

EGG FARMERS
Ontario.ca

**20
13**

**ANNUAL
REPORT**



**WHO MADE YOUR
EGGS TODAY?**



MISSION STATEMENT

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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HARRY PELISSERO
GENERAL MANAGER

A long-standing commitment to quality

I have long been an advocate of the need for egg farmers to tell their story to consumers. This has never been more true than today. Consumers want to know more about their food and the farms it comes from.

Egg Farmers of Ontario (EFO) has many roles and responsibilities, but one that is coming into renewed focus as we approach our 50th anniversary is animal care and the need for us to tell our story.

The bar of public perception continues to be raised against the background of the potential for sensationalized media coverage and 24/7 social media discussions.

As egg farmers, we need to recognize our reputation is our stock-in-trade. We need to look at our farms through consumers' eyes and be what might be called "camera ready" at all times.

A television show last year proved that images of modern farming can be taken out of context and we must battle this with the facts.

Ontario has a strong history of being proactive on animal care issues. For example, in 2008, EFO moved to make housing density mandatory.

The Code of Practice is being reviewed and updated and Ontario egg farmers need to be ready. A new housing density policy is being implemented that will require new or retooled facilities built after Jan. 1, 2020 to meet the minimum of 67 square-inches for white hens and 75 square-inches for brown hens.

Egg and pullet farming has and will continue to change. Productivity has increased, but more importantly, our farmers are meeting the new opportunities presented by the changing expectations of consumers, media, government and anyone who thinks they have the right to know what, how and why you do what you do.

The annual plan that drives all staff activities lists specific deliverables, which we call Key Result Areas (KRAs). These provide

the benchmark against which the organization measures success in achieving our goals.

For 2013, the six KRA's and one successful activity from each are:

1. Dealing with challenges to supply management – government relations activities showing EFO as an expert source for egg farming policy.
2. Managing the egg and pullet supply – support of pursuing agency status for Pullet Growers of Canada.
3. Focusing on the farmer – provision of content focused on egg and pullet farmers via advertising, website, social media, sponsorships and public relations.
4. Focusing on the product – promotions that ensure consumers buying our eggs have confidence they satisfy the highest standards of quality and meet their ethical expectations of egg production.
5. Social responsibility – to ensure all policy, regulation and implementation decisions reflect EFO's caring and committed vision.
6. Governance – to ensure zone meetings continue to meet the needs of egg farmers and make sure they have the ability to bring ideas forward.

Our role is to help egg farmers and EFO be ready for our potential close up. So are you ready to be "discovered"? Is your farm "camera ready"?

Harry Pelissero, General Manager

SCOTT GRAHAM CHAIR



Always striving for Grade A results

Egg Farmers of Ontario's annual report is a natural opportunity to look back through 2013 at our accomplishments, but it also challenges us to look forward and see what we can achieve in 2014.

The Board worked on a wide variety of issues but I will touch briefly on some of the highlights including: Ontario's new quota transfer system; a much needed increase in national allocation; follow-up to the CTV W5 program; and continuing work to advance the interests of pullet farmers.

Egg farmers actively participated in consultations held across the province to help develop details of the new Quota Transfer System (QTS). I want to thank all who participated for your work in helping shape and improve the new QTS to enhance the way it will serve all of us as egg farmers.

Another issue critical to operating our marketing system was to have the Farm Products Council of Canada (FPCC) approve an increase in the national allocation. With the number of eggs we were forced to import in 2013, the challenge now is to get the birds into barns to produce the eggs we need. We cannot continue running so far behind from a production standpoint, that we cannot fulfill domestic demand.

Turning next to animal care issues, I am proud of the way in which our industry responded to the W5 program featuring sensationalized, undercover footage on an Alberta pullet and egg farm. It truly was a wake-up call to farmers in general; there is no room for error or negligence in regard to animal care. The challenge for us, again as a board, is how strong we will be in implementing measures that will raise the

bar for everyone. Our industry will be viewed from the perspective of the lowest common denominator, so it is imperative that every egg and pullet farmer achieve the high standards we put in place.

Finally, we continue to face low returns for pullet farmers. Andrew DeWeerd and the Pullet Committee worked very hard to get us where we are today, but we soon need closure to this issue. We have a segment of our industry that is not being fairly remunerated for their services, resulting in financial hardship for many families. It is important to support the people who produce a quality product so essential for profitable egg production. My goal is to resolve this in 2014!

In a short time we will be celebrating our 50th anniversary. Let me take the opportunity to share our slogan for our upcoming celebrations: Respecting the past; embracing the present; building the future.

It is a future we look towards with great anticipation.

A handwritten signature in black ink that reads "Scott C. Graham". The signature is fluid and cursive, with a period at the end.

Scott Graham, EFO Chair



ZONE 1

Director: **Scott Helps**
Essex, Kent and Lambton Counties
Number of Egg Quota Holders: 36
Number of Pullet Quota Holders: 6
Number of Layers: 742,455
Number of Pullets: 397,079



ZONE 2

Director: **Dianne McComb**
Middlesex County
Number of Egg Quota Holders: 38
Number of Pullet Quota Holders: 19
Number of Layers: 650,821
Number of Pullets: 1,226,222



ZONE 3

Director: **Dan Veldman**
Elgin, Norfolk and Oxford Counties
Number of Egg Quota Holders: 32
Number of Pullet Quota Holders: 5
Number of Layers: 627,157
Number of Pullets: 470,330



ZONE 4

Director: **Roger Pelissero**
(Vice Chair and EFC Representative)
*Brant and Haldimand Counties;
Regional Municipalities of
Hamilton-Wentworth and Niagara*
Number of Egg Quota Holders: 26
Number of Pullet Quota Holders: 10
Number of Layers: 582,886
Number of Pullets: 585,833



ZONE 5

Director: **Brian Miller**
Huron County
Number of Egg Quota Holders: 38
Number of Pullet Quota Holders: 10
Number of Layers: 768,727
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: 38
Number of Pullet Quota Holders: 22
Number of Layers: 916,831
Number of Pullets: 1,452,380



ZONE 7

Director: **Bryan Hostrawser**
*Bruce, Dufferin, Grey and
Wellington Counties*
Number of Egg Quota Holders: 43
Number of Pullet Quota Holders: 19
Number of Layers: 1,490,751
Number of Pullets: 1,508,394



ZONE 8

Director: **Vance Drain**
*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 Pullet Quota Holders: 4
Number of Layers: 443,918
Number of Pullets: 288,216



ZONE 9

Director: **Craig Hunter**
EAST: Dundas, Frontenac, Grenville, Lanark, Leeds, Lennox and Addington and Renfrew Counties; 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 Pullet Quota Holders: 7
 Number of Layers: 1,009,634
 Number of Pullets: 2,116,597



ZONE 10

Director: **Marcel Leroux**
Glengarry, Prescott, Russell and Stormont Counties
 Number of Egg Quota Holders: 35
 Number of Pullet Quota Holders: 11
 Number of Layers: 1,214,879
 Number of Pullets: 676,975



PULLET

Director: **Andrew DeWeerd**
 Total Number of Pullet Quota Holders: 113
 Number of Pullets: 9,430,379



Promoting the value of a vibrant egg industry

It was a challenging and exciting year on Egg Farmers of Canada's (EFC's) Board of Directors and it was an honour to represent Ontario in 2013. I believe my fellow Directors would agree that the year was characterized by hard work and critical decision-making.

2013 Breaking News

- EFC received approval for quota allocation request for 2013.
- Retail sales saw a three per cent increase, marking the seventh straight year of growth.
- An agreement in principle for the Comprehensive Economic and Trade Agreement between Canada and the European Union was reached.



Given the dynamic political, social and economic environment in which we operate, we can be thankful our farm operations are rooted in supply management. Our solid domestic market-focused policy allows us to deliver on our promise of fresh, local, high-quality Canadian eggs.

Each year, EFC staff guide the Board through strategic business planning, leveraging our collective wisdom to establish objectives that help us deliver on our mission; to optimize the supply of eggs to traditional and new markets, while ensuring a fair return to egg farmers. We are proud of our accomplishments across our key result areas of sustainability of the industry, public support and social license, growth and innovation, and organizational excellence.

Sustainability of the industry

We aspire to oversee a high-performing, efficient industry that responds to the market and consumers and operates in a sustainable, transparent manner. This year, a substantial accomplishment in this area was the work done to find new cost savings and/or additional revenues in our Industrial Products Program (IPP). Recognizing that the Pooled Income Fund (PIF) was tracking to be below the lower trigger point by year-end, provincial egg boards came together to support and implement the PIF support deduction. Following extensive consultations, we fast-tracked three IPP sustainability projects. Project teams were formed with regional representation from all levels of the industry and the working groups' project charters were approved in November.

In July, we implemented the 2011 Census of Agriculture adjustment, which assesses the amount of unregulated production, determining an appropriate regulated quota allocation. In December, we presented our quota allocation request to Council and received prior approval for EFC Board approved quota increases for 2013 (held in abeyance) and 2014, for the equivalent of 582,127 layers.

Retail sales saw a three per cent increase (1.5 per cent beyond our target) and marks the seventh straight year of growth. Given this positive trend, we have set ambitious growth objectives for 2014 and have strategic marketing programs in place to help support achievement of this goal.

Our EFC Chair in Poultry Welfare, Dr. Tina Widowski, shared preliminary research about the merits of furnished housing. This in part aided in forming a motion on hen housing that was passed in July, so farmers looking to transition to furnished housing could adjust their operations with guidance from the national board. We expedited planned enhancements to the national Animal Care Program, such as third-party auditing, recognizing the need for greater accountability in the wake of undercover video taken at a Canadian farm.

Public support and social license

It is essential that EFC continues to promote the value of a vibrant egg industry to maintain government support and our social license. In 2013, staff undertook initiatives to raise the profile of supply management. Expanded media relations led to unprecedented levels of op-eds, letters to the editor, articles and broadcast coverage.

The year culminated with a “mini-package” being agreed to at the World Trade Organization meeting in Bali after a long period of dormancy, and more importantly with an agreement in principle for the Comprehensive Economic and Trade Agreement between Canada and the European Union. As the finer details of this unprecedented agreement are defined, all attention has turned to the Trans-Pacific Partnership. We anticipate increased policy debates and demands for our participation and expertise from within the supply-managed commodity groups as these key trade negotiations unfold in 2014.



Early research results into alternative hen housing were shared during 2013.

Growth and innovation

The Research Committee developed a new business plan with a focus on growth in the research chair program, revitalization of our research project funding initiatives and options for leveraging our international partnerships. We continued to support projects at institutions across Canada and our research chairs in egg economics and poultry welfare.

Given our level of investment and the calibre of our researchers, our focus will be directed toward promotion of results to not only assist Canadian egg farmers but those in countries around the world who can benefit from our advancements.

Organizational excellence

The Board has long endorsed EFC’s ethic of continuous improvement and its pursuit of excellence in management, organizational practices and governance. In 2013, notable accomplishments included being a finalist for *Canada’s Top 100 Employers* and being named to the *National Capital Region’s Top Employers*.

Across all provinces, there were many ways our industry gave back this year in an effort to improve the fabric of Canadian society. For the third consecutive year, egg farm families and our employees were proud to be the Official Nutritional Sponsor of the *CIBC Run for the Cure*, rallying around this important cause.

In closing, I appreciate the hard work, expertise and advice of colleagues and staff who support my endeavours at the national level. I look forward to 2014 as we continue to champion and shape our industry.

Respectfully submitted,



Roger Pelissero, EFC Director, Ontario

Working towards a national agency plan

In the words of John F. Kennedy, “Change is the law of life and those who look only to the past or present are certain to miss the future.” 2013 has certainly been a year of change and growth for the Pullet Growers of Canada (PGC) and it has been a pleasure and an honour to be the Ontario Pullet Director during such a year.

2013 Breaking News

- A decision on reaching agency status is expected early in 2014.
- The Ontario leasing initiative is now in its seventh year and EFO staff continue to work to execute this program.
- Quebec continues to develop their marketing plan and hope to have it finalized in 2014.



The four-year process to develop our application for Part II Agency Status with the Farm Products Council of Canada (FPCC) is nearing its conclusion. With the hearings in Ottawa and Winnipeg now behind us, we await the recommendation from FPCC and the Minister of Agriculture's decision on how we move forward from this point. This decision is expected early in 2014.

Achieving agency status will give PGC the required legal powers to represent and make decisions on behalf of member pullet grower organizations. This representation is important on issues such as cost of production formulas, disease control, Hazard Analysis and Critical Control Point (HACCP) programs and housing standards. Agency status would also allow PGC to proactively address social and environmental responsibilities to the standards expected by Canadians with consistent national programs.

Moving forward, we will continue to lead industry consultations to establish strong and measured animal care standards through the creation of national policies that will encompass animal welfare, handling and transportation requirements of the pullet – from a one-day old chick through to 19-weeks old. PGC will continue to work towards strengthening its relationship with Egg Farmers of Canada and other industry partners.

On the provincial front, utilization remains consistent at 96.6 per cent. Our Ontario leasing initiative is now in its seventh year; pullet growers, Egg Farmers of Ontario staff and industry stakeholders continue to work collaboratively to ensure that this initiative benefits everyone involved.

Quebec continues to consult with their farmers and anticipate having their marketing plan finalized in 2014. Once their plan is in place, we will continue to work towards establishing a common growing fee.

Although much has been accomplished over the past year, a significant amount of work remains as we move forward to ensure our long-term viability. As ever, I look forward to seeing our efforts come to fruition.

Respectfully submitted,

Andrew DeWeerd, Pullet Director

2013 ONTARIO EGGS: BY THE NUMBERS

2,790,585,576

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

431

Number of Ontario Egg & Pullet Quotas Held

77.61%

Volume of Ontario egg production to the table market

100%

Per cent of egg production HACCP-certified

Average Producer Prices 2009 to 2013

SIZE	2009	2010	2011	2012	2013
Extra Large	\$1.58	\$1.66	\$1.81	\$1.91	\$1.96
Large	\$1.58	\$1.66	\$1.81	\$1.91	\$1.96
Medium	\$1.42	\$1.51	\$1.65	\$1.75	\$1.80
Small	\$0.94	\$1.02	\$1.17	\$1.27	\$1.32

Ontario's Average 2013 Egg Gradings By Size (%)

Extra Large	23.61
Large	49.71
Medium	18.74
Small	3.23
Pee Wee	0.43
Bs, Cs, Cracks, No Grade	4.28

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

37.25¢	- the amount of Ontario's egg levy deducted from farmer
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Ontario Industrial Product

3,204,800	- the number of 15-dozen boxes
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Ontario Eggs For Processing

1,187,520	- the number of 15-dozen boxes
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Using science to advance our product

Egg Farmers of Ontario (EFO) continued to be committed to supporting research designed to generate innovation within the egg and pullet industry. Constant improvements in areas such as farm practices, animal welfare and egg quality are of great importance to egg farmers.

2013 Breaking News

- An EFO-funded project is investigating how housing various strains of hens in different housing systems impacts bird behaviour and stress response.
- EFO became a member of the Livestock Research Innovation Corporation (LRIC); a group of Ontario livestock & poultry organizations that provides a single portal for collective investment in research.
- EFO signed a letter of intent with United Paragon Associates to partially fund clinical trials of the drug Rellidep™.



Validation of a new LED light bulb designed for the egg laying industry

*Dr. Grégory Bédécarrats
Department of Animal & Poultry Science
University of Guelph*

With the impending ban on inefficient light sources, there is a sense of urgency within the industry to validate solutions. Previously, research demonstrated light from the red spectrum is critical to stimulate the reproductive axis and maintain high levels of egg production. Using these results, an LED light bulb was designed and manufactured that delivers 60 per cent red light, can withstand barn environments and may be dimmed without any loss of production. This project aims to test and compare the bulb's theoretical efficiency and resilience versus standard incandescent and compact fluorescent lights in an experimental environment. Secondly, the bulb's efficacy will be tested in a real commercial layer operation. We anticipate this light will result in high egg production while minimizing energy consumption.

Hyperspectral imaging assessment of the hatchability of brown shell chicken eggs and early sex determination of chicken embryos

*Dr. Michael Ngadi
Department of Bioresource Engineering
McGill University*

Hatchability of eggs is the critical economic factor for hatcheries and poultry breeding farms. Early detection of non-fertile and non-hatchable eggs would allow hatcheries to remove them before transferring them to the incubator/hatcher, thus saving space, handling costs and contamination from “exploder” eggs. In the poultry industry, candling is widely used to assess flock fertility to remove infertile eggs or dead embryos from the incubator. However, since candling is labour intensive, few eggs in the incubator are candled and thereby most non-fertile and non-hatchable eggs will remain in the incubator until transfer to the hatchery. The results from this project will aid in the development of an efficient, non-destructive and accurate method for detecting the fertility and the embryo development of eggs. The hyperspectral imaging technology developed in this project can be incorporated in an automated sorting system as well.



Influence of rearing and housing of different strains of parent stock on the behavioural development of offspring

Dr. Tina Widowski

*Department of Animal and Poultry Science
University of Guelph*

Due to consumers' expectations and retailers' requirements regarding the welfare of hens, many Canadian egg farmers are adopting enriched and cage-free systems for laying hens. The economic success and bird welfare conditions in these systems requires that the hens are calm, that they adapt well to change and novelty and that they have few behaviour problems. Although it is well established that strain affects flightiness of hens and their tendency to feather peck, there is also a growing body of evidence for epigenetic transfer of behavioural traits to offspring, through changes in egg composition, when parents are stressed. In a series of studies using commercial hens, traditional Shaver lines and parent stock strains, we will investigate how housing these different strains of birds in different types of housing systems affects the behavior, stress response and learning ability of their offspring. Our results will be extremely valuable for informing best practices for breeder flocks in order to enhance the welfare of laying hen chicks destined for alternative housing systems.

Livestock Research Innovation Corporation

The Livestock Research Innovation Corporation (LRIC) is a new organization made up of Ontario livestock and poultry organizations that strongly believe agriculture will continue to underpin the prosperity of Ontario for many years to come and that well-designed and well-directed research will help drive and enable that prosperity. 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 our sector and the province. A transition year occurred in 2013 as funding for research formerly conducted through the Poultry Industry Council moved to LRIC. Egg Farmers of Ontario is a member of this new organization and will continue to support its research efforts.

Rellidep™

In March 2013, EFO signed a letter of intent with United Paragon Associates to partially fund phase II clinical trials of the antidepressant drug Rellidep™. Despite recent advances in treatment, there continues to be significant unmet needs specific to three key areas in the treatment of major depressive disorder. Early phase trials with Rellidep™ have demonstrated tremendous promise, as it may offer improvements over currently available drug treatments in all three areas. The active ingredients of Rellidep™ are derived from eggs and that also means this research can stimulate, increase and improve the production and marketing of eggs in Ontario.

Achieving high-quality results

On-Farm Food Safety, animal care, best farm management practices, emergency preparedness and efficient production - these are some of the things farmers, Egg Farmers of Ontario (EFO) staff and industry stakeholders address on a daily basis.

2013 Breaking News

- EFO staff test approximately 1,200 flocks annually for Salmonella Enteritidis.
- Together with the Feather Board Command Center (FBCC), EFO worked to develop emergency plans and protocols.
- EFO introduced two new entrants from the New Entrant Quota Loan Pool in 2013.

We carefully adhere to strict criteria in order to meet the supply demands of our product and achieve the quality standards consumers expect while providing exceptional care for our hens.

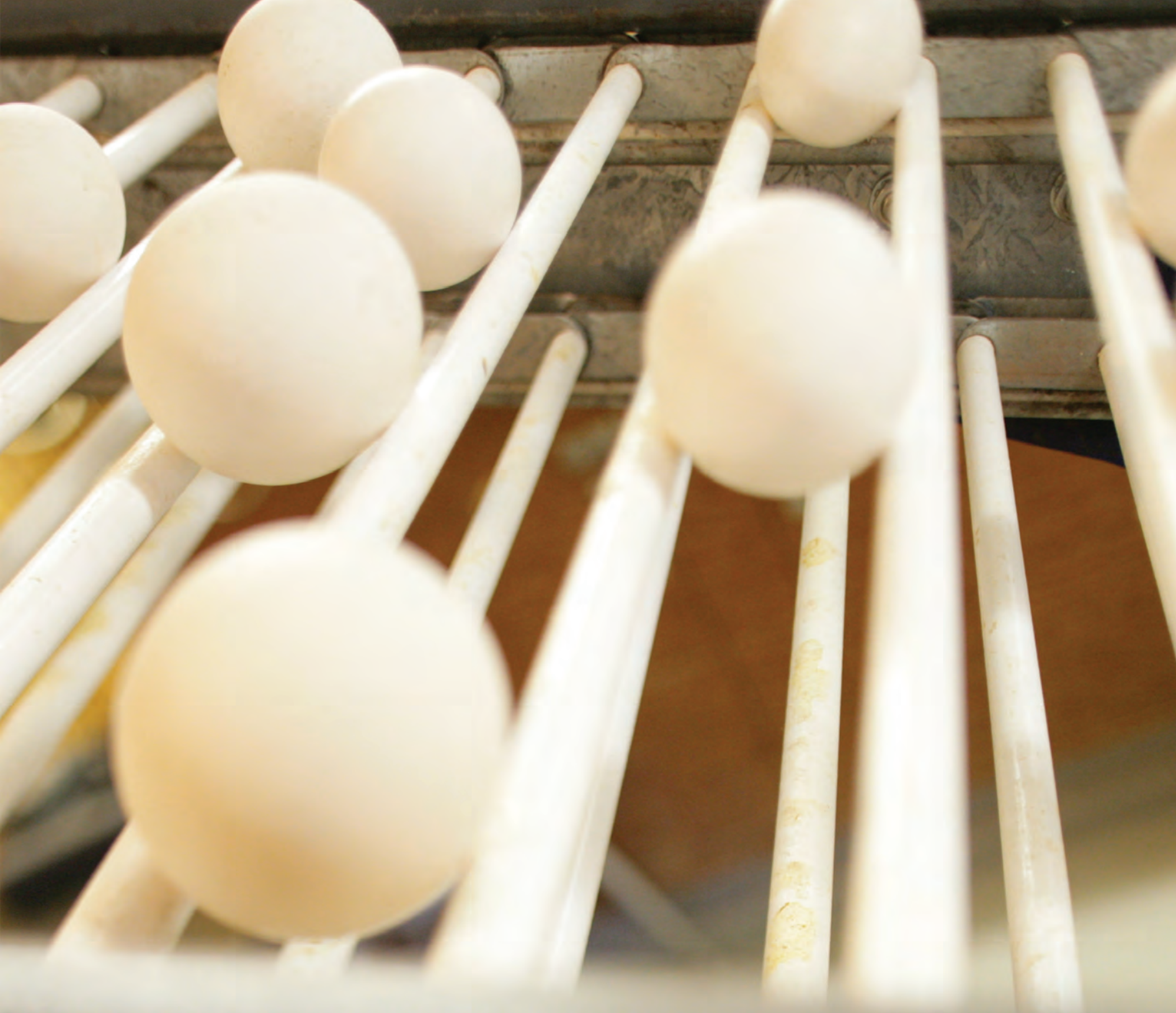
Traceability, disciplined and consistent record keeping, regular farm inspections and certification audits are routine practices as well. Annually, EFO staff test approximately 1,200 flocks for Salmonella Enteritidis and conduct approximately 2,000 scheduled inspections, random counts and Hazard Analysis and Critical Control Point (HACCP) inspections on Ontario egg and pullet farms. EFO staff is committed to working with farmers to always achieve high standards.

Some members of EFO's field staff have been trained in various levels of Incident Management System (IMS), Global Information System (GIS) and Professional Animal Auditor Certification Organization (PACCO). EFO inspection staff also participated in the annual national winter seminar in Ottawa with other provincial egg boards and EFC inspectors to review elements of *Start Clean-Stay Clean™* to ensure the program is delivered consistently.

For many years, bio-security, emergency preparedness and response have been at the forefront for most agricultural commodities and organizations. They have been identified as a priority to help protect our farms, farm workers and animals from the spread of disease and to minimize farm losses. Through the work of the Feather Board Command Center (FBCC), plans and protocols are in place to deal with potential disease emergencies. The four Ontario poultry boards make up the membership of the FBCC. Their efforts work in conjunction with partners like the Canadian Food Inspection Agency (CFIA) and the Ontario Ministry of Agriculture and Food (OMAF), who have their own protocols and plans in place. Through agreements with them and other industry stakeholders, we have an established front line to help in any joint crisis response.

On June 13, 2013 a workshop was held in Guelph to raise awareness on a Foreign Animal Disease (FAD) outbreak emergency management plan. The workshop was attended by 90 people from various industry groups, including farmers, veterinarians, feed and service providers, processors, provincial and federal government representatives and was followed by a foreign animal disease simulation on June 21, 2013. This simulation





provided attendees with an opportunity to move through a simulated disease outbreak to test response protocols, deal with different aspects of every day farm practices within differing control zones (feed and bird deliveries or pickups, product pick up, processing, on-farm movement of equipment and personnel, etc.), including applying for government permits to allow movement onto and off the farms. Both events were considered a huge success. We have come a long way from the early years of dealing with potential emergencies and will continue to develop a robust response protocol. It is paramount that all industry members and levels of government work together to achieve a successful response outcome.

EFO's New Entrant Quota Loan Pool (NEQLP) is now in its' third year. The new entrant selected in the fall of 2012 has built their new facility and their first flock has now been placed. In 2013, the program was expanded to include two new entrants per year. These new entrants were announced at the Egg and Pullet Farmers' Workshop held in November. Both farm families are busy making plans and meeting with industry members as they make arrangements for their new facilities.

The success and advancements of 2013 show that farmers and EFO staff are working well together as we continue to manage, sustain and produce nature's perfect food.

Elevating the egg for all to see

Constant endorsement and education about the egg is always the focus of Egg Farmers of Ontario (EFO). In 2013, EFO's Public Affairs department actively worked to promote not only the egg, but the farmers behind them.

2013 Breaking News

- EFO continued our highly successful *Who Made Your Eggs Today?* campaign, now in its fourth year.
- EFO celebrated World Egg Month in October together with Guinness world record holder, Howard Helmer.
- EFO re-designed our websites, making them device-responsive and user-friendly.



COMMUNICATIONS

Advertising

The *Who Made Your Eggs Today?* campaign marked its fourth year in 2013 and featured three Ontario egg farm families.

Traditional outdoor advertising, including 423 billboards and 1,165 transit ads in Go buses and bus shelters ran for a four-week period. In addition, a print-friendly version of the transit ads ran for four weeks in Toronto and Ottawa Metro newspapers, garnering 313,293 total impressions. Online promotion of the campaign resulted in 364,000 completed views of our farmer videos.

New for 2013 was the addition of in-store promotions through shelf talkers and advertising on shopping carts.

EFO recipes and a rotation of transit ads were also featured on the popular online recipe site www.allrecipes.com, resulting in approximately 1.9 million media impressions.

Post-campaign research results show the ads created a high level of enthusiasm for "My Source of Eggs" and created 16 per cent more enthusiasts than pre-campaign results. The ads were rated as very effective in getting the message across that Ontario eggs are local and fresh. These test results were the highest achieved during the four-year program.



The West and Veldman families were two of the three farm families featured in the 2013 Who Made Your Eggs Today? campaign.



World Egg Month

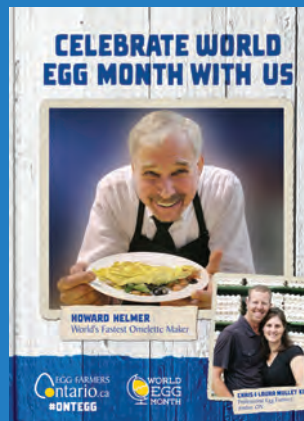
To create awareness of eggs and Ontario egg farmers during World Egg Month (WEM) in October, a number of media pitches took place across the province. The overall strategy was to create an omelette-themed media relations program celebrating WEM. This included a press release announcing WEM, media and blogger recipe outreach and initiatives with foodservice operators.

EFO also conducted an omnibus survey of Ontarians to determine their favourite omelette fillings. The results were issued in a news release along with other interesting facts about Ontarians and their omelettes. This provided an excellent hook to create media interest.

Howard Helmer, Guinness world record holder as the fastest omelette maker, participated in a number of key events at the end of the month. Howard was featured at the Evergreen Brick Works Farmers' Market, Rogers Daytime (Mississauga), Global Morning Show (Toronto), *CHCH Morning Live* (Hamilton) as well as at the Royal Agricultural Winter Fair Celebrity Cooking Stage and *For the Love of Food* demonstration stage.

The WEM program resulted in 6.9 million overall impressions, including 4.1 million online and print. Coverage of Howard and WEM also appeared in *Canadian Poultry*, *Mississauga News* and *The Ottawa Citizen*.

New for 2013 was the addition of in-store promotions such as this shelf talker, featuring our third family, the Lavoilettes.



Guinness world record holder, Howard Helmer, helped to celebrate World Egg Month.





The twelve winning egg designs for the 2013 edition of EFO's The Eggs Factor online colouring contest.

The Eggs Factor

For the second year, EFO ran our popular online egg colouring contest for Easter – *The Eggs Factor*. Consumers were encouraged to go online and decorate a virtual egg. For every valid egg entered, EFO donated the monetary equivalent of one dozen eggs to Breakfast Club of Canada.

The contest ran March 6 until April 2 and received just over 5,497 entries; a substantial increase from the 1,148 entries during the contest's first year. Three Ontario egg farmers served as judges and narrowed down the entries, with online voting deciding the winners.

Just over 13,000 votes were received, driving even more traffic to the contest site. The top two winners from each of the six age categories won an iPad mini.

Updates were made for 2013 including mobile-ready capabilities, improved prizes and new age categories.

The addition of four weekly draws for EFO gift baskets and weekly email blasts to entrants ensured continuous excitement surrounding the contest.

As in 2012, letter-sized posters and mini-cards were created for farmers to promote the contest at their on-farm stores, farmers markets and community events.

During the weeks leading up to Easter, EFO pitched the contest to media including television and radio. Local egg farmers were offered as spokespeople and as a result, we earned five television appearances. This included CHCH Hamilton, City-TV (Toronto), CTV Ottawa and Rogers Richmond Hill and Barrie. *Sweet and Savoury Crepes* were promoted during the contest through a press release and direct media pitches, resulting in over 11,517,220 media impressions.

As a result of the contest, \$20,000 was donated to Breakfast Club of Canada.

Media Relations

Throughout the year, EFO had a strong media presence. Delicious egg recipes were distributed to a wide variety of print and online outlets, including themed recipes for the Oscars, Easter, Mother's Day, summer picnics, back to school, World Egg Month and Christmas. Some of these were variations of classic favourites, such as *Simply Egg Salad* and *Classic Egg Nog*, while others offered something for the more adventurous, like *Creamy Egg and Salmon Pouches*.

Featured recipes were picked up by a variety of media including insidetoronto.com, *The Toronto Sun*, *The London Free Press*, *Brockville Recorder and Times*, *The Cornwall Standard-Freeholder*, *Stratford Beacon-Herald* and *Metro News*.

EFO issued several news releases to Ontario media outlets. The releases covered a variety of topics and covered important issues such as the announcement of EFO's new quota transfer system, EFO's research investment into an egg-based medication to treat depression (Rellidep™), price changes and staff updates. Various print and online sources, including *The London Free Press*, *Ontario Farmer*, farms.com, *Better Farming*, *Grimsby Lincoln News*, Agannex.com and *Niagara this Week* used information contained in the releases.



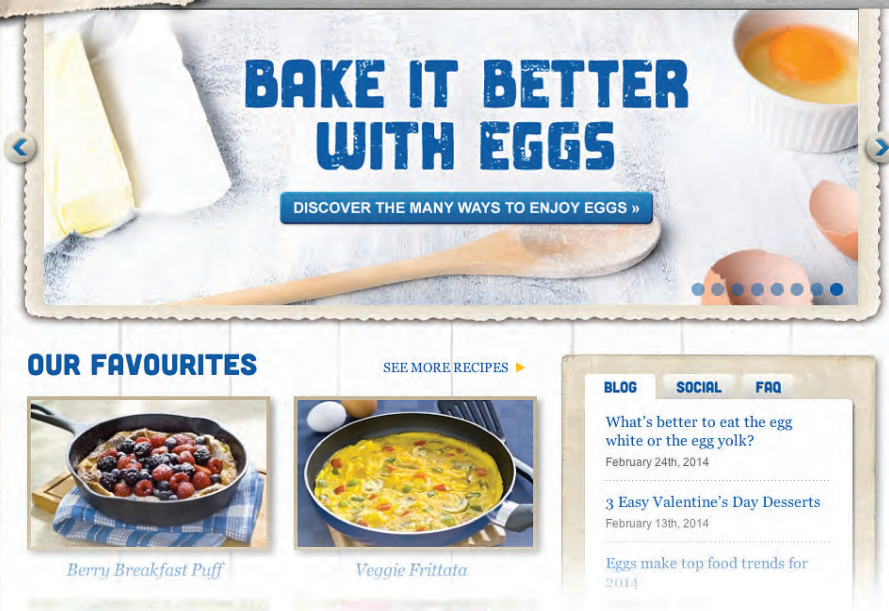
Rita Demontis, National Food Editor for Sun Media featured EFO's recipes to promote The Eggs Factor.

A number of news releases were issued during 2013, covering a variety of topics.



Website Redesign

For much of 2013, Public Affairs (PA) staff worked on redesigning EFO's websites. The project had a number of goals, including improved navigation of our online presence through a unified website, creating this site in a device-responsive format and updating all site content. Updates to the website were completed in late December.



Egg Farming in Ontario Learning Package

A thorough review of the *Egg Farming in Ontario Learning Package* was undertaken in 2013. Teachers currently using the package were surveyed and Ontario Agri-Food Education's (OAFE's) Teacher Ambassadors piloted the resource in a number of Ontario classrooms. The resource was then updated, translated into French and re-launched.

This project was partially funded through EFC's Provincial Innovation Fund.

Farmer Survey

EFO conducted a survey of egg and pullet farmers between January and March 2013. More than 30 per cent of Ontario egg farmers completed the online survey.

Results show that egg farmers remain more positive and enthusiastic about their business as compared to benchmark levels from other farm sectors. However, farmers were less enthusiastic than a similar survey conducted in 2010.

Public Affairs (PA) staff, working with the Boards' PA committee, are addressing issues raised through improved and more frequent communications with egg and pullet farmers.

PROMOTIONS

Fairs, Exhibitions and Events

During 2013, EFO promoted eggs at over 74 fairs, exhibitions and events. We handed out more than 219,000 recipes and educational materials and 17,000 shopping pads. Throughout the year, 127 gift baskets were distributed to various events. EFO partnered successfully with the "Travellin' Farmer" exhibit to ensure our presence at events in Eastern Ontario.

In June, EFO participated as a presenting sponsor with Farm and Food Care Ontario in the first Breakfast on the Farm event. Held on a dairy farm in New Dundee, the breakfast was designed for visitors to experience farming, first-hand. Guests were treated to a complimentary breakfast made with local Ontario ingredients which Premier Kathleen Wynne helped serve.



EFO Chair Scott Graham, Premier Kathleen Wynne and Zone 3 Director Dan Veldman at Breakfast on the Farm.

A comprehensive fairs and exhibitions audit was undertaken in 2013. As part of this review, egg ambassador focus groups and an online survey were conducted to gather feedback on EFO's education trailers and literature. This audit also reviewed EFO's current participation at events and how other organizations provincially, nationally and internationally communicate their messages. Recommendations will be presented and rolled out in 2014.

Sponsorship and Donations

Each Zone was allocated \$10,000 to distribute to various local community events and charities. EFO provides these funds to support activities that encourage an energetic, healthy lifestyle while promoting eggs.

EFO once again sponsored Farm and Food Care's *Faces of Farming Calendar*. Innisfil egg farmer Harry Eisses and his grandson Colton Wohlgemuth were featured for the month of April.

Ontario Egg Farmers Give Back is a pilot project with three regional school nutrition programs. Through this partnership, EFO provided funding to school nutrition programs to provide elementary students with nutritious meals and also teach them how to prepare quick and affordable meals with eggs.



Egg farmer Harry Eisses and his grandson Colton Wohlgemuth in Farm & Food Care's *Faces of Farming calendar*.

Information about the benefits of eating eggs was provided and students were given the opportunity to meet farmers and learn about egg farming. Partial funding for this program was received from EFC's Farmer Innovation Fund.

EFO also participated in the Office of the Premier and Ontario Public Service (OPS) Thanksgiving Food Drive held October 10. We provided 300 cases of eggs for this cause which raised over 56,000 pounds of food and almost \$11,000 for the Daily Bread Food Bank Thanksgiving Food Drive.



Zone 3 Director Dan Veldman with Premier Kathleen Wynne at the Ontario Public Service Thanksgiving Food Drive and right, thank you letter from the Premier following the event.

Literature and Promotion

EFO created two new recipe cards with attached seasonings during 2013. *Scott's Bacon, Leek & Potato Omelette* and *Diana's Layered Banana Bread Pudding* featured EFO Chair Scott Graham and Wyoming egg farmer Diana Schenk, both from previous ad campaigns. Ontario printed 71,000 cards with an additional 74,500 cards created and distributed for other provincial boards.



Diana's Layered Banana Bread Pudding was one of two recipe cards made during 2013.

EFO produced a new pull-up, banner-style display *From Our Farm to Your Table*. The double-sided display illustrates the journey of the egg from the farm to the grading station to the consumer table. The display was developed for use at fairs and events and was also created in French.

A number of promotional items were designed in 2013. Some of these items included pens, travel mugs, sports shirts and graphic jackets. The new materials were produced with the *Who Made Your Eggs Today?* and EFO logos.

Foodservice

More than 2,500 foodservice operators were contacted through personal visits to independent restaurants, meetings at restaurant chain head offices, contact at trade shows and mailings.

EFO generated 300 customized egg promotions for foodservice operators such as Compass Group Canada, Sunnyside Grill, The Pickle Barrel, The Great Canadian Bagel, Dana's Hospitality and Artisano Bakery Café. Additionally, 150 restaurants used our point-of-purchase materials, such as table cards, posters, balloons and server buttons.



Point-of-purchase material was created for foodservice operators like John's.



EFO Zone 1 Director Scott Helps; Robert Bailey, MPP for Sarnia-Lambton; EFO Chair Scott Graham; EFO Zone 2 Director Dianne McComb and Monte McNaughton, MPP for Lambton-Kent-Middlesex express their love of eggs during the 15th Annual MPP Omelette Breakfast at Queen's Park.

GOVERNMENT RELATIONS

Throughout 2013, EFO's Directors, General Manager and staff attended various political events including golf tournaments and fundraisers.

The 15th Annual MPP Omelette Breakfast was held October 31 in the Legislative Dining Room at Queen's Park. Minister of Agriculture Kathleen Wynne addressed the group of about 50 members of provincial parliament and EFO Directors personally cooked over 145 omelettes.

Three EFO board members and their spouses, along with Bill Mitchell, Director of Public Affairs, attended a luncheon on September 23 where Premier Wynne received an Equal Voice award. This recognizes outstanding women who have made a significant contribution to the advancement of women in public life. In addition to attending the event, EFO was one of six principle sponsors.

August 22 marked Ontario Federation of Agriculture's (OFA's) first MPP field day which was themed "Cultivating our Future." EFO Chair Scott Graham and General Manager Harry Pelissero were at the event, attended by twelve MPPs



EFO General Manager Harry Pelissero, EFO Chair Scott Graham, Premier Kathleen Wynne, EFO Vice Chair Roger Pelissero and Egg Farmers of Canada CEO Tim Lambert attended the Premiers Golf Day.

On May 30, EFO participated in the Queen's Park Farmers Market held by Foodland Ontario. The annual event, in its' sixth year, is a celebration of Ontario food and is attended by various commodity groups. EFO Chair Scott Graham and staff were on hand to serve delicious spiral frittatas.

EFO contributed the recipe *Egg Salad Wraps* for use in the new book *Serve it Up!* The recipe book was developed by the Ministry of Education and features recipes that meet the *School Food and Beverage Policy* nutrition standards for Ontario schools.



EGG FARMERS OF ONTARIO FINANCIAL STATEMENTS

For the 52 week period ended December 28, 2013.

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 28, 2013, 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

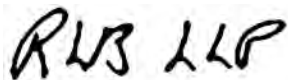
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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 28, 2013, 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 10, 2014

EGG FARMERS OF ONTARIO STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 28, 2013

	2013	2012
Assets		
CURRENT		
Cash	\$ 4,162,110	\$ 7,251,031
Short term investments due in less than 12 months (note 6)	5,810,463	4,165,671
Accounts receivable levies	4,609,756	4,787,149
Accounts receivable from EFC	3,671,067	4,658,561
Per bird levy receivable	340,164	1,271,682
Accounts receivable PIE	56,000	0
Accrued interest receivable	5,066	8,287
Industrial product receivables	1,180,710	884,770
Prepaid expenses, inventory and other receivables	<u>310,413</u>	<u>582,986</u>
	<u>20,145,749</u>	<u>23,610,137</u>
LONG TERM INVESTMENTS - due in more than 12 months (note 6)	<u>1,911,899</u>	<u>1,897,775</u>
CAPITAL ASSETS (note 7)	<u>538,617</u>	<u>561,394</u>
ACCOUNTS RECEIVABLE PIE	<u>1,444,000</u>	<u>1,000,000</u>
	<u>\$ 24,040,265</u>	<u>\$ 27,069,306</u>
Liabilites		
CURRENT		
Accounts payable and accrued liabilities	4,002,169	5,318,425
Accounts payable to EFC	4,576,687	4,106,204
Producer's payable - EFP	1,317,459	1,178,123
Per bird levy payable	2,499,796	3,669,263
Government remittances payable (HST)	<u>43,629</u>	<u>130,008</u>
	<u>\$ 12,439,740</u>	<u>\$ 14,402,023</u>
Net Assets		
Net assets invested in capital assests	538,616	561,394
Internally restricted for bacteria control (note 8)	1,688,079	1,661,659
Internally restricted for special projects (note 9)	1,324,252	581,878
Internally restricted for other (note 16)	0	1,742,374
Internally restricted pullet quota sales (note 10)	486,350	587,183
Internally restricted for layer leasing (note 11)	0	861,218
Internally restricted for Rellidep™ project (note 17)	1,000,000	0
Internally restricted for disease initiative (note 18)	2,194,307	0
Unrestricted net assets	<u>4,368,921</u>	<u>6,671,577</u>
	<u>11,600,525</u>	<u>12,667,283</u>
	<u>\$ 24,040,265</u>	<u>\$ 27,069,306</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 28, 2013

	Invested in Capital Assets	Internally Restricted for Bacteria Control (note 8)	Internally Restricted for Special Projects (note 9)	Internally Restricted for Other Projects (note 16)	Internally Restricted for Pullet Quota Sales (note 10)	Internally Restricted for Layer Leasing (note 11)	Internally Restricted for Rellidep™ Project (note 17)	Internally Restricted for Disease Initiative (note 18)	Unrestricted	52 Weeks 2013 Total	52 weeks 2012 Total
BALANCE											
Beginning of period	\$561,394	\$1,661,659	\$581,878	\$1,742,374	\$587,183	\$861,218	\$0	\$0	\$6,671,577	\$12,667,283	\$12,732,192
(Deficiency) excess of revenue over expenditures	(114,898)	26,420	0	0	(100,833)	8,398	0	2,194,307	(3,080,152)	(1,066,758)	(64,909)
Invested in capital assets (net)	92,120	0	0	0	0	0	0	0	(92,120)	0	0
Transfers (note 19)	<u>0</u>	<u>0</u>	<u>742,374</u>	<u>(1,742,374)</u>	<u>0</u>	<u>(869,616)</u>	<u>1,000,000</u>	<u>0</u>	<u>869,616</u>	<u>0</u>	<u>0</u>
BALANCE											
End of period	<u>\$538,616</u>	<u>\$1,688,079</u>	<u>\$1,324,252</u>	<u>\$0</u>	<u>\$486,350</u>	<u>\$0</u>	<u>\$1,000,000</u>	<u>\$2,194,307</u>	<u>\$4,368,921</u>	<u>\$11,600,525</u>	<u>\$12,667,283</u>

see notes to the financial statements

EGG FARMERS OF ONTARIO STATEMENT OF OPERATIONS

FOR THE 52 WEEK PERIOD ENDED DECEMBER 28, 2013

	Budgeted 52 weeks 2013 (note 5)	Actual 52 weeks 2013	Actual 52 weeks 2012
REVENUE			
Levies and licence fees	\$ 78,822,200	\$ 79,561,076	\$ 81,246,236
Less			
National IP fees (note 12)	62,851,880	62,852,617	61,805,401
EFC administration levies (note 12)	6,696,820	6,698,082	6,636,938
Per bird levy rebate	<u>1,545,000</u>	<u>1,910,312</u>	<u>2,229,074</u>
Levies and licence fees retained	7,728,500	8,100,065	10,574,823
Investment and other income	146,400	159,289	224,764
Layer leasing revenue	255,500	817,057	578,328
EFC layer leasing revenue	438,000	432,145	331,157
EFP program (schedule I)	<u>30,000</u>	<u>50,000</u>	<u>50,000</u>
	<u>8,598,400</u>	<u>9,558,556</u>	<u>11,759,072</u>
EXPENDITURES			
IP program (schedule II)	3,076,647	4,994,010	3,982,707
Public Affairs	2,750,000	2,770,476	2,832,477
Administrative expenses (schedule III)	5,069,785	4,730,962	4,640,382
Research, grants, scholarships and memberships (note 15)	<u>275,565</u>	<u>258,158</u>	<u>255,817</u>
	<u>11,171,997</u>	<u>12,753,606</u>	<u>11,711,383</u>
TOTAL OPERATING EXCESS OF (EXPENDITURES OVER REVENUE)			
REVENUE OVER EXPENDITURES for the fiscal period	<u>\$ (2,573,597)</u>	<u>(3,195,050)</u>	<u>47,689</u>
Bacteria control (note 8)		26,420	(5,296)
Pullet quota sales (note 10)		(100,833)	(111,716)
Disease initiative (note 18)		2,194,307	0
Layer leasing (note 11)		<u>8,398</u>	<u>4,414</u>
		<u>2,128,292</u>	<u>(112,598)</u>
DEFICIENCY OF REVENUE OVER EXPENDITURES			
for the fiscal period		<u>\$ (1,066,758)</u>	<u>\$ (64,909)</u>

see notes to the financial statements

EGG FARMERS OF ONTARIO STATEMENT OF CASH FLOWS

FOR THE 52 WEEK PERIOD ENDED DECEMBER 28, 2013

	52 weeks 2013	52 weeks 2012
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Deficiency of revenue over expenditures	\$ (1,066,758)	\$ (64,909)
Add: Items not involving cash		
Amortization of capital assests	105,900	103,756
Loss on disposal of capital assets	<u>998</u>	<u>6,455</u>
	<u>(959,860)</u>	<u>45,302</u>
Net change in non-cash operational balances		
Accounts receivable levies	177,393	62,421
Accounts receivable from EFC	987,494	(1,366,350)
Per bird levy receivable	931,518	(791,227)
Accounts receivable PIE	(500,000)	(1,000,000)
Accrued interest receivable	3,221	948
Industrial product receivable	(295,941)	(16,805)
Prepaid expenses, inventory and other receivables	272,573	(264,039)
Government remittances payable (HST)	(86,379)	61,316
Short term investments	(1,644,792)	910,668
Accounts payable and accrued liabilities	(1,316,257)	1,729,854
Accounts payable to EFC	470,484	(189,837)
Producers' payable EFP	139,336	(47,469)
Per bird levy payable	<u>(1,169,467)</u>	<u>1,364,980</u>
	<u>(2,030,817)</u>	<u>454,460</u>
	<u>(2,990,677)</u>	<u>499,762</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Long term investments	(14,124)	(1,029,711)
Purchase of capital assets	(92,120)	(118,098)
Proceeds of disposal on capital assets	<u>8,000</u>	<u>2,554</u>
	<u>(98,244)</u>	<u>(1,145,255)</u>
CHANGE IN CASH	(3,088,921)	(645,493)
CASH, beginning of fiscal period	<u>7,251,031</u>	<u>7,896,524</u>
CASH, end of fiscal period	<u>\$ 4,162,110</u>	<u>\$ 7,251,031</u>

see notes to the financial statements

EGG FARMERS OF ONTARIO NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEK PERIOD ENDED DECEMBER 28, 2013

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 the 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.

EFC layer leasing revenue

EFC 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. EFC layer leasing revenue is recorded when earned and collected.

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 2013 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 28, 2013

5. BUDGET FIGURES

The budgeted figures are presented for comparison purposes as prepared and approved by the Board of Directors on December 5, 2012, 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 2013-2016, administered by RBC Dominion Securities and BMO Nesbitt Burns. Bond and GIC interest rates vary from 0.80% to 2.46% (with an average yield of 1.59%). Investments are accounted for at fair market value. The original cost of the investments was \$7,658,823 (2012 - 6,081,822).

7. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2013	Net 2012
Land	\$ 162,000	\$ 0	\$ 162,000	\$ 162,000
Office equipment	1,310,460	1,242,890	67,570	73,504
Building	646,672	462,820	183,852	200,019
Automobiles	85,953	33,428	52,525	33,432
Promotional trailer	42,755	38,771	3,984	5,691
Computer equipment	<u>382,027</u>	<u>313,341</u>	<u>68,686</u>	<u>86,748</u>
	<u>\$ 2,629,867</u>	<u>\$ 2,091,250</u>	<u>\$ 538,617</u>	<u>\$ 561,394</u>

8. INTERNALLY RESTRICTED BACTERIA CONTROL

The bacteria control assets are utilized for payments for 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 \$26,420 (2012 income earned - \$26,112). There were no payments from the bacteria control account during 2013 (2012 payment - \$31,408) for a net increase of \$26,420.

9. INTERNALLY RESTRICTED SPECIAL PROJECTS

The special projects account is for the funding of egg research and other special projects. During 2013, no payments were made to or from the special projects fund (2012 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 \$45,190 consisting of \$(4,810) in quota assessments and \$50,000 in Pullet Growers of Canada fees (2013 and 2014) were paid during 2013. There were two payments which were transferred from pullet quota fund to pullet leasing pool for \$64,484 (2012 - \$31,918). During the period, \$8,841 of interest has been earned on this revenue and has been allocated to the pullet quota sales account for a net decrease of \$100,833 (2012 - \$111,716 decrease).

11. INTERNALLY RESTRICTED LAYER LEASING

The layer leasing is from our national allocation of quota to producers that have the capacity. A total of \$817,057 was received in the unrestricted fund for leased quota during 2013 (2012 - \$578,328). These funds have been transferred from the layer leasing account to unrestricted funds. A total of \$5,227 was paid out during the year for producers who sold their quota in 2013 (2012 - \$nil). During the period, \$13,625 (2012 - \$4,414) of interest has been earned on this revenue and has been allocated to the layer leasing account.

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 (rates at the end of the period are shown for comparative purposes):

	Cents per dozen	
	December 28, 2013	December 29, 2012
National IP fee	30.50	30.50
EFC administrative levy	3.25	3.25
Ontario administrative and research levy	2.60	2.60
Ontario reserve	(2.00)	(1.00)
Provincial IP levy	<u>2.90</u>	<u>2.90</u>
Total producer portion	37.25	38.25
Grading station portion (voluntary)	<u>0.02</u>	<u>0.02</u>
Total levy collected	<u><u>37.27</u></u>	<u><u>38.27</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:

2014	\$ 449,231
2015	150,000
2016	125,000
2017	105,000
2018	<u>105,000</u>
	<u>\$ 934,231</u>

15. RESEARCH, GRANTS, SCHOLARSHIPS AND MEMBERSHIPS

DESCRIPTION	RECIPIENT	AMOUNT
Research projects and administration	Poultry Industry Council	\$ 156,400
Councillor's grants		21,800
Farm & Food Care Ontario		38,850
Center for Food Integrity		10,373
Advanced Agricultural Leadership Program		5,000
Scholarship for Graduate Student	University of Guelph	5,000
Ontario Chamber of Commerce		4,000
Ontario Agri-Food Technologies		2,500
Farm & Food Care Breakfast on the Farm sponsor		5,000
IEC Membership and Research		5,385
Ontario Agricultural Hall of Fame		1,000
Other Sponsorships/Memberships		<u>2,850</u>
		<u>\$ 258,158</u>

16. INTERNALLY RESTRICTED FOR OTHER PROJECTS

This account represents funds received from EFC that may be returned to EFC if certain requirements are met relating to the potential Sanalta purchase. Egg Farmers of Ontario has formalized their decision that the funds will not be paid back.

EGG FARMERS OF ONTARIO NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEK PERIOD ENDED DECEMBER 28, 2013

17. 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. These funds have been transferred from the unrestricted funds to the Rellidep™ project for a net increase of \$1,000,000.

18. INTERNALLY RESTRICTED DISEASE INITIATIVE

This account represents funds received from EFC to cover S.e. related matters. A total of \$2,346,711 was received in 2013 (2012 - \$nil) from EFC. A total of \$181,821 (2012 - \$nil) was paid during 2013 for expenses related to the disease initiative. During the period, \$29,417 (2012 - \$nil) of interest has been earned on this revenue and has been allocated to the disease initiative account for a net increase of \$2,194,307 (2012 - \$nil).

19. TRANSFERS

Transfers are made between unrestricted funds and invested in capital assets to fund capital purchases. Transfers are made between internally restricted for other projects to internally restricted for special projects and the Rellidep™ project to fund these projects. Transfers are made between internally restricted for layer leasing account to unrestricted funds to fund general operations.

EGG FARMERS OF ONTARIO SCHEDULE OF EGGS FOR PROCESSING PROGRAM

FOR THE 52 WEEK PERIOD ENDED DECEMBER 28, 2013

	52 weeks 2013	52 weeks 2012
SCHEDULE I		
Revenues		
Producer EFP revenue	\$ 28,884,495	\$ 27,954,587
EFP producer refund	<u>(6,798,425)</u>	<u>(5,967,095)</u>
	22,086,070	21,987,492
EFP sales to breakers	<u>11,648,851</u>	<u>10,830,760</u>
	<u>33,734,921</u>	<u>32,818,252</u>
Costs		
Egg purchases	31,389,431	30,589,497
EFP administration costs	81,806	39,780
Transportation	521,468	447,740
Packaging	178,128	178,025
Grading handling allowance	<u>1,514,088</u>	<u>1,513,210</u>
	<u>33,684,921</u>	<u>32,768,252</u>
EFP revenue program	<u>\$ 50,000</u>	<u>\$ 50,000</u>

EGG FARMERS OF ONTARIO SCHEDULE OF INDUSTRIAL PRODUCT PROGRAM

FOR THE 52 WEEK PERIOD ENDED DECEMBER 28, 2013

	Budgeted 52 weeks (note 5)	52 weeks 2013	52 weeks 2012
SCHEDULE II			
Revenues			
Producer IP revenue	\$ 85,992,920	\$ 86,285,413	\$ 83,491,231
Costs			
Egg purchases	84,429,720	86,635,563	82,881,353
Packaging	475,800	480,720	473,146
Labelling and other costs	5,000	2,273	2,189
Grading handling allowance	4,044,300	4,086,120	4,021,743
Field supplies and S.e. testing	<u>114,747</u>	<u>74,747</u>	<u>95,507</u>
	<u>89,069,567</u>	<u>91,279,423</u>	<u>87,473,938</u>
IP program loss	<u>\$ (3,076,647)</u>	<u>\$ (4,994,010)</u>	<u>\$ (3,982,707)</u>

EGG FARMERS OF ONTARIO SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE 52 WEEK PERIOD ENDED DECEMBER 28, 2013

	Budgeted 52 weeks 2013 <i>(note 5)</i>	Actual 52 weeks 2013	Actual 52 weeks 2012
SCHEDULE III			
Administrative Expenses			
Salaries support	\$ 2,151,471	\$ 2,152,182	\$ 2,143,055
Employee benefits	470,800	493,755	441,857
Staff professional development and travel	157,500	149,405	141,332
Travel - fieldstaff	332,000	288,873	299,888
Annual and producer meetings	260,500	217,303	196,811
Directors			
Per diem	421,365	386,632	353,613
Expenses	437,840	319,323	293,678
Trade	13,300	19,003	11,859
FarmGate5	4,000	1,843	2,073
HACCP	17,400	13,478	6,577
Amortization	94,500	105,900	103,756
Office supplies, printing and training	104,390	56,670	63,173
Building expenses	155,855	107,272	134,419
Equipment rental and maintenance	125,000	89,205	92,284
Professional fees			
Legal	145,000	175,328	128,157
Audit	31,500	28,110	33,390
Consulting	60,864	51,703	103,834
Telephone and fax	21,500	17,204	19,714
Postage	21,000	17,399	23,312
Insurance	36,500	33,419	35,402
Bank charges	6,500	5,957	5,743
Loss on disposal of assets	0	998	6,455
Bad debts	1,000	0	0
	<u>\$ 5,069,785</u>	<u>\$ 4,730,962</u>	<u>\$ 4,640,382</u>

see notes to the financial statements

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Roger Pelissero

Secretary-Treasurer

Harry Pelissero

Egg Farmers of Canada Representative

Roger Pelissero

Egg Farmers of Canada Alternate

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