



eggs FARM TO TABLE FRESH

GRADE A
generations

QUALITY
CARE



FRESH
TRADITION



TRUST

goodness

**ANNUAL
REPORT
2018**



get cracking®
Egg Farmers of Ontario



**THE MISSION OF EGG FARMERS OF ONTARIO
IS TO PROVIDE CUSTOMERS WITH A SUPPLY OF
SAFE, HIGH-QUALITY EGGS AT A FAIR PRICE AND
A RETURN TO EGG AND PULLET FARMERS ACHIEVED
THROUGH FAIR FARM PRICING, WITHIN A STABLE
NATIONAL SUPPLY MANAGEMENT SYSTEM.**



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Pulling together Egg Farmers of Ontario's (EFO's) annual report is always a reflective process. The main sentiment I feel as Chair this year is simply how fortunate we all are to be in the business of producing eggs for Ontario consumers.



MESSAGE FROM THE CHAIR

Scott Graham

The positives behind this outlook are fair and stable returns for our product, rising consumer demand, increasing efficiency of the amazing birds under our care, new housing systems and technology to manage their environment, record numbers of new entrants during the last several years and last, but not least, the supportive, engaged and collaborative stakeholders both upstream and downstream from our farms.

On the trade front, although it still must be ratified by all three countries, the signing of the *Canada-United States-Mexico Agreement* (CUSMA) may foretell a period of trade stability that should benefit our entire country. No one likes giving up another 1.7% of our market over time, but there are some positives. Access is set at specific quantities and will not grow as our markets grow, and over-quota tariffs charged on eggs entering Canada were not changed.

On the domestic front, our sector took steps at the provincial and national level to come to grips with the reality that some of the administrative aspects underpinning our successful supply management systems were designed in the 1970s environment of declining markets. Our farm leadership now understands the need to achieve some rethinking and retooling to adapt to the challenges and opportunities of growing consumption, and will focus on filling our growing consumer egg markets with the Canadian eggs consumers want in their grocery stores.

At the national level, we pursued allocation increases needed to fill those markets and at year-end had achieved a large allocation increase plus a much-needed increase in Eggs for Processing (EFP) to continue to pursue our need to fill all markets.

On the pullet side of our business, a farmer consultation was held along with a review of the existing *Pullet Leasing Pool Policy*. Changes to the policy were made to maintain fairness and transparency for our pullet growers.

Although there have been changes on multiple levels in 2018, they are updates designed to make positive improvements throughout our sector. Through continuing advancements, together we will ensure the prosperity and strength of egg farming in Ontario.

As always, I would like to thank our farmers for the continued privilege to serve as Chair with a strong and talented Board of Directors, representing the ongoing interests of all Ontario egg and pullet farm families.

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

Change is inevitable and dealing with change in positive and effective ways continued to be the focus of Egg Farmers of Ontario's (EFO's) management for 2018.



MESSAGE FROM THE GENERAL MANAGER

Harry Pelissero

The growth of egg consumption continued to bring positive results to our industry; however it also presents challenges to our system of egg supply.

In 2018, Ontario continued to successfully manage hen inventories in an attempt to keep up with rapidly growing markets. Efforts at the national level led to the approval in December of the largest-ever allocation increase, resulting in an increase of almost 500,000 birds on Ontario egg farms beginning in 2019. At the same time, an increase in Eggs for Processing (EFP) birds will also help the urgent need to fill all processing markets with domestic eggs.

Other changes requiring significant efforts from the Egg Team in 2018 included work at the farm, administrative and marketing levels to prepare for the launch of the *Egg Quality Assurance* (EQA) program in early 2019. EQA is the culmination of work initiated by EFO several years ago to protect consumer choice of eggs in the marketplace. It will encompass eggs from all housing types included in the transition plan under the revised *Code of Practice for the Care and Handling of Pullets and Laying Hens, Start Clean-Stay Clean™* and *Animal Care* programs.

Another positive change in the egg marketplace was the growing trend to serve 100 per cent Canadian eggs by progressive restaurants and foodservice market leaders. This move was strongly appreciated by consumers and egg farmers.

Change also flowed from the 2018 provincial election and EFO continued its long-term approach to maintaining strong relationships with elected representatives from all parties.

An influx of new egg farmers in the last several years equal to almost 10 per cent of current numbers has meant additional demands on the Egg Team, along with the ongoing changes in production environments required for all existing egg and pullet farmers in the province.

Our efforts will continue to focus on looking back to understand why, determine how the sector must continue to adapt to change and use that knowledge to move forward and provide all markets with eggs from Ontario's egg and pullet farm families for the consumers we serve.

A handwritten signature in black ink, which appears to read "H. Pelissero". The signature is written in a cursive, flowing style.

BOARD OF DIRECTORS



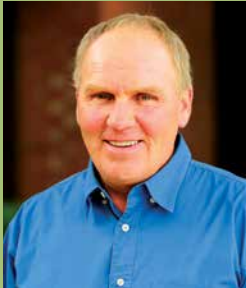
ZONE 1

Director: Scott Helps
(Vice Chair and EFC Rep)
Counties of Essex, Kent and Lambton
Number of Egg Quota Holders: 47
Number of Layers: 951,999
Number of Pullet Quota Holders: 9
Number of Pullets: 616,641



ZONE 2

Director: Dianne McComb
County of Middlesex
Number of Egg Quota Holders: 48
Number of Layers: 577,262
Number of Pullet Quota Holders: 19
Number of Pullets: 1,364,330



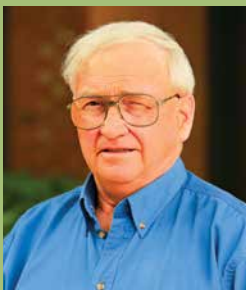
ZONE 3

Director: Dan Veldman
Counties of Elgin, Oxford and that part of the Regional Municipality of Haldimand-Norfolk that, on the 31st day of March 1974, was the County of Norfolk
Number of Egg Quota Holders: 39
Number of Layers: 637,219
Number of Pullet Quota Holders: 7
Number of Pullets: 568,767



ZONE 4

Director: Roger Pelissero
County of Brant, the Regional Municipalities of Hamilton-Wentworth and Niagara and that part of the Regional Municipality of Haldimand-Norfolk that, on the 31st day of March 1974, was the County of Haldimand
Number of Egg Quota Holders: 29
Number of Layers: 617,426
Number of Pullet Quota Holders: 10
Number of Pullets: 629,419



ZONE 5

Director: Brian Miller
County of Huron
Number of Egg Quota Holders: 48
Number of Layers: 826,195
Number of Pullet Quota Holders: 11
Number of Pullets: 839,047



ZONE 6

Director: Scott Graham (Chair)
County of Perth, the Regional Municipality of Waterloo and the City of Waterloo
Number of Egg Quota Holders: 54
Number of Layers: 881,723
Number of Pullet Quota Holders: 22
Number of Pullets: 1,533,435



ZONE 7

Director: Scott Brookshaw
Counties of Bruce, Dufferin, Grey and Wellington
Number of Egg Quota Holders: 57
Number of Layers: 1,738,116
Number of Pullet Quota Holders: 21
Number of Pullets: 1,925,194



ZONE 9

Director: Craig Hunter
EAST: Counties of Dundas, Frontenac, Grenville, Lanark, Leeds, Lennox and Addington, Renfrew and the Regional Municipality of Ottawa-Carleton
NORTH: Territorial Districts of Ontario consisting of Algoma, Cochrane, Parry Sound, Kenora, Rainy River, Sudbury, Timiskaming and Thunder Bay
Number of Egg Quota Holders: 13
Number of Layers: 1,088,942
Number of Pullet Quota Holders: 6
Number of Pullets: 2,271,851



ZONE 8

Director: Hubert Schillings
Regional Municipalities of Halton and Peel, the Counties of Haliburton, Hastings, Northumberland, Peterborough, Prince Edward, Simcoe and Victoria, the Regional Municipalities of Durham and York and the District Municipality of Muskoka
Number of Egg Quota Holders: 22
Number of Layers: 483,769
Number of Pullet Quota Holders: 4
Number of Pullets: 316,492



ZONE 10

Director: Marc Bourdon
Counties of Glengarry, Prescott, Russell and Stormont

Number of Egg Quota Holders: 47
Number of Layers: 1,357,568
Number of Pullet Quota Holders: 17
Number of Pullets: 851,670



PULLET

Director: Andrew DeWeerd
Total Number of Pullet Quota Holders: 126
Total Number of Pullets: 10,916,846



ZONE MAP



EGG FARMERS OF CANADA DIRECTOR'S REPORT

Substantial progress through growth and innovation

As we look back at 2018, it is clear that Canadian egg farmers are in a better place than they were just 12 months ago.

While things did not always break our way this year, there are four reasons for feeling confident:

- The trade issues that created so much anxiety through the year have been settled, ending the uncertainty about the future.
- Now that we know what we are up against, we can develop strategies to mitigate the negative impacts of the trade agreements.
- Our industry continues to grow.
- We have made substantial progress in non-trade areas—something that was often lost in the headlines of 2018.

It is important to remember that our industry continues to grow. 2018 marks 12 years of sustained growth for our industry.

Trade

Trade was the big story of the year. The *Trans-Pacific Partnership* had been in question ever since the United States signalled in 2017 it was pulling out. Early in 2018, the 11 remaining signatory countries reached an agreement to revive the accord, under a new name, the *Comprehensive and Progressive Agreement for Trans-Pacific Partnership*, or CPTPP.

While the CPTPP brings tremendous opportunity to Canada, we were disappointed to learn that the market access concessions agreed to for eggs in the original agreement, mainly in response to U.S. demands, were not suspended—even though the U.S. is not part of the revived agreement.

This outcome placed even greater pressure on the ongoing *North American Free Trade Agreement* negotiations, which also concluded in 2018 with the announcement of the new *Canada-United States-*

Mexico Agreement. As the talks progressed, it became obvious that while the Canadian government intended to defend supply management, this did not mean that there would be no additional access by foreign producers to our sector.

When the deal finally came, our colleagues in the dairy sector were hit the hardest, with impacts coming across the poultry sector as well. While we were once again disappointed with the outcome, there is comfort in knowing that the roller coaster negotiations have come to an end, and now that we know what the rules are, we can develop strategies to mitigate any negative impacts.



Growth

At the end of the day, it is important to remember that our industry continues to grow. 2018 marks 12 years of sustained growth, with a 4.1 per cent increase in the sales of shell eggs recorded for the first three quarters of the year. During the same period (between January

to December 2018), an additional 700,000 hens were added into production, strengthening our ability to meet this growing demand with eggs produced on Canadian farms.

Surveys have shown that Canadians are keen to purchase not only a nutritious, affordable food item, but to buy something that is produced by Canadians, for Canadians.

Progress

We made significant advances on several fronts by leveraging collaboration within the industry and a commitment to continuous improvement. The new *Egg Quality Assurance* (EQA) program, for example, is the culmination of an industry-wide initiative and decades of work to set up and implement quality assurance standards. Much of 2018 was spent working with our supply chain to establish and secure partnerships so this quality mark is one step closer to appearing on egg cartons in 2019.

Progress was also made to update the national *Animal Care* program requirements. Once its redevelopment process is complete, this longstanding program will be aligned with the requirements of the updated *Code of Practice for the Care and Handling of Pullets and Laying Hens*. While it is anticipated that the updated program will roll out in 2020 at the earliest, a new set of training requirements related to hen housing will take effect in 2019. The aim of these *Interim Housing Standards* is to deepen an understanding of the new housing requirements that will be part of the redeveloped *Animal Care* program. These new standards will offer immediate guidance to farmers and help identify changes that will have to be made at the farm level.

Looking Ahead

We will continue to work on trade deal mitigation strategies in 2019 and on long-term programs like EQA and the *Animal Care* program that demonstrate our commitment to providing Canadians with a quality food produced while continuously improving the conditions for laying hens. We will also be looking to grow our industry. One way to do that will be to highlight the value of eggs produced in Canada. Surveys have shown that Canadians are keen to purchase not only a nutritious, affordable food item, but to buy something that is produced by Canadians, for Canadians.

We will be working in 2019 to get that message out. The progress we have made in opening our industry up to others—through farm tours, meetings, events, outreach and social media—has been unprecedented. These efforts will continue to remind Canadians of the benefits of supply management.

The federal election scheduled for October 2019 provides another opportunity to raise the profile of our industry. Egg Farmers of Canada will continue to remind all political parties that egg farmers, our communities and our economy are better together with supply management. These national efforts are supported by your grassroots efforts to shine a positive light on our farms, our way of producing eggs and the system that makes all this possible.

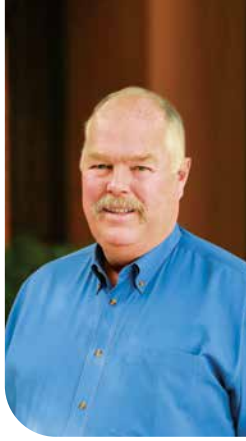


In closing, I want to express my gratitude to my colleagues at the national table and in my province. I also want to thank the staff and the farm families who work tirelessly to make our industry great.

Respectfully submitted,

A handwritten signature in black ink that reads "Scott Helps".

Scott Helps, EFC Director, Ontario



PULLET DIRECTOR'S REPORT

Pullet Perspectives: making progress toward our objectives

Market growth and positive progress at both national and provincial levels continued for several challenges and opportunities facing pullet farmers in 2018.

Nationally, Pullet Growers of Canada (PGC) has been diligently progressing through a number of issues. First, Lucie Gionet stepped down from her position as PGC Executive Director, followed by the hiring of Jennifer Crawford as her replacement.

PGC also hired Seracon Consulting to guide them through the development of a strategic plan. Through consultations that followed, it was learned that the number one concern for pullet growers was the lack of an animal care policy for pullets. It was also felt that a stronger voice is needed for pullet growers.

Since agency status was not approved in 2014, the possibility of pursuing national agency status has been a lingering question. As consensus was not reached on this question, PGC took a decision to not pursue this issue for the time being. This is something that can be reassessed and sought in the future.

We all continued to work together to improve fairness, returns and long-term sustainability and prosperity for all pullet farm families in Ontario.

As a result of the strategic plan, PGC now has *The Care of Pullets Guidebook* which is intended to provide Canadian pullet growers with information enabling them to handle the birds under their care with respect and compassion. This guide, developed by PGC in 2016, is currently being updated according to the new requirements in the *Code of Practice for the Care and Handling of Pullets and Laying Hens*.

During 2018, PGC commissioned a cost of production (COP) survey for pullets – Ontario and Manitoba have been surveyed and work is underway in Quebec and COP data between conventional and aviary housing systems will be compared. The data analysis from this effort is expected in March.

It was also an active year at the provincial level. Following up on concerns about how pullet leasing was working, EFO conducted a farmer consultation and thorough review of the *Pullet Leasing Pool Policy* during 2018.

This process was completed in December and pullet farmers were notified of details of the policy to be effective on January 1, 2019. The foundation of the policy is that pullet quota is the first and primary mechanism to support provincial layer quota allocation with pullet leasing as a secondary tool to support the effective utilization of pullet quota and management of egg production.

Last but not least, in December EFO made a decision to increase Ontario pullet quotas by five per cent for 2019 in response to the strong growth in egg demand and increases in national layer allocation coming and expected to continue in 2019.

I would like to thank pullet farmers for the privilege of serving the interests of their family businesses as Ontario's Pullet Director in 2018 as we all continued to work together to improve fairness, returns and long-term sustainability and prosperity for all pullet farm families in Ontario.

Andrew Deweerd, Pullet Director

3,332,430,912

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

526

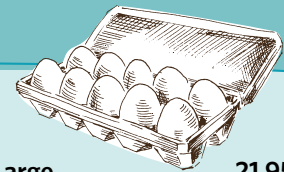
Number of Ontario Egg & Pullet Quotas Held

77.49%

Volume of Ontario egg production to the table market

100%

Per cent of egg production HACCP-certified



AVERAGE PRODUCER PRICES: 2014 TO 2018

SIZE	2014	2015	2016	2017	2018
Extra Large	\$1.90	\$1.90	\$1.85	\$1.96	\$1.96
Large	\$1.90	\$1.90	\$1.85	\$1.96	\$1.96
Medium	\$1.73	\$1.69	\$1.64	\$1.75	\$1.75
Small	\$1.26	\$1.26	\$1.23	\$1.35	\$1.35

ONTARIO'S AVERAGE EGG GRADINGS BY SIZE (%)

Extra Large	21.95%
Large	47.94%
Medium	20.28%
Small	3.63%
Pee Wee	0.54%
Bs, Cs, Cracks, No Grade	5.66%

EGG QUOTA



- 9,200,219 • the amount of Ontario's hen allotment
- 22,829 • the average production quota for egg quota holders
- 9,733,291 • the average weekly inventory
- 529,742 • the amount of egg quota transferred

PULLET QUOTA



- 10,916,846 • the amount of Ontario's pullet allotment
- 88,755 • the average production quota for pullet quota holders
- 286,675 • the amount of pullet quota transferred

31.45

LEVY ADMINISTRATION

the amount of Ontario's egg levy deducted from farmers

3,899,685

ONTARIO INDUSTRIAL PRODUCT

the number of 15-dozen boxes

1,187,242

ONTARIO EFP

the number of 15-dozen boxes



RESEARCH REPORT

The Science of Eggs

Egg Farmers of Ontario (EFO) proudly supports research projects designed to not only create innovation within our sector, but to continuously improve animal welfare, on-farm management and egg quality.

In 2018, EFO approved the following projects:

Nutritional means to enhance skeletal development in pullets and subsequent effects on layer productivity, bone health and welfare

Dr. Elijah Kiarie

Animal Biosciences, University of Guelph

This research examines the effects of diet structure and processing on gut development in pullets and the impact on layer performance. It will also assess the effects of limestone particle size on skeletal development and calcium metabolism in pullets reared in different housing systems and their effects on layer performance, bone health and welfare. Finally, this research will evaluate optimal dietary calcium, phosphorous and vitamin D for enhanced skeletal development in pullets of different genetic background and reared in different housing systems, and effects on layer performance, bone health and welfare.

Initial results show that feeding high calcium in pre-lay diets of pullets did not reduce bone losses by the 50th egg in either brown or white strains. However, white strains require certain amounts of long bone prior to first egg, which indicates that nutritional and management intervention prior to puberty is critical for egg production. The impact of feed structure also shows dramatic differences between the modern strain of white leghorns with their predecessors, as the modern layer can adjust gut weight in response to fibrous feed more than the predecessor.

Initial investigations with aged hens show that additional calcium and vitamin D3 does not improve the quality of cortical bones in aged hens. The best approach is to stimulate skeletal development in pullets to enhance buildup of cortical/structural bone prior to sexual maturation.

Investigation of the pullet housing systems revealed large influences on the ash composition of the bones at the end of lay. The results provide an insight into the impact of the type of housing system in the rearing stage on bone ash/mineral composition.

The role of omega-3 fatty acids in bone development in pullets

Dr. Elijah Kiarie

Animal Biosciences, University of Guelph

The research, funded also by Egg Farmers of Canada and the National Science and Engineering Research Council of Canada, is a study of nutritional strategies to improve bone health. It will investigate the effects of feeding pullet breeders diets enriched with omega-3 fatty acid on embryonic and pullet skeletal development and the effects on productivity, egg quality and bone health in hens.

Results will be transferred into practice through partnerships with feed manufacturers and industries that serve the Canadian egg farmers. Further investigation will be needed to identify an optimal pullet nutrition strategy as influenced by other factors such as genetic background and housing. The researchers will be able to recommend the most efficient pullet nutrition strategy for optimal pullet skeletal development for enhanced hen performance based on these investigations. Since the structural bone formation ceases with the onset of lay, it follows that a logical intervention would be at perinatal stage of hen's life. As dietary omega-3 fatty acid has been shown to influence brain development, behavior and cognition; assessments of pullet behavior and welfare will also be conducted.





Development of evidence-based mental wellness literacy and emergency mental wellness response for Ontario agriculture

Dr. Andria Jones-Bitton

Department of Population Medicine, University of Guelph

Currently in year 2 of 3, this project aims to help the Ontario agricultural industry proactively address the mental well-being of farmers to help build a stronger industry and to facilitate post-crisis recovery and restoration in the sector.

Qualitative interview data collection is complete and analyses are underway. Through the work with the Stakeholder Working Group (SWG), an agriculture-specific mental health literacy training program has been developed and six pilot sessions of the program have been completed. Pre and immediate post-training data were collected and additional data at 3 and 6 months post-training program will be collected to evaluate the impact of the program on knowledge, attitudes and behaviours among participants. Initial data indicate that stress and poor mental health are concerns among participating farmers and that stressors are numerous and multi-faceted.

Data on help-seeking behaviours, including motivations, barriers and perceived ideals for mental health support for farmers have been collected and will be important in informing future mental health programming in agriculture.

Wing use and disuse hypothesis: the missing link to understanding keel bone damage in laying hens

Dr. Alexandra Harlander

University of Guelph, Animal Biosciences

This research is part of the planned collaborative Poultry Cluster project by Dr. Tina Widowski (University of Guelph), Dr. Alexandra Harlander (University of Guelph), Dr. Karen Schwan-Lardner (University of Saskatchewan) and Drs. Bettina Willie and Svetlana Komarova (McGill University). Dr. Harlander's research is specific to keel bone damage (KBD), one of the most challenging health and welfare issues for laying hens raised in alternative housing systems.

Although it is often thought that collision with pen equipment is the leading cause of KBD incidence, this alone does not hold true for KBD in general. The research will assess the effects of wing movements on KBD and the objectives are to investigate the role of wing use and development on KBD - with specific hypotheses about strength of muscle use, unequal use and the effects of wing inactivity.

Experiments where birds are transferred from spatially restrictive to complex housing and vice versa, will be conducted. Using portable ultrasound and X-ray equipment, the research will measure activity levels of individual birds using infrared light sensors to directly link behaviour to muscle mass and keel bone integrity. Findings will lead to revised husbandry practices to reduce the incidence of KBD in laying hens.

The funding provided by Egg Farmers of Ontario will support the purchase of the ultrasound equipment for the project which will be available to all researchers at the University of Guelph.



OPERATIONS REPORT

Preparation is the foundation for success

During 2018, the Operations Department focussed on two key areas: on-farm operations and biosecurity/emergency preparedness.

On-farm Operations

Egg and pullet farmers continue to see the benefits of being part of a growth market. With that growth comes increased activity across the province with new buildings being constructed and new housing systems being installed. Our sector has also been realigning, with respect to housing systems and will continue to do so to 2036 and beyond, in response to the new *Code of Practice for the Care and Handling of Pullets and Laying Hens* that was released in 2017. As housing systems are updated and the number of birds in a housing unit changes, moving forward we will need to look into how we can accurately monitor the hen numbers in our facilities.

Regardless of the housing system, our barns continue to be filled and housed with pullets and hens that are raised and managed by dedicated farmers, supported by knowledgeable industry partners.

Biosecurity begins with you - visits to your farm, and in particular your farm buildings, must be monitored.

All egg and pullet farmers follow national quality standards through our on-farm food safety program – *Start Clean-Stay Clean™* - which also includes a strong *Animal Care Program*. These are audited by Egg Farmers of Ontario (EFO) staff on an annual basis and include independent third-party audits completed annually for one-third of our farms.

In 2018, our inspectors conducted approximately 420 inspections and 140 audits. In addition, 1,357 salmonella enteritidis (Se) tests were carried out by EFO staff. Our field staff team continues to work closely with farmers in administering EFO regulations, policies and our on-farm and animal care programs. Our team is also working closely with farmers to ensure they continue to manage and maintain their facilities so they are always camera ready.

In addition to regular farm inspections and audits, EFO's Operations Department worked diligently to continue updating the new *On-Farm Food Safety* and *Animal Care Program* manuals and record books for layers and held information sessions across the province for farmers. Changes made to these resources are necessary to align with national programs, changes included in the code and the upcoming *Egg Quality Assurance* program being launched in early 2019.

EFO continues to be involved in a bronchitis research project and are testing randomly selected flocks. Industry stakeholders continue to support this endeavour and we appreciate their efforts. While variant strains of bronchitis are always a concern and are still present in Ontario (although not as severe in 2018), it was still an issue that EFO staff monitored in 2018.



Biosecurity and Emergency Response

Disease risks exist for different animal agriculture commodities here and around the world and poultry is no exception. We need to stay vigilant in our biosecurity protocols on and around our farms. Biosecurity begins with you - visits to your farm, and in particular your farm buildings, must be monitored. Egg Farmers of Ontario continues to be an active member of the Feather Board Command Centre (FBCC), and works with the other feather boards to ensure we have the ability to source bulk supplies of biosecurity materials, managed by Agriculture Response Materials Management Inc. (ARMMI). Participation in both of these organizations positions us well for emergency response and to minimize the impact on the poultry industry.

Emergency preparedness is always essential. As a result, EFO staff has been trained in various aspects of emergency response. This includes the ability to conduct either full-barn, partial or smaller flock depopulations. EFO's response trailer has been upgraded this past year and plans are underway to develop a smaller, portable unit. In addition to our own depopulation needs, during 2018 we were also involved in helping other feather boards with some of their barn depopulations when emergencies arose. This is not limited to crisis situations as barn depopulations can be implemented when end-of-lay fowl cannot go out as scheduled or due to unforeseen circumstances. EFO staff carried out 41 depopulations over the course of 2018.

While Ontario has well-developed systems and practices for disease prevention and response, it is important to remember that even during stable periods, it is never the time to become complacent. When bird health issues seem to be under control, we should strive to make sure it stays that way.

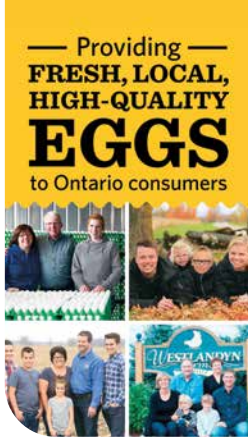
Moving forward into next year, all stakeholders will continue to work with farmers to do help them do what they do best; produce high-quality pullets and high-quality eggs from well-managed, certified farms.



2018 housing statistics



HOUSING TYPE	NUMBER OF PULLETS	NUMBER OF LAYERS
Conventional	9,395,810	7,044,882
Enriched	-	920,530
Aviary	985,008	853,639
Free Run/ Free Range	970,878	380,855



PUBLIC AFFAIRS REPORT

Celebrating Grade A Results in 2018

This year was a busy one for the Public Affairs Department. Whether it be through the evolution of our *Who Made Your Eggs Today?* advertising campaign or our growing roster of sponsored athletes, 2018 was a year filled with success.

Advertising

Egg Farmers of Ontario (EFO) launched the first of two flights of the 2018 *Who Made Your Eggs Today?* (WMYET?) campaign April 16, which ran for four weeks. Advertising was featured on 2,571 transit interiors, 237 transit exteriors, 662 GO Trains and 68 billboards across Ontario. Four new farm families are highlighted in the ads (Chaudary, Corput, Mulder and Ottens families) and featured a number of EFO's key messages.

Flight 2 of the campaign launched August 13 and ran until September 10. Creative ads during flight 2 were on 2,571 transit interiors, 237 transit exteriors and 662 GO Trains in both vertical and horizontal executions.

In an effort to boost the awareness of the ads through frequent and relevant messaging, part of the 2018 strategy included social media paid ads. The online advertising was in a variety of digital ad formats, targeting men and women 25 to 54 years of age and parents of kids under 18.

Advertising took centre stage in 2018. Recipes developed during the year were an engaging feature in print magazines.

In addition, digital search optimization was implemented to capture users searching within relevant categories to create visibility. This was done by targeting keywords related to brand, recipes and farm/egg related frequently asked questions to engage users with aligned creative and drive them to relevant content and secure top position in searches.

To further increase our reach during 2018, EFO placed ads in a variety of publications, including:

- *Horizon Magazine* - The April/May issue featured EFO's *Churro French Toast Roll Ups* on the front cover and a two-page spread inside the magazine; in August, EFO's *Chicken Egg Foo Yung* was a two-page spread; and finally, their Holiday Edition displayed

our *Chocolate Lava Cake* on the front cover and a two-page spread with the recipe inside. All of the two-page ads featured one of our four WMYET? farm families. Ads were also displayed on screens throughout Toronto's underground Path System.

Right: The December issue of *Horizon Magazine* and *City Parent Magazine* both featured EFO's *Chocolate Lava Cake* recipe.

Below: Four of the 12 recipes EFO developed, tested and photographed in 2018.





- **Foodism Magazine** - The Harvest Issue (October) showcased EFO's *Pumpkin Bread* recipe and the Holiday Issue (December) included the *Chocolate Lava Cake* recipe. Both advertisements also showcased a WMYET? farm family.
- **Post City Magazine** - In October, the Ottens WMYET? ad was highlighted in a half-page horizontal feature and in December, a full page within the magazine was dedicated to our *Chocolate Lava Cake* recipe and the Chaudary family.
- **City Parent Magazine** - There were three ads placed in this popular parenting magazine throughout 2018. In March, EFO's *Spice Cake* was on the cover and as a full-page inside. In September, EFO's *Breakfast Burrito* recipe was a full page feature and included placement of the corresponding spice cards in loot bags for family events across the Greater Toronto Area. Finally, the Holiday Issue included our *Chocolate Lava Cake* on the front cover and a full-page recipe included within the magazine.

New for 2018 was the creation of the *Farm Family Information Card*. These postcard-sized, double-sided, full-colour cards feature a farm family pictured on the front with their farm "story" on the back. During 2018, eight different cards were made for egg farm families in Ontario.

Recipe Bank

In 2018, EFO developed 12 new recipes which included two that were adapted for spice cards. As part of the recipe bank, colourful photography was taken for use on the website, social and traditional media segments for all of the recipes. Short videos of four recipes were also created. The collection included a wide range of recipes to cover all tastes and occasions, such as *Monte Cristo One-Pan Bake*, *Butter Tart Squares*, *Egg and Mushroom Tartine* and *Chocolate Lava Cake*.



Top: Advertisement featuring Dave and Bob Ottens on a GO transit ad.

Above: Corput family transit ad in French and Mulder family transit ad created for the 2018 WMYET? campaign.



Above: *The Ottens Family Spice Cake* was one of two spice cards created.

PROMOTIONS

Fairs, Exhibits and Events

During 2018, EFO promoted eggs at 85 fairs and events across Ontario. This included the distribution of 411,712 recipes and educational resources, 34,374 shopping pads, 88 gift baskets, 3,674 microwave packages and 3,250 microwave egg cookers.

EFO's two mobile egg education trailers were on the road in 2018. Alisha Van Humbeck was hired as a full-time operator for the large education trailer and from April to November, attended more than 25 fairs and agricultural events. The smaller of the two trailers was used for local initiatives at eight events. As in the past, the *Travellin' Farmer* exhibit, operated by Jeff Robinson, was utilized by EFO to extend our reach into fairs in Eastern Ontario.

EFO was once again a presenting sponsor of *Breakfast on the Farm* events. On June 23 at Cranston Dairy Farm in Ancaster, trailer operator Alisha joined local farmers and representatives from Burnbrae Farms and Gray Ridge Eggs to engage with attendees in the *Explore Agriculture* display area. The second event was held September 8 in North Gower on a beef and grain elevator operation. As with the first event, local egg farmers and grader representatives were on hand to interact with visitors.

We also continued our partnership with Judy Scott Welden to offer the *Demonstration Kitchen Program*, which supports fairs to present cooking demonstrations using eggs. In 2018, the kitchen went to five fairs – Capital Fair, Lindsay Fair, Western Fair, Metcalfe Fair and Erin Fall Fair.

The large trailer was once again on display at the Canadian National Exhibition and showcased an enriched housing system complete with white and brown hens. Farmer volunteers were available during the three weeks of the fair to engage with consumers.

The small egg education trailer formed the backdrop for EFO's display at the Western Fair from September 7 to 16. Egg farmer volunteers were available daily from 10 a.m. to 10 p.m. Several farmer *eggs-perts* also delivered the education program for the school tours that took part in the fair.

The 2018 International Plowing Match and Rural Expo (IPM) was held September 18-22 in Chatham-Kent and EFO participated in the education program with our large education trailer. EFO also provided the eggs for the IPM's attempt to break the *Guinness World Record* for the longest egg and spoon race.

In addition to EFO's large trailer display at the 2018 Royal Agricultural Winter Fair (RAWF), EFO launched an online recipe contest to celebrate the fair. Consumers were invited to share their favourite egg dish that they prepared on Facebook or Instagram for the chance to cook live at the RAWF in front of a judges panel, where a grand prize winner was selected. EFO also participated in the *Food & Nutrition Forum* in the From My Farm to Your Table session. A panel of farmers, including egg farmer Tonya Haverkamp, answered questions and lead a discussion on what they wish consumers knew about farming.

Literature

A microwave egg cooker brochure – *Quick, Easy and Delicious Microwave Egg Cooker Recipes* – with three microwave egg recipes

Right: EFO created a recipe brochure to support our popular microwave egg cookers.

Below: Chris Mullett Koop (Zone 4) interacts with consumers at *Breakfast on the Farm* in Ancaster.



Right: This happy baby enjoys eggs while wearing her new *Get Cracking*® bib.



and instructions for using EFO's cooker was created in 2018.

In addition, revisions were made to the existing *Guide to Choosing Eggs, Caring For Hens, Grade A Eggs and Where Do Your Eggs Come From?* brochures.

Promotional Items

A number of new items promoting the *Get Cracking*® logo were introduced in 2018 and included ceramic mugs, socks, sweatshirts and baby bibs.

PUBLIC RELATIONS

Eggs & Bakin' Newsletter

To further build the number of subscribers to the recipe-based monthly email, EFO developed promotional cards to hand out at consumer events. There are now more than 800 subscribers since the e-newsletter was first launched in October 2016, with an average open rate of 51 per cent (which is higher than industry standard).

Easter

To celebrate eggs during Easter, home economist Judy Scott Welden was on CTV *News at Noon* (Kitchener) March 14 to make EFO's *Spice Cake* and *Sweet Potato Hash* recipes. On March 28, Sarah Mulder (daughter of Zone 7 egg farmers Luke and Marloes) showed off her egg decorating skills on CTV *News at Noon* (Kitchener) and Stephanie Nanne was on CTV *Morning Live* (Ottawa) with egg recipes and decorating tips.

A fun video hosted by Tonya Haverkamp was created for Easter and posted on EFO's YouTube channel. In the video, Tonya is joined by Max, Jake and Sarah Mulder (children of Zone 7 egg farmers Luke and Marloes) and other young guests to show off their egg decorating skills. The video was also promoted via EFO's social media platforms.

World Egg Day

On October 12, EFO celebrated World Egg Day (WED) along with many of our partners.

The Royal Agricultural Winter Fair (RAWF) and EFO debuted the Hayes Family in a video posted to Facebook and Instagram. The video, shot on location at the Hayes farm, was shared over 55 times and had more than 5,000 views.

EFO also teamed up with three food bloggers - Seasons and Suppers, The Gouda Life and Love Local Food who all shared our *Pumpkin Bread* recipe and other fun egg facts with their followers.

Egg spokespeople shared recipes and egg facts during the following television segments: CTV *Morning Live* (Ottawa) with Stephanie Nanne (Zone 9); Global *Morning Show* (Kingston) with Cara Ferguson; CHCH *Morning Live* (Hamilton) with Charmaine Broughton; and CTV *News at Noon* (Kitchener) with Tonya Haverkamp (Zone 6). Tonya was also a guest on the *What She Said* radio show.

Rita Demontis, senior national Lifestyle and Food Editor for Sun Media, featured six EFO recipes with an international flair to celebrate WED. The recipes were featured nationally in Sun Media outlets including The Toronto Sun, The Ottawa Sun and The Edmonton Sun.

Finally, many egg farmer volunteers helped-out with Egg Farmers of Canada's (EFC's) in-store activations at 15 grocery stores across Ontario. These egg ambassadors were available at store egg displays to answer questions and give away coupons, recipes, brochures and egg swag.

Education

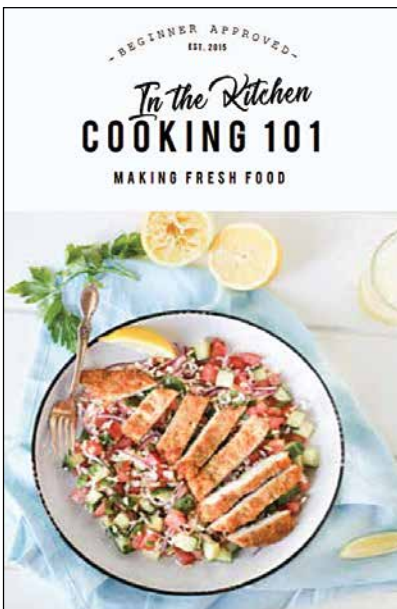
In connection with Canada Beef, Ontario Bean Growers, Ontario Turkey and Ontario Canola Growers, EFO worked with Lime and Lemon Media to offer food literacy programs for students. The *Yummy School Lunches 101* program saw eight kid-friendly recipes created and 10 curriculum-based, in-school cooking demonstrations for students

Right: Tonya Haverkamp featured in a video made for Easter.

Middle: Sarah Mulder (Zone 7) showed off her egg decorating skills on CTV Kitchener.

Bottom (right): Janelle Caldwell, Gray Ridge Eggs, Dianne McComb (Zone 2 Director) and Hubert Schillings (Zone 8 Director) treated commuters to breakfast during Ontario Agriculture Week.

Bottom (left): Recipe booklet created for the *Yummy School Lunches 101* program.



in Grades 6-8. Egg recipes featured in the spring recipe booklet included *Cheese and Turkey Egg Dippers*, *Strawberry-Banana French Toast* and *Cheeseburger Frittata*. The fall recipes included *Beef and Egg Fried Rice*, *Turkey Egg Club Salad* and *Cheesy Egg 'n Veggie Wrap*.

Farm and Food Care held their 15th annual *Food Influencers Tour* on June 12, and EFO was a proud sponsor of this event. The tour enabled more than 40 food writers, bloggers, registered dietitians and home economists to see first-hand how food in Ontario is produced. The tour included a stop at Andrew and Lindsay Elgersma's (Zone 7) enriched layer barn, followed by a stop at the Elora Research Station.

To celebrate Ontario Agriculture Week (October 1 to 7), EFO joined Farm and Food Care and several other commodity groups on October 3 to say thank you to commuters at Toronto's Union Station. Farmers and agriculture staff were available during high-volume commute times to engage with consumers while providing them with on-the-go nourishment featuring Ontario ingredients.

Sponsorships

To support local community programs across Ontario, including egg donations, sports teams, community and lifestyle events, each Zone was provided \$15,000 in 2018, resulting in more than 288 locally sponsored initiatives throughout the province.

After a successful two-year sponsorship of the *Rocks & Rings* program, EFO, in partnership with EFC and provincial egg boards from Alberta, Manitoba, Quebec, New Brunswick, Newfoundland, Nova Scotia, Prince Edward Island and the Northwest Territories began a new four-year partnership of this school-favourite program.

2018 was the second year of our partnership with Team Homan, Canada's 2018 Olympic Women's Curling team. EFO secured a new logo placement for the 2018-2019 curling season with the *Get Cracking*® logo placed on the front of the ladies' shirts and another on their pants above the knee. Leading up to the Canada Cup (December 5-9), EFO and Team Homan launched a video highlighting our partnership. The video, showcasing the team at home, in the gym and on the ice was shared on social media platforms and on YouTube.

On December 20, the Ontario Minor Hockey Association (OMHA) announced our new partnership, with EFO becoming the first-ever Playdowns Sponsor for all sections of the league, from Novice to Juvenile, AA-AE. This sponsorship includes champion red hats, medallions and rink banners with the *Get Cracking*® logo. In addition, the *Get Cracking*® logo is prominently displayed on their website and banner ads are included on the Playdowns section of the OMHA website.

To complement our support of athletes, EFO began a sponsorship with Sport and Social Group (SSG), the leading provider for adult, co-ed sports leagues, with a membership of over 100,000 in the 21-40 age demographic. EFO will sponsor volleyball programming in Toronto, Mississauga, Hamilton, Sudbury, Kitchener-Waterloo, Ottawa, London and Quinte West.

Egg Farmers of Ontario and Fédération des producteurs d'oeufs du Québec continued their joint sponsorship of Alpine Canada's Valérie Grenier, who among many things, competed at the PyeongChang 2018 Olympic Winter Games.



Above: Team Homan takes time out for a photo after their win at the Grand Slam of Curling in December 2018.



Above (left): The Veldman Family took part in the August flight of *Fields to Forks*.



Right: Canadian National U23 kayak and canoe athlete Lois Betteridge takes a quick egg break.



Above: Valérie Grenier spends time at EFO's booth during the National Poultry Show.



Above Stephanie Nanne (Zone 9) showed off the versatility of frittatas on CTV *Morning Live* (Ottawa).



Clockwise from top: EFO Directors Marc Bourdon (Zone 10), Scott Brookshaw (Zone 7), Minister Hardeman and Dan Veldman (Zone 2) at the MPP Omelette Breakfast; Tonya Haverkamp with Randy Pettapiece, MPP (Perth-Wellington) at a Daughters of the Vote event; Dan and his daughter, Megan Veldman join Tonya Haverkamp, Carol Leeming, Dianne McComb and EFO Chair Scott Graham at an event honouring Prime Minister Justin Trudeau; Scott Graham and EFO General Manager Harry Pelissero participated in round-table discussions regarding the *Canada-United States-Mexico Agreement*.

In 2018, EFO was proud to continue sponsorship of a number of individual athletes including Aerobatic pilot Hella Comat; Fareen Samji, women's Canadian International Long Drive champion; Cody Bailey, Canadian Rowing Athlete; and Lois Betteridge, Canadian U23 national team athlete in canoe and kayak.

In addition to these sponsorships, EFO is proud to support a variety of activities and events throughout Ontario. In 2018, this included support of 4-H Ontario's Conference and Annual Meeting, golf tournaments in eastern and western Ontario, the Advancing Agriculture Women's Conference and the U18 Curling Provincials, among others.

Fields to Forks

EFO sponsored the July and August flight of the *Fields to Forks* program. Our execution ran from July 9 to August 20 and featured the Veldman family. As part of this initiative, ads were on CTV's *Fields to Forks* website, videos aired on television and online and three radio segments on CJBK News featured egg farmers Tonya Haverkamp and Don Storey, Megan and Kayla Veldman and Gary West.

Media Relations

During 2018, EFO strived to establish a strong media presence while promoting egg facts, nutrition and recipes.

To start the year off on a strong foot, Registered Dietitian Carol Harrison was featured on City TV's *Breakfast Television* morning show where she demonstrated healthy frittatas using leftovers. Zone 9 egg farmer Stephanie Nanne appeared on CTV *Morning Live* (Ottawa) January 16 where she shared family-friendly frittata recipes. On January 25, Registered Dietitian Shannon Crocker visited CHCH *Morning Live* (Hamilton) to create egg-inspired meal ideas including frittatas and #PutAnEggOnIt power bowls.

During the summer months, home economist Emily Richards appeared on CTV *News at Noon* (Kitchener) June 29 to demonstrate how to prepare EFO's *Angel Food Cake* on the barbeque. On July 10, food media spokesperson Korey Kealey made two egg barbeque recipes on CTV *Ottawa Morning* and on July 18, Tonya Haverkamp was featured on CTV *News at Noon* (Kitchener) making *Egg Salad Variations*. Shannon Crocker joined the host of CHCH *Morning Live* (Hamilton) on August 9 to debunk the eggs and cholesterol myth and discuss the importance of eating the whole egg.

On September 4, Korey Kealey was again featured on CTV *Morning Live* (Ottawa) with easy egg recipes. Mommy blogger Julie Findlay (@MomInTheKnow) shared *Pumpkin French Toast Bake* and *Pumpkin Bread* on Rogers Daytime (Ottawa) October 5 and on October 25, CTV *Morning Live* (Ottawa) visited her home for a live Halloween segment.

Leading up to the holiday season, Shannon Crocker was featured on CHCH *Morning Live* (Hamilton) December 7, to share ideas about holiday entertaining featuring eggs. Carol Harrison appeared on Rogers (Durham) in early December and on CTV *News at Noon* (Kitchener) December 13 to prepare quiche and *Chocolate Lava Cake*. Emily Richards wrapped up the holiday season on December 20, when she participated in the live Toy Mountain coverage on CTV (Kitchener), where she shared the recipes for *Classic Devilled Eggs* and *Mini Red Velvet Cupcakes*.

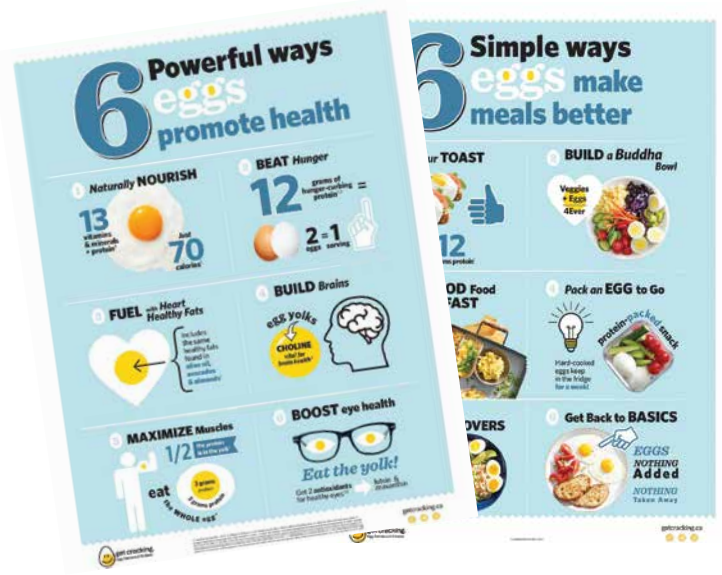
Government Relations

As a result of EFO's sponsorship of *Equal Voice – Daughters of the Vote*, EFO was asked to participate in an International Women's Day event to pay tribute to The Honourable Lisa McCleod, Minister of Children, Community and Social Services and Prime Minister Justin Trudeau. Scott Graham, EFO Chair, Dianne McComb, Zone 2 Director and Dan Veldman, Zone 3 Director attended the luncheon along with egg farmers Megan Veldman, Tonya Haverkamp and Carol Leeming.

The Ontario Public Service Food Drive was held at Queen's Park on March 22. Dianne McComb, Zone 2 Director and Bill Mitchell, EFO's Director of Public Affairs, attended the event. Approximately 20 agriculture and food groups participated with table-top displays and Ontario Premier Kathleen Wynne visited each group. EFO donated 4,500 dozen eggs that were delivered to the *Daily Bread Food Bank* in Toronto.

Zone 6 egg farmer Tonya Haverkamp was a guest at the *Daughters of the Vote Meet the Ministers* event on August 19. This event, hosted by Minister McCleod, was an opportunity to meet members of the new Ontario government.

On October 2, fair farm pricing leaders met with Premier Doug Ford, Ernie Hardeman, Minister of Agriculture, Food and Rural Affairs



Above: Two infographics developed for EFO's Nutrition Strategy.

and Randy Pettapiece, MPP (Perth-Wellington) to discuss the *Canada-United States-Mexico Agreement* (CUSMA). EFO Chair Scott Graham and EFO General Manager Harry Pelissero took part in this round table.

Egg Farmers of Ontario held their 20th annual Member of Provincial Parliament (MPP) Omelette Breakfast December 4 in the Legislative Dining Room at Queens' Park. Thirty-five MPPs, along with many legislative staff attended the event. The omelettes were prepared by EFO Directors who were joined by egg farmers Ian Laver (Zone 8), Tonya Haverkamp (Zone 6), Imran and Lisa Chaudary (Zone 4) and Laura Buys (Zone 2). Minister Hardeman participated in the breakfast and brought greetings to guests.

Awards

The Canadian Agriculture Marketing Awards (CAMA) were held November 15 in Montreal. EFO was a finalist in two categories and took home two *Certificate of Merit* awards in *Print Ads, French and Company or Producer-Funded Advertising Campaign Directed to Consumers*, both for EFO's *Who Made Your Eggs Today?* campaign.

Communications

Two Egg Ambassador training sessions were held during 2018 - one each in eastern and western Ontario. These sessions were designed to help volunteers confidently engage with consumers to create consistency in messaging. Participants also received an ambassador reference manual with key messages and tips to remember.

Nutrition Strategy

During 2018, EFO teamed up with Registered Dietitians Shannon Crocker and Carol Harrison to develop and execute a structured nutrition strategy. Part of this included a review of current research and resources related to eggs and nutrition. A key aspect of this strategy was to create infographics, videos, resources and nutrition-related social media and blog content. A Facebook live event was also held on September 12, hosted by Carol.



Above: EFO was awarded two *Certificate of Merit* by the Canadian Agricultural Marketing Awards.

Two resources filled with recipes, tips and egg nutrition facts were developed and printed as a result of EFO's dietetic partnership. To complement the resources, two adult nutrition infographics were also created along with a fun, activity-filled kids' resource.

Four 30-second videos were created, starring Carol and Shannon, covering frequently asked topics such as "Power your muscles with eggs!" and "How much protein should I have at breakfast?" All videos were posted on YouTube, getcracking.ca and were amplified on social media.

Six blog posts that tied into the video and resource content were also developed by Shannon and Carol and are available on EFO's website. Complementary social media posts connected to the blogs were released on a wide range of nutrition-based topics.

DIGITAL

Contests

In addition to the online contest leading up the Royal Agricultural Winter Fair, EFO also ran a contest in conjunction with *Rocks & Rings*. From December 3 to 16, contest participants had to like and share the contest post on Facebook for the chance to win a gift basket full of egg swag and a *Rocks & Rings* tournament for a school or community centre in their home town. The lucky contest winner was from Cornwall.

From December 5 to 20, EFO partnered with Brittany Stager of Love Local Food to offer a Christmas-themed giveaway, highlighting the versatility of eggs throughout the holiday season. Followers of Love Local Food (@lovelocafoodCA) and Brittany Stager (@BrittanyStager) were directed to her blog, where a variety of EFO recipes were highlighted (*Curried Devilled Eggs*, *Eggy Potato Au Gratin*, *Chicken Caprese Quiche* and *Chocolate Lava Cake*) to showcase that eggs are a good choice for any course. The blog was highlighted on social media as well as in their monthly e-newsletter that is sent to over 3,000 subscribers. We received over 1,500 entries, with the winner being from Mississauga.

During the month of December, an online contest in conjunction with Rocks & Rings gave participants the chance to win a tournament in their home town.

Website Updates

BDO Canada, EFO's new digital service provider, was hired during 2018, and they have been working hard to ensure our digital properties are operating at optimal levels.

A home page redesign was completed in January, which includes a longer homepage for easier access to all of the information hosted on getcracking.ca. Content is also refreshed randomly, which allows the user to see fresh content every time they visit the site.

An egg nutrition section was also added to the site upon the completion of the nutrition strategy and the development of related content. This section includes frequently asked questions, videos, nutrition resources and blogs.

Social Media

New for 2018, EFO ran sponsored posts on Facebook. Over the course of the year, the posts were seen weekly in users' news feeds that meet our target demographic. Trials were also conducted on Instagram and Snapchat and show promising results.

FOODSERVICE

During 2018, more than 125 promotions were created using *Egg Chef*, EFO's online platform that offers free and customizable point-of-sale materials for restaurant and foodservice operators.

More than 145 foodservice operators were contacted through personal visits to independent restaurants and meetings at chain head offices. In addition, relationships were developed and egg promotions created with several restaurant chains including Artisano Bakery Cafe, Dana Hospitality, Great Canadian Bagel, Hero Certified Burgers and South St. Burger.

EFO participated in the 2018 Restaurants Canada Show February 25-27 in Toronto. This three-day event attracts over 30,000 visitors and targets restaurant and foodservice operators. In addition to our display, EFO was a presenting sponsor for the *Breakfast of Champions* event and the Poaching Egg Perfection demonstration hosted by Chef Tom Januszewski of *The Egg Man* food truck. The breakfast food truck was also displayed outside of the venue for increased visibility.



Like & Share!

WIN A
ROCKS & RINGS
TOURNAMENT
IN YOUR HOME
TOWN!



Contest runs December 3 to December 16.

Other events attended by Foodservice staff included Sysco's Healthcare and Hospitality Conference and The Ontario Society of Nutrition Management's 2018 conference.



Above: Tim Hortons's ad offering all day breakfast, made with 100% Canadian eggs.

Below: Twitter post from Ontario Association of Food Banks promoting the *Beat Hunger* contest.



On June 27-July 1, EFO participated in the Canadian College and University Foodservice Association (CCUFSA) annual conference and trade show, held in Collingwood. A fun twitter challenge was launched by EFO during the event, where attendees could tweet a picture of eggs to win a microwave egg cooker. Foodservice staff were available at EFO's display to promote the value of eggs in the foodservice sector.

EFO also announced a three-year partnership with Taste Canada. Taste Canada brings together Canadian food and beverage writers, chefs, restaurateurs, farmers, culinary colleges and cookbook fans. They represent over 150 publishers and 1,500 authors of both cookbooks and blogs. Online recognition including logo placement and recipe content is a part of this sponsorship.

A pilot project was tested with the culinary school at Humber College. Chef Tom rotated through classes to talk about eggs and their versatility; students were then asked to submit a "grab and go" egg recipe, with the winning recipe served from *The Egg Man* food truck on October 30.

In November, EFO and the Algonquin College Foundation announced a new multi-year partnership. This collaboration includes funding for applied research, the creation of a state-of-the-art pastry lab, an annual food symposium and special events at Restaurant International, the student-staffed restaurant at the college's School of Hospitality and Tourism. Students and faculty members of the participating programs will also wear the *Get Cracking*® logo on their whites.

As the final component of the *Ontario Ingredients for Success program*, a recipe book was created and circulated to Ontario foodservice operators. The booklet features recipes from each partner and EFO contributed our *Muffin Frittata* and *Fried Eggs with a Medley of Sweet Peppers* recipes for the collection.

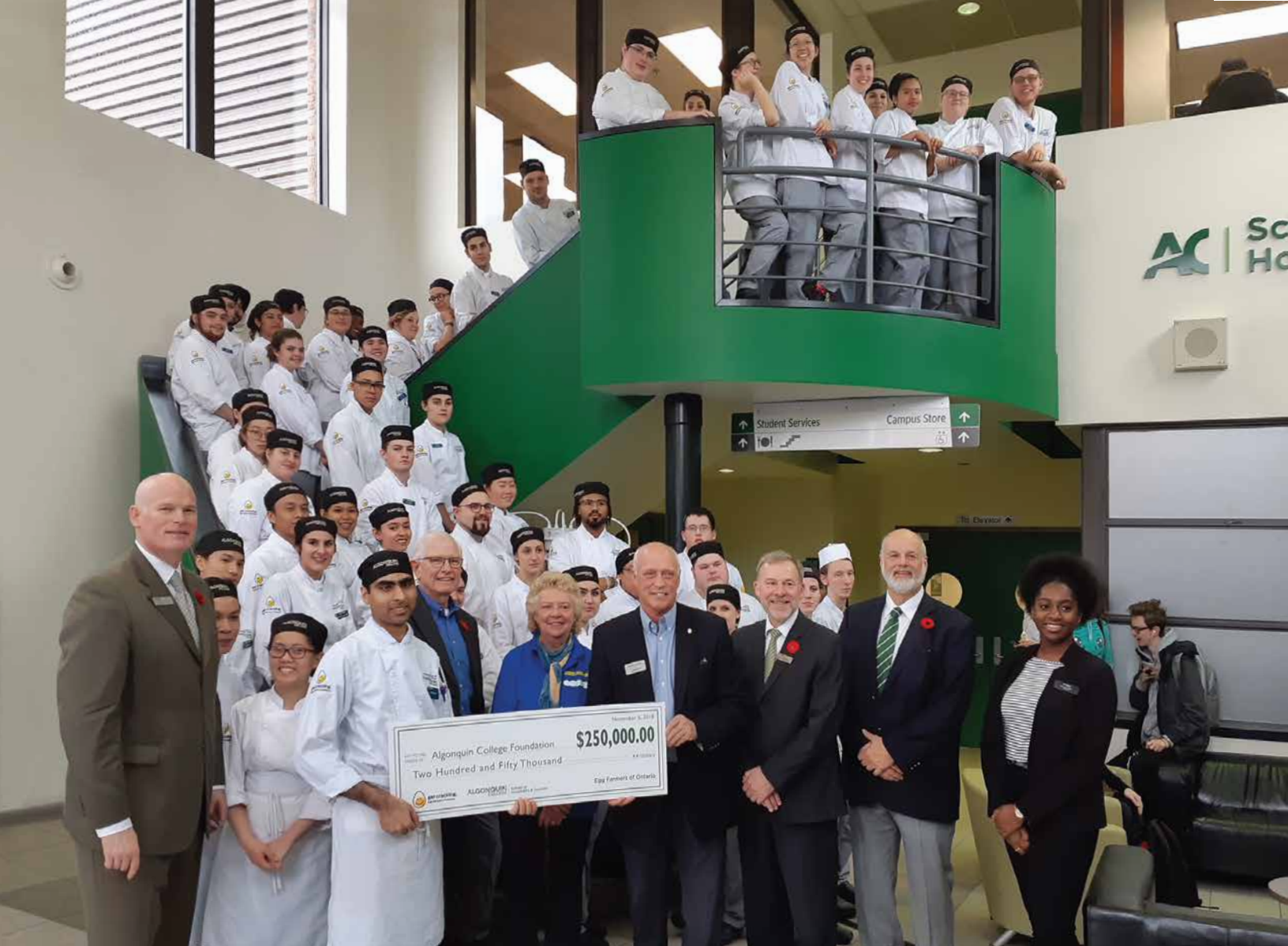
Halton Healthcare's foodservice team, through their *Good for You, Locally Grown* project, introduced their Call to Order program at the Oakville Trafalgar Memorial Hospital and the Milton District Hospital. This program gives patients the ability to call anytime between 7 a.m. and 6 p.m. to order from a set menu, delivered within 45 minutes. The *Get Cracking*® logo is displayed on the menu, which includes egg items to order.

On July 25, Tim Hortons announced they would serve their popular breakfast sandwiches all day, every day at their 4,200 locations across Canada. In conjunction with this, the egg mark logo was featured on menu boards and Tim's TV screens promoting "made with 100% Canadian eggs."

SOCIAL RESPONSIBILITY

Food Bank Egg Donation Program

In 2018, EFO continued the *Food Bank Egg Donation Program*, along with the Ontario Association of Foodbanks (OAFB) and Ontario graders. The program consists of an annual donation of \$250,000 worth of eggs, distributed by OAFB to member food banks across Ontario, which provides approximately 12,000 dozen eggs per month. Eggs are provided through the on-going participation of Burnbrae Farms and Gray Ridge Eggs.



Above: EFO Chair Scott Graham along with EFO Zone 9 Director Craig Hunter and egg farmer Cora Beking (Zone 9) present a cheque to Algonquin College.

Below: The Get Cracking® logo is prominently displayed on student and faculty whites.



Beat Hunger Contest

Together with the Ontario Association of Food Banks (OAFB), EFO once again ran the *Beat Hunger* Facebook contest that gave people a chance to vote for their community food bank to win up to an extra 600 dozen eggs. This is the third year of the popular online contest where 1,200 dozen eggs were available to win, over and above the \$250,000 worth of eggs EFO donates to the OAFB annually. First place winner of the contest was The Agapé Centre (Cornwall); second place was The Inn of the Good Shepherd (Sarnia); and third place was St. Thomas Elgin Food Bank (St. Thomas).

Student Nutrition Ontario

Coming off of a three-year partnership, EFO has signed a one-year extension of the program that provides Ontario schools with the funds to purchase eggs for their snack programs or the equipment needed to prepare eggs. In the previous three-year partnership, a total of 1,414,996 eggs were provided to 71,000 students in Ontario.

A family of four is walking a dog on a gravel path in a rural setting. The father is wearing a blue t-shirt and jeans, the mother is wearing a light blue button-down shirt and dark pants, and there are two children, a boy in a grey t-shirt and a girl in a striped dress. A large black and white dog is walking with them. The background shows green trees and a clear sky.

EGG FARMERS OF ONTARIO FINANCIAL STATEMENTS

For the 52-week period ended December 29, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF: EGG FARMERS OF ONTARIO

OPINION

We have audited the accompanying financial statements of Egg Farmers of Ontario, which comprise the statement of financial position as at December 29, 2018 and the statements of changes in net assets, operations and cash flows for the 52 weeks then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Egg Farmers of Ontario as at December 29, 2018 and the results of its operations and its cash flows for the 52 weeks then ended in accordance with Canadian accounting standards for not for profit organizations.

BASIS OF OPINION

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

COMPARATIVE INFORMATION

We draw attention to Note 18 to the financial statements, which explains that certain comparative information for the 52 weeks ended December 30, 2017 has been restated. Our opinion is not qualified in respect of this matter.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

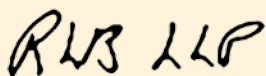
In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of the auditor's responsibilities for the audit of the financial statements is located at RLB LLP's website at: www.rlb.ca/additional-auditor-responsibilities. This description forms part of our auditor's report.



RLB LLP

Chartered Professional Accountants

Licensed Public Accountants

Guelph, Ontario

February 25, 2019

Egg Farmers of Ontario Statement of Financial Position

AS AT DECEMBER 29, 2018

2018

2017

Assets

CURRENT

Cash	\$ 10,825,591	\$ 13,824,117
Cash in trust - QTS	5,235,174	9,106,338
Short term investments - due in less than 12 months (<i>note 6</i>)	1,447,221	1,858,946
Accounts receivable levies	4,894,067	5,703,745
Accounts receivable from EFC	6,171,680	5,658,966
Per bird levy receivable	344,711	925,539
Accounts receivable MGA	1,116,691	506,648
Accrued interest receivable	23,093	17,523
Industrial product receivables	1,497,828	1,695,496
Quota receivable (<i>note 18</i>)	2,221,693	1,774,966
Prepaid expenses, inventory and other receivables	<u>1,606,526</u>	<u>1,381,160</u>
	35,384,275	42,453,444

LONG TERM INVESTMENTS - due in more than 12 months (<i>note 6</i>)	5,565,293	5,014,349
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CAPITAL ASSETS (<i>note 7</i>)	<u>456,309</u>	<u>450,718</u>
	<u>\$ 41,405,877</u>	<u>\$ 47,918,511</u>

Liabilities

CURRENT


Accounts payable and accrued liabilities	\$ 7,170,039	\$ 6,639,215
Accounts payable in trust - QTS	5,235,174	9,106,338
Accounts payable to EFC	8,017,301	8,684,618
Farmers' payable - EFP	2,267,019	2,573,119
Per bird levy payable	<u>3,877,826</u>	<u>3,495,728</u>
	<u>26,567,359</u>	<u>30,499,018</u>

Net Assets

Net assets invested in capital assets	424,920	450,718
Internally restricted for bacteria control (<i>note 8</i>)	2,000,000	2,000,000
Internally restricted for special projects (<i>note 9</i>)	2,174,072	1,824,252
Internally restricted for pullet quota sales (<i>note 10</i>)	794,029	876,007
Internally restricted for disease initiative (<i>note 15</i>)	1,388,979	1,553,400
Unrestricted net assets (<i>note 18</i>)	<u>8,056,518</u>	<u>10,715,116</u>
	<u>14,838,518</u>	<u>17,419,493</u>
	<u>\$ 41,405,877</u>	<u>\$ 47,918,511</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 29, 2018

	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 Disease Initiative (note 15)	Unrestricted (note 18)	52 Weeks 2018 Total	52 weeks 2017 Total
BALANCE								
Beginning of period (note 18)	\$ 450,718	\$ 2,000,000	\$ 1,824,252	\$ 876,007	\$ 1,553,400	\$ 10,715,116	\$ 17,419,493	\$ 14,814,156
(Deficiency) excess of revenue over expenditures	(95,673)	(631,635)	349,820	(81,978)	(164,421)	(1,957,088)	(2,580,975)	2,605,337
Invested in capital assets (net)	69,875	0	0	0	0	(69,875)	0	0
Transfers (note 16)	0	631,635	0	0	0	(631,635)	0	0
BALANCE								
End of period (note 18)	<u>\$ 424,920</u>	<u>\$ 2,000,000</u>	<u>\$ 2,174,072</u>	<u>\$ 794,029</u>	<u>\$ 1,388,979</u>	<u>\$ 8,056,518</u>	<u>\$ 14,838,518</u>	<u>\$ 17,419,493</u>

see notes to the financial statements

Egg Farmers of Ontario Statement of Operations

FOR THE 52-WEEK PERIOD ENDED DECEMBER 29, 2018

	Budgeted 52 weeks 2018 <i>(note 10)</i>	Actual 52 weeks 2018	Actual 52 weeks 2017
REVENUE			
Sales	\$ 90,426,682	\$ 89,487,362	\$ 99,731,842
Less			
National IP fees <i>(note 11)</i>	65,415,998	65,574,451	71,142,179
EFC administration levies <i>(note 11)</i>	7,976,409	8,289,876	7,739,697
Enriched housing incentive	1,700,000	1,654,666	878,582
Per bird levy rebate	<u>2,500,000</u>	<u>4,079,849</u>	<u>2,566,752</u>
Levies and licence fees retained	12,834,275	9,888,520	17,404,632
Investment and other income	152,872	321,985	325,379
Layer leasing revenue <i>(note 18)</i>	3,179,246	4,108,514	3,544,621
Market growth allowance fees	1,200,000	1,101,229	507,628
EFP program <i>(schedule I)</i>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
	<u>17,416,393</u>	<u>15,470,248</u>	<u>21,832,260</u>
EXPENDITURES			
IP program <i>(schedule II)</i>	6,227,397	4,582,617	5,068,231
Public Affairs	3,100,000	3,083,647	2,825,000
Consumer choice campaign	200,000	0	154,014
Administrative expenses <i>(schedule III)</i>	6,534,573	6,166,326	5,779,619
Research, grants, scholarships and memberships <i>(note 14)</i>	470,183	598,288	927,327
EFC layer leasing service fee <i>(note 11)</i>	<u>3,302,323</u>	<u>3,092,131</u>	<u>2,847,934</u>
	<u>19,834,476</u>	<u>17,523,009</u>	<u>17,602,125</u>
TOTAL OPERATING (DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES for the fiscal period	<u>\$ (2,418,083)</u>	<u>(2,052,761)</u>	<u>4,230,135</u>
INTERNALLY RESTRICTED ASSET REVENUE (EXPENDITURES)			
Bacteria control <i>(note 8)</i>		(631,635)	(1,580,043)
Special projects <i>(note 9)</i>		349,820	0
Pullet quota sales <i>(note 10)</i>		(81,978)	149,909
Disease initiative <i>(note 15)</i>		<u>(164,421)</u>	<u>(194,664)</u>
		<u>(528,214)</u>	<u>(1,624,798)</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES for the fiscal period		<u>\$ (2,580,975)</u>	<u>\$ 2,605,337</u>

see notes to the financial statements

Egg Farmers of Ontario Statement of Cash Flows

FOR THE 52-WEEK PERIOD ENDED DECEMBER 29, 2018

	52 weeks 2018	52 weeks 2017
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenditures	\$ (2,580,975)	\$ 2,605,337
Add: Items not involving cash		
Amortization of capital assets	96,392	87,323
(Gain) loss on disposal of capital assets	(719)	13,167
	<u>(2,485,302)</u>	<u>2,705,827</u>
Net change in non-cash operational balances		
Accounts receivable levies	809,678	(1,094,243)
Accounts receivable from EFC	(512,713)	163,462
Per bird levy receivable	580,828	(806,338)
Accounts receivable MGA	(610,043)	(506,648)
Accrued interest receivable	(5,570)	(11,503)
Industrial product receivables	197,668	(333,217)
Prepaid expenses, inventory and other receivables	(224,816)	673,031
Government remittances payable (HST)	(550)	0
Short term investments	411,725	746,388
Quota receivable	(446,727)	2,052,523
Accounts payable and accrued liabilities	530,823	22,369
Accounts payable to EFC	(667,317)	126,208
Accounts payable in trust - QTS	(3,871,164)	1,863,642
Farmers' payable - EFP	(306,100)	669,314
Per bird levy payable	<u>382,098</u>	<u>930,463</u>
	<u>(3,732,180)</u>	<u>4,495,451</u>
	<u>(6,217,482)</u>	<u>7,201,278</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Long term investments	(550,944)	1,443,180
Purchase of capital assets	(106,264)	(85,100)
Proceeds of disposal on capital assets	<u>5,000</u>	<u>0</u>
	<u>(652,208)</u>	<u>1,358,080</u>
CHANGE IN CASH	(6,869,690)	8,559,358
CASH, beginning of fiscal period	<u>22,930,455</u>	<u>14,371,097</u>
CASH, end of fiscal period	<u>\$ 16,060,765</u>	<u>\$ 22,930,455</u>
Cash includes the following:		
Cash	\$ 10,825,591	\$ 13,824,117
Cash in trust - QTS	<u>5,235,174</u>	<u>9,106,338</u>
	<u>\$ 16,060,765</u>	<u>\$ 22,930,455</u>

see notes to the financial statements

Egg Farmers of Ontario Notes to the Financial Statements

FOR THE 52-WEEK PERIOD ENDED DECEMBER 29, 2018

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) 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) 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.

(b) 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.

(c) 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.

(d) 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 all accounts receivables.

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

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

Egg Farmers of Ontario Notes to the Financial Statements

FOR THE 52-WEEK PERIOD ENDED DECEMBER 29, 2018

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.

(e) 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 farmer. The levy is collected based on marketings and reconciled annually against quota issuance and the difference is paid to or collected from the farmer.

With respect to grading stations and farmers 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 farmers.

With respect to smaller farmers, 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 farmers. Egg Farmers of Ontario has alternative methods in place to help monitor these smaller farmers.

Layer leasing revenue

Layer leasing revenue is generated through the leasing of quota to farmers that have capacity. Farmers apply to lease the quota from Egg Farmers of Ontario. Once the farmers' requests are approved, Egg Farmers of Ontario has earned the revenue. Layer leasing revenue is recorded when collection is reasonably assured and the amount of revenue to be recognized is determinable.

(f) 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, \$5,235,174 (2017 - \$9,106,338) 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 2018 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 January 3, 2018, 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 29, 2018

6. INVESTMENTS

Egg Farmers of Ontario has invested surplus cash in bonds, Guaranteed Investment Certificates (GICs) and fixed income Exchange Traded Funds maturing at various dates from 2019-2022, administered by RBC Dominion Securities and BMO Nesbitt Burns. Bond and GIC interest rates vary from 0.5% to 3.57%. Investments are accounted for at fair market value.

7. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2018	Net 2017
Land	\$ 162,000	\$ 0	\$ 162,000	\$ 162,000
Office Equipment	1,344,631	1,275,012	69,619	73,754
Building	646,672	543,654	103,018	119,185
Automobiles	94,467	57,202	37,265	12,612
Promotional trailers	56,229	46,127	10,102	957
Computer equipment	591,088	516,783	74,305	82,210
	<u>\$ 2,895,087</u>	<u>\$ 2,438,778</u>	<u>\$ 456,309</u>	<u>\$ 450,718</u>

8. INTERNALLY RESTRICTED FOR 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. During the year, \$631,635 was transferred from the unrestricted net assets to the internally restricted for bacteria control (2017 - \$1,836,264). The current period's investment income earned totalled \$27,304 (2017 - \$18,749). Expenses paid from the bacteria control account during 2018 totalled \$658,939 (2017 - \$1,598,792) for a net increase of \$nil (2017 - \$256,221).

9. INTERNALLY RESTRICTED FOR SPECIAL PROJECTS

The special projects account is for the funding of egg research and other special projects. During 2018, there were no transfers from the unrestricted net assets to the internally restricted special projects account (2017 transfers - \$nil). During the period, \$349,820 of revenue related to the Consumer Choice Campaign was allocated to the special projects account for a net increase of \$349,820 (2017 - \$nil).

10. INTERNALLY RESTRICTED FOR PULLET QUOTA SALES

The pullet quota sales account is an account which represents sales of pullet quota to farmers that have made a request for an increase in quota or over quota assessments. In 2018, \$38,013 was transferred from (to) pullet leasing pool to pullet quota fund (2017 - (\$136,065)). During the period, \$13,638 of interest has been earned (2017 - \$13,844) and has been allocated to the pullet quota sales account. Expenses paid from the pullet quota fund during 2018 were \$57,603 (2017 - \$nil) for a net decrease of \$81,978 (2017 - (\$149,909)).

11. ALLOCATION OF LEVIES AND LICENCE FEES

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

	Cents per dozen	
	December 29, 2018	December 30, 2017
National IP fee	23.50	30.50
EFC administrative levy	3.45	3.25
Ontario administrative and research levy	2.60	2.60
Ontario reserve	(1.00)	1.00
Provincial IP levy	2.90	2.90
Total farmer portion	31.45	40.25
Grading station portion (voluntary)	0.02	0.02
Total levy collected	<u>31.47</u>	<u>40.27</u>

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

Egg Farmers of Ontario Notes to the Financial Statements

FOR THE 52-WEEK PERIOD ENDED DECEMBER 29, 2018

12. CONTINGENCIES

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.

At the date of the issuance of the financial statements, there is a potential Liquidated Damages Assessment (LDA) issued by Egg Farmers of Canada to Egg Farmers of Ontario. Egg Farmers of Canada has assessed damages of \$3,016,697 for 2016 and \$4,167,547 for 2017. There is a process related to the assessment of the LDA and the process is currently continuing. The outcome and final payable amount is not known at this time and therefore the financial statements have not accrued an amount for possible losses resulting from the assessment.

13. COMMITMENTS

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

2019	\$	2,134,297
2020		500,000
2021		415,000
2022		305,000
2023		5,000
	\$	<u>3,359,297</u>

14. RESEARCH, GRANTS, SCHOLARSHIPS AND MEMBERSHIPS

DESCRIPTION	RECIPIENT	2018	2017
Administration	Poultry Industry Council (PIC)	\$ 46,337	\$ 46,337
Farm and Food Care Ontario		38,850	38,850
Advanced Agricultural Leadership Program		10,000	20,000
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		4,155	2,800
IEC Membership		1,608	1,565
Centre for Food Integrity		10,000	10,000
LRIC and Research		62,138	114,275
Ontario Federation of Agriculture		3,500	0
Christian Farmers Federation		2,500	0
Pullet Growers of Canada Membership		99,814	96,994
Scholarship for Graduate Student	University of Guelph	5,000	5,000
Farm and Food Care Canada		0	10,000
Canadian Poultry & Egg Processors		1,355	1,355
La Cite		15,000	14,915
McGill Project		<u>290,531</u>	<u>557,736</u>
		<u>\$ 598,288</u>	<u>\$ 927,327</u>

see notes to the financial statements

Egg Farmers of Ontario Notes to the Financial Statements

FOR THE 52-WEEK PERIOD ENDED DECEMBER 29, 2018

15. INTERNALLY RESTRICTED FOR DISEASE INITIATIVE

This account represents funds received from EFC to cover S.e. related matters. A total of \$188,935 was paid during 2018 (2017 - \$270,565) for expenses related to the disease initiative. A total of \$nil was received during 2018 (2017 - \$47,046) related to the disease initiative. During the period, \$24,514 (2017 - \$28,855) of interest has been earned on this revenue and has been allocated to the disease initiative account for a net decrease of \$164,421 (2017 - \$194,664).

16. TRANSFERS

Transfers are made between unrestricted net assets and invested in capital assets to fund capital purchases. Transfers are made between unrestricted net assets and internally restricted for bacteria control projects. The transfer from the internally restricted for bacteria control fund was to replenish the fund balance after payments for the bronchitis relief program depleted it.

17. COMPARATIVE FIGURES

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

18. ACCOUNTING POLICY CHANGE

The organization has changed their accounting policy with respect to revenue recognition for layer leasing revenue. Layer leasing revenue was previously recorded as it was earned and collected. The new policy is to record layer leasing revenue on an accrual basis as it is earned, collection is reasonably assured, and the amount is determinable. This change in accounting policy will better reflect the actual layer leasing revenue attributable to a particular period than the previous policy. The effect of this change in accounting policy has been applied retrospectively and results in the following changes to comparative financial information at December 30, 2017:

	AS PREVIOUSLY REPORTED	ADJUSTMENT	RESTATED
Layer Leasing Revenue	\$ 5,295,285	\$ (1,750,664)	\$ 3,544,621
Quota receivable	169,518	1,605,448	1,774,966
Unrestricted net assets, January 1, 2017	4,949,743	3,356,112	8,305,855
Unrestricted net assets, December 30, 2017	9,109,668	1,605,448	10,715,116

Eggs for Processing Program

FOR THE 52-WEEK PERIOD ENDED DECEMBER 29, 2018

SCHEDULE I

	52 weeks 2018	52 weeks 2017
Revenues		
Producer EFP revenue	\$ 33,983,582	\$ 33,254,313
EFP producer refund	(15,819,329)	(14,061,931)
	18,164,253	19,192,382
EFP sales to breakers	14,438,701	13,591,173
	<u>32,602,954</u>	<u>32,783,555</u>
Costs		
Egg purchases	30,274,961	30,406,073
EFP administration costs	50,741	55,337
Transportation	535,432	580,088
Packaging	178,086	178,111
Grading handling allowance	1,513,734	1,513,946
	<u>32,552,954</u>	<u>32,733,555</u>
EFP program revenue	<u>\$ 50,000</u>	<u>\$ 50,000</u>

see notes to the financial statements

Industrial Product Program

FOR THE 52-WEEK PERIOD ENDED DECEMBER 29, 2018

	Budgeted 52 weeks (note 5)	52 weeks 2018	52 weeks 2017
SCHEDULE II			
Revenues			
Farmer IP revenue	\$ 106,037,100	\$ 103,324,509	\$ 116,011,361
Costs			
Egg purchases	105,766,300	102,210,276	114,701,700
Packaging	666,900	584,953	658,214
Labelling and other costs	4,000	2,482	3,453
Grading handling allowance	5,668,650	4,972,099	5,594,819
Field supplies and S.e. testing	158,647	137,316	121,406
	<u>112,264,497</u>	<u>107,907,126</u>	<u>121,079,592</u>
IP program loss	<u>\$ (6,227,397)</u>	<u>\$ (4,582,617)</u>	<u>\$ (5,068,231)</u>

Egg Farmers of Ontario Administrative Expenses

FOR THE 52-WEEK PERIOD ENDED DECEMBER 29, 2018

	Budgeted 52 week 2018 (note 5)	Actual 52 weeks 2018	Actual 52 weeks 2017
SCHEDULE III			
Administrative Expenses			
Salaries support	\$ 2,826,859	\$ 2,662,831	\$ 2,541,293
Employee benefits	578,597	518,213	525,656
Staff professional development and travel	184,313	199,038	130,976
Travel - fieldstaff	332,939	297,455	272,580
Annual and farmer meetings	408,672	413,644	362,400
National meeting	0	0	122,563
Directors			
Per diem	496,000	421,161	415,223
Expenses	325,000	327,004	281,324
Trade	20,440	0	0
FarmGate5	3,150	0	1,274
HACCP/ACP Third-Party Audit	200,000	178,399	63,929
Amortization	95,540	96,392	87,323
Office supplies and printing	57,107	43,475	46,926
Building expenses	159,338	136,428	125,707
Equipment rental and maintenance	198,350	239,421	142,672
Professional fees			
Legal	206,013	174,528	209,488
Audit	31,000	29,000	32,000
Consulting	39,475	54,616	32,400
Councillors' grants	24,400	27,200	23,600
Telephone and fax	25,868	25,580	24,763
Postage	30,000	25,016	27,700
Insurance	31,380	29,457	29,477
Bank charges	9,132	8,883	8,469
Loss (gain) on disposal of assets	0	(719)	13,167
Bad debts	1,000	0	0
Food Bank donations	250,000	259,304	258,709
	<u>\$ 6,534,573</u>	<u>\$ 6,166,326</u>	<u>\$ 5,779,619</u>

see notes to the financial statements

OFFICERS, COMMITTEES AND REPRESENTATIVES 2018–2019

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Scott Graham

Vice Chair

Scott Helps

Secretary-Treasurer

Harry Pelissero

Egg Farmers of Canada Representative

Scott Helps

Egg Farmers of Canada Alternate

Scott Brookshaw

Executive Committee

Scott Graham

Scott Helps

Dan Veldman

Marc Bourdon

Egg Industry Advisory Committee

Scott Graham

Marc Bourdon

Scott Brookshaw

Dan Veldman

Finance Committee

Scott Graham

Dianne McComb

Brian Miller

Hubert Schillings

Dan Veldman

Production Management Committee

Scott Graham

Marc Bourdon

Andy DeWeerd

Craig Hunter

Hubert Schillings

Dan Veldman

Public Affairs Committee

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Dianne McComb

Brian Miller

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Pullet Committee

Marc Bourdon

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Brian Miller

Helen Anne Hudson

Farm & Food Care Ontario Representatives

Dianne McComb

Dan Veldman

Ontario Federation of Agriculture Representative

Dianne McComb

Poultry Industry Council Representative

Brian Miller

Pullet Growers of Canada Representative

Dan Veldman

Pullet Growers of Canada Alternate

Marc Bourdon



STAFF AND PARTNERS 2018

Staff

General Manager

Harry Pelissero

Director of Corporate Affairs & Human Resources

Jennifer Correa

Corporate Affairs Executive Assistant

Siobhán Desrochers

Corporate Affairs Coordinator

Tiffany Hughes

Director of Policies & Quota Affairs

Ray Hinton

Quota Transfer System & Industrial Product Manager

Julie Cangiano

Data Quality & Quota Systems Analyst

Nicci Jasmins

Producer Relations & Field Support Specialist

Jenelle Budhram

Pullet Coordinator & Quota Department Assistant

Sheena Welsh

Director of Finance

Lee Hickey

Accounts Receivables, Levy & Statistical Coordinator

Suzanne Walton

Accounts Payable & EFP Coordinator

Joan Davies

Director of Public Affairs

Bill Mitchell

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Donna Lange

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Sarah Brien

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Stephanie Sabo

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Inspectors

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