



ANNUAL REPORT 2015

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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MESSAGE FROM THE CHAIR

Egg Farmers of Ontario's (EFO's) 50th year proved to be a busy one and although there were challenges, there were a number of accomplishments of which we should all be proud.

First was our 50th anniversary celebration in Niagara Falls. Our staff did a tremendous job of planning an extremely successful event to mark the 50th year of our marketing system. I feel the theme which combined the past, present and future was very effective and reinforced the understanding that our business is truly a privilege, derived from a lot of sacrifice and hard work. Those are the same ingredients necessary to help nurture and protect the way we do business in the future.

On the pullet front, we were able to more fairly remunerate our pullet growers for the service they provide. Even though some administrative issues were faced in Quebec, we remain committed to a \$2.12 growing fee for 2016.

On a national basis, we were thankfully able to get consensus from all provincial stakeholders and receive approval for long-awaited allocations. The additional 1.4 million birds across Canada will partially satisfy the strong demand for domestic eggs in the Canadian marketplace.

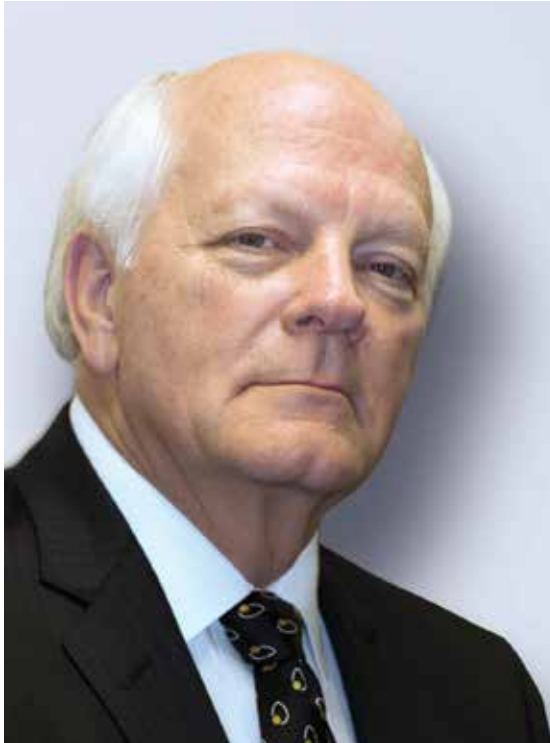
After we were exposed to our first incidence of Avian Influenza in April, we successfully contained the outbreak and minimized the damage at the production level. The benefits of industry collaboration through the Feather Board Command Centre helped coordinate emergency personnel and protocols.

Finally on the trade front, Canada was part of a 12-country trade group that successfully concluded the *Trans-Pacific Partnership* (TPP) trade deal. Although we gave up some future access to our market, I believe our negotiators worked hard on our behalf and maintained the integrity of supply management.

With the dawn of the new year comes both opportunities and challenges. We are blessed to have a younger generation of farmers who have confidence in the egg business and are willing to invest. However, they are faced with some challenges which we must address over the next year and beyond.

I look forward to 2016 and am confident we will continue to successfully meet the challenges and opportunities that lie ahead.

Scott Graham, EFO Chair



MESSAGE FROM THE GENERAL MANAGER

By any standards, 2015 was definitely a roller coaster ride that saw three major issues dominate the year for Ontario's egg sector.

One of those, our 50th anniversary, was planned. A second issue, an Avian Influenza (AI) outbreak, was unexpected. The third issue, the deal under the *Trans-Pacific Partnership* (TPP), was expected although the timing and outcome were not predictable.

The annual meeting in Niagara Falls at the end of March featured proud celebrations of Egg Farmers of Ontario's (EFO's) 50th anniversary and then, less than one week later, we were plunged into an AI outbreak.

The extensive preparation within Ontario's poultry sectors to organize efforts during any disease outbreak under the Feather Board Command Centre undoubtedly paid dividends in helping contain the outbreak. This, together with Ontario poultry farmers' biosecurity efforts, worked to limit the impact on our poultry sector and avoid the dire losses faced by our American counterparts.

Five years of negotiations ended in October with a TPP agreement, which will mean increased import access and associated market losses of 2.3 per cent for Canada's egg sector, coming out of market growth between 2020 and 2024. However, the agreement still requires approval by the governments of the 12 member countries before it comes into effect. The upside of the ratification of the TPP is that it could provide a stable foundation on which plans for the industry can be developed for the next 10 to 15 years.

On the production side, EFO worked diligently to increase the number of birds in the system in response to a continuing increase in consumer demand for our great natural product.

Much like anyone heading towards their 51st birthday, our sector has matured as an industry. Egg farmers understand the importance of their role as food producers, being transparent and maintaining the types of recordkeeping and programs needed to prove we are accountable and fulfilling our social license.

While there are some challenges ahead, these are also opportunities. These include opportunities available as egg farmers make decisions about the type of production systems they plan in the future. There is also the opportunity to continue to tell egg farmers' stories through our *Who Made Your Eggs Today?* campaign, which allows us to talk about egg production and why egg farmers farm the way they do.

Harry Pelissero, General Manager

BOARD OF DIRECTORS & ZONE MAP



Zone 1

Director: Scott Helps (Vice Chair)
Essex, Kent and Lambton Counties
Number of Egg Quota Holders: 40
Number of Layers: 864,206
Number of Pullet Quota Holders: 8
Number of Pullets: 484,579



Zone 2

Director: Dianne McComb
Middlesex County
Number of Egg Quota Holders: 36
Number of Layers: 516,244
Number of Pullet Quota Holders: 16
Number of Pullets: 1,130,141



Zone 3

Director: Dan Veldman
Elgin, Norfolk and Oxford Counties
Number of Egg Quota Holders: 33
Number of Layers: 557,050
Number of Pullet Quota Holders: 5
Number of Pullets: 378,834



Zone 4

Director: Roger Pelissero
(EFC Representative)
*Brant and Haldimand Counties;
and the Regional Municipalities of
Hamilton-Wentworth and Niagara*
Number of Egg Quota Holders: 27
Number of Layers: 584,873
Number of Pullet Quota Holders: 10
Number of Pullets: 558,794



Zone 5

Director: Brian Miller
Huron County
Number of Egg Quota Holders: 39
Number of Layers: 772,427
Number of Pullet Quota Holders: 10
Number of Pullets: 713,206



Zone 6

Director: Scott Graham (Chair)
*Perth County; the Regional Municipality
of Waterloo; and the City of Waterloo*
Number of Egg Quota Holders: 40
Number of Layers: 906,890
Number of Pullet Quota Holders: 22
Number of Pullets: 1,438,138



Zone 7

Director: Bryan Hostrawser
*Bruce, Dufferin, Grey and Wellington
Counties*
Number of Egg Quota Holders: 47
Number of Layers: 1,586,521
Number of Pullet Quota Holders: 21
Number of Pullets: 1,689,674



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: 21
Number of Layers: 445,542
Number of Pullet Quota Holders: 4
Number of Pullets: 288,216



Zone 9

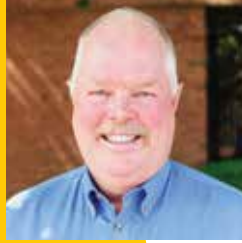
Director: Craig Hunter
*EAST: Dundas, Frontenac, Grenville, Lanark,
Leeds, Lennox & Addington and Renfrew
Counties; and the Regional Municipality of
Ottawa-Carleton*
*NORTH: Territorial Districts of Ontario
consisting of Algoma, Cochrane, Parry Sound,
Kenora, Rainy River, Sudbury, Thunder Bay and
Timiskaming*
Number of Egg Quota Holders: 12
Number of Layers: 999,025
Number of Pullet Quota Holders: 6
Number of Pullets: 2,053,281



Zone 10

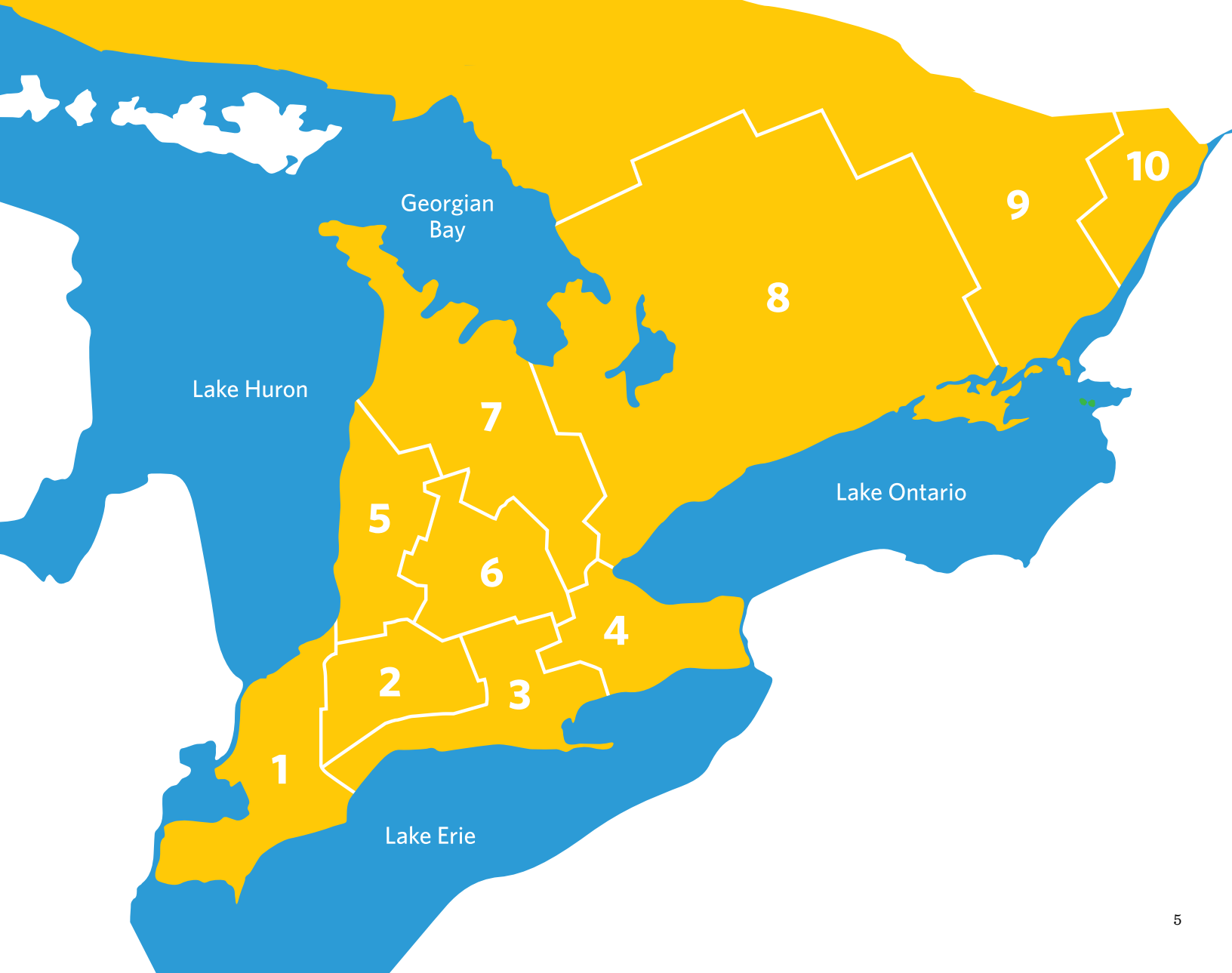
Director: Marcel Leroux
Glengarry, Prescott, Russell and Stormont Counties

Number of Egg Quota Holders: 38
Number of Layers: 1,225,281
Number of Pullet Quota Holders: 11
Number of Pullets: 695,516



Pullet

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



EGG FARMERS OF CANADA DIRECTOR'S REPORT

For the Canadian egg industry, 2015 ended on a high note. First and foremost, we are tracking to achieve our ninth consecutive year of growth, due in part to consumer demand for wholesome, nutritious, local and high-protein foods.

This trend is gaining momentum in the U.S., and additional future growth is anticipated in Canada.

That said, our ability to meet this growing demand was hampered by the U.S. Avian Influenza (AI) outbreak in the spring, which destroyed over 36 million laying hens and caused egg market disruption in the U.S. and internationally. Consequently, the traditional model of accessing U.S. imports to supplement short-term domestic supply shortfalls broke down.



In light of this, Egg Farmers of Canada's (EFC's) Board was very pleased that our latest allocation request was approved by Farm Products Council of Canada (FPCC) in December. We remained committed to working constructively with FPCC on both short and long-term industry matters throughout the year.

We are very proud of many positive outcomes including:

- EFC formed the NEST II working group in May 2015 and the team successfully implemented a variety of solutions for the supply crisis caused by the U.S. AI outbreak.
- Also in May, EFC and Canadian Poultry and Egg Processors Council agreed to a *High/Low Price* (HLP) initiative to increase stability and certainty for processors during this time of extreme price fluctuations.
- To identify cost savings for the *Industrial Products Program*, the new *Market Innovation and Conversion* initiative is underway. To date, about \$22M-\$23M per year in savings has been achieved through a variety of sustainability projects.

BREAKING NEWS' 15

- EFC received approval for quota allocation request.
- The *National Animal Care Program* was significantly enhanced including six new elements and a certification process.
- EFC successfully worked with government and partners to communicate the benefits of supply management amid the conclusion of the *Trans-Pacific Partnership*.
- EFC developed and tabled a new *Cost of Production* (COP) protocol for the upcoming study, which has a broader scope to account for changes in the industry.
- The national *Animal Care Program* was significantly enhanced with third-party auditing, certification of EFC inspectors by the Professional Animal Auditor Certification Organization (PAACO) and six new elements that further strengthen the program.

EFC, provincial egg boards and our partners took a constructive approach to continuous improvement in these and other areas. Our 2015 achievements illustrated the strength and resilience of the system of supply management. We showed that the Canadian egg industry is responsive and can adjust to address market or other business realities—even if mitigation represents an economic loss and/or change requiring significant consultation, consensus building, technical work and policy development.

Beyond what we achieved within the industry, we also withstood many external pressures. As the conclusion of the



Trans-Pacific Partnership (TPP) trade negotiations approached, scrutiny from some pundits and columnists—who are ideologically opposed to supply management—intensified. We worked constructively with supportive media outlets, our supply managed and other partners, and with champions within government and other sectors, to ensure the enduring benefits of supply management were well understood and communicated. We also worked diligently to communicate we are supportive of the TPP and other trade deals and that supply management provides necessary stability at home, while other sectors with greater export potential pursue opportunities in international markets.

That said, the final TPP deal is not without impact for our farmers or Canadian consumers. The new access granted for eggs and egg products is 19 million dozens. Under the TPP agreement, those eggs can never be produced domestically again. Despite the additional market access, knowing the

volume of imported eggs is vital for our industry. A finalized TPP deal provides certainty. Knowing where we stand allows us to continue to plan domestic production for the future so we can meet the growing needs of Canadian families and consumers.

This is one of the many topics of which we are already engaging the new federal government. The Liberal majority government, the new Ministers, mandates, platform priorities and themes give us many new ways to introduce the Canadian egg industry and its strengths to Members of Parliament. From economics to innovation to social license, we see important themes to pursue with this government for our collective benefit.

At the heart of this effort will be our farmers' enduring commitment to giving back. We are leaders in terms of investments in research and development, we support partnerships that help address hunger and nutrition with our superior product and we

export our knowledge and expertise to parts of the world where egg farming is a critical component to alleviating suffering.

As the Director from Ontario, with a seat at the national table, it is the breadth of the matters we tackle in a principled way—some operational, some aspirational, some positive, some challenging—that makes our work so rewarding. To my colleagues on the EFC board and in my province, to the farm families and staff all across the country, thank you for the tireless support that makes serving millions of Canadians fresh, local, high-quality eggs each and every day all possible.

Respectfully submitted,

Roger Pelissero, EFC Representative



PULLET DIRECTOR'S REPORT

Pullet farmers in Ontario and across Canada can reflect on several significant accomplishments that were achieved for the pullet industry during 2015 and look ahead to further progress in 2016.

A huge milestone for Pullet Growers of Canada (PGC) was progress in Ontario and Quebec towards all parties setting a price for growing 19 week-old pullets that would be used in both provinces. The goal of this approach is to prevent pricing from being used as a marketing tool for pullets, while ensuring a fair return to pullet growers.



A key development saw industry partners agree to a price of \$1.75 for day-old chicks placed after January 1, 2015 and increasing to \$2.12 for placements after September 1, 2015. Although some administrative issues remain to be worked out, this was a huge achievement in the acceptance of the principle for Ontario and Quebec pullet growers to receive a common growing fee, based on a cost of production.

Further to this, PGC began the pullet *Cost of Production* study. This will give us a growing fee formula that can be used nationally by pullet growers and their customers.

Another accomplishment during 2015 was the successful completion and release of the *Care of Pullets Guidebook*. A first for our sector, this publication defines the best management practices for raising pullets.

Finally, on the administrative side of things, PGC was pleased to introduce Lucie Gionet as Executive Director in 2015. Lucie and her team are well-positioned to help PGC achieve our goals in the years to come. We would also like to thank Paul Cormier and RANA for the extensive work they have done in getting the organization started.

BREAKING NEWS' 15

- Progress was made towards setting a price for 19 week-old pullets for Ontario and Quebec.
- Industry partners agreed to a common growing fee, based on a cost of production.
- The *Care of Pullets Guidebook* was completed and released.

At the provincial level, our utilization rate of 102.4 per cent is at its highest level ever. The Ontario leasing initiative is now in its' ninth year and EFO staff continue to work on executing this program together with pullet growers and industry stakeholders.

Looking toward the future, we are in great shape to continue with further success and growth in 2016. As in the past, I look forward to the efforts of our hard work coming to fruition.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Andrew DeWeerd'. The signature is stylized and cursive.

Andrew DeWeerd, Pullet Director

2015 ONTARIO EGGS BY THE NUMBERS



2,920,706,892

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



446

Number of Ontario Egg and Pullet Quotas Held



80.68%

Percent of "table eggs" produced in Ontario and sold to consumers



100%

Per cent of egg production HACCP-certified

Average Producer Prices: 2011 to 2015

SIZE	2011	2012	2013	2014	2015
Extra Large	\$1.81	\$1.91	\$1.96	\$1.90	\$1.90
Large	\$1.81	\$1.91	\$1.96	\$1.90	\$1.90
Medium	\$1.65	\$1.75	\$1.80	\$1.73	\$1.69
Small	\$1.17	\$1.27	\$1.32	\$1.26	\$1.26

Ontario's Average 2015 Egg Gradings By Size (%)

Extra Large	24.83
Large	47.95
Medium	18.38
Small	3.60
Pee Wee	0.52
Bs, Cs, Cracks, No Grade	4.72

Egg Quota

- 8,453,059 - the amount of Ontario's hen allotment
- 25,400 - the average production quota for egg quota holders
- 8,682,802 - the average weekly inventory
- 294,440 - the amount of egg quota transferred

Pullet Quota

- 9,430,379 - the amount of Ontario's pullet allotment
- 83,455 - the average production quota for pullet quota holders
- 323,598 - the amount of pullet quota transferred

Levy Administration

- 29.25¢ - the amount of Ontario's egg levy deducted from farmers

Ontario Industrial Product

- 2,905,103 - the number of 15-dozen boxes

Ontario EFP

- 1,187,123 - the number of 15-dozen boxes

RESEARCH REPORT

Egg Farmers of Ontario (EFO) continued to commit to supporting research in order to generate innovation and constant improvement within the egg and pullet industry.

Assessment and mitigation of contamination risks: critical knowledge to reduce diseases and increase biosecurity compliance

*Professor J.P. Vaillancourt
Faculty of Veterinary Medicine
University of Montreal*

This research, using live bacteria, investigates the practical methods of reducing contamination risks at the farm and the efficacy of biosecurity practices, first in the laboratory and then in the field. The industry currently does not know the efficacy of its required biosecurity entrance cleaning and disinfection procedures. The research uses modified pathogens and bioluminescence to assess the presence and relative quantity of these pathogens on the floor of the contaminated and clean areas of a barn entrance, recreated within the research rooms of the Poultry Research Centre.

This work will provide an assessment of the reduction in pathogen load achieved by current barn sanitation procedures recommended by the poultry industry and will be conducted under field conditions in

Ontario. The bacterial load of cement and wood floors is being determined before and after applying the sanitation protocols to inform what future measures will enable industry to reduce exposure to foodborne pathogens.

Epigenetic transfer of behaviour and stress susceptibility in the laying hen: influence of rearing and housing of different strains of parent stock on behavioural development of offspring

*Dr. Tina Widowski
Department of Animal and Poultry Science
University of Guelph*

This project examines the possible transfer of traits relating to stress and behaviour from parent birds to offspring. The work may lead to new methods of managing breeding stock, resulting in laying hens less susceptible to stressors and have behavioral characteristics that further improve the welfare of the birds.

To date activities include validation of behavior tests, rearing phase of flock 2 and the beginning of artificial insemination,

BREAKING NEWS' 15

- Research is assessing the efficacy of current biosecurity practices to reduce contamination risks.
- Through EFO-funded research, a new LED light that improves egg production and decreases energy consumption has been developed.
- EFO-funded research is using hyperspectral imaging to determine gender prior to hatching.

incubation and hatching of the first groups of chicks and refinement of methods. Pullets were reared in either standard or enriched housing and housed in either conventional, enriched or aviary housing. Eggs were collected, chicks hatched from parent flocks and behavior testing of these offspring has been completed. The following egg quality measures were also completed: egg weight, egg shell thickness, shell breaking force and haugh unit; Amino acid and hormone profiles taken; and fecal cortisol samples collected, prepped and frozen. Chick tests including weighing and behavioral tests have also been conducted including weights, behaviour observations and vocalizing recordings. Data collection continues as the flocks age and eggs are collected from them for testing and incubation.

LED light bulb development for the layer industry

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

Previous results on the effect of light wavelength on egg production were obtained using a non-commercial strain



of layers (Baxter et al., 2014). This work was undertaken to confirm that the newly designed *60% Red Dr. Bedecarrat LED bulb (the LED light)* is suitable for current industry strains. To be worth the investment by producers, it was important to quantify the energy savings achieved by using the *LED light* and its ability to withstand harsh barn environments and repeated cleaning and disinfection cycles. Two trials were undertaken. In the first, the efficacy and efficiency of the *LED light* was tested and compared to other light sources in a defined experimental setting (Arkel Poultry Research Station).

In the second, a field trial was performed on a commercial operation in Ontario.

The project confirmed that results under commercial conditions can be replicated and our lighting system can improve egg production by 3% compared to expected levels. Our *LED light* reduces feed consumption and significantly decreases energy costs. Reduced feed consumption and body growth observed in the LED treatment indicates that energy was utilized mainly for egg production and not diverted toward body reserves.

This bulb is now registered under trademark and is commercially available.

In a first for the industry, a portion of the profits generated through the sale of this light bulb will be returned to EFO for use in further egg research.

The use of hyperspectral imaging to determine gender and fertility of hens' eggs

Dr. Michael Ngadi
Department of Bioresource Engineering
McGill University

This study was built on previous work, targeting prediction of chicken egg fertility using the *hyperspectral imaging (HSI)* technique. Previously, up to 100% prediction accuracy was obtained in separating fertile and non-fertile eggs on Day 0 incubation.

The goal of this project was to study fertility and gender determination in both white and brown eggs that were naturally fertilized from a commercial hatchery. Over 600 eggs laid by 30, 45 and 60-week old birds were used. Eggs were imaged by a hyperspectral imaging system on Day 0 (prior to incubation) and subsequently on days 1, 2 and 3 after incubation. After 10 days, the eggs were candled and broken out to determine fertility and embryo viability. DNA from the embryonic tissues was extracted for *Polymerase Chain Reaction (PCR)* sequencing to assess gender. Image and spectral data were analyzed using methods developed in our laboratory.

This project achieved significant results, showing tremendous potential. EFO has entered into a licensing agreement with Dr. Ngadi to further develop the technique and make it commercially viable. The 'scaling up' of the technology to commercial speeds is under development.



Left: EFO-funded research projects such as the creation of ideal barn light sources are underway.

OPERATIONS REPORT

Operations in 2015 involved a careful balance of planned and unplanned activities, as well as emergency response needs for the industry.

From the 50th anniversary celebrations, to significant emergency response efforts to battle an Avian Influenza (AI) outbreak, Egg Farmers of Ontario's (EFO's) operations staff continued to deliver on operating existing programs, as well as rolling out new program elements.

Field staff and Hazard Analysis Critical Control Points (HACCP) staff continue to work with farmers on their *On-Farm Food Safety and Animal Care Programs*. EFO has engaged the services of the Guelph Food Technology Centre as third-party auditors for both programs. Staff have

been meeting and working with them on the manuals and reviewing the program requirements, as we work towards rolling this out in 2016. Both programs have been updated to reflect current food safety and animal care requirements and have been combined into one manual for ease of use. Training sessions were also introduced to help farmers with the new requirements.

EFO continues to be a part of the Feather Board Command Center (FBCC) and work collaboratively on emergency response procedures. The value of the foresight in these industry preparations was proven when these systems were put to the test during the 2015 AI outbreak. After the outbreak, discussions took place between all feather boards, industry and government agencies to review what went well and where there is room for improvement. From these discussions, we will continue to strive to have an even more coordinated and effective approach, should another response be needed.

Field staff continue to be directly involved in many aspects of our industry. From overseeing EFO regulations, policies and programs, to direct involvement in

BREAKING NEWS' 15

- EFO was involved in emergency response procedures during the 2015 Avian Influenza outbreak.
- Field staff have been working extensively with third-party auditors to update the *On-Farm Food Safety and Animal Care Programs*.
- EFO staff assisted Egg Farmers of Newfoundland and Labrador in setting up depopulation protocols and procedures.

emergency response and humane barn depopulations to attending producer meetings and industry functions, our operations staff play a vital role for Ontario's egg farmers. Some of our staff were asked to share their knowledge and expertise to assist Egg Farmers of Newfoundland and Labrador in setting up their depopulation protocols and procedures. During 2015, field staff participated in several training sessions including first aid, confined space, rescue and *Respiratory FIT Testing*, along with *Workplace Hazardous Materials Information System* (WHMIS).

Looking back, 2015 ended up being a much different year than previous ones and definitely gave us some challenges. In particular, our AI response and the disruption it created within the poultry industry were a large part of the obstacles we needed to overcome. As in the past, through determination and focus, we were able to rise above those difficulties, and continued to produce high-quality eggs and pullets in Ontario.





Ontario's effective response to the 2015 Avian Influenza outbreak helped avoid disastrous losses like those experienced in the US.



PUBLIC AFFAIRS REPORT

Updating our digital properties, celebrating our 50th anniversary and promoting the egg all ensured the Public Affairs department had an *eggs-ceptional* year.

COMMUNICATIONS

Advertising

The sixth year of the *Who Made Your Eggs Today?* (WMYET?) campaign highlighted egg farmers Valerie, Veronique and Vanessa Beauchesne (Zone 10), Tonya Haverkamp (Zone 6), Stephanie Nanne (Zone 9) and siblings Josh and Kayla Veldman (Zone 3).

The campaign featured over 3,050 billboards, 3,800 ads on GoTrain, subway, bus and transit



Above: The Beauchesne sisters and Stephanie Nanne in their WMYET? ads.

locations across Ontario, and included in-store and digital advertising. It launched August 17 and ran for a four-week period. In-store advertising, including shelf talkers, pulsed in and out of market throughout the year.



Above: Host Mairlyn Smith during filming of EFO's World Egg Month videos.

World Egg Month

EFO celebrated World Egg Month in October. Cookbook author and television personality Mairlyn Smith hosted a series of videos, filmed in Toronto, which were released weekly on Facebook and Twitter. The videos increased engagement on both social media platforms and boosted views on EFO's YouTube channel.

BREAKING NEWS' 15

- EFO staff worked with a new digital agency to restructure and update our websites.
- Egg Farmers of Ontario was proud to receive two *Best of CAMA* awards.
- EFO was named the *Official Breakfast Protein of the Ottawa Senators* through a new partnership.

Other activities included “Cooking with Kids” workshops, facilitated by Registered Dietitian Carol Harrison, and the Loblaws in-store dietitian program, featuring eggs throughout the month at over 60 Ontario outlets. In addition, Zone 4 egg farmer Chris Mullett Koop and his son Josiah prepared crepes on *CTV News at Noon* (Kitchener).

Media Relations

Throughout 2015, EFO exercised a strong media presence. Prior to Easter, EFO released *Eggy Potato Au Gratin* and *Vanilla*



Above: EFO recipes were released throughout the year, including this one in December.



Chiffon Cake which included a step-by-step video. Mid-June, EFO's *Foodtruck Breakfast Waffle* and *Eggs-ceptional Berry Cream Puffs* were pitched for upcoming Canada Day celebrations. In December, *Zucchini-Feta Triangles* and *Yorkshire Pudding* were released with the holidays in mind. The recipes were picked up by a number of news sources, including Rita Demontis, senior national Lifestyle and Food Editor for Sun Media, and were featured on CTV *News at Noon* (Kitchener) as well as Rogers TV Durham and Toronto.

News releases were issued on a number of topics, including the launch of the *Egg Chef* foodservice platform, the call for entrants into the 2015 *New Entrant Quota Loan Pool Program* (NEQLPP) and the announcement of the recipients of the NEQLPP.

Website Restructuring

Subsequent to hiring a new digital agency during the fall of 2014, public affairs staff

worked closely with the new group to realign our digital properties. This included updating existing online materials to create a user-friendly platform and resulted in the return to using



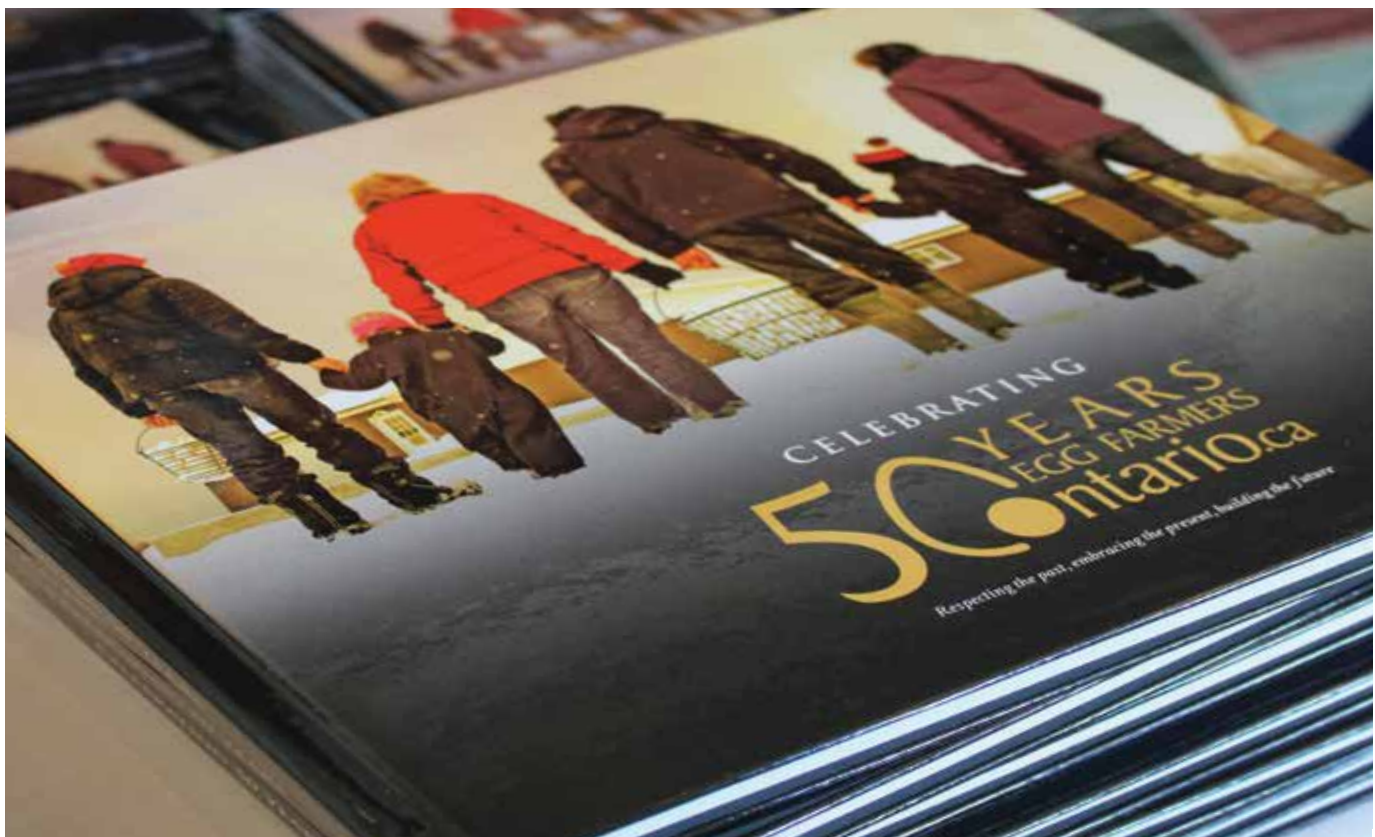
Above: EFO's website restructuring included an updated look; and below: EFO's award-winning commemorative book.

www.getcracking.ca as a consumer website and www.eggfarmersofontario.ca exclusively as a farmer site. Updates to both websites were launched the week of August 4 and included a fresh new look.

EFO's 50th Anniversary

To celebrate this significant milestone, EFO published the award winning book *Celebrating 50 years of Egg Farmers of Ontario*. This full-colour, hard-cover publication was created with Farm Boy Productions and captured not only present day farmers, but also encapsulated the history of EFO. Hundreds of farmer interviews were conducted to complete the book, with over 230 egg farm family stories and photographs. A companion video was created, with messages from government officials, industry partners, EFO's Chair, General Manager and staff, as well as interviews with farm families from each zone.

A social media campaign was launched in June, using material gathered during the book's production. Various egg farm families were selected to share their stories on Facebook and Twitter which were posted three times a week, until the end of December.



PUBLIC AFFAIRS REPORT

In addition, EFO celebrated over three days during the Annual Meeting, held at the Fallsview Niagara Casino Resort in Niagara Falls in March. A memorabilia room was combined with our promotions area and included banners spanning five decades of corporate history and advertising, a video loop of different advertising campaigns and television ads, past EFO Board members and copies of EFO's newsletter *The Cackler* from 1969 to the present. Also on display was a 1965 Ford Mustang alongside a 2015 Mustang, surrounded by photographs of other corporations and cultural icons also celebrating 50th anniversaries.



Above: Minister of Agriculture, Food and Rural Affairs Jeff Leal presented EFO with a certificate of congratulations.



Above: EFO General Manager Harry Pelissero presented a tree as a parting gift to AGM attendees.

Awards

Egg Farmers of Ontario was proud to be the recipient of two *Best of CAMA* awards from the Canadian Agri-Marketing Association (CAMA). The first award was in the Special Publications category for EFO's publication

Celebrating 50 Years of Egg Farmers of Ontario. The second was for EFO's 2014 Annual Report under the Annual Reports category. The *Best of CAMA* awards program celebrates excellence in agricultural marketing in Canada.

PROMOTIONS

Fairs, Exhibits and Events

During 2015, EFO promoted eggs at over 60 fairs and events. This included the distribution of 200,546 recipes and educational resources, 29,595 shopping pads and 95 gift baskets at various events across Ontario.

With the April outbreak of Avian Influenza (AI), the decision was made to pull EFO's two education trailers from all fairs and events. As a result, EFO had to make changes to displays for the Canadian National Exhibition (CNE) and Western Fair. An interactive exhibit with a spinning prize wheel, feed display, video loop on grading, an antique egg grader and housing display was created and feedback from consumers was positive.

To reach more Ontario fairs, EFO partnered with professional Home Economist and Nutritionist Judy Scott Welden to offer the *Demonstration Kitchen Program*. Five fairs across Ontario were selected from over 16 applications. To complement this program, EFO became the presenting sponsor for the *Road to the Royal Chef Competition*. The contest was held at five Ontario fairs, where chefs from local restaurants vied for the opportunity to make it to the finals, held during the Royal Agricultural Winter Fair. Hosted by Canadian chef and cookbook author Ted Reader, local egg farmers were also on hand to present eggs as the secret ingredient to competitors.

Table-top displays were created for each Zone, showcasing the story from farm to table. The original display included a housing display, but was not utilized in 2015 due to the AI outbreak.

Once again, EFO partnered with the *Travellin' Farmer* exhibit to extend our outreach in Eastern Ontario.



Above: The demonstration kitchen at the Uxbridge Fair.



Above: The stage being prepared for the Road to the Royal Chef's Competition in Barrie.

Sponsorship

Each Zone was provided \$15,000 in 2015 to support local initiatives which included assistance for sports teams, community and lifestyle events as well as egg donations.

Egg Farmers of Ontario sponsored Toronto's first and only breakfast food truck. Owned and operated by Chef Thomas Januszewski, *The Egg Man Inc.* food truck travels across Toronto offering a full line of egg menu items. Zone 9 egg farmer Stephanie Nanne is displayed on one side of the truck as part of EFO's sponsorship.

A partnership between the Ottawa Senators National Hockey League (NHL) team and EFO was formed, establishing eggs as the *Official Breakfast Protein* of the team. This collaboration included advertising on the jumbotron, digital ads throughout



the Canadian Tire Centre and at two community centres with Senators affiliation and the *Get Cracking* logo displayed on the jackets and shovels of the *Ice Crew* during home games. A series of recipe hockey cards were created and distributed at fan events and local egg farmers participated in the *Hometown Tour* pre-season events.

Right: EFO sponsored Zone 10 egg farmer Valerie Grenier on Alpine Canada's ski team, in partnership with the Fédération des producteurs d'œufs du Québec.



Literature and Promotion

During 2015, the *Geertsma Family Spiced Egg Cookie* spice card was developed. In addition to the 42,000 cards printed for Ontario, 33,500 cards were printed for other provincial egg boards.

The brochure, *Grade A Goodness*, was created for use at events across Ontario. Over 50,000 copies of the consumer guide to egg storage, freezing, egg sizes and substitutions was printed.



Above: Farmer Stephanie Nanne on the Egg Man Inc. food truck.



Above: The Ice Crew are ready to Get Cracking and clear the ice for the Ottawa Senators.



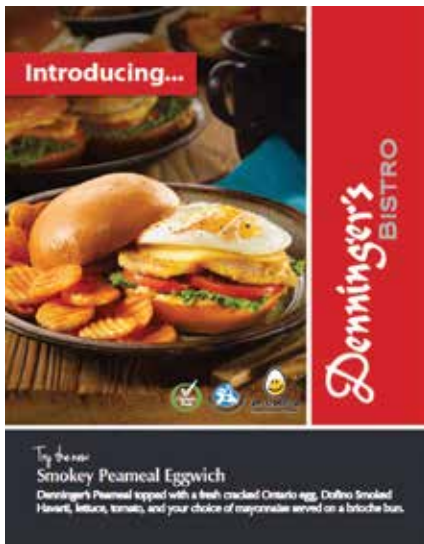
Above: The resource Grade A Goodness was created during 2015, in French and English.

PUBLIC AFFAIRS REPORT

Foodservice

More than 75 foodservice operators were contacted through personal visits to independent restaurants, meetings at chain head offices and contact at trade shows, resulting in 58 customized egg promotions for foodservice operators such as Denningers, Sodexo and Paddington's Pump. Just over 40 different locations used our point-of-purchase materials, including table cards, posters, banners and loyalty cards.

The new online portal for foodservice operators was finalized and launched at the Restaurants Canada Show. *Egg Chef* is a password-protected site that allows operators to go online and create customized menu and point-of-sale material to be printed and shipped directly to their restaurants.



Foodservice operations such as Denningers (above) used the foodservice custom promotions and (right) a promo card used to promote Egg Chef.

Social Responsibility

Beginning with the 2015-2016 school year, EFO established a partnership with the *Ontario Student Nutrition Program Network*. This will result in grants to schools within the 14-region network to

The advertisement for Egg Chef features a large, bold title 'EGG CHEF' at the top. Below it, the text reads 'Free, customized POS materials to promote your egg menu items!'. The main visual is a collection of promotional materials: a table card titled 'WHO MADE YOUR EGGS TODAY?' featuring a photo of a woman and the text 'TAMIA BURGESS Professional Egg Farmer Lonsdale, ON', and a poster titled 'HOW WOULD YOU LIKE YOUR EGGS TODAY?' with two menu items: 'BREAKFAST SPECIAL 2 fresh Ontario eggs \$6.99' and 'EGGS BENEDICT 2 poached eggs \$11.99'. The poster also includes the text 'Available from 6am - Closing' and 'YOUR LOGO HERE'. At the bottom, the Egg Farmers Ontario.ca logo is displayed, along with the text 'Designed for foodservice operators to create customized marketing materials to promote eggs to your customers for FREE.' and 'Sign up today at eggchef.ca'.

help purchase eggs or refrigeration and cooking equipment to provide the ability to offer eggs as part of breakfast programs. Resources and training to breakfast program operators are also part of this ongoing partnership.

The *Food Bank Egg Donation Program*, initiated in 2014, continued and 12,000 dozen eggs per month was provided to Ontario food banks. As a result, over \$250,000 worth of eggs were donated to the Ontario Association of Food Banks in 2015.



GOVERNMENT RELATIONS

Throughout 2015, various EFO members including the Chair, Board Directors, General Manager and staff attended a range of political events.



Above: Dianne McComb, Zone 2 Director, Jeff Leal, Minister of Agriculture, Food and Rural Affairs and Scott Graham, EFO Chair share a laugh during the Queen's Park Farmers' Market.

On June 4, the annual Queen's Park Farmers' Market was held on the lawn of the Legislature Building at Queen's Park. Attending was EFO Chair Scott Graham and Zone 2 Director Dianne McComb, who handed out macarons for sampling.

The 17th Annual Omelette Breakfast was held October 1 in the Legislative Dining Room at Queen's Park. More than 50 Members of Provincial Parliament (MPPs) and over 100 legislative staff members enjoyed omelettes prepared by EFO Directors using fresh, Ontario eggs.

After the federal election on October 19, EFO sent a post-election welcome to new Members of Parliament (MPs) which included a copy of our anniversary book. Returning MPs were sent a message of congratulations along with a microwave egg cooker package.

Once again, EFO staff and Directors participated in the Ontario Public Service

(OPS) Easter and Thanksgiving food drives. In total, EFO provided more than 8,000 dozen eggs to the Daily Bread Food Bank as part of these two events.



Above: Zone 3 Director Dan Veldman with Premier Kathleen Wynne during the Ontario Public Service Food Drive.



Above: Roger Pelissero, Zone 4 Director, Arthur Potts, Parliamentary Assistant to the Minister of Agriculture, Food and Rural Affairs and Scott Helps, EFO Vice Chair at the MPP Omelette Breakfast.

EGG FARMERS OF ONTARIO FINANCIAL STATEMENTS

For the 52 week period
ended December 26, 2015



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 26, 2015, 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

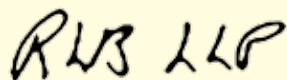
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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 26, 2015, 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 Professional Accountants
Licensed Public Accountants
Guelph, Ontario

March 3, 2016

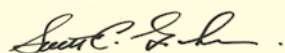
EGG FARMERS OF ONTARIO STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 26, 2015

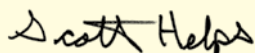
	2015	2014
Assets		
CURRENT		
Cash	\$ 8,950,627	\$ 9,589,030
Cash in trust - QTS	1,605,174	3,746,340
Short term investments - due in less than 12 months <i>(note 6)</i>	2,305,180	3,863,873
Accounts receivable levies	3,970,727	4,956,039
Accounts receivable from EFC	4,216,794	3,587,817
Per bird levy receivable	582,386	404,283
Accounts receivable investments - PIE	164,884	443,884
Accrued interest receivable	7,846	10,251
Industrial product receivables	1,639,385	1,296,135
Prepaid expenses, inventory and other receivables	<u>1,452,355</u>	<u>723,904</u>
	<u>24,895,358</u>	<u>28,621,556</u>
LONG TERM INVESTMENTS - due in more than 12 months <i>(note 6)</i>	<u>6,490,596</u>	<u>2,839,610</u>
CAPITAL ASSETS <i>(note 7)</i>	<u>483,778</u>	<u>510,267</u>
OTHER INVESTMENTS - PIE	<u>0</u>	<u>1,000,000</u>
	<u>\$ 31,869,732</u>	<u>\$ 32,971,433</u>
Liabilities		
CURRENT		
Accounts payable and accrued liabilities	\$ 4,956,684	\$ 4,514,780
Accounts payable in trust - QTS	1,605,174	3,746,340
Accounts payable to EFC	5,842,427	4,410,047
Producers' payable - EFP	2,404,565	1,582,911
Per bird levy payable	2,237,103	2,836,714
Government remittances payable (HST)	<u>0</u>	<u>280,544</u>
	<u>17,045,953</u>	<u>17,371,336</u>
Net Assets		
Net assets invested in capital assets	483,778	510,267
Internally restricted for bacteria control <i>(note 8)</i>	1,704,657	1,714,329
Internally restricted for special projects <i>(note 9)</i>	1,824,252	1,324,252
Internally restricted pullet quota sales <i>(note 10)</i>	447,893	435,837
Internally restricted for layer leasing <i>(note 11)</i>	2,379,992	2,245,964
Internally restricted for Rellidep™ project <i>(note 16)</i>	1,000,000	1,000,000
Internally restricted for disease initiative <i>(note 17)</i>	1,896,729	2,073,591
Unrestricted net assets	<u>5,086,478</u>	<u>6,295,857</u>
	<u>14,823,779</u>	<u>15,600,097</u>
	<u>\$ 31,869,732</u>	<u>\$ 32,971,433</u>

see notes to the financial statements

APPROVED ON BEHALF OF THE BOARD:



Scott Graham, Chair



Scott Helps, Vice Chair

EGG FARMERS OF ONTARIO STATEMENT OF CHANGES IN NET ASSETS

FOR THE 52 WEEK PERIOD ENDED DECEMBER 26, 2015

	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 RELLIDEP™ PROJECT (NOTE 16)	INTERNALLY RESTRICTED FOR DISEASE INITIATIVE (NOTE 17)	UNRESTRICTED	52 WEEKS 2015 TOTAL	52 WEEKS 2014 TOTAL
BALANCE										
Beginning of period	\$510,267	\$1,714,329	\$1,324,252	\$435,837	\$2,245,964	\$1,000,000	\$2,073,591	\$6,295,857	\$15,600,097	\$11,600,525
(Deficiency) excess of revenue over expenditures	(95,636)	(9,672)	0	12,056	2,409,190	0	(176,862)	(2,915,394)	(776,318)	3,999,572
Invested in capital assets (net)	69,147	0	0	0	0	0	0	(69,147)	0	0
Transfers (note 18)	0	0	500,000	0	(2,275,162)	0	0	1,775,162	0	0
BALANCE										
End of period	<u>\$483,778</u>	<u>\$1,704,657</u>	<u>\$1,824,252</u>	<u>\$447,893</u>	<u>\$2,379,992</u>	<u>\$1,000,000</u>	<u>\$1,896,729</u>	<u>\$5,086,478</u>	<u>\$14,823,779</u>	<u>\$15,600,097</u>

see notes to the financial statements

EGG FARMERS OF ONTARIO STATEMENT OF OPERATIONS

FOR THE 52 WEEK PERIOD ENDED DECEMBER 26, 2015

	BUDGETED 52 WEEKS 2015 <i>(NOTE 5)</i>	ACTUAL 52 WEEKS 2015	ACTUAL 52 WEEKS 2014
REVENUE			
Levies and licence fees	\$ 75,017,030	\$ 68,451,084	\$ 83,792,169
Less			
National IP fees <i>(note 12)</i>	56,474,878	49,778,176	61,507,866
EFC administration levies <i>(note 12)</i>	6,928,531	7,005,319	6,762,803
Per bird levy rebate	<u>2,100,000</u>	<u>1,614,736</u>	<u>2,188,565</u>
Levies and licence fees retained	9,513,621	10,052,853	13,332,935
Investment and other income	110,200	147,287	196,418
Layer leasing revenue <i>(note 11)</i>	1,638,307	3,923,542	2,412,593
EFP program <i>(schedule I)</i>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
	<u>11,312,128</u>	<u>14,173,682</u>	<u>15,991,946</u>
EXPENDITURES			
IP program <i>(schedule II)</i>	3,972,875	4,330,797	3,761,465
Public Affairs	3,000,000	2,871,641	2,542,087
Administrative expenses <i>(schedule III)</i>	5,802,854	5,445,065	5,031,355
Research, grants, scholarships and memberships <i>(note 15)</i>	517,250	613,667	345,859
EFC layer leasing service fee <i>(note 11)</i>	<u>0</u>	<u>1,543,550</u>	<u>166,629</u>
	<u>13,292,979</u>	<u>14,804,720</u>	<u>11,847,395</u>
TOTAL OPERATING EXCESS OF (EXPENDITURES OVER REVENUE)			
REVENUE OVER EXPENDITURES for the fiscal period	<u>\$ (1,980,851)</u>	<u>\$ (631,038)</u>	<u>\$ 4,144,551</u>
INTERNALLY RESTRICTED ASSET (EXPENDITURES) REVENUE			
Bacteria control <i>(note 8)</i>		(9,672)	26,250
Pullet quota sales <i>(note 10)</i>		12,056	(50,513)
Disease initiative <i>(note 17)</i>		(176,862)	(120,716)
Layer leasing <i>(note 11)</i>		<u>29,198</u>	<u>0</u>
		<u>(145,280)</u>	<u>(144,979)</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES			
for the fiscal period		<u>\$ (776,318)</u>	<u>\$ 3,999,572</u>

see notes to the financial statements

EGG FARMERS OF ONTARIO STATEMENT OF CASH FLOWS

FOR THE 52 WEEK PERIOD ENDED DECEMBER 26, 2015

	52 WEEKS 2015	52 WEEKS 2014
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenditures	\$ (776,318)	\$ 3,999,572
Add: Items not involving cash		
Amortization of capital assets	95,636	98,981
Loss on disposal of capital assets	<u>0</u>	<u>13,646</u>
	<u>(680,682)</u>	<u>4,112,199</u>
Net change in non-cash operational balances		
Accounts receivable levies	985,312	(346,283)
Accounts receivable from EFC	(628,977)	83,250
Per bird levy receivable	(178,103)	(64,119)
Accounts receivable investments - PIE	279,000	(387,884)
Accrued interest receivable	2,405	(5,185)
Industrial product receivables	(343,250)	(115,425)
Prepaid expenses, inventory and other receivables	(728,451)	(413,491)
Government remittances payable (HST)	(280,544)	236,915
Short term investments	1,558,693	1,946,590
Accounts payable and accrued liabilities	441,904	512,611
Accounts payable to EFC	1,432,380	(166,640)
Accounts payable in trust - QTS	(2,141,166)	3,746,340
Producers' payable - EFP	821,654	265,452
Per bird levy payable	<u>(599,611)</u>	<u>336,918</u>
	<u>621,246</u>	<u>5,629,049</u>
	<u>(59,436)</u>	<u>9,741,248</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Long term investments	(3,650,986)	(927,711)
Purchase of capital assets	(69,147)	(84,277)
Other investments - PIE	<u>1,000,000</u>	<u>444,000</u>
	<u>(2,720,133)</u>	<u>(567,988)</u>
CHANGE IN CASH		
	(2,779,569)	9,173,260
CASH, beginning of fiscal period	<u>13,335,370</u>	<u>4,162,110</u>
CASH, end of fiscal period	<u>\$ 10,555,801</u>	<u>\$ 13,335,370</u>
Cash includes the following:		
Cash	8,950,627	9,589,030
Cash in trust - QTS	<u>1,605,174</u>	<u>3,746,340</u>
	<u>\$ 10,555,801</u>	<u>\$ 13,335,370</u>

see notes to the financial statements

EGG FARMERS OF ONTARIO NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEK PERIOD ENDED DECEMBER 26, 2015

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 payable 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 marketing 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, \$1,605,174 (2014 - \$3,746,340) is restricted from current use other than for the payment of trust liabilities.

4. FINANCIAL INSTRUMENTS

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 their financial instruments.

The extent of the organization's exposure to these risks did not change in 2015 compared to the previous period.

5. BUDGETED FIGURES

The budgeted figures are presented for comparison purposes as prepared and approved by the Board of Directors on December 11, 2014, reclassified to conform to the current financial statement presentation. They have not been audited or reviewed by the auditor.

EGG FARMERS OF ONTARIO NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEK PERIOD ENDED DECEMBER 26, 2015

6. INVESTMENTS

Egg Farmers of Ontario has invested surplus cash in bonds, GICs and fixed income ETFs maturing at various dates from 2016-2022, administered by RBC Dominion Securities and BMO Nesbitt Burns. Bond and GIC interest rates vary from 1.31% to 3.57%. Investments are accounted for at fair market value.

7. CAPITAL ASSETS

	COST	ACCUMULATED AMORTIZATION	NET 2015	NET 2014
Land	\$ 162,000	\$ 0	\$ 162,000	\$ 162,000
Office equipment	1,320,964	1,222,411	98,553	38,651
Building	646,672	495,154	151,518	167,685
Automobiles	85,953	60,216	25,737	36,768
Promotional trailers	42,755	40,803	1,952	2,789
Computer equipment	443,611	399,593	44,018	102,374
	<u>\$ 2,701,955</u>	<u>\$ 2,218,177</u>	<u>\$ 483,778</u>	<u>\$ 510,267</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 \$22,066 (2014 - \$26,250). Expenses paid from the bacteria control account during 2015 totalled \$31,738 (2014 payment - \$nil) for a net decrease of \$9,672.

9. INTERNALLY RESTRICTED SPECIAL PROJECTS

The special projects account is for the funding of egg research and other special projects. During 2015, \$500,000 was transferred from the unrestricted net assets to the internally restricted special projects account (2014 transfers - \$nil).

10. INTERNALLY RESTRICTED PULLET QUOTA SALES PROJECT

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. In 2015, \$6,358 was transferred from pullet leasing pool to pullet quota fund (2014 - \$57,658 was transferred from pullet quota fund to pullet leasing pool). During the period, \$5,698 of interest has been earned on this revenue and has been allocated to the pullet quota sales account for a net increase of \$12,056 (2014 - \$50,513 decrease).

11. INTERNALLY RESTRICTED LAYER LEASING PROJECT

The layer leasing account is for the leasing of quota to producers that have capacity. During the year, \$2,275,162 was transferred to the unrestricted net assets from the internally restricted layer leasing account (2014 - \$2,245,964 was transferred out of unrestricted net assets to internally restricted layer leasing).

During the year the internally restricted layer leasing project had the following revenue in excess of expenditures:

	2015
Layer Leasing revenue	\$ 3,923,542
EFC layer leasing service fee	(1,543,550)
Investment and other income	29,198
Excess of revenue over expenditures	<u>\$ 2,409,190</u>

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 26, 2015	DECEMBER 27, 2014
National IP fee	22.50	26.50
EFC administrative levy	3.25	3.25
Ontario administrative and research levy	2.60	2.60
Ontario reserve	(2.00)	3.50
Provincial IP levy	<u>2.90</u>	<u>2.90</u>
Total producer portion	29.25	38.75
Grading station portion (voluntary)	<u>0.02</u>	<u>0.02</u>
Total levy collected	<u><u>29.27</u></u>	<u><u>38.77</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:

2016	\$ 1,250,400
2017	250,000
2018	230,000
2019	105,000
2020	<u>105,000</u>
	<u>\$ 1,940,400</u>

15. RESEARCH, GRANTS, SCHOLARSHIPS AND MEMBERSHIPS

DESCRIPTION	RECIPIENT	2015	2014
Research projects and administration	Poultry Industry Council (PIC)	\$ 155,650	\$ 146,400
Farm and Food Care Ontario		88,850	38,850
Advanced Agricultural Leadership Program		10,000	10,000
Ontario Chamber of Commerce		4,000	4,000
Ontario Agri-Food Technologies		2,500	2,500
Ontario Agricultural Hall of Fame		1,000	1,000
Other Sponsorships/Memberships		3,750	3,000
IEC Membership and Research		1,589	35,152
Center for Food Integrity		12,255	11,087
Livestock Research Innovation Corporation (via PIC)		10,000	10,000
OFA Funding Request		0	2,000
Pullet Growers of Canada Membership		83,004	81,870
Scholarship for Graduate Student	University of Guelph	5,000	0
McGill Project		<u>236,069</u>	<u>0</u>
		<u>\$ 613,667</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 an antidepressant medicine using eggs as a source.

EGG FARMERS OF ONTARIO NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEK PERIOD ENDED DECEMBER 26, 2015

17. INTERNALLY RESTRICTED DISEASE INITIATIVE

This account represents funds received from EFC to cover S.e. related matters. A total of \$202,798 was paid during 2015 (2014 - \$153,622) for expenses related to the disease initiative. During the period, \$25,936 (2014 - \$32,906) of interest has been earned on this revenue and has been allocated to the disease initiative account for a net decrease of \$176,862 (2014 - \$120,716 decrease).

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, internally restricted for special projects and internally restricted for layer leasing. The transfer to the internally restricted for special projects fund was made to bring the balance to the level required based on future requirements. The transfer from the internally restricted for layer leasing fund was an annual transfer of the prior year balance and its related interest to the unrestricted net assets fund.

19. COMPARATIVE FIGURES

Certain prior year figures presented for comparative purposes have been reclassified to conform to the current fiscal period's presentation.

EGGS FOR PROCESSING PROGRAM

FOR THE 52 WEEK PERIOD ENDED DECEMBER 26, 2015

SCHEDULE I	52 WEEKS 2015	52 WEEKS 2014
Revenues		
Producer EFP revenue	\$ 28,988,634	\$ 28,176,926
EFP producer refund	<u>(13,491,536)</u>	<u>(9,176,361)</u>
	15,497,098	19,000,565
EFP sales to breakers	<u>16,273,340</u>	<u>13,255,334</u>
	<u>31,770,438</u>	<u>32,255,899</u>
Costs		
Egg purchases	29,515,199	29,975,643
EFP administration costs	47,165	53,136
Transportation	466,424	478,255
Packaging	178,068	178,828
Grading handling allowance	<u>1,513,582</u>	<u>1,520,037</u>
	<u>31,720,438</u>	<u>32,205,899</u>
EFP program revenue	<u>\$ 50,000</u>	<u>\$ 50,000</u>

INDUSTRIAL PRODUCT PROGRAM

FOR THE 52 WEEK PERIOD ENDED DECEMBER 26, 2015

SCHEDULE II	BUDGETED 52 WEEKS (NOTE 5)	52 WEEKS 2015	52 WEEKS 2014
Revenues			
Producer IP revenue	\$ 85,113,600	\$ 73,729,825	\$ 77,344,911
Costs			
Egg purchases	84,393,400	73,823,803	76,748,585
Packaging	483,600	435,765	444,546
Labelling and other costs	5,000	2,395	2,812
Grading handling allowance	4,110,600	3,704,007	3,778,639
Field supplies and S.e. testing	<u>93,875</u>	<u>94,652</u>	<u>131,794</u>
	<u>89,086,475</u>	<u>78,060,622</u>	<u>81,106,376</u>
IP program loss	<u>\$ (3,972,875)</u>	<u>\$ (4,330,797)</u>	<u>\$ (3,761,465)</u>

EGG FARMERS OF ONTARIO ADMINISTRATIVE EXPENSES

FOR THE 52 WEEK PERIOD ENDED DECEMBER 26, 2015

	BUDGETED 52 WEEK 2015 <i>(NOTE 5)</i>	ACTUAL 52 WEEKS 2015	ACTUAL 52 WEEKS 2014
SCHEDULE III			
Administrative Expenses			
Salaries support	\$ 2,337,938	\$ 2,439,511	\$ 2,294,291
Employee benefits	513,581	506,940	498,017
Staff professional development and travel	189,500	155,422	157,176
Travel - fieldstaff	307,000	261,679	292,153
Annual and producer meetings	355,750	389,899	263,194
Directors			
Per diem	425,000	404,885	409,644
Expenses	447,000	270,334	304,233
Trade	20,230	11,555	0
FarmGate5	4,000	224	200
HACCP/ACP Third-Party Audit	141,000	59,000	4,335
Amortization	95,500	95,636	98,981
Office supplies and printing	46,850	44,402	35,419
Building expenses	170,500	130,642	113,862
Equipment rental and maintenance	113,930	93,193	86,204
Professional fees			
Legal	178,700	151,199	138,234
Audit	30,500	30,500	30,000
Consulting	55,000	59,930	42,458
Councillors' grants	26,800	24,600	21,200
Telephone and fax	21,500	18,592	17,690
Postage	25,000	23,451	23,029
Insurance	39,375	28,856	30,016
Bank charges	7,200	6,466	6,486
Loss on disposal of assets	0	0	13,646
Bad debts	1,000	0	0
Food Bank donations	250,000	238,149	150,887
	<u>\$ 5,802,854</u>	<u>\$ 5,445,065</u>	<u>\$ 5,031,355</u>

see notes to the financial statements

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Harry Pelissero

Egg Farmers of Canada Representative

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Egg Farmers of Canada Alternate

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Dianne McComb

Ontario Federation of Agriculture Representative

Dianne McComb

Poultry Industry Council Representative

Brian Miller

Pullet Growers of Canada Representative

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Valerie Jones Drew

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 Department Administrative Assistant

Sara Burchell

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

Communications Liaison

Pam Passerino

Public Affairs Coordinator

Morgan Baker

Public Affairs Assistant

Stephanie Sabo

Director of Operations

Albert Visser

Project Manager

Pamela Kuipers

Inspectors

Jodi Cooper-Smith

Terry Gray

Connie Hutchinson

Guylain Levac

Jeff Parker

Miranda Wright

Investigation Unit Manager

Steve Calma

Inspectors/Investigator

Al Jones

Justin Patterson

Ryan Trim

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