



TURKEY FARMERSTM
OF CANADA

ANNUAL REPORT 2017



**The forty-fourth Annual Report of the Canadian Turkey
Marketing Agency (c.o.b. Turkey Farmers of Canada)
for the Year Ended December 31, 2017
is prepared for presentation to the
Federal Minister of
Agriculture and Agri-Food,
the Farm Products Council of Canada
and TFC Members.**

Turkey Farmers of Canada

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Delivering Value on the Farm and Beyond

Turkey Farmers of Canada (TFC) represents 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 provides direction to a national office staff and also makes decisions on matters such as research, on-farm food safety, flock care and the promotion of Canadian turkey, all in order to further promote a strong, efficient

and competitive turkey production and marketing industry (as per S.21 of the FPAA).

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

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

The Board of Directors amended TFC's Vision and Mission Statements in 2017 to reflect the organization's ongoing evolution and focus. The new statements describe a more holistic view of the sector and emphasis on collaboration.

Farm Products Agencies Act (FPAA)

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

The Turkey Farmers of Canada is recognized for its collaboration with all stakeholders in creating a sustainable, stable, economically-viable turkey industry that promotes transparency in farm management practices and ensures a year round, healthy food choice for Canadians.

Our Mission

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

Our Values

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

- A national, orderly marketing system working towards growth of output and profitability for investors in the sector.
- 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.

Principles of Governance

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.



**TFC
represents
more than
500 Canadian
farmers who
provide high-
quality turkey
to consumers.**

2017 CHAIR'S MESSAGE



I've seen much change over the course of my time as Chair of Turkey Farmers of Canada (TFC), yet the past year or two remind me that as we adapt to meet the demanding pace of today's marketplace, the fundamental priorities and principles of supply management remain constant.

In 2017, we continued to enhance programs, standards and practices to ensure Canadian turkey farms are on the leading edge of production with respect to food safety, quality and animal care. A common theme of the Board of Directors' decisions has been continuing to build public trust – a mission that will never end.

The Board elected to engage a strategy to eliminate the preventive use of Category II antibiotics by the end of 2018 and Category III antibiotics by the end of 2019 to maintain and strengthen consumer confidence in Canadian turkey and meet the needs of processors, restaurants and retailers. This strategy is an expansion of the withdrawal of Category I antibiotic preventative use in 2014.

This year, TFC proceeded with the implementation of third-party audits for the TFC Flock Care Program® (FCP) through NSF Canada Agricultural Certification Company. On-farm verification audits were conducted on a statistically valid random sample, in addition to annual certification audits. It was found that the TFC FCP has been implemented effectively and is being properly maintained.

Significant policy reviews progressed in 2017. The TFC Commercial Quota Allocation Policy review continued to advance in 2017, as two additional primary processing representatives were added to the Committee to expedite the review. The TFC Board also resolved to conduct a full review of the Multiplier Breeder Policy, which will include a thorough consultation with turkey breeder operators and hatcheries.

Trade negotiations brought familiar challenges to our industry. We all know how important supply management is to our farms and families. TFC remained strong in defending our system throughout 2017. Demands from the U.S. during NAFTA renegotiations, and the agreement on the revised Trans-Pacific Partnership, which maintained market access concessions made when the U.S. was still a partner, put increased pressure on our industry to raise awareness of how

supply management works and address misconceptions, both domestically and internationally. In partnership with Canada's other supply-managed agriculture industries, we maintained a presence throughout each phase of the negotiations.

As these agreements continue to evolve, along with World Trade Organization negotiations with respect to market access, TFC will continue to face both challenges and opportunities in ensuring the facts of Canada's unique system are recognized.

Effective marketing has been central in keeping pace with changes, advancements and challenges in our environment. TFC used a variety of targeted social media campaigns to engage Canadian consumers, and partnerships with French's Mustards and Food Banks of Canada promoted turkey while providing meals to Canadians in need.

The 'Canadian Turkey' brand is strong, and we need to increasingly build upon it. The 2017 Usage and Attitude Survey commissioned by TFC indicated 90 per cent of Canadians want Canadian turkey. Marketing is key to moving forward in an age of cluttered media and exponential information overload. It is my hope that TFC will continue building marketing momentum to reflect the ever-changing environment.

The accomplishments achieved by TFC in 2017 – and in preceding years – are a testament to the Board of Directors' knowledge, dedication and leadership. Our objectives were met primarily because of the Board's ability to work cohesively and effectively. The good working relationship among members is the strength allowing us to achieve our goals. Full credit goes to the Board for its decorum, careful consideration and diligence through both trying and busy times, while overcoming obstacles and anticipating future circumstances.

I have been fortunate to work with several Board members over many years. It has been a privilege.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Mark Davies', written over a horizontal line.

Mark Davies
Chair

EXECUTIVE COMMITTEE & BOARD OF DIRECTORS

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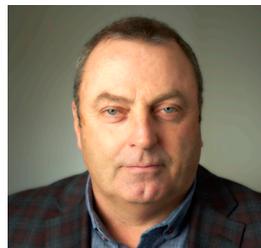
MARK DAVIES
CHAIR

Nova Scotia



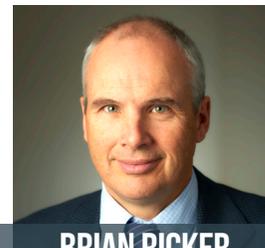
DARREN FERENCE
VICE CHAIR

Alberta



CALVIN MCBAIN
EXECUTIVE MEMBER

Québec



BRIAN RICKER
EX OFFICIO
OBSERVER MEMBER

Ontario



VIC REDEKOP

British Columbia



JELMER WIERSMA

Saskatchewan



RACHELLE BROWN

Manitoba



JOSHUA HAYES

New Brunswick



DOUG HART

Canadian Poultry & Egg
Processors Council (CPEPC)



MICHEL PÉPIN

Canadian Poultry & Egg
Processors Council (CPEPC)



KEITH HEHN

Further Poultry Processors
Association of Canada (FPPAC)

ALTERNATE DIRECTORS

LES BURM, BRITISH COLUMBIA

SCOTT OLSON, ALBERTA

TODD CLARKE, SASKATCHEWAN

STEVE HOFER, MANITOBA

MATT STEELE, ONTARIO

GUILLAUME CÔTÉ, QUÉBEC

BERTIN CYR, NEW BRUNSWICK

STEVEN EADIE, NOVA SCOTIA

MARC SPROULE, NOVA SCOTIA

WAYNE URBONAS, CPEPC

JAMIE FALCAO, CPEPC

TONY TAVARES, FPPAC

2017 COMMITTEES & APPOINTMENTS

Nominating Committee

- Doug Hart, Chair
- Rachelle Brown, Director
- Jelmer Wiersma, Director

Audit & Finance Committee

- Calvin McBain, Chair
- Darren Ference, Director
- Jelmer Wiersma Director

Managers' Committee

- Sonya Lorette, NS
- Louis Martin, NB
- André Beaudet, QC
- Ryan Brown, ON
- Helga Wheddon, MB
- Joni Rynsburger, SK
- Maryann Urbanowski, AB
- Michel Benoit, BC

Research Committee

- Rachelle Brown, Chair
- Wayne Urbonas, CPEPC
- Brian Ricker, CPRC
- Steven Eadie, NS
- Vic Redekop, BC

Turkey Market Advisory Committee

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

On-Farm Programs Committee

- Vic Redekop, Chair
- Scott Olson, AB
- Matt Steele, ON
- Jennifer Paquet, QC
- Lori Ansems, NS
- Wayne Urbonas, CPEPC

Supply Policy Committee

- Mark Davies, Chair
- Brian Ricker, Eastern Region
- Calvin McBain, Eastern Region
- Shawn Heppell, Western Region
- Rachelle Brown, Western Region
- Doug Hart, Processor Representative
- Ian Hesketh, Processor Representative

TFC Allocation Policy Review Committee

- Mark Davies, Chair
- Bertin Cyr, NB
- Calvin McBain/André Beaudet, QC
- Darren Ference, AB
- Michel Benoit, BC
- Helga Wheddon, MB
- Jelmer Wiersma, SK
- Steven Eadie, NS
- Matt Steele, ON
- Keith Hehn, FPPAC
- Nicolas Paillat, CPEPC
- Wayne Urbonas, CPEPC
- Tony Tavares, CPEPC

EXTERNAL APPOINTMENTS

Canadian Federation of Agriculture

- Brian Ricker, Director
- Calvin McBain, Alternate Director

National Farm Animal Care Council

- Lori Ansems

Canadian Poultry Research Council

- Rachelle Brown, TFC Director
- Brian Ricker, TFC Director

Poultry Sustainability Value Chain Roundtable – Public Trust

- Mark Davies

AFFILIATIONS

Turkey Research & Resource Bureau

- Mark Davies, Chair
- Vic Redekop, BC
- Darren Ference, AB
- Jelmer Wiersma, SK
- Rachelle Brown, MB
- Brian Ricker, ON
- Calvin McBain, QC
- Joshua Hayes, NB
- Steven Eadie, Alternate, NS

MEMBERSHIPS, PARTNERSHIPS

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Agriculture More Than Ever
Canadian 4-H Council
Canadian Agricultural Hall of Fame
Canadian Federation of Agriculture
Canadian Federation of Independent Grocers
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 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



2017 EXECUTIVE DIRECTOR'S MESSAGE



This Annual Report is produced to meet the reporting requirements of the Farm Products Council of Canada and the Minister of Agriculture and Agri-Food. It is also produced to provide a full update to Canadian turkey producers and the turkey sector value-chain through information and facts about the status and operations of the Turkey Farmers of Canada (TFC). Some highlights are below.

TFC's Research Committee focused on the priorities of antibiotic use and animal welfare. Submissions were prepared for the new federal-provincial Agricultural Policy Framework – known as the Canadian Agricultural Partnership for future cluster funding programs. TFC made a total commitment in excess of \$240,000 over the next five years for research initiatives to the Poultry Science Cluster, through the Canadian Poultry Research Council.

TFC undertook internal and third-party audits of on-farm management systems to ensure requirements were being met. As you will read, the results matched our high expectations. In today's marketplace, consumers want to know how their food has been produced. Our mandatory on-farm programs continue to set the standards, demonstrating Canadian farmers' commitment to ensuring the humane treatment of their birds while providing safe, high quality food.

The TFC's anti-microbial use strategy remained on track as results of on-farm surveillance activities showed industry initiatives continue to effectively address anti-microbial resistance concerns as identified by the Pan-Canadian Strategy Framework for Action. Eliminating the use of preventive antibiotics important for human health, while permitting use for treatment to ensure the welfare of turkeys, continued to proceed on schedule.

The diligence of the turkey industry with respect to enhanced standards and practices has always been considered essential to earning and keeping the trust of consumers. TFC's administration provided an increased amount of support to the sector to keep pace with the demands of 2017's marketplace, as shaped by changing tastes, preferences and expectations of Canadian consumers. The TFC Board of Directors understands that transparency and accountability are fundamental to building on the trust the public has expressed in Canadian farmers; their decisions throughout 2017 reflect that understanding.

In addition, international trade negotiations continue to be of concern in terms of their potential to incrementally undermine Canada's supply management system; the pressure emerging was a constant through 2017; one that required continual monitoring and consistent provision of accurate information.

This report outlines the ongoing and new initiatives TFC maintained and implemented to reflect the priorities of the Canadian turkey industry and consumers.

I am pleased to respectfully submit this report on behalf of an experienced, capable, and dedicated TFC office team.

A handwritten signature in black ink, appearing to read 'Phil Boyd', written in a cursive style.

Phil Boyd
Executive Director

TURKEY FARMERS OF CANADA | STAFF - 2017

Phil Boyd
Executive Director

Janice Height
Director - Corporate Services

Sateesh Ramkissoonsingh
Manager - Policy & Trade

John Sheldon
Manager - Markets Information

Mark Kotipelto
Senior Policy Analyst

Elise Mereweather
Policy & Data Administrator

Celia de Grave
Manager - Consumer Communications

Kristina Fixter / Alan Sakach
Manager - Corporate Communications

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

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

Chantal LeBlanc
Associate – On-Farm Programs

Mabel Seto
Finance Administrator

Lorna Morris
Executive Services Administrator

Cathy Lane
Corporate Services Administrator/IT

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

“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.”

2017 | ENGAGING CANADIAN CONSUMERS



Tasty. Nutritious. Versatile.



- 2017 marked the second year since the launch of *Canadian Turkey* and *Canadian Raised Turkey* brands - TFC's consumer voice, providing awareness and education about turkey as a tasty and nutrient-rich premium quality meat protein, raised with pride by Canadian farmers.
- In 2017, TFC conducted both a quantitative and a qualitative study with a goal to assessing turkey consumption trends and consumer needs across Canada. Reported results helped to define communications strategies for 2017.

2017 Usage and Attitude Study

- 90% of Canadians want Canadian turkey.
- Over 90% view turkey as nutritious, tasty and healthy.
- Of those who eat turkey, 93% eat turkey as part of holiday meals.

2017 Qualitative Report

- Product availability in stores, cooking time, and cost were identified as factors that significantly influence consumer decisions about purchasing turkey.
- Knowledge of how to prepare and cook turkey parts, more promotions to keep turkey top-of-mind, and more recipes for turkey dishes would encourage more consumption.



- Increasing visibility along with awareness for Canadian raised turkey products in store.
- Granny's Poultry began promoting the Canadian Raised turkey brand on both their tray packs and new product lines.
- More to come!



Communication initiatives to enhance awareness among target audiences focused on:

- Women, ages 25-54, who were identified as main purchasers of household grocery items.
- Health influencers (dietitians).
- Ethnic markets where turkey has not traditionally been a regular part of meals.

TFC continued to engage consumers throughout the year, beyond only festive occasions, with the goals of:

- Encouraging consumption of traditional whole roast turkey new occasions.
- Raising more awareness of the various turkey cuts.
- Increasing knowledge of the adaptability of turkey to different flavour profiles.
- Providing practical information about the ease of using turkey as both a replacement meat protein in a variety of recipes, and for different meals.
- Promoting the health benefits of incorporating nutrient-rich turkey meat protein as part of a balanced diet.

Key communication methods included:

- Delivered eight (8) targeted influencer programs, generating 261,043,733 impressions which measures the reach of the pool of influencers used across all campaigns and the number of social media shares.
- Programs were supported by a combination of ambassador and content bloggers who also contributed to our pool of new recipes.
- Influencer programs generated an increase in social media followers across the channels. This also generated traffic to the combined canadianturkey.ca website and its provincial extensions of 398,366 new followers and 110,871 returning users.
- Distributed 12 consumer focused eNewsletters to over 20,000 plus subscribers.



18% Increase in Followers



30% Increase in Followers



124% Increase in Followers



96% Increase in Followers



62% Increase in Followers

- The development of 39 new recipes, inclusive of six (6) whole bird recipes that helped to raise awareness about the versatility of turkey for every meal, every day and for any occasion and flavour profile.
- Developed eight (8) new Turkey Basics: How To videos, 12 recipe videos and four (4) seasonal Roasting Guides (Easter, Grilling, Thanksgiving, Holiday).
- Ran 12 monthly contests with additional weekly prizes to celebrate Canada's 150th in July and Thanksgiving in October, which generated total contest impressions of 67,800,367.
- Posted 12 nutrition focused blogs developed by TFC's dietitian of record Shannon Crocker, MSc, RD.

SUPPORTING CANADIANS

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CORPORATE CITIZENSHIP

TFC and our members understand we have a responsibility to contribute to the wellbeing of our fellow Canadians.

We reached a milestone in 2017 in our partnership with Food Banks Canada, the national organization dedicated to helping Canadians living with food insecurity. TFC and its member organizations donated more than \$500,000 over the last nine years for the purchase of whole turkeys and/or turkey products by rural food banks at Thanksgiving and into the holiday season.



Additional contributions from Alberta Turkey Producers, the British Columbia Turkey Marketing Board, Manitoba Turkey Producers and Turkey Farmers of New Brunswick, meant that \$55,750 in total was distributed in 2017 to 120 rural food banks across 10 provinces and three territories.

“Please pass our appreciation and thanks to all the people who made this donation happen – especially the farmers who raise the turkeys!” Redwater Fellowship of Churches Foodbank (Alberta)

“Thank you so much for your generous support of our food bank. The numbers of people accessing our food bank have been steadily increasing over the past number of months so we greatly appreciate those who stand with us in alleviating the hunger in this world.” Swan Valley Food Bank (Manitoba)

“Thank you for your kind donation. Because of your donation, seventy families could enjoy a turkey for Thanksgiving.” Central Food Network (Ontario)

“Au nom des personnes que nous aidons ‘Merci!’” Source alimentaire Bonavignon (Québec)

“It is a great thing that this group of Turkey Farmers can get together and support the less fortunate in our society today. Thank you very much.” Good Samaritan Food Bank (New Brunswick)

2017 | ADVANCING THE INDUSTRY

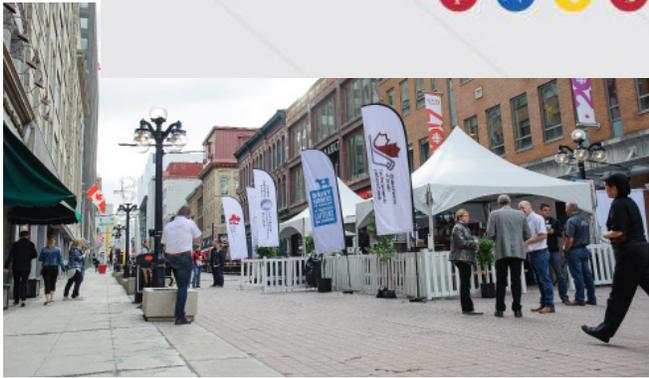
As Canada celebrated the 150th anniversary of Confederation, TFC worked to highlight the ongoing positive impact of agriculture and supply management in Canada. TFC joined partners in the poultry and egg sector in March to celebrate our industry's contributions and role in building and sustaining a prosperous nation with a Joint Annual Reception in Ottawa, attended by more than 300 people.



TFC and our fellow supply management partner organizations participated in a variety of events to share the history, the purpose and the benefits of supply management. These events, aimed at engaging government, media, and the public to raise the awareness of the system of supply management and to celebrate the high-quality food that supply managed farmers deliver to Canadians every day, included the Federation of Canadian Municipalities (FCM) Annual Conference and Trade Show in Ottawa and the Downtown Diner.

The theme for this year's FCM was "Shaping Canada's Future" and, throughout the conference, TFC showed how Canada's supply-managed farmers have contributed to the vibrancy of communities over the years, and how they will continue to do so for generations to come.

As part of the FCM Conference program, the poultry groups also hosted a study tour to a local turkey farm. The Drouin family welcomed guests to their farm in Plantagenet, ON. This tour allowed delegates to see first-hand how a family farm delivers fresh, high-quality food and contributes to its community.



Sparks Street in Ottawa was the beautiful backdrop for the 2017 Downtown Diner

Roger Pelissero, Chairman, Egg Farmers of Canada (left), Bev Shipley, MP, Lambton-Kent-Middlesex (centre) with Phil Boyd, TFC Executive Director (right) meeting guests visiting the diner



Brian Ricker and Rachelle Brown participated on behalf of the TFC Board

TFC was pleased to again partner with Egg Farmers of Canada, Chicken Farmers of Canada, Canadian Hatching Egg Producers and Dairy Farmers of Canada to host a Downtown Diner on Sparks Street in Ottawa. Dairy, poultry and egg farmers were 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. MPs, Senators, Parliamentary staff and the public enjoyed a variety of food made with fresh ingredients from supply managed farms.



Proud Canadian farmers ready to tell their story

2017 SCIENCE AND RESEARCH

Canadian turkey farmers continued to earn the trust of Canadians with respect to food safety, quality and animal care in 2017 as programs, standards and practices were diligently followed and enhanced.

TFC On-Farm Programs

Implementation of the mandatory TFC On-Farm Food Safety Program© (OFFSP) and Flock Care Program© (FCP) continued in 2017 across provinces. Ninety-seven per cent of commercial turkey farmers were certified under the TFC OFFSP and FCP by December 2017.

A third 18-month review of the TFC OFFSP and the TFC On-Farm Programs Management Manual was undertaken by the Canadian Food Inspection Agency (CFIA), which concluded that both manuals maintain the CFIA Technical Review requirements. TFC also continued to conduct internal reviews of the On-Farm Programs and their management system to ensure that the procedures remain in line with current science and management practices. Resulting edits to the TFC On-Farm Programs farmer manual were distributed to farmers and program administrators following approval by CFIA, with a target implementation date of December 31, 2017. The majority of the revisions were based on a review of the TFC OFFSP biosecurity requirements in the wake of the 2015 Avian Influenza outbreaks in North America.

Additional activities related to the TFC On-Farm Programs in 2017 included:

- the (re-)training of new and existing on-farm auditors;
- witness audits of current on-farm auditors;
- internal audits of two (2) provincial program administrators and the TFC national office.

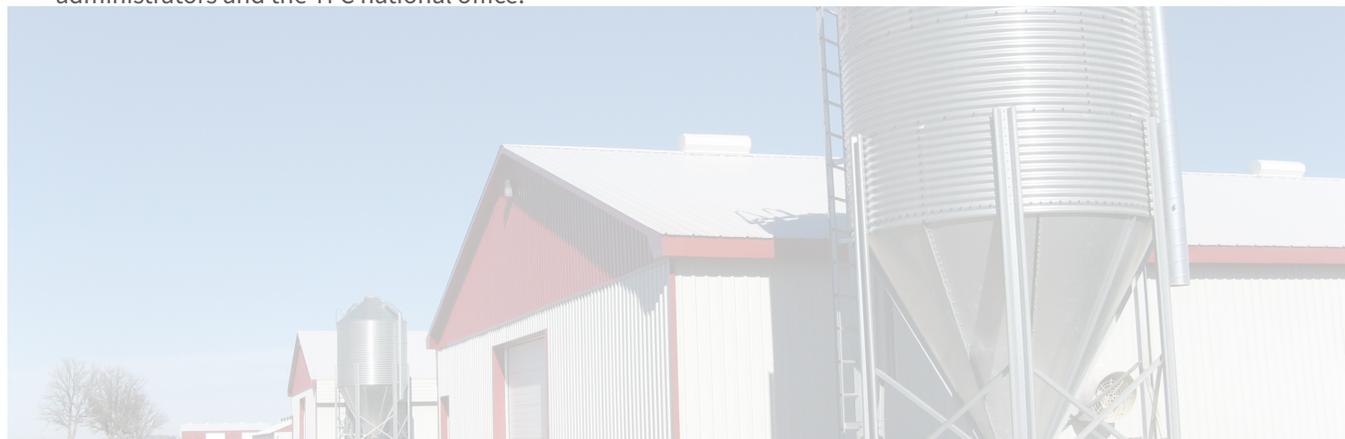
Full Government Recognition for the TFC On-Farm Food Safety Program® (OFFSP)

TFC proceeded with the implementation assessment of the TFC On-Farm Food Safety Program© (OFFSP), which is the final step towards obtaining full government recognition under the Canadian Food Inspection Agency (CFIA) Food Safety Recognition Program. The process entails a full system audit by a third-party audit provider and subsequent review of the audit results by CFIA and participating federal, provincial and territorial (FPT) governments, to verify the effective implementation of the TFC OFFSP and its management system.

TFC retained NSF Canada Agricultural Certification Company to complete the full system audit over the course of 2017, including audits of the TFC national office, Provincial Board offices and on-farm auditors across the country. The audit results were submitted to CFIA in December and the assessment is expected to be finalized by March 2018.

With full recognition, TFC will be able to demonstrate national consistency in terms of on-farm food safety practices and provide added assurances regarding the implementation of the TFC OFFSP.

TFC would like to thank Agriculture and Agri-Food Canada for its funding contribution under Growing Forward 2, used towards the costs associated with the full recognition process.



Third-Party Audits for the TFC Flock Care Program®

The inaugural round of third-party audits for the TFC Flock Care Program® (FCP) were undertaken in 2017 by NSF Canada Agricultural Certification Company. Third-party audits were initiated to demonstrate transparency and provide further assurance to retailers, restaurants and consumers that turkeys in Canada are raised humanely and respectfully, and that the TFC FCP is an effective national standard to represent animal care on-farm.

The third-party audit report concluded:

- the National Flock Care Program was implemented effectively and maintained on an on-going basis;
- Animal care measures were consistently applied and no instances of willful acts of abuse were observed.

Animal Care Assessment Framework

TFC initiated work to develop a revised version of the TFC Flock Care Program® (FCP) using the National Farm Animal Care Council (NFACC) Animal Care Assessment Framework (ACAF). This process will align the TFC FCP with the new Code of Practice for the Care and Handling of Hatching Eggs, Breeders, Chickens and Turkeys (2016). It is also being used to add turkey breeders to the scope of the TFC FCP, to ensure complete coverage for animal care on turkey farms across Canada and for all Canadian turkey meat entering the market.

Utilizing the ACAF to develop the new version of the TFC FCP will enhance the transparency of the program by involving a diverse range of stakeholders in its development, including:

- turkey farmers (commercial and breeder)
- auditors
- researchers
- veterinarians
- processors
- genetics companies
- commodity association staff
- animal welfare group representation

The revised version of the program is expected for 2018.

TFC would like to thank Agriculture and Agri-Food Canada for its funding contribution under Growing Forward 2 used

towards the costs associated with the ACAF process.

Poultry Handling and Transportation Manual

The Poultry Handling and Transportation Manual was made available to the turkey sector in 2017. The manual was developed with the assistance of Canadian Poultry and Egg Processors Council members and the Poultry Service Association. The Ontario Poultry Handling and Transportation Manual (2015) was used as a template, with the content updated. The manual targets farmers, catchers, transporters and processors, reflecting national practices on:

- poult delivery
- catching
- transportation
- live receiving

TFC On-Farm Programs Portal Update

The enhanced TFC On-Farm Programs portal was launched in May 2017 at www.tfconfarmprograms.ca. This site hosts the electronic version of:

- TFC On-Farm Programs
- Turkey Farming Info Sheets
- Research Resources
- Information on Disease and Flock Health
- Medication References
- Antimicrobial Use
- Industry Statistics

The portal is designed as a tool for farmers, on-farm auditors and Provincial Boards to access essential information and help implement the TFC On-Farm Programs. It provides the ability to complete program forms online and is compatible with smartphones and tablets.

2017 SCIENCE AND RESEARCH (cont'd...)

Antimicrobial Use and Resistance

The Canadian turkey industry continued work in 2017 towards a strategy for the reduction of antibiotic use across the industry that still ensure that the current options to maintain the health and welfare of turkeys remain available.

The strategy has set timelines to eliminate the preventive use of antibiotics important in human medicine. The strategy builds on the current Category I (very high importance) initiative by expanding to Category II (high importance) and III (medium importance) antibiotics. The preventive use of Category II antibiotics will be eliminated by the end of 2018 and Category III antibiotics by the end of 2019. To ensure the well-being of birds, the strategy will permit the use of all categories of antibiotics for treatment and the use of ionophores (Category IV antibiotics: low importance; not used in human medicine) and chemical coccidiostats.

TFC considers a strong turkey industry antimicrobial use (AMU) reduction strategy as important to maintaining and building consumer confidence in Canadian turkey, and meeting the needs of processors, restaurants, and retailers. The strategy builds on the work of the turkey sector AMU Working Group, which brought together stakeholders to define a sector-wide approach.

Canadian Poultry Research Council (CPRC)

TFC participated in the Smart Agriculture Workshop, hosted by CPRC, that brought together researchers and industry representatives to explore the potential for Smart Agriculture to address poultry industry challenges and opportunities.

Preparations were undertaken for the next Poultry Science Cluster, expected under the new Agricultural Policy Framework set to take effect in April 2018, to bring a coordinated and collaborative approach to poultry research through cooperation on funding from industry partners and government departments. TFC continued to work with the CPRC and its member organizations on Cluster research priorities and identifying potential projects to advance the poultry sector.

Surveillance activities for turkey continued through the Canadian Integrated Program for Antimicrobial Resistance Surveillance (CIPARS) of the Public Health Agency of Canada (PHAC).

The data generated from on-farm and retail surveillance highlight the importance of turkey-specific surveillance in informing and monitoring the effectiveness of industry initiatives.

TFC Research Communication Platform

TFC published two (2) editions of the TFC Research Bulletin in 2017, providing up-to-date information on current research being undertaken at Canadian institutions, and Canadian turkey researcher and student profiles.

TFC also added researcher accessibility to the TFC On-Farm Programs portal. The portal houses past editions of the TFC Research Bulletins, TFC Research Notes and other research reference materials.

Results of canvassing poultry researchers will determine additional functionalities for the portal to provide worthwhile opportunities for communications between the research community and the industry.

Regulatory Modernization and Policy Initiatives

TFC contributed to several regulatory and policy initiatives consultations, including:

- proposed Safe Food for Canadians Regulations
- Veterinary Drugs Regulatory Modernization
- proposed changes to Health of Animals Regulations regarding animal transportation
- renewal of the Canadian Feeds Regulations
- initiatives to revise Canada's food labelling system
- review of the Canadian Hatchery Regulations

TFC also assisted in the development of a Plant and Animal Health Strategy for Canada, which was endorsed by the federal-provincial-territorial (FPT) Ministers of Agriculture in July 2017. TFC remained involved in the joint government-industry Working Group on the Control of Salmonella and Campylobacter in Poultry, which focuses on developing action plans to reduce Salmonella and Campylobacter in live poultry and poultry products; as well as the Avian Biosecurity Advisory Council (ABAC) Committee, who has undertaken a review of the National Avian On-Farm Biosecurity Standard.

TFC welcomes CFIA's and Health Canada's efforts to streamline and update existing regulations and policies, and is committed to maintain its engagement as the various initiatives further progress.



2017 POLICY AND TRADE

Policy

TFC annually establishes a quota system by which federal quotas (for interprovincial and export trade) are assigned to all producers to whom provincial quotas (for intra-provincial trade) are assigned by the appropriate provincial Commodity Board, pursuant to our Marketing Plan. The quotas assigned by TFC originate from the administration of four (4) allocation policies: National Commercial Allocation Policy, Export Policy, Primary Breeder Policy and the Multiplier Breeder Policy.

National Commercial Allocation Policy

The Policy, adopted in December 2006, is currently undergoing a mandated review. The review committee established by TFC includes member representation from all eight (8) provinces with turkey farms and the two (2) processor associations. This review, initiated in the fall of 2016, is to be completed in early 2018 with any recommendations adopted by TFC taking effect with the 2019/20 control period.

Multiplier Breeder Policy

Three (3) provinces (Quebec, Ontario and Manitoba) use this Policy to allow the multiplier breeding industry to expand sales of turkey hatching eggs and poults in domestic and foreign markets. Although reviewed periodically, the Policy's intent, objectives and application remain unchanged since it was implemented in 1988. TFC, in response to questions about the policy's foundations and objectives, mandated a comprehensive consultation and review process in September, which is being conducted by TFC's Supply Policy Committee (SPC) and is scheduled for completion in 2018.

Primary Breeder Policy

Review of the Primary Breeder Policy, initially slated for review in 2017-18 by the Supply Policy Committee, has been postponed pending completion of the Multiplier Breeder Policy review.

Export Policy

No amendments to the Export Policy were conducted in 2017, however, a complaint was made to the Farm Products Council of Canada (FPCC) regarding amendments made to Section 2 of the Policy (Production for Export Markets) in March 2016, which were effective with the 2016/17 control period. The complaint, initially dismissed by FPCC on October 4, 2017, was subsequently submitted by the complainant for a judicial review by the Federal Court of Canada. As a result of an ensuing settlement between FPCC and the complainant, the complaint will be heard in 2018.

Trade Negotiations

In order to ensure that the three pillars of supply management – production planning, import controls and producer pricing – are not undermined, TFC in collaboration with the poultry, egg and dairy sectors monitors trade negotiations in which Canada has entered.



World Trade Organization (WTO)

The eleventh Ministerial Conference (MC11) was held in Buenos Aires, Argentina from December 10-13, 2017. No substantial negotiating outcomes were reached and Ministers were unable to agree on a Ministerial Declaration. With respect to agriculture, member countries were unable to agree on a basic work program for the next two (2) years.

Trans-Pacific Partnership (TPP) Agreement

The original Trans-Pacific Partnership (TPP) agreement collapsed in January, due to the withdrawal of the United States. The remaining 11 parties [Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam] explored options for a revised TPP-11 agreement. Subsequently, in November, agreement was met on a set of core elements of a revised text; establishment of a work plan to further negotiate four (4) outstanding matters; and to rename the agreement as the Comprehensive and Progressive Trans-Pacific Partnership Agreement (CPTPP).

TFC continued to advocate, along with other supply managed industries, that market access concessions for supply managed commodities made in the original TPP that reflected the American negotiating position should be suspended and rebalanced to reflect the withdrawal of the U.S.

Comprehensive Economic and Trade Agreement (CETA)

The agreement between Canada and the European Union (EU) was provisionally applied on September 21, 2017 with 98% of tariff lines duty-free. In the case of supply management, CETA has no implications with respect to additional market access under the turkey Tariff Rate Quota (TRQ) and the over-quota tariffs for turkey remain fully in place.

North American Free Trade Agreement (NAFTA)

The U.S. made its position on Canada's supply management system clear with the U.S. Trade Representative's updated negotiating objectives released on November 17, 2017:

“Expand competitive market opportunities for U.S. agricultural goods in NAFTA countries, substantially equivalent to the competitive opportunities afforded foreign exports into the U.S. market, including by eliminating remaining Canadian tariffs on imports of U.S. dairy, poultry, and egg products.”

After five (5) official rounds of NAFTA renegotiations and one inter-sessional round, some progress has been made in agriculture as it relates to definitions; sanitary and phytosanitary measures; and biotechnology. Although market access negotiations did not occur in 2017, the aggressive U.S. position to dismantle supply management remained a critical concern. TFC continued to advocate for no concessions. The federal government's broad commitment to defend supply management in NAFTA negotiations was tremendously important to TFC.

2017 TURKEY INDUSTRY STATISTICS

Markets Information

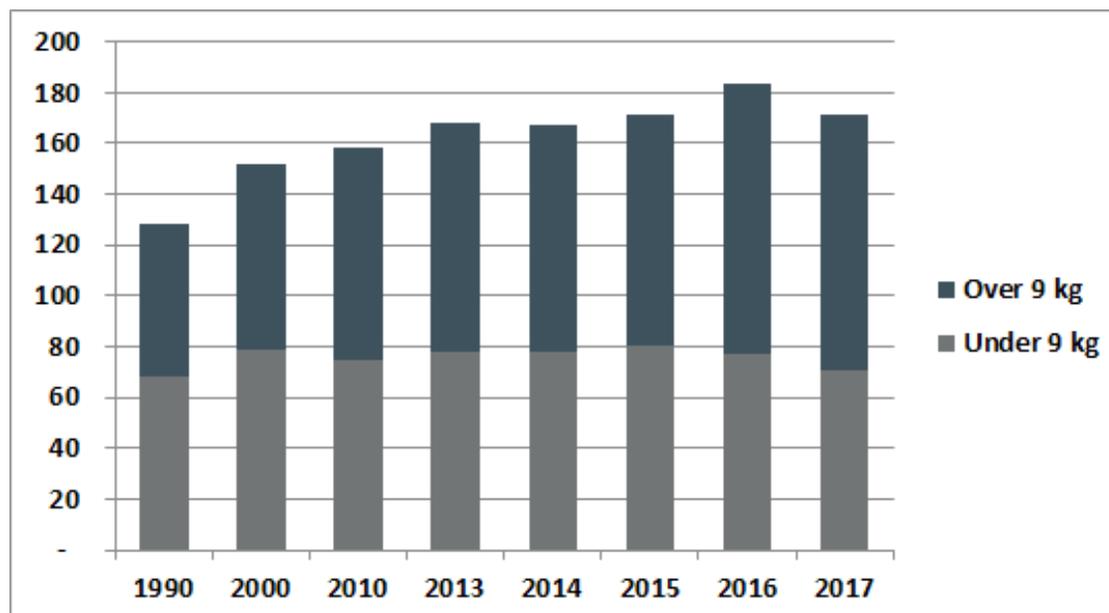
Domestic Disappearance

Domestic disappearance of turkey in 2017 was 154.1 Mkg, a decrease of 0.3 Mkg from 2016, but an increase of 7.0 Mkg from three years earlier.

Periodic Stocks, Supply and Disappearance of Turkey Meat in Canada (Calendar year, millions of kg - Mkg - eviscerated)

Calendar Year	1990	2000	2010	2013	2014	2015	2016	2017
Opening Stocks	11.3	9.2	18.3	12.8	13.3	14.7	18.9	24.8
Production	128.2	151.8	158.1	168.1	167.6	171.0	183.3	171.7
Imports	3.2	3.6	3.8	4.4	2.7	2.8	3.1	2.8
Total Supply	142.8	164.6	180.2	185.3	183.6	188.5	205.3	199.3
Total Disappearance	128.4	150.2	168.3	172.0	168.9	169.6	180.5	178.2
Exports	5.3	19.3	22.7	24.1	21.9	19.2	26.1	24.2
Domestic Disappearance	123.1	130.9	145.6	147.9	147.1	150.4	154.4	154.1
Closing Stocks	14.3	14.4	12.0	13.3	14.7	18.9	24.8	21.1
Per Capita Consumption (kg)	4.45	4.26	4.27	4.20	4.13	4.18	4.24	4.17

Turkey Production (Mkg, eviscerated)



Production of turkey in 2017 was 171.7 Mkg, a decrease of 11.6 Mkg from 2016, but an increase of 4.1 Mkg from three years earlier.

In 2017, production of turkey weighing under 9 kg was 71.1 Mkg, a decrease of 5.9 Mkg. Production of turkey over 9 kg was 100.6 Mkg, a decrease of 5.8 Mkg from 2016, but an increase of 11.1 Mkg from three years earlier.

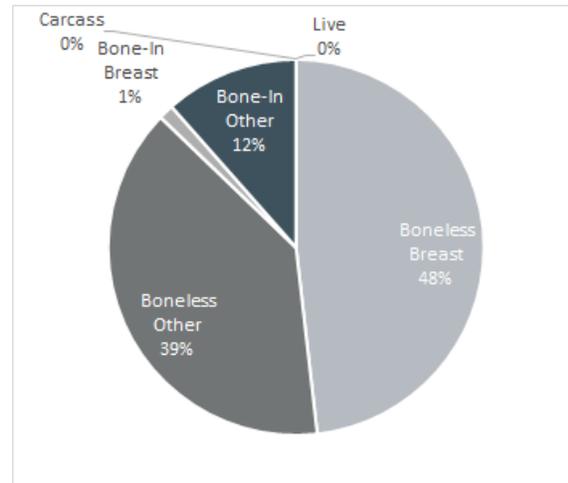
Markets Information

Imports

Imports of turkey on the Import Control List (ICL) of 2.8 Mkg were similar to previous years. Boneless, skinless breast meat accounted for almost half the total volume imported in 2017.

Turkey Imports in 2017

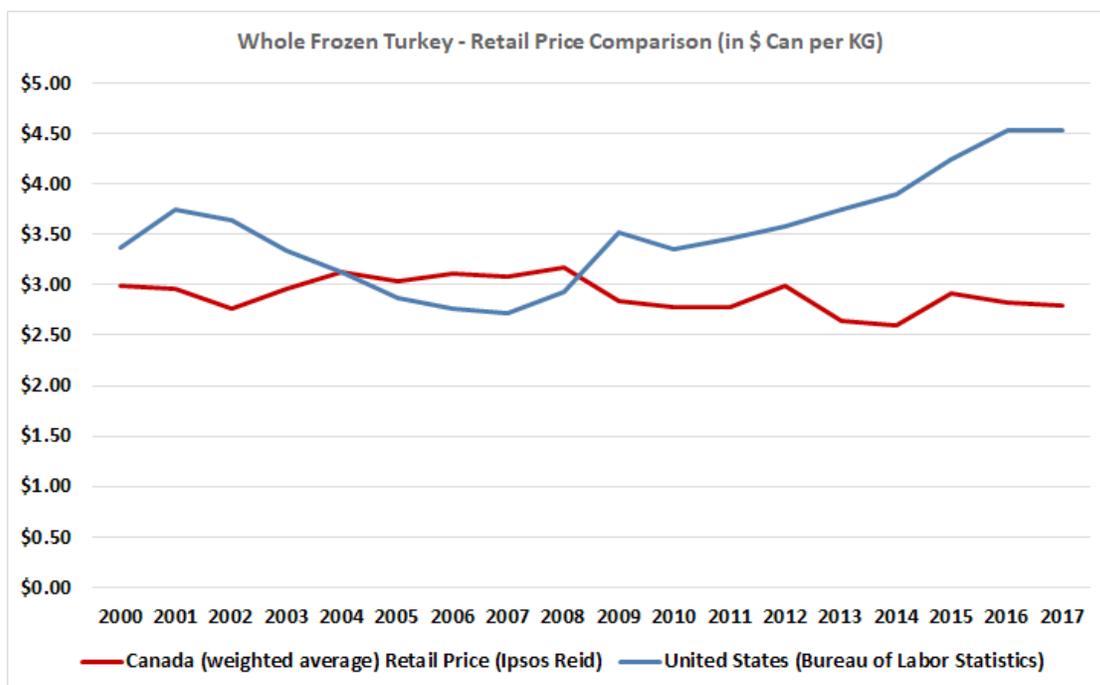
% of Total kg



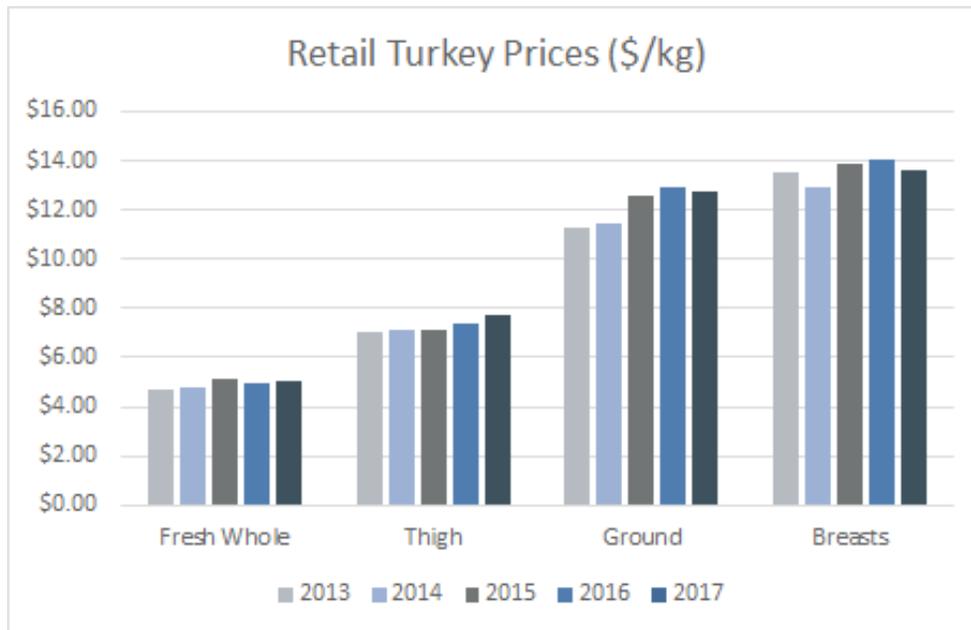
Sales

Canadian turkey consumers continued to benefit from lower prices in comparison to the U.S.

Sales of cut-up and further processed turkey products at retail increased from 10.1 Mkg in 1990 to 14.4 in 2017. 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 in 1990 to \$207 million in 2017.



Sales



Sales of Whole Turkeys, Cut-Up and Further Processed Products at Retail
(Calendar year, millions of kg, eviscerated, does not include sales through foodservice channels)

Calendar Year	1990	2000	2010	2013	2014	2015	2016	2017
Sales - Millions of kg								
Whole Bird	51.8	54.4	61.4	52.2	51.7	44.5	44.8	43.2
Cut-Up & Further Processed	10.1	16.8	17.5	17.4	18.2	16.3	14.0	14.4
Average Price/kg								
Whole Bird	\$ 2.81	\$ 3.19	\$ 2.99	\$ 2.92	\$ 2.92	\$ 3.16	\$ 3.10	\$ 3.07
Cut-Up & Further Processed	\$ 7.62	\$ 9.95	\$ 13.24	\$ 13.36	\$ 13.05	\$ 14.65	\$ 14.85	\$ 14.45
Sales - Millions of \$								
Whole Bird	\$ 145.5	\$ 173.5	\$ 183.6	\$ 152.3	\$ 150.9	\$ 140.6	\$ 138.9	\$ 132.7
Cut-Up & Further Processed	\$ 77.0	\$ 166.7	\$ 232.1	\$ 232.2	\$ 237.3	\$ 239.5	\$ 207.7	\$ 207.4

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FINANCIAL STATEMENTS

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

For the year ended December 31, 2017

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2017 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, 2017 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, 2017 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.

(signed) "BDO Canada LLP"

Chartered Professional Accountants, Licensed Public Accountants
Mississauga, Ontario
February 12, 2018

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TURKEY FARMERS OF CANADA

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Statement of Financial Position

December 31	2017	2016
Assets		
Current		
Cash	\$ 1,235,065	\$ 1,365,285
Investments (Note 2)	2,669,273	2,650,665
Accounts receivable (Note 3)	451,984	418,845
Prepaid expenses	59,789	77,019
	4,416,111	4,511,814
Property and equipment (Note 4)	113,496	134,431
	\$ 4,529,607	\$ 4,646,245
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 165,394	\$ 77,336
Government remittances	28,779	52,438
	194,173	129,774
Net assets		
Internally restricted funds (Note 1)	3,244,614	3,272,123
Unrestricted fund	977,324	1,109,917
Funds invested in property and equipment	113,496	134,431
	4,335,434	4,516,471
	\$ 4,529,607	\$ 4,646,245

On behalf of the Board:



Mark Davies
Chair



Darren Ference
Vice Chair

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

2017 TURKEY FARMERS OF CANADA

Statement of Operations

For the year ended December 31	2017	2016
Revenue		
Producer levies	\$ 3,750,563	\$ 4,017,423
Investment income	22,247	19,267
Project funding	74,536	-
	3,847,346	4,036,690
Expenses		
Administration (Schedule 1)		
Other administrative	711,404	659,933
Remuneration to Directors and staff	1,409,878	1,191,690
Directors' and staff expenses	624,323	564,179
	2,745,605	2,415,802
Marketing (Schedule 2)		
Provincial marketing programs	400,001	400,001
Market development	209,070	212,633
Public relations and communications	473,511	399,310
	1,082,582	1,011,944
Special projects (Note 8)	112,257	97,043
Special promotions (Note 8)	87,939	-
	4,028,383	3,524,789
Excess (deficiency) of revenue over expenses before other income	(181,037)	511,901
Other income	-	705,363
Excess (deficiency) of revenue over expenses for the year	\$ (181,037)	\$ 1,217,264

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

TURKEY FARMERS OF CANADA | 2017

Statement of Changes in Net Assets

For the year ended December 31, 2017

	Internally Restricted Funds	Unrestricted Fund	Funds Invested in Property and Equipment	2017 Total	2016 Total
Balance, beginning of year	\$ 3,272,123	\$ 1,109,917	\$ 134,431	\$ 4,516,471	\$ 3,299,207
Excess (deficiency) of revenue over expenses for the year	(85,509)	(65,910)	(29,618)	(181,037)	1,217,264
Appropriations	58,000	(58,000)	-	-	-
Transfer of funds to purchase property and equipment	-	(8,683)	8,683	-	-
Balance, end of year	\$ 3,244,614	\$ 977,324	\$ 113,496	\$ 4,335,434	\$ 4,516,471

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

2017 TURKEY FARMERS OF CANADA

Statement of Cash Flows

For the year ended December 31	2017	2016
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ (181,037)	\$ 1,217,264
Adjustments required to reconcile excess (deficiency) of revenue over expenses with cash provided by operating activities		
Amortization of property and equipment	27,289	26,133
Loss on disposal of property and equipment	2,329	-
Changes in non-cash working capital balances		
Accounts receivable	(33,139)	(37,687)
Prepaid expenses	17,230	(4,872)
Accounts payable and accrued liabilities	88,058	(80,569)
Government remittances	(23,659)	4,129
	<u>(102,929)</u>	<u>1,124,398</u>
Investing activities		
Purchase of property and equipment	(8,683)	(31,936)
Purchase of investments	(18,608)	(18,251)
	<u>(27,291)</u>	<u>(50,187)</u>
Increase (decrease) in cash during the year	(130,220)	1,074,211
Cash, beginning of year	<u>1,365,285</u>	<u>291,074</u>
Cash, end of year	\$ 1,235,065	\$ 1,365,285

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

Notes to Financial Statements

December 31, 2017

1. Nature of Operations and Summary of Significant Accounting Policies

Nature and Purpose of Agency

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

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

Basis of Accounting

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

The Turkey Research and Resource Bureau

The Agency is deemed to control The Turkey Research and Resource Bureau ("TRRB") by virtue of TFC's right to appoint the eight provincial producer member Board of Directors. The Agency does not consolidate the financial statements of TRRB. TRRB is a not-for-profit organization established to facilitate turkey related research. At present, TRRB maintains several escrow accounts on behalf of some provincial boards as security for liquidated damage obligations under the Promotion Agreement. The financial position of TRRB reflects assets of \$399,076 (2016 - \$398,774), liabilities of \$397,274 (2016 - \$396,948), and net assets of \$1,802 (2016 - \$1,826). The results of operations of TRRB are total member contributions of \$1,200 (2016 - \$1,400), total expenses of \$1,224 (2016 - \$823), and surplus (deficiency) of contributions over expenses of (\$24) (2016 - \$577). Cash inflows from operating activities is \$56 (2016 - \$296).

Property and Equipment

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

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

Funds Invested in Property and Equipment

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

2017 | TURKEY FARMERS OF CANADA

Notes to Financial Statements

December 31, 2017

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

Internally Restricted Funds

The Board of Directors has approved the restriction of a portion of the Agency's net assets as a contingency to cover six months of operations. The Board of Directors has proposed that this restricted amount will be \$2,294,000 (2016 - \$2,216,000), increasing to \$2,368,000 in 2018.

A special marketing fund was established in 2016 by the Board of Directors to segregate funds related to an arbitration award reached with Turkey Farmers of Ontario. All future liquidated damages will also be included in this fund. These funds are internally restricted and mandated by the Board of Directors to be used for incremental marketing expenses that promote the consumption of turkey meat in Canada. The balance in this fund is \$617,424 (2016 - \$705,363).

A research fund was previously established by the Board of Directors to accumulate funds for future research needs. The balance in this fund is \$333,190 (2016 - \$330,760).

An amount of \$Nil (2016 - \$20,000) related to TFC's portion of reward monies, as a result of the 2004 product tamper incident. During the year, the Board of Directors approved a transfer of \$20,000 (2016 - \$Nil) to the Unrestricted Fund.

Revenue Recognition

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

Other income relates to amounts earned relative to an arbitration award and other liquidated damages.

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

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. 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.

TURKEY FARMERS OF CANADA

Notes to Financial Statements

December 31, 2017

2. Investments

Investments totaling \$785,696 (2016 - \$536,956) consist of strip bonds guaranteed by the Government of Canada with interest rates ranging from 1.49 to 1.91% (2016 - 1.72 to 1.91%) that have maturity dates ranging from June 2018 to December 2019 (2016 - December 2017 to June 2018). Cash and mutual funds held in RBC Investment Savings total \$1,883,577 (2016 - \$2,113,709).

3. Accounts Receivable

	2017		2016	
Producer levies	\$	376,404	\$	417,855
Recoverable from projects		74,536	\$	-
Miscellaneous accounts receivable		1,044		990
	\$	451,984	\$	418,845

4. Property and Equipment

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and equipment	\$ 132,795	\$ 113,267	\$ 132,795	\$ 108,385
Computer equipment	117,332	64,913	210,200	149,376
Leasehold improvements	176,809	135,260	176,809	127,612
	\$ 426,936	\$ 313,440	\$ 519,804	\$ 385,373
Net book value		\$ 113,496		\$ 134,431

5. Commitments

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

2018	\$	200,714
2019		217,526
2020		216,614
2021		207,076
2022		202,864
Thereafter		51,618
	\$	1,096,412

2017 | TURKEY FARMERS OF CANADA

Notes to Financial Statements

December 31, 2017

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, 2017, this facility has not been used (2016 - \$Nil).

7. Capital Management

The Agency's capital consists of its net assets. The Agency's primary objective of capital management is to ensure that it has sufficient resources to continue to provide services to its members. Annual budgets are developed and monitored to ensure the Agency's capital is maintained at an appropriate level. The Agency is not subject to any externally imposed capital requirements. The Agency's restricted funds of \$3,244,614 (2016 - \$3,272,123) are subject to internally imposed capital restrictions.

8. Special Projects and Special Promotions

Special projects expense represents one-time special projects.

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

TURKEY FARMERS OF CANADA

Schedule 1 - Administration Expenses

For the year ended December 31	2017	2016
Other administrative		
Amortization	\$ 27,289	\$ 26,133
Audit	21,520	24,450
Contract projects and external consulting	70,869	107,686
Insurance	7,833	7,914
Legal and accounting	60,505	59,457
Loss on disposal of property and equipment	2,079	-
Office leases and supplies	38,706	41,336
OFFSP/Flock Care	47,391	52,792
OFFP projects	74,536	-
Postage and courier	9,153	10,525
Rent, property tax and utilities	175,205	175,205
Sundry administration	949	1,001
Telephone	9,463	8,459
Trade consultations	73,721	43,607
Translation and interpretations	92,185	101,368
	711,404	659,933
Remuneration to Directors and staff		
Directors' fees	148,258	140,075
Employee benefits	197,308	159,474
Staff salaries	1,064,312	892,141
	1,409,878	1,191,690
Directors' and staff expenses		
Directors, Alternates and Board Managers' expenses	358,765	339,055
Meeting rooms	76,121	61,814
Staff expenses	188,375	162,261
Travel insurance	1,062	1,049
	624,323	564,179
	\$ 2,745,605	\$ 2,415,802

2017 | TURKEY FARMERS OF CANADA

Schedule 2 - Marketing Expenses

For the year ended December 31	2017	2016
Provincial marketing programs		
TFC provincial marketing supplement	\$ 400,001	\$ 400,001
Market development		
Canadian Poultry Research Council	44,376	40,500
Market research	87,169	85,083
Turkey research	77,525	87,050
	209,070	212,633
Public relations and communications		
Marketing and communications	304,857	213,500
Memberships	90,572	88,572
National sponsorships and promotions	60,548	79,250
Subscriptions	8,257	10,979
TFC publications	9,277	7,009
	473,511	399,310
	\$ 1,082,582	\$ 1,011,944



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OF CANADA**