

Annual Report 2013



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

Front Row (Left to Right): Joe Kleinsasser, Muneer Gilani, Ben Waldner, Susan Schafers, Amin Valji, Levi Hover

The 2013 Annual Report is presented at the 45th Annual General Meeting of the Egg Farmers of Alberta, held Tuesday, February 25, 2014 at the Sheraton Hotel in Red Deer, Alberta.

THE EGG FARMERS OF ALBERTA TEAM (AS OF DECEMBER 31, 2013):

Board of Directors

| | |
|-----------------|-------------------------------|
| Ben Waldner | Chairman & EFC Representative |
| Joe Kleinsasser | Vice-Chairman |
| Amin Valji | EFC Alternate |
| Levi Hofer | Director |
| Muneer Gilani | Director |
| Susan Schafers | 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 28, 2013 | DECEMBER 29, 2012 |
|--------------------------------------|-------------------|-------------------|
| Total number of registered producers | 158 | 157 |
| Total issuance (hens) | 1,910,779 | 1,883,181 |
| Average flock size (hens) | 12,094 | 11,995 |
| Total egg production (dozens) | 49,644,294 | 48,908,544 |
| Total industrial product (boxes) | 346,060 | 375,362 |

Pricing:

- Producer prices for large eggs ranged from a low of \$2.08 to a high of \$2.13 per dozen in 2013.
- The average producer price increased \$0.09 from \$2.03 to \$2.12 per dozen in 2013.

Levy:

- Levy for registered producers was \$9.667 per bird in 2013.
- Levy for unregistered producers was \$0.38 per dozen in 2013.

2013 was a year of challenges for Egg Farmers of Alberta (EFA) and the Alberta egg industry. Retail stakeholders, the media and animal welfare activists all challenged our industry, from how we handle our birds and manage our farms, to how we produce food for Albertans. At times the often biased, inaccurate and one-sided reporting was disheartening, illustrating the lengths to which some groups will go to achieve their goal. It became obvious that many of these groups are not the least bit concerned about animal welfare, despite their claims, but rather are only concerned with their end goal of putting an end to animal agriculture. The Canadian egg industry will continue to take the high ground, avoiding unnecessary sensationalism. We believe that the best counter is to continue doing what we do best, which is producing fresh, high quality eggs in the best possible environment for our egg laying hens.



As I look ahead to 2014, I suspect our industry will continue to face even more challenges. How we respond to these challenges will define the character of our industry and show what Canadian egg farmers are made of. As an industry we need to be open for business, be proud of who we are and what we do, and be ready and willing to show Canadians how we farm. Our industry relies on public trust to operate successfully and each new challenge seeks to erode that trust. Whether we're talking about animal welfare, food safety, supply management, environmental sustainability, or implementing on-farm best practices, we have positive stories to share about what goes into producing world class, local food. We must be proud and honest when discussing or showing consumers what Canadian egg farming is all about.

Perhaps our greatest achievement in 2013 was approving a provincial hen housing policy, which set a date after which no new conventional hen housing systems can be installed in Alberta. This shows the Alberta egg industry's true commitment to animal welfare and the dedication of our farmers to doing what is best for our birds. This significant step forward is another example of the egg industry fulfilling its pledge for continuous improvement. EFA then worked with several other provincial boards to push for a national hen housing policy, which was ultimately passed in July.

EFA showed its character and lived its values, when faced with intense negative scrutiny in 2013. I know we were challenged to the core, but I believe that as an organization EFA responded to these challenges professionally, with integrity and stayed focused on our priorities. I am very proud of the way EFA staff conducted themselves in some very trying times. The long hours they worked and unusual stresses they were under, went beyond the call of duty, and confirmed to me their dedication to this industry.

2013 was the most challenging year for me to serve as a Director, especially after taking on the roles of Board Chairman and EFC Director. The amount and magnitude of issues faced both provincially and nationally in 2013 seemed daunting. I would like to thank my Board of Directors for their hard work and the passion they have for this industry. Being a Director is not an easy job. Being a successful Board is only possible when every Director whole-heartedly believes in what we are doing and believes we can make a difference. Thankfully, I had the honor and privilege of working with such a Board in 2013.

BEN WALDNER, CHAIRMAN

At our 2013 AGM, Charlie Arnot, from the Centre for Food Integrity, spoke about the importance of egg farmers maintaining their social license to operate. He defined social license as “the privilege of operating with minimal formalized restrictions (legislation, regulation, or market requirements) based on maintaining public trust by doing what’s right.”

Rightly or wrongly, the W5 story about the Canadian egg industry, which featured a video recorded by an undercover investigator for the animal rights organization, Mercy For Animals Canada, at an egg farm in Alberta, will definitely have an impact on our social license to operate. Unfortunately, this means that some of the programs that have been fully delivered by industry will now require more regulation and rigorous audit protocols for our farmers.

To build or maintain public trust, the egg industry needs to ensure that what happens on our farms is aligned with the expectations and values of all stakeholders, including the public. We need to engage in effective values based communications with consumers, to help ensure that we are maintaining the trust that protects social license. Maintaining public support requires our practices to be ethically grounded, scientifically supported and consistent with the shared values of our stakeholders.

Transparency is becoming a more critical part of our responsibility to society. As we work to develop and implement industry standards, it is vital that we communicate openly and honestly about our various programs. It is fair to say that while stakeholders do not expect us to be perfect, they do want assurances that industry has identified areas for improvement, has a plan to address weaknesses, and is committed to implementing the plan. Education, research and improvement are all things that we do very well at EFA; communicating our progress and successes more effectively is crucial.

In 2014, EFA will be working on re-building our trust with consumers and developing a platform for sustainability for the Alberta egg industry. In order to ensure there is a stable supply of eggs, we need to ensure a balance of several parameters, including: animal care & well-being, food safety, food affordability, environmental impacts, and worker health & safety. It is only by balancing these sometimes competing interests that we will have a food system that is truly sustainable and supported by our supply chain partners, industry stakeholders and the majority of consumers.

This new sustainability platform will help EFA report on key results and achievements to external stakeholders more efficiently. Hopefully, doing so will frame our efforts in a way that resonates with those stakeholders and demonstrates our shared values. Each program will require the establishment of unique goals, objectives and timelines, as we seek to set higher standards and implement more effective verification systems for all that we do. I encourage all egg farmers to continue to support their Board and EFA staff, as we work together to implement some of the exciting changes that will help ensure our industry is sustainable into the future.



SUSAN GAL, GENERAL MANAGER

It was a privilege and an honour to serve on the Egg Farmers of Canada (EFC) Board of Directors in 2013, representing Alberta and collaborating with colleagues from coast to coast, for the wellbeing of the entire Canadian egg farming industry.

I think my fellow Directors would agree that 2013 was a year characterized by hard work and critical decision-making. Over the course of many Board meetings and much communication, we dealt with substantial issues, debated our past, present and future, and charted new direction for our industry and our place in Canadian society. Demanding this level of productivity were major issues including: international trade deals, demands for cost cutting, media attention and other interventions that drew aspects of our business into sharp focus.

Given how dynamic the external political, social and economic environment in which we operate is, we can be thankful that our farm operations are rooted in the beneficial system of supply management. Our solid domestic market-focused policy allows us to deliver time and time again on our promise of fresh, local, high-quality Canadian eggs for our citizens. In so doing, we provide enough stability at home that agricultural colleagues with greater export potential can pursue opportunities in international markets.

We also benefit greatly because our day-to-day work, as leaders of the Canadian egg industry, is guided by good governance and a robust strategic plan. Each year EFC staff guides our Board through a process of strategic business planning. It leverages our collective wisdom to establish objectives that help us deliver on our mission to optimize the supply of eggs to traditional and new markets, while ensuring a fair return to egg farmers.

The culmination of each year's strategic planning cycle is the business plan containing many strategies to help us achieve against key result areas (KRAs). For 2013, we were very proud of many accomplishments across our four KRAs of: sustainability of the industry; public support and social license; growth and innovation; organizational excellence.

Sustainability of the industry

We aspire to run a high performing, efficient industry that responds to the market and consumers, which operates in a sustainable and accountable manner. This year, one of the most substantial accomplishments in this area was the work done to find new cost savings and/or additional revenues in our Industrial Products Program (IPP). Recognizing that the Pooled Income Fund (PIF) was tracking to be below the lower trigger point by year end, the egg Boards came together to support and implement the PIF support deduction. We also fast-tracked three projects in 2013, following a special EFC Board and provincial egg Board Chair workshop and extensive consultations on sustainability of the IPP. This fall, project teams were formed with regional representation and from all levels of the industry. The working groups' project charters were approved in November, to guide our work in the coming years.



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

As we moved our efficiency measures forward, we were pleased to see a 3% increase in retail sales, which was 1.5% beyond our target and marks the seventh straight year of growth. Given this continued positive trend, we have set even more ambitious growth objectives for 2014 and have strategic marketing programs in place to help support achievement of this goal.

Also in 2013, the EFC Chair in Poultry Welfare, Dr. Tina Widowski, shared preliminary research about the merits of furnished housing. This in part aided the Directors in forming a motion on hen housing that was passed in July, so that those farmers looking to transition to furnished housing could adjust their operations with guidance from the national Board. Similarly, we expedited planned enhancements to the national Animal Care Program, such as third-party auditing, recognizing the need for greater accountability in the wake of an undercover video taken at a Canadian farm.

Public support and social license

It is essential that the EFC Board of Directors provides leadership in promoting the value of retaining a vibrant egg industry to maintain our government support and social license. In this regard, staff, with great support from our farmers, undertook many new initiatives in 2013 to raise the profile of supply management with key audiences. For example, expanded media relations led to unprecedented levels of opinion/editorials (op-eds), letters to the editor, articles and broadcast spots. A highlight was our Federation of Canadian Municipalities annual conference sponsorship, at which Chairman Peter Clarke, together with the Chairs of the poultry groups, shared research of Canadians' and grassroots support for supply management.

The increased profile was timely, given the federal government's assertive and expanding international trade agenda. The year culminated with a mini-package being agreed to at the World Trade Organization (WTO) meeting in Bali after a long period of dormancy, and more importantly with an agreement in principle for the Comprehensive Economic Trade Agreement (CETA) for Canada and the European Union. As the finer details of this unprecedented agreement (which included some Canadian market access for European cheese) are completed, all attention has turned to the Trans-Pacific Partnership (TPP). We anticipate increased policy debates and demands for our participation and expertise from within the supply managed commodity groups, as these key trade negotiations unfold in 2014.

Growth and innovation

To secure a leadership role in Canada's agricultural future, we must push ourselves in terms of product development, process and policy enhancement, and innovation. To this end, in 2013 the Research Committee of the Board of Directors developed a new business plan with a focus on growth in the research chair program, revitalization of our research project funding initiatives, and options for leveraging our international partnerships for the benefit of Canadian egg farmers.

In 2013, EFC continued to support projects at institutions across Canada and our research chairs in egg economics and poultry welfare while nurturing relationships needed to increase the impact of these endeavours.

Given our level of investment and the calibre of the researchers we've attracted, going forward we will focus more on knowledge mobilization and promotion of results to assist Canadian egg farmers and those in countries around the world who can benefit from our advancements.

Organizational excellence

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

Further, across all our offices and with our farmers, there were many ways our industry gave back this year, to maintain the social license we're privileged to have and do our part to improve the fabric of Canadian society. For example, for the 3rd consecutive year, egg farmers, farm families and our employees proudly joined Canadians as the Official Nutritional Sponsor of the CIBC Run for the Cure, rallying around this important cause. Our national run team was out in force at over a dozen sites across the country, including Vancouver, Calgary, Regina, Winnipeg, Ottawa, Montreal, Fredericton, Charlottetown, St. John's and Halifax. EFC thanks everyone in all jurisdictions for their continued support and commitment to this worthwhile cause.

I'd like to conclude by saying that I appreciate the diligence, expertise and advice of my colleagues and the staff at Egg Farmers of Alberta, who support my work at the national level. The demands on the Directors are significant; our effectiveness and success on behalf of the whole industry, is made possible through the hard work of the staff at each provincial egg Board and EFC.

I am looking forward to 2014 and to working with my fellow Alberta egg farmers, the staff and my colleagues on the national Board, as we continue to champion and shape this amazing industry for the benefit of Canadians, this incredible country and the greater good.

BEN WALDNER, EFC DIRECTOR



The Pullet Growers of Canada (PGC) achieved some key milestones in 2013, in their pursuit of Part 2 Agency Status under the Farm Products Agencies Act. Having completed their application submission to the Farm Products Council of Canada (FPCC) in July 2012, the next steps were to solicit written public submissions and hold legal hearings in Ottawa and Winnipeg. Since then, FPCC has been deliberating a recommendation for the Minister of Agriculture, who will then make a recommendation to Cabinet. A final decision is expected early in 2014.



On the producer front, PGC held their annual Board of Directors Business Planning sessions in November, to set the stage for the coming year. Among those priority issues is animal welfare. In 2014, PGC will lead industry consultations to establish strong, measured and transparent animal welfare standards, through the development of national Animal Welfare policies that encompass the full range of care, welfare, handling and transportation needs of the pullet life cycle, from a one-day old chick through their 19 week growing period.

PGC will also continue consultations with the National Farm Animal Care Council (NFACC) in reviewing the *Code of Practice for the Care and Handling of Pullets, Layers and Spent Fowl* and ensuring greater specificity to the needs of pullets.

Other priorities set forth include further strengthening PGC's relationship with the Egg Farmers of Canada and other industry partners, improving linkages with the pullet growers and continuing to move forward the Part 2 Agency Status process with the FPCC through the negotiation of a Federal Provincial Agreement.

"PGC has a lot of work to do in the coming year, however we're up to it and are looking forward to seeing our efforts come to fruition," summarized Andy DeWeerd, PGC Chair.

Alberta continues to play an important role in the development of the PGC and its programming.

SUSAN SCHAFERS, ALBERTA'S PGC REPRESENTATIVE



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

QUOTA

In July 2013, Alberta received an unregulated quota adjustment, resulting in an allocation of 12,903 layers for the province. The Board decided not to issue the adjustment and to revisit this decision when there is more quota to allot.

HEN HOUSING FRAMEWORK

Since 2010, EFA has been discussing hen housing with producers, including the changes that have been occurring elsewhere in the world, notably Europe and the United States. A motion was passed at EFA's 2013 AGM, providing the Board with the mandate to set a policy that would prohibit the installation of conventional cages in Alberta.

The Board continued to work with other provinces on a national statement, which was approved by the EFC Board of Directors in July. Ultimately, the implementation rests with the provinces. At EFA's July Board meeting, a decision was made to support the national position on hen housing and to adopt a hen housing policy that would begin the transition of the province's egg industry away from conventional cages, in a systematic and financially viable manner. The policy will be integrated into EFA's Animal Care Program, entrenching EFA's authority to regulate hen housing in the province of Alberta.

Alberta's egg farmers will continue to provide consumers with a wide variety of high quality, locally produced eggs, while having the freedom to choose from several acceptable hen housing systems. Any farmer building a new barn, or retooling an existing barn, can install furnished housing, free-run, aviary or free-range systems. While farmers already raising hens in conventional cages will be able to continue to do so, no new conventional or enrichable cage systems will be allowed to be installed in Alberta after December 31, 2014. Farmers must comply with established national standards for each type of hen housing system, which are based on the Code of Practice, as a minimum.

EFA considers this new policy to be a natural evolution for the egg industry in Alberta. The policy benefits all key stakeholders (ie: egg farmers, industry partners, consumers and egg laying hens), while ensuring a sustainable egg industry for future generations.

SPECIALTY PRICING

The western provinces engaged a consultant to develop a pricing model for specialty eggs produced in western Canada. Ultimately, the goal is to have an objective approach that can be used to make pricing decisions in a structured fashion, while maintaining the necessary price tension in the marketplace. Implementation plans will be discussed in 2014.

CANADIAN EGG INDUSTRY RECIPROCAL ALLIANCE (CEIRA)

The CEIRA insurance program provides coverage against Salmonella Enteritidis (SE) for producers throughout the supply chain. In 2013, EFA undertook the task of refining our processes to ensure the CEIRA premium reconciliation is completed efficiently and consistently. Hatcheries report their premium payments monthly and EFA matches these payments to flock permits, then reports on any discrepancies of more than 2% and works with all parties to resolve them. This verification step is important for the long-term sustainability of the industry's self-insurance program.

As of October 1, 2013, the minimum score required on the Start Clean – Stay Clean (SC-SC) pullet program to qualify for 100% CEIRA coverage, increased from 80% to 90%. This now makes the SC-SC pullet program requirements consistent with those for SC-SC layer program.

CEIRA issued a statement of clarification regarding coverage, stating that any losses from an SE positive environment are not covered if the production facility is used for any purpose other than conducting business for the regulated egg industry. Producers using their layer or pullet barn for any other purpose, as well as any graders who process eggs from non-CEIRA subscribers, are impacted by this. EFA is working with impacted producers to address coverage issues.

PROVINCIAL FLOCK PLACEMENT

Producers were given an educational presentation at the January Regional Meetings, about market cycles and how flock placements can impact levy. Producers learned that by moving flock changes out of November and December, they can increase the supply of eggs during peak demand periods. Conversely, moving flock changes to January would help reduce surplus eggs during traditional periods of low demand, thereby decreasing the cost of the Industrial Product Program. In time, the net result could be a reduction of levy.

To encourage producers to move flock placements from November and December to January, EFA announced a new Special Leasing Program, which offers a quota lease of 2% of the producer's issued quota from the EFA Board, for a three-year term. For those who need to go out of production in order to make the flock placement transition, quota credits are also available.

EFC INDUSTRIAL PRODUCTS (IP) EFFICIENCY PROJECT

EFA has been actively involved with EFC's IP Efficiency Project, providing input into EFC's consultations related to improving the sustainability of the IP Program. EFA continues to support adherence to the QAC agreement, which uses consumer levy to support table disappearance plus 30%, which is required to adequately meet the needs of Canada's table market. If an arrangement needs to be made beyond that level, EFA believes a new agreement should be developed with the processors, to determine how the industry will deal with the costs of supplying the processor market in a sustainable way. In July, EFC earmarked 3 proposed initiatives for fast-tracking: service fee on new allocation, price spreads, and the elimination of the nest run administration fee. Several ideas continue to be investigated.

SUSTAINABILITY OF ALBERTA EGG PRODUCERS

PRODUCER ENVIRONMENTAL EGG PROGRAM (PEEP)

Building on work done in 2012, substantial progress was made on the development of an environmental program for egg farmers in Alberta. Adapted from the Environmental Farm Plan (EFP), the Producer Environmental Egg Program (PEEP) follows a risk-based format and is focused on water withdrawal, energy and manure management.

At EFA's 2014 AGM, egg farmers will be provided with a producer manual, which has been developed to explain the questions included in the on-farm assessment and provide producers with direction on how to achieve top scores, as well as who to contact for support. The Agricultural Research and Extension Council of Alberta (ARECA) will be helping egg farmers who have completed a PEEP assessment and want additional information on best practices, or who would like to know more about funding programs that are available to help with environmental improvements.

EFA is now ready to begin delivery of PEEP, which will provide the opportunity to encourage and document sustainable improvements, and communicate the efforts of farmers. While the PEEP assessment is entirely voluntary, producers will be requested to complete it on-farm once per year with EFA field staff, starting in 2014. The idea is to identify areas for improvement and set goals to strive for. This will also help EFA determine areas of need for additional research, support and education.

LIFE CYCLE ANALYSIS (LCA)

At EFA's 2013 AGM, Quantis, a leading LCA consulting firm, presented the results of the average environmental profile of a dozen Alberta-produced eggs from farm through grading station. Among the life cycle stages, feed production was found to contribute to the majority of the impact for all indicators. The farm operations stage, including the energy used at the farm and manure management, had the second greatest impact on the overall footprint.

Given the impact of feed production and consumption, EFA and ARD (who commissioned the original study) have now begun work on developing a multi-criteria decision analysis (MCDA) model, to determine effective strategies that assist producers in lowering or maintaining input costs, while understanding their individual carbon footprints.

ARD also provided funds for the development of a footprinter tool for producers. The tool allows producers to conduct an environmental assessment of their specific farm with a calculator, compare their finding to the industry average, and get detailed information about the impact of making specific improvements.

The credible and transparent benchmark provided by the LCA is a foundation upon which EFA can begin to target improvements, while documenting the impact of programs, technologies and research.

RESEARCH PRIORITIES

In 2012, EFA developed a comprehensive list of research priorities, with a 3-5 year timeframe. The following is an update on new projects undertaken to address a selection of those priorities.

Food Safety

Priority: What strategies can be implemented on farm to decrease the occurrence of SE?

Current food safety programs emphasize sanitation, bio-security and testing. However, the availability of a feed supplement that could be used to assist the bird's own immune system in preventing colonization by pathogens such as *Salmonella Enteritidis* (SE), could add additional strength to the system. Although many prebiotic products are commercially available, the published literature on many of them is lacking. Additionally, much of the existing research has been conducted in hens fed corn-based diets, while Alberta hens are normally fed wheat-based diets. Diet cereal source has a major influence on the gut microbiota composition; therefore, research using diets typical in Alberta is necessary before recommendations can be made to Alberta's egg farmers. With support from EFA and the Alberta Livestock and Meat Agency (ALMA), Dr. Korver from the University of Alberta and Dr. Ricke from the University of Arkansas, are identifying and evaluating candidate prebiotics that are able to reduce intestinal tract pathogens in laying hens in an Alberta setting. If effective, prebiotics would be an attractive option for egg producers. Prebiotics work to promote general intestinal health and they may improve production, making the economics more favourable.

Priority: What is the cost VS benefit of vaccinating for Newcastle, Infectious Bronchitis and *Salmonella* species?

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, benefits and costs. In 2012, thanks to funding from ALMA, with the objective of helping producers make these important decisions and ensure appropriate policy, Serecon Management Consulting was contracted to evaluate the cost versus benefit of vaccinating for selected diseases. Findings from the project were presented in the April 2013 edition of *EggNotes*, and discussed with representatives from the hatcheries in June.

Animal Welfare

Priority: What is the impact of different housing systems on bone density?

Given the current hen housing environment and the changing requirements of both welfare standards and auditing systems, it is necessary to understand how different housing systems currently in use in Alberta affect bone health specifically and hen welfare generally. In 2013, EFA worked with Dr. Clover Bench and Dr. Doug Korver from the University of Alberta, to develop and seek funding for an industry relevant project to evaluate how housing systems affect performance in welfare audits. If the study is funded, the researchers will evaluate body weight, bone strength scores, and keel bone deformities in conventional, aviary, enriched, and free-run systems in Alberta, and determine the correlation with Welfare Assessment Scores.

Poultry Health

Priority: 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?

In April, a literature review was conducted. A panel of experts identified hazards and associated risks concerning the introduction and spread of mites in poultry facilities. Since this was based on the Hazard Analysis and Critical Control Point method, many of the risks are also dealt with under the Start Clean – Stay Clean (SC-SC) program. Those that weren't were incorporated into the producer resource entitled "Emerging Layer Health Issues."

Environment

Priority: What alternative uses of manure exist and what are the economic impacts compared to current practices?

In 2012, with funding from ALMA, EFA commissioned a study with Timmenga & Associates, to explore the available markets for processed layer manure. The final report for that project was completed in February and it identified a specific, sizable market for a processed nutrient product. Based on these conclusions, EFA engaged the Prasino Group to put forward a funding application that would develop the product in a farm setting, conduct field trials to demonstrate the value of the product and examine the full cost of production, transportation and marketing, as well as the available market price. The project, which will be ongoing throughout 2014, will lay out required pre-processing of the manure, determine handling procedures, assess nutrient release and crop response, and establish optimal product in terms of composition and processing that yields the best cost-benefit. Once this is completed, and capital and operating costs have been clearly defined, the hope is that EFA will be in a position to make a go/no-go decision about engaging the appropriate partners to develop processing and marketing capacity in Alberta.

Value-Added

Priority: What formulation challenges that exist in the food product development industry could be met by improving the functionality of eggs?

In 2012, ALMA, Alberta Innovates Bio Solutions (AI-Bio) and EFA funded research by University of Alberta professors Curtis, Field and Jacobs, to investigate the role that choline plays in intestinal function, the early development of immune and brain function, and treatment of inflammatory bowel disease in adults. An objective of that project is to prepare a stable choline-rich supplement based on egg lecithin. Since egg lecithin is usually a sticky semi-solid at room temperature, it is difficult to process. EFA has asked to see a full proposal on a project that would modify the physical properties of egg lecithin to make it easier to work with.

REPORTABLE DISEASES

Under the Alberta Animal Health Act, there are a number of diseases that are reportable for poultry, in addition to Salmonella Enteritidis (SE). EFA continues to work with ARD and the other poultry groups to minimize the impact of these reportable diseases on producers. It is important to note that some of the reportable diseases in Alberta are also reportable federally and, in those circumstances, the CFIA would take the lead in responding to any poultry emergency. In 2013, ARD established individual response plans for each reportable disease under the Act. Of particular interest to egg producers are the plans associated with Salmonella Heidelberg and Salmonella Typhimurium. In both of these instances, the Chief Provincial Veterinarian (CPV) will not issue a quarantine notice or destruction order, but producers will be offered on-farm support from ARD, through EFA.

Work continues on a reportable disease prioritization tool, which will help the government and industry make decisions as to what should be reportable in the future.

EUTHANASIA

Egg farmers in Alberta need to have the ability to choose a humane method of euthanasia that works within the parameters of their farm. Globally, regulations and policies surrounding approved methods for euthanasia are changing. For example, in the European Union, it has recently been established that cervical dislocation, while traditionally seen as humane, cannot be used for routine depopulation. EFA has been working on projects to ensure the continued availability of options for producers:

- Collaborating with Alberta Farm Animal Care (AFAC), who received funding from the Canadian Agriculture Adaptation Program (CAAP), to investigate humane euthanasia equipment and new euthanasia processes. This included an in depth assessment of current practices and potential solutions, after consultation with a variety of stakeholders. The assessment provided a greater understanding of the variety of options available, as well as their advantages and disadvantages, which resulted in ongoing work to determine whether new and innovative technology such as Low Atmospheric Pressure Stunning (LAPS) would be applicable for use in Alberta.
- With funding from Growing Forward 2, adapting Modified Atmospheric Chamber (MAC) carts used in routine spent hen depopulation in Alberta, to incorporate advanced control technology and develop/deliver a MAC cart assessment program to ensure the carts remain in good repair.
- Participating in a processor pilot project, to investigate the feasibility of short distance live haul to serve an identified market.
- Collaboratively identifying opportunities to generate value from end of lay birds, to ensure that technology solutions are viable and sustainable.

Much of this work will continue to be built upon throughout 2014.

FARM SAFETY

While farming is a unique industry, it is imperative that egg farmers do everything possible to ensure the safety of all those working on farms. Many within the industry have questioned whether regulation is the best way to ensure safety. However, it is evident that clear and timely action by industry will be necessary, if we are to maintain a level of influence with respect to farm safety affairs.

In March, the Government of Alberta released a report completed by the Farm Safety Advisory Council (FSAC). Agricultural industry groups are working with ARD to develop a farm safety strategic framework, utilizing the recommendations contained within the report as the basic platform. ARD is working on various funding and education initiatives. ARD has also been working with the Canadian Agricultural Safety Association (CASA) to develop an Alberta Farm Safe Plan, which will be pilot tested in 2014.

INTENSIVE LIVESTOCK WORKING GROUP (ILWG) UPDATE

The Intensive Livestock Working Group (ILWG) is a strategic alliance of eight of Alberta's mainstream livestock and poultry organizations, with a mandate to collaborate on overarching issues to maximize the industry's influence on policy development and get the most value out of scarce resources.

In 2013, the ILWG acted as an effective mechanism for EFA to assist producers with changing demands around manure management. The ongoing Sub Basin "Phosphorus" Pilot Project, a long-term research initiative between ARD and the ILWG, is developing and testing an approach to mitigate phosphorus (P) migration from land to water bodies. The primary component of the project is the development of a tool that can both assess risk and recommend practice change, which will reduce impacts on water quality from any land base. The project is working directly with producers in Acme and Tindastoll Creek sub watersheds.

The ILWG is also working with Environment & Sustainable Resource Development (ESRD) and other stakeholders on the Bow River P Management Plan project, with a goal to identify strategies and actions to improve water quality by reducing phosphorus loading into the Bow River. It is considered a pilot project of the water quality management frameworks approach, which will be developed under each of the seven regional land use plans.

The ILWG has also acted as a forum for EFA participation in relevant water conservation and research. EFA is focused on ensuring producers have confidence about continued access to appropriate water supply. The ILWG is collaborating with other agricultural organizations to improve our knowledge of Alberta's water allocation system, to build an understanding of the processes involved in effectively collaborating on future government policy development.

ALBERTA FARM ANIMAL CARE (AFAC) UPDATE

Alberta Farm Animal Care (AFAC) is an organization formed by the livestock and poultry industries in Alberta. AFAC's vision is that livestock in Alberta are respected and well cared for, resulting in good animal welfare.

AFAC worked on several initiatives that were of interest to the egg industry in 2013:

- Launched the Livestock Handling Trailers and Training program
 - Proactively preparing for emergency situations that could affect animal welfare
 - Trailers were designed and equipped with tools to contain livestock and poultry for their safety and human safety in incidents like a barn collapse, truck rollover, natural disaster, etc...
- Poultry Emergency Preparedness
 - Partnering with our members to advance responsible animal care and seek solutions to euthanasia and depopulation challenges present in Alberta
 - 3 short projects were completed in partnership with AFAC member groups
 - Research, current practice review, comparison of available alternatives – all related to routine and emergency euthanasia of poultry
- ALERT Line
 - Livestock Care Response Line – producers helping producers
 - Continues to support the credibility of a livestock and poultry industry that makes responsible animal care a priority

According to Lorna Baird, Executive Director of AFAC, "One of the key strengths of AFAC is in our ability to represent the livestock and poultry industries with a collective voice. Working together, we can demonstrate strength in numbers and it's through the dedication and commitment of board members and their home organizations that we can accomplish our goal of promoting responsible animal care. Thanks to the AFAC member groups and individuals for their continued support and participation."

POULTRY RESEARCH CENTRE (PRC) MEDIUM EGG PROJECT

The Poultry Research Centre (PRC), at the University of Alberta, continued their work on the Medium Egg Project in 2013, visiting farms and collecting information. In October, the PRC presented a series of workshops across Alberta called 'Managing Mediums: A Workshop on Egg Size'. The workshop emphasized the importance of paying attention to pullet nutrition and growth, forming consistent management habits, on-farm feed mill management, and a top-ten list of egg size management tips. The workshops were very well received, with 88% of attendees reporting that they would be implementing new practices on their farm. The final Medium Egg Project report is being developed and the results will be shared with the industry in 2014. The PRC would like to thank everyone that they've worked with on this project for their cooperation.

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

In 2013, the average SC-SC score for Alberta producers was 98.97%, with a record-breaking 70 producers achieving a perfect score of 100%! This is an exceptional demonstration of dedication to food safety and continuous improvement, as many of these producers achieved their perfect score after addressing corrective actions identified during their evaluation. Congratulations to all Alberta egg farmers for a job well done!

Alberta pullet producers were also dedicated to their on farm food safety program in 2013. The average program score for pullet producers was 98.12%, with 65 producers achieving a perfect score of 100%!

EFA's SC-SC program is constantly being reviewed and updated, to ensure that it meets the needs of our consumers and our industry. Any proposed changes to the on-farm food safety programs are reviewed by EFA's Production Management Committee, which then provides EFC with feedback. When changes are ultimately approved by the EFC Board and communicated to the provinces, EFA works to ensure producers are provided with the information and tools to be successful. For example, in 2013, the new Pullet Growers Certificate became a required document for the SC-SC program. EFA presented details about the form in our newsletter, at the regional meetings and in personalized letters sent to pullet growers. EFA provided each pullet grower with a letter explaining the change, as well as a copy of the new form. A list of all approved program changes is available on the producer website. Food safety is critical to our industry and ensuring each of our producers is positioned to be successful in our programs as they change, is vital.

A component of our SC-SC program is conducting Salmonella tests on each registered pullet and layer flock in Alberta. For the purpose of SE testing, multi-age facilities that house two ages of birds in the same building envelope are tested as one unit, unless there is full segregation of the flocks. Together with ARD, EFA has developed a list of criteria and a process under which producers can apply for separate designation of their facilities. This designation allows flocks housed in the same barn in separate rooms to be sampled separately, and treated as separate barns in the event of an SE positive result. These criteria have been documented in EFA policy and have been shared with our egg farmers.

ANIMAL CARE PROGRAM

In 2013, the average Animal Care Program (ACP) score for Alberta producers was 98.59%, with 101 producers achieving a perfect score of 100%!

EFA implemented the Interim Policy for Free-Run and Aviary housing, which was introduced by EFC in November 2012 and came into effect in 2013. Standard measuring practices for loose housing facilities were developed and our field staff, together with EFC, began measuring these facilities in Alberta. EFA and EFC continue to work on establishing transition plans for producers with these systems.

ENCOURAGING BEST PRACTICES – ANIMAL CARE

The biggest milestone for Animal Care in 2013 was the adoption of the hen housing framework, which requires that no new conventional or enrichable cage systems be installed in Alberta after December 31, 2014. Producers looking to renovate or build a new production facility still have a difficult choice ahead of them. The options for furnished and free-run housing are abundant, and it can be challenging to determine which system is the best fit for each farm. EFA's goal is to meet with each producer renovating or building a new facility to discuss the various hen housing options available and ensure that producers have the current information, before making a decision. EFA has developed a process to ensure staff can consistently deliver the information about adopting alternative systems. We are also continually looking to other jurisdictions, animal care experts and research projects for information to help us improve and update our hen housing resources.

Standard Operating Procedures (SOPs) for on farm activities, such as completing daily barn checks, monitoring hen behaviour, and euthanizing birds, can help to streamline practices in the industry and ensure our farmers have documentation to back them up if ever challenged. EFA has started down the path of developing SOPs on a variety of animal care practices, as well as Employee and Visitor Codes of Conduct and reporting process for animal welfare complaints. These documents help to explain the egg industry's standards to both the public and farm employees, and will serve as important training and communication tools in the future.

EFA field staff are on each layer and pullet farm in Alberta multiple times a year, which provides them with a unique opportunity to assess bird health. In 2013, Poultry Health Services (PHS) provided our field staff with training on the most common poultry diseases, how to recognize them and how to best support producers if bird health problems are identified. While poultry veterinarians will always be the best resource for questions or concerns about bird health, EFA staff is now better able to help identify bird health issues and help producers to take appropriate action.

ENCOURAGING BEST PRACTICES – FOOD SAFETY

Layer or pullet barns that have adjacent barns housing different types of poultry such as broilers, turkeys or ducks, are at a greater risk for cross contamination of poultry diseases and food borne pathogens. All producers who have adjacent poultry on farm were contacted directly by EFA this year, to discuss the risks and mitigation strategies. These farms were also provided with a letter and copy of the Protecting Multi-Species Farms resource. We are pleased that many farms have already taken action to reduce their risk, by taking steps such as having separate staff and equipment for each poultry barn and ensuring a change of boots and clothes always takes place upon barn entry.

Moving to all in – all out production is one of the best steps farm managers can take to reduce disease risk and improve flock management. All in – all out production was promoted in a variety of ways throughout 2013. When producers are building or renovating their facilities, they are asked to consider moving to all in – all out production and are provided with quota credits to accommodate the change in flock cycle. EFA also launched a special programs lease, where producers who move to all in – all out production can qualify for a lease from the Board of up to 2% of their total production. One of the

biggest barriers for egg farmers wishing to move to all in – all out production is pullet growing space. To help address this, EFA has launched a new Pullet Growing List, to help producers wishing to move to all in – all out production find another registered producer with whom they can share pullet growing.

Another major risk to food safety is topping up flocks, or adding birds from a different source to an existing flock. EFA's Production Management committee reviewed the issue of topping up and options for addressing it. As a result, a policy change has been introduced: after a quota increase, producers cannot activate their quota unless they obtain birds that are within 4 weeks of age of their flock. Producers will be encouraged to wait until their next flock change to activate new quota.

Alberta egg producers have been working with ARD on the Salmonella control project, funded by ALMA, since 2010. Producers were asked to complete a series of farm visits in order to identify the sources of Salmonella contamination and possible options for eradicating the infection. Dr. Colleen Christianson, from ARD, presented some of the findings from her study and farm visits at the June regional meetings. Along with her team, she identified that producers have an increased chance of isolating Salmonella when:

| | Times more likely to isolate Salmonella species from the layer barn |
|---------------------------------------|--|
| Equipment shared with other barns | 7.43 |
| Broilers on premises | 7.59 |
| Ducks on premises | 15.75 |
| Vents located on the side of the barn | 33.75 |

The study also found that the larger the barn, the greater the chance of isolating Salmonella species from the table egg barn.

The study presented recommendations on what producers could do to reduce risk, including providing chicks with a competitive exclusion product at hatch and ensuring bio-security is maintained, by changing clothes between facilities.

BUILDING A POSITIVE PERCEPTION OF EGGS & THE EGG INDUSTRY

MEET AN ALBERTA EGG FARMER

EFA continued to put farmers front and center in marketing initiatives, starting with the expansion of the “Meet an Alberta Egg Farmer” campaign. In addition to the three farmer profiles already posted on EFA’s website, two more family farms were profiled in 2013. Sparks Egg Farms’ Severson Free Run Barn (aviary system) and Sunworks Farm (free-range) were visited, to talk about their farm and answer some common questions.



This campaign features a collection of registered Alberta egg farmers, demonstrating each hen housing alternative and the wide variety of eggs already available at grocery stores across the province. Alberta’s egg farming families are proud to provide Albertans with fresh, nutritious and delicious, locally produced food. They are dedicated to animal care, committed to food safety and passionate about egg farming!

EFA CHAMPIONS – EGG AMBASSADORS

There is a growing desire among consumers to learn more about the food they eat; where it comes from, who produced it, and how it was produced. To help engage consumers directly and provide them with the information they seek, EFA launched the Champions program in 2013. The programs’ goal was to recruit and train a small group of egg ambassadors, who could attend various events and allow consumers to interact directly with a real egg farmer.

EFA hosted two training sessions for the Champions, so they could attend events and make media appearances on EFA’s behalf, proudly representing their industry. Alberta’s egg ambassadors were very well received at numerous consumer events, including Aggie Days and the Calgary Stampede. Champions attended government events and functions, and even appeared on television!



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 2013. EFA would like to thank everyone who generously donated to our team in 2013, helping us once again surpass our fundraising goal for this incredibly worthwhile cause. EFA’s team raised over \$4,500, to help the Foundation continue to fund breast cancer research, education and awareness programs, making a difference here in Alberta and across the country! EFA was honoured to have the Mayor of Calgary, Naheed Nenshi, come by our booth!



PUBLIC RELATIONS

EFA promoted eggs and Alberta’s egg farmers at 29 events across the province in 2013, while sponsoring another 201 events and programs. EFA also delivered 62 classroom presentations. In total, EFA distributed 162,424 resources and 96,325 promotional items. EFA enjoys getting out to events, giving back to communities and engaging consumers. EFA was honoured to have Alberta Premier Alison Redford stop by our booth at the Calgary Stampede!



CLASSROOM AGRICULTURE PROGRAM (CAP)

The Classroom Agriculture Program (CAP) is a non-profit initiative that teaches grade four students the importance of agriculture in their daily lives. CAP began in 1985 and since that time more than 570,000 students have participated. CAP is supported by the Alberta Minister of Education and the Minister of Agriculture and Rural Development. Over 22,000 students have already been registered for the 2013-14 school year, which is a 12.5% growth of CAP over the previous school year. EFA is a proud member and supporter of CAP. Alberta egg farmers have even participated by going into classrooms to deliver the CAP presentation and talk about egg farming. Visit www.classroomagriculture.com for more information.



TASTE ALBERTA

Taste Alberta uses communication, education and engagement to connect consumers with the facts about locally produced Alberta food, while helping explore the amazing range of products available right here at home. EFA is a proud member and supporter of Taste Alberta. In 2013, a Taste Alberta TV commercial was developed that featured Alberta’s egg industry, shining a positive light on Alberta eggs and egg farmers! Visit www.tastealberta.ca for more information.



TRUSTED SOURCE OF INFORMATION ABOUT EGGS & THE EGG INDUSTRY

CALGARY CO-OP

Representatives from EFA attended the Calgary CO-OP AGM in March, when a non-binding motion was passed (59% of votes for) that encouraged the Calgary CO-OP Board of Directors to investigate the feasibility of phasing-out the sourcing of eggs from conventional cages over a 5-year period. EFA viewed the passing of the amended motion at the Calgary CO-OP AGM as an affirmation of consumer confidence in the direction that the Alberta egg industry was already heading.

At the Calgary CO-OP AGM, EFA reminded consumers that there were already a wide variety of eggs available at Calgary CO-OP and other grocery stores across the province, including eggs from alternative housing systems. Any furnished, free-run, free-range or organic eggs already met the criteria put forth in the Calgary CO-OP motion. Although these types of eggs only account for about 5% of the more than 34 million dozen eggs consumed annually by Albertans, according to Nielsen data, their sales are growing and, thanks in large part to supply management, Alberta's egg farmers are well positioned to respond to market trends and adapt to changing consumer demand.

CTV W5

In October, CTV's W5 program aired an episode about Canada's egg industry, featuring an undercover video recorded on an Alberta egg farm by an investigator working for an animal rights activist organization. There were some images on the video that EFA found disturbing, which were not aligned with the expectations we have for everyone on farms demonstrating a high level of respect for hens. Those images are not representative of how animals are cared for on egg farms in Alberta, across Canada, or even on the farm in question.

From the moment the video was brought to EFA's attention, we worked closely with EFC and the farmer involved, who was devastated by what happened on his farm. The farmer was extremely cooperative and, together with EFA and EFC, took immediate action. Priority was placed on efforts to investigate and rectify the situation, and to prevent another similar situation from occurring. Animal care was, and continues to be, a top priority for EFA and the province's registered egg farmers.

Starting even before the program aired, EFA, EFC, the farmer involved and industry stakeholders all worked together to resolve the situation. As the calendar turns from 2013 to 2014, the on-farm assurance and recover efforts continue.

GOVERNMENT RELATIONS

EFA was extremely active in government relations (GR) activities once again in 2013. Faced with continued negative media attention 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 2013 GR strategy focused primarily on provincial politicians, but was expanded to include federal politicians as well.

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. Throughout the year, EFA worked 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.

Alberta SM5

SM5 continued its sponsorship of the Premier's Breakfasts in Calgary and Edmonton. In addition, EFA producers attended the Premier's Dinners in Edmonton and Medicine Hat, several individual MLA events, and the Prime Minister's BBQ. SM5 also hosted an appreciation event for ARD staff, with producers from all five commodity groups cooking breakfast on the grounds of the O.S. Longman Building, as a 'thank you' for all the work and support ARD provides our industry.

In October, SM5 was fortunate to host the Honourable Premier Alison Redford and the Honourable Minister of Agriculture and Rural Development Verlyn Olson on a farm tour. SM5 organized a day filled with hands-on farm tours to help promote the essential role that supply management plays in sustaining and growing our industries. The group visited a turkey farm, enjoyed a delicious lunch prepared with supply managed ingredients, and visited a broiler hatching egg farm. At the end of a full day, the Premier remarked that it was a wonderful way to spend the day and how she felt that the SM5 were incredibly gracious hosts.



Egg Farmers of Alberta

EFA was fortunate to be able to host 2 egg farm tours in 2013.

In April, Rosalind Colony played host to the Honourable Verlyn Olson, MLA for Wetaskiwin-Camrose and Minister of Agriculture and Rural Development, David Dorward, MLA for Edmonton-Gold Bar, Dave Burdek, Executive Director of Policy, Strategy and Intergovernmental Affairs Division, Freda Molenkamp-Oudman, General Manager of Marketing Council, and Mike Pearson, ARD/Marketing Council, giving them the opportunity to tour the colony's egg farm. Several EFA Directors and staff were on-hand to help answer questions, while Mike Stahl did an admirable job of leading the tour. A few reporters joined the tour, with stories being printed in Western Producer and Alberta Farmer Express.

In August, Big Bend Colony hosted Mr. Jim Hillyer, MP for Lethbridge, Mr. Gary Bikman, MLA for Cardston-Taber-Warner, and Mr. Rick Schow, Mayor of Cardston. George Gross and Joe Kleinsasser did a fantastic job leading the group on a tour of the egg barn, which ended with the special guests collecting a dozen eggs.

Farm tours have proven to be an enjoyable, interactive way of engaging politicians, industry partners and the media. They provide egg farmers with a wonderful opportunity to talk about egg farming with pride, from animal care and food safety, to environmental sustainability and the benefits of supply management. EFA looks forward to hosting even more egg farm tours in the future!



FROM THE FARM TO YOUR TABLE: EGG SALES STATISTICS

| CATEGORY | 2013 | | 2012 | |
|--|---------|--------|---------|--------|
| | ALBERTA | CANADA | ALBERTA | CANADA |
| Total Eggs | +3.7% | +3.4% | +2.3% | +2.1% |
| Regular Eggs | +3.6% | +3.9% | +1.6% | +3.3% |
| Omega-3 Eggs | -1.0% | -4.4% | -1.9% | -10.1% |
| Other Specialty Eggs <i>ie: free range, free run, organic</i> | +14.5% | +9.1% | +27.1% | +9.9% |

According to Nielson sales data, Alberta experienced excellent growth in total egg consumption in 2013, slightly ahead of the national average rate of growth. While regular egg consumption grew slightly and Omega-3 egg consumption dropped slightly, there was growing demand for other specialty eggs in 2013, as evidenced by a 14.5% increase in consumption over 2012 (this represents 5.8% of total egg consumption in Alberta). Thanks to supply management, Alberta egg farmers were able to maintain a stable supply of fresh, high quality, locally produced eggs for Albertans.

BOARD GOVERNANCE & DIRECTOR TRAINING

In 2013, the EFA Board of Directors welcomed back Susan Schafers of 1420389 Alberta Ltd. Susan previously served on the EFA Board from 2005-2010. Levi Hofer was re-elected for a second three-year term. Ben Waldner continued in his role as Chairman and was elected EFC Director, while Joe Kleinsasser continued in his role as Vice-Chairman and Amin Valji continued in his role as EFC Alternate. Special thanks are extended to outgoing Director Andrew Wipf, for nine years of outstanding service to the Alberta egg industry.

Strategic planning continued playing a crucial role for EFA in 2013. In September, EFA's Board and staff had an opportunity to review the progress made in each of the 8 focus areas and to strategize on the key priorities for 2014.

EFA continues to offer governance training to any producers who may be contemplating becoming a Director in the future. EFA has a strong culture of proper governance and therefore believes that ongoing training for Directors is important to achieving continued success.

HUMAN RESOURCES

There were no changes in 2013 to EFA's current staff of 10: Dave Lastiwka (1 year), Carla Znak (2 years), Murray Minchin, David Webb and Jenna Griffin (3 years), Peggy Galbraith (6 years), Christina Robinson and Catherine Kelly (7 years), Laurel Martin (11 years) and Susan Gal (23 years – 15 years as General Manager).

EFA organized a human resources (HR) assessment in 2013, funded by ARD. The resulting report and decision to work with the consultant on strategic HR planning and development in 2014, will go a long way to help with staff retention. This work will help create efficiencies, increase effectiveness and achieve an overall positive impact on every part of the organization.

REGULATORY REVIEW

Every five years, EFA is mandated to review the regulations that establish our authorities as an organization in legislation. EFA conducted a review of all related Regulations under the Marketing Agricultural Products Act (MAPA) in 2013. After consultation with producers and the Board, the following changes have been filed with Marketing Council:

- Official name change from Alberta Egg Producers Board to Egg Farmers of Alberta
- Provisions will be added that will allow the Board to develop a process/policy on removal of Directors on a motion passed by two thirds of Directors
- The rate of lay will now be able to be modified by Board motion so we can more appropriately follow the COP updates
- Several changes were made to Board member eligibility:
 - Limiting who a registered producer can name as their representative from an individual to a member, officer, employee of the organization, as well as any family member
 - Board members must now be an Alberta resident
 - Changing the number of members who are directors of an organization from 2 to 1
- Allow for over base quota to be allotted as base quota to new entrants after 10 years of operation
- The Board will have the option of creating a leasing pool that it administers
- Incorporate the requirement that producers must adhere to the Animal Care Policy as a condition of license
- Change the term of office provisions to specify that the stand down is from one AGM to the next, rather than one calendar year

These changes will come into effect no later than May 31, 2014.

OPERATIONAL EXCELLENCE

EFA is continually expanding and improving our producer programs, to ensure Alberta's egg farmers are prepared to meet the social, economic and regulatory demands of the future. As the organization grows and demands increase, EFA must meet this challenge by finding ways to work smarter and more effectively using technology. Challenged by the need to carry out increasingly complex quota transactions with IT tools that are outdated and disjointed, there was an urgent need to re-design the quota management system. The Canadian Agricultural Adaptation Program (CAAP) provided EFA with an opportunity to tackle this challenge by providing funding to support the project that revolutionized EFA's quota management system.

Using Lean process mapping, EFA staff reviewed the old quota transaction process, identified areas for improvement and developed a plan for an ideal process. EFA partnered with Etelligent, an IT company, to build the computer customizations needed to make the conceptual process a reality.

EFA was able to build a system that transformed the quota management process and significantly decreases the administrative burden. Quota data is now stored in one central location, transaction documents are set up to auto merge and verification steps are built into the system to ensure the integrity of the information. Producers will be able to access their own quota information and transaction documents through the producer website. Reports that capture quota information are developed for easy reference. The new process and IT tools allow EFA to process quota transactions in a fraction of the time, while improving the quality of information producers receive and providing timely, robust information for industry reporting and statistics. These changes not only allow EFA to manage and communicate producer information more effectively, but also enable EFA to focus valuable staff resources on positioning our industry for success, instead of on data entry and administration.

EFA is working to embrace the Lean philosophy of continuous improvement. With this in mind, EFA will be continually assessing the new quota transaction process, looking for ways to add value and eliminate waste. The process will help ensure that the foundation this project allowed EFA to build will continue to serve EFA and our producers well into the future. This project has been made possible by funding from Agriculture and Agri-Food Canada's Canadian Agricultural Adaptation Program (CAAP), managed in Alberta by the Agriculture and Food Council of Alberta. CAAP was instrumental in revolutionizing EFA's quota management system and improving producer communications.

EFA uses a multitude of forms for our producer programs, each of which has been developed at a different point in time by different people. In 2013, EFA began the task of standardizing all producer forms, with the goal of ensuring that each EFA form has a consistent appearance, uses consistent wording, can be filled out electronically and is easy to understand. Approximately half of the producer forms have been updated and the transition is expected to be completed in 2014.



Financial statements of

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

December 28, 2013

Alberta Egg Producers Board

(Operating as Egg Farmers of Alberta)

December 28, 2013

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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 statement of financial position as at December 28, 2013, and the statements of operations and changes in unrestricted net assets and cash flows for the 52-week period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained 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 28, 2013, and the results of its operations and changes in unrestricted net assets and its cash flows for the 52-week period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in cursive script that reads "Deloitte LLP".

Chartered Accountants
February 3, 2014

Alberta Egg Producers Board

(Operating as Egg Farmers of Alberta)

Statement of operations and changes in unrestricted net assets
fifty-two week period ended December 28, 2013

| | December 28, 2013 | December 29, 2012 |
|---|----------------------|----------------------|
| | \$ | \$ |
| Revenue | | |
| Levy | 17,966,676 | 17,678,111 |
| Interest | 121,864 | 101,475 |
| Grant revenue (Note 7) | 165,061 | 125,767 |
| Industrial product program (Schedule 2) | 9,387,732 | 10,161,712 |
| Research levy and grant revenue (Schedule 3) | 7,360 | 51,162 |
| Over base quota fund (Schedule 4) | 277,706 | 368,274 |
| Other income | 39,861 | 74,942 |
| Amortization of deferred capital contributions (Note 8) | 8,895 | 8,895 |
| Gain (loss) on sale of investments | 112,834 | (2,397) |
| Unrealized gain on investments | 149,678 | 53,715 |
| | 28,237,667 | 28,621,656 |
| Expenses | | |
| Administrative (Schedule 1) | 1,908,519 | 1,845,738 |
| Egg Farmers of Canada levy | 16,255,479 | 15,999,256 |
| Grant project expenses (Notes 5, 7 and 8) | 172,676 | 134,662 |
| Industrial product program (Schedule 2) | 9,725,560 | 9,875,630 |
| Research project disbursements (Schedule 3) | 96,162 | 169,586 |
| Over base quota fund (Schedule 4) | 96,607 | 207,000 |
| | 28,255,003 | 28,231,872 |
| (Deficiency) excess of revenue over expenses | (17,336) | 389,784 |
| Internal transfer from (to) industrial product program (Schedule 2) | 337,828 | (286,082) |
| Internal transfer from research fund (Schedule 3) | 88,802 | 118,424 |
| Internal transfer (to) over base quota fund (Schedule 4) | (181,099) | (161,274) |
| Unrestricted net assets, beginning of period | 2,662,792 | 2,601,940 |
| Unrestricted net assets, end of period | 2,890,987 | 2,662,792 |

The accompanying notes to the financial statements are an integral part of this financial statement.

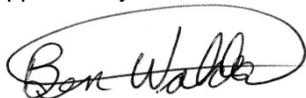
Alberta Egg Producers Board

(Operating as Egg Farmers of Alberta)

Statement of financial position
as at December 28, 2013

| | December 28, 2013 | December 29, 2012 |
|--|----------------------|----------------------|
| | \$ | \$ |
| Assets | | |
| Current assets | | |
| Cash | 833,408 | 587,912 |
| Short-term investments (Note 3) | 150,918 | 257,996 |
| Accounts receivable (Note 4) | 880,093 | 797,195 |
| Prepaid expenses | 55,818 | 41,439 |
| | 1,920,237 | 1,684,542 |
| Long-term investments (Note 3) | 3,006,291 | 2,738,844 |
| Tangible capital assets (Note 5) | 1,387,901 | 1,444,385 |
| Intangible asset (Note 6) | 480 | 480 |
| | 6,314,909 | 5,868,251 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 1,153,307 | 762,620 |
| Government remittances payable | 34,426 | 23,706 |
| Due to Egg Farmers of Canada | 675,588 | 660,175 |
| Deferred contributions (Note 7) | 72,149 | 16,080 |
| | 1,935,470 | 1,462,581 |
| Deferred contributions related to tangible capital assets (Note 8) | 17,790 | 26,685 |
| | 1,953,260 | 1,489,266 |
| Net assets | | |
| Unrestricted net assets | 2,890,987 | 2,662,792 |
| Industrial product program (Schedule 2) | 787,667 | 1,125,495 |
| Research fund (Schedule 3) | 268,938 | 357,740 |
| Over base quota fund (Schedule 4) | 414,057 | 232,958 |
| | 4,361,649 | 4,378,985 |
| | 6,314,909 | 5,868,251 |

Approved by the Board



Chairman



Vice Chairman

The accompanying notes to the financial statements are an integral part of this financial statement.

Alberta Egg Producers Board

(Operating as Egg Farmers of Alberta)

Statement of cash flows

fifty-two week period ended December 28, 2013

| | December 28, 2013 | December 29, 2012 |
|--|----------------------|----------------------|
| | \$ | \$ |
| Operating activities | | |
| (Deficiency) excess of revenue over expenses | (17,336) | 389,784 |
| Items not affecting cash | | |
| Amortization of tangible capital assets | 122,695 | 129,054 |
| Amortization of deferred contributions related to tangible capital assets | (8,895) | (8,895) |
| Gain on sale of tangible capital assets | (5,700) | (190) |
| (Gain) loss on sale of investments | (112,834) | 2,397 |
| Unrealized gain on investments | (149,678) | (53,715) |
| | (171,748) | 458,435 |
| Changes in non-cash working capital | | |
| Accounts receivable | (82,898) | 6,157 |
| Prepaid expenses | (14,379) | (10,849) |
| Accounts payable and accrued liabilities | 390,687 | 138,075 |
| Government remittances payable | 10,720 | 14,150 |
| Due to Egg Farmers of Canada | 15,413 | 28,511 |
| Deferred contributions | 56,069 | (91,637) |
| | 203,864 | 542,842 |
| Investing activities | | |
| Purchase of tangible capital assets | (66,211) | (84,829) |
| Purchase of intangible asset | - | (480) |
| Proceeds on sale of tangible capital assets | 5,700 | 190 |
| Proceeds on sale of long-term investments | 916,362 | 296,512 |
| Proceeds on sale of short-term investments | 253,062 | 98,596 |
| Purchase of long-term investments | (1,067,281) | (186,346) |
| Purchases of short-term investments | - | (708,092) |
| | 41,632 | (584,449) |
| Net increase (decrease) in cash | 245,496 | (41,607) |
| Cash, beginning of period | 587,912 | 629,519 |
| Cash, end of period | 833,408 | 587,912 |

The accompanying notes to the financial statements are an integral part of this financial statement.

Alberta Egg Producers Board

(Operating as Egg Farmers of Alberta)

Notes to the financial statements

fifty-two week period ended December 28, 2013

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. 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.

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 (deficiency) excess 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 (deficiency) excess 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 (deficiency) excess 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.

Alberta Egg Producers Board

(Operating as Egg Farmers of Alberta)

Notes to the financial statements

fifty-two week period ended December 28, 2013

2. Significant accounting policies (continued)

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 (deficiency) excess 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.

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 the estimated useful lives of tangible capital assets, the potential impairment of tangible capital and intangible assets, determination of accrued liabilities and potential contingencies.

3. Investments

Short-term investments

Short-term investments consist of \$150,918 (December 29, 2012 - \$257,996) invested in a bond. The cash investments are held at market value with an effective rate of return of 2.90% per annum (December 29, 2012 - 2.92% per annum).

Long-term investments

The long-term investments include:

| | December 28, 2013 | December 29, 2012 |
|--------------------|------------------------------|----------------------|
| | \$ | \$ |
| Equity investments | 2,739,578 | 2,313,383 |
| Bonds | 266,713 | 425,461 |
| | 3,006,291 | 2,738,844 |

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

Alberta Egg Producers Board

(Operating as Egg Farmers of Alberta)

Notes to the financial statements

fifty-two week period ended December 28, 2013

3. Investments (continued)

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 | 1-15 | 3 |
| Fixed income investments | 50-80 | 56 |
| Equity investments | 20-40 | 41 |
| Country of exposure | | |
| Canada | 85 | 80 |
| U.S. | 10 | 14 |
| International | 5 | 6 |

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.

4. Accounts receivable

| | December 28, 2013 | December 29, 2012 |
|--------------------------|----------------------|----------------------|
| | \$ | \$ |
| Egg Farmers of Canada | 759,732 | 760,843 |
| Contributions receivable | 58,936 | 15,740 |
| Other | 61,425 | 20,612 |
| | 880,093 | 797,195 |

5. Tangible capital assets

| | December 28, 2013 | | |
|---------------------|-------------------|-----------------------------|-------------------|
| | Cost | Accumulated amortization | Net book value |
| | \$ | \$ | \$ |
| Land | 168,000 | - | 168,000 |
| Building | 902,214 | 202,149 | 700,065 |
| Automobiles | 59,529 | 21,753 | 37,776 |
| Promotional display | 105,500 | 65,461 | 40,039 |
| Office equipment | 180,700 | 129,475 | 51,225 |
| Office improvements | 516,974 | 140,607 | 376,367 |
| Website | 18,886 | 4,457 | 14,429 |
| | 1,951,803 | 563,902 | 1,387,901 |

Alberta Egg Producers Board

(Operating as Egg Farmers of Alberta)

Notes to the financial statements

fifty-two week period ended December 28, 2013

5. Tangible capital assets (continued)

| | 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 |

Total amortization for the period was \$122,695 (December 29, 2012 - \$129,054), of which \$9,485 (December 29, 2012 - \$21,500) was included in advertising and product promotion, \$16,024 (December 29, 2012 - \$13,918) was included in travel, and \$8,895 was included in grant project expenses (December 29, 2012 - \$8,895).

6. Intangible asset

| | December 28, 2013 | December 29, 2012 |
|------------|----------------------|----------------------|
| | \$ | \$ |
| Trade name | 480 | 480 |

7. Deferred contributions

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

| | December 28, 2013 | December 29, 2012 |
|---|----------------------|----------------------|
| | \$ | \$ |
| Deferred contributions, beginning of period | 16,080 | 107,717 |
| Grants received | 162,194 | 34,130 |
| Grants receivable | 58,936 | - |
| Less: amounts amortized to revenue | (165,061) | (125,767) |
| Deferred contributions, end of period | 72,149 | 16,080 |

Alberta Egg Producers Board

(Operating as Egg Farmers of Alberta)

Notes to the financial statements

fifty-two week period ended December 28, 2013

8. 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 28, 2013 | December 29, 2012 |
|---|----------------------|----------------------|
| | \$ | \$ |
| Deferred contributions related to tangible capital assets, beginning of period | 26,685 | 35,580 |
| Less: amortization - current period | <u>(8,895)</u> | <u>(8,895)</u> |
| Deferred contributions related to tangible capital assets, end of period | <u>17,790</u> | <u>26,685</u> |

9. 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.

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.

10. Prior year's figures

Certain of the prior year's figures were reclassified to conform to the current year's financial statement presentation.

Alberta Egg Producers Board

(Operating as Egg Farmers of Alberta)

Schedule of administrative expenses - Schedule 1 fifty-two week period ended December 28, 2013

| | December 28, 2013 | December 29, 2012 |
|--|----------------------|----------------------|
| | \$ | \$ |
| Advertising and product promotion (Note 5) | 302,506 | 342,459 |
| Amortization | 88,291 | 84,740 |
| Board governance | 37,085 | 17,454 |
| Building operations | 37,308 | 39,502 |
| Directors' and committee allowances | 107,908 | 97,113 |
| Employee benefits | 121,785 | 108,311 |
| Grants | 9,407 | 11,907 |
| Insurance | 17,287 | 16,661 |
| Meetings | 39,296 | 38,643 |
| Memberships | 7,650 | 7,630 |
| Office and printing | 88,066 | 66,409 |
| Postage | 11,604 | 11,639 |
| Professional fees | 102,966 | 95,745 |
| Salaries | 628,694 | 601,229 |
| SE testing kits and diagnostic services | 63,925 | 63,768 |
| Telecommunications | 15,106 | 15,777 |
| Travel (Note 5) | 229,635 | 226,751 |
| | 1,908,519 | 1,845,738 |

The accompanying notes to the financial statements are an integral part of this financial statement.

Alberta Egg Producers Board

(Operating as Egg Farmers of Alberta)

Schedule of internal restrictions - industrial product program - Schedule 2
fifty-two week period ended December 28, 2013

| | December 28, 2013 | December 29, 2012 |
|--|----------------------|----------------------|
| | \$ | \$ |
| Industrial product program, beginning of period | 1,125,495 | 839,413 |
| Add | | |
| Egg sales | 8,838,217 | 9,429,903 |
| Levy revenue | 549,515 | 731,809 |
| | 9,387,732 | 10,161,712 |
| Less | | |
| Egg purchases | 9,720,782 | 9,873,364 |
| Levy over | 4,778 | 2,266 |
| | 9,725,560 | 9,875,630 |
| Net change in program during the period and amount internally transferred (to) from unrestricted net assets | (337,828) | 286,082 |
| Industrial product program, end of period | 787,667 | 1,125,495 |

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.

Alberta Egg Producers Board

(Operating as Egg Farmers of Alberta)

Schedule of internal restrictions - research fund - Schedule 3

fifty-two week period ended December 28, 2013

| | December 28, 2013 | December 29, 2012 |
|--|----------------------|----------------------|
| | \$ | \$ |
| Research fund, beginning of period | 357,740 | 476,164 |
| Add | | |
| Grant revenue | 7,360 | 51,162 |
| Less | | |
| Disbursements to research projects | 96,162 | 169,586 |
| Net change in fund during the period and amount internally transferred to unrestricted net assets | (88,802) | (118,424) |
| Research fund, end of period | 268,938 | 357,740 |

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.

Alberta Egg Producers Board

(Operating as Egg Farmers of Alberta)

Schedule of internal restrictions - over base quota fund - Schedule 4
fifty-two week period ended December 28, 2013

| | December 28, 2013 | December 29, 2012 |
|--|----------------------|----------------------|
| | \$ | \$ |
| Over base quota fund, beginning of period | 232,958 | 71,684 |
| Add | | |
| Interim lease of over base quota revenue | 277,706 | 368,274 |
| Less | | |
| Disbursements | 96,607 | 207,000 |
| Net change in fund during the period and amount internally transferred from unrestricted net assets | 181,099 | 161,274 |
| Over base quota fund, end of period | 414,057 | 232,958 |

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 28, 2013, \$26,250 (December 29, 2012 - \$207,000) of this fund's total disbursements has been disbursed to Egg Processing Innovations Cooperative.



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