

2022

ANNUAL REPORT

EGG FARMERS OF ALBERTA REPRESENTS THE PROVINCE'S MORE THAN 170 REGISTERED EGG FARMERS, WHO PROVIDE ALBERTANS WITH A STABLE SUPPLY OF FRESH, LOCAL EGGS.

You can connect with EFA online by visiting our website or engaging with us on social media. You can learn more about eggs and the egg farming families who are dedicated to caring for laying hens, committed to producing high quality food, and effectively steward over the land they farm.

Be Social with Us:

 eggs.ab.ca

 [Egg Farmers of Alberta](https://www.facebook.com/EggFarmersofAlberta)

 [@EFA_AB_eggs](https://twitter.com/EFA_AB_eggs)

 [@EggFarmersofAlberta](https://www.youtube.com/@EggFarmersofAlberta)

 [@EggFarmersAB](https://www.instagram.com/EggFarmersAB)

 [eggfarmersalberta](https://www.tiktok.com/@eggfarmersalberta)

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EFA TEAM



BOARD OF DIRECTORS

Peter Waldner
Chair

Conrad Vanessen
Vice Chair

Beatrice Visser
EFC Director

Jerry Hofer
EFC Alternate

Elie Hofer
Director

John Hofer
Director



1



2



3



4



5



6



7



8



9



10



11



12

STAFF

1) Stephen Scott
General Manager

2) David Webb
Marketing & Communications
Manager

3) Jenna Griffin
Manager, Programs & Research

4) Kari Buijs
Business Manager / Controller

5) Laurel Martin
Office Manager

6) Tate O'Dwyer
Marketing & Social Media
Coordinator

7) Carley Frerichs
Farm Programs Coordinator

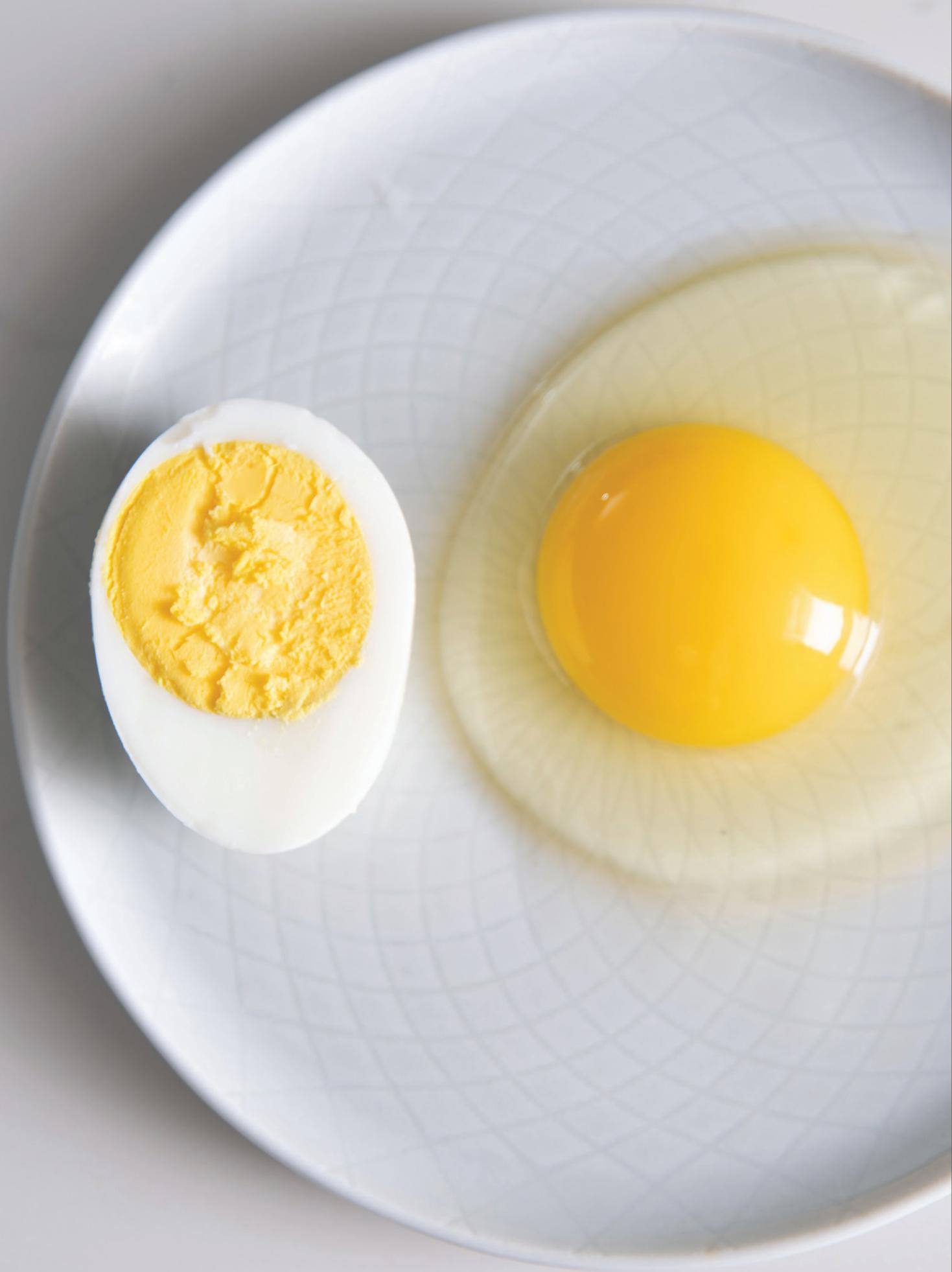
8) Erin Johnston
Farm Services Administrator

9) Brandy Addai
Logistics Coordinator

10) Dave Lastiwka
Field Services Coordinator

11) Murray Minchin
Field Services Coordinator

12) Sandy Xia
Financial Coordinator



INDUSTRY SNAPSHOT

	All Eggs	Regular Eggs	Omega-3 Eggs	Other Specialty Eggs (ie: free range, free run, organic)
TOTAL EGG SALES (2022)	in AB: -3.0% in CAN: -2.8%	in AB: -1.6% in CAN: -2.7%	in AB: -15.3% in CAN: -0.5%	in AB: -9.9% in CAN: -5.2%
MARKET SHARE (2022)		in AB: 86.6% in CAN: 86.2%	in AB: 3.0% in CAN: 4.0%	in AB: 10.5% in CAN: 9.8%
TOTAL EGG SALES (2021)	in AB: -7.5% in CAN: -5.7%	in AB: -7.4% in CAN: -5.8%	in AB: -14.2% in CAN: -6.0%	in AB: -6.3% in CAN: -4.5%
MARKET SHARE (2021)		in AB: 85.3% in CAN: 86.1%	in AB: 3.4% in CAN: 3.9%	in AB: 11.3% in CAN: 10.0%

LEVY FOR REGISTERED PRODUCERS

Weeks 1-15
\$13.869 / 
 Weeks 16-36
\$15.293 / 
 Weeks 37-53
\$14.210 / 

LEVY FOR UNREGISTERED PRODUCERS

Weeks 1-15
\$0.5127 / 
 Weeks 16-36
\$0.5653 / 
 Weeks 37-53
\$0.5253 / 

   
 AVERAGE PRODUCER PRICE
 FOR LARGE EGG IN 2022
\$2.846  **\$0.313**
 from 2021


TOTAL HENS
INVENTORY

2021
2,735,217

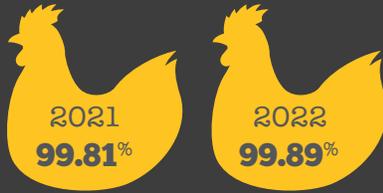
2022
2,753,962


AVERAGE FLOCK SIZE

2021
16,584

2022
16,200

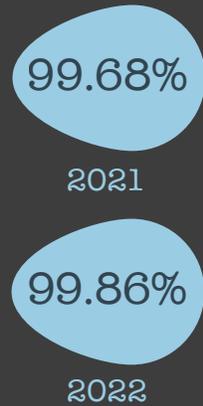
START CLEAN - STAY CLEAN
LAYERS
 AVERAGE SCORE



PEEP
 average scores



**ANIMAL CARE PROGRAM
 AVERAGE SCORE**



TOTAL INDUSTRIAL PRODUCT
 (IN BOXES)



**TOTAL
 EGG
 PRODUCTION**
 (IN DOZENS)



**TOTAL
 NUMBER OF
 REGISTERED
 PRODUCERS**





MESSAGE FROM THE CHAIR



ANOTHER CHALLENGING YEAR HAS ONCE AGAIN DEMONSTRATED THE RESILIENCY OF THE EGG INDUSTRY, AS WELL AS THE IMPORTANCE OF FRESH, LOCALLY PRODUCED EGGS AND POULTRY PRODUCTS TO ALBERTA CONSUMERS. 2022 WAS A YEAR OF BOTH SIGNIFICANT FIRSTS AND MAJOR CHANGES, BUT TOGETHER WE PERSEVERED AND WILL ULTIMATELY BE STRONGER FOR IT.

The year started with a return to an in-person Annual General Meeting for Egg Farmers of Alberta, where we celebrated Susan Gal's more than 30 years of service with EFA (25+ years as General Manager) and launched our revamped sustainability strategy, which will guide our industry for the next 3-5 years. EFA later welcomed Stephen Scott as our new GM, who will help usher in a new era of industry collaboration and innovation, with our mission to cultivate a sustainable egg industry in Alberta and across Canada as our driving force.

On the heels of our AGM, as the seasons changed, Alberta was hit with the first outbreak of Avian Influenza (AI) in our province's history. The spring migration, and later the fall migration as well, unexpectedly and drastically changed our priority focus for 2022. Thanks to our industry's extensive emergency preparedness efforts, the entire poultry industry was able to work together to mitigate the threat of AI and minimize the impact it had on both our farmers and the local food supply chain. Together with the Canadian Food Inspection Agency, Alberta Agriculture and Irrigation, the province's poultry veterinarians, our various industry partners, and the province's egg and poultry producers, the Alberta Poultry Industry Emergency Management Team (APIEMT) effectively managed the AI outbreak.

The entire EFA team rose to the challenge and supported Alberta egg farmers, while also balancing their other responsibilities and commitments. The provincial egg and poultry industry will be forever changed by the AI outbreak of 2022. Many critical lessons learned are set to be implemented next year, to the benefit of EFA, the poultry industry, and Alberta's more than 170 egg farming families.

Despite the demands of the AI outbreak, the EFA staff was able to make progress in a variety of areas such as the producer portal, research, market development, marketing and promotion of eggs and modern egg farming, and new initiatives related to EFA's eight sustainability pledges. Over the past few years, EFA modified regional meetings and introduced webinars, to engage Alberta egg farmers more effectively and more often, on a broader range of topics than ever before. As a result of this enhanced producer engagement, EFA was pleased to implement changes to our Quota Exchange and New Entrant Program, to better serve egg farmers and the egg industry more efficiently in the long-term.

On behalf of the EFA Board of Directors, as well as all Alberta egg farmers, I would like to thank the EFA staff, members of the APIEMT, the Office of the Chief Provincial Veterinarian, and the CFIA, for your tremendous efforts in response to the AI outbreak in Alberta. The saying 'it takes a village' is used quite often but, in this case, it is absolutely fitting to describe the level of teamwork, compassion, and relentlessness that was on display throughout the outbreak. Whether we are talking about poultry health and the impact on our flocks, mental health and the impact on our farmers and front-line emergency response staff, or human health and the potential impact on the food supply chain, AI created substantial challenges and stress for everyone in and around our industry. I thank you all for your passion and your dedication.

I'd like to wish my fellow farmers and fellow Albertans a safe, healthy, and prosperous 2023!

PETER WALDNER
CHAIR



MESSAGE FROM THE GM

While the industry has transitioned from pandemic response to emergency response in the face of Avian Influenza (AI), the industry has demonstrated a proven ability to face and overcome challenges fuelled by the dedication and passion of the egg industry in Alberta.

I only fully understood AI's total impact on the poultry industry after joining Egg Farmers of Alberta, and I am so impressed at the readiness of the producers and the organization for the challenge at hand. The Boards across the province were ready to support producers and work with the CFIA to respond. The producers have shown the tenacity to move forward through this outbreak, supporting one another through tough times while guarding against the spread of AI in their operations.

The EFA staff have risen to the occasion supporting the industry through AI while maintaining operations and not backing down from fulfilling the goals of the organization's four pillars: Healthy Birds, Healthy Farms, Healthy Communities and Healthy Eggs.

The preparation taken by the feather boards in planning for an emergency was essential to the success of the industry's response. In addition, the APIEMT has been quick to address the needs of the industry and support affected producers; they have recognized the tremendous pressure AI placed on the mental health of all producers, both directly and indirectly affected. Considering this, the APIEMT held a workshop to train producers and staff regarding mental health support during crises.

Working closely with EFC, EFA was able to enroll one producer in the Special Temporary Market Requirement Program (STRMQ) program, which had the goal of increasing the supply of industrial product. Later in the year, EFA developed the Alberta End of Lay Program, to increase the supply of table eggs. As pandemic mandates subsided, EFA was able to continue reaching consumers to promote the industry and the benefits of eating eggs – supporting continued demand for Alberta raised eggs.

2022 MARKED THE LAUNCH OF THE EFA PRODUCER PORTAL, WHICH IS A HUGE STEP FORWARD IN DELIVERING ONLINE SERVICES TO EGG PRODUCERS ACROSS ALBERTA. THROUGH THE 3-YEAR TECHNOLOGY PLAN, EFA WILL DEVELOP A COMPREHENSIVE OPERATING SYSTEM THAT WILL BE A VALUABLE TOOL FOR THE EGG INDUSTRY FOR MANY YEARS.

I want to thank the EFA Board for welcoming me to the organization and for their leadership and strategic direction. They enacted policies that have ensured Albertans have access to local eggs from Alberta Farms, despite the challenges presented by AI. The team at EFA has supported me through a transition into a new industry, and I feel fortunate to be part of such a talented team. The EFA staff have impressed me with their passion and continued support for the health of the industry.

Learning about a new industry and organization has been equally challenging and rewarding. I can't express enough how grateful I am to the staff, Susan and the Board for teaching me about the industry and the organization. I see such promise, and I'm excited to continue learning. I hope to lead in a way that continues to enhance the sustainability of the Alberta egg industry, keeping it vibrant and focused on a bright future.

STEPHEN SCOTT
GENERAL MANAGER



EFC DIRECTOR'S REPORT



THE EGG FARMING SECTOR IS IN A GOOD PLACE AS WE ENTER 2023. LIKE EVERYONE IN CANADA, WE'RE DEALING WITH INFLATIONARY PRESSURES, THE INSTABILITY CAUSED BY WAR, EXTREME WEATHER, THE LINGERING EFFECTS OF THE PANDEMIC, AND THE THREAT OF AVIAN INFLUENZA. FORTUNATELY, THE STRONG STRUCTURES AND EFFECTIVE PROCESSES WE HAVE IN PLACE PROVIDE US WITH THE RESILIENCY TO FACE THESE CHALLENGES.

What underpins our structures and processes, what makes them work, is our collective willingness to collaborate. We are all highly motivated to work together to find solutions—at all levels, among all groups and across all jurisdictions. Make no mistake about it: It is collaboration that produced 2022's strong outcomes. And I can safely say that our continued ability to work together will be the key to building further resiliency.

While much has been accomplished over the last year, there are several outcomes I want to highlight because they keep us on the path to becoming the world leader in per capita egg consumption.

Looking first at the files that directly impact farmers and farming, this past year saw the roll-out of the redeveloped national Animal Care Program. The program was independently reviewed by the National Farm Animal Care Council, which confirmed that it meets all applicable requirements outlined in the Code of Practice for the Care and Handling of Pullets and Laying Hens. We are making this collective commitment to rigorous animal welfare standards for a very good reason: These standards are the cornerstone of the trust that we have nurtured with Canadians and with our value chain. Our redeveloped Animal Care Program will allow us to keep the trust of those we serve.

Our advocacy work in 2022 focused on keeping government decision-makers abreast of the issues that are most important to egg farmers. Because of our efforts with parliamentarians, officials, and a growing number of departments and agencies, we are seeing encouraging progress on such issues as labelling modernization, the development of a national labour strategy, the roll-out of a green agricultural plan, and the preparation of a national school food policy.

On the trade front, 2022 saw the announcement of new support measures for supply-managed farmers navigating the market access impact of the Canada-United States-Mexico Agreement. A sum of \$85 million has been allocated to the egg farming sector to support investments in farming operations and planning for the future. This is in addition to the \$134 million announced in 2021 to offset the impact of Comprehensive and Progressive Agreement for Trans-Pacific Partnership. These funds will be directed to the existing Poultry and Egg On-Farm Investment Program, which offers us a tool to reinvest in our operations.

Looking next to egg promotion and marketing, 2022 saw our innovative and award-winning marketing programs continue to encourage Canadians to eat eggs at any time and at any meal. Our initiatives have been especially effective in tapping into new audiences like new Canadians. As retail sales return to pre-pandemic levels and with the foodservice and restaurant sector rebounding, eggs continue to be a central part of Canadians' diets. They are also increasingly visible in restaurants as menus are adapted to include food items with a longer shelf life and affordable price points.

Looking to the future, our sustainability journey continued to evolve in 2022 with the launch of the revolutionary new National Environmental Sustainability Tool (NEST). This innovative online tool allows Canadian egg farmers to measure, monitor, and manage their farm's environmental footprint and create action plans to improve sustainability on-farm. No other sector has a tool like NEST—and we will be rolling out enhancements to this tool in 2023. As farmers continue to embrace net-zero building practices, we will lead the way towards a more sustainable food system.

Similarly, 2022 also saw the advancement of our latest Cost of Production (COP) study, with the fieldwork phase wrapping up in December. The study was the first to measure the cost of producing a dozen marketable free run eggs in a way that gives a fair rate of return

on labour and investment. These efforts will help produce the first-ever separate COP results for conventional, enriched colony, and free run eggs. This milestone further reflects the direction in which we are headed as the industry shifts to alternative methods of production.

Finally, our research program continues to thrive, generating insights that allow us to address gaps in our industry and prepare for the future in innovative ways.

There is one last item I want to highlight. On December 15th, 2022, Egg Farmers of Canada marked the 50th anniversary of its creation and the introduction of egg supply management in Canada. As we reflect on how far we have come together, it is worth remembering why supply management was created in the first place. It replaced a chaotic egg marketing system, bringing stability to farmers and allowing them to plan without having to worry about whether their eggs would sell. While supply management serves the central purpose of orderly marketing, it has enabled so much more.

Looking back on our achievements can give us a sense of history. But embracing history does not mean living in the past; it's about remembering where we come from and building on it as we head into the future. Our traditions of innovation, collaboration, and willingness to embrace change will carry us forward as we focus our collective efforts on the future, our Vision 2020 Business Plan, and our goal of becoming the world leader in per capita egg consumption.

To my colleagues at the national table and in my province, I want to express my heartfelt thanks for your ongoing dedication and commitment. Success would not be possible without your effort and collaboration. I also want to thank the staff and the farm families whose hard work and commitment make our industry strong.

Sincerely,

BEATRICE VISSER
EFC REPRESENTATIVE





2022 OVERVIEW

EFA Leadership

For the first time in more than 25 years, Egg Farmers of Alberta welcomed a new General Manager – Stephen Scott – who replaced Susan Gal, after she made the difficult decision to retire after more than 30 years with EFA. Susan provided exceptional leadership for the egg industry in Alberta, regionally, and nationally. She was committed to good governance and fostered an environment that allowed her staff to thrive, all in service of the province's egg farmers.

Susan worked closely with Stephen, who came to EFA after serving as the Executive Director of the Canadian Hereford Association, to help transition the leadership of the organization

and acclimate him to the EFA Board and staff. With experience working alongside producers, provincial associations, processors, research organizations, and government funders, Stephen has hit the ground running, guiding the egg industry through a second wave of Avian Influenza and EFA through its annual strategic planning process.

With a dedicated and passionate staff, as well as a committed Board of Directors, Egg Farmers of Alberta is well positioned for continued success in pursuit of its mission to cultivate a sustainable egg industry in Alberta and across Canada.



Avian Influenza Outbreak

For the Alberta egg and poultry industry, 2022 will be remembered for the province's first-ever outbreak of Avian Influenza (AI), which had a profound impact on Egg Farmers of Alberta, the egg industry, and the more than 170 egg farming families EFA represents. Both the spring and fall migrations brought AI into our province and onto our farms, forcing EFA and the industry to prioritize the emergency response efforts over everything else. The Alberta Poultry Industry Emergency Response Team (APIEMT), including EFA and the other feather boards – Alberta Chicken Producers, Alberta Hatching Egg Producers, and Alberta Turkey Producers – worked closely with Alberta Agriculture and Irrigation, the Canadian Food Inspection Agency (CFIA), and industry stakeholders, to manage the AI outbreak.

Through the end of 2022, there were a total of 60 confirmed cases (33 commercial industry farms), which impacted 9 layer operations. The APIEMT is developing an AI package that includes SOPs, templates, and flowcharts for farmers, as a key learning from our experience on Infected Premises (IP) this year.

EFA applauds the ongoing due diligence of all egg and poultry farmers in Alberta, as well as all the various industry stakeholders who regularly interact with our farmers, to enhance biosecurity measures and mitigate the risk of further spread of AI in the province. EFA also appreciates the ongoing work by Alberta's poultry veterinarians and lab workers, who play such a critical role in the industry's emergency response efforts.

EFA implemented the Special Temporary Market Requirement Program (STMRQ) to help supply the market due to the shortage of eggs for processing resulting from the spread of AI across the country. One Alberta producer participated in the STMRQ. EFA also launched two programs to help manage the AI outbreak from a production standpoint. The Alberta End of Lay Program (AELP) provided an opportunity for producers near end-of-lay who also had an empty barn extend their flock cycles, to help offset the loss of production from flocks that were depopulated due to AI. Seven producers participated in the AELP. The Emergency Pullet Relocation Program (EPRP) was developed as a tool to relocate pullets displaced by AI. Two pullet growers participated, which saw 17,835 pullets relocated.

EFA would like to thank our industry partners, including Alberta Agriculture and Irrigation, the Canadian Food Inspection Agency, Alberta poultry veterinarians, and the province's lab workers. They all play an important role in emergency response, especially when it comes to processing samples and helping guide directly impacted farmers through the difficult and stressful time as an Infected Premise.

Through 2022, the CFIA conducted 2,400 tests and issued 1,100 permits in Alberta, which illustrates the overall scale of the AI emergency response efforts in the province.

EFA would like to applaud all Alberta egg farmers, as well as their families and employees, for their resiliency in the face of AI; producers fought through and overcame huge challenges, including enhanced requirements and scrutiny during the AI outbreak. While we don't know what the future will hold, it is unlikely that AI will disappear as the calendar turns to 2023. What we do know is that EFA and the APIEMT will be improving our emergency response plan, expanding our library of resources for producers, enhancing our capacity for a dedicated and sustained response effort, and implementing as many of the lessons learned from this AI outbreak as possible.

The entire EFA team answered the call to help manage the coordinated response to the AI outbreak, keep Alberta egg producers informed and prepared, and work closely with farmers who were directly impacted by Avian Influenza. While AI definitely threw a wrench into some of our plans for 2022, the staff was still able to accomplish a lot and make substantial headway on most of the projects and initiatives included in EFA's annual operational plan, as well as our revamped sustainability strategy.



01

HEALTHY BIRDS

ANIMAL CARE PROGRAM

The national Animal Care Program (ACP) continues to be the foundation of welfare assurance for the egg industry. In 2022, the average score on the ACP was 99.86% and over 92% of farmers scored a perfect 100%. There were 54 Alberta egg farms that received a third-party audit in 2022. Due to AI, some farmers were unable to receive in-person audits in 2022, but these farms will have their audits rescheduled to remain within the 18-month mandatory timeframe. There were 107 Critical Care Elements (CCE) corrective actions issued and 100% of those Corrective Action Requests (CARs) were resolved in the allotted timeframe, with the most common CAR related to catching crew sign-off on a Code of Conduct.



Preparations are well underway for the implementation of the redeveloped ACP in 2023. The revised ACP will require all farmers to be at 100% to pass the program, which remains a requirement of license in Alberta. Record keeping templates were revised to ensure all new elements are incorporated. EFA also hosted a producer webinar to review the changes to the ACP and ensure farmers understand how the changes will be implemented on farm.

EFA Field Services Coordinators began delivering an updated Pullet Animal Care Checklist in June. The checklist reviews upcoming requirements for pullet growers, giving them time to adapt, while enabling EFA to provide feedback and input into finalizing a new Pullet Animal Care Program.

Diagnostics

The Diagnostics Services Unit (DSU) at the University of Calgary Faculty of Veterinary Medicine (UCVM) continued expansion in 2021, after funding received in 2020 from the Canadian Agricultural Partnership (CAP) and Results Driven Agriculture Research (RDAR) kickstarted a collaborative livestock pilot project to offer accurate, affordable, and timely veterinary diagnostics to Alberta producers. Alongside other provincial poultry industry organizations, EFA also continues to support the DSU's expansion efforts through a poultry specific service contract. With this agreement, the UCVM is working towards providing post-mortem examinations, histopathology, bacteriology, poultry specific teaching and industry extension, and ongoing services of a poultry veterinarian with training in pathology. Key milestones were met in achieving this full-service vision in 2022.

The Alberta poultry industry has allocated funding to accelerate the addition of serology/parasitology to the service suite offered by the DSU. This is seen as a key piece to fully support the needs of poultry veterinarians and producers. Planning for lab space renovations and equipment acquisition is on track for their target opening in late 2023.

Dr. Ashish Gupta was hired to serve as the DSU poultry pathologist in April 2022, fulfilling a key part of the poultry industry services agreement. Since starting at the DSU, he has managed the poultry submissions while studying for his boards. This past summer he passed his board examinations for the American College of Veterinary Pathologists and is now board certified in veterinary pathology.

A total of 94 poultry cases and 25 waterline swabs from poultry barns were submitted to the DSU in 2022. Commonly diagnosed diseases in poultry at the DSU included colibacillosis, yolk sacculitis, inclusion body hepatitis, and bacterial osteomyelitis. Diagnostic cases contribute to research within the UCVM, to allow practitioners to better support the Alberta poultry industry with disease management knowledge and solutions. Diagnostic case material is also used to train the next generation of veterinarians in Alberta, including those interested in supporting the egg industry.

The DSU also served a supporting role during the AI disease outbreaks in the spring and fall. Wild birds were submitted to the DSU for AI testing to contribute to surveillance in Alberta.



02

HEALTHY EGGS

START CLEAN – STAY CLEAN PROGRAM

Alberta egg farmers continue to demonstrate their commitment to food safety with strong performance on Start Clean – Stay Clean® (SC-SC™), the national industry's on-farm food safety program. The average score on the SC-SC™ layer program was 99.89%. The most common CARs were related to having other poultry production on farm, and retention of samples of complete feed mixed on farm. The average score on the SC-SC™ pullet program, which was delivered on 74 farms, was 99.85%.





Salmonella Committee

EFA formed an ad hoc Salmonella Committee with a mandate to develop opportunities to improve support for post-positive producers, identify possible resources and processes to investigate the origins of Salmonella Enteritidis (SE) positives, and identify any opportunities to strengthen SE compensation. As a result of the committee's work, EFA:

- Updated procedures to offer the option of additional support to producers during the SE post-positive meeting on farm, break communications into small sections, and offer after hours contact numbers
- Addressed challenges related to communications with pullet purchases when there is an SE positive detection on a pullet grower's farm, and developed a recommendation with respect to owning pullets until the date of delivery to the layer producer
- Updated the Food Safety Policy to include that during post-positive investigations with Alberta Agriculture and Irrigation, testing all poultry on farm is highly recommended (this may include an allowance to wait until broilers have gone to market and the barn is empty to complete follow-up testing between flocks)
- Drafted a discussion paper for the EFA Board and other provinces that discussed the concept of a Canadian Egg Industry Reciprocal Alliance (CEIRA) premium rebate for Salmonella vaccinated flocks
- Recommended CEIRA increase their maximum compensation for feed to \$12,000 and that CEIRA consider how to handle the loss in value for feed that is not ordered destroyed, but may no longer be useable (ie: past expiry by the next flock)

03

HEALTHY FARMS

PRODUCER ENVIRONMENTAL EGG PROGRAM

Alberta egg farmers continue to demonstrate their increasing attention to the environmental impacts on their layer operation with strong performance on the Producer Environmental Egg Program (PEEP), the provincial industry's on-farm environmental program. The average score on PEEP was 86.5%, with 100% farmers continuing to pass with a score of 60% or greater.



A revised PEEP assessment will be introduced in 2023, in an attempt to gather data on electricity and natural gas consumption, production and/or use of alternative and renewable energy sources, the use of energy efficient technologies on farm, feed consumption and inputs, water use, and use of by-products such as end-of-lay hens and manure. The ultimate goal is to integrate this expanded data collection into EFC's National Environmental Sustainability Tool (NEST), which will allow individual farmers to better understand key drivers of their environmental performance and compare themselves to peers across the country.

Farm Safety

The average score on the EFA Farm Safety Assessment remained steady at 85%, with all but two farmers now passing and earning their EFA Farm Safety Certificate. EFA developed a three-year implementation and education plan to transition from EFA's Farm Safety Assessment to Alberta AgSafe's Level 1 Audit.

Cost of Production Survey

Every four years EFC initiates the Cost of Production (COP) survey to measure the cost of egg production provincially and nationally. The 2024 COP survey process began with an information session for selected producers in 2022. Serecon has been following up with those producers to complete in-person data collection on a variety of input costs, to determine the COP. The final results of the survey will be delivered in 2023, with implementation scheduled for 2024.

Quota Exchange

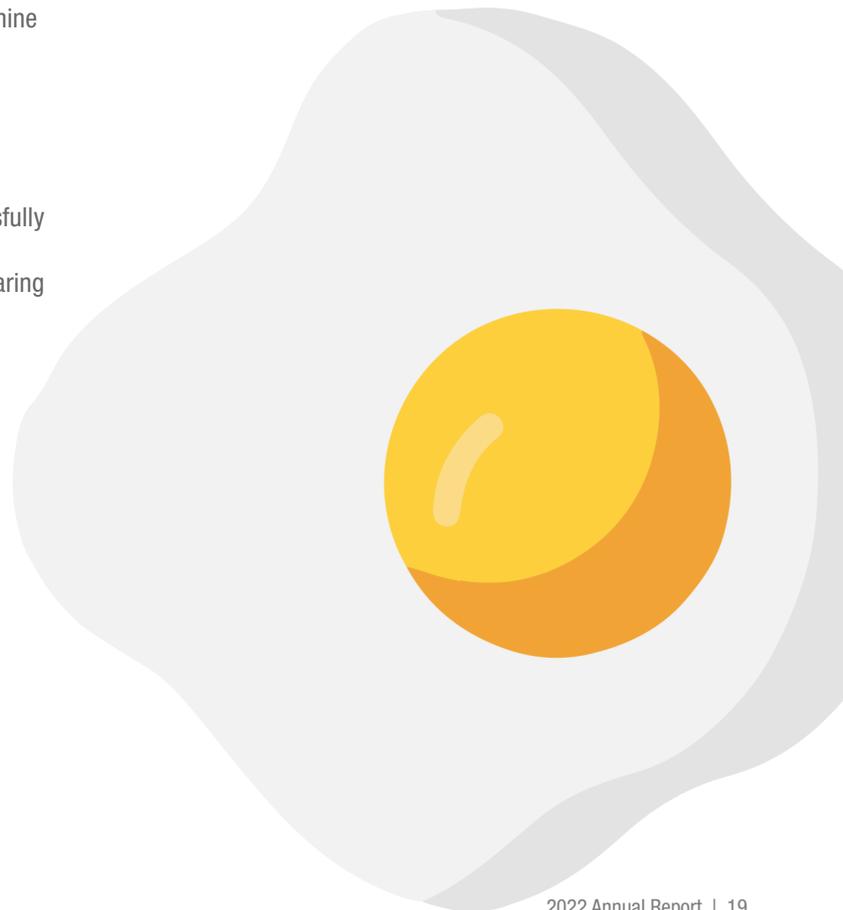
EFA's Quota Exchange (QE) ran four times in 2022, successfully clearing twice. QE2-22 saw 112 units of quota exchanged between one seller and seven purchasers, at a Market Clearing Price (MCP) of \$644.44. QE3-22 saw 602 units of quota exchanged between one seller and seven purchasers, at a MCP of \$680.43.

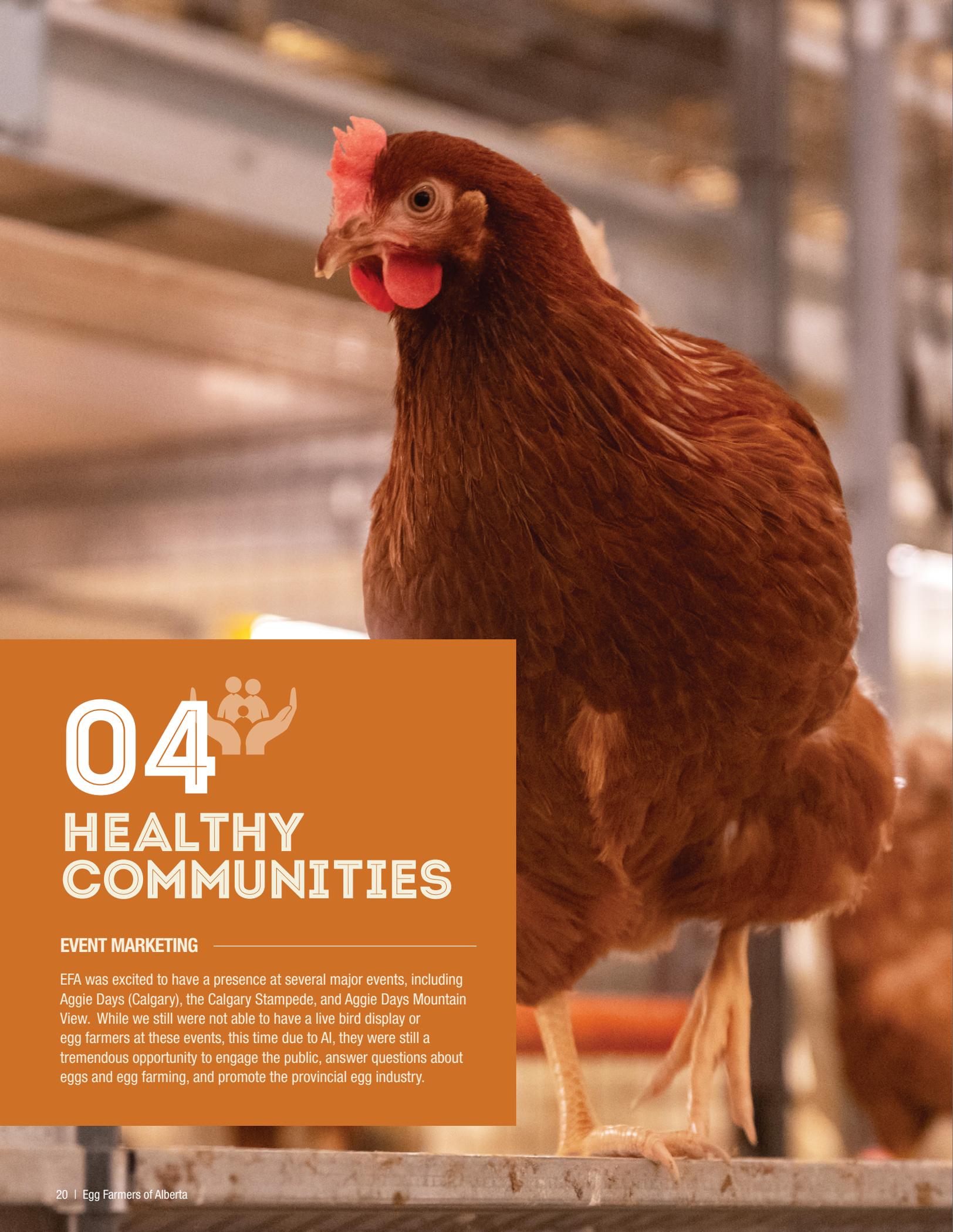
Government Relations

EFA continued to promote the impact of the egg industry and the importance of fresh, nutritious, locally produced eggs to the Alberta government, as an integral part of the provincial agri-food sector. EFA was honoured to support the Government of Alberta by having a presence at the inaugural Alberta Day event in Calgary, to recognize and celebrate Alberta's spirit, culture, and heritage. This unique event gave EFA the opportunity to talk about local food and the local farming families who are proud to help feed their fellow Albertans. Thanks in large part to supply management, eggs continue to be an incredibly affordable source of the highest quality protein.

International Trade

Canada's Minister of Agriculture and Agri-Food, the Honourable Marie-Claude Bibeau, announced mitigation to offset the impact of the Canada – United States – Mexico Agreement (CUSMA), which will provide an additional \$112 million funding to Canadian poultry and egg producers via the Poultry and Egg On-Farm Investment Program (PEFIP). As a reminder, the PEFIP was developed as mitigation for the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), providing \$647 million funding for poultry and egg farmers to enhance the efficiency and sustainability of their farms.





04

HEALTHY COMMUNITIES

EVENT MARKETING

EFA was excited to have a presence at several major events, including Aggie Days (Calgary), the Calgary Stampede, and Aggie Days Mountain View. While we still were not able to have a live bird display or egg farmers at these events, this time due to AI, they were still a tremendous opportunity to engage the public, answer questions about eggs and egg farming, and promote the provincial egg industry.

Spark After Dark

EFA was thrilled to partner with TELUS Spark, Calgary's science center, for a unique adult-only evening to celebrate local food and drinks on World Egg Day. Meg Tucker from Cook with Meg was also on-hand to do three live cooking demos for the guests, sharing her delicious recipes for classic Caesar- and Martini-inspired deviled eggs, a Greek shakshuka, and Italian/French-inspired Nutella mascarpone pain perdu (not your typical French toast!). The event drew more than 2,000 people, which kept the EFA table very busy answering questions and handing out swag.

Consumer Website

EFA's consumer website (eggs.ab.ca) continues to be a hub for all online activity, especially since our four pillars – Healthy Birds, Healthy Eggs, Healthy Farms, and Healthy Communities – have been more effectively integrated into both the design and structure. More than 110,000 users visited the site, viewing more than 330,000 unique pages. The site features an ever-expanding array of educational information about eggs, egg farming, the egg industry, and nutrition. Visitors are primarily drawn by our library of mouth-watering recipes, egg farmer profiles, information about the different types of eggs available at the grocery store, and the landing pages for our engaging social media campaigns.

Social Media

Social media has become an integral part of people's everyday lives, and an effective way for EFA to engage our target audience. We continued our successful approach to social media with a three-prong campaign to promote local food and farmers, egg recipes and nutrition, and EFC's national 'eggs everyday' campaign. On Facebook, EFA reached more than 450,000 people and generated more than 89,000 post impressions. On Twitter, EFA tweets generated over 44,000 impressions and elicited on average 4.9% engagement per month. EFA increased our following on Instagram to over 1,400 followers.

EFA also continues to provide monthly content to both Alberta on the Plate and Alberta Motor Association (AMA), to further extend our reach to their incredibly active virtual communities. Both partnerships are all about celebrating local food, sharing delicious and unique recipes, and thanking the local farming families for providing Albertans with world class food. EFA is able to weave in information about eggs, egg farming, and the egg industry, in a fun and creative way.

Influencer Partnerships

Influencer partnerships have given EFA the ability to share our passion for fresh eggs and delicious food with even more Albertans, thanks to all the original third party content that is developed by our amazing partners. We are always on the lookout for new partnerships with people who share our passion and EFA's values.

Meg Tucker (Cook with Meg) continued her highly successful EFA-sponsored monthly virtual cooking classes, developed several recipes, and made five appearances on CTV Morning Live. An 'Ask Meg' session was hosted on Zoom with egg farmer Susan Schafers, to talk about egg farming and eggs, giving Susan the opportunity to answer many of the most commonly asked questions from Meg's cooking classes. Meg also attended Christmas in November on behalf of EFA, where she engaged with many celebrity chefs and other attendees, to share their insights, inspirations, and culinary tips about cooking with eggs.

EFA also promoted several recipes and blog posts created by both Faren Jessa (Food Mamma) and Bernice Hill (Dish 'n' the Kitchen), who each have their own delectable take on egg dishes ranging from classic to truly unique.

Calgary's Best Quiche

EFA partnered with Culinaire magazine to help find Calgary's best quiche, which saw more than 40 entries battle for the prestigious title. Susan Shafers and EFA's own Brandy Addai were among the judges for the contest, which was promoted on both TV (Global News Morning) and in the pages of Culinaire. In addition to the contest, EFA and the provincial egg industry was also featured in the magazine, in an article titled "From Coops to Kitchens: This oviform food fits in the palm of your hand and packs a nutritional punch."

New Egg Manager Training

EFA hosted an in-person workshop for new egg managers, for the first time in several years. The workshop brought together producers, EFA Directors and staff, poultry veterinarians, and value chain partners, to have an interactive discussion on topics such as biosecurity, optimizing production, quota, on-farm programs, and supply management. Ten new egg managers (those who became egg managers within the past three years) attended this valuable workshop, and provided feedback that "it was a great learning experience."

Research

EFA provided \$20,000 in support of a project titled, “Expanding opportunities for Western Canadian faba bean (*Vicia faba*) as a feedstuff for broiler chickens and laying hens.” According to the project lead, Dr. Doug Korver at the University of Alberta, this project will fill in many of the existing knowledge gaps that will give more egg producers confidence in faba beans as a feedstuff for their flocks. While faba beans have been grown in Alberta for decades, most pulse producers have been focused on meeting demand from export markets. As such, there has been a limited tonnage available to livestock producers. Growth in demand for plant-based proteins has created more interest in faba beans, however the long-term prospects for expanded production are uncertain. The research team believes that there is real opportunity for both pulse and egg producers to benefit from a sustainable increase in faba bean tonnage by directing more into the feed industry.

The researchers believe the first step in realizing this opportunity, from the perspective of the egg industry, is generating reliable information regarding how to incorporate faba beans into layer rations without adversely impacting production, which is one of the primary goals of the project. Another goal will be to characterize the ranges in metabolizable energy, nutrient, and anti-nutritional factor content in western Canadian faba bean cultivars. The project also plans to survey producers and nutritionists to get a sense of the knowledge or perceptual barriers to increased usage of faba bean in poultry diets. For this activity, the research team will be reaching out to egg producers to get their thoughts, and the information collected will ensure the project gives producers the answers they need so that they have the confidence to take advantage of what faba beans may have to offer.

Social Responsibility

EFA has been a proud partner of both Food Banks Alberta (FBA) and Breakfast Club of Canada (BCC) since 2015, as an integral part of our vision to cultivate a sustainable egg industry by giving back to communities across the province. Ensuring more Albertans in need have access to fresh, high-quality protein makes EFA, and the egg farming families we represent, proud to provide locally produced eggs to these worthwhile organizations. Whether it's putting a healthy dinner on a family's table or starting a student's day with a warm, healthy breakfast, Alberta egg farmers are happy to be able to give back to local communities across the province. EFA also continued to support AMA's drive-thru food drive.

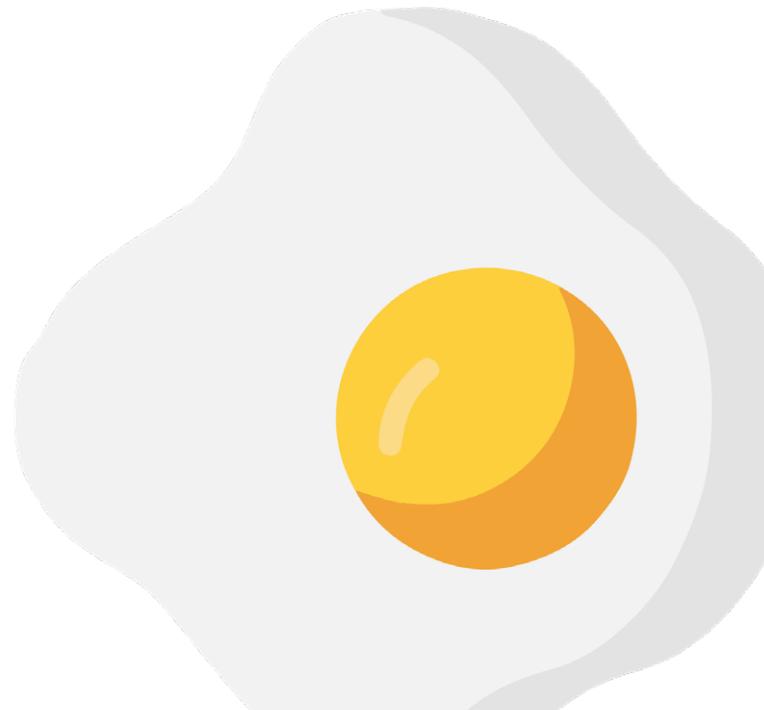
Board Governance

At the 2022 EFA AGM, two elections for Board positions took place: one for two 3-year terms, and one for a 2-year term. John Hofer was elected to serve the 2-year term, after being appointed to the Board in 2021. Beatrice Visser and Conrad Vanessen were re-elected to serve their second consecutive 3-year term. The Board re-elected Peter Waldner as Chair, Beatrice Visser as EFC Director, Jerry Hofer as EFC Alternate, and elected Conrad Vanessen as Vice Chair.

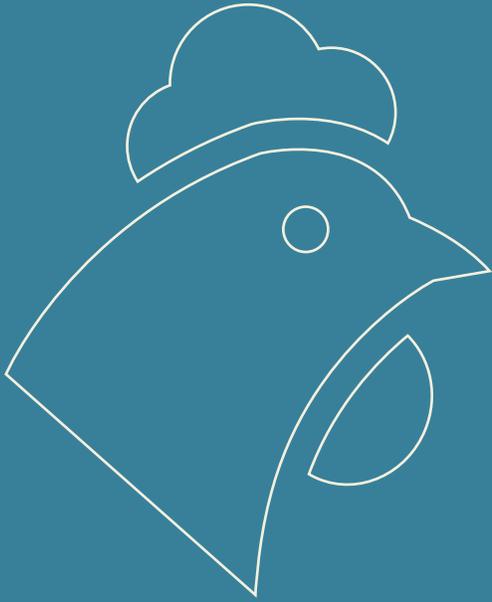
The EFA Board and staff conducted their annual strategic planning session in September. The need to amplify EFA's ability to support the industry through emergencies, such as AI, took centre stage. AI took a serious toll on egg producers in the province and stretched the EFA staff, as they worked to support this industry while also carrying out organizational priorities. The result was a short-term strategic plan to develop industry and organizational capacity to respond to emergencies in a more strategic manner in the future.

Human Resources

A couple major milestones were the highlight of 2022, which will be remembered more for a couple significant transitions. Laurel Martin celebrated her 20th anniversary and Dave Lastiwka celebrated his 10th anniversary with EFA. SaiQun (Sandy) Xia was hired as EFA's new Financial Coordinator. Tate O'Dwyer was hired as the new Marketing and Social Media Coordinator, replacing Adelina Banaj, who moved on after two excellent years with EFA. Stephen Scott became EFA's new General Manager following Susan Gal's retirement, bringing an end to her incredibly successful and influential 30+ year career with Egg Farmers of Alberta.

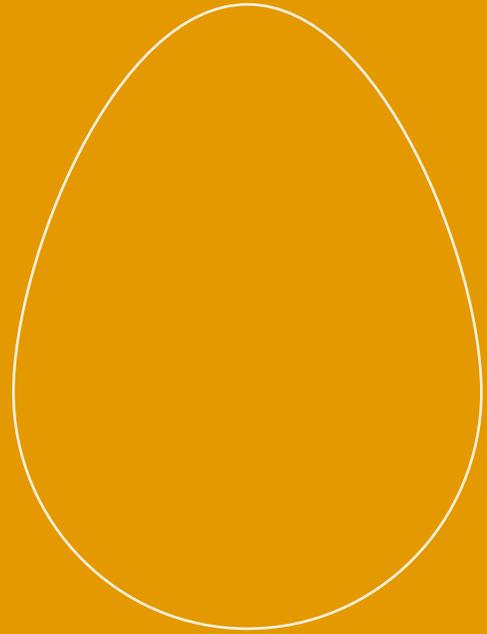






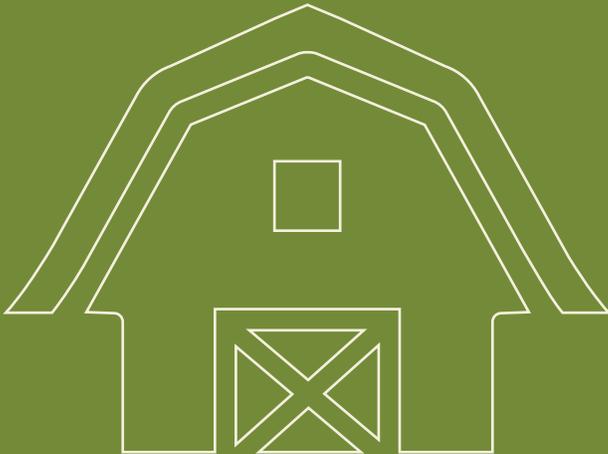
Healthy Birds:

Alberta egg farmers raise healthy birds. They are dedicated to the well-being and care of their laying hens.



Healthy Eggs:

Alberta egg farmers produce healthy eggs. They are committed to providing local eggs that are safe, fresh, and nutritious.



Healthy Farms:

Alberta egg farmers operate healthy farms. They are responsible stewards who work to minimize their environmental impacts while operating economically viable farms, to ensure successful livelihoods. They are also devoted to fostering safe work environments.



Healthy Communities:

Alberta egg farmers contribute to healthy communities. They give back to their communities and play an important role in supporting local food systems and effective supply management.



SUSTAINABILITY REPORT 2022

ABOUT EGG FARMERS OF ALBERTA

Egg Farmers of Alberta (EFA) manages the provincial egg industry and represents Alberta's more than 170 egg farming families, who are proud to provide a stable supply of fresh, locally produced eggs. Visit eggs.ab.ca for more information.

Vision: Healthy Food, Healthy Farms, Healthy Families

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





About this Report:

EFA published sustainability reports for six consecutive years from 2015 through 2020, following the launch of our inaugural sustainability strategy in 2014. The EFA Board and management team worked with Stratos, a leading, values-based consultancy with more than 20 years experience in sustainability strategy and disclosures, throughout 2021 to develop a revamped sustainability strategy, which was launched at EFA's 2022 AGM.

This is the first published sustainability report related to our revised sustainability strategy, detailing our performance in 2022. EFA will provide a balanced view of our key successes and challenges in pursuit of the goals for the organization, the farmers we represent, and the broader provincial egg industry, that were identified as EFA's sustainability pledges.

In addition to building off our success over the previous seven years, EFA also wanted to better align our provincial sustainability strategy with international sustainability reporting standards and with the national egg industry's sustainability strategy developed by Egg Farmers of Canada (EFC). Our intention is to report annually on our performance implementing EFA's sustainability strategy and related initiatives.

Statement From EFA Leadership

In our inaugural sustainability report, we made a claim that Egg Farmers of Alberta is committed to narrowing the gap in understanding between farmers and consumers. We also stated that our goal was to help external stakeholders comprehend our values and programs, better understand their values and beliefs, and identify common ground to advance meaningful continuous improvement for the provincial egg industry. EFA's revamped sustainability strategy echoes those important sentiments, as underlying goals that are vital to building public trust and ensuring the egg industry will be sustainable for future generations.

The EFA management team and Board of Directors worked together to identify the key issues and areas of sustainability that directly and indirectly impact egg farmers and our industry partners, to ensure EFA's new sustainability strategy was broader and more far-reaching. It was crucial that our efforts would lay a sustainable foundation while allowing room for flexibility, given the quickly evolving nature of both shifting consumer demands and commercial requirements.

According to Peter Waldner, Chair of the EFA Board, "sustainable development meets the needs of the present without compromising the ability of future generations to work with, and meet, their own needs."

Alberta egg farmers have embraced the call to enhance the sustainability of the provincial egg industry, one farm at a time. Providing their fellow Albertans with a stable supply of fresh, high-quality, affordable, locally produced food is an awesome responsibility that the province's egg farming families take very seriously. For EFA and the egg industry, sustainability goes beyond helping farmers minimize their environmental impacts and reduce their carbon footprint.

Stephen Scott, EFA's General Manager, stresses that "setting sustainability goals is very important for the egg industry. The egg industry must take on initiatives today that ensure future egg producers can be economically viable, can deliver safe and affordable food to consumers, and can access new technology to decrease the industry's footprint, so egg farmers can continue to have a healthy market for their products."

Over the past seven years, EFA and Alberta egg farmers have been pioneers in sustainability within the Canadian egg industry. Looking ahead, EFA wanted a revamped sustainability strategy that could guide the provincial industry over the next 3-5 years, helping Alberta egg farmers take significant steps to enhance the overall sustainability of their individual farms and the industry as a whole.

EFA'S SUSTAINABILITY STRATEGY

Defining Our Priorities

When EFA decided to revamp our sustainability strategy in 2021, we wanted to build off the success and achievements from the previous seven years, which were informed by our inaugural sustainability strategy that had been developed in 2014. In addition to identifying and prioritizing sustainability issues that impact egg farmers and the Alberta egg industry, EFA wanted a provincial strategy that would compliment the national sustainability strategy developed by EFC. EFA also wanted to ensure that our approach to sustainability was more aligned with global standards for sustainability reporting.

Conducting Our Materiality Assessment

Stratos, a management consultancy specializing in sustainability, helped EFA conduct our materiality assessment. Stratos worked with the EFA Board of Directors and management team to redevelop our sustainability strategy, with an emphasis on six key characteristics of good quality disclosure: materiality, credibility, inclusivity, responsiveness, transparency, and accessibility.

EFA and Stratos conducted a comprehensive review of the sustainability issues impacting the egg industry, including an industry landscape scan, a SWOT analysis, and a review of industry stakeholder perspectives. This approach included international frameworks, restaurants, retailers, producers, processors, and other industry associations, which enabled Stratos to identify key areas of alignment, key gaps, and emerging issues and opportunities for EFA.

Our Sustainability Framework

EFA's approach to sustainability is built around our four pillars, which were adopted as part of our inaugural sustainability strategy in 2014 and continue to inform our actions as an organization. Healthy Birds is about egg farmers' dedication to caring for their layer hens, with the national Animal Care Program as the cornerstone. Healthy Eggs is about the industry's commitment to providing safe, fresh, local eggs, with the national food safety program, Start Clean – Stay Clean®, as the cornerstone. Healthy Farms is about egg farmers being responsible stewards of the land they farm, with the provincial environmental program, Producer Environmental Egg Program, as the cornerstone. Healthy Communities is about giving back, engaging the public, and collaborating with value-chain partners, to build public trust.

Building on the success of EFA's 2014 sustainability strategy, we have integrated the priority issues identified through our materiality assessment into EFA's revamped sustainability strategy. To cultivate a sustainable egg industry, EFA has made eight sustainability pledges that will guide our actions over the next 3-5 years and set the provincial egg industry on a more sustainable path.



EFA'S PERFORMANCE



Healthy Birds

Alberta egg farmers raise healthy birds. They are dedicated to the well-being and care of their laying hens.

Pledge #1: EFA will apply the highest standards of animal welfare throughout the hen housing transition taking place in our industry.

Highlight: EFA continues to fund research that contributes to supporting producers in managing welfare in alternative housing systems. With funding support from EFA and Results Driven Agriculture Research (RDAR), Dr. Ran Zhao, from the University of Alberta, is looking to characterize inhalable dust and particulate matter on Alberta poultry farms. He is building low-cost air quality sensors and evaluating their performance in the field. His research will provide knowledge that can contribute to developing air quality improvement strategies, particular in free-run facilities.



Healthy Eggs

Alberta egg farmers produce healthy eggs. They are committed to providing local eggs that are safe, fresh, and nutritious.

Pledge #1: EFA will strengthen the connection between consumers and the Alberta egg farmers who provide safe, fresh, nutritious, local eggs.

Highlight: EFA investigated options for developing an online hub for profiling all Alberta egg farmers, including potential data points that could be shared publicly to communicate egg production and supply details more transparently with consumers. A discussion paper will be developed and reviewed with the Board to determine next steps.



Healthy Farms

Alberta egg farmers operate healthy farms. They are responsible stewards who work to minimize their environmental impacts while operating economically viable farms, to ensure successful livelihoods. They are also devoted to fostering safe work environments.

Pledge #1: EFA will increase our understanding of climate change impacts and mitigations to future-proof Alberta egg farms.

Highlight: EFA has committed to increase our understanding of climate change impacts and adaptations to future proof Alberta egg farms. All One Sky Foundation has been contracted to conduct an industry impact, preparedness, and resiliency assessment for the Alberta egg industry. In addition to a producer survey, an interactive risk assessment workshop was held with the EFA Board, Research Committee, and Production Management Committee, to reflect on and rank key climate risks to the Alberta egg industry, and brainstorm potential mitigation opportunities.

An initial report summarized the potential consequences of climate change impacts and the vulnerability of egg farmers across the province, as well as potential adaptation actions for both individual egg farmers and EFA as an organization. The key climate impacts identified were:

- Heat stress on birds from prolonged hot temperatures
- Increased space cooling costs from hotter summers
- Damage to crops from extreme drought
- Long-term water shortage from exceptional drought
- Reduced air quality from wildfire smoke impacting birds during transport

While efforts to mitigate those risks will be ongoing over a number of years, preliminary actions will be integrated into EFA's 2023 Operational Plan.

Pledge #2: EFA will support alignment of farm safety programs to add value for Alberta egg farmers.

Highlight: EFA has established a goal to increase awareness and uptake of Alberta AgSafe's certification and training. A key tactic to achieve this is the alignment of EFA's Farm Safety Assessment with Level 1 AgSafe certification. A three-year implementation and education plan was developed to help egg farmers adapt to the changes at a manageable pace. The year-1 AgSafe/EFA Safety Assessment will build on the legacy Job Task Hazard Assessment framework, but will:

- Add elements related to Workplace Hazardous Information System (WHMIS) training
- Revise questions related to labelling, product information, and safety data, to better account for a broader list of potentially hazardous products and materials, and their methods of hazardous communication
- Expand the First Aid section to incorporate appropriate equipment and necessary training
- Place a renewed emphasis on documented training to improve the depth of understanding on both existing and new elements

Pledge #3: EFA will support the increased application of 'circular-economy' practices on Alberta egg farms to capture value and minimize environmental impacts.

Highlight: EFA was actively involved on several fronts to help facilitate the development of new opportunities for Alberta egg farmers to add value to their layer operation. A producer forum was created on EFA's producer portal, giving farmers a platform to discuss alternatives and success stories for capturing value from their chicken manure. EFA also contributed to Alberta Agriculture and Irrigation's 'Animal Biomass to Plant Nutrient Solution' project, which is investigating thermal hydrolysis as a method for converting spent hens into potentially value added opportunities such as animal feed, plant nutrient solutions, fertilizer, and bioenergy applications.





Healthy Communities

Alberta egg farmers contribute to healthy communities. They give back to their communities and play an important role in supporting local food systems and effective supply management.

Pledge #1: EFA will increase demand for Alberta eggs by improving consumer awareness of sustainable egg production.

Highlight: EFA started sharing stories about Alberta egg farmers who have already begun to utilize energy efficient technologies and adopt sustainable farming practices, via blog posts and social media channels. Similarly, EFA also started highlighting the challenges and trade-offs that exist for individual farmers and the egg industry, as we attempt enhance our sustainability in a balanced manner across a broad spectrum of factors.

Pledge #2: EFA and the province's egg farming families will positively contribute to the sustainability of communities across Alberta.

Highlight: While the province's egg farmers continued to be active and supportive in their local communities, EFA has developed a producer engagement strategy to help quantify the type and amount of contribution by Alberta egg farmers collectively. EFA also investigated potential sources of additional economic contribution data for the provincial egg industry. A communication strategy will be developed once sufficient contribution data has been gathered.

Cross-Cutting

Pledge #1: EFA will enhance on-farm data so Alberta egg farmers can monitor and improve farm sustainability performance, while preparing for expanded commercial requirements related to sustainability.

Highlight: EFA has committed to enhance on-farm data collection so Alberta egg farmers can monitor and improve farm sustainability performance, while preparing for expanded commercial requirements related to sustainability. A key piece of this is evolving PEEP from a management-based program to a performance-based program. EFA consulted with producers to gather their perspective on specific data that would be important to collect based on key metrics, and better understand potential barriers to gathering certain information. After reviewing the feedback and the key drivers of the carbon footprint of egg production/ EFC decided to work toward gathering data on electricity and natural gas consumption, production and/or use of alternative and renewable energy sources, the use of energy efficiency technologies on farm, feed consumption and inputs, water use, and use of by-products such as end-of-lay hens and manure.

In addition to being able to report on industry benchmarks and progress, the goal is to ultimately integrate the data collected into EFC's National Environmental Sustainability Tool (NEST), which would allow individual farmers to better understand key drivers of their environmental performance and compare themselves to their peers across the country. This will help populate NEST with a comprehensive data set for national benchmarking and performance improvement.







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Financial statements of Egg Farmers of Alberta

December 31, 2022

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Independent Auditor's Report

To the Directors of
Egg Farmers of Alberta

Opinion

We have audited the financial statements of Egg Farmers of Alberta ("EFA"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations and changes in unrestricted net assets, and cash flows for the fifty-three week period then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of EFA as at December 31, 2022, and the results of its operations and its cash flows for the fifty-three week period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 EFA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on EFA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause EFA to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
February 7, 2023

Egg Farmers of Alberta

Statement of operations and changes in unrestricted net assets

53-week period ended December 31, 2022

	Notes	December 31, 2022 (53 weeks) \$	December 25, 2021 (52 weeks) \$
Revenue			
Levy		36,591,386	32,947,631
Grant	7	—	19,604
Industrial product program	Schedule 2	36,375,057	32,970,889
Research fund	Schedule 3	188,329	184,103
Sustainable growth fund	Schedule 4	580,883	263,566
Natural overrun fee fund	Schedule 5	1,669,177	—
Conventional to enriched transition and producer prices "CETPP" fund	Schedule 6	4,308,057	2,943,441
Other income		6,526	83,367
Amortization of deferred capital contributions	8	—	5,409
Interest		245,017	215,690
Gain on sale of investments		132,178	501,637
		80,096,610	70,135,337
Expenses			
Administrative	Schedule 1	3,209,315	2,683,043
Egg Farmers of Canada levy		33,918,978	30,328,761
Grant projects	5 and 7	—	25,013
Industrial product program	Schedule 2	37,157,205	33,335,056
Research fund	Schedule 3	144,890	121,737
Sustainable growth fund	Schedule 4	771,675	429,475
Conventional to enriched transition and producer prices "CETPP" fund	Schedule 6	3,856,243	3,248,762
Unrealized loss on investments		707,866	306,116
		79,766,172	70,477,963
Excess (deficiency) of revenue over expenses		330,438	(342,626)
Internal transfer from industrial product program	Schedule 2	782,148	364,167
Internal transfer to research fund	Schedule 3	(43,439)	(62,366)
Internal transfer from sustainable growth fund	Schedule 4	190,792	165,909
Internal transfer to natural overrun fund	Schedule 5	(1,669,177)	—
Internal transfer (to) from CETPP fund	Schedule 6	(451,814)	305,321
Unrestricted net assets, beginning of period		4,414,905	3,984,500
Unrestricted net assets, end of period		3,553,853	4,414,905

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

Egg Farmers of Alberta
Statement of financial position
As at December 31, 2022

	Notes	December 31, 2022	December 25, 2021
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		4,304,544	2,778,609
Accounts receivable	4	3,129,222	9,170,754
Prepaid expenses		60,428	56,330
		7,494,194	12,005,693
Long-term investments	3	4,693,715	4,468,995
Tangible capital assets	5	981,214	1,046,696
Intangible asset	6	5,112	5,112
		13,174,235	17,526,496
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		3,902,073	8,661,016
Government remittances payable		108,506	35,929
Due to Egg Farmers of Canada		1,271,638	1,267,971
		5,282,217	9,964,916
Net assets			
Unrestricted net assets		3,553,853	4,414,905
Industrial product program	Schedule 2	1,296,783	2,078,931
Research fund	Schedule 3	398,427	354,988
Sustainable growth fund	Schedule 4	390,248	581,040
Natural overrun fund	Schedule 5	1,669,625	448
CETPP fund	Schedule 6	583,082	131,268
		7,892,018	7,561,580
		13,174,235	17,526,496

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

Approved by the Board


_____, Director


_____, Director

Egg Farmers of Alberta
Statement of cash flows

53-week period ended December 31, 2022

	December 31, 2022 (53 weeks)	December 25, 2021 (52 weeks)
Notes	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses	330,438	(342,626)
Items not affecting cash		
Amortization of tangible capital assets	5 181,305	179,504
Amortization of deferred contributions related to tangible capital assets	—	5,409
Gain on sale of investments	(132,178)	(501,637)
Unrealized loss on investments	707,866	306,116
	1,087,431	(353,234)
Changes in non-cash working capital		
Accounts receivable	6,041,532	(5,735,131)
Government remittances receivable	—	32,445
Prepaid expenses	(4,098)	(13,110)
Accounts payable and accrued liabilities	(4,758,943)	5,768,519
Government remittances payable	72,577	35,929
Due to Egg Farmers of Canada	3,667	(1,307,529)
Deferred contributions	—	(2,377)
Deferred contributions related to tangible capital assets	—	(5,409)
	2,442,166	(1,579,897)
Investing activities		
Purchase of tangible capital assets	(115,823)	(156,249)
Proceeds on sale of long-term investments	5,911,888	5,621,680
Purchase of long-term investments	(6,712,296)	(1,176,000)
	(916,231)	4,289,431
Net increase in cash and cash equivalents	1,525,935	2,709,534
Cash and cash equivalents, beginning of period	2,778,609	69,075
Cash and cash equivalents, end of period	4,304,544	2,778,609

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 ("ASNPO") 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.

Cash and cash equivalents

Cash and cash equivalents consist of cash in the bank and cashable investments that are highly liquid and easily convertible to cash.

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Freestanding 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 statement of operations and changes in unrestricted net assets as interest income or expense.

With respect to financial assets measured at cost or amortized cost, EFA recognizes in the statement of operations and changes in unrestricted net assets 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 statement of operations and changes in unrestricted net assets 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
Software	5 years

2. Significant accounting policies (continued)

Tangible capital assets (continued)

When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset shall be written down to the asset's fair value or replacement cost. The write-downs of tangible capital assets shall be accounted for as expenses in the statement of operations. A write-down shall not be reversed.

Impairment of long-lived assets

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

Intangible asset

Intangible assets with an indefinite life are accounted for at cost and are tested for impairment whenever events or changes in circumstances indicate that they might be impaired. When the carrying amount of an item exceeds its fair value, an impairment loss is recognized in the statement of operations and changes in unrestricted net assets 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. A portion of the levy revenue recognized is allocated to different funds (Schedule 3, 4, 5 and 6).

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 ASNPO 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

Long-term investments

The long-term investments include:

	December 31, 2022	December 25, 2021
	\$	\$
Equity investments	4,693,715	4,468,995

The equity investments are recorded at fair market value.

Investment policy

EFA has established an investment policy that RBC Wealth Management ("RBC") is required to follow. The policy states that EFA's excess cash is to be invested in low-risk Canadian, American and international 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 as at December 31, 2022):

	Target %	Current %
Short-term investments	0-15	31
Fixed income investments	35-65	39
Multi-class investments	0-10	—
Equity investments	20-50	30

All of the investments except for the Short-term investments are in compliance with the investment policy that has been outlined by EFA for RBC to follow. The policy states that if market fluctuations cause the portfolio to fall outside these ranges, RBC will work to realign the portfolio within a reasonable amount of time.

4. Accounts receivable

	December 31, 2022	December 25, 2021
	\$	\$
Accounts receivable – Producers	1,526,889	7,019,446
Egg Farmers of Canada	1,602,333	2,151,308
	3,129,222	9,170,754

5. Tangible capital assets

	December 31, 2022		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	168,000	-	168,000
Building	902,214	(526,945)	375,269
Automobiles	87,014	(49,824)	37,190
Promotional display	245,116	(226,510)	18,606
Office equipment	548,803	(382,614)	166,189
Office improvements	463,270	(248,039)	215,231
Software	60,679	(59,950)	729
	2,475,096	(1,493,882)	981,214

	December 25, 2021		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	168,000	—	168,000
Building	902,214	490,857	411,357
Automobiles	87,014	41,228	45,786
Promotional display	60,679	59,251	1,428
Office equipment	267,722	243,760	23,962
Office improvements	548,803	355,174	193,629
Software	357,920	155,386	202,534
	2,392,352	1,345,656	1,046,696

Total amortization for the 53-week period ended December 31, 2022, was \$181,305 (\$184,913 in the 52-week period ended December 25, 2021), of which \$12,753 (\$17,280 in December 25, 2021) was included in advertising and product promotion, \$8,595 (\$18,721 in December 25, 2021) was included in travel, and \$nil (\$5,409 in December 25, 2021) was included in grant project expenses.

6. Intangible asset

	December 31, 2022	December 25, 2021
	\$	\$
Trademarks	5,112	5,112

7. Deferred contributions

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

	December 31, 2022	December 25, 2021
	\$	\$
	(53 weeks)	(52 weeks)
Deferred contributions, beginning of period	—	2,377
Grants received	—	17,227
Less: amounts amortized to revenue	—	(19,604)
Deferred contributions, end of period	<u>—</u>	<u>—</u>

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 31, 2022	December 25, 2021
	\$	\$
	(53 weeks)	(52 weeks)
Deferred contributions related to tangible capital assets, beginning of period	—	5,409
Less: amortization – current period	—	(5,409)
Deferred contributions related to tangible capital assets, end of period	<u>—</u>	<u>—</u>

9. Financial instruments

Fair value

The carrying amounts of EFA's financial assets including cash and cash equivalents, accounts receivable and government remittances receivable, and financial liabilities including accounts payable, accrued liabilities, government remittances payable, and due to Egg Farmers of Canada, approximate their fair values due to their short-term nature.

The 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, and the producers.

9. Financial instruments (continued)

Market risk

EFA is exposed to market risk as a portion of its investment portfolio is held in marketable securities, which fluctuate with market pressures. Revenue could be affected adversely by changes in the market. As such, the investments are susceptible to market risk, which is defined as the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices

Interest rate risk

EFA is exposed to interest rate risk as a portion of its investment portfolio is held in rate sensitive investments, which 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.

10. Related party transactions

EFA collected revenues (net of expenses) from its Directors that are also egg producers in the amount of \$1,764,584 (December 25, 2021 – \$3,410,826). As at December 31, 2022 EFA had a net accounts payable balance of \$8,177 (December 25, 2021 – net receivables \$244,413), which is related to these revenues and expenses.

These transactions were carried out in the normal course of operations and are recorded at the exchange amount. This value corresponds to the consideration agreed upon by the related parties.

Egg Farmers of Alberta**Schedule 1 – Schedule of administrative expenses**

53-week period ended December 31, 2022

		December 31, 2022 (53 weeks)	December 25, 2021 (52 weeks)
	Notes	\$	\$
Advertising and product promotion	5	282,222	268,253
Amortization	5	159,957	143,503
Board governance		54,717	62,649
Building operations		59,365	52,022
Directors' and committee allowances		239,119	187,745
Employee benefits		212,727	173,038
Insurance		20,506	19,211
Meetings		66,507	36,307
Memberships		16,319	16,244
Office and printing		193,305	188,883
Postage		8,091	7,686
Professional fees		265,894	237,387
Salaries		1,179,676	997,911
Field Services, SE testing and diagnostic services		99,423	110,141
Telecommunications		8,215	9,587
Travel	5	343,272	172,476
		3,209,315	2,683,043

Egg Farmers of Alberta**Schedule 2 – Schedule of internal restrictions – industrial product program**

53-week period ended December 31, 2022

	December 31, 2022 (53 weeks) \$	December 25, 2021 (52 weeks) \$
Industrial product program, beginning of period	2,078,931	2,443,098
Add		
Egg sales	36,233,135	32,788,857
Levy over	141,922	2,224
Levy revenue	—	179,808
	36,375,057	32,970,889
Less		
Egg purchases and other expenses	36,692,582	33,335,056
Levy returned to producers	464,623	—
	37,157,205	33,335,056
Net change in program during the period and amount internally transferred to unrestricted net assets	(782,148)	(364,167)
Industrial product program, end of period	1,296,783	2,078,931

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 3 – Schedule of internal restrictions – research fund**

53-week period ended December 31, 2022

	December 31, 2022 (53 weeks) \$	December 25, 2021 (52 weeks) \$
Research fund, beginning of period	354,988	292,622
Add		
Levy revenue	188,329	184,103
Less		
Disbursements to research projects	144,890	121,737
Net change in fund during the period and amount internally transferred from unrestricted net assets	43,439	62,366
Research fund, end of period	398,427	354,988

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 4 – Schedule of internal restrictions – sustainable growth fund**

53-week period ended December 31, 2022

	December 31, 2022 (53 weeks) \$	December 25, 2021 (52 weeks) \$
Sustainable growth fund, beginning of period	581,040	746,949
Add		
Revenue	580,883	263,566
Less		
Levy returned to producers	453,034	301,664
Disbursements	318,641	127,811
	771,675	429,475
Net change in fund during the period and amount internally transferred to unrestricted net assets	(190,792)	(165,909)
Sustainable growth fund, end of period	390,248	581,040

The sustainable growth fund (formerly the over base quota fund) is funded by an internal allocation of the producer levies for specific projects authorized by the Board of Directors.

Egg Farmers of Alberta**Schedule 5 – Schedule of internal restrictions – natural overrun fee fund**

53-week period ended December 31, 2022

	December 31, 2022 (53 weeks) \$	December 25, 2021 (52 weeks) \$
Natural overrun fee fund, beginning of period	448	448
Add		
Fee return from EFC	1,669,177	—
Net change in fund during the period and amount internally transferred from unrestricted net assets	1,669,177	—
Natural overrun fee fund, end of period	1,669,625	448

The natural overrun fee fund (formerly the service fee fund) relates to quota allotted from EFC since 2014. EFC sets a fee annually that EFA collects in the levy which in the CY was \$nil (December 25, 2021 - \$nil). In FY 2022, EFC returned \$1,669,177 (December 25, 2021 - \$nil) which relates to overcharges in prior years.

Egg Farmers of Alberta**Schedule 6 – Schedule of internal restrictions – conventional
to enriched transition and producer prices “CETPP” fund**

53-week period ended December 31, 2022

	December 31, 2022 (53 weeks) \$	December 25, 2021 (52 weeks) \$
CETPP fund, beginning of period	131,268	436,589
Add		
Levy revenue	4,308,057	2,943,441
Less		
Disbursements	3,856,243	3,248,762
Net change in fund during the period and amount internally transferred from (to) unrestricted net assets	451,814	(305,321)
CETPP fund, end of period	583,082	131,268

The Conventional to Enriched Transition and Producer Prices Project “CETPP” was created nationwide to implement an optimal producer price structure to establish a blended market producer price. Funds are disbursed to farmers with special housing to provide the Conventional and Enriched Producer price.