



# 2025 ANNUAL REPORT

DAIRY FARMERS OF ONTARIO



# Ontario Dairy: Largest Agriculture Sector in the Province



Jobs supported  
**91,940**

Ontario farmers and  
families supported  
**10,000+**

Ontario dairy farms  
**3,153**

Annual production  
**3,180,497,317 L**

Farmgate value  
**\$3,111,683,341**

GDP contribution  
**\$8.7 billion**

# Dairy Farmers of Ontario

## Our Mission

To provide leadership and excellence in the production and marketing of Canadian milk.

## Our Vision

A dynamic, profitable, growing Canadian dairy industry.

## Our Values

We value Leadership, Respect, Trust, Integrity, Teamwork, Fairness and Accountability.

## Our Mandate

Dairy Farmers of Ontario (DFO) is the regulator and sole delegated authority for the marketing of milk in Ontario.

DFO is the regulator and sole delegated authority for the marketing of milk in Ontario. Our accountability to the Ontario Farm Products Marketing Commission (OFPMC) and the Ministry of Agriculture, Food and Agribusiness (OMAFA) remains steadfast. DFO administers the Raw Milk Quality Program under the authority of OMAFA.

DFO's mission is to provide leadership and excellence in the production of Canadian milk, and DFO's vision is a dynamic profitable growing Canadian dairy industry for the benefit of all Ontario producers collectively.

DFO is dedicated to our role and responsibilities for maintaining rigorous raw milk quality and food safety standards in the production of milk across the province of Ontario.

Ontario dairy contributes \$8.7 billion to the province's gross domestic product and supports over 91,000 jobs. Every day more than 10,000 dairy farmers and their families produce high-quality milk on 3,153 dairy farms across the province, from which more than 3.1 billion litres of milk is delivered to processors every year.

We are guided by our mission and vision. From our foundation – a strong supply management system, we serve producers, processors, consumers with integrity, collaboration and accountability.

## Strategic Plan



### Demand

Understand and fill anticipated demand.



### Value

Ensure fair return for efficient producers.



### Markets

Develop markets for Canadian dairy.



### Stewardship

Nourish and build for future generations.



### Develop

Optimize performance and communications.

# Message from the Board Chair

## Celebrating 60 years.

**Honouring our dairy farm families and the sector's unwavering commitment to produce high-quality milk for Ontarians.**

The last six decades of milk production in the province of Ontario are a testament to exceptional leadership in the production and marketing of cow's milk, relentless dedication to high-quality, food safety and production standards, and a shared passion for milk.

Collectively, dairy farmers have seen growth and stability on our farms and in our industry, thanks to the predictability that supply management provides in managing domestic demand with milk from Canadian farms. The sector has weathered periods of global economic and trade uncertainty and addressed challenges by continuing to deliver leadership and excellence in the production and marketing of Canadian cow's milk.

Core to our success has been DFO's steadfast delivery of our mandate as the regulator and sole delegated authority for the marketing of milk in Ontario on behalf of dairy farmers. The collective ability to operate under supply management is a privilege, built on support from Ontarians and entrusted to dairy farmers by the Government of Ontario.

DFO recognizes that there is strength in working together. Over the last 12 months, we have worked to strengthen collaboration in our communities – within dairy, agriculture and with other stakeholders in Ontario. DFO remained focused on where we can influence and provide impact, for the greater good, and to protect Ontario dairy by advancing our 2030 goals on investment and growth.

Together we are tackling challenges, united we are stronger, and collectively we are responsible for maintaining the trust and confidence of Ontario consumers. Taken together, our cumulative efforts contribute to a dynamic dairy sector, a prosperous Ontario and a strong Canada.

Protecting the integrity of the supply managed system and upholding its regulations is the responsibility of all dairy producers. Our individual and collective actions are vital to maintaining this strong support and confidence, enabling us to continue to define our shared future.

We need to collectively invest in maintaining the delivery of high-quality, sustainable milk for Canadians. That requires every farm licensed to produce milk in Ontario to meet all policies and requirements to ensure quality, safe milk is collected by DFO and sold to our customers to transform into dairy products.

Working together, the Board has guided DFO, with our CEO, Cheryl Smith, to complete another successful year for Ontario dairy farmers, our customers, consumers and the government of Ontario. I deeply appreciate the board members continued support and dedication in the diligent delivery of our responsibilities and obligations. Board members, as dairy farmers, carry the weight of our thoughtful deliberations and decisions on behalf of and for the betterment of our sector. It is an honour to work on behalf of Ontario dairy.

My family farm, with the sixth generation now working alongside me, is part of this great Ontario dairy sector that is nourishing communities, through collaboration and partnerships. That gives me tremendous pride – in my farm, our sector and the high-quality milk that we ship to Canadians, every day.



Mark Hamel

# Message from the CEO

## **Delivering high-quality milk. Nourishing communities. For Ontario families. From Ontario dairy farms. Every day. For 60 years.**

Throughout 2025, Dairy Farmers of Ontario celebrated Ontario dairy by conveying economic value for Ontario and Canada, delivering high-quality milk, driving consumption and with inspiring campaigns on daily servings of care with the milk we love!

For six decades, DFO has been accountable to the Ontario Farm Products Marketing Commission and the Ministry of Agriculture, Food and Agribusiness in the fulfillment of our responsibilities as the sole delegated authority and regulator of cow's milk in Ontario.

Strengthening our strong foundation of supply management, we continue to lead a dynamic, profitable, growing dairy industry. DFO's commitment to Ontario's 10,000+ dairy farmers and their families, our customers and consumers is demonstrated in everything we touch from the farm to the consumer, delivering the high-quality milk that Ontarians love, from the farmers they trust.

Over the latest fiscal period, we delivered positive growth for Ontario dairy farmers, with one per cent quota issued, an additional one per cent announced for December 1, 2025 and total quota allocation of 2.5 per cent.

From the farm to Ontario families, DFO provides consistent leadership and excellence, starting with engaging milk transporters to collect over three billion litres annually from over 3,100 farms and delivering to 90 processing plants. Continuous improvement in efficiency was evident with the best rates for more litres travelling less kilometers on fewer trips. DFO is effectively managing over 228,000 transactions annually to producers, transporters and processors with a value of more than six billion dollars. Through consumer, customer and government support we have successfully grown this dynamic sector, sustaining over 91,000 jobs and contributing more than \$8.7 billion to the GDP.

DFO's accountability to the Government of Ontario includes responsibility on administering and enforcing quality regulatory compliance. Our dedicated team conducts approximately 2000 inspections annually, while ensuring excellent delivery of the Raw Milk Quality Program.

We are driving growth in the consumption of dairy by increasing milk's relevancy with our always on media strategy, sport partnerships and grassroots programming. With a focus on strengthening milk and dairy equity through nutrition, culinary and building farmer trust, DFO's efforts are driving conversion and consumption – the milk logo and messaging was seen 19 billion times this year. It is in our nature to nourish communities, with milk donations to food banks and local dairy producer committee activities. We are proud to support children's hospitals with a cumulative donation of \$3.6 million since 2019, providing comfort and care to sick children and their families.

DFO represents Ontario dairy farmers on agriculture and economic policy in Ontario and at national tables, providing leadership at Dairy Farmers of Canada to ensure dairy farmers' voice is heard on national agriculture, food and trade policy. Behind every activity and result is a dynamic, hardworking team that works together for the betterment of Ontario's dairy farmers and economy. On behalf of the DFO Team, thank you to Mark Hamel, Chair and board members for their continued support.

Ontario dairy has delivered for Ontario. Together we will continue to deliver high-quality milk, nourish communities and grow our sector for the benefit of Ontario and Canada. That is the impact that Milk brings, every day.



**CHERYL SMITH**

CHIEF EXECUTIVE OFFICER

*Mark*

# Board Members



## BART RIJKE

Ottawa-Carleton (twp. of Cumberland), Glengarry, Prescott & Russell

**Annual production:** 273,237,986 L  
**GDP contribution:** \$752,787,000  
**Number of farms:** 246

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## BRIAN BURNETT

Dundas, Ottawa-Carleton (except for twp. of Cumberland) & Stormont

**Annual production:** 210,494,088 L  
**GDP contribution:** \$579,922,000  
**Number of farms:** 205

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## JOHN WYNANDS

Vice-Chair  
Frontenac, Grenville, Lanark, Leeds & Renfrew

**Annual production:** 152,580,280 L  
**GDP contribution:** \$420,368,000  
**Number of farms:** 196

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## ADAM PETHERICK

Hastings, Lennox and Addington, Northumberland, & Prince Edward

**Annual production:** 116,824,359 L  
**GDP contribution:** \$321,859,000  
**Number of farms:** 147

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## DON GORDON

2<sup>nd</sup> Vice-Chair  
City of Kawartha Lakes, Durham Region, Peterborough & York

**Annual production:** 107,268,507 L  
**GDP contribution:** \$295,533,000  
**Number of farms:** 155

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## GEORGE VAN KAMPEN

Dufferin, Peel, Simcoe & Wellington

**Annual production:** 404,791,003 L  
**GDP contribution:** \$1,115,224,000  
**Number of farms:** 478

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## ALBERT FLEDDERUS

Brant, Haldimand, Halton, Niagara, Norfolk & Wentworth

**Annual production:** 164,475,847 L  
**GDP contribution:** \$453,143,000  
**Number of farms:** 167

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## PETE OVERDEVEST

Oxford & Waterloo

**Annual production:** 575,633,188 L  
**GDP contribution:** \$1,585,903,000  
**Number of farms:** 529

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# Board Members



**VICKY MORRISON**

Elgin, Essex, Kent, Lambton & Middlesex

**Annual production:** 302,004,079 L  
**GDP contribution:** \$832,041,000  
**Number of farms:** 210

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**ROGER BOERSEN**

Huron & Perth

**Annual production:** 569,391,602 L  
**GDP contribution:** \$1,568,705,000  
**Number of farms:** 447

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**MARK HAMEL**

Chair  
Bruce & Grey

**Annual production:** 222,739,163 L  
**GDP contribution:** \$613,661,000  
**Number of farms:** 274

**11**

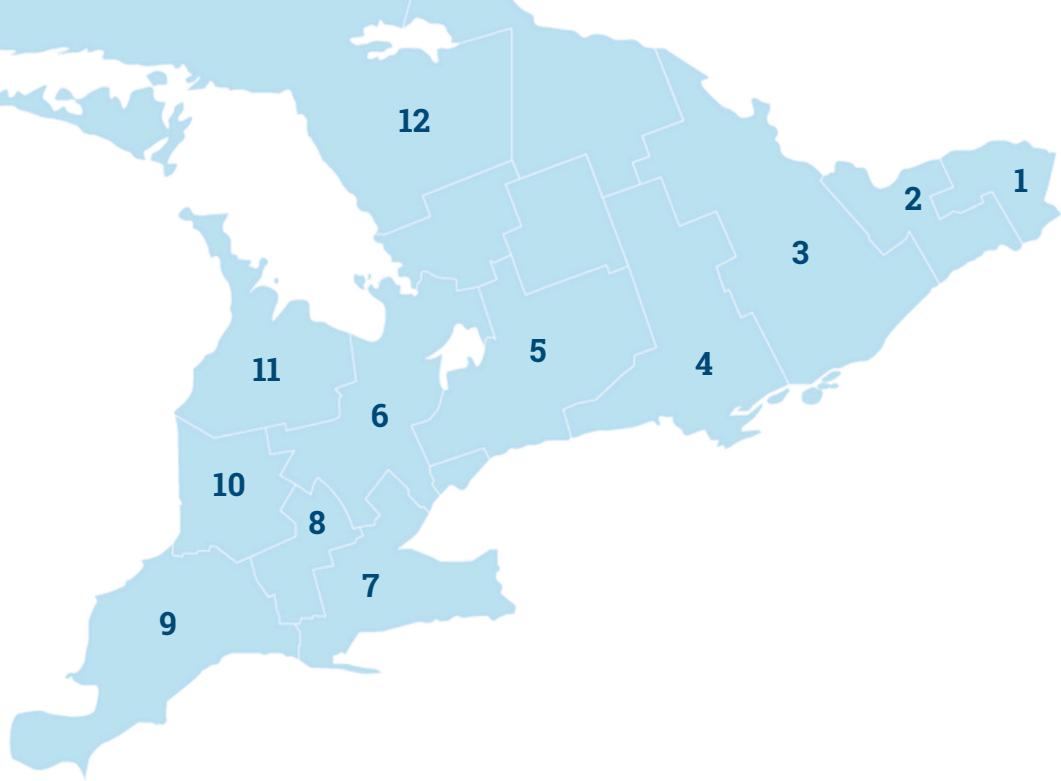


**STEVE RUNNALLS**

Districts of Northern Ontario & Haliburton

**Annual production:** 81,057,215 L  
**GDP contribution:** \$223,319,000  
**Number of farms:** 99

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# Executive Team



**CHERYL SMITH**

Chief Executive Officer



**KRISTIN BENKE**

Chief Business &  
Supply Chain Officer



**ROSA CHECCHIA**

Chief Marketing Officer



**ARLENE MINOTT**

General Counsel & Corporate  
Secretary



**REY MOISAN**

Chief Financial Officer



**JEFF HYNDMAN**

Executive Director, Regulatory  
Compliance & Quality Assurance



**EVA LEHMAN**

Executive Director, People &  
Culture



**ROSEMARY MACLELLAN**

Executive Director, Communications &  
Corporate Affairs



**KEVIN RILEY**

Executive Director, Supply Chain



**PATRICE DUBÉ**

Chief Economics &  
Policy Development Officer  
Retired June 2025



**ALEX HAMILTON**

Executive Director, Regulatory  
Compliance & Quality Assurance  
Retired February 2025

# Economic Driver



DFO is dedicated to maintaining the highest standards of excellence in Canadian milk production. As the sole delegated authority for milk in Ontario, our Business, Economics, Policy, Government Relations, Production and Logistics teams work collectively to fulfill this mandate. With an annual contribution of \$8.7 billion to Ontario's GDP, the dairy sector is a vital driver of economic growth and community prosperity. Beyond its economic impact, DFO safeguards a regulated system that aligns the supply of high-quality milk with consumer demand, ensures efficient producers are compensated fairly and oversees the provincial raw milk program, transportation and allocation with integrity and efficiency. This work reflects our deep accountability to producers, industry stakeholders, government and the people of Ontario.

## BUSINESS, POLICY & ECONOMICS

### Market Requirements

National total requirements have increased by 3.3 per cent for the 12-month period ending October 2025. This compares to an increase of 3.4 per cent in national supply for the same 12-month period.

P5 fluid quota increased by 2.5 per cent, industrial milk requirements increased by 2.5 per cent, including Dairy Innovation Program (DIP) and Milk Access for Growth Program (MAG) requirements, which declined slightly over the previous calendar year. Total quota increased by 2.5 per cent over the previous year based on the monthly total quota calculation for the 12-month period ending October 2025.

Total quota in the Western Milk Pool (WMP) increased by 3.8 per cent for the 12-month period ending October 2025. This was a result of a 3.9 per cent increase in fluid butterfat (BF) requirements and a 3.8 per cent decrease in industrial milk requirements.

### Production

The P5 filled 101.6 per cent of its quota during the 2024-2025 fiscal year. Production in the P5, and especially the butterfat test, have continued to increase and result in a strong filling of P5 quota. Quota is determined using a monthly calculation to ensure quota is immediately aligned with current requirements. Under the monthly quota calculation, pools are penalized only if the national pool is above 1.25 per cent or below minus two per cent. The national pool cumulative difference, or the pool credit position, was 0.38 per cent at the end of October 2025. The P10 was above the 1.25 per cent threshold in March, April and June 2025 for a total of 1,726,075 kgs. These quantities needed to be reimbursed by P5, as the pool responsible, six months after. March and April were reimbursed in September and October 2025.

Sales for the national retail market have been positive for much of 2025, which continues to build on growth in 2024. Fluid milk is a slight decline of 0.2 per cent at the end of October 2025. Across all other dairy product categories sales are positive for the fiscal year. It's important to keep in mind the retail market is only a part of the market that contributes to total requirements and that the demand from hotels, restaurants and institutions (HRI) continues to be an important market for overall market demand.

# Economic Driver

In Ontario, production was one per cent higher than the last fiscal year on a volume basis, or up 2.1 per cent on a butterfat basis. The credit position in Ontario increased over the dairy year from -1.25 days in November 2024 to -0.67 days in October 2025.

## Butter Stocks

As of October 2025, total industry butter stocks held by processors and the Canadian Dairy Commission (CDC) were 37,437 tonnes. This is an increase of 6,463 from the stock levels held in October 2024. The P10 target for normal stock levels for July is 32,759 tonnes. The current stock forecast has stocks well above the target stock levels for July 2026.

## Cheese Stocks

At the end of October 2025, total cheese stocks were 106,091 tonnes. This was an increase of 6,701 tonnes compared to stocks held in October 2024. Stock levels include the purchases of additional cheese stocks through the Plan C stock program introduced to help with surplus milk.

## Producer Quota

There was a one per cent quota increase issued effective December 1, 2024. This increase was as a result of continued and anticipated demand increases. There was one incentive day issued for July 2025. As well, incentives were increased for the fall of 2025 to two days in August and November, and three days for September and October. An additional one per cent quota increase was also announced for December 1, 2025. The P5 quota committee continues to monitor the production and market situation.

## Pricing

A 0.024 per cent decrease was announced by CDC for implementation on February 1, 2025. This decrease was based on the national pricing formula result, and specifically a decline in the cost of production offset by the increase in inflation. The price adjustment results in a small decrease in the farmgate milk price of \$0.02/hL over the next 12 months.

For the 12-month period ending October 2025, the within-quota component price paid to Ontario producers averaged \$13.7360/kg for BF, the average within-quota component and market ratio component price was \$10.3459/kg for protein and \$0.8927/kg for other solids (\$98.18/hL at the Ontario average composition). There was a 0.9 per cent increase in the producer blend price compared with the previous dairy year at a consistent composition.

The world market prices have been relatively strong in 2025. However, there has been significant differences in trend between the United States (US), the European Union (EU) and New Zealand (NZ). In the US, the butterfat levels in milk have been increasing, the same trend that has been seen across Canada. This has resulted in higher butter stocks in the US, and softer butter prices. The demand for US products has also softened with the uncertainty of tariff changes in the last year. There has also been an improvement in the price for dairy proteins, which in part offset declines in the butterfat component prices. The changes in US price over the last 12 months has an impact on the blend price for Canadian producers. Nationally, 11 per cent of the butterfat market is in Class 5, which is based on world prices for cheese and butter, and 24 per cent of the solids-non-fat (SNF) is based on, or influenced by, the world price. Given the significance of these markets, every \$100/tonne increase in the skim milk powder (SMP) price results in an increase of \$0.30/hL.

## Solids-Non-Fat to Butterfat Ratio

Ontario finished the 2024-2025 fiscal year with an SNF to BF production ratio of 2.1454, which is 0.7 per cent below the SNF to BF ratio of 2.1605 in the previous year.

The two-tier SNF payment policy was implemented in the P5 to have producer payment better reflect the value of SNF from the market. In the P5, the no-pay ratio is 2.20, and the market ratio price, for SNF above 2.0, is 70 per cent of the class 4a price for protein, and the other solids price was set at 70 per cent of \$0.90/kg, or \$0.63/kg of other solids. Further changes to the payment policy were announced for implementation January 1, 2026.

# Economic Driver

## GOVERNMENT RELATIONS

### Provincial Matters

In support of the delivery of Dairy Farmers of Ontario's mandate and advancement of the strategic priorities for growth and investment, DFO works closely with the Ontario Ministry of Agriculture, Food and Agribusiness, Ontario Farm Products Marketing Commission, Ontario Dairy Council (ODC), processing customers, Dairy Farmers of Canada (DFC) and other provincial dairy boards, providing leadership in communications with all levels of government.

Throughout 2025, DFO communicated with the Government of Ontario and will continue to work on these objectives throughout 2026: investment in dairy processing, amending and modernizing the Milk Act and no concessions on dairy or supply management in trade talks.



### Provincial Lobby Day and Reception

DFO hosted its annual provincial lobby day and reception at Queen's Park on October 21, 2025. This provided board members with the opportunity to continue dialogue with OMAFA Minister Trevor Jones, cabinet ministers and Members of Provincial Parliament (MPPs) from all parties on how DFO is advancing our strategic goals of growth and investment. During the day of meetings and a midday reception showcasing Ontario dairy, discussions centered on the need for partnership on processing investment in Ontario, amending and modernizing the *Milk Act* to level the playing field on end use pricing, and the need to protect both dairy and supply management in the current geopolitical climate as Ontario dairy farmers continue to drive growth and deliver high-quality and safe food to Ontarians.



# Economic Driver

## International Plowing Match 2025

DFO participated in this year's International Plowing Match (IPM) and Rural Expo in the Niagara region from September 16 to 20. DFO is a long-standing vendor and served Kawartha Dairy ice cream along with brand activation activities with support from the Niagara Dairy Producer Committee who led milking demonstrations.

It is a long-standing tradition for Ontario MPPs to help open the IPM. DFO board members received MPPs throughout the day at the DFO tent including John Wynands, Albert Fledderus, George Van Kampen, Roger Boersen and Brian Burnett. Vice-Chair, John Wynands, and CEO, Cheryl Smith, also met with Premier Ford, OMAFA Minister Trevor Jones and other members of cabinet on the opening day at IPM.

Following the event, a farm tour was held at Greenview Holsteins by Steve, Ron and Kim Yungblut, showcasing the continuous improvement, farm innovation and dedication of local dairy farmers to excellence in the production of quality Ontario milk. This farm tour capped a summer of farm tours with provincial and federal members of parliament in local ridings across the province.



# Economic Driver

## Federal Matters

DFO, in collaboration with DFC, continued to advocate at the federal level. Objectives include safeguarding Canadian dairy supply management, defending the ability to serve the Canadian market while ensuring fair compensation for farmers and continuing to advance DFO's vision and mission while preserving our mandate.

## Domestic Legislation

### **Bill C-202 (Supply Management) & Bill C-5 (Interprovincial Trade)**

This spring, Bill C-202 *An Act to amend the Department of Foreign Affairs, Trade and Development Act (supply management)*, became law following unanimous consent from Members of Parliament and expedited debate in the Senate. The bill was identical to Bill C-282 from the previous parliament, where DFC collaborated and advocated with other supply management sectors.

DFC made two submissions to the federal government underlining that any effort to improve internal trade must not undermine the integrity of supply management, whether directly or indirectly, or create unintended consequences for the system.

## Domestic Regulation

### **Access to Veterinary Healthcare Tools & Foot-and-Mouth Vaccine Bank (FMD)**

DFC collaborated with national organizations representing farmers, veterinarians, veterinary product manufacturers and feed providers on a white paper advocating for solutions to improve access to veterinary drugs, health products, livestock feeds and biologics in Canada. This fall, the government signalled its intent to address some of these concerns. This includes relying on decisions made by foreign regulators to urgently facilitate the entry of needed veterinary drugs into Canada, a key recommendation from the white paper and high priority within DFC's recent lobby efforts.

On June 10, following long-standing advocacy by DFC in collaboration with the Canadian Cattle Association and the Canadian Pork Council, the Canadian Food Inspection Agency (CFIA) announced significant progress towards the creation of Canada's first dedicated FMD vaccine bank – a critical tool to help minimize the impact of an FMD outbreak in Canada.

## International Trade

### **Canada-United States-Mexico Agreement (CUSMA)**

The three parties to the agreement opened consultations on the 2026 review of the treaty in the US, Mexico and Canada this fall. DFC participated in the Canadian consultation and facilitated the online submission of nearly 5,000 letters from dairy farmers and stakeholders highlighting the industry's concerns and priorities with regards to the review process. Given the high level of uncertainty, DFO and DFC continue to advocate firmly to the federal government that any further concessions will compromise the viability of the supply management system; therefore, any additional concessions must be unacceptable to Canada.

### **Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) Dairy Tariff Rate Quota (TRQ) Dispute**

On October 1, 2025, the Government of Canada published the implementation of the 2026 calendar year dairy TRQs, including modest changes resulting from an agreement with New Zealand to resolve the CPTPP dairy TRQ dispute. This includes adjustments to TRQ administration, including changes to return dates, chronic return penalties, transparency measures and the introduction of an underfill mechanism for lower-fill TRQs. The changes do not alter Canada's existing market access commitments under the CPTPP.

### **Canada-United Kingdom (UK) (CPTPP & Canada-UK Bilateral Trade Negotiations)**

While the UK officially became a member of CPTPP, the agreement will not enter into force between Canada and the UK until Canada completes its own domestic ratification process. The federal government tabled Bill C-13 in October 2025.

Bilateral trade negotiations between Canada and the UK, which aimed to transition from the temporary Canada-UK Trade Continuity Agreement (TCA) to a comprehensive free trade agreement, stalled in mid-2024. At this time, it is unclear if negotiations will resume in the short-term.

# Economic Driver

## PRODUCTION & LOGISTICS

### Quota Transfer Trends

Quota can be transferred through the quota exchange, through an ongoing operation sale and purchase or within family, pursuant to the applicable sections of DFO's *Quota and Milk Transportation Policies Book*.

The following table summarizes quota transfers on the quota exchange and through ongoing dairy operations from November 2024 to October 2025, compared with November 2023 to October 2024.

Type of transfer	Nov. 2024 to Oct. 2025	Nov. 2023 to Oct. 2024	Percentage change
Quota sold on the exchange (kg)	2,747	3,866	-28.9%
Producers selling total quota	40	59	-32.2%
Producers selling partial quota	157	167	-6.0%
No. of ongoing farm transfers	14	22	-36.4%

As a result of low volumes of quota being offered for sale, as per policy, the June, August and October 2025 quota exchanges were cancelled, the same number of cancellations as in the prior fiscal year.

### New Entrant Quota Assistance Program (NEQAP)

NEQAP was introduced in August 2009 to assist new entrants entering the dairy industry, with production to start in 2010. From March 2010 to October 2025, 133 producers entered the industry through NEQAP. The program continues to be well-received, with approximately 92 per cent remaining in the industry.

### New Producer Program (NPP)

Introduced in August 2009, the NPP allows new producers to enter the dairy industry. Since its inception, 156 producers have used the NPP to enter the dairy industry and 135 are currently shipping milk.

In July 2025, the Board announced that effective May 2027, the NPP will be cancelled. Those applicants who have already submitted their \$10,000 deposit are permitted to continue in the NPP but the remaining applicants in the queue are not.

New producers seeking to enter the dairy industry may do so through the purchase of an existing farm operation or NEQAP.

# Economic Driver

## QUALITY ASSURANCE & REGULATORY COMPLIANCE

### Raw Milk Quality and Penalties

The Raw Milk Quality Section of the Production department is dedicated to maintaining compliance with Regulation 761 and the Raw Milk Quality Programs. Its primary goal is to continuously enhance the quality of milk produced and delivered by Ontario dairy producers. Through rigorous monitoring, evaluation and collaboration, the section upholds high standards in milk production, ensuring that all milk consistently meets regulatory requirements and exceeds consumer expectations.

Somatic Cell Count (SCC) is an important indicator of milk quality and animal health. In the period ending October 31, 2025, the lowest monthly averages of 160,000 cells/mL occurred in January, April and May, while August recorded the highest at 201,000 cells/mL. The provincial SCC weighted average in the 12-month period ending October 2025 was lower than 200,000 cells/mL during 11 out of 12 months.

During the same period, the bacteria provincial average ranged from 21,000 IBC/mL in January 2025 to 27,000 IBC/mL in March 2025.

As shown in the table, in the 12-month period ending in October 2025, the number of SCC, Abnormal Freezing Point (AFP) and bacteria penalties decreased while the number of Non-Grade A and inhibitor penalties increased compared with the same period ending in October 2024.

Raw milk quality area	Number of penalties	
	12-month period ending Oct. 2025	12-month period ending Oct. 2024
SCC	166	235
Bacteria	52	60
AFP	168	226
Non-Grade A	111	89
Inhibitors	25	13

Quality certificate	Results for 2024 calendar year (issued in 2025)		Results for 2023 calendar year (issued in 2024)	
	#	%	#	%
Gold	489	15.4	532	16.5
General	817	25.6	823	25.5
No certificate	1,883	59.0	1,876	58.1
Total	3,189	100	3,231	100

### Raw Milk Quality Recognition Program

The table shows the number of producers who received a Raw Milk Quality Certificate for milk shipped in the 2024 and 2023 calendar years, respectively. Raw Milk Quality Certificates were issued for 41.0 per cent of all producers in Ontario for milk shipped in 2024.

# Economic Driver

## Field Services and Grade A Inspections

The Field Services team, consisting of 13 Field Services Representatives (FSRs), continues to play a vital role in ensuring excellent milk quality and regulatory compliance across the province. FSRs conduct Grade A inspections, ensuring that producers consistently meet the standards set out in the provincial regulations.

Beyond inspections, FSRs also provide support to producers by completing milk quality troubleshooting and offering expert advice on how to improve milk quality, farm management and production practices.

As the first point of contact for producers, FSRs are highly knowledgeable in quota policy, regulation, license paperwork, milk quality and operational aspects on farm. Their ability to provide accurate and timely information ensures that producers are well-supported in meeting compliance requirements and achieving success on their farm.

As shown in the table, during the 12-month period ending in October 2025, a total of 2,101 initial Grade A inspections were conducted. From these inspections, 86.4 per cent resulted in Grade A classification.

Certification	12-month period ending Oct. 2025		12-month period ending Oct. 2024	
	#	%	#	%
Grade A	1,719	86.4	1,719	86.6
Conditional Grade A	206	9.8	203	10.2
Non-Grade A	79	3.8	60	3.0
Unsanitary non-Grade A	1	0.0	4	0.2
Total	2,101		1,986	

## BTMG Program

The Director of Regulatory Compliance has the authority and responsibility for Bulk Tank Milk Grader (BTMG) certification, recertification and monitoring. DFO has a BTMG Program that includes requirements for BTMG certification and recertification, apprentice and routine performance evaluations, performance accountability and BTMG recognition.

There are approximately 650 active BTMGs in Ontario. In 2024, a total of 51 apprentice and 88 routine performance evaluations were conducted. Forty-seven apprentice drivers completed one of four 2.5-day certification courses to obtain their BTMG status.

Early in 2025, 12 renewal courses were delivered across the province, and 71 BTMGs successfully renewed their certification. Of those, eight BTMGs received a Certificate of Excellence for meeting all the requirements of DFO's recognition program.

## Milk Sample Testing

Milk sample testing acts as standardized baseline for quality control and fair compensation for the producers. Our strengthened cold chain allows us to deliver sample results with high suitability, which supports all our industry stakeholders in their efforts to maintain the highest standard of milk quality on a daily basis. On March 1, 2024, DFO launched Enhanced Sample Testing, which marks a significant advancement in our industry and aims to provide our dairy farmers with improved testing and reporting frequency.

# Economic Driver

In the 12-month period ending in October 2025, sample suitability was 97.9 per cent, ranging from 99.3 per cent in the Orleans sample depot to 96.3 per cent in the Ashton sample depot. Two major causes of suitability issues during this period were depot fridge breakdowns and power outages.

## **proAction® Program**

proAction® is a national quality assurance initiative mandated for all Canadian dairy farms, aimed at ensuring high standards in dairy production. In Ontario, the Production department implements and coordinates this program, providing producers with notices and reminders while managing penalties and appeals.

As of October 31, 2025, a total of 99 per cent of Ontario producers were registered under proAction. The remaining one per cent includes producers with overdue validations or who have been withdrawn from the program, as well as new producers awaiting validation.

From November 1, 2024 to October 31, 2025, Lactanet conducted a total of 1,734 full validations and approved 1,486 self-declarations.

Since the proAction suspension policy came into effect in January 2021, there have been five producers that had their milk pickups suspended.

## **Code of Practice Review**

The updated *Dairy Code of Practice* was officially released on March 31, 2023, and took effect on April 1, 2024, requiring all Canadian dairy farmers to meet the revised standards. Many of the new requirements are being introduced gradually, with some provisions phased in over several years to give producers adequate time to adapt their practices and upgrade infrastructure as needed.

For more details, the final version of the updated *Dairy Code of Practice* is available at: <https://www.nfacc.ca/codes-of-practice/dairy-cattle>.

All new Code of Practice requirements will be incorporated into the proAction program by April 2027.



# Economic Driver

## Research

Five cents per hL from each milk pickup in Ontario is invested into the DFO Research Program under the following four pillars (some projects may overlap with more than one of the pillars):



# Dynamic Growth

Milk is one of nature's most nutrient-rich foods, nourishing both body and mind while strengthening the bonds that connect communities. At DFO, our Marketing team is united by a shared passion for milk – celebrating its nutritional strength, its irreplaceable taste, and the producer and local stories behind every glass. Our commitment to quality and high production standards continues to earn the trust of Ontarians. Guided by three strategic pillars: Increasing Milk and Dairy's relevance, Reembracing Milk and Dairy and Strengthening Industry Perceptions – our marketing efforts are focused on one clear goal: driving consumption. By leveraging these pillars, we connect with engaged audiences through authentic, resonant storytelling that builds affinity and ultimately encourages continued growth in milk and dairy consumption across Ontario.



## MARKETING

### Increasing Milk and Dairy's Relevance

#### Masterbrand

The Everybody Milk campaign drives milk's relevancy by celebrating the universal love for milk and reinforcing the emotional connection consumers have with it. On October 20<sup>th</sup>, a new chapter of the creative platform was launched under the theme of care, keeping the platform fresh, relevant and breakthrough. This campaign aimed to strengthen milk perceptions with the goal of increasing milk consumption and dairy purchase frequency across Ontario.

The campaign was anchored by a new TV spot, "Milk Moments" that highlights the meaningful role milk has in all stages of Ontarians' lives. Consumer research has validated that "Milk Moments" successfully drives long-term equity for milk and has strong resonance and enjoyment with consumers. The six-week integrated campaign reached Ontarians through a strategic mix of media tactics including TV, online video, social media and influencers, public relations, out-of-home billboards and digital display ads. The campaign is planned to deliver more than 129 million impressions, reaching all milk lovers across Ontario.



#### Nutrition

From January to March 2025, DFO launched its fifth Milk Glass campaign, reminding Ontarians of milk's 15 essential nutrients and its role in a healthy lifestyle. The integrated campaign ran for 10 weeks across TV, digital video, social, influencer and out-of-home channels, including placements on major streaming platforms, billboards and gym TVs. Consumer engagement was driven through GoodLife Fitness pop-ups, social contests and nutrition content with Canadian Living and Ontario dietitians, reinforcing milk as a simple, nutritious, everyday choice. This campaign delivered 140 million impressions across Ontario.

# Dynamic Growth



Capitalizing on Ontario's record participation in running, DFO positioned milk as a simple fuel for active lifestyles. Through immersive activations at Ottawa and Toronto's largest marathons, DFO engaged over 125,000 participants and spectators, highlighting milk's role in fuelling performance and recovery. The campaign extended its reach through marathon route billboards, Spotify placements on running playlists and influencer partnerships.

The campaign extended its reach through marathon route billboards, Spotify placements on running playlists, and influencer partnerships. Featured content included world champion, Andre De Grasse, and the call to "Fuel Like a Champ," elevating milk's credibility and relevance among wellness-focused audiences while reinforcing its 15 essential nutrients, including 9 grams of protein as fuel for performance.

DFO's Health Care Professional (HCP) Program continues to build milk's credibility within the health community through evidence-based education and partnerships with key associations.

This year, the program extended to more than 1,000 clinics across Ontario with targeted campaigns aligned to key health themes, supported by collaborations with the Ontario Pharmacists Association, Registered Nurses Association of Ontario, Nurse Practitioners' Association of Ontario and Dietitians of Canada. Among participating HCPs, 80 per cent reported increased awareness of milk's role in preventing conditions such as hypertension, type 2 diabetes and osteoporosis.

## Culinary

Culinary continued to inspire consumers through authentic storytelling that celebrates the essential and irreplaceable role of milk and dairy in everyday meals. Throughout the year, local chefs and food influencers created engaging content that showcased the versatility of milk, reaching broad audiences across the province.

DFO continued its partnership with The Royal Agricultural Winter Fair through Chef's Table Presented by Milk, featuring daily cooking classes led by top local chefs. This collaboration celebrated Ontario dairy through immersive experiences and exclusive dining events at one of Canada's most iconic fairs.

Milk Masters returned for its third season with an exciting twist; taking Milk On The Moove. Hosted on YouTube, the new three-episode series expanded reach across Ontario and featured two local chefs demonstrating easy, approachable recipes that could be made anywhere.

The campaign was amplified through social media, digital platforms and PR tactics to maximize reach and engagement and, after only four weeks in market, achieved over 1.2 million views.



# Dynamic Growth

The *Milk Calendar* program remains a cornerstone of dairy inspiration. The 49<sup>th</sup> edition continued to celebrate milk in everyday cooking. The 2026 *Milk Calendar* features a curated collection of easy, delicious recipes and includes a digital download option, ensuring our culinary content remains accessible and relevant to all audiences.

Together, these initiatives continue to highlight milk's place at the heart of Ontario kitchens.



## School Programs

This year, our school programs team continued to nourish students and spark curiosity. We helped build healthy habits while inspiring young learners to think critically about where their food comes from – and to feel proud of Ontario's dairy community.

### School Milk

Since 1986, the School Milk Program has been helping students fuel their day with fresh, nutritious milk. This year alone, more than three million milk servings were enjoyed by over one million students through school milk and breakfast rebate programs. Through our milk bank program, schools received support to secure refrigeration ensuring hundreds more students now enjoy cold, fresh milk as part of their daily routine.

### Milk Club

Milk Club continued to build excitement and healthy habits at home and at school. With 6,663 members completing 40,251 fun activities this year, the program continues to grow and evolve, offering new ways to earn points and enjoy expanded rewards.

### Reembracing Milk and Dairy

To ensure Gen Z audiences re-embrace milk and dairy, we stimulated renewed confidence in milk by providing exciting and customized integrated experiential moments with Camp MilkUP in April and August. Camp MilkUP was an emotionally resonant campaign tapping into the nostalgia of dairy treats and summer camp. We brought the event to Toronto in the spring, and Ottawa in the summer for 10 days each.

Camp MilkUP was packed with exclusive delicious dairy treats made by local vendors, milk-themed merchandise, engaging activities and plenty of fun photo moments. The highly anticipated campaign saw consumers eagerly posting photos, engaging on social media and consuming dairy.

Across the two events, the campaign reached an all-time high with 17,800 Gen Z attendees, thousands of new followers on social and 42.9 million impressions on TikTok and Instagram combined.



# Dynamic Growth

## Partnerships

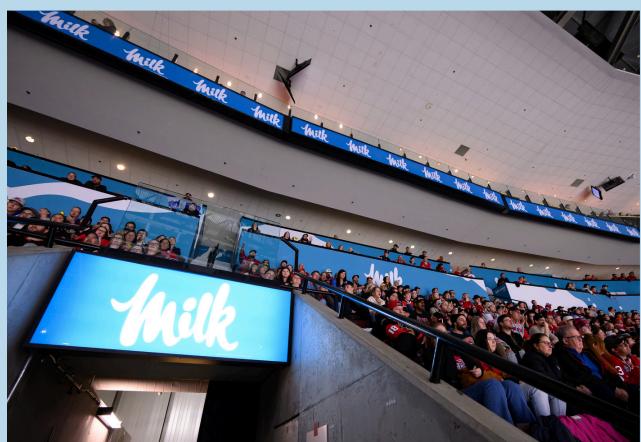
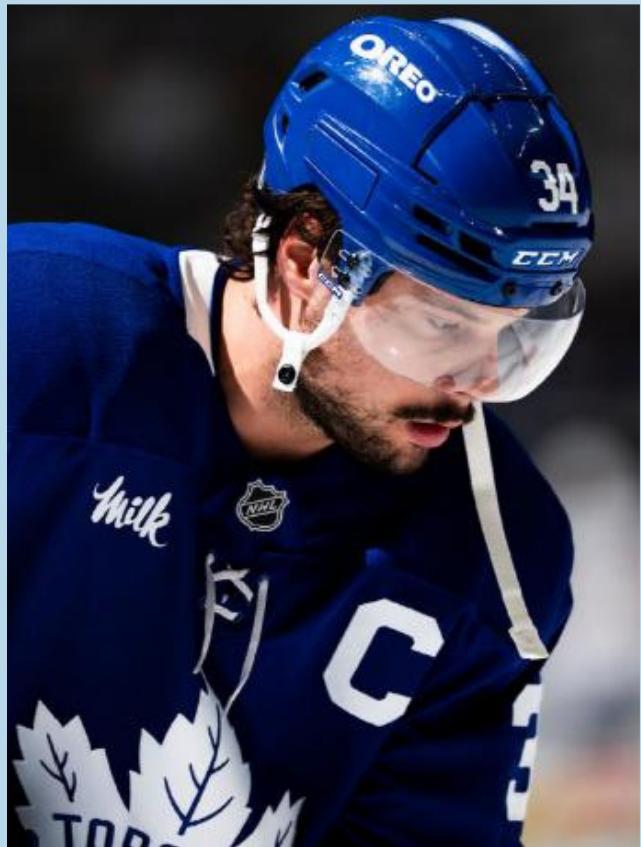
We leveraged our partner network and community connections to strengthen milk's perceptions and relevance for Gen Z's and the general population with the iconic Milk patch on the Toronto Maple Leafs' jersey, the Milk Zone at the Ottawa Senators and activations with the Toronto Spectres and Ottawa Charge from the Professional Women's Hockey League (PWHL).

The iconic Milk patch on the Toronto Maple Leafs' jerseys has garnered unprecedented exposure with a three-year total of 44.9 billion impressions. This season alone resulted in 240 million social impressions and thousands of dairy products consumed in-arena during milk activations.

Now in its second season with the Ottawa Senators, the Milk Zone continues to be one of the most cost-effective areas in the Canadian Tire Centre – to help make hockey more accessible. With over 17,000 fans at 47 home games, Milk branding is widespread across the arena through a combination of wall branding, signage, rink boards, concession sponsorship and engaging fan activities. For the first time in eight years, the Ottawa Senators made it to the playoffs resulting in an average of 3.2 million viewers on average per playoff game and more incremental value than planned.

This past hockey season marked the first year of DFO's partnership with the PWHL Toronto Sceptres and Ottawa Charge. We drove brand awareness through in-arena signage, DEDs (Digitally Enhanced Dasherboards – also known as Virtual Rinkboards) and engaged with fans through game night sponsorships. We collaborated with both teams to host a grassroots clinic with the goal of empowering young girls by educating them on the importance of proper nutrition to fuel their bodies with milk for sport and everyday life.

MilkUP and Live Nation continued to meet Gen Zs and drive consumption at events that matter to them. MilkUP showed up with a new activation connecting Gen Zs to our online community at 25 shows and two festivals.



# Dynamic Growth

## Grassroots and DPC

We continue our commitment to promote healthy, active lifestyles and invest in youth across Ontario reaching over one million youth across the province. To build and strengthen our connections to local communities and drive consumption of milk, the MilkUP Dairy Producer Committee (DPC) program supported team and tournament sponsorships, event activations, giveaways and sampling. In fiscal year 2025, we fulfilled 346 DPC hyper-local sponsorship requests.



## Strengthening Industry Perceptions

### Farmer Equity

The Spring Equity campaign ran from March to June, with the focus on strengthening dairy industry perceptions of local, high-quality and care. Through a strategic mix of media channels and creative content, the campaign built an emotional connection between Ontario dairy farmers, milk and consumers by reminding Ontarians of the local nature of the milk they love, and the passion that Ontario dairy farmers have for producing high-quality milk for Ontario families. This message was particularly critical and relevant given the heightened consumer sentiment around local.

The 10-week integrated marketing campaign was anchored by the successful “Set the Table” TV commercial. Out-of-home billboards, branded social media videos, influencer content, mobile display ads and a series on Breakfast Television further amplified the message across mediums to reach a mass audience throughout Ontario.

The campaign extended into local farmers markets in Niagara, Prince Edward County and Toronto to sample milk and local cheeses, where brand ambassadors and local dairy farmers conveyed the care and expertise that all Ontario dairy farmers across the province put into producing high-quality milk. The campaign delivered on the plan by reaching 130 million impressions across Ontario.



### Milk & Cookies

DFO launched the sixth annual Milk & Cookies holiday campaign with a \$500,000 donation to the Hospital for Sick Children (SickKids) and other Ontario children's hospitals in Hamilton (McMaster Children's Hospital), London (Children's Hospital) and Ottawa (Children's Hospital of Eastern Ontario). This campaign continued to drive equity for Ontario dairy farmers and strengthen industry perceptions by demonstrating the ongoing commitment to nourishing healthy communities while reinforcing milk's role in a beloved holiday tradition.

The successful “Home for Christmas” TV commercial was aired for a five-week flight from November 25 through to the end of December. The campaign was also supported by online video, out-of-home billboards, cinema, social media, influencers, public relations and custom content on Corus TV and digital networks.

To broaden engagement with consumers, Ontarians were invited to join us in showing support for children in the hospitals by submitting a drawing for our Magic Milk Glass contest. Winning drawings were used on the final glasses that were delivered to all children spending the holidays at Ontario children's hospitals.

# Dynamic Growth

We also introduced the first-ever Magic Milk Truck experience that delighted patients, families and staff at SickKids with complimentary milk and cookies and engaged Ontario media, increasing the coverage and awareness of the campaign. A second activation took place at Shops at Don Mills in Toronto to enable us to engage with a broad audience of milk consumers. Across all tactics, the campaign delivered more than 117 million impressions.



## Dairy Education

### Dairy Education Program

We refreshed our dairy processing resources to make learning even more relevant and engaging, especially for junior and intermediate classrooms. Nine brand-new resources were created to help students deepen their understanding of dairy production and processing.

Our 48 dairy educators were busy – visiting 980 schools, leading 8,919 presentations and connecting with 224,550 students across the province. In June, we proudly celebrated 30 years of dairy education, honouring three decades of classroom impact, the dedication of our educators and the remarkable growth of the program.

### Digital Dairy

Digital learning continued to thrive. Our 36 online lessons supported independent learning for K-12 students in English and French, and our Dairy Education YouTube channel reached even more classrooms with fun, informative videos that spark curiosity and self-directed learning. It also gave us the perfect stage to showcase Dairycraft 2.0.

### Dairycraft 2.0

Dairycraft 2.0 brought a major leap forward in virtual learning. With six curriculum-aligned lessons focused on nutrition, sustainability, technology and food systems, students explored a virtual farm, made dairy products, tracked nutrients and experimented with renewable energy concepts. With a dramatically expanded world and rich hands-on experiences, the new Dairycraft created more immersive, collaborative and unforgettable learning – already surpassing download numbers from the original launch.



### Consumer Education

This year marked the exciting launch of The School of Moo at the Royal Agricultural Winter Fair – an immersive, guided and playful experience that brings dairy learning to life. Educators across Ontario received School of Moo kits to bring the magic to community events, supporting 127 fairs, festivals and special events across the province.

At the 2025 Canadian National Exhibition, more than 1.42 million guests attended, and our dairy presence shone brightly. With the support of 48 producer volunteers and 22 dairy educators, we welcomed over 730,000 visitors to the Farm Building. The School of Moo made its CNE debut, including a new science corner featuring three hands-on activations – another exciting step in connecting families to dairy in engaging, memorable ways.

# Dynamic Growth

## Start Up/Scale Up Innovation Program

DFO supports dairy entrepreneurs providing mentoring and grants to both on-farm processors and new entrants as they innovate and drive incremental growth for the category. We have 25 on-farm processors across the province, with one new on-farm processor added to the roster this year and several more in early development. In 2025, five grants were awarded to participants who have been investing in product development or have successfully moved into production and distribution of their innovations.

## COMMUNICATIONS

### Corporate Communications

The Communications team continued to oversee a wide range of activities and provided strategic support to various staff on important topics to producers and dairy producer committees. The team is responsible for media relations, internal and external communications, crisis and issues management, collaborating with various teams and departments, public relations, website content management for industry and Milk Management System (MMS) pages, traditional and digital publications, and supporting communications on marketing initiatives.

In the past year, the team communicated on various policies and programs to support Dairy Farmers of Ontario's strategic priorities, including protecting supply management, particularly amid trade talks between Canada and the US, and highlighting the anniversary milestones of the organization (60), *Milk Producer* magazine (100) and the Dairy Education Program (30).

The team also implemented enhancements to both internal and external communication tools and channels, including but not limited to reports, presentations and briefings, *Milk Producer* magazine, Weekly Update, DFO's Annual Report and issues management processes.

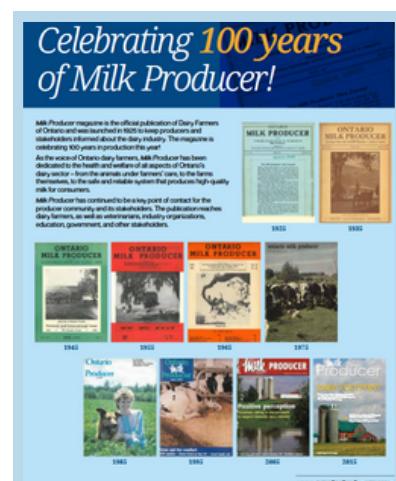
Communications staff continued to participate in the Issues Management Working Group (IMWG), which comprises of provincial and national staff who work in communications and government relations. The group shares information pertaining to media, communications, such as key message development and strategies, issues management, and parliamentary and regulatory affairs.

### Milk Producer Magazine

Since its inception in 1925, *Milk Producer* magazine has been the voice of Ontario dairy producers – a trusted resource to share experiences, best practices and translating research and science into practical applications for the farm.

In 2025, *Milk Producer* magazine commemorated its 100<sup>th</sup> anniversary, and showcased key milestones in Ontario dairy farming over the past century in the June edition.

Distributed monthly, *Milk Producer* regularly features Ontario dairy producers, is committed to supporting every facet of operating a well-managed, successful dairy farm and continues to be an important vehicle to transfer knowledge on best practices, first-hand experience and other tools to support Ontario dairy farmers.



# Dynamic Growth

## Corporate Affairs

The team supported the board and executive leadership in cultivating external relationships with stakeholders across dairy, agriculture, food and broader business communities.



In 2025, DFO joined the Ontario Chamber of Commerce, which enables DFO to advance our visibility and influence with a network of stakeholders and policymakers, including Patrick Sackville, Chief of Staff to Premier Ford.

Over the past year, the team supported Chair, Mark Hamel, CEO, Cheryl Smith, and the DFO Board in building strategic relationships across provincial, national and global agriculture sectors to foster dialogue and collaboration that strengthen the dairy industry. DFO Board members and leadership regularly engaged partners including the Ontario Federation of Agriculture (OFA), FarmGate 5, the Ontario Dairy Council, the Ontario Milk Transporters Association (OMTA) and Feed Ontario, and contributed nationally through Dairy Farmers of Canada, the Canadian Milk Supply Management Committee (CMSMC), P5 and P10. Internationally, DFO partnered with processors on technical and scientific work via the International Dairy Federation (IDF) and IDF Canada, including attendance at the annual IDF Summit. These connections drive shared priorities, innovation and commitment for a thriving dairy sector.

## Public & Media Relations

The Communications team supported DFO through proactive and reactive media relations that protect and reinforce a thriving dairy industry. Over the course of the year, the DFO Communications team managed and addressed media inquiries about trade and other topics that impact the Ontario dairy industry.

## DFO & Industry Events

### DFO's 2025 Annual General Meeting

More than 700 guests attended the 2025 annual general meeting (AGM) at the Fairmont Royal York in Toronto from January 14–16, marking its 60<sup>th</sup> anniversary.



# Dynamic Growth

## Dairy Producer Committee County AGMs

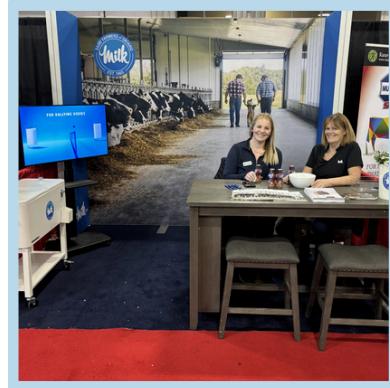
DPC county AGMs were held in person throughout February and March 2025 in regions across the province.

## Spring Policy Conference

The 2025 Spring Policy Conference (SPC) was held from March 25 to 27. One hundred and twenty-six DPC members attended the three-day event at the Nottawasaga Resort in Alliston. The agenda included topics on industry trade and politics, quota policy, quality, carbon markets, Ontario dairy advocacy, a provincial dairy board session and divisional updates from DFO.

## Canadian Dairy XPO

DFO and *Milk Producer* magazine jointly hosted a booth at the Canadian Dairy XPO (CDX) on April 2<sup>nd</sup> and 3<sup>rd</sup>. DFO was present with board members and staff giving away milk. The DFO logo was also featured prominently on staff and volunteer lanyards and t-shirts.



## Fall Regional Meetings

The 2025 Fall Regional Meetings (FRM) were held from November 3 to 6. One hundred and seventy-nine DPC members attended the four-day event in four different regions. The agenda included topics on industry trade and politics, quota policy, quality, Ontario dairy advocacy and divisional updates from DFO.

## Farm & Food Care Ontario partnership

DFO is a platinum partner of Farm & Food Care Ontario (FFCO) and is prominently featured in a variety of impactful projects throughout 2025. These collaborations provide meaningful engagement opportunities, showcasing the dairy industry across Ontario.

The partnership kicked off in June with the first Breakfast on the Farm (BOTF) event of the year at Hoenhorst Farms in Innenkip, as the Wensink family celebrated 100 years of farming. The event drew 2,200 guests from as far away as Toronto. The event also featured 40 commodity groups and industry organizations participating with booths.

On August 23, Apple Hill Farm hosted the second BOTF in Norfolk County. The fairgrounds was the central location for the event, where industry exhibits and local breakfast were held. Buses shuttled visitors over to the farm to tour the apple orchard and lavender farm.

On October 10, FFCO and the local DPC presented FARMtoberfest as part of Kitchener-Waterloo Oktoberfest. Members from across the agri-food sector hosted a full-scale farm discovery zone in the high-traffic Gaukel Block festival area. In addition, there was livestock displays, farm machinery, interactive booths and entertainment for festivalgoers. This was a unique opportunity to connect with new audiences and showcase the agricultural industry.

# Organizational Effectiveness



DFO is committed to leading and sustaining excellence in Canadian milk production, and this commitment extends to strengthening our own organization. We continually invest in both physical and digital infrastructure, while integrating policy changes to ensure resilience and efficiency. Our Board Services, Finance, Information Services and Human Resources teams work collaboratively to foster an environment where informed decisions can be made, our mandate can be fulfilled and our people can thrive. Our work is defined by dedication, persistence and a commitment to continuous improvement.

## LEGAL SERVICES & BOARD

The Legal Services team is responsible for Legal Services, including legislative and regulatory compliance, contract review and negotiation, litigation, legal support and advice, as well as Board matters, including Board governance, policy development review, internal controls and accountability measures. The team also holds the positions of General Counsel, Corporate Secretary and Privacy Officer. Legal Services ensures DFO's authority, decisions and policies are upheld before the Agriculture, Food and Rural Affairs Tribunal and the Canadian Justice System.

### DFO Board Election Results

At DFO's Board meeting held on September 25, 2024, in accordance with Ontario Regulation 760, as amended, under the *Milk Act*, R.S.O. 1990, the Board approved the following elections by acclamation: Bart Rijke, Board Member for Region 1; Don Gordon, Board Member for Region 5; and Vicky Morrison, Board Member for Region 9.

The elected Board members are serving a four-year term, which commenced January 16, 2025, immediately following the adjournment of DFO's annual general meeting.

### Board Executive Elections

At a special Board meeting held on January 16, 2025, following DFO's AGM, DFO's Board elected its 2025 Board Executive. Mark Hamel, Board Member for Region 11, was re-elected as Chair; Mr. John Wynands, Board Member Region 3, was elected as Vice-Chair; and Don Gordon, Board Member for Region 5, was re-elected as 2<sup>nd</sup> Vice-Chair. Arlene Minott was re-appointed as Corporate Secretary to the Board. Rey Moisan was re-appointed as Treasurer to the Board.

### Board Meetings

DFO's Board continued to hold in-person meetings while also leveraging the efficiencies of virtual technology to enhance the effectiveness of its committee meetings and special meetings.

The Board met every month for its two-day regular Board meeting for a total of 12 regular Board meetings annually. The Board also held special Board meetings to conduct urgent business or address time-sensitive issues.

# Organizational Effectiveness

## Board Governance

The DFO Board has embarked on a journey of governance excellence. Board members have completed a Board effectiveness assessment, Board culture assessment, individual Board member coaching and Board member peer assessment. We have been assisted in this work by Andres Consulting and Watson Board Advisors, both well-respected governance consulting firms.

The Board also drafted and implemented a Board leadership covenant. The covenant sets out nine commitments and requires each Board member to sign the covenant. Signing the leadership covenant means that each Board member commits to accept their individual and collective duty to lead unselfishly, with honour and respect.

The Board has developed a skills matrix to ensure that DFO's board members collectively possess a robust balance of skills, expertise and perspectives to contribute to the governance and oversight of the organization. The skills matrix outlines the characteristics and competencies reflective of the Board's current and future needs in consideration of the organization's strategy, risk profile, regulatory requirements, Board responsibilities, commitment to governance and Board leadership succession. The Board also has a robust skills-based training plan.

## FINANCE

Dairy Farmers of Ontario's Finance team is responsible for budgeting, financial and accounting services, including billing of processors and payment to producers and transporters, pool accounting, blend price calculations and quota administration.

### Credit Program Update

DFO continued to monitor the financial stability of its customers through a third party to safeguard the financial interests of Ontario dairy producers. From a risk perspective, four processors account for about 85 per cent of total milk sales; however, their financial stability is very strong. The accounts receivable protection fund totaled \$5.6 million at the end of October 2025.

### Milk Utilization Audit Services

KPMG continued to provide milk utilization audit services. There are currently 91 DFO supplied plants and 10 non-DFO supplied plants included in the audit scope.

### MUV Inc.

MUV system is a web-enabled electronic application used by processors to declare how the milk they receive from their marketing boards is used for the purposes of billing and verification. When the MUV system was licensed to other provinces, DFO and the Ontario Dairy Council agreed to incorporate the system to operate it as an independent entity. MUV Inc. is now managed by a separate board comprising of ODC and DFO representatives. Updates to MUV software and systems continue to be implemented to add functionality for processors and reflect changes in policy.

### Accounting Systems

DFO continued to evolve its accounting system. As part of a continuous improvement mindset, staff continued with automation of various processes in 2025. These automations will further the use of electronic document sharing and electronic approval processes, allowing more business to be conducted remotely without significant impact to day-to-day operations. This will increase the resilience of the organization and permit more efficient access to information.

# Organizational Effectiveness

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## INFORMATION TECHNOLOGY

The Information Technology (IT) team is responsible for information technology services, including programming and maintenance of DFO's information technology systems and data centre, as well as security, infrastructure, networks and IT customer service and support.

### Software Development and Maintenance

Enhancements to the Milk Management System are ongoing and are scheduled and deployed during regular monthly maintenance cycles.

MMS development is focused on parallel testing of billing and payment systems, along with integrations with our accounting platform. Development has completed and parallel testing is underway.

Development of an SMS-based text notification system for core producer test results is also complete, and we look to begin field testing early in 2026.

Additionally, two significant new projects are in active development. The first project is to build a new software platform in support of operations to coordinate farm evaluations and milk quality monitoring. The second project is to implement new third-party software for milk allocation and routing and integrating them with MMS.

### Infrastructure

We continued to reduce our technology footprint at our Mississauga Data Center by consolidating and increasing the density of equipment at our primary offsite data center. This will incorporate well with our disaster recovery initiatives and enhance the resilience of the organization.

We are also entering the second year of a planned two-year equipment refresh for staff and Board and expect to complete the refresh early in 2026. This ensures that all obsolete equipment is replaced on a five-year cycle and tools provided to DFO employees remain effective.

### Security

The security of our IT infrastructure continued to be a focus and is frequently being enhanced. It is critical that we ensure our systems are protected from threats and are tested regularly while also being recoverable in the event of a disaster.

A major project completed in this area this year was to modernize our disaster recovery solution, increasing redundancy and decreasing recovery time.

A secondary, but ongoing focus, was to increase the cyber awareness of employees. We continued to work with employees to improve threat detection and awareness through various training and knowledge-sharing initiatives, which will ultimately decrease our exposure to potentially malicious activities.

# Organizational Effectiveness

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## HUMAN RESOURCES

Over the past year, the Human Resources (HR) team has maintained a strong focus on organizational readiness and future capability building. In alignment with DFO's strategic plan, our priorities have centered on succession planning, leadership development, and the attraction and retention of top talent. These initiatives have been essential to reinforcing a healthy, high-performing workplace culture and ensuring that DFO remains an employer of choice in today's competitive market.

Succession planning has continued to be a key focus for the HR team. This year, four long-tenured employees announced their retirement, each representing a significant depth of industry knowledge and leadership experience. Recognizing the importance of smooth transitions and business continuity, HR partnered closely with the Executive Leadership Team and individual department leaders to prepare for these upcoming departures.

Comprehensive succession plans were developed well in advance to ensure that critical roles were supported by prepared and capable successors. In some cases, organizational changes were considered and structural adjustments were made to enhance efficiency and improve business flow. We worked collaboratively to mitigate disruption, ensure continuity of operations and provide development opportunities for internal talent.

Through these activities, we built a stronger internal talent pipeline to ensure that DFO is well-positioned to sustain leadership excellence and organizational stability through future transitions.

In support of our long-term succession and talent strategy, HR continued to encourage and support leadership and professional development through our annual performance review process. Individual development plans have provided the opportunity to discuss personal career goals with alignment to organizational needs.

This systematic approach to employee development ensures that DFO continues to cultivate a workforce that is adaptable, engaged and ready to assume greater responsibilities as opportunities arise. The continued emphasis on leadership development has enhanced both employee engagement and internal readiness, building greater confidence in the strength and breadth of employees and DFO's future leaders.

Recognizing the diverse needs of today's multigenerational workforce, HR led a comprehensive review of the organization's employee benefits program. The objective was to create a structure that reflects DFO's commitment to flexibility, inclusivity and employee wellbeing while ensuring cost-effectiveness and sustainability.

The redesigned program introduced a choice between benefit plans that allow employees to select coverage options aligned with their life stage, family needs and long-term priorities. In addition to enhancing the employee experience, it also supports DFO's strategic priorities by strengthening DFO's position as a people-centered employer and supports recruitment and retention efforts in a competitive market.

The collective efforts of the HR department this year have contributed to strengthening the operation. Through proactive succession planning, leadership development and modernization of our benefits programs, HR has played a pivotal role in ensuring organizational resilience during leadership transitions and continues to build confidence in the capability and depth of our talent.

As we look ahead, HR will continue to build on these achievements to ensure DFO is well-positioned to meet both current and future organizational needs.

# Financial Reports



# Independent Auditor's Report

To the Members of Dairy Farmers of Ontario,

## Opinion

We have audited the financial statements of Dairy Farmers of Ontario (the Entity), which comprise:

- the statement of financial position as at October 31, 2025
- the statement of operations and changes in fund balance - unrestricted, marketing and business development, research, accounts receivable financial protection and quota exchange funds for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at October 31, 2025, and its results of operations and its cash flows for the year 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. Our responsibilities under those standards are further described in the **"Auditor's Responsibilities for the Audit of the Financial Statements"** section of our auditor's report.

We are independent of the Entity 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 opinion.

## Other Information

Management is responsible for the other information.

Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the annual report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the annual report as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

## 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 the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

# Independent Auditor's Report

Those charged with governance are responsible for overseeing the Entity'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 generally accepted auditing standards 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 the Entity'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 the Entity'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 the Entity 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.
- 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.

The logo for KPMG LLP, featuring the letters 'KPMG' in a bold, italicized, black font, with 'LLP' in a smaller, regular black font to the right, all underlined by a thick black horizontal line.

Chartered Professional Accountants, Licensed Public Accountants  
Vaughan, Canada

December 17, 2025

# Financial Statements

## Statement of Financial Position

October 31, 2025 with comparative information for 2024

	2025	2024
<b>Current assets</b>		
Cash and cash equivalents	\$46,003,626	\$62,026,639
Accounts receivable (notes 2 & 19)	262,965,325	270,239,694
Prepaid expenses	2,972,667	1,012,607
	311,941,618	333,278,940
Investments (note 4)	41,484	41,484
Capital assets (note 5)	2,468,025	2,587,419
Intangible assets (note 6)	1,717,594	2,145,289
	<b>\$316,168,721</b>	<b>\$338,053,132</b>

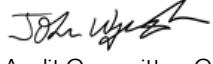
## Liabilities and Fund Balances

	2025	2024
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (notes 3, 7 & 8)	\$279,753,185	\$296,987,460
<b>Deferred capital contributions (note 9)</b>	296,233	423,189
<b>Fund balances</b>		
Unrestricted	17,552,573	20,622,665
Marketing and Business Development	9,247,977	10,800,604
Research	2,734,091	2,782,766
Accounts Receivable Financial Protection	5,631,967	5,483,753
Quota Exchange	952,695	952,695
	36,119,303	40,642,483
Commitments (note 18)		
Contingencies (note 21)		
See accompanying notes to financial statements.	<b>\$316,168,721</b>	<b>\$338,053,132</b>

On behalf of the Board,

  
Mark Mamel

Chair

  
John Weyer

Audit Committee Chair, 1<sup>st</sup> Vice-Chair

# Financial Statements

## Statement of Operations & Changes in Fund Balance-Unrestricted

Year ended October 31, 2025 with comparative information for 2024

	2025	2024
<b>Revenue</b>		
Administrative licence fees (note 11)	\$21,467,119	\$21,247,328
Interest income (note 4)	1,195,104	2,237,569
Raw milk quality and proAction programs (note 13)	809,075	962,932
Quota exchange administrative fees	63,028	63,754
Gain on disposal of capital assets	32,500	-
Other revenue	422,045	430,893
	23,988,871	24,942,476
<b>Expenses</b>		
Administrative and policy development (note 12)	17,247,140	15,729,842
Raw milk quality and proAction programs (note 13)	2,839,238	2,787,850
Milk tests, central laboratory (note 13)	2,774,798	2,201,821
Payments to affiliates (note 15)	1,214,915	1,149,999
Dairy producer committees	945,974	1,000,705
Annual meeting	755,296	540,749
Processor utilization audit	281,502	292,626
Loss on disposal of capital assets	-	24,819
Depreciation	1,000,100	954,481
	27,058,963	24,682,892
Excess (deficiency) of revenue over expenses	(3,070,092)	259,584
Unrestricted funds, beginning of year	20,622,665	20,363,081
See accompanying notes to financial statements.	<b>\$17,552,573</b>	<b>\$20,622,665</b>

# Financial Statements

## Statement of Operations & Changes in Fund Balance-Marketing & Business Development

Year ended October 31, 2025 with comparative information for 2024

	2025	2024
<b>Revenue</b>		
Market expansion fees collected (note 16)	\$47,686,794	\$44,051,578
Interest income (note 4)	399,635	737,873
<i>Milk Producer</i> magazine	405,858	451,828
<b>Program expenditures</b>	48,492,287	45,241,279
Brand advertising and mass media	21,689,929	22,198,513
Consumer marketing	10,181,790	9,764,478
Community	3,465,266	3,327,345
Business development	757,449	1,164,008
National projects (note 15)	9,138,548	8,950,952
<b>Support costs</b>	45,232,982	45,405,296
Support costs (note 14)	4,763,361	4,645,309
Depreciation	48,571	155,937
<b>Excess of expenditures over revenue</b>	50,044,914	50,206,542
Excess of expenditures over revenue	(1,552,627)	(4,965,263)
Fund balance, beginning of year	10,800,604	15,765,867
<b>Fund balance, end of year</b>	<b>\$9,247,977</b>	<b>\$10,800,604</b>

See accompanying notes to financial statements.

# Financial Statements

## Statement of Operations & Changes in Fund Balance-Research

Year ended October 31, 2025 with comparative information for 2024

	2025	2024
<b>Revenue</b>		
Research fees (note 17)	\$1,589,459	\$1,573,240
Toronto Stock Yards Land Development (note 17)	188,460	186,961
Interest income (note 4)	112,695	148,578
<b>Disbursements</b>	1,890,614	1,908,779
Research projects (note 15)	848,860	647,528
Dairy Animal Health Research Chair	219,000	205,000
Dairy Science Research Chair	200,000	200,000
Toronto Stock Yards Land Development (note 17)	187,100	174,950
Ontario Dairy Farm Accounting Project	143,956	165,545
Scholarships and grants-in-aid	150,000	139,930
Allocation of administration costs (note 14)	190,373	183,561
	1,939,289	1,716,514
Excess (deficiency) of expenditures over disbursements	(48,675)	192,265
Fund balance, beginning of year	2,782,766	2,590,501
Fund balance, end of year	<b>\$2,734,091</b>	<b>\$2,782,766</b>

See accompanying notes to financial statements.

# Financial Statements

## Statement of Operations & Changes in Fund Balance-Accounts Receivable Financial Protection

Year ended October 31, 2025 with comparative information for 2024

	2025	2024
<b>Revenue</b>		
Interest income (note 4)	\$213,511	\$291,654
<b>Disbursements</b>		
External administrator	65,297	60,039
	65,297	60,039
Excess of revenue over disbursements	148,214	231,615
Fund balance, beginning of year	5,483,753	5,252,138
Fund balance, end of year	<b>\$5,631,967</b>	<b>\$5,483,753</b>

See accompanying notes to financial statements.

## Statement of Operations & Changes in Fund Balance-Quota Exchange

Year ended October 31, 2025 with comparative information for 2024

	2025	2024
<b>Sales</b>		
Cost of sales	\$65,952,000	\$92,798,640
ADD:		
Inventory (shortfall), beginning of year	(749,520)	(269,040)
Purchases	65,936,880	92,318,160
LESS:		
Inventory (shortfall), end of year (note 3)	(764,640)	(749,520)
	65,952,000	92,798,640
Excess of sales over cost of sales	-	-
Fund balance, beginning of year	952,695	952,695
Fund balance, end of year	<b>\$952,695</b>	<b>\$952,695</b>

See accompanying notes to financial statements.

# Financial Statements

## Statement of Cash Flows

Year ended October 31, 2025 with comparative information for 2024

	2025	2024
<b>Cash provided by (used in)</b>		
Operating activities		
Excess of revenue over expenses (expenses over revenue)		
Unrestricted fund	\$(3,070,092)	\$259,584
Marketing and Business Development fund	(1,552,627)	(4,965,263)
Research fund	(48,675)	192,265
Accounts Receivable Financial Protection fund	148,214	231,615
Quota Exchange fund	-	-
Items not involving cash		
Depreciation	1,048,671	1,110,418
Gain/loss on disposal of capital assets	(32,500)	24,819
Amortization of deferred capital contributions	(126,956)	(126,957)
Change in non-cash working capital		
Accounts receivable	7,274,369	(14,245,994)
Quota inventory	(15,120)	(480,480)
Prepaid expenses	(1,960,060)	(157,366)
Accounts payable and accrued liabilities	(17,219,155)	15,581,005
	(15,553,931)	(2,576,354)
<b>Investing activities</b>		
Purchase of capital assets	(501,582)	(451,563)
Proceeds on disposal of capital assets	32,500	-
	(469,082)	(451,563)
Decrease in cash and cash equivalents	(16,023,013)	(3,027,917)
Cash and cash equivalents, beginning of year	62,026,639	65,054,556
Cash and cash equivalents, end of year	<b>\$46,003,626</b>	<b>\$62,026,639</b>

See accompanying notes to financial statements.

# Notes to Financial Statements

## YEAR ENDED OCTOBER 31, 2025

Dairy Farmers of Ontario (DFO) is a marketing board incorporated under the *Milk Act* as a not-for-profit organization. Formed in 1965 as the Ontario Milk Marketing Board, it was reconstituted as Dairy Farmers of Ontario in 1995 following the merger of the Ontario Milk Marketing Board and the Ontario Cream Producers' Marketing Board. DFO is exempt from income tax under Section 149.1 (l) of the Income Tax Act (Canada).

### 1. Significant accounting policies

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the *Chartered Professional Accountants of Canada Handbook*.

#### (a) Fund accounting

The Unrestricted Fund includes revenue and expenses that represent DFO's oversight and management of the milk distribution, economic policy development, producer support and administrative cost to support these activities.

The Marketing and Business Development Fund reports the promotion fees collected from producers and disbursements on marketing and business development programs and all costs to support these programs.

The Research Fund reports the research fees collected from producers and disbursements on research and education programs.

The Accounts Receivable Financial Protection Fund reports the funds available to compensate Ontario dairy producers for any deficiencies in payments in respect of milk sold by DFO. The Accounts Receivable Financial Protection Fund includes interest income earned on resources of the fund and expenditures related to administering the fund.

The Quota Exchange Fund reports the dollar value of quota exchange trading conducted by DFO.

#### (b) Revenue recognition

DFO follows the restricted fund method of accounting for revenue.

Unrestricted contributions are recognized as revenue of the Unrestricted Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Designated contributions related to operations are recognized as revenue in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Investment income, which is recorded on an accrual basis, includes interest income, net gain (loss) on sale of investments and change in net unrealized gains (losses).

#### (c) Cash and cash equivalents

Cash and cash equivalents consist primarily of cash on hand and cash balances with banks and other institutions. An investment qualifies as cash and cash equivalents when it has a maturity of 3 months or less from the date of maturity.

#### (d) Investment in joint venture

DFO accounts for its investment in Milk Utilization Verification (MUV) Inc., a jointly controlled not-for-profit organization, using the equity method. The investment is carried at cost and adjusted for any contributions or withdrawals and its share of the excess of revenues over expenses.

#### (e) Financial instruments

Financial instruments are recorded at fair value on initial recognition. All financial instruments are subsequently measured at cost or amortized cost, and management has not elected to carry any such financial instruments at fair value.

# Notes to Financial Statements

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, DFO determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount DFO expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Investments must comply with the requirements as prescribed in the investment by-laws of the *Milk Act*.

Interest income earned is allocated to funds based on fund balances and recognized as revenue in each fund.

## (f) Capital assets

Purchased capital assets are recorded at cost. Repairs and maintenance costs are charged to expenses. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to DFO's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Building and building improvements	5-20 years
Office furniture, fixtures and equipment	5-10 years
Computer hardware	3-5 years
Vehicles	3-12 years

Assets under construction are amortized once the assets are completed and available for use.

Assets purchased in support of marketing fund activities are aggregated separately and amortized into the Marketing and Business Development Fund.

## (g) Intangible assets

Intangible assets are comprised of assets that have a definite life. Intangible assets are subject to amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software and websites	3-7 years
--------------------------------	-----------

Intangible assets under construction are amortized once the assets are completed and available for use.

## (h) Allocation of indirect costs

DFO uses fund accounting and allocates certain of its general support expenses from the Unrestricted Fund to the Marketing and Business Development Fund and Research Fund by identifying the appropriate basis of allocating each expense. Salaries and general administrative costs are allocated based on usage, and occupancy costs are allocated on the basis of square footage used.

## (i) Use of estimates

The preparation of financial statements 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, expenses and changes to fund balances during the year. Actual results could differ from those estimates.

## 2. Accounts receivable

Accounts receivable consist primarily of amounts receivable from processors for the value of October milk shipments from DFO. Such amounts are receivable on the first and fifteenth of each month following the month of shipment.

## 3. Quota inventory

Quota inventory represents the quota remaining in DFO's bank as a result of balancing quota exchange activities valued at the October exchange clearing price. Inventory shortfalls are aggregated in accounts payable and accrued liabilities.

# Notes to Financial Statements

## 4. Investments

### (a) Investments consist of:

	<b>2025</b>	<b>2024</b>
Shares of producer co-operative	\$131	\$131
Investment in joint venture	41,353	41,353
	<b>\$41,484</b>	<b>\$41,484</b>

### (b) Interest income

Interest income in the Statement of Operations – Unrestricted is comprised of:

	<b>2025</b>	<b>2024</b>
Interest income	\$1,920,945	\$3,415,674
Allocation to Marketing and Business Development Fund	(399,635)	(737,873)
Allocation to Research Fund	(112,695)	(148,578)
Allocation to Accounts Receivable Financial Protection Fund	(213,511)	(291,654)
	<b>\$1,195,104</b>	<b>\$2,237,569</b>

### (c) Risk management

Risk management involves understanding and managing risks in all areas of the business and its operating environment. Investments are primarily exposed to interest rate and market risk. DFO has formal policies and procedures that establish target asset mix. DFO's policies limit investments to bonds that are guaranteed by the Government of Canada and other investments as provided in the investing by-laws of the *Milk Act*. There has been no change to the risk exposure from 2024.

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by DFO.

Market risk arises as a result of trading in fixed income securities. Fluctuations in the market expose DFO to a risk of loss. DFO mitigates this risk through controls to monitor and limit concentration levels.

Credit risk refers to the risk that counterparty may default on its contractual obligations. This risk is mitigated by the Accounts Receivable Protection Fund, and a credit program policy that includes processes in place to monitor the health of customers and where necessary require additional security.

# Notes to Financial Statements

## 5. Capital assets

			2025	2024
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$506,203	\$ -	\$506,203	\$506,203
Building and building improvements	3,508,046	2,907,848	600,198	695,676
Office furniture, fixtures and equipment	801,209	497,779	303,430	307,703
Computer hardware	2,055,975	1,620,526	435,449	263,495
Vehicles	1,479,454	856,709	622,745	814,342
	<b>\$8,350,887</b>	<b>\$5,882,862</b>	<b>\$2,468,025</b>	<b>\$2,587,419</b>

Capital assets are held in the Unrestricted Fund, except for the following, which are held in the Marketing and Business Development Fund: Building improvements of \$78,041 (2024 – \$91,599), Office furniture and fixtures of \$28,236 (2024 – \$34,521), and Computer hardware of \$64,971 (2024 – \$64,165).

## 6. Intangible assets

			2025	2024
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer software	\$5,047,468	\$3,329,874	\$1,717,594	\$2,145,289
Websites	1,268,078	1,268,078	-	-
	<b>\$6,315,546</b>	<b>\$4,597,952</b>	<b>\$1,717,594</b>	<b>\$2,145,289</b>

Intangible assets are held in the Unrestricted Fund.

Included in computer software are assets under construction totaling \$908,478 (2024 - \$759,161) relating to components of the new business software.

## 7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include amounts payable to producers and transporters for the value of October milk shipments managed by DFO. Payments to producers are made on the first and fifteenth of each month following the month of shipment.

# Notes to Financial Statements

## 8. Milk and transportation pool operations

Included in accounts payable and accrued liabilities is the net amount recoverable from producers in respect of pool operations.

	<b>2025</b>	<b>2024</b>
<b>Milk Value</b>		
Sales	\$3,111,625,795	\$3,025,200,461
Purchases	3,111,683,341	3,025,217,927
Recoverable from producers, beginning of year	(57,546)	(17,466)
	(43,204)	(25,738)
Recoverable from producers, end of year	(100,750)	(43,204)
<b>Transportation</b>		
Recovered from producers	114,764,892	113,236,846
Expenses	114,769,121	113,228,468
Recoverable from producers, beginning of year	(3,229)	8,378
	(41,194)	(49,572)
Recoverable from producers, end of year	(44,423)	(41,194)
Total Recoverable from producers, end of year	<b>\$145,173)</b>	<b>\$84,398)</b>

## 9. Deferred capital contributions

	<b>2025</b>	<b>2024</b>
Balance, beginning of year	\$423,189	\$550,146
Amortization of deferred capital contributions	126,956	126,957
	<b>\$296,233</b>	<b>\$423,189</b>

# Notes to Financial Statements

These contributions relate to funds received through the Traceability Foundations Initiative (TFI) Contribution Agreement. The Agreement provided DFO with \$1,422,501, of which \$1,237,500 of the contributions related to capital. These amounts are accounted for as deferred capital contributions and are amortized and recognized in income over a period of 5 to 7 years to match the useful life of the related transporter handheld devices and the new business software. The component related to the new business software was put in use with the launch of the stakeholder website in February 2021. The amortization recorded in the current year for this component was \$126,956 (2024 - \$126,957). The component related to the transporter handheld devices was placed in use in 2014 and has been fully amortized as of 2019.

## 10. Management of capital

DFO defines its capital as the amounts included in its fund balances. DFO's objective when managing its capital is to safeguard its ability to continue as a going concern so that it can continue to provide the appropriate level of benefits and services to the producers.

A portion of DFO's capital is restricted in that DFO is required to meet certain requirements in order to utilize its externally restricted funds, as described in note 1. DFO has been in compliance with these restrictions throughout the year. DFO sets the amount of internally restricted funds in proportion to risk, manages the net asset structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

## 11. Administrative licence fees

Licence fees for administrative purposes remained at \$0.675 per hectolitre.

## 12. Administrative and policy development expenses

Administrative and policy development expenses are detailed as follows:

	2025	2024
Staff salaries and benefits (i)	\$11,313,662	\$10,415,345
Assistance from contractors and staff support (ii)	984,473	723,991
Board Members' per diems, allowances and travel, elections (iii)	1,198,155	1,199,086
Professional fees	392,673	315,106
Office (iv)	578,193	494,882
Hiring costs, staff travel, and meetings costs	742,193	689,953
Equipment rental and maintenance	605,415	466,761
Insurance	505,703	513,810
Office maintenance, utilities, taxes and rent	284,237	264,435
Communication programs and activities (v)	447,978	444,480
Calibration truck operations	194,458	201,993
	<b>\$17,247,140</b>	<b>\$15,729,842</b>

# Notes to Financial Statements

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(i) DFO has a defined contribution pension plan. The assets of the plan are held separately from those of DFO in an independently administered fund. The pension expense is equal to the contribution paid by DFO. The contributions paid and expensed by DFO during the year amounted to \$616,008 (2024 – \$612,550).

(ii) Assistance from contractors and staff support includes consulting costs, clerical support, translation costs and training costs.

(iii) Board Members' per diems, allowances and travel include an annual honorarium for the Chair of \$79,514 (2024 – \$72,286), Vice-Chair \$39,937 (2024 – \$36,865), 2nd Vice-Chair \$27,035 (2024 – \$24,577) and other Board Members of \$16,507 (2024 – \$15,006). Board Members were paid per diem rates of \$380 (2024 – \$345) and a half-day rate of \$190 (2024 – \$172). Board Members' travel includes a travel allowance of \$1,848 (2024 – \$1,680).

(iv) Office expenses include amounts for stationery, supplies, subscriptions, postage, courier costs and similar expenses. This includes materials and distribution costs for materials sent to producers from the various functions included in the Unrestricted Fund.

(v) Communication programs and activities include the costs of producer and government communications, information brochures and the annual report.

## **13. Activities of DFO as a Delegated Authority**

DFO, under an agreement with the Ontario Ministry of Agriculture, Food and Agribusiness (OMAFA), is responsible for administering provincial activities of Regulation 761 pertaining to farm premises, Raw Milk Quality testing, truck-tank inspections, penalty applications and Bulk Tank Milk Grader (BTMG) certification, recertification and monitoring.

Total dollar amount received from milk quality penalties under section 55 of Regulation 761 is \$696,232 (2024 – \$780,638). The total dollar amount received from other fees, charges, penalties or costs established under section 19.1 of the *Milk Act* is \$77,000 (2024 – \$58,500).

The total costs of testing loads of milk for inhibitors is \$2,104,891 (2024 - \$2,128,094). The total losses from rejected loads of milk for reasons related to non-compliance under the *Milk Act* is \$681,371 (2024 - \$843,295). In addition to the aforementioned items, direct expenses incurred by the Delegated Authority in administering and enforcing the Designated Legislation and exercising any regulation also include DFO's share of costs for sample acquisition, management and testing of \$2,571,355 (2024 – \$1,992,750).

# Notes to Financial Statements

## 14. Allocation of indirect costs

Indirect costs for services and salaries to support activities of the Marketing and Business Development Fund were allocated from the Unrestricted Fund as follows:

	<b>2025</b>	<b>2024</b>
Staff salaries and benefits	\$680,000	\$510,000
Office maintenance, utilities, taxes and rent	94,746	88,145
Office expenses	121,488	110,213
	<b>\$896,234</b>	<b>\$708,358</b>

In the current year, indirect costs were also allocated from the Unrestricted Fund for services and salaries to support activities of the Research Fund in the amount of \$190,373 (2024 – \$183,561).

## 15. Payments to affiliates

Payments to affiliates consist of payments to Dairy Farmers of Canada (DFC). DFC is a national association that advocates for Canadian dairy. DFO has representation on its board of directors and helps support their activities. In the current year, DFO's contributions were recorded as \$1,214,915 (2024 - \$1,149,999) in activity of the Unrestricted Fund, \$285,240 (2024 – \$270,000) in activity of the Research Fund and \$9,138,548 (2024 – \$8,950,952) in activity of the Marketing and Business Development Fund.

## 16. Marketing and business development

Market expansion and promotional activities fees is \$1.50 (2024 - \$1.40) per hectolitre.

## 17. Research fund

(a) Research fees remained at \$0.05 per hectolitre on milk marketed by DFO.

(b) The Research Fund balance at year end includes an unspent allotment of \$110,351 (2024 – \$108,991) from the Toronto Stock Yards Land Development Fund. Spending of these funds is restricted for research and educational purposes.

## 18. Commitments

During the year, DFO entered into long-term contracts and commitments in support of its Marketing and Business Development Fund activities and its Research Fund activities. These contracts have resulted in commitments that extend beyond the current year as follows:

	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
Marketing contracts	\$13,759,989	\$10,549,622	\$ -	\$ -
Research commitments	373,854	250,000	41,000	5,000
	<b>\$14,133,843</b>	<b>\$10,799,622</b>	<b>\$41,000</b>	<b>\$5,000</b>

# Notes to Financial Statements

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## **19. Related party transactions**

DFO has invested in Milk Utilization Verification (MUV) Inc., a jointly controlled not-for-profit organization. DFO and Ontario Dairy Council jointly contributed their share of the MUV system, which is the web-enabled electronic application used by processors to declare how the milk they receive from their marketing boards is used for the purposes of billing and verification. The initial contribution was recorded at net book value of \$45,948. During the course of the year, net costs of \$71,147 (2024 - \$68,387) were expensed in the unrestricted fund, and included in accounts receivable in 2024 was \$585,060 from MUV Inc. No amounts are owing at October 31, 2025.

## **20. Credit facility**

DFO's credit facility remains at \$35 million at a rate of prime less 0.8% (2024 – prime less 0.8%). DFO has not drawn on the credit facility as of October 31, 2025 and 2024.

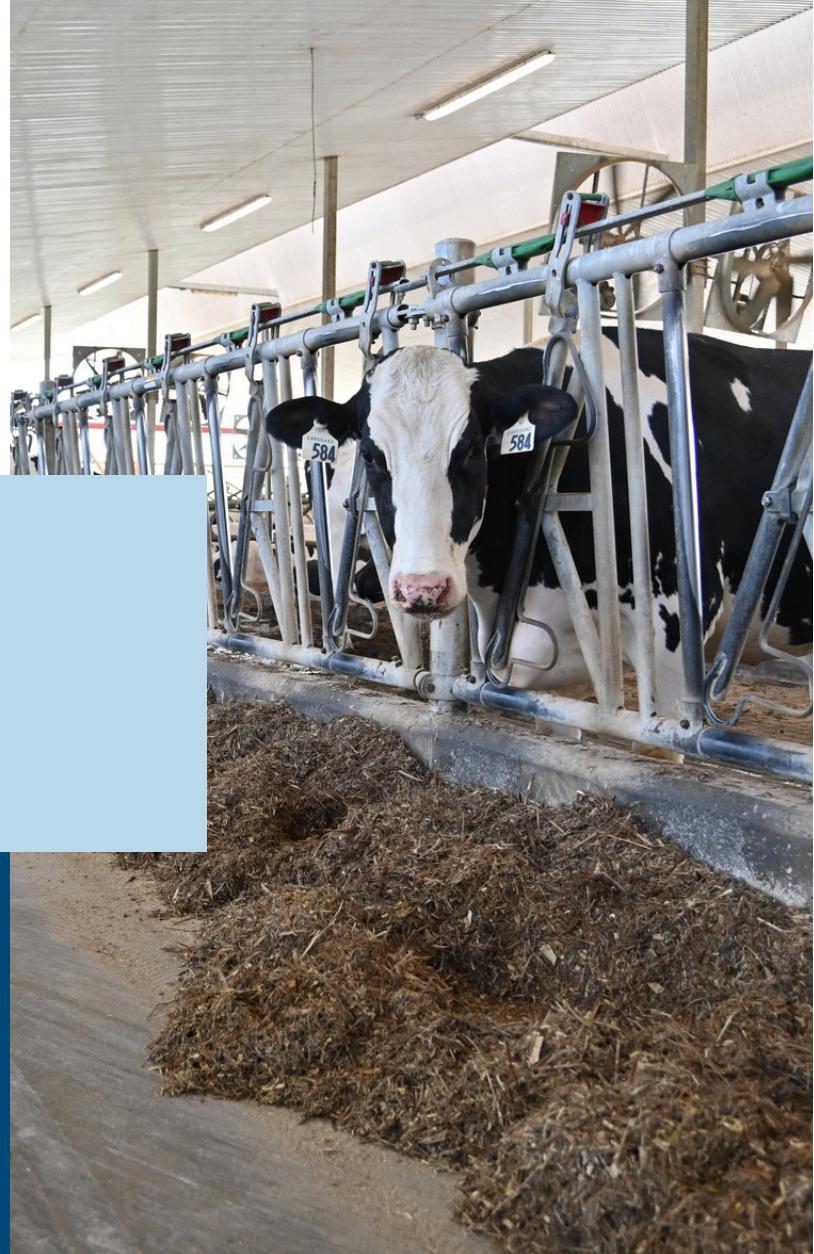
## **21. Contingencies**

DFO is involved from time to time in litigation, which arises in the normal course of operations. Liabilities on any litigation are recognized in the financial statements when the outcome becomes reasonably determinable.

## **22. Comparative information**

Certain comparative figures have been reclassified from those previously presented to conform with the financial statement presentation adopted in the current year.

# Annex



# OMAFA & DFO Administrative Agreement

## ORGANIZATIONAL OVERVIEW

### 1. Introduction

Dairy Farmers of Ontario (DFO), in addition to being the regulator and sole delegated authority for the marketing of milk in Ontario, is also the Delegated Authority responsible for administering and enforcing the Designated Legislation, which are the provisions of the *Milk Act*, including provisions of Regulation 761 related to cow's milk. DFO is accountable to the Minister and the Ontario Ministry of Agriculture, Food and Agribusiness (OMAFA), which is responsible for DFO's fulfilment of its Statutory Mandate.

DFO is guided by our mission, vision and values rooted in the foundation of supply management, as well as who we serve (producers, processors, consumers). DFO's mission is to provide leadership and excellence in the production of Canadian milk, and DFO's vision is toward a dynamic profitable growing Canadian dairy industry. Our commitment is to serve with integrity, collaboration and accountability.

Ontario dairy contributes more than \$8.7 billion to the province's gross domestic product and supports over 91,000 jobs. Every day more than 10,000 Ontario dairy farmers and their families commit to producing high-quality milk on 3,153 dairy farms across the province, from which more than 3.1 billion litres of milk is delivered to processors every year.

This report will summarize DFO's accomplishments for 2024-25 with regards to its commitment to administer, enforce and meet all provision of Regulation 761 of the *Ontario Milk Act* delegated to them in relation to cow's milk. DFO's stated goal is to consistently meet or exceed all outcomes and measures required as defined in the delegated portions of Regulation 761. This is done to ensure that Raw Milk Quality (RMQ) in Ontario continues to meet the needs of consumers. The provisions pertain to Farm Premises, the Bulk Tank Milk Grader (BTMG) Certification Program, Raw Milk Quality and Sample Testing, Penalty Application and Compliance Hearings.

### 2. Mandate

Dairy Farmers of Ontario is the regulator and sole delegated authority for the marketing of milk in Ontario. Our accountability to the Ontario Farm Products Marketing Commission and the Ministry of Agriculture, Food and Agribusiness remains steadfast. As the largest sector of Ontario agriculture, we continue to support a dynamic, profitable, growing Canadian dairy industry for the benefit of all Ontario producers collectively.

### 3. Mission

To provide leadership and excellence in the production and marketing of Canadian milk.

### 4. Vision

A dynamic, profitable, growing Canadian dairy industry.

### 5. Values

**Leadership:** We lead by committing to continuous personal and organizational development.

**Respect:** We listen, accept differences and work together.

**Trust:** We create, build and maintain trust by being honest, open and transparent.

**Integrity:** We are consistent in our actions and values.

**Teamwork:** We help each other succeed through collaboration.

**Fairness:** We ensure equitable application of rules and benefits.

**Accountability:** We hold ourselves and each other responsible for delivering results.

### 6. Overview of Organization

Dairy Farmers of Ontario is a marketing board incorporated under the *Milk Act* as a not-for-profit organization. It was formed in 1965 as the Ontario Milk Marketing Board and became Dairy Farmers of Ontario in 1995 following the merger of the Ontario Milk Marketing Board and the Ontario Cream Producers' Marketing Board. In 1998, DFO became the sole designated authority to administer and enforce the provisions of the *Milk Act*, including provisions of Regulation 761 related to cow's milk in Ontario.

# OMAFA & DFO Administrative Agreement

## 7. Nature of Relationship between DFO and OMAFA

In its role as the designated authority responsible for administering the Raw Milk Quality Program as it relates to cow's milk in Ontario, DFO is accountable to the Ontario Farm Products Marketing Commission and the Ministry of Agriculture, Food and Agribusiness. DFO understands and supports OMAFA's responsibilities for oversight of DFO's activities specifically related to the enforcement of Reg. 761.

## REPORT ON PERFORMANCE

Period: November 1, 2024 – October 31, 2025

### 1. Summary of Activities

The following activities were performed by DFO with respect to the administration and enforcement of the Designated Legislation and the exercise of regulation-making powers delegated to the Authority under section 19.1 of the *Milk Act* (currently described in O. Reg. 143/98) during the previous fiscal year:

Activities	Completed No.
Grade A inspections (initial and follow-up)	2,349
Inspections on tank trucks	240
Certification of BTMG New Certificates Recertification	63 71
Evaluation of BTMG (routine & apprentice)	107 + 62 = 169

### 2. Financial Summary

As part of the audited financial statements of the Administrative Authority for the previous fiscal year, a specification of:

**A:** the total dollar amount received from milk quality penalties under section 55 of Regulation 761, or any successor legislation; &

**B:** the total dollar amount received from other fees, charges, penalties or costs established under section 19.1 of the *Milk Act*:

A. RMQ Penalties	
Bacteria	\$97,685
Inhibitor	202,929
Abnormal Freezing Point (AFP)	61,293
Somatic Cell Count (SCC)	210,084
Subtotal	\$571,991
B. Grade A	
Non-Grade A (NGA)	\$124,242
Farm Inspection Fee*	62,000
Subtotal	186,242
<b>TOTAL</b>	<b>\$758,233</b>

**Note:** \*A farm inspection fee of \$250 is charged for any additional inspection required over and above the routine bi-annual or a required reinstatement inspection.

**C:** the total costs of testing loads of milk for inhibitors:

Test	Cost of testing loads (\$)
Inhibitors	\$2,104,891

**Note:** All loads of milk are pre-screened for inhibitors prior to being accepted by a processor. DFO supplies tests kits to 75 processors for this purpose.

# OMAFA & DFO Administrative Agreement

D: the total losses from disposal of loads of milk for reasons related to non-compliance under the Act:

Reasons for disposal of loads	Total losses (L)
Inhibitors*	603,628
Quality**	468,386
<b>TOTAL</b>	<b>1,072,014</b>

Note: \*Loads of milk that pre-screened positive for inhibitors and were rejected by the processor. These loads are not marketed and are disposed of.

\*\*All loads are subject to grading by a Plant Milk Grader prior to unloading. Grading is done by sight and smell. Any rejection based on sight or smell is considered a quality rejection. Reasons for a quality rejection (as outlined in Regulation 761) include foreign matter, butter balls, high temperature, malty, rancid or other.

E: the total direct expenses incurred in administering and enforcing the Designated Legislation and exercising any regulation-making powers delegated under subsection 19.1 of the Milk Act:

Direct costs in support of administering and enforcing the Designated Legislation (inclusive of inhibitor screening costs) was \$2,171,545 (2024 – \$2,151,808).

Cost for sample transportation, sample management, sample supplies, and laboratory testing (after reduction for cost sharing with partners) was \$2,774,798 (2024 – \$2,201,821). OMAFA's contribution to the items through the Dairy Testing and Transport Funding Agreement is \$458,160 (2024 - \$458,160). Capital investments consisting of sample fridges and Time Temperature Recorders to support this activity was \$91,685 (2024 – \$56,028).

## 3: Performance Measures

### A: Performance Statistics

#### (1) Enforcement of Regulation 761

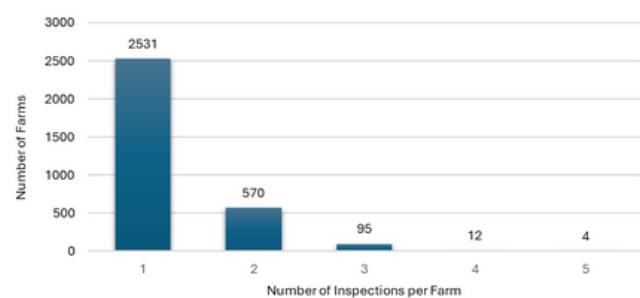
DFO conducts Grade A inspection to ensure compliance with Milk Act requirements. Appointed field persons conduct farm inspections at least once every two years. Inspections are performed more frequently as necessary to ensure consistent and continued compliance with regulatory requirements. In the 24-month period ending October 31, 2025, DFO completed 4,024 initial inspections, ensuring that 100% of Ontario's 3,212\* licensed dairy farms received at least one inspection. Some farms received multiple inspections based on risk, history, and program requirements. This approach supports continued compliance with OMAFA oversight expectations and maintains a strong regulatory framework for milk quality and safety.

Period: November 1, 2023 - October 31, 2025

Item	Count
Total # of farms in the last 24 months	3,212*
Total initial inspections completed (24 months)	4,024
Average inspections per farm	1.25

\*In October 2025, the number of active farms was 3,147. However, this inspection summary covers a 24-month period, during which some farms entered or exited the system. The total of 3,212 farms reflects the cumulative number of farms that required at least one inspection during the full 24-month reporting period.

Distribution of Inspections per Farms (24-Month Period)



# OMAFA & DFO Administrative Agreement

## (2) Staff Training

DFO's goal is to conduct two training sessions per year for Field Service Representatives (FSRs). These sessions are designed to provide technical training to ensure FSRs are able to provide raw milk quality troubleshooting services to Ontario dairy producers.

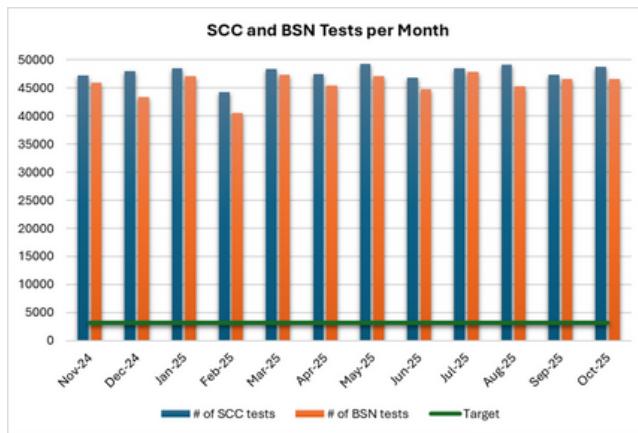
Date	Location	Topic
November 12-14, 2025	Mississauga, ON	Raw Milk Quality
May 21-22, 2025	Waterloo, ON	Raw Milk Quality
June 10-12, 2025	Kingston, ON	Raw Milk Quality

## (3) Milk Testing and Sample Transportation

Sample Type	Requirement	Actual Completed	Target Achieved
SCC	1 per producer per month	37,764*	573,546
Bacteria	1 per producer per month	37,764*	547,561

\*Requirement = 3,147 producers X 12 months = 37,764.

Milk quality and safety remain core priorities for DFO. To ensure the highest level of oversight, DFO conducts SCC and bacteria testing on every milk pickup, far exceeding the regulatory requirement of one test per producer per month. This enhanced testing approach is supported by expanded laboratory services that provide reliable, continuous monitoring of milk quality for all producers. By testing each pickup, DFO maintains strong quality assurance across the entire industry and ensures that milk entering the supply chain consistently meets the highest standards.



## BTMG Certification and Re-Certification

Training Type	No. of Courses	No. of BTMGs Trained
New Certification	5	63
Recertification	11	71

A BTMG must complete a performance evaluation and pass a written and grading examination before a certificate is issued or renewed. Certificates are issued for a five-year period. DFO is committed to providing an adequate number of certification and recertification courses each year to address demand. The 16 courses in 2024-25 provided training and ensured that all BTMGs and candidates that applied had access to a course.

## (4) Tank Truck Inspections (2024)

Inspection Type	No.
Full	236
Spot-Check	4

# OMAFA & DFO Administrative Agreement

To ensure trailers used to transport milk to processors are clean and well-maintained, DFO has a Tank Truck Inspection program that inspects trailers annually. There is no set frequency defined in the regulation with regards to Tank Truck Inspections, however, DFO views this as an important part of quality control.

In 2024, 79 per cent of the trucks were inspected. Out of the 63 trucks not inspected were 12 in Northern Ontario and 51 in Eastern Ontario. The inspection site in Eastern Ontario closed in 2023. The lack of an inspection site in the North and East makes it difficult to have these trucks inspected. In 2025, DFO will be conducting spot checks in Eastern Ontario.

## **B: Review of Legislation, By-Law and Policy Changes**

There was one change made to DFO's "Raw Milk Quality Program Policies" booklet between November 1, 2024, and October 31, 2025. Effective December 1, 2024, the underlined provision was added:

### **Section A: Provincial Raw Milk Quality Program**

#### **2.2.5. Consequences if violative levels of inhibitors or foreign matter contamination are found**

*A producer(s) will also be responsible for all losses and costs of a load not marketed due to the presence of foreign matter, and will not be paid for the milk shipment, if the bulk tank sample is found to contain foreign matter. Excess water shall be considered foreign matter.*

**Explanation:** DFO identified the need to clarify that, although water is a normal component of milk, excess or added water is not and should be considered as foreign matter with regards to milk quality. The previous foreign matter policy did not specifically define excess water as foreign matter. As such, historically there had been loads of milk with excess water that caused tank and/or silo rejections. In those situations, the offending producers may not have been liable for costs due to the lack of definition of excess water. This edited policy allows DFO to apply consequences in situations where a producer has caused a loss. A possible cause of excess water in milk is when bulk tank wash-water does not drain properly.

## **C: French Language Services**

DFO has 97 French producers. This represents 3.08 per cent of producers. These producers receive all correspondence and services in French. Additionally, all programs and policies DFO provides are available in both official languages.

## **D: Complaint Handling Process**

Any complaints regarding DFO's application of the legislation or challenge to a decision of the Director of Regulatory Compliance (DRC) are ultimately appealable to the Agriculture, Food and Rural Affairs Appeal Tribunal. Prior to that, however, DFO attempts to ensure that complaints and challenges are addressed in an efficient and logical manner in order to de-escalate and resolve issues, if possible, prior to the Tribunal process being initiated. Producers wishing to challenge a result or decision may do so by submitting a written challenge to DFO. The DRC will initiate an investigation based on the challenge. Depending on the nature of the challenge, the investigation could involve sample logistics, Time Temperature Recorder (TTR) data, University of Guelph Lab Services, Bulk Tank Milk Graders, DFO staff and Field staff. The purpose of the investigation is to verify if proper procedures were followed or if there are any grounds to allow the Director to confirm, vary or rescind a sample result or decision.

In situations where a complainant is likely to contact the Minister, DFO would advise OMAFA staff.

There was one significant producer challenge in 2024-25, which may escalate to the appeal process. DFO advised OMAFA staff of the circumstances of this case and the likelihood of escalation.

There was also one specific legal matter before the DFO Board that was not specifically related to Raw Milk Quality, however, in the spirit of knowledge sharing, OMAFA staff were advised by the DRC.

Additionally, there is one outstanding appeal from 2023-24 that has not yet been heard by the Farm Products Marketing Tribunal. This case is scheduled for early 2026 and OMAFA staff have been advised of the particulars.

# OMAFA & DFO Administrative Agreement

The following Challenges were received between November 1, 2024 - October 31, 2025. Each submission received an acknowledgement letter followed by a decision letter following the investigation.

Challenge Category	No. of Challenges	No. Granted	No. Denied
Inhibitor	1	0	1
Composition	2	2	0
Freezing Point	5	2	3
NGA	0	0	0
BSN	6	2	4
SCC	2	0	2
Other	0	0	0
<b>TOTAL</b>	<b>16</b>	<b>6</b>	<b>10</b>

Complaints that may impact dairy plants are investigated by Field Staff on farm to attempt to identify the source of the issue and correct it. The following rejected loads were investigated this year:

Reasons for Rejection	No. from Nov. 2024 to Nov. 2025
Butter balls	2
Foreign matter	38
High temperature	6
Malty	2
Rancid	0
Other	3
<b>TOTAL</b>	<b>51</b>

## E: Accessible Goods, Services, or Facilities

Dairy Farmers of Ontario is committed to excellence in serving all customers including people with disabilities. Our policy is based on the principles of independence, dignity, integration and equal opportunity for our customers.

### Assistive Devices

We will ensure that our staff are trained and familiar with various assistive devices that may be used by customers with disabilities while accessing our goods or services (i.e. wheelchair lift, accessible entrance door, accessible washrooms on the ground floor).

### Communication

We will communicate with people with disabilities in ways that take into account their disability.

### Service Animals

We welcome people with disabilities and their service animals. Service animals are allowed on the parts of our premises that are open to the public.

### Support Persons

A person with a disability who is accompanied by a support person will be allowed to have that person accompany them on our premises.

# OMAFA & DFO Administrative Agreement

## Training for Staff

Dairy Farmers of Ontario provides training to all employees who deal with the public.

Last year DFO received zero inquiries or requests to provide accommodation for a member of the public to access goods, services or our facilities.

## F: Corporate Governance

Information on Corporate Governance is available on the DFO website [www.milk.org](http://www.milk.org).

<b>Board of Directors</b>	<a href="https://new.milk.org/About-Us/Our-Team">https://new.milk.org/About-Us/Our-Team</a>
<b>Election &amp; Appointment Process</b>	<a href="https://www.ontario.ca/laws/regulation/760">https://www.ontario.ca/laws/regulation/760</a>
<b>Board Committees</b>	<p>The site lists specific committees, including:</p> <ul style="list-style-type: none"><li>• Governance Committee</li><li>• Audit Committee</li><li>• Markets &amp; Allocation Committee</li><li>• Quota Committee</li><li>• Research &amp; Development Committee</li><li>• Transportation Committee</li><li>• Ontario Advisory Committee for Milk</li><li>• P5 Quota Committee</li></ul> <a href="https://new.milk.org/About-Us/Our-Team">https://new.milk.org/About-Us/Our-Team</a>
<b>Code of Conduct</b>	<a href="https://new.milk.org/PDF/Code-of-Conduct.pdf">https://new.milk.org/PDF/Code-of-Conduct.pdf</a>
<b>Organization Chart</b>	<a href="https://new.milk.org/PDF/Organization-Chart.pdf">https://new.milk.org/PDF/Organization-Chart.pdf</a>
<b>Board Members &amp; Biographies</b>	<a href="#">Our Team - Milk</a>
<b>Board Executive Officers</b>	<a href="https://new.milk.org/Industry-News">https://new.milk.org/Industry-News</a>
<b>Head Office Contact</b>	<a href="https://new.milk.org/Contact-Us">https://new.milk.org/Contact-Us</a>

## G: Financial Statements and Notes

Available as part of the DFO Annual Report published December 30, 2025, and available on the DFO website. [www.milk.org](http://www.milk.org).

## H: Risk Management Plan

Dairy Farmers of Ontario has a process to identify, assess, and manage risks that may affect the organization's ability to achieve the objectives of the RMQ program. This process protects and serves all stakeholders and the public, mitigating risks, ensuring proactive control, and keeping identified risks at an acceptable level.

# OMAFA & DFO Administrative Agreement

At a high level, the DFO Risk Management Strategy (RMS) is driven by a top-down approach, and the DFO Board has ultimate responsibility for it:

- The DFO Board of Directors provides oversight of the organization's RMS and has established subcommittees, including the DFO Quality Assurance Committee, DFO Audit Committee, and DFO Governance Committee.
- The Board Subcommittees provide an avenue for reviewing information and for sound, reasoned policy development.
- The DFO Board of Directors ensures that policies and procedures are aligned across the organization's divisions, ensuring organizational consistency.
- The DFO Board of Directors has been receiving Training and Development in governance and risk management, with a specific focus on Enterprise Risk Management (ERM). This training included important Risk Principles, including Risk Takers, Risk Sensitive, Forward-Looking, New Opportunities, and Risk Appetite.

During the past year, DFO enterprise-wide risks were within tolerance, with many seeing mitigation actions by DFO to further reduce the risk. In the case where a risk was to exceed tolerance, DFO would advise OMAFA as soon as they were aware as it typically would do for other matters related to the administrative agreement.

When considering the RMQ program, the relevant DFO mitigation strategies are as follows:

Category	Mitigation Strategies
<b>Addressing Industry Related Risks</b> including foreign animal disease	<ul style="list-style-type: none"><li>• In 2024, 50 DFO employees participated in and successfully completed the IMS 100 – Introduction to Incident Management training offered by Fitzgerald &amp; Co. and in 2025, four employees completed IMS 100 training and one DFO employee completed the IMS 200 training.</li><li>• DFO has coordinated an IMS 200 – Basic Incident Management System for Initial Response training to select employees in Q1 of 2025-2026.</li><li>• DFO team members continue to engage in industry committees that aim to coordinate responses in the case of a foreign animal disease or other industry emergency.</li><li>• DFO participates in research initiatives which aim to identify solutions if an emergency were to occur.</li><li>• In the event of an emergency, DFO would work with the appropriate municipal, provincial and federal entities to coordinate the response.</li></ul>
<b>Ensuring Regulatory Compliance</b> through Inspection, Investigation and Education	<ul style="list-style-type: none"><li>• DFO conducts regular and proactive inspections which meets and exceeds the requirements set out in the administrative agreement.</li><li>• DFO reports at least annually to OMAFA on activities and advises OMAFA on adverse events on a proactive basis.</li><li>• DFO provides education on the program to producers and industry through our communications channels including the Milk Producer magazine.</li><li>• As a new initiative this year, DFO organized equipment dealer training which included troubleshooting on-farm quality issues and an overview of DFO RMQ activities.</li></ul>

# OMAFA & DFO Administrative Agreement

Category	Mitigation Strategies
<b>Effective Succession Planning</b> to ensure HR capacity and continuity of operations	<ul style="list-style-type: none"><li>At an organizational level, succession plans are in place and incorporated into the DFO Strategic Plan.</li><li>All DFO policies (including corporate and HR) are in place and reviewed regularly.</li><li>All DFO team members undergo yearly evaluation through the Performance Management Program (PMP).</li><li>DFO supports DFO team and Board member development through training and development opportunities to ensure continued professional growth.</li><li>DFO maintains a comprehensive schedule for Field Services coverage.</li></ul>
<b>Mitigating Financial Risk</b> through possible reduction in revenues	<ul style="list-style-type: none"><li>DFO maintains an operational surplus in their general fund with appropriate minimum, target, and maximum values to ensure ongoing business activities in the case of a reduction in revenues.</li><li>DFO Board has oversight and approves reports of financial status through the DFO Audit Committee.</li></ul>
<b>Assessing Data Governance</b> through proactive review of policies and practices	<ul style="list-style-type: none"><li>DFO has cyber liability insurance and appropriate risk management in place to prevent breaches or interruption in service.</li><li>Critical data (including quality, and composition) is backed up (both through DFO and our Official Laboratory).</li><li>DFO has verified that the Official Laboratory has an emergency response plan ensuring on-going sample testing.</li></ul>

# 2025 is a year to *remember*

This year, we commemorated milestones that tell the story of our collective efforts:

**60 years** of Dairy Farmers of Ontario and our commitment to dairy excellence,  
**30 years** of Dairy Education programming &  
**100 years** of *Milk Producer* magazine.

These milestones honour a legacy of dedication and unwavering commitment to our community.

*Together*, we celebrated our journey and the incredible future ahead.





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