



CELEBRATING  
**50 YEARS**



EGG FARMERS  
**Ontario.ca**

2014 ANNUAL REPORT



*On Our Cover*

**The Hayes Family**

The mission of Egg Farmers of Ontario is to provide customers with a supply of high quality eggs at a fair price and a fair return to egg and pullet farmers within a stable national supply management system.



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## Continuing progress in our 50th year

*Our theme “Respecting the past, Embracing the present, Building the future” embraces how we strive to operate on a daily basis – not just for our 50th anniversary. Rather than resting on our laurels, our activities show we were successful in a number of developments in our continuous efforts as a responsive marketing organization.*



I want to highlight four crucial advances in 2014: the launch of EFO's *Quota Transfer System (QTS)*; efforts to resolve market allocations; steps to rollout a national *Animal Care Program*; and, positive action towards remunerating pullet growers through a consistent growing fee across Ontario and Quebec.

Initiating the QTS was a landmark decision. This transfer system has accomplished our goals of accessibility and transparency and has moved quota between buyers and sellers with no strings attached – all while stabilizing market price. With four successful auctions to date, we hope 2015 will bring more of the same. We made a commitment to our farmers that we would review the QTS and we will do so during 2015.

The timely approval of allocations from Egg Farmers of Canada continues to be concerning. We will continue to discuss how to better supply our market. It is imperative to develop a strategy that puts a substantial number of birds into the system. The simple question needs to be asked, “How can we manage our system better?”

The coming year will see the rollout of a national *Animal Care Program*. Farmers will have revised guidelines to follow and will have to accept third-party audits as the new reality. We need to promote “camera ready” barns in a supportive manner. Collectively we must raise the bar.

We are on the threshold of remunerating pullet growers in a fair and equitable manner. Working cooperatively with Quebec in the establishment of a consistent growing fee will enable pullet growers to better achieve their cost of production.

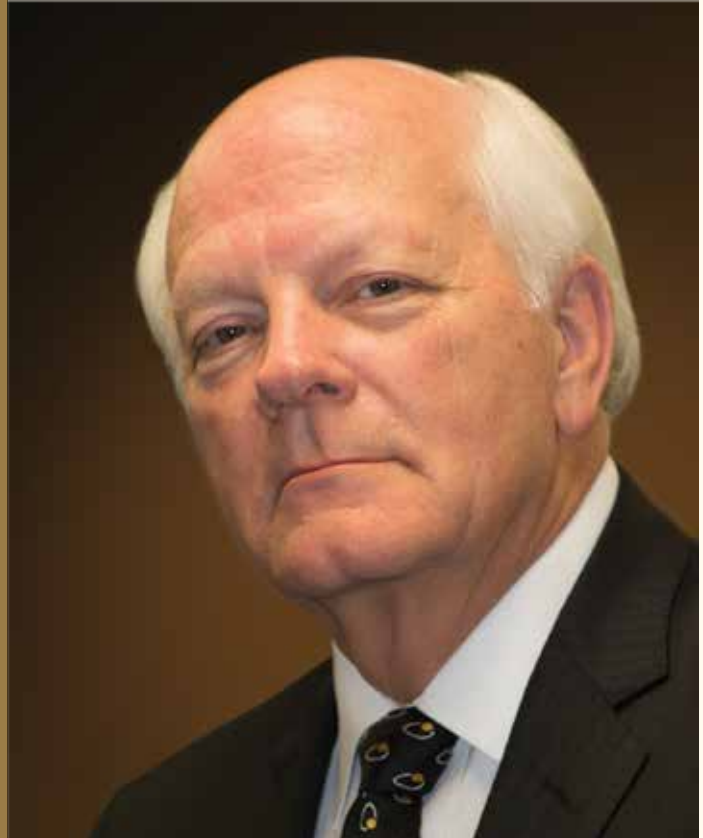
I'm proud to have been part of this great industry for a significant part of my life and look forward to passing it on to future generations.

A handwritten signature in black ink, reading "Scott C. Graham". The signature is written in a cursive, flowing style.

Scott Graham, Chair

## Celebrating 50 years of success

*Fifty years ago, some people said an orderly marketing system for eggs and fair farm pricing would never work. In fact, a vocal minority of economists and editorial writers continue to criticize the marketing system in spite of its success for consumers, governments and farmers.*



When organizations turn 50, like people, they look both back and ahead. Egg Farmers of Ontario (EFO) uses past experience to constantly evolve to respond to changing consumer and processing markets. EFO has always adapted to new ideas.

Fifty years ago, a tweet was the sound a chick made – in 2015, it has a very different meaning. Changes in technology have meant that egg farmers have adjusted to improve communication, production and marketing.

Ontario egg farming has achieved increased hen health, welfare and productivity, improved nutrition and a smaller carbon footprint. But, even with 50 years of innovation, egg farming comes back to one thing - the care our farmers provide. In spite of real-time monitoring connected to smartphones, egg farmers still have a well-developed “sixth sense” and know when they walk into their egg or pullet barn whether everything is okay. They have a connection with the animals in their care.

As people move further away from farm life, the need continues to grow for farmers to tell how food is produced. For EFO, this led to the continuing development of our *Who Made Your Eggs Today?* marketing platform. People want to get back to nature and they definitely want to know that food is local, real and authentic. We continue to work to tell consumers that the eggs they buy at local grocery stores meet those

requirements. We strive to address this knowledge gap. We have been successful but there’s always more work to do.

When celebrating the 100th anniversary of EFO, future farmers will look back and say we provided them with a good foundation; just as we were provided a good foundation by those that began our system in 1964.

We are here today because of those that came before us. Hopefully future generations will say – “well done”.

A handwritten signature in black ink that reads "HPelissero". The signature is fluid and cursive.

Harry Pelissero, General Manager

# BOARD OF DIRECTORS & ZONE MAP



## Zone 1

**Director: Scott Helps**  
*Essex, Kent and Lambton Counties*  
Number of Egg Quota Holders: 37  
Number of Layers: 839,704  
Number of Pullet Quota Holders: 8  
Number of Pullets: 447,079



## Zone 2

**Director: Dianne McComb**  
*Middlesex County*  
Number of Egg Quota Holders: 37  
Number of Layers: 540,805  
Number of Pullet Quota Holders: 16  
Number of Pullets: 1,176,680



## Zone 3

**Director: Dan Veldman**  
*Elgin, Norfolk and Oxford Counties*  
Number of Egg Quota Holders: 34  
Number of Layers: 604,182  
Number of Pullet Quota Holders: 5  
Number of Pullets: 449,030



## Zone 4

**Director: Roger Pelissero**  
(Vice Chair and EFC Representative)  
*Brant and Haldimand Counties; and the Regional Municipalities of Hamilton-Wentworth and Niagara*  
Number of Egg Quota Holders: 26  
Number of Layers: 583,436  
Number of Pullet Quota Holders: 10  
Number of Pullets: 585,833



## Zone 5

**Director: Brian Miller**  
*Huron County*  
Number of Egg Quota Holders: 38  
Number of Layers: 770,627  
Number of Pullet Quota Holders: 10  
Number of Pullets: 708,353



## Zone 6

**Director: Scott Graham (Chair)**  
*Perth County; the Regional Municipality of Waterloo and the City of Waterloo*  
Number of Egg Quota Holders: 39  
Number of Layers: 919,941  
Number of Pullet Quota Holders: 22  
Number of Pullets: 1,453,038



## Zone 7

**Director: Bryan Hostrawser**  
*Bruce, Dufferin, Grey and Wellington Counties*  
Number of Egg Quota Holders: 45  
Number of Layers: 1,534,801  
Number of Pullet Quota Holders: 19  
Number of Pullets: 1,579,394



## Zone 8

**Director: Hubert Schillings**  
*Hastings, Northumberland, Peterborough, Prince Edward, Simcoe and Victoria Counties; the Regional Municipalities of Halton, Peel, Durham and York; the District Municipality of Muskoka; and the Provisional County of Haliburton*  
Number of Egg Quota Holders: 20  
Number of Layers: 445,542  
Number of Pullet Quota Holders: 4  
Number of Pullets: 288,216



## Zone 9

**Director: Craig Hunter**  
*EAST: Dundas, Frontenac, Grenville, Lanark, Leeds, Lennox and Addington and Renfrew Counties, and the Regional Municipality of Ottawa-Carleton*  
*NORTH: Territorial Districts of Ontario consisting of Algoma, Cochrane, Parry Sound, Kenora, Rainy River, Sudbury, Thunder Bay and Timiskaming*  
Number of Egg Quota Holders: 12  
Number of Layers: 992,325  
Number of Pullet Quota Holders: 6  
Number of Pullets: 2,053,281



## Zone 10

**Director: Marcel Leroux**

*Glengarry, Prescott, Russell and Stormont Counties*

Number of Egg Quota Holders: 35

Number of Layers: 1,221,696

Number of Pullet Quota Holders: 11

Number of Pullets: 689,475



## Pullet

**Director: Andrew DeWeerd**

Total Number of Pullet Quota Holders: 111

Total Number of Pullets: 9,430,379



# Working together for a better national system

It was an honour to serve as the Ontario representative on the Board of Directors of Egg Farmers of Canada (EFC) during 2014. The Canadian egg industry continues to flourish, with table egg sales increasing by more than three per cent this year, marking the eighth consecutive year of growth.

Market trends suggest further growth is expected and will be easily driven by consumer interest in high protein, whole, nutrient-dense foods. To seize this opportunity, we must increase production in Canada to meet heightened demand. We must prepare wisely to ensure Canadians continue to receive fresh, local, high-quality eggs.

Due diligence was given to matters of national interest and scope, which requires care and flexibility when it comes to implementation. Illustrating this is the progress achieved in terms of compliance to our national animal care and food safety programs. Recognizing a need to accelerate planned enhancements to the *Animal Care Program*, EFC's Production Management Committee carried out consultations on key elements, including third-party auditing, visitor protocols and an employee code of conduct policy.

## Working Towards Sustainability

We worked with all levels of industry to implement measures that will make the *Industrial Products Program* sustainable long-term. The project teams formed last year employed three strategies that will reduce reliance on consumer levy and will continue to drive costs out of the system.

Our Board of Directors provided direction and support for government and stakeholder relations as we communicated the benefits of supply management, a logical framework for a product that is locally produced and consumed. To elevate conversations to a more evidence-based level, we are supporting public policy research through a partnership with the University of Waterloo. Dr. Bruce Muirhead has joined Dr. Tina Widowski and Dr. Maurice Doyon as EFC research chairs and will conduct an analysis of our industry to support sound agricultural policy decision-making.

## A LOOK BACK...



- '72 – Canadian Egg Marketing Agency (CEMA) was established
- '74 – takes over surplus eggs removal
- '76 – begins setting egg prices
- '78 – receives ability to set levies
- '94 – national quota exchange launched
- '99 – Northwest Territories joins CEMA
- '00 – adopts Ontario's on-farm food safety program as part of *Start Clean-Stay Clean™*
- '02 – negotiates agreement to use Heart and Stroke Foundation's *Health Check* mark
- '03 – releases *Recommended Code of Practice*
- '08 – launches doctor's program and *Healthy Choices* kit
- '08 – changes name to Egg Farmers of Canada



Through our national advertising campaigns, *Natural Goodness* marketing programs, public relations efforts and social media, we strive to educate the public about eggs. Some of our highly successful programs, such as the physician's education program, which reached over 20,000 doctors since 2007, are wrapping up and we are moving on to new activities in 2015.

We continued to support breast cancer research through our partnership with the *CIBC Run for the Cure* and established new partnerships with Breakfast Club of Canada and Breakfast for Learning—ensuring tens of thousands of children have access to a nutritious breakfast. Through special events like the *Downtown Diner* held in Ottawa, our support to Food Banks Canada and local food banks was highlighted and resonated deeply with members of Parliament and the community.

### Reaching out Internationally

Our assistance to those in need crosses geographic boundaries as well. This year we contributed financially to one of the first projects funded by the newly created International Egg Foundation, of which EFC is a founding partner. Called *Project Canaan*, this sustainable farming venture in Swaziland is providing food, shelter, education and work for a growing orphanage and its employees, as well as supplying local markets and organizations with much needed, nutritious food. In addition, some of our Canadian egg farmers are providing knowledge and on-the-ground expertise to help the layer operation come to fruition.

Emphasis on the value of the stability we provide for Canada will continue, particularly in the coming year in the face of heightened negotiations of the *Trans-Pacific Partnership*. There is a sense that 2015 may be *the* year for this trade deal. With it also being a federal election year, we have an opportunity to carve out a leading role in the Canadian agriculture sector and negate claims that we are holding back others with greater international export potential.

### Dealing with Domestic Challenges

Everything we do as EFC Directors is guided by strategic planning. It ensures objectives are well defined, but that we remain flexible to address the inevitable challenges that arise. A clear example of this is the December outbreak of Avian Influenza in British Columbia, which has left many poultry farms and the families who operate them devastated. The only positive thing is that prior knowledge and expertise at the farm, provincial and national levels has led to greater collaboration and cooperation in managing the situation.



*Visitor protocols, which include biosecurity signs on all barn entrances, are a key aspect of the Animal Care Program.*

The increasing need for such cooperation is evident throughout our industry. Though sometimes challenging to manage different provincial realities, we recognize that supply management gives us a framework for industry-wide progress. It is this privilege that drives our work at the national level.

I appreciate my colleagues and the staff at EFO who support my participation on the EFC Board. We have the best product in the world, an excellent industry and an even better team, making greater accomplishments in 2015 a goal worth pursuing.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "R. Pelissero".

Roger Pelissero, EFC Director, Ontario

# Progress towards a national plan for pullets

The past year as Ontario Pullet Director was a difficult one and it would be easy to say it was a disappointing one. Yet as I look back on 2014, it was one of great accomplishment.

Success can be defined as “the accomplishment of an aim or purpose” and although Pullet Growers of Canada’s (PGC’s) goal for agency status was denied in 2014, I firmly believe that success was achieved. This is just another step along the path towards our end objectives.

In the wake of the federal decision not to grant PGC agency status, a number of things have taken place.

PGC met with the Minister’s office to examine alternate approaches for future operation of PGC. As a result, we are looking at the development of interprovincial memorandums of understanding (MOUs) to provide greater structure to the pullet market. The MOUs would address the varying needs of individual provinces and PGC would act as facilitator in the resolution of any national level issues.

In addition, PGC is moving ahead with the development of an *Animal Care Policy* (ACP) for pullets and is seeking federal funding for implementation. We have reviewed existing ACPs and have adapted them to reflect the needs and realities of pullet growers. Although still in the draft stage, the policy is based on firmly structured, industry-specific areas. It is our hope to have a completed policy ready for implementation in 2015. PGC has also received funding to conduct a national cost of production (COP) study to establish a model that will help us

to establish fair pricing across all provinces. The COP study will take place from January 1 until December 31, 2015 and we look forward to seeing the results of it.

At the provincial level, our utilization rate of 99.88 per cent is at its highest level ever. The Ontario leasing initiative is now in its’ eighth year and EFO staff continue to work on executing this program together with pullet farmers and industry stakeholders.

After extensive work, Quebec has set their pullet price. As a result, we will continue to work towards establishing a common growing fee.

It has been a privilege to serve as Pullet Director during 2014 and I am thankful for the opportunity to do so. I strongly believe that the hurdles faced this past year has put pullet growers in better shape as an industry, and success is well within our grasp.

Respectfully submitted,



Andrew DeWeerd, Pullet Director

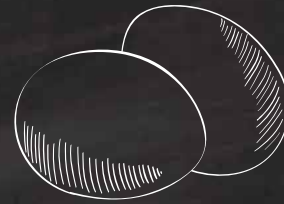
## A LOOK BACK...



- '78 – pullet growers are licensed to help regulate the industry
- '79 – two pullet growers appointed to the Board
- '81 – pullet quotas introduced
- '88 – successfully negotiated growing fee

- '07 – National Pullet Growers Association is formed
- '10 – changes name to Pullet Growers of Canada

# 2014 ONTARIO EGGS BY THE NUMBERS



# 2,817,945,696

Number of Ontario leviabile eggs graded (includes Eggs For Processing [EFP])



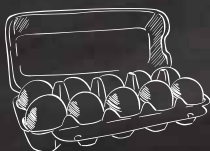
## 431

Number of Ontario Egg  
& Pullet Quotas Held



## 79.51%

Per cent of "table eggs" produced  
in Ontario & sold to consumers



## 100%

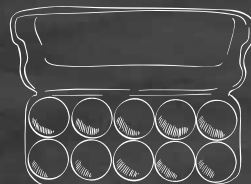
Per cent of egg production  
HACCP-certified

### Average Producer Prices

SIZE	2010	2011	2012	2013	2014
Extra Large	\$1.66	\$1.81	\$1.91	\$1.96	\$1.90
Large	\$1.66	\$1.81	\$1.91	\$1.96	\$1.90
Medium	\$1.51	\$1.65	\$1.75	\$1.80	\$1.73
Small	\$1.02	\$1.17	\$1.27	\$1.32	\$1.26



### Ontario's Average 2014 Egg Gradings By Size (%)



Extra Large	25.25
Large	47.66
Medium	18.41
Small	3.55
Pee Wee	0.52
Bs, Cs, Cracks, No Grade	4.61

### Egg Quota

8,448,059	- the amount of Ontario's hen allotment
26,566	- the average production quota for egg quota holders
8,378,067	- the average weekly inventory
152,818	- the amount of egg quota transferred

### Pullet Quota

9,430,029	- the amount of Ontario's pullet allotment
83,452	- the average production quota for pullet quota holders
90,501	- the amount of pullet quota transferred

### Levy Administration

38.75¢ - the amount of Ontario's egg  
levy deducted from farmers

### Ontario Industrial Product

2,963,638 - the number of 15-dozen boxes

### Ontario EFP

1,192,186 - the number of 15-dozen boxes

# Supporting research to advance our sector

The pursuit of continuous knowledge and improvements through research are critical elements of a strong industry.



## RESEARCH REPORT

Egg Farmers of Ontario's (EFO's) 50-year history is one of supporting innovative research and advancing the egg and pullet sectors. Over time, these have included improvements in areas such as hen welfare, farm practices, productivity and egg quality.

In recent years, the scope of research has broadened into wider interests, including egg uses that benefit human health in new ways and also in committing to egg farmers' social responsibilities.

In those 50 years, the way Ontario eggs are produced changed constantly and research played a key role in determining how to adapt to changes in markets, technology, society and new knowledge.

Back in the mid-sixties, consumers were looking for nutritious food at cheap prices. Supermarkets were a new phenomenon and access to food in bulk and at fast food outlets was just becoming the norm. To meet consumer needs, industry developed new production systems and research focused on nutrition and disease management.

These changes moved hens up off barn floors into smaller social groups with excellent hygiene, reduced disease incidence, reduced hen aggression and physical competition resulting in optimal hen access to food and water. These all combined to dramatically improve productivity and reduce hen mortality.

When consumers sought nutritionally-enhanced eggs, EFO research investment provided the support and researchers rose to the challenge with Omega-3 eggs. When consumers wanted organic, free range, free run and the plethora of other variations, EFO research funds helped provide the production answers. When the market wanted environmentally- and welfare-friendly production systems, EFO-funded research was right behind farmers to help deliver the types of eggs consumers wanted in their grocery stores.

The last several years has seen EFO move to also support exciting new areas of research including support for funding clinical trials of the egg-derived depression treatment, Rellidep™. This work has the potential to provide tremendous advances in the treatment of clinical human depression.

Other areas of EFO-supported research are on the cusp of delivering impressive advances in other areas that will benefit consumers, farmers and hens.

The structures that have developed to deliver and administer the types of research needed for Ontario egg production now

and in the future is enabled by EFO's participation in the Poultry Industry Council (PIC) and the Livestock Research Innovation Corporation (LRIC).

PIC is a non-profit corporation that delivers poultry extension services, event coordination and project and program management, while supporting research capacity for the betterment of the Ontario industry. Throughout the year, a variety of events and resources were implemented including Producer Update Sessions, the London Poultry Show, *Science in the Pub* and *The Future of Poultry Research* - an annual research day where graduate students gave short presentations on their current research projects. PIC also secured funding for two new projects through Growing Forward 2: an assessment of the *Poultry Health Network* model and its ability to effectively deliver a coordinated poultry research initiative; and an online, modular poultry education program called *PoultryPro*. In addition to this, PIC also coordinated the development of an on-farm poster to identify chicks that should be euthanized within the first 10 days of life.

LRIC provides a single portal through which collective investment in livestock and poultry research, conducted in Ontario, is able to generate the best possible outcomes and return on investment for agriculture and the province of Ontario. On-going research includes examining the validity of new LED light bulbs; development of an efficient, accurate method for detecting the embryo development and early sex determination using hyperspectral imaging; and the influence of housing of different strains of hens on behavioural development are currently being investigated.

Funding and operating egg farm and production research through these partners positions EFO to leverage funds and ensure the sector meets the future needs of consumers in the market while, pursuing excellent returns on egg farmers' investment in research.

## A LOOK BACK...



'66 – 1st recorded production research  
'85 – endowed research chair at the University of Guelph  
'85 – changed to focus on supporting research to increase egg markets

'11 – research into consumer willingness to pay more for specialty eggs (i.e., from alternative housing methods)  
'13 – EFO becomes founding member of LRIC  
'13 – EFO helps to fund Rellidep™ research



50 years of progress  
in Ontario's egg and  
pullet sector

## OPERATIONS REPORT

Our farms and poultry barns look and operate much differently now than they did 50 years ago. However, the principles have stayed relatively the same as our farmers are still caring for their birds and managing their production 24/7. This quality of care is something that has been conscientiously taught from generation to generation. What remains constant is the commitment of our farmers to the health and care of the hens, the efficiency of their operations and their dedication to producing high-quality eggs.

Without a doubt, housing systems are an area where there has been the most change over the years. Gone are farms with high-rise buildings that had a single flat deck system, 2-3 tiers, with 2-4 birds per cage or the old free run barns with slats and manure pits below. Today we have housing systems that have eight tiers, optimal density per cage, manure belts and augers. These improvements in housing have contributed to increased livability rates and much lower incidence of disease, while automation in the packing room ensures high food safety results.

While today's farmers have embraced the *Hazard Analysis and Critical Care Points* (HACCP) program, it wasn't always that way. In 1997, the HACCP pilot project began with 20 farmers participating. Now in 2014, what originally started as a pilot project, has become mandatory and we can proudly say that 100% of our farms in Ontario are HACCP-certified.



*Our Emergency Response Trailer was utilized in six on-farm disposal exercises during the past year.*

In the area of animal care, it's hard to believe that the original *Recommended Code of Practice* was released in 2003. Since then, a lot of attention has been placed in this area. Farmers have always cared for their flocks, but with increased tactics from special interest groups, it has become even more critical that all of our barns be "camera ready." With that in mind, EFO has been working with Egg Farmers of Canada to launch the first three new elements of the national *Animal Care Program* – Routine Inspections; Handling, Catching, Loading Guidelines; and Euthanasia Plan.

EFO Operations staff has been working on the rollout of these elements and will continue to work with farmers to implement the rest of the program and ensure their compliance during 2015.

Work also continues in the area of emergency preparedness. Operations staff have worked closely with farmers and industry stakeholders to ensure that we are prepared in case of a foreign animal disease or other emergencies within our sector. Our Emergency Response Trailer (originally unveiled in 2008) was utilized in six on-farm disposal exercises during the past year – five at layer farms and one on behalf of Chicken Farmers of Ontario. Staff actively engage with the other feather boards to ensure that the Feather Board Command Centre continues to meet the needs of the industry.

As we look toward our future, EFO is proud of the success of our *New Entrant Quota Loan Pool*. 2014 marked the fourth year of this program and we welcomed two new egg farm families to our industry. Since the program's inception in 2011, we have introduced a total of six new egg farm families to our ranks.

While we shouldn't forget where we have come from as an industry, we must also focus our attention on what the future holds for our egg and pullet farm families. Quality assurance, animal care and sustainability will dominate much of the work that lies ahead for our Operations staff in the coming year. At the same time, we will diligently work with our farmers to ensure we are producing the highest-quality eggs possible and protect the social license afforded to egg and pullet farmers across the province.

## A LOOK BACK...



- '73 – egg quotas allocated
- '75 – quota changed from eggs to hens
- '80 – *Egg Quality Improvement Program* implemented
- '94 – voluntary Salmonella testing began
- '97 – 1st Canadian poultry on-farm food safety program launched
- '03 – investigative unit introduced
- '06 – Per Bird Levy introduced
- '08 – Emergency Trailer unveiled
- '10 – Ontario egg farms become 100% HACCP-certified
- '11 – introduced *New Entrant Quota Loan Pool*



# Putting fresh ideas on the table

Using the existing *Who Made Your Egg Today?* platform, new initiatives were launched as the beginning of the campaign's evolution.



## COMMUNICATIONS

### Advertising

The *Who Made Your Eggs Today?* (WMYET?) campaign marked its fifth year, featuring seven next generation farmers. EFO introduced the Beauchesne sisters, St. Isidore; Stephanie Campbell, Drummond; Tonya Haverkamp, Listowel; and siblings Josh and Kayla Veldman, Embro.



The Beauchesne and Campbell families were two of the four farm families featured in the 2014 *Who Made Your Eggs Today?* campaign.

The 2014 campaign featured 335 billboards, 432 GoTrain ads and over 3,400 ads on subway, bus and transit locations across Ontario. The campaign was also brought to life through grocery cart ads in over 184 stores and shelf talkers in 534 stores, digital ads, sponsorship of the breakfast and brunch section of allrecipes.com and with a digital “superboard” ad on Toronto’s Gardiner Expressway.



Grocery cart advertisements extended the WMYET? campaign reach throughout the year.

Post campaign results show awareness of ads was very high at 52 per cent and achieved peak levels of enthusiasts at 57 per cent. Results illustrate that the campaign is still relevant to consumers and continues to touch consumer passion points.

### World Egg Month

A variety of activities took place during EFO’s celebration of *World Egg Month* (WEM) in October. Activities included food deliveries to select Ontario radio stations and television appearances on CTV *Morning Live* (Ottawa), Rogers *Daytime* (Ottawa), Rogers *Daytime* (London) and CTV *News at Noon* (Kitchener). Overall, a combined reach of more than 500,000 television media impressions were earned throughout the month.



Egg farmer Tonya Haverkamp prepares Easy Egg Tacos on CTV Kitchener.

Listowel egg farmer Tonya Haverkamp, was EFO’s egg ambassador during the television appearances. Tonya joined hosts to prepare *Easy Egg Tacos* and answer questions about egg farming.

Gift bags, including a tray of devilled eggs, were delivered to a number of radio stations including 104.5 CHUM FM, CHFI, 680 News, 99.9 Virgin, Q107 and BOBFM. Radio hosts made on-air mentions of EFO and many tweeted or retweeted messages about WEM. Over 134,880 followers were reached as a result.



The use of social media made up a large part of World Egg Month celebrations.

### The Eggs Factor

EFO ran its popular online egg colouring contest for Easter – *The Eggs Factor*. Consumers were asked to go online and decorate a virtual egg. For every valid egg entered, EFO donated

## A LOOK BACK...



- '67 – Eggs are Better contest received 241,974 entries
- '73 – 1st ad agency hired to help combat egg consumption decline
- '74 – 1st teachers kit distributed *All About Eggs*
- '75 – 1st advertising campaign
- '78 – 1st integrated advertising campaign
- '87 – launched cholesterol program
- '92 – Ottawa GATT Rally
- '99 – 1st consumer website
- '01 – receives IEC *Golden Egg Award*
- '09 – launched *Ontario's Best Breakfasts* website
- '14 – launched Ethnic Marketing campaign



The winning eggs from 2014 are displayed on the contest website.

the monetary equivalent of a dozen eggs to *Huron Perth Eat and Learn*.

The contest ran from March 25 until April 22 and received over 3,500 entries. Three Ontario egg farmers served as judges

to narrow down the entries. Finalists were encouraged to have friends and family vote for their eggs online to determine the winners and we received over 13,000 votes. The top two winners from each age category won an iPad mini.

During the weeks leading up to Easter, EFO pitched to television, print and radio media featuring egg farmers and as a result, earned four television appearances. This included *Terra @ Home*, Rogers TV (London), Rogers TV (Durham) and CTV News (Kitchener).

Four new “kid-friendly” recipes were promoted during the contest through a press release and direct media pitches. These were featured in *London Community News*, *York Regional*, *The Burlington Post*, *Cambridge Times*, *Agrimedia News*, *Northumberland News* and *Farms.com*.

As a result of the contest, \$10,000 was donated to *Huron Perth Eat and Learn*.



EFO used social media to direct followers to recipe videos, as in this tweet.

A number of news releases were issued during 2014, covering a variety of topics.



## Media Relations

Throughout 2014, EFO exercised a strong media presence. Egg recipes were distributed to various print and online outlets, including two salads for summer, *Easy Egg Tacos* for *World Egg Month* and two sweet treats in time for Christmas. A short video of the salads and desserts was added to the pitches in an effort to increase media interest. Recipes were picked up by a variety of media including, *The Toronto Sun*, *The Welland Tribune*, *The North Bay Nugget*, *The Niagara Falls Review*, *24 Hours Toronto* and *arnpriortoday.ca*.

EFO issued several news releases to Ontario media outlets during 2014. Information on the first *Quota Transfer System (QTS)* results, the announcement of the *Food Bank Egg Donation Program* and the recipients of the 2014 *New Entrant Quota Loan Pool (NEQLP)* program were all distributed.

News sources including *Ontario Farmer*, *The Burlington Post*, *Mississauga News* and *Blackburn News* published information contained in the releases.

## Ethnic Marketing Campaign

EFO’s first ethnic marketing campaign focusing on the Chinese market in Ontario was initiated in 2014.

The campaign featured in-store demonstrations and advertising, print advertising, a recipe booklet and a Chinese website. EFO partnered with T&T retail stores at nine Ontario locations - eight in Toronto and one in Ottawa. T&T, owned by the Loblaw

group, is Canada’s largest Asian food chain. Cooking demonstrations with EFO’s new microwave egg pan were held at all locations, encouraging the Chinese consumer to learn new ways to enjoy eggs.

A consumer usage and attitudes survey was used to gain insight into specific consumer perceptions and purchasing habits within this targeted community. The in-store and print advertising elements ran over two weekends in October and November.



Getting ready for a cooking demonstration held at one of nine T&T retail stores in Ontario.



A newspaper ad and coupon from the 2014 Ethnic Marketing campaign.

## PROMOTIONS

### Fairs, Exhibits and Events

During 2014, EFO promoted eggs at over 95 fairs and events. This included handing out 126,965 recipes and educational materials and 28,383 shopping pads. Throughout the year, 113 gift baskets were distributed to various events. EFO partnered with the *Travellin' Farmer* exhibit to ensure our presence at events in Eastern Ontario.

Following the successful 2013 *Breakfast on the Farm* event, EFO again partnered with Farm and Food Care to sponsor two 2014 events – one in Eastern Ontario and the other in Central Ontario.

The fairs audit was completed and resulted in a number of recommendations for improvements. These were divided into three key areas: long-term, administrative and trailer logistics,



*The Egg Education Trailer at the 2014 Canadian National Exhibition.*

including updates that will be planned for the two egg education trailers.

In addition, table-top displays are in the process of being finalized for each Zone, to be used at smaller, local events. These displays will feature information about egg farming and also include a cage for hens.

It was also determined that farmers interested in interacting with the public would benefit from training. A session will be held in 2015 to provide messaging for farmers with less consumer experience and will involve veteran volunteers to provide their expertise and knowledge.

### Sponsorship

Each Zone was provided \$10,000 to distribute over the course of the year. These funds are used to encourage local sponsorship of events that advocate a healthy lifestyle while promoting eggs.

EFO once again sponsored a month in Farm and Food Care's *Faces of Farming* calendar. Fournier-area egg farmers Lynn, Véronique, Jessica and Valerie Longtin will appear during the month of April 2015.

EFO, along with TSC Stores, were the sponsors for the 2014 *Road to the Royal Chef Challenge*. Six fairs from across Ontario served as venues to qualify a local chef for the semi-finals, held at The Royal Agricultural Winter Fair (RAWF). The winning



*Egg farmer Amber Frisa at the Amazing Grazing event, held by the London Chamber of Commerce.*

chef from each round moved onto the Grand Finale, where they faced off against each other and the winning chef from the Toronto Chef Challenge. EFO was proud to sponsor the secret ingredient for the dessert challenge – eggs!

Egg Farmers of Ontario (EFO) also partnered with Rogers TV and the Ontario Hockey League (OHL). EFO is the title



*Egg farmer Lynn Longtin and daughters Véronique, Jessica and Valerie as they will appear in Farm and Food Care's Faces of Farming calendar.*

sponsor of *Inside the O* – a program giving viewers the inside scoop on all 20 OHL teams for the 2014-2015 season. There will be more than 500 airings of the segment and it is included in all Rogers TV OHL game broadcasts, plus video clips on all Rogers TV websites.

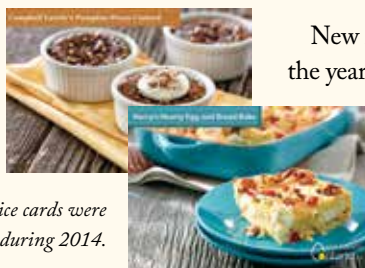
The potential reach of the program is more than 2,000,000 Rogers Cable customers in Ontario with a total audience of about 5,000,000 viewers.

*Innisfil egg farmers Jeff and Monica Wohlgenuth with their son and nephew join host Ted Reader during the 2014 Road to the Royal Chef Challenge.*



### Literature and Promotion

EFO created two new spice cards with attached seasonings during 2014. *Harry's Hearty Egg and Bread Bake* and *Campbell Family's Pumpkin-Pecan Custard* offered a savoury and sweet option to please all tastes. 82,000 cards were created for EFO and 78,000 for other provincial egg boards.



*Two spice cards were created during 2014.*

New literature pieces were developed during the year. The *Egg Eggs-perience*, a four-page education brochure on the journey of the egg from farm to table was created in English and French; a recipe booklet with four microwave-friendly recipes was

EGG FARMERS  
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FOOD BANK  
EGG DONATION  
PROG



*EFO Chair Scott Grabam; Zone 3 egg farmer Kayla Veldman; Zone 6 farmer Tonya Haverkamp and the Honourable Jeff Leal during the 2014 MPP Omelette Breakfast.*



*Zone 2 Director Dianne McComb with Premier Wynne at the Ontario Public Service Spring Food Drive.*

*Zone 3 Director Dan Veldman with Premier Wynne at the Ontario Public Service Thanksgiving Food Drive.*

## PUBLIC AFFAIRS REPORT



completed and translated into Chinese; and *Eggs-tra Special Family Recipes*, a recipe booklet with three EFO recipes was distributed in English.

*The Egg Eggs-perience and Eggs-tra Special Family Recipes were two of the new printed resources produced in 2014.*

A number of promotional items were also created. These included a 50th anniversary golf shirt and a microwave egg pan. The materials were produced with either the corporate logo or the 50th anniversary logo.

*A new logo was created to commemorate EFO's 50th anniversary, which was used on correspondence and promotional items throughout 2014.*



### Foodservice

More than 1,100 foodservice operators were contacted through personal visits to independent restaurants, meetings at restaurant chain head offices, contact at trade shows and mailings.

EFO generated 85 customized egg promotions in 264 locations for foodservice operators such as Sunset Grill, Paddington's Pump and Grenadier Restaurant. Over 100 restaurants used our point-of-purchase materials, such as table cards, posters, balloons and buttons.

Work is nearing completion on the development of an online portal, *Egg Chef*, that will provide enhancements to operators participating in EFO's foodservice program, while reducing production costs of the program.

Operators will be able to use the password-protected site to create customizable menus and point-of-sale material to be printed and shipped directly to their restaurants.

*Point-of-purchase materials were created for foodservice operators such as Sunset Grill and Paddington's Pump.*



### Social Responsibility

EFO is committed to ensure children are provided with improved access to nutritious food essential to good health and learning. As part of this, EFO successfully piloted sponsorship of three school nutrition programs in Niagara, Hamilton and Ottawa.

*Through the commitment extended to Ontario food banks, EFO was the recipient of the 2014 Paul Mistele Memorial award.*



The *Food Bank Egg Donation Program* was rolled out in March 2014, providing 12,000 dozen eggs per month to food banks across Ontario. As a combined effort of EFO, graders and individual donors, \$250,000 worth of eggs were donated to the Ontario Association of Food Banks during 2014.

### GOVERNMENT RELATIONS

A variety of political events, including golf tournaments and fundraisers were attended by EFO Directors, General Manager and staff during 2014.



*Arthur Potts, MPP for Beaches-East York with Crystal Mackay, Executive Director Farm and Food Care; Premier Kathleen Wynne; Scott Graham, EFO Chair and Harry Pelissero, EFO General Manager at a golf event.*

The 16th Annual MPP Omelette Breakfast was held November 6 in the Legislative Dining Room at Queen's Park. Directors prepared omelettes for 37 MPPs and over 100 legislative staff. The Honourable Jeff Leal, Minister of Agriculture, Food and Rural Affairs addressed the group. 2014 *Who Made*



*Jeff Leal, Minister of Agriculture, Food and Rural Affairs and Premier Kathleen Wynne stop by for a visit with Zone 3 farmers Megan and Kayla Veldman during the 2014 Royal Agricultural Winter Fair.*

*Your Eggs Today?* campaign farmers Tonya Haverkamp and Kayla Veldman joined the breakfast to speak directly with MPPs.

EFO participated in the Easter and Thanksgiving Food Drives, coordinated by Ontario Public Service (OPS) staff. In total, EFO provided over 9,000 dozen eggs for the Daily Bread Food Bank as part of these two events.

In anticipation of individual farmers meeting with their MPPs, EFO staff provided key messages and briefing notes to ensure clear and consistent communication.

EFO continued to keep an ear to the ground in Ottawa regarding trade developments and will persist in doing so in the future.



# Egg Farmers of Ontario Financial Statements

For the 52 week period  
ended December 27, 2014.

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF EGG FARMERS OF ONTARIO

We have audited the accompanying financial statements of Egg Farmers of Ontario, which comprise the statement of financial position as at December 27, 2014, as well as the statements of changes in net assets, operations and cash flows for the 52 weeks then ended, and a summary of significant accounting policies and other explanatory information.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

### AUDITOR'S RESPONSIBILITY

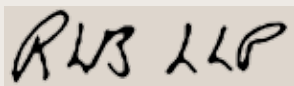
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### OPINION

In our opinion, these financial statements present fairly, in all material respects, the financial position of Egg Farmers of Ontario as at December 27, 2014, and the results of its operations as well as the statements of changes in net assets, operations and cash flows for the 52 weeks then ended, in accordance with Canadian accounting standards for not for profit organizations.



RLB LLP  
Chartered Accountants  
Licensed Public Accountants  
Guelph, Ontario

March 9, 2015


# EGG FARMERS OF ONTARIO STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 27, 2014

	2014	2013
<b>Assets</b>		
<b>CURRENT</b>		
Cash	\$ 9,589,030	\$ 4,162,110
Cash in trust - QTS	3,746,340	0
Short term investments - due in less than 12 months ( <i>note 6</i> )	3,863,873	5,810,463
Accounts receivable levies	4,956,039	4,609,756
Accounts receivable from EFC	3,587,817	3,671,067
Per bird levy receivable	404,283	340,164
Accounts receivable PIE	443,884	56,000
Accrued interest receivable	10,251	5,066
Industrial product receivables	1,296,135	1,180,710
Prepaid expenses, inventory and other receivables	<u>723,904</u>	<u>310,413</u>
	<u>28,621,556</u>	<u>20,145,749</u>
LONG TERM INVESTMENTS - due in more than 12 months ( <i>note 6</i> )	<u>2,839,610</u>	<u>1,911,899</u>
CAPITAL ASSETS ( <i>note 7</i> )	<u>510,267</u>	<u>538,617</u>
OTHER INVESTMENTS - PIE	<u>1,000,000</u>	<u>1,444,000</u>
	<u>\$ 32,971,433</u>	<u>\$ 24,040,265</u>
<b>Liabilities</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 4,514,780	\$ 4,002,169
Accounts payable in trust - QTS	3,746,340	0
Accounts payable to EFC	4,410,047	4,576,687
Producers' payable - EFP	1,582,911	1,317,459
Per bird levy payable	2,836,714	2,499,796
Government remittances payable (HST)	<u>280,544</u>	<u>43,629</u>
	<u>17,371,336</u>	<u>12,439,740</u>
<b>Net Assets</b>		
Net assets invested in capital assets	510,265	538,616
Internally restricted for bacteria control ( <i>note 8</i> )	1,714,329	1,688,079
Internally restricted for special projects ( <i>note 9</i> )	1,324,252	1,324,252
Internally restricted pullet quota sales ( <i>note 10</i> )	435,837	486,350
Internally restricted for layer leasing ( <i>note 11</i> )	2,245,964	0
Internally restricted for Rellidep™ project ( <i>note 16</i> )	1,000,000	1,000,000
Internally restricted for disease initiative ( <i>note 17</i> )	2,073,591	2,194,307
Unrestricted net assets	<u>6,295,859</u>	<u>4,368,921</u>
	<u>15,600,097</u>	<u>11,600,525</u>
	<u>\$ 32,971,433</u>	<u>\$ 24,040,265</u>

*see notes to the financial statements*

APPROVED ON BEHALF OF THE BOARD:



Scott Graham, Chair



Roger Pelissero, Vice Chair



## EGG FARMERS OF ONTARIO STATEMENT OF CHANGES IN NET ASSETS

FOR THE 52 WEEK PERIOD ENDED DECEMBER 27, 2014

	INVESTED IN CAPITAL ASSETS	INTERNALLY RESTRICTED FOR BACTERIA CONTROL (NOTE 8)	INTERNALLY RESTRICTED FOR SPECIAL PROJECTS (NOTE 9)	INTERNALLY RESTRICTED FOR PULLET QUOTA SALES (NOTE 10)	INTERNALLY RESTRICTED FOR LAYER LEASING (NOTE 11)	INTERNALLY RESTRICTED FOR RELIDEP™ PROJECT (NOTE 16)	INTERNALLY RESTRICTED FOR DISEASE INITIATIVE (NOTE 17)	UNRESTRICTED	52 WEEKS 2014 TOTAL	52 WEEKS 2013 TOTAL
<b>BALANCE</b>										
Beginning of period	\$ 538,616	\$ 1,688,079	\$ 1,324,252	\$ 486,350	\$ 0	\$ 1,000,000	\$ 2,194,307	\$ 4,368,921	\$ 11,600,525	\$ 12,667,283
(Deficiency) excess of revenue over expenditures	(98,981)	26,250	0	(50,513)	0	0	(120,716)	4,243,532	3,999,572	(1,066,758)
Invested in capital assets (net)	70,630	0	0	0	0	0	0	(70,630)	0	0
Transfers (note 18)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,245,964</u>	<u>0</u>	<u>0</u>	<u>(2,245,964)</u>	<u>0</u>	<u>0</u>
<b>BALANCE</b>										
End of period	<u>\$ 510,265</u>	<u>\$ 1,714,329</u>	<u>\$ 1,324,252</u>	<u>\$ 435,837</u>	<u>\$ 2,245,964</u>	<u>\$ 1,000,000</u>	<u>\$ 2,073,591</u>	<u>\$ 6,295,859</u>	<u>\$ 15,600,097</u>	<u>\$ 11,600,525</u>

*see notes to the financial statements*

## EGG FARMERS OF ONTARIO STATEMENT OF OPERATIONS

FOR THE 52 WEEK PERIOD ENDED DECEMBER 27, 2014

	BUDGETED 52 WEEKS 2014 <i>(NOTE 5)</i>	ACTUAL 52 WEEKS 2014	ACTUAL 52 WEEKS 2013
<b>REVENUE</b>			
Levies and licence fees	\$ 83,747,852	\$ 83,792,169	\$ 79,561,076
Less			
National IP fees <i>(note 12)</i>	63,297,743	61,507,866	62,852,617
EFC administration levies <i>(note 12)</i>	6,745,510	6,762,803	6,698,082
Per bird levy rebate	<u>1,870,000</u>	<u>2,188,565</u>	<u>1,910,312</u>
Levies and licence fees retained	11,834,599	13,332,935	8,100,065
Investment and other income	84,050	196,418	159,289
Layer leasing revenue	1,204,500	2,412,593	1,249,202
EFP program <i>(schedule I)</i>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
	<u>13,173,149</u>	<u>15,991,946</u>	<u>9,558,556</u>
<b>EXPENDITURES</b>			
IP program <i>(schedule II)</i>	5,300,500	3,761,465	4,994,010
Public Affairs	2,750,000	2,542,087	2,770,476
Administrative expenses <i>(schedule III)</i>	5,273,194	5,031,355	4,752,762
Research, grants, scholarships and memberships <i>(note 15)</i>	392,000	345,859	236,358
EFC service fee	<u>0</u>	<u>166,629</u>	<u>0</u>
	<u>13,715,694</u>	<u>11,847,395</u>	<u>12,753,606</u>
<b>TOTAL OPERATING EXCESS OF REVENUE OVER EXPENDITURES</b> <b>(EXPENDITURES OVER REVENUE) for the fiscal period</b>	<u>\$ (542,545)</u>	<u>4,144,551</u>	<u>(3,195,050)</u>
<b>RESTRICTED ASSET (EXPENDITURE) REVENUE</b>			
Bacteria control <i>(note 8)</i>		26,250	26,420
Pullet quota sales <i>(note 10)</i>		(50,513)	(100,833)
Disease initiative <i>(note 17)</i>		(120,716)	2,194,307
Layer leasing <i>(note 11)</i>		<u>0</u>	<u>8,398</u>
		<u>(144,979)</u>	<u>2,128,292</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b> <b>for the fiscal period</b>		<u>\$ 3,999,572</u>	<u>\$ (1,066,758)</u>

*see notes to the financial statements*

# EGG FARMERS OF ONTARIO STATEMENT OF CASH FLOWS

FOR THE 52 WEEK PERIOD ENDED DECEMBER 27, 2014

	52 WEEKS 2014	52 WEEKS 2013
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenditures	\$ 3,999,572	\$ (1,066,758)
Add: Items not involving cash		
Amortization of capital assets	98,981	105,900
Loss on disposal of capital assets	13,646	998
	<u>4,112,199</u>	<u>(959,860)</u>
Net change in non-cash operational balances		
Accounts receivable levies	(346,283)	177,393
Accounts receivable from EFC	83,250	987,494
Per bird levy receivable	(64,119)	931,518
Accounts receivable PIE	(387,884)	(500,000)
Accrued interest receivable	(5,185)	3,221
Industrial product receivable	(115,425)	(295,941)
Prepaid expenses, inventory and other receivables	(413,491)	272,573
Government remittances payable (HST)	236,915	(86,379)
Short term investments	1,946,590	(1,644,792)
Accounts payable and accrued liabilities	512,611	(1,316,257)
Accounts payable to EFC	(166,640)	470,484
Accounts payable in trust - QTS	3,746,340	0
Producers' payable - EFP	265,452	139,336
Per bird levy payable	336,918	(1,169,467)
	<u>5,629,049</u>	<u>(2,030,817)</u>
	<u>9,741,248</u>	<u>(2,990,677)</u>
<b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
Long term investments	(927,711)	(14,124)
Purchase of capital assets	(84,277)	(92,120)
Proceeds of disposal on capital assets	0	8,000
Other Investments - PIE	444,000	0
	<u>(567,988)</u>	<u>(98,244)</u>
<b>CHANGE IN CASH</b>	9,173,260	(3,088,921)
CASH, beginning of fiscal period	4,162,110	7,251,031
CASH, end of fiscal period	<u>\$ 13,335,370</u>	<u>\$ 4,162,110</u>
Cash includes the following:		
Cash	9,589,030	4,162,110
Cash in trust - QTS	3,746,340	0
	<u>\$ 13,335,370</u>	<u>\$ 4,162,110</u>

see notes to the financial statements

# EGG FARMERS OF ONTARIO NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEK PERIOD ENDED DECEMBER 27, 2014

## 1. ACTIVITIES OF EGG FARMERS OF ONTARIO

Egg Farmers of Ontario (EFO) is engaged in the control and regulation of the production of eggs and pullets in Ontario, the collection of levies and licence fees, the promotion of eggs and the purchase and sale of industrial product.

## 2. LEGISLATION RELEVANT TO OPERATIONS

Egg Farmers of Ontario receives its authority from the *Farm Products Marketing Act* (Ontario) and *The Commodity Boards and Marketing Agencies Act, 1978* (Ontario). Egg Farmers of Ontario is a not for profit organization and is exempt from tax under Section 149(1)(e) of the *Income Tax Act*.

Egg Farmers of Ontario acts as an agent for Egg Farmers of Canada (EFC), formerly the Canadian Egg Marketing Agency (CEMA), in collecting EFC's administrative levies.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations and include the following significant accounting policies:

### (a) BASIS OF ACCOUNTING

The deferral method of accounting is used in determining revenues and expenditures.

### (b) CAPITAL ASSETS

Expenditures made for the purchase of capital assets are capitalized. Amortization is recorded at rates estimated to charge the original cost to operations over the estimated useful lives of the assets as follows:

Office equipment	- 20% declining balance basis
Building	- straight-line over 40 periods
Automobiles and promotional trailers	- 30% declining balance basis
Computer equipment	- straight-line over 4 periods

Amortization is taken at 100% of the above rates in the period of addition.

### (c) IMPAIRMENT OF LONG LIVED ASSETS

Long lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

### (d) USE OF ESTIMATES

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 amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Significant areas requiring the use of management estimates and assumptions relate to accounts receivables, accounts payables and accrued liabilities, and useful life of capital assets. Actual results could differ from those estimates.

### (e) FINANCIAL INSTRUMENTS

#### *Measurement of financial instruments*

The organization initially measures its financial assets and liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities besides investments at amortized cost. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and accounts receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The organization's financial assets measured at fair value include short and long term investments.

### Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no 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 the statement of operations.

### Transaction costs

The organization recognizes its transaction costs in net surplus in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

## (f) REVENUE RECOGNITION

### Ontario levies for egg quota

Egg Farmers of Ontario is empowered under the enabling legislation to collect levies and licence fees on all eggs marketed in Ontario. Levy revenue is based on dozens of eggs marketed and is recognized when eggs are shipped from the producer. The levy is collected based on marketings and reconciled annually against quota issuance and the difference is paid to or collected from the producer.

With respect to grading stations and producers over a prescribed flock size, Egg Farmers of Ontario operates a system of requiring regular reports of marketings affected by these registered parties and monitors the validity of these reports by reference to known flock sizes and estimated rates of lay. Egg Farmers of Ontario includes in income levies and licence fees on marketings reported by registered grading stations and producers.

With respect to smaller producers, some of which are not covered by the system described above, it is considered by Egg Farmers of Ontario that their marketings are not significant and that the amount of additional levies and licence fees, which might be collectible, would not be sufficient to justify the cost of instituting the additional controls required to identify and monitor the marketings by unregistered producers. Egg Farmers of Ontario has alternative methods in place to help monitor these smaller producers.

### Layer leasing revenue

Layer leasing revenue is generated through the leasing of quota to producers that have capacity. Producers apply to lease the quota from Egg Farmers of Ontario. Once the producers' requests are approved, Egg Farmers of Ontario has earned the revenue. Layer leasing revenue is recorded when earned and collected.

## (g) IN TRUST ACCOUNTS

The organization is required to maintain separate trust accounts for any cash, receivable and payable in respect of monies collected on behalf of the quota transfer system. Thus, \$3,746,340 is restricted from current use other than for the payment of trust liabilities.

## 4. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash, investments, accounts receivables and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from these financial instruments.

The extent of the organization's exposure to these risks did not change in 2014 compared to the previous period.

Cash and investments are classified as fair value through profit and loss. They are measured at fair value with the change in fair value recognized in revenue during the period.

### Fair value of financial assets and financial liabilities

The carrying values of cash, investments, accounts receivable, accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these items.

## EGG FARMERS OF ONTARIO NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEK PERIOD ENDED DECEMBER 27, 2014

### 5. BUDGET FIGURES

The budgeted figures are presented for comparison purposes as prepared and approved by the Board of Directors on December 5, 2013, reclassified to conform to the current financial statement presentation. They have not been audited or reviewed by the auditor.

### 6. INVESTMENTS

Egg Farmers of Ontario has invested surplus cash in bonds maturing at various dates from 2015-2017, administered by RBC Dominion Securities and BMO Nesbitt Burns. Bond and GIC interest rates vary from 0.80% to 2.26%. Investments are accounted for at fair market value.

### 7. CAPITAL ASSETS

	COST	ACCUMULATED AMORTIZATION	NET 2014	NET 2013
Land	\$ 162,000	\$ 0	\$ 162,000	\$ 162,000
Office equipment	1,236,424	1,197,773	38,651	67,570
Building	646,672	478,987	167,685	183,852
Automobiles	85,953	49,185	36,768	52,525
Promotional trailers	42,755	39,966	2,789	3,984
Computer equipment	459,003	356,629	102,374	68,686
	<u>\$ 2,632,807</u>	<u>\$ 2,122,540</u>	<u>\$ 510,267</u>	<u>\$ 538,617</u>

### 8. INTERNALLY RESTRICTED BACTERIA CONTROL

The bacteria control account is utilized for payments of claims from Salmonella-infected flocks that include the cost of vaccines and compensation for birds that are destroyed. The current period's investment income earned totalled \$26,250 (2013 revenue earned - \$26,420). There were no payments from the bacteria control account during 2014 (2013 payment - \$nil) for a net increase of \$26,250.

### 9. INTERNALLY RESTRICTED SPECIAL PROJECTS

The special projects account is for the funding of egg research and other special projects. During 2014, no payments were made to or from the special projects fund (2013 payment - \$nil).

### 10. INTERNALLY RESTRICTED PULLET QUOTA SALES

The pullet quota sales account is an account which represents sales of pullet quota to producers that have made a request for an increase in quota or over quota assessments. A total of \$57,658 was transferred from the pullet quota fund to the pullet leasing pool (2013 - \$64,484). During the period, \$7,145 of interest has been earned on this revenue and has been allocated to the pullet quota sales account for a net decrease of \$50,513 (2013 - \$100,833 decrease).

### 11. INTERNALLY RESTRICTED LAYER LEASING

The layer leasing account is for the leasing of quota to producers that have capacity. During the year, \$2,246,964 was transferred from the unrestricted net assets to the internally restricted layer leasing account (in 2013, \$869,616 was transferred out of the internally restricted layer leasing account to restricted net assets).

## 12. ALLOCATION OF LEVIES AND LICENCE FEES

Egg Farmers of Ontario is responsible for the collection of levies and licence fees from producers on eggs marketed in Ontario. The levies and licence fees paid by the producers were allocated as follows:

	CENTS PER DOZEN	
	DECEMBER 27, 2014	DECEMBER 28, 2013
National IP fee	26.50	30.50
EFC administrative levy	3.25	3.25
Ontario administrative and research levy	2.60	2.60
Ontario reserve	3.50	(2.00)
Provincial IP levy	<u>2.90</u>	<u>2.90</u>
Total producer portion	38.75	37.25
Grading station portion (voluntary)	<u>0.02</u>	<u>0.02</u>
Total levy collected	<u><u>38.77</u></u>	<u><u>37.27</u></u>

The levy is 1 cent less for Northern Ontario producers (Zone 9N).

## 13. CONTINGENCY

At the date of the issuance of the financial statements, there is a lawsuit outstanding against Egg Farmers of Ontario. Neither the amounts nor the outcome of this action is determinable, therefore the financial statements have not accrued an amount for possible losses resulting from these actions.

## 14. COMMITMENTS

Egg Farmers of Ontario has made various commitments for the next five periods:

2015	\$ 971,858
2016	125,000
2017	105,000
2018	105,000
2019	<u>105,000</u>
	<u>\$ 1,411,858</u>

## 15. RESEARCH, GRANTS, SCHOLARSHIPS AND MEMBERSHIPS

DESCRIPTION	RECIPIENT	AMOUNT
Research projects and administration	Poultry Industry Council (PIC)	\$ 146,400
Farm and Food Care Ontario		38,850
Advanced Agricultural Leadership Program		10,000
Ontario Chamber of Commerce		4,000
Ontario Agri-Food Technologies		2,500
Ontario Agricultural Hall of Fame		1,000
Other Sponsorships/Memberships		3,000
IEC Membership and Research		35,152
Center for Food Integrity		11,087
Livestock Research Innovation Corporation (via PIC)		10,000
OFA Funding Request		2,000
Pullet Growers of Canada Membership		<u>81,870</u>
		<u>\$ 345,859</u>

## 16. INTERNALLY RESTRICTED RELLIDEP™ PROJECT

This account represents a pledge from Egg Farmers of Ontario to Rellidep™. They have set aside funds to advance \$1,000,000 to Rellidep™ subject to Rellidep™ raising \$7,500,000 for phase two testing on antidepressant medicine using eggs as a source.

## EGG FARMERS OF ONTARIO NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEK PERIOD ENDED DECEMBER 27, 2014

### 17. INTERNALLY RESTRICTED DISEASE INITIATIVE

This account represents funds received from EFC to cover S.e. related matters. No funding was received in 2014 (2013 - \$2,346,711) from EFC. A total of \$153,622 (2013 - \$181,821) was paid during 2014 for expenses related to the disease initiative. During the period, \$32,906 (2013 - \$29,417) of interest has been earned on this revenue and has been allocated to the disease initiative account for a net decrease of \$120,716 (2013 - \$2,194,307 increase).

### 18. TRANSFERS

Transfers are made between unrestricted net assets and invested in capital assets to fund capital purchases. Transfers are made between unrestricted net assets and internally restricted layer leasing account to fund layer leasing projects.

## EGG FARMERS OF ONTARIO EGGS FOR PROCESSING PROGRAM

FOR THE 52 WEEK PERIOD ENDED DECEMBER 27, 2014

SCHEDULE I	52 WEEKS 2014	52 WEEKS 2013
<b>Revenues</b>		
Producer EFP revenue	\$ 28,176,926	\$ 28,884,495
EFP producer refund	<u>(9,176,361)</u>	<u>(6,798,425)</u>
	19,000,565	22,086,070
EFP sales to breakers	<u>13,255,334</u>	<u>11,648,851</u>
	<u>32,255,899</u>	<u>33,734,921</u>
<b>Costs</b>		
Egg purchases	29,975,643	31,389,431
EFP administration costs	53,136	81,806
Transportation	478,255	521,468
Packaging	178,828	178,128
Grading handling allowance	<u>1,520,037</u>	<u>1,514,088</u>
	<u>32,205,899</u>	<u>33,684,921</u>
<b>EFP program revenue</b>	<u>\$ 50,000</u>	<u>\$ 50,000</u>

## EGG FARMERS OF ONTARIO INDUSTRIAL PRODUCT PROGRAM

FOR THE 52 WEEK PERIOD ENDED DECEMBER 27, 2014

SCHEDULE II	BUDGETED 52 WEEKS (NOTE 5)	52 WEEKS 2014	52 WEEKS 2013
<b>Revenues</b>			
Producer IP revenue	<u>\$ 92,138,800</u>	<u>\$ 77,344,911</u>	<u>\$ 86,285,413</u>
<b>Costs</b>			
Egg purchases	92,462,800	76,748,585	86,635,563
Packaging	507,000	444,546	480,720
Labelling and other costs	5,000	2,812	2,273
Grading handling allowance	4,309,500	3,778,639	4,086,120
Field supplies and S.e. testing	<u>155,000</u>	<u>131,794</u>	<u>74,747</u>
	<u>97,439,300</u>	<u>81,106,376</u>	<u>91,279,423</u>
<b>IP program loss</b>	<u>\$ (5,300,500)</u>	<u>\$ (3,761,465)</u>	<u>\$ (4,994,010)</u>

see notes to the financial statements



## EGG FARMERS OF ONTARIO ADMINISTRATIVE EXPENSES

FOR THE 52 WEEK PERIOD ENDED DECEMBER 27, 2014

SCHEDULE III	BUDGETED 52 WEEKS 2014 (NOTE 5)	ACTUAL 52 WEEKS 2014	ACTUAL 52 WEEKS 2013
<b>Administrative Expenses</b>			
Salaries support	\$ 2,233,230	\$ 2,294,291	\$ 2,152,182
Employee benefits	509,564	498,017	493,755
Staff professional development and travel	186,800	157,176	155,258
Travel - fieldstaff	310,000	292,153	288,873
Annual and producer meetings	338,500	250,841	217,303
Directors			
Per diem	409,500	409,644	386,632
Expenses	395,000	304,233	319,323
Trade	20,140	0	19,003
FarmGate5	4,000	200	1,843
HACCP	9,000	4,335	13,478
Amortization	97,000	98,981	105,900
Office supplies and printing	87,700	47,772	50,817
Building expenses	163,000	113,862	107,272
Equipment rental and maintenance	123,510	86,204	89,205
Professional fees			
Legal	189,000	138,234	175,328
Audit	31,500	30,000	28,110
Consulting	55,750	42,458	51,703
Councillors' grants	21,800	21,200	21,800
Telephone and fax	21,500	17,690	17,204
Postage	21,000	23,029	17,399
Insurance	37,500	30,016	33,419
Bank charges	7,200	6,486	5,957
Loss on disposal of assets	0	13,646	998
Bad debts	1,000	0	0
Food bank donations	0	150,887	0
	<u>\$ 5,273,194</u>	<u>\$ 5,031,355</u>	<u>\$ 4,752,762</u>

*see notes to the financial statements*

**Chair**

Scott Graham

**Vice Chair**

Roger Pelissero

**Secretary-Treasurer**

Harry Pelissero

**Egg Farmers of Canada Representative**

Roger Pelissero

**Egg Farmers of Canada Alternate**

Marcel Leroux

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Scott Graham  
Scott Helps  
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Craig Hunter  
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Dianne McComb  
Robert Scott

**Ontario Federation of Agriculture Representative**

Dianne McComb

**Poultry Industry Council Representative**

Brian Miller

**Pullet Growers of Canada Representatives**

Andrew DeWeerd  
Marcel Leroux



## STAFF AND PARTNERS 2014

### STAFF

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#### Director of Corporate Affairs

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#### Corporate Affairs Administrator

Jennifer Correa

#### Corporate Affairs Coordinator

Siobhán Desrochers

#### Corporate Affairs Assistant

Tiffany Hughes

#### Director of Policies & Quota Affairs

Judy Kean

#### Quota Coordinator

Elizabeth Ladner

#### Quota Administrator

Sheena Welsh

#### Quota Transfer System & Industrial Product Manager

Julie Cangiano

#### Director of Finance

Lee Hickey

#### Accounts Receivable & Marketings/Levy Coordinator

Suzanne Walton

#### Accounts Payable & EFP Coordinator

Joan Davies

#### Director of Public Affairs

Bill Mitchell

#### Public Affairs Manager

Donna Lange

#### Public Affairs Coordinator

Kendra Mawhinney

#### Communications Liaison

Pam Passerino

#### Public Affairs Assistant

Stephanie Sabo

#### Director of Operations

Albert Visser

#### Project Manager

Pamela Kuipers

#### Inspectors

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Terry Gray

Connie Hutchinson

Guylain Levac

Jeff Parker

Miranda Wright

#### Investigation Unit Manager

Steve Calma

#### Inspectors/Investigators

Justin Patterson

Ryan Trim

Al Jones

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