

FACT

Food Animal Concerns Trust



**Annual Report
2007**



*A message from the
Executive Director*

Dear Supporters,

FACT celebrated its 25th anniversary in 2007 as one of the pioneering organizations in the farm animal welfare movement. We made significant progress thanks to the sustaining support from our donors, the vision and leadership of Robert Brown, FACT's Founder and President, and the hard work of FACT's staff.

We have all worked together to help make farms healthier and more humane places for animals to live. In this Annual Report you will learn about our accomplishments during the previous year and see how FACT, with your loyalty and generosity, will be working to further improve farm animal welfare and protect public health.

Please take some time to visit our new website at www.foodanimalconcerns.org. It has been redesigned to better fit the needs of FACT's supporters, the media and the general public. You can now read about FACT's current work on the News page, take action on pressing issues on the Action Alert page and help support our latest efforts through our secure Donate page. FACT also became fully accredited by the Better Business Bureau's (BBB) Wise Giving Alliance this year, a true testament to our high standard of fundraising accountability.

This annual report celebrates a year of accomplishments, all of which improved the lives of farm animals. With the help of our loyal donors, we can have an even larger impact next year. As always, we thank you for your very generous and ongoing support.

Sincerely,

Richard R. Wood

Promoting Humane Farming

Animals that are humanely raised are generally happier, healthier and experience a better quality of life than animals raised in confinement. FACT believes that all farm animals should be granted adequate space, access to the outdoors, clean water and air, the opportunity to express their natural behaviors, and safe feed. Animals raised on factory farms are not permitted these very basic freedoms.

Promoting humane farming makes a difference. The more meat, milk, and eggs produced humanely and sold to consumers, the fewer animals will be raised on factory farms. FACT also seeks to promote meaningful production labels that help to create markets for humane farmers and assist consumers in making informed purchasing decisions.

On-Farm Research & Humane Farming Program Highlights

- FACT began research on two Texas dairies to determine how heat stress affects calf welfare and to identify steps dairy farmers can take to alleviate that stress.
- FACT laid the groundwork for launching its Consumers Against Litter in Feed (CALF) campaign, an effort to ban the practice of feeding chicken manure to cattle.
- FACT actively engaged in the U.S. Department of Agriculture's (USDA) rule-making process to develop meaningful production claims for meat and livestock, including the "grass fed" label.

Looking Ahead

- FACT will continue researching the effects of heat stress on dairy calves and begin a study on adult cows.
- FACT will complete a comprehensive review of scientific studies on the human and animal health effects associated with the practice of feeding chicken litter to cattle, and will launch the CALF campaign.
- FACT will continue to advocate for accurate USDA production labels for meat and poultry products, including a "naturally raised" standard that must include strong humane management requirements.

Humane Choices: Phil's Fresh Eggs

The evolution of a family business committed to humane farming methods

FACT staff recently had the opportunity to meet with the President of Phil's Fresh Eggs, Rod Wubbena, at his operation in Forreston, Illinois. Phil's Fresh Eggs was an original partner in FACT's NEST EGGS® Project.

More than 150,000 eggs—or 12,500 cartons—pass through the processing plant at Phil's Fresh Eggs each day, by no means an insignificant quantity. Business for this company, based out of a small town in western Illinois, has been expanding, due in large part to the company's longtime commitment to cage-free production. In the 1980s and 1990s, Phil Wubbena, founder of Phil's Fresh Eggs, teamed up with FACT to raise eggs for our NEST EGGS Project. NEST EGGS®, as many of our longtime supporters will recall, was designed to create a market for eggs from uncaged hens and to demonstrate that farmers could make money selling them. Between 1984 and 2002, NEST EGGS cartons could be found in major grocery store chains in the Midwest and on the East Coast.



After the NEST EGGS project ended, Phil Wubbena and his son Rod continued to grow their family business. They experimented with new designs for their hen houses to improve the living conditions and welfare of their birds. They became certified by the American Humane Association ("American Humane Certified," formerly the "Free Farmed" label) and later Humane Farm Animal Care ("Certified Humane" label). Phil's has also expanded into new markets and now sources to corporate and institutional buyers through participation in a national co-op of cage-free and organic egg farmers.

Another element of egg production at Phil's is their continued commitment to growing and roasting their own grain to feed the birds. Their hen houses are cleaned out after each flock, and the litter and manure are applied as fertilizer on their fields of corn and soybean. Phil's also has a strict "no antibiotics" policy, and makes certain that their birds have space to move around freely.



FACT's President Robert Brown during the NEST EGGS® project.



Phil's Fresh Eggs does not force molt their flocks to increase egg production.

Phil's is a model for humane farmers not only because of these standards but also because the company owns every step of its production system. This ownership makes innovation and direct accountability to their buyers possible. They raise most of their own chicks and grow them into laying hens. They also raise their own feed, process and pack their eggs, and ship the eggs to the markets they have established. Today most factory farm operations are vertically integrated with a national company owning the hens, supplying the feed, and establishing the markets.

Rod Wubbena estimates that Phil's Fresh Eggs is now two to three times larger than it was during NEST EGGS. He credited FACT with helping the company expand into economies of scale, which has enabled contracts with supermarket chains such as Jewel, Dominick's and Whole Foods. It hasn't been easy, however, as competition is stiff. Many large, conventional egg companies now have "cage-free" lines. Because egg labeling is not strictly regulated, it is difficult to know which companies are truly "cage-free" and committed to addressing animal welfare concerns. All of the laying hens at Phil's are free from cages so consumers should feel confident about the company's humane label claims.

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Playing the Label Game

Cutting Through the Confusion of Food Labels

Have you ever walked into a grocery store, picked up a package of meat, and become instantly confused? What exactly does “naturally raised” mean?

FACT believes that clear, meaningful food labels are essential for consumers to make informed purchasing decisions. Clear labels also help create niches for humane farmers to market their products. However, the opposite is equally true. Inaccurate and deceptive labeling decreases consumer confidence in any production claim; it also makes it harder for humane farmers who are doing the right thing to achieve the profits they deserve. FACT is currently addressing two proposed labeling issues that, if adopted in their current form, could have serious consequences for farm animal welfare, humane farmers, and consumers: the inadequacy of the U.S. Department of Agriculture’s (USDA) proposed standard for “naturally raised” livestock and the lack of labeling required for cloned meat products.



In November 2007, the USDA proposed a standard for “Naturally Raised” meat marketing claims. The standard, as written, restricts use of antibiotics, hormones, and animal by-products in feed, but does not provide any requirements as to how the animal should be raised. The standard should prohibit the use of intensive confinement production practices, including gestation and farrowing crates, veal crates, tethers, slatted floors over manure pits, and battery cages for poultry. FACT has filed formal comments to the USDA opposing the rule as proposed.

A second problem with this proposed label is that the USDA already has a “Natural” label, but it applies solely to how a product is processed after slaughter, not to how the animal is raised. FACT wants only one natural meat label that is comprehensive in scope, covering food animal production from the farm to the store. We are working to bring about this change. FACT is meeting with humane and sustainable farmers and consumer group leaders who are equally concerned about these USDA labeling issues. We have also participated in meetings with the agency.



Unfortunately, these are not the only labeling issues consumers have to worry about. In December 2007, after several years of deliberations, the Food and Drug Administration (FDA) announced that meat and milk from the offspring of cloned cows, swine, and goats could be sold and consumed by humans—and that labels identifying these products would not be required. FACT opposes this decision because of our concern for animal welfare and food safety. We also believe that consumers have the right to know whether or not the food they eat comes from cloned animals and/or their offspring.

Overall, FACT is concerned that without strict standards or mandatory surveillance and labeling, consumers will not be able to make informed decisions about the food they buy. We are committed to helping consumers identify humanely-raised food products and can provide resources and information upon request. To oppose a “Naturally Raised” label that does not require the animal

to be raised humanely, or to oppose cloning and the sale of cloned products without a label, write to: Ed Schafer, Secretary of Agriculture, 1400 Independence Avenue, SW, Washington, DC 20250. Check FACT’s website for further background at www.foodanimalconcerns.org.

Protecting Public Health

FACT believes that healthy animals are essential for maintaining a safe food supply. The unsanitary and crowded conditions on factory farms create health problems both for the animals trapped within them and for people who eat their meat, milk, and eggs. Farm animals are the major source of many common foodborne bacteria that cause disease, otherwise known as foodborne pathogens. Large cattle, swine, and poultry farms can be ideal environments for the growth of *Campylobacter*, *Salmonella*, and disease causing *Escherichia coli* (*E. coli* O157:H7).



Foodborne bacteria directly contaminate food, causing flu-like symptoms that can be life-threatening for the very young, immune deficient, or elderly. These bacteria can also escape from the farm and contaminate water, infect wild animals, and spread to leafy greens and other produce through the application of contaminated manure or irrigation water. The Centers for Disease Control estimates that foodborne pathogens cause approximately 76 million illnesses, 325,000 hospitalizations, and 5,000 deaths in the United States each year.

Livestock farms can also be the source of serious bacterial illnesses not commonly considered foodborne, such as urinary tract infections and drug-resistant *staphylococcus* infections. Because the overuse of antibiotics causes the development of antibiotic resistance, pathogens that originate with farm animals are often difficult to treat.

Public Health Program Highlights

- FACT was instrumental in convincing the FDA's Veterinary Medicine Advisory Committee to vote against approving the critically important antibiotic drug cefquinome for use in treating shipping fever in cattle because of its risk to public health. Fourteen other drugs are already approved for treating this disease in cattle.
- FACT's Executive Director, Richard Wood, continued to lead the Keep Antibiotics Working coalition, (KAW), a coalition of 13 public health, consumer, humane, and environmental groups that advocates for an end to the unnecessary use of important human antibiotics with healthy animals. KAW's Coordinator is also on FACT's staff.
- FACT led KAW's efforts to identify shortcomings in the FDA's ability to protect human health as the agency approves new animal drugs. Our work resulted in a front page *Washington Post* story and formal Congressional inquiries.
- FACT finished a review of the human health impacts of alternative livestock production and presented the findings to the World Congress of the International Federation of Organic Agriculture Movements.
- FACT initiated a study on dairy farms in Texas to determine the food safety impact of management practices that would improve dairy calf welfare.
- FACT staff represented consumer interests as members of U.S. delegations to key Codex Alimentarius committees which address issues related to farm animal welfare and human health. Codex is the body that sets international food safety standards.

Looking Ahead

- FACT will complete research on dairy calves and adult cows, relating welfare improvements to food safety.
- FACT will research potential steps that poultry producers can take to reduce the prevalence of *Campylobacter* on their farms. *Campylobacter* is the second leading cause of bacterial foodborne illness in the U.S.
- FACT will represent public health and animal health and welfare interests at Codex deliberations, particularly its Task Force on Antimicrobial Resistance.
- FACT will raise awareness of livestock as a potential source of serious human methicillin-resistant *Staphylococcus aureus* (MRSA) infections and possibly conduct a study on selected U.S. pig farms.

MRSA and Factory Farms

FACT has long been a leader in addressing the problem of antibiotic resistance caused by the overuse of antibiotics on factory farms, as evidenced by our leadership role in the Keep Antibiotics Working coalition (KAW). The rise of antibiotic resistant bacteria has reduced the effectiveness of antibiotics important for treating both sick people and animals.

FACT is particularly concerned by recent research that implicates factory farms as a source of serious methicillin-resistant *Staphylococcus aureus* (MRSA) infections in humans. Studies in the Netherlands and Canada have found that pigs carry MRSA and can infect farmers and their families. Despite these findings, the U.S. federal government has yet to study our swine herd. Therefore, FACT now has plans underway to conduct a study.



MRSA is considered a “super bug” because of its ability to become resistant to several antibiotics, making it less responsive to treatment.

What is MRSA?

MRSA infections are caused by *Staphylococcus aureus* bacteria — often called “staph.” Commonly associated with skin infections, until recently most people believed MRSA infections occurred mainly in hospitals. A study published in the *Journal of American Medical Association* found that now even healthy individuals outside of hospitals are developing MRSA infections. MRSA infections overall in the U.S. are reaching epidemic levels and result in almost 100,000 infections and nearly 19,000 deaths each year. These exceedingly high figures combined with recent outbreaks have propelled MRSA into the news and made many people aware that it is a serious public health problem.



What many people do not know is that MRSA has also been traced to animals raised for food production, especially pigs, and that routine antibiotic use on these farms promotes its spread. Researchers in the Netherlands investigating patients who had unexpected MRSA infections found that these patients had contracted the bacteria from pigs on their farms. Follow up research found that one out of five MRSA infections in the Netherlands likely originated from factory farms. This farm source of MRSA moved from pigs to farmers, to their families, veterinarians, and to hospital staff treating farm-infected patients. The same pig strain that was detected in Canada has been associated with serious human illnesses in Europe, including skin, wound, breast, and heart infections, as well as pneumonia.

What FACT is Doing

Richard Wood, FACT’s Executive Director, believes that identifying and controlling factory farm sources of MRSA is a public health priority of the first order. FACT, as part of the Keep Antibiotics Working coalition, is calling for Congress to compel the U.S. Food and Drug Administration (FDA) to survey pig farms and determine if they are contributing to the reported surge in MRSA infections and deaths in the U.S. In December 2007, FDA leaders stated that the agency did not plan to survey pig farms. As MRSA has become an increasingly visible infection during the past year, FACT believes that it is important that its sources are identified, and that the relevant government agencies develop appropriate interventions.

Convinced that time is of the essence, FACT is pursuing plans to conduct its own study of farms to determine whether or not the MRSA strain found in the Netherlands and Canada is also present in U.S. hogs. We are taking steps to address the public health threat of MRSA in this hands-on manner and will keep you updated on our findings.

FINANCIAL SUMMARY

Year Ended June 30, 2007

	TOTAL FY 07	BUDGET FY 08
REVENUE:		
Contributions	\$ 572,482	\$ 626,530
Bequests	37,995	60,000
Investment Return	248,642	125,000
 TOTAL REVENUE	 859,119	 811,530
 EXPENSES:		
<i>Programs</i>		
On-Farm Research and Humane Farming	221,444	161,691
Public Health	329,831	333,558
Public Education	174,440	170,116
 <i>Total Program</i>	 725,715	 665,365
 Fund Raising Management & General	127,230 48,946	109,275 74,703
 TOTAL EXPENSES	 901,891	 849,343
 DECREASE IN NET ASSETS:	 (42,772)	 (37,813)
 NET ASSETS		
Beginning of Year	1,908,268	1,865,496
End of Year	\$ 1,865,496	\$ 1,827,683

A copy of FACT's audited financial statements may be obtained from the New York State Office of Charities Registration, Albany, NY 12231 or directly from FACT.

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Lisa Isenhardt, KAW Coordinator, FACT Staff Assistant

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Auditor: Pacion Matousek Ajder, P.C.

Your Help is Needed



The MISSION of FACT is to improve the welfare of farm animals; address public health problems such as the safety of meat, milk, and eggs; broaden opportunities for family farmers; and reduce environmental pollution

Factory farming is an inhumane and unhealthy way of raising animals. FACT is committed to improving the lives of farm animals and protecting public health—but we can't do so alone. Please support our efforts!

FACT's program activities to make farms healthier and more humane places to raise animals account for 80 percent of our annual expenditures. Financial support from foundations is important, but the majority of FACT's income comes from individual donors. Contributors receive a FACT ACTS Annual Report and one FACT ACTS newsletter each year. They also receive three appeals for funds during the year, but, on request, we will send only one appeal before the close of the calendar year.

Donations by check or credit card can be sent by mail to the FACT offices at PO Box 14599, Chicago, IL 60614. You can also contribute online through our secure Donate page at www.foodanimalconcerns.org. Contributors may elect to receive FACT Sheets, our monthly, e-newsletter to stay up-to-date on current issues and latest industry news.

Privacy Policy

FACT maintains a database with names, addresses and a record of donations from contributors. This information is maintained only on a computer in our offices and is never provided to other organizations on a rental, name trading, or other basis. Donors who wish to review the information kept on them at FACT may request a copy and then make any desired changes.

FACT

Food Animal Concerns Trust

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Humane Choices: Phil's Fresh Eggs

Consumer demand for humanely-raised products is growing rapidly. Making informed and conscious purchasing decisions can go a long way in improving the living conditions of farm animals. For more information on humane food choices, please contact FACT at 773-525-4952 or visit our website at www.foodanimalconcerns.org.

Launched in 1984, the Nest Eggs Project produced eggs from approximately 675,000 hens without cages on its farms. While Nest Eggs are no longer available, Phil's Fresh Eggs and other humane products can be found in many markets across the country.

Phil's Fresh Eggs: www.philsfresheggs.com

