



TURKEY FARMERS
OF CANADA™
LES ÉLEVEURS DE DINDON
DU CANADA™

ANNUAL REPORT 2016



Annual Report for the Year Ended
December 31, 2016

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

**The forty-third 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.**

Turkey Farmers of Canada

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ABOUT TURKEY FARMERS OF CANADA

Turkey Farmers of Canada (TFC) is the national organization representing Canada's 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 Proclamation, the TFC Board of Directors is comprised of 11 Members, including eight farmer-elected provincial board representatives, two appointed Members of the primary turkey processing sector and one Member from the further turkey processing sector.

Together, the Board sets the national turkey production levels in response to market activity and market forecasts, and 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.

Consistent with S.21 of the FPAA, the TFC Board ensures necessary action to “*promote a strong, efficient and competitive turkey production and marketing industry.*”

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 (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

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

OUR MISSION

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



OUR VALUES

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

- A national, orderly marketing system working towards growth of output and profitability for investors in the sector.
- Keeping pace with ongoing competitive changes in the Canadian marketplace.
- Maintaining the expectations of the Canadian consumer through innovation and excellence in turkey production and processing, providing a high-quality and safe product to consumers at a fair market price.
- An organization that functions ethically, respectfully, with integrity and valuing employees, partners and stakeholders.

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.



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



TURKEY FARMERS MAKING A POSITIVE IMPACT

OVER 222 MKG TOTAL LIVE PRODUCTION



535
FARMERS

20 FEDERALLY INSPECTED PROCESSORS

OVER 58M RETAIL SALES (KG)

OVER \$347M IN RETAIL SALES VALUE



OVER 14,000 TOTAL JOBS



\$396M IN FARM CASH RECEIPTS

British Columbia . Alberta . Saskatchewan . Manitoba .

ACROSS 8 PROVINCES

Ontario . Québec . New Brunswick . Nova Scotia .



Turkey farmers contribute

\$3.3B

in annual economic activity

Cumulative sales associated with turkey production and processing



CHAIR'S MESSAGE

Connections — they are at the heart of everything we do. As an industry, agriculture is built on a solid foundation of connections and commitment that allow us to collaborate, address issues and build a stronger and brighter future.

The Turkey Farmers of Canada (TFC) represents 535 farmers across Canada in eight provinces, and these farmers have generated cash receipts of almost \$396 million in 2015. We recognize the value-driven outputs of our industry.

Over the last five years, farm output has grown by 12% driven by a growth in production for value-added activity of 19% over that same period. We are a strong and proud industry. The turkey industry generates 14,000 jobs and, as you will see from this annual report, it adds economic activity in the amount of \$3.3 billion per year. As consumption and the demand for turkey products continue to grow, we should feel confident in the strength of our industry.

2016 is rooted in the importance and the commitment of strong ties. We have worked together to reinforce a solid foundation based on safety, access, innovation, and partnership. As we move forward, the commitment to connections and working together will be of even greater importance as we work to address new challenges and, more importantly, greater opportunities to showcase and grow our industry.

Turkey farmers operate within a supply management structure and view supply management as a significant component of Canadian agriculture. With an increased focus on international trade, we must continue to review trade agreements to understand the potential impact to our supply management system.

This year, we continued to monitor and respond to ongoing trade activities. We have been making great efforts to showcase the accomplishments of the industry and the far-reaching benefits of supply management, which allows our farmers to deliver value on the farm, in our communities and beyond. We have and will need to continue to collaborate with our fellow agricultural organizations to be strong advocates for supply management.

TFC continued to focus on growing the awareness and acceptance of Canadian turkey with consumers. In fact, this year marked the launch of the new *Canadian Turkey* brand, which is designed to highlight the nutritious, premium quality turkey meat Canadian farmers provide for consumers every day. We launched new partnerships and worked with our partners throughout the value chain to showcase turkey. Engaging the end consumer and ensuring that turkey is always top of mind is critical for our long-term success and sustainability.

In 2016, the Canadian turkey industry continued to enhance its programs, standards and practices to ensure turkey farms continue to be on the leading edge of production with respect to food safety, quality, and animal care. This year, we were part of the review process for the revised *Code of Practice for the Care and Handling of Hatching Eggs, Breeders, Chickens, and Turkeys*. This was another strong example of how the community has come together to continue to advance and build on the strengths of our practices. In addition, the advancement of the on-farm program continues to be an important priority for TFC and, as you will read, is reflected in the action and activities undertaken this year.

Although there have been challenges faced over the last year, there are enormous opportunities before us, and TFC is committed to capturing these opportunities to strengthen our industry.

Thank you for your commitment to agriculture and turkey farmers. Working together, we will continue to protect the trusted and essential system, meet the expectations of today's consumer, and enhance our marketplace.

Respectfully submitted,

Mark Davies
Chair

EXECUTIVE COMMITTEE & BOARD OF DIRECTORS



MARK DAVIES
CHAIR
Nova Scotia



CALVIN MCBAIN
VICE CHAIR
Québec



RACHELLE BROWN
EXECUTIVE MEMBER
Manitoba



VIC REDEKOP
British Columbia



DARREN FERENCE
Alberta



JELMER WIERSMA
Saskatchewan



BRIAN RICKER
Ontario



BERTIN CYR
New Brunswick



DOUG HART
Canadian Poultry and Egg
Processors Council
(CPEPC)



MICHEL PÉPIN
Canadian Poultry and
Egg Processors Council
(CPEPC)



KEITH HEHN
Further Poultry
Processors Association
of Canada (FPPAC)

ALTERNATE DIRECTORS

SHAWN HEPPELL, BRITISH COLUMBIA

TODD CLARKE, SASKATCHEWAN

STEVE HOFER, MANITOBA

MATT STEELE, ONTARIO

ANDRÉ BEAUDET, QUÉBEC

JOSHUA HAYES, NEW BRUNSWICK

STEVEN EADIE, NOVA SCOTIA

MARC SPROULE, NOVA SCOTIA

WAYNE URBONAS, CPEPC

JAMIE FALCAO, CPEPC

ED MINER, FPPAC

COMMITTEES AND APPOINTMENTS

Nominating Committee

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

Audit & Finance Committee

- Calvin McBain, Chair
- Darren Ference, Director
- Doug Hart, Director

Managers' Committee

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

Research Committee

- Rachelle Brown, Chair
- Wayne Urbonas, CPEPC
- Brian Ricker, CPRC
- Steven Eadie, TFNS

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, BC, Chair
- Calvin McBain, QC, Chair
- Joni Rynsburger, SK
- Matt Steele, ON
- Guy Jutras, 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

Turkey Market Development Committee

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

EXTERNAL APPOINTMENTS

Canadian Federation of Agriculture

- Mark Davies, Director
- Brian Ricker, Alternate Director

National Farm Animal Care Council

- Tom Hayter (September 2016) / Lori Ansems

Canadian Poultry Research Council

- Brian Ricker, TFC Director

New! In 2016, TFC created the Allocation Policy Review Committee:

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

MEMBERSHIPS & PARTNERSHIPS

Agriculture More Than Ever
Canadian 4-H Council
Canadian Agricultural Hall of Fame
Canadian Farm Writers' Federation
Canadian Federation of Agriculture
Canadian Partnership for Consumer Food Safety Education
Canadian Poultry and Egg Processors Council
Canadian Poultry Research Council
Canadian Supply Chain Food Safety Coalition

Farm & Food Care 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

TURKEY FARMERS OF CANADA STAFF

“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.”

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

Allyson Marcolini (March 2016)

Manager, Consumer Relations

Robin Redstone (August 2016) /

Kristina Fixter

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

Mabel Seto

Finance Administrator

Lorna Morris

Executive Services Administrator

Cathy Lane

Corporate Services Administrator

Charles Akande

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



EXECUTIVE DIRECTOR'S MESSAGE

My colleagues and I are pleased to submit the 2016 Annual Report to the Members of Turkey Farmers of Canada, the members of the Farm Products Council of Canada and the Minister of Agriculture and Agri-Food. The report highlights the activities and operations of TFC, and provides the detailed audited financial statements for the year-ended December 31, 2016.

The 2016 Annual Report details, not only, the milestones met through the year, but also looks ahead to the challenges to come. One of the key milestones of 2016, which you will read about, is the launch of the *Canadian Turkey* logo and the new consumer website – canadianturkey.ca. The launch and the new brand is a pivotal moment for our engagement with the end consumer and sets the stage for further consumer outreach moving forward.

To close the file on the Turkey Farmers of Canada (TFC) and Turkey Farmers of Ontario (TFO) Arbitration held in January 2016 regarding overmarketings in the Province of Ontario, the Arbitration Panel awarded liquidated damages to TFC in the amount of \$1.7 million. The liquidated damages were shared between TFC and the seven other Member provinces and are to be used exclusively for the marketing and promotion of the consumption of turkey products. Joint and collaborative initiatives are emerging across all provinces and TFC, and will be implemented in the first half of 2017. It is expected that there will continue to be a longer-term sustained marketing effort across the country.

During the 2016 Business Planning meetings, the Directors focused on three key results areas in their deliberations: Consumer Relations; Science & Research; and, Value Chain matters. This is not that the other three key results focused on Operations, Governance and Corporate Communications were not, and are not, important; it simply means that the priorities for 2016 and into 2017 are focused on engaging with consumers in ways that matter to them and ensuring that when the *Canadian Turkey* mark is evident, consumers are aware of the value proposition it offers.

2016 also brought a focus on reinforcing the quota system, its component parts, and its checks and balances in order to ensure that the quota system functions in the way it must and in the manner intended. From this set of initiatives, emerged a review of TFC policies that add product into the domestic supply, supply policy reviews, and the development of a comprehensive set of procedures for tracking the various sources of supply.

In addition, for the first time since implementation, a review of the TFC Commercial Allocation Policy (both the whole bird and further processing provisions) was initiated.

While it was a quieter year on the trade file, we continued to monitor a variety of trade issues that could potentially have a significant impact on the turkey sector. Monitoring, examining the impact and participating in the development of solutions to trade issues will continue to be key for TFC in 2017.

Section 21 of the *Farm Products Agencies Act* (FPAA) reads as follows:

- 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 relations 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.

By any measure, the focal points of the last year directly support the objects above. We look forward to continuing to drive action and value as we meet these objects in 2017 and beyond.

Respectfully submitted,

Phil Boyd
Executive Director

TURKEY FARMERS CONTRIBUTE TO A BETTER CANADA

Corporate Social Responsibility

TFC and our Members understand that we have a responsibility to help make our communities, our people and our country stronger.

In 2016, TFC continued its commitment to helping Canadians with a donation of over \$50,000 to Food Banks Canada. This contribution helped Food Banks Canada provide a happier Thanksgiving and Christmas to Canadians through the support of nearly 100 food banks.

TFC and Food Banks Canada, together, challenged Canadians to join the conversation. In addition to the \$50,000 donation, TFC pledged to donate an additional \$1 (up to \$3,000) for each use, share or re-tweet using the hashtag #TurkeyFarmersCare.



This year, additional contributions from the British Columbia Turkey Marketing Board, Manitoba Turkey Producers and Turkey Farmers of New Brunswick meant that more than \$60,000 was provided to Food Banks Canada.

Over the last eight years, TFC and its Member organizations have donated more than \$450,000 to Food Banks Canada for the purchase of whole turkeys and/or turkey products by rural food banks at Thanksgiving and into the Holiday Season.

In 2016, over \$60,000 was donated to food banks across Canada.

*Thank you
Turkey Farmers*

“On behalf of the St. Anthony and Area Food Sharing Association and clients, the support via funding to purchase turkeys was greatly appreciated!... Please extend our appreciation to all farmers and their organizational personnel for their kindness and generosity! Again, our sincere thanks!” *Tom O’Rielly, St. Anthony & Area Food Sharing Association (Newfoundland and Labrador)*

“The Teulon District Food Bank would like to thank The Turkey Farmers of Canada, in partnership with Alberta, New Brunswick, Manitoba, British Columbia Turkey Farmer Producers for the very generous donation to the Teulon Food Bank. We bought ground turkey to give all our food bank families.” *Teulon District Food Bank (Manitoba)*

“On behalf of the Fox Creek Food Bank, I would like to THANK YOU for the funds, which made it possible for us to give out turkeys to our Food Bank clients during the Thanksgiving season. It was very much appreciated.” *Fox Creek Food Bank (Alberta)*

“We purchased 45 turkeys with the donated money and are so pleased to be able to offer so many families a special Thanksgiving.” *Waterford and District Food Cupboard (Ontario)*

NUTRITIOUS, PREMIUM AND DELICIOUS TURKEY

Launching Canadian Turkey – #FreshIdea

Whether it is a holiday season, a Sunday dinner or an afternoon by the BBQ, Canadian turkey farmers are committed to helping Canadians choose, cook and enjoy turkey anytime of the year. In 2016, TFC was pleased to introduce *Canadian Turkey*, an all-new brand initiative, designed to highlight the nutritious, premium quality turkey meat Canadian farmers provide for consumers.

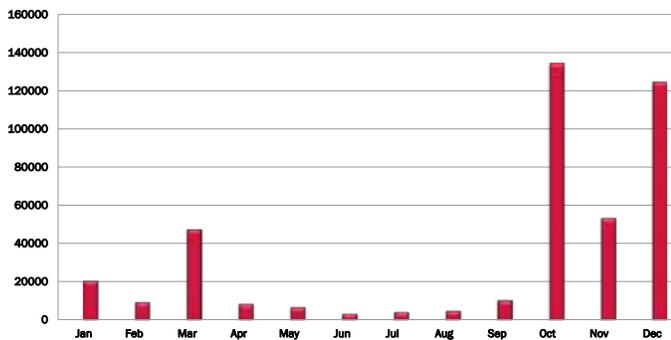
The *Canadian Turkey* brand is built on a foundation of our farmers' commitment to responsible animal care and providing safe, quality, homegrown turkey meat with great taste and nutritional benefits.

Reaching Canadian Consumers – Website Statistics

To provide even more information to consumers, TFC launched a new canadianturkey.ca website, which features a number of exciting new recipes, helpful hints and links to new Provincial Board websites.

canadianturkey.ca is the go to resource for Canadians looking to experience turkey's incredible versatility, taste and nutritional benefits.

2016 VISITS TO CONSUMER WEBSITE



430K VISITS TO OUR CONSUMER WEBSITE



Social Media Stats

Throughout 2016, TFC utilized social media to launch the new *Canadian Turkey* brand and worked with online influencers to engage consumers. In 2016, TFC launched a profile on Instagram to help reach even more Canadians. Social media will continue to be extremely important as TFC moves forward with innovative, new ways to engage consumers.



3,395 New Followers



1,099 New Followers



640 New Followers



445 New Subscribers
47K Views and 72K Minutes Watched



609 New Followers

97M IMPRESSIONS - ALL SOCIAL MEDIA CHANNELS

PARTNERING TO PROVIDE CANADIAN TURKEY

Growing the awareness and acceptance of Canadian turkey is an important part of TFC's activities. By building and maintaining brand partnerships across the consumer marketplace, TFC is helping to ensure that consumers are aware of the ease, the nutrition and the great taste of turkey. 2016 was a very exciting year as the Agency built on the success of past partnerships and engaged new consumer-driven organizations to help reach an expanding Canadian marketplace.



Partnership with SUBWAY® Canada

In fall 2016, TFC joined forces with SUBWAY® restaurants to announce a new special, limited time offer - Carved Turkey sandwich. The launch of the SUBWAY® Carved Turkey sandwich helped showcase a continued commitment to Canadian agriculture and provided another opportunity to have turkey front and centre for consumers. This campaign was supported by a national TV, radio, and digital advertising campaign and featured in-store promotion of the *Canadian Turkey* logo.

“To source Canadian turkey again for this new sandwich shows their continued commitment to Canadian agriculture. We’re proud to provide the turkey for this premium sandwich, continuing our partnership with SUBWAY® and making it easy for Canadians to support their nation’s farmers.”

Mark Davies, TFC Chair.



Partnership with Loblaw Real Canadian Superstore

In 2016, the *Canadian Turkey* brand was showcased on staff t-shirts in-store during the launch of the retailer's Canadian farmer program.

Partnership with French's Mustard

During Thanksgiving 2016, TFC and French's Mustard once again partnered for an in-store promotion celebrating Canadian turkey and mustard. More than 1,400 stores participated and displayed the promotion in store. This partnership was an opportunity to showcase delicious recipes and provided discounts and a mail-in rebate for a free bottle of mustard. In addition to the *Canadian Turkey* brand profile in-store, the promotion was also featured in Walmart's *Live Better* magazine and was highlighted in a variety of social media activities to generate visits to the *Canadian Turkey* website.



Food Blogger Campaigns

Today's consumers are extremely busy and always looking for ideas, tips and recipes to help make their time in the kitchen and around the dinner table easier and more enjoyable. Canadians turn to the Canadian Turkey website and online bloggers for simple and trusted information. This year, TFC continued to engage the blogger community to help spread the word about the positive attributes of turkey, and TFC implemented three campaigns with food bloggers. The social media campaigns held prior to Thanksgiving and Christmas involved bloggers across Canada and utilized the hashtags: #CdnTradition, #FestiveCdnTurkey and #TalkCDNTurkey.

#CdnTradition

During this campaign prior to Thanksgiving, TFC worked with 12 bloggers to share messages about the ease of preparation and perfect dinner solutions. The campaign resulted in 22M total impressions and 1K new social media channel members. In addition, there were 1K new visits to provide comments on the recipes, and 17K social media posts about Canadian turkey.

#FestiveCdnTurkey

During this campaign launched in late November and during the course of eight weeks, 12 bloggers utilized #FestiveCdnTurkey to promote new recipes and tips for consumers, which included easy and impressive glazes, plated carved parts, stuffing and rubs. The campaign resulted in 31M total impressions and 825 new social media channel members. In addition, there were 1K new visits to provide recipe comments, and 31K social media posts about Canadian turkey.

Food Bloggers of Canada

TFC was proud to sponsor the annual *Food Bloggers of Canada (FBC) Conference* in Toronto, ON on October 21st-23rd. As Canada's only national conference for food bloggers, the event provided a great opportunity to connect with consumer influencers.

In September, TFC with Food Bloggers cohosted a Twitter party. During the Twitter party, individuals utilized #TalkCDNTurkey and shared recipes, tips, advice and their love of Canadian turkey.





ONGOING DIALOGUE AND FOCUS TO ADVANCE THE INDUSTRY

Government Relations

One of the important roles TFC plays is ensuring that government officials are a part of the ongoing dialogue on the advancements of the industry, global issues, and the opportunities to collaborate with farmers. Throughout the year, TFC reached out and met with key government officials to discuss issues of importance to the industry.

Examining International Market Access

TFC appeared before the Senate Standing Committee on Agriculture and Forestry. TFC Chair, Mark Davies, and Executive Director, Phil Boyd, appeared as witnesses on February 14th regarding the Committee's ongoing study on international market access priorities for the Canadian agricultural and agri-food sector.

The meeting marked TFC's second appearance on the study on international market access, and the second for representatives from Chicken Farmers of Canada (CFC) and Egg Farmers of Canada (EFC), who were also called as witnesses. At the Committee's request, presentations focused largely on the Trans-Pacific Partnership (TPP) and the impact the agreement would have on the Canadian turkey, chicken and egg industries, respectively.

TFC and the other poultry groups used the opportunity to detail the lost production and income that supply managed farmers would face under the TPP agreement, and to stress the importance of appropriate compensation and mitigation measures, including the resolution of a number of long-standing issues related to border measures and Tariff Rate Quota (TRQ) circumvention.

Providing Input on the Next APF

On November 3rd, Mark Davies, Chair and Phil Boyd, Executive Director, TFC appeared before the Standing Committee on Agriculture and Agri-Food to provide feedback on the study of the Next Agricultural Policy Framework. The comments from TFC focused on three areas, including research and innovation; the link between agriculture/agri-food and the public; and, the importance of value-added growth. "...The strengthening of science, research, and innovation capacity is needed, and the need to address it is not without urgency," said Davies. "The second piece is the supporting of research activities that require sustained commitment."

"As we're all aware, the agriculture and agri-food sector is facing a challenge as well as an opportunity, as the public and consumers rightfully want to know more about production of the food they consume and the consequences of food production and processing on our national resources and our environment," Davies continued as he examined the opportunity to bridge consumer understanding of science-based innovation. "We would support an integrated approach between governments and industry in terms of reinforcing confidence and building trust, as per the Calgary statement, but this has to include consistency of standards' applications on product coming into the Canadian market."

TFC also examined the value-added segment of the market. "The value-added activity is strong, and farmers are meeting the needs of the sector through a flexible and market-driven approach to setting our turkey supply," said Davies. "We have also developed and implemented programs that focus on food safety and flock care. Both are important to customers and consumers. These should include an emphasis on value-adding in the next policy framework and they are of high importance to our farmers..."

Farmers Met with MPs and Senators at the Joint Annual Poultry Reception in Ottawa

TFC, the Canadian poultry farmers and industry partners met with federal Members of Parliament, Senators and government staffers in Ottawa. The annual reception helped raise awareness about supply management, and highlighted how the Canadian poultry industry contributes to the Canadian economy and local communities.



“We take great pride in the fact that we produce some of the best poultry and eggs in the world”, said TFC Chair, Mark Davies. “This reception provides a terrific opportunity to showcase our industries and talk to decision makers about how supply management keeps our farms strong and allows us to invest in a number of worthy Canadian causes.”

“Poultry farmers make a tremendous contribution to Canada’s economy,” said Minister MacAulay, “and I know how hard you work to bring consumers healthy, high-quality products each and every day.” On the subject of trade, the Minister committed to continuing to advance all Canadian agricultural interests. “Regarding tariff circumvention, [we] recognize the importance of import controls for supply managed products, and will continue to work on anti-circumvention measures.”

Opening the Door to A Dialogue with Municipal Leaders

Turkey Farmers are active members of their local community, which is why for the fourth year, TFC looked to engage the Federation of Canadian Municipalities (FCM) during their Annual Conference and Trade Show on June 2nd-5th, 2016.

During the course of the Annual Conference, TFC, Egg Farmers of Canada, Chicken Farmers of Canada and the Canadian Hatching Egg Producers provided an industry-themed booth and kiosk and a “study tour” to a local chicken farm. Delegates learned how fresh, high-quality food contributes to its community. The FCM event gathered more than 1,800 senior municipal officials from across the country each year, representing more than 2,000 Canadian municipalities.

In alignment with this year’s theme, *Municipalities: The Heart of Canada*, participating farmers and industry representatives used one-on-one, in-depth conversations with municipal leaders to showcase how Canada’s supply-managed farmers contribute to the vibrancy of communities across the country, and are connected in a way that allows the sector to contribute in a unique way to Canada’s future.



ENSURING A STRONG FOOD SAFETY AND ANIMAL CARE SYSTEM

Science and Research

Canadian turkey farmers take great care to ensure the humane treatment of their turkeys, while providing safe, high-quality food to consumers. Canadian standards for food safety and security are among the best in the world and, in 2016, the Canadian turkey industry continued to enhance its programs, standards and practices to ensure turkey farms continue to be on the leading edge of production with respect to food safety, quality and animal care.

TFC On-Farm Programs

Implementation of the TFC On-Farm Food Safety Program[®] (OFFSP) and Flock Care Program[®] (FCP) further advanced over the course of 2016. The programs have become mandatory across all provinces and, by December 2016, **96** per cent of registered turkey farmers had been certified under the TFC OFFSP and **94** per cent under the FCP.

TFC continues to carry out internal reviews of the On-Farm Programs and their management system to ensure that both manuals remain up-to-date with respect to current science, on-farm practices and Canadian Food Inspection Agency (CFIA) Technical Review requirements. The reviews focused on the biosecurity provisions of the TFC OFFSP and a comparison of the TFC FCP with the new Poultry Code of Practice. Recommended edits are being prepared and will be submitted to CFIA for approval, prior to being distributed to farmers and program administrators in 2017.

Additional activities related to the TFC On-Farm Programs included a two-day training session and group audit for 17 TFC On-Farm Programs auditors from across the country, held in November 2016 in Longueuil, Québec. Training included a combination of in-class sessions and an on-farm mock audit to assess the TFC OFFSP and FCP requirements in an actual farm setting. Witness audits of current on-farm auditors, and internal audits of two (2) provincial program administrators were also carried out in 2016 and will continue as required by the TFC management system.

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

In June 2016, the TFC Board of Directors decided to move forward 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 CFIA On-Farm Food Safety Recognition Program.

The process entails a full system audit by a third-party audit service 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. The full system audit will encompass audits of all program administrators, including TFC, Provincial Turkey Marketing Boards, and on-farm auditors.

With full government recognition, TFC will be able to illustrate national consistency in terms of food safety practices and provide assurances and added credibility regarding the delivery of the TFC OFFSP. The process is aimed to be completed over the course of 2017. In order to cover the associated costs, TFC applied for funding from Agriculture and Agri-Food Canada (AAFC) under *Growing Forward 2*.





Third-Party Audits for the TFC Flock Care Program®

TFC proceeded with third-party audits for the TFC Flock Care Program® (FCP) serving as verification of its implementation on-farm.

These audits are conducted, on a statistically valid random sample of turkey farms across all provinces, in addition to the annual audits required to maintain a farmer's certification under the TFC FCP. NSF Agricultural Certification Company (GFTC) has been retained to conduct the third-party audits on behalf of TFC. The process will commence in early 2017 and the first round of audits aimed to be completed by the end of April 2017.

Third-party audits are one of the five principles for flock care programs that were agreed to by the TFC Board of Directors in 2014. They include (1) national standards; (2) based on the Poultry Code of Practice; (3) mandatory implementation; (4) inclusion of third-party audits; and, (5) transparency of results.

Poultry Code of Practice

In June 2016, the new *Code of Practice for the Care and Handling of Hatching Eggs, Breeders, Chickens and Turkeys* was published. The development of the updated Code was led by a 15-person Code Committee, comprised of poultry farmers, animal welfare and enforcement representatives, researchers, hatcheries, transporters, processors, veterinarians, and government representatives. TFC actively participated in the Code development process and will continue its involvement in the update of the Transport Code of Practice, which is aimed to be initiated in 2017.

TFC Research Bulletin

TFC published the second edition of the TFC Research Bulletin in April. The Research Bulletin provides up-to-date information on current research being undertaken at Canadian institutions, TFC's research, and Canadian turkey researcher and student profiles. Recipients of the Research Bulletin include researchers, extension personnel and veterinarians, and anyone involved in the turkey industry with a research interest.

Animal Care Assessment Framework

In November 2016, the TFC Board of Directors agreed to proceed with following the National Farm Animal Care Council (NFACC) Animal Care Assessment Framework (ACAF) to update the TFC Flock Care Program® (FCP) in order to meet the new Code of Practice. The ACAF process will involve a diverse range

of stakeholders in updating the TFC FCP. Its goal is to enhance the transparency, legitimacy and credibility of animal care programs. While the review of the TFC FCP is underway, turkey farmers have been encouraged to start incorporating the new Code of Practice provisions in their on-farm practices.

TFC On-Farm Programs Portal Revamp

The TFC On-Farm Programs producer-only portal (tfconfarmprograms.ca) is being revamped to enhance its content and functionality and make the site more useful for turkey farmers. This access-restricted portal houses the electronic versions of the TFC On-Farm Programs; an online library of Research Notes; Turkey Farming Info Sheets; and, related information on important farm and industry issues.

On-Farm Euthanasia Initiatives

The manual on Practical Guidelines for On-Farm Euthanasia of Poultry, developed under the lead of the Poultry Industry Council (PIC) with participation of other industry groups, including TFC, was completed and made available to poultry farmers and industry members. This new resource identifies methods that are acceptable and unacceptable for various poultry species, and provides step-by-step instruction on how to properly carry out each method.

Regulatory Modernization and Policy Initiatives

TFC continued its participation in consultations regarding a number of regulatory modernization and policy initiatives in 2016, including the renewal of the Feeds Regulations, Veterinary Drugs Regulatory Modernization, the review of the Hatchery Regulations, amendments to the Health of Animal Regulations, Food Labelling Modernization, and the development of a National Strategy for Animal and Plant Health. TFC welcomes CFIA's and Health Canada's efforts to streamline and update existing regulations and is committed to remaining engaged as the various initiatives advance further.

Antimicrobial Use and Resistance

As part of its continued commitment to judicious medication use, TFC established a sector-wide working group to examine antimicrobial use in the turkey industry. Participants include turkey farmers, poultry veterinarians, pharmaceutical companies, academia, epidemiologists, and feed mill, hatchery and processor representatives. The goal of the working group is to provide direction for the development of a strategy for antimicrobial reduction in the turkey sector, with specific focus on the preventive use of antimicrobials of human importance. The group's first meeting took place in October 2016 to discuss plans for next steps, including determining data collection and research needs, setting reduction goals and associated timelines, and producer education.

TFC also continued to support the surveillance activities of the Canadian Integrated Program for Antimicrobial Resistance Surveillance (CIPARS). On-farm surveillance for turkey was initiated in British Columbia in 2013 and, in 2016, surveillance began in Ontario and Québec. The data generated from this on-farm surveillance will be an important guide to inform the turkey industry's antimicrobial use strategy.

Canadian Poultry Research Council (CPRC)

The Poultry Science Cluster, co-funded between industry, provincial governments and Agriculture and Agri-Food Canada (AAFC), has completed the third year of its five-year research plan. The cluster is a \$5.6 million program with \$4 million from AAFC and the balance from industry and provincial governments. In addition, seven (7) projects were approved for funding in 2016 after an internal review by the CPRC Board and staff, and peer reviews based on the CPRC priority areas. Projects approved include investigations into avian influenza, and systems for reducing the need for antibiotics.

CPRC has begun a process to update the 2012 document, National Research Strategy for Canada's Poultry Sector, based on new priority areas and issues that have become important to the poultry industry. Target completion of the research strategy is early in 2017.

Strategic Research Forum

On June 6-7, TFC hosted a Strategic Research Forum in Edmonton, Alberta. The goals of the forum were to strengthen established communication channels between the turkey industry and the research community and to create a cooperative foundation upon which future research needs and targets can be framed. The agenda included a tour of the University of Alberta Poultry Research Centre; a meet-and-greet; and, the Research Forum with researcher and graduate student presentations and a facilitated discussion.

A report outlining the outcomes of the Forum was developed and circulated to turkey industry stakeholders and poultry researchers.

The TFC Research Committee continues to work towards implementing the recommendations and next steps that emerged. The Forum was funded in part from a grant from the Alberta Livestock and Meat Agency (ALMA) and industry sponsors.



MAINTAINING CANADA'S SUPPLY MANAGEMENT SYSTEM

Trade

International trade is of great importance to Canada and TFC continues to monitor and respond to trade activities to ensure that the three pillars of supply management, production planning, import controls and producer pricing, are not unintentionally compromised when the federal government proceeds with new and updated trade agreements.

World Trade Organization (WTO)

Following the successful achievements reached at the 10th Ministerial Conference held in Nairobi, Kenya in December 2015, WTO Members used 2016 to assess the way forward in advance of the next Ministerial Conference, which is scheduled for December 2017 (MC11), in Buenos Aires, Argentina.

With respect to agriculture, early in the year, six broad areas were identified by the Chair of the agriculture negotiations, New Zealand Ambassador Vangelis Vitalis, as requiring attention by the WTO Members in advance of the next ministerial conference. After 11 months of discussions and submissions by Member countries, all six areas for negotiation remain in play as the Members were not able to narrow them down. These negotiating areas include:

- domestic support (i.e. production distorting government subsidies) in agriculture in general and the cotton sector in particular;
- market access;
- improving transparency in the application of export restrictions;
- sanitary and phytosanitary measures; and,
- for developing countries, a special safeguard mechanism (SSM) and a permanent solution on public stockholding programs.

Although market access was not considered a high priority item early in 2016, recent discussions in November are indicating a shift in momentum with some WTO Members seeking an outcome on sensitive topics such as tariff overhang (i.e., the difference between bound and applied tariff rates), tariff escalation, tariff simplification, tariff peaks, limitations to tariff rate quotas and eliminating the special safeguard on agriculture (SSG).

Many of these market access issues have significant potential to impact supply management, making 2017 a very active year on the trade front for the turkey, chicken, egg, broiler hatching egg and dairy industries.

Trans-Pacific Partnership (TPP)

On November 5, 2015, the Trans-Pacific Partnership (TPP) text was released to the public and on February 4, 2016, Canada and the other eleven TPP members signed the TPP Agreement in Auckland, New Zealand.

The agreement was framed to enter into force 60 days after all parties ratified it in their respective legislatures, or if all parties did not ratify it within two years of signature, for it to enter into force when six countries, two of which must be Japan and the United States, accounting for 85 per cent of combined GDP, ratified it.

However, in November, President-Elect Donald Trump announced that he would withdraw the U.S. from the multilateral TPP trade agreement upon taking office in January 2017. This effectively places the TPP agreement in limbo while the U.S. re-examines its trade relationships.

Based on other announcements from the President-Elect in 2016, the North American Free Trade Agreement (NAFTA), which includes Canada, the U.S. and Mexico, is one of those trading relationships to be re-examined.





Canada-European Union: Comprehensive Economic and Trade Agreement (CETA)

On October 30, 2016, Prime Minister Justin Trudeau, Donald Tusk, President of the European Council, and Jean-Claude Juncker, President of the European Commission, signed the Canada-EU: Comprehensive Economic and Trade Agreement (CETA) in Brussels. Implementing legislation, towards ratifying the agreement, was then tabled in the House of Commons on October 31, 2016. The domestic ratification process is expected to be completed in early 2017.

The agreement to implement is on a provisional basis, capturing all tariff reductions, import access quotas, services commitments, intellectual property rights, and government procurement obligations. Implementation of the full agreement, including aspects related to investment protection, investment dispute resolution; and, some elements of intellectual property, requires ratification by all 28 EU Member States, which may take up to two years.

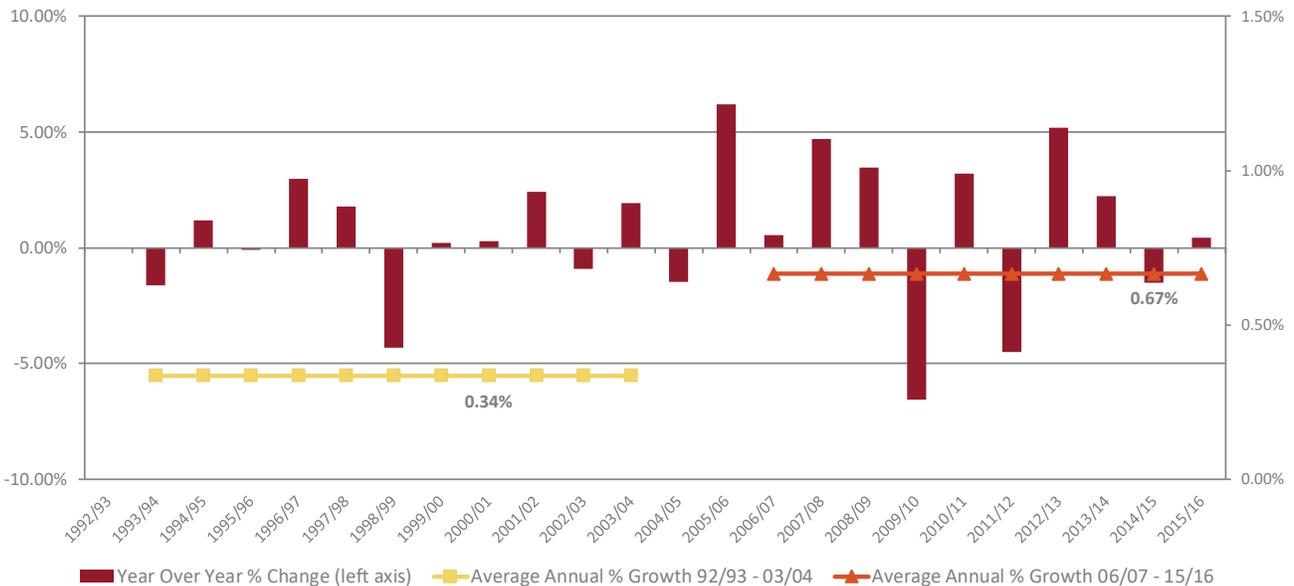
Policy

National Commercial Allocation Policy

The Agency administers four allocation policies: National Commercial Allocation Policy, Export Policy, Primary Breeder Policy and the Multiplier Breeder Policy.

In the fall of 2016 the TFC initiated a comprehensive review of the National Commercial Allocation Policy, which was implemented in 2006. An Allocation Policy Review Committee, composed of one representative from each Member organization was formed. This review is expected to extend through 2017 with regular updates provided to the TFC Directors. There is recognition by the Agency that the domestic turkey industry has changed over the last 10 years, in terms of structure, product offerings, consumer preferences and demand, and a formal technical review is needed to determine if any tweaking to the Policy is required accordingly.

Domestic Disappearance Percent Change (YEAR-OVER-YEAR AND AVERAGE ANNUAL GROWTH)



Disappearance growth during the 10 years prior to the implementation of the current Allocation Policy averaged 0.34% per year; post implementation, the average growth rate is 0.67%.



The Agency has in place two allocation policies to allow the turkey breeding industry to market turkey meat from breeding stock on the domestic market, so that they can better engage in their core business of egg and poult sales in the domestic and international markets.

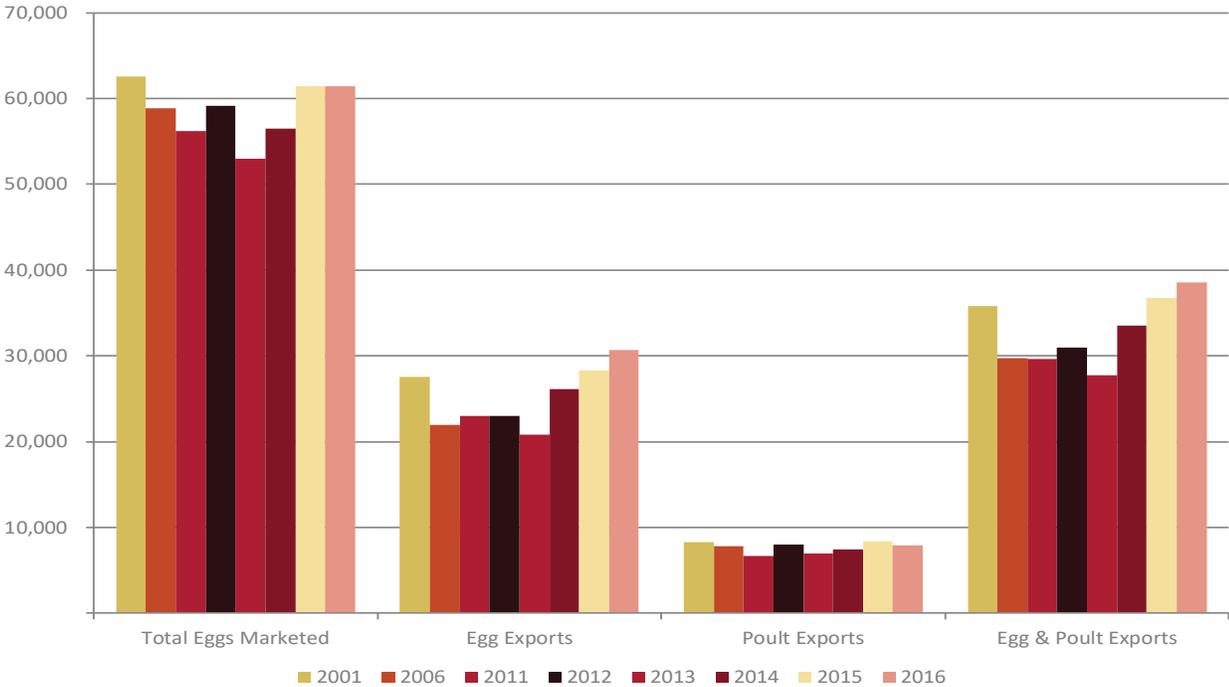
Primary Breeder Policy

The Agency’s Supply Policy Committee (SPC) began its review of the Primary Breeder Policy in the fall of 2016. Matters discussed to-date include, selection pressure faced by the industry, factors influencing selection, the manner in which allocations are utilized and the potential for new entrants. The SPC will resume its deliberations in 2017 with the intent to finalize any observations and recommendations by year-end.

Multiplier Breeder Policy

There were no changes made to the TFC’s Multiplier Breeder Policy in 2016 as a number of changes were implemented in 2015. The SPC did monitor the implementation of those changes for effectiveness and was satisfied with the additional reporting requirements added.

**Turkey Hatching Egg and Poult Statistics
(FIGURES IN THOUSANDS ('000))**



Source: Agriculture and Agri-Food Canada

Export Policy

On the recommendation of the SPC, amendments were made to Section 2 (Production for Export Markets) of the TFC Export Policy. This section of the Policy allows for the issuance of conditional allocations to provinces where the production of turkey is required over and above a province’s commercial turkey allocation for the purposes of an export market.

The amendments to this section of the Policy came into effect with the start of the 2016/17 control period. The purpose of the amendments was to add rigour to the Policy to ensure that such export activity occurred on a whole bird eviscerated equivalent basis and that any whole muscle cuts marketed had regulatory cover under the Quota Regulation.

CANADA'S TURKEY INDUSTRY 2016

MARKETS INFORMATION

Domestic Disappearance

Domestic disappearance of turkey, which generally rises in tandem with population growth, has climbed from 123.1 Mkg in 1990 to 156.3 Mkg in 2016.

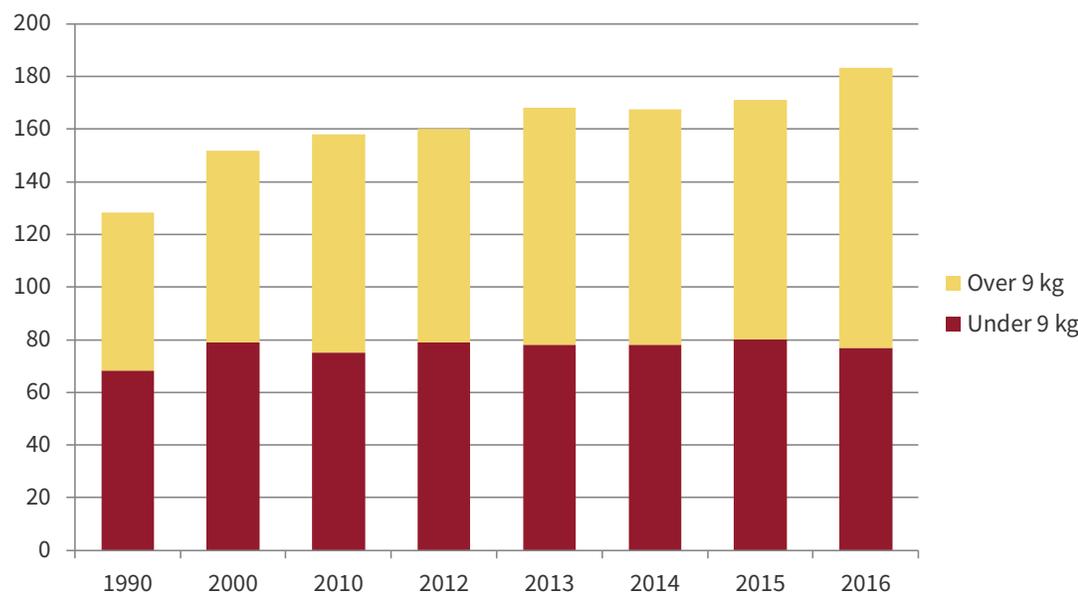
Turkey Consumption

Per Capita Consumption of turkey was 4.29 kg in 2016, which is up slightly from 2015.

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

Calendar Year	1990	2000	2010	2012	2013	2014	2015	2016
Opening Stocks	11.3	9.2	18.3	10.1	12.8	13.3	14.7	18.9
Production	128.2	151.8	158.1	160.2	168.1	167.6	171.0	183.2
Imports	3.2	3.6	3.8	5.3	4.4	2.6	2.7	3.1
Total Supply	142.8	164.6	180.2	175.6	185.3	183.6	188.4	205.2
Total Disappearance	128.4	150.2	168.2	162.8	172.0	168.9	169.5	182.0
Exports	5.3	19.3	22.7	21.1	24.1	21.9	19.2	25.7
Domestic Disappearance	123.1	130.9	145.6	141.8	147.9	147.0	150.3	156.3
Closing Stocks	14.3	14.4	12.0	12.8	13.3	14.7	18.9	23.3
Change in Stocks	3.0	5.2	-6.4	2.7	0.5	1.4	4.2	4.4
Per Capita Consumption (kg)	4.45	4.26	4.27	4.07	4.20	4.13	4.18	4.29

Turkey Production (MKG, eviscerated)



Turkey production was 183.2 Mkg in 2016, up 12.2 Mkg from 2015 and 15.6 Mkg from 2014.

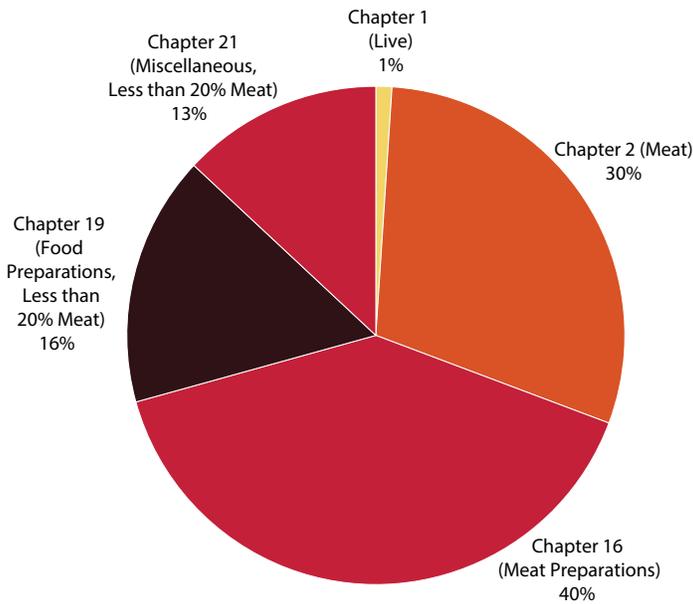
Since 2011, production has increased at an average annual rate of 2.9% per year, which is slightly higher than population growth.



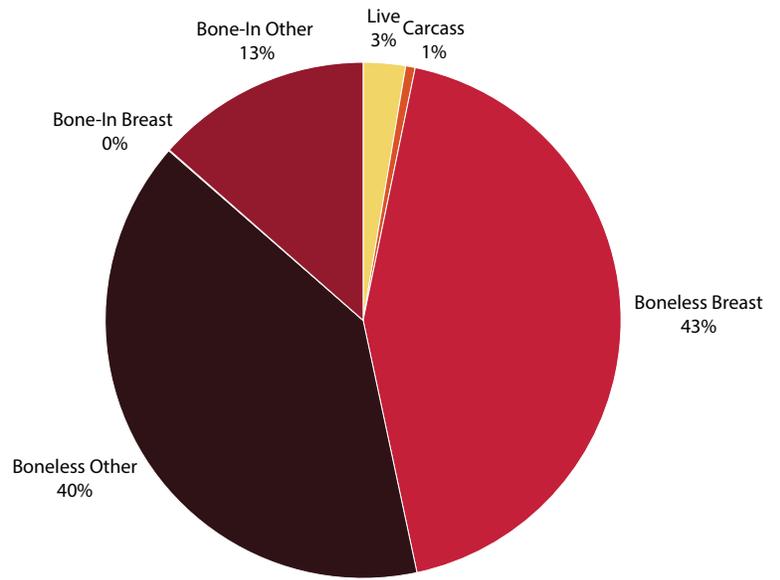
MARKETS INFORMATION

Total turkey imports were 7.8 Mkg (finished product weight) with further processed preparations representing 69% of the volume. In 2016, the TRQ import allocation for Canada was 5.7 Mkg and 96% of this was used by the end of the year with the majority of the TRQ imports, 83% consisted of higher value boneless meat products.

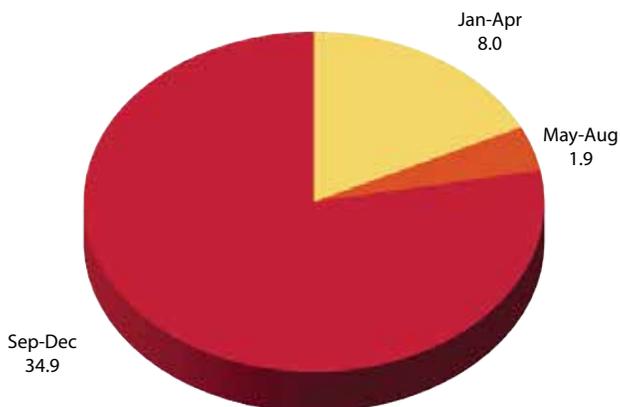
Imports by Harmonized System (HS) Chapter



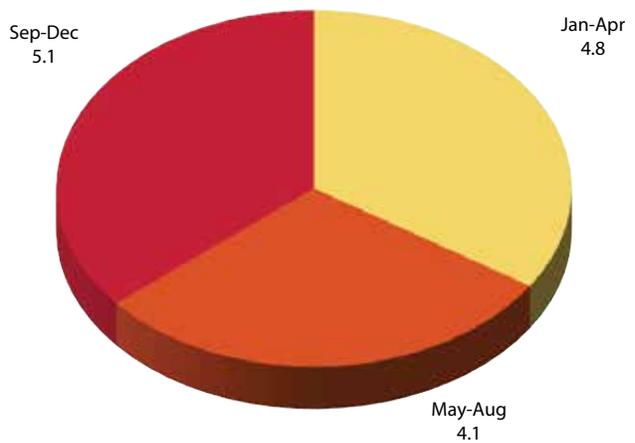
TRQ Imports



Whole Bird Sales by 4-Month Periods (2016, Mkg)



Cut-Up & Further Processed Sales by 4-Month Periods (2016, Mkg)



SALES

Sales of cut-up and further processed turkey products at retail increased from 10,101 Mkg in 1990 to 13,985 Mkg in 2016. The main ingredient in many of these products is breast meat, which drives the production of heavier turkeys.

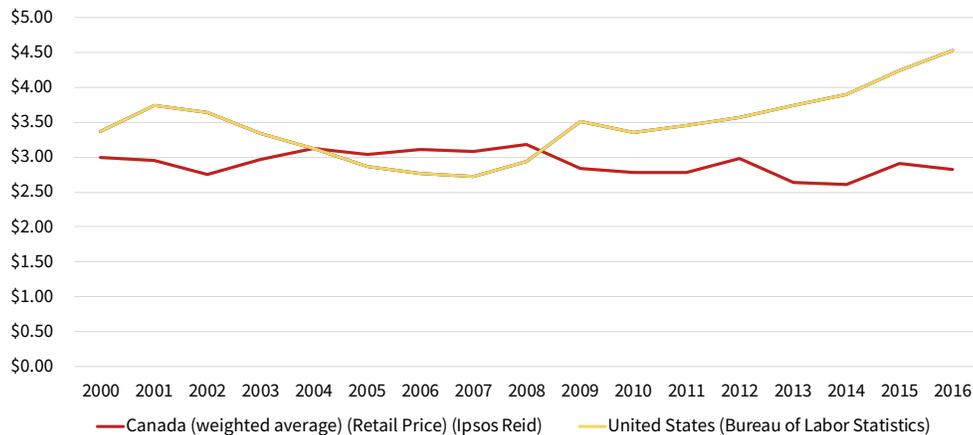
The value of these products at retail increased from \$77 million in 1990 to almost \$208 million in 2016. The average live price for turkey in 2016 was \$1.93/kg, which is down slightly from 2015 (\$1.96/kg) and 2014 (\$2.01/kg).

The domestic disappearance of turkey in four-month periods clearly shows the seasonal nature of the Canadian turkey market – Easter (March-April), Thanksgiving (September-October) and Christmas (November-December). Of the total 2016 domestic disappearance (156.3Mkg), 66% occurred in the 6 months that correspond to holiday markets.

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	2012	2013	2014	2015	2016
Sales - Millions of kg								
Whole Bird	51.8	54.4	61.4	53.0	52.2	51.7	44.5	44.8
Cut-Up & Further Processed	10.1	16.8	17.5	18.5	17.4	18.2	16.3	14.0
Average Price/kg								
Whole Bird	\$ 2.81	\$ 3.19	\$ 2.99	\$ 3.19	\$ 2.92	\$ 2.92	\$ 3.16	\$ 3.10
Cut-Up & Further Processed	\$ 7.62	\$ 9.95	\$ 13.24	\$ 13.17	\$ 13.36	\$ 13.05	\$ 14.65	\$ 14.85
Sales - Millions of \$								
Whole Bird	\$ 145.5	\$ 173.5	\$ 183.6	\$ 168.9	\$ 152.3	\$ 150.9	\$ 140.6	\$ 138.9
Cut-Up & Further Processed	\$ 77.0	\$ 166.7	\$ 232.1	\$ 243.4	\$ 232.2	\$ 237.3	\$ 239.5	\$ 207.7

Whole Frozen Turkey - Retail Price Comparison (in \$ CDN per KG)



Canadians continue to fare comparably to consumers in the United States with respect to retail prices for whole turkeys purchased predominantly at Thanksgiving and Christmas.



FINANCIAL STATEMENTS

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

For the year ended December 31, 2016

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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, 2016 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, 2016 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Mississauga, Ontario
February 2, 2017

TURKEY FARMERS OF CANADA

Statement of Financial Position

December 31	2016	2015
Assets		
Current		
Cash	\$ 1,365,285	\$ 291,074
Investments (Note 2)	2,650,665	2,632,414
Accounts receivable (Note 3)	418,845	381,158
Prepaid expenses	77,019	72,147
	4,511,814	3,376,793
Property and equipment (Note 4)	134,431	128,628
	\$ 4,646,245	\$ 3,505,421
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 77,336	\$ 157,905
Government remittances	52,438	48,309
	129,774	206,214
Net assets		
Internally restricted funds (Note 1)	3,272,123	2,539,345
Unrestricted fund	1,109,917	631,234
Funds invested in property and equipment	134,431	128,628
	4,516,471	3,299,207
	\$ 4,646,245	\$ 3,505,421

On behalf of the Board:



Mark Davies
Chair



Calvin McBain
Vice Chair

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

TURKEY FARMERS OF CANADA

Statement of Operations

For the year ended December 31	2016	2015
Revenue		
Producer levies	\$ 4,017,423	\$ 3,381,544
Investment income	19,267	33,858
	4,036,690	3,415,402
Expenses		
Administration (Schedule 1)		
Other administrative	659,933	676,709
Remuneration to Directors and staff	1,191,690	1,236,664
Directors' and staff expenses	564,179	554,655
	2,415,802	2,468,028
Marketing (Schedule 2)		
Provincial marketing programs	400,001	400,001
Market development	212,633	199,383
Public relations and communications	399,310	385,133
	1,011,944	984,517
Special projects	97,043	665
	3,524,789	3,453,210
Excess (deficiency) of revenue over expenses before other income	511,901	(37,808)
Other income (Note 8)	705,363	-
Excess (deficiency) of revenue over expenses for the year	\$ 1,217,264	\$ (37,808)

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

TURKEY FARMERS OF CANADA

Statement of Changes in Net Assets

For the year ended December 31, 2016

	Internally Restricted Funds	Unrestricted Fund	Funds Invested in Property and Equipment	2016 Total	2015 Total
Balance, beginning of year	\$ 2,539,345	\$ 631,234	\$ 128,628	\$ 3,299,207	\$ 3,337,015
Excess (deficiency) of revenue over expenses for the year	707,778	535,619	(26,133)	1,217,264	(37,808)
Appropriations	25,000	(25,000)	-	-	-
Transfer of funds to purchase property and equipment	-	(31,936)	31,936	-	-
Balance, end of year	\$ 3,272,123	\$ 1,109,917	\$ 134,431	\$ 4,516,471	\$ 3,299,207

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

TURKEY FARMERS OF CANADA

Statement of Cash Flows

For the year ended December 31	2016	2015
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ 1,217,264	\$ (37,808)
Adjustments required to reconcile excess (deficiency) of revenue over expenses with cash provided by operating activities		
Amortization of property and equipment	26,133	26,193
Changes in non-cash working capital balances		
Accounts receivable	(37,687)	(85,801)
Prepaid expenses	(4,872)	13,907
Accounts payable and accrued liabilities	(80,569)	3,393
Government remittances	4,129	12,426
	1,124,398	(67,690)
Investing activities		
Purchase of property and equipment	(31,936)	(29,520)
Purchase of investments	(18,251)	(32,976)
	(50,187)	(62,496)
Increase (decrease) in cash during the year	1,074,211	(130,186)
Cash, beginning of year	291,074	421,260
Cash, end of year	\$ 1,365,285	\$ 291,074

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

TURKEY FARMERS OF CANADA

Notes to Financial Statements

December 31, 2016

1. Nature of Operations and Summary of Significant Accounting Policies

Nature and Purpose of Agency

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

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

Basis of Accounting

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

The Turkey Research and Resource Bureau

The Agency is deemed to control The Turkey Research and Resource Bureau (“TRRB”) by virtue of TFC’s right to appoint the eight provincial producer member Board of Directors. The Agency does not consolidate the financial statements of TRRB. TRRB is a not-for-profit organization established to facilitate turkey related research. The financial position reflects assets of \$398,774 (2015 - \$398,510), liabilities of \$396,948 (2015 - \$397,261), and net assets of \$1,826 (2015 - \$1,249). The results of operations of TRRB are total member contributions of \$1,400 (2015 - \$1,200), total expenses of \$823 (2015 - \$1,435), and surplus (deficiency) of contributions over expenses of \$577 (2015 - (\$235)). Cash inflows from operating activities is \$297 (2015 - \$65).

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.

Notes to Financial Statements

December 31, 2016

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 \$2,216,000 (2015 - \$2,191,000), increasing to \$2,294,000 in 2017.

A special marketing fund was established in the year by the Board of Directors to segregate funds related to an arbitration award reached with Turkey Farmers of Ontario during the year. All other liquidated damages for the year and 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 \$705,363 (2015 - \$Nil), see Note 8.

A research fund was previously established by the Board of Directors to accumulate funds for future research needs. The balance in this fund is \$330,760 (2015 - \$328,345).

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

Revenue Recognition

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

Other income relates to amounts earned relative to an arbitration award and other liquidated damages during the year, see Note 8 for further details.

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, 2016

2. Investments

Investments totaling \$536,956 (2015 - \$565,766) consist of strip bonds guaranteed by the Government of Canada with interest rates ranging from 1.72 to 1.91% (2015 - 1.45 to 1.91%) that have maturity dates ranging from December 2017 to June 2018 (2015 - September 2016 to June 2018). Mutual funds held in RBC Investment Savings total \$2,113,709 (2015 - \$2,066,648).

3. Accounts Receivable

	2016		2015	
Producer levies	\$	417,855	\$	381,021
Miscellaneous accounts receivable		990		137
	\$	418,845	\$	381,158

4. Property and Equipment

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and equipment	\$ 132,795	\$ 108,385	\$ 132,795	\$ 102,282
Computer equipment	210,200	149,376	178,264	136,995
Leasehold improvements	176,809	127,612	176,809	119,963
	\$ 519,804	\$ 385,373	\$ 487,868	\$ 359,240
Net book value		\$ 134,431		\$ 128,628

5. Commitments

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

2017	\$	266,774
2018		147,876
2019		98,323
2020		97,634
2021		89,212
	\$	699,819

TURKEY FARMERS OF CANADA

Notes to Financial Statements

December 31, 2016

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, 2016, this facility has not been used (2015 - \$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 \$3,272,123 (2015 - \$2,539,345) are subject to internally imposed capital restrictions.

8. Other Income

In 2016, an arbitration award between TFC and Turkey Farmers of Ontario resulted in a decision for liquidated damages of \$1,696,555 related to overmarketings over three control periods. The liquidated damages were received in full in the last quarter of 2016. The allocation of funds were distributed 40% to the Agency and 60% to the other seven Provincial Boards based on further processed reference percentage shares per the National Commercial Allocation Policy. The funds are to be used exclusively for the purpose of incremental marketing and promotion as determined by the Agency's Board of Directors. The liquidated damages were distributed as follows:

Organizations		Distribution
British Columbia Turkey Marketing Board	\$	221,308
Alberta Turkey Producers		206,809
Turkey Farmers of Saskatchewan		55,100
Manitoba Turkey Producers		24,881
Les Éleveurs de volailles du Québec		415,490
Turkey Farmers of New Brunswick		52,120
Turkey Farmers of Nova Scotia		42,225
Turkey Farmers of Canada		678,622
	\$	<u>1,696,555</u>

Additional amounts received during the year relate to liquidated damages totaling \$26,741 (2015 - \$Nil).

TURKEY FARMERS OF CANADA

Schedule 1 - Administration Expenses

For the year ended December 31	2016	2015
Other administrative		
Amortization	\$ 26,133	\$ 26,193
Audit	24,450	32,683
Contract projects and external consulting	107,686	28,871
Insurance	7,914	8,506
Legal and accounting	59,457	167,581
Office leases and supplies	41,336	33,732
OFFSP/Flock Care	52,792	7,390
Postage and courier	10,525	11,196
Rent, property tax and utilities	175,205	175,205
Sundry administration	1,001	816
Telephone	8,459	9,973
Trade consultations	43,607	76,643
Translation and interpretations	101,368	97,920
	659,933	676,709
Remuneration to Directors and staff		
Directors' fees	140,075	129,607
Employee benefits	159,474	176,071
Staff salaries	892,141	930,986
	1,191,690	1,236,664
Directors' and staff expenses		
Directors, Alternates and Board Managers' expenses	339,055	344,088
Meeting rooms	61,814	59,345
Staff expenses	162,261	150,173
Travel insurance	1,049	1,049
	564,179	554,655
	\$ 2,415,802	\$ 2,468,028



TURKEY FARMERS OF CANADA

Schedule 2 - Marketing Expenses

For the year ended December 31	2016	2015
Provincial marketing programs		
TFC provincial marketing supplement	\$ 400,001	\$ 400,001
Market development		
Canadian Poultry Research Council	40,500	37,700
Market research	85,083	84,158
Turkey research	87,050	77,525
	212,633	199,383
Public relations and communications		
Marketing and communications	213,500	203,632
Memberships	88,572	83,372
National sponsorships and promotions	79,250	74,686
Subscriptions	10,979	8,287
TFC publications	7,009	15,156
	399,310	385,133
	\$ 1,011,944	\$ 984,517