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TURKEY FARMERS  
OF CANADA  
LES ÉLEVEURS DE DINDON  
DU CANADA

YEARS / ANS

# Turkey Farmers of Canada

ANNUAL REPORT 2014



## 40<sup>TH</sup> ANNIVERSARY EDITION

The Forty-first 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 Annual Meeting of TFC Members.



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Facebook: [www.facebook.com/TastyTurkey](http://www.facebook.com/TastyTurkey)

Twitter: [www.twitter.com/TastyTurkey](http://www.twitter.com/TastyTurkey)

[www.twitter.com/TurkeyFarmersCa](http://www.twitter.com/TurkeyFarmersCa)

Pinterest: [www.pinterest.com/TastyTurkey](http://www.pinterest.com/TastyTurkey)

YouTube: [www.youtube.com/CdnTurkeyFarmers](http://www.youtube.com/CdnTurkeyFarmers)



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## A MESSAGE FROM THE CHAIR

It was my great privilege to serve as your Chair in 2014 as we marked the 40<sup>th</sup> anniversary of Turkey Farmers of Canada (TFC) and the national supply management system for turkey. Forty years is a considerable milestone, an anniversary we can reflect upon with pride. It is a milestone we celebrated, honouring the people whose wisdom, dedication and leadership helped make TFC a strong and effective organization.

In March, I had the opportunity to meet with some of these people as TFC commemorated the anniversary in Ottawa. To sit among Board members past and present, current and former Provincial Board Managers, Agency staff and industry participants was humbling. Even more poignant was the presence of 10 former Chairs of TFC – or in their days, the Canadian Turkey Marketing Agency (CTMA). Listening to these industry leaders speak about their time with the Agency, I was struck by two things: 1) That our industry is fortunate to have benefited from having so many outstanding leaders over the years; and, 2) How the flexibility and effectiveness of supply management has enabled our industry to keep pace and maintain our competitiveness through changes, advancements and challenges over the past four decades.

It was my pleasure at that luncheon in March to unveil a commemorative TFC timeline documenting some of those changes and tracing the path of our industry from 1974, when the Agency was proclaimed by Parliament, to this anniversary milestone. From innovations in turkey farming leading to improved techniques, production efficiencies and enhanced food safety programs, to the organizational and functional growth of the Agency itself, the

timeline is a testament to the value of the *Farm Products Agencies Act (FPAA)* and the resulting stability that has served the industry and Canadian consumers well.

Today, we can proudly say that the Canadian turkey industry brings more than \$395.9 million to the farm gate, employs approximately 10,000 Canadians and contributes significantly to Canada's economy. Our farms are strong, and Canadians shop with full confidence that we will provide safe, healthy and high-quality turkey products.

Of course there were challenges and opportunities in 2014, as there have been every year for the past 40 years, and as we can expect for the next 40. As the framework of our system dictates, TFC faced these challenges and opportunities together, jointly committed to our shared mandate, mission and values. This is how Turkey Farmers of Canada has been able to build the strong, vibrant and efficient agricultural sector we know today.

Once again, I would like to thank everyone who has made contributions to the organization over the years – farmers and non-farmers alike. On our 40<sup>th</sup> anniversary, we celebrate our years of success and look forward to continuing to ensure a bright future for Canada's turkey industry.

Mark Davies  
Chair



*Past TFC Chairs pose with current Chair, Mark Davies. (L to R) Brent Montgomery (2003-2006), Mark Davies (2007-present), Eike Futter (1980-1981), Ken Crawford (1978), Richard Ruchkall (2000-2001), Carol Teichrob (1979), Darrell Reddekopp (1999), Bob Friesen (1993-1996), Heiko Oegema (1982), John Stolp (1997-1998) and Adrian de Graaf (1991-1992).*



## EXECUTIVE COMMITTEE & BOARD OF DIRECTORS

### EXECUTIVE COMMITTEE



**Chair:** Mark Davies  
Nova Scotia



**Vice Chair:** Bill Mailloux  
Ontario

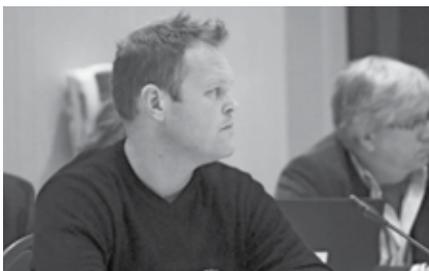


**Executive Member:** Shawn Heppell  
British Columbia

### BOARD OF DIRECTORS



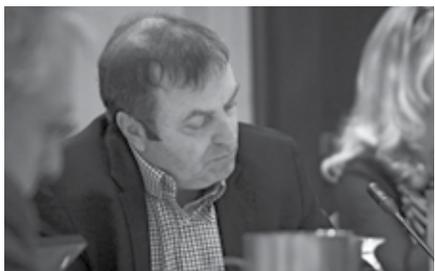
**Darren Ference**  
Alberta



**Jelmer Wiersma**  
Saskatchewan



**Rachelle Brown**  
Manitoba



**Calvin McBain**  
Québec



**Bertin Cyr**  
New Brunswick



**Doug Hart**  
Canadian Poultry & Egg Processors Council



**Michel Pépin**  
Canadian Poultry & Egg Processors Council



**Keith Hehn**  
Further Poultry Processors Association of Canada

### ALTERNATE DIRECTORS

<b>British Columbia:</b>	Les Burn
<b>Alberta:</b>	Leonard Waldner
<b>Saskatchewan:</b>	Todd Clarke
<b>Manitoba:</b>	Bill Uruski
<b>Ontario:</b>	Tom Hayter
<b>Québec:</b>	André Beaudet
<b>New Brunswick:</b>	Larry Slipp
<b>Nova Scotia:</b>	David Young Steven Eadie
<b>Canadian Poultry &amp; Egg Processors Council:</b>	Wayne Urbonas Jamie Falcao
<b>Further Poultry Processors Association of Canada:</b>	Mike Pietrantonio





# COMMITTEES, APPOINTMENTS, MEMBERSHIPS & PARTNERSHIPS

## COMMITTEES

### Nominating \*

Doug Hart, Chair  
Bill Mailloux, Director  
Jelmer Wiersma, Director

### Audit & Finance \*

Shawn Heppell, Chair  
Darren Ference, Director  
Bertin Cyr, Director

### Managers \*

Sonya Lorette, NS  
Louis Martin/Kevin Godin, NB  
Pierre Fréchette/Martine Labonté, QC  
Janet Schlitt, ON  
Helga Wheddon, MB  
Rose Olsen, SK  
Cara Prout, AB  
Michel Benoit, BC

### Research

Rachelle Brown, Chair  
Wayne Urbonas, CPEPC  
Roelof Meijer, CPRC  
David Young, TFNS

### Turkey Market Advisory \*

Sateesh Ramkissoonsingh, Chair  
Nicholas Paillat, CPEPC  
Robert de Valk, FPPAC  
John Sheldon, TFC  
John Groenewegen, Third-Party  
Market Analyst

### On-Farm Programs \*

Calvin McBain, Chair  
Vic Redekop, BC  
Joni Rynsburger, SK  
Matt Steele, ON  
Guy Jutras, QC  
Lori Ansems, NS  
Wayne Urbonas, CPEPC

### Supply Policy \*

Mark Davies, Chair  
Calvin McBain, Eastern Region  
David Young, Eastern Region  
Shawn Heppell, Western Region  
Rachelle Brown, Western Region  
Keith Hehn, Processor Representative

### Turkey Market Development \*

Mark Davies, Chair  
Cameron Lavallee, Producer - Eastern Region  
Dion Wiebe, Producer - Western Region  
Wendy Harris, Processor - Eastern Region  
Jason Wortzman, Chef/Processor - Western  
Region  
Annie Langlois, Registered Dietitian  
Rory Bates, Retail Representative  
Alison George, Canadian Foodie

## EXTERNAL APPOINTMENTS

### Canadian Federation of Agriculture (CFA)

Bill Mailloux, Director  
Mark Davies, Alternate Director

### National Farm Animal Care Council (NFACC)\*

Lori Ansems  
Bill Mailloux

### Canadian Poultry Research Council (CPRC)\*

Roelof Meijer

## MEMBERSHIPS & 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 Restaurant and Foodservices  
Association  
Canadian Supply Chain Food Safety Coalition  
Farm & Food Care Ontario  
Farm & Food Care Saskatchewan  
Further Poultry Processors Association of  
Canada  
George Morris Centre  
National Farm Animal Care Council  
National Farm Animal Health and Welfare  
Council  
National Turkey Federation (US)  
Nutrient Rich Foods Alliance  
Poultry Industry Council  
World's Poultry Science Association –  
Canada Branch

\*Resource – TFC Staff





## A MESSAGE FROM THE EXECUTIVE DIRECTOR

A 40<sup>th</sup> anniversary is a “big deal”. We looked forward to it in our 2013 Annual Report, noted it numerous times over the course of 2014, and celebrated it throughout the year by acknowledging those who have made the past 40 years so remarkable, in so many ways. This is the 40<sup>th</sup> anniversary edition of the TFC Annual Report, highlighting the Agency’s 40<sup>th</sup> year of operations.

Financially, TFC remains in a strong position, as can be seen from the audited statements. Operations have been maintained and expanded in some areas, as directed by the membership based on their regular evaluation of priorities against budgetary requirements. Operational activities in 2014 were a continuation of priorities that have emerged over the last several years.

The TFC programs for on-farm food safety and flock care continue to be implemented on Canadian turkey farms through the efforts of Provincial Board staff members and the auditors engaged in working with turkey farmers. The new on-farm food safety module for the turkey breeding sector is ready to be implemented after passing CFIA Technical Review in 2014.

The TFC Research Strategy moved forward over the course of 2014. Results are emerging through a growing interest in turkey research, in keeping with the Agency’s strategic priorities, including research on bird health and welfare. There is much more to do in this regard and, with the guidance of the TFC Research Committee, a turkey research symposium is being planned for 2015.

Details on the enhanced use of social media are included in the report that follows; investment here is showing return through increased uptake of offerings by consumers. Social media has served as the platform for the TFC marketing program and partnerships over the course of the year.

The year was not without exceptional incident - from underground activist activity early in the year, to the avian influenza outbreak in British Columbia in December. The former raised the priority on animal welfare across the sector, but also underscored the responsibility that accompanies raising farm animals. Progress was made in 2014 on the TFC On-Farm Programs, with more to do in 2015.

In regard to the latter and in order to maintain the supply of turkey planned for the 2014/15 control period, TFC members agreed in mid-December to the lease of quota between provinces. This decision accomplished three things: first, as required of supply management, there would be no gap in domestic supply, as marketings would still occur within the control period; second, affected producers received some contribution to their fixed overhead during their time out of production; and third, it was accomplished with the desired outcome that the effect on implicated processors would be minimized to the extent possible.

In looking ahead, the team in the TFC office continues in their commitment to undertake the effort needed to ensure that the sector remains strong and growing. The Agency has a strong team of professionals and it is on their behalf, I am pleased to submit this report.

In closing, 2014 also brought the passing of one of our early and long-time members, Mr. Laurent Mercier, Sr. Laurent’s contribution to the Agency from 1978 to 1984 as a Director, Executive Committee Member and Vice Chair was a very important element in the formative years of our then young organization. He was a farmer’s farmer and played significant roles for many years as Chair of the ÉVQ and Vice Chair at our sister agency, Chicken Farmers of Canada. His is a contribution of lasting impact and legacy that has spanned the decades.

As we conclude 40 years of operations, we are reminded again of the contribution of many people over the last 40 years. Their contributions were important and have created a platform from which to launch into our fifth decade.

Phil Boyd  
Executive Director





## TFC STAFF

**Phil Boyd**

Executive Director

**Janice Height**

Director - Corporate Services

**Allyson Marcolini**

Lead - Consumer Relations

**Robin Redstone**

Lead - Corporate Communications

**Sateesh Ramkissoonsingh**

Manager - Policy & Trade

**John Sheldon**

Manager - Markets Information

**Elise Mereweather**

Policy & Data Administrator

**Malenka Georgiou**

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

**Graham Duggan**

Associate Manager - Technical Affairs, Science & Regulation

**Mabel Seto**

Finance Administrator

**Lorna Morris**

Executive Services Administrator

**Cathy Lane**

Corporate Services Administrator

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**Charles Akande**

Canadian Dairy, Poultry and Egg Producers' Representation to the WTO Geneva, Switzerland

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## TURKEY FARMERS OF CANADA | 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.

# ABOUT TURKEY FARMERS OF CANADA

Created in 1974 under the federal *Farm Products Agencies Act* (FPAA), Turkey Farmers of Canada (TFC) (*Canadian Turkey Marketing Agency c.o.b. Turkey Farmers of Canada*) encourages cooperation throughout the Canadian turkey industry, promotes the consumption of turkey, and administers the comprehensive marketing plan for turkey in Canada.

TFC's 11-member Board of Directors is comprised of eight provincial farmer-elected representatives, along with two appointed members from the primary processing sector and one from the further processing sector. Together, the Board sets national turkey production levels in response to market requirements, market forecasts and expectations regarding imports, and competing protein and input markets. 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*).

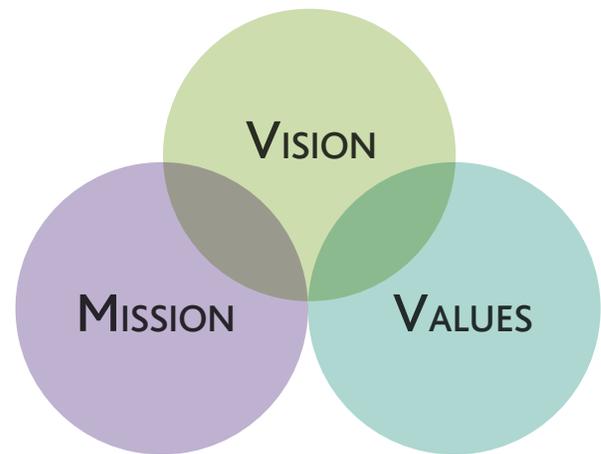
TFC operations are funded by production-level levies remitted on each kilogram of turkey marketed. The Agency is accountable to its members and partners, and reports annually to Parliament through the Minister of Agriculture and Agri-Food Canada.

## 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.



### OUR VISION:

Canadian turkey will be readily available every day, everywhere in Canada in the form consumers desire.

### 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 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.
- 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.





## GOVERNANCE

### BUSINESS PLANNING

Turkey Farmers of Canada adheres to a rigorous business planning process to determine medium and long-term priorities, fine-tune existing priorities, align goals and strategies accordingly, and set out operational plans and resource allocations for the Agency office.

Implementation of TFC's annual Business Plan is guided by the following principles:

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.

### SOCIAL RESPONSIBILITY

#### Food Banks Canada

Turkey Farmers of Canada and its member organizations have been partners and supporters of Food Banks Canada since 2009. This year, combined contributions from TFC, the British Columbia Turkey Marketing Board, Manitoba Turkey Producers and Turkey

Farmers of New Brunswick, brought the Agency's sixth annual Thanksgiving donation to \$52,500, which was distributed among rural food banks for the purchase and distribution of turkeys.

Earlier in the year, TFC worked with Food Banks Canada to once again mark and promote Hunger Awareness Week, an initiative created by the organization to help educate Canadians about hunger in our country and to encourage all to help those in need. For the third year in a row, TFC also sponsored a breakfast hosted by Food Banks Canada on Parliament Hill, where more than 80 Senators, Members of Parliament and their staff gathered to hear about hunger in Canada and the work of Canadian food banks.

#### Buy One, Give One Campaign (BOGO)

Leading up to Thanksgiving 2014, TFC launched a *Buy One, Give One (BOGO)* campaign, challenging Canadians to *Buy One* turkey for their Thanksgiving meal and *Give One* to a local food bank to help others in their community. The initiative was sanctioned by Food Banks Canada, who featured the campaign on their website and in their newsletter.

Supported by several Provincial Board press releases and growing online conversation under the hashtag #BOGOTurkey, news of TFC's BOGO campaign was soon picked-up by media outlets, and eventually made its way to Parliament's Question Period.



Following the positive results of the Thanksgiving BOGO campaign, TFC re-launched the #BOGOTurkey conversation online in December to encourage pre-holiday donations to Canadian food banks.

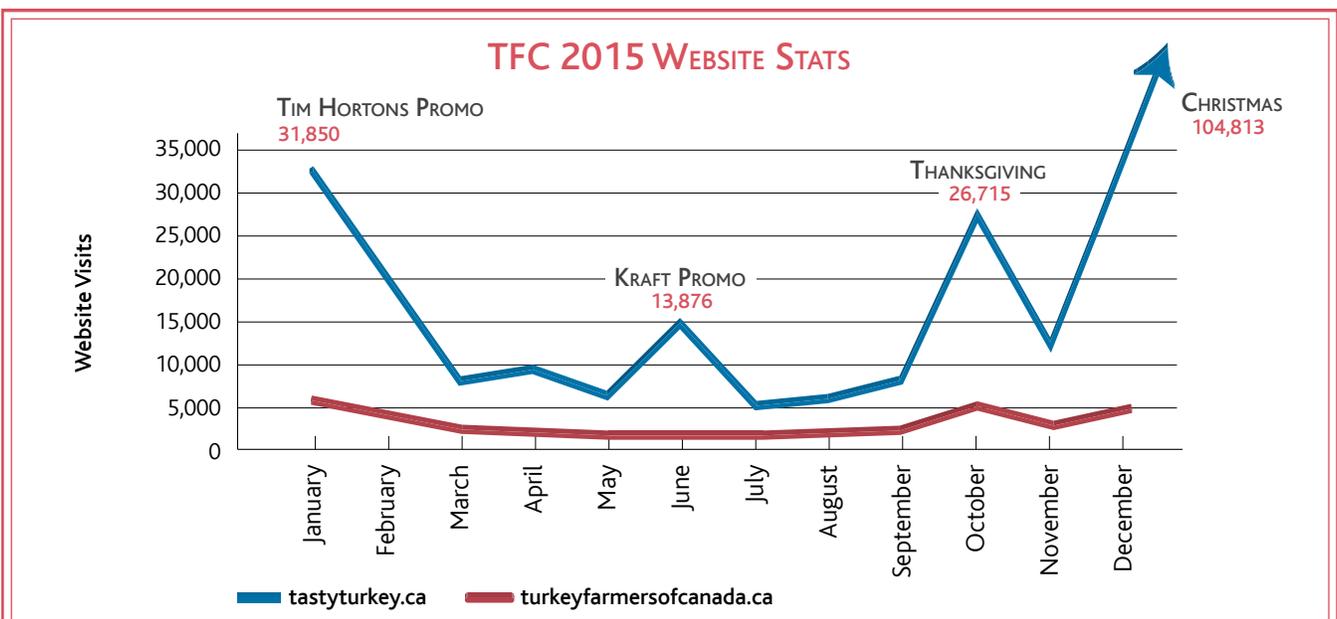
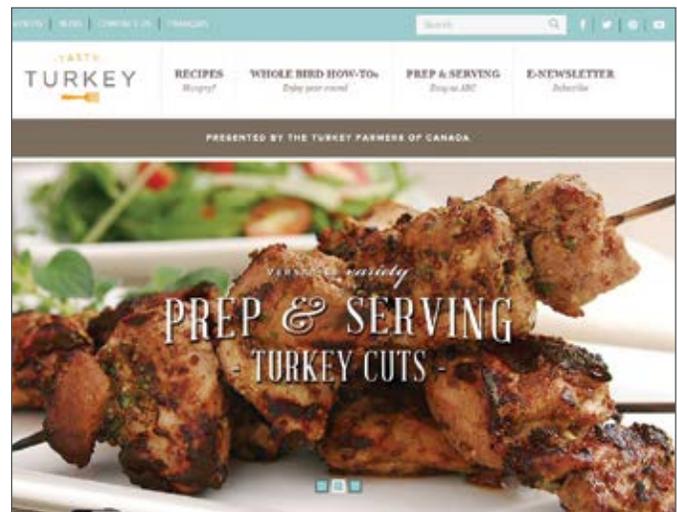


# CONSUMER RELATIONS

## TASTY TURKEY WEBSITE

TFC launched its new consumer website [tastyturkey.ca](http://tastyturkey.ca) in February 2014. The fresh and sophisticated-looking new site is fully mobile responsive, making it easy for consumers to view and search from any tablet or mobile device. It is also home to a new TFC blog and an expanded collection of turkey recipes, tips and videos.

SOCIAL MEDIA		
	Tasty Turkey	↑ 104%
	@TastyTurkey	↑ 38%
	CdnTurkeyFarmers	↑ 35%
	@TurkeyFarmersCa	<b>NEW!</b>





## CONSUMER RELATIONS

### TIM HORTONS PROMOTION



In partnership with Tim Hortons, TFC hosted a 28-day contest on the Tasty Turkey Facebook page in early 2014 to promote the launch of the chain's new Turkey Sausage Breakfast Sandwich. A daily winner was awarded a Tims gift card and one grand prize winner was selected at the conclusion of the contest from the 13,131 entries received.

### FOOD BLOGGERS OF CANADA CONFERENCE

TFC was a gold sponsor for the second annual Food Bloggers of Canada Conference held in Vancouver in October. The three-day event involved 110 food bloggers from across Canada, providing an opportunity for TFC to create awareness of the Canadian turkey industry among the Canadian food blogging community.

### TASTY TURKEY CHAMPIONS

TFC partnered with two prominent Canadian food bloggers to act as Tasty Turkey Champions in 2014. The bloggers, based in Ottawa and Edmonton, created recipes, participated in Twitter Chats, and proclaimed their status of ambassador on their respective websites.

### KRAFT CANADA

Tasty Turkey partnered with Kraft Canada for a 10-month promotion beginning in January 2014. The partnership saw extensive turkey content featured on the Kraft Canada website, including: a dedicated Tasty Turkey page within the recipe section; ads placed throughout the site; rotating home page turkey ads; editorial integration of TFC tips when turkey recipes were viewed; a sponsored search feature; and, a full turkey takeover of the Kraft home page for one week at the beginning of September.

Direct results of the partnership included: well over 2.5 million impressions on the English site; over 1 million impressions on the French site; and a click-through rate (to TFC's website) of 0.81% on ads, 0.49% on the search feature and 0.34% on the home page takeover. These click-through rates exceed Kraft's general averages of 0.1-0.2%.



### BLOGGER RECIPES

In addition to the Tasty Turkey Champions, TFC partnered with six other food bloggers in 2014 to have each create five recipes for the Tasty Turkey website. Each blogger supports this work with social media mentions and blog posts about the recipes, directing their own readers to the [tastyturkey.ca](http://tastyturkey.ca) website.





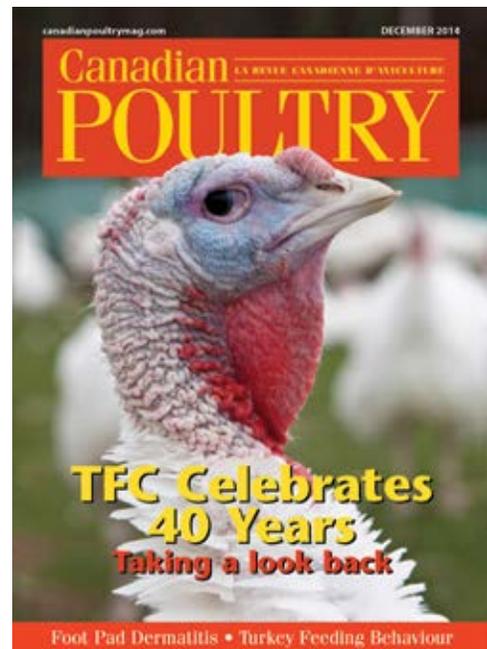
## CORPORATE COMMUNICATIONS

### CELEBRATING 40 YEARS

Turkey Farmers of Canada celebrated its 40<sup>th</sup> anniversary in 2014 after being established under the federal *Farm Products Agencies Act* in 1974.

The milestone was fêted at a March luncheon in Ottawa, where Board members, industry affiliates and Agency staff joined past Chairs and former Provincial Board Managers to highlight and celebrate the achievements of the industry.

The anniversary was also marked with the publication of a commemorative timeline, designed to tell the story of the Agency and underscore the importance of supply management to the Canadian turkey sector. The timeline will remain permanently housed on the Agency's [turkeyfarmersofcanada.ca](http://turkeyfarmersofcanada.ca) website.



TFC's 40<sup>th</sup> anniversary was covered in the December 2014 issue of Canadian Poultry Magazine.

### FARMER SURVEY

TFC conducted an online survey of its farmer-members in the spring of 2014, in order to acquire updated information on farm demographics, size, employment data, economic characteristics, attitudes and future plans. Results were then analyzed and compared with information collected in past surveys to develop a better understanding of the concerns and challenges of today's turkey farmers, and to provide input into the development of Agency work plans.





**CORPORATE COMMUNICATIONS**

**MEMBER & INDUSTRY COMMUNICATIONS**

TFC continues to focus on strengthening its corporate communications by way of timely and open dialogue with members and stakeholders. In 2014, this once again involved the publication of the Agency's quarterly *Plume* newsletter, as well as the bi-weekly industry e-newsletter, *The Eye on the Industry* and the annual *Canadian Turkey Stats* handbook.

New in 2014 was the creation of a corporate TFC Twitter account. Distinct from the consumer-oriented Tasty Turkey social media channels, @TurkeyFarmersCa looks to connect with more business-oriented audiences in order to provide updates and commentary on Agency initiatives, industry news, corporate causes, agricultural programs, etc. 'Followers' to-date include farmers, academics, industry partners, agricultural media outlets and a number of federal and provincial legislators.

**GOVERNMENT RELATIONS**

Developing relationships with policy-makers and keeping them informed about industry priorities and concerns is an important part of what TFC does on behalf of Canadian turkey farmers. In that regard, members of the TFC Executive Committee met and/or provided input and feedback to government officials on multiple occasions throughout the year.

In early June, and again in September, TFC sent formal 'Information Updates' to Members of Parliament and members of the House of Commons and Senate Standing Committees on Agriculture. Intended as a resource for officials, these updates frame TFC key messages and announcements in a simple, timely and concise package.

In December, TFC was invited to address the Senate Standing Committee on Agriculture and Forestry (AGFO) with regard to the Committee's study on international market access priorities for the Canadian agricultural and agri-food sector. The appearance provided TFC with the opportunity to reiterate the widespread benefits of supply management and to urge the Government to continue to uphold the system in all current and future trade negotiations.

At a municipal level, TFC once again joined the Egg Farmers of Canada, Chicken Farmers of Canada and the Canadian Hatching Egg Producers at the Federation of Canadian Municipalities' (FCM) Annual Conference and Trade Show in May. The joint industry initiative aims to raise awareness of the benefits of supply management for attending senior municipal officials, to ensure that the link between strong agricultural sectors and sustainable municipalities – large or small, urban or rural – is clear.

**PUBLIC SUPPORT & MEDIA RELATIONS**

Turkey Farmers of Canada places great value in providing accurate and timely information to consumers and media with regard to the turkey industry in Canada and the Canadian supply management system.

On its own, and together with the other national poultry groups, TFC has committed to daily communications and media monitoring, with responses – individual or collaborative – issued when appropriate.

The poultry groups also worked collaboratively on a number of other initiatives in 2014, including three separate omni surveys to determine Canadians' views on domestic vs. foreign poultry and egg products, the farmers' share of the price of poultry and egg products, and supply management in general.



*The Hill Times, April 2014*



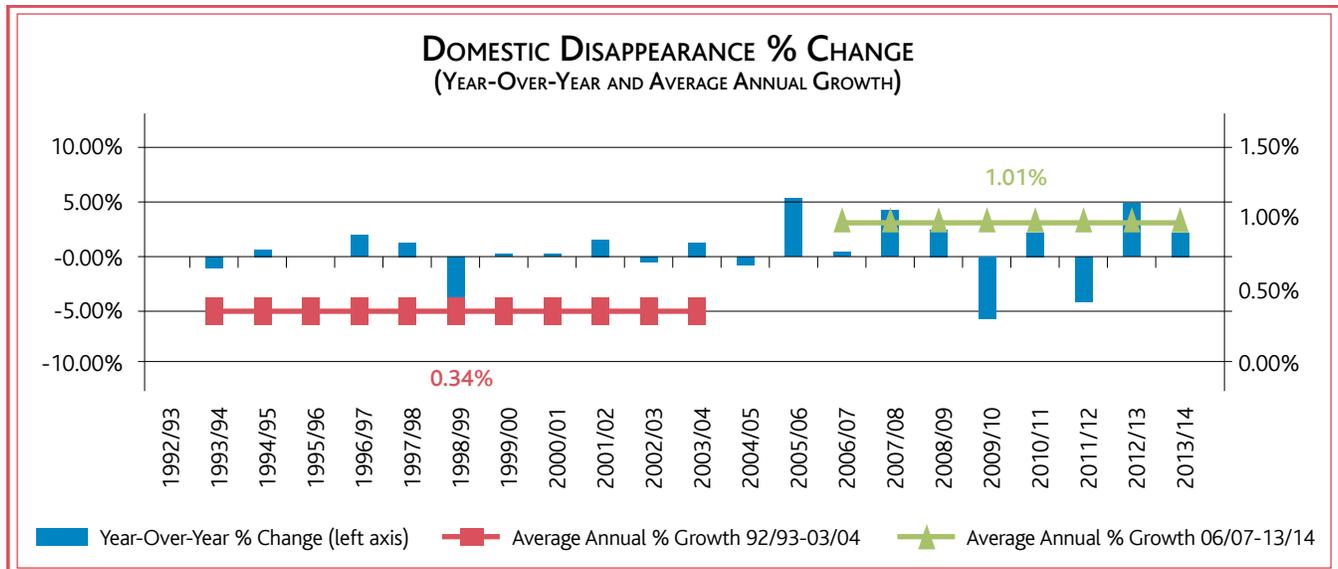
## OPERATIONS

Turkey Farmers of Canada (TFC) administers four allocation policies:

1. National Commercial Allocation Policy
2. Export Policy
3. Primary Breeder Policy
4. Multiplier Breeder Policy

While there were no amendments to any of these policies in 2014, the Agency's Supply Policy Committee (SPC) was mandated to undertake a comprehensive review of the Multiplier Breeder Policy in order to develop a better understanding of recent industry changes and their potential policy implications. Preliminary findings from the SPC review are expected to be tabled in the first half of 2015.

Directors also reviewed a Report Card on the National Commercial Allocation Policy at their annual business planning meeting in September. Markets information indicates that implementation of the Agency's current Allocation Policy (2006) has had a positive impact on improving domestic disappearance by allowing the industry to better match supply to demand, even when the impact of the 2008 financial crisis and foodborne illness outbreak are taken into account.



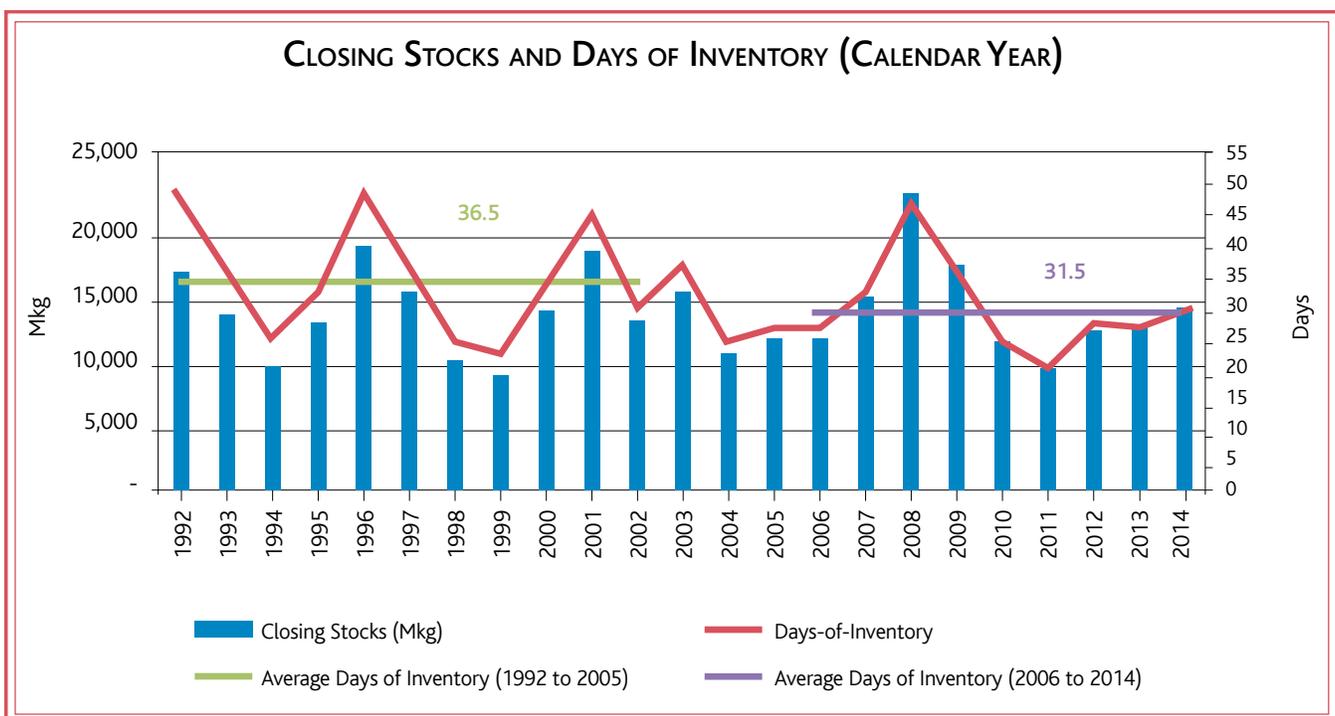
Disappearance growth during the 10 years prior to the implementation of the Policy averages 0.34% per year; post implementation, the average growth rate is 1.0%, inclusive of the lows of 2009/10.





## OPERATIONS

The current National Commercial Allocation Policy has also allowed the industry to better manage inventories and, by extension, reduce costs (all other factors being equal). Although ending stock levels can fluctuate significantly year-over-year, the recent trend indicates five fewer days of inventory on average for December 31<sup>st</sup>, which is equal to a 14% change. This is an important measure in a seasonal market, where inventories are a necessary part of marketing turkeys.



The SPC reviewed one specific aspect of the Export Policy in 2014 relating to the submission of export documentation in support of export activity. Based on this review, it is expected that reporting requirements will be amended in 2015 to help ensure turkey meat products that are not eligible to earn export allocation are not inadvertently included in filings.

The SPC is expected to review all TFC allocation policies in the framework described above to ensure they are functioning in a manner consistent with intent and current needs.



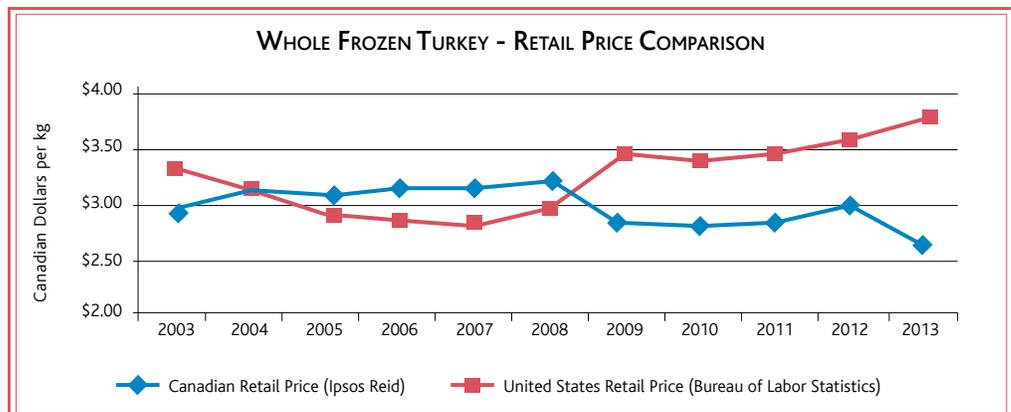
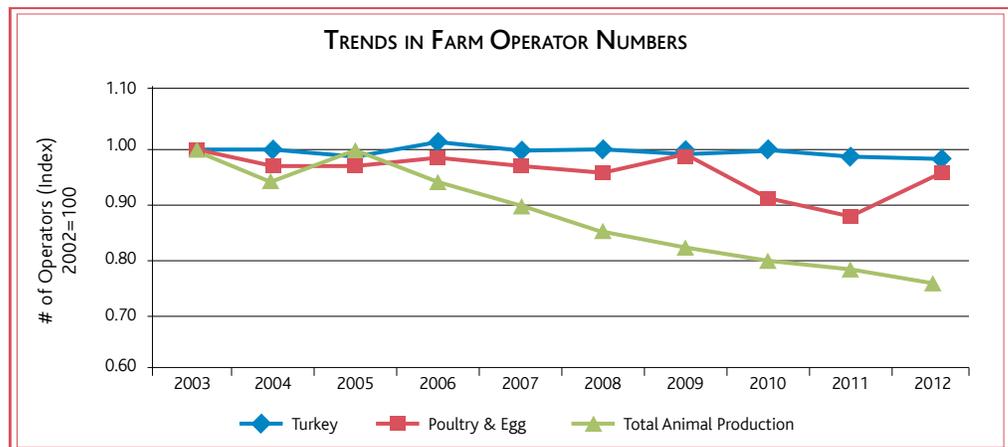
There are a number of ways to assess the strength of the value chain in the turkey sector.

Statistics Canada publishes an annual compilation of financial statistics for various Canadian industries, which is published in two reports: *Statistics on Revenues and Expenses of Farms* and *Financial and Taxation Stats for Enterprises*. According to this data, the Canadian poultry and egg industry has a five-year average operating profit margin of 9.5%. The same assessment shows a 10.8% average operating profit margin for all crop production, and a combined total Canadian industry average of 9.2%.

Intuitively, there should be a correlation between profitability and sustainability. Indeed, the number of poultry and egg farms in Canada has remained relatively stable over the last decade as compared to total animal production.

The objects of a supply management Agency extend beyond the farmgate and necessitate balancing the interests of producers, processors, supply chain stakeholders, and consumers (see page 8 for the Objects of an Agency, as outlined in the *Farm Products Agencies Act*).

Through this wider lens, sector performance can be assessed by looking at consumer prices in neighbouring jurisdictions. Although farm price has very little impact on retail prices for the raw commodity goods farmers produce, orthodox economists cite retail prices as a proxy for assessing consumer benefit. Looking at the interest of consumers from this perspective, Canadian turkey consumers continue to fair comparably to consumers south of the border.



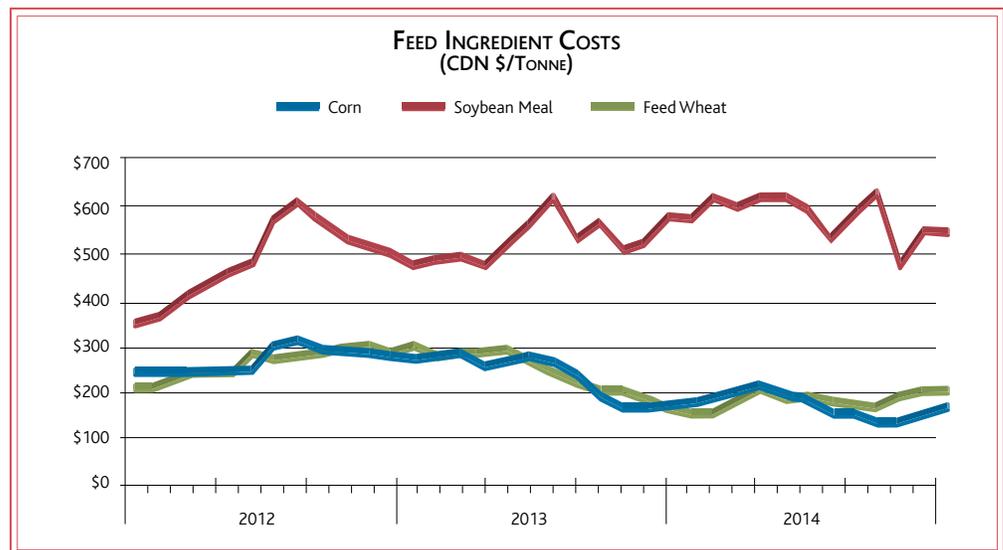
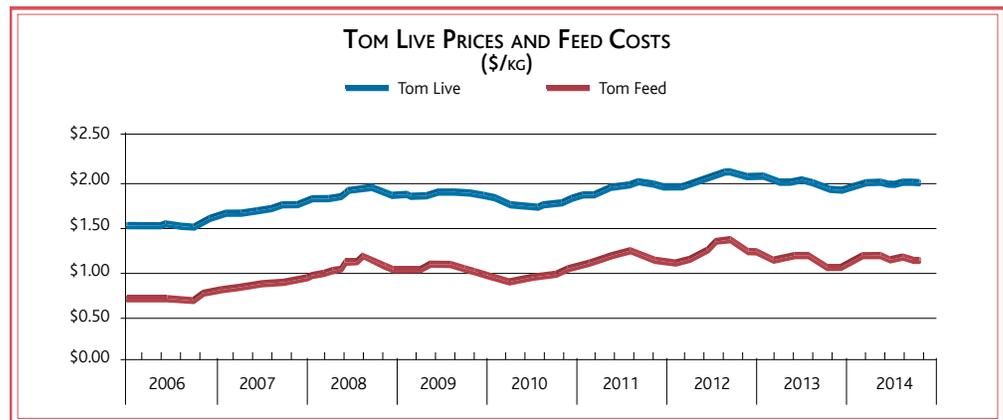


## VALUE CHAIN

As an illustration of the stability of the marketing system for turkeys in Canada, the next graph compares tom live prices with feed cost fluctuations; similar results are seen in the tracking of broiler turkey and hen feed costs, compared to live prices. There is a strong link between this measure of stability and the points highlighted earlier with respect to the positive nature of a stable farm sector.

In January 2014, the average cost of tom feed was \$1.02/kg live, down from \$1.20/kg in January 2013. Good harvests in the fall of 2013 provided relief from a period of high feed prices that started in the middle of 2012. Feed costs faced upward pressure from spring to late summer of 2014 due to a number of factors, including: higher corn prices in Eastern Canada relative to the Chicago futures; a North America-wide shortage of soybeans in late summer that caused a sharp increase in the price of soybean meal; and a weakening Canadian dollar.

Despite good harvests across North America in the fall of 2014, feed costs remained high due to strong export demand for soybeans and soybean meal, and a further slide in the value of the Canadian dollar.



Notes: Corn and Soybean – Central Illinois – Source: USDA  
Feed Wheat – Lethbridge, Alberta – Source: CanFax



## 2014 Market Review

Turkey production in 2014 was 166.8 million kg (Mkg), down 1.4 Mkg from 2013. Per capita consumption was also down slightly to 4.1 kg, and domestic disappearance dropped to 145.3 Mkg, down 2.4 Mkg from 2013. Closing stocks were 14.7 Mkg, up 1.4 Mkg from a year earlier.

## PERIODIC STOCKS, SUPPLY AND DISAPPEARANCE OF TURKEY MEAT IN CANADA

(Calendar year, million kg, eviscerated)

	1999	2004	2008	2011	2013	2014
Opening Stocks	10.8	15.9	15.4	12.0	12.8	13.3
Production	139.1	144.3	179.0	158.9	168.1	166.8
Imports	4.6	4.6	3.9	4.0	4.4	2.6
Total Supply	154.5	164.8	198.3	174.9	185.3	182.7
Total Disappearance	145.3	153.1	176.2	164.7	172.0	168.0
Exports	17.6	21.9	25.6	21.4	24.3	22.7
Domestic Disappearance	127.6	131.2	150.6	143.4	147.7	145.3
Closing Stocks	9.2	11.7	22.2	10.1	13.3	14.7
Change in Stocks	- 1.6	- 4.1	6.8	- 1.8	0.5	1.4
Per Capita Consumption (kg)	4.2	4.1	4.5	4.2	4.2	4.1

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

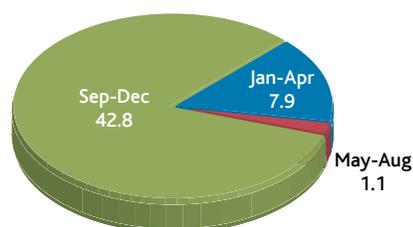
Imports were down 1.7 Mkg from 2013 to 2.6 Mkg due to an exceptionally strong U.S. market. For much of the year, breast meat prices in the U.S. were at, or near, record-highs. There were no supplementary imports in 2014.

Of particular note, the U.S. market conditions also led to an unusually low utilization of Tariff Rate Quota (TRQ). The utilization rate in 2014 was 83.7%, compared to normal rates of utilization approaching 98-99% since TRQs were implemented.

The charts below illustrate not only the seasonality of the domestic turkey market, but why frozen inventories tend to draw significant attention in quota setting decisions. More than 75% of whole bird sales at retail occur in the last third of the year, during Thanksgiving and Christmas markets. Easter sales are more variable, accounting for 11% to 15% of annual whole bird sales in recent years. By comparison, the market for further processed turkey is more evenly spread throughout the year.

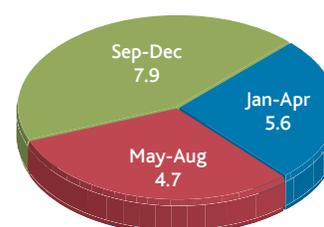
## WHOLE BIRD SALES BY 4-MONTH PERIODS

(2014, million kg)



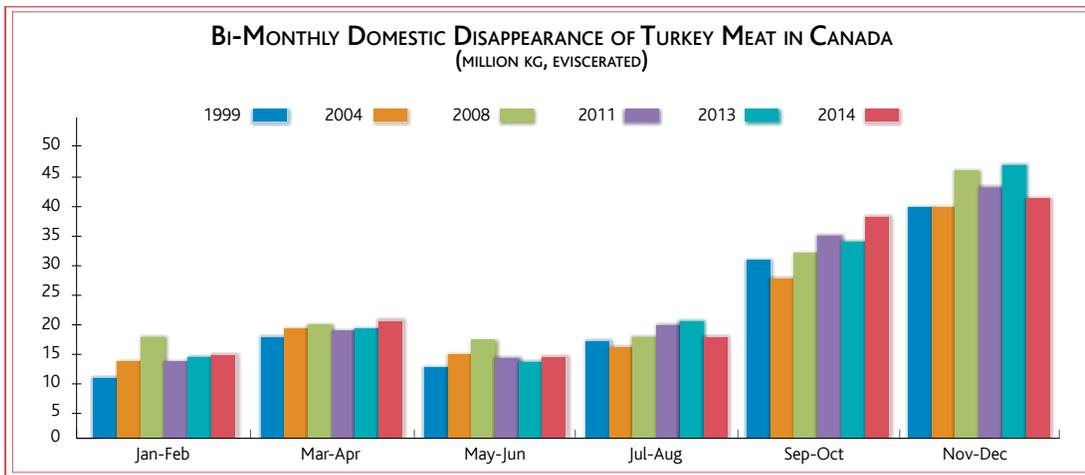
## CUT-UP & FURTHER PROCESSED SALES BY 4-MONTH PERIODS

(2014, million kg)





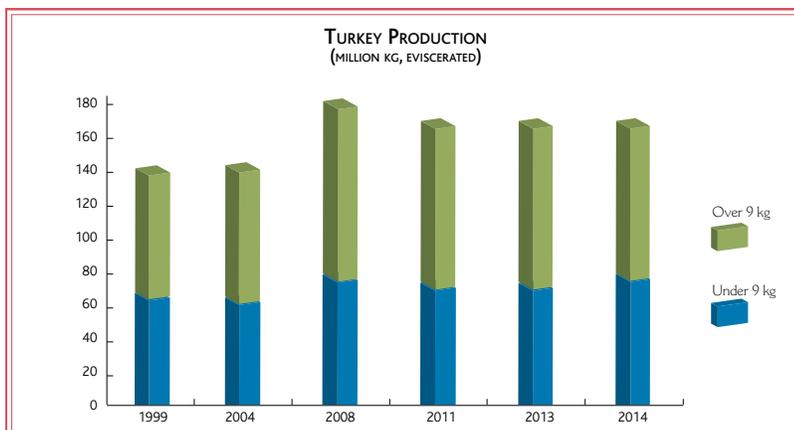
# VALUE CHAIN



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

As demand for whole turkeys is quite steady from one year to the next, the production of turkeys under 9 kg (broilers, light hens and heavy hens) is also consistent in response. Between 1999 and 2014, production of turkeys under 9 kg has been at an average 76.0 Mkg per year. Over that period, production has ranged from a low of 70.5 Mkg to a high of 81.4 Mkg, a variance of 7% above or below the average. In 2014, 77.9 Mkg of under 9 kg turkeys were produced.

Conversely, the production of turkeys over 9 kg (matures, light and heavy toms) increased substantially between 1999 and 2008 (from 64.4 to 97.7 Mkg) in response to growing demand for further processed turkey products. Production declined following the recession in late 2008, which caused a drop in the demand for breast meat products, but a recovery in demand has seen the production of turkeys over 9 kg rise since 2012. In 2014, production of turkeys over 9 kg was 88.9 Mkg, up from 81.2 Mkg in 2012.



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

The recovery in the demand for turkeys to be used in the cut-up and further processing segments has been reflected in commercial allocations. Driven by market growth, allocations have risen each year since the 2010/11 control period, when the commercial allocation was 138.0 Mkg. The commercial allocation for 2015/2016 has been set at 155.3 Mkg, up 17.3 Mkg or 12.5% from 2010/2011.



### TFC ON-FARM PROGRAMS

Implementation of the TFC On-Farm Food Safety Program® (OFFSP) and Flock Care Program® (FCP) has further progressed. By December 2014, 95% of all registered turkey farmers had been certified under the OFFSP and 77% were certified under the FCP. Both programs have become, or are in the process of becoming, mandatory in most provinces, with 100% producer participation expected in 2015.

TFC carried out internal reviews of the On-Farm Programs and their management system to ensure that both manuals remain up-to-date with respect to current science, on-farm practices, and Canadian Food Inspection Agency (CFIA) Technical Review requirements. Recommended edits will be submitted to the CFIA for approval prior to being distributed to farmers and program administrators in 2015.

Additional activities related to the TFC On-Farm Programs in 2014 include the training of new on-farm auditors, scheduled witness audits of a number of current on-farm auditors, and scheduled internal audits of two provincial program administrators. The Agency also developed and distributed a short brochure explaining both programs and their associated management systems; the brochure is available to the public at [turkeyfarmersofcanada.ca](http://turkeyfarmersofcanada.ca).

### TURKEY BREEDER MODULE FOR THE TFC ON-FARM FOOD SAFETY PROGRAM® (OFFSP)

The Turkey Breeder Module for the TFC On-Farm Food Safety Program® (OFFSP) passed Technical Review by the Canadian Food Inspection Agency (CFIA) in November 2014. The review determined that the new program is technically sound, consistent with the principles of Hazard Analysis Critical Control Point (HACCP), and meets federal, provincial and territorial regulatory requirements.

Development of the new module was initiated by TFC in 2012 to ensure all turkey meat and hatching eggs entering the marketplace are covered under a HACCP-based on-farm food safety program.

The Turkey Breeder Module is based on the TFC OFFSP for commercial meat production, with the addition of breeder-specific requirements. It was completed in 2013 and approved by the TFC Board of Directors following pilot tests on a number of turkey breeder farms. Distribution of the new manual to breeder farmers is expected in early 2015, with auditor training and on-farm implementation to follow.

*The Turkey Farmers of Canada (TFC) would like to thank Agriculture and Agri-Food Canada (AAFC) for its funding contribution under Growing Forward 2, used towards the development of the Turkey Breeder Module of the TFC On-Farm Food Safety Program®.*



### REGULATORY MODERNIZATION INITIATIVES

TFC continued to participate in consultations regarding a number of regulatory modernization initiatives in 2014, including the renewal of the *Feeds Regulations*, Veterinary Drugs Regulatory Modernization, Inspection Modernization, the review of the *Hatchery Regulations*, and humane transportation requirements of Part XII of the *Health of Animals Act*. TFC welcomes CFIA's and Health Canada's efforts to streamline existing regulations and is committed to remaining involved in these processes as the various initiatives move forward.



## SCIENCE & RESEARCH

### TFC RESEARCH NOTES & TURKEY FARMING INFO SHEETS

A number of new TFC *Research Notes* and *Turkey Farming Info Sheets* were added to the online library on the TFC farmer website [tfconfarmprograms.ca](http://tfconfarmprograms.ca) in 2014. These publications are intended to provide information regarding various turkey research projects and supporting information related to the TFC On-Farm Programs requirements.

TFC Info Sheets (2014)	TFC Research Notes (2014)
Mycotoxins	Cyanosis and Turkey Meat
Feather Pecking	Raising Turkeys on Used Chicken Litter
Air Quality	The Impact of Toe Trimming Hens
Litter Management	The Use of "Hy-D" in Turkey Production
Ventilation	Controlled Feeding and Egg Production
Extra Label Drug Use	Physical Effects of Euthanasia
Indicators of Effective Euthanasia	

### REVIEW OF THE POULTRY CODE OF PRACTICE

The National Farm Animal Care Council (NFACC) was successful in securing funding in 2014 from Agriculture and Agri-Food Canada (AAFC), under *Growing Forward 2*, to complete the review of the Poultry Code of Practice. The funding will ensure completion of the work initiated by TFC and other poultry industry partners, with the expectation that the new Poultry Code will be finalized by the end of 2015.

### CANADIAN POULTRY RESEARCH COUNCIL

The Poultry Science Cluster, funded with \$4 million from Agriculture and Agri-Food Canada (AAFC) and a further \$1 million from the poultry industry, has been initiated, with a total of 17 poultry research projects funded and underway. The Canadian Poultry Research Council (CPRC) is administering this Cluster and turkey-specific projects are investigating greenhouse gas emissions from barns, the health and welfare of turkeys reared at various stocking densities, and extreme exposure temperature during transport.

Additional projects will have indirect benefits to the turkey industry.

In 2014, members organizations worked with CPRC to consider options for alleviating the administrative burden of the Cluster, allowing the Executive Director more opportunities to further the Council's sponsorship program and funding prospects.

### TFC RESEARCH STRATEGY

The TFC Research Committee has initiated a review of the TFC Research Strategy, originally developed in 2011. This review will measure the success of the Strategy to-date, re-evaluate ongoing activities, revise the current research priorities, and incorporate new research initiatives to be implemented over the next five years. New activities include the development of a research communication strategy, incorporating regular research bulletins, and the hosting of Turkey Research Symposia.

### ANTIBIOTIC USE

On May 14, 2014, the Canadian poultry industry voluntarily introduced a ban on the preventive use of Category I antibiotics, which are identified as highly important to human medicine by the Veterinary Drugs Directorate (VDD). This initiative of TFC and the other feather agencies will curb the use of these antibiotics, while helping to reduce resistance to these vital medications.

The Turkey Industry Antibiotic Use Survey was also completed in 2014, with assistance from Provincial Boards and the Canadian Poultry and Egg Processors Council (CPEPC). The information gathered has provided insight and understanding into the current use of antimicrobials in turkey production, the reasons for use, and producer knowledge regarding use.

Most notably, the survey revealed no use of Category I antimicrobials in commercial production, and that the majority of antimicrobials used fell into Categories III and IV. Of the turkey producers surveyed, 72% either agreed or strongly agreed that highly important Category I antimicrobials should not be used in the production of turkey or hatching eggs.

TFC will use the survey results to guide producer education and extension work, and will continue monitoring antibiotic use.



# FINANCIAL STATEMENTS

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

FOR THE YEAR ENDED DECEMBER 31, 2014

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## INDEPENDENT AUDITORS' 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, 2014 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.

### Auditors' 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 auditors' 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 auditors consider 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 in our audit 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, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Guelph, Ontario  
March 26, 2015

*RLB LLP*

Chartered Accountants  
Licensed Public Accountants



# STATEMENT 1

## TURKEY FARMERS OF CANADA STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

	2014	2013
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 421,260	\$ 346,280
Investments (Note 3)	2,599,438	2,551,599
Accounts receivable (Note 4)	295,357	360,927
Prepaid expenses (Note 5)	86,054	127,205
	<u>3,402,109</u>	<u>3,386,011</u>
<b>PROPERTY AND EQUIPMENT</b> (Note 7)	125,301	137,564
	<u>\$ 3,527,410</u>	<u>\$ 3,523,575</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 154,512	\$ 97,848
Government remittances	35,883	47,634
	<u>190,395</u>	<u>145,482</u>
<b>NET ASSETS</b>		
<b>INTERNALLY RESTRICTED FUNDS</b>	2,454,141	2,370,021
<b>UNRESTRICTED FUND</b>	757,573	870,508
<b>FUNDS INVESTED IN PROPERTY AND EQUIPMENT</b>	125,301	137,564
	<u>3,337,015</u>	<u>3,378,093</u>
	<u>\$ 3,527,410</u>	<u>\$ 3,523,575</u>

ON BEHALF OF THE BOARD:



Mark Davies, Chair



Bill Mailloux, Vice Chair

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.



## STATEMENT 2

### TURKEY FARMERS OF CANADA STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
<b>REVENUE</b>		
Producer levies	\$ 3,218,730	\$ 3,271,725
Investment income	44,949	34,632
	3,263,679	3,306,357
<b>EXPENSES</b>		
Administration (Schedule 1)		
Other administrative	537,083	561,309
Remuneration to Directors and staff	1,192,487	1,198,780
Directors and staff expenses	491,576	610,831
	2,221,146	2,370,920
Marketing (Schedule 2)		
Provincial marketing programs	400,001	400,001
Market development	193,359	199,451
Public relations and communications	447,447	322,842
	1,040,807	922,294
Special Projects	42,804	36,091
	3,304,757	3,329,305
<b>DEFICIENCY OF REVENUE OVER EXPENSES</b> for the year	\$ (41,078)	\$ (22,948)

*The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.*



## STATEMENT 3

### TURKEY FARMERS OF CANADA STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2014

	Internally Restricted Funds	Unrestricted Fund	Funds Invested in Property and Equipment	2014 Total	2013 Total
<b>BALANCE</b> , beginning of year	\$ 2,370,021	\$ 870,508	\$ 137,564	\$ 3,378,093	\$ 3,401,041
Excess (deficiency) of revenue over expenses for the year	4,120	(20,363)	(24,835)	(41,078)	(22,948)
Appropriations	80,000	(80,000)	0	0	0
Transfer of funds	0	0	0	0	0
Transfer of funds required to purchase property and equipment	0	(12,572)	12,572	0	0
<b>BALANCE</b> , end of year	\$ 2,454,141	\$ 757,573	\$ 125,301	\$ 3,337,015	\$ 3,378,093

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.



## STATEMENT 4

### TURKEY FARMERS OF CANADA STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenue over expenses for the year	\$ (41,078)	\$ (22,948)
Adjustments required to reconcile net deficiency of revenue over expenses with net cash provided by operating activities		
Amortization of property and equipment	24,835	25,460
	<u>(16,243)</u>	<u>2,512</u>
Changes in non-cash working capital balances		
Accounts receivable	65,570	(1,877)
Prepaid expenses	41,151	(46,480)
Accounts payable and accrued liabilities	56,664	(26,480)
Government remittances	(11,751)	(2,485)
	<u>135,391</u>	<u>(74,810)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(12,572)	(95,949)
Purchase of investments, net	(47,839)	(37,616)
	<u>(60,411)</u>	<u>(133,565)</u>
<b>INCREASE (DECREASE) IN CASH</b> during the year	74,980	(208,375)
<b>CASH</b> , beginning of year	346,280	554,655
<b>CASH</b> , end of year	<u>\$ 421,260</u>	<u>\$ 346,280</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

## TURKEY FARMERS OF CANADA

FOR THE YEAR ENDED DECEMBER 31, 2014

### 1. NATURE OF ORGANIZATION

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 corporate body 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".

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### (a) 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 \$398,916 (2013 - \$401,046), liabilities of \$397,431 (2013 - \$396,116), and net assets of \$1,485 (2013 - \$4,130). The results of operations of TRRB are not significant and are not disclosed in these financial statements.

#### (b) 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.

#### (c) 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



# NOTES TO THE FINANCIAL STATEMENTS

## TURKEY FARMERS OF CANADA

FOR THE YEAR ENDED DECEMBER 31, 2014

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (c) PROPERTY AND EQUIPMENT (CONTINUED)

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.

#### (d) 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 \$2,109,000 (2013 - \$2,029,000), increasing to \$2,191,000 in 2015.

A research fund was established by the Board of Directors to accumulate funds for future research needs. The balance in this fund is \$325,143 (2013 - \$321,022).

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

#### (e) UNRESTRICTED FUND

The unrestricted fund reports resources available for the Agency's general operating activities.

#### (f) REVENUE RECOGNITION

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

#### (g) FINANCIAL INSTRUMENTS

The Agency utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the Agency is not exposed to significant interest, liquidity, currency or credit risks arising from these financial instruments. The extent of the Agency's exposure to these risks did not change in 2014 compared to the previous period.

##### (i) Measurement of financial instruments

The Turkey Farmers of Canada initially measures its financial assets and financial liabilities at fair value.



# NOTES TO THE FINANCIAL STATEMENTS

TURKEY FARMERS OF CANADA

FOR THE YEAR ENDED DECEMBER 31, 2014

(i) Measurement of financial instruments (continued)

The Turkey Farmers of Canada subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments including bonds and equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statements of operations in the period incurred.

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

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at fair value include investments in bonds.

(ii) Impairment

At the end of each reporting period, the Turkey Farmers of Canada assesses whether there are any indications that a financial asset measured at amortized cost may be impaired.

When there is an indication of impairment, the Turkey Farmers of Canada determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When a significant adverse change is identified, the Turkey Farmers of Canada reduces the carrying amount of the asset to the highest of the following:

- a) the present value of the cash flows expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset;
- b) the amount that could be realized by selling the asset at the statement of financial position date; and
- c) the amount the Turkey Farmers of Canada expects to realize by exercising its rights to any collateral held to secure repayment of the asset net of all costs necessary to exercise those rights.

The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statement of operations.



# NOTES TO THE FINANCIAL STATEMENTS

TURKEY FARMERS OF CANADA

FOR THE YEAR ENDED DECEMBER 31, 2014

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (g) FINANCIAL INSTRUMENTS (CONTINUED)

#### (ii) Impairment (continued)

When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, directly or by adjusting the allowance account. The amount of the reversal is recognized in the statement of operations in the period the reversal occurs.

#### (iii) Transaction costs

Transaction costs are recognized in the statement of operations in the period incurred, except for financial instruments that will be subsequently measured at amortized cost.

### (h) MANAGEMENT ESTIMATES

The preparation of these financial statements in conformity 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. Significant estimates include those used when accounting for amortization and accruals. All estimates are reviewed periodically and adjustments are made to the statement of operations as appropriate in the year they become known.

## 3. INVESTMENTS

Investments consist of strip bonds guaranteed by the Government of Canada with interest rates ranging from 1.45% - 2.01% that have maturity dates ranging from December 2015 - June 2018.



# NOTES TO THE FINANCIAL STATEMENTS

## TURKEY FARMERS OF CANADA

FOR THE YEAR ENDED DECEMBER 31, 2014

### 4. ACCOUNTS RECEIVABLE

	2014	2013
Producer levies	\$ 289,175	\$ 344,367
Miscellaneous accounts receivable	6,182	16,560
	<u>\$ 295,357</u>	<u>\$ 360,927</u>

### 5. PREPAID EXPENSES

	2014	2013
Insurance	\$ 6,597	\$ 6,336
Other	79,457	120,869
	<u>\$ 86,054</u>	<u>\$ 127,205</u>

### 6. BANKING FACILITIES

At December 31, 2014, the Agency has an unused demand instalment loan facility of \$595,000 that is due on demand and bears interest at the bank's prime rate plus 1%, calculated and payable monthly. It is secured by all present and after acquired personal property of the Agency.

### 7. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net 2014	Net 2013
Furniture and equipment	\$ 132,795	\$ 94,654	\$ 38,141	\$ 43,028
Computer equipment	152,554	125,889	26,665	26,773
Leasehold improvements	173,000	112,505	60,495	67,763
	<u>\$ 458,349</u>	<u>\$ 333,048</u>	<u>\$ 125,301</u>	<u>\$ 137,564</u>



# NOTES TO THE FINANCIAL STATEMENTS

## TURKEY FARMERS OF CANADA

FOR THE YEAR ENDED DECEMBER 31, 2014

### 8. COMMITMENTS

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

2015	\$ 245,116
2016	197,916
2017	190,485
2018	138,442
2019	85,000
	<hr/>
	\$ 856,959
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### 9. 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 \$2,454,141 are subject to internally imposed capital restrictions.



# SCHEDULE 1

## TURKEY FARMERS OF CANADA SCHEDULE OF ADMINISTRATION EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
<b>OTHER ADMINISTRATIVE</b>		
Amortization	\$ 24,835	\$ 25,460
Audit	34,587	16,259
Contract projects and external consulting	39,341	53,141
Insurance	8,366	8,363
Legal and accounting	36,658	18,578
Office leases and supplies	38,606	40,457
OFFSP/Flock Care	6,688	31,572
Postage and courier	10,312	13,074
Rent, property tax and utilities	175,205	151,753
Sundry administration	797	888
Telephone	11,638	14,708
Trade consultations	63,411	61,602
Translation and interpretations	86,639	125,454
	537,083	561,309
<b>REMUNERATION TO DIRECTORS AND STAFF</b>		
Directors' fees	95,100	111,200
Employee benefits	172,452	171,919
Staff salaries	924,935	915,661
	1,192,487	1,198,780
<b>DIRECTORS AND STAFF EXPENSES</b>		
Directors, Alternates and Board Managers' expenses	286,798	365,736
Meeting rooms	61,457	63,975
Staff expenses	142,272	180,068
Travel insurance	1,049	1,052
	491,576	610,831
	\$ 2,221,146	\$ 2,370,920



## SCHEDULE 2

### TURKEY FARMERS OF CANADA SCHEDULE OF MARKETING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
<b>PROVINCIAL MARKETING PROGRAMS</b>		
TFC Provincial Marketing Supplement	\$ 400,001	\$ 400,001
<b>MARKET DEVELOPMENT</b>		
Canadian Poultry Research Council	35,000	35,000
Market research	84,755	85,426
Turkey research	73,604	79,025
	<u>193,359</u>	<u>199,451</u>
<b>PUBLIC RELATIONS AND COMMUNICATIONS</b>		
Marketing and communications	288,064	172,438
Memberships	83,442	75,522
National sponsorships and promotions	57,458	54,827
Subscriptions	6,623	5,725
TFC publications	11,860	14,330
	<u>447,447</u>	<u>322,842</u>
	<u>\$ 1,040,807</u>	<u>\$ 922,294</u>

