



2020 **ANNUAL REPORT**

Canadian Turkey Marketing Agency
(c.o.b. Turkey Farmers of Canada)



TURKEY FARMERS OF CANADA

The forty-seventh 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 TFC Members.

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TABLE OF CONTENTS

About Turkey Farmers of Canada	4
Chair's Message	6
Board of Directors	7
Executive Director's Message	9
TFC Staff	11
Partnerships, Memberships, Appointments	12
National Marketing Campaign	14
Consumer Outreach	17
Government Advocacy and Advancing the Industry	18
Science and Research	20
Policy and Trade	24
Turkey Industry Statistics	27
Financial Statements	31

ABOUT TURKEY FARMERS OF CANADA

DELIVERING VALUE TO THE FARM AND BEYOND

Turkey Farmers of Canada (TFC) represents Canada's 520+ turkey farmers. Created in 1974 under the federal *Farm Products Agencies Act (FPAA)*, the Agency encourages cooperation throughout the Canadian turkey industry, promotes the consumption of turkey meat, and oversees the supply management system for turkey in Canada.

Mandated by Federal Proclamation, TFC's Board 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.

FARM PRODUCTS AGENCIES ACT

OBJECTS AND POWERS

S. 21. The objects of an agency are:

1) to promote a strong, efficient and competitive production and marketing industry for the regulated product or products in relation to which it may exercise its powers; and

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

OUR VISION

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

OUR MISSION

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

OUR VALUES

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

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

The turkey industry in Canada generates \$4.0 billion in economic activity annually, supporting over 16,000 jobs across rural and urban centres. The turkey industry also contributes over \$1.2 billion to Canada's Gross Domestic Product (GDP) and generates \$400 million in annual farm sales.

CHAIR'S MESSAGE



2020 was a year we never could have predicted and one for history. The turkey industry faced significant challenges, as did the whole food and agriculture sector. These unprecedented times meant hardships across the country, a global shift in how we conduct business and communicate, and pressures on the food supply chain like nothing in recent memory.

For the turkey industry, we saw an initial increase in sales with pandemic buying followed by a steep decline in sales at foodservice and full service deli-counters. Easter turned out better than expected on whole bird sales, but it was not enough to offset other losses. We made the difficult decision to reduce production in 2020 to directly respond to challenges caused by the pandemic. This was hard on turkey farmers and was not taken lightly, but action was needed.

With the overall decline due to the pandemic, festive seasons were positive for turkey with whole bird sales up from Easter and Thanksgiving from 2019. I am encouraged. Canadians are still celebrating their holiday traditions with turkey, although it was different this year with small gatherings at home.

After a strong start to Think Turkey in 2019, the national marketing campaign shifted tactics in response to the pandemic. I am very pleased with the positive results this year and the solid messaging promoting turkey to Canadians.

While COVID-19 demanded much attention this year, we also continued lobbying along with the other three feather agencies for trade mitigation funds promised due to concessions granted to the domestic market in the CPTPP and CUSMA agreements. I was pleased with the Federal Government's announcement on November 28, 2020 for market development and investment funding for the CPTPP agreement, and we look forward to having details of these programs in 2021. I was also encouraged by the reaffirmed commitment to not negotiate our sector in future trade agreements. We will not forget about CUSMA and will keep pressure on in the coming year.

The national Allocation Policy review also continued into 2020 along with the complications of the pandemic, making important deliberations more challenging than

normal. The current Allocation Policy is in suspension as the full review will continue into 2021. The policy review is extensive and we appreciate everyone who has worked hard on the process to-date, and towards a consensus.

We will push forward and come out on the other side of a tough year. Now is the time to continue the momentum of the Think Turkey™ campaign. We saw our marketing system respond to the unique challenges brought on by the pandemic. Proving our sector is strong. TFC will continue showing the benefits of turkey to Canadian consumers. As the pandemic improves and demand increases, so will production, and I am optimistic for our industry.

Thank you to the Board of Directors, the Provincial Boards, TFC staff and our industry partners for their hard work and dedication during this challenging year. You all played an important role for our industry and it has been a pleasure working with each of you.

Respectfully submitted,

DARREN FERENCE
Chair



EXECUTIVE COMMITTEE

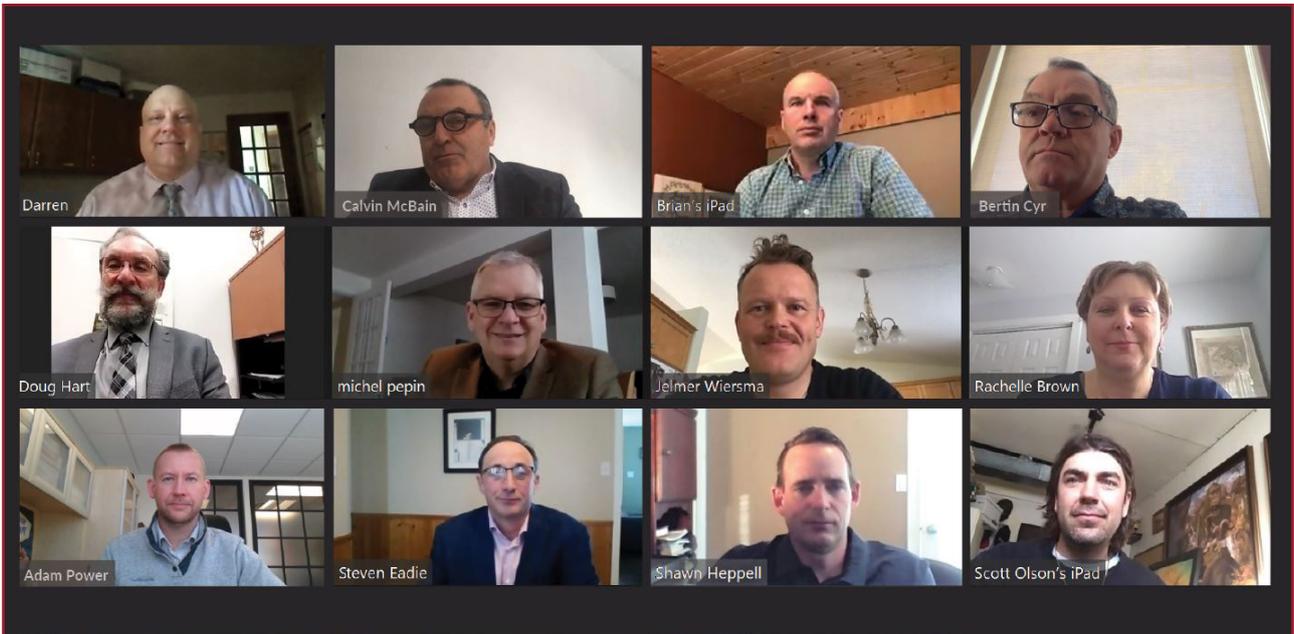


Darren Ference
Chair
Alberta

Calvin McBain
Vice Chair
Québec

Brian Ricker
Executive Member
Ontario

BOARD OF DIRECTORS



BOARD OF DIRECTORS

Darren Ference – Alberta
Calvin McBain – Québec
Brian Ricker – Ontario
Shawn Heppell – British Columbia
Jelmer Wiersma – Saskatchewan
Rachelle Brown – Manitoba

Bertin Cyr – New Brunswick
Steven Eadie – Nova Scotia
Doug Hart – CPEPC
Michel Pépin – CPEPC
Adam Power – FPPAC

ALTERNATE DIRECTORS

Debbie Etsell - British Columbia
Scott Olson - Alberta
David Mandel - Alberta
Todd Clarke - Saskatchewan
Aaron Janzen - Saskatchewan
Mike Reimer - Manitoba
Matt Steele - Ontario

Jennifer Paquet - Québec
Joshua Hayes - New Brunswick
Hugo Therrien - New Brunswick
Marc Sproule - Nova Scotia
Darcy Ballance - CPEPC
Tony Tavares - CPEPC
Nik Zylstra - FPPAC

TFC

NOMINATING COMMITTEE

- Steven Eadie, Director (TFNS)
- Jelmer Wiersma, Director (TFS)
- Rachelle Brown, Director (MTP)

EXECUTIVE DIRECTOR'S MESSAGE



The 2020 Turkey Farmers of Canada Annual Report summarizes the activities of the TFC membership in a very unique, unprecedented year, for reasons all understand.

A hat tip is in order to our colleagues in each Provincial Board and processing association offices, and to each of the TFC Directors and Alternate Directors as the transition to conducting our business virtually, emerged instantaneously and smoothly given the circumstances. I want to especially acknowledge my TFC office colleagues for the manner in which they facilitated the transition for the TFC, as well as for the way they fulfilled their responsibilities to the TFC while working remotely.

The Chair's message and the contents of the 2020 Annual Report cover the details of TFC operations over the course of the year. The last number of years have been particularly challenging for all participants of the turkey sector, as is clear from the marketplace analyses prepared and presented over the course of 2020. Volume reductions and price pressures across the board over the past three and four years were exacerbated by the uncertainty of COVID-19. By most accounts, the last half of 2020 brought welcomed improved conditions into the market situation. Clearly, a trajectory that needs to be, and must be sustained. For TFC in its entirety, it will be critical to remember the mandate as set out in the *Farm Products Agencies Act* and the undertakings of the Federal-Provincial Agreement, using those provisions as a compass forward.

There are a number of lessons learned by many organizations over the course of 2020. Top of mind, is that we witnessed how malleable yet fragile the food supply chain can be. Our specific sector is no different. An interruption to plant operations can have major costly consequences. That there was not more disruption than we saw, doesn't mean there were not more close calls. The feather sectors and processing groups worked in tandem and with the Federal Government early in the pandemic to be ready for unknowns. The turkey supply chain was interrupted, but that the costs of those interruptions were low compared to what could have

been, is a credit to farmers and plants working together, cooperation within the sector, and plant staff working in difficult circumstances. As normalcy emerges through the balance of 2021, the lessons of 2020 will be critical to account for and introduce into the planning process.

The past year was tough on many Canadian families; many experiencing varied and significant losses. Upon reflection and with retrospect, I believe we are fortunate to be in this industry even accounting for the difficulties of the last three to four years in the sector.

One loss we did share in December 2020, came with the passing of our valued colleague and good friend, Vic Redekop of British Columbia. Vic was an Alternate Director and Director at TFC for a number of years before his retirement in mid-2019. He was a welcomed and thoughtful voice both at the TFC table and at the various committees he worked on during his time at TFC. We wanted to formally acknowledge Vic's contribution to the TFC and the sector more broadly within the context of the Annual Report. We will miss his counsel.

On behalf of my office colleagues, we wish the members well in the coming year. It is our collective pleasure to work with and for you.

Respectfully submitted,

PHIL BOYD
Executive Director



TFC STAFF

Phil Boyd

Executive Director

Adriana Goldman

Director - Corporate Services

Sateesh Ramkissoonsingh

Manager - Policy & Trade

John Sheldon

Manager - Markets Information

Maegan MacKimmie

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

Elise Mereweather

Policy & Data Administrator

Barb Weston

Finance Administrator

Lorna Morris

Executive Services Administrator

Cathy Lane

Corporate Services Administrator

Janice Height

Director - National Marketing Campaign
& Brand Partnerships

MANAGERS COMMITTEE

Sonya Lorette

(Nova Scotia)

Louis Martin/ Kevin Godin

(New Brunswick)

Marie-Ève Tremblay/ Richelle Fortin

(Québec)

Ryan Brown/ Jon-Michael Falconer

(Ontario)

Helga Wheddon

(Manitoba)

Cinthya Wiersma/ Michelle Alting-Mees

(Saskatchewan)

Cara Prout

(Alberta)

Michel Benoit

(British Columbia)



MEMBERSHIPS, PARTNERSHIPS, **APPOINTMENTS**

Memberships and Partnerships

- Advancing Women in Agriculture
- Canadian 4-H
- Canadian Animal Health Coalition
- Canadian Agricultural Hall of Fame
- Canadian Centre for Food Integrity
- Canadian Federation of Agriculture
- Canadian Federation of Independent Grocers
- Canadian Poultry and Egg Processors Council
- Canadian Poultry Research Council
- Canadian Supply Chain Food Safety Coalition
- Further Poultry Processors Association of Canada
- National Farmed Animal Health and Welfare (NFAHW) Council
- National Turkey Federation (U.S.)
- Poultry Industry Council
- Restaurants Canada
- Turkey Research & Resource Bureau



External Appointments

Canadian Federation of Agriculture

- Brian Ricker, Director
- Steven Eadie, Alternate Director

Avian Biosecurity Advisory Council

- Appointment pending as required

National Farm Animal Care Council

- Lori Ansems, Director

Canadian Poultry Research Council

- Steven Eadie, TFC Director,
Vice-Chair

Poultry Catching & Transport Working Group for the Transportation Code Review

- Brian Ricker

Code Technical Panel for the Code of Practice for the Care and Handling of Hatching Eggs, Breeders, Chickens and Turkeys

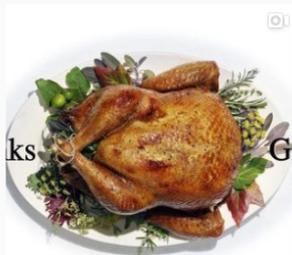
- Lori Ansems



Canadian turkey farmers take great care to ensure the humane treatment of their turkeys, while providing safe, high quality food to consumers.

NATIONAL MARKETING CAMPAIGN

“THINK TURKEY™/PENSEZ DINDON^{MC}” 2020 CAMPAIGN IN REVIEW:



In the second year of the “Think Turkey/Pensez Dindon” campaign, Turkey Farmers of Canada (TFC) and the Canadian Poultry and Egg Processors Council, Turkey Primary Processing Sector Members, produced and expanded the fully integrated, bilingual marketing campaign aimed at keeping turkey top of mind for Canadian consumers throughout the year - everyday and during the holidays.

The COVID-19 pandemic dominated the news cycle and Canadian life in 2020. The Think Turkey campaign responded, tailoring messaging to address the challenges

Canadians faced, while presenting turkey as a go-to protein for Canadians who now cooked most meals at home. Think Turkey’s influencer ambassadors played a key role humanizing the campaign and sharing turkey recipes and tips to keep weekday meals fresh, while providing downsized holiday meal ideas.

Advertising was a major focus in 2020, from national TV to outdoor campaigns. In April of 2020, Think Turkey launched the “What You Really Want Is Turkey/C’est Donc Bon Du Dindon” creative

campaign and produced three new TV spots. The ads on TV, Facebook and YouTube were very strong performers.

In July, when auto and pedestrian traffic levels once again increased, Think Turkey launched a comprehensive Out-of-Home (OOH) campaign in key cities across the country in both English and French. The ads featured the tagline: "What you really want is turkey" and "C'est donc bon du dindon," alongside three different dishes: a juicy burger, a stir-fry and a kebab. The outdoor ads performed very well with an over delivery on impressions.

Fall TV returned with the Manifesto commercial airing on primetime fall TV programs leading to Thanksgiving and on major networks from CBC to the W Network in December.

Think Turkey worked with many English and French-Canadian influencers, home cooks and chefs throughout the year to promote turkey as a versatile and delicious protein in dishes from many cultures and cuisines.

With Canadians spending more time at home and online in 2020, digital elements of the campaign were more vital than ever. Canadian Turkey's social channels saw tremendous engagement and follower growth this year. Social channels highlighted recipe content created by Think Turkey's influencer partners. The monthly "Think Turkey/Pensez Dindon" newsletter continued in English and French featuring themed prizes, and relevant food content and campaign news.

Year two of the Think Turkey/Pensez Dindon campaign delivered a grand total of over 672 million campaign impressions.

What you really want is turkey.



THE WISHBONE PROJECT



In April, Think Turkey launched The Wishbone Project, the turkey sector's charitable arm for giving through food and funds, as a direct response to the pandemic. In year one, The Wishbone Project raised over \$239,000 and donated 2,712 turkeys nationally thanks to the generosity of the industry.

Major donations included an initial donation of \$50,000 to Kids Help Phone, which had seen a 400 per cent increase in calls/texts since the beginning of the pandemic. \$25,000 was also allocated at launch to groups and organizations fighting food insecurity across the country. Then, in late May, The Wishbone Project announced a second donation of \$80,000 to Kids Help Phone and 4-H Canada to support their joint work assisting Canadian youth in rural communities experiencing mental health issues.

The Wishbone Project will continue to find ways to empower local, provincial, and national community initiatives in 2021 and beyond.

TFC

NATIONAL MARKETING WORKING GROUP

- Debbie Etsell (BC)
- Scott Olson (AB)
- Emily Haramule (ON)
- M^e Marie-Hélène Jutras (QC)
- Doug Hart (CPEPC)
- Tony Tavares (CPEPC)
- Julie-Maude Vidal (CPEPC)
- Nicolas Paillat (CPEPC)
- Adam Power (FPPAC)
- TFC Staff

CONSUMER OUTREACH

TURKEY – THE STAR OF EVERY MEAL



In 2020, consumer outreach efforts focused on the Asian and South Asian communities, the two largest growing communities in Canada.

Part of the strategy was to drive messaging through strategically selected food influencers (bloggers) from the Asian and South Asian communities and social media platforms across Canada. The bloggers' messaging and recipes were supported by content distribution across Canadian Turkey social media and influencer sites in 2020.

This multi-layered approach included themes around Asian, South Asian and Canadian holidays, family celebrations and everyday meal planning. The focus was on turkey meat being the healthy protein of choice that can adapt to any flavour profile.

This program's objectives were to support the Think Turkey National Campaign and educate social media followers on why Canadian turkey is a tasty, nutritious and versatile choice.

PARTNERSHIPS AND PROMOTIONS



Year Three of the TFC HelloFresh and Chefs Plate Partnership

Turkey Farmers of Canada's partnership with HelloFresh and Chefs Plate continued for the third year through 2020 showcasing our branded consumer mark *Canadian Raised Turkey*[™] on each package of turkey included in a meal kit.

Both company's meal kit delivery services experienced unprecedented demand and growth due to COVID-19 related lockdowns and consumers' desire for meal deliveries. As a result, turkey as a meal kit ingredient also grew exponentially.

GOVERNMENT ADVOCACY AND ADVANCING THE INDUSTRY

WORKING WITH DECISION MAKERS

An important role of TFC is creating an ongoing dialogue with governmental officials on advancements in our industry, issues we are facing, and opportunities to work with our sector. In 2020, this work continued with a particular focus on mitigation for trade agreement concessions, and the implications to the sector due to the COVID-19 pandemic.

The pandemic drastically shifted priorities at all levels of government. TFC had to adapt its advocacy strategy to focus on topics unique to the pandemic. Early in 2020, TFC participated in monthly meetings with Provincial Boards and three times a week meetings with the national poultry group, which includes the supply managed feather agencies and the Canadian Poultry and Egg Processors Council. These meetings helped TFC tailor advocacy work to the key issues faced by our industry and with extensive commonality of issues, collaborate with colleagues on strategy across our sectors.

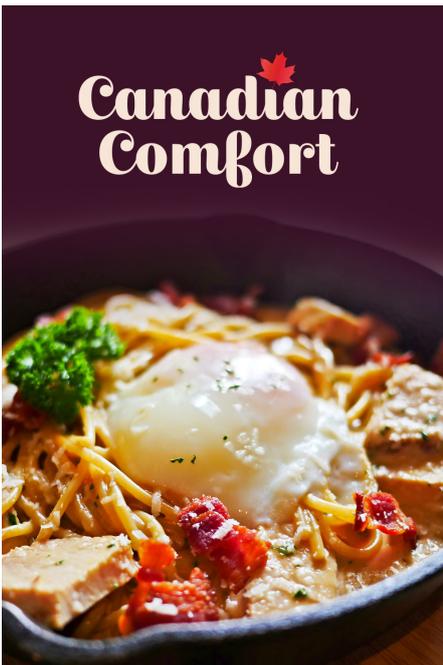
COVID-19 advocacy work with the national feather agencies (SM4) included outreach to the Prime Minister, the Finance Minister, the Agriculture Minister, Ag critics and other key rural MPs. TFC also submitted a brief to the Agriculture Committee regarding COVID-19. More recently, outreach was also undertaken regarding Business Risk Management (BRMs), depopulation scenarios due to the pandemic and priority vaccinations for the agriculture sector. Work in this regard will continue in 2021.

Work on mitigation compensation for market access concessions granted to our domestic market under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), as well as the Canada-United-States-Mexico Agreement (CUSMA) continued in 2020. TFC engaged in outreach to key MPs on mitigation and collaboratively with the supply managed agencies. We were pleased to hear the November 28, 2020 government announcement of investment programs and market development initiatives to offset the impact of market losses from the CPTPP. TFC will continue its engagement and work on CUSMA support.



Follow along with us on twitter @TurkeyFarmersCA.

ADVANCING THE INDUSTRY



TFC continues to work with industry partners and the supply managed agencies on topics and projects to raise the profile of the turkey sector.

The pandemic shifted how industry events were held. The virtual FCM event brought over 500 municipal leaders and practitioners to the virtual conference. The conference had a number of experts in the areas of sustainability and touched on a range of topics—from building more resilient communities through to the UN Sustainable Development Goals. As part of the SM4's sponsorship, the feather agencies had a virtual booth at the conference with literature on each organization, supply management and sustainability.

TFC also continued its sponsorship and support of the Advancing Women in Agriculture Conference and took part in a virtual booth with literature about the turkey sector.

In response to the pandemic, TFC joined the national supply managed agencies (SM5) to take part in Canada Takeout Day, an initiative by Restaurants Canada to show support from the food supply chain for the restaurant industry. The campaign worked with chef influencers and leveraged a video by supply managed farmers to show our support for restaurants and encourage consumers to purchase our products at takeout.

Later in 2020, the SM5 collaborated again to launch the Canadian Comfort Campaign – an initiative to support local agriculture by encouraging consumers to choose Canadian and support farmers. The campaign shared the high-quality food safety and animal welfare standards in place on farms, while encouraging Canadians to think Canadian-raised for recipe and meal decisions.

TFC continued to monitor media for relevant issues to the industry. A significant increase in media attention was seen this year ahead of festive seasons with a particular interest on how COVID-19 is affecting farmers, the turkey supply chain and the availability of turkey products. TFC Chair and Executive Board Members responded to the inquiries, while the agency supported Provincial Boards with messaging.

SCIENCE AND RESEARCH

Canadian turkey farmers continued to earn the trust of Canadians with respect to food safety, quality and animal care in 2020 as programs, standards and practices were diligently followed and enhanced.

TFC ON-FARM PROGRAMS

Implementation of the updated TFC On-Farm Food Safety Program© (OFFSP) and Flock Care Program© (FCP) continued in 2020 across provinces despite the COVID-19 pandemic. New producer manuals for the TFC On-Farm Programs were released in 2019 to align the TFC FCP with the current Code of Practice for the Care and Handling of Hatching Eggs, Breeders, Chickens, and Turkeys through the National Farm Animal Care Council's Animal Care Assessment Framework and to strengthen the biosecurity and animal health requirements of the TFC OFFSP. With both programs being mandatory, ninety-nine (99) per cent of commercial turkey farmers were certified under the TFC OFFSP and FCP by December 2020.

As a result of the COVID-19 pandemic, the scheduling of TFC On-Farm Programs' audits required some adjustments to ensure the health and safety of everyone involved in the audit process. To help with the maintenance of the TFC On-Farm Programs, TFC prepared a number of communications for producers and auditors to provide guidance for areas that needed attention due to COVID-19, including information and procedures for biosecurity, on-farm audits and record keeping.

In March 2020, the TFC OFFSP successfully underwent the 20-month review by the Canadian Food Inspection Agency (CFIA), required to maintain its full government recognition status under the CFIA Food Safety Recognition Program (FSRP). Full recognition for the TFC OFFSP was first obtained in 2018. It serves as formal declaration that the program meets the

requirements of the FSRP; is technically sound in that it promotes the production of safe food at the farm level and adheres to Hazard Analysis Critical Point (HACCP) principles; and, supports the effective implementation, administration, delivery and maintenance of the program. To uphold the full recognition status, TFC needs to participate in an ongoing five-year review cycle, which includes evaluations after 20, 40 and 60 months.

To assist with the interpretation of the program requirements, TFC continued work on the development of an auditor guidance manual, which is expected to be released in the first quarter of 2021. Its intent is to provide a reference tool for On-Farm Programs auditors on how to audit the various program requirements that will help with the consistent implementation of the TFC OFFSP and FCP across the country.

Additional activities related to the TFC On-Farm Programs in 2020 included:

- training of new and existing on-farm programs auditors;
- a management review to evaluate the TFC On-Farm Programs management system;
- preparing for a review of the TFC On-Farm Programs; and,
- planning for witness audits of current on-farm programs auditors as well as internal audits of provincial program administrators and the TFC national office in 2021.

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

TFC On-Farm Programs Portal

Over the course of 2020, producer registrations for the TFC On-Farm Programs portal (www.tfconfarmprograms.ca) gradually increased and TFC initiated a review to update the Turkey Farming Info Sheets that are available on the site. The portal is designed as a tool for farmers, On-Farm Programs auditors and Provincial Boards to access essential information and help implement the TFC On-Farm Programs, as well as access news and announcements. It hosts the electronic versions of the TFC OFFSP and FCP for download as fillable PDF forms or for completion online, as well as related resources, including: a library of Turkey Farming Info Sheets; research resources; and, information on disease and flock health, medication and antimicrobial use.

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

Third-party audits for the TFC Flock Care Program© (FCP) continued in 2020 through NSF Canada Agricultural Certification Company, an internationally-recognized, third-party certification body with Professional Animal Auditor Certification Organization (PAACO) certified auditors. Due to COVID-19 and travel restrictions, a number of the third-party audits were conducted virtually through a combination of video and video conference where records were reviewed and barn and bird conditions were assessed by third-party auditors. With a delay in the start of audits due to COVID-19, a few of the audits were moved forward to 2021 and the report will be made available once all audits are completed.

Third-party audits were initiated to demonstrate transparency and provide further assurance to retailers, restaurants, and consumers that turkeys in Canada are raised humanely, and that the TFC FCP is an effective national standard to represent animal care on-farm. The third-party

audits are carried out in addition to annual provincial certification audits and represent a statistically valid random sample of farms across Canada.

Antimicrobial Use and Resistance

The Canadian turkey industry continued work in 2020 towards the implementation of a sector-wide antimicrobial use (AMU) strategy in response to the increased global attention to the threat of antimicrobial resistance (AMR). The strategy focuses on the elimination of the preventive use of antibiotics important to human medicine. It works to maintain and build consumer confidence in Canadian turkey and to meet the needs of processors, restaurants, and retailers, while ensuring options to maintain the health and welfare of turkeys remain available.

The strategy was approved in June 2017 and set timelines to eliminate the preventive use of antibiotics important in human medicine by eliminating the preventive use of Category II antibiotics by the end of 2018 and Category III antibiotics by May 1, 2020. The strategy builds on the current Category I initiative, in place since 2014. To ensure the well-being of birds, the strategy permits the use of all categories of antibiotics for treatment and the use of ionophores (Category IV antibiotics: not used in human medicine) and chemical coccidiostats. The strategy is implemented through the TFC On-Farm Food Safety Program© (OFFSP).

To continue to support implementation, TFC developed communication materials for stakeholders and various information pieces, including a backgrounder on the outlook for Category III timelines, which was written in consultation with a poultry veterinarian that sets the context for the strategy and what strategies can be used to lessen the impact of removal.

With the implementation of the Category III

timeline on May 1, 2020, TFC recognized the challenging timing of the transition due to the COVID-19 pandemic but also acknowledged all of the hard work by industry stakeholders to prepare for the strategy timelines, and implementation proceeded as planned. Since implementation, open communication with TFC and producers, Provincial Boards, veterinarians, and feed mills on the impacts experienced on-farm was encouraged, and the TFC Board of Directors continues to review and assess the information available to make informed decisions on next steps for the strategy.

TFC also participated in a number of consultations surrounding AMU and AMR, including providing comments on the draft *Pan-Canadian Action Plan on Antimicrobial Resistance* and the development of an AMR Network to address the coordination gap at a Pan-Canadian, One Health level, and worked to ensure that the industry was represented during stakeholder consultations and meetings.

TFC maintained its support of the surveillance activities for AMU and AMR through the Canadian Integrated Program for Antimicrobial Resistance Surveillance (CIPARS) of the Public Health Agency of Canada (PHAC). The on-farm data generated highlights the importance of turkey-specific surveillance in informing and monitoring the effectiveness of industry initiatives. TFC continues to work with CIPARS on improving clarity of presentation of data and the potential for expansion of sampling.

National Farm Animal Care Council Transportation Code of Practice Update

Work to update the Transportation Code of Practice through the National Farm Animal Care Council (NFACC) code development process continued in 2020. Working groups for poultry catching and transport and hatchery transport met throughout the year starting with an in-

person meeting before transitioning to virtual meetings. The full Code Development Committee was also established and began virtual meetings in 2020.

5-Year Code Review of the Poultry Code of Practice

Work was initiated by TFC in combination with other poultry groups in 2020 on the five-year review for the *Code of Practice for the Care and Handling of Hatching Eggs, Breeders, Chickens and Turkeys*. The 5-Year Code Review is intended to provide an opportunity to reflect upon the overall progress made since the last update, identify challenges and determine the relative priority level for a full update. A Code Technical Panel (CTP) is responsible for the review and includes representation from the commodity associations, the research and veterinary community, and animal welfare association. The CTP will take into account feedback from industry stakeholders on Code awareness and implementation and research conducted on research priorities. The CTP is expected to meet over the course of 2021 with a decision to be presented to the NFACC Board of Directors later in the year.

RESEARCH Canadian Poultry Research Council (CPRC)

CPRC continued with their regular activities in 2020 including the approval of funding for eight research projects. The selection was based on industry priorities, perceived benefit and impact to the industry, and the results of the technical and peer reviews. Work also continued on a review of the governance structure to strengthen CPRC's governance model to help the Board of Directors carry out its oversight with organizational growth and additional operational demand.

CPRC also launched a new website, as a central

hub for CPRC funded research. The site includes practical results of poultry projects conducted over the last 10 years under the Science Cluster program established by Agriculture and Agri-Food Canada (AAFC). The new site is intended for anyone interested in research results, including producers, industry, researchers and students. Projects are organized by five key research focus areas, antimicrobial stewardship, poultry health, poultry welfare, food safety and sustainability. Each project includes information on overall objectives, results and applicability for the industry.

TFC Involvement in Regulatory Modernization and Policy Initiatives

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

- Updates to the Health of Animals Regulations Part XII regarding transport of animals
- Renewal of the Canadian Hatchery Regulations and development of Canadian Hatchery and Supply Flock Testing Standards
- Renewal of the Canadian Feeds Regulations
- Veterinary Drugs Regulatory Modernization

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, and in the Canadian Animal Health Surveillance System (CAHSS) Poultry and AMU/AMR Network Groups. TFC also remained engaged in communicating with Health Canada's Veterinary Drugs Directorate (VDD) regarding the importance of treatment options for Histomoniasis (Blackhead), and continued to support the approval of Fenbendazole (Safe-Guard) in a joint effort with the Canadian Association of Poultry Veterinarians (CAPV) and the manufacturer of the product. As a result of this work, the use of Safe-Guard Premix 20% in turkeys for the treatment of parasitic infections was approved in May 2020.

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

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

TFC

RESEARCH COMMITTEE

- Adam Power, FPPAC (ON)
- Steven Eadie (NS)
- Rachelle Brown (MB)/
Leroy Loewen (MB)
- 1 vacancy

ON-FARM PROGRAMS COMMITTEE

- Scott Olson, Chair (AB)
- Shawn Heppell (BC)
- Darren Kornelson (MB)
- Greg Lansink (ON)
- Jennifer Paquet (QC)
- Lori Ansems (NS)
- Gary Raycroft (CPEPC)

POLICY AND TRADE

INTERNATIONAL TRADE

Canada-United States-Mexico Agreement (CUSMA)

On July 1, 2020, the new Canada-United States-Mexico Agreement (CUSMA) entered into force, which was originally signed by the three countries on November 30, 2018. The agreement includes a new methodology for calculating the level of turkey imports that will be allowed to enter Canada. This new methodology is based on the level of total domestic turkey production versus the previous calculation that excluded domestic production destined for export markets. As the volume of turkey produced for the domestic and export markets can individually vary significantly year-over-year, the agreement will result in fluctuating levels of additional access volumes annually.

World Trade Organization (WTO)

Due to the COVID-19 Pandemic, the WTO Ministerial Meeting (MC12), scheduled for Nur-Sultan, Kazakhstan, in June of 2020, was cancelled. No new date for the Ministerial negotiating session has been scheduled, but late 2021 is anticipated.

Roberto Azevêdo officially resigned on August 31, 2020 as the Director General (DG) of the WTO. On October 28, 2020, the WTO announced that the candidate best poised to attain consensus and become the 7th Director-General (DG) of the WTO was Ngozi Okonjo-Iweala of Nigeria. However, the United States said it could not support the appoint of the Nigerian candidate, thus delaying the selection of the new DG into early 2021.

With respect to the agricultural negotiations, Ambassador John Deep Ford stepped down as the Chair of the Agriculture Committee on June 30, 2020 and was replaced by Costa Rican Ambassador Gloria Abraham Peralta. The seven key topics under discussion at the Committee in 2020 included: domestic support; market access; export competition; export restrictions; cotton; public stockholding and the special safeguard mechanism for developing countries. These discussions took place through a number of small groups led by facilitators, with the objective of narrowing gaps in negotiating positions and identifying realistic landing zones prior to MC12. These small group discussions will carry into 2021.

Other Trade Negotiations and Agreements

Despite not being able to formally meet face-to-face due to the pandemic, virtual technical discussions between Canada and MERCOSUR bloc of countries (Brazil, Argentina, Paraguay and Uruguay) took place in 2020 and are expected to continue in 2021. Regarding the Comprehensive

and Progressive Trans-Pacific Partnership (CPTPP) Agreement, the industry is in year three of the import access implementation, which is set at 1.75 Mkg eviscerated. However, no imports under CPTPP have occurred for this or previous allocation periods to-date, as Chile, the only country at this time that is seen as capable of exporting turkey to Canada, has not ratified the agreement.

POLICY



At the TFC 262nd Meeting of June 25-26, 2020, the Directors suspended the Agency's National Commercial Allocation Policy, implemented December 19, 2006. This Policy, which segregated allocations according to Whole Bird (WB) and Further Processed (FP) market segments for the first time, was the industry's longest serving Allocation Policy at 13 years. The decision to suspend the Policy was a direct result of three factors. Over the last several years, the industry has experienced a change in consumer demand, with retail sales of whole birds steadily decreasing. This resulted in significant decreases to the national commercial allocation and, by extension, to provincial allocations that impacted individual provinces to varying degrees, raising concerns around provincial sustainability. Additionally, significant market disruption on further processed product sales due to the COVID-19 pandemic, resulted in additional frozen inventories, which required innovative allocation

decisions outside of historical policy norms. Lastly, the review of the Policy initiated in 2017 is anticipated to move forward at an accelerated manner and be completed by the time a new market equilibrium is reached.

Concerning the review of the National Commercial Allocation Policy, 2020 was a very active year with regularly scheduled video conferences of the review committee. As of the end of 2020, significant work was completed on: i) a formula based approach for allocating natural growth in quota across provinces; and, ii) exploring a mechanism for provinces to be allocated additional quota, where provincial industries are recognized as being innovative in growing the market.

The Supply Policy Committee (SPC) is mandated to review the administration of the Agency's allocation policies and other supply related matters, including import supply as instructed by the TFC Directors. At the TFC June 2020 meeting, the SPC was requested to provide a recommendation on the impact of the TFC Export Policy on calculating the global tariff rate quota (TRQ), as a result of the new Canada-United States-Mexico Agreement (CUSMA). The SPC tabled recommendations at the TFC November meeting, and further analysis was requested by the TFC Board. The intent is to

finalize any policy options early in 2021 followed by an industry consultation process.

The Multiplier Breeder Policy and the Primary Breeder Policy that had aspects scheduled for review in 2020 have been carried into 2021, given the priority placed on the 2020 review of the Allocation Policy and the CUSMA TRQ adjustment.

The Federal Government's public consultation regarding the TRQs for supply managed products continued in 2020. For turkey, this consultation included the World Trade Organization (WTO/CUSMA) global TRQ and the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) Agreement TRQ. The purpose of the consultation was to inform the decision of the Minister of International Trade Diversification regarding potential allocation methods and administrative policies for the TRQs.

In May 2020, this consultation was temporarily suspended due to COVID-19. The review, including stakeholder consultations, will resume in 2021. However, with the implementation of CUSMA on July 1, 2020, an interim global TRQ allocation methodology was required for 2021. This interim methodology was made public October 1, 2020. Throughout the original public consultation process and the consultation on the interim methodology, TFC worked with the Canadian Poultry and Egg Processors Council (CPEPC), Further Poultry Processors Association of Canada (FPPAC) and the Canadian Association of Regulated Imports (CARI), on an industry consensus that could be tabled with the government. Although a full consensus across the four organizations was not possible, the interim global TRQ allocation methodology does reflect priorities identified by TFC and should provide the stability and certainty required on the global import pillar for the coming year.

TFC

SUPPLY POLICY COMMITTEE

- Calvin McBain, Chair (ÉVQ)
- Brian Ricker, Eastern Region (TFO)
- Bertin Cyr, Eastern Region (TFNB)
- Dave Mandel, Western Region (ATP)
- Rachelle Brown, Western Region (MTP)
- Doug Hart, Processor Representative (CPEPC)
- Adam Power, Processor Representative (FPPAC)

Producers' Trade Consultant

- Charles Akande, Geneva, Switzerland

TURKEY INDUSTRY STATISTICS

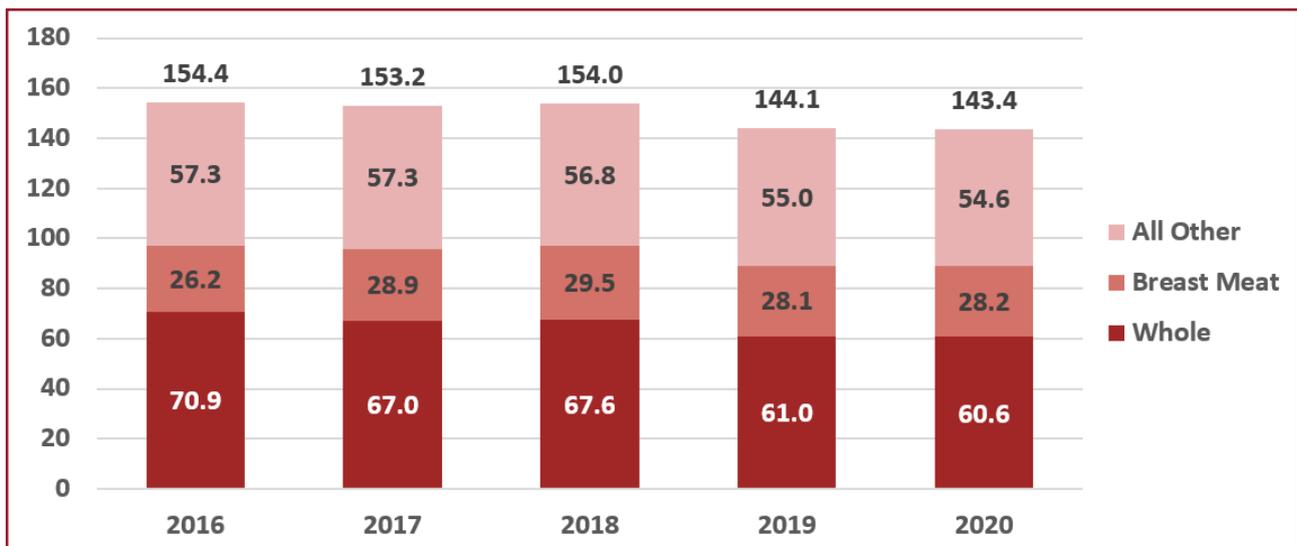
Domestic Disappearance

Domestic disappearance in 2020 was 143.4 million kg (Mkg), a decrease of 0.6 Mkg from 2019. Whole turkey disappearance decreased to 60.6 Mkg in 2020 from 61.0 Mkg in 2019 and 67.6 Mkg in 2018. Domestic disappearance of breast meat in 2020 was 28.2 Mkg, an increase of 0.1 Mkg from 28.1 Mkg in 2019.

Sudden changes in consumption due to COVID-19 caused a sharp decline in movement of turkey through quick-serve foodservice and full service deli counter channels. This, in particular, was behind dramatic changes in breast meat sales. Whole bird sales at retail received a boost in sales at the beginning of the pandemic in March. Despite the need for small gatherings due to the pandemic, consumers still enjoyed a turkey meal with their household, leading to whole bird sales that remained strong at Easter and Thanksgiving. As families continued to celebrate these important holidays safely in smaller gatherings, the demand for smaller whole turkeys and other items such as roasts were particularly strong.

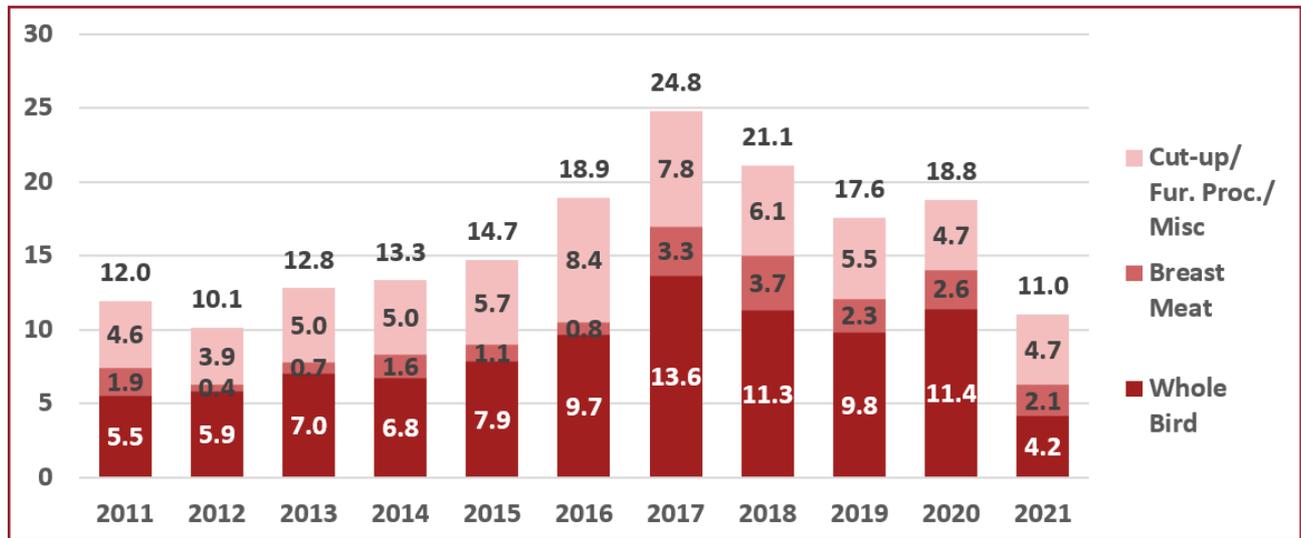
Domestic Disappearance of Turkey

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



January 1st Turkey Stocks

(millions of kg)



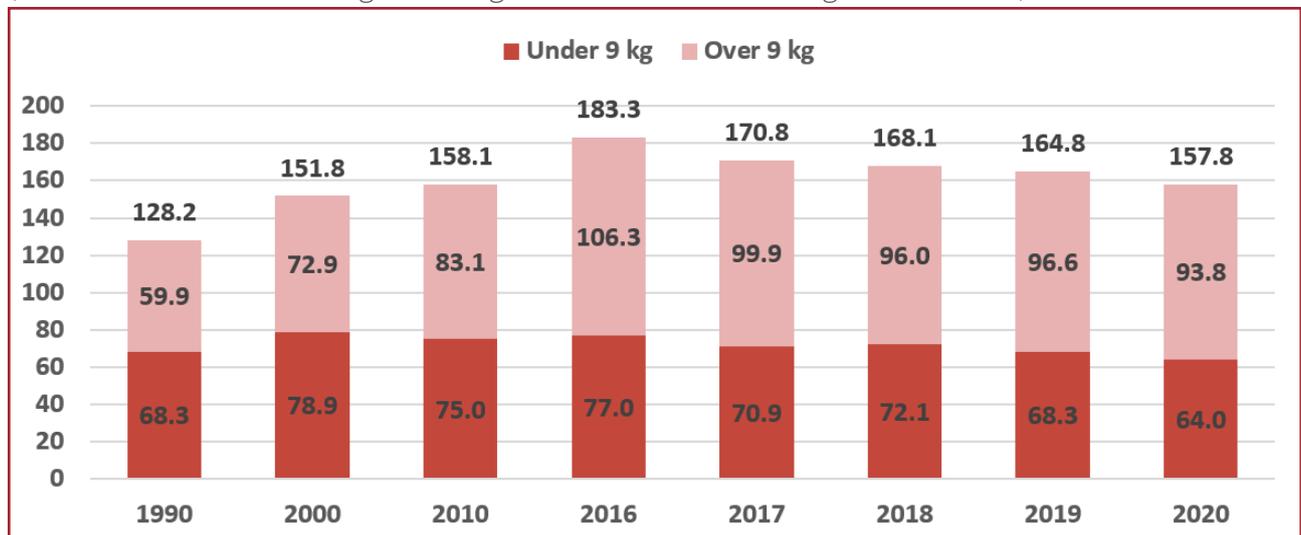
Source: Agriculture and Agri-Food Canada

Turkey Production

Canadian turkey production in 2020 was 157.8 Mkg, a decrease of 7.0 Mkg from 2019. In response to the sharp decline in foodservice sales at the beginning of the pandemic, TFC responded to the backlog of breast meat by reducing allocation on a temporary basis, with the expectation that this cutback would be reversed as stocks returned to reasonable levels and the business impacts of the pandemic improved.

Turkey Production in Canada

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

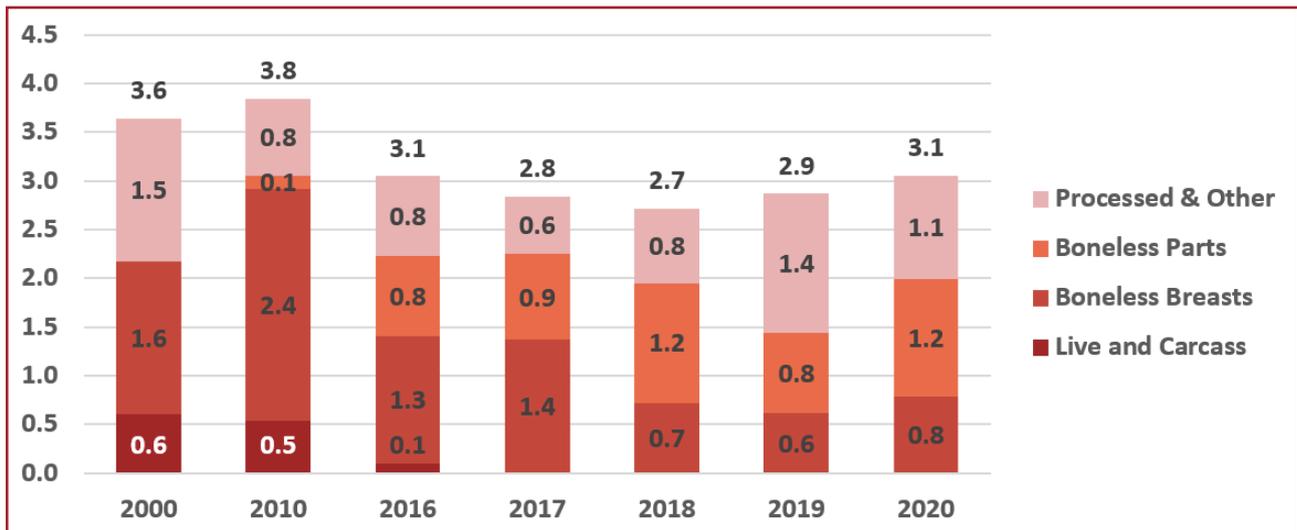


Imports

Imports of turkey on the Import Control List (ICL) of 3.1 Mkg were 0.2 Mkg higher than in 2019. Over time, the composition of imports has changed as boneless breast imports have declined from 2.4 Mkg in 2010 to 0.6 Mkg in 2019 and 0.8 Mkg in 2020. The import of other boneless parts such as thigh meat have increased from a minimal quantity in 2010 to 1.2 Mkg in 2020.

Canadian Imports of Turkey

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

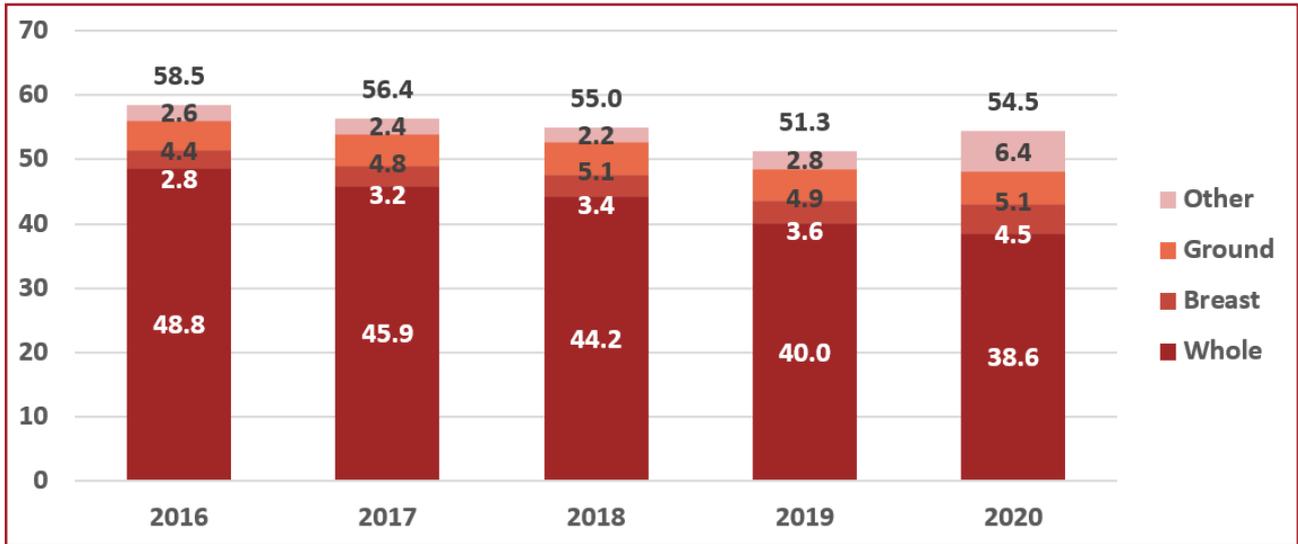


Retail Sales

Data from the AC Nielsen Company of Canada shows that sales of whole turkeys at major retail banners (excluding wholesale club stores) declined from 48.8 Mkg in 2016 to 38.6 Mkg in 2020. The retail turkey market has seen a shift in recent years from whole birds towards breast meat items such as roasts. As mentioned, retail sales of whole birds received an unexpected boost in March of 2020 from pandemic shopping in comparison to the year earlier, with whole bird sales holding up well at Easter, Thanksgiving and Christmas.

Retail Sales of Turkey and Turkey Products

(major retail banners excluding warehouse club stores – millions of kg – annual)



Source: AC Nielsen Company of Canada

According to AC Nielsen, sales of breast meat items at major retail banners increased to 4.5 Mkg from 3.6 Mkg in 2019 and 2.8 Mkg in 2016. Much of this increase is due to the increasing popularity of roasts, which are primarily made from breast meat. Sales of ground turkey in 2020 were 5.1 Mkg, an increase of 0.1 Mkg from 2019 and a slight decrease from 2018.

TFC

TURKEY MARKET ADVISORY COMMITTEE

- Sateesh Ramkissoonsingh, Chair (TFC)
- John Sheldon (TFC)
- Nicolas Paillat (CPEPC)
- John Groenewegen, Third-Party Market Analyst
- Nik Zylstra (FPPAC)

TFC ALLOCATION POLICY REVIEW COMMITTEE

- Darren Ference, Chair, (ATP)
- Mike Reimer (MTP)
- Louis Martin (TFNB)
- Michel Benoit (BCTMB)
- Helga Wheddon (MTP)
- Steven Eadie (TFNS)
- Shawn Heppell (BCTMB)
- Matt Steele (TFO)
- Sonya Lorette (TFNS)
- Cara Prout (ATP)
- Jon-Michael Falconer (TFO)
- Gary Raycroft (CPEPC)
- Scott Olson (ATP)
- Pierre-Luc LeBlanc (ÉVQ)
- Nicolas Paillat (CPEPC)
- Jelmer Wiersma (TFS)
- Richelle Fortin (ÉVQ)
- Tony Tavares (CPEPC)
- Bertin Cyr (TFNB)
- Adam Power (FPPAC)

FINANCIAL STATEMENTS

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

For the year ended December 31, 2020

Independent Auditors' Report	32
Statement of Financial Position	34
Statement of Operations	35
Statement of Change in Fund Balances	36
Statement of Cash Flows	37
Schedule 1 - Administration Expenses	43
Schedule 2 - Marketing Expenses	44

TFC

AUDIT AND FINANCE COMMITTEE

- Calvin McBain, Chair (ÉVQ)
- Shawn Heppell, Director (BCTMB)
- Jelmer Wiersma, Director (TFS)



Gail C. Almand, CPA, CA
Brian L. Braun, CPA, CA
George Karteros, CPA, CA
Jamie R. Mitchell, CPA, CA, CBV
David J. Straughan, CPA, CA

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of Canadian Turkey Marketing Agency c.o.b. Turkey Farmers of Canada (the "Agency"), which comprise the statement of financial position as at December 31, 2020, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Agency in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Agency for the year ended December 31, 2019 were audited by another accountant who expressed an unqualified opinion on those financial statements on February 7, 2020.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Agency's financial reporting process.

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INDEPENDENT AUDITORS' REPORT, CONTINUED

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Mississauga, Ontario
March 10, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS



TURKEY FARMERS OF CANADA

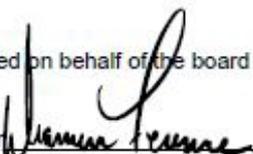
STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	2020	2019 <i>(note 13)</i>
ASSETS		
Current		
Cash	\$ 1,887,560	\$ 1,537,364
Short-term investments (note 3)	661,547	337,812
Accounts receivable (note 4)	1,315,303	829,413
Prepaid expenses	51,300	42,308
	<u>3,915,710</u>	<u>2,746,897</u>
Long-term investments (note 3)	1,424,690	1,667,020
Property and equipment (note 5)	66,310	64,435
	<u>\$ 5,406,710</u>	<u>\$ 4,478,352</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 125,801	\$ 172,162
Government remittances	182,686	223,624
	<u>308,487</u>	<u>395,786</u>
COMMITMENTS (note 6)		
COVID-19 (note 12)		
FUND BALANCES		
Internally restricted fund (note 2)	3,385,515	3,175,773
Unrestricted fund	1,646,398	842,358
Funds invested in property and equipment (note 2)	66,310	64,435
	<u>5,098,223</u>	<u>4,082,566</u>
	<u>\$ 5,406,710</u>	<u>\$ 4,478,352</u>

Approved on behalf of the board

Director



See accompanying Notes to the financial statements



2

TURKEY FARMERS OF CANADA

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2020

	<i>General Operations</i>	<i>Think Turkey™</i>	<i>2020 Total</i>	<i>2019 Total</i>
Revenue				
Producer levies	\$ 3,698,278	\$ -	\$ 3,698,278	\$ 3,631,585
Marketing levies	-	4,869,957	4,869,957	4,155,367
Investment income	85,437	-	85,437	60,255
Project funding	3,000	-	3,000	40,248
	<u>3,786,715</u>	<u>4,869,957</u>	<u>8,656,672</u>	<u>7,887,455</u>
Expenses				
Administration (Schedule 1)				
Directors' and staff expenses	118,831	-	118,831	644,143
Remuneration to Directors and staff	1,303,849	-	1,303,849	1,473,268
Other administrative	594,558	-	594,558	663,362
	<u>2,017,238</u>	<u>-</u>	<u>2,017,238</u>	<u>2,780,773</u>
Marketing (Schedule 2)				
Provincial marketing programs	400,000	-	400,000	400,001
Market development	208,358	-	208,358	197,501
Public relations and communications	255,329	-	255,329	482,462
	<u>863,687</u>	<u>-</u>	<u>863,687</u>	<u>1,079,964</u>
Other expenses				
Special promotions (note 9)	215,654	-	215,654	126,308
Think Turkey™ expenses (note 10)	-	4,544,436	4,544,436	3,852,201
	<u>215,654</u>	<u>4,544,436</u>	<u>4,760,090</u>	<u>3,978,509</u>
	<u>3,096,579</u>	<u>4,544,436</u>	<u>7,641,015</u>	<u>7,839,246</u>
Excess of revenue over expenses for the year	<u>\$ 690,136</u>	<u>\$ 325,521</u>	<u>\$ 1,015,657</u>	<u>\$ 48,209</u>

See accompanying Notes to the financial statements



TURKEY FARMERS OF CANADA
 STATEMENT OF CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<i>Internally Restricted Funds</i>	<i>Unrestricted Fund</i>	<i>Funds Invested in Property and Equipment</i>	<i>Total 2020</i>	<i>Total 2019</i>
Balance, beginning of year	\$ 3,175,773	\$ 842,358	\$ 64,435	\$ 4,082,566	\$ 4,034,357
Excess (deficiency) of revenues over expenses	143,742	890,490	(18,575)	1,015,657	48,209
Appropriations	66,000	(66,000)	-	-	-
Capital expenditures	-	(20,450)	20,450	-	-
Balance, end of year	\$ 3,385,515	\$ 1,646,398	\$ 66,310	\$ 5,098,223	\$ 4,082,566

See accompanying Notes to the financial statements



4

TURKEY FARMERS OF CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
Cash flows from operating activities		
Excess of revenue over expenses	\$ 1,015,657	\$ 48,209
Adjustment for item which does not affect cash		
Amortization	18,575	21,780
Change in non-cash working capital items		
Accounts receivable	(485,890)	(377,507)
Prepaid expenses	(8,992)	25,065
Accounts payable and accrued liabilities	(46,361)	95,641
Government remittances	(40,938)	96,617
	<u>452,051</u>	<u>(90,195)</u>
Cash flows from investing activities		
Purchase of property and equipment	(20,450)	-
(Purchase) sale of investments, net	<u>(81,405)</u>	<u>703,364</u>
	<u>(101,855)</u>	<u>703,364</u>
Increase in cash	350,196	613,169
Cash and cash equivalents, beginning of year	<u>1,537,364</u>	<u>924,195</u>
Cash and cash equivalents, end of year	<u>\$ 1,887,560</u>	<u>\$ 1,537,364</u>

See accompanying Notes to the financial statements



TURKEY FARMERS OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. NATURE OF OPERATIONS

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 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".

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 \$397,867 (2019 - \$399,318), liabilities of \$396,686 (2019 - \$398,257), and net assets of \$1,181 (2019 - \$1,061). The results of operations of TRRB are total member contributions of \$1,200 (2019 - \$1,200), total expenses of \$1,080 (2019 - \$1,850), and excess of contributions over expenses of \$120 (2019 - \$650 deficiency). Cash outflow from operating activities is \$78 (2019 - \$351).

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) 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
Computer equipment	30% Declining balance
Leasehold improvements	10 years Straight-line

(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.



TURKEY FARMERS OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) 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 \$2,222,000 (2019 - \$2,156,000), increasing to \$2,289,000 in 2021.

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 is fund is \$178,748 (2019 - \$370,229).

A research fund was previously established by the Board of Directors to accumulate funds for future research needs. The balance in this fund is \$356,080 (2019 - \$346,378).

A special marketing fund was established in 2019 for the Think Turkey™ Campaign. These funds are internally restricted and mandated by the Board of Directors to be used for marketing expenses that promote the consumption of turkey meat in Canada. The balance in this fund is \$628,687 (2019 - \$303,166).

(d) Revenue recognition

The Agency follows the deferral method of accounting for externally restricted contributions.

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

Investment income relates to interest earned and changes in market value on investments held and is recognized as it is earned.

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

(e) Financial instruments

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



TURKEY FARMERS OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Use of estimates

The preparation of 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are accounts receivable and accounts payable and accrued liabilities.

3. INVESTMENTS

- (a) Short-term investments consist of \$91,091 (2019 - \$90,888) in cash and mutual funds held in RBC Investment Savings and \$570,456 (2019 - \$246,924) in strip bonds guaranteed by the Government of Canada with an interest rate of 1.87% (2019 - 1.79%), maturing December 2021 (2019 - December 2020).
- (b) Long-term investments consist of \$1,424,690 (2019 - \$1,667,020) in strip bonds guaranteed by the Government of Canada with interest rates ranging from 2.02% to 2.07% (2019 - 1.87% to 2.07%) that have maturity dates ranging from December 2022 to December 2023 (2019 - December 2021 to December 2023).

4. ACCOUNTS RECEIVABLE

	2020	2019
Producer levies	\$ 545,862	\$ 281,706
Marketing levies	744,059	542,387
Recoverable from projects	-	3,753
Miscellaneous accounts receivable	<u>25,382</u>	<u>1,567</u>
	<u>\$ 1,315,303</u>	<u>\$ 829,413</u>

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2020 Net	2019 Net
Computer equipment	\$ 130,625	\$ 99,715	\$ 30,910	\$ 25,685
Furniture and equipment	139,952	123,155	16,797	12,498
Leasehold improvements	176,809	158,206	18,603	26,252
	<u>\$ 447,386</u>	<u>\$ 381,076</u>	<u>\$ 66,310</u>	<u>\$ 64,435</u>



8

TURKEY FARMERS OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

6. COMMITMENTS

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

2021	\$ 330,647
2022	280,190
2023	127,021
2024	11,840
2025	<u>335</u>
	<u>\$ 750,033</u>

7. 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, 2020, this facility has not been used (2019 - nil).

8. 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 \$3,385,515 (2019 - \$3,175,773) are subject to internally imposed capital restrictions.

9. 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.

10. THINK TURKEY EXPENSES

Think Turkey™ Campaign expenses include marketing and other administrative expenses related to the promotion and consumption of turkey meat in Canada.



TURKEY FARMERS OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

11. FINANCIAL INSTRUMENTS

Financial instruments include cash, investments, accounts receivable, accounts payable and accrued liabilities and government remittances. The carrying value of these instruments approximates their fair value due to their immediate or short-term liquidity.

It is management's opinion that the Agency is not exposed to significant interest rate, currency, liquidity or credit risks arising from its financial instruments.

Management believes the exposure to the above risks have not changed in the past year.

12. COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic. The full impact of the pandemic continues to evolve as of the date of this report and management is monitoring the impact on the Agency's financial condition, liquidity, suppliers, employees and the sector generally.

13. PRIOR PERIOD ADJUSTMENT

The comparative figures have been retroactively restated to reflect the sales tax receivable on producer and marketing levies which were not previously recorded. As a result, accounts receivable and government remittances as at December 31, 2019 have been increased by \$66,210.

The changes do not affect prior year earnings or fund balances.



10

TURKEY FARMERS OF CANADA

SCHEDULE 1 - ADMINISTRATION EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
Other administrative		
Amortization	\$ 18,575	\$ 21,780
Audit	15,700	24,600
Contract projects and external consulting	111,534	89,539
Insurance	7,739	8,736
Legal and accounting	19,055	27,451
Office leases and supplies	65,149	70,722
OFFSP/Flock Care	22,083	65,336
Postage and courier	1,210	6,350
Rent, property tax and utilities	191,628	182,284
Sundry administration	757	722
Telephone	14,282	15,514
Trade consultation	23,488	42,358
Translation and interpretations	103,358	107,970
	<u>594,558</u>	<u>663,362</u>
Remuneration to Directors and staff		
Directors' fees	141,342	154,025
Employee benefits	179,820	209,445
Staff salaries	982,686	1,109,798
	<u>1,303,848</u>	<u>1,473,268</u>
Directors' and staff expenses		
Directors, Alternates and Board Managers' expenses	54,485	372,208
Meeting rooms	2,725	84,560
Staff expenses	60,545	186,297
Travel insurance	1,076	1,078
	<u>118,831</u>	<u>644,143</u>
	<u>\$ 2,017,237</u>	<u>\$ 2,780,773</u>



TURKEY FARMERS OF CANADA

SCHEDULE 2 - MARKETING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
Provincial marketing programs		
TFC provincial marketing supplement	<u>\$ 400,000</u>	<u>\$ 400,001</u>
Market development		
Canadian Poultry Research Council	46,666	46,666
Market research	61,192	60,085
Turkey research	<u>100,500</u>	<u>90,750</u>
	<u>208,358</u>	<u>197,501</u>
Public relations and communications		
Marketing and communications	155,911	374,792
Memberships	86,931	83,956
National sponsorships and promotions	6,320	16,076
Subscriptions	<u>6,167</u>	<u>7,638</u>
	<u>255,329</u>	<u>482,462</u>
	<u>\$ 863,687</u>	<u>\$ 1,079,964</u>





TURKEY FARMERS OF CANADA
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