interest of the dairy industry, providing recommendations to either cease gene-editing projects or provide guidelines to regulate and identify the animals involved in gene editing.

Action Plan: *Update to follow.*

20. Bulls – Red

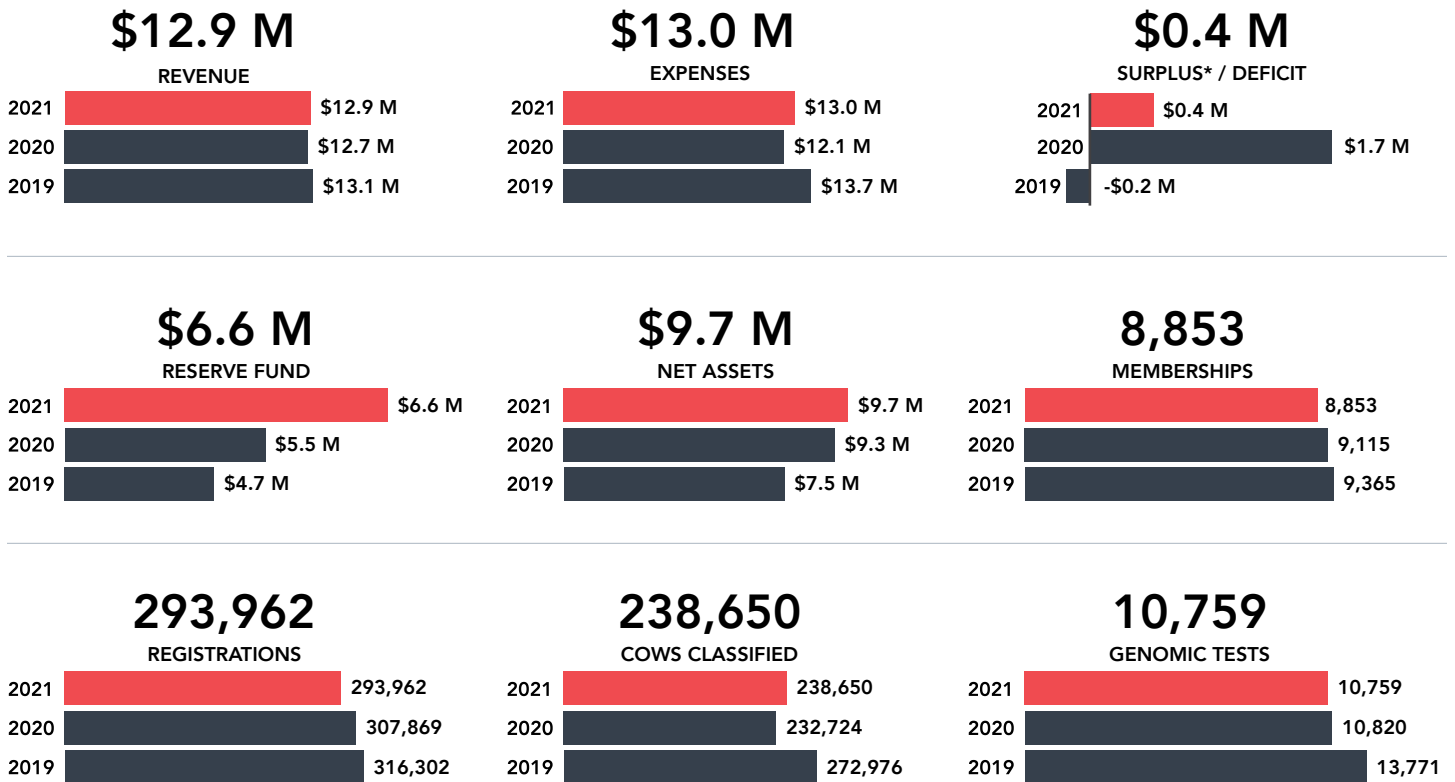
Submitted by Ontario Branch (2020)

- Whereas AI companies have begun marketing bulls with the word “RED” or “-RED” at the end of their names, and;
- Whereas, in some cases, these bulls do not carry any Red Genes, but instead are considered Variant Gene Red, and;
- Whereas Variant Gene Red and Red Genes are unrelated, meaning the sire can be bred to a red cow, and still have a black calf, and;
- Whereas this can be perceived as misleading to breeders when making semen purchasing decisions;

Be it resolved that the terms “RED” or “-RED” be included only on animal names carrying the required Red Genes, providing reliability in the likelihood of offspring being red.

Action Plan: We have updated our auto checks and the word ‘Red’ can only be used in the name of animals that are red and white, true carrier of red gene or tested free of variant red. This is to avoid confusion and view that colour of offspring will all be red.

2021 Financial Highlights – At a Glance



*Includes wage subsidy, gain or loss on investments, one-time costs

Activity Numbers By Province

Province	Memberships		Registrations		Classification*		Transfers		Genomic	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
British Columbia	347	360	24,337	23,334	16,438	13,967	1,274	1,116	454	693
Alberta	422	428	26,461	26,943	12,875	19,311	1,600	1,715	809	1,033
Saskatchewan	115	114	8,710	8,592	6,404	5,301	1,930	667	634	514
Manitoba	223	222	13,699	14,660	9,400	5,112	2,455	340	603	604
Ontario	3,372	3,472	106,189	116,025	85,950	77,112	10,802	10,900	3,528	3,239
Quebec	3,871	4,004	97,253	102,034	93,030	100,269	12,488	12,321	4,203	4,099
New Brunswick	157	167	5,005	4,792	3,393	3,202	279	437	158	206
Prince Edward Island	157	158	4,958	4,815	4,067	3,356	482	896	132	115
Nova Scotia	170	171	5,167	5,314	6,131	4,456	432	315	237	315
Newfoundland	17	16	2,152	1,297	962	638	111	594	1	2
International	2	3	31	63	0	0	176	262	0	0
Total	8,853	9,115	293,962	307,869	238,650	232,724	32,029	29,563	10,759	10,820

* Classification: Holstein 222,469, other dairy breeds 16,181 (2020: Holstein 217,019, other dairy breeds 15,705)

Classification Activity



Total Herd Visits

2021	10,468
2020	10,894



Holstein Animals

2021	222,469
2020	217,019



Other Dairy Breed Animals

2021	16,181
2020	15,705



Total Animals

2021	238,650
2020	232,724

2021 Financial Report

Lorna Fothergill, Controller

Reposition

At the beginning of the year, Management made the difficult decision to restructure several staff positions. The Association incurred \$226,000 in one-time restructuring costs to support the impacted employees and help them transition to new opportunities.

Total Revenues Increase by 2%

Registration activity volumes were down 5% compared to the previous year. Transfer activity rose by 13% and genomic testing volumes were level with 2020. Classification activity was 3% higher than the year before, but the number of cows classified was below budget expectations due to the higher than usual number of unfilled positions and field staff on leave.

Overall, there was a 2% increase in total revenue year over year.

Hybrid Operations

While many event cancellations continued into 2021 due to COVID-19, “hybrid” became a frequent catchphrase in daily operations. The Association transitioned to host virtual, in-person and hybrid events, accommodating attendees from coast to coast. Travel, meeting costs and events savings were significant for the second year in a row.

Strong Cash Position

Holstein Canada’s cash and credit position at the end of 2021 remains strong. The Association received \$203,000 in COVID-19 government funding this year. Those funds, combined with savings from travel, events and employee costs contributed to a closing operating cash balance of \$898,000.

Support for Canadian Dairy Producers

Holstein Canada made a \$25,000 contribution to support local activities, distributed amongst the Provincial branches that did not qualify for Government pandemic assistance. To help Western farmers challenged by the wildfires and summer drought conditions, late payment fees were waived in 2021 and late registration fees will be credited for the first quarter of 2022. Like many individuals and other dairy industry partners, Holstein pledged support to the B.C. Dairy Association to assist with the recovery efforts from the devastating Abbotsford area floods with a donation of \$25,000.

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. In 2021, the Association transferred \$600,000 from the Operating Fund to the Reserve Fund. The addition of these monies, plus investment income generated by the portfolio and a strong market year combined to increase the Reserve Fund balance from \$5.5M (December 2020) to \$6.6M (December 2021).

Financial Statements of

**HOLSTEIN ASSOCIATION
OF CANADA**

And Independent Auditors' Report thereon

Year ended December 31, 2021



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

INDEPENDENT AUDITORS' 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, 2021,
- 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, 2021, 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' 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.

Auditors' 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 auditors' 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.



Page 3

- 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.
- 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 auditors' 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 auditors 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small arrowhead pointing to the right.

Chartered Professional Accountants, Licensed Public Accountants,

Hamilton, Canada
March 22, 2022

HOLSTEIN ASSOCIATION OF CANADA

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	Operating Fund	Reserve Fund	2021 Total	2020 Total
Assets				
Current assets:				
Cash (note 2)	\$ 898,281	\$ 1,144,540	\$ 2,042,821	\$ 1,374,277
Accounts receivable (note 3)	1,728,855	–	1,728,855	1,703,212
Other receivables	61,176	–	61,176	86,687
Inventory	37,337	–	37,337	44,864
Prepaid expenses	236,466	–	236,466	291,659
Investments (note 4)	–	5,414,074	5,414,074	4,766,498
	2,962,115	6,558,614	9,520,729	8,267,197
Capital assets (note 5)	2,238,691	–	2,238,691	2,509,611
	\$ 5,200,806	\$ 6,558,614	\$ 11,759,420	\$ 10,776,808
Liabilities and Fund Balances				
Current liabilities:				
Accounts payable and accrued liabilities (note 6)	\$ 1,439,181	\$ 2,500	\$ 1,441,681	\$ 1,097,819
Deferred revenue (note 7)	254,859	–	254,859	143,268
Current portion of long-term debt (note 8)	217,739	–	217,739	161,226
	1,911,779	2,500	1,914,279	1,402,313
Long-term debt (note 8)	158,387	–	158,387	102,280
	2,070,166	2,500	2,072,666	1,504,593
Fund balances:				
Reserve (note 12)	–	6,556,114	6,556,114	5,504,008
Operating	3,130,640	–	3,130,640	3,768,207
	3,130,640	6,556,114	9,686,754	9,272,215
Commitments (note 11)				
Covid-19 (note 13)				
	\$ 5,200,806	\$ 6,558,614	\$ 11,759,420	\$ 10,776,808

See accompanying notes to financial statements.

HOLSTEIN ASSOCIATION OF CANADA

Statement of Operations and Changes in Fund Balances

Year ended December 31, 2021, with comparative information for 2020

	Operating Fund	Reserve Fund	2021 Total	2020 Total
Revenue:				
Herdbook services	\$ 7,619,255	\$ –	\$ 7,619,255	\$ 7,428,881
Classification and assessment	4,903,260	–	4,903,260	4,867,410
Membership fees	304,599	–	304,599	314,157
Finance and facilities	43,497	–	43,497	41,920
Other	59,865	–	59,865	50,589
	12,930,476	–	12,930,476	12,702,957
Expenses:				
Herdbook services	\$ 4,439,680	\$ –	\$ 4,439,680	\$ 3,977,193
Classification and assessment	3,704,773	–	3,704,773	3,605,535
Strategic communication	721,093	–	721,093	549,411
Executive and administration	969,237	–	969,237	997,117
Business and technology solutions	1,514,801	–	1,514,801	1,427,412
Finance and facilities	762,631	–	762,631	787,659
Human resources	238,071	–	238,071	251,408
Data exchange services and research	419,794	–	419,794	363,631
Other	151,750	54,485	206,235	151,017
	12,921,830	54,485	12,976,315	12,110,383
Excess (deficiency) of revenue over expenses before the undernoted	8,646	(54,485)	(45,839)	592,574
Other income (expenses):				
Canadian Emergency Wage Subsidy	202,684	–	202,684	1,031,832
Canadian Emergency Rent Subsidy	1,833	–	1,833	539
Investment income	–	158,177	158,177	142,009
Restructuring costs	(225,730)	–	(225,730)	–
Realized loss on investments	–	(20,057)	(20,057)	(6,859)
Unrealized gain (loss) on investments	–	343,471	343,471	(13,774)
	(21,213)	481,591	460,378	1,153,747
(Deficiency) excess of revenue over expenses	(12,567)	427,106	414,539	1,746,321
Fund balance, beginning of year	3,768,207	5,504,008	9,272,215	7,525,894
Transfer (to) from other funds (note 12)	(600,000)	600,000	–	–
Expenses paid on behalf of other funds	(25,000)	25,000	–	–
Fund balance, end of year	\$ 3,130,640	\$ 6,556,114	\$ 9,686,754	\$ 9,272,215

See accompanying notes to financial statements.

HOLSTEIN ASSOCIATION OF CANADA

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash flows from operating activities:		
Excess of revenues over expenses	\$ 414,539	\$ 1,746,321
Items not involving cash:		
Amortization	371,765	414,974
Loss on disposal of capital assets	2,077	12,479
Realized loss on sale of investments	20,057	6,859
Unrealized (gain) loss on investments	(343,471)	13,774
Change in non-cash assets and liabilities:		
Accounts receivable	(25,643)	(284,854)
Other receivables	25,511	38,667
Inventory	7,527	(13,281)
Prepaid expenses	55,193	(54,991)
Accounts payable and accrued liabilities	343,862	(159,711)
Deferred revenue	111,591	36,266
	983,008	1,756,503
Investing activities:		
Purchase of capital assets	(120,824)	(255,681)
Proceeds on disposal of capital assets	17,900	45,252
Proceeds on sale of investments	663,467	405,186
Purchase of investments	(987,629)	(1,186,580)
Change in restricted cash	(407,030)	(89,304)
	(834,116)	(1,081,127)
Financing activities:		
Repayment of long-term debt	(254,746)	(177,647)
Issuance of long-term debt	367,368	—
	112,622	(177,647)
Increase in cash	261,514	497,729
Cash, beginning of year	636,767	139,038
Cash, end of year	\$ 898,281	\$ 636,767

See accompanying notes to financial statements.

HOLSTEIN ASSOCIATION OF CANADA

Notes to Financial Statements

Year ended December 31, 2021

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, 2021

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, \$97,513 (2020 - \$78,015) is included in accounts payable and accrued liabilities relating to these amounts. At year end, \$15,773 (2020 - \$8,525) 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, 2021

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, 2021

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 \$1,144,540 (2020 - \$737,510) in internally restricted funds held in a high-interest savings account earning interest at a rate of 0.45% (2020 - 0.35%).

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, this facility was not utilized (2020 - \$nil). 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 \$60,694 of the facility was utilized (2020 - \$79,934).

3. Accounts receivable:

Accounts receivable represents trade receivables for membership fees, services and products and are net of an impairment allowance of \$30,000 (2020 - \$40,000).

4. Investments:

	2021	2020
Guaranteed investment certificates	\$ 2,116,496	\$ 1,814,583
Bonds and debentures:		
Canadian provincial and public authorities	1,049,907	1,495,479
Canadian corporate bonds	146,037	–
Equities:		
Preferred shares	61,218	60,228
Common shares	1,993,531	1,377,918
Foreign securities	46,885	18,290
	<u>\$ 5,414,074</u>	<u>\$ 4,766,498</u>

HOLSTEIN ASSOCIATION OF CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2021

4. Investments (continued):

The guaranteed investment certificates earn interest at a rate ranging between 1.15% - 3.01% (2020 - 0.90% - 3.01%). The Canadian provincial and public authorities bonds have interest rates between 1.65% - 4.70% (2020 - 2.90% - 4.70%). 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% (2020 - 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:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 328,851	\$ –	\$ 328,851	\$ 328,851
Building	3,008,125	2,005,709	1,002,416	1,102,687
Building improvements	154,395	118,692	35,703	32,264
Fafard sculpture	179,686	–	179,686	179,686
Office furniture and equipment	402,821	341,039	61,782	99,208
Automobiles	938,337	481,351	456,986	503,146
Computer hardware and software	612,806	439,539	173,267	263,769
	\$ 5,625,021	\$ 3,386,330	\$ 2,238,691	\$ 2,509,611

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$60,394 (2020 - \$54,560).

7. Deferred revenue:

	2021	2020
Membership fees	\$ 69,087	\$ 69,182
Product and service revenue	166,668	74,086
Other	19,104	–
	\$ 254,859	\$ 143,268

HOLSTEIN ASSOCIATION OF CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2021

8. Long-term debt:

	2021	2020
Revolving term loan, repayable in monthly installments of \$4,022 including interest calculated at a rate of 4.60% per annum, maturing June 2021, secured by a general security agreement.	\$ –	\$ 23,811
Revolving term loan, repayable in monthly installments of \$2,305 including interest calculated at a rate of 1.75% per annum, maturing August 2022, secured by a general security agreement.	18,669	45,533
Revolving term loan, repayable in monthly installments of \$2,352 including interest calculated at a rate of 4.60% per annum, maturing June 2022, secured by a general security agreement.	13,982	40,888
Revolving term loan, repayable in monthly installments of \$6,471 including interest calculated at a rate of 4.05% per annum, maturing October 2022, secured by a general security agreement.	63,521	136,975
Non-revolving term loan, repayable in monthly installments of \$891 including interest calculated at a rate of 4.60% per annum, maturing July 2022, secured by a general security agreement.	–	16,299
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.	193,461	–
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.	86,493	–
	376,126	263,506
Current portion	(217,739)	(161,226)
Long-term portion of debt	\$ 158,387	\$ 102,280

HOLSTEIN ASSOCIATION OF CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2021

8. Long-term debt (continued):

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

2022	\$	217,739
2023		124,322
2024		34,065
	\$	376,126

The Association has a \$750,000 term loan credit facility and a \$750,000 revolving lease line of credit with RBC. The total combined borrowings under these two facilities may not exceed \$750,000 at any given time. At year end, approximately \$376,127 (2020 - \$247,207) of the term loan facilities was utilized, with no drawings on the lease line of credit (2020 - \$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 \$180,620 (2020 - \$184,518).

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.

HOLSTEIN ASSOCIATION OF CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2021

10. Financial instruments (continued):

(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 2022 is \$345,000, plus \$75,000 for dairy research as part of the DairyGen Council.

12. Reserve fund:

The Association has a reserve fund established to address for future contingencies and to fund specific projects. During the year, \$600,000 was transferred from the operating fund to the reserve fund (2020 - \$750,000) and a \$25,000 donation was paid by the operating fund to the B.C. Dairy Association for B.C. flood support on behalf of the reserve fund.

HOLSTEIN ASSOCIATION OF CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2021

13. COVID-19:

On March 11, 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak a pandemic. The pandemic has resulted in significant financial, market and societal impacts in Canada and around the world.

During the year, the Corporation was eligible and received the Canadian Emergency Wage Subsidy of \$202,684 during the year (2020 - \$1,031,832) and the Canadian Emergency Rent Subsidy of \$1,833 (2020 - \$539).

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Corporation's operations and financial position is not known at this time. There remains uncertainty over the impact on future customer services requirements from new or existing Provincial COVID-19 safety orders. These impacts could include a decline in future cash flows, changes to the value of assets and liabilities, and the use of net assets to sustain operations. An estimate of the financial effect of the pandemic on the Corporation is not practicable at this time.



Take control of your Genomic plan today!



CLARIFIDE at Holstein Canada

Bundle and Save!
\$40 combined Registration and Genomics

The most cost-effective way to register and Genomic test your calves before 3 months of age.

Applies to members submitting electronic Registrations for non-ET Holstein Female calves at 50% or higher purity, outside of other enrollment programs.

1 855 756-8300 | GENOMICS@HOLSTEIN.CA | WWW.HOLSTEIN.CA

Zoetis® and Clarifide® are registered trademarks of Zoetis or its licensors.
© 2022 Zoetis Services LLC. All rights reserved.