Ontario Pork



Corporate Profile 2015



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MESSAGE FROM THE CHAIR

This is an era of change and accountability for Ontario pork producers.

Now more than ever we are facing societal pressures, changes to environmental policies and herd health issues. Consumers want to better understand where their food comes from and how animals are raised. Retailers are adopting responsible procurement processes. Policymakers want to see adherence to sustainable agricultural practices.

During our strategic planning session in 2014 the Ontario Pork board recognized that we needed to address societal concerns, and demonstrate how modern pork production offers innovative and economically viable opportunities for producers, consumers, policymakers and other stakeholders. In 2015 we developed our *Social Responsibility Report*, making it the first livestock commodity group in the province to commit to setting benchmarks in areas that measure economic, environmental, social and governance performance based on global measurement standards. More importantly, pork producers are firmly committed to socially responsible practices achieved through education, greater dialogue and increased transparency.

Developing a social responsibility report requires self-reflection, strong metrics and establishing a course of continuous improvement. By measuring progress toward specific targets and goals, our industry is showing its commitment to doing the right thing and building strong relationships throughout the entire value chain. Over the next three years, Ontario Pork will work to achieve the commitments it has set in the areas of farm management, economic performance, environmental stewardship, animal care and food safety, relationships with the community and workers' well-being.

The last few years have seen our industry come together like never before, showing support and strength through challenges stemming from our experiences with porcine epidemic diarrhea (PED) and other emerging diseases. We want to build on these strengths and provide improved co-ordination, communication and a long-term strategy for swine health management. Led by Ontario Pork and

the Ontario Pork Industry Council, a new course has been set to improve and better co-ordinate the swine industry's capacity to prevent, prepare for and respond to serious threats to swine health in Ontario. The creation of an independent swine health leadership team called Swine Health Ontario will ensure swine health efforts are co-ordinated and aligned with a long-term proactive responsive strategy.

Over this past year, Ontario Pork launched an ambitious series of advocacy and outreach activities on behalf of and benefiting our producers. We have had extensive engagement with the minister of agriculture, food and rural affairs to address agriculture policy issues that affect our sector. Through our collaborative efforts with the Ontario Agriculture Sustainability Coalition, we are advocating to have the present cap on the Risk Management Program increased. Under the Ministry's agri-food growth profile, a growth steering committee was established bringing together industry, government leaders and others with expertise. Seven recommendations were made that will help foster economic growth in agriculture across the value chain in Ontario. Moving forward we will continue to represent our producers' interests with regard to regulatory changes in the areas of climate change and Great Lakes water quality. We will ensure our stakeholders are kept apprised of important updates and changes with the potential to affect their businesses.

Both resilient and resolute, pork producers are excited about the future and the emergence of new markets as we continue to embrace innovation in farm management practices, environmental stewardship, animal care and food safety. We are proud to be an important part of the value chain in producing healthy and nutritious pork products for Ontario and the world.

Amy Cronin



MESSAGE FROM THE GENERAL MANAGER

Ontario Pork is recognized as a leader with the capacity to work with industry and government to improve our sector and find solutions to problems through science-based education, research and programs. Over this last year we have taken a number of steps to align our business operations with the board's three-year strategic plan with an emphasis on building strong relationships within the entire value chain; improving visibility and the reputation of Ontario's pork producers and pork products; and developing more effective barriers to control animal diseases.

Our brand and reputation: Managing societal pressures is a growing business necessity that needs to continuously respond in an ever-changing world. Our new branding label has been very successful and reflects consumers' commitment to buying local fresh pork from family farms. We stand behind our brand and want to tell our farming story. Through our new *Social Responsibility Report*, Ontario Pork is engaging the sector in a journey of continuous improvement through a set of commitments within six dimensions:

- Farm Management we are committed to designing training programs that will provide information and resources to pork producers on the Occupational Health and Safety Act.
- 2. **Economic Performance** we are committed to investigating and developing programs aimed at informing producers on different risk mitigation options.
- 3. **Environmental Stewardship** we are committed to promoting the 4 R nutrient stewardship philosophy and promoting the use of water meters on farm.
- Animal Care and Food Safety we are committed to collaborating with stakeholders to track, monitor and develop solutions to promote responsible use of antimicrobials.
- 5. **Relationship with the community** we are committed to supporting the food bank.
- Workers' Well-Being we are committed to working with the Ontario Pork Industry Council (OPIC) on human resource initiatives.

Risk mitigation: Broadening the scope of production insurance beyond crops through the passing of Bill 40 is an important step in fostering a positive business

environment, and allows greater equity between protection for crops and livestock. Ontario Pork has been working with the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) and Agriculture and Agri-Food Canada to develop a provincial framework for a mortality insurance program.

Ontario Pork, in partnership with members of the Ontario Agriculture Sustainability Coalition (OASC), worked to develop an economic impact study to show the value of the Risk Management Program (RMP) to Ontario farmers. The study demonstrated that every dollar put into the program provides \$2.24 return on investment for the province. We continue to work with OMAFRA to strengthen business risk management programs to ensure they are meeting the needs of Ontario's pork farmers.

Animal health: When porcine epidemic diarrhea entered Ontario two years ago, it stressed the importance of animal health and biosecurity. Today, we see the entire value chain working together–processors are installing chutes at loading docks and surveillance at plants, farms and on trucks has become routine. The development of Swine Health Ontario further illustrates this collaboration in preparing for any future animal health issues and improving communication between stakeholders.

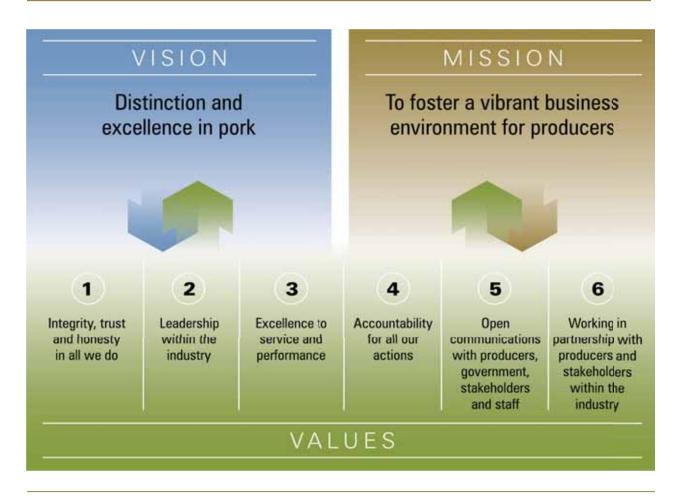
Transportation: In our business value chain, transportation continues to be an important component in the farm-to-fork story. Upcoming changes in federal transportation regulations and public trust concerns have warranted a closer look at managing this relationship. In 2016, Ontario Pork will review current processes and building a long-term strategy for a responsible and productive partnership.

Whether it be through on-farm programs, consumer marketing and education, research, government advocacy or environmental resource management, Ontario Pork is working collaboratively with our network of industry partners to achieve outcomes that will benefit our pork producers. As we move toward a future of ever more demands, we will continue to improve our programs and services through accountable and transparent practices so they meet the increasing requirements of our customers.

K-284-

Ken Ovington

ABOUT ONTARIO PORK



2015-2016 Board of Directors



Amy Cronin (Chair)



Eric Schwindt (Vice-Chair)



Doug Ahrens





John de Bruyn



Oliver Haan



Arno Schober



Teresa Van Raay



Bill Wymenga

Senior Staff Leaders



Ken Ovington, **General Manager**



Neil Harper, Manager Information Systems



Mary Jane Quinn, Manager **Communications and Consumer Marketing**



Jim Weir, Manager Finance and Administration



Patrick O'Neil, Manager Ontario Pork **Marketing Division**

ONTARIO'S FOUR PORK-PRODUCING ZONES



Under the Farm Products Marketing Act of Ontario regulations, the province is divided into four pork-producing zones. Within the zones are 27 local pork associations. The associations are the foundation of Ontario Pork. They are important for organizing and hosting local activities and events, promoting and lobbying on behalf of themselves and the industry. Each association is unique and sets its own direction, priorities and focus.

Each association elects delegates to represent it. The number of delegates per association is calculated by Ontario Pork, based on a formula, and allows a minimum of one elected representative per association. There are currently 106 delegates in the province. Board members are elected by the association delegates within each zone as per the table below.

ZONE	GEOGRAPHIC AREA	DIRECTORS PER ZONE	DIRECTORS
1	Chatham-Kent, Elgin, Essex, Huron, Lambton and Middlesex	3	Amy Cronin (Chair) Teresa Van Raay Bill Wymenga
2	Brant, Haldimand, Hamilton, Niagara, Norfolk, Oxford, Perth and Waterloo	3	Eric Schwindt (Vice-Chair) Doug Ahrens John de Bruyn
3	Algoma, Bruce, Cochrane, Dufferin, Grey, Halton, Kenora, Manitoulin, Muskoka, Nipissing, Parry Sound, Peel, Rainy River, Simcoe, Sudbury, Thunder Bay, Timiskaming, Toronto, Wellington and York	2	Arno Schober TBD
4	Durham, Frontenac, Haliburton, Hastings, Kawartha Lakes, Lanark, Leeds and Grenville, Lennox and Addington, Northumberland, Ottawa, Peterborough, Prescott and Russell, Prince Edward, Renfrew, and Stormont, Dundas and Glengarry	1	Oliver Haan

COMMITTEES AND LEADERSHIP TRAINING



Risk Management Advisory Group

Role: To provide advice to the board on the design, implementation and effectiveness of the risk management tools including the Risk Management Program (RMP), financial protection, mortality insurance and other tools as required.

Members

Doug Ahrens, Co-chair, board member, pork producer
Bill Wymenga, Co-chair, board member, pork producer
Detmer Boekhorst, pork producer
Rob McDougall, pork producer
Wouter Van Leeuwen, pork producer

Sustainability Advisory Group

Role: To ensure the industry remains competitive and sustainable, and that Ontario pork producers have input into strategy and policy development related to sustainability issues, including animal care, swine health, environment, microbial resistance, and changes to government policy and compliance requirements for the pork industry.

Members

Arno Schober, Co-chair, board member, pork producer
John de Bruyn, Co-chair, board member, pork producer
Mark Dejong, pork producer
Geert Geene, pork producer
James Reesor, pork producer

Value Chain Advisory Group

Role: To provide advice and recommendations to the board on issues related to relationships with customers and industry stakeholders from processing to retail, competitive domestic and international market access, food safety, nutrition, and an improvement of the information flow to ultimately increase the competitiveness, profitability, and sustainable growth for the Ontario pork industry.

Members

Oliver Haan, Co-chair, board member, pork producer Teresa Van Raay, Co-chair, board member, pork producer

Resolutions Committee

Role: To promote and support constructive communication between Ontario Pork's elected board of directors and the broader ownership for all resolutions submitted to Ontario Pork.

Members

Teresa Van Raay, Chair, board member, pork producer Doug Ahrens, board member, pork producer Mark Dejong, pork producer John Sikkens, pork producer John Vanderburgt, pork producer

Research and Development Committee

Role: To make recommendations to the board on expenditures from the research budget that support and achieve the strategic objectives of Ontario Pork.

Members

Arno Schober, Chair, board member, pork producer Tim Blackwell, OMAFRA John de Bruyn, board member, pork producer Rod de Wolde, pork producer Oliver Haan, board member, pork producer Lloyd Holbrook, pork producer John Otten, pork producer

Strategy for Swine Research Infrastructure

Role: To create a strategy for swine research infrastructure in Ontario.

Members

Arno Schober, Chair, board member, pork producer
John de Bruyn, board member, pork producer
Rod de Wolde, pork producer
Laura Eastwood, swine specialist, OMAFRA
Bob Friendship, professor, University of Guelph
Oliver Haan, board member, pork producer
John Otten, pork producer
John Rheaume, Wallenstein Feed and Supply
Eric Schwindt, board member, pork producer
John Van Engelen, pork producer

Leadership Training

This program is designed to help participants develop the capabilities required to respond effectively to the challenges of leading the pork industry in Ontario. The course provides a rich context to develop the skills and knowledge required to become successful industry leaders.

Participants

Chris Cossitt Steve Schlosser

Mark Dejong Jacob Simpson

Eric Hartemink Mike Stein

Craig Hulshof Jolanda Vandenbroek

Justin Muller

ABOUT THE ONTARIO PORK INDUSTRY

The Pork Industry - By the Numbers

In 2014, Ontario's pork industry generated:

billion in gross domestic product (GDP)

billion in economic output

\$3.2 | 20,45

full-time job equivalents

The above accounts for direct, indirect and induced impacts

Some Ontario hog farms are big, some are small, and nearly all (98%) are family owned and operated.

In 2015, 1,369 pork producers in Ontario marketed 5.17 million hogs.

ONTARIO PORK PRODUCERS' PROFILE

LESS THAN HOGS

26.6% of Ontario's pork producers market less than 500 hogs per year

of Ontario's pork producers market between 500 and 3,000 hogs per year **MORE THAN**

of Ontario's pork producers market more than 3,000 hogs per year

ONTARIO PORK IMPORTS/EXPORTS

Hog production is a vital cog in Ontario's agricultural sector and a major contributor to the province's economic growth.

Ontario's pork industry's export markets

According to U.S. Department of Agriculture world consumption statistics, pork is the most popular meat in the world and cost per serving of pork gives one of the best price-to-value ratios of any type of meat.

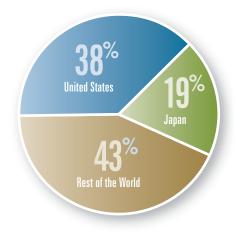
JANUARY–NOVEMBER 2015 ONTARIO TRADE MARKET	IMPORTS	EXPORTS
Metric tonnes	118,192	189,947
*Value in \$	\$714 million	\$533 million

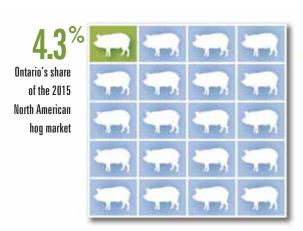
^{*} Higher value (\$/kg) in imports relative to exports because of higher proportion of processed products
Source: Statistics Canada, Agriculture and Agri-Food Canada, Ontario Pork, Ontario Ministry of Agriculture, Food and Rural Affairs,
University of Guelph—Ridgetown Campus

Canada exported pork into 112 markets around the world in the past two years, with the U.S. and Japan leading the way as Ontario's top pork export nations, as of November 2015.

ONTARIO HOG EXPORTS GLOBALLY

SHARE OF NORTH AMERICAN HOG MARKET





SOCIAL RESPONSIBILITY REPORT APPROACH

In a global marketplace where Ontario pork producers are competing with a large number of hog-producing countries, product quality and value remain key success factors. However, new criteria related to the environmental and social attributes of business activities are becoming increasingly important, particularly in the agri-food industry.

The adoption of sound environmental and social practices is becoming a prerequisite for market access, and these expectations are held by various segments of society.

- Consumers have growing expectations of the agri-food industry, and are looking for products that meet high and credible standards attesting to sustainable production.
- Retailers are increasingly adopting additional sustainability strategies and responsible procurement practices, requiring their suppliers to comply with social and environmental specifications.
- Governments are continuously assessing initiatives to help increase the sustainable footprint of agriculture and make the sector as resilient as possible to climate change.

Ontario Pork addresses these expectations in its core business plan, with operating objectives, specific initiatives and reporting mechanisms that will engage the sector in a social responsibility journey to demonstrate pork producers' commitment to sustainable farming.

This first Social Responsibility Report sets the baseline of this journey and will allow Ontario Pork to monitor the improvements of the sector over time. The organization plans to collect further data to continue to refine its approach, while constantly assessing new trends and best practices.

While Ontario Pork is committed to improving its social responsibility performance, some areas fall outside its direct influence (e.g. transportation), where the active engagement of its business partners is required. In this context, Ontario Pork is eager to work collaboratively with all members of the value chain and other stakeholders – such as government agencies – to work toward even more sustainable pork production in Ontario.







Scope of the Report

The social responsibility approach of Ontario Pork is based on six dimensions, which define the scope of the report and outline the sector's sustainability journey. They are based on internationally recognized methodologies and standards, including the Global

Reporting Initiative (GRI) and the Food and Agriculture Organization of the United Nations' Sustainability Assessment of Food and Agriculture Systems (SAFA) guidelines.

FARM MANAGEMENT

Responsible farm management addresses all aspects — economic, social and environmental — of social responsibility for Ontario pork producers. It requires complying with regulations, adhering to the industry's voluntary standards, and continuously looking for improvements through the adoption of best management practices based on scientific principles.

ECONOMIC PERFORMANCE

Financial profitability is the primary purpose of all businesses, and the lever by which the farm will be able to fulfill its roles and responsibilities as a responsible corporate citizen. Profitability may be achieved through sound financial planning and a strong risk management strategy.

ENVIRONMENTAL STEWARDSHIP

Ontario pork producers are stewards of the land. This involves preserving ecosystems and resources, such as soil and water, minimizing negative environmental impacts of their activities through the implementation of beneficial agricultural practices. From barn to field operations, pork producers can help to reduce environmental impacts on their farms.

ANIMAL CARE AND FOOD SAFETY

Together with food safety, animal care is increasingly scrutinized in the agrifood sector, especially at the production level. In this context the pork producer's primary goal is to maintain high husbandry standards while remaining competitive. This requires adopting the high standards set by the industry and government agencies on issues including animal care, biosecurity and antibiotic use.

RELATIONSHIPS WITH THE COMMUNITY

Good community relations enable a farm to contribute to the social acceptability of its activities and strengthen its presence in the community. Such relationships can take the form of a dialogue with local stakeholders. Community relations also pertain to actions that make a positive contribution to the social fabric.

WORKERS' WELL-BEING

Workers' well-being relates to all aspects that influence recruitment and retention through attractive working conditions. Providing competitive working conditions, maintaining fair labour relations, and ensuring a safe working environment are key factors to a farm's success and the overall health and wellbeing of its workforce.

This report details the performance achieved by the sector in the way it is managing each of these dimensions. It also proposes Key Performance Indicators (KPIs) to monitor and report on its performance over time, as well as commitments to show how Ontario Pork will engage the sector in its social responsibility journey.

SWINE HEALTH ONTARIO

Swine Health Ontario is a new leadership team with a long-term vision of excellence in swine health management that gives the provincial swine industry a global competitive advantage.

Led by Ontario Pork and the Ontario Pork Industry Council (OPIC), a new course has been set to improve and better co-ordinate the swine industry's capacity to prevent, prepare for and respond to serious threats to swine health in Ontario.

A steering committee representing a cross-section of the swine industry developed a framework over the past ten months that will guide the development of specific projects and programs aimed at improving swine health in Ontario. The committee recommended the creation of an independent swine health leadership team called Swine Health Ontario. The seven-member team will ensure that swine health efforts are co-ordinated and aligned with a long-term proactive responsive strategy.

Building on its recent success that minimized the impact of the porcine epidemic diarrhea virus in Ontario, the swine industry is continuing to collaborate to improve swine health for the future.

The next step for the leadership team is to develop key priorities and a work plan over the coming months. The group will collaborate and assist with the implementation of programs and projects as part of the strong network of partners in the provincial swine industry.



GOVERNMENT RELATIONS

Ontario Pork continued its government advocacy through policy review and capacity building. In this way the organization participates in policy development and communicates the industry's concerns and achievements. This allows various levels of government to be informed about the contributions the pork industry is making to the economy.

Some of the government relations activities that were achieved in 2015 included:

- conducting farm tours with Deputy Premier,
 President of the Treasury Board, Minister
 Responsible for the Poverty Reduction Strategy
 Deb Matthews and Parliamentary Assistant to the
 Minister of Agriculture, Food and Rural Affairs MPP
 Arthur Potts to advocate for the risk management
 program through OASC
- attending the Open for Business forum hosted by Minister of Agriculture, Food and Rural Affairs Jeff Leal where Ontario Pork advocated for reduced red

- tape, improved industry consultation, and reduced regulatory costs for our industry
- providing input into the government consultation on climate change and Great Lakes phosphorous targets, and advocating for industry competitiveness
- working with other livestock groups to provide input into OMAFRA's updated Minimum Distance Separation rules
- provincial input into federal consultation on planned changes to antimicrobial use rules
- submitting letters and briefings to the minister of agriculture for progress on trade and market access
- working with the Ontario Agriculture Commodity Council to provide agriculture industry input into government consultations on the Ontario Retirement Pension Plan.



November government reception



Each year Ontario Pork holds a government reception at Queen's Park hosting members of provincial parliament and their staff. It is an opportunity for board members and guests to tell our farming story, discuss our sector and address key issues with both

urban and rural government representatives. In the fall the organization launched its social responsibility report demonstrating the industry's commitment to improving its performance and showcasing best practices for sustainable agriculture.



TRADE

Ontario Pork was part of the Canadian team that fought to have country of origin labelling (COOL) repealed and has supported and shaped the creation of the Trans-Pacific Partnership (TPP). Working with the provincial government, we have helped to ensure that our industry's needs were brought forth to the federal level.

Country of Origin Labelling

Country of origin labelling in the U.S. became mandatory for meat and livestock in 2008. The Canadian government, along with the Canadian Pork Council (CPC), Ontario Pork and other livestock groups, fought to have the American legislation repealed.

In May 2015, the World Trade Organization (WTO) determined for the fourth time that COOL discriminates against Canadian cattle and hogs, and violates the WTO obligations of the U.S. In fall 2015, Canada gained the right to put retaliatory duties in place had the U.S. not brought their regulations into compliance with the WTO rules.

On December 18, 2015, the Omnibus Appropriations Bill passed in each of the United States House of Representatives and the U.S. Senate. It included a provision to repeal the COOL issue. COOL is now repealed and U.S. plants no longer need to segregate Canadian livestock.

This was very good news for Ontario pork producers. Challenging COOL was a lengthy process and with the legislation being repealed, it creates a more favourable environment for trade.

Trans-Pacific Partnership

With pork exports at over 60% of Canada's pork production—and over 65% of that amount to TPP countries—Ontario Pork understands the importance of this partnership agreement to the pork industry.

Japan, for example, currently buys approximately \$1 billion of pork annually from Canada. In addition to expected growth for TPP pork exports to Japan, the agreement also offers a significant improvement on import conditions for several other important pork markets.

Ontario Pork, the CPC, and other organizations across the country have worked to advocate the importance of access to Japan and other countries in the TPP. We are excited to see what the future brings for Ontario pork exports to these growing TPP markets.



COMMUNITY OUTREACH

Food Bank

Strong community relations is a core principle for pork producers. They are deeply engaged in their local communities, giving their time and products by hosting community and church events, school education programs and donating to the food bank.

In 2015, Ontario Pork donated \$43,540.00, equivalent to 22,340 kilograms of product to the Ontario Association of Food Banks (OAFB). This will feed 148,925 adults or 297,850 children. Beginning in 2016, Ontario Pork will donate up to approximately \$100,000 when combined with matching industry funds.



L-R Bill MacDougald, OPIC Hog Jog Committee; Carolyn Stewart, OAFB; Theresa McMurray, Stratford House of Blessing; Dan Kane, OPIC Hog Jog Co-chair; Joanne Selves, OPIC Hog Jog Co-chair; Lori Moser, OPIC; Steve Thomas, Elanco

The OAFB, Ontario Pork, and organizers of the Annual Hog Jog announced that funds raised through Stratford's 2015 Hog Jog would be used toward providing fresh ground pork to the Stratford House of Blessing and 40 OAFB member food banks in Southwestern Ontario.

Ontario Pork Supports the Premier's Fall Harvest Food Drive

On October 8th Ontario Pork board members and staff representatives joined other commodities and organizations at the Premier's Ontario Public Service

Fall Harvest Food Drive in support of the Daily Bread Food Bank. As part of this cause, Ontario Pork donated \$2,000 of ground pork, the equivalent of 880 lbs.

L-R Minister of Agriculture,
Food and Rural Affairs
Jeff Leal; Minister of
Community and Social
Services Helena Jaczek;
Premier Kathleen Wynne;
Ontario Pork board
members Teresa Van
Raay and Eric Schwindt,
and Associate Minister of
Finance Mitzie Hunter.



Health Charities

More than 10 million Canadians are living with diabetes or prediabetes. Ontario Pork is a proud supporter of the Canadian Diabetes Association in Ontario. Our annual donation of \$5,000 helps lead the fight against diabetes and enables the association to continue to make a significant impact in the lives of people with this disease through education, advocacy, research and translating research into practical applications.

PROUD SUPPORTER OF THE



Visit diabetes.ca/proudsupporter



The Heart and Stroke Foundation and Ontario Pork partnered for the first time in 2015. Ontario Pork was a Spoke Level sponsor at the Becel Heart & Stroke Ride for Heart in June. This included providing the

riders with fresh, nutritious Ontario pork sliders at the luncheon and the creation of a co-branded recipe campaign that was supported by the HSF's social media channels. The partnership emphasized the importance of healthy lifestyle choices promoting the health benefits of pork while raising the fundraising potential for heart disease and stroke research among ride participants and other supporters. Over 14,000 riders participated and more than 64,000 people donated to the event which raised more than \$6 million.

Ontario Pork generously donated 1,210 kgs of pork shoulder that was prepared and served to VIP and corporate riders in the Better Living Centre. The recipe for the pulled pork sandwich was developed by Ontario Pork and approved by the Heart and Stroke Foundation nutritionist. The sandwich was the highlight of the event.

There was also signage by the food station that recognized Ontario Pork's donation.



RETAIL AND REPUTATION MANAGEMENT



In 2014, Ontario Pork, together with the province's federal processors, embarked on a journey to encourage consumers to access and select fresh Ontario-produced pork products by:

- establishing and expanding the Ontario Pork brand and label at retail and foodservice
- building the reputation of Ontario pork producers at the consumer level to instill confidence in the quality of local pork.

In the summer of 2015, Ontario Pork partnered with 200 Loblaw stores in a retail program that sees the new pork label used on fresh pork products and in flyers. An in-store sampling program that featured trained chefs cooking delicious pork loin with our local pork producers enabled us to engage directly with consumers.

To date, 336 provincial store locations carry the new label. The results from stores has been extremely positive—one participating retailer noted that during the Ontario Pork promotion, he had a 22% increase in pork sales over last year's sales in the same period!

As part of our reputation management and telling our story, several farm visits with retailers and food service operators took place. Being transparent in our production practices combined with on-farm education helps to build credibility and trust with our partners and stakeholders.

To further on-farm transparency to the public, we also created seven Ontario pork farming videos for YouTube and our website. These were shown on various social media channels and were received positively by the agricultural community and the public.

We have also reached audiences through:

- nine major print ads with a combined reach of 4.6 million impressions
- · television and radio ads airing throughout the year
- · 54% increase in visitor time spent on our website
- 60% increase in on-pack labels over 2014.





RISK MITIGATION

Risk Management Program

Ontario Agriculture Sustainability Coalition (OASC)

Farmers value Ontario's Risk Management Program. The number of pork producers subscribed to the program has increased year over year. An economic impact study commissioned by OASC in 2015 demonstrates the value of this important program to the provincial economy. The economic study found that without RMP, 62% of producers indicated they would not have maintained all their employees; 36% might have downsized or left the industry, while a further 24% reported they would have sacrificed maintenance, expansion and farm improvements. Over the past four years, every dollar in payments generated \$2.24 in positive economic activity.

The coalition, made up of various commodity groups including Ontario Pork, continues to work with government to secure continued funding for the program and address the cap on its budget.

Production Insurance/Mortality Insurance

Ontario Pork has been working with the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA), other pork boards and Agriculture and Agri-Food Canada to explore the feasibility, features and costs of the Mortality Insurance Program for swine nationally as well as in Ontario.

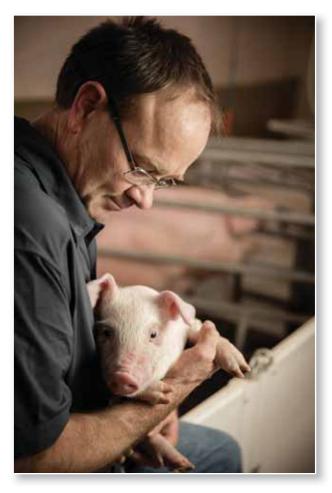
Ontario Pork has consistently supported the amendments to the *Crop Insurance Act* that pave the way for production insurance to be offered for non crops in Ontario in the future. In the spring of 2015, Ontario Pork participated in the Standing Committee on Finance and Economic Affairs. The passing of Bill 40 has been an important step in fostering a positive business environment, and allows greater equity between protection for crops and livestock.

Margin Guarantee

Ontario Pork is playing a leadership role in a national initiative to develop ways to reduce the impact of margin calls on producers using the futures market so that hedging becomes a useful and used business risk management tool. In July the chair of the Standing Committee on Agriculture and Agri-Food and Member of Parliament for Lambton-Kent-Middlesex Bev Shipley announced funding for the council's project titled "Pork Industry Hedging Program Analysis" under the AgriRisk Initiatives – R&D stream.



RESEARCH



Pork producers in the province contribute 10 cents of their service fee to research. Funds are used to advance the industry, and confirm or refute established assumptions and practices through supporting studies on herd health, food safety, animal nutrition, reproduction, animal care, social (demographic) trends, product innovation and the environment.

Ontario Pork initiated five applied research projects to understand the PED virus. The outcomes revealed that the virus could be eliminated from farms of any type in Ontario. Results of the projects are available on the Ontario Pork website.

Swine Innovation Porc is supported by Ontario Pork and seven other Canadian provinces. The combined funding signifies a national and collaborative approach in supporting research activities for the Canadian swine sector. Joint funding is used for activities related to the transfer of technical knowledge so that

innovative technologies will reach pork producers at the farm level. Ontario Pork is supporting three active projects:

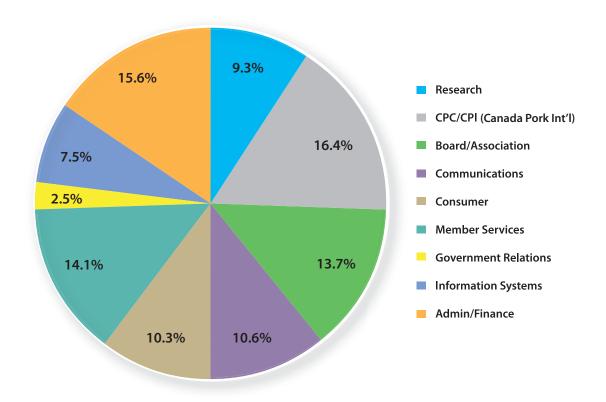
- Innovative piglet management strategies for optimum performance up to slaughter weight and profitable pork production. The objective is to develop effective newborn and newly weaned piglet feeding strategies that maximize profits based on performance up to market weight, minimize reliance on in-feed antibiotics, and improve pig robustness and health.
- Feeding programs for growing-finishing pigs to enhance global competitiveness opportunities across Canada. The objective is to match dietary nutrient supply, either the growing-finishing pig's nutrient requirements to reduce feed costs per kilogram of carcass or lean pork, and also to reduce nutrient losses into the environment.
- Dynamics of influenza infection in swine populations. The objective is to understand the epidemiology of influenza viruses in swine, and to design optimal control and surveillance strategies at herd and regional levels.

Research results are shared with producers and the industry though the Ontario Pork website, communication materials in collaboration with the University of Guelph and the Prairie Swine Centre, the London Swine Conference and the new University of Guelph Swine Research Day that will combine the Centralia Swine Research Update and the Mike Wilson Swine Research Day.



DISTRIBUTION OF REVENUES FISCAL YEAR 2015

(amounts are displayed as a percentage of revenue)



INDEPENDENT AUDITOR'S REPORT

To the members of: The Ontario Pork Producers' Marketing Board

We have audited the accompanying consolidated financial statements of The Ontario Pork Producers' Marketing Board, which comprise the general account consolidated statement of financial position as at November 28, 2015 and the consolidated statements of operations, changes in net assets, cash flows and trust account statement of financial position for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of The Ontario Pork Producers' Marketing Board as at November 28, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

Guelph, Ontario January 26, 2016

FLB HP

Chartered Professional Accountants Licensed Public Accountants

Consolidated Statement of Operations

Year ended November 28, 2015 and November 29, 2014

	2015	2014
Revenue		_
	¢ 5022.620	ć 4,000 F00
Service fees–Universal Services	\$ 5,023,628	\$ 4,909,599
Service fees–Marketing Division	758,258	730,859
Interest	164,794	195,600
Government grants (Note 13)	119,124	830,839
Porcine epidemic diarrhea (Note 19)	812,607	778,360
Branding and reputation management (Note 19)	781,268	800,145
Sundry	244,443	260,371
	7,904,122	8,505,773
Expenses		
Operations (Schedule A)	3,483,899	3,500,472
Consumer marketing (Schedule B)	1,462,246	1,443,350
Board secretariat (Schedule C)	776,024	726,997
Industry support (Schedule D)	2,048,666	3,507,414
	7,770,835	9,178,233
Excess/(Deficiency) of revenue over expenses before other items	133,287	(672,460)
Other income (expense)		
Forward pricing (Note 6)	246,620	245,233
Partial reimbursement and bad debts (Note 21)	_	(754,684)
Net gain on disposal of capital assets	100	-
Net loss of In-Transit Loss		(12,514)
account (Note 8)	(1,275)	
	245,445	(521,965)
Excess/(Deficiency) of		
revenue over expenses	\$ 378,732	\$ (1,194,425)

General Account Consolidated Statement of Financial Position

November 28, 2015 and November 29, 2014

		2015		2014
Assets				
Current assets				
Cash	\$	2,435,883	\$	5,094,281
Temporary investments (Note 4)	Ţ	7,401,362	Ţ	6,412,406
Accounts receivable (Note 5)		324,938		303,766
Due from trust account		863,059		868,044
Prepaid expenses and supplies		88,282		113,922
Other assets (Note 6)		477,768		84,527
Other assets (Note o)		11,591,292		12,876,946
Capital assets (Note 7)		1,183,184		1,257,602
Capital assets (Note 7)	\$	12,774,476	\$	14,134,548
	<u> </u>	12,774,470	7	14,134,340
Liabilities Current liabilities				
		607.400		654.004
Accounts payable and accrued liabilities	\$	687,400	\$	651,829
Grants payable		39,435		87,645
Government remittances payable		722		6,01
Deferred contributions (Note 19)		863,487		2,439,823
Research projects payable		785,211		1,299,166
Other liabilities (Note 6)		395,998		25,308
		2,772,253		4,509,782
Minority interest (Note 8)		58,169		59,44
Net assets				
Funds invested in capital assets		1,183,184		1,257,602
Unrestricted funds		6,437,185		6,348,523
Internally restricted fund for research (Note 9)		334,611		9,677
Internally restricted fund for special projects (Note 10)		1,963,128		1,924,636
Unrealized gain on investments		25,946		24,88
<u> </u>		9,944,054		9,565,322
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See notes to the consolidated financial statements.

Consolidated Statement of Changes in Net Assets

Year ended November 28, 2015 and November 29, 2014

	Beginning balance	•	Excess eficiency) enue over expense	realized gain on stments	equisition of capital assets	Ending balance
Invested in capital assets	\$ 1,257,602	\$	(122,583)	\$ -	\$ 48,165	\$ 1,183,184
Unrestricted	6,348,523		137,889	(1,062)	(48,165)	6,437,185
Internally restricted						
For research (Note 9)	9,677		324,934	-	-	334,611
For special projects (Note 10)	1,924,636		38,492	-	-	1,963,128
Unrealized gain on investments	24,884		-	1,062	-	25,946
Total	\$ 9,565,322	\$	378,732	\$ -	\$ -	\$ 9,944,054

See notes to the consolidated financial statements.

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Year ended November 28, 2015 and November 29, 2014

	2015	2014
Operating activities		
Excess/(Deficiency) of revenue over expenses	\$ 378,732	\$ (1,194,425)
Amortization of capital assets	122,583	121,183
Net gain on disposal of capital assets	(100)	-
Minority interest	(1,275)	(12,514)
Change in non-cash operating working capital	(1,728,076)	2,555,666
	(1,228,136)	1,469,910
Investing activities		
Proceeds on sale of capital assets	100	-
(Increase)/Decrease in temporary investments	(988,956)	891,701
Purchase of capital assets	(48,165)	(46,322)
	(1,037,021)	845,379
Financing activities		
Other assets	(393,241)	902,863
Net (Decrease)/Increase in cash	(2,658,398)	3,218,152
Cash, beginning of year	5,094,281	1,876,129
Cash, end of year	2,435,883	5,094,281
Changes in non-cash operating working capital of:		
Accounts receivable	(21,172)	(62,810)
Due from trust account	4,985	602,123
Prepaid expense and supplies	25,640	(40,673)
Current liabilities	(1,737,529)	2,057,026
	\$ (1,728,076)	\$ 2,555,666

See notes to the consolidated financial statements.

Trust Account Statement of Financial Position November 28, 2015 and November 29, 2014 2015 2014 **Assets** Cash \$ 1,006,203 \$ 1,004,303 Accounts receivable from processors 3,560,423 3,566,237 \$ 4,570,540 \$ 4,566,626 Liabilities Due to general account \$ 863,059 \$ 868,044 Payable to producers, transporters and others 3,703,567 3,702,496 \$ 4,566,626 \$ 4,570,540

See notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

November 28, 2015

1. Nature of operations

The Ontario Pork Producers' Marketing Board ("Ontario Pork") represents Ontario's pork producers. Ontario Pork provides universal services to all producers. Additionally, Ontario Pork provides a marketing option that includes centralized selling to processors and settlement to producers and transporters for those producers who wish to use the service.

As Ontario Pork is an agricultural organization, from which no part of the income is available for the personal benefit of any member, it is exempt from income tax pursuant to Section 149(1)(e) of the Income Tax Act.

The Farm Products Marketing Act, Regulation 400 Section 9 (b) requires Ontario Pork to maintain separate accounts for the deposit of (i) money received by the local board in trust for any other person and (ii) levies or charges imposed by the local board pursuant to powers exercised under authority granted under the Agricultural Products Marketing Act (Canada). The Trust Account Statement of Financial Position (non-consolidated) reflects all monies received from the sale of hogs on behalf of producers and the distribution of monies to producers after deducting all charges and necessary and proper disbursements and expenses.

2. Summary of significant accounting policies

a) Principles of consolidation

The consolidated financial statements include the general and trust accounts of Ontario Pork and the accounts of the In-Transit Loss Account in which Ontario Pork has a 50% interest. The remaining 50% interest of the net assets of the in-transit loss accounts are presented as a minority interest. The Ontario Pork Grading Authority (OPGA) is a controlled entity of Ontario Pork. However, the accounts of the OPGA have not been included in the accompanying financial statements. Consequently, the accounts of the OPGA have been disclosed in the accompanying notes to these financial statements. (Note 18)

b) Revenue recognition

Ontario Pork follows the deferral method of accounting for contributions. Revenues in the form of fees from producers are recorded when services are performed. Restricted contributions are recognized as revenue in the year the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

2. Summary of significant accounting policies (continued)

c) Forward Pricing Program

Ontario Pork offers a Forward Pricing Program to producers which enables producers to establish firm prices for future shipments of hogs.

Prices are based on the prices in effect at the Chicago Mercantile Exchange for future shipments and producers may arrange this coverage for any number of hogs based on their own expected shipments.

Ontario Pork contracts with the producers and purchases Lean Hog and Canadian Dollar contracts with the Chicago Mercantile Exchange.

Ontario Pork constantly monitors contracts with producers and the Chicago Mercantile Exchange to ensure that risks are offset and no significant speculative positions are taken.

d) Financial instruments

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for temporary investments, other assets and other liabilities which are measured at fair value. Changes in fair value are recognized in the consolidated statement of operations.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities, grants payable and research projects payable.

The organization's financial instruments measured at fair value include temporary investments, other assets and other liabilities.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the

proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in the consolidated statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the consolidated statement of operations.

Transaction costs

The organization recognizes its transaction costs in the consolidated statement of operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

e) Effective interest method

Ontario Pork uses the effective interest method to recognize interest income or expense which includes premiums or discounts earned or incurred for financial instruments.

f) Derivative financial instruments

Derivative financial instruments are recognized on the consolidated statement of financial position at their fair value with changes in fair value recognized in the consolidated statement of operations.

g) Foreign currency

Monetary assets and liabilities are translated using the rate of exchange in effect at the end of the year. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at average exchange rates prevailing during the year, except for amortization, which is translated at historical rates. Exchange gains or losses are shown in Schedule A.

h) Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when

2. Summary of significant accounting policies (continued)

their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

i) Capital assets

Capital assets are recorded at historical cost. Computer software is expensed in the year of purchase.

Amortization is provided in order to write off the cost of these assets over their estimated useful lives using the following rates and methods:

Asset Type	Amortization Rate
Buildings	5% declining-balance
Building improvements for leased premises	Term of lease
Promotional vehicles	30% declining-balance
Computers purchased after 2001	3-year straight-line
Other computer systems	20–33% declining-balance
Office furniture and equipment	20% declining-balance
Office furniture and equipment after 2014	5-year straight-line

i) Research

Ontario Pork expenses the full cost of research projects in the period it commits the funds for specific projects. Unspent funds are recorded as research projects payable.

k) Net assets internally restricted for research

A set amount of the annual service fee is designated for research. Any unspent amounts are internally restricted for research and are only transferred to unrestricted net assets when the research expenditures have been incurred. The management of Ontario Pork may not use these internally restricted amounts for any other purpose without the approval of the board of directors.

1) Net assets internally restricted for special projects

Ontario Pork established a reserve for special projects. To be eligible for funding from this reserve, projects must benefit all Ontario pork producers, be separate from the daily activities of Ontario Pork, have the ability to leverage matching funds from other sources and have the potential for providing a return on investment. These internally restricted amounts are not available without prior approval of the board of directors.

m) Grants and deferred contributions

Government grant revenue and expense are recorded as the related projects are completed, grant approvals are received and collection is reasonably assured. Government grants related to assets are recorded as reductions in the related assets.

Deferred contributions represent funds received in advance which relate to a future year. The revenue has been deferred and will be recognized in the appropriate fiscal year as the related expenses are incurred.

n) Use of estimates

In preparing Ontario Pork's financial statements in accordance with Canadian accounting standards for not for profit organizations, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Significant estimates used within these financial statements include amortization of capital assets and accrued liabilities. Actual results could differ from these estimates.

o) Fiscal year-end

Ontario Pork's year-end is the Saturday closest to November 30.

3. Marketing Division

Ontario Pork, the organization, has administratively and physically separated the operating facilities of the Ontario Pork Universal Services Division and the Ontario Pork Marketing Division. This separation includes confidential pricing information that shall be maintained within the Marketing Division as well as the financial information of the Marketing Division. Direct expenses are charged to the Marketing Division, while shared expenses are reviewed to ensure they accurately reflect the costs incurred to

operate the respective divisions. Ontario Pork has consulted with the Ontario Farm Products Marketing Commission who has accepted this approach as reasonable.

The revenue information for the Marketing Division is disclosed separately. The balance of the financial information of the Universal Services and Marketing Divisions is reported in aggregate in these consolidated financial statements.

4. Temporary investments

	2015	2014
Bonds and mortgage-backed securities held in Canadian funds, valued at market, bearing rates varying from 1.55% to 2.44%. (2014–1.75% to 3.4%)		
General Account	\$ 7,401,362	\$ 6,412,406
5. Accounts receivable	2015	2014
	2015	2014
Trade	\$ 133,120	\$ 140,289
Other	78,088	54,315
Grants		
	113,730	109,162

6. Other assets and liabilities

Ontario Pork has entered into foreign currency contracts and lean hog contracts with an independent broker and with producers as previously described in the Forward Pricing Program policy included in Note 2 (c). Included in other assets are foreign currency contracts and lean hog commodity contracts with a net market value of \$477,768 (2014 Other liabilities of - \$25,308). Included in other liabilities is the net position of contracts held with producers relating to the Forward Pricing Program with a total market value of \$395,998 (2014 Other assets of - \$84,527).

	2015	2014
Realized gain	\$ 160,690	\$ 177,794
Unrealized gain	81,770	59,219
Forward pricing fees/other	4,160	8,220
	\$ 246,620	\$ 245,233

7. Capital assets

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 205,445	\$ -	\$ 205,445	\$ 205,445
Buildings and building improvements	1,700,513	825,696	874,817	939,477
Promotional vehicles	30,024	29,638	386	552
Computer system	2,460,496	2,429,838	30,658	52,769
Office furniture and equipment	611,909	540,031	71,878	59,359
	\$ 5,008,387	\$ 3,825,203	\$ 1,183,184	\$ 1,257,602

8. In-Transit Loss Account

The In-Transit Loss Account was established by Ontario Pork in partnership with producers, packers and transporters to compensate for losses due to death of hogs in transit. Ontario Pork retains a 50% interest in the residual earnings of this account. Included in the consolidated statement of financial position and consolidated statement of operations of the general account are the following assets, liabilities, net assets and proportionate net loss:

	2015	2014
Assets	\$ 116,339	\$ 118,889
Liabilities	-	-
Net assets	116,339	118,889
Net loss	\$ (1,275)	\$ (12,514)

The 50% interest in the net assets of the In-Transit Loss Account allocated to the producers, packers and transporters amounting to \$58,169 (2014 - \$59,444) is recorded as minority interest on the consolidated statement of financial position of the general account. The In-Transit Loss Account was suspended as of May 4, 2007.

A separate set of unaudited financial statements for the In-Transit Loss Account has been prepared for the year ended November 28, 2015.

An Industry Betterment Committee was assembled in November 2011, made up of producers, transporters and packers. The committee determines eligible expenses to utilize the remaining funds for betterment activities.

9. Internally restricted fund for research

	2015	2014
Balance, beginning of year	\$ 9,677	\$ 433,582
Amounts assessed in service fees	528,368	516,053
Grant amounts transferred into fund during the year (Note 13)	119,124	830,839
Rescinded research projects	41,539	77,849
Research expended (Note 13)	(119,124)	(1,623,415)
Research other expense	(244,973)	(225,231)
Balance, end of year	\$ 334,611	\$ 9,677
Industry research expense recorded in Schedule D is comprised of :		
Rescinded research projects	\$ 41,539	\$ 77,849
Research expended (Note 13)	(119,124)	(1,623,415)
Research other expense	(244,973)	(225,231)
nesearch other expense		
Balance, end of year	\$ (322,558)	\$(1,770,797)
<u>'</u>		\$(1,770,797)
Balance, end of year	\$ (322,558) 2015 \$ 1,924,636	\$(1,770,797) 2014 \$ 1,881,596
Balance, end of year 10. Internally restricted fund for special projects	2015	2014
Balance, end of year 10. Internally restricted fund for special projects Balance, beginning of year	2015	2014
Balance, end of year 10. Internally restricted fund for special projects Balance, beginning of year Expended	2015 \$ 1,924,636 -	2014 \$ 1,881,596 -
Balance, end of year 10. Internally restricted fund for special projects Balance, beginning of year Expended Interest allocation Balance, end of year	2015 \$ 1,924,636 - 38,492	2014 \$ 1,881,596 - 43,040
Balance, end of year 10. Internally restricted fund for special projects Balance, beginning of year Expended Interest allocation	2015 \$ 1,924,636 - 38,492	2014 \$ 1,881,596 - 43,040
Balance, end of year 10. Internally restricted fund for special projects Balance, beginning of year Expended Interest allocation Balance, end of year	2015 \$ 1,924,636 - 38,492 \$ 1,963,128	2014 \$ 1,881,596 - 43,040 \$ 1,924,636
Balance, end of year 10. Internally restricted fund for special projects Balance, beginning of year Expended Interest allocation Balance, end of year 11. Toronto Stockyards Land Development Fund	2015 \$ 1,924,636 - 38,492 \$ 1,963,128	2014 \$ 1,881,596 - 43,040 \$ 1,924,636
Balance, end of year 10. Internally restricted fund for special projects Balance, beginning of year Expended Interest allocation Balance, end of year 11. Toronto Stockyards Land Development Fund Balance, beginning of year	2015 \$ 1,924,636 - 38,492 \$ 1,963,128 2015 \$ -	2014 \$ 1,881,596 - 43,040 \$ 1,924,636 2014 \$ -

In 2003, the board of directors established an internally restricted fund dedicated to research, development and industry education and approved the transfer of funds received from the Toronto Stockyards Land Development Board to this fund.

A portion of these funds was used in 2015 for industry outreach events, telephone town hall meetings discussing swine research and health issues (such as Porcine Epidemic Diarrhea).

12. Credit facility agreement

Ontario Pork has entered into two credit facility agreements with a Canadian financial institution, facility (1) and facility (2). Facility (1) includes an unsecured authorized operating line of credit of up to \$2,000,000 due on demand. Facility (2) includes an unsecured additional authorized operating line by way of USD denominated loans of \$1,500,000 Canadian due on demand. Canadian dollar advances on facility (1) bear interest at prime plus 0.30% and USD advances on facility (2) bear interest at U.S. prime plus 0.55% base rates. At year-end, draws on facility (1) are \$Nil (2014 - \$Nil) and facility (2) are \$Nil (2014 - \$Nil). There were no draws on either facility during the year.

13. Government grants and research expenditures

	2015		201	4
	Government grants	Research expenditures	Government grants	Research expenditures
Economics	\$ -	\$ -	\$ 42,922	\$ 42,922
Innovation	71,416	71,416	257,807	285,807
Production	44,027	44,027	33,604	679,874
Social trends and perception	-	-	496,506	614,812
Other	3,681	3,681	-	-
	\$ 119,124	\$ 119,124	\$ 830,839	\$ 1,623,415

Government grants in 2015 were funded in part through Growing Forward 2, a federal-provincial-territorial initiative, and by Agriculture and Agri-Food Canada through the Canadian Agricultural Adaptation Program (CAAP). In Ontario, the Agricultural Adaptation Council delivers CAAP and assists in the delivery of several Growing Forward programs. These amounts are included in government grants in the consolidated statement of operations.

14. Grants

- a) Included in animal care expenses reported in Schedule D is a membership fee of \$45,000 (2014 \$45,000) to Farm and Food Care.
- b) Grants and memberships reported in Schedule D consist of the following:

	2015	2014
Centralia Swine Research Update	\$ 200	\$ 200
OAC Awards Committee	500	3,250
Ontario Agri-Commodity Council	1,000	1,000
Ontario Agri-Food Education Inc.	5,000	5,000
Ontario Agri-Food Technologies	-	2,500
Ontario Junior Barrow Show	3,000	3,000
Presidents' Council	300	900
Sundry	1,000	1,000
	\$ 11,000	\$ 16,850

15. Canadian Pork Council

	2015	2014
General fees	\$ 819,319	\$ 729,588

The Canadian Pork Council (CPC) assessments are based on the number of pigs subject to provincial levies. This includes export weanling and feeder pigs in addition to slaughter animals. In 2015, the CPC funding was \$0.155 for market hogs and \$0.033 for weanling and feeder pigs exported (2014 - \$0.145 and \$0.03 respectively).

16. Defined contribution pension plan

The salary and employee benefits (Schedule A) includes the total plan expense for the organization's defined contribution pension plan as follows:

	2015	2014
Defined contribution pension plan	\$ 98,205	\$ 90,948

17. Commitments

Ontario Pork leases office equipment with future minimum annual payments as follows:

2016	\$ 21,459
2017	19,970
2018	17,118
2019	3,703
Total	\$ 62,250

18. Ontario Pork Grading Authority

Ontario Pork has delegated its authority for the grading of hogs to the Ontario Pork Grading Authority (OPGA), an independent not for profit organization. The OPGA provides a grading system and health data collection services. Ontario Pork producers maintain a 50% interest in the net assets of this organization. The other 50% interest is shared by two larger processors. The organization is governed by a five-member board consisting of two representatives from the Canadian Meat Council (CMC), one representative from the Ontario Independent Meat Processors (OIMP) and two representatives from Ontario Pork. Ontario Pork also provides office and administration services to the OPGA. The financial statements of the OPGA are not consolidated in the financial statements of Ontario Pork. The following are the assets, liabilities, revenues, and expenses from the audited financial statements of the OPGA for the year ended September 30, 2015.

	2015	2014
Assets	\$ 343,008	\$ 314,210
Liabilities	37,868	32,139
Net assets	305,140	282,071
Revenues	460,880	497,154
Expenses	437,811	511,732
Excess /(Shortfall) of revenue over expenses	23,069	(14,578)
Supplemental cash flow information		
Cash flows derived from/(used by):		
Operating activities	27,405	21,214
Investing activities	(23,691)	(771)
Financing activities	(3,788)	(16,463)
(Decrease)/Increase in cash	(74)	3,980
Cash, beginning of year	52,908	48,928
Cash, end of year	\$ 52,834	\$ 52,908

19. Deferred contributions

Deferred contributions is a combination of the two separate funding arrangements summarized below. Total deferred contributions as at November 28, 2015 is \$863,487 (\$432,709 + 430,778) (2014 - \$2,439,823 (\$1,205,594 + 1,234,229)).

The Ontario Ministry of Agriculture, Food and Rural Affairs executed a grant to Ontario Pork to support an objective to encourage consumers to access and select fresh Ontario produced pork products.

Branding and Reputation Management

	2015	2014
Balance, beginning of year	\$ 1,205,594	\$ -
Advances	-	2,000,000
Expended	(781,268)	(800,145)
Interest earned	8,383	5,739
Balance, end of year	\$ 432,709	\$ 1,205,594

The Ontario Ministry of Agriculture, Food and Rural Affairs executed a grant to Ontario Pork to further develop and implement the Porcine Epidemic Diarrhea strategy for prevention, detection and response mitigation. Funding for this project will end March 31, 2016.

Porcine Epidemic Diarrhea

	2015	2014
Balance, beginning of year	\$ 1,234,229	\$ -
Advances	-	2,000,000
Expended	(812,607)	(778,360)
Interest earned	9,156	12,589
Balance, end of year	\$ 430,778	\$ 1,234,229

Ontario Pork, in 2014, incurred a further \$114,044 (2015 - \$0) of Porcine Epidemic Diarrhea expenditures not covered by this funding arrangement, for a total of \$892,404. Funding for this project will end December 31, 2015.

20. Financial instruments

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from these financial instruments.

The extent of the organization's exposure to these risks did not change in 2015 compared to the previous period.

Transacting in financial instruments exposes the organization to certain financial risks and uncertainties. These risks include:

Fair value

Fair value represents management's estimate of current market value at a given time. The fair value of cash, accounts receivable, research projects payable, grants payable, accounts payable and accrued liabilities approximate their carrying value due to their short-term maturity. The fair value of temporary investments is disclosed in Note 4.

Currency risk

Ontario Pork realizes a portion of its transactions in USD and is exposed to foreign exchange fluctuations. At year-end, Trust account USD cash balances include USD \$484,811 (2014 – USD \$279,237). All balances are recorded in Canadian dollars at year-end

Credit risk

Credit risk is the risk that counterparties fail to perform as contracted. Ontario Pork is exposed to credit risk through its trade accounts receivable and the Forward Pricing Program. Ontario Pork is exposed to a concentration of credit risk as are all customers in the meat packing industry.

21. Partial reimbursement and bad debts

On April 3, 2014 Quality Meat Packers Limited (QMP) and a related company filed a Notice of Intention to Make a Proposal pursuant to the provisions of the Bankruptcy and Insolvency Act which granted it a 30 day stay of proceedings over all amounts owing to creditors. The Companies did not file proposals or obtain Court-approved extensions of the initial 30-day stay period before it expired at the end of the day May 5, 2014; accordingly, the Companies were deemed bankrupt effective May 6, 2014. On June 10, 2014 Great Lakes Specialty Meats of Canada Inc. (GLSM) was placed into receivership.

The Ontario Pork Board of Directors passed a motion to allocate a portion of the Marketing Division's accumulated surplus to partially reimburse those farmers that shipped to QMP through the Marketing Division in the days prior to QMP's insolvency filing.

There has not been, nor will there be, any recovery of the outstanding receivable amount from QMP or GLSM. All amounts owing to Ontario Pork (Universal and Marketing Divisions) were written off in the 2014 fiscal year.

Schedules

Consolidated schedule of operation expenses – Schedule A

Year ended November 28, 2015 and November 29, 2014

	2015	2014
Amortization – capital assets	\$ 122,583	\$ 121,183
Audit fees	53,470	53,470
Bank charges	17,088	16,604
Cleaning	25,218	25,111
Computer software, supplies and Internet	49,705	62,969
Consulting – information systems	3,600	2,000
Consulting – other	302,343	260,569
Courier	24,332	31,650
Dues and subscriptions	14,025	12,662
Exchange gain	(2,340)	(545)
Forward pricing costs	15,576	23,387
General office and other	46,837	41,425
Insurance	53,552	52,017
Legal fees	111,770	202,384
Light, heat and water	37,951	35,876
Machine and systems rental	14,811	14,811
Postage	29,437	33,427
Realty taxes	52,770	53,185
Repairs and maintenance	56,006	110,114
Salaries and employee benefits (Note 16)	2,247,447	2,134,428
Stationery and supplies	23,442	35,216
Telephone	48,743	49,940
Training and professional development	21,515	15,154
Travel	114,018	113,435
	\$ 3,483,899	\$ 3,500,472

See notes to the consolidated financial statements.

Consolidated schedule of consumer marketing expenses – Schedule B

Year ended November 28, 2015 and November 29, 2014

	2015	2014
Advertising/other	\$ 271,861	\$ 343,142
Branding and reputation (Note 19)	781,268	800,145
Consumers' events	39,369	47,770
Education	42,275	31,543
Promotion - retail trade	13,747	5,578
Public relations	127,213	112,015
Retail and nutrition promotion	186,513	103,157
	\$ 1,462,246	\$ 1,443,350

See notes to the consolidated financial statements.

Consolidated schedule of board secretariat expenses – Schedule C

Year ended November 28, 2015 and November 29, 2014

	2015	2014
Delegates' remuneration	\$ 105,558	\$ 67,236
Directors' expenses	111,609	106,926
Directors' remuneration	220,442	246,094
General office and other	51,499	52,468
Grants – counties	70,091	64,877
Liability insurance	8,100	7,477
Meetings – annual and other	108,827	89,297
Salaries and employee benefits	52,830	54,982
Seminars and conferences	-	37,640
Swine Health Strategy	47,068	<u> </u>
	\$ 776,024	\$ 726,997

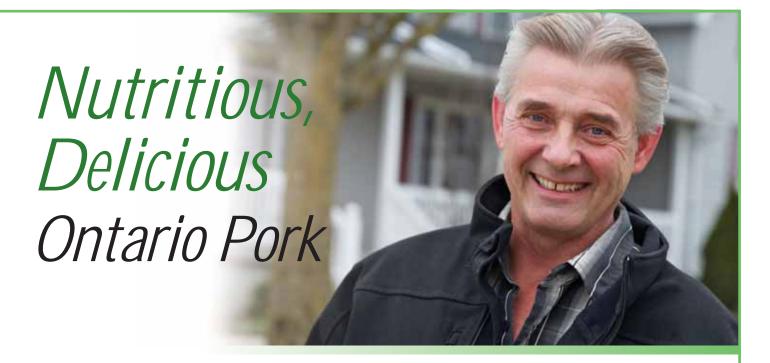
See notes to the consolidated financial statements.

Consolidated schedule of industry support expenses – Schedule D

Year ended November 28, 2015 and November 29, 2014

	2015	2014
Animal care (Note 14)	\$ 69,594	\$ 65,075
Canadian Pork Council (Note 15)	819,319	729,588
Grants and memberships (Note 14)	11,000	16,850
Industry betterment funds	-	16,227
Ontario Pork Congress	13,588	15,903
Porcine epidemic diarrhea (Note 19)	812,607	892,404
Pork Marketing Canada	-	570
Research (Note 9)	322,558	1,770,797
	\$ 2,048,666	\$ 3,507,414

See notes to the consolidated financial statements.



Local, Fresh and Family Farms

Great-tasting pork starts right from the beginning, the family farm. Ontario has some of the best land in Canada for producing high quality nutritious pork–making us the envy of many provinces and countries worldwide. When eating local Ontario pork, you're enjoying the wholesome quality of a product that originated from one of the 1,524 family farmers in Ontario. Like all pork in Canada, no hormones are ever used.

A Dedication to Quality

Ontario's pork farmers follow a strict on-farm food safety program which is combined with an animal care assessment for producers to monitor, manage and document animal husbandry practices. These programs are the pork industry's commitment to consumers that pork products meet the highest food safety standards. Over 98% of Ontario's hog producers are enrolled in the program.

Pork is a Powerhouse of Nutrition

Pork provides many important nutrients that contribute to a well-balanced diet. It is a very high source of protein and contains each of the eight essential amino acids needed to build, repair and maintain body tissue. Pork is the best dietary source of thiamin and a good source of other B vitamins including niacin, riboflavin, vitamins B6 and B12. Pork is a good source of minerals, particularly iron and zinc. About half the iron in pork is "heme iron"—the most readily absorbed and digested type of dietary iron.





Visit **ontariopork.com/recipes** for inspiring recipe ideas!



Ontario Pork Producers' Marketing Board

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