

Egg Farmers
of Alberta



**ANNUAL
REPORT** 2014



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INTRODUCTION

As a result of our extensive work developing a sustainability strategy, we have identified three pillars to describe what we do at Egg Farmers of Alberta (EFA) – Healthy Birds, Healthy Eggs, and Healthy Farms & Communities. 2014 was a year focused on strengthening relationships and our social license. A successful strategic planning session resulted in the creation of new vision and mission statements, while our key result areas were revised to more closely align with our three pillars, better define our priorities and guide us as we move forward.

VISION

Healthy Food, Healthy Farms, Healthy Families

MISSION

Cultivating a sustainable egg industry together with farmers, consumers and other stakeholders.

KEY RESULT AREAS

 **HEALTHY BIRDS**

 **HEALTHY EGGS**

 **HEALTHY FARMS**

 **HEALTHY COMMUNITIES**

The 2014 Annual Report is presented at the 46th Annual General Meeting of the Egg Farmers of Alberta, held Tuesday, February 24, 2015 at the Sheraton Hotel in Red Deer, Alberta.

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EFA TEAM



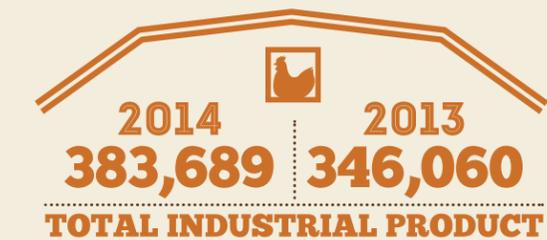
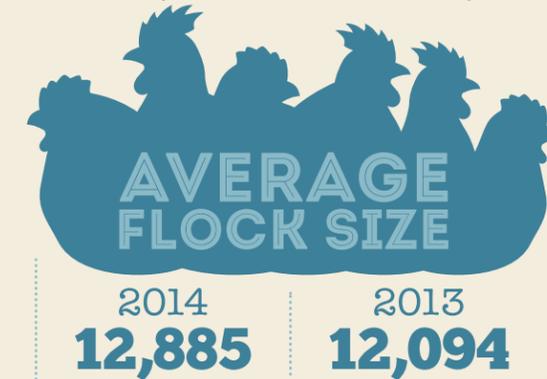
BOARD OF DIRECTORS

Susan Schafers	Chair
Levi Hofer	Vice Chair
Ben Waldner	EFC Director
Joe Kleinsasser	EFC Alternate
Muneer Gilani	CEIRA Director
John Hofer	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 and Events Coordinator
Agatha Smykot	Producer Services Administrator
Murray Minchin	Field Services Coordinator
Dave Lastiwka	Field Services Administrator/Coordinator

ALBERTA'S EGG INDUSTRY SNAPSHOT (AS OF END OF 2014)



PRICING

AVERAGE PRODUCER PRICE FOR LARGE EGGS IN 2014 **\$2.08** ↑ \$0.04 from 2013

LEVY

LEVY FOR REGISTERED PRODUCERS \$9.947/ **LEVY FOR UNREGISTERED PRODUCERS \$0.391/** **12**

NIELSEN DATA

	All Eggs	Regular Eggs	Omega-3 Eggs	Other Specialty Eggs (ie: free range, free run, organic)
TOTAL EGG SALES (2014)	in AB +3.9% in CAN +2.7%	in AB +3.3% in CAN +2.7%	in AB -2.4% in CAN -4.1%	in AB +21.6% in CAN +15.7%
MARKET SHARE (2014)		in AB 84.7% in CAN 86.5%	in AB 8.5% in CAN 8.2%	in AB 6.8% in CAN 5.3%
TOTAL EGG SALES (2013)	in AB +3.7% in CAN +3.4%	in AB +3.6% in CAN +3.9%	in AB -1.0% in CAN -4.4%	in AB +14.5% in CAN +9.1%
MARKET SHARE (2013)		in AB 85.2% in CAN 86.5%	in AB 9.0% in CAN 8.8%	in AB 5.8% in CAN 4.7%

CHAIR'S MESSAGE

The Alberta egg industry and EFA continued to grow and adapt in 2014. Growth is an integral part of the success of any organization, and we saw growth and success in several different areas. The ability and willingness to adapt is necessary to ensure that we as producers are meeting new challenges and a changing market dynamic. We have also been challenged to listen and respond to our critics.

In the past, supply management has been criticized for being a closed shop that discourages new producers from joining the industry. With the willingness of producers to share quota allocations and a committed Board that developed a New Entrant Program, we were able to welcome seven new producers to the industry (from over 40 applicants). It was a proud moment to meet them and provide information and encouragement as they begin a new business venture. Their enthusiasm for the egg industry is contagious and reminds us of what a great industry we belong to. We are looking forward to more new entrants in 2015!

Many studies continue to show that the average age of farmers is increasing and the number of farms is decreasing. We developed a Youth Development Program, which encourages learning and participation in the industry, while providing financial assistance. We are proud to be second, third or even fourth generation farmers, but we are also thrilled to welcome these young, enthusiastic farmers.

Sometimes our industry is criticized for not listening to consumer demands. We met those critics head on by developing a sustainability strategy that illustrates our shared values and demonstrates our dedication to continuous improvement. This was not an easy process, but we have embraced the strategy both internally and externally, so that our egg production continues to be socially responsible, environmentally sound and economically viable. Producers are stepping up and opening the barn doors to educate the public about modern egg farming practices. Producers are engaging consumers, students and politicians as ambassadors of our industry, to discuss our achievements and the progress our industry has made.

Working with our dedicated staff, I've learned how hard they work to understand what we as farmers do every day. They are meeting our challenge of seeing our farming operations, understanding bird health and welfare and working together with producers on the myriad of day-to-day challenges. We continue to work together and develop consensus with our other provincial partners and national organizations, so that supply management continues to be sustainable.

On a personal note, I have often been asked whether I prefer the title of chairwoman, chairman, chairperson or chair. Quite frankly, it doesn't matter, but I am honored to be elected as Chair of EFA and to be a second-generation director. I have learned a great deal about our industry, provincially and nationally; and I received great support from my fellow directors, past and present. I am proud to be part of such a hard-working, dedicated and passionate group of people. I'm also looking forward to the challenges of 2015 and knowing that we have the right vision for the future!

SUSAN SCHAFERS, CHAIR



GENERAL MANAGER'S MESSAGE

We made a commitment in last year's Annual Report to spend 2014 rebuilding trust with consumers and developing a sustainability plan for the egg industry. This past year we did just that, by launching a comprehensive sustainability strategy.

The strategy defines sustainable egg production as socially responsible, environmentally sound, and economically viable. It commits the organization to engage with key stakeholders, deliver accountability and transparency, and integrate work processes to improve efficiency along the egg value chain.

At the heart of the strategy are three pillars: Healthy Birds, Healthy Eggs and Healthy Farms & Communities. Each pillar is linked to at least two key result areas where results will be monitored and shared with stakeholders.

The three pillars are not just about what EFA is saying, they are about what egg farmers do every day. Healthy Birds reflects our animal care program and poultry health initiatives, Healthy Eggs relates to our food safety program, egg education and promoting the nutritional benefits of eggs, while Healthy Farms & Communities highlights our environmental program, work within the community, and the sustainability of our industry.

EFA has a very long history of working cooperatively with our egg farmers to ensure that they are able to control their own destiny. By leading change, we are able to help ensure that the changes are manageable on the farm and that adequate time is allowed for transition.

Consumers and the general public have always had a strong trust in farmers; however that trust is being eroded in part because others are telling our story. It is important that our farmers and industry are able to tell our story and our sustainability strategy will hopefully help us do just that in a way that connects with our consumers.

In addition to our sustainability strategy, we have begun working to strengthen our brand by telling a strong and consistent story in the community, in an effort to help restore public trust in egg farmers. The first step in the process has been revising our vision and mission statements. Our new vision and mission statements, along with our three pillars, will provide clarity and direction for our efforts in 2015 and beyond.

Again this year, I encourage all egg farmers to continue to support their Board and EFA staff, as we work together to implement the sustainability strategy and to make important changes that are critical to the future viability and sustainability of our industry.

I would like to thank the Board and staff for an amazing year of hard work and success. It is my absolute pleasure to work with such a great team that has so much passion and dedication for this great industry.

SUSAN GAL, GENERAL MANAGER



EFC DIRECTOR'S REPORT

It was an honour to serve as the representative of Alberta on the Board of Directors of Egg Farmers of Canada, the national organization representing the Canadian egg farming industry.

It was a dynamic year for us. The Canadian egg industry continues to flourish, with table egg sales increasing by more than three percent this year, marking the 8th consecutive year of growth. EFC is noting trends in the U.S., which tend to be mirrored in Canada, that suggest further growth is inevitable and can be driven by leveraging consumers' interest in high protein, whole, and nutrient-dense foods. However, to seize this opportunity, we must increase production in Canada to meet heightened demand—something we continue to negotiate and impress upon with Farm Products Council of Canada. We simply must prepare wisely and adequately to ensure Canadians continue to receive the local, fresh, high-quality eggs they expect and desire.

We also worked diligently on matters of national interest and scope, each of which requires care and flexibility when it comes to implementation in our various jurisdictions and to operationalizing on farm.

Illustrating this is the progress we achieved in terms of compliance to and enhancement for our national animal care and food safety programs. Recognizing an opportunity and need to accelerate planned enhancements to the Animal Care Program, the Production Management Committee of the Board carried out consultations on a number of key elements, including third party auditing, visitor protocols and an employee code of conduct policy.

We worked at all levels of the industry to implement measures that will make the Industrial Products Program sustainable over the long-term. The project teams formed last year implemented three strategies that will reduce reliance on consumer levy and will continue to drive costs out of the system. This was an important accomplishment in an area that will nevertheless demand continuous improvement in the years to come.

The Board of Directors provided direction and support for government and stakeholder relations in 2014, as we continued to communicate the benefits of supply management, a logical framework for a product that is and must, by its very nature, be locally produced and consumed. Given its rationality, it is disappointing that its merits, or perceived weaknesses, continue to be debated in politically-fueled conversations. To elevate these conversations to a more evidence-based level, we are supporting public policy research through a partnership with the University of Waterloo. Dr. Bruce Muirhead, who has joined Dr. Tina Widowski and Dr. Maurice Doyon as EFC research chairs, will conduct an analysis of our industry and international comparisons to support sound agricultural policy decision making.

Through our national advertising campaigns, "natural goodness" marketing programs, public relations efforts and social media, we educate the public on the benefits of our unparalleled product, and our unique approach to supplying steady, reliable, safe, affordable eggs for all Canadians. Some of our highly successful programs, such as the physician's education program, which reached over 20,000 doctors since 2007 with accurate nutritional information, are wrapping up and we are moving on to new activities in 2015 to fuel additional growth and opportunities for the industry.



This year was a very positive one in terms of giving back—something we make a priority to do as part of honouring our social license. We continued to raise money for breast cancer research through our partnership with the CIBC Run for the Cure and established new partnerships with Breakfast Club of Canada and Breakfast for Learning—ensuring tens of thousands of vulnerable children have access to a nutritious breakfast before school. Through special events like the Downtown Diner held in Ottawa, our decades of support to Food Banks Canada and local food banks was highlighted and resonated deeply with the many members of Parliament and the community who showed up in droves.

Our assistance to those in need crosses geographic boundaries as well. This year we contributed financially to one of the first projects being funded by the newly created International Egg Foundation, of which EFC is a founding partner. Called Project Canaan, this multi-faceted sustainable farming endeavour is providing food, shelter, education and work for a growing orphanage, the employees and is supplying local markets and organizations with much needed nutritious food. Well beyond our financial support, some of our Canadian egg farmers are providing knowledge and on-the-ground expertise to see the layer operation come to fruition and through to sustainable long-term operation.

The value of this transfer of knowledge to parts of the world desperately in need cannot be underestimated. Today, as governments in many parts of the world seek ambitious new agreements for trade with each other, we can play constructively right alongside—ensuring stability at home in key commodities, while exporting our knowledge to countries who need technical and business expertise for their burgeoning farming industries.

We will continue to emphasize the value of the stability we provide for Canada, particularly in the coming year in the face of heightened negotiations of the Trans-Pacific Partnership. There is a sense that 2015 is the year for this trade deal—and it also being a federal election year, we have an opportunity to carve out a leading role in the Canadian agriculture sector that lays to rest the notion that we are holding back others with greater international export potential.

This and all we do as directors of the national Board is guided by a rigorous strategic planning process that incorporates the interests of all jurisdictions. It ensures objectives and desired outcomes are well defined, but that we remain nimble to address the inevitable challenges that arise. A clear example of this is the December outbreak of Avian Influenza in British Columbia, a devastating occurrence that has left many poultry farms and the families who operate them devastated, and countless others working tirelessly to try and minimize further damage and mitigate impacts. The only positive thing that can be said of this hit on our industry at a particularly trying time of year, is that prior knowledge and expertise at the farm, egg board, provincial and national levels has led to greater collaboration and cooperation in managing the situation as best as possible.

The increasing need for such cooperation is evident throughout our industry. Though sometimes challenging to wrestle different jurisdictional realities, we recognize that supply management gives us a framework for industry-wide progress that so many sectors simply do not have and could never replicate. It is this privilege that drives our work at the national level. I appreciate my colleagues and the staff at EFA who support my participation on the EFC Board. The demands on the Directors are significant and our achievements are the direct result of the diligence and commitment of staff throughout the entire industry. We have the best product in the world, an excellent industry and an even better team, making greater accomplishments in 2015 a goal worth pursuing.

BEN WALDNER, EFC DIRECTOR

HEALTHY BIRDS



The health and welfare of the hens is the foundation for egg production in Alberta. Ensuring their safety and well-being is a top priority for EFA and all producers must participate in the Animal Care Program. All new housing systems for hens built after 2015 will be furnished, free run, or free range.

HEALTHY BIRDS 2014 HIGHLIGHTS

Animal Care Program (ACP)

The average Animal Care Program score for Alberta producers was 99% with 106 facilities scoring 100%. The national Animal Care Program underwent a number of significant changes as part of the program's evolution. These changes happened in advance of the changes to the Code of Practice for pullets and layers, which is currently under review by National Farm Animal Care Council and is expected to be published in late 2016.

A new scoring system for the Animal Care Program was implemented introducing Critical Care Elements (CCE) and Care Elements (CE). If one CCE or two CE are incomplete during an audit, it will result in the need for immediate action to resolve the issue through the corrective action process, regardless of overall score. Three new elements were introduced to the Animal Care Program and made effective August 9, 2014:

- Farm Animal Welfare Policy that provides a documented commitment to animal care principles by farm management and ownership. The farm owner must read and sign this policy once a year. The policy must include an emphasis on the commitment of the farmer to foster a culture of understanding towards animal care principles and must have a zero tolerance policy that states any form of abuse towards the birds is unacceptable and will not be tolerated.
- Employee Code of Conduct that states that anyone working on the farm acknowledges their understanding of what is expected of them as it relates to animal care. By signing, employees demonstrate their responsibility to ensure proper animal care.
- Visitor Policy that states that visitors to the barn understand and acknowledge their responsibilities with respect to animal care.

Additional elements were introduced and came into effect January 1, 2015, they are:

- Routine Inspection
- Handling, Catching, and Loading Guidelines
- Euthanasia Plan

Hen Housing

From our hen housing framework adopted last year, December 31, 2014 marked the deadline date after which no new conventional or enrichable housing systems will be allowed to be installed in Alberta.

Our Hen Housing Guide has been updated to include:

- Information about pullets
- Key cost comparison contributors of the different types of housing in Alberta
- Information on market growth of the different types of eggs
- Conclusions from the Scientific Committee Report for the Code of practice review
- Coalition for Sustainable Egg Supply (CSES) - Laying Hen Housing Research Report (Initial Findings, July 2014)

Furnished Housing System Guide was developed in collaboration with Dr. Michelle Jendral, including:

- Resource for producers who have decided to move forward with installing a furnished housing system.
- Outlines the advantages and challenges of the various elements of a furnished housing design, such as perches, nests, group size, etc.

EFA provided various levels of support for producers who are trying to make a decision about hen housing. For example, procedures were finalized on all of the points that need to be covered with producers when EFA staff go on farm and complete a Hen Housing Visit. In addition to this, field coordinators were trained to complete Hen Housing visits this year and EFA staff completed 12 Hen Housing visits and sent out 26 Hen Housing packages as per requests from producers.

Animal Care Program for Pullets

At the January regional meetings, EFA reviewed the current recommendations for the care and handling of pullets detailed in the 2003 code of practice. While there is currently no animal care program for pullet growers, understanding the code and working towards the standards outlined in the code of practice are important first steps. Later in the year, the Pullet Growers of Canada informed their partners about the development of a draft Animal Care policy for pullets, which is an important milestone for the Canadian pullet industry. Key outstanding issues that need to be resolved are density and the audit process, however the program's development is moving forward, with hopes that it will be released to producers in 2015.

Euthanasia

EFA continued on the path of investigating new opportunities for farmers to ensure that into the future, as regulations and best practices evolve, they have the ability to choose a humane method of euthanasia that works within the parameters of their farm.

Modified Atmospheric Chamber (MAC Carts)

In order to incorporate advanced control technology, EFA worked in collaboration with leading welfare and technology experts from the United States to develop a state of the art Modified Atmospheric Chamber (MAC) cart for use during routine end of lay euthanasia. The goal was to have a cart that meets strict international welfare criteria that also works based on existing farm layouts and practices. The designs evolved over several revisions with input from producer surveys, the Production Management Committee, and on-farm pilot test results. With final designs and Standard Operating Procedures being finalized, EFA is now tasked with developing a strategy to facilitate uptake of the carts into industry that will be acceptable from a biosecurity and economic perspective.

Low Atmospheric Pressure Stunning (LAPS)

This year marked the kick-off of a long-term strategic collaboration between EFA and the Alberta Hatching Egg Producers, Alberta Agriculture, Poultry Health Services, and the Alberta Institute of Applied Poultry Technologies to evaluate a progressive Low Atmospheric Pressure Stunning (LAPS) system. LAPS is a patented method to achieve an irreversible stun in poultry. Low atmospheric pressure is attained by using computer controlled slow decompression which allows the body of the bird to adjust to changes in pressure and thus lose consciousness resulting in death. In addition to providing additional third party validation of the welfare of the system, the project will investigate options for creating a self-sustaining business model to provide a routine and emergency depopulation system for the Alberta Poultry Industry. On October 17, the first on-farm trial in Canada was conducted at a Colony in Alberta where 3,000 birds that had reached end of lay were humanely euthanized.

Funding for the above projects was provided in part through Growing Forward 2, a federal, provincial, territorial initiative, and the Alberta Livestock and Meat Agency.

Avian Influenza Update

In early December, EFA received news that a case of Avian Influenza had been identified in two poultry farms in BC. Immediately, the Alberta Poultry Industry Emergency Management Team (APIEMT) convened to assess the situation and determine what steps were necessary to protect Alberta's poultry industry. Producers were contacted the same day, advising them to increase biosecurity to an Alert Level. Any producers with a link to BC, either through birds or people and equipment, were contacted or asked to closely monitor their birds. Together with Alberta Agriculture, Alberta's poultry industry conducted monitoring of these farms until there was assurance that no avian influenza had been introduced.

While the situation was unfolding in BC, the APIEMT held daily meetings with Alberta Agriculture to obtain updates and determine if any further action was required to protect the disease from spreading. Between December 2nd and 19th, a total of 11 commercial poultry farms and 1 non-commercial farm were identified as being positive with Avian Influenza H5N2. This was the most virulent strains of avian influenza seen in North America so far, with very high mortality rates in infected flocks. The Canadian Food Inspection Agency oversaw flock depopulation, disposal, cleaning and disinfecting on each infected farm. Recovery in BC will take months as movement controls are still in place and many countries have placed trade restrictions on poultry products from Canada until the country is deemed Avian Influenza free.

Encouraging Best Practices – Animal Care

EFA amended its Regulations giving the Board the authority to require all registered producers to comply with the Board's Animal Care Policy as a condition of license. Subsequently, a new mandatory Animal Care Policy was unveiled to producers, requiring that registered producers adhere to the following parameters in order to maintain their license to produce eggs in the Province of Alberta:

- Achieving or maintaining a passing grade of 90% or better on EFC's Animal Care Program (ACP).
- Adhering to the EFA's directive prohibiting the installation of conventional cages after December 31, 2014.
- Adhering to the housing specifications, including space density.

EFA also introduced a policy that outlines how we address reports of unacceptable animal care in the industry. In April, EFA sent out animal care packages to each of our producers with tools to help them build on their existing animal care practices. By utilizing these tools, producers did their part to help demonstrate that Alberta's egg industry is serious about its commitment to providing quality animal care.

Our goals in providing this information were to raise the understanding of standard industry practices across workers on Alberta egg farms, as well as standardize practices across our industry to ensure everyone in the industry is handling birds with a consistently high level of respect. In addition to this we were able to provide tools to assist in training farm employees, and to help protect producers by providing clear documentation that supports on farm animal care practices.

Education and Training

At our 2014 AGM we welcomed several speakers who shared their experienced insights related to animal welfare, activist groups, consumer demands and the egg industry's social license to operate. Lorna Baird (Alberta Farm Animal Care, Geraldine Auston (Ag & Food Exchange), Floyd Mullaney (security advisor) and Kay Johnson Smith (Animal Agriculture Alliance) delivered presentations that provided important and timely information for Alberta's egg farmers

EFA hosted a two day training workshop on the Laying Hen Welfare Quality Assessment Protocol in Poultry (WQAP) on July 15th and 16th, 2014. Developed in Europe in 2009, the WQAP is a method for evaluating the quality of animal welfare on farms based on animal outcomes. WQAP protocols can be used to assess welfare, but also to provide feedback and support to producers. Completing the WQAP training will help us to better understand Animal Care best practices and use this knowledge as we work to strengthen our animal care programs and conduct research on bird welfare.

Thea van Niekerk, an expert on the WQAP from Wageningen UR Livestock Research in the Netherlands conducted the training sessions which were attended by EFA staff members, industry leaders and EFA research partners. The first day of the workshop was a classroom session. The 19 attendees who took part in this session received an overview of the WQAP and measures used for assessing layer welfare. The second day of the workshop was an on-farm session where each of the 14 participants were able to put the learning from the previous day into practice with live birds. This hands on learning prepared attendees to use the WQAP on farms in their roles moving forward.

Researching Best Practices – Animal Care

Feather Cover

Feather cover is an important measure of animal welfare and an important component of a strong animal care program. Getting a representative measurement of flock feather cover can be challenging, because most established rating scales are subjective and time-consuming. In collaboration with EFA, Dr. Nigel Cook is leading a new on-farm project to evaluate the feasibility of using an infrared camera to develop a quick method to accurately measure feather cover that correlates well with established manual protocols. The project will provide a measure of the state of the industry in Alberta with regard to the assessment of feather cover of laying hens across multiple types of housing systems. The first farm visit happened in November of this year and the research team will visit 33 farms twice over the life of the project.





Bone Health

In a separate on-farm project, Dr. Clover Bench is evaluating how WQAs align with physical measures of bird bone health and welfare. Researchers are conducting a welfare audit on 16 farms using the WQAP which has been developed for use as an audit system in the European Union in response to welfare legislation. The WQAP for laying hens will be utilized for the purposes of evaluating the ability of a comprehensive welfare assessment to provide information about the impact of various housing systems on laying hen bone strength and welfare. The project will also provide preliminary information on mechanisms of score differentials for example, the connection to pathogen exposure and inflammation versus system design that may cause injury. In 2014, evaluations were completed on 5 farms.

Funding for the above projects was provided in part through Growing Forward 2, a federal, provincial, territorial initiative, and the Alberta Livestock and Meat Agency.

Alberta Farm Animal Care (AFAC) Update

Formed in 1993 by the Alberta livestock industry, AFAC has a long and rich history of helping farmers and connecting with consumers. Membership in AFAC demonstrates an ongoing commitment to continuous improvement in animal care and welfare within Alberta's livestock industry. Levi Hofer, EFA Board Member, is AFAC's egg industry representative. The following update provides information about the various AFAC initiatives that impact Alberta's egg industry.

One of AFAC's priorities in 2014 was to conduct a strategic planning session, to significantly refocus the vision, mission and goals of the organization, so that AFAC could better serve commodity groups like EFA. AFAC will continue to fill a leadership role in animal care communication, through their annual Livestock Care Conference, social media initiatives and consumer research. AFAC will also look to create, find and facilitate multi-commodity projects that examine issues relevant to more than one group, identify options for consideration, and help drive change in agriculture.

EFA is happy with AFAC's revised strategic priorities and is excited to continue working closely with AFAC in the future.

HEALTHY EGGS



Monitoring food safety and promoting consumption are key elements of the work of EFA. Alberta's egg farmers place a high premium on safeguarding the supply of fresh eggs, and as such, are dedicated to achieving Canada's world-class standards for food quality and safety. Our eggs are locally produced and an important nutritional source for Albertans. Programs such as Start Clean – Stay Clean supports farmers to ensure that best practices are followed.

HEALTHY EGGS 2014 HIGHLIGHTS

Start Clean – Stay Clean (SC-SC) Layer Program

Start Clean – Stay Clean™ (SC-SC) tracks all regulated egg farms in Canada, to eliminate or mitigate risks caused by both known and unknown pathogens. The SC-SC program ensures that egg farmers are monitoring critical control points, implementing best management practices, and keeping extensive records related to factors including barn temperature, air quality, cleanliness, egg collection, egg storage and testing for Salmonella Enteritidis (SE).

The average SC-SC score for Alberta producers was 99.49% (SC-SC average rating), with 117 producers scoring a perfect score of 100%. Small changes were made to the SC-SC program this year as part of the continuous improvement to the program, they were:

- New Pharmaceutical record - the new record requires that producers record how pharmaceuticals are administered and any withdrawal times.
- Rodent Trap verification by a service provider - If a producer utilizes a service provider to administer on-farm pest control, that service provider must provide:
 - » Minimum monthly visits (verification of traps)
 - » An index report to the producer
 - » A plan of corrective action if an increase in rodent activity is noted, which must be implemented by the producer SC-SC™ Pullet

Start Clean – Stay Clean (SC-SC) Pullet Program

The average score in the SC-SC Pullet program was 98.24% (SC-SC average rating) with 54 farmers scoring a perfect 100% rating with 31 newly accredited producers in the SC-SC Pullet program in 2014.

In addition to this, the Canadian egg industry implemented strict restrictions on the use of Category 1 antibiotics. As of September 24, 2014, all flocks going into lay must be free from Category 1 antibiotics and this must be demonstrated through documentation from the pullet grower. This has always been the case in Canada, however new restrictions require documentation.

Encouraging Best Practices – Food Safety

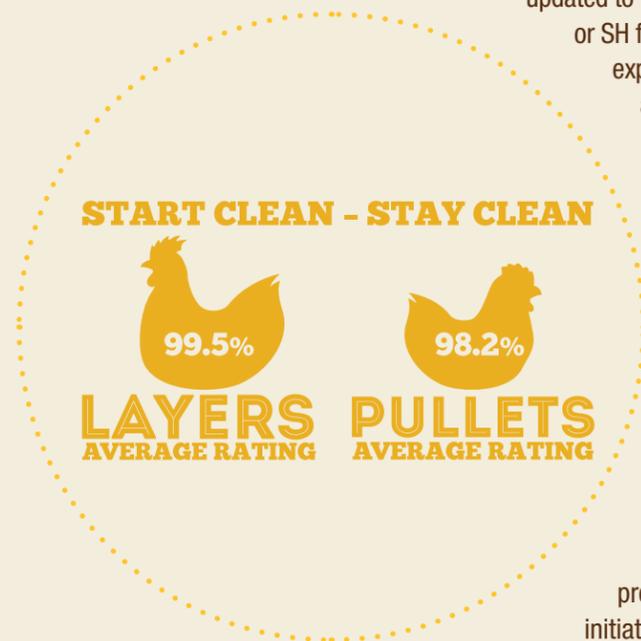
One of the biggest risks we see in our industry is the number of multi-species and multi-age flocks in our industry in Alberta. We have a higher number of these types of flocks in our province than anywhere else in the country. While there are a lot of good reasons for this, it is important to keep the risks, and the strategies available to minimize the risks in mind and in action. In 2014, we took the following steps to promote best practices:

- Educational presentation at June Regional Meeting about the importance of proper segregation of flocks.
- Special Programs for Production Efficiencies was reviewed and will be updated in 2015 to encourage further adoption of all-in, all-out production cycles.
- All producers receiving a hen housing visit have been encouraged to place their barn away from other livestock and to adopt all-in, all-out production practices.

Salmonella Typhimurium (ST) and Salmonella Heidelberg (SH) are listed as Provincially Reportable Diseases under the Alberta Animal Health Act. EFA and Alberta Agriculture have the shared objective to manage the level of ST and SH in poultry and minimize the risk of disease in humans as a result of consuming and/or handling contaminated eggs. This year, EFA's policy on dealing with provincially reportable ST and SH was updated to reflect the process wherein producers with a positive ST or SH flock are encouraged to accept a visit from an ARD poultry expert who can provide advice on cleaning and disinfection and increase the likelihood of eliminating the organism from the facility.

Work was done to establish a pilot program, in partnership with EFC and Alberta Agriculture that would give access to Start Clean – Stay Clean assessments and SE sampling for unregulated producers upon request. The aim is for the pilot program to be launched in 2015.

There is a shift happening in the marketplace, with traceability going beyond the food safety function to connecting the people who buy food with those who produce it. In 2014, EFA investigated options for traceability and how we may be able to advance our programs. The Board is in support of moving a traceability initiative forward in 2015.



Farms and communities are an important part of our work and are at the heart of everything we do. EFA supports farmers to ensure that resources are being managed in a sustainable manner, and that the Alberta egg industry continues to be recognized as a source of fresh, high-quality local food. From working directly with farmers to enhance their day to day operations or with university researchers to explore alternative uses for egg by-products, EFA is dedicated to research in all facets related to eggs and egg production. In addition to this, we are active in the community supporting various events and fundraisers throughout the year.

HEALTHY FARMS 2014 HIGHLIGHTS

Quota

Two allocations were issued to Alberta in 2014. Week 01/14, we allotted 95,839 birds (5.6188%) in accordance with EFA's Over Base Policy. This increase was related to the calculations for the unregulated adjustment, the 2014 quota allocation increase and for the 2013 quota allocation increase which was held in abeyance while EFC worked through options to improve IP Efficiencies.

In Week 41/14, we allotted another 68,546 birds (3.6168%) for 2014. A further increase was approved nationally in November to address supply shortages by using imports as a proxy for market shortages in order to address an adjustment needed to rebalance the domestic supply of eggs vs. excess imports. This calculation yielded another 52,473 layers for Alberta, however this allocation did not receive approval from Farm Products Council of Canada.

Speciality Pricing

Further work was done with the Western provinces to determine implementation plans for pricing of speciality eggs. A presentation to producers will be done in 2015 to give producers an overview of the principles and importance of this initiative for the egg industry.

Canadian Egg Industry Reciprocal Alliance (CEIRA)

The three year CEIRA subscription period expired on July 31, 2014. Subscribers were automatically renewed for the next term, which is a 4 year period from August 1, 2014 to July 31, 2018. CEIRA subscribership is a requirement of quota license for registered egg producers in Alberta.

EFC IP Efficiency Project

EFC and provinces continued to work through various initiatives to reduce the reliance on levy and improve business efficiency for the industrial products program. There continues to be significant pressure by Farm Products Council of Canada to reduce cost and find alternatives to reduce reliance on levy. In 2014, the Nest Run Administration Fee was eliminated; the price of mediums dropped by \$0.05 in Canada week 41/14 and the Service Fee Program was approved by the EFC Board of Directors.

From the very start of the discussion on the Service Fee, Alberta expressed concern about the fact that the proposed fee payable on all new quota placed erodes one of the fundamental principles of our system, i.e., producers receiving their COP on average over time. EFA also felt that the Service Fee is contrary to the QAC Agreement, which is a provincially supported industry agreement that deals with how EFC will allocate over base quota when the need arises.

In 2015, Alberta will continue to work with EFC and provinces to see if we are able to reach an agreement that helps address some of Alberta's concerns.

Producer Environmental Egg Program (PEEP)

At the February 2013 AGM, EFA announced the launch of a new environmental program, the first of its kind for egg farmers in Canada. The Producer Environmental Egg Program (PEEP) is intended to help egg farmers better identify their impacts on the environment and facilitate the use of best practices. Egg farmers are already good stewards of the land, who are committed to environmental protection and sustainable development and PEEP builds upon this foundation by

providing information about impacts of on-farm activities and helping to establish goals for improvement. The PEEP assessment is focused on key impact areas such as energy use, water consumption and manure management, helping farmers identify and address environmental risks and opportunities in order to improve their carbon footprint.

From March to November, EFA Field Coordinators delivered the program on 100% of registered egg farms in the province who all volunteered to participate. The average score for producers was 60/100. This information will provide a benchmarking foundation for the industry in years to come as we collectively work to improve our environmental performance. PEEP will enable EFA to communicate the positive efforts being taken by farmers, and champion the cause when industry needs to take the lead on piloting solutions. In 2015, EFA will investigate improvements to PEEP including refinements to the assessment questions and process.

Canadian Poultry Sustainability Award

In October, Levi Hofer and New York Colony were awarded the inaugural Canadian Poultry Sustainability Award for both the Table Egg industry and the overall Poultry Industry. Mr. Hofer accepted the awards on the colony's behalf at the Canadian Poultry Sustainability Symposium on October 29 at the Hanlon Convention Centre in Guelph, Ontario.

Canadian Poultry praised New York Colony for being a progressive and forward thinking egg farm, acknowledging their commitment to the total package, from animal welfare to environmentally responsible farming practices. Mr. Hofer's social outreach initiatives and efforts to communicate all the wonderful things that the egg industry is doing to government, industry and the public, went above and beyond in terms of ensuring the long term success and sustainability of the Canadian egg industry. Mr. Hofer's application benefited from the PEEP program as validation that his progressive practices were on record. At this symposium, EFA also had the opportunity to share learnings from the development of PEEP to other poultry groups and producers from across the country.

New Entrant Program (NEP)

It is vital to the long-term sustainability of our egg industry that new farmers and new investments are encouraged. The New Entrant Program was established in order to assist individuals and families who want to own and operate an egg farm in Alberta, by alleviating some of the producer's start-up costs.

This year, we opened the New Entrant Program for public applications for the first time.

There were 41 applications submitted and 40 qualified candidates who were eligible and entered in the draw for seven available lots of quota. Our 7 new entrants are:

Esther Weisse, Lethbridge

Silver Valley Colony, Bonanza

Vanessen Enterprises Ltd. Coaldale

Lougheed Colony, Lougheed

Richard and Mandy Molenaar, Grande Prairie

Tara Warkentin, Fort Vermilion

Leslie Sax, Neerlandia

Our new entrants were welcomed to the industry at a reception held on November 5th where they had the opportunity to meet EFA Board and staff, while learning about our industry and how to establish a healthy, productive flock.

New Egg Manager Workshop

On November 6, 2014, EFA hosted our inaugural New Egg Manager Training session for new entrants and newer egg managers. The full day was spent reviewing everything about the industry from EFA's new vision and mission statements, to an explanation about quota, to details about each of the industry's on farm programs. The workshop was designed to provide a good foundation on a variety of important topics that will help position new egg managers for success.

Youth Development Program (YDP)

In 2014, the Board launched a Youth Development Program (YDP). The YDP was established to help attract young farmers into the egg industry and support them in a way that helps educate them about egg farming while providing a framework to develop future agricultural leaders. EFA's YDP aims to help foster the passion young farms have for egg farming and to familiarize them with Alberta's dynamic egg industry.



Farm Safety

In 2014, farming organizations continued to be under pressure from various stakeholders in light of the fact that Alberta is the only Province where farming is completely exempt from the Occupational Health and Safety Act.

EFA has been involved in several initiatives to help further safety on the farm and protect all workers in the industry. Alberta Agriculture is piloting the Alberta Farm Safe Plan, a tool to help Alberta farmers easily create their own health and safety management system. EFA has helped to champion the cause by encouraging producer participation in Farm Safe Plan workshops and has begun to investigate options for simplifying the development process for producers.

As well, EFA has been working in collaboration with the Intensive Livestock Working Group (ILWG) to investigate the feasibility of establishing baseline employee injury insurance coverage. This includes developing and implementing surveys of appropriate constituencies, such as insurers, government, other stakeholders and jurisdictions. The project is scheduled for completion in early 2015.

EFA also attended an information session entitled "Safe, Fair & Healthy Farms & Ranches" on November 26th, 2014 with the goal of bringing leaders in the industry together to brainstorm a collaborative path forward.

Researching Best Practices – Environment

Pelleting

Throughout 2014, work continued on a project to capitalize on a value-added opportunity to improve the use of layer manure in terms of distribution (environmental improvement) and value capture (prevention of N waste and economic return). The first goal of the project was to evaluate the feasibility of having a pelleted product produced in a farm or centralized setting and engage growers for field trials to demonstrate the value of the product. A secondary goal is to conduct an economic feasibility study evaluating the full cost of production, transportation, and marketing, as well as the available market price.

Several key milestones were achieved:

- Secured layer manure from three producers with different operational parameters and evaluated for nutrient levels and moisture content. Selected one source for trials.
- Secured on-farm composted manure and trialed raw and composted product to determine optimum pellet size and validate durability.
- Completed small scale field application of pellets to establish pellet flowability through air drill.

Full field trials will begin in 2015.

Net Zero

In February, EFA was presented with an opportunity to collaborate with Alberta Agriculture on a project that would aim to research, design, and assist in the construction of an egg facility in Alberta that is balanced in terms of its energy inputs and outputs (i.e. Net 0). According to a Life Cycle Analysis recently completed by Quantis, in cooperation with EFA and Alberta Agriculture and Rural Development (ARD), on farm energy use contributes on average 62% to an egg-operations climate change impact in Alberta. On average, per kilogram of eggs produced in Alberta, 0.867 MJ of natural gas and 0.241 kWh of electricity are consumed. Energy efficiency measures are often affordable and sometimes profitable.

The first stage in the project is the completion of a feasibility assessment. Accordingly, in May, after a review of numerous proposals, the Southern Alberta Institute of Technology (SAIT) was contracted to conduct the analysis.

Concurrently, EFA worked through a producer application process to define eligibility criteria and select a producer partner to work with on construction of the facility. The draft report was tabled in November and EFA is now working to finalize recommendations.

Ultimately, we hope to develop a design strategy in consultation with needs and desires of the selected producer that comes as close as possible to achieving a net balance between energy in and energy out by incorporating various efficiency measures and renewable energy systems. The balance and interaction among systems will be described, to show what combinations of approaches are feasible. Various options and their pros/cons will be presented and discussed with the producer during the decision making process. The intent is that, once completed, information about the design, new technologies, and management of the facility will be extended to the rest of the industry through various extension means such as news articles, video, tours, and presentations.

Funding for the above projects was provided in part through Growing Forward 2, a federal, provincial, territorial initiative, and the Alberta Livestock and Meat Agency.

HEALTHY COMMUNITIES 2014 HIGHLIGHTS

Egg Ambassadors

In 2013, EFA launched the Champions program in order to help engage consumers directly and provide them with the information they would like to have about eggs. 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.

Work continued with our Egg Ambassadors this year as we added a few new recruits and offered a social media training session for all participants.

Farm Tours

The Morinville and Riverbend Colonies hosted farm tours, opening their barn doors to show the public authentic Alberta egg farms in operation.

The Morinville Colony hosted Mr. Neil Korotash's Urban Agriculture class from Morinville Community High School, as well as Ms. Maureen Kubinec, MLA for Barrhead-Morinville-Westlock giving them the opportunity to tour the colony's egg barn and grading station. Everyone in attendance gained a better understanding of where their food comes from and how it was produced, along with a greater appreciation for Alberta's egg farmers. The students were engaged and asked many questions about egg farming, animal welfare, food safety and supply management. On hand to help answer the questions were Paul Wurz, Morinville Colony's Egg Manager, and his assistant Robert, as well as Susan Schafers, Chair of EFA's Board of Directors.

River Bend Colony played host to a group of special guests, which included several local media outlets. Walter Decker, the colony's egg manager for the past 16 years, led the group on a tour of the egg facility, sharing his expertise and experience. The tour was a highly educational opportunity, allowing the visitors to gain a better understanding and appreciation for where their food comes from and how it is produced.





The day began with a comprehensive presentation from Egg Farmers of Alberta, highlighting the egg industry's pillars of Healthy Birds, Healthy Eggs, and Healthy Farms & Communities. The national on-farm food safety and animal care programs were discussed, along with several more recently launched provincial programs: Producer Environmental Egg Program, New Entrant Program and Youth Development Program.

The group then moved on to the pullet barn, where the adorable four day old chicks stole the show. Decker described the intricate care and attention to detail that is required to help the chicks grow into healthy hens and productive egg layers, sounding as much like a proud parent as a seasoned egg farmer.

The next stop on the tour was the layer barn, built in 2012, which was one of the first of its kind in Alberta. When planning to replace their old egg barn, River Bend Colony decided to install a furnished housing system for the hens. Furnished housing provides more space for the birds, along with a variety of enrichments, such as nest boxes and perches allowing the hens to express more natural behaviors. Decker then demonstrated the egg collection process, giving each guest a chance to fill their own carton of eggs, which they were thrilled to be able to take home with them.

The tour was live Tweeted on Twitter. After the event, several media articles were written and interviews generated, resulting in positive media attention for EFA and their farmers. Images from the tour were used to produce the "Our Story" video which was shared through social media.

Farmers in the Community

People are interested in knowing where their food comes from and learning more about the farms where production happens. EFA has been working closely with our farmers to facilitate their engagement with the public and to put a human face on farming. In addition to their important farm work, our farmers were busy over the past year blogging, being profiled on our website, attending events, and promoting Alberta eggs in the media.

Third generation egg farmer, Levi Hofer, was chosen as a featured blogger for the World Trade Organization's, Why Trade Matters To Me Blog, This was an exciting forum to share an Albertan perspective with a national audience, to read more visit <http://eggs.ab.ca/why-trade-matters-to-me/>. In addition to being profiled nationally, the blog post received international attention as it was chosen to be featured at the WTO Public Forum in Geneva in October

Farmers also made two television appearances on CTV Edmonton's Morning Live – demonstrating how to decorate Easter eggs with natural dyes and later providing a cooking demo (French Toast Kabobs) in support of and to promote the Mom, Pop and Tots Fair.

Website and Social Media

Our world has become increasingly digital and the web and social media have become the primary means for seeking information. As consumers become more interested in agricultural practices, the source of their food and nutritional value, it is critical that EFA provide this information along with opportunities for direct engagement. As a result, EFA became more engaged on-line this year, through our website and social media, in order to lead the conversation with consumers.

In particular, we re-launched our website with a new design and increased content. Within the site, the farmer blog was launched, which so far has received a lot of positive attention. The farmer blogger – our very own Susan Schafers – is not just talking about egg farming, but takes a more personal approach and truly welcomes people onto her farm and into her life. It is a really special forum that shows the many facets of farm life and what it is to live as an egg farmer.

Two new farmer profiles were added to our website (Wild Rose Colony and Old Elm Colony) to help put a face on farming and reinforce the 'fresh, locally produced eggs from family farms' message.

EFA launched a Facebook page in order to create a direct forum for engaging with our consumers. We shared nutritional information, recipes and updates on our animals and farms. We also shared the Our Story video (made with footage from the Riverbend Colony tour) and hosted the "10 Days of Christmas Contest." The contest was held in order to increase our Facebook presence and was successful in increasing our following to more than 4000 'Likes'.

Twitter has been a positive avenue for sharing newsworthy items. We had a lower number of Twitter followers than Facebook Likes, but will focus our attention on increasing those numbers in 2015.

Key Metrics



Public Relations

Events and Partnerships

EFA was active in the community and attended 27 events, mostly with a staffed booth and used the interactive booth at several large scale events. Major events included Aggie Days Calgary, Calgary Stampede, Calgary Zoo's Easter Eggstravaganza. The Zoo's Easter Eggstravaganza marked its 15th anniversary and our 15th year of sponsorship.

Sponsoring community events and activities continued to be a priority as we supported 118 events by providing resources, promo items, door prizes, and silent auction gifts. We also distributed more than 100,000 resources and 106,000 promo items.

In the Classroom

Over the past year EFA continued to work with local schools – giving 54 classroom presentations, many of which included a cooking demo and partnering with the Classroom Agriculture Program.

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. EFA is a proud member and supporter of CAP. Alberta egg farmers Visit www.classroomagriculture.com for more information

Taste Alberta

EFA continued to partner with Taste Alberta demonstrating our commitment to local food and to working with our fellow food producers across the province.

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 farmers attended Premier's dinners in Red Deer and Lethbridge

of how supply management has benefited them and their farm, and how supply management ultimately benefits consumers and rural communities. In addition to this, SM5 met with the Wild Rose party.

Once again this year, SM5 sponsored the Premier's breakfast in Calgary and Edmonton with EFA supplying eggs for both events. Farmers were in farmers in attendance to mingle with MLAs and the public.

Government Relations

EFA continued to work on our own and with the Alberta Supply Management 5 (SM5), to build relationships with the provincial government and strengthen support for the uniquely Canadian system of supply management. We also discussed a wide variety of issues of mutual interest, as well as the achievements and innovations in the Alberta egg industry.

SM5 met with PC rural caucus with over 30 MLAs were in attendance, including the Premier and Minister of Agriculture. During this meeting farmers from each organization shared personal stories

Social Responsibility

EFA is committed to giving back to the community and made a significant contribution over the past year.

Partnership with Alberta Food Banks

Through this partnership, EFA is making a \$30,000 donation to Alberta Food Banks, which oversees 60+ food banks across the province. In addition to this, Sparks Eggs is working with us to offer eggs at a discounted price throughout the year by Alberta Food Banks to be purchased with the \$30,000 donation.



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. EFA entered a team of participants (20+ team members) at the Calgary site and, through various fundraising initiatives, we were able to raise over \$3,300 for this incredibly worthwhile cause.



Canadian Foodgrains Bank

Egg farmer and EFA Board Member, Levi Hofer, participated in the Canadian Foodgrains Bank harvest this past year. The organization provides "food for work" projects, where food is given in exchange for work in various communities around the world. They also help communities improve their food security by improving their agricultural techniques, so that they will no longer be dependent on food aid.

Board Governance and Director Training

In 2014, the EFA Board of Directors welcomed a new Director, John Hofer from Clearview Colony. EFA provides training and resources for all new Directors as the learning curve is very steep. Joe Kleinsasser was elected for a second three-year term. Susan Schafers was selected as Chair; Levi Hofer took over as Vice-Chair, Ben Waldner continued as EFC Director and Joe Kleinsasser was named as EFC Alternate.

Special thanks are extended to outgoing Director, Amin Valji, for six years of exemplary service to the Alberta egg industry.

This year's Strategic Planning session marked some significant changes to the Board's vision for the future. Our Vision, Mission and Key Result areas were updated, as outlined in the introduction.

High priority issues identified by the Board included:

- Serving producers – education, resources, helping understand and meet standards
- Engaging the public (and other stakeholders) to strengthen the social license
- Farm safety
- Specialty pricing
- Pullets
- Partnerships with EFC and provinces
- Broad industry alignment

Human Resources

EFA's current staff is 10 permanent employees and 1 temporary employee. In June 2014, Agatha Smykot joined EFA as Producer Services Administrator, replacing Carla Znak. Carla came back in September to temporarily replace Peggy Galbraith who went on medical leave until the beginning of 2015. The current staff includes Dave Lastiwka (2 years), Murray Minchin, David Webb and Jenna Griffin (all 4 years), Peggy Galbraith (7 years), Christina Robinson and Catherine Kelly (8 years), Laurel Martin (12 years) and Susan Gal (24 years).

EFA received a grant from ARD for work with a consultant on strategic planning and development that got underway in the third quarter of the year and is ongoing at the end of the year. This work will update many human resource functions and assist with staff recruitment and retention.

Best Practices Mission

Christina Robinson from EFA took part in a Best Practices Mission to Ontario in September hosted by Alberta Agriculture and Rural Development. The purpose of the mission was to learn more about continuous improvement and sustainability by seeing and interacting with companies who are considered best in class. During this two day trip, five companies were toured including: Toyota, McNeil, Velcro Canada, Coca-Cola & Steam Whistle Brewery. Christina brought back with her many great ideas for how to continue the journey of continuous improvement, sustainable production and engagement.



HEALTHY BIRDS
HEALTHY FARMS **HEALTHY EGGS**
HEALTHY COMMUNITIES



Egg Farmers
of Alberta



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OR



Financial statements of

Egg Farmers of Alberta

December 27, 2014

Egg Farmers of Alberta

December 27, 2014

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Independent Auditor's Report

To the Registered Producers of
Egg Farmers of Alberta

We have audited the accompanying financial statements of Egg Farmers of Alberta, which comprise the statement of financial position as at December 27, 2014, 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 Egg Farmers of Alberta as at December 27, 2014 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.

Deloitte LLP

Chartered Accountants
February 2, 2015

Egg Farmers of Alberta

Statement of operations and changes in unrestricted net assets 52-week period ended December 27, 2014

	December 27, 2014	December 28, 2013
	\$	\$
Revenue		
Levy	17,887,892	17,966,676
Interest	157,662	121,864
Grant (Note 7)	170,858	165,061
Industrial product program (Schedule 2)	10,942,932	9,387,732
Research levy and grant (Schedule 3)	81,102	7,360
Over base quota fund (Schedule 4)	184,250	277,706
Other income	93,465	39,861
Amortization of deferred capital contributions (Note 8)	8,895	8,895
Gain on sale of investments	101,935	112,834
Unrealized gain on investments	82,803	149,678
	29,711,794	28,237,667
Expenses		
Administrative (Schedule 1)	2,011,200	1,908,519
Egg Farmers of Canada levy	16,156,491	16,255,479
Grant project (Notes 5, 7 and 8)	179,753	172,676
Industrial product program (Schedule 2)	10,901,969	9,725,560
Research project disbursements (Schedule 3)	98,765	96,162
Over base quota fund (Schedule 4)	118,103	96,607
	29,466,281	28,255,003
Excess (deficiency) of revenue over expenses	245,513	(17,336)
Internal transfer (to) from industrial product program (Schedule 2)	(40,963)	337,828
Internal transfer from research fund (Schedule 3)	17,663	88,802
Internal transfer to over base quota fund (Schedule 4)	(66,147)	(181,099)
Unrestricted net assets, beginning of period	2,890,987	2,662,792
Unrestricted net assets, end of period	3,047,053	2,890,987

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

Egg Farmers of Alberta

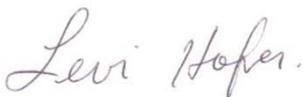
Statement of financial position as at December 27, 2014

	December 27, 2014	December 28, 2013
	\$	\$
Assets		
Current assets		
Cash	1,083,832	833,408
Short-term investments (Note 3)	-	150,918
Accounts receivable (Note 4)	771,406	880,093
Prepaid expenses	45,402	55,818
	1,900,640	1,920,237
Long-term investments (Note 3)	3,783,625	3,006,291
Tangible capital assets (Note 5)	1,281,074	1,387,901
Intangible asset (Note 6)	480	480
	6,965,819	6,314,909
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,036,829	1,153,307
Government remittances payable	22,733	34,426
Due to Egg Farmers of Canada	826,282	675,588
Deferred contributions (Note 7)	463,918	72,149
	2,349,762	1,935,470
Deferred contributions related to tangible capital assets (Note 8)	8,895	17,790
	2,358,657	1,953,260
Net assets		
Unrestricted net assets	3,047,053	2,890,987
Industrial product program (Schedule 2)	828,630	787,667
Research fund (Schedule 3)	251,275	268,938
Over base quota fund (Schedule 4)	480,204	414,057
	4,607,162	4,361,649
	6,965,819	6,314,909

Approved by the Board



Director



Director

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

Egg Farmers of Alberta

Statement of cash flows

52-week period ended December 27, 2014

	December 27, 2014	December 28, 2013
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses	245,513	(17,336)
Items not affecting cash		
Amortization of tangible capital assets	126,565	122,695
Amortization of deferred contributions related to tangible capital assets	(8,895)	(8,895)
Gain on sale of tangible capital assets	-	(5,700)
Gain on sale of investments	(101,935)	(112,834)
Unrealized gain on investments	(82,803)	(149,678)
	178,445	(171,748)
Changes in non-cash working capital		
Accounts receivable	108,687	(82,898)
Prepaid expenses	10,416	(14,379)
Accounts payable and accrued liabilities	(116,478)	390,687
Government remittances payable	(11,693)	10,720
Due to Egg Farmers of Canada	150,694	15,413
Deferred contributions	391,769	56,069
	711,840	203,864
Investing activities		
Purchase of tangible capital assets	(19,738)	(66,211)
Proceeds on sale of tangible capital assets	-	5,700
Proceeds on sale of long-term investments	682,572	916,362
Proceeds on sale of short-term investments	202,500	253,062
Purchase of long-term investments	(1,326,750)	(1,067,281)
	(461,416)	41,632
Net increase in cash	250,424	245,496
Cash, beginning of period	833,408	587,912
Cash, end of period	1,083,832	833,408

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

Egg Farmers of Alberta

Notes to the financial statements

December 27, 2014

1. Nature of business

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

2. Significant accounting policies

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

Method of accounting

EFA 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. EFA 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 excess (deficiency) of revenue over expenses as interest income or expense.

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

Tangible capital assets

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

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

Impairment of long-lived assets

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

Egg Farmers of Alberta

Notes to the financial statements

December 27, 2014

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 excess (deficiency) of revenue over expenses in an amount equal to the excess.

Revenue recognition

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

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

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

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

Use of estimates

The preparation of financial statements in conformity with ASNFPO 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 \$Nil (December 28, 2013 - \$150,918).

Long-term investments

The long-term investments include:

	December 27, 2014	December 28, 2013
	\$	\$
Equity investments	3,575,650	2,739,578
Bonds	207,975	266,713
	3,783,625	3,006,291

The equity investments and bonds are recorded at fair market value. The investments have an effective interest rate of 3.01% (December 28, 2013 – 2.90%) per annum.

Egg Farmers of Alberta

Notes to the financial statements

December 27, 2014

3. Investments (continued)

Investment policy

EFA has initiated an investment policy that RBC Wealth Management are required to follow. The policy states that EFA's excess cash is to be invested in low-risk Canadian investments, which include equities, bonds, T-bills, and short-term investments. EFA 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	2
Fixed income investments	50-80	55
Equity investments	20-40	35
Country of exposure		
Canada	85	78
U.S.	10	17
International	5	6

The investments are currently not in compliance with the investment policy that has been outlined by EFA, as based on the current portfolio the investment percentage for the U.S. and International investments are higher than EFA's Board of Directors' approved targets. Management is evaluating the current volatility of the market and how best to change the investments in order to bring the portfolio back in compliance with the policy.

4. Accounts receivable

	December 27, 2014	December 28, 2013
	\$	\$
Egg Farmers of Canada	742,692	759,732
Contributions receivable	-	58,936
Other	28,714	61,425
	771,406	880,093

5. Tangible capital assets

	December 27, 2014		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	168,000	-	168,000
Building	902,214	238,237	663,977
Automobiles	59,529	37,776	21,753
Promotional display	105,500	83,841	21,659
Office equipment	199,772	155,789	43,983
Office improvements	516,974	166,456	350,518
Website	19,552	8,368	11,184
	1,971,541	690,467	1,281,074

Egg Farmers of Alberta

Notes to the financial statements

December 27, 2014

5. Tangible capital assets (continued)

	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
	<u>1,951,803</u>	<u>563,902</u>	<u>1,387,901</u>

Total amortization for the period was \$126,565 (December 28, 2013 - \$122,695), of which \$9,485 (December 28, 2013 - \$9,485) was included in advertising and product promotion, \$16,024 (December 28, 2013 - \$16,024) was included in travel, and \$8,895 was included in grant project expenses (December 28, 2013 - \$8,895).

6. Intangible asset

	December 27, 2014	December 28, 2013
	\$	\$
Trade name	<u>480</u>	<u>480</u>

7. Deferred contributions

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

	December 27, 2014	December 28, 2013
	\$	\$
Deferred contributions, beginning of period	72,149	16,080
Grants received	562,627	162,194
Grants receivable	-	58,936
Less: amounts amortized to revenue	<u>(170,858)</u>	<u>(165,061)</u>
Deferred contributions, end of period	<u>463,918</u>	<u>72,149</u>

Egg Farmers of Alberta

Notes to the financial statements

December 27, 2014

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 EFA's tangible capital assets.

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

	December 27, 2014	December 28, 2013
	\$	\$
Deferred contributions related to tangible capital assets, beginning of period	17,790	26,685
Less: amortization - current period	<u>(8,895)</u>	<u>(8,895)</u>
Deferred contributions related to tangible capital assets, end of period	<u>8,895</u>	<u>17,790</u>

9. Financial instruments

Fair value

The carrying amounts of EFA'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

EFA 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 due from Egg Farmers of Canada, a producer organization formed by the provincial boards.

Market risk

EFA 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

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

Liquidity risk

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

Egg Farmers of Alberta

Schedule of administrative expenses - Schedule 1 52-week period ended December 27, 2014

	December 27, 2014	December 28, 2013
	\$	\$
Advertising and product promotion (Note 5)	339,115	302,506
Amortization	92,161	88,291
Board governance	37,490	37,085
Building operations	38,144	37,308
Directors' and committee allowances	122,541	107,908
Employee benefits	118,394	121,785
Grants	20,180	9,407
Insurance	17,860	17,287
Meetings	43,987	39,296
Memberships	14,138	7,650
Office and printing	97,763	88,066
Postage	11,857	11,604
Professional fees	77,345	102,966
Salaries	668,646	628,694
SE testing kits and diagnostic services	67,550	63,925
Telecommunications	15,107	15,106
Travel (Note 5)	228,922	229,635
	2,011,200	1,908,519

Egg Farmers of Alberta

Schedule of internal restrictions - industrial product program - Schedule 2 52-week period ended December 27, 2014

	December 27, 2014	December 28, 2013
	\$	\$
Industrial product program, beginning of period	787,667	1,125,495
Add		
Egg sales	9,579,084	8,838,217
Levy revenue	1,363,848	549,515
	10,942,932	9,387,732
Less		
Egg purchases	10,694,717	9,720,782
Service Fee	208,709	-
Levy (short) over	(1,457)	4,778
	10,901,969	9,725,560
Net change in program during the period and amount internally transferred to (from) unrestricted net assets	40,963	(337,828)
Industrial product program, end of period	828,630	787,667

The industrial product program relates to eggs which are sold for further processing. EFA 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.

Egg Farmers of Alberta

Schedule of internal restrictions - research fund - Schedule 3
52-week period ended December 27, 2014

	December 27, 2014	December 28, 2013
	\$	\$
Research fund, beginning of period	268,938	357,740
Add		
Transfer from over base quota fund and grant revenue	81,102	7,360
Less		
Disbursements to research projects	98,765	96,162
Net change in fund during the period and amount internally transferred to unrestricted net assets	(17,663)	(88,802)
Research fund, end of period	251,275	268,938

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.

Egg Farmers of Alberta

Schedule of internal restrictions - over base quota fund - Schedule 4 52-week period ended December 27, 2014

	December 27, 2014	December 28, 2013
	\$	\$
Over base quota fund, beginning of period	414,057	232,958
Add		
Over base quota user fee revenue	184,250	277,706
Less		
Disbursements	118,103	96,607
Net change in fund during the period and amount internally transferred from unrestricted net assets	66,147	181,099
Over base quota fund, end of period	480,204	414,057

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 27, 2014, \$Nil (December 28, 2013 - \$26,250) of this fund's total disbursements has been disbursed to Egg Processing Innovations Cooperative.