



ANNUAL REPORT

2024 - 2025

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DAIRY FARMERS OF NEW BRUNSWICK ANNUAL REPORT 2025

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Dairy Farmers of New Brunswick Mission Statement:

To represent the interests of New Brunswick dairy farmers in their pursuit of operating sustainable dairy farms that produce high quality milk within a supply management system.

Dairy Farmers of New Brunswick Vision Statement:

A vibrant and healthy dairy industry comprised of profitable dairy farmers.

MESSAGE

FROM THE BOARD CHAIR

Hello fellow farmers,

It's hard to believe this is already my fourth Chair Address — time truly flies.

First, I want to express my heartfelt thanks for once again placing your trust in me and re-electing me for another three-year term as a director at-large. It is both a privilege and an honour to serve as Chair of your Dairy Farmers of New Brunswick Board of Directors. I believe we have an excellent board made up of dedicated and capable directors who work hard on your behalf.

For many of us, this growing season has been a challenging one. On our own farms, we found ourselves planting around wet spots in the spring, only to have crops stop growing by mid-August due to the lack of rain. Still, as optimistic farmers, we always look forward to a better season ahead. A significant decision your board made this year was to sell the DFNB building. This building had been the home of DFNB since the early 1980's and was beginning to require major investment to maintain it and had become too large for our staff. At the time of writing this address the DFNB staff are preparing to move into our new office space, an exciting step forward for our organization.

Over the last year it has also become apparent to the board that a revision of our provincial quota policy is needed. Over the coming months we will be undertaking a comprehensive review, and we look forward to discussing this with all producers.

All three Maritime boards continue to work together through the Maritime Executive Committee (MEC) to harmonize policies and processes and we are starting to see tangible results. We now have a consistent Milk Payment System (MPS) across all three provinces, and New Brunswick and Nova Scotia have also aligned their Chief Financial Officer (CFO).

At the national level, the P10 Pooling Committee has embarked on a comprehensive strategic plan, recognizing that there are efficiencies to be achieved in several areas. Through this work, it has become clear that we need to change our approach to national discussions. Instead of trying to tackle multiple large files at once, we'll be focusing on one major issue at a time, finding solutions and making progress before moving on to the next.



The Market Growth Program (MGP) is in the final stages of being completed and launched, the creation of this program was an undertaking that took several years and a great deal of effort to bring this program to completion, but the outcome made it all worthwhile.

All of this work, whether it's happening at the provincial, regional, or national level, is laying the foundation for the long-term sustainability of our dairy industry. By collaborating across provinces and working with our national partners, we're ensuring that Canadian dairy farmers remain strong, competitive, and resilient in the face of change. These efforts will help secure a stable and prosperous future for our farms, our families, and the generations that follow.

I would like to express my heartfelt gratitude to our board members, DFNB staff, and Farm Products Commission. Together, we've built a strong team here in New Brunswick, dedicated to supporting our local farmers and advancing the interests of Canada's dairy industry at the national level. Thank you for your commitment and collaboration.

I would like to extend my gratitude to Frances Freeze and the other 40 Excellent Milk Quality award winners. Thank you for your tireless efforts and congratulations on this well-deserved recognition.

I wish you all a happy and prosperous 2026.

Wietze Dykstra
Board Chair

SUPPLY MANAGEMENT

IMPORT CONTROLS, PRODUCTION PLANNING,
PRODUCER PRICE SETTING

A Model of Reason and Balance

Canada was founded by the British North America Act (BNA) of 1867 as a federal union of four provinces: Quebec, Ontario, Nova Scotia, and New Brunswick. The BNA Act set out federal and provincial jurisdictions, granting provincial governments authority over the production and marketing of goods and services within their own boundaries, and assigning the federal government jurisdiction over interprovincial and international trade.

The concept of supply management requires either a delegation or a sharing of these federal and provincial powers through agreements among multiple signatories. These signatories currently subscribe to supply management through the 1983 National Milk Marketing Plan and Memorandum of Agreement, as well as through various pooling agreements developed and signed since that time. In New Brunswick, jurisdiction over the production and marketing of milk is established under the Natural Products Act, which delegates certain controls over production, marketing, promotion, and research to Dairy Farmers of New Brunswick (DFNB), while other responsibilities are vested in the New Brunswick Farm Products Commission (the Commission). Both DFNB and the Commission are signatories to the national plan and related agreements. Along with New Brunswick's processing sector, these two parties form the New Brunswick Dairy Industry Council, which serves as a forum to discuss issues affecting the province's dairy sector. Supply management is a model of reason and balance that provides consumers with healthy, fairly priced products and operates on three interdependent pillars: managing imports, matching production to market requirements, and providing producers a fair return.

Pillar One: Managing Imports

The first pillar depends on Canada's ability to secure bilateral or multilateral trade agreements that provide the dairy sector with a predictable level of imports for milk and dairy products. Over recent years, market access to Canada's dairy industry has grown significantly through agreements such as the Comprehensive Economic and Trade Agreement (CETA), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and the Canada–United States–Mexico Agreement (CUSMA). In 2024–25, Canadian dairy producers continued to receive investment payments to offset market losses resulting from concessions made under CUSMA. During the 2024–25 dairy year, Canada imported 26.3 million kilograms of butterfat—a 2.9% increase over the previous year. In 2024, Canada imported \$1.661 billion in dairy products and exported \$554.7 million, resulting in a trade deficit of \$1.107 billion, compared to \$1.009 billion in 2023.

Pillar Two: Matching Production to Demand

The second pillar is achieved through provincial quota policies that guide producers on the volume of milk required to meet consumer demand. During the spring and summer of 2025, we saw a significant increase in the demand for yogurt and fresh cheese indicating that the scales were being tipped more towards solids non-fat (SNF).

SUPPLY MANAGMENT

CONTINUED







Overall, the butterfat market grew by 3.28% during the 2024-25 dairy year compared to the previous dairy year. With several production incentives in place, production in kilograms of butterfat matched pace with this market growth. However, unusually high milk components from the farm meant that production in liters only increased by approximately half that amount. This, coupled with the increased demand for higher SNF products created challenges with matching supply to demand within the P5 region, with many processors indicating shortages while butter stocks continued to grow. Within the P5, an evaluation was done on the SNF payment policy. This triggered an increase in the dollars paid to a producer for their SNF production early in 2025 with an announcement of a further adjustment to happen in early 2026. Butter stocks in July 2025 reached 41 063 tonnes, 3,643 tonnes higher than in July 2024.

Pillar Three: Ensuring Fair Returns

The third pillar focuses on determining the level of returns producers need to cover their cost of production (COP). A national COP study of 220 or more dairy farms is used to inform this process, with Statistics Canada indices ensuring current and accurate data. The National Pricing Formula, which expired on February 1, 2023, continues to be applied as discussions between producers and processors about potential updates have been delayed due to other national priorities. The formula uses year-over-year changes in COP and the Consumer Price Index (CPI) to adjust prices across various classes each February 1. In the fall of 2024, the Canadian Dairy Commission announced a slight decrease in price of -0.0237% to account for over indexation in the previous year's pricing formula. In the fall of 2025, a price increase of 2.3255% was announced. The average price paid to New Brunswick producers during the 2024–25 dairy year was \$100.97/hl, 3.4% higher than the previous year's average of \$97.67/hl.

Summary

In summary, New Brunswick producers shipped 1.6% more litres and 3.2% more butterfat to processors, resulting in 4.8% higher total revenues compared to the previous year.

CANADIAN CONSUMPTION	12-M ENDING JULY-25 VS 12-M ENDING JULY-24	
Fluid	0.3%	
Cream	1.5%	
Cheese	0.6%	
Yogurt	7.3%	
Ice Cream	6.9%	
Butter	5.1%	

GOVERNANCE

New Brunswick's dairy producers elect nine of their peers to serve as directors. This board of directors is responsible to develop and implement policies with the objective of achieving its mission of representing the interests of producers and creating an environment needed to operate sustainable dairy farms that produce high quality milk within a supply managed system.

DFNB's board of directors met 5 times and held 6 virtual meetings or e-mail votes during the past year to control and regulate the marketing and production of milk; to promote the marketing, production and consumption of milk and to undertake research activities pertaining to milk.



John Schuttenbeld Fredericton, **Mike Bouma** North East, **Robert Speer** FPC, **Wietze Dykstra** Chair, **Gilbert Matheson** 1st Vice Chair, **George Wesselius** Moncton, **Becky Perry** 2nd Vice Chair, **Paul Gaunce** At-Large, **Denis Cyr** North West, **John Best** Woodstock (left to right)

GOVERNANCE CONTINUED

The Board of Directors uses collectiveness, equity, quality, and sustainability to guide in developing policies. They also consult with producers through local area meetings in the spring and fall and the annual meeting where producers have the opportunity to provide guidance to the Board by bringing forward resolutions.

In the fall of 2024 DFNB held an election for 3 positions on the board. Gilbert Matheson was acclaimed for a third term as an at-large director. John Schuttenbeld was acclaimed for a third term as the director for the Fredericton Region and John Best was acclaimed for a second term as the director for the Woodstock Region. These individuals began their terms in December of 2024 following the DFNB AGM.

The Board of Directors selects its Chair, 1st Vice-Chair and 2nd Vice-Chair every year following its annual meeting. Wietze Dykstra was chosen to represent DFNB as Chair for a fourth term, Gilbert Matheson as 1st Vice-Chair and Becky Perry as 2nd Vice Chair. Directors were then assigned various roles and appointed to be DFNB's representatives on provincial, regional, and national committees. Robert Speer is the New Brunswick Farm Products Commission's dairy producer representative and attends the Board's meetings as an observer.

Board members participated in regional and national committees where they collectively dedicated 394 meeting days creating fair policies for all producers and finding operational efficiencies when possible.

COMMITTEE	REPRESENTATIVES
DFC Board	Gilbert
DFC Delegate to AGM	Wietze, Gilbert
CMSMC, P5 SB, P5 Chairs	Wietze, Gilbert, Becky
P5 Quota Committee	John B, Becky
Maritime Executive Committee	Wietze, Gilbert, Becky
NB Dairy Council	Paul, George, Wietze, Mike (alt)
Milk 2020	Wietze, Paul, George (alt)
Promotion	Becky, John S, John B, Denis Cyr
NB New Entrant	Mike, Paul, Frances Freeze, Jerry Bos
ProAction	John S
NB Emergency Measures	John S
P5 Quality	John B
Audit Committee	Denis, Wietze, George, Mike
Scholarships	Paul, Denis
Ag Alliance— Commodity Advisory	Mike
Cattle Agency	John S.
School Milk	Becky, Denis

GOVERNANCE CONTINUED

NOTABLE INITIATIVES

- Continued collaboration with the other maritime provinces and implemented the harmonized maritime credit exchange methodology removing the zero limit and allowing producers to independently decide if they would like to purchase or sell on the credit exchange.
- Collaborated with P10 partners to continue work on the various streams of the Market Growth Program and launched the Milk Surplus Valorization Stream program and with the intention of reviewing applications to the program in early 2026.
- Worked with our P5 partners to finalize the 5 year P5 Quota Policy review.
- Approved to sell the DFNB building to the Sussex Christian School and to secure rental office space.
- Collaborated with the Maritime provinces in approving a shared budget for a Maritime wide ProAction education and support plan offering producers training and resources to help them better manage their proAction program.
- Reviewed several of DFNB's board orders to ensure that they are current and meaningful to the producer of today and implemented several changes throughout the year.



MESSAGE

FROM THE GENERAL MANAGER

This past year has been a time of meaningful progress and steady change for DFNB. It challenged us to adapt, work more closely with our partners, and modernize how we serve producers — always with the goal of doing so responsibly and transparently.

Strengthening Our Organization: Our Board and staff spent much of the year focused on improving how DFNB operates and governs itself. Nearly every major Board Order — including those for Daily Quota Transfers, the Credit Exchange, Milk Pooling, Milk Allocation, and the Indemnity Fund — was reviewed or updated. These changes align our framework with Maritime and national standards and strengthen DFNB's accountability. We also approved updated By-laws and a new Director Code of Conduct to ensure clear, fair governance practices.

The completion of our 2024–2029 Strategic Plan last fall gave us a long-term guide for action. It focuses on collaboration, operational excellence, and producer engagement — three goals we continue to work toward every day.

Collaboration Across the Maritimes: Our relationship with DFNS and DFPEI has grown stronger. Together, we advanced a shared Plant Allocation framework using CDC's 10-year projections, helping ensure milk is allocated fairly and efficiently across our region. Through the Maritime Executive Committee, we've identified new cost-sharing opportunities and begun developing shared IT and oversight services. These steps make us more efficient while allowing each board to stay true to its own producers.

Nationally, DFNB continued to be an active voice in P10, CMSMC, and DFC discussions, ensuring that New Brunswick's perspective is represented on key national issues like quota policy, market access, and sustainability.

Operations and Financial Stewardship: Operationally, DFNB managed several major transitions. The sale of our former building was finalized, and new office space was secured at 33 Rosemont Avenue in Sussex. While an environmental review briefly delayed the sale, we negotiated terms that protected DFNB's interests. The new space will be more flexible and cost-effective for years to come.



On the financial side, we advanced the next phase of the Milk Payment System with ACOA funding, which will eventually link transporter payments, barcode tracking, and accounting. Our 2025–26 budget, approved in July, holds producer levies steady while maintaining investments in modernization and services. A full Group Health Plan review also began to ensure competitive coverage.

Engagement and Community: Our Spring Producer Meetings saw record participation, reflecting strong engagement from producers. We also continued supporting 4-H, scholarships, and the School Milk Program — practical ways to invest in our industry's future. Policy work continued on issues such as New Entrant Quota treatment, Catastrophe eligibility, and Profilab testing beyond Milk 2020 funding.

Looking Ahead: I'm deeply grateful to our producers, Board, and staff for their professionalism and teamwork. Together, we have modernized our foundation, strengthened regional collaboration, and positioned DFNB to face future challenges with confidence and humility. The year ahead will focus on completing our transition, deepening Maritime partnerships, and continuing to serve producers with fairness and care.

Steve Michaud
General Manager

OPERATIONS



Luke Chase *Producer Services*, **Veronica McEwen** *Transportation*, **Sharon Beasley** *CFO*, **Delaney Lewis** *Office Clerk*, **Katie Bleakney** *Promotions Coordinator*, **Ashley Baskin** *Policy Analyst*, **Steve Michaud** *General Manager* (left to right)

The General Manager leads a skilled and dedicated team that collaborates across key operational areas, including policy development, milk transportation, logistics, producer payment administration, industry promotion, and stakeholder engagement, to achieve DFNB's operational objectives.

The team's capacity is further strengthened by the external financial services provided by The CFO Centre, which supports DFNB's accounting and reporting functions and ensure seamless coordination and robust financial oversight across all operational activities.

Together, these efforts deliver efficient, reliable programs and services that support a strong and sustainable dairy sector in New Brunswick.

MILK PRODUCTION



Provincial producer boards from Ontario to Prince Edward Island appointed directors and support staff from their respective organizations as members on the P5 Quota Committee. This committee regularly reviews the level of quota and production incentives issued to P5 dairy farms to ensure that the issuance is sufficient to bring forward the supply of milk needed to satisfy the P5's share of the national market.

The 5 producer boards accepted the P5 Quota Committee's recommendation to change daily quota issued to producers as follows:

- Announced 8 incentive days for the fall of 2024 which later increased to 10 days.
- Conducted the 5 year P5 Quota policy review and consulted boards and producer on the topics of mergers, quota price cap and non-saleable quota. The review resulted in no recommended changes but some provinces are continuing to evaluate quota policy at the provincial level.
- The Committee also recommended changes to the P5 Quota Committee Terms of Reference to the P5 Chairs and GM's.
- Issued a 1% quota increase effective September 1, 2024.
- Issued a 1% quota increase effective December 1, 2024
- Amended the P5 SNF payment policy to increase the price of tier 2 protein to 100% of the 4a price monthly and tier 2 lactose to \$0.90/kg effective August 1, 2025
- Announced 4 incentive day for the fall of 2025 which later increased to 6 and then to 11.

MILK PRODUCTION CONTINUED

QUOTA	P5 2023-24	P5 2024-25	NB 2023-24	NB 2024-25	NB % change
Average Daily Production	840,423	861,480	19,293	19,957	3.4%
Average Daily Quota	851,999	866,748	19,331	19,937	3.1%
Fill Rate	98.6%	99.4%	99.8%	102.9%	3.1%
Incentive days	6	11	6	11	
Incentive fill rate	49.8%	36.6%	53.9%	44.9%	
Credit at July 31	-2.3	-0.9	-1.9	1.9	+2

The preceding table provides a summary of the last 2 year's P5 and NB production information.

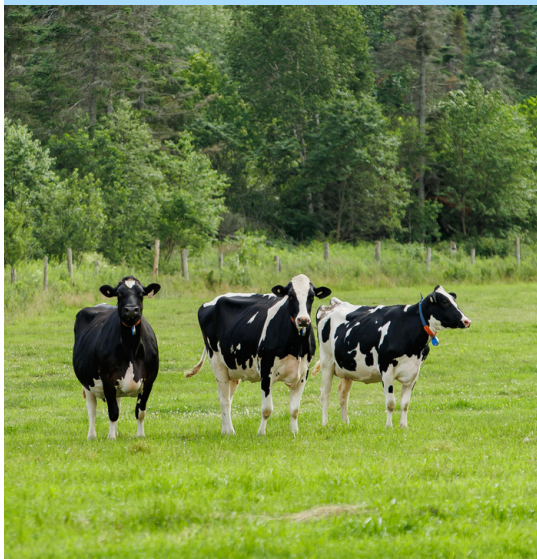
The P5 Quota Policy requires that provinces who offer quota leasing / credit exchange programs issue 0.5% less Daily Quota to their producers. This adjustment applies to DFNS, DFPEI and DFNB.

DFNB provides its producers with a monthly credit exchange mechanism based on the following principles:

- A producer with a credit position below 0 days can offer to sell the lesser of 8 times daily quota or the amount that raises his credits to no higher than 0 days.
- A producer with a credit position above 0 days can bid to buy the lesser of 8 times daily quota or the amount that reduces his credits to no lower than 0 days.
- In May 2025 DFNB adopted the harmonized maritime credit exchange mechanism and removed the "0" limit restriction imposed on buyers and sellers.
- 70 producers sold 235,640 kilograms of their accumulated under production credits to 70 producers who used these credits to reduce their accumulated over production credits.
- Credits traded between \$2.76 and \$20.00 per kg of butterfat for an average of \$10.74 for the year.

QUOTA

QUOTA TRANSFERS, FARM NUMBERS



QUOTA TRANSFERS

DFNB provides producers access to a monthly quota exchange mechanism where they can trade quota amongst each other.

- The price cap is \$24,000.
- 14 kilos were traded between producers on the monthly quota exchanges at an average price of \$24,000 per kilo of daily quota.
- 11 producers sold the above amount and 61 purchased that same amount via the monthly quota exchange. No farms sold all of their quota on the quota exchange.
- 7 farms received the approval from the DFNB Board and the New Brunswick Farm Products Commission to rename, relocate or transfer their farm in accordance with the Board's Daily Quota Transfer Policy.

FARM NUMBERS

On July 31, 2024 162 dairy farms held 19,335 kgs of daily quota, 0.6% more than the same period in the previous year.

- Of these 162 farms 9 were New Entrants with 109.41 kgs of loaned quota, 105.31 of which was loaned by the P5
- DFNB did not receive any applications for the P5 New Entrant program in January 2024.

On July 31, 2025 162 dairy farms held 19,725 kgs of daily quota, 2.02% more than the same period in the previous year.

- Of these 162 farms 8 were New Entrants with 111.71 kgs of loaned quota, 100 kgs of which was loaned by the P5
- DFNB received one applications for the P5 New Entrant program in January 2025

MILK PURCHASES, SALES & SERVICES

203.07 MILLION LITRES TOTAL OF MILK
165.20 M LITRES FROM NB DAIRY FARMS
37.89 M LITRES FROM P5 PROVINCES
0.28 M LITRES FROM DFNL

DFNB sold the milk it purchased above as follows:
94.30 M to NB processing plants
108.32 M to P5 via PLQ & Ontario
0.02 M was non marketable

A portion of milk the directed to the P5 is a requirement under the P5 Agreement and is referred to as Milk Movement Obligations (MMO). MMO was established to ensure that sharing of markets by provincial producer boards did not impact the historical supply to provincial processing plants. The MMO now also reallocates production among the five provinces to ensure that milk required for growth in yogurt, fine cheeses, and other shared market-expansion programs is directed to the provinces where those products are processed.

DFNB collected \$166.5 million in revenues as follows:

\$94.6 M from the milk it marketed in NB
\$74.4 M from P10 and P5 pooling activities

DFNB held back \$2.46 M of the above revenues to fund various market development initiatives and programs to manage certain surplus milk components due to processing capacity limitations. Some of these costs are shared with the other provinces through the P10 and P5 pooling mechanism and would be partially offset within the \$74.4 M received from pooling with the P5/P10.

DFNB distributed \$166.5 million as follows:
\$0.29 M to DFNL

\$166.1 M to NB dairy farms at rates per kg of butterfat, protein and lactose and other solids determined by the board each month that was within quota and within their SNF Targets.

During the 2024-25 dairy year producers were paid an average of \$100.97/hl of milk or \$22.88/kg of BF. An average liter of milk produced in New Brunswick contained 4.4128% Butterfat, 3.3407% Protein and 5.8763% Lactose.

The average price paid for a KG of Butterfat was \$13.41. The average price paid for a KG of Protein and Lactose below a butterfat to solids non fat ratio of 2.0 was \$10.84 and \$0.90 respectively. Protein and Lactose between an SNF/BF ratio of 2.00 and 2.20 were paid out at a rate of \$2.22/kg and \$0.66/kg respectively. Any SNF produced above the ratio of 2.20 was not compensated for.



MILK PURCHASES, SALES & SERVICES CONTINUED

MARKETING SERVICE CHARGES

DFNB deducted the equivalent of \$6.33 per hl from producer revenues to the following services:

Transportation: It cost NB producers \$3.74 per hl to haul milk from the farm to the dairies within the P5. DFNB uses the P5 Transportation Formula to compensate bulk milk haulers for the kilometers, labor, fuel and other fixed and variable costs that are deemed necessary to pick up and deliver milk to its various destinations in and out of province. The cost to haul New Brunswick's milk from the farm to its various destinations was \$11.8 Million or \$7.15 per hl with \$3.74 covered by NB producers with the remaining \$3.41 per hl covered by the P5 transportation pool. The table on the following page lists some general statistics on last year's transportation activities. DFNB and transporters work together to ensure that milk routes are delivered to destinations in and out of New Brunswick in the most cost effective way possible while taking into account the milking schedules of producers and the delivery times provided by processors. DFNB shipped a larger portion of its own milk to Quebec and Ontario compared to prior years. The main reason for this increase was due to Nova Scotia cascading more of its milk into NB. This reduced overall kilometers traveled for milk leaving the Maritimes thereby reducing P5 transport costs.

Promotion: The monthly levy collected was equivalent to \$1.38/hl. DFC national promotion initiatives used \$0.51/hl, DFC-Maritimes NB initiatives used \$0.75/hl and NB Local Promotion Committee used \$0.12/hl for local activities. The promotion reserve's balance at July 31, 2025 is reported in the audited financials.

BULK MILK HAULING STATISTICS	WITHIN NB	OUT OF NB	TOTAL	P5
Litres picked up (million)	57.04	108.17	165.2	7,229,012
Routes	1,992	3,839	5,831	240,967
Hrs/Route	8.8	19.22	15.67	
\$/route	\$717.38	\$2,705.82	\$2,026.52	1122.90
\$/hl	\$2.51	\$9.60	\$7.15	\$3.74

* estimated on average 30,000 liter loads

Administration, Lab, Research: The remaining \$1.21 per hl was collected from producers based on the total solids (TS) each individual producer shipped. These levies were used to offset the Board's operating costs and other services. A detailed account of these various expenditures are provided in the financial statements. The administration levy was \$0.0786/kg TS or \$1.06/hl. The research levy was \$0.0016/kg or \$0.02/hl. These levies remain unchanged for 2025/26. The lab levy was \$0.0085/kg TS or \$0.12/hl and will reduce to \$0.0080/kg TS for 2025/26.



MILK QUALITY

The Farm Products Commission imposes penalties to producers who do not meet quality standards. These penalties are deposited into the Milk Quality Penalty fund which is used to fund programs to improve milk quality.

During the 2024-25 Dairy Year the fund increased from \$76,342 to \$92,709.41. Deposits to the fund totaled \$57,150, with \$54,067.03 collected through penalties from 20 producers and the remainder generated from interest income. DFNB withdrew \$40,783 from the fund to cover the following:

- \$17,283 in penalties returned to 4 producers under the penalty re-earn program.
- \$5,000 for proactive milk quality funding
- \$18,500 in quality awards.



The table below shows the average of the quality tests in NB and their distribution across various categories.

QUALITY TEST RESULTS	SCC	% LEVEL	IBC	% LEVEL
2024-25 Averages	191,996		40,000	
Level 1	0-75,000	7%	0-20,000	63%
Level 2	75,001-150K	33%	20,001-50K	25%
Level 3	150,001-250K	38%	50,001-75K	5%
Level 4	250,001-400k	19%	75,001-121K	3%
Unacceptable	400,001>	4%	121,001>	3%

MILK QUALITY AWARDS

Producer of the Year

1. Frances Freeze- Top IBC

2. Scott Robinson
3. Herb Cochran
4. Dykstra Farms Knowlesville Inc.

5. McCarthy Farms Ltd.- Top SCC

6. Everanne Farms Ltd.
7. Gerald Benson
8. Marco Boonstoppel
9. Donnelly Holsteins Ltd.
10. Hazelhill Farm Ltd.
11. Jeff Titus
12. Totton Holstein

13. Windybrook Holsteins
14. Cedar Springs Farm Inc.
15. Salisdairy Farm Ltd
16. Dana & Julie Sherwood
17. Forksview Farm Limited
18. Youngdale Dairy Farm Ltd.
19. Intervale Dairy Farm
20. Dutch Hoeve Dairy Farm
21. Walkerville Farms Ltd.
22. Ferme Dupéré & Fils Inc.
23. Kaye Farms Ltd.
24. LeBlanc, Willie & Sons Ltd.
25. Elmmur Holsteins Inc.
26. JayRon Farm Ltd.
27. Gillies, M. & Son Ltd
28. Constantine Farms Ltd.
29. Sugarhill Farms Ltd.
30. Bevo Farm Ltd.
31. Ashworth Farms Ltd.
32. Combination Holsteins Ltd.
33. Creekhoeve Farm
34. Wesselius Holstein Farms Ltd.
35. Christie Farms Ltd.
36. Scenichaven Farm Inc,
37. Waldow Farms Ltd.
38. Dunphy's Holsteins Ltd.
39. Ronald Trueman
40. Maria Hoeve Ltd.

MILK QUALITY AWARDS

In order to qualify for awards producers had to have all SCC tests be below 400,000; their annual average Somatic Cell Count be below 150,000; all their Regulatory Individual Bacteria Count below 121,000 bacteria/ml and have an average for the dairy year that is 40,000 or less, no penalties, no inhibitors, no added water, no farm premise infractions and are registered on the proAction program and must have not received a proAction penalty over the last dairy year.

The farms are ranked in accordance with their combined ranks for SCC and IBC. The farm with the best combined rank is recognized as the Producer of the Year and awarded \$1000, the farm with the best SCC result is awarded an additional \$500 as is the farm with the best IBC. All farms that met the excellent milk quality criteria were awarded \$500 and a certificate recognizing their accomplishments.

The following producers have repeatedly met the Excellent Quality Milk criteria beginning with the 2006/07 dairy year.

5 YEAR RECOGNITION

Creekhoeve Farm
Gerald Benson
Dana & Julie Sherwood
Dutch Hoeve Dairy Farm

10 YEAR RECOGNITION

Everanne Farms Ltd.
McCarthy Farms Ltd.

MULTI-YEAR RECOGNITION

Scott Robinson (18)
Ronald Trueman (17)
Andrew and Robert M. Buttmer (14)
Youngdale Dairy Farm Ltd. (13)
Les Fermes Laitères Poupe Ltée (12)
Brilman Farms Ltd. (11)
Herb Cochran (11)
Pascobac Holsteins (11)
Dykstra Farms Knowlesville Inc (9)
Kaye Farms Ltd (9)

Salisdairy Farm Ltd. (9)
Gerald E. Goodine (8)
Hillmar Farms Ltd (8)
Lawrence's Dairy Farm (8)
Ferme République Inc (8)
Frances Freeze (8)
Windybrook Holsteins (8)
Scenichaven Farm Inc. (7)
Dunphy's Holsteins Ltd. (7)
Schutten Holsteins (7)

Donnelly Holsteins Ltd. (7)
Christie Farms Ltd. (7)
Roga Farm Ltd (6)
Walkerville Farms Ltd (6)
Forksview Farm Limited (6)
Elmmur Holsteins Inc. (6)
Ashworth Farms Ltd. (6)
Inauen, Michael & Cordula (6)
Dallingvale Jerseys Ltd.(5)
Perryhill Farm Inc. (5)

PROMOTIONS



This year, Dairy Farmers of New Brunswick continued to strengthen community support, public education, and the enjoyment of dairy across the province. Local Milk Committees led initiatives in their regions, while the Promotion Committee—chaired by Becky Perry—met three times to set priorities, allocate resources, and guide province-wide promotional efforts.

In 2025 DFNB reached new audiences by partnering with DFC on a Marketing to Millennials initiative. DFNB attended university events where students sampled pizza and milk, charcuterie cups, and other dairy offerings at welcome-back BBQs, national sporting events, and campus activities. These efforts contributed to increased awareness of the Quality Milk logo. Fall events such as the Balloon Fiesta and NB Exhibition reach a large volume of NB families. Wanda Schuttenbeld provided an educational opportunity at the NB-EX showcasing excellent cow care and modern farm technology with robotic milking demos. Students received school milk for the first time through DFNB's newly developed school milk ordering program.



On a provincial and local level community connections remained strong through various initiatives. Local Milk Committees donated dairy products to sports teams, 4-H clubs, and various local organizations. Farm tours and Open Farm Day once again welcomed visitors across the province, highlighting the care and dedication of New Brunswick producers. Regional Committees also supported Christmas parades and team sponsorships, keeping dairy visible in communities throughout the year.

Education and awareness were further enhanced through Moonique, DFNB's new interactive milking cow statue. Summer student Breanne Wesselius coordinated a full season of events, while MaryAnn Drummond led Moonique's travels—attending 19 events over 35 days and providing engaging displays and trivia to share knowledge about modern farm practices.



DFNB also maintained ongoing support initiatives, including monthly food bank donations that provide families with access to nutritious dairy products year-round. The annual Milk Calendar remained a seasonal favourite, offering recipes and highlighting the versatility of dairy in everyday meals.

We extend our sincere thanks to the Promotion Committee for their leadership and dedication: Andrea Beyer, Barry Basque, Bethany Dykstra, Carol Versteeg Levac, Denis Cyr, Dennis Habel, Deslie Kalverboer, Frank Vanderlaan, Janet Walker, Jens van der Heidi, Jerry Bos, John Best, John Riordon, John Schuttenbeld, Marcel Daigle, Nick Graham, Russell Kaye.

PROACTION

Why proAction? This is a question that we hear a lot! The proAction® program was created by Dairy Farmers of Canada to build and maintain consumer trust by demonstrating and guaranteeing that Canadian milk is produced under rigorous, transparent, and nationally consistent standards. Active producers, industry experts and provincial staff sit on all module committees and provincial board representatives, sit at the national proAction committee table. Your provincial proAction Coordinators, Jennifer Dillman and Natasha McKillop, also help ensure that producer voices and on-farm realities are reflected in discussions at both levels. The Canadian Food Inspection Agency (CFIA) has recognized the food safety module as meeting food safety criteria based on Hazard Analysis Critical Control Point (HACCP), making proAction the only recognized quality assurance program in dairy for Canada. Additionally, many other countries and global food buyers require HACCP certified food safety programs, making proAction a reputable, globally recognized standard. The proAction program strives for continuous improvement and this past year has been just that. As your coordinators, we have settled into our roles and have been busy supporting your hard work implementing the proAction program.

Built with your responses from the Atlantic proAction Survey, we have released the Education and Support Plan for producers. This plan focuses on three main topics: Reduction of Routine Record CAR's, Animal Care and Building Industry Partnerships. Roll-out of the plan has already begun, expect more information on the plan over the next couple of months. The support portion of the plan is targeted specifically to help producers who may be having difficulty with animal care and/or incorporating the proAction program into their day-to-day operations and is meant to take a collaborative approach with producers and their existing on-farm professional advisors. We are excited about what is coming!

The 2023 National Dairy Code of Practice is now in effect and producers will see updates to the proAction program requirements April 1, 2027. Information on the new and updated requirements will be circulated in the Summer of 2026. Update-specific training sessions, both in-person and virtual, will take place over the fall and winter of 2026. Key updates within the new Code include housing and calf management, pain control requirements, animal welfare and handling standards, record keeping and training. Supporting producers as these changes come into effect is our priority. We are working hard at fostering relationships with industry professionals (service providers, researchers, veterinarians) at the provincial, regional and national levels in order to ensure that you, as producers, have the knowledge and support base to make necessary changes. At the national level, the proAction team is committed to streamlining the amount of work required on farm to meet the program requirements.

The proAction program continues to be a cornerstone of the Canadian dairy industry, representing our shared commitment to producing high quality, sustainable milk with animal welfare in mind. It remains widely recognized among consumers and industry stakeholders, reinforcing the strong reputation of Canadian dairy.



SCHOLARSHIPS



DFNB SCHOLARSHIP

Hailey Cail

The \$1000 DFNB Scholarship was awarded to Hailey Cail of Jardineville, NB, who is enrolled in the Veterinary Technology program at Olds College of Agriculture and Technology.



DFNB MEMORIAL SCHOLARSHIP

Cody Steeves

The \$1000 DFNB Memorial Scholarship was awarded to Cody Steeves of Elgin, NB, who is taking a Bachelor of Science with a Major in Pre-Vet Studies at Dalhousie University.



G. B. WHALEN MEMORIAL SCHOLARSHIP

Marika Wesselius

The \$1000 G. B. Whalen Memorial Scholarship was awarded to Marika Wesselius of Searsville, NB who is enrolled in the Doctor of Veterinary Medicine program at the Atlantic Veterinary College, through the University of Prince Edward Island.

CONGRATULATIONS TO THE SCHOLARSHIP WINNERS!

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DAIRY FARMERS OF NEW BRUNSWICK
Financial Statements
Year Ended July 31, 2025

DAIRY FARMERS OF NEW BRUNSWICK

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Year Ended July 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Members of Dairy Farmers of New Brunswick

Opinion

We have audited the financial statements of Dairy Farmers of New Brunswick (the "Organization"), which comprise the statement of financial position as at July 31, 2025, and the statements of receipts and expenditures, changes in net assets, cash flows, and schedules for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at July 31, 2025, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 3, of these financial statements, which identifies that the Organization has adopted the accounting policy for cloud computing arrangements in accordance with Accounting Guideline AcG-20, *Customer's Accounting for Cloud Computing Arrangements*. Our opinion has not been modified in respect of this matter.

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 ASNPO, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

(continues)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

A stylized, handwritten signature of the word "Ascend" in black ink, with a long horizontal flourish underneath.

Ascend LLP
Chartered Professional Accountants
Sussex, New Brunswick
October 28, 2025

DAIRY FARMERS OF NEW BRUNSWICK
Statement of Receipts and Expenditures
Year Ended July 31, 2025

	2025	2024
RECEIPTS		
Milk pricing (<i>Schedule 1</i>)	\$ 180,697,971	\$ 173,093,398
General (<i>Schedule 2</i>)	2,169,014	1,890,168
Quota exchange (<i>Schedule 1</i>)	336,000	3,435,900
Indemnity (<i>Schedule 1</i>)	333,705	221,115
Milk quality penalty reserve (<i>Schedule 1</i>)	57,150	34,785
	<u>183,593,840</u>	<u>178,675,366</u>
EXPENDITURES		
Milk pricing (<i>Schedule 1</i>)	180,697,971	173,093,398
General (<i>Schedule 2</i>)	2,210,157	1,925,798
Quota exchange (<i>Schedule 1</i>)	336,000	3,435,900
Milk quality penalty reserve (<i>Schedule 1</i>)	37,780	59,836
	<u>183,281,908</u>	<u>178,514,932</u>
EXCESS OF RECEIPTS OVER EXPENDITURES	\$ 311,932	\$ 160,434

The accompanying notes are an integral part of these financial statements

DAIRY FARMERS OF NEW BRUNSWICK
Statement of Changes in Net Assets
Year Ended July 31, 2025

	General Fund (Note 2)	Indemnity Fund (Note 2)	Milk Quality Penalty Reserve Fund (Note 2)	2025	2024
NET ASSETS - BEGINNING OF YEAR	\$ 432,730	\$ 2,661,980	\$ 67,913	\$ 3,162,623	\$ 3,002,189
Excess of receipts over expenditures	(41,143)	333,705	19,370	311,932	160,434
NET ASSETS - END OF YEAR	\$ 391,587	\$ 2,995,685	\$ 87,283	\$ 3,474,555	\$ 3,162,623

The accompanying notes are an integral part of these financial statements

DAIRY FARMERS OF NEW BRUNSWICK**Statement of Financial Position****July 31, 2025**

	2025	2024
ASSETS		
CURRENT		
Accounts receivable (Note 5)	\$ 12,092,518	\$ 11,669,426
Prepaid expenses	41,619	45,403
Inventory	8,651	25,739
	<u>12,142,788</u>	<u>11,740,568</u>
RESTRICTED CASH AND MARKETABLE SECURITIES (Note 6)	3,082,968	2,729,893
INTANGIBLE ASSETS (Note 7)	748,804	356,458
TANGIBLE CAPITAL ASSETS (Note 8)	<u>177,453</u>	<u>163,425</u>
	<u>\$ 16,152,013</u>	<u>\$ 14,990,344</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Demand operating loan (Note 9)	\$ 3,097,439	\$ 3,001,580
Accounts payable and accrued liabilities (Note 10)	1,912,525	1,684,880
Producer payables (Note 11)	<u>7,170,048</u>	<u>6,915,397</u>
	<u>12,180,012</u>	<u>11,601,857</u>
DEFERRED CAPITAL CONTRIBUTIONS (Note 12)	<u>497,446</u>	<u>225,864</u>
	<u>12,677,458</u>	<u>11,827,721</u>
NET ASSETS (Note 2)		
General Fund	391,587	432,730
Indemnity Fund	2,995,685	2,661,980
Milk Quality Penalty Reserve Fund	<u>87,283</u>	<u>67,913</u>
	<u>3,474,555</u>	<u>3,162,623</u>
	<u>\$ 16,152,013</u>	<u>\$ 14,990,344</u>

LEASE COMMITMENTS (Note 13)

SUBSEQUENT EVENTS (Note 15)

ON BEHALF OF THE BOARD

Director

Director

The accompanying notes are an integral part of these financial statements

DAIRY FARMERS OF NEW BRUNSWICK**Statement of Cash Flows****Year Ended July 31, 2025**

	2025	2024
OPERATING ACTIVITIES		
Excess of receipts over expenditures	\$ 311,932	\$ 160,434
Items not affecting cash:		
Amortization of tangible capital assets <i>(Schedule 2)</i>	15,471	18,211
Amortization of intangible assets <i>(Schedule 2)</i>	24,223	-
Unrealized gain from marketable securities <i>(Schedule 1)</i>	(249,703)	(150,564)
Interest from marketable securities	(42,618)	(34,043)
	<u>59,305</u>	<u>(5,962)</u>
Changes in non-cash working capital:		
Accounts receivable	(423,092)	(1,026,154)
Prepaid expenses	3,784	(32,849)
Inventory	17,088	(25,739)
Accounts payable and accrued liabilities	227,645	(437,881)
Producer payables	254,651	363,269
	<u>80,076</u>	<u>(1,159,354)</u>
Cash flow from (used by) operating activities	<u>139,381</u>	<u>(1,165,316)</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(29,499)	(43,060)
Purchase of intangible assets	(416,569)	(348,358)
Purchase of marketable securities	(354,500)	(475,450)
Proceeds on marketable securities	312,286	272,825
Change in restricted cash	(18,540)	191,168
Deferred capital contributions	271,582	225,864
	<u>(235,240)</u>	<u>(177,011)</u>
Cash flow used by investing activities	<u>(235,240)</u>	<u>(177,011)</u>
DECREASE IN CASH FLOW	(95,859)	(1,342,327)
Cash and cash equivalents - beginning of year	<u>(3,001,580)</u>	<u>(1,659,253)</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ (3,097,439)	\$ (3,001,580)

The accompanying notes are an integral part of these financial statements

DAIRY FARMERS OF NEW BRUNSWICK

Notes to the Financial Statements

Year Ended July 31, 2025

1. NATURE OF OPERATIONS AND GOVERNING STATUTES

Dairy Farmers of New Brunswick (the "Organization") is a regulatory body created under and by virtue of the Natural Products Act of the Province of New Brunswick. The Organization markets milk produced within the province of New Brunswick and distributes funds to producers. The Organization reports milk utilization to the Canadian Dairy Commission ("CDC") who distributes funds in respect of milk and dairy products in interprovincial and international trade, pursuant to prevailing pooling agreements among the members of the pool. As a non-profit organization, the Organization is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The activities of the Organization include the following:

- **Milk pricing**

The Organization has legislative authority to purchase milk from New Brunswick milk producers and sell milk to processors for processing into milk products. The milk products are paid for by processors at the legislated prices according to reported utilization in various classes and recorded as revenue for the Organization. The Organization makes payments to producers for raw milk received and in turn collects payment from processors for milk purchased and utilized in production.

The Organization, along with other provincial signatories, has entered into an arrangement with other provinces to equalize the milk prices paid to producers throughout the participating provinces. To provide for the equalization function, provinces have engaged the services of the CDC to determine the amounts billable to or (receivable from) each respective province participating in the pool. The monthly equalization billed to (receivable from) that result are in turn, billed (paid) by the Organization back to milk producers in the province. Milk haulage costs are also equalized. Milk haulage revenue includes amounts collected by the Organization from equalization while milk haulage expense represents amounts paid to transporters for the pick-up and distribution of milk and any equalization payments required. Through a service agreement with Dairy Farmers of Canada ("DFC"), a promotional levy is collected from producers and remitted to DFC to cover certain promotional programs and services delivered by DFC.

- **Quota exchange**

The Natural Products Act and Regulations provide the authority and mechanism for the operation of a quota exchange by the Organization. The quota system is a means whereby the Organization regulates the supply of milk by producers to processors. The quota exchange is a mechanism to allow individual producers the flexibility to increase or decrease their individual share of the provincial market. Producer offers to buy/sell quota (market share) are received by the Organization and are accepted/rejected on the monthly quota exchange in accordance with the Organization's regulations and policy.

- **General**

All other revenue and expenditures are considered to be part of its general operations, with any resulting surplus or deficit forming the accumulated balance of the General Fund. The Organization has a surplus policy which states that any surplus within the General Fund in excess of fifty percent of the subsequent year budgeted expenditures may, at the discretion of the Board, be reimbursed to the producers.

DAIRY FARMERS OF NEW BRUNSWICK

Notes to the Financial Statements

Year Ended July 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Fund accounting

Fund accounting

The Organization follows the deferral method of fund accounting. The resources for various purposes are classified for accounting and reporting purposes into the fund established according to their nature and purpose. The Organization records its activities in the following funds:

General Fund

The General Fund accounts for all resources over which the Board of Directors has discretionary control to use in carrying on the day-to-day operations of the Organization. This fund is an unrestricted net asset of the Organization.

Indemnity Fund

The Indemnity Fund accounts for all restricted cash and marketable securities. The Indemnity Fund is used to indemnify producers against financial loss suffered by them on their behalf in respect of the marketing of raw milk. This fund is an internally restricted net asset of the Organization.

Milk Quality Penalty Reserve Fund

The Milk Quality Penalty Reserve Fund accumulates funds from penalties imposed by the New Brunswick Farm Products Commission for quality infractions by milk producers. Funds are disbursed for the purposes of maintaining and improving raw milk in New Brunswick. The programs to maintain and improve raw milk quality are approved by the New Brunswick Farm Products Commission and administered by the Organization. This fund is an internally restricted net asset of the Organization.

Financial instruments policy

Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of the transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The Organization subsequently measures its financial assets and liabilities at cost or amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include accounts receivable and restricted cash and guaranteed investment certificates.

(continues)

DAIRY FARMERS OF NEW BRUNSWICK

Notes to the Financial Statements

Year Ended July 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities measured at amortized cost include demand operating loan, accounts payable and accrued liabilities, and producer payables.

Financial assets measured at fair value are restricted marketable securities.

Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. Where there is an indication of impairment, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. A previously recognized impairment loss may be reversed. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

Cloud computing arrangements

At the inception of the cloud computing arrangement with a supplier, the Organization allocates the consideration of the arrangement to all of the significant separable elements based on their specific sales price. Expenditures on property, plant and equipment and the rights to use a tangible asset are recognized according to the accounting methods applicable to such elements. To account for expenditures in a cloud computing arrangement that fall within the scope of AcG-20, Customer's Accounting for Cloud Computing Arrangements, the Organization has opted not to use the simplification measure. It therefore determines whether the software element of the arrangement constitutes an intangible software asset or a software service (any software element of the arrangement that does not comply with the definition of intangible asset and the recognition criteria for an intangible asset is a software service).

Where the software element of the cloud computing arrangement does not constitute a software intangible asset, the Organization treats it as a software service and recognizes it as an expenditure as incurred. Where there are expenses related to implementation activities that are directly attributable to preparing the software service for use, the Organization has chosen to recognize as expenses when incurred. The expenses related to implementation activities that are not directly attributable to the preparation of the software service are recognized as expenses when incurred. During the year, expenses incurred relating to a software service and implementation activities directly attributable to preparing the software service for use were \$47,997 (2024 - \$35,865) and are included in general expenditures office-computer programming.

When the software element of the cloud computing arrangement constitutes a software intangible asset, the Organization recognizes the software element as an intangible asset. When there are expenditures on implementation activities that are directly attributable to preparing the software intangible asset for its intended use, the Organization capitalizes them as part of the cost of the software intangible asset. Intangible assets are measured at cost less accumulated amortization and impairment losses, if any. They are amortized on a straight-line basis over their estimated useful lives. The expenditures on implementation activities that are not directly attributable to preparing the software intangible asset are recognized as an expense as incurred.

Software intangible asset Payment processing system - Phase I is amortized over its useful life of 10 years.

(continues)

DAIRY FARMERS OF NEW BRUNSWICK

Notes to the Financial Statements

Year Ended July 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in income in the period in which they become known. Actual results could differ from these estimates. Significant items subject to estimates and assumptions include:

- Amortization of intangible and tangible capital assets; and
- Estimated useful lives of intangible and tangible capital assets.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from milk sold to processors is recognized when milk has been delivered. Quota exchange receipts are recognized as revenue in the period the quota is sold. Milk quality penalties recognized as revenue in the period when assessed against milk producers. Shared services income is recognized monthly when it is incurred. Investment income is recognized when earned and realized investment gains and losses are recognized upon disposal. Lease revenue is recognized on a monthly basis as it is earned. The amount to be received must be reasonably estimated and collection is reasonably assured.

Deferred capital contributions represent contributions to the Organization for the purchase of intangible and tangible capital assets. These contributions are amortized to revenue on the same basis as the related intangible and tangible capital assets are amortized to expense.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits with banks and cheques issued and outstanding, demand operating loans, and bank overdrafts with balances that fluctuate frequently from being positive to overdrawn.

Inventory

Inventory of testing supplies is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

The amount of inventory included in general expenditures is \$17,088 (2023 - \$20,514).

(continues)

DAIRY FARMERS OF NEW BRUNSWICK

Notes to the Financial Statements

Year Ended July 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates:

Buildings	5%
Office furniture and equipment	20%
Data processing equipment	30%

The Organization regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not available for use are not amortized until they are placed into use.

Amortization is recognized beginning in the month the asset is available for use until the asset is disposed of or use is discontinued.

Certain costs related to data processing equipment under development are capitalized to tangible capital assets when it is probable that such costs will bring future economic benefit to the Organization and will only be amortized once the equipment is ready and available for use.

3. CHANGE IN ACCOUNTING POLICY

On August 1, 2024, the Organization adopted the new accounting guideline AcG-20, Customer's Accounting for Cloud Computing Arrangements, which provides guidance on the accounting treatment of expenses related to a cloud computing arrangement by a customer and the matter of whether there is a software intangible asset in the arrangement. Previously, at the inception of the cloud computing arrangement, the Organization allocates the consideration of the arrangement to all of the significant separable elements and determines whether the software element meets the definition of an intangible asset and the accounting criteria of an intangible asset. Where the software element of the cloud computing arrangement constitutes a software intangible asset, the expenses related to the implementation activities directly attributable to preparing the intangible asset for its intended use continue to be capitalized as part of the software intangible asset's cost, and where the software element of the cloud computing arrangement did not constitute a software intangible asset, the Organization has opted to capitalize the expenses related to the implementation activities directly attributable to preparing the software service for its intended use and present as a separate component in the balance sheet with wording to that effect and to expense them over the expected period of access to the software service. These assets are classified as long-term assets unless the expected period of access to the software service at inception is within one year from the balance sheet date. The Organization continues to recognize a prepayment as an asset when payments for goods and services are made in advance.

Hence, the application of AcG-20 had no impact on the carrying value of the Organization's software intangible assets as at July 31, 2024.

DAIRY FARMERS OF NEW BRUNSWICK

Notes to the Financial Statements

Year Ended July 31, 2025

4. FINANCIAL INSTRUMENT RISKS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of July 31, 2025:

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk from its customers. The Organization does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance. The Organization is subject to concentration of risk as 98% (2024 - 98%) of its accounts receivable are owed from 3 customers (2024 - 3), two provincial milk processors and the Canadian Dairy Commission (CDC). Subsequent to year end, 100% of the three customers receivables were collected.

Liquidity risk

Liquidity risk is the risk that the Organization may not have cash available to satisfy financial liabilities as they come due. Management oversees liquidity risk to ensure the Organization has access to enough readily available funds to cover its financial obligations as they become due. The Organization manages liquidity risk by continuously monitoring actual daily cash flows and longer term forecasted cash flows and monitoring the maturity profiles of financial assets and liabilities. The Organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, demand operating loan, accounts payable and accrued liabilities, and producer payables.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is exposed to interest rate risk, and other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate financial instruments subject the Organization to a fair value risk, while the floating-rate financial instruments subject the Organization to a cash flow risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to other price risk through its investments in marketable securities.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant currency risk arising from these financial instruments.

DAIRY FARMERS OF NEW BRUNSWICK**Notes to the Financial Statements****Year Ended July 31, 2025****5. ACCOUNTS RECEIVABLE**

	<u>2025</u>	<u>2024</u>
Canadian Dairy Commission	\$ 7,228,843	\$ 6,259,419
Trade receivables	4,479,731	5,042,515
Harmonized sales tax receivable	383,944	367,492
	<u>\$ 12,092,518</u>	<u>\$ 11,669,426</u>

6. RESTRICTED CASH AND MARKETABLE SECURITIES

Restricted cash and marketable securities are comprised of the following:

	<u>2025</u>	<u>2024</u>
<u>Restricted Cash and Marketable Securities</u>		
Milk Quality Penalty Reserve Fund - cash	\$ 87,283	\$ 67,913
Indemnity Fund - cash	76	906
Indemnity Fund - guaranteed investment certificates	1,502,229	1,289,931
Indemnity Fund - Equity investments	1,493,380	1,371,143
	<u>\$ 3,082,968</u>	<u>\$ 2,729,893</u>

The guaranteed investment certificates earn interest from 1.38% to 5.08% with maturity dates ranging from September 2025 to July 2030. The carrying value of the guaranteed investment certificates as at year end is \$1,411,500 (2024 - \$1,228,000).

7. INTANGIBLE ASSETS

	<u>2025</u>	<u>2024</u>
Payment processing system - phase I	\$ 484,465	\$ 356,458
Payment processing system - phase II	117,097	-
School milk program	171,465	-
	<u>773,027</u>	<u>356,458</u>
Less accumulated amortization	<u>(24,223)</u>	<u>-</u>
	<u>\$ 748,804</u>	<u>\$ 356,458</u>

Amortization was not recognized in the current year on the payment processing system - phase II (2024 - payment processing system - phase I) and the school milk program as these were not available for use as at year end.

DAIRY FARMERS OF NEW BRUNSWICK

Notes to the Financial Statements

Year Ended July 31, 2025

8. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Land	\$ 17,850	\$ -	\$ 17,850	\$ 17,850
Building	523,351	406,795	116,556	102,515
Office furniture and equipment	5,999	900	5,099	-
Data processing equipment	43,060	8,612	34,448	43,060
Leasehold improvements	3,500	-	3,500	-
	<u>\$ 593,760</u>	<u>\$ 416,307</u>	<u>\$ 177,453</u>	<u>\$ 163,425</u>

No amortization was recorded in the current year on the leasehold improvements (2024 - data processing equipment) as it was not available for use.

9. DEMAND OPERATING LOAN

The Organization has an unsecured operating demand loan with the Bank of Montreal, with a maximum authorized limit of \$5,500,000, bearing interest at the bank's prime rate less 0.5%. As at year end, \$2,402,561 (2024 - \$2,498,420) was available for use.

Security on the Bank of Montreal operating demand loan is a registered general security agreement providing BMO with a security interest over all present and after-acquired personal/movable property of the borrower with a first ranking for Canadian accounts receivable, and tangible capital assets which have a carrying value of \$12,269,971 (2024 - \$11,832,851).

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2025	2024
Transportation	\$ 1,126,521	\$ 1,012,924
Trade payables	487,532	380,807
Dairy Farmers of Canada	201,440	205,585
Accrued liabilities	93,379	79,072
Payroll deductions	3,653	6,492
	<u>\$ 1,912,525</u>	<u>\$ 1,684,880</u>

The Organization has a BMO Mastercard with a maximum authorized limit of \$65,000. As at year end, \$24,761 (2024 - \$32,254) was available for use. Security is as disclosed in Note 9. The amount owing is included in trade payables.

11. PRODUCER PAYABLES

	2025	2024
Producer payables	\$ 6,432,629	\$ 6,377,413
Promotional surplus	676,124	660,325
Transport and blend surplus (deficit)	61,295	(122,341)
	<u>\$ 7,170,048</u>	<u>\$ 6,915,397</u>

DAIRY FARMERS OF NEW BRUNSWICK

Notes to the Financial Statements

Year Ended July 31, 2025

12. DEFERRED CAPITAL CONTRIBUTIONS

The Organization entered an agreement with ACOA for a grant up to a maximum of \$334,250 for the development of its payment processing system - phase I (Note 7) and data processing equipment (Note 8). The agreement is subject to non-financial covenants, of which the Organization is in compliance.

The changes for the year in the deferred capital contributions balance reported in the General Fund are as follows:

	2025	2024
Balance, beginning of year	\$ 225,864	\$ 225,864
Plus: ACOA contributions	108,132	-
	333,996	225,864
Less: amounts amortized to income	(19,929)	-
Balance, end of year	314,067	225,864

The Organization entered an agreement with ACOA for a grant up to a maximum of \$343,897 for the development of its payment processing system - phase II (Note 7). The agreement is subject to non-financial covenants, of which the Organization is in compliance.

The deferred capital contribution was not amortized to revenue as the related intangible capital asset was not available for use at the year end.

The changes for the year in the deferred capital contributions balance reported in the General Fund are as follows:

Current year addition:		
ACOA contributions	32,653	-

During the year, the Organization received maximum grants with the New Brunswick Department of Agriculture, Aquaculture and Fisheries, the New Brunswick Department of Education and Early Childhood Development (EEDC) and Dairy Farmers of Canada for development of its school milk program (Note 7).

The deferred capital contribution was not amortized to revenue as the related intangible capital asset was not available for use at the year end.

The changes for the year in the deferred capital contributions balance reported in the General Fund are as follows:

Current year additions:		
New Brunswick Department of Agriculture, Aquaculture and Fisheries contributions	45,150	-
New Brunswick Department of Education and Early Childhood Development contributions	45,150	-
Dairy Farmers of Canada contributions	60,426	-
Balance, end of year	150,726	-
	\$ 497,446	\$ 225,864

DAIRY FARMERS OF NEW BRUNSWICK

Notes to the Financial Statements

Year Ended July 31, 2025

13. LEASE COMMITMENTS

The Organization has a long term lease with respect to its premises that begins in September 2025 and expires in August 2030. Under the lease, the Organization is required to pay \$3,399 plus HST per month. Future minimum lease payments as at year end are as follows:

2026	\$	37,393
2027		40,792
2028		40,792
2029		40,792
2030		40,792
Thereafter		3,399
		<hr/>
	\$	<u>203,960</u>

14. CONTINGENT LIABILITIES

For the purpose of the accompanying financial statements, contingent liabilities have been evaluated by management.

There were no contingent liabilities that would have a material impact on these financial statements.

15. SUBSEQUENT EVENTS

For the purpose of the accompanying financial statements, subsequent events have been evaluated by management.

Subsequent to the year end, the Organization sold its land and building located at 29 Milk Board Road, Roachville, NB in the amount of \$675,000. The Organization also entered into a leasehold improvements agreement for renovations in their leased office space in the amount of \$107,500.

16. BUDGET AMOUNTS

The 2025 budget amounts disclosed on Schedule 2 to the financial statements, are presented for information purposes only.

DAIRY FARMERS OF NEW BRUNSWICK**Statement of Receipts and Expenditures - Internally Restricted****(Schedule 1)****Year Ended July 31, 2025**

	Milk pricing	Quota exchange	Indemnity	Milk quality penalty reserve
RECEIPTS				
Milk sales	\$ 166,586,582	\$ -	\$ -	\$ -
Milk haulage	11,827,108	-	-	-
Promotion	2,284,281	-	-	-
Quota sales	-	336,000	-	-
Unrealized gain on marketable securities	-	-	249,703	-
Investment income	-	-	84,002	-
Penalties collected	-	-	-	57,150
	<u>180,697,971</u>	<u>336,000</u>	<u>333,705</u>	<u>57,150</u>
EXPENDITURES				
Milk purchases	166,586,582	-	-	-
Milk haulage	11,827,108	-	-	-
Promotion	2,284,281	-	-	-
Quota purchases	-	336,000	-	-
Program cost	-	-	-	37,780
	<u>180,697,971</u>	<u>336,000</u>	<u>-</u>	<u>37,780</u>
EXCESS OF RECEIPTS OVER EXPENDITURES	\$ -	\$ -	\$ 333,705	\$ 19,370

The accompanying notes are an integral part of these financial statements

DAIRY FARMERS OF NEW BRUNSWICK**Statement of Receipts and Expenditures - General****(Schedule 2)****Year Ended July 31, 2025**

	Budget (Unaudited) 2025	Total 2025	Total 2024
RECEIPTS			
Milk producer dues	\$ 1,971,106	\$ 1,996,214	\$ 1,859,030
Shared services	197,067	130,593	-
Amortization of deferred capital contributions	-	19,929	-
Rental income	31,800	18,973	16,791
Grants and cost recoveries	500	8,815	2,562
Interest income	20,000	(5,510)	11,785
	2,220,473	2,169,014	1,890,168
EXPENDITURES			
Board expenses			
Director fees	229,423	226,568	242,378
Travel	132,556	104,943	129,015
Annual meeting	62,950	74,532	58,549
Benefits	55,298	61,432	56,504
Milk 2020	35,563	36,008	35,254
Other meetings	13,000	10,405	9,267
Director liability insurance	12,000	11,756	13,581
	540,790	525,644	544,548
Fees and dues			
Contract services	119,806	111,202	134,288
External audit	17,925	19,250	17,294
Internal audit	7,000	6,996	5,950
Dues	12,375	12,116	8,450
Translation	4,825	2,355	4,825
Local area committees	3,000	3,000	6,000
Legal	12,000	5,206	2,744
	176,931	160,125	179,551
Employee costs			
Salaries	760,461	764,545	514,405
Benefits	150,842	147,582	105,837
Travel	46,960	54,569	46,176
	958,263	966,696	666,418
Milk pool services			
Laboratory services	188,658	213,714	187,035
Milk quality program	40,000	66,181	105,552
Tank calibration program	30,000	25,000	30,000
	258,658	304,895	322,587
Financial charges			
Amortization of intangibles assets	-	24,223	-
Amortization of tangible capital assets	42,317	15,471	18,211
Interest and bank charges	2,000	1,456	2,413
	44,317	41,150	20,624

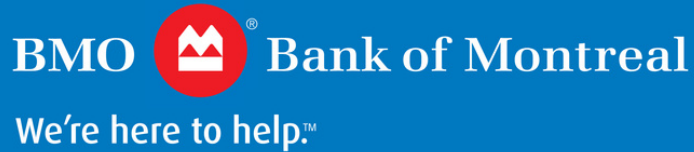
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The accompanying notes are an integral part of these financial statements

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