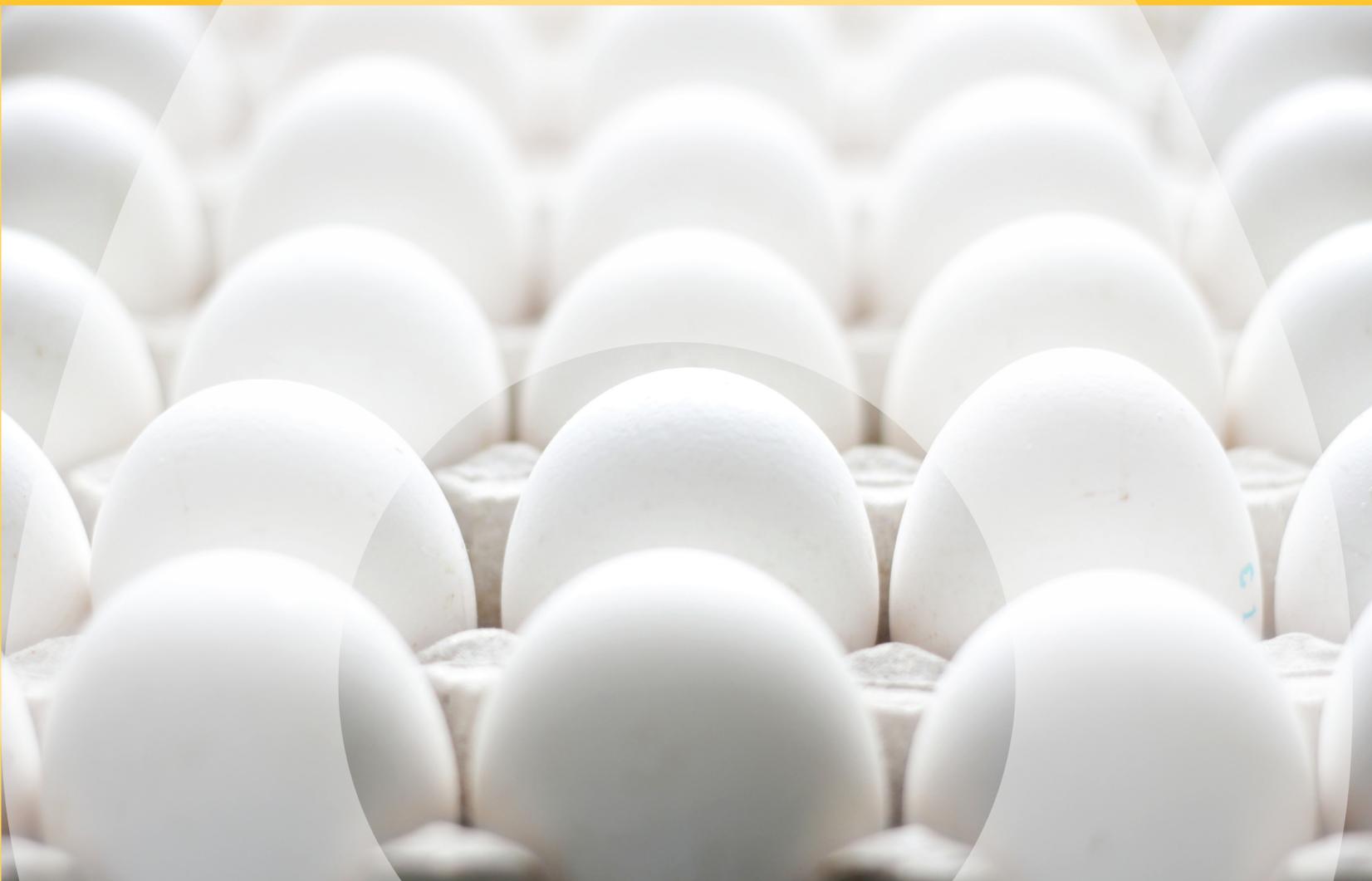


ANNUAL REPORT 2012



Egg Farmers
of Alberta

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Back Row (Left to Right): David Webb, Dave Lastiwka, Christina Robinson, Carla Znak, Susan Gal, Jenna Griffin, Peggy Galbraith, Laurel Martin, Murray Minchin

Front Row (Left to Right): Muneer Gilani, Levi Hofer, Joe Kleinsasser, Ben Waldner, Amin Valji, Andrew Wipf

Not Pictured: Catherine Kelly

The 2012 Annual Report is presented at the 44th Annual General Meeting of the Egg Farmers of Alberta, held Tuesday, February 26, 2013 at the Sheraton Hotel in Red Deer, Alberta.

THE EGG FARMERS OF ALBERTA TEAM (AS OF DECEMBER 31, 2012):

Board of Directors

Ben Waldner	Chairman
Joe Kleinsasser	Vice-Chairman
Andrew Wipf	EFC Representative
Amin Valji	EFC Alternate
Levi Hofer	Director
Muneer Gilani	Director

Staff

Susan Gal	General Manager
David Webb	Marketing & Communications Manager
Christina Robinson	Producer Services Manager
Jenna Griffin	Industry Development Officer
Laurel Martin	Office Manager
Peggy Galbraith	Administrative Assistant – Customer Service
Catherine Kelly	Marketing & Events Coordinator
Carla Znak	Producer Services Administrator
Murray Minchin	Field Services Coordinator
Dave Lastiwka	Field Services Administrator/Coordinator

ALBERTA'S EGG INDUSTRY: AT A GLANCE

	DECEMBER 29, 2012 (52 weeks)	DECEMBER 31, 2011 (53 weeks)
Total number of registered producers	157	154
Total issuance (hens)	1,883,181	1,865,449
Average flock size (hens)	11,995	12,113
Total egg production (dozens)	48,908,544	48,238,315
Total industrial product (boxes)	375,362	438,469

Pricing:

- Producer prices for large eggs ranged from a low of \$1.98 to a high of \$2.13 per dozen in 2012.
- The average producer price increased \$0.12 to \$2.03 per dozen in 2012, from \$1.91 in 2011.

Levy:

- Levy for registered producers in 2012 was \$9.464 per bird in week 01/12, increased to \$10.27 per bird in week 05/12 and then decreased to \$9.476 per bird in week 27/12.
- Levy for unregistered producers in 2012 was \$0.372 per dozen in week 01/12, increased to \$0.4037 per dozen in week 05/12 and then decreased to \$0.3725 per dozen in week 27/12.

As we reflect back on 2012, it is difficult for individual producers to imagine that the Alberta egg industry is impacted by a number of factors beyond our farm-gate. Supply management and increasing consumer demands are just two prominent off-farm issues that were front and centre in 2012.

Unprecedented high feed costs in 2012 brought huge challenges for the livestock industry, but thankfully we are blessed with a stable system that returns COP on our product, while other livestock industries are not as fortunate. We must be ever so keen to promote the supply management system in the face of its critics, as we have been under attack by so called experts who seem to know what is best for our industry, even though most have never been a producer of food and don't know what it takes to produce it. We must also be aware of what is happening on the trade front and we need to keep talking to our politicians about both the sustainability of our industry and the value our industry provides to Alberta.



Today's consumers know what they want; safe, nutritious food that is being produced in an animal welfare friendly environment. How do we retain our social license to operate? We need to make sure the public trusts the food system. When you have trust, you have more support and more freedom to operate. That has never been more important for livestock industries than it is today. Our industry is expected to do what is right; it is not acceptable to do nothing when we know what is right. This is why we must remain committed to adapt, even if it means changing the way we produce eggs. I know that the new housing systems on the market today will require us to manage our barns differently and we will have to be more focused on the behaviors of the birds, but we must find ways to achieve this. I tip my hat to those producers who have proactively made the change to a more animal welfare friendly system, as they have overcome the challenges of these enhanced systems and are truly leaders in our industry. I feel if we are not proactive on animal welfare, we risk having outsiders telling us how we are going to house our birds and when we will make changes. I much prefer that we producers take and maintain control of our own destiny.

I know that 2013 will bring more challenges and change to our industry because, as the saying goes, there is nothing as constant as change. How well prepared we are to deal with an ever changing world is what will ensure our sustainability and, ultimately, our continued success.

In closing, I wish to thank the staff for working together with the Board to develop our strategic plan and then putting that plan into action, through the day to day operations. I also want to thank the Directors for their support in my first year as Chair; their dedication to this industry is very high. I would also like to encourage my fellow producers to keep up the good work they are doing on their farms and I thank them for the trust they have placed in EFA. I can assure each and every producer in Alberta that the EFA Board and staff will continue to work hard on your behalf, and are ready to face all the challenges that will come our way.

BEN WALDNER, CHAIRMAN

2012 was certainly a year of recovery and ensuring we are all working toward our goals and objectives. The Board has been very clear in providing strong strategic direction, particularly as it relates to Egg Farmers of Alberta continuing to lead the way and lay the foundation for producers to maintain control of their own destiny.

In that regard, I believe that hen housing is a critically important topic, which needs to be addressed quickly and decisively. I find it absolutely fascinating to talk to folks across Canada about this issue, as most agree that long term, the industry will ultimately be moving away from conventional housing. However, there seems to be a real reluctance to enshrine this movement in any type of national policy. This is unfortunate because the longer the Canadian egg industry waits to make a decision about hen housing, the greater the risk that producers could lose some of their influence over setting the course of the future for our industry.



In order to keep tabs on the ever-changing marketplace and demands on our industry, EFA has taken advantage of many opportunities to review publications and attend various conferences & industry meetings. This certainly helps to give us perspective and causes us to think about how we must rise to meet current and future challenges. There is definitely a lot of discussion about whether agriculture will be able to keep pace with the overall demands of consumers and retailers, while remaining sustainable in the future. Consumers are demanding that businesses provide more transparency; how will the egg industry rise to meet this challenge successfully?

Moving forward, we will need to find better ways to connect with our consumers using values-based communication strategies, to ensure our message is heard. The Centre for Food Integrity has completed groundbreaking research to measure and track consumer attitudes on key food system issues. This research helps create a greater understanding of consumer attitudes and the challenges faced by industry stakeholders to build trust in today's food system. They report that if consumers believe today's food production practices are aligned with what they believe those in the food system *should* do, then they are more likely to trust those practices. There should also be greater acceptance of scientific information if it is presented within the context of consumers' values-orientations.

Historically, agriculture has responded with scientific justifications for production practices or concerns related to costs. If egg industry practices are not ethically grounded, they will not achieve broad-based societal acceptance and support. If they are not scientifically verified, there is no way to evaluate and validate the claims being made. The egg industry must break from its traditional response and be more transparent and consumer-centric in its communication.

In closing, I would like to thank the Board and staff for their passion and dedication to this great industry. I would also encourage each of you to think about becoming more involved in the work that is done here at Egg Farmers of Alberta in any way that you can!

SUSAN GAL, GENERAL MANAGER

As your elected representative on the Egg Farmers of Canada (EFC) Board of Directors, I'm pleased to present my annual Director's Report for 2012, the 40th anniversary of national egg supply management. This summary of the year's business activities highlights significant events and achievements. It also provides an opportunity to recognize the hard work and dedication of national and provincial board staff in achieving key goals and objectives in EFC's 2012-15 Business Plan. But first, permit me to open with a review of EFC's financial position.

At the time this report was written, the unrestricted portion of the Pooled Income Fund was projected to close the year with a balance of \$23.8 million. Continuing high feed costs and higher industrial product (IP) volumes have been negatively impacting the fund this year, although these factors were countered by a strong processor price, egg sales and industrial product levy. The projected balance would have fallen between the upper and lower trigger points established by the Board, had it not been for a one-time transfer of \$5.4 million from the Risk Management Fund in July. Meanwhile, the restricted Risk Management Fund was projected to end the year at \$13.6 million, the unrestricted Administration Fund was projected to end the year at \$4.4 million and the restricted Research Fund was projected to end the year at \$4.8 million.

At our November meeting, the EFC Board adopted a motion to plan for a quota increase equal to 286,663 hens, to be held in abeyance while the Board works through options discussed at our IP efficiencies workshop in October. In the interim, the Board agreed to submit for prior approval to Farm Products Council of Canada an allocation unchanged from last year of 21,655,148 hens, effective December 30, 2012 to December 28, 2013. The budgeted levies for 2013 are the same as 2012—a total PIF levy of 30.5 cents (30.4 cents for the unrestricted portion and 0.1 cent for the restricted Risk Management Fund), and an Administration levy of 3.25 cents, comprised of 3 cents for the unrestricted portion and 0.25 cents for the restricted Research Fund. The total national levy is set in the budget at 33.75 cents, effective until March 29, 2014.

Egg Farmers of Canada is dedicated to continuously improving the supply management system to ensure a healthy, strong and sustainable Canadian egg industry for generations to come. To this end, the Board reached a pricing agreement with Canadian egg processors that provides for a significant contribution from industry toward the cost of the IP program. It was felt to be a fair and balanced outcome given the fact all stakeholders benefit from both a strong IP program and a strong processing sector. The agreement will contribute approximately \$0.04 of levy per dozen eggs, or \$16 million by the fifth year. EFC also realized significant savings in the IP program with the completion of a transport study in Ontario and Quebec, following earlier studies in Atlantic Canada and Western Canada. Of note, EFC's Operations Department was very pleased this year to achieve an ISO:9001 2008 quality management certification.



Throughout the year, our commitment to on-farm food safety, animal care and traceability was a strong feature of our efforts to provide safe, wholesome and nutritious eggs that exceed consumer expectation. In February, the Board unanimously approved a voluntary national traceability standard for egg track and trace, hen track and trace, and premises identification. The following month, the Board amended five elements of the Start Clean-Stay Clean™ (SC-SC) program and adopted a policy to ensure that all farmers conduct SE tests in accordance with SC-SC guidelines. As well, EFC was instrumental in calling for a review of the *Recommended Code of Practice for the care of pullets, laying hens and spent fowl*. The review process toward an updated Code is underway and EFC is participating alongside veterinarians, poultry experts, scientists, farmers, the Canadian Food Inspection Agency and the Canadian Federation of Humane Societies.

Egg sales at retail continue to be strong. At the time this report was written, we were on track to exceed our objective of increasing sales by 1.5% over last year. For the first year ever, at least 20 million dozen eggs were sold at retail every month—something that usually occurs only in the periods around Easter and Christmas. Our primary Healthy Energy and Health Care strategies included initiatives such as the Run for the Cure and the Physician's Education Program. Over the past few years, Egg Farmers of Alberta has fully supported both programs through its investment and participation. Serving again this year as Official Nutritional Partner of the Canadian Breast Cancer Foundation CIBC Run for the Cure, EFC and our Canadian egg industry partners helped raise more than \$45,000. We should all be very proud of this achievement!

We have also been working to strengthen trust with the public this year by showing that egg farmers are hard-working and proud of what they do. Earlier in the year, we produced a television ad featuring egg farmers going about their daily routine. *Pride in Every Egg* has been very well received by consumers and industry stakeholders alike. It was accompanied by *Meet Our Farmers*, a brand new section on eggs.ca featuring 17 egg farm families from all 10 provinces and the Northwest Territories.

On government relations and trade, EFC has continued to support the Government of Canada's position of no increases to minimum market access and no decreases to over-quota tariffs. With the World Trade Organization's Doha Round negotiations largely quiet, we followed the ongoing CETA (Canada Europe Comprehensive Economic Trade Agreement) bilateral trade talks in Ottawa and Brussels as well as the multilateral TPP (Trans-Pacific Partnership), which Canada officially joined in October. Despite repeated calls in the media for Canada to discontinue supply management, the Government has maintained strong public support for the poultry and dairy sectors in line with its commitment in the *Speech from the Throne* and the unanimous House of Commons motion of 2005. In April, we hosted 46 MPs and Senators at our annual Parliament Hill breakfast, and EFC representatives met with Minister of Agriculture and Agri-Food Gerry Ritz, Minister of International Trade Ed Fast, the Leader of the Opposition Thomas Mulcair and Liberal leader Bob Rae. EFC staff also organized an egg farm tour in June for four MPs from the three main federal parties. In addition, we began looking at ways to communicate with audiences not immediately familiar with the benefits of supply management.

Research and innovation remain key priorities as we strive to create an industry at the forefront of change, growth and social relevance. We are strong supporters of research as it enables policy-making to be based on facts and sound science. In addition to our ongoing support for Research Chairs in economics at Laval University and in poultry welfare at the University of Guelph, we also provided funding to the Canadian Poultry Research Council and a number of other projects in human nutrition as well as avian genetics. In the near future, we expect to establish Research Chairs in human nutrition and environmental engineering.

This past year, EFC Chairman Peter Clarke sent a trio of letters to egg farmers on the subject of animal welfare and hen housing in light of legislative developments abroad. In making any decisions about retooling and building new barns, our Chairman recommends that egg farmers be mindful of the many factors at play right now, including ongoing research in Canada and the US, the Code of Practice review, and the US Farm Bill.

I would also like to note that EFC was shortlisted for the Top 100 employers in Canada and for the National Capital Region's Top 25 Employers for 2013. In keeping with our commitment to the local and wider community, the Board approved an increase to our annual donation of fresh shell eggs to Food Banks Canada and EFC staff prepared sandwiches and made a cash donation to charities in the Ottawa area.

Looking to 2013, the EFC Board of Directors has identified four key result areas on which to focus for the next three years: Industry Sustainability, Public Support and Social License, Growth and Innovation, and Organizational Excellence. In the months ahead, I will be working with my colleagues at the Board table in conjunction with EFC staff on numerous initiatives and projects to achieve results in each of these key areas. Our ultimate goal remains the same: to build and strengthen a socially responsible supply management organization that has strong relationships with stakeholders who all share a common vision of the egg industry. I feel the Board and national and provincial staff took significant steps toward realizing this vision during our 40th anniversary year.

It has been a privilege and an honor serving as Alberta's representative to EFC for the past three years. As I come to the end of my term as EFA Director, I look forward to passing the torch. I would like to thank EFC and my fellow EFC Directors, and wish them success in the future.

ANDREW WIPF, EFC DIRECTOR



A WELL MANAGED SYSTEM FOR THE REGULATION OF THE PRODUCTION OF EGGS

QUOTA

Alberta was allotted 31,257 layers on September 24, 2012. The EFA Board decided to allot this increase in accordance with EFA's Over Base Quota Allotment Policy, along with an additional 4,000 layers of quota that were previously set aside for special programs and 22 layers of over base quota that reverted to the Board. The over base allotment was issued to current registered producers on a pro rata basis.

COST OF PRODUCTION/PRICING

There were two price adjustments in 2012, driven mostly by the increasing cost of feed, which climbed by over \$30.00 per ton throughout the year.

CANADIAN EGG INDUSTRY RECIPROCAL ALLIANCE

Enrollment of all Alberta pullet and layer producers in the Canadian Egg Industry Reciprocal Alliance (CEIRA) was successfully completed in 2012. The initial subscriber contract term for CEIRA will be from October 1, 2011 until September 30, 2014. The insured property includes breeder pullets, breeder layers, chicks, pullets, layers and hatching eggs suitable for hatching for the regulated supply chain, in the event that their environment tests positive for Salmonella Enteritidis (SE).

Every province was asked to conduct an election among egg producer subscribers to elect their provincial Voting Delegate, who would then appoint the provincial CEIRA Director. At the 2012 EFA AGM, Muneer Gilani was elected as the Alberta Voting Delegate and Ben Waldner was appointed as the CEIRA Director for Alberta.

SPECIALTY PRICING

EFA began reviewing a new pricing model that was adopted in BC in 2005, as part of ongoing meetings between the four western provinces. The model establishes pricing for specialty product such as free run, free range and organic, using the current COP as the basis for setting price. In addition, the BC model contemplates a buy-back program and is managed to ensure that the market is not over supplied. The western provinces are investigating how the BC model may be expanded as part of an overall strategy for specialty pricing in western Canada.

NEW ENTRANT PROGRAM

EFA's New Entrant Program (NEP) was developed and launched in 2012. It is vital to the long-term sustainability of the egg industry that new people and new investments are encouraged. The NEP was developed in order to assist individuals and families who want to own and operate an egg farm, by issuing a portion of the newly allocated egg quota to successful applicants, thus alleviating some of a producer's start-up costs.

In the future, EFA will set aside 10% of each new allocation for the NEP pool. EFA will provide public notice of the amount of quota that is available for the program. Interested parties will submit an application and fee to the EFA Board, where all applications will be reviewed for eligibility and evaluated by a committee. Quota will be issued in lots of 1,500 birds. If the total number of birds requested by all approved applicants exceeds the number of birds available, a draw will be held to determine the allotment.

New entrant quota will be issued at no cost, but new entrants must pay the over base user fee. For the first 10 years, the quota will be allocated to the new entrant in the form of a production permit. During the 10 year phase-in period, new entrant quota cannot be transferred or sold and new entrants will not be subject to quota increases/decreases.

In 2012, EFA transitioned quota that was previously allocated for the Market Development Leasing Program (MDLP) for new organic producers, into the NEP. To facilitate the transition, NEP quota lots of 1,000 birds were allocated to existing MDLP producers. As a result, EFA has welcomed its first 5 producers under the NEP: Gregory & Beverly Gillespie, Ron & Sheila Hamilton, Philip & Deborah Knievel, Virgil & Nancy Unruh and Kerry Smith. EFA wishes you long, prosperous careers in our industry!

PULLET GROWERS OF CANADA

The Pullet Growers of Canada (PGC) made their application to the Farm Products Council of Canada (FPCC), for Part II Agency status. It is now up to the FPCC to determine how they will proceed with consultations across the country. The Alberta government would likely only support the establishment of a Commission, which does not dovetail into the *Farm Products Marketing Agencies Act (FPMAA)* legislation, as we would not have the power to set price or control supply. EFA has received a Notice of Hearings with respect to this application and have been invited to make a submission to the committee. Susan Schafers continues to serve as Alberta's representative to the PGC.

SUSTAINABILITY OF ALBERTA EGG PRODUCERS

GRADE-OUT ISSUES

The Grader Advisory Committee (GAC) developed a process that producers can use to address any concerns about discrepancies between egg weights on the farm and their grade-outs. Discrepancies are to be dealt with by contacting the grader, who will arrange an on farm visit. The graders have agreed to work with producers to weigh the eggs and compare the weights recorded on farm and at the grading station. This transparent approach to dealing with the issue should help maintain positive industry relationships.

PROVINCIAL FLOCK PLACEMENT

Producers typically consider factors such as weather and the availability of labour while deciding when to place their flocks. As a result, April, July and October have historically been the months with the greatest number of flock placements. From an industry perspective, supply and demand for large eggs should be the primary driver of flock placement, to facilitate the most efficient system possible. EFA has consulted with graders and determined that our industry would greatly benefit by moving December flock placements to January or February. EFA surveyed other provinces to learn more about incentive programs that have been implemented to encourage flock placements in specific months. Options for an Alberta incentive program have been developed and are being brought forward to the Production Management Committee (PMC), with the goal of launching a program to realign our provincial flock placements in 2013.

EGG SPECIFIC SALMONELLA ENTERITIDIS (SE) PREVENTION & RESPONSE

The Egg Specific Salmonella Enteritidis (SE) Disease Control Policy, which EFA developed in partnership with Alberta Agriculture and Rural Development (ARD), was finalized in 2012. This policy sits under the *Alberta Animal Health Act (AAHA)* and was developed to provide clarity on the prevention, detection, reporting, response and recovery from SE in Alberta, with a view to protect human health, sustain consumer confidence and protect the economic viability of producers. The policy includes direction for commercial flocks at all levels of Alberta's egg industry supply chain, including breeder flocks, hatcheries, pullet flocks and laying flocks.

EFA developed internal policies and procedures related to SE sampling, communicating test results and responding to SE positive results. With both these policies and the CEIRA insurance program in place, EFA launched the Enhanced SE Testing Program in the second quarter of 2012. Under the new testing program, each flock receives three separate SE tests: the first in the pullet barn when birds are 3-15 weeks of age; the second when birds are 19-35 weeks of age (early in lay); the third when birds are 36-60 weeks of age (late in lay). This increased testing greatly enhances our ability to detect SE in flocks and affirms our industry's commitment to produce safe, high quality eggs.

ESTABLISHING RESEARCH PRIORITIES

The EFA Board, Research Committee and staff conducted a facilitated session in February, to establish a comprehensive list of EFA research priorities for the first time. The group identified the following researchable questions as priorities for a 3-5 year timeframe:

Food Safety

- What strategies can be implemented on farm to decrease the occurrence of SE?
- What is the cost/benefit of vaccinating for Newcastle, Infectious Bronchitis and Salmonella spp?

Animal Welfare

- What is the cost of production in enriched, free run and aviary housing systems?
- What management practices can decrease feather loss?
- What is the impact of different housing systems on bone density?

Poultry Health

- What are the ideal vaccination protocols for efficacy, when it comes to carriers?
- What is the relative risk of mites and coccidiosis in conventional, enriched, free run and aviary housing systems, and what are production practices that can mitigate these risks?
- How can we optimize Omega-3 diets for both production efficiency and hen health & well-being?

Environment

- What alternative uses of manure exist and what are the economic impacts compared to current practices?
- What can be done to reduce animal emission levels on farm, with respect to air quality?
- How can we improve water use efficiencies in layer operations?

Value-Added

- What are alternative uses and markets for egg shell powder?
- What formulation challenges that exist in the food product development industry could be met by improving the functionality of eggs?

The questions were drawn into a research strategy that identifies desired outcomes, suggests research providers and recommends next steps to address each question. The work towards some of the priorities was initiated late in 2012, while others were rolled into the 2013 strategy.

In 2012, Ben Waldner and John Richter continued to serve on the EFA Research Committee, while Jack Wipf replaced Dave Stahl. Many thanks to all producers who participated in committee activities!

VACCINE COST-BENEFIT ANALYSIS

The responsible use of vaccines is challenging. Decisions must be made with regard to which vaccines to use and the method of administration, while understanding the risks (of both vaccinating and not vaccinating), benefits and costs. EFA wants to help producers make these important decisions by gathering and analyzing information related to the costs and benefits of key vaccines. In March, EFA issued a request for proposals to stakeholders and potential research providers.

After reviewing proposals, Serecon Management Consulting was selected to conduct the project. They will be looking at Salmonella (Enteritidis and Typhimurium), Infectious Laryngotracheitis, Newcastle disease, Marek's disease and other infections as identified. With funding from Alberta Livestock and Meat Agency (ALMA), this project was initiated in October and results are expected in 2013.

IN-OVO SALMONELLA VACCINES

EFA was eager to get involved with the research being done by Dr. Wolfgang Köster and colleagues from the University of Saskatchewan, who are working to develop a sub-unit Salmonella vaccine that will have improved safety and efficacy. Delivery issues and perceived cost-benefit concerns have been contributing factors limiting the uptake of vaccines for Salmonella. However, the development of this vaccine offers improved delivery by targeting birds before they have the opportunity to contract Salmonella. This would add value to existing Salmonella vaccines, potentially resulting in more widespread uptake of this food safety mitigation technique. EFA invested \$12,000 in this 3-year project.

EGG MEMBRANE BATTERIES

There is a significant market opportunity for energy storage devices (ie: batteries) with a combination of decreased charging time and improved lifetime. Commercial lithium polymer batteries last less than 500 charge/discharge cycles and take 3-4 hours to fully charge. Supercapacitors could easily withstand over 10,000 cycles without any degradation and take only minutes (or even just seconds) to charge. However, the energy density of supercapacitors is at least 10 to 100 times smaller than that of lithium batteries, meaning they are typically very large devices, which makes them impractical for use in such things as cars or laptops.

Dr. David Mitlin and the team at the University of Alberta are working to overcome the limitation of supercapacitors by using egg shell membranes as the electrode material. They have already demonstrated a vastly superior capacitive performance and have shown that it is related to the unique nitrogen-rich porous structure of the membrane. EFA is investing \$33,000 in this project over the next 3 years, to help further the technology and create working proof-of-principle prototypes of the device.

QUALITY FOOD FOR HEALTH

EFA partnered with Alberta Innovates Bio Solutions, along with seven other funding partners, on a program aimed to stimulate new and healthier food, innovative food processing and new ways of encouraging healthier food consumption by Albertans. This program was coined “Quality Food for Health” and includes two egg relevant projects, which EFA has helped fund.

Choline nutrient from eggs, meat and dairy, and healthier pregnancy

Dietary choline is an essential nutrient, with eggs, meat and dairy being the major dietary sources. Dr. Curtis and his team at the University of Alberta are looking to develop choline nutrient composition tables for locally available foods. Choline status is of great importance during pregnancy, lactation and infant development, but there is still insufficient data to properly establish a dietary requirement. The research will investigate the form and amount of dietary choline needed during these stages of development. The researchers will also attempt to develop a way to produce a stable choline-rich supplement from an animal source. Most supplements on the market today are derived from soy and are not expected to be as efficacious as choline from eggs. EFA invested \$24,900 in this project.

Personalized IBD diet

Inflammatory Bowel Diseases (IBD) are chronic intestinal inflammations, with symptoms such as abdominal cramps and diarrhea. Current treatment requires anti-inflammatory and immunosuppressive medications that can cause serious side effects. IBD frequently occurs in individuals in the prime of their lives. For reasons that are still unknown, Alberta has one of the highest rates of IBD in the world. It has recently been shown that dietary intake of specific nutrients can significantly decrease the severity of symptoms in IBD patients. Using this knowledge, Dr. Dielman and his team at the University of Alberta are looking to develop a personalized dietary treatment plan that emphasizes nutrient-rich Alberta-grown foods. Dietary intake will be monitored and its effects on disease activity will be assessed. It is expected that eggs and Omega-3's will be important components of the diet. EFA invested \$5,000 in this project.

FARM-GATE PICKUP COSTS

Farm-gate pickup costs are not included in the calculation of Cost of Production (COP). Since the egg industry follows a COP model, costs that are incurred outside of COP are difficult for producers to absorb. With the cooperation of Burnbrae Farms Ltd. and Sparks Farm Egg Supplies, EFA is working to determine the components that should be used to calculate farm-gate pickup costs, the methodology to collect those component costs and the calculation of costs attributable to farm-gate pickup on a per dozen basis. This will allow the monitoring of changes in costs over time. Completing an options analysis relative to policies, producer payments, producer incentives, transportation management and information systems will support future egg transport efficiencies in Alberta, in addition to providing guidance on how farm-gate pickup costs in Alberta might be reduced. With funding support from the Canadian Agricultural Adaptation Program (CAAP), administered by the Agricultural and Food Council of Alberta (AFC), EFA contracted Serecon Management Consulting for this project.

MANURE USE STUDY & PELLETIZATION FEASIBILITY STUDY

Trevor Wallace, from ARD, presented on Phosphorous and Manure Management at the EFA January regional meetings, highlighting the challenges, management options and need to conduct a manure use study. In the spring, EFA and Timmenga & Associates initiated a project with funding from ALMA, to investigate the use of layer manure in Alberta. This study, "Evaluation of Options for Alberta Layer Waste Utilization", showed that layer manure in Alberta is typically used on a producer's own land (either raw or composted) and that 75% of producers collect manure from the barns with belt or belt dryer systems.

The study found that layer manure is underutilized as a source of nutrients in agriculture. The study recommended that manure be upgraded to conserve nitrogen and to facilitate easy field application through implementation of pelletizing equipment, either on farm or centralized in a region.

As a result of this project, efforts were made by EFA to communicate this learning to producers via *EggNotes*, with articles published on the use of phytase, proper composting techniques and the use of belt dryers. EFA has also taken the next step of conducting a feasibility analysis on pelletizing layer manure in Alberta. With follow-up funding from ALMA, a project was initiated in November to study the possibilities of establishing and operating a pelletizing facility for processing pre-dried layer manure. The study will involve a market survey for existing products in the primary market in or nearby the potential location of production facilities.

ENVIRONMENTAL EDUCATION PROGRAM

Corporate sustainability initiatives have grown in number, scope and size in recent years and many consumers have begun thinking about the environmental impact of the products they purchase. EFA's development of a credible environmental program based on science and adapted to producer needs, is yet another way to help ensure producers maintain control of their own destiny. In 2012, the EFA Board set an objective to identify key technical components of an environmental program.

Working with ARD, EFA identified the categories from the Environmental Farm Plan (EFP) that were most relevant to egg farmers, and adapted them to meet our objectives. The Production Management Committee (PMC) reviewed and provided comment on 21 potential factors in the areas of manure management, energy efficiency, petroleum products, water and disposal of wastes. The PMC went so far as to prioritize them according to impact on producers. In a July survey, a total of 53 producers provided input on appropriate and valuable roles for EFA in administering an environmental program, with a strong theme emerging that producers believe such a program should be developed in order to maintain and improve consumer confidence, provide information on best management practices and ensure that the industry is prepared to meet new retailer requirements. Accordingly, EFA will begin working to use the identified factors to launch an environmental education program for producers in 2013.

CONTINUATION OF LIFE CYCLE ANALYSIS

The Life Cycle Analysis (LCA), which was initiated in 2011 with Quantis and ARD, gained significant traction in 2012. Throughout the year, Quantis worked with EFA to conduct independent data gathering and analysis. Data received from the EFA Board and through surveys conducted at the EFA June regional meetings has now been consolidated and used to analyze the production footprint of Alberta egg farms. Work is ongoing to expand the energy data and to collect data from the grading sector.

In 2013, once the LCA is complete, EFA will explore several options with Quantis, including the potential for development of on farm tools to assist producers in improving their carbon footprint. It is anticipated that every producer who thoroughly completed a survey will receive a personalized assessment of their carbon footprint and where they stand relative to the industry average. In addition, the data gathered from the LCA will be used to validate the approach taken in developing an environmental education program for producers. EFC has now initiated the process to complete a similar national study.

BANFF EGG FORUM

In partnership with the Poultry Research Centre (PRC) at the University of Alberta and the University of Manitoba, EFA hosted the Innovations in Egg Utilization Research and Development Forum in Banff, Alberta, in March. Building on past successes in bringing together leading scientists to discuss and share the latest knowledge and innovations in egg research at the Banff Egg Symposia of 1992, 1998 and 2004, the 2012 forum explored market trends, advancements in innovations and the future of egg product development. The forum attracted 75 attendees from 8 countries and served as a building block for future collaborative efforts between academia and industry.

CHANGES AT THE POULTRY RESEARCH CENTRE

In addition to project support, EFA has historically provided financial support directly to the University of Alberta's Poultry Research Centre (PRC), for items such as communications, support staff and governance. The existing funding agreement between the PRC and industry partners expired in April, 2012 and the PRC was faced with decreased support from national partners and institutional funders. As a result, several changes were made at the PRC to reflect the new budget landscape. The Executive Director was replaced with a Business Development Officer. The incubation and value-added production scientist positions were eliminated, while technical and administrative support was reduced.

Moving forward, the PRC is evaluating several revenue generating and cost savings initiatives, such as removing or better utilizing their rare breeds, charging user fees for external researchers and companies to use world class equipment at the hatchery, and approaching new industry funding partners. Support remains for two value-added academics, two unit technicians, part-time administrative assistance, a business development position, governance, travel, communications and knowledge adoption, as well as the University supported academic positions and ARD funded positions. EFA has committed to continued support through 2017.

INTENSIVE LIVESTOCK WORKING GROUP (ILWG)

The collaboration of Alberta's livestock industry, facilitated through the ILWG, is an uncommon partnership among those who compete in primary food production. Participating groups recognize that we are challenged by many of the same issues and working together significantly improves our ability to resolve those issues. The primary areas of focus for the ILWG in 2012 were:

Phosphorous Pilot Project

The prime objective and first phase of the pilot is the development of a 'tool' that serves to identify the risks and opportunities on any livestock operation, with a specific focus on improved phosphorous management and helping producers make decisions on manure management mitigation strategies that will reduce phosphorous loss through runoff. The next phase is to work with producers to implement the strategies and measure their effectiveness in improving water quality. The final phase is to champion industry-wide adoption of the strategies if they prove to be effective and sustainable.

Non-Point Source Pollution Project

The project team was formed under the auspices of the Alberta Water Council, which has a mandate to facilitate better understanding on non-point source (NPS) pollution by conducting an assessment of the current state of NPS pollution knowledge, identify gaps/challenges and examine policy, practices and regulatory tools for NPS pollution in other jurisdictions. A final report will be released in spring 2013.

Bow River Phosphorous Management Plan

This multi-stakeholder initiative representing urban point source, urban NPS and rural NPS interests. The goal of this initiative is to identify strategies and actions to improve water quality, by managing phosphorous loading in the Bow River from the Bears paw Dam to upstream of the Bassano Dam.

Water Act Review

It is the assessment of the ILWG that the Alberta government will not make any substantive changes to the water allocation policy in the medium-term. Interestingly, the term 'water allocation' is being replaced with 'water management' in government communications, to intentionally broaden the spectrum of water issues, which will likely include subjects like water capture and storage. In the short-term, the government is holding "water conversation" to identify critical issues, which will significantly influence how they move forward on water policy in the long-term.

Land Planning

The ILWG spent a great deal of time in late 2012 working with Agri-Environmental Partnership Alberta in the development of key messages dealing with the provincial land planning process, specifically aimed at the South Saskatchewan Regional Plan currently under development. The objective of this exercise has been to raise the knowledge level on land planning issues as they impact agriculture and to ensure that there is continuity in the messaging coming from each agricultural sector.

START CLEAN – STAY CLEAN™ (SC-SC) PROGRAM

In 2012, the average SC-SC score for Alberta producers was 98.3%, with 34 producers achieving a perfect score of 100%! The producers demonstrating exceptional dedication to food safety by achieving perfect scores were: Bow City Colony, Beiseker Colony, Bentley Colony, Cayley Colony, Camrose Colony, East Cardston Colony, Elmspring Colony, East Raymond Colony, Evergreen Colony, Greenwood Colony, High River Colony, Kings Lake Colony, Keho Lake Colony, Lakeside Colony, Lone Pine Colony, Miami Colony, Mayfield Colony, Mannville Colony, Parkland Colony, Prairie View Colony, Pennerosa & Sons Farms Ltd, Rosedale Colony, River Bend Colony, Shadow Ranch Colony, Rosalind Colony, Springview Colony, Sunnybend Colony, Virgil & Nancy Unruh, Standoff Colony, Tschetter Colony, Wolf Creek Colony, Wild Rose Colony, Wintering Hills Colony and Wheatland Colony. Congratulations to all Alberta egg farmers for a job well done!

In June, EFA welcomed a new Field Administrator/Coordinator, Dave Lastiwka, to our team. With the introduction of additional field resources, EFA began sending out Corrective Action Request (CAR) letters to all producers who did not score 100% on the SC-SC programs for pullets and layers. The CAR process enables EFA to provide support to producers in areas that need improvement and grant producers an opportunity to increase their SC-SC scores by resolving the CARs. Corrective actions are an effective way to foster continuous improvement in our on farm food safety programs.

SC-SC accreditation can be suspended by EFC field inspectors and, when this happens, producers enter a corrective action process that can take up to seven months to work through. New producers in our industry have up to one year to earn accreditation in the SC-SC program. As a result, since the December 31, 2009 deadline for all producers to reach accreditation in the SC-SC layer program, there have always been one or two producers who were not accredited. 2012 marked the first time when 100% of Alberta producers achieved SC-SC accreditation. While this is expected to fluctuate over time, it does demonstrate how a concentrated commitment by all producers, Board and staff can successfully achieve even the most ambitious goal!

Alberta pullet producers were also dedicated to their on farm food safety program in 2012. The average program score for Alberta pullet producers was 97.9%, with an impressive 56 producers achieving a perfect score of 100%!

ANIMAL CARE PROGRAM

In 2012, the average Animal Care Program (ACP) score for Alberta producers was 98.5%, with 96 producers achieving a perfect score of 100%!

A new component was added to the ACP in May, in order to ensure that any cage modifications do not negatively impact hen welfare. Cages cannot be modified to increase their capacity unless the cage was designed for that purpose. Producers wishing to modify their cages must obtain a letter from their manufacturer, indicating that the cages can support the proposed changes, or they will lose points on the ACP.

EFA worked to implement the Interim Policy on Enriched Housing, which was introduced by EFC in late 2011. The policy requires a minimum of 116.25 square inches per bird, as well as perch and nesting space for all hens housed in enriched systems. Alberta producers with enriched systems not meeting the interim standards will have their quota reduced at their next flock change, though they will be permitted to lease out this quota until they renovate their facilities. This is the same approach that was used in 2010, to transition producers using conventional cages to the current code.

The first step in developing an ACP evaluation for producers using loose housing systems was announced by EFC in November, with the introduction of the Interim Standards for Aviary and Free Run Production. These standards will come into effect on November 7, 2013 and are based very closely on the current United Egg Producer (UEP) standards, which provide guidelines on nest, perch and floor space. In the first half of 2013, EFA will be measuring loose housing systems in Alberta in order to determine where they sit in relation to the new standards, and will then work to transition any producers who are not meeting the interim standards.

HEN HOUSING

In 2012, the Canadian egg industry carefully watched the progress of the American Farm Bill, which would enshrine the 2011 agreement between UEP and the Humane Society of the United States (HSUS) on hen housing into law, and transition the American egg industry from conventional cages by 2029. The bill faced significant opposition from many groups, including other livestock commodities, but was also heavily lobbied for by its supporters. Unfortunately, due to the election and government focus on an uncertain economy, the bill remained in limbo at the end of 2012.

In Alberta, as a result of a process that began at the January 2012 regional meetings with an update and round-table discussions, EFA has concluded that producers understand that change is coming and that very few would make the choice to install conventional cages today. Many producers are supportive of EFA taking steps to prohibit the installation of conventional cages, with a strong preference for it to be part of a national approach that would be in the best interest of the entire Canadian egg industry. EFA is doing everything in our power to encourage and support the development of national standards for hen housing. Together with the other western provinces, EFA sent a letter to EFC, requesting that they strongly consider setting a date for when conventional cages can no longer be installed in Canada. EFA believes that much progress was made in 2012, bringing EFC and the provinces together to coordinate efforts towards moving forward a Canadian moratorium on conventional cages.

EFA's Hen Housing Guide, which was developed in 2011, details the history of the hen housing issues, outlines the different options for hen housing and provides some decision making tools to help producers choose the housing system that makes the most sense for their farm. EFA continues to update and revise this guide as new information becomes available. EFA has been working to connect with any producers who are making a decision on hen housing, in order to meet and discuss the many factors that may impact their decision.

More Alberta producers are choosing to install alternative housing systems every year. EFA congratulates these producers on their leadership and proactive choice!

The transition to a new housing system can be both challenging and rewarding. Producers have struggled with a variety of challenges during their first flock cycles in alternative systems. EFA is working to support producers during their transition, by helping connect them with the resources needed to be successful. Producers are urged to choose a hen housing manufacturer that will provide support as the first flock goes into production. EFA also suggests that producers consider allocating extra labour to the new barn for the first few flock cycles, so that the egg manager can focus on learning about the system and how to best care for the hens in the new environment.

EFA collected producer data from four enriched flocks and calculated key metrics including feed conversion, livability, eggs per hen housed and the percent of undergrades. The intent is for producers to be able to compare this to their current numbers, to get a better sense of what the production cost differences might be in their own production.

The Layer Code of Practice review is underway, with the National Farm Animal Care Council (NFAAC) coordinating the project. The scientific committee has been working through the priority issues that were identified in 2012, in order to present a report by the second quarter of 2013. The issues reviewed to date include feather pecking and cannibalism, bone health and rearing. Beak trimming, hen housing and requirements for enrichments, space allowances and group sizes have not yet been reviewed.

ENCOURAGING BEST PRACTICES

Producer education is the key to the effective on farm implementation of food safety, animal care and poultry health initiatives. In 2012, EFA worked to create several educational events and resources using a variety of mediums, in order to educate producers about many important topics.

On the day before the poultry AGMs in February, the Alberta Poultry Industry Emergency Management Team (APIEMT) hosted PECK! (Producer Education Creates Knowledge) for producers. PECK! was an interactive workshop featuring guest speakers, edutainment from the University of Alberta's *Heifer in Your Tank* group and activities that focused on emergency preparedness, response and prevention. The event was well attended by egg producers, who were able to participate in hands-on bio-security demonstrations, familiarize themselves with the industry's emergency response manual and gain a better understanding of the first steps to take when faced with an emergency on farm.

When there are multiple species on farm, cross contamination is a risk that must be managed to preserve animal health and food safety. Dr. J.P. Vaillancourt, from the University of Montreal, spoke at EFA's AGM about the risks of multi-species farms, while an article published in *EggNotes* featured steps to protect flocks on multi-species farms. EFA contacted each producer that is known to have adjacent poultry barns, to create awareness and educate about measures available to protect their flocks.

EFA developed resources on protecting multi-species farms, topping-up flocks, anti-microbial resistance, poultry diseases, vaccination protocols, on farm feed mixing, and emerging layer health issues. EFA's ongoing job is to distill the vast amounts of information down to what is most important for producer education, then present it in a clear, practical way so that producers are empowered to take the information and make real, positive changes on their farm.

BUILDING A POSITIVE PERCEPTION OF EGGS & THE EGG INDUSTRY

2012... A NEW YEAR AND A NEW NAME

As of the close of the AGM in February, Alberta Egg Producers (AEP) officially became Egg Farmers of Alberta (EFA). The EFA staff is honored to represent the province's more than 150 registered egg farmers, who are dedicated to providing Albertans with safe, high quality, nutritious and delicious, locally produced eggs and egg products. A new logo was also launched to reflect the name change.

An investigation into a potential name change began in 2011, stemming from our mandate to create a positive perception about eggs and the Alberta egg industry, and our desire to feature real farmers more prominently in our marketing, communications and government relations campaigns. A survey was conducted through our consumer website, which further supported our initial conclusion that "farmer" evoked a much more positive and trustworthy perception than "producer" among consumers.

MEET AN ALBERTA EGG FARMER

Throughout 2012, there was a growing trend in the Canadian egg industry that saw the marketing focus shift from the egg to the hardworking farmers who provide eggs for all Canadians. At the national level, EFC launched the "Pride in Every Egg" TV commercial in June, with Alberta's own Mike Richter as one of the featured egg farmers. The ads will continue to be aired nationally in 2013.

Provincially, EFA launched the "Meet an Alberta Egg Farmer" campaign in September, starting with three farmer profiles being posted on the EFA consumer website. Mike Richter (conventional system), Big Bend Colony (enriched system) and Susan Schafers (free run system) opened their barn doors, so to speak, answering some common consumer questions and welcoming a photographer onto their farms. EFA looks forward to expanding this campaign in 2013, in an effort to proactively engage consumers in a transparent manner, promote eggs and showcase our world class farming families!

RUN FOR THE CURE

Egg Farmers of Canada was once again the Official Nutritional Partner of the Canadian Breast Cancer Foundation CIBC Run for the Cure in 2012. The EFA Board and staff took up the challenge to put together a team of our own, in an effort to raise money for this incredibly worthwhile cause. The event became a fantastic team building opportunity for the EFA staff, whose contagious enthusiasm resulted in a BBQ fundraiser being held outside the EFA office, contributing to the team tripling our fundraising goal by raising over \$8,400! EFA's more than 30 dedicated team members – made up of Directors, producers, staff and family all proudly dressed in their yellow *Get Cracking!* gear – stood out in the sea of pink that was 8,000 strong. A steady stream of participants lined up at EFA's booth, eager to learn about eggs and receive a swag bag. Every team member successfully completed their walk/run and felt a shared sense of accomplishment. On behalf of the entire EFA Board, staff and Run for the Cure team members, THANK YOU to everyone who donated and supported us! See you in 2013!

TRUSTED SOURCE OF INFORMATION ABOUT EGGS & THE EGG INDUSTRY

GOVERNMENT RELATIONS

EFA was extremely active in government relations (GR) activities in 2012. Faced with increased negative media attention, often unfairly and inaccurately directed towards supply management (SM), EFA increased GR efforts both on our own and with our provincial SM5 counterparts (Alberta Milk, Alberta Turkey Producers, Alberta Chicken Producers and Alberta Hatching Egg Producers). EFA's 2012 GR strategy primarily focused on provincial politicians.

Although the supply managed sector continues to enjoy strong political support at both the federal and provincial level, EFA believes that the egg industry must be vigilant in proactively ensuring that our positive messages are heard by industry, politicians and the Canadian public. For this reason, EFA worked tirelessly on multiple fronts, to educate about supply management and promote the many benefits of this uniquely Canadian system. EFA's overall GR goal is to strengthen understanding of and support for supply management.

SM5 producers met with representatives from each party leading up to the provincial election in April. Throughout the year, SM5 continued its sponsorship of the Premier's Breakfasts in Calgary and Edmonton, attended the Premier's Dinners in Red Deer and Lethbridge, met with several members of the Wild Rose Alliance and even had the opportunity to attend the Prime Minister's BBQ. The GR highlights for 2012 were two farm tours that were held in August and December.

EFA had the privilege of welcoming a pair of Lethbridge MLAs (Greg Weadick & Bridget Pastoor) onto an Alberta egg farm in August. New York Colony hosted the event and EFA Board Director, Levi Hofer, assumed the role of guide, treating our guests to a wonderfully entertaining and informative tour of the egg laying facility. Several EFA Directors and staff were on-hand to answer the wide variety of questions posed by the MLAs and journalists in attendance. EFA looks forward to hosting more farm tours in 2013, in the hopes of promoting egg farming and supply management to additional Alberta MLAs and MPs.

Building on the success of the EFA egg farm tour, the SM5 group organized a multi-farm tour in December for four rural MLAs (Ron Casey, Jacquie Fenske, Richard Starke and Steve Young), as well as a number of media and ARD staff. The group travelled together by tour bus to a dairy farm and a broiler chicken farm, while producers and staff from all five commodity groups had the chance to engage our guests in discussion about the many benefits and positive impacts of Canada's supply management system. The day was a fantastic opportunity for our industry to build relationships with provincial MLAs.

CONSUMER COMMUNICATION, PROMOTIONS & SPONSORSHIPS

EFA promoted eggs and Alberta's egg farmers at 26 events across the province, while sponsoring another 134 events and giving 102 classroom presentations, distributing 86,541 promotional items and 136,211 recipe pamphlets and educational materials. EFA's presence was further enhanced through industry partnerships such as the Classroom Agriculture Program (CAP) and Taste Alberta.

FROM THE FARM TO YOUR TABLE: EGG SALES STATISTICS

CATEGORY	2012		2011	
	ALBERTA	CANADA	ALBERTA	CANADA
Total Eggs	+2.3%	+2.1%	+3.5%	+1.7%
Regular Eggs	+1.6%	+3.3%	+3.2%	+0.8%
Omega-3 Eggs	-1.9%	-10.1%	+4.7%	+7.0%
Other Specialty Eggs <i>ie: free range, free run, organic</i>	+27.1%	+9.9%	+7.3%	+6.6%

According to Nielson sales data, Alberta experienced excellent growth in total egg consumption in 2012, slightly ahead of the national average rate of growth. It was interesting to note that while regular egg consumption grew slightly and Omega-3 egg consumption dropped slightly, Albertans seemed to have a healthy and growing appetite for other specialty eggs in 2012, as evidenced by an impressive 27.1% increase in consumption over 2011 (this only represents 5.2% of total egg consumption in Alberta)!

EFA BOARD GOVERNANCE & DIRECTOR TRAINING

In 2012, the EFA Board of Directors welcomed Ben Waldner and Muneer Gilani as new Directors. Ben served previously on the Board and was elected as the new EFA Chairman. Joe Kleinsasser continued in his role as Vice-Chairman, while Andrew Wipf and Amin Valji continued in their roles as EFC Director and EFC Alternate, respectively. Special thanks are extended to outgoing Directors Michael Froese (past Chairman) and Meb Gilani, for their years of outstanding service to the Alberta egg industry.

The Board’s newly approved Director Nomination Process allowed producers to nominate Directors in writing, in advance of the AGM. Profiles were prepared for each nominee and circulated at the AGM’s registration desk. This process proved to be quite effective and popular, enabling producers to make a more informed voting decision, ensuring it will continue into 2013 and beyond.

EFA has a strong culture of proper governance and therefore believes that ongoing training for Directors is critical to achieving success and maintaining long-term momentum. In addition to new/current Directors, EFA continued to offer governance training to any producers who may be contemplating becoming a Director in the future.

EFA strategic planning continued to be a crucial annual event in 2012. In September, the Board and staff had an opportunity to review the progress made in each of the 9 key result areas from 2011, before strategizing on key priorities for 2013.

EFA STAFFING

In June, Dave Lastiwka was hired as the new Field Services Administrator/Coordinator. Long-term staff: Carla Znak (1 year), David Webb and Jenna Griffin (2 years), Murray Minchin (2 years), Peggy Galbraith (5 years), Christina Robinson and Catherine Kelly (6 years), Laurel Martin (10 years) and Susan Gal (22 years – 14 years as General Manager).

EFA OPERATIONAL EXCELLENCE

EFA staff faced the challenge of managing additional responsibilities, with only slightly increased administrative resources in 2012. In order to meet this challenge, staff had to find creative ways to get more done with the limited time and resources available. EFA was fortunate to connect with Alberta Agriculture's Productivity Improvement Initiative (PII), which assists agricultural organizations in finding ways to increase efficiencies and technological capabilities. PII provided EFA with a grant to bring a Lean coach into our organization. Lean is simply creating more value with fewer resources. The coach worked with staff to map out an ideal process for managing the new enhanced SE testing program, which highlighted the need to adopt a new computer system to meet the increased requirements.

After researching various options, it was determined that a Customer Relationship Management (CRM) system would provide EFA with greatly enhanced IT capabilities and the flexibility to further develop the system over time. Staff worked with the CRM developers to create a customized program that manages SE test scheduling and results, consolidates contact management and much more. The result of this Lean project is that it now takes EFA staff less time to manage the enhanced SE program, despite having to process three times the number of tests than was required by the previous program.

EFA is continuing the Lean journey by working towards continuous improvement. Staff took part in various Lean workshops provided through PII, with the dual goal of raising organizational awareness of Lean and cultivating a Lean culture within EFA. Some of this new knowledge was shared with producers at the June regional meetings, since increased efficiency achievable with Lean would be greatly beneficial throughout the egg industry. EFA will continue to integrate Lean practices into our daily work, while striving to uncover new ways to reduce waste and increase staff productivity, to maximize value for the producers we represent.



Financial statements of

Alberta Egg Producers Board
(Operating as Egg Farmers of Alberta)

December 29, 2012, December 31, 2011 and December 26, 2010

Alberta Egg Producers Board

(Operating as Egg Farmers of Alberta)

December 29, 2012, December 31, 2011 and December 26, 2010

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Independent Auditor's Report

To the Registered Producers of
Alberta Egg Producers Board
(Operating as Egg Farmers of Alberta)

We have audited the accompanying financial statements of Alberta Egg Producers Board (Operating as Egg Farmers of Alberta), which comprise the statements of financial position as at December 29, 2012, December 31, 2011 and December 26, 2010, and the statements of operations and changes in unrestricted net assets and cash flows for the 52-week period ended December 29, 2012 and 53-week period ended December 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Alberta Egg Producers Board (operating as Egg Farmers of Alberta) as at December 29, 2012, December 31, 2011 and December 26, 2010, and the results of its operations and changes in unrestricted net assets and its cash flows for the 52-week period ended December 29, 2012 and 53-week period ended December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

Deloitte LLP

Chartered Accountants
February 4, 2013

Alberta Egg Producers Board

(Operating as Egg Farmers of Alberta)

Statements of operations and changes in unrestricted net assets
fifty-two week period ended December 29, 2012 and
fifty-three week period ended December 31, 2011

	December 29, 2012 (52 weeks)	December 31, 2011 (53 weeks) (Note 2)
	\$	\$
Revenue		
Levy	17,678,111	16,807,654
Interest	101,475	113,129
Grant revenue (Note 8)	125,767	119,875
Industrial product program (Schedule 2)	10,161,712	10,445,535
Research levy and grant revenue (Schedule 3)	51,162	153,504
Over base quota fund (Schedule 4)	368,274	117,725
Other income	74,942	21,276
Amortization of deferred capital contributions (Note 9)	8,895	8,895
(Loss) gain on sale of investments	(2,397)	77,664
Unrealized gain (loss) on investments	53,715	(93,946)
	28,621,656	27,771,311
Expenses		
Administrative (Schedule 1)	1,845,738	1,746,147
Egg Farmers of Canada levy	15,999,256	15,278,683
Grant project expenses (Notes 6, 8 and 9)	134,662	128,770
Industrial product program (Schedule 2)	9,875,630	10,799,503
Research project disbursements (Schedule 3)	169,586	58,959
Over base quota fund (Schedule 4)	207,000	290,000
	28,231,872	28,302,062
Excess (deficiency) of revenue over expenses	389,784	(530,751)
Internal transfer (to) from industrial product program (Schedule 2)	(286,082)	353,968
Internal transfer from (to) research fund (Schedule 3)	118,424	(94,545)
Internal transfer (to) from over base quota fund (Schedule 4)	(161,274)	172,275
Unrestricted net assets, beginning of period	2,601,940	2,700,993
Unrestricted net assets, end of period	2,662,792	2,601,940

Alberta Egg Producers Board

(Operating as Egg Farmers of Alberta)

Statements of financial position

as at December 29, 2012, December 31, 2011 and December 26, 2010

	December 29, 2012	December 31, 2011 (Note 2)	December 26, 2010 (Note 2)
	\$	\$	\$
Assets			
Current assets			
Cash	587,912	629,519	774,690
Short-term investments (Note 4)	1,881,847	1,209,601	945,842
Accounts receivable (Note 5)	797,195	803,352	725,342
Prepaid expenses	41,439	30,590	29,156
	3,308,393	2,673,062	2,475,030
Long-term investments (Note 4)	1,114,993	1,236,591	1,672,997
Tangible capital assets (Note 6)	1,444,385	1,488,610	1,491,783
Intangible asset (Note 7)	480	-	-
	5,868,251	5,398,263	5,639,810
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	762,620	624,545	528,190
Government remittances payable	23,706	9,556	21,047
Due to Egg Farmers of Canada	660,175	631,664	570,621
Deferred contributions (Note 8)	16,080	107,717	-
	1,462,581	1,373,482	1,119,858
Deferred contributions related to tangible capital assets (Note 9)	26,685	35,580	-
	1,489,266	1,409,062	1,119,858
Net assets			
Unrestricted net assets	2,662,792	2,601,940	2,700,993
Industrial product program (Schedule 2)	1,125,495	839,413	1,193,381
Research fund (Schedule 3)	357,740	476,164	381,619
Over base quota fund (Schedule 4)	232,958	71,684	243,959
	4,378,985	3,989,201	4,519,952
	5,868,251	5,398,263	5,639,810

Approved by the Board


Chairman


Vice Chairman

Alberta Egg Producers Board

(Operating as Egg Farmers of Alberta)

Statements of cash flows

fifty-two week period ended December 29, 2012 and

fifty-three week period ended December 31, 2011

	December 29, 2012 (52 weeks)	December 31, 2011 (53 weeks) (Note 2)
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses	389,784	(530,751)
Items not affecting cash		
Amortization of tangible capital assets	129,054	111,285
Amortization of deferred contributions related to tangible capital assets	(8,895)	(8,895)
Gain on sale of tangible capital assets	(190)	-
Loss (gain) on sale of investments	2,397	(77,664)
Unrealized (gain) loss on investments	(53,715)	93,946
	458,435	(412,079)
Changes in non-cash working capital		
Accounts receivable	6,157	(78,010)
Prepaid expenses	(10,849)	(1,434)
Accounts payable and accrued liabilities	138,075	96,355
Government remittances payable	14,150	(11,491)
Due to Egg Farmers of Canada	28,511	61,043
Deferred contributions	(91,637)	107,717
	542,842	(237,899)
Financing activity		
Receipt of capital contributions	-	44,475
Investing activities		
Purchase of tangible capital assets	(84,829)	(108,112)
Purchase of intangible asset	(480)	-
Proceeds on sale of tangible capital assets	190	-
Proceeds on sale of long-term investments	296,512	550,184
Proceeds on sale of short-term investments	98,596	181,228
Purchase of long-term investments	(186,346)	(123,741)
Purchases of short-term investments	(708,092)	(451,306)
	(584,449)	48,253
Net decrease in cash	(41,607)	(145,171)
Cash, beginning of period	629,519	774,690
Cash, end of period	587,912	629,519

Alberta Egg Producers Board

(Operating as Egg Farmers of Alberta)

Notes to the financial statements

December 29, 2012, December 31, 2011 and December 26, 2010

1. Nature of business

Alberta Egg Producers Board (Operating as Egg Farmers of Alberta) (the "Board") was incorporated by statute in 1968 as a not-for-profit body. The purpose of the Board is to provide effective promotion, control and regulation of the marketing of eggs in Alberta. The Board is generally exempt from income taxes under Section 149(1)(l) of the Income Tax Act, except for income related to certain investments.

2. Adoption of new accounting framework

During the 52 week period ended December 29, 2012, the Board adopted the new accounting standards for not-for-profit organizations (the "new standards") issued by the Accounting Standards Board of the Canadian Institute of Chartered Accountants ("CICA") and set out in Part III of the CICA Handbook. In accordance with Section 1501 of Part III the CICA Handbook, First-time Adoption, ("Section 1501"), the date of transition to the new standards is December 26, 2010 and the Board has prepared and presented an opening statement of financial position at the date of transition to the new standards. This opening statement of financial position is the starting point for the entity's accounting under the new standards. In its opening statement of financial position, under the recommendations of Section 1501, the Board:

- (a) recognized all assets and liabilities whose recognition is required by the new standards;
- (b) did not recognize items as assets or liabilities if the new standards do not permit such recognition;
- (c) reclassified items that it recognized previously as one type of asset, liability or component of net assets, but are recognized as a different type of asset, liability or component of net assets under the new standards; and
- (d) applied the new standards in measuring all recognized assets and liabilities.

In accordance with the requirements of Section 1501, the accounting policies set out in Note 3 have been consistently applied to all periods presented. Adjustments resulting from the adoption of the new standards have been applied retrospectively excluding cases where optional exemptions available under Section 1501 have been applied. The Board has not elected to adopt any of the exemptions available under Section 1501.

The impact of the adoption of the new standards on the statement of financial position as at December 26, 2010 is summarized as follows:

	Balance as previously reported December 25, 2010	Adjustment	Reference	Balance as adjusted as at December 26, 2010
	\$	\$		\$
Accounts payable and accrued liabilities	549,237	(21,047)	(a)	528,190
Government remittance payable	-	21,047	(a)	21,047
Total adjustment to liabilities	549,237	-		549,237

Alberta Egg Producers Board

(Operating as Egg Farmers of Alberta)

Notes to the financial statements

December 29, 2012, December 31, 2011 and December 26, 2010

2. Adoption of new accounting framework (continued)

The impact of the adoption of the new standards on the statement of operations and changes in unrestricted net assets for the 53-week period ended December 31, 2011 is summarized as follows:

	Balance as previously reported 2011	Adjustment	Reference	Balance as adjusted 2011
	\$	\$		\$
Revenue				
Unrealized loss on investments	(98,315)	4,369	(b)	(93,946)
Deficiency of revenue over expenses	(535,120)	4,369		(530,751)

Explanations of adjustments

a) Government remittances (other than income taxes)

The new standards require separate disclosure of the amount of government remittances (other than income taxes) recoverable or payable. Accordingly, an amount of \$21,047 as at December 26, 2010 (\$9,556 as at December 31, 2011) has been reclassified from accounts payable and accrued liabilities to government remittances payable.

b) Long-term investments

Under the new standards, the Board can no longer classify financial instruments as available for sale and record the unrealized gain (loss) directly to net assets. The adjustment of \$4,369 to realized and unrealized gain (loss) on investments for the 53-week period ended December 31, 2011 reclassifies the amount previously recorded directly to net assets.

In addition, the operating activities section of the cash flow statement for the 53-week period ended December 31, 2011 has been adjusted to reflect, as appropriate, the above changes to the statement of operations and changes in unrestricted net assets for the 53-week period ended December 31, 2011. The adjustments relate to the amount of the deficiency of revenue over expenses and to the reconciling items in determining the total funds from operating activities.

3. Significant accounting policies

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

Method of accounting

The Board follows the deferral method of accounting for revenues whereby revenues restricted for a specific purpose are deferred until such time as they are expended.

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Free-standing derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently recorded at fair value. All other financial instruments are recorded at cost or amortized cost, unless management has elected to record at fair value. The Board has not elected to carry any such financial instruments at fair value.

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Notes to the financial statements

December 29, 2012, December 31, 2011 and December 26, 2010

3. Significant accounting policies (continued)

Financial instruments (continued)

Transaction costs related to financial instruments measured at fair value are expensed as incurred. For all other financial instruments, the transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the excess (deficiency) of revenue over expenses as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Board recognizes in the excess (deficiency) of revenue over expenses an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the excess (deficiency) of revenue over expenses in the period the reversal occurs.

Tangible capital assets

Tangible capital assets are recorded at cost and amortized on a straight-line basis at rates calculated to amortize the cost of the assets over their estimated useful lives as follows:

Building	25 years
Automobiles	3-5 years
Promotional display	3-5 years
Office equipment	3-10 years
Office improvements	20 years
Website	1 year

Impairment of long-lived assets

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that an asset can no longer be used as originally expected and its carrying amount may not be fully recoverable. An impairment loss is recognized when and to the extent that management assesses the future useful life of an asset to be less than originally estimated.

Intangible asset

Intangible assets with an indefinite life are accounted for at cost and are tested for impairment whenever events or changes in circumstances indicate that they might be impaired. When the carrying amount of an item exceeds its fair value, an impairment loss is recognized in excess (deficiency) of revenue over expenses in an amount equal to the excess.

Revenue recognition

Egg sales are recognized at declaration when the amounts are determinable and collection can be reasonably assured.

Levies are legislated at least annually, collected monthly, and recognized on a per-bird basis each period when the amounts are determinable and collection is reasonably assured.

Interest revenue and other income are recognized when amounts can be reasonably determined and collectability is assured.

Grant revenue is recognized when the related expenses are incurred. Unrestricted grants are recognized as revenue when received or receivable if the amount is fixed or can be reasonably assured and collection is reasonably assured.

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Notes to the financial statements

December 29, 2012, December 31, 2011 and December 26, 2010

3. Significant accounting policies (continued)

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Estimates primarily arise in the determination of allowance for doubtful accounts, the estimated useful lives of tangible capital assets, the potential impairment of tangible capital and intangible assets, determination of accrued liabilities and potential contingencies.

4. Investments

Short-term investments

Short-term investments of \$1,881,847 (December 31, 2011 - \$1,209,601; December 26, 2010 - \$945,842) are invested in a short-term income pooled fund to maximize returns. The cash investments are held at market value with an effective rate of return of 2.92% per annum (December 31, 2011 - 3.4% per annum; December 26, 2010 - 3.1% per annum).

Long-term investments

The long-term investments include:

	December 29, 2012	December 31, 2011	December 26, 2010
	\$	\$	\$
Equity investments	431,536	398,973	523,518
Bonds	683,457	837,618	1,149,479
	1,114,993	1,236,591	1,672,997

The equity investments and bonds are recorded at fair market value.

Investment policy

The Board has initiated an investment policy that RBC Investments are required to follow. The policy states that the Board's excess cash is to be invested in low-risk Canadian investments, which include equities, bonds, T-bills, and short-term investments. The Board determined that the investments should be diverse; therefore, restrictions were set on the amount that could be invested in each type of investment, which is outlined as follows (these percentages are based on the market value of the investments):

	Target	Current
	%	%
Short-term investments	1-20	2
Fixed income investments	40-70	53
Equity investments	20-45	45
Country of exposure		
Canada	85	82
U.S.	10	15
International	5	3

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4. Investments (continued)

Investment policy (continued)

The investments are currently not in agreement with the investment policy that has been outlined by the Board. Management is evaluating the current volatility of the market and how best to change the investments in order to bring the portfolio back in agreement with the policy.

5. Accounts receivable

	December 29, 2012	December 31, 2011	December 26, 2010
	\$	\$	\$
Egg Farmers of Canada	760,843	684,806	635,140
Contributions receivable	15,740	102,748	-
Other	20,612	15,798	90,202
	797,195	803,352	725,342

6. Tangible capital assets

	December 29, 2012		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	168,000	-	168,000
Building	902,214	166,060	736,154
Automobiles	53,212	30,296	22,916
Promotional display	105,500	47,082	58,418
Office equipment	172,484	118,523	53,961
Office improvements	516,974	114,759	402,215
Website	11,957	9,236	2,721
	1,930,341	485,956	1,444,385

	December 31, 2011		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	168,000	-	168,000
Building	902,214	129,971	772,243
Automobiles	24,567	16,378	8,189
Promotional display	89,102	25,982	63,120
Office equipment	169,918	114,414	55,504
Office improvements	510,464	88,910	421,554
Website	8,557	8,557	-
	1,872,822	384,212	1,488,610

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Notes to the financial statements

December 29, 2012, December 31, 2011 and December 26, 2010

6. Tangible capital assets (continued)

	December 26, 2010		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	168,000	-	168,000
Building	902,214	93,883	808,331
Automobiles	24,567	8,188	16,379
Promotional display	13,602	8,161	5,441
Office equipment	146,093	106,331	39,762
Office improvements	506,164	63,387	442,777
Website	16,640	5,547	11,093
	1,777,280	285,497	1,491,783

Total amortization for the period was \$129,054 (December 31, 2011 - \$111,285), of which \$ 21,500 (December 31, 2011 - \$12,177) was included in advertising and product promotion, \$13,918 (December 31, 2011 - \$8,189) was included in travel, and \$8,895 was included in grant project expenses (December 31, 2011 - \$8,895).

7. Intangible asset

	December 29, 2012	December 31, 2011	December 26, 2010
	\$	\$	\$
Trade name	480	-	-

8. Deferred contributions

Deferred contributions represent externally restricted grants relating to expenses of future periods. The changes in deferred contributions are as follows:

	December 29, 2012	December 31, 2011	December 26, 2010
	\$	\$	\$
Deferred contributions, beginning of period	107,717	-	-
Grants received	34,130	227,592	-
Less: amounts amortized to revenue	(125,767)	(119,875)	-
Deferred contributions, end of period	16,080	107,717	-

Alberta Egg Producers Board

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Notes to the financial statements

December 29, 2012, December 31, 2011 and December 26, 2010

9. Deferred contributions related to tangible capital assets

Deferred contributions related to tangible capital assets represent the unamortized portion of restricted contributions, which have been expended on the Board's tangible capital assets.

The changes in deferred contributions relating to tangible capital assets are as follows:

	December 29, 2012	December 31, 2011	December 26, 2010
	\$	\$	\$
Deferred capital contributions, beginning of period	-	-	-
Capital contributions received	-	44,475	-
Transfers to deferred contributions related to tangible capital assets	-	(44,475)	-
Deferred capital contributions, end of period	-	-	-

	December 29, 2012	December 31, 2011	December 26, 2010
	\$	\$	\$
Deferred contributions related to tangible capital assets, beginning of period	35,580	-	-
Transfers from deferred capital contributions	-	44,475	-
Less: amortization - current period	(8,895)	(8,895)	-
Deferred contributions related to tangible capital assets, end of period	26,685	35,580	-

10. Financial instruments

Fair value

The carrying amounts of the Board's financial assets including cash and accounts receivable, and financial liabilities including accounts payable and accrued liabilities, due to Egg Farmers of Canada and deferred contributions approximate their fair values due to their short-term nature.

The short and long-term investments are recorded at fair market value.

Credit risk

The Board is exposed to credit risk to the extent that its producers or customers may experience financial difficulty and would be unable to meet their obligations. However, this risk is mitigated, as the majority of accounts receivable is from Egg Farmers of Canada, a producer organization formed by the provincial boards.

Market risk

The Board is exposed to market risk as a portion of their investment portfolio is held in marketable securities, which fluctuate with market pressures. Revenue could be affected adversely by changes in the market.

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Notes to the financial statements

December 29, 2012, December 31, 2011 and December 26, 2010

10. Financial instruments (continued)

Interest rate risk

The Board is exposed to interest rate risk given that its short-term investments and bonds that are included in long-term investments have varying maturity dates and interest rates. Accordingly, if interest rates decline, the Board may not be able to reinvest the maturing investment at a rate similar to that of the balance maturing.

Liquidity risk

The Board's objective is to have sufficient liquidity to meet its liabilities when due. The Board monitors its cash balances and cash flows generated from operations to meet its requirements.

Alberta Egg Producers Board

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Schedules of administrative expenses - Schedule 1
fifty-two week period ended December 29, 2012 and
fifty-three week period ended December 31, 2011

	December 29, 2012 (52 weeks)	December 31, 2011 (53 weeks) (Note 2)
	\$	\$
Advertising and product promotion (Note 6)	342,459	221,797
Amortization	84,740	82,024
Board governance	17,454	30,705
Building operations	39,502	34,819
Directors' and committee allowances	97,113	115,963
Employee benefits	108,311	92,891
Grants	11,907	9,407
Insurance	16,661	14,700
Meetings	38,643	46,631
Memberships	7,630	7,640
Office and printing	66,409	71,753
Postage	11,639	13,076
Professional fees	95,745	130,156
Salaries	601,229	537,803
Se testing and diagnostic services	63,768	59,570
Telecommunications	15,777	15,285
Travel (Note 6)	226,751	261,927
	1,845,738	1,746,147

Alberta Egg Producers Board

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Schedules of internal restrictions - industrial product program - Schedule 2
fifty-two week period ended December 29, 2012 and
fifty-three week period ended December 31, 2011

	December 29, 2012 (52 weeks)	December 31, 2011 (53 weeks) (Note 2)
	\$	\$
Industrial product program, beginning of period	839,413	1,193,381
Add:		
Egg sales	9,429,903	10,322,781
Levy revenue	731,809	122,754
	10,161,712	10,445,535
Less:		
Egg purchases	9,873,364	10,813,517
Levy over (short)	2,266	(14,014)
	9,875,630	10,799,503
Net change in program during the period and amount internally transferred from (to) unrestricted net assets	286,082	(353,968)
Industrial product program, end of period	1,125,495	839,413

The industrial product program relates to eggs which are sold for further processing. The Board purchases eggs from grading stations and sells them to Egg Farmers of Canada for fixed prices. Shortfalls from the program are funded by an internal allocation of levies received from producers. Eggs are only purchased to the extent necessary for sale to the program; no inventory is carried.

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Schedules of internal restrictions - research fund - Schedule 3

fifty-two week period ended December 29, 2012 and

fifty-three week period ended December 31, 2011

	December 29, 2012 (52 weeks)	December 31, 2011 (53 weeks) (Note 2)
	\$	\$
Research fund, beginning of period	476,164	381,619
Add:		
Levy and grant revenue	51,162	153,504
Less:		
Disbursements to research projects	169,586	58,959
Net change in fund during the period and amount internally transferred (to) from unrestricted net assets	(118,424)	94,545
Research fund, end of period	357,740	476,164

The research fund was established in 2003 and is funded by an internal allocation of the producer levies to provide research funds to the industry.

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Schedules of internal restrictions - over base quota fund - Schedule 4
fifty-two week period ended December 29, 2012 and
fifty-three week period ended December 31, 2011

	December 29, 2012 (52 weeks)	December 31, 2011 (53 weeks) (Note 2)
	\$	\$
Over base quota fund, beginning of period	71,684	243,959
Add:		
Interim lease of over base quota revenue	368,274	117,725
Less:		
Disbursements	207,000	290,000
Net change in fund during the period and amount internally transferred from (to) unrestricted net assets	161,274	(172,275)
Over base quota fund, end of period	232,958	71,684

The over base quota fund is funded by an internal allocation of the funds earned from a user fee for the allocation of over base quota for specific projects authorized by the board of directors.

During the 52-week period ended December 29, 2012, \$207,000 (53-week period ended December 31, 2011 - \$290,000) of this fund's total disbursements has been disbursed to Egg Processing Innovations Inc.



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