



TURKEY FARMERS
OF CANADA®

LES ÉLEVEURS DE DINDON
DU CANADA^{MD}



ANNUAL REPORT

2019

CANADIAN TURKEY MARKETING AGENCY
(C.O.B. TURKEY FARMERS OF CANADA)

TURKEY FARMERS OF CANADA

THE FORTY-SIXTH ANNUAL REPORT OF THE CANADIAN TURKEY MARKETING AGENCY
(C.O.B. TURKEY FARMERS OF CANADA) IS PREPARED FOR PRESENTATION TO THE
FEDERAL MINISTER OF AGRICULTURE AND AGRI-FOOD, THE FARM PRODUCTS COUNCIL
OF CANADA AND THE TFC MEMBERS.

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ABOUT TURKEY FARMERS OF CANADA

DELIVERING VALUE ON THE FARM AND BEYOND

Turkey Farmers of Canada (TFC) represents Canada's 530+ turkey farmers. Created in 1974 under the federal *Farm Products Agencies Act (FPAA)*, the Agency encourages cooperation throughout the Canadian turkey industry, promotes the consumption of turkey meat, and oversees the supply management system for turkey in Canada.

Mandated by Federal Proclamation, TFC's Board of Directors set national turkey production levels in response to market activity and market forecasts, as well as expectations regarding imports and competing protein and input markets, to ensure that consumers have access to a secure supply of high-quality Canadian turkey products, and that farmers earn a fair return on their investments.

The Board provides direction to a national office staff and also makes decisions on matters such as research, on-farm food safety, flock care and the promotion of Canadian turkey, all in order to further promote a strong, efficient and competitive turkey production and marketing industry (as per S.21 of the *FPAA*).

TFC operations are funded by production-level levies remitted on each kilogram of turkey marketed.

The Agency is accountable to its members and partners, and reports annually to Parliament through the Minister of Agriculture and Agri-Food Canada, and the Farm Products Council of Canada.

FARM PRODUCTS AGENCIES ACT

S. 21. The objects of an agency are:

- 1) to promote a strong, efficient and competitive production and marketing industry for the regulated product or products in relation to which it may exercise its powers; and
- 2) to have due regard to the interests of producers and consumers of the regulated product or products.

VISION, MISSION, VALUES



OUR VISION

Turkey Farmers of Canada is recognized for its collaboration with all stakeholders in creating a sustainable turkey industry that ensures a healthy, year-round food choice for Canadians.



OUR MISSION

To promote research, knowledge sharing, efficiencies, and consumer awareness – the cornerstone of a thriving Canadian turkey industry – to contribute to the wellbeing of farmers, processors, the industry and partners.



OUR VALUES

The members of Turkey Farmers of Canada, guided by the *Farm Products Agencies Act*, S. 21, believe in:

- A national, orderly marketing system working towards growth of output and profitability for investors in the sector.
- A competitive and profitable economic model that benefits producers across Canada.
- Transparency of farm management practices, meeting the highest standards for health, safety, and animal welfare.
- Keeping pace with ongoing competitive changes in the Canadian marketplace.
- Satisfying the evolving expectations of the Canadian consumer through innovation and excellence in turkey production and processing, providing a high-quality and safe product to consumers at a fair price.
- An organization that operates ethically, respectfully, with integrity, and valuing employees, partners, and stakeholders.

TFC represents more than 530 turkey farmers who provide high quality turkey to consumers.

CHAIR'S MESSAGE



I am honoured to be in my second year as Chair of Turkey Farmers of Canada (TFC). 2019 brought with it new challenges and hurdles for the organization. All as a number of significant files were advanced.

While reflecting on the last year, I see the importance of collaboration – between provincial boards, between farmers, between government and industry. We have many common goals and working collaboratively allowed, and will allow us, to proactively achieve them.

Given a shift in turkey market trends and demographics over the last few years, it is imperative to have a Commercial Quota Allocation Policy that is beneficial to all farmers, allowing us to move forward as an industry. Considerable work was put into the allocation file in 2019 towards this goal. This was also the right time for increased marketing efforts by TFC to meet these changing marketplace trends.

Here, I would like to highlight the Think Turkey™ campaign. TFC and Canadian Poultry and Egg Processors Council (CPEPC) invested in this five-year national marketing campaign to increase overall consumption and awareness of turkey for consumers. This campaign, cost-shared equally by producers and primary processors, is an investment in future growth. It had a great start in 2019 (details in this report) and I anticipate more success to come.

Trade negotiations posed familiar challenges over the last year. The Canada-United States-Mexico Agreement (CUSMA) is an ongoing file for TFC. Canadian turkey farmers will feel the impact of this agreement and the access given to the domestic market under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). TFC worked proactively with the SM4 to maintain a presence with government on trade discussion affecting the system of supply management.

Animal activism and special interest groups became more prevalent in 2019. This trend is not new, but as an industry we are beginning to see more and the increased media attention that comes with it. TFC participated in industry-wide discussions on the topic and on developing new strategies. As 2019 came to a close, we saw two provinces – Alberta and Ontario – legislate a tougher stance on breaking and entering on the farm.

I want to recognize the Board of Directors, as well as provincial boards, TFC staff and our industry partners for their hard work and dedication to achieving many goals in 2019. Thank you for your commitment to agriculture and the turkey industry. Working together, we will continue to ensure the stability of our marketing system, create a strong future for turkey farmers and increase the importance of turkey to Canadian consumers.

It has been a pleasure working with you.

Respectfully submitted,

Darren Ference
Chair

EXECUTIVE COMMITTEE



Darren Ference (**Chair**), Alberta
Brian Ricker (**Executive Member**), Ontario
Calvin McBain (**Vice-Chair**), Quebec

BOARD OF DIRECTORS



TFC's 11-member Board of Directors is comprised of eight farmer-elected provincial board representatives, along with two appointed members of the primary processing sector (Canadian Poultry and Egg Processors Council (CPEPC) and one from the further processing sector (Further Poultry Processors Association of Canada (FPPAC)).

BOARD OF DIRECTORS

- Darren Ference (Chair) - **Alberta**
- Calvin McBain (Vice-Chair) - **Quebec**
- Brian Ricker (Executive Member) - **Ontario**
- Vic Redekop/Shawn Heppell (October 2019) - **British Columbia**
- Jelmer Wiersma - **Saskatchewan**
- Rachelle Brown - **Manitoba**
- Bertin Cyr - **New Brunswick**
- Steven Eadie - **Nova Scotia**
- Doug Hart - **CPEPC**
- Michel Pépin - **CPEPC**
- Adam Power - **FPPAC**

ALTERNATE DIRECTORS

- James Krahn - British Columbia
- Scott Olson - Alberta
- David Mandel - Alberta
- Todd Clarke - Saskatchewan
- Aaron Janzen - Saskatchewan
- Mike Reimer - Manitoba
- Matt Steele - Ontario
- Guillaume Côté - Québec
- Joshua Hayes - New Brunswick
- Hugo Therrien - New Brunswick
- Marc Sproule - Nova Scotia
- Darcy Ballance - CPEPC
- Tony Tavares - CPEPC
- Kohl Horbow - FPPAC

EXECUTIVE DIRECTORS'S MESSAGE



Turkey Farmers of Canada (TFC) members, turkey farmers and industry partners, up and downstream from the farm-gate are working through a challenging period of

time for the domestic industry.

The market update included in this report provides evidence of this, as statistics over a number of years indicate. As noted in the Chair's message, the consumer demographic is shifting, and quickly. And, an adjustment to that shift realistically takes time and investment. We are pleased to see that this adjustment has become a shared focus across our sector through the national marketing campaign – "Think Turkey™."

At this time, there are also many positive underpinnings in our sector on which to build and expand, such as:

1. Turkey meat with its nutrition profile, adaptability and versatility;
2. Consumers' desire for food from Canadian farms – an opening for Canadian Turkey/ Canadian Raised;
3. The swath that the "Think Turkey™" marketing campaign is cutting across the food advertising landscape;
4. The efficiency of feed grain conversion into a leading protein;
5. Implementation of On-Farm Food Safety programs across the nation;
6. A national, audited animal welfare program;

7. A strong AMU strategy that continues to unfold;
8. A strong, renewed public commitment to turkey farmers from the four leading political parties in the 2019 Federal Election;
9. The matching commitment by those parties to a fair and full mitigation package focusing on the long-term interests of the sector through more market development and investment; and,
10. An organizational structure which enables a strong singular focus on shared values and progressive outcomes.

There are additional details on each of these underpinnings throughout the 2019 Annual Report. With these key elements in place, or soon to be, the sector and TFC specifically is sitting in a position of strength to move forward. We all must dig deep to make some difficult decisions for the coming year, particularly in regard to allocations and a new allocation policy.

This report has been prepared by a dedicated and capable group of my colleagues at TFC, each of whom remains highly committed to working hard with our counterparts in member organizations, and to supporting the TFC Board members and the TFC Executive Committee. They will work to keep supply management strong across the eight member provinces, advance the interests of our farmers, and feed into a thriving domestic industry.

Respectfully submitted,

Phil Boyd

Executive Director

TFC STAFF

Phil Boyd

Executive Director

Adriana Goldman

Director - Corporate Services

Sateesh Ramkissoonsingh

Manager - Policy & Trade

John Sheldon

Manager - Markets Information

Alan Sakach/Maegan MacKimmie (June 2019)

Manager - Corporate Communications

Malenka Georgiou

Associate Manager - Technical Affairs, On-Farm Programs,
Certified PAACO Poultry Welfare Auditor

Caroline Gonano

Associate Manager - Technical Affairs, Science & Regulation,
Certified PAACO Poultry Welfare Auditor

Mark Kotipelto

Senior Policy Analyst

Elise Mereweather

Policy & Data Administrator

Barb Weston

Finance Administrator

Lorna Morris

Executive Services Administrator

Cathy Lane

Corporate Services Administrator

Janice Height

Director - National Marketing Campaign & Brand Partnerships

STAFF MISSION STATEMENT

As a team, we are committed to providing service and support to the TFC members, turkey farmers, industry partners and consumers with accountability and integrity. Together, we are dedicated to being proud ambassadors of Canadian turkey.

PRINCIPLES OF GOVERNANCE

The following principles guide TFC's efforts in fulfilling its mandate in a manner that is professional, efficient and transparent:

- Manage a viable supply management system that provides market stability, encourages growth and investment, and maintains profitability for stakeholders.
- Administer a supply management system that remains flexible enough to address changing markets, competition, and societal demands.
- Operate under a disciplined governance model, while maintaining anti-deferral strategies, underpinned by training and orientation sessions for both the Board and staff, together with clear succession plans.
- Maintain a strong, transparent management team, and secure financial status for Agency operations.
- Continue to build on strong, positive relationships with each member organization and signatories to the Federal-Provincial Agreement (FPA).
- Promote an innovative and efficient industry through increased value per bird for producers and processors, due to increased value added for consumers.
- Be equipped with emergency response plans and resources in the event of a bird health crisis or other critical or emerging issue.

MANAGERS COMMITTEE

- Sonya Lorette, NS
- Louis Martin, NB
- Marie-Ève Tremblay, QC
- Ryan Brown, ON
- Helga Wheddon, MB
- Cinthya Wiersma, SK
- Cara Prout, AB
- Michel Benoit, BC

MEMBERSHIPS, PARTNERSHIPS, APPOINTMENTS

MEMBERSHIPS/PARTNERSHIPS

- Advancing Women in Agriculture
- Agriculture More Than Ever
- Canadian 4-H Council
- Canadian Animal Health Coalition
- Canadian Agricultural Hall of Fame
- Canadian Federation of Agriculture
- Canadian Federation of Independent Grocers
- Canadian Poultry and Egg Processors Council
- Canadian Poultry Research Council
- Canadian Supply Chain Food Safety Coalition
- Canadian Agri-Marketing Association
- Further Poultry Processors Association of Canada
- National Farmed Animal Health and Welfare Council
- National Turkey Federation (US)
- Poultry Industry Council
- Restaurants Canada
- World's Poultry Science Association – Canada Branch

EXTERNAL APPOINTMENTS

- Canadian Federation of Agriculture
 - Brian Ricker, Director
 - Steven Eadie, Alternate Director
- Avian Biosecurity Advisory Council
 - Appointment pending as required
- National Farm Animal Care Council
 - Lori Ansems, Director
- Canadian Poultry Research Council
 - Vic Redekop, TFC Director
- Poultry Sustainability Value Chain Roundtable
 - Brian Ricker, Public Trust Committee
- Transportation Code
 - Brian Ricker

NATIONAL MARKETING CAMPAIGN

“THINK TURKEY™” CAMPAIGN LAUNCHES!



“At Canadian Thanksgiving, everyone has a seat at the table.”

Turkey Farmers of Canada and the Canadian Poultry and Egg Processors Council - Turkey Primary Processing Sector Members, cooperatively launched a fully integrated, bilingual campaign to raise awareness of the benefits of turkey, drive year-round demand and increase overall consumption and retail availability.

The “Think Turkey™/Pensez Dindon^{MC}” campaign went live on May 6, 2019, which marks the start of this five-year campaign and the first national marketing effort since 2004. A National Marketing Working Group was formed, consisting of farmer, processing and further processing representatives to provide oversight on the Think Turkey™/Pensez Dindon^{MC} campaign.

Think Turkey™/Pensez Dindon^{MC} kicked off with a six-week, national outdoor campaign to drive

awareness through placements that generated over 259 million impressions. The outdoor billboard and transit shelter creative challenged Canadians to try turkey in their favourite recipes.

In year one, the campaign marketing mix included: advertising (TV, Outdoor, Print), digital, PR, influencer relations, social, in-store and brand partnerships. Tactics the Think Turkey™/Pensez Dindon^{MC} campaign will continue to deploy in 2020 to engage its primary meal planner target: women 25-54.

On Labour Day phase two of the campaign began with a 30-second TV spot, which ran for six weeks in both English and French markets. The 30-second commercial celebrated both the power of food to bring family and loved ones

together, and the versatility of turkey in everyday and holiday meals.

Leading up to Thanksgiving, an open letter and 'Canadian Rockwell' photo series was released to invite Canadians of all ages and cultures, to participate in the tradition of the Thanksgiving turkey feast.

These ran as print and digital ads in English, French and Chinese in select print publications. Social engagement occurred through a paid social campaign and contest that encouraged Canadians to share their Thanksgiving traditions and favourite turkey memories.

To drive holiday whole turkey sales, the Think Turkey™/Pensez Dindon^{MC} TV spot was extended September – December on Facebook and YouTube with exceptionally strong engagement across platforms.

Think Turkey™/Pensez Dindon^{MC} worked with top food influencers, home chefs and media personalities across the country to develop unique recipe content.

2019 was a banner year for the Think Turkey™/Pensez Dindon^{MC} campaign, but it is just the beginning and will continue with the Agency of Record, Zeno Group Inc.'s, long-term strategy to shift perceptions of turkey, increase year-round consumption and grow shelf space at retail.

There's more Think Turkey™/Pensez Dindon^{MC} to come in 2020 with an even more ambitious 360 integrated marketing campaign in place.

NATIONAL MARKETING WORKING GROUP

- Calvin McBain, QC
- Brian Ricker, ON
- Vic Redekop, BC
- Tony Tavares, CPEPC
- Craig Evans, CPEPC
- Adam Power, FPPAC
- Mathieu Turcotte, CPEPC
- CPEPC Staff
- TFC Staff

THINK TURKEY™ 



CONSUMER OUTREACH

TURKEY - THE PROTEIN FOR EVERY OCCASION



In 2019, consumer outreach efforts continued to target women ages 25-54, health influencers (dietitians) and ethnic markets; with a call-to-action to make turkey, whole turkey and turkey cuts, the preferred protein for every occasion and for every day meals.

TFC partnered with a mix of online influencers, and other strategically aligned partners to develop and distribute new recipes/recipe videos, how-to resources tools, as well as monthly contests.

Key drivers for consumer communications included the canadianturkey.ca website, a robust social media supported by expert food bloggers through timely campaigns in both official languages, select industry partnerships, and the development of various resources including recipes and videos to share.

Canadian Turkey 2019 in Numbers

- Delivered seven (7) programs: Meal Makeover, Spring, BBQ Bootcamp, Back to School, Thanksgiving, Holiday, South Asian, with 31 new recipes. The programs helped raise awareness about the versatility of turkey for every meal, every day and for any occasion.
- Programs were supported by a combination of ambassador and content bloggers who also contributed to the total of 42 new recipes developed.
- The new recipes were supported by the development of 32 recipe videos.
- Ran ten (10) monthly contests with an additional four-weekly prizes each to celebrate Canada Day in July and Thanksgiving in October. The giveaway impressions for 2019 are 110,292,213.
- The total visitors to canadianturkey.ca for 2019 are 687,975 with the following peak days:
 - Thanksgiving - 60,949 visitors (8.9%)
 - Christmas Day - 58,264 visitors (8.5%)
 - Easter - 13,366 visitors (1.9%)
- Developed twelve (12) Nutrition focused blogs through our dietitian of record Shannon Crocker MSc, RD and distributed 12 Consumer focused newsletters delivered to over 44,000 subscribers. The consumer e-Newsletter shares monthly feature recipes, themed monthly recipe suggestions, a monthly blog by Shannon Crocker and turkey farm facts.



PARTNERSHIPS AND PROMOTIONS

Club House/Food Banks/Canadian Turkey™



This new holiday partnership commenced in-store across national grocery banners in early December. Consumers received a rebate of \$5.00 when purchasing any two participating Club House products and any whole turkey (minimum value of \$20). For every Club House product purchased, a meal was also donated to Food Banks Canada.

The promotion included flyer ads, shelf media (neck tags, ad pads), turkey bunker header cards and in-aisle bookshelf displays.

Think Turkey™ supported the program through robust support on social media channels combined with Club House product giveaways and influencer participation with holiday-inspired recipes.

HelloFresh and Chefs Plate

Canadian Raised Turkey™, one of the consumer face brands of Turkey Farmers of Canada, continued their partnership with HelloFresh and Chefs Plate throughout 2019. Every meal kit ordered containing turkey as a recipe ingredient featured our brand.



Over 600,000 turkey skus were sold!

Dietitians of Canada

TFC continued its collaboration with Dietitians of Canada, participating in its national Conference in June 2019 in Ottawa. This is part of TFC's ongoing efforts along with expert guidance by our dietitian of record Shannon Crocker MSc, RD, joined by Jill Wheaton, RD, to continue creating awareness and understanding of turkey as a versatile and nutrient-rich meat protein.

ADVANCING THE INDUSTRY



Turkey Farmers of Canada continued to strengthen its corporate communication in 2019 through various communications efforts with members and stakeholders. In 2019, TFC distributed the quarterly *Plume* newsletter, as well as the *Eye on the Industry* news update. TFC's corporate twitter account grew its followers in 2019 and continued to promote the industry and be a resource for information. It is available to follow @TurkeyFarmersCA.

Another aspect of corporate communications is supporting programs within the agriculture sector. TFC participated for the first time in the Advancing Women's Conference in Agriculture through a student sponsorship. This helped a Ridgetown College student attend the conference. The Advancing Women's conference is a chance for producers and industry to come together to learn, hear from speakers and network. TFC also continued its sponsorship of Canada's Agriculture Day, Agriculture More Than Ever and other industry events. This allows TFC to be at the table for matters that affect agriculture at large.

Engaging decision makers

Maintaining and developing new relationships with government officials and those involved in policy is an important part of what TFC does on behalf of its members. Regular communication helps TFC stay aware of government updates, and ensure policy makers are informed on turkey industry issues and processes.

2019 marked another Federal Election in Canada. TFC developed a Federal Election Strategy to ensure both candidate and party support for supply management and the turkey industry. Several tactics were undertaken including letter writing to all parties with the national supply managed organizations (SM4), a document outlining ridings with turkey farmers, key messaging and a Federal Election Tool Kit. The Federal Election Tool Kit was distributed to provincial boards, and included messaging and a number of resources for farmers to engage at the grassroots level with their candidates. Post-election, TFC wrote letters and spoke with new cabinet ministers.

In part from the work undertaken in this regard, the four major federal parties

provided two strong commitments:

- full and fair mitigation/compensation due to injury created by the increased access negotiated in trade agreements; and,
- a commitment to no further increases in market access tariff rate quotas in future negotiations.

Meetings have taken place regarding mitigation with the Minister of Agriculture Marie-Claude Bibeau, in conjunction with the other members of the SM4. As 2019 came to a close, the SM4 also undertook letter writing initiatives to the Prime Minister and Minister Morneau. This work with the new government will continue into 2020.

Work with the SM4 and SM5

TFC and the supply managed industry partners raised awareness of the value and contributions of supply management to Canada through joint work and several events in 2019 including:

Joint Annual Reception

TFC met with federal Members of Parliament, Senators, government staff and industry partners at the Joint Annual Reception in Ottawa on March 20, 2019. Despite a filibuster being called into play in the House of Commons, 17

MPs and Senators, and 80 government staffers attended. The event was co-hosted by TFC, Chicken Farmers of Canada (CFC), Egg Farmers of Canada (EFC) and the Canadian Hatching Egg Producers (CHEP).

Federation of Canadian Municipalities (FCM) Annual Conference and Trade Show

TFC worked with supply-managed partners for the seventh year to host an industry-themed booth at the FCM Annual Conference and Trade Show. This year's FCM took place in Ottawa and the SM5 sponsored a panel discussion where attendees learned about supply management, farming in Canada and nutrition.

Downtown Diner

The annual Downtown Diner in Ottawa took place on May 28, 2019 and drew a large attendance, including MPs, Senators and political staff. The SM4 collaborated with CTV Ottawa Morning Live on live-eye segments from the Downtown Diner that highlighted the benefits of supply management and the Canadian farmers behind high quality poultry products available in stores. The event was featured in iPolitics, the Hill Times, agriculture publications and on social media, with more than three million traditional and social media impressions.



FOOD SAFETY AND FLOCK CARE

Canadian turkey farmers continued to earn the trust of Canadians with respect to food safety, quality and animal care in 2019 as programs, standards and practices were diligently followed and enhanced.

TFC ON-FARM PROGRAMS

Implementation of the mandatory TFC On-Farm Food Safety Program© (OFFSP) and Flock Care Program© (FCP) continued in 2019. Ninety-nine (99) per cent of commercial turkey farmers were certified under the TFC OFFSP and FCP by December 2019.

In March 2019, TFC released new producer manuals for the TFC On-Farm Programs. Program binders for both commercial production and turkey breeders were re-printed. The updated programs were also published on the TFC On-Farm Programs portal (www.tfcon-farmprograms.ca) as fillable PDF forms and online forms.

The program content was streamlined, and the new manuals reflect changes to align the TFC FCP with the updated Code of Practice for the Care and Handling of Hatching Eggs, Breeders, Chickens, and Turkeys through the National Farm Animal Care Council's Animal Care Assessment Framework. Revisions were also made to strengthen the biosecurity and animal health requirements of the TFC OFFSP. The edits implement the turkey industry antimicrobial use (AMU) strategy, as well as the requirement for the Turkey Load-Out Report to be completed for each flock as of January 1, 2019. Turkey breeders were also added to the scope of the TFC FCP.

The revised program requirements were included in the mandatory on-farm audit process following the target implementation dates of June 30 and December 31, 2019 for the new commercial and turkey breeder programs, respectively. To assist with the interpretation of the program requirements, TFC started work on the development of an auditor guidance tool, expected to become available in 2020.

Also implemented in 2019 were changes to the TFC On-Farm Programs audit cycle. The new audit cycle is now two-years consisting of full audits and records reviews. It was approved by the TFC Board of Directors in September 2018, aiming to increase the credibility of the TFC On-Farm Programs audit and certification system. It replaced the previous TFC audit cycle, which was a combination of full and partial records review, and self-declaration audits.

Additional activities related to the TFC On-Farm Programs in 2019 included:

- training of new and existing on-farm programs auditors;
- a management review to evaluate the TFC On-Farm Programs management system;
- witness audits of current on-farm programs auditors; and,
- internal audits of two provincial program administrators and the TFC national office.

These internal review processes help to prepare for the 20-month review by the Canadian Food Inspection Agency (CFIA) planned for early 2020, which is required to maintain the full government recognition status for the TFC OFFSP under the Food Safety Recognition Program (FSRP).

Full recognition for the TFC OFFSP was first obtained in April 2018. It serves as a formal declaration that the program meets the requirements of the FSRP; is technically sound in that it promotes the production of safe food at the farm level and adheres to Hazard Analysis Critical Point (HACCP) principles; and, supports the effective implementation, administration, delivery and maintenance of this technically sound food safety program. To uphold the full recognition status, TFC is required to participate

in an ongoing five-year review cycle, which includes evaluations after 20, 40 and 60 months.

Funding for the TFC On-Farm Programs has been provided under Growing Forward 2 and the Canadian Agricultural Partnership, a federal, provincial, territorial initiative.

Third-Party Audits for the TFC Flock Care Program© (FCP)

Third-party audits for the TFC Flock Care Program© (FCP) continued in 2019 through NSF Canada Agricultural Certification Company, an internationally-recognized, third-party certification body with Professional Animal Auditor Certification Organization (PAACO) certified auditors. Third-party audits were initiated to demonstrate transparency and provide further assurance to retailers, restaurants, and consumers that turkeys in Canada are raised humanely, and that the TFC FCP is an effective national standard to represent animal care.

The third-party audits are on-farm verification audits, which are carried out in addition to annual provincial certification audits and represent a statistically valid random sample of farms across Canada.

It was concluded by third-party auditors that:

1. The National Flock Care Program has been implemented effectively and maintained on an on-going basis. Animal Care measures have been consistently applied.
2. No instances of willful acts of abuse were observed.

Catching and Loading

A Turkey Load-Out Report was put in place in the Canadian turkey industry to ensure consistent application of oversight of the catching and loading process. Implemented through the TFC On-Farm Programs, the Load-Out Report collects information on the catching crew, barn

and flock conditions, and reviews the catching and loading process. This is a new important type of reporting for the processor and we are seeing continued progress.

TFC On-Farm Programs Portal

The TFC On-Farm Programs portal (tfconfarmprograms.ca) was updated in 2019 to add new information and functionality to make downloading documents easier. The portal is designed as a tool for farmers, On-Farm Programs auditors and Provincial Boards to access essential information, and help implement the TFC On-Farm Programs, as well as access news and announcements.

Antimicrobial Use and Resistance

The Canadian turkey industry continued work in 2019 towards the implementation of a sector-wide antimicrobial use (AMU) strategy in response to the increased global attention to the threat of antimicrobial resistance (AMR). The strategy focuses on the elimination of the preventive use of antibiotics important to human medicine. It works to maintain and build consumer confidence in Canadian turkey and to meet the needs of processors, restaurants, and retailers, while ensuring options to maintain the health and welfare of turkeys remain available.

The strategy was approved in June 2017 and set timelines to eliminate the preventive use of Category II antibiotics by the end of 2018 and Category III antibiotics by the end of 2019. The strategy builds on the current Category I initiative, in place since 2014. To ensure the well-being of birds, the strategy permits the use of all categories of antibiotics for treatment, and the use of ionophores (Category IV antibiotics: not used in human medicine) and chemical coccidiostats.

Over the course of 2019, TFC followed the impacts of the strategy implementation and

Continues page 20...

FOOD SAFETY AND FLOCK CARE CONTINUED

conducted a survey of farmers, poultry veterinarians and other industry stakeholders. The survey worked to determine if the timeline for eliminating the preventive use of Category III antibiotics by the end of 2019 was expected to cause challenges.

Results showed good awareness of the AMU strategy, including how and why it was developed. Responses noted that support is available to farmers from industry members, such as TFC, veterinarians, feed mill representatives and service people, including recommendations on management practices and alternative products. Some respondents said that experiences and impacts could not be fully evaluated as it was early in the implementation.

In response to feedback noted in the survey results, and to give more time to adjust and ensure the best chance of success of the AMU strategy, the TFC Board of Directors revised the timeline for the implementation of the elimination of preventive use of Category III antibiotics from the end of 2019 to May 1, 2020. However, TFC encouraged producers that were ready to implement the strategy to move forward with implementation as planned.

TFC also participated in a number of consultations surrounding AMU and AMR, including involvement in the development of the Pan-Canadian Action Plan on AMR and AMU, and worked to ensure that the industry was represented during stakeholder consultations and meetings.

TFC continued to support surveillance activities for turkey through the Canadian Integrated Program for Antimicrobial Resistance Surveillance (CIPARS) of the Public Health Agency of Canada (PHAC). The data generated from on-farm and retail surveillance highlighted the importance of turkey-specific surveillance in

informing and monitoring the effectiveness of industry initiatives.

Transportation Code of Practice Update

Work to update of the Transportation Code of Practice through the National Farm Animal Care Council (NFACC) code development process continued in 2019. Working groups were established for poultry catching and transport, and hatchery transport. The Poultry Transport and Catching Working Group met a number of times through teleconference and once face-to-face over the year to initiate discussion on content of the code sections. The Transport Code sections will be similar to the on-farm Code, which includes a preamble, requirements, and recommended practices for each section. Unique to the Transport Code, requirements will account for the regulatory requirement under the new Health of Animals Regulations that take affect February 2020.

RESEARCH

Canadian Turkey Farm Research Project

In 2019, TFC supported researchers at the University of Guelph with distribution and communication of a survey to Canadian turkey farmers. The study titled "*A risk factor analysis of health traits in turkeys on Canadian farms*" aims to take an inventory of current housing and management practices on commercial turkey farms in Canada, and link this to the prevalence of different health traits through a questionnaire and scoring tool.

The information collected will help provide commercial level data to genetic selection programs and provide benchmarking information for the industry. This can help farmers with flock management and when undertaking reviews of the TFC On-Farm Programs.

Canadian Poultry Research Council (CPRC)

In 2019, funding was announced for an investment of \$8.24 million to the Canadian poultry industry through the Poultry Science Cluster under the Canadian Agricultural Partnership, AgriScience Program Clusters. The funding is in addition to an investment of \$3.78M from industry. Twelve Canadian universities are represented in the Cluster, as well as researchers from federal government research institutions. The Cluster includes 19 projects that cover a range of topics, including antimicrobial stewardship, food safety, poultry health and welfare, and sustainability. A portion of the funding will also be allocated to knowledge translation and transfer (KTT), which will develop tools to communicate research results to end-users.

TFC Involvement in Regulatory Modernization and Policy Initiatives

TFC monitored and contributed to several regulatory and policy initiative's consultations, including:

- Changes to the Health of Animals Regulations regarding animal transportation
- Review of the Canadian Hatchery Regulations and development of Canadian Hatchery and Supply Flock Testing Standards
- Veterinary Drugs Regulatory Modernization
- Revised Service Fee Structure for Drugs and Medical Devices
- World Organization for Animal Health (OIE) Avian Influenza Chapter

TFC remained involved in the joint government-industry Working Group on the Control of Salmonella and Campylobacter in Poultry, which focuses on creating action plans to reduce Salmonella and Campylobacter in live poultry and poultry products. TFC continued participation in the Poultry Sustainability Value Chain Roundtable Research Coordination, AMR/AMU Working Groups and in the Canadian Animal Health Surveillance System (CAHSS). TFC continued work with the Canadian Association of

Poultry Veterinarians (CAPV) in communicating with Health Canada's Veterinary Drugs Directorate (VDD) regarding the importance of treatment options for Histomoniasis (Blackhead).

TFC provided input regarding the development of Animal Health Canada (AHC), an initiative based on direction from federal, provincial and territorial (FPT) governments in the National Plant and Animal Health Strategy. Its intent is to provide a new governance model built on industry-government partnership to strengthen Canada's capacity for animal disease prevention, preparedness, response and recovery.

TFC welcomes the government's efforts to streamline and update existing regulations and policies, and is committed to maintaining engagement as initiatives further their progress.

RESEARCH COMMITTEE

- Rachelle Brown, Chair
- Doug Hart, CPEPC
- Steven Eadie, TFNS
- Vic Redekop, BC (CPRC)

ON-FARM PROGRAMS COMMITTEE

- Vic Redekop, BC, Chair
- Scott Olson, AB
- Darren Kornelson, MB
- Greg Lansink, ON
- Jennifer Paquet, QC
- Lori Ansems, NS
- Craig Shaw, CPEPC

TFC contributes to the
Canadian Poultry Scholarship Fund

POLICY AND TRADE

POLICY



The current TFC National Commercial Allocation Policy covers the marketing of young commercial turkeys for domestic use and segregates the market for turkey by whole birds and further processed. The Agency measures changes in demand for these two markets and allocates quota to the Provincial Commodity Boards through the Policy, which then assigns quotas to individual producers.

The Allocation Policy was implemented in December 2006 and a review of the Policy started in 2017, which continued throughout 2019. This review process will continue into 2020. The Policy has resulted in differential growth patterns across provinces because some provinces are more focused on the Whole Bird market, while others have greater further processing activity. This created concerns at TFC with respect to long-term provincial sustainability, and these differences lead to a new review mandate at the TFC November 2019 meeting and through the extended review process.

No amendments were made in 2019 to the three other allocation policies administered by the Agency: i) Multiplier Breeder Policy; ii) Primary Breeder Policy; and, iii) Export Policy. Planning is underway for a full review of the Primary Breeder Policy and to ensuring the Multiplier Breeder Policy can accommodate industry expansion in a sustainable manner, but review timelines are still to be determined.

The demand for Canadian turkey internationally remains relatively stable, averaging approximately 13% of domestic production or 22.0 million kilograms per year. The Export Policy allows provinces and producers to replace turkey meat exported by the processing industry, ensuring that the domestic market is adequately supplied.

INTERNATIONAL TRADE

Canada-United States-Mexico Agreement (CUSMA):

Since the signing of the CUSMA by the three countries on November 30, 2018, the Democratic controlled House of Representatives in the United States and the Trump administration negotiated internally throughout 2019 on new provisions relating to dispute settlement, labour, affordable medicines and the environment. Canada, Mexico and the U.S. signed the new CUSMA trade deal on Tuesday, December 10, 2019 with Mexico and Canada agreeing to the changes negotiated domestically within the U.S.

The changes to the agreement do not impact the market access concessions for supply managed products. As the U.S. Senate Finance Committee approved CUSMA on January 7, 2020, ratification of CUSMA is expected in 2020, with implementation likely occurring before mid-year. The agreement is expected to increase market access for the U.S. into Canada by 29% and allow them to export an additional 1,000 metric tonnes (1.0 Mkg) for the next 10 years above current access levels, with potential for more after 10 years.

World Trade Organization (WTO):

Through 2019 the WTO members continued to discuss and tackle a number of matters including: the functioning of the Dispute Settlement Appellate Body, special and differential treatment provisions for developing countries, fisheries subsidies negotiations, agricultural negotiations, duties on electronic transmissions and the modernizing and reforming of the WTO.

For agricultural negotiations, 2019 witnessed a number of discussion papers submitted by various WTO members on trade distorting support, market access, export competition and export restrictions. Meaningful reform in the agricultural negotiations is difficult to foresee in the near future, but the potential for progress in talks is ever present. A WTO Ministerial meeting is scheduled for Nur-Sultan, Kazakhstan, June 8-11, 2020, where deadlines and work programs will be discussed, except for fisheries subsidies where an agreement is targeted.

Bilateral Negotiations:

2019 included trade negotiations with the MERCOSUR bloc of countries (Brazil, Argentina, Paraguay and Uruguay) and the Pacific Alliance (Mexico, Chile, Columbia, Peru) at a slower pace than anticipated. Timelines for completing these negotiations are complicated by the number of countries involved and each country's electoral timetables.

PRODUCERS' TRADE CONSULTANT

- Charles Akande, Geneva, Switzerland

SUPPLY POLICY COMMITTEE

- Calvin McBain, Chair
- Brian Ricker, Eastern Region
- Bertin Cyr, Eastern Region
- Dave Mandel, Western Region
- Rachelle Brown, Western Region
- Doug Hart, Processor Representative
- Adam Power, Processor Representative

TURKEY INDUSTRY

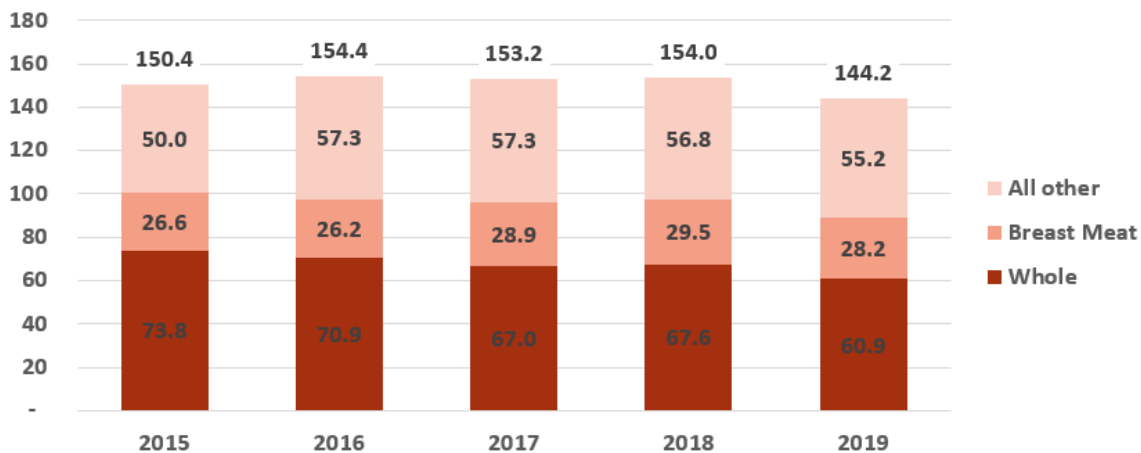
STATISTICS

Domestic Disappearance

Domestic disappearance in 2019 was 144.2 Mkg, a decrease of 9.8 Mkg from 2018. Due to market change, whole turkey disappearance declined to 60.9 Mkg in 2019 from 70.9 Mkg in 2016 and 73.8 Mkg in 2015. Domestic disappearance of breast meat items in 2019 was 28.2 Mkg, a decrease of 1.3 Mkg from 2018, and an increase of 1.6 Mkg from 2015. This change in consumption patterns is influencing changes in production of turkeys under and over 9 kg turkeys, as much (but not all) of the production of turkeys under 9 kg is destined for the whole bird market.

Domestic Disappearance of Turkey

(Calendar year – by major category and total - millions of kg - eviscerated)



Periodic Stocks, Supply and Disappearance of Turkey Meat in Canada

(Calendar year - millions of kg - eviscerated)

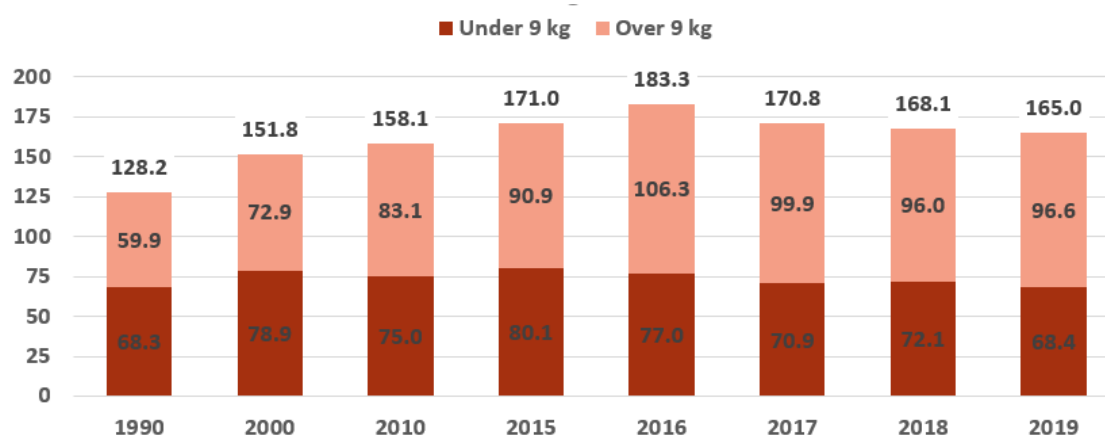
	1990	2000	2010	2015	2016	2017	2018	2019
Opening Stocks	11.3	9.2	18.3	14.7	18.9	24.8	21.1	17.6
Production	128.2	151.8	158.1	171.0	183.3	170.8	168.1	165.0
Imports	3.2	3.6	3.8	2.8	3.1	2.8	2.7	2.9
Supply	142.8	164.6	180.2	188.5	205.3	198.5	192.0	185.4
Total Disappearance	128.4	150.2	168.3	169.6	180.5	177.3	174.4	166.6
Exports	5.3	19.3	22.7	19.2	26.1	24.2	20.4	22.4
Domestic Disappearance	123.1	130.9	145.6	150.4	154.4	153.2	154.0	144.2
Closing Stocks	14.3	14.4	12.0	18.9	24.8	21.1	17.6	18.8
Per Capita Consumption (kg)	4.4	4.3	4.3	4.2	4.3	4.2	4.2	3.8
	27.69	30.69	34.00	35.70	36.11	36.54	37.06	37.59

Turkey Production

Canadian turkey production in 2019 was 165.0 Mkg, a decrease of 3.1 Mkg from 2018. Largely in response to changing demand for whole turkeys, production of turkeys under 9 kg was 68.4 Mkg, a decrease of 3.8 Mkg from 2018. Production of turkeys over 9 kg was 96.6 Mkg, an increase of 0.6 Mkg from 2018.

Turkey Production in Canada

(Calendar year – under 9 kg / over 9 kg and Total - millions of kg - eviscerated)

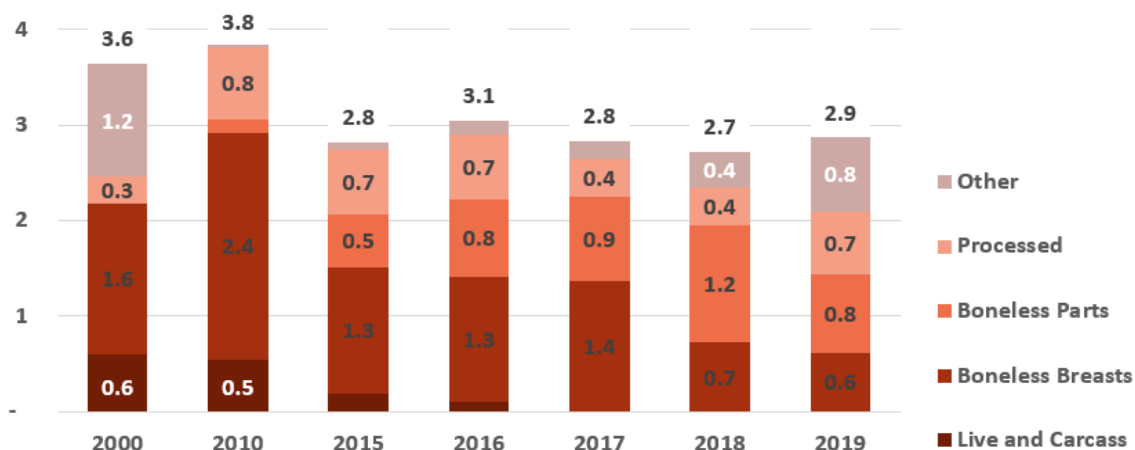


Imports

Imports of turkey on the Import Control List (ICL) of 2.9 Mkg were 0.15 Mkg higher than in 2018. Over time, the composition of imports has changed as boneless breast imports have declined from 2.4 Mkg in 2010 to 0.6 Mkg in 2019. Over that time, imports of boneless parts such as thigh meat have increased to 1.2 Mkg in 2018 and 0.8 Mkg in 2019 from a minimal quantity in 2010.

Canadian Imports of Turkey

(Calendar year – by major category and Total - millions of kg - eviscerated)



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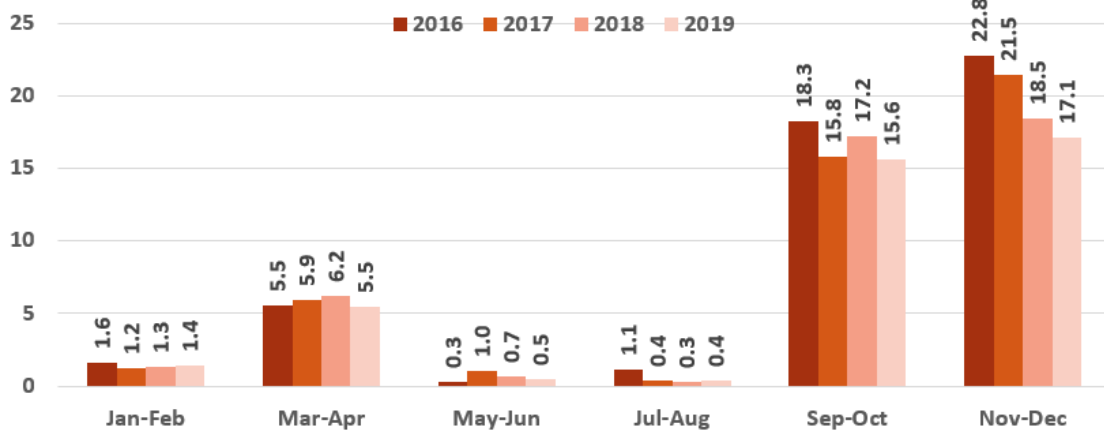
TURKEY INDUSTRY STATISTICS CONTINUED

Retail Sales

Data from the AC Nielsen Company of Canada shows that sales of whole turkeys at major retail banners (excluding wholesale club stores) declined from 49.5 Mkg in 2016 to 40.6 Mkg in 2019.

Retail Sales of Whole Turkey

(Major retail banners excluding warehouse club stores – millions of kg – bi-monthly)

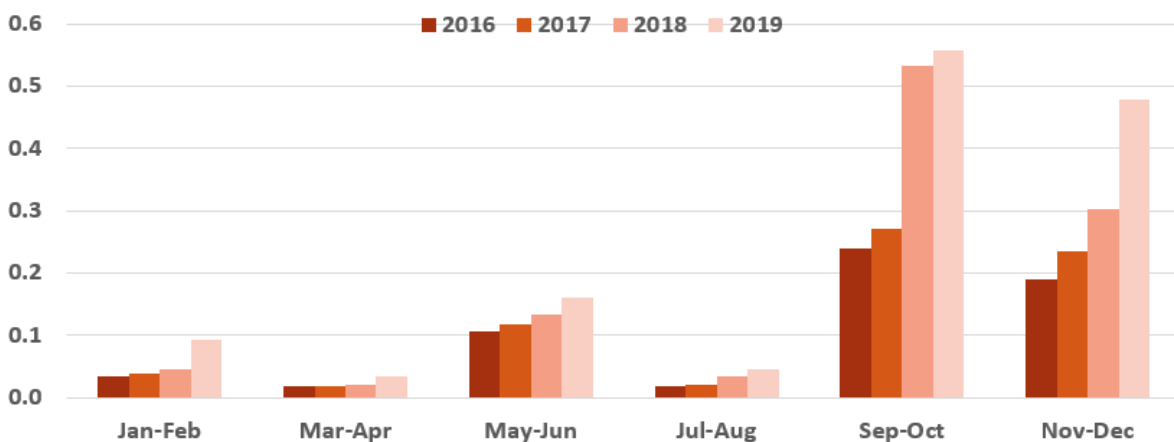


Source: AC Nielsen Company of Canada

Also according to AC Nielsen, sales of breast meat items at major retail banners increased to 3.6 Mkg in 2019 from 3.4 Mkg in 2018 and 2.9 Mkg in 2016. Much of this increase appears to be due to the increasing popularity of roasts made from breast meat.

Retail Sales of Turkey Roasts

(major retail banners excluding warehouse club stores – millions of kg – bi-monthly)

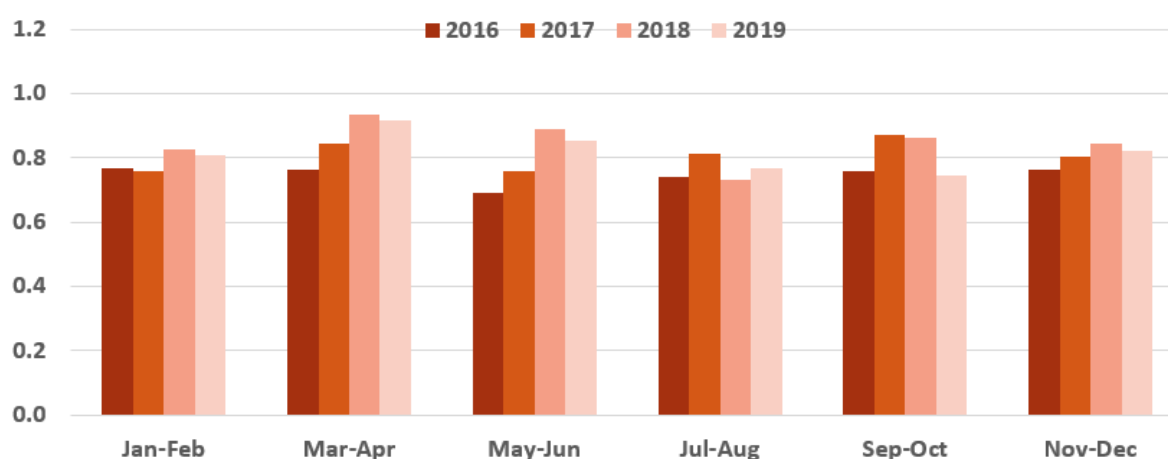


Source: AC Nielsen Company of Canada

Note: Does not include sales of private label products.

Retail Sales of Ground Turkey

(Major retail banners excluding warehouse club stores – millions of kg – bi-monthly)



Source: ACNielsen Company of Canada

Sales of ground turkey in 2019 were 4.9 Mkg, a slight decrease of 0.2 Mkg from 2018. As can be seen from the chart below, sales of ground turkey are much less seasonal than whole turkeys and some breast meat items.

TFC ALLOCATION POLICY REVIEW COMMITTEE

- Darren Ference, AB – Chair
- Bertin Cyr, NB
- Pierre-Luc LeBlanc, QC
- Scott Olson, AB
- Michel Benoit, BC
- Helga Wheddon, MB
- Jelmer Wiersma, SK
- Adam Power, FPPAC
- Nicolas Paillat, CPEPC
- Darcy Ballance, CPEPC
- Tony Tavares, CPEPC
- Steven Eadie, NS
- Matt Steele, ON

TURKEY MARKET ADVISORY COMMITTEE

- Sateesh Ramkissoonsingh, Chair
- Nicolas Paillat, CPEPC
- Robert DeValk, FPPAC
- John Sheldon, TFC
- John Groenewegen, Third-Party Market Analyst

ALLOCATION POLICY TECHNICAL SUB-COMMITTEE

- Michel Benoit, BC
- Helga Wheddon, MB
- Nicolas Paillat, CPEPC
- John Sheldon, TFC
- Sateesh Ramkissoonsingh, TFC
- Richelle Fortin, QC

FINANCIAL STATEMENTS

CANADIAN TURKEY MARKETING AGENCY C.O.B. TURKEY FARMERS OF CANADA FINANCIAL STATEMENTS

For the year ended December 31, 2019

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Independent Auditor's Report

To the Members of Canadian Turkey Marketing Agency c.o.b. Turkey Farmers of Canada

Opinion

We have audited the financial statements of Canadian Turkey Marketing Agency c.o.b. Turkey Farmers of Canada (the "Agency"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as at December 31, 2019, and its 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 report. We are independent of the Agency 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.

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

Management is responsible for the preparation and fair presentation of these 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 Agency'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 Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Agency'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 these financial statements.



Independent Auditor's Report (continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency'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 Agency'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 Agency to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

BDO Canada LLP

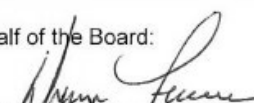
Chartered Professional Accountants, Licensed Public Accountants

Mississauga, Ontario
February 7, 2020

Turkey Farmers of Canada Statement of Financial Position

December 31	2019	2018
Assets		
Current		
Cash	\$ 1,537,364	\$ 924,195
Short-term investments (Note 2a)	337,812	545,380
Accounts receivable (Note 3)	763,203	385,696
Prepaid expenses	42,308	67,373
	2,680,687	1,922,644
Long-term investments (Note 2b)	1,667,020	2,162,816
Property and equipment (Note 4)	64,435	86,215
	\$ 4,412,142	\$ 4,171,675
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 172,162	\$ 76,521
Government remittances	157,414	60,797
	329,576	137,318
Net assets		
Internally restricted funds (Note 1)	3,175,773	3,202,585
Unrestricted fund	842,358	745,557
Funds invested in property and equipment	64,435	86,215
	4,082,566	4,034,357
	\$ 4,412,142	\$ 4,171,675

On behalf of the Board:


 _____ Darren Ference, Chair


 _____ Calvin McBain, Vice-Chair

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

Turkey Farmers of Canada
Statement of Operations

For the year ended December 31

	General Operations	Think Turkey™	2019 Total	2018 Total
Revenue				
Producer levies	\$ 3,631,585	\$ -	\$ 3,631,585	\$ 3,675,503
Marketing levies	-	4,155,367	4,155,367	-
Investment income	60,255	-	60,255	45,004
Project funding	40,248	-	40,248	25,934
	<u>3,732,088</u>	<u>4,155,367</u>	<u>7,887,455</u>	<u>3,746,441</u>
Expenses				
Administration (Schedule 1)				
Other administrative	663,362	-	663,362	784,581
Remuneration to Directors and staff	1,473,268	-	1,473,268	1,505,162
Directors' and staff expenses	644,143	-	644,143	597,151
	<u>2,780,773</u>	<u>-</u>	<u>2,780,773</u>	<u>2,886,894</u>
Marketing (Schedule 2)				
Provincial marketing programs	400,001	-	400,001	400,001
Market development	197,501	-	197,501	207,167
Public relations and communications	482,462	-	482,462	407,726
	<u>1,079,964</u>	<u>-</u>	<u>1,079,964</u>	<u>1,014,894</u>
Special projects (Note 8)	-	-	-	24,843
Special promotions (Note 8)	126,308	-	126,308	120,887
Think Turkey™ expenses (Note 9)	-	3,852,201	3,852,201	-
	<u>3,987,045</u>	<u>3,852,201</u>	<u>7,839,246</u>	<u>4,047,518</u>
Excess (deficiency) of revenue over expenses for the year	\$ (254,957)	\$ 303,166	\$ 48,209	\$ (301,077)

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

Turkey Farmers of Canada Statement of Changes in Net Assets

For the year ended December 31

	Internally Restricted Funds	Unrestricted Fund	Funds Invested in Property and Equipment	2019 Total	2018 Total
Balance, beginning of year	\$ 3,202,585	\$ 745,557	\$ 86,215	\$ 4,034,357	\$ 4,335,434
Excess (deficiency) of revenue over expenses for the year	185,188	(115,199)	(21,780)	48,209	(301,077)
Appropriations	(212,000)	212,000	-	-	-
Balance, end of year	\$ 3,175,773	\$ 842,358	\$ 64,435	\$ 4,082,566	\$ 4,034,357

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

Turkey Farmers of Canada Statement of Cash Flows

For the year ended December 31

	2019	2018
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ 48,209	\$ (301,077)
Adjustments required to reconcile excess (deficiency) of revenue over expenses with cash provided by operating activities		
Amortization of property and equipment	21,780	27,281
Changes in non-cash working capital balances		
Accounts receivable	(377,507)	66,288
Prepaid expenses	25,065	(7,584)
Accounts payable and accrued liabilities	95,641	(88,873)
Government remittances	96,617	32,018
	<u>(90,195)</u>	<u>(271,947)</u>
Investing activity		
Sale (purchase) of investments, net	<u>703,364</u>	<u>(38,923)</u>
Increase (decrease) in cash during the year	613,169	(310,870)
Cash, beginning of year	924,195	1,235,065
Cash, end of year	\$ 1,537,364	\$ 924,195

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

Turkey Farmers of Canada Notes to Financial Statements

December 31, 2019

1. Nature of Operations and Summary of Significant Accounting Policies

Nature and Purpose of Agency

In fiscal 2009, the Agency adopted the name Canadian Turkey Marketing Agency c.o.b. Turkey Farmers of Canada ("TFC" or the "Agency"). TFC is a tax-exempt body corporate established under the *Farm Products Marketing Agencies Act* (Canada) to promote a strong, efficient and competitive production and marketing industry for turkey in Canada.

As at March 26, 2009, the Canadian Turkey Marketing Agency operates under the name "Turkey Farmers of Canada."

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

The Turkey Research and Resource Bureau

The Agency is deemed to control The Turkey Research and Resource Bureau ("TRRB") by virtue of TFC's right to appoint the eight provincial producer member Board of Directors. The Agency does not consolidate the financial statements of TRRB. TRRB is a not-for-profit organization established to facilitate turkey related research. At present, TRRB maintains several escrow accounts on behalf of some provincial boards as security for liquidated damage obligations under the Promotion Agreement. The financial position of TRRB reflects assets of \$399,318 (2018 - \$399,532), liabilities of \$398,257 (2018 - \$397,821), and net assets of \$1,061 (2018 - \$1,711). The results of operations of TRRB are total member contributions of \$1,200 (2018 - \$1,200), total expenses of \$1,850 (2018 - \$1,291), and deficiency of contributions over expenses of \$650 (2018 - \$91). Cash outflow from operating activities is \$351 (2018 - \$91).

Property and Equipment

Property and equipment are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Furniture and equipment	- 20 % declining balance basis
Computer equipment	- 30 % declining balance basis
Leasehold improvements	- straight line basis over ten years

Funds Invested in Property and Equipment

Funds Invested in Property and Equipment represent funds provided for the acquisition and financing of property and equipment. The financing of investments in property and equipment is transferred from the unrestricted fund on an annual basis. All amortization of property and equipment is charged to this account.

Turkey Farmers of Canada Notes to Financial Statements

December 31, 2019

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Internally Restricted Funds

The Board of Directors has approved the restriction of a portion of the Agency's net assets as a contingency to cover six months of operations. The Board of Directors has proposed that this restricted amount will be \$2,156,000 (2018 - \$2,368,000), increasing to \$2,222,000 in 2020.

A special marketing fund was established in 2016 by the Board of Directors to segregate funds related to an arbitration award reached with Turkey Farmers of Ontario. All future liquidated damages will also be included in this fund. These funds are internally restricted and mandated by the Board of Directors to be used for incremental marketing expenses that promote the consumption of turkey meat in Canada. The balance in this fund is \$370,229 (2018 - \$496,536).

A research fund was previously established by the Board of Directors to accumulate funds for future research needs. The balance in this fund is \$346,378 (2018 - \$338,049).

A special marketing fund was established in 2019 for the Think Turkey™ Campaign. These funds are internally restricted and mandated by the Board of Directors to be used for marketing expenses that promote the consumption of turkey meat in Canada. The balance in this fund is \$303,166 (2018 - \$Nil).

Revenue Recognition

Producer and marketing levies are accrued monthly based on the live weight of turkey production submitted by Agriculture and Agri-Food Canada.

Investment income relates to interest earned on investments and is recognized as it is earned.

Project funding relates to funding received for specific projects and is recognized as it is earned.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost, except for investments, which are measured at fair value. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Turkey Farmers of Canada Notes to Financial Statements

December 31, 2019

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Investments

(a) Short-term investments consist of \$90,888 (2018 - \$22,679) in cash and mutual funds held in RBC Investment Savings and \$246,924 (2018 - \$522,701) in strip bonds guaranteed by the Government of Canada with interest rate of 1.79% (2018 - 1.49%), maturing December 2020 (2018 - December 2019).

(b) Long-term investments consist of \$1,667,020 (2018 - \$2,162,816) in strip bonds guaranteed by the Government of Canada with interest rates ranging from 1.87% to 2.07% (2018 - 1.79% to 2.07%) that have maturity dates ranging from December 2021 to December 2023 (2018 - December 2020 to December 2023).

3. Accounts Receivable

	2019	2018
Producer levies	\$ 258,693	\$ 381,715
Marketing levies	499,190	-
Recoverable from projects	3,753	3,672
Miscellaneous accounts receivable	1,567	309
	\$ 763,203	\$ 385,696

4. Property and Equipment

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and equipment	\$ 132,795	\$ 120,297	\$ 132,795	\$ 117,173
Computer equipment	117,332	91,647	117,332	80,639
Leasehold improvements	176,809	150,557	176,809	142,909
	\$ 426,936	\$ 362,501	\$ 426,936	\$ 340,721
Net book value		\$ 64,435		\$ 86,215

Turkey Farmers of Canada Notes to Financial Statements

December 31, 2019

5. Commitments

The minimum annual lease payments for rent, office equipment, automobile and funding commitments for the next four years are as follows:

2020	\$	219,715
2021		209,366
2022		205,154
2023		168,284
		168,284
	\$	802,519

6. Credit Facility

The Agency has a revolving demand facility of \$595,000 that is due on demand and bears interest at the bank's prime rate plus 1%. It is secured by all present and after acquired personal property of the Agency. As at December 31, 2019, this facility has not been used (2018 - \$Nil).

7. Capital Management

The Agency's capital consists of its net assets. The Agency's primary objective of capital management is to ensure that it has sufficient resources to continue to provide services to its members. Annual budgets are developed and monitored to ensure the Agency's capital is maintained at an appropriate level. The Agency is not subject to any externally imposed capital requirements. The Agency's restricted funds of \$3,175,773 (2018 - \$3,202,585) are subject to internally imposed capital restrictions.

8. Special Projects and Special Promotions

Special projects expense represents one-time special projects.

Special promotions expense represents promotions and marketing expenditures incremental to normal operating promotion and marketing activities, utilizing segregated funds from liquidated damages.

9. Think Turkey™ Expenses

Think Turkey™ marketing expenses are \$3,806,742 and other administrative expenses are \$45,459 for the current year.

Turkey Farmers of Canada Schedule 1 - Administration Expenses

For the year ended December 31	2019	2018
Other administrative		
Amortization	\$ 21,780	\$ 27,281
Audit	24,600	21,400
Contract projects and external consulting	89,539	163,435
Insurance	8,736	8,397
Legal and accounting	27,451	83,190
Office leases and supplies	70,722	62,781
OFFSP/Flock Care	65,336	36,210
OFP projects	-	25,934
Postage and courier	6,350	3,603
Rent, property tax and utilities	182,284	161,932
Sundry administration	722	748
Telephone	15,514	9,082
Trade consultations	42,358	104,042
Translation and interpretations	107,970	76,546
	<u>663,362</u>	<u>784,581</u>
Remuneration to Directors and staff		
Directors' fees	154,025	155,450
Employee benefits	209,445	225,868
Staff salaries	1,109,798	1,123,844
	<u>1,473,268</u>	<u>1,505,162</u>
Directors' and staff expenses		
Directors, Alternates and Board Managers' expenses	372,208	322,702
Meeting rooms	84,560	92,086
Staff expenses	186,297	181,281
Travel insurance	1,078	1,082
	<u>644,143</u>	<u>597,151</u>
	<u>\$ 2,780,773</u>	<u>\$ 2,886,894</u>

**Turkey Farmers of Canada
Schedule 2 - Marketing Expenses**

For the year ended December 31	2019	2018
Provincial marketing programs		
TFC provincial marketing supplement	\$ 400,001	\$ 400,001
Market development		
Canadian Poultry Research Council	46,666	45,445
Market research	60,085	88,086
Turkey research	90,750	73,636
	197,501	207,167
Public relations and communications		
Marketing and communications	374,792	304,362
Memberships	83,956	81,293
National sponsorships and promotions	16,076	15,217
Subscriptions	7,638	6,854
	482,462	407,726
	\$ 1,079,964	\$ 1,014,894



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