



ANNUAL & SUSTAINABILITY REPORT

2018





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EFA TEAM



BOARD OF DIRECTORS

Beatrice Visser	Chair & EFC Alternate
Susan Schafers	Vice Chair
Joe Kleinsasser	EFC Representative
John Hofer	Director
Peter Waldner	Director
Bernadette Vandeborn	Director

STAFF

Susan Gal	General Manager
David Webb	Marketing & Communications Manager
Christina Robinson	Farm Programs Manager
Jenna Griffin	Industry Development Officer
Kari Buijs	Business Manager / Controller
Laurel Martin	Office Manager
Angie Lang	Marketing & Social Media Coordinator
Erin Johnston	Farm Services Administrator
Brandy Addai	Logistics Coordinator
Kelly Pow	Business Systems Analyst / IT Project Coordinator
Dave Lastiwka	Field Services Coordinator
Murray Minchin	Field Services Coordinator

TOTAL
NUMBER OF
REGISTERED
PRODUCERS

2018
170

2017
172



**AVERAGE
FLOCK SIZE**

2018
14,785

2017
14,192

**LEVY FOR
REGISTERED
PRODUCERS**

\$9.70/ 

**LEVY FOR
UNREGISTERED
PRODUCERS**

\$0.3813/  12

TOTAL
ISSUANCE HENS

2018
2,498,685

2017
2,313,314



2018
846,264

2017
755,779

TOTAL INDUSTRIAL PRODUCT



**AVERAGE PRODUCER PRICE
FOR LARGE EGG IN 2018**

2.18  \$0.05
from 2017

**TOTAL
EGG
PRODUCTION**
(IN DOZENS)

2018
65,067,824

2017
61,191,122

	All Eggs	Regular Eggs	Omega-3 Eggs	Other Specialty Eggs (ie: free range, free run, organic)
TOTAL EGG SALES (2018)	in AB in CAN +4.6% +6.0%	in AB in CAN +5.2% +6.2%	in AB in CAN -6.3% -2.3%	in AB in CAN +6.7% +11.6%
MARKET SHARE (2018)		in AB in CAN 85.7% 86.6%	in AB in CAN 5.7% 6.0%	in AB in CAN 8.7% 7.4%
TOTAL EGG SALES (2017)	in AB in CAN +4.2% +4.1%	in AB in CAN +4.7% +6.1%	in AB in CAN -9.0% -17.5%	in AB in CAN +10.5% +5.4%
MARKET SHARE (2017)		in AB in CAN 85.0% 86.5%	in AB in CAN 6.4% 6.6%	in AB in CAN 8.6% 7.0%

MESSAGE FROM THE CHAIR

ACTION PACKED MIGHT BEST DESCRIBE 2018 FOR EGG FARMERS OF ALBERTA - FROM CELEBRATIONS TO HOSTING NATIONAL EVENTS, AND DILIGENTLY WORKING TO DIRECT AND PROTECT OUR INDUSTRY!

In August, EFA celebrated our 50th anniversary in this wonderful industry at the Wild Wild West Event Centre in Calgary. Throughout the past 50 years we have seen many changes in the industry, yet our founding principles remain intact.

EFA continues to work hard to maintain the wisdom that was established when the founding principles were detailed in our Federal Provincial Agreements 50 years ago. This agreement was established to set prices for a fair return to producers in a depressed market, while supplying the egg demands of Canada's domestic market. This foresight was wise council that has served all Canadians well for 50 years.

Alberta was honored to host the EFC summer meeting this year in Calgary. Along with struggling together for a strong, unified industry at our open EFC meeting, we were also able to enjoy the great grand stand show at the Calgary Stampede. The banquet was a wonderful opportunity to share an evening of fun and fellowship with producers from across the country.

EFA has also had many projects on the go. EFA has been collaborating with EFC to develop strategies to transition conventional production to alternative housing, by way of meeting market demands while ensuring producers receive their fair cost of production. As these efforts continue, we also strive to ensure a fair rate

of return for conventional, enriched and specialty eggs.

EFA established the Egg Industry Advisory Committee last year, which has helped shed some light on a few potential areas of concern that we need to address, one of which is engaging consumers to educate and build public trust. One way this need is being met is via our Egg Ambassadors program, which had a very successful year and has garnered a lot of interest and attention, from both producers and consumers.

Alberta has seen a lot of growth in terms of allocations over that past few years. As much as we appreciate this growth, it also presents challenges. The EFA Board and staff have been working hard to manage this via the Quota Leasing Pool, while helping producers integrate the growth with the new housing requirements being implemented and detailed in the revamped Code of Practice.

EFA Board and staff have also been working hard to remain abreast to the progress and developments within the federal and provincial governments, as it pertains to issues such as international trade, farm safety, local food, and the Canada Food Guide. EFA is thankful for the supportive and receptive relationship we enjoy with our government stakeholders.

In closing, I would like to thank the staff at EFA for tirelessly supporting the Board of Directors and all Alberta egg farmers. The Board appreciates your efforts to ensure our various programs and initiatives are launched and continue to function seamlessly. I would also like to extend a huge thank-you to my fellow Directors, who have been and continue to be passionate and steadfast in directing this industry, in a manner that will enable it to endure for years to come!

BEATRICE VISSER
CHAIR



MESSAGE FROM THE GM

WHAT A RIDE... 2018 MARKED EGG FARMERS OF ALBERTA'S 50TH ANNIVERSARY IN OPERATION, AND I MUST SAY THAT I AM AMAZED ABOUT WHAT WE WERE ABLE TO ACCOMPLISH!

I am so very proud of EFA's perseverance and the long-view approach taken by Alberta egg farmers, given some of the challenges we continue to face as an industry. Regardless of the issue, we have a unique ability to assess the cards being dealt and make the best hand we can. One thing for certain is that this approach would not be possible without the solid foundation of supply management, which helps ensure farmers are able to weather the storm by making necessary adjustments that will help them be sustainable in the years to come. Specific challenges EFA faced over the past year include the completion of two international trade agreements, the ongoing struggles with Egg Farmers of Canada over the service fee, required changes farmers must make to comply with the new Code of Practice, and the looming uncertainty about the launch of both the revamped Canada Food Guide (will plant-based proteins be presented as a priority protein source instead of eggs?) and the Egg Quality Assurance program (will it 'save' enriched housing as a viable option for farmers?).

In July, EFA hosted the EFC Summer Conference during the Calgary Stampede. The conference brought together egg producers from across the country to talk about the future sustainability of our industry, to learn more about the national agency and how it operates, and to engage with their fellow producers from other provinces. I think it is fair to say that everyone embraced the Stampede spirit, channeled their inner cowboy/cowgirl, and had a honkin' good time!

Later in the summer, EFA continued the western theme by celebrating our 50th anniversary at the Wild Wild West Event Centre on the outskirts of Calgary. This was not your typical type of celebration, as there were not a lot of formal speeches, but rather more opportunities to mix and mingle with everyone in attendance. Debate over the axe throwing championship continues to rage at EFA! It was wonderful to hear from our Chair, Beatrice Visser, on the accomplishments of the industry over the last 10 years. If you only look at progress in the short-term, sometimes it may feel a bit like you are spinning your wheels. I am sure that as each egg producer thinks about their own farm, they will quickly realize how much positive change and innovation has occurred over the last decade, which we can all be proud of. We also had the honor of hearing from the Honourable Oneil Carlier, Minister of Agriculture and Forestry, who spoke about the importance of supply management and the significant contributions made to the economy by farming families operating in those industries. The Minister seemed to enjoy interacting with farmers and industry stakeholders, and participating in the various games. He even had time to interview Chef Jordon Henkel from Crack'd YYC, the egg-themed food truck EFA partnered to launch this past spring.

What's in store for the next 10 years? I would like to say that we are getting near the end of challenges and changes to the industry, but I do believe there is more to come in terms of expectations from our consumers, governments, and industry partners, which will require further evolution of the industry.



For EFA, we are well poised as an organization to continue monitoring the potential changes coming at us and talking about them openly as an industry, while trying to proactively chart the path forward in a way that works for our farmers. I am confident that we have a proven track record of being able to engage Alberta egg farmers and collaboratively work towards a shared vision of the future.

Thank-you to all who made our 50th year such a memorable one. It is my absolute pleasure to work in this industry with such a dedicated and passionate group of farmers, Directors and staff members. Here's to the next 50 years!

SUSAN GAL
GENERAL MANAGER

EFC DIRECTOR'S REPORT

AS WE LOOK BACK AT 2018, IT IS CLEAR THAT CANADIAN EGG FARMERS ARE IN A BETTER PLACE THAN THEY WERE JUST 12 MONTHS AGO.

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

- The trade issues that created so much anxiety through the year have been settled, ending the uncertainty about the future.

- Now that we know what we are up against, we can develop strategies to mitigate the negative impacts of the trade agreements.
- Our industry continues to grow.
- We have made substantial progress in non-trade areas – something that was often lost in the headlines of 2018.

Trade

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

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

This outcome placed even greater pressure of the ongoing North American Free Trade Agreement negotiations, which also concluded in 2018 with the announcement of the new United States-Mexico-Canada Agreement. As the talks progressed, it became obvious that while the Canadian government intended to defend supply management, this did not mean that there would be no additional access by foreign producers to our sector.

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

Growth

At the end of the day, it is important to remember that our industry continues to grow. 2018 marks 12 years of sustained growth for our industry, with a 4.1% increase in the sales of shell eggs recorded for the first three quarters of the year. During the same period (between January 2018 to now), an additional 700,000 hens were added into production, strengthening our ability to meet this growing demand with eggs produced on Canadian farms.





EFC WILL CONTINUE TO REMIND CANADIANS OF THE BENEFITS OF SUPPLY MANAGEMENT

Progress

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

Progress was also made to update the national Animal Care Program's requirements. Once its redevelopment process is complete, this longstanding program we be aligned with the requirements of the updated Code of Practice for the Care and Handling of Pullets and Laying Hens. While it is anticipated that the updated program will roll out in 2020 at the earliest, a new set of training requirements related to hen housing will take effect in 2019. The aim of these Interim Housing Standards is

to deepen an understanding of the new housing requirements that will be part of the redeveloped Animal Care Program. These new standards will offer immediate guidance to farmers and help identify changes that will have to be made at the farm level.

Looking ahead

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

We will be working in 2019 to get that message out. The progress we have made in opening our industry up to others – through farm tours, meetings,

events, outreach and social media—has been unprecedented. These efforts will continue to remind Canadians of the benefits of supply management.

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

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

JOE KLEINSASSER
EFC DIRECTOR

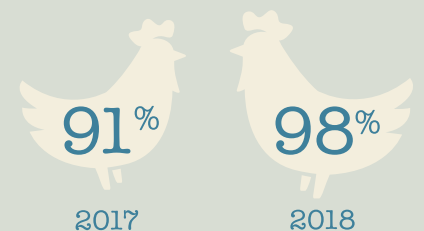
HEALTHY BIRDS

Animal Care Program

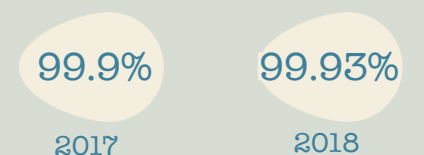
Alberta egg farmers once again did an exceptional job on the Animal Care Program (ACP) in 2018. The average ACP rating for Alberta's registered egg farmers was 99.9%, with 98% of farms achieving a perfect 100% score. Results like this can only be achieved when farmers put forth consistent, daily effort towards the care and management of their hens.

Since the revised Code of Practice for the Care of Laying Hens and Pullets was released in 2017, Egg Farmers of Canada has been in the process of updating the industry's national Animal Care Program so it reflects the new standards. EFA has been highly engaged in the redevelopment process over the past year; Susan Gal sits on the ACP redevelopment committee that includes industry and animal welfare experts from across the country. EFA's Production Management Committee has been reviewing all proposed program changes and providing feedback focused on how the program will work on the farm, as well as the potential impact on farmers. With the first draft of the updated ACP expected to be completed by

Percentage of farms achieving 100% scores in the Animal Care Program



ACP Average Score



54 farms had a 3rd party animal care assessment in 2018

the end of 2018, the next steps for 2019 will include consultation with retailers and a pilot of the new program. The goal is to have a final redeveloped ACP ready for launch across Canada in 2020.

Starting this past fall, EFC and EFA began measuring all enriched and free-run systems in Canada using a new national measuring protocol. Upon verification of the measurements, hen housing certificates will be issued to farms with alternative systems, ensuring that farmers and auditors are clear on their capacities.

Beginning in January 2019, EFC will start delivering an Interim Housing Standards audit on farm. The results of this audit do not impact the current animal care program score, but rather, help to raise awareness of 2017 Code requirements so that are farmers are prepared to meet the new standards.

2018 marked the third full year for 3rd party audits in order to enhance the transparency of the Animal care program. In 2018, 54 farms in Alberta received a third party audit and all farms have received at least one third party audit within the last 3 years (with the exception of farms that have newly begun production).

STORY: Research on Pullet Rearing Impacting Alberta Egg Farmers

In late 2017, EFA granted Dr. Tina Widowksi of the University of Guelph funds to support the research project, "Use of space by pullets in commercial rearing aviaries". The project addressed the EFA Research Priority of "contributing to the body of knowledge relating to appropriate standards for pullet rearing in alternative systems." The funds from EFA were used to support travel of a graduate student to commercial rearing aviaries in Alberta to video record and observe

how different strains of pullets use floor space, tiers and perches at different ages. Accordingly, over the summer, students from the University of Guelph visited three aviary pullet operations in Alberta and engaged with Alberta egg farmers to collect the necessary data. Participating farmers had the following to say about the project:

"I really liked how they weighed pullets and showed how poor uniformity was at the get go and how good it was at the end – that was indispensable information for me"

"Researchers do things the farmer doesn't have time for, which creates a deeper understanding. For example, they helped me understand not just bird weight but how that weight was being distributed on my bird"

"Being on farm really helps researchers to understand the root cause of specific challenges. It helps them see the big picture – once they are up to the point where they become an auditor or working to inform codes, or something similar, it helps them understand the real world."

Animal Care for Pullets

EFA continues to support the development of a national pullet animal care program in partnership with the Pullet Growers of Canada and Egg Farmers of Canada. Until a full pullet animal care program is available, EFA will continue to encourage all pullet growers to work towards compliance with the 2017 Code of Practice requirements.

Over the past year, EFA has delivered a Pullet Animal Care Checklist on all Alberta pullet farms, to help educate pullet growers on the 2017 Code of Practice recommendations. EFA was pleased to learn that most of those requirements are already being met by pullet growers. The checklist also helped identify where improvements can be made. Pullet Animal Care Checklists will be completed on any new pullet facilities going into production.

Hen Housing

As farmers renovate and build new facilities, the landscape of hen housing in the province is changing. Less than 70% of hens in Alberta are now raised in conventional cages, with many additional change-overs planned for 2019.

The trend towards enriched housing has continued, with more farmers installing enriched systems vs free-run or free-range systems. The main reasons indicated for this trend are the ease of management and a saturation of the free-run market.

Feather Cover

Outcome-based measurements, also known as bird-based measurements, assess the actual state of the animal. While the Animal Care Program currently does not include any outcome-based measures, it is a requirement that at least one outcome-based measure be added to the Animal Care Program as part of the current redevelopment process. Outcome-based measures are gaining popularity in livestock animal care assessments because they can be a good signal for overall welfare

of the animal and flock, and can assure the public that the actual welfare of the animal is meeting a certain standard.

From a farm perspective, outcome-based measures can be a powerful management tool, providing early warning for potential health and production issues. In 2018, EFA included an outcome-based measure for feather cover in the record keeping books, based on an assessment system developed in Canada that is quick, easy and reliable. EFA encouraged each farmer, regardless of the housing system, to start monitoring feather cover in their layer flocks. Feather cover was selected as the first outcome-based measure to focus on because it is linked to the overall perception of bird welfare and can have a significant impact on a bird's feed consumption, temperature regulation, and their ability to protect themselves from injury. EFA provided several resources to support farmers in managing feather cover, including a new page on the producer website dedicated to the topic and regular feature articles in EggNotes.

A group from EFA's Production Management Committee and Research Committee travelled



Conventional



Enriched



Free-run/aviary



Free-range/organic

to Big Sky Colony in Montana to learn more about their success in maintaining feather cover in free-run brown flocks. Observations from this visit were shared with Alberta egg farmers via EggNotes. EFA also continues to collect and share information from the experiences of farmers here in Alberta, which are showcased in a new EFA resource called Managing Flocks in Loose Housing Systems.

Use of Antibiotics

Health Canada has introduced changes that affect the way animal antibiotic products can be accessed by egg farmers. These changes are being implemented to ensure that effective antibiotics continue to be available to treat human illnesses. As of December 1, 2018, all antibiotics (category 1, 2 and 3) will be dispensed only by veterinarian prescription. A valid vet/client relationship is required for prescriptions to be written. For poultry, birds can be submitted to the lab for a post-mortem or diagnostics to establish this relationship and prescriptions can be written in a way that they will cover multiple flocks.

While antibiotics are not typically used for layers in production, medicated feed is often used when growing pullets. EFA communicated these changes to Alberta egg farmers and encouraged them to speak to their veterinarian in advance of the changes coming into effect, to develop a plan for obtaining prescriptions after the implementation date.

Serology & Vaccine Projects

In late 2015, with support from the Alberta Livestock and Meat Agency (ALMA), EFA initiated a project with Poultry Health Services (PHS) to look at improved disease risk management for layers in Alberta. There were two key pieces:

- 1) Using blood work for long-term flock health management
- 2) Using Salmonella vaccines as part of a Salmonella control strategy



The project stemmed from research priorities (alternative Salmonella control strategies) and statistics that showed that blood submissions from layer flocks in Alberta were significantly lower than for other poultry species. A total of 18 farms participated in the blood work part of the project, with blood samples taken from one or two of their flocks, for a total of thirty-two flocks being sampled. Of those, 12 farms used an autogenous vaccine focused on three major Salmonella species – S. Enteritidis, S. Typhimurium, and S. Heidelberg. The project wrapped up in early 2018 and all Alberta egg farmers were sent a summary of project's key findings.



End of Lay

Following Strategic Planning in 2017, the Board struck a Mass Depopulation Committee (MDC), with a mandate to guide the direction for mass depopulation and develop affordable, effective, humane options that egg farmers would embrace. The MDC met four times in 2018. In addition to discussions with

leading experts at the MDC meetings, the investigatory efforts included a visit to the University of Saskatchewan to observe the evaluation of a new gassing cart developed by a Saskatchewan farmer. Members of the MDC were in attendance to see the cart, hear the researchers' thoughts, and see the evaluation process. Two EFA Directors attended the American Veterinary Medical Association (AVMA) Humane Endings Symposium in Chicago, where they had an opportunity to hear about the new guidelines for emergency depopulation as well as the upcoming 2019 interim update to the euthanasia guidelines.

The MDC developed a strategy to support farmers in meeting upcoming redeveloped Animal Care Program (ACP) requirements, which will stipulate that farmers have a Standard Operating Procedure (SOP) approved by a veterinarian. A veterinarian was contracted out to observe the use of large Modified Atmospheric Chamber (MAC) carts, small MAC carts, sea container gassing, and whole barn gassing. The developed SOPs will be provided to Alberta egg farmers in early 2019.

In addition, the MDC made the strategic decision to divest of interest in the Low Atmospheric Pressure Stunning (LAPS) unit. Efforts will be made to transition the machine to a party interested in maintaining its availability for use in Alberta, independent of the EFA Board.



Emergency Preparedness & Response

Over the past 2 years, EFA and the other poultry groups in the province have been working with Emergency Response Management Consulting (ERMC), to improve processes and resources for emergency response across the industry. Highlights of the work completed through this project include:

- Alberta's Poultry Industry Emergency Response Plan has been updated to align with the Incident Command System (ICS)
- Emergency Management Team members have received training on both ICS and the updated Emergency Response Plan



- An Emergency Response Quick Guide for Producers was created and distributed to all commercial poultry farmers in Alberta
- A Coordinated Crisis Communication Plan has been developed
- A virtual Emergency Operations Center has been developed using SharePoint
- Personal Protective Equipment needed in an emergency response has been ordered and is now stored at the poultry Board offices

- The Alberta Poultry industry is over halfway through a 2-year pilot project to trial geofencing, through an app called Be Seen Be Safe. Be Seen Be Safe is a real-time, virtual visitor logbook that monitors people and vehicle movement on and off farm properties. Based on this information, the app can predict potential disease movement and provide early notification to farm owners and industry personnel in a disease emergency. So far 27% of egg farmers and 74 poultry service personnel have signed up for the program. EFA would like to encourage further participation,

since the more farms and service personnel taking part in the program, the more effective it will be in protecting the Alberta poultry industry

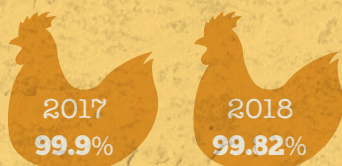
The enhancements made to the Alberta Poultry Industry Emergency Response Plan position Alberta's poultry industry to prevent and respond to emergencies effectively, which will help limit the potential impacts.

HEALTHY EGGS

Start Clean – Stay Clean™ Layer Program

The Canadian egg industry has put significant effort into obtaining Food Safety Program Recognition from the Canadian Food Inspection Agency. This recognition helps to verify that the egg industry's food safety program serves its purpose of ensuring eggs produced are safe and of the highest quality. This recognition can also work to maintain

Average Score



Canadian consumer confidence in the eggs they buy for their families.

As part of the recognition process, the Start Clean – Stay Clean™ (SC-SC) Layer Program has undergone an in-depth review. Several recommendations have been implemented to strengthen the food safety program and processes. One of the most significant changes is the categorization of SC-SC elements into 4 different types: critical control, major, minor and general. Each type of element has a Specified timeframe for corrective action deadlines.

Percentage of Farmers Scoring 100%



Despite the changes in the SC-SC program over the past year, Alberta egg farmers continue to excel in the area of food safety. The average score in 2018 was 99.82%, with 156 producers achieving a perfect 100% score. Egg farmers must implement daily measures to manage risks related to food safety including biosecurity, pest management, sanitation, record keeping and more. EFA thanks farmers for their continued efforts to produce safe, high quality eggs for Albertans!

Start Clean – Stay Clean™ Pullet Program

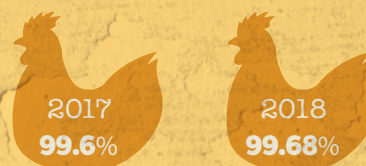
As of January 1st, 2019, it will be mandatory for all egg farmers to source their pullets from an accredited grower. This policy was developed in 2017, following consultation with farmers, which ensures that the pullets placed into Alberta layer barns are raised following established industry standards for biosecurity, pest management and cleanliness, in support of raising healthy, disease free birds.

Alberta pullet growers worked incredibly hard towards the goal of accreditation. As a result, 100% of Alberta pullet growers were accredited by the end of 2018. In 2019, EFA Field Inspectors will be checking to confirm that all layer flocks were raised by an accredited pullet grower.

Start Clean – Stay Clean™ Pilot for Unregulated Producers

In partnership with Egg Farmers of Canada, EFA was pleased to introduce an opportunity for unregulated egg farmers in Alberta to take part in the Start Clean – Stay Clean™ (SC-SC) on farm food safety program. Through participation in this

Average Score



Percentage of Farmers Scoring 100%



program, unregulated egg farmers will have the chance to learn about the best practices for food safety in egg production. This program is being offered with the goal of further strengthening food safety throughout the egg supply chain in Alberta.

The program is currently being offered as a pilot, with a maximum of 10 unregulated egg farmers participating each year. Participants will be accepted on a first come, first serve basis. The program will run as a pilot until the end of 2020, at which time EFA and EFC will review the success of the program and determine future plans.

While the program has been promoted using a variety of communication methods, no unregulated egg farmers have yet signed up for the pilot program. In 2019 continued effort will take place to encourage adoption of this worthwhile program.

Salmonella Enteritidis (SE) Prevention & Response

2018 saw the lowest levels of SE positive results in the past 5 years. EFA continues to sample each flock once in the pullet barn and twice during lay. These samples are processed in the Alberta Agriculture Food Safety Lab. The response efforts for a positive SE result are coordinated through a co-operative effort between EFA, EFC, Alberta Agriculture and the farmers. This program is a great example of how multiple organizations can work together to improve the egg industry.

The CEIRA insurance program is now a cornerstone in Alberta's SE Prevention and response plan, providing coverage for those farmers impacted by an SE positive result. In 2018, CEIRA made some exciting enhancements to their coverage, including

the option to add on additional coverage for specialty production and the addition of coverage for Avian Influenza.

Biosecurity

A good biosecurity program that all farm employees and visitors follow is the most important and cost-effective thing farmers can do to protect their flocks from disease. While the goal of biosecurity is simple – “keep what's out of the barn out and what's in the barn in” – it takes commitment and good habits to ensure that biosecurity is maintained every time someone enters the barn.

EFA supports egg farmers in maintaining an effective biosecurity program by providing bite sized, practical advice. EFA developed a short Biosecurity Assessment that could be delivered on farm by EFA Field Coordinators during regular farm visits. This assessment provides an opportunity to coach and support farmers towards improving targeted biosecurity practices. When these assessments begin in early 2019, the focus will be on the barn entry and transition area, as getting this right is central to a good biosecurity program. While delivering the assessment, Field Coordinators will provide resources and suggestions to assist farmers in improving biosecurity as people enter the barn.

Multi-Species Facilities

Due to the increased risk that multi-species production facilities pose for the layer industry, a requirement was added to EFA's On-Farm Food Safety Policy that will see

all layer and pullet facilities for registered producers dedicated to the regulated egg industry, by January 1st, 2020. EFA has been working with farmers currently housing in multi-species facilities to make the transition, and there are only 2.4% of barns that need to make changes by the deadline.

Egg Quality Assurance Program

Since 2014, Egg Farmers of Canada has been working to develop a quality assurance program for the national egg industry that integrates all existing and future on-farm programs under one certification program. EFC is now in the final stages of preparing for the launch of the national Egg Quality Assurance (EQA) program in early 2019.

To attain EQA certification, farmers must be in full compliance with programs that fall under it, which will initially include Start Clean – Stay Clean™ and the Animal Care Program.

Egg farmers in Alberta are well positioned for the launch of EQA, since passing both Start Clean – Stay Clean™ and the Animal Care Program have been mandatory licensing requirements for the past few years. With the introduction of EQA it will be more important than ever that these high standards are maintained.

The EQA program will provide one common national brand for egg farmers to use, displayed on egg cartons across the country. This will provide farmers with a new opportunity to educate consumers about the standards that Canadian egg farmers uphold to care for their hens and ensure safe, quality eggs are available to all Canadians.





HEALTHY FARMS



Producer Environmental Egg Program

In 2018, 21 farmers scored greater than 90% on their Producer Environment Egg Program (PEEP) assessment. This is a huge accomplishment and farmers achieving this score should be proud of their performance. In total, 89% of farmers passed PEEP with a score of greater than 60%, while the average score was 76%.

While these numbers represent a decrease from 2017, it should be noted that it is largely attributable to low scores on the new question EFA added to PEEP in 2018. The new question asked about state-of-the-art energy efficient cooler technologies, namely evaporative fan controls and electronically commutated motors. In 2019, this question will be converted to a stretch element with adjusted scoring that continues to encourage incorporation of new opportunities for energy savings, but does not penalize egg farmers who are managing with existing equipment.

STORY: Energy Assessments and Ventilation Flock Talks

Thanks to funding from Growing Forward 2, from January to March 2018, 3D Energy and Prism Engineering completed energy assessments for 9 existing layer (and pullet) barns. They also completed pre-construction consultations for 5 farmers building new facilities. While each participating farmer received their own personalized report, the findings and recommendations were also compiled in a summary document that was made available to all Alberta egg farmers. One Alberta egg farmer capitalized on the findings of the study to secure investment from Growing Forward 2 to construct a co-generator on their farm, one of the first in western Canada.

Findings from the study were also discussed by farmers at the Flock Talks, "Ventilation: Exchanging Information" held in Edmonton, Calgary, and Lethbridge. The Flock Talks, held in collaboration with Alberta Agriculture and Forestry with funding support from the Canadian Agricultural Partnership (CAP), were well attended by over 50 farmers. Len

Mandel, 3D Energy, and Michael Froese discussed the challenges and tradeoffs of ventilating for bird health and energy conservation in systems with different ages and complexities of equipment.

Farmers in attendance provided the following feedback on the Flock Talks:

- "I've never been in such a trance after attending a meeting...my head was working on ideas and improvements that I can try and do on my own farm"
- "When we looked at barns a lot of people told us the problems they had with misters – everyone gave us negative feedback. Now I understand the proper science behind it and how it might be designed properly to make it work."

Over 65% of attendees said they would be implementing new practices as a result of attending the Flock Talk, while over 90% said they would attend another. Ben Wilson from FarmOn was also in attendance to film the sessions and develop long-standing video resources so all farmers in Alberta can benefit from the learnings and discussion.

Farm Safety

Early in 2018, the technical working groups studying occupational health and safety submitted their recommendations outlining how provincial Occupational Health and Safety (OH&S) legislation could apply to farms. EFA's Farm Safety Committee met with Alberta Labour and subsequently provided written feedback. In addition, the AgCoalition provided consolidated feedback on behalf of its member organizations.

The Government of Alberta announced the new detailed technical rules that reflect the unique aspects of farming. As a result of the extensive consultation with the industry, special provisions related to legacy equipment, front-end loaders, lifting devices, rollover protective structures, fuel transfer, fall protection, seatbelts, riding on loads, noise control, scaffolds, biological hazards, and recapping needles were incorporated. The new rules came into effect on December 1st, 2018.

The newly formed AgSafe Alberta held its first Annual General Meeting, where Jody Wacowich was announced as the Executive Director for the organization. The creation of an industry led safety association is a key milestone for the agriculture industry. EFA continues to support AgSafe Alberta

and had the opportunity to participate in the development of their inaugural strategic plan, which laid out a path for financing the organization, developing governance principles, hiring key staff, and servicing its customers (farmers). EFA mailed out AgSafe QuickStart guides aimed at equipping farmers to manage safety on their farm in the areas of fatigue management, incident management, confined spaces, working at heights, emergency response, and contractor management.

EFA continued to support farmers with the development of Job Task Hazard Assessments (JTHAs) for their operation. The Farm Safety Committee helped to further the strategy around this by bringing forward a process in which EFA Field Coordinators complete the first three job tasks with farmers, and subsequently check if they have completed the rest and implemented hazard controls. Farmers who implemented controls have received a certificate in recognition of their efforts. Since implementing the new process, 53 farmers have received JTHA Certificates.

EFA's Farm Safety Committee met with AgSafe Alberta to further understand their strategic plan for the coming year and to refine EFA's approach to farm safety education on Alberta egg farms. In 2019,

in collaboration with AgSafe Alberta, EFA will be working to develop and implement a risk assessment checklist that supports producers in defending their farm safety practices.



Quota

2018 began with a quota allocation, which saw 124,211 layers distributed in accordance with current EFA policy. Of that total, 10% (12,421) was set aside for the New Entrant Program, and the remaining 111,790 was distributed pro-rata to existing quota holders at a rate of 6.5539%.



Quota Leasing Pool

With the December 31, 2017 quota allocation, the 2018/2019 Quota Leasing Pool (QLP) was run again, so that egg farmers who did not receive 100% of their request initially could reapply. This pool allowed farmers to reduce requests from the pool, so that they were able to place their allocation.

QUOTA INTO THE POOL							
Pool Name	Number of Producers	Total Quota Into The Pool	Quota Set Aside For New Entrants	Grandfathered From Prior Releases	Quota to General Pool	7% Restrictor	General Pool Less 7% Restrictor
2017/2018A	94	264,471	N/A	97,475	166,996	18,589	148,407
2017/2018B	151	101,588	N/A	N/A	101,588	N/A	N/A
2018/2019	98	409,740	40,467	59,868	309,405	N/A	N/A

QUOTA OUT OF THE POOL							
Pool Name	Number of Producers	Total Quota Into The Pool	Quota Set Aside For New Entrants	Grandfathered From Prior Releases	Quota to General Pool	7% Restrictor	General Pool Less 7% Restrictor
2017/2018A	71	311,111	N/A	97,475	213,636	24,450	189,186
2017/2018B	60	58,126	N/A	N/A	58,126	N/A	N/A
2018/2019	73	368,242	44,994	59,868	263,380	N/A	N/A



New Entrant Program

The New Entrant Program that was launched in 2014 is currently on hold. There are 18 new entrants, 4 of which were converted from the MDLP program. EFA is happy to report that all of these new entrants are now in production!

With the December 30th, 2018 quota allocation, there will be 14,566 of quota beyond the amount required to fulfill all commitments to existing new entrants in the form of lease guarantees. EFA will undertake the re-development of the New Entrant Program in 2019.

Specialty Pricing

Specialty Pricing did not get much traction in 2018, and next year EFA will be looking at more of a provincial approach.

Service Fee

EFA has continued discussion with EFC and the provinces promoting their belief that producers should not be responsible for the cost of domestic surplus removal. While there may be parties that agree with this position, there does not seem to be an appetite to consider changes to the Service Fee program in order to address Alberta's concerns. In November, EFC tabled a decision regarding a policy that would pro-rate the amount of quota allocation a province would receive based on the portion of the Service Fee being paid. Thankfully, this decision has been deferred with the suggestion that a facilitated/mediated session be held prior to the February EFC Meeting.

Intensive Livestock Working Group

Food production has changed dramatically in the past 50 years. Mostly, gone are the small mixed farms of 2 sheep, 4 pigs and a half dozen chickens; families moved away from homesteads and relocated to cities. As such, farms increased in size and livestock production became intensive. With larger farms and growth of the urban-rural divide, there came a need to form a group representing farmer interests, which led to the creation of the Intensive Livestock Working Group. The ILWG consists of commodity groups like Alberta Milk, Alberta Beef, and Alberta Chicken. Herein, diverse ILWG commodity stakeholders find common ground, shared agricultural positions, and solutions to agricultural issues in Alberta.

In the last year, ILWG commodity group members have spearheaded talks with the Alberta Veterinary Association and the Government of Alberta, regarding legislation administering new pharmaceutical dispensing and usage laws. Moreover, the ILWG has engaged local governments about "exclusion zone" policies, whereby counties seek to limit farm expansion and new farm establishment. Both approaches have been tough conversations that require forward thinking, competence, and old-fashioned grit. Yet, with a consensus-based model and speaking with one shared voice, the ILWG has moved forward EFA and Alberta farm interests. Association with the ILWG will help EFA and other farming groups continue to provide input and to help decide competing land and water use issues in Alberta.

AEPA

AEPA is a small acronym, yet the Agri-Environmental Partnership of Alberta is an indispensable agricultural organization. Meeting almost a half-dozen times a year, AEPA provides EFA and the feather boards a forum to engage with other commodity groups like Alberta Milk, Alberta Barley and Alberta Cattle Feeders. During these meetings, AEPA is presented with topics such as Agriculture Water Futures Projects, Land-use -- Social, Environmental, and Economic Decision Support System, and Exploring Alberta's Climate and Weather: 1884 to Present.

These strategic environmental and agriculturally relevant subjects stimulate intelligent conversations between the groups and the government. Usually, EFA and the other AEPA members are then able to co-ordinate shared agricultural statements to the governmental staff, managers, and Ministers who regularly attend these important meetings. AEPA provides EFA with a front channel to speak with staff and Ministers of the provincial government. This means that EFA continues to enjoy high level and meaningful input into Alberta Agriculture and Forestry policies.

As stated in years previous, the Agri-Environmental Partnership of Alberta is a key provincial organization. EFA membership in AEPA continues to be of great strategic benefit, as the EFA Board continues to plan and navigate toward a complex future.



HEALTHY COMMUNITIES



Event Marketing

EFA participated in major agricultural events across the province, helping to bring the egg farm to the city, including an inaugural visit to Medicine Hat. Egg Ambassadors cared for laying hens and engaged students and the public at Aggie Days (Calgary), Aggie Days Lethbridge, the Calgary Stampede, Amazing Agriculture (Edmonton), and the Medicine Hat Stampede.

Public events are a highly efficient way to engage with many Albertans, giving them an opportunity to meet a genuine egg farmer who provides them with fresh, local food. Egg Ambassadors do a fantastic job answering questions and sharing their stories about caring for hens and producing nutritious eggs.



In-Store Appearances

Building on a series of highly successful in-store appearances at grocery stores last year, Egg Ambassadors were once again on-hand to engage consumers in grocery stores in August, September and October. The last round of in-store appearances was part of a national World Egg Day initiative organized by Egg Farmers of Canada, which saw egg farmers from every province visit more than 60 grocery stores across the country.

Consumers appreciate the unexpected opportunity to talk with a real egg farmer and ask questions about eggs and egg farming. An increasing number of Canadians want to make a personal connection with the people that provide the food they feed their families, so having Egg Ambassadors in grocery stores to make personal connections is an effective way of building public trust.



Farm Tours

While major agricultural events are our way of bringing the farm to the city, nothing is more effective at making a positive and memorable impression on people as a tour of an authentic egg barn. EFA hosted 5 farm tours in 2018, welcoming reporters, bloggers, students, consumers, industry stakeholders and government representatives onto local Alberta egg farmers. The Egg Ambassadors were passionate and informative tour guides, and each of the farms were extremely gracious hosts!

The first tour was also the launch party for the Crack'd YYC food truck in the spring, with Chef Jordon Henkel, which was arranged in partnership with AdFarm. Several food writers, journalists and bloggers were in attendance, along with the entire EFA Board. Another similar tour was

hosted on a different farm in the summer, for another group of Calgary-area food writers/bloggers. Both tours were a great opportunity to showcase the gate-to-plate journey of the egg, by touring an egg farm and then enjoying a variety of delicious samples that Chef Jordon prepared on-site.

For the first time, EFA offered a farm tour to a small group of Alberta consumers, when two families were selected through a contest run on our social media platforms. Only one of the winning families was able to show up on the day of the tour, but the mother and her three sons enjoyed their tour and asked lots of questions about eggs and egg farming, since they enjoy learning about where their food comes from. The mother also happened to be a dietitian, who enjoyed getting straight facts directly from a genuine egg farmer, so she could share truthful information with her clients. A story about this tour and the winning family's experience was featured in The Western Producer.

The last two tours were with groups of students who were learning about agriculture and the Alberta egg industry. Any chance to provide a first-hand experience on an authentic, functioning egg farm, is a great learning opportunity for students, especially when some of them could become key industry stakeholders in the future.

Digital Marketing

The digital world is a big part of marketing and EFA continues to make it a priority to engage with broader audiences on multiple platforms, to promote local eggs and egg farmers.

Website

EFA's website (eggs.ab.ca) continues to be the primary hub for all online activity. In 2018, there were more than 240,000 users visiting the EFA website (+54% over 2017) and 357,000 pages viewed (+35% over 2017). The website features important information about the egg industry, farming, and nutrition. A key draw continues to be EFA's expanding collection of delicious egg inspired recipes.

New recipe videos that showcase step-by-step how the dish is made were added to the website. These recipe videos are always trending on the internet and are growing in popularity. Cherilee Day, a new egg producer in Alberta was added to the farmer profiles.

Social Media

EFA continued to increase activity and engagement on social media by monitoring trends and running multiple social media campaigns to increase awareness for the EFA brand.

On Facebook, EFA's average page engagement was over 2,500 views per day and had over 43,000 daily post impressions. On Twitter, EFA's tweets generated over 117,000 impressions and elicited on average 1.5% engagement, while EFA was mentioned over 160 times. EFA launched Instagram last year and has over 330 followers and increasing steadily by utilizing Instagram's "story" option. Pinterest has on average 320 monthly viewers, which drives traffic back to the EFA website through recipes and egg nutrition facts. EFA worked with two influencers in Alberta using Instagram, Facebook and their personal blogs to promote the local egg story.

Advertising Campaign

This year, EFA ran an extensive six-month campaign with NewAd. EFA's ad was promoted in print and on digital boards across Alberta in Resto Bars, Arenas and on Campus'. The campaign promoted local, healthy eggs without the use of steroids and hormones and with no added antibiotics. The locations get on average around 6,200,000 impressions.

Classroom Agriculture Program

The Classroom Agriculture Program (CAP) continues to be highly successful in terms of engaging students across the province and providing quality agricultural education. CAP was established in 1985 and is endorsed by both the Minister of Education and the Minister of Agriculture and Forestry. CAP's vision and mission statements were updated over the past year. CAP's vision is "Alberta students will understand where their food comes from and how it was produced, appreciate the abundance of fresh, local food, and pursue future careers in agriculture", while CAP's mission is "to provide Alberta students with quality, comprehensive agricultural learning experiences, aligned with the Alberta Program of Studies. For the 2017-2018 school year, CAP presentations were made to over 23,000 grade-4 students in more than 560 schools.

Poultry Research Centre (PRC)

In May, EFA staff and members of the Research Committee attended the Prairie Poultry meeting hosted at the PRC. The meeting, which placed an emphasis on giving students an opportunity to present their work, included research from both the University of Alberta and University of Saskatchewan.

The PRC also hosted "Exploring Poultry Research and Collaboration" in August. The goal of the meeting was to bring together the poultry industry and researchers from across

the province to engage in discussion on industry challenges and opportunities.

Throughout 2018, EFA was involved in discussions to modernize the structure and framework for industry support of the PRC. The budget was updated to specifically allocate funding toward key priorities as per the Strategic Plan, and to allow the PRC to leverage the funds that are committed by the industry.

Taste Alberta

Taste Alberta continues to promote local food and local producers, by hosting and sponsoring a variety of popular foodie events and tours. Taste Alberta (TA) is involved in a variety of events across Alberta, involving local chefs and food influencers. The highlight in 2018 was Christmas in November, the fourth year in a row that EFA sponsored a breakfast and the fireside chat. This year was an iconic year for Christmas in November, marking it their 30th year! Susan Schafers and Angie Lang attended the event to represent the egg industry, alongside other provincial industry groups and TA sponsored chef, Chef Corbin Tomaszewski, a born and raised Albertan who currently lives in Toronto.

Food Truck

EFA was thrilled to partner with Chef Jordon Henkel to launch Crack'd YYC, Calgary's first egg-themed food truck. In addition to being a talented chef who effortlessly demonstrates the versatility of eggs in a variety of mouthwatering dishes, Jordon quickly became an effective Egg Ambassador, helping EFA bridge the gap between the farm and consumers. Whether it was on the streets of downtown Calgary or at one of several EFA farm tours and events, Chef Jordon passionately served up facts about eggs and egg farming, as a side for his delicious food.

EFA, along with AdFarm, were proud to win 2 CAMA (Canadian Agri-Marketing Association) Awards, related to the launch of the Crack'd

YYC food truck, as a direct-to-consumer public relations campaign. EFA were winners in one category and received the certificate of merit (runners up) in the second category. Thanks to AdFarm and Chef Jordon, for helping to make the food truck a successful, award-winning venture!



Government Relations

EFA continued to work collaboratively with the other four supply managed commodities as the Alberta SM5, to collectively engage in government relations efforts to support the uniquely Canadian system of supply management, which was in the spotlight as Canada concluded negotiations on multiple international trade agreements. The SM5 sponsored the Premier's breakfast events in Calgary and Edmonton, hosted a reception for MLAs from every provincial party, arranged meetings with several MLAs and MPs, and participated in a variety of government and industry roundtables, consultations and working groups. Susan Schafers – EFA's Vice Chair – was appointed as the co-chair of the newly created Alberta Local Food Council, by the Honourable Oneil Carlier, Minister of Agriculture and Forestry.



Trade Update

Canada completed 2 international trade agreements in 2018, which will result in an erosion of the supply management system and greater access to the domestic egg market. Once these new agreements are fully implemented and combined with the existing access granted under the World Trade Organization (WTO), market access will total 51.4 million dozen eggs, which represents 7% of current total domestic production.

The Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) was agreed upon January 23rd and signed on March 8th. The deal involves 11 countries and grants additional access of 16.7 million dozen eggs immediately, which will increase annually

up to 19 million dozen eggs after 18 years. The industry is hopeful that most of this new access will be diverted for processing.

The Canada United States Mexico Agreement (CUSMA) was agreed upon September 30th and signed on November 30th. The deal that was originally referred to as the USMCA (United States Mexico Canada Agreement) will replace NAFTA (North American Free Trade Agreement) and grants additional access of 11.05 million dozen eggs after a 16-year phase-in.



Social Responsibility

EFA is proud to continue supporting both Food Banks Alberta (FBA) and Breakfast Club of Canada (BCC), through a combination of monetary donations, egg donations, and volunteerism. EFA donated \$15,000 worth of eggs to FBA, in cooperation with Sparks Eggs, to provide high-quality protein to a growing number of families in need throughout the province. EFA donated \$15,000 worth of eggs and assistance to BCC, to help ensure more students were able to start their school day with a hot, nutritious breakfast. EFA Directors and staff have become more involved with both partnerships, volunteering at a couple local schools and visiting a local food bank. EFA also partnered with Burnbrae Farms for a pilot project to help provide eggs to even more schools and students in need.



EFA 50th Anniversary

Throughout 2018 EFA celebrated its 50th anniversary, starting at our AGM and culminating with a barbecue at the Wild Wild West Event Centre with a few hundred of our closest friends – egg farmers, value chain partners, and a variety of industry stakeholders from Alberta and across Canada. It was a tremendous opportunity to reminisce on the past 50 years and look ahead to the next 50 years, for the amazing industry we are so proud to be a part of. It was wonderful day with good friends, good

food, and good fun. EFA was privileged to welcome the Honourable Oneil Carlier, Minister of Agriculture and Forestry, who shared his perspective on the momentous occasion and his continued support for both the egg industry and supply management.

As Beatrice Visser – EFA's Chair – said in her speech at our 50th anniversary celebration, though our name may have changed over the past half century, the organization's core reason for being remains unchanged, as does EFA's commitment to building a successful and sustainable provincial egg industry. All that Egg Farmers of Alberta has achieved over the past 50 years is thanks to the dedicated and passionate engagement of so many people throughout the Alberta egg industry; our success is truly your success!



EFC Summer Meeting

EFA was proud to host the 2018 Canadian Egg Farmers Summer Conference this past summer. Over 200 egg farmers and their families, and industry spokespeople from across the country attended the conference. The first day was highlighted by an engaging and interactive session about the long-term sustainability of the Canadian egg industry, including a facilitated egg industry stakeholder panel discussion. Attendees had the chance to experience all that the Calgary Stampede has to offer, by attending the GMC Rangeland Derby and Evening Show. The second day featured an open EFC Board of Directors meeting, as well as the Be Part of the Energy banquet.

All the feedback we heard was incredibly positive, and EFA would like to thank all our partners and sponsors for making the summer meeting such an overwhelming success!



Regulatory Review

All marketing boards and commissions operating under the Marketing of Agricultural Products Act are subject to a mandatory review of the regulations for their respective organization every five years. A review of the Egg Farmers of Alberta regulations and any amendments need to be completed by September 1, 2019th.

In 2018, EFA began the review process in the hopes that we are able to complete this project before the end of 2018, however it looks like it will be the summer before this is completed. As a reminder, the following items are what the Board members have approved and are working through regulation drafting instructions with Marketing Council:

- Changes to the definition of family member related to Director eligibility
- Updating the quota allotment provisions to combine base and over base quota
- Reducing the amount of quota any one producer can hold from 7% to 5% of the total provincial allotment
- Revisions to allow for the establishment of a quota exchange

- Administrative amendments to reflect the new privacy legislation
- Administrative amendments to clarify quorum of the Board



Board Governance

At the February AGM, Peter Waldner and Bernadette Vandeborn were elected to the Egg Farmers of Alberta Board of Directors. Peter had been serving for nearly a year, after being appointed as a replacement Director by the Board in April, 2017. Both Directors were elected for their first 3-year term.

Beatrice Visser was elected Chair and EFC Alternate, Susan Schafers was elected Vice-Chair, and Joe Kleinsasser continued to serve as EFC Director.



Human Resources

In 2018 there weren't any staff changes, which helped to bring cohesiveness to our team. Christina was back in the office full time again in early 2018. We missed seeing her smile every day.

We had some team building events that helped bond our team. The highlight was

spending a morning at the Calgary Zoo having breakfast with the pandas, followed by scavenger hunt competition while dressed in panda costumes. We also had a lovely Thanksgiving potluck where the meal highlight was the turkey (lovingly donated from Keho Colony) and a Peanut Butter Pie.



Office Efficiency

In 2018, EFA built upon the IT foundation that was established in 2017. A new software system that tracks egg quota was installed, along with a customer relationship management system. EFA also replaced its aging file server system and staff are already starting to realize the benefits.



#101 90 FREEPORT BLVD NE
CALGARY, AB T3J 5J9

PHONE: 403.250.1197

TOLL FREE: 1.877.302.2344

FAX: 403.291.9216

EMAIL: INFO@EGGS.AB.CA

WEB: WWW.EGGS.AB.CA



Financial statements of Egg Farmers of Alberta

December 29, 2018

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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 29, 2018, and the statements of operations, changes in unrestricted net assets and cash flows for the fifty-two 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 29, 2018, and the results of its operations and its cash flows for the fifty-two 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 the Organization 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.

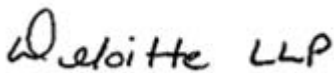
Auditor's Responsibilities for the Audit of the Financial Statements

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.

A handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants
February 8, 2019

Egg Farmers of Alberta

Statement of operations and changes in unrestricted net assets

52-week period ended December 29, 2018

		December 29, 2018	December 30, 2017
	Notes	\$	\$
		(52 weeks)	(52 weeks)
Revenue			
Levy		20,601,985	21,365,811
Interest		315,064	277,985
Grant	8	235,359	143,957
Industrial product program	Schedule 2	25,141,209	23,175,525
Research levy and grant	Schedule 3	160,627	58,204
Over base quota fund	Schedule 4	356,383	191,047
Service fee fund	Schedule 5	1,434,525	1,338,422
Other income		23,720	19,262
Amortization of deferred capital contributions	9	5,411	5,411
Gain on sale of investments		6,112	53,086
		48,280,395	46,628,710
Expenses			
Administrative	Schedule 1	2,744,297	2,514,761
Other expenses		326,783	—
Egg Farmers of Canada levy		18,192,530	19,099,037
Grant projects	5, 8 and 9	240,769	149,367
Industrial product program	Schedule 2	24,833,990	21,719,305
Research project disbursements	Schedule 3	160,627	90,863
Over base quota fund	Schedule 4	263,625	237,731
Service fee fund	Schedule 5	871,090	1,388,887
Unrealized loss (gain) on investments		421,279	(119,659)
		48,054,990	45,080,292
Excess of revenue over expenses		225,405	1,548,418
Internal transfer to industrial product program	Schedule 2	(307,219)	(1,456,220)
Internal transfer from research fund	Schedule 3	—	32,659
Internal transfer (to) from over base quota fund	Schedule 4	(92,758)	46,684
Internal transfer (to) from service fee fund	Schedule 5	(563,435)	50,465
Unrestricted net assets, beginning of period		3,391,698	3,169,692
Unrestricted net assets, end of period		2,653,691	3,391,698

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

Egg Farmers of Alberta
Statement of financial position
As at December 29, 2018

	Notes	December 29, 2018	December 30, 2017
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		790,128	455,237
Accounts receivable	4	1,592,670	1,422,863
Prepaid expenses		91,370	117,306
		2,474,168	1,995,406
Long-term investments	3	7,758,870	8,258,959
Tangible capital assets	5	1,107,347	1,152,747
Intangible asset	6	5,112	5,112
		11,345,497	11,412,224
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		1,254,498	1,384,210
Government remittances payable		101,618	18,022
Due to Egg Farmers of Canada	7	701,896	2,681,360
Deferred contributions	8	6,955	49,054
		2,064,967	4,132,646
Deferred contributions related to tangible capital assets	9	16,231	21,642
		2,081,198	4,154,288
Net assets			
Unrestricted net assets		2,653,691	3,391,698
Industrial product program	Schedule 2	3,298,155	2,990,936
Research fund	Schedule 3	250,000	250,000
Over base quota fund	Schedule 4	717,380	624,622
Service fee fund	Schedule 5	2,345,073	680
		9,264,299	7,257,936
		11,345,497	11,412,224

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

52-week period ended December 29, 2018

	Notes	December 29, 2018 \$ (52 weeks)	December 30, 2017 \$ (52 weeks)
Operating activities			
Excess of revenue over expenses		225,405	1,548,418
Items not affecting cash			
Amortization of tangible capital assets		163,159	120,946
Gain on sale of tangible capital assets		—	(7,619)
Amortization of deferred contributions related to tangible capital assets		5,411	5,411
Gain on sale of investments		(6,112)	(53,086)
Unrealized loss (gain) on investments		421,279	(119,659)
Other non-cash adjusting items	7	1,780,958	—
		2,590,100	1,494,411
Changes in non-cash working capital			
Accounts receivable		(169,807)	(260,937)
Government remittances recoverable		—	70,366
Prepaid expenses		25,936	20,600
Accounts payable and accrued liabilities		(129,712)	86,909
Government remittances payable		83,596	18,022
Due to Egg Farmers of Canada		(1,979,464)	822,111
Deferred contributions		(42,099)	(90,555)
Deferred contributions related to tangible capital assets		(5,411)	21,642
		373,139	2,182,569
Investing activities			
Purchase of tangible capital assets		(123,170)	(147,528)
Proceeds from sale of tangible capital assets		—	7,619
Proceeds on sale of long-term investments		2,200,862	1,159,010
Purchase of long-term investments		(2,115,940)	(2,945,421)
		(38,248)	(1,926,320)
Net increase in cash and cash equivalents		334,891	256,249
Cash and cash equivalents, beginning of period		455,237	198,988
Cash and cash equivalents, end of period		790,128	455,237

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

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 consists 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)

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.

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 29, 2018	December 30, 2017
	\$	\$
Equity investments	7,758,870	8,258,959

The equity investments are recorded at fair market value.

3. Investments (continued)

Investment policy

EFA has initiated an investment policy that RBC Wealth Management 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):

	Target %	Current %
Short-term investments	1-15	4
Fixed income investments	50-80	64
Equity investments	20-40	32
Country of exposure		
Canada	85	76
U.S.	10	12
International	5	12

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 while the Canada investments are lower. 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 29, 2018 \$	December 30, 2017 \$
Egg Farmers of Canada	1,572,140	1,320,268
Grant receivable	1,399	27,428
Other	19,131	75,167
	1,592,670	1,422,863

5. Tangible capital assets

	December 29, 2018		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	168,000	—	168,000
Building	902,214	382,591	519,623
Automobiles	76,057	49,099	26,958
Promotional display	59,464	23,329	36,135
Office equipment	305,448	279,696	25,752
Office improvements	548,803	272,854	275,949
Software	68,662	13,732	54,930
	2,128,648	1,021,301	1,107,347

	December 30, 2017		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	168,000	—	168,000
Building	902,214	346,503	555,711
Automobiles	76,057	29,906	46,151
Promotional display	57,184	11,437	45,747
Office equipment	258,614	219,473	39,141
Office improvements	543,410	245,413	297,997
Software	19,553	19,553	—
	2,025,032	872,285	1,152,747

Total amortization for the 52-week period ended December 29, 2018 was \$168,570 (\$126,357 in 52-week period ended December 30, 2017), of which \$6,482 (\$6,026 in December 30, 2017) was included in advertising and product promotion, \$19,193 (\$19,192 in December 30, 2017) was included in travel, \$37,000 (\$nil in December 30, 2017) included in other expenses and \$5,411 (\$5,411 in December 30, 2017) was included in grant project expenses.

6. Intangible asset

	December 29, 2018	December 30, 2017
	\$	\$
Trademarks	5,112	5,112

7. Due to Egg Farmers of Canada

The total due to Egg Farmers of Canada ("EFC") for the 52-week period ended December 29, 2018 is \$701,896 (\$2,681,360 for the 52-week period ended December 30, 2017).

The total Service fee for the 52-week period ended December 29, 2018 was \$1,434,525 (\$1,338,422 for the 52-week period ended December 30, 2017), and EFA voluntarily paid \$871,090 of that amount to EFC (\$828,629 for the 52-week period ended December 30, 2017). \$1,780,958 relating to the prior year has been recorded in the Service Fee Fund for the current 52-week period ended December 29, 2018. The funds will be held by EFA until there is further direction from the Board of Directors on the specific use of these funds.

8. Deferred contributions

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

	December 29, 2018	December 30, 2017
	\$	\$
	(52 weeks)	(52 weeks)
Deferred contributions, beginning of period	49,054	139,609
Grants received	191,861	25,974
Grants receivable (Note 4)	1,399	27,428
Less: amounts amortized to revenue	(235,359)	(143,957)
Deferred contributions, end of period	6,955	49,054

Grants receivable relates to \$1,399 (\$27,428 in December 30, 2017) of expenses incurred and grant revenue earned by EFA in 2018, but for which funds had not yet been received at period-end.

9. Deferred contributions related to tangible capital assets

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

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

	December 29, 2018	December 30, 2017
	\$	\$
	(52 weeks)	(52 weeks)
Deferred contributions related to tangible capital assets, beginning of period	21,642	—
Grants received	—	27,053
Less: amortization - current period	(5,411)	(5,411)
Deferred contributions related to tangible capital assets, end of period	16,231	21,642

10. 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 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 1 – Schedule of administrative expenses**

52-week period ended December 29, 2018

	Notes	December 29, 2018	December 30, 2017
		\$	\$
		(52 weeks)	(52 weeks)
Advertising and product promotion	5	296,307	369,460
Amortization	5	100,484	95,728
Board governance		40,740	32,240
Building operations		49,093	44,225
Directors' and committee allowances		203,487	178,544
Employee benefits		178,353	152,803
Insurance		13,594	15,088
Meetings		62,718	58,486
Memberships		17,490	16,986
Office and printing		118,533	135,725
Postage		9,369	8,594
Professional fees		211,621	132,904
Salaries		993,663	889,227
SE testing kits and diagnostic services		106,022	90,696
Telecommunications		10,728	10,870
Travel	5	332,095	283,185
		2,744,297	2,514,761

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

52-week period ended December 29, 2018

	December 29, 2018	December 30, 2017
	\$	\$
	(52 weeks)	(52 weeks)
Industrial product program, beginning of period	2,990,936	1,534,716
Add		
Egg sales	23,700,319	20,163,486
Levy revenue	1,440,890	3,012,039
	25,141,209	23,175,525
Less		
Egg purchases	24,827,297	21,723,493
Levy over (short)	6,693	(4,188)
	24,833,990	21,719,305
Net change in program during the period and amount internally transferred from unrestricted net assets	307,219	1,456,220
Industrial product program, end of period	3,298,155	2,990,936

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**

52-week period ended December 29, 2018

	December 29, 2018	December 30, 2017
	\$	\$
	(52 weeks)	(52 weeks)
Research fund, beginning of period	250,000	282,659
Add		
Transfer from overbase quota fund	160,627	58,204
Less		
Disbursements to research projects	160,627	90,863
Net change in fund during the period and amount internally transferred to unrestricted net assets	—	(32,659)
Research fund, end of period	250,000	250,000

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 – over base quota fund**

52-week period ended December 29, 2018

	December 29, 2018	December 30, 2017
	\$	\$
	(52 weeks)	(52 weeks)
Over base quota fund, beginning of period	624,622	671,306
Add		
Over base quota user fee revenue	356,383	191,047
Less		
Disbursements	263,625	237,731
Net change in fund during the period and amount internally transferred from (to) unrestricted net assets	92,758	(46,684)
Over base quota fund, end of period	717,380	624,622

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.

Egg Farmers of Alberta

Schedule 5 – Schedule of internal restrictions – service fee fund

52-week period ended December 29, 2018

		December 29, 2018	December 30, 2017
		\$	\$
	Note	(52 weeks)	(52 weeks)
Service fee fund, beginning of period		680	51,145
Add			
Levy revenue	7	1,434,525	1,338,422
Less			
Disbursements to Egg Farmers of Canada	7	871,090	828,629
Amount due to Egg Farmers of Canada		—	560,258
		871,090	1,388,887
Net change in fund during the period and amount internally transferred from (to) unrestricted net assets		563,435	(50,465)
Adjustment to due to Egg Farmers of Canada	7	1,780,958	—
Service fee fund, end of period		2,345,073	680

The service fee fund relates to quota allotted from EFC since 2014. EFC sets a fee annually that EFA collects in the levy.

Payments are made on a voluntary basis to EFC annually.