Turkey Farmers of Canada (TFC) is a national organization representing Canada’s 500+ 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 11-member Board of Directors is comprised of eight farmer-elected provincial board representatives, along with two appointed members of the primary processing sector and one from the further processing sector. Together, the Board sets 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 also provides direction to a national office staff and 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.

Our Mission: To develop and strengthen the Canadian turkey market through an effective supply management system that stimulates growth and profitability for economic stakeholders.

Our Vision: Canadian turkey will be readily available every day, everywhere in Canada in the form consumers desire.
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.
- Keeping pace with ongoing competitive changes in the Canadian marketplace.
- Maintaining the 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 market price.
- An organization that functions ethically, respectfully, with integrity and valuing employees, partners and stakeholders.

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

- Our values
- A national, orderly marketing system working towards growth of output and profitability for investors in the sector.
- Keeping pace with ongoing competitive changes in the Canadian marketplace.
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- An organization that functions ethically, respectfully, with integrity and valuing employees, partners and stakeholders.

**Our Values**

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

1. Manage a viable supply management system that provides market stability, encourages growth and investment, and maintains profitability for stakeholders.
2. Administer a supply management system that remains flexible enough to address changing markets, competition, and societal demands.
3. 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.
4. Maintain a strong, transparent management team, and secure financial status for Agency operations.
5. Continue to build on strong, positive relationships with each member organization and signatories to the Federal-Provincial Agreement (FPA).
6. Promote an innovative and efficient industry through increased value per bird for producers and processors, due to increased value added for consumers.
7. Be equipped with emergency response plans and resources in the event of a bird health crisis or other critical or emerging issue.

**Principles of Governance**

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

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**Farm Products Agencies Act: OBJECTS AND POWERS**

S. 21. The objects of an agency are:

(a) 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
(b) to have due regard to the interests of producers and consumers of the regulated product or products.

**CANADA**

- Number of Producers: 531
- Federally Inspected Processors: 19
- Total Live Production (kg): 207,695,924
- Retail Sales (kg): 60,843,000
- Average Farm Size (live kg): 391,141
- Retail Sales Value ($) : 380,268,750

**In Annual Economic Activity**

Cumulative sales associated with turkey production and processing.

**Legend**

- CANADA
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**Canada**

- Alberta: 46
  - 19,136,463 kg
  - 416,010 kg
  - 8,311,000 kg
  - $44,796,290
- British Columbia: 66
  - 25,484,788 kg
  - 386,133 kg
  - 10,019,000 kg
  - $58,611,150
- Manitoba: 58
  - 13,008,436 kg
  - 224,283 kg
  - 1
  - 2,119,000 kg
  - $13,914,000
- Ontario: 176
  - 89,853,201 kg
  - 510,530 kg
  - 5
  - 24,681,000 kg
  - $176,469,150
- Saskatchewan: 12
  - 7,018,251 kg
  - 584,854 kg
  - 1
  - 2,239,000 kg
  - $9,582,920
- Quebec: 126
  - 63,904,110 kg
  - 322,824 kg
  - 5
  - 9,068,000 kg
  - $57,763,160
- Nova Scotia: 66
  - 25,484,788 kg
  - 386,133 kg
  - 1
  - 10,019,000 kg
  - $58,611,150
- New Brunswick: 18
  - 4,073,571 kg
  - 226,310 kg
  - 1
  - 1,603,000 kg
  - $7,245,560
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  - 5
  - 9,068,000 kg
  - $57,763,160
- New Brunswick: 18
  - 4,073,571 kg
  - 226,310 kg
  - 1
  - 1,603,000 kg
  - $7,245,560
- Nova Scotia: 19
  - 2,319,000 kg
  - 11,21,000 kg
  - $10,10,000 kg
  - $10,10,000 kg

**Legend**

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(a) 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
(b) to have due regard to the interests of producers and consumers of the regulated product or products.
The past year could be characterized as the year everything seemed to culminate at once. Files we have monitored for years all hit their peak simultaneously, bringing a sometimes uncomfortable degree of uncertainty for those of us in Canadian agriculture, but signaling one thing without a doubt: our world is changing.

The most obvious example of this change is the successful conclusion of negotiations on the Trans-Pacific Partnership (TPP) in October. Canadian turkey farmers have followed these negotiations for several years and we were in Atlanta as Ministers from Canada, the U.S., and 10 other Pacific-Rim countries negotiated the final details of the largest free-trade agreement in history. We were with our colleagues from the Canadian poultry, dairy and egg sectors as the government announced that substantial new access would be provided to the Canadian turkey, chicken, egg, hatching egg and dairy markets under the new agreement. It was a jolt to each of our industries – one which we are continuing to assess – but it was, in some ways, a relief, as it finally removed the uneasiness and anxiety farmers have been living with since Canada entered the negotiations in 2012.

The work on this file is far from over. Going forward, we will continue to examine the challenges the TPP will bring to the Canadian turkey industry if, and when, the deal is ratified by all member countries. We also remain committed to working with Canada’s new government to ensure that appropriate mitigation measures are undertaken, so that Canadian turkey farmers and their families can continue to succeed under a strong supply management marketing system.

The other major harbinger of change for our industry that was particularly evident in 2015 was the increasing scrutiny and criticisms of the agricultural sector and the related pressures from value chain stakeholders in their attempts to respond to consumer demands and trends. We began to hear the term social license used more and more, referring—in the context of agricultural production—to the ongoing level of acceptance, approval and trust consumers feel regarding how their food is produced.

As turkey farmers, illustrating continuous improvement and bridging the divide between today’s farming practices and consumer expectations will be critical to maintaining our social license. This is something we’ve been working earnestly to address through our consistent and regular reviews and revisions of the TFC On-Farm Food Safety and Flock Care Programs, which are now mandatory, or in the process of becoming mandatory across the country. Continuing to meet the changing demands of consumers so that their concerns are addressed will be essential to keeping turkey meat competitive with other protein sources.

I have no doubt that this work will continue, and will have to continue for the foreseeable future.

All this to say that this is not [my/your] grandfather’s turkey industry. The world continues to evolve and we, as farmers, must continue to move with it. It is not always easy and it is rarely without bumps in the road, but we are fortunate to operate within a system that provides us with the flexibility to shape our future. If we can continue to work collaboratively, we can continue to grow, to tackle challenges and seize opportunities, and to provide consumers with a reliable supply of safe, high-quality Canadian turkey products at reasonable prices.

In closing, I would like to pay tribute to the TFC Board of Directors, and to outgoing Vice Chair, Bill Mailloux, who left the Board after more than nine years as a proactive advocate for the Canadian turkey industry and supply management. As we welcome new Board members, we encourage everyone—from farm to boardroom—to continue to work together so that our future is strong, our marketing system remains relevant to the Canadian marketplace, and our product grows in importance to Canadian consumers.

Respectfully submitted,

Mark Davies
Chair
### EXECUTIVE COMMITTEE AND BOARD OF DIRECTORS

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mark Davies</td>
<td>Chair</td>
<td>Nova Scotia</td>
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<tr>
<td>Bill Mailloux</td>
<td>Vice Chair</td>
<td>Ontario</td>
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<tr>
<td>Shawn Heppell</td>
<td>Executive Member</td>
<td>British Columbia</td>
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<tr>
<td>Calvin Mc Bain</td>
<td></td>
<td>Québec</td>
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<tr>
<td>Anno Velthuis</td>
<td></td>
<td>Alberta</td>
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<tr>
<td>Jelmer Wiersma</td>
<td></td>
<td>Saskatchewan</td>
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<tr>
<td>Rachelle Brown</td>
<td></td>
<td>Manitoba</td>
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<tr>
<td>Brian Ricker</td>
<td></td>
<td>Ontario (Oct. 2015)</td>
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<tr>
<td>Bertin Cyr</td>
<td></td>
<td>New Brunswick</td>
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<tr>
<td>Doug Hart</td>
<td></td>
<td>Canadian Poultry &amp; Egg Processors Council (CPEPC)</td>
</tr>
<tr>
<td>Michel PÉpin</td>
<td></td>
<td>Canadian Poultry &amp; Egg Processors Council (CPEPC)</td>
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<tr>
<td>Mark Lindros</td>
<td></td>
<td>Further Poultry Processors Association of Canada (FPPAC)</td>
</tr>
</tbody>
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### ALTERNATE DIRECTORS

- Les Burm, British Columbia
- Darren Ference, Alberta
- Todd Clarke, Saskatchewan
- Steve Hofer, Manitoba
- Tom Hayter/Matt Steele, Ontario
- André Beaudet, Québec
- Joshua Hayes, New Brunswick
- Steven Eadie, Nova Scotia
- Marc Sproule, Nova Scotia
- Wayne Urbonas, CPEPC
- Jamie Falcao, CPEPC
- Keith Hehn, FPPAC

### COMMITTEES AND APPOINTMENTS

#### Nominating
- Doug Hart, Chair
- Bill Mailloux, Director
- Jelmer Wiersma, Director

#### Audit & Finance
- Shawn Heppell, Chair
- Anno Velthuis, Director
- Doug Hart, Director

#### Managers
- Sonya Lorette, NS
- Louis Martin/Kevin Godin, NB
- Pierre Frétchette/Martine Labonté, QC
- Janet Schlitt, ON
- Helga Whendon, NB
- Rose Olsen, SK
- Cara Proulx/Maryann Urbanowski, AB
- Michel Benoit, BC

#### On-Farm Programs
- Calvin McBain, Chair
- Vic Redekop, BC
- Joni Rynsburger, SK
- Matt Steele, ON
- Guy Jutras, QC
- Lori Ansens, NS
- Wayne Urbonas, CPEPC

#### Research
- Rachelle Brown, Chair
- Wayne Urbonas, CPEPC
- Roolof Meijer, CFPC
- Steven Eadie, TFNS

#### Supply Policy
- Mark Davies, Chair
- Bertin Cyr, Eastern Region
- Calvin McBain, Eastern Region
- Shawn Heppell, Western Region
- Rachelle Brown, Western Region
- Doug Hart, Processor Representative

#### Turkey Market Development
- Mark Davies, Chair
- Cameron Lavalée, Producer – East
- Dion Wisbe, Producer – West
- Wendy Harris, Processor – East
- Jason Wortzman, Chef/Processor – West
- Annie Langlois, Registered Dietitian
- Rory Bates, Retail Representative
- Alison George, Canadian Foodie

#### External Appointments
- Canadian Federation of Agriculture
  - Bill Mailloux, Director
- National Farm Animal Care Council
  - Bill Mailloux
- National Turkey Federation (US)
  - Rory Bates, Retail Representative
- Canadian Poultry Research Council
  - Roolof Meijer

### MEMBERSHIPS AND PARTNERSHIPS

- Agriculture More Than Ever
- Alberta Farm Animal Council
- Canadian 4-H Council
- Canadian Agricultural Hall of Fame
- Canadian Farm Writers’ Federation
- Canadian Federation of Agriculture
- Canadian Partnership for Consumer Food Safety Education
- Canadian Poultry and Egg Processors Council
- Canadian Poultry Research Council
- Canadian Supply Chain Food Safety Coalition
- Farm & Food Care Ontario
- Farm & Food Care Saskatchewan
- Food Banks Canada
- Further Poultry Processors Association of Canada
- National Farm Animal Care Council
- National Farmed Animal Health and Welfare Council
- National Turkey Federation (US)
- Nutrient Rich Foods Alliance
- Poultry Industry Council
- Restaurants Canada
- World’s Poultry Science Association – Canada Branch
The preparation of the Annual Report is one of the singularly most important tasks we undertake each year. Between these covers, we strive to provide a detailed overview of TFC activities, developments in the industry and markets at large, expectations for the year(s) ahead, and the financial details supporting the Agency’s work.

As noted, it is our formal report to the TFC membership, the Farm Products Council of Canada (FPCC), and the Federal Minister of Agriculture and Agri-Food, to each of whom the TFC is fundamentally accountable.

Looking back on 2015, there are three matters that stand out and which warrant particular mention, as they will undoubtedly carry implications for industry participants – and farmers, specifically – going forward.

The first, as our Chair has already noted, is the issue of public trust. Public trust needs to be earned, nurtured and maintained. The notion of social license was the subject of a roundtable with Federal, Provincial and Territorial Ministers of Agriculture hosted by the Canadian Federation of Agriculture in July 2015. It is a question of how food is produced, how animals are cared for, how medications are used, what environmental impact emerges from farm practices and, essentially, our ability to produce food for Canadians in a manner that is acceptable within the breadth of public expectations.

These files have taken on increasing importance in recent years, tracing directly to a largely urban population removed by two generations, or more, from the farm. Through our on-farm practices and within our supply management-framework, TFC has been able, and continues to, work to cultivate our industry’s social license in a meaningful and transparent way.

Another item of importance in 2015 was the comprehensive investigation into the utilization of the TFC Multiplier Breeder Policy in Ontario, launched by TFC in cooperation with the Turkey Farmers of Ontario (TFO). The 2015 investigation determined that marketings in the province of Ontario had exceeded quota, resulting in a kilogram penalty and a liquidated damages assessment on the TFO, based on four years of overmarketings. When TFO filed a complaint with the FPCC, subsequent discussions, including with legal counsel and the FPCC, led TFO and TFC to agree to a private, final and binding arbitration process. At the time of writing, the Arbitration Panel Decision has yet to be received.

Without question, this was a unique and unusual situation – perhaps the most unique and unusual in the history of TFC. Two things were apparent throughout the process: one, the Arbitration Panel process, in terms of an alternative dispute settlement procedure, worked well in the specific circumstance; and, two, the process will generate an appropriate outcome. Details on the outcome and any arising implications will be disclosed in 2016.

Lastly, another atypical situation at TFC: in November 2015, based on a recommendation by the TFC Audit & Finance Committee, the TFC members agreed to increase the TFC levy rate from 1.6 cents per live kilogram (paid weight) to 1.8 cents, a lift of two-tenths of a cent. This change in levy is the first since 2003, and not a choice made without good reason. The reality is that the business of the Agency has changed significantly since the early 2000s. Expectations of producers are higher for reasons that have ebbed and flowed into place; they are accompanied by higher expectations on local boards and the Agency as well.

While this is a moderate lift in the levy rate as measured over time, be assured that the same fiscal prudence applied by the TFC members and TFC staff will remain in the future, as it has in the past.

This, along with the balance of the report, is respectfully submitted.

Phil Boyd
Executive Director
Turkey Farmers of Canada is committed to promoting responsible business practices and conducting our activities in a socially responsible manner. We understand that by helping others, we also contribute to the well being of our fellow Canadians and to Canadian society as a whole.

In advance of Thanksgiving 2015, a TFC and French’s Mustards co-promotion was rolled out in 1,456 grocery stores across Canada. The promotion, which offered consumers a free bottle of French’s mustard with the purchase of a whole turkey, also provided shoppers with a take-home recipe booklet featuring whole bird and leftover turkey recipes. TFC’s support of the promotion included an online campaign and contest, which brought more than 500 new followers to the Tasty Turkey social media platforms.

Later in the year, a co-promotion with Frank’s RedHot® Sauce was featured in 1,494 grocery stores across the country, leading up to the holiday season. Shoppers were offered a free bottle of Frank’s RedHot® Sauce with the purchase of a whole turkey. Point-of-sale materials once again included take-away recipe booklets featuring appetizer, stuffing, and leftover recipes for the holiday season.

This commitment is embodied by the Agency’s continued partnership with Food Banks Canada, the national organization dedicated to helping Canadians living with food insecurity. For seven years in a row, TFC and its member organizations have donated more than $50,000 annually to Food Banks Canada for the purchase of whole turkeys and/or turkey products by rural food banks at Thanksgiving and into the holiday season. This year, additional contributions from the British Columbia Turkey Marketing Board, Manitoba Turkey Producers and Turkey Farmers of New Brunswick, meant that more than $52,500 was distributed to rural food banks across 10 provinces and three territories.

To help spread the word about Canada’s hunger needs and build upon the Agency’s 2015 donation, TFC and Food Banks Canada worked collaboratively to challenge Canadians on social media to share or re-tweet a posted campaign image using the hashtag #TurkeyFarmersCare. TFC pledged to donate an additional $1 for every mention of the hashtag, to a maximum of $2,000. With 2,350 mentions and 4.1 million impressions, the campaign target was met and exceeded. The additional funds were directed to food banks where most needed in order to augment their capacity to support their clientele.

Plans are already underway to continue with the share campaign in 2016.

CONSUMER RELATIONS

Tasty Turkey is TFC’s consumer-focused identity, communicating with Canadians via the tastyturkey.ca website and blog, social media, press releases, online magazine ads and a monthly e-newsletter.

Tasty Turkey provides a wide array of information, tips, how-to videos and recipes promoting the festive and non-festive consumption of both whole turkeys and turkey cuts.

Tasty Turkey surpassed 10K Facebook likes in 2015.

TFC’s YouTube channel climbed past 100K video views in 2015.

Food Bloggers of Canada Conference

TFC was one of two title sponsors for the third annual Food Bloggers of Canada (FBC) Conference in Montréal, Québec from October 23-25, 2015 at Le Westin Montréal. The Friday evening meal featured a three-course meal with turkey at centre plate. With 140 Canadian food bloggers in attendance, Tasty Turkey and delegates from Les Éleveurs de volailles du Québec had many opportunities to network with bloggers, building and strengthening many relationships.

Bloggers are increasingly popular and influence their audiences with the food choices and recommendations they make. Having prominent food bloggers create and feature turkey recipes on their social media streams and blogs encourages consumers to choose turkey more often and, in particular, during non-festive periods. Recipes created and photographed by bloggers for the Tasty Turkey website continue to add value and tie TFC to a group that is highly admired by many consumers today.

TFC Social Media Channels - Percent Increase

December 31, 2015 over December 31, 2014

Facebook 14%
Twitter 20%
YouTube 55%
Supply management has helped Canadian turkey farms thrive for more than 40 years. Our farmers provide a reliable supply of safe, high quality Canadian turkey products at reasonable prices year-round. The stability provided by the system allows farmers to re-invest in their farms and the industry, and the sector contributes meaningfully to both national and rural economies. Despite this, however, multiple trade negotiations, a federal election, increased activism, and various other challenges brought criticisms of our industry to the forefront in 2015. Through our public, government, and stakeholder relations, TFC continues to address these criticisms, educate and engage Canadians on the benefits of supply management, and highlight the achievements of our industry beyond our farms and local communities.

Engaging Influencers and Decision-Makers

Developing and maintaining relationships with officials is an important part of what TFC does on behalf of Canadian turkey farmers. Regular communication with elected and non-elected officials helps to ensure that TFC stays well informed on government processes, and that policy-makers have a clear understanding of our industry’s priorities. With this in mind, TFC Chair, Mark Davies, and senior staff members met with numerous Ministers, Members of Parliament, and their staff in 2015. TFC also continued to provide formal ‘Information Updates’ to Members of Parliament and members of the House of Commons and Senate Standing Committees on Agriculture throughout the year.

Public Support and Media Relations

WEBSITE RE-LAUNCH
An updated and redesigned version of the turkeyfarmersofcanada.ca website, which profiles industry and farming information, was launched in the spring of 2015. The site features new information about the industry’s Antimicrobial Use (AMU) Strategy, the TFC Research Strategy and detailed information about how Canadian turkey farmers care for their birds, including full published versions of the Agency’s On-Farm Food Safety and Flock Care Programs. It is supported by a more current technology platform to allow for increased search engine optimization and viewing on mobile devices.

MEDIA MONITORING AND RESPONSE
TFC remains committed to daily communications and media monitoring – both independently and in collaboration with other national poultry groups. In 2015, this collaborative effort meant continued work with a public relations consultation firm and the penning of multiple op-eds and letters to the editor to contest negative media coverage of supply management.

CONNECTING WITH MUNICIPAL LEADERS

For the third consecutive year, Turkey Farmers of Canada, Egg Farmers of Canada, Chicken Farmers of Canada and the Canadian Hatching Egg Producers sponsored and participated in the Federation of Canadian Municipalities (FCM) Annual Conference and Trade Show, held in Edmonton, Alberta in June 2015.

In alignment with the 2015 Conference theme, “Today’s Communities, Tomorrow’s Canada”, farmers met with FCM delegates to highlight supply management and the enduring strength of Canadian egg and poultry farms by profiling the industry’s exceptional productivity, farming practices, and world-class on-farm food safety and animal welfare programs. As part of the Conference program, the poultry groups also sponsored a tour to a local farm, where delegates were able to see, first-hand, how a family-run poultry farm delivers fresh, high-quality food, and contributes to its local community.

A short video created by the SM4 for the event titled ‘What is Supply Management?’ has been added to the Turkey Farmers of Canada website at turkeyfarmersofcanada.ca.

JOINT ANNUAL POULTRY RECEPTION
Turkey Farmers of Canada, Egg Farmers of Canada, Chicken Farmers of Canada and the Canadian Hatching Egg Producers once again hosted a joint reception in Ottawa this March to allow poultry farmers and industry partners to meet with federal Members of Parliament, Senators and government staffs. Minister of Agriculture, Gerry Ritz, addressed the 2015 reception, congratulating the industry on its dedication and reaffirming the government’s commitment to keeping supply management and its three pillars intact.

DOWNTOWN DINER
Canadian turkey, chicken, egg, hatching egg and dairy farmers joined forces in June to host a one-day “pop-up” diner in downtown Ottawa to raise awareness of supply management and to celebrate the high-quality food these farmers deliver to Canadians every day.

Members of Parliament, Senators, Hill staffs and the public enjoyed complimentary breakfast and lunch sandwiches made with fresh ingredients from supply managed farms. Farmers were also on hand to talk about how the stability provided by supply management allows them to deliver a secure supply of quality food, contribute meaningfully to national and rural economies, and contribute to the vibrancy of their local communities.

Donations in support of Food Banks Canada were encouraged and accepted, with more than $2,000 raised at the event.

HILL TIMES POLICY PANEL ON AGRICULTURE
In order to generate discussion on key policy items in advance of the October 19, 2015 Federal Election, Turkey Farmers of Canada, Dairy Farmers of Canada, Egg Farmers of Canada, Chicken Farmers of Canada and the Canadian Hatching Egg Producers jointly sponsored a “Platform 2015” agriculture panel hosted by Ottawa-based political newspaper The Hill Times in late August.

The panel focused on food sovereignty and the importance of Canadian agriculture, and also touched upon issues such as: trade negotiations; food quality and affordability; climate change; and, assistance to developing countries.

More than 100 tweets by 40 contributors were posted during the event, with an estimated social media reach of 70,252 Twitter accounts and 213,344 Twitter impressions.

RESEARCH SHOWS THAT 81 PERCENT OF CANADIANS BELIEVE THAT SUPPLY MANAGEMENT IS GOOD FOR CANADA, WHILE 95 PERCENT AGREE A STABLE SUPPLY OF SAFE CANADIAN FOOD IS IMPORTANT.

Source: Canadian Business, 2013

CorporatE communications

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For more information or to purchase a copy of the 2015 Annual Report visit www.turkeyfarmersofcanada.ca
SUPPLY MANAGEMENT

The Trans-Pacific Partnership (TPP)

On October 5, 2015, Canada and 11 other countries (Australia, Brunei Darussalam, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam) completed negotiations on the Trans-Pacific Partnership (TPP). These 12 countries account for 40 percent of the world’s economic output and have a combined population of approximately 800 million. Moving forward, TPP member countries are expected to formally sign the agreement in early 2016 and subsequently ratify it in their respective parliaments within a 24-month window.

Turkey Farmers of Canada, together with colleagues from the other four national poultry, egg and dairy organizations, actively monitored these negotiations over the past five years, given the apparent demand by the United States throughout the negotiations for the dismantling of supply management. Our groups were also actively engaged with Ministers and officials over the entire course of the negotiations.

With respect to the impact of the final agreement on the Canadian turkey industry, all over-quota tariffs currently in place will be maintained. This provides a fairly high level of assurance that imports of turkey meat in excess of Canada’s minimum access commitments, will not occur under normal domestic and international market conditions.

However, new market access for turkey was granted under a Tariff Rate Quota (TRQ), which will be implemented in two stages. Under the first stage, access will be increased by 583,000 kilograms in each of the first six years, reaching a total access of 3.5 million kilograms (Mkg). In the second stage, the access volume of 3.5 Mkg will be subject to a 1% compounded annual increase for 13 years, until it reaches a fixed total volume of approximately 4.0 Mkg. This TRQ volume is equal to between 2.4% and 4.5% of 2015 production, depending on the final meat product imported. If, as expected, the imports are boneless breast meat, the increase in TRQ will equal a significant 4.5% of current production.

Market access concessions were also made for the other feather commodities and dairy.

As this increase in access will result in a permanent loss of production for Canadian farmers, an assistance package of $4.3 billion to help poultry, egg and dairy producers and processors transition through the implementation of the TPP was announced by the federal government. Commitments were also given to address a number of border measures that are not working as intended. Both will be priorities of the Agency moving forward with the federal government in 2016.

World Trade Organization (WTO)

The World Trade Organization (WTO) held its 10th Ministerial Conference in Nairobi, Kenya from December 15-18, 2015. This was the first such meeting to be hosted by an African country, reinforcing the growing importance developing countries play in the multilateral trading system.

Despite fairly conservative expectations heading into the Ministerial, WTO members were able to rise to the occasion as they had done two years previously at the 9th Ministerial in Bali, Indonesia. In the case of agriculture, the “Nairobi Package” included a number of significant achievements and work items, including:

- The elimination of all export subsidies, in a staged manner, by the end of 2023.
- New rules on the activities of state trading enterprises and new disciplines on food aid.
- A commitment to find a permanent solution to the Public Stockholding for Food Security Purposes for developing countries.
- Recognition that developing countries must be able to increase tariffs temporarily due to import surges.

In addition, the Ministerial declaration included a call for duty-free and quota-free access for cotton from least developed countries (LDCs).

With respect to concluding the larger Doha Round of negotiations, which was launched in 2001, the WTO members recognized that much work remains, especially in the areas of Agriculture, non-agricultural market access (NAMA), Services, Rules and Development. In the end, the most that the WTO members could agree and commit to, is that they have different views on how to address the negotiations moving forward and are in agreement that WTO Geneva-based officials should work to find ways to advance the negotiations.
TFC amended the Multiplier Breeder Policy in March of 2015. In place since 1987, this policy allows Provincial Commodity Boards to apply for a conditional allocation for the purpose of marketing mature turkeys in excess of a historical reference amount, where the breeding industry has expanded its sales of turkey hatching eggs and poults.

The purpose of the amendments was to:
1. Ensure the consistent collection of mature marketing information across Provincial Commodity Boards.
2. Improve coordination between Provincial Commodity Boards and TFC with regard to the reporting of information collected from multiplier breeder operators.

The Supply Policy Committee (SPC), which is tasked with reviewing all of the Agency’s Allocation Policies and making recommendations, also examined the Multiplier Breeder Policy’s intent and objective. No recommendations for change were made to the TFC Board by the Committee in this regard.

Export Policy
The TFC Export Policy was also amended in 2015. The purpose of the amendment was to require processors to submit a signed declaration confirming that further processed products for which a conditional allocation is being claimed do not contain mature turkey meat, which is not eligible under the Policy.

National Commercial Allocation Policy
TFC’s National Commercial Allocation Policy also underwent amendment in 2015, with changes taking effect with the 2016/17 control period. These amendments were specific to the province of Nova Scotia, and were made to reflect the restructuring that had occurred at the primary processing level. The net effect of the amendment was to recognize 100% of Nova Scotia’s commercial allocation as whole birds in the National Commercial Allocation Policy and adjust its reference volumes and provincial percentage shares accordingly.

Primary Breeder Policy
There were no changes made to the Agency’s Primary Breeder Policy; a review is anticipated in 2016.

Domestic disappearance of turkey, which generally rises in tandem with population growth, has climbed from 123.1 million kilograms (Mkg) in 1990 to 149.2 Mkg in 2015. Domestic disappearance of turkey, which generally rises in tandem with population growth, has climbed from 123.1 million kilograms (Mkg) in 1990 to 149.2 Mkg in 2015.

PERIODIC STOCKS, SUPPLY AND DISAPPEARANCE OF TURKEY MEAT IN CANADA
(Calendar year, millions of kg, eviscerated)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Stocks</td>
<td>11.3</td>
<td>9.2</td>
<td>18.3</td>
<td>12.0</td>
<td>10.1</td>
<td>12.8</td>
<td>13.3</td>
<td>14.7</td>
</tr>
<tr>
<td>Production</td>
<td>128.2</td>
<td>151.8</td>
<td>158.1</td>
<td>158.9</td>
<td>160.2</td>
<td>168.1</td>
<td>168.1</td>
<td>171.1</td>
</tr>
<tr>
<td>Imports</td>
<td>3.2</td>
<td>3.6</td>
<td>3.8</td>
<td>4.0</td>
<td>5.3</td>
<td>4.4</td>
<td>2.6</td>
<td>2.7</td>
</tr>
<tr>
<td>Total Supply</td>
<td>142.8</td>
<td>164.6</td>
<td>180.2</td>
<td>174.8</td>
<td>175.6</td>
<td>185.3</td>
<td>183.6</td>
<td>188.5</td>
</tr>
<tr>
<td>Total Disappearance</td>
<td>128.4</td>
<td>150.2</td>
<td>168.2</td>
<td>164.7</td>
<td>162.8</td>
<td>172.0</td>
<td>168.9</td>
<td>169.5</td>
</tr>
<tr>
<td>Exports</td>
<td>5.3</td>
<td>19.3</td>
<td>22.7</td>
<td>21.4</td>
<td>21.0</td>
<td>24.3</td>
<td>21.9</td>
<td>20.4</td>
</tr>
<tr>
<td>Domestic Disappearance</td>
<td>123.1</td>
<td>130.9</td>
<td>145.6</td>
<td>143.3</td>
<td>141.8</td>
<td>147.7</td>
<td>147.0</td>
<td>149.2</td>
</tr>
<tr>
<td>Closing Stocks</td>
<td>14.3</td>
<td>14.0</td>
<td>12.0</td>
<td>10.1</td>
<td>12.8</td>
<td>13.3</td>
<td>14.7</td>
<td>19.0</td>
</tr>
<tr>
<td>Change in Stocks</td>
<td>3.0</td>
<td>5.2</td>
<td>-6.4</td>
<td>-1.8</td>
<td>2.7</td>
<td>0.5</td>
<td>1.4</td>
<td>4.3</td>
</tr>
<tr>
<td>Per Capita Consumption (kg)</td>
<td>4.5</td>
<td>4.3</td>
<td>4.3</td>
<td>4.2</td>
<td>4.1</td>
<td>4.2</td>
<td>4.1</td>
<td>4.2</td>
</tr>
</tbody>
</table>

Sources: Turkey Farmers of Canada and Agriculture and Agri-Food Canada

PER CAPITA CONSUMPTION (PCC) OF TURKEY WAS 4.2kg in 2015, up slightly from 2014. This is in-line with the average PCC for the years 1990 to 2015 (4.3 kg).

Looking at the domestic disappearance of turkey in two-month periods clearly shows the seasonal nature of the Canadian turkey market: Easter (March-April), Thanksgiving (September-October) and Christmas (November-December).

Of total 2015 domestic disappearance (149.2 Mkg), 69% occurred in the six months that correspond to holiday markets.
MARKETS

The nature of the Canadian turkey market is illustrated by the pie charts below, which show sales by 4-month periods. As can be seen, the bulk of whole bird sales occur between September and December, which corresponds with Thanksgiving and Christmas markets for whole turkeys. Easter sales correspond with the January to April period.

Production has increased at an average annual rate of 1.2% per year since 1990, which is slightly ahead of population growth.

Growth in the market for turkeys has primarily been in further processed and foodservice products, with the production of turkeys over 9 kg rising at an annual average rate of 1.5% per year since 2000. The production of turkeys over 9 kg was 91.0 Mkg in 2015, up 1.5 Mkg from 2014 and 18.1 Mkg from 2000.

The whole bird market is typically more stable, with 2015 production for turkeys under 9 kg at 80.1 Mkg, up 3.5 Mkg from 2014.

Generally speaking, turkeys that are raised to 9 kg or less (eviscerated) are destined for the bagged market, while larger turkeys are most commonly used for further processed products and parts.

For the second year in a row, imports of turkey were lower than expected in 2015. A large outbreak of avian influenza among turkey flocks in the United States in the spring resulted in a prolonged period of lower than planned U.S. production. This production shortfall resulted in wholesale prices for U.S. breast meat that shattered records set in 2014. For comparison, the highest price reported in the U.S. in 2013 was $2.20 U.S./pound.

Due to a shortage of supply and high breast meat prices in the U.S., only 83.7% and 86.7% of available import quota was used in 2014 and 2015 respectively, compared to normal usage rates of 98-99%.

The pie chart on the right shows that sales of further processed and cut-up turkey at retail are much more evenly distributed throughout the year. Sales are heavier in the September to December period due to higher sales of breast meat and roasts at this time of year.

Sales of cut-up and further processed turkey products at retail grew from 10.1 Mkg in 1990 to 16.3 Mkg in 2015. The main ingredient in many of these products is breast meat, which drives the production of heavier turkeys. The value of these products at retail increased from $77 million to almost $240 million in 2015.

For the second year in a row, imports of turkey were lower than expected in 2015. A large outbreak of avian influenza among turkey flocks in the United States in the spring resulted in a prolonged period of lower than planned U.S. production. This production shortfall resulted in wholesale prices for U.S. breast meat that shattered records set in 2014. For comparison, the highest price reported in the U.S. in 2013 was $2.20 U.S./pound.

Due to a shortage of supply and high breast meat prices in the U.S., only 83.7% and 86.7% of available import quota was used in 2014 and 2015 respectively, compared to normal usage rates of 98-99%.
The average live price for turkey in 2015 was $1.96/kg, which is down slightly from 2014 and 2% since 2012. Over the long run, live prices have tracked very closely with the CPI for food.

TFC ON-FARM PROGRAMS

Implementation of the TFC On-Farm Food Safety Program® (OFFSP) and Flock Care Program® (FCP) has further progressed over the course of 2015. By December, 95 percent of all registered turkey farmers had been certified under the TFC OFFSP and 85 percent under the FCP. The programs have become, or are in the processes of becoming, mandatory across all provinces, with 100% producer participation expected in 2016 for both programs.

A second official 18-month review of the TFC OFFSP and TFC On-Farm Programs Management Manual was undertaken by the Canadian Food Inspection Agency (CFIA), which determined that both manuals continue to meet the CFIA Technical Review requirements. TFC manuals continue to meet the CFIA Management Manual was undertaken by TFC OFFSP and TFC On-Farm Programs program administrators in 2016. Additional activities related to the TFC On-Farm Programs in 2015 included the printing and distribution of the Turkey Breeder Module for the TFC OFFSP to turkey breeder farmers, and the training of on-farm auditors regarding the new module. On-farm implementation of the new program has been initiated and will further proceed in 2016. Witness audits of current on-farm auditors, and an internal audit of a provincial program administrator were also carried out in 2015 and will continue as required by the TFC management system.

THIRD-PARTY AUDITS FOR THE TFC FLOCK CARE PROGRAM®

A work plan to proceed with the implementation of third-party audits for the TFC Flock Care Program® (FCP) was approved by the TFC Board of Directors and work has been initiated to develop an auditing system. Implementation is targeted for May 2016.

AVIAN INFLUENZA

Turkey Farmers of Canada continues to work in conjunction with the Canadian Food Inspection Agency, as well as other federal and provincial governments and agencies, to prevent, contain and eradicate any outbreak of avian influenza.

Following detection of the virus in British Columbia and Ontario in late 2014 and early 2015, respectively, a Migratory Bird Advisory Bulletin was distributed to all turkey farmers as a reminder to follow vigilant biosecurity practices during peak migratory periods.

TFC and the other national poultry groups also continue to work cooperatively with the Canadian Wildlife Health Cooperative on ways to improve early warning signals and communication strategies from avian influenza surveillance in wild birds.
REGULATORY MODERNIZATION INITIATIVES

TFC continued its participation in consultations regarding a number of regulatory modernization initiatives in 2015, including the proposed draft regulations under the Safe Food For Canadians Act, the renewal of the Feeds Regulations, Veterinary Drugs Regulatory Modernization, and the review of the Hatchery Regulations. TFC welcomes CFIA’s and Health Canada’s efforts to streamline and update existing regulations and is committed to remaining engaged as the various initiatives further advance.

DEVELOPMENT OF FARMER RESOURCES

TFC continued to expand its collection of producer resources in 2015, adding a comprehensive List of Medications Used in Canadian Turkey Production to the TFC farmer website at tfconfarmprograms.ca. The website also houses the electronic version of the TFC On-Farm Programs and an online library of Research Notes, Turkey Farming Info Sheets, and related information on important farm and industry issues.

POULTRY CODE OF PRACTICE

The Draft Revised Code of Practice for the Care and Handling of Hatching Eggs, Breeders, Chickens and Turkeys was completed in October 2015 and opened for a Public Comment Period (PCP) from October 5-December 4, 2015. The PCP allowed stakeholders, poultry producers, consumers and others with an interest in the welfare of poultry to provide input to the final code. After the closure of the PCP, comments were reviewed by the Code Development Committee for edits to the Draft Revised Code. The final Code is expected to be released in June 2016. TFC representatives remain involved in every step of the process.

TFC RESEARCH STRATEGY

The TFC Research Committee completed its review of the TFC Research Strategy in March 2015. The revised strategy includes activities up to 2020, including updated strategic goals, actions to achieve and execute goals, performance measures, and timelines. Strategic goals include updated research priorities which aim to foster increased turkey research through a stronger relationship with the research community and more effective knowledge transfer of research outcomes.

TFC RESEARCH BULLETIN

TFC distributed the first edition of the TFC Research Bulletin in January 2015. The Research Bulletin provides up-to-date information on current research being undertaken at Canadian institutions, TFC’s research priorities, and Canadian turkey researcher profiles. Recipients of the Research Bulletin include researchers, extension personnel and veterinarians, and anyone involved in the turkey industry with a research interest.

CANADIAN POULTRY RESEARCH COUNCIL (CPRC)

The Poultry Science Cluster, funded with $4 million from Agriculture and Agri-Food Canada (AAFC) and a further $1 million from the poultry industry, continued during 2015. Six projects were approved for funding following internal review by the CPRC Board and staff, and a peer review based on the CPRC priority areas. One project has been conditionally approved, which will carry out farm-level surveillance of antimicrobial use and resistance in turkey flocks. Another will assess an air purification system to improve biosecurity on poultry farms. Additional projects will have indirect benefits to the turkey industry, including studies on vaccines, intestinal health and incubation.

FINANCIAL STATEMENTS

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

For the year ended December 31, 2015

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INDEPENDENT AUDITOR’S REPORT

FINANCIAL STATEMENTS

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to Financial Statements

Schedule 1 - Administration Expenses

Schedule 2 - Marketing Expenses
INDEPENDENT AUDITOR’S REPORT

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

We have audited the accompanying financial statements of Canadian Turkey Marketing Agency c.o.b. Turkey Farmers of Canada, which comprise the statement of financial position as at December 31, 2015 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor’s Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Canadian Turkey Marketing Agency c.o.b. Turkey Farmers of Canada as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian standards for not-for-profit organizations.

Other Matters

The financial statements of Canadian Turkey Marketing Agency c.o.b. Turkey Farmers of Canada for the year ended December 31, 2014 were audited by another auditor who expressed an unqualified opinion on the financial statements on March 26, 2015.

On behalf of the Board:

Mark Davies, Chair
Shawn Hoppell, Vice Chair
# Statement of Operations

For the year ended December 31

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Producer levies</td>
<td>$3,381,544</td>
<td>$3,218,730</td>
</tr>
<tr>
<td>Investment income</td>
<td>32,858</td>
<td>44,949</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$3,415,402</td>
<td>$3,263,679</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration (Schedule 1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other administrative</td>
<td>676,709</td>
<td>537,083</td>
</tr>
<tr>
<td>Remuneration to Directors and staff</td>
<td>1,236,664</td>
<td>1,192,487</td>
</tr>
<tr>
<td>Directors’ and staff expenses</td>
<td>554,655</td>
<td>491,576</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>2,468,028</td>
<td>2,221,146</td>
</tr>
<tr>
<td><strong>Marketing (Schedule 2)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provincial marketing programs</td>
<td>400,001</td>
<td>400,001</td>
</tr>
<tr>
<td>Market development</td>
<td>199,383</td>
<td>193,359</td>
</tr>
<tr>
<td>Public relations and communications</td>
<td>385,133</td>
<td>447,447</td>
</tr>
<tr>
<td><strong>Total Marketing</strong></td>
<td>984,517</td>
<td>1,040,807</td>
</tr>
<tr>
<td>Special projects</td>
<td>665</td>
<td>42,804</td>
</tr>
<tr>
<td><strong>Deficiency of revenue over expenses for the year</strong></td>
<td>($37,808)</td>
<td>($41,078)</td>
</tr>
</tbody>
</table>

# Statement of Changes in Net Assets

For the year ended December 31, 2015

<table>
<thead>
<tr>
<th>Description</th>
<th>Internally Restricted Funds</th>
<th>Unrestricted Fund</th>
<th>Funds Invested in Property and Equipment</th>
<th>2015 Total</th>
<th>2014 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>$2,454,414</td>
<td>$757,573</td>
<td>$125,301</td>
<td>$3,337,015</td>
<td>$3,378,093</td>
</tr>
<tr>
<td>Excess (deficiency) of revenue over expenses for the year</td>
<td>3,204</td>
<td>(14,819)</td>
<td>(26,193)</td>
<td>(37,808)</td>
<td>(41,078)</td>
</tr>
<tr>
<td>Appropriations</td>
<td>82,000</td>
<td>(82,000)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer of funds to purchase property and equipment</td>
<td>-</td>
<td>(29,520)</td>
<td>29,520</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$2,539,345</td>
<td>$631,234</td>
<td>$128,628</td>
<td>$3,299,207</td>
<td>$3,337,015</td>
</tr>
</tbody>
</table>
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. The financial position reflects assets of $398,510 (2014 - $398,915), liabilities of $397,261 (2014 - $397,431), and net assets of $1,249 (2014 - $1,484). The results of operations of TRRB are total member contributions of $1,200 (2014 - $1,600), total expenses of $1,435 (2014 - $4,246), and deficiency of contributions over expenses of $235 (2014 - $2,646). Cash inflows (outflows) from operating activities is $65 (2014 - ($2,646)).

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

The carrying value of a long-lived asset is considered impaired when the undiscounted cash flow from such asset is estimated to be less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset.
1. Nature of Operations and Summary of Significant Accounting Policies (continued)

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.

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 $2,191,000 (2014 - $2,109,000), increasing to $2,216,000 in 2016.

A research fund was established by the Board of Directors to accumulate funds for future research needs. The balance in this fund is $328,345 (2014 - $325,141).

An amount of $20,000 for TFC’s portion of reward monies, as a result of the 2004 product tamper incident, remains unchanged.

Revenue Recognition

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

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. All investments have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. 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.

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

Investments totaling $565,766 (2014 - $970,012) consist of strip bonds guaranteed by the Government of Canada with interest rates ranging from 1.45 to 1.91% (2014 - 1.45 to 2.01%) that have maturity dates ranging from September 2016 to June 2018 (2014 - December 2015 to June 2016). Mutual funds held in RBC Investment Savings total $2,066,648 (2014 - $1,629,426).

3. Accounts Receivable

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Producer levies</td>
<td>$381,021</td>
<td>$289,175</td>
</tr>
<tr>
<td>Miscellaneous accounts receivable</td>
<td>137</td>
<td>6,182</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$381,158</strong></td>
<td><strong>$295,357</strong></td>
</tr>
</tbody>
</table>

4. Property and Equipment

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>$132,795</td>
<td>$102,282</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>178,264</td>
<td>136,995</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>176,809</td>
<td>119,963</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$487,868</strong></td>
<td><strong>$359,240</strong></td>
</tr>
<tr>
<td><strong>Net book value</strong></td>
<td><strong>$128,628</strong></td>
<td><strong>$458,349</strong></td>
</tr>
</tbody>
</table>

December 31, 2015
5. Commitments

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$247,926</td>
</tr>
<tr>
<td>2017</td>
<td>190,343</td>
</tr>
<tr>
<td>2018</td>
<td>134,553</td>
</tr>
<tr>
<td>2019</td>
<td>85,000</td>
</tr>
<tr>
<td>2020</td>
<td>85,000</td>
</tr>
</tbody>
</table>

$742,822

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, 2015, this facility has not been used (2014 - $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 $2,539,345 (2014 - $2,454,141) are subject to internally imposed capital restrictions.

---

**Schedule 1 - Administration Expenses**

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other administrative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>$26,193</td>
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